
WHAT LAND IS INCLUDED?

Neil Oppatt

Neil has served the Rotorua District as both a Rotorua District Councillor for 15 years and now 9 years as a BOP Regional Councillor. Throughout this time Neil has been actively involved in the cleanup of Rotorua's lakes. He is presently a BOPRC appointee on the Rotorua Te Arawa Lakes Strategy Group and was an RDC appointee on its predecessor.

He has held positions as Chairman of RDC's Finance Committee, BOPRC's Operations and Regulations Committee and the Special Projects Committee set up to address Rotorua lake issues. Neil chaired the Lake Okareka Action Plan Committee and was a BOPRC appointee on the Lake Tarawera Action Plan Committee. Presently he is the BOPRC appointee on the Rotorua catchment Stakeholders Advisory Group.

How to maximise the value of TDRs?

Don earlier spoke about a farm, Summerhill Farm, over in the Western Bay of Plenty that was on Country Calendar recently. It is based around a sheep and beef farm on 50% of the land area and 50% is a wide range of production trees and bike and walking tracks are used for commercial recreation.

My guiding principle for this talk is how do we maximise TDRs?

- Restrict Rural Subdivision to TDRs
- Wide Recipient Land Offering
- Minimal Consent and Compliance Costs
- Flexible Recipient Land Size
- Ready Supply of TDRs
- Donor land from anywhere within the Catchment

A lot of people have said, 'Don't get too hung up in the detail'. These statements about what I believe we should be doing may not necessarily be what our Regional Council believes or what will come out of this talk but I am putting these ideas up to help the debate.

Two speakers have mentioned numbers today. One has suggested that the loss of capital value for pastoral farmers in the district is likely to be around \$90 million. Another said it will be \$125 million. It is really not important what that amount is, the point is it is substantial. Our Council sees it a substantial loss by a handful of people. There are a limited number of economic ways to lessen the financial impact on that small group and the task today is how we maximise the potential of TDRs.

At the moment, hopefully with the Government's support, the Councils will put \$45½ million on the table. Don suggested a potential \$20 million created out of the catchment from TDRs but we are still short of the economic loss that is likely to be sustained by a handful of property owners. It is absolutely vital that we maximise the value of TDRs.

How do we do that?

Restrict rural subdivisions to TDRs - That has been said by a number of speakers and certainly Phillip's experience from Western Bay suggests that if there are ways to maximise the value, TDRs have to be the only way that anyone can achieve rural subdivision within the Rotorua catchment. I believe that we should restrict future rural subdivision with a requirement for a TDR for each new parcel of land created.

Wide Recipient Land Offering - I believe that the greater the offering of land the better the market is able to choose where the valuable bits are. I suggest that right now nobody really knows where the market would aim to find recipient lots. We have to go outside the Lake Rotorua catchment, certainly outside the SP1 zoning, for donor area if we want to maximise the value of these TDRs.

All rural land including marginal zones should be available to be subdivided with TDRs, but the really valuable properties are probably as small as 1,000 square metres and more likely to be the ones closest to the lakes. If we are truly serious about helping a small number of people in our community limit their loss as a result of the Regional Policy Statement requirement for nutrient reduction we have to look at all opportunities to maximise the value of those TDRs.

Minimum Consent and Compliance Costs

I am not so certain that TDR value is a factor of supply. To me it is more a factor of what is the value of that TDR. To a developer, what does it allow them to do? From a developer's point of view there are three things that are important.

- Greater the Certainty – Greater the TDR Value
- Lesser Restrictions and Limitations – Greater the TDR Value
- Lesser the Consent Time – Greater the TDR Value
- Rural serviced areas – Controlled Activity
- Non-serviced areas – Limited Discretion
- Waiver on Development Impact fees

- 1) **The greater the certainty of what you can do with a TDR, the greater the value of that TDR.** People are prepared to pay more if they can get

certainty. John mentioned his neighbour; \$75,000 for a resource consent. For somebody who has a right to subdivide spending that sort of money to utilise that right is not uncommon in the Regional Council. If we can provide certainty around that, with certainty usually comes less cost.

- 2) **Lesser restrictions and limitations** - The more rules, the more lines drawn on plans, the more reports that are required the lesser the value of the TDR, because effectively the value of the TDR is going to be offset by the professional cost to achieve the right to subdivide.
- 3) **Lesser the consent time** - the longer it takes to get from determining to go with a development and actually being able to put spade in ground the greater the cost.

These things go round in circles. As we go forward we have to look for rules and a plan that gives greater certainty, has the least number of restrictions and limitations and has the fastest route from start to finish.

Rural Serviced Areas - Controlled Activity

I believe that in rural serviced areas, the SP areas, they have to be controlled activities. Developers start getting excited when they know that they can go through a controlled process because it reduces cost, it reduces time and it increases certainty.

Non serviced areas - limited discretion

Those discretions should be around things like density. Phillip talked about reversed sensitivity, roading costs, and things like sewage and water which are not such an issue in the Rotorua catchment. We have 1,500 odd properties in the zero to 2 hectare area in the Rotorua catchment that are outside reticulated zones. They will be captured by the OSETP Plan, just being finalised at the moment. Our Council believes that this method is affordable to deal with their level of nutrients.

Waiver on Development Impact fees

I believe that we have to take a serious look at the area of impact fees and costs. Is this something the community wants? The non-payment of an Impact Development Fee, as the law is written, means that the community wears the cost. If we do look to waiver Impact Development Fees then we are talking about the greater community subsidising the process of utilisation of TDRs.

Flexible recipient land size

Once again the market will decide what size. The question is whether we can pre-guess what the market wants. I thought 2,500 square metres. The more I listened to the previous speakers, I could not see any reason why that should not go down to 1,000 square metres. Rotorua District Council's basic principle in the district, certainly when I was on it, was that when getting below 1,000 square metres the land available is limited for trees or to maintain bush. So I would not suggest below 1,000 square metres, but I do believe that there are places in the catchment where 4 hectares gives no greater benefit to the wider community than say 1,000 square metres.

Ready Supply of TDRs - This has been talked about quite a bit too. There should be a ready supply of TDRs and donor land from anywhere within the Rotorua catchment. It really does have to be an open market. The TDRs for developers need to sit on a shelf where they can be accessed. The idea that two people are going to somehow meet, gaze into each other's eyes and come to a deal on the transfer of a TDR at a given point of time, adds a level of uncertainty and extra cost. The idea of a tradable market or the way Western Bay does it was quite a good approach.

Donor Land from Anywhere within the Catchment

It does not matter where a 100kg reduction of nitrogen comes from. Up at the top of the catchment or down at the bottom, it is still 100kgs of nitrogen that is not going into the lake. The only difference is how long it takes to get in there. We are talking the long term, a 20 year programme. What we want to see is the reduction coming from people who have a plan for their property that can benefit by being able to pick up the economic value from a TDR.

Maori land

I also sit on the StAG Group and it has been really interesting. I am getting a feel for what the impact on pastoral farmers, particularly the dairy sector, and particularly for Maori land owners. It is a vexed question. The good thing about TDRs is that Maori can get the economic value off their land by reducing nutrients and that creates a subdivision. But it does not require them to sell their land to produce that subdivision. Maori land owners, on multiple owned Maori land, are different to other owners in the catchment. They do not have the economic tool of carving off a piece of their land to help pay for the change of land use, or change of business use of their property. TDRs at least give them an ability to also get some economic value out of subdivision within the catchment.