Submission on

the Dunedin City

9-Year Plan

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To:	Dunedin City Council PO Box 5045 Dunedin 9054
Submission on:	**Dunedin City 9-Year 2025-2034 Plan**
Date:	30 April 2025
Submission by:	**Terramark Limited** Darryl Sycamore M 021 1255554 **E** darryl@terramark.co.nz
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1. Terramark Limited could not gain an advantage in trade competition for this submission.
2. We wish to be heard in support of this submission.

Yours faithfully

For Terramark Limited

Darryl Sycamore

Planning Manager

Introduction

1.1 Terramark Limited (**Terramark**) welcomes the opportunity to submit on the 9-Year Plan 2025-2034.

1.2 Terramark is a surveying, land engineering and planning business with a proud history of supporting the Otago community in a range of activities from subdivision, land use, water takes and discharge, industrial activities including extractive and commercial ventures.

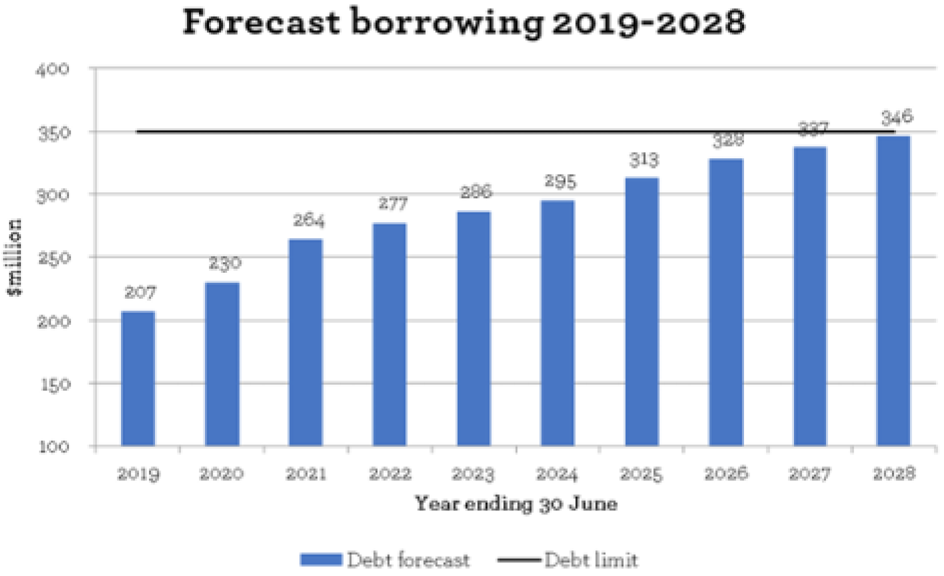
1.3 We have an active interest in the success of the community across the four well-beings and consider ourselves one of few local businesses that speak up for straightforward and common-sense planning documents to drive the community and success of the local economy.

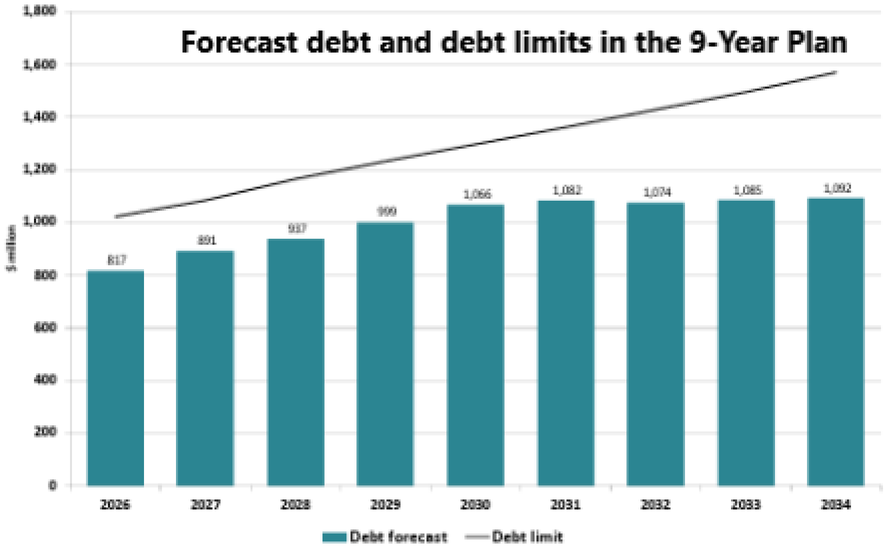
General comments on the 9-Year Plan

2.1 Terramark is concerned the publicly available information is not presented or available in a format to enable the public or stakeholders to understand the full suite of issues or the long term effects of the issues under consideration. The public, being an average ratepayer should be able to review the online Council reports and determine whether the Plan potentially impacts their interests, and in a format that is easily understood. Accessibility of information is a key democratic principle.

2.2 Terramark is concerned about debt, and encourage Council to apply tighter controls on spending. It is accepted the City is lobbied for numerous activities which would be a positive addition to our community, but any spending still needs to be affordable. The City activity promotes resilience across all manner of functions from climate adaption to transportation. Our current debt is crippling and limits the Cities resilience and ability to respond to unanticipated events. Debt is also intergenerational and crucially to this submission, debt disincentivises growth and investment.

2.3 To illustrate, the debt forecast from the 2018-2028 10-Year Plan has a debt limit of $350,000,000. The 9-Year Plan illustrates debt to almost $1,600,000,000. This does include debt associated with Aurora, but should still be alarming to elected officials and Council staff. Most concerning, there is little detail in the Plan setting out how Council will soften the projected debt curve and begin repaying that debt which burdens every ratepayer.





2.4 Terramark also considers the projected rates forecast is misrepresentative of how rates takes are applied in reality. Rates increases impacts our most vulnerable communities the greatest. For this 9-Year Plan cycle, Council promoted an increase of 10.5% in year 1, a 10.2% increase in year 2 and a 10.1% increase in year 3. The projected rates growth thereafter will be 6.2%.

2.5 If we look at the forecast rates increases in the 2019-2028 10-Year Plan we see rates increases of 8% trending to 5% from 2020 to 2027. This has not eventuated and for the 2025, 2026 and 2027 years, the 9-Year Plan is actually double that of what was consultation reports for the 2019-28 Plan.

2.6 For the 2021-2031 10-Year Plan the consultation documents promote a rates increase in the first year of 10% lowering to 6% from 2023 to 2031.

2.7 For each 10-Year Plan Council raised debt significantly in the first years and promotes a model where the rates increases will then soften. Unfortunately, the period where the rate increases are projected to soften never comes, as the following 10-Year Plan then takes effect with the greatest rate increases at the front end of the cycle.

2.8 Terramark is strongly of the view that managing debt and annual rates increases unpins the long term success and resilience of the City. With responsible fiscal management, the City will support growth in both population and the jobs sector where economic multipliers will aid the local economy. We encourage elected officials to 'pull all the available levers' to reduce debt and rates increases.

Submission Overview

3.1 Council estimates that there is a shortage of 1500 homes within the urban area, with this deficit forecast to continue to deteriorate. Dunedin has a forecast population growth of 13,500 people out to 2054, with about 10,000 of that growth occurring over the next decade. This means our city requires 6,550 homes over the next 30 years, with 5,400 of these required over the next ten years. This means our residential construction sector needs to be building 540 homes annually, but on average the sector only builds 380 homes per year meaning an annual deficit of 160 dwellings[1].

3.2 In addition to the 540 homes per year that the city needs to build for its population growth, we also have a very high replacement factor for our existing stock. Dunedin has the oldest housing in the country with 20% of our homes built pre-1920 and 45% of our homes built pre-1941. This significantly loads to the demand side of the equation.

3.3 Over the last decade, Dunedin's population has grown from a 120,000 to 136,000; a 13% change. The city has failed to build sufficient houses for this population growth which has resulted in a current housing shortage[2] of 1,500 homes in the urban area.

3.4 Over the next 15 years, Dunedin has significant infrastructure projects going in which will put further pressure on the city's housing market. Notably the $1.88b hospital build requiring around 1,000 workers to move to Dunedin from outside the city at the peak of construction, the Otago Polytechnic and the University of Otago are both significantly developing their campuses and initiating new construction projects, and the Dunedin Council has committed to spending $1.5 billion over 10 years renewing pipes and roads, upgrading pools and playgrounds, and planning for the future. All up there is expected to be $4.5b+ of infrastructure work going into the city over the next 15 years, all of which will require workers from outside of the city to temporarily move into an already stretched housing market.

3.5 How City also interprets and applies the Resource Management (National Environmental Standard for Assessing and Managing Contaminants in Soil to Protect Human Health) Regulations 2011 is unlike any other Council in the country. It is highly conservative and often adds >$100,000 to the front end of any development. This disincentivises development in the City, where Christchurch is now approximately $75,000 per new unit cheaper to build. This is a significant disincentive to local growth.

3.6 As a consequence, the City needs to be reactive and enable the construction of housing. The consequences of failure to met supply will be a tighter market affecting the cost of living. Dunedin is currently the third most unaffordable major centre in New Zealand[3] with cost of construction up approximately 45% in the past 3 ½ years.

3.7 This submission relates the proposed increase in Development Contributions. Terramark is of the strong view the City must retain the Development Contributions as they currently are.

[1] https://www.dunedin.govt.nz/council/strategic-framework/future-development-strategy-for-dunedin
[2] https://rep.infometrics.co.nz/dunedin-city/population/growth
[3] CoreLogic Housing Affordability Report | Q4 2024 Published March 2025

3.8 With respect to Dunedin City (greenfield and brownfield) developments, the proposed increases of $11,630 and $9,800 respectively represents a significant increase. For our satellite townships such as Karitane/Waikouaiti or Middlemarch the increases of $33,360 or $36,890 respectfully will simply stop development.

3.9 For a typical residential site in Middlemarch, the value of a site is commensurate with that of the proposed Development Contribution levy which makes any development unfordable. The value of a typical residential site will be effectively doubled, by virtue of the levy. Artificially altering land value to then increate the rateable values will not generate more capital for the City. Development in these zones will virtually cease.

3.10 Development Contributions are one means of recouping the costs of installing services or demand of roads/reserves. Rates are an ongoing annual mechanism to fund the costs of running the City. Council needs to enable growth in the City by establishing a 'development friendly' environment which will support

- the construction of homes, and by inference control the cost of homes and rents,
- families relocating to Dunedin from the north,
- formation and expansion of business creating new and strengthening the resilience of existing business, and
- Spending additional money within the local economy creating multiplier effects of that spending as money moves through the community.

3.11 It is impossible to tax the City back to growth. The City need to encourage growth which then creates the revenue for Council to spend on running the City.

3.12 Terramark considers raising the development contribution levy will be a disincentive to growth, which will almost certainly adversely impact growth and the local economy. Increasing the rating base by encouraging growth is the only solution to raising capital and minimising debt. We strongly oppose any increase in the Development Contribution Levies.