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Builders accuse city council of illegal double-dip fees

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By John Cousins

Tauranga builders have launched an attack on the way development fees are levied, accusing the council of illegally double-dipping and saying new home buyers are being overcharged at least $1000.

Builders and developers raised a storm of protest last year when the council hiked development fees as part of a new regime to shift some of the burden off general ratepayers.

Development fees and charges doubled to about $21,000 for a new house and section.

But the behind-the-scenes manoeuvering that has occurred since, came to a head last night when Tauranga Master Builders wheeled out management consultant Alan Bickers and lawyer Ross Harris to attack the development contribution regime.

The two men once served together on the council - Mr Harris as a senior councillor and Mr Bickers as chief executive. Together they delivered Master Builders' submission to the council's annual plan hearing.

Master Builders has already had one victory. An adjudicator, in a binding decision, has recently ruled that the council had incorrectly applied law controlling the maximum development contributions for reserves.

Council chief executive Stephen Town told the Bay of Plenty Times that he did not believe the council had been overcharging, but he could not be absolutely certain. Last year, a typical Bethlehem section went from a reserves levy of $1750 per section to a figure based on five per cent of the land valuation - or $7500 to $10,000.

Mr Town said they had not been charging to the maximum of 7.5 per cent, but it was difficult to generalise because fees were levied on a case-by-case basis.

However, Master Builders is now challenging the amount of money charged to future-proof the city's water supply needs, saying it should be $1000 per property and not the current $2200.

But Mr Bicker's main thrust questioned the legality of the council's two-tier system in which contributions are paid at the subdivision consent stage and the building consent stage.

The Local Government Act required the development contribution to be levied only once - at either of those two stages or when service connections were authorised, he said.

Mr Bickers said it was unlawful for the council to mix and match its financial contributions under the Resource Management Act and its development contributions

under the Local Government Act.

If a subdivision impact fee had been collected for a section, the council could not then require payment of a building impact fee for the same lot.

Cr Murray Guy asked whether the council had been double-dipping or fairly sharing out costs among two different groups - subdividers and builders.

Mr Bickers replied the council should not have tried to translate the Resource Management Act to the Local Government Act. It should have started with a clean sheet. "Yes, there are specific instances of double dipping." Mr Bickers said there was no legal reason why the council insisted that development contributions should be paid prior to building consents being issued. Master Builders also claimed to have found a potentially costly loophole in which it says the council can recover the cost of land for public amenities, but not for infrastructure such as roads. Deputy Mayor David Stewart said the council would get legal advice.

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