



R E P O R T	TO	MAYOR AND COUNCILLORS
	FROM	MARK BUTTIMORE, PLANNING AND ENVIRONMENTAL SERVICES MANAGER
	FILE REF	N387509
	PORTFOLIO HOLDER	MARY CARMINE
	DATE	8 FEBRUARY 2008
	SUBJECT	DEVELOPMENT CONTRIBUTIONS – POLICY FORMULATION OUTSTANDING MATTERS FOR DIRECTION BY COUNCIL

RECOMMENDATION

That the report on outstanding matters in the formulation of the proposed Hauraki District Development Contributions Policy be received.

That the Council provide directions on a number of outstanding matters in the development of the proposed Hauraki District Development Contributions Policy, to enable the policy to be finalised.

That the Council receive the DRAFT Hauraki District Development Contributions Policy 2008 for consideration with the intention of adopting the draft policy at its meeting of 12TH March 2008 in conjunction with the Draft Annual Plan 2008/09 and as an amendment to the Long Term Council Community Plan 2006-16, for notification under Section 83 of the Local Government Act 2002.

1. Introduction

At its meeting of 19 December 2007, the Council considered a number of matters arising from the targeted consultation workshops held during November on the proposed Hauraki District Development Contributions Policy.

The purpose of this report is to discuss two matters that remained of concern to the Council at the December meeting and two further matters that have arisen during policy formulation and that require direction from the Council. The report covers the following:

- a) Delay between time of granting consent and taking contributions;
- b) Local reserves;
- c) Contributions for first time water and wastewater connections;
- d) Contributions on lots covenanted or restricted from development.

In spite of the outstanding matters, the directions of the Council on the content and form of a draft policy have enabled work to progress to the point where a draft policy can be presented to the Council.

2. Matters requiring further direction from the Council

2.1 Delay between time of granting consent and taking contributions

This matter was raised with the Council at its meeting of 19 December 2007. A development contribution can be determined and is payable at the time of granting a subdivision consent, a consent for land use, a building consent or an authorisation for service connection. However, under section 208 of the Local Government Act 2002 ("the LGA"), the Council can only enforce payment:

- a) in the case of resource consent for subdivision, by withholding a certificate under Section 224(c) of the Resource Management Act 1991;
- b) in the case a land use consent, by preventing the activity from commencing;
- c) in the case of a building consent, by withholding the code compliance certificate; and
- d) in the case of an authorisation for service connection, by preventing connection.

It is recognised that delays can occur between the time of granting consent and the time at which Council can enforce payment. In the case of a subdivision consent, the delay between consent date and the granting of a Section 224 certificate may be considerable. Although it has been found in Hauraki District, that developers generally move quickly to obtain their Section 224(c) certificates, there must still be a concern for Council that by the time payments are made, the contribution amounts may have changed due to inflation or due to a change in the nature and cost of infrastructure projects that will serve the new development. Prior to payment of the contribution, the Council may also incur interest charges on borrowings to fund capital works that it has effectively allocated to the developer concerned, with an assurance that those works can be taken up when development occurs. If additional interest charges on borrowings are incurred, these charges are likely to fall to existing ratepayers.

At the December meeting, Council was advised that despite these concerns it might be legally difficult for it to change the amount of contribution set down at the time of consent, as time passes. Further legal advice has been obtained and confirms that pursuant to section 198(2) of the LGA, the Council can only require a development contribution *"as provided for in a policy adopted under section 102(4)(d) that is consistent with section 201."* This means that the development contribution required will be that in force at the date of granting the consent, not a contribution that may be adopted at some later date. In short, the Council cannot seek to recover higher contributions on a granted consent where a change to the LTCCP works programme causes the contribution amounts to rise before the contribution is paid.

Legal advice does note however, that the Council can, in accordance with the Act, require payment of the development contribution "up front" when granting a consent or authorisation, by issuing an invoice with a requirement to pay that invoice within one month. For any applicant who seeks to postpone immediate payment, the Council may offer the option of deferred payment provided that the applicant is aware of the Council's policy on deferred payments and enters into a contractual arrangement to pay interest on the outstanding debt at an agreed rate.

It should be noted that inflation and interest adjustments have already been built into the draft Hauraki District Development Contributions Model to protect the Council where it incurs

expenditure over time and does not recover that expenditure for some years. There would seem to be no need to charge interest or inflation on a deferred payment. However, Council's interest charges in the model are based on a "prompt recovery" scenario where contributions are paid in the same year as the consent is granted. If payments are made in later years, the Council will incur additional interest on its borrowing than that anticipated by the model. It is suggested therefore that the Council should seek additional finance charges on deferred payments at a rate to be agreed by contract.

The recommendation therefore is that where a development contribution is not paid within 30 days of the date of granting a consent or authorisation, the amount payable will be that stated in the consent or authorisation plus an additional finance charge. That finance charge will be calculated at the Council's 1-year fixed interest borrowing rate as at 1 July in any year, plus a margin of 1 per cent compounded on any outstanding contribution amount. It will be charged from a date commencing 30 days after the granting of consent or authorisation. This will be made clear in the invoice issued with the consent.

In summary, the general approach recommended to the Council for inclusion in the draft Development Contributions Policy and the accompanying model is one that:

- a) does not seek to recover higher (or lower) contributions on granted consents where a change to the LTCCP works programme causes the contribution amounts to rise (or fall) before the contribution is paid;
- b) relies on inflation having been built into the development contributions amounts to protect the Council from costs increases over time;
- c) relies on interest having been built into the contribution amounts to protect the Council where it borrows to fund infrastructure, the cost of which it may only recover some time after that infrastructure is provided;
- d) requires payment at the time of granting consent by issuing invoices at that time and requiring payment within 30 days;
- e) allows deferred payments up until the time at which Council may enforce payment under section 208 of the LGA, subject to a requirement to pay an agreed finance charge to cover additional interest incurred by the Council on its borrowings;
- f) calculates the finance charge on any outstanding contribution amount using the Council's 1-year fixed interest borrowing rate, plus a margin of 1 per cent;
- g) relies on the fact that some consents granted will lapse in time, unless given effect to, at which point higher contribution amounts may be levied on a new consent application.

A direction from the Council is sought on whether to proceed in the manner recommended.

2.2 Local reserves

The matter of local reserve contributions was raised with the Council at its meeting of 19 December 2007. The matter does not relate to *district parks*. The development contributions policy will still require development contributions for district parks. The matter relates only to small *local neighbourhood reserves* that serve their immediately surrounding residential areas.

It was recommended to the Council that in the absence of any local reserves acquisition programme in the LTCCP, the draft policy should exclude, for the time being, any requirement to take development contributions for local reserves and that the Council re-visit this position when the Development Contributions Policy is first reviewed. The Council was reminded that District Plan provisions may still require developers to provide local reserves

and playgrounds to serve local residents in their developments, thereby avoiding Council expenditure in providing such reserves.

At its meeting of 19 December 2007, the Council raised concerns with this recommendation and the possibility that the draft Policy would not require any parks and reserves contribution.

The current report is simply to clarify that the draft Development Contributions Policy and Model does require *district parks and reserves* contributions on all residential development but excludes contributions for local reserves, which may still be required to be provided by rules in the District Plan.

A direction from the Council is sought on whether to proceed in the manner recommended by:

- a) excluding any requirement for local reserve contributions from the draft Development Contributions Policy until the time of the first review of the Policy at which time the Council may reconsider its position; and**
- b) in the interim, maintaining reliance on rules in the District Plan to require the provision of local reserves by developers, where required.**

2.3 Contributions for first time water and wastewater connections

A matter has arisen during preparation of the draft Development Contributions Policy relating to those existing residents and businesses who may seek a first-time connection or additional connection to water supply and wastewater treatment networks.

The Council has powers under section 198(1)(c) of the LGA to require a development contribution when granting authorisation for a service connection where a new water supply or wastewater connection is sought, whether or not this is associated with subdivision or development. It stands to reason that existing development seeking a first-time or additional connection will place additional demands on infrastructure capacity provided for growth.

Under section 101(3) of the LGA, the Council is required to meet the costs of the water supply and wastewater activities from those sources "*it determines to be appropriate*" following the consideration of a number of matters.

When the Council carried out its section 101(3) considerations in relation to the water supply and wastewater activities at its meeting of 24 July 2007, it determined that those parts of the community connected or connecting to these systems will benefit from spending on them and in connecting will cause the Council to incur expenditure to provide the necessary capacity.

Based on this determination, the draft Policy should be written in way that will require any existing resident or business that connects to the water supply or wastewater networks for the first time, or seeks an additional connection, to pay a development contribution in the same way as would any new lot or dwelling being established in the district. It should be recognised that they will consume additional capacity provided in the systems for new growth and this may in time result in the Council having to incur further unforeseen capital expenditure.

The Council has the ability however, under section 101(3)(b) to consider the overall impact of allocating the liability for revenue for the water supply and wastewater systems on the current and future well-beings of the community. The Council may consider that existing residents and businesses or parts of them have contributed to these systems through their rates over

the years and will be unduly burdened with a requirement to pay contributions when connecting for the first time.

It is noted that parts of the existing community not yet connected to any wastewater system, have nevertheless been paying toward wastewater capital works through the district wastewater unconnected rate. It would be reasonable to expect this part of the community should not then be required to pay development contributions for capital expenditure if they choose to connect for the first time.

The recommendation to the Council is that to ensure equity in the distribution of demand for additional water supply and wastewater infrastructure capacity, development contributions be required for any existing development seeking connection to these infrastructure systems for the first time or seeking additional connections. This would not apply to any existing development which has paid a district wastewater unconnected rate in the past and is connecting to a wastewater system for the first time.

A direction from the Council is sought on whether to proceed in the manner recommended

2.4 Contributions on lots covenanted or restricted from development

The attention of the Council is drawn to a relatively minor issue that will arise during the application of the Development Contributions Policy, where lots are created by subdivision but will not be able to be developed because of covenants or other restrictions placed on them. It is recommended to the Council that the Policy be drafted in a such a way that lots of this kind will each be regarded as generating a zero unit of demand on services and will therefore have no development contribution payable on them. In the same way however, if at any time in the future those restrictions are removed, a development contribution may be payable when such lots are further subdivided or developed.

A direction from the Council is sought on whether to proceed in the manner recommended

3. Draft Hauraki District Development Contributions Policy 2008

At its meeting of 12 July 2007, the Council resolved to proceed with preparation of a development contributions policy as required by Section 102(4)(d) of the Local Government Act 2002. Since then the Council has, through a series of workshops and meetings, considered a wide range of matters required of it under the LGA and has provided direction on the form and content of a draft policy. An exercise was undertaken by asset management staff in the second half of 2007 in which asset data was entered into a draft Hauraki District Development Contributions Model and at its meeting of 11 October 2007, the Council considered initial outputs from the model and resolved to proceed with a preliminary consultation process with interested parties and the wider public. The Council considered the findings of that process at its meeting of 19 December 2007 and has attended to a number of matters arising from it.

While the Council has still to consider and provide direction on a small number of matters set out in Section 2.1 of this report, the direction provided by the Council has enabled the preparation of the draft Hauraki District Development Contributions Policy 2008 and the accompanying model.

The draft policy attached as **Appendix A** to this report is presented to the Council for consideration. The contents of the draft policy are summarised below.

3.1 Section 1.0 – Introduction

This sets out the objective of the policy and the statutory context within which it is being prepared, the effect of the policy when “development” (as defined by the LGA) occurs and the general approach of the Council to new development.

3.2 Section 2.0 – Development Contributions Policy

This section sets out the Council’s policy on the various matters it had considered during policy formulation, as required of it by the LGA. It includes:

- a) the formal requirement to pay contributions where “development” occurs and the type of contributions that will be sought;
- b) the Council’s position on the timing of payments, particularly where payment may occur some time after consent is granted;
- c) the position on local reserve contributions;
- d) limitations by which the Council will not require development contributions where it has imposed a contribution requirement for the same infrastructure under the Resource Management Act 1991, or where developers or other parties fund the same infrastructure;
- e) a policy not diminishing from the requirement for developers under the District Plan to provide (in addition to any development contribution toward Council infrastructure under this policy) local works to avoid remedy or mitigate the adverse effects of their developments;
- f) a policy including in the development contribution amounts, the value of any surplus capacity in assets already built by the Council;
- g) the considerations of the Council as required by Section 101(3)(a) of the LGA on;
- h) appropriate sources of funding of capital expenditure – enabling it accurately determine the share of that expenditure that should be attributed to growth in particular areas;
- i) areas of benefit (“catchments”) within which contributions will be charged;
- j) the principles of project cost allocation between those for providing improved levels of service (ILOS) to existing households and businesses and those for providing additional capacity (AC) in assets to accommodate new development;
- k) the policy on sharing benefits over time by which new development, occurring in the 10-year LTCCP period and for which contributions are calculated, will contribute only to that portion of additional asset capacity that it consumes;
- l) the key financial assumptions underlying the policy in particular the position on interest, depreciation and operating costs incurred in providing capacity for growth;
- m) the policy on existing legally established lots and development, for which the Council will not seek development contributions, except in the case of water supply and wastewater where existing lots and development connecting for the first time, with one exception, will be required to pay contributions;
- n) the policy on remissions, postponements and refunds of development contributions and procedures for a review of contribution amounts and the carrying out of a special assessment of contributions on certain activities;
- o) a table showing the development contributions applicable in various service “catchments”; and
- p) a summary of how capital expenditure for each activity will be met from various sources of funding including development contributions.

3.3 Section 3.0 – Practical application

This section sets out the ways in which the policies set out in Section 3.0 will be applied when applicants apply for and are granted consent. It includes in particular the following provisions:

- a) a table showing the way in which the demand generated by different types of development will be calculated. For example:
 - one residential or rural lot will be regarded as having 1.0 unit of demand on the services it benefits from;
 - one dwelling unit and one hotel, motel or retirement unit of two or more bedrooms will be regarded as having 1.0 unit of demand on the services it consumes;
 - smaller hotel and motel rooms and retirement units will be regarded as generating a 0.5 unit of demand;
 - commercial or industrial lots exceeding 1000m² in area will be regarded as having 1.0 unit of demand;
 - commercial or industrial development will generate units of demand according to the “gross business area” being developed, always deducting the 1.0 unit of demand existing for the lot on which that development occurs and for which a contribution has already deemed to have been paid;
- b) a provision allowing developers to be credited for works they do and land they vest which enables the Council to avoid expenditure;
- c) details of the application of the policy on remissions, postponements and refunds which the Council may consider on the following grounds:
 - the extent to which works proposed by the applicant or the nature of the development, reduce the need for Council expenditure; and
 - the development results in a significant public benefit.

3.4 Section 4.0 - Audit

This section sets out the requirement for the Development Contribution Policy to be audited.

3.5 Sections 5.0, 6.0 and 7.0

These sections set out respectively the ways in which the Council will:

- a) allocate capital expenditure between costs for improving levels of service to existing household and businesses (ILOS Costs) and those for providing additional capacity to accommodate new development (AC Costs);
- b) prepare its growth projections; and
- c) calculate interest on borrowing to fund capital expenditure. It should be noted that the methodology for calculating interest is still being refined and will be circulated to the Council before the meeting of 27 February or tabled at that meeting.

3.6 Appendices

The appendices accompanying the draft policy are as follows:

- a) Appendix A – Definitions
- b) Appendix B – Development contributions model explanation (note a revised appendix B will be tabled on the day of the Council meeting)
- c) Appendix C – Demand factors for business development

d) Appendix D – Development contribution catchments

4. Summary

Pending the Council's directions on the matters raised in this report, it will be possible to complete preparation of the draft Hauraki District Development Contributions Policy 2008 and accompanying Model for presentation to the Council at its meeting of 27 February 2008. This will complete Task 2 of the Policy Review, which is made up of three subtasks being:

- **Subtask 1a – Policy Formulation**
- **Subtask 1b – Targeted Consultation and Preparation of Draft Policy; and**
- **Subtask 2 – Development Contributions Model Preparation and Loading.**

At the **12th March 2008** meeting, approval of the Council will be sought to notify the draft Policy. The notification of the draft Policy, under the Special Consultative Procedure of the LGA will begin on the 18th March 2008.

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HAURAKI DISTRICT DEVELOPMENT CONTRIBUTIONS POLICY – 2007-2017

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APPENDIX C – DEMAND FACTORS FOR BUSINESS DEVELOPMENT

APPENDIX D – DEVELOPMENT CONTRIBUTION CATCHMENTS

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HAURAKI DISTRICT DEVELOPMENT CONTRIBUTIONS POLICY – 2007-2017

1.0 INTRODUCTION

1.1 Objective

The objective of this Policy is to provide predictability and certainty about the funding required to meet the increased demand for community facilities resulting from growth and new development in the Hauraki District by enabling the Council to require the payment of development contributions.

1.2 Statutory context

- 1.2.1 This policy on development contributions is prepared under Section 102(4)(d) of the Local Government Act 2002, (“the Act”).
- 1.2.2 This policy is incorporated by amendment into the Hauraki Community Plan 2006-2016 (“the LTCCP”) until such time as the LTCCP is comprehensively reviewed. (To be reviewed following discussions with Audit)
- 1.2.3 The Council, in addition to determining matters of content in this Policy, has determined:
- that the decision to include the Development Contributions Policy in the LTCCP 2006-2016 is a significant decision;
 - that it believes it has met the decision-making and consultation requirements of the Act to the extent required.

1.3 Effect of the policy

- 1.3.1 The effect of this policy is to require the payment of development contributions where:
- “development” as defined by the Act, occurs;

- the effect of that development is to require new or additional assets or assets of increased capacity and as a consequence the Council incurs capital expenditure to provide appropriately for reserves, network infrastructure or community infrastructure; and
- that capital expenditure will not be otherwise funded or provided for.

1.4 Approach to growth and development

- 1.4.1 The approach of the Council to growth and associated new development is one that:
- encourages and welcomes growth;
 - ensures controlled and managed growth accompanied by services that can cope;
 - is precautionary in nature in areas with rural production potential or environmental sensitivity;
 - is proactive in nature in appropriate areas.
- 1.4.2 In spite of a relatively small population increase in the Hauraki District between 2001 and 2006, residential and business growth is proceeding steadily as evidenced by growth in the number of rating units over this period.
- 1.4.3 This growth must be accompanied by the timely provision of community facilities, the funding of which should not be a burden on the existing community as a whole.
- 1.4.4 The Council will use this Policy to fund that part of total capital expenditure associated with growth and development.

Terms used in this Policy shown in *italics* are defined in Appendix A.

2.0 DEVELOPMENT CONTRIBUTIONS POLICY

The Council has considered all matters it is required to consider under the Act when making a development contributions policy. The policies resulting from these considerations are set out in this section.

2.1 Requirement to pay development contributions

2.1.1 A development contribution shall be payable when development is carried out, the effect of which is to require new or additional assets or assets of increased capacity and as a consequence the Council incurs capital expenditure to provide appropriately for those assets and that capital expenditure is not otherwise funded or provided for.

2.1.2 Development may occur when:

- (a) additional *lots* are created by subdivision, including the subdivision or cross lease of existing *lots*;
- (b) additional dwellings are built on *lots*;
- (c) the area of business activity is increased on business *lots*;
- (d) the area of any other activity such as schools, churches, hospitals or clubs is increased;
- (e) service connections are made to infrastructure networks.

2.1.3 In such cases, in accordance with Section 198 of the Act, the Council can require a development contribution of money or land or both, to be made by the grantee of or the owner of land subject to the following consents or authorisations, upon the granting of such consents and authorisations, those being:

- (a) a resource consent under the Resource Management Act 1991;
- (c) a building consent under the Building Act 1991;
- (d) an authorisation for a service connection.

2.1.4 In terms of this Policy, development contributions will be sought to meet the growth related component of capital expenditure on the following activities;

- a) Roading;

- b) Wastewater treatment;
- c) Water supply;
- d) Stormwater management;
- e) Land drainage;
- f) Solid waste management;
- g) *District parks*;
- h) *Community infrastructure* including but not limited to halls, swimming pools, public toilets, harbour facilities, boat ramps and cemeteries; and
- i) Libraries.

2.2 Timing of payments

2.2.1 A development contribution is payable at the time the Council grants:

- (a) a resource consent for subdivision or development;
- (b) a building consent;
- (c) an authorisation for service connection.

2.2.2 However, subject to the provisions in **Sections 2.2.6** and **2.2.7**, the Council shall accept payment of a development contribution at a time later than the time of granting or authorisation as follows:

- (a) in the case of a resource consent, before the activity commences;
- (b) in the case of a subdivision consent, before a Section 224 completion certificate is issued;
- (c) in the case of a building consent, when the Council becomes aware that building work has commenced; and
- (d) in the case of a service connection, before the service connection is made.

2.2.3 The Council is aware that delays may occur between the time at which consent is granted (and a development contribution is calculated) and the date upon which payment of that contribution is made or the date at which Council may enforce payment under section 208 of the LGA. It recognises that provisions for interest on borrowings to provide additional capacity in assets to accommodate growth, are included in the development contribution amounts to fund Council borrowing.

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- 2.2.4 However, in calculating development contributions, the Council has calculated interest on the basis that contribution payments will be made at the time of granting consent or authorisation for development in accordance with Section 198 of the Act.
- 2.2.5 Where the payment of contributions is delayed, the Council expects to incur additional interest costs and it considers that these should not be a burden on the existing community. It considers that it has committed a portion of asset capacity to the holder of the consent or authorisation and that any costs of holding that asset capacity over time should fall to the holder and not to the existing community.
- 2.2.6 Therefore, where a development contribution is not paid within 30 days of the date of granting a consent or authorisation, the amount payable shall be that stated in the consent or authorisation, plus an additional finance charge.
- 2.2.7 The finance charge shall be calculated at the Council's 1-year fixed interest borrowing rate as at 1 July in any year, plus a margin of 1 per cent compounded and it shall be charged from a date 30 days after the granting of consent or authorisation on any outstanding contribution amount.

2.3 Reserves

- 2.3.1 Pursuant to Section 199(1)(a) of the Act, the Council can require a development contribution for reserves. Under Section 199(1)(c), it may also require a development contribution for *community infrastructure*, which by definition may include the land upon which it provides public amenities.
- 2.3.2 The Council intends to include the cost of identified parcels of land that it has purchased or intends to purchase for parks in the calculation of the *district parks* development contribution.
- 2.3.3 The Council currently has no acquisition and development programme for small reserves serving local neighbourhoods and generally relies on the provision of these reserves by developers as conditions of resource consent.
- 2.3.4 The Council is aware, under Sections 199(1) and 200(1) of the Act, that where it has not incurred or does not intend to incur expenditure to acquire or improve local neighbourhood reserves, or they are being funded by another party, then no development contribution should be payable for such reserves.

- 2.3.5 Until the Council has adopted an acquisition and development programme for local reserves, it will not require a reserves development contribution under this Policy and will continue to require the provision of such reserves in residential developments under the rules of the Hauraki District Plan. The Council will reconsider its position on development contributions for local reserves when this Policy is reviewed.

2.4 Limitations on contributions

- 2.4.1 While the Council is able to seek both development contributions for infrastructure under the Local Government Act 2002 and financial contributions under the Resource Management Act 1991, (RMA), Section 200 of the Local Government Act 2002 prevents the Council from requiring a development contribution where it has imposed a contribution requirement on the same development under the RMA or where developers or other parties fund the same infrastructure.
- 2.4.2 Although under the Hauraki District Plan, the Council may impose a financial contribution as a condition of resource consent it shall in preference, take development contributions under this Policy on subdivisions and development. The Council carried out an analysis under Section 77(1)(b) of the Act to determine its preference for requiring development contributions.
- 2.4.3 Nothing in this Policy will diminish from any requirements under the Hauraki District Plan, (such as landscaping conditions and parking requirements) which impose works or financial contributions to avoid, remedy or mitigate the adverse effects of any development on the environment.
- 2.4.4 Nothing in this Policy, including the amounts of development contribution payable in Table 1, will diminish from any other legal requirement to make a payment for community facilities other than a development contribution, including connection fees or any other fee required to be paid by agreement with the Council.

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2.5 Limitations on costs eligible for inclusion in development contributions

- 2.5.1 In calculating development contributions under this policy, the contributions shall not include the value of any project or work or part of any project or work required for:
- (a) Rehabilitating or renewing an existing asset; or
 - (b) Operating and maintaining an existing asset.
- 2.5.2 In accordance with Section 200(1) of the Act, no development contribution calculated under this Policy shall include the value of any funding obtained from third parties, external agencies or other funding sources in the form of grants, subsidies or works. This limitation shall not include the value of works provided by a developer on behalf of the Council and used as a credit against contributions normally payable, which the Council may seek to recover from other developers in contributions.
- 2.5.3 The Council may require development contributions where it has not incurred capital expenditure but has provided a credit against development contributions payable by any person where that person has incurred capital expenditure on behalf of the Council, which provides additional capacity to serve further development under **Section 3.5**.
- 2.5.4 The value of any subsidy or grant toward the value of any project or work shall be deducted prior to the allocation for funding of the balance portion project cost between development contributions and other sources of Council funding.

2.6 Vested assets / local works

- 2.6.1 No expenditure on works or assets to avoid, remedy or mitigate the adverse effects of any development on the environment, such as roading, wastewater, water supply, stormwater and reserve works and assets (even where this may at some stage vest in the Council) shall be included in the calculation of development contributions under this Policy.
- 2.6.2 The value of assets vested or expenditure made by a developer, pursuant to a requirement under the Resource Management Act

1991, shall not be used to offset development contributions payable on development unless all or a portion of such assets or expenditure can be shown to avoid or reduce the need for the Council to incur costs providing an asset that is included in its capital works programme, for which development contributions are sought.

- 2.6.3 The value of assets vested or expenditure made voluntarily by a developer, to enhance a development shall not be used to offset development contributions payable on development.

2.7 Past surplus capacity provided

- 2.7.1 In accordance with Section 199(2) of the Act, development contributions may be required to be used to fund capital expenditure already incurred by the Council in anticipation of development prior to the first adoption of this Policy.
- 2.7.2 The Council has in recent years incurred expenditure to undertake works or acquire land in anticipation of development. The Council will seek to recover this expenditure from development contributions yet to be made. The Council may include the value of *past surplus capacity* in its calculation of development contributions.

2.8 Service standards

- 2.8.1 There is no requirement under this Policy for new development to be serviced above the *service standard*.
- 2.8.2 Where new developments are serviced to levels above the *service standard* and the Council is required to fund any portion of such works that will improve the levels of service to existing communities, it shall not be required to fund more than is required to meet *the service standard*.
- 2.8.3 The Council aims over time to raise the service levels in existing communities where this is below the *service standard*.
- 2.8.4 The Council may vary the *service standards* normally set for a project where the *service standard* may not be immediately attainable or economically efficient.

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2.9 Cumulative and network effects

2.9.1 In accordance with Section 199(3) of the Act, development contributions may be required under this Policy, where the effect of a development may, in combination with other developments, have a cumulative effect including the cumulative effects of developments on network infrastructure.

2.10 Appropriate sources of funding

2.10.1 The Council incurs capital works expenditure in order to:

- (a) provide additional capacity in assets to cater for new development;
- (b) improve the level of service to existing households and businesses;
- (c) meet environmental and other legislative requirements; and
- (d) renew assets to extend their service life.

2.10.2 Section 101(3)(a) of the Act states that the funding needs to meet these expenditure requirements must be met from sources that the Council determines to be appropriate, following a consideration, in relation to each activity, of a number of matters.

2.10.3 The Council has had regard to and made the following determinations under each activity in relation to the matters set out under Section 101(3)(a)(i) to (v) of the Act:

- a) That development contributions are an appropriate source of funding for providing additional capacity in assets for each of the activities listed in **Section 2.1.4(a) to (i)**;
- b) That capital works undertaken as a result of the need to provide additional asset capacity for new development and having no benefit to existing households and ratepayers, be appropriately funded by development contributions. The Council will classify these as *additional capacity projects (AC projects)* and ensure they are funded accordingly.
- c) While existing households and businesses are considered to benefit from *AC projects*, intended to service new

development, it is a principle of this Policy that, where existing households and businesses are:

- i. already serviced to the *service standard*;
- ii. their assets have remaining service life equivalent to that offered by the *AC projects*; and
- iii. they are not part of the cause of the work;

they shall not contribute toward its cost through rates or other sources of funding.

- d) That capital works undertaken as a result of the need for improving the levels of service to existing households and businesses and having no benefit to new development, be appropriately funded by sources *other than* development contributions, such as rates and depreciation reserves. The Council will classify these as *improved level of service projects (ILOS projects)* and ensure they are funded accordingly.
- e) That, for any capital works providing both additional asset capacity *and* improved level of service, the portion of expenditure incurred on improving levels of service to existing households and businesses, will be excluded from development contribution amounts and funded from appropriate sources such as rates and depreciation reserves. The funding from these sources shall not however exceed an amount that would have been incurred to correct service level deficiencies. The Council will classify these as *combined projects (AC/ILOS projects)* and will allocate the costs of such projects among sources of funding as set out in **Section 2.12**.
- f) That, development contributions for particular capital works be appropriately sourced according to the extent (including the cumulative extent) to which new development contributes to the need for and benefits from the activity. On this basis, the Council has determined areas of benefit (*catchments*) for each activity as set out in **Section 2.11**. The Council has also excluded business development from making contributions toward *district parks*, libraries and *community infrastructure* because it considers that business brings benefits to the community but creates little additional demand on these services.

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- g) That the value of surplus capacity in any asset remaining at the end of the 10-year contributions calculation period that will benefit future development occurring after that period, shall be funded more appropriately by future development. The Council will exclude the value of such *remaining surplus capacity* at the end of the calculation period from the development contribution calculation as set out in **Section 2.13**.

2.10.4 Section 101(3)(b) of the Act states that the funding needs to meet expenditure requirements must be met from sources that the local authority determines to be appropriate, following a consideration, of the *overall impact* of any allocation of liability for revenue on current and future community well-being.

2.10.5 The Council has had regard to Section 101(3)(b) and made the following determinations:

- a) That it does not wish to discourage new development and will use methodology in this Policy to ensure that incoming households and businesses occupying new development, in the 10-year LTCCP period, do not fund:
- benefits to existing households and businesses through development contributions;
 - the cost of *remaining surplus capacity* in assets at the end of the 10-year LTCCP period that will benefit future households and businesses.
- b) That it does not wish to burden current households and businesses by making them fund additional capacity in capital assets that will benefit new and future ratepayers, and will use methodology to ensure this does not occur.

2.11 Areas of benefit (Catchments)

2.11.1 Following its considerations under Section 101(3) of the Act, the Council considers that development contributions should be required from new development on an area of benefit or *catchment* basis.

2.11.2 A *catchment* is an area within which growth and development is occurring, which is likely either solely or cumulatively, to give rise

to the need for or benefit from, particular works or groups of works.

2.11.3 This Policy uses district-wide *catchments* for the recovery of development contributions for projects that occur as a result of the growth across the whole district. District-wide *catchments* are used for the activities of roading, solid waste management, *district parks*, libraries and *community infrastructure*.

2.11.4 This Policy uses single district-wide *catchments* for each of the wastewater treatment, water supply and stormwater activities. The Council considers that single district-wide *catchments* are justified because of the common level of service offered to those connecting to each network, wherever they are located in the district. Development contributions will however be payable only where the service is available and in the case of water supply and wastewater treatment, only to those new households, businesses and other developments connecting to the networks concerned.

2.11.5 This Policy uses a single land drainage *catchment*, comprising the Western Plains, Eastern Plains and Rural Paeroa Land Drainage Districts described in the LTCCP¹. The Council considers that a single land drainage *catchment* for land drainage contributions is justified because of the common level of service being offered in each land drainage district. Development contributions for land drainage will not be payable by households, businesses and other activities locating in any part of the district outside the single land drainage *catchment*.

2.11.6 The catchments used in this policy are summarised in **Appendix D**.

2.12 Principles of cost allocation

2.12.1 The cost of any combined project (AC/ILOS project) or work identified in the LTCCP shall, after deductions for subsidies and other sources of funding, be allocated between:

- (a) The costs for improving levels of service to existing households and businesses, by bringing assets up to the

¹ Hauraki Community Plan 2006-2016, Page 137

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service standard and/or by providing additional service life. to be expressed as the *ILOS Cost*; and

- (b) The costs for providing additional capacity to service the development of new households and businesses, to be expressed as the *AC Cost*.

2.12.2 The Council will allocate project cost between *ILOS Costs* and *AC Costs*, using in the manner described in **Section 5.0 – Procedures for cost allocation**.

2.12.3 The methodology used is a Modified Unit of Demand Approach to the cost allocation of *combined projects* using an *ILOS Cost* calculation, using the *replacement cost to service standard (RCSS)* and *optimised depreciated replacement cost (ODRC)* of assets currently serving existing households and businesses to determine the level of service deficiency.

2.12.4 This methodology incorporates the principle that the calculated *ILOS Cost* shall not exceed the *RCSS* of the existing asset serving existing households and businesses.

2.13 Development contributions calculation period

2.13.1 The Council has considered the period over which the benefits of capital expenditure for new development are expected to occur. The Council considers that capital expenditure on infrastructure during the 10-year LTCCP period, should be recovered over the full take-up period of each asset, from all development that caused that expenditure or will benefit from capacity it provides, including development occurring after the 10-year LTCCP period.

2.13.2 It has determined that:

- a) new development occurring in the 10-year LTCCP period will contribute only to that proportion of additional asset capacity that it is expected to consume;
- b) future development occurring after the 10-year LTCCP period will contribute toward the *remaining surplus capacity* in assets at the end of that period.

2.13.3 In calculating the development contributions payable by new development for each activity type, the Council will:

- a) include the value of any *past surplus capacity* in assets provided after 1 July 2001, (See **Section 2.7**), that is expected to be consumed by new development;
- b) include the value of capacity in assets to be provided in the 10-year LTCCP period, that is expected to be consumed by new development; and
- c) exclude the value of *remaining surplus capacity* in assets at the end of the 10-year LTCCP period, which is likely to be consumed by future development.

2.13.4 Recovery of the whole of a project's cost from only those households and businesses establishing in the 10-year LTCCP period, may place an unfair burden on them. Households and businesses developing after the period will arrive to a fully paid up asset with spare capacity for their developments.

2.13.5 This Policy therefore, uses a *development contributions calculation period* extending from 1 July 2001 (to include *past surplus capacity*) to 30 June 2028 – 20 years after the adoption of the policy to ensure more equitable attribution under Schedule 13 of the Act.

2.13.6 Notwithstanding this, the value of remaining surplus capacity in assets at the end of the 10-year LTCCP period is not to be included in the calculation of development contributions as provided for in this policy.

2.14 Financial assumptions

2.14.1 Development contributions will be applied to capital expenditure only, in accordance with Section 204(1) of the Act. The funding of operating expenses will be in accordance with the Council's Revenue and Financing Policy.

2.14.2 The cost of any work or any part of any capital work deemed to be for replacement or renewal of an asset and the cost of any new works required to improve the levels of service to existing households and businesses, will not be funded from development contributions. The funding of replacement or renewal costs and any costs to raise levels of service, will be in accordance with the Council's Revenue and Financing Policy.

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- 2.14.3 In cases where funds have previously been collected through financial or development contributions, the Council will offset the value of these contributions against proposed expenditure on the same service type in the same service *catchment* for which it was collected, wherever possible. However, the Council may apply funds collected to a larger service *catchment* to achieve administrative efficiency.
- 2.14.4 The project cost amounts used in calculating development contributions under this Policy are those in the in the Council's LTCCP financial statements, which include adjustments for inflation and there will be no provisions in this Policy for an annual increase for inflation.
- 2.14.6 Interest on borrowings to fund capital works resulting from new growth will be included in the calculation of development contributions under this Policy. Interest will be calculated using the methodology described in **Section 7.0**.
- 2.14.7 The Council will not introduce an adjustment to the development contribution amounts, to take account of any possible long term cross subsidy from rates paid by new ratepayers to fund part of the interest on borrowings for works to deal with any service level deficiencies being experienced by existing ratepayers or including *depreciation and operating costs* on existing ratepayers assets.
- 2.14.8 Depreciation and operating costs on assets provided in anticipation of new development, will be funded through rates on both existing and new development as an operating expense and not capitalised and collected through development contributions. While the Council accepts that it may be possible for a cross subsidy to occur by which the existing ratepayer body subsidises such costs, Section 204(1)(a) of the Act precludes their funding by development contributions. No adjustment will be included therefore in the calculation of development contributions to offset any possible cross-subsidy between existing and new ratepayers to meet these costs.

2.15 Policy on existing lots or development

- 2.15.1 The Council will not seek development contributions retrospectively for *lots* or development already *legally*

established at the date of granting consent, other than as required in **Sections 2.15.2, 2.15.3** and **2.15.5** below.

- 2.15.2 **Section 2.15.1** shall not apply to any *lot* or development for which a contribution has been required and has not yet been paid.

- 2.15.3 The Council may require a development contribution to be paid for any existing *legally established lot* or development, which is to be connected for the first time or seeks an additional connection/s to either the water supply network or the wastewater network, as the case may be, where no development contribution or other such payment for these services can be shown to have been previously made.

- 2.15.4 **Section 2.15.3** above will not apply to an existing lot or development for which a district unconnected rate for wastewater has been paid in the past and no development contribution shall be payable on such lots or development when they are connected to a wastewater treatment network for the first time.

- 2.15.5 The Council may require a development contribution to be paid for any existing *legally established lot*, that has previously been prevented from being developed by any open space covenant or by any other restriction registered against the title of the *lot* and that covenant or restriction has been removed.

- 2.15.6 Subject to **Sections 2.15.2, 2.15.3** and **2.15.5**, **Section 2.15.1** shall apply to any *lot* or development that:

- (a) was already *legally established* at the date on which this Policy first became operative, on 1 July 2008;
- (b) has been *legally established* since the date on which this Policy first became operative and for which a development contribution has been paid;
- (c) is not yet established but for which a development contribution has been paid (and not refunded).

- 2.15.7 *Legally established* development includes buildings and structures demolished since the first introduction of this policy on 1 July 2008, or those demolished up to three years prior to that date.

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2.16 Network infrastructure

- 2.16.1 The Council acknowledges that under Section 197 of the Act, the term development excludes the pipes and lines of any network utility operator. The Council will not seek development contributions for the installation or expansion of network infrastructure, including the pipes, lines, roads, water supply, wastewater and stormwater networks by network utility operators.

2.17 Policy on remissions, postponements and refunds of development contributions

- 2.17.1 In accordance with Section 202(1)(c) of the Act, this Policy includes provisions that will enable the Council to consider remissions, postponements, reductions and waivers to the development contributions. (See **Section 3.6**)
- 2.17.2 The Council will refund development contributions in accordance with the requirements of Sections 209 and 210 of the Act.

2.18 Best available knowledge

- 2.18.1 The capital expenditure amounts used in this Policy, for the calculation of development contributions for all activity types, are in keeping with the LTCCP and are based on the best available knowledge of projects, their costs, their staging, timing and other related information, at the time of adoption of this Policy.
- 2.18.2 The absence of any particular information on any asset or work at any given time, shall not be deemed to be reason for not including that asset or work for consideration in the calculation of a development contribution, provided that all the requirements of this Policy, on determining any development contribution payable are complied with.

2.19 Development contribution schedule

- 2.19.1 In accordance with Section 201 and Section 202 of the Act, **Table 1** shows the schedule of development contributions payable for each community facility type in each part the district. The amounts exclude GST.

2.20 Summary of funding sources

- 2.20.1 In accordance with Section 106(2) of the Act **Table 2** summarises capital expenditure in the LTCCP that the Council expects to incur to meet the increased demand for community facilities resulting from growth and the proportion of that expenditure to be funded from various sources including development contributions.

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TABLE 1 - SCHEDULE OF DEVELOPMENT CONTRIBUTIONS

	Land drainage	Stormwater	Wastewater treatment	Water supply	Roading	District parks	Community infrastructure	Libraries	Solid waste	TOTAL
Urban										
Paeroa	\$ -	\$ 861	\$ 1,902	\$ 636	\$ 2,623	\$ 209	\$ 207	\$ 67	\$ 11	\$ 6,516
Waihi	\$ -	\$ 861	\$ 1,902	\$ 636	\$ 2,623	\$ 209	\$ 207	\$ 67	\$ 11	\$ 6,516
Ngatea	\$ 619	\$ 861	\$ 1,902	\$ 636	\$ 2,623	\$ 209	\$ 207	\$ 67	\$ 11	\$ 7,134
Kerepehi	\$ 619	\$ 861	\$ 1,902	\$ 636	\$ 2,623	\$ 209	\$ 207	\$ 67	\$ 11	\$ 7,134
Turua	\$ 619	\$ 861	\$ 1,902	\$ 636	\$ 2,623	\$ 209	\$ 207	\$ 67	\$ 11	\$ 7,134
Whiritoa	\$ -	\$ 861	\$ 1,902	\$ -	\$ 2,623	\$ 209	\$ 207	\$ 67	\$ 11	\$ 5,880
Waikino	\$ -	\$ 861	\$ -	\$ 636	\$ 2,623	\$ 209	\$ 207	\$ 67	\$ 11	\$ 4,614
Waitakaruru	\$ 619	\$ -	\$ -	\$ 636	\$ 2,623	\$ 209	\$ 207	\$ 67	\$ 11	\$ 4,371
Kaimanawa	\$ -	\$ -	\$ -	\$ 636	\$ 2,623	\$ 209	\$ 207	\$ 67	\$ 11	\$ 3,753
Karangahake	\$ -	\$ -	\$ -	\$ 636	\$ 2,623	\$ 209	\$ 207	\$ 67	\$ 11	\$ 3,753
Mackaytown	\$ -	\$ -	\$ -	\$ 636	\$ 2,623	\$ 209	\$ 207	\$ 67	\$ 11	\$ 3,753
Ohinimuri	\$ -	\$ -	\$ -	\$ 636	\$ 2,623	\$ 209	\$ 207	\$ 67	\$ 11	\$ 3,753
Rural										
Plains	\$ 619	\$ -	\$ -	\$ 636	\$ 2,623	\$ 209	\$ 207	\$ 67	\$ 11	\$ 4,371
Waihi	\$ -	\$ -	\$ -	\$ 636	\$ 2,623	\$ 209	\$ 207	\$ 67	\$ 11	\$ 3,753
Paeroa	\$ -	\$ -	\$ -	\$ 636	\$ 2,623	\$ 209	\$ 207	\$ 67	\$ 11	\$ 3,753

Note 1: These contribution amounts do not include GST

Note 2: These contribution amounts do not include local reserve contributions which may be required for residential developments pursuant to the Hauraki District Plan

Note 2: The \$0 contribution amount for Waitakaruru wastewater treatment reflects a development moratorium on new connections to the wastewater system. If new connections are to be allowed in the future, works will be required to provide additional capacity to service them and a development contribution toward such works will be calculated at the time

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TABLE 2 - CAPITAL EXPENDITURE IDENTIFIED TO MEET INCREASED DEMAND RESULTING FROM GROWTH AND SOURCES OF FUNDING BY ACTIVITY										
	2006-16 LTCCP					SURPLUS CAPACITY				
	TOTAL CAPITAL PROJECT COSTS	DEVELOPMENT CONTRIBUTIONS (NEW)	DEVELOPMENT CONTRIBUTIONS (FUTURE)	RATES	SUBSIDIES / GRANTS	TOTAL CURRENT VALUE OF SUPPLUS CAPACITY PROJECTS	DEVELOPMENT CONTRIBUTIONS (NEW)	DEVELOPMENT CONTRIBUTIONS (FUTURE)	RATES	
Water supply	\$ 25,007,000	\$ 417,297	\$ 449,445	\$ 21,900,883	\$ -	\$ 972,476	\$ 152,505	\$ 168,544	\$ 651,427	
Wastewater treatment	\$ 5,672,000	\$ 288,550	\$ 314,553	\$ 5,068,897	\$ -	\$ 1,880,036	\$ 883,070	\$ 996,966	\$ -	
Stormwater	\$ 4,880,000	\$ 454,359	\$ 261,959	\$ 4,151,733	\$ -	\$ 222,425	\$ 105,537	\$ 116,887	\$ -	
Roading	\$ 36,686,800	\$ 1,438,470	\$ 1,831,872	\$ 16,363,147	\$ 17,053,311	\$ 2,709,342	\$ 1,275,304	\$ 1,434,038	\$ -	
Solid waste	\$ 147,000	\$ 11,105	\$ 13,290	\$ 122,605	\$ -	\$ -	\$ -	\$ -	\$ -	
District parks	\$ 1,410,000	\$ 117,434	\$ 109,433	\$ 1,183,133	\$ -	\$ 210,024	\$ 98,860	\$ 111,164	\$ -	
Libraries	\$ 869,000	\$ 69,188	\$ 69,169	\$ 730,643	\$ -	\$ -	\$ -	\$ -	\$ -	
Land drainage	\$ 3,183,000	\$ -	\$ -	\$ 617,000	\$ 2,566,000	\$ 407,507	\$ 189,913	\$ 217,595	\$ -	
Community Infrastructure	\$ 2,629,000	\$ 212,389	\$ 214,257	\$ 2,202,353	\$ -	\$ 4,596	\$ 2,164	\$ 2,433	\$ -	
TOTAL	\$ 80,483,800	\$ 3,008,792	\$ 3,263,979	\$ 52,340,393	\$ 19,619,311	\$ 6,406,406	\$ 2,707,353	\$ 3,047,627	\$ 651,427	

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3.0 PRACTICAL APPLICATION

3.1 Requirement for development contributions

3.1.1 Upon granting:

- (a) a resource consent under the Resource Management Act 1991;
- (b) a building consent under the Building Act 1991;
- (c) an authorisation for a service connection;

the Council shall determine whether the activity to which the consent or authorisation relates is a “*development*” under the Act, which:

- (a) has the effect of requiring new or additional assets or assets of increased capacity (including assets which may already have been provided by the Council in anticipation of development);
- (b) as a consequence requires (or has required) the Council to incur capital expenditure to provide appropriately for those assets; and
- (c) that capital expenditure is not otherwise funded or provided for.

3.1.2 Upon determining that the activity is a “*development*”, the Council may require a development contribution to be made toward community facilities associated with that development, according to the *catchments* in which the development is located, including:

- a) Roading;
- b) Wastewater treatment;
- c) Water supply;
- d) Stormwater management;
- e) Land drainage;

- f) Solid waste management;
- g) *District parks*;
- h) *Community infrastructure* including but not limited to halls, swimming pools, public toilets, harbour facilities, boat ramps and cemeteries; and
- i) Libraries.

3.1.3 The Council shall calculate the development contribution payable at the time of granting the consent or authorisation.

3.1.4 The grantee of consent or authorisation may pay the development contribution calculated, at the time of granting of the consent or authorisation.

3.1.5 Subject to the provisions of **Sections 3.1.6, 3.1.7 and 3.1.8**, the Council will accept payment of a development contribution at a time later than the time of granting the consent or authorisation as follows:

- (a) in the case of a resource consent for land use, before the activity commences;
- (b) in the case of a subdivision consent, before a Section 224 completion certificate is issued;
- (c) in the case of a building consent, at the time of final inspection or upon issue of a code compliance certificate or a certificate for public use, as the case may be; and
- (d) in the case of a service connection, before the service connection is made.

3.1.6 Where a development contribution is not paid within 30 days of the date of granting a consent or authorisation, the amount payable shall be that stated in the consent or authorisation plus an additional finance charge.

3.1.7 The finance charge shall be calculated at the Council’s 1-year fixed interest borrowing rate as at 1 July in any year, plus a margin of 1 per cent compounded and it shall be charged from a date 30 days after the granting of consent or authorisation on any outstanding contribution amount.

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- 3.1.8 In the case of a resource consent for land use, where a building consent is required for the activity to commence and has not yet been granted, the Council will only require payment of the contribution when the building consent is granted.
- 3.1.9 No consented activity or building work shall commence prior to the payment of the development contribution and where such activity work has commenced prior to such payment, the Council shall require this to cease until payment has been made.
- 3.1.10 No development contribution shall be payable for local neighbourhood reserves under this Policy but this shall not diminish from any requirement for the provision of such reserves in residential developments pursuant to a consent granted under the rules of the Hauraki District Plan.
- 3.1.11 No development contribution shall be payable for any business development, for *district parks*, libraries and *community infrastructure*.

3.2 Amount of total development contribution

- 3.2.1 The total amount of development contribution payable when granting any consent or authorisation for subdivision or development, shall be the sum of the development contribution payable for each type of community facility, calculated as:

$$[(a) \times [\Sigma(n) - \Sigma(x)]] + \text{GST}$$

Where:

(a) = the applicable development contribution per *unit of demand* determined from **Table 1** and the *catchment* for each type of community facility in which the subdivision or development lies.

Σ = the sum of the terms inside the brackets.

(n) = for each *lot* at the completion of the consent or authorisation application, the total *lot units of demand* OR the total *activity units of demand*, determined by **Table 3**, whichever is the greater.

(x) = for each *lot* in existence (or for which a Section 224 RMA 1991 certificate has been issued), prior to the date of the consent or authorisation application, the total *lot units of demand* OR the total *activity units of demand* for the existing development, determined by **Table 3**, whichever is the greater.

3.3 Determination of Units of Demand

- 3.3.1 In accordance with Schedule 13 of the Act, the additional capacity (AC cost) component of capital expenditure associated with new development in any service *catchment* will be allocated equally between the numbers of new *units of demand* expected to occur in that catchment during the *development contributions calculation period*.
- 3.3.2 The Council has determined that *units of demand* generated by different land use types shall be those reflected in **Table 3**.
- 3.3.3 Demand for services may be necessitated by the creation of new *lots (lot units of demand)* that are required to be serviced in advance of their occupation. Demand for services may also be generated by the use and development of *lots, (activity units of demand)* including the intensification or expansion of activity on those *lots*.

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Table 3 Units of demand generated by subdivision and development	
Lot unit of demand	Units of demand
One residential or rural lot	1.0
One mixed use residential/ commercial lot	1.0
One commercial or industrial lot with an area of less than 1000m ² , for all activity types other than <i>district parks, community infrastructure</i> and libraries	<i>Lot area divided by 1000m²</i>
One commercial or industrial lot with an area of 1000m ² or more, for all activity types other than <i>district parks, community infrastructure</i> and libraries	1.0
One commercial or industrial lot for the <i>district parks, community infrastructure</i> and libraries only	0
For the purposes of calculating water supply and wastewater development contributions ONLY, any <u>existing</u> <i>legally established lot</i> not connected to either the water supply network or the wastewater network as the case may be. This excludes, for the purposes of the wastewater contribution only, any lot for which a district unconnected rate has been charged in the past which shall be deemed to have an existing <i>lot unit of demand</i> of 1.0)	0
For the purposes of calculating water supply and wastewater development contributions ONLY, any <u>proposed</u> lot not to be connected to either the water supply network or the wastewater network as the case may be.	0
One <i>serviced site</i>	0.5
One <i>lot</i> : <ul style="list-style-type: none"> ▪ wholly covenanted in perpetuity as provided for by Section 22 of the Queen Elizabeth the Second National Trust Act 1977; ▪ the title of which prevents any form of development on the <i>lot</i> 	0

Activity unit of demand	Units of demand
One <i>dwelling unit</i> (including any hotel, motel or other tourist accommodation unit, or retirement unit – of two or more <i>bedrooms</i> per unit)	1.0
One commercial or industrial unit including the commercial part of any activity but excluding any part that comprises hotel rooms, motel rooms or other accommodation units, for all activity types other than <i>district parks, community infrastructure</i> and libraries	The <i>gross business area</i> on the <i>lot</i> (or in the case of calculating contribution for stormwater, the <i>impervious area</i>) multiplied by the applicable <i>unit of demand</i> factors in this table
One commercial or industrial unit including the commercial part of any activity but excluding any part that comprises hotel rooms, motel rooms or other accommodation units, for <i>district parks, community infrastructure</i> and libraries	0
Any hotel room, motel room or other tourist accommodation unit, or retirement unit – of one or less <i>bedrooms</i> per unit)	0.5
Any hotel room, motel room or other tourist accommodation room or any room in a retirement unit or school, normally accommodating more than 3 persons	The number of persons accommodated in the room divided by 6
Any development including <i>dwelling units</i> , hotel rooms, motel rooms or other tourist accommodation units, or retirement units situated on multiple storeys with or without commercial or industrial activity	For stormwater ONLY, the <i>impervious area</i> multiplied by the applicable <i>unit of demand</i> factor in this table
Other activity (Activity not specified elsewhere in this table)	For roading, water supply, sewerage, stormwater and solid waste infrastructure only, the <i>gross floor area</i> of the activity divided by 250m ² (or in the case of calculating a contribution for stormwater, the <i>impervious area</i>) multiplied by the applicable <i>unit of demand</i> factor in this table

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For the purposes of calculating water supply and wastewater development contributions ONLY, any <u>existing</u> <i>legally established</i> development not connected to either the water supply network or the wastewater network as the case may be. This excludes, for the purposes of the wastewater contribution only, any development for which a district unconnected rate has been charged in the past which shall be deemed to have an existing <i>activity unit of demand</i> calculated in accordance with this table)	0
For the purposes of calculating water supply and wastewater development contributions ONLY, any <u>proposed</u> development not to be connected to either the water supply network or the wastewater network as the case may be	0
Network infrastructure, including pipes, lines and installations, roads, water supply, wastewater and stormwater collection and management systems	0
Unit of Demand Factors	
Roading	0.0020 per m ² of <i>gross business area</i> on the <i>lot</i> used principally for commercial or industrial purposes.
Water supply	0.0016 per m ² of <i>gross business area</i> on the <i>lot</i> used principally for commercial or industrial purposes.
Sewerage	0.0016 per m ² of <i>gross business area</i> on the <i>lot</i> used principally for commercial or industrial purposes.
Stormwater	0.00278 per m ² of the <i>impervious area</i> of the <i>lot</i> .
Land drainage	0.00278 per m ² of the <i>impervious area</i> of the <i>lot</i> .

- 3.3.4 The different *units of demand* generated by a unit of commercial or industrial activity as compared with a unit of residential activity, arise mainly from the scale of activity. This Policy uses *lot* size in the case of subdivision and *gross business area* in the case of business development as a proxy for assessing the different *units of demand* on services, likely to be generated respectively by residential and business activity.
- 3.3.5 Further, this Policy assumes that as well as the *scale of activity*, business activity has the potential to place greater demands on services as compared to residential activity, as a result of the *nature of the activity* (e.g. as a result of higher and heavier traffic volumes, higher *impervious area*). This Policy incorporates multipliers (*unit of demand* factors) that are intended to take account of the likely additional effect of business activity on service infrastructure.
- 3.3.6 The assumptions used in this Policy to derive the *unit of demand* factors for business in **Table 3** are described in **Appendix C**.

3.4 Information requirements

- 3.4.1 The applicant for any consent or authorisation under **Section 3.1.1(a) to (c)**, shall provide all information necessary for the Council to calculate the amount of a development contribution including, in the case of commercial or industrial development, the *gross business area* and the *impervious area* of the development.
- 3.4.2 The applicant shall be responsible for providing proof of the legal establishment of existing *units of demand* under **Section 3.2.1**.
- 3.4.3 Existing *units of demand* may include *legally established* buildings and structures demolished since the first introduction of this policy on 1 July 2008, or those demolished up to three years prior to that date and for which a financial contribution can be shown to have been paid.

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3.5 Credits for work done or land vested

- 3.5.1 In accordance with Section 200(1) of the Act, the Council shall apply to a development contribution calculated under **Section 3.2.1**, a credit equal to the actual and reasonable costs of works (including the value of any land to be vested) incurred by the applicant on behalf of and by agreement with the Council, which prevents the Council from having to undertake capital expenditure identified in the calculation of development contributions under this Policy.
- 3.5.2 In the event that the credit calculated under **Section 3.5.1**:
- (a) is less than or equal to the amount of development contribution otherwise payable, then the amount of the contribution shall be reduced by the amount of the credit;
 - (b) is greater than the amount of development contribution otherwise payable, then a refund will be payable by the Council upon granting any consent or authorisation.

3.6 Remissions, postponements and refunds of development contributions

- 3.6.1 The Council may, at the request of an applicant for consent or authorisation for development, review the contribution payable and consider whether a remission or postponement of the development contribution is appropriate, but only in the following circumstances:
- (a) where the value and nature of works or the nature of development proposed by the applicant, can be shown to reduce or remove the need for works or the purchase of land included by the Council in its capital expenditure programme, the cost of which was used in calculating the development contribution;
 - (b) where it can be shown that the nature of the development will result in a *significant public benefit*.

- 3.6.2 Where the Council is satisfied that the circumstances in **Section 3.6.1(a) or (b)** have been shown to exist, it may require a lesser development contribution than that normally calculated.
- 3.6.3 The Council may, at the request of an applicant for consent or authorisation for development, in the case of development activity classified as “*Other activity*” in **Table 3**, make a special assessment of the *units of demand* calculated in **Table 3** for that activity and may require a lesser development contribution than that calculated.
- 3.6.4 In making a special assessment under **Section 3.6.3** the Council will consider the nature and scale of the development and its relative effects on each community facility as compared to other development types listed in **Table 3** and the *units of demand* attributed to them.
- 3.6.5 The Council will refund development contributions in accordance with requirements under sections 209 and 210 of the Act.

3.7 Procedures for review of development contributions

- 3.7.1 Any applicant who is required to make a development contribution at the time a consent or authorisation for development is granted, may formally request the Council to review the development contribution required.
- 3.7.2 Any such request shall be made in writing no later than 15 working days after the Council has advised in writing of the development contributions required, setting out the reasons for the review.
- 3.7.3 Prior to accepting any such request for review, the Council shall require the applicant to provide specific details of the manner in which its proposals will reduce the need for works or purchase of land proposed by the Council in its capital works programme.
- 3.7.4 In undertaking the review the Council or a Committee of the Council so delegated:

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- (a) shall, as soon as reasonably practicable, consider the request;
- (b) may determine whether to hold a hearing for the purposes of the review and if it does so, give at least 5 working days notice to the applicant, of the date, time and place of the hearing;
- (c) may at its discretion uphold, reduce, postpone or waive the original amount of development contribution required and shall advise the person in writing of its decision within 10 working days of making that decision;
- (d) may charge such fee as determined in its annual schedule of fees, to consider the request.

3.8 Statement on GST

- 3.8.1 Any development contribution referred to in this Policy or in the accompanying Development Contributions Model and any development contribution required in the form of money, pursuant to this Policy, is exclusive of Goods and Services Tax.

4.0 AUDIT

This policy shall be subject to the audit procedures under Section 94 of the Act.

5.0 PROCEDURES FOR COST ALLOCATION

The calculation of the separate portions of the cost of any *combined project (AC/ILOS project)* between that for improving levels of service to existing households and businesses, (*ILOS Costs*) and that for providing additional capacity to accommodate new development of households and businesses (*AC costs*), as required by Policy 3.12, shall be carried out using the following procedure.

5.1 Listing projects and information required

- 5.1.1 Every project in the capital works programme of the LTCCP shall be listed in the Project Allocation Schedule (PAS) of the Development Contributions Model.
- 5.1.2 Every *surplus capacity project* shall be listed in the Surplus Capacity Schedule (SCS),
- 5.1.3 Where possible, distinct stages of a project or distinct parts of a project shall be listed in the schedules as separate components and separate calculations carried out for each.
- 5.1.4 For each project in the schedules, the following information shall be provided:
 - (a) the year in which the project or component is to be carried out in the LTCCP, or in the case of each *surplus capacity project (SC project)*, the year it was completed;
 - (b) the total project cost;
 - (c) the amount of any subsidy or grant toward each project from any other source of funding, which shall be deducted from the total project costs to give the net project cost;
 - (d) the *catchment* which the project will serve.
- 5.1.5 Each project in the PAS shall be categorised as one of the following project types:
 - (a) an *improved level of service project (ILOS project)* and the cost of the project shall be allocated to *ILOS costs* only.
 - (b) an *additional capacity for growth project (AC project)* and the cost of the project shall be allocated to *AC costs* only.
 - (c) a *combined project (AC/ILOS project)* and the cost of the project shall be allocated between *ILOS costs* and *AC costs* using the procedures in this section.
- 5.1.6 For each project in the PAS, the following information shall be provided:

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- (a) the expected distribution of benefits of the project between the existing community as a whole or identified parts of it or individuals;
- (b) the period over which benefits of the project are expected to occur, determined by stating the year in which capacity take up is expected to start and the year in which the project capacity is expected to be fully consumed;
- (c) the cause of the project;
- (d) any supporting information or reference to information describing the reasons for the project and in the case of an *improved level of service project (ILOS project)* or *combined project (AC/ILOS project)*, the reasons for the service level deficiency (or renewal) to existing households and businesses.

5.1.7 For each *combined project (AC/ILOS project)* only, the following additional information shall be provided in the PAS:

- (a) the *remaining service life (RSL)* of any asset being upgraded or renewed by the project at the time that asset is replaced or renewed;
- (b) the *additional service life (ASL)* offered to existing rating units by the project;
- (c) the number of existing households and businesses stated as *rating units* that are serviced below the *service standard*;
- (d) the *optimised depreciated replacement cost (ODRC)* of the existing asset serving existing rating units, whose level of service will be improved or replaced by the *combined project*, obtained from the Council's valuation records;
- (e) the *replacement cost to service standard (RCSS)*;
- (f) the total number of additional households and businesses that the *combined project* will provide capacity for to be known as the *AC units of demand*.

5.1.8 For each project in the SCS, the following additional information shall be provided:

- (a) the total theoretical capacity of the project;
- (b) the estimated used capacity of the project.

5.2 Cost allocation of combined projects

5.2.1 Using the information provided on *combined projects (AC/ILOS projects)* in the project schedules, a Modified Unit of Demand Approach shall be carried out as follows:

- (a) the *service level deficiency* being experienced by existing households and businesses is calculated as the *ODRC* divided by the *RCSS*, and expressed as a percentage;
- (b) the number of *ILOS units of demand* on the project is calculated as the number of existing *units of demand* that are serviced below the *service standard*, multiplied by the *service level deficiency* calculated in a);
- (c) the total *units of demand* on the project is the *ILOS units of demand* plus the *AC units of demand*;
- (d) the *ILOS Cost* is calculated as *ILOS units of demand* divided by total *units of demand* multiplied by net project cost;
- (e) the *ILOS Cost* shall not exceed the *RCSS*;
- (f) the *AC Cost* is calculated as the net project cost less the *ILOS Cost*.

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5.3 AC Cost allocation between new and future units of demand

- 5.3.1 Using information provided on the year in which capacity take up of a project is expected to start and the year in which the project capacity is expected to be fully consumed, the *AC cost* of the project shall be divided between new *units of demand (N)* arriving in the *catchment* in the 10-year LTCCP period and future *units of demand (F)* arriving after the end of the LTCCP period, as follows:
- (a) the *AC Cost to F* is the *AC Cost* determined in 6.2 above multiplied by the years of capacity take up after the LTCCP period divided by total years of capacity take up;
 - (b) the *AC Cost to N* is the *AC Cost* less the *AC Cost to F*.
- 5.3.2 Only the *AC Cost to N* shall be used in the calculation of development contributions.

6.0 GROWTH ASSUMPTIONS

- 6.1 In order to calculate the amount of new development to which the growth related portion of capital expenditure (*AC costs*) for infrastructure will be attributed, area-by-area projections of new and future *units of demand* for services in the period 2007 to 2027 are required.
- 6.2 The Council maintains a detailed rating database that provides the numbers of rating units for all areas of the district.
- 6.3 The numbers of rating units provide a close correlation with numbers of *lots* in the district and the number of multiple units of activity on any *lot* where this is the case and are therefore considered to be a reasonably sound measure of the *units of demand* for infrastructure and services.

- 6.4 The Development Contributions Model, Projections Schedule contains the number of rating units (*units of demand*) for each service type existing at the time of the 2006/07 rates year in each of a number of service *catchments* making up the district.
- 6.5 Assumptions have been made as to the expected annual increase in the numbers of rating units and hence *units of demand* to 2017, in all service *catchments*.
- 6.6 The Projections Schedule also provides long-term estimates for future rating units (*units of demand*) after the LTCCP period to 2027, in order to ensure that any portion of remaining surplus capacity at the end of the period can be attributed to future development.

7.0 INTEREST CALCULATION PROCEDURES

The methodology for calculating interest on borrowings for that part of capital expenditure to provide additional capacity for development (*AC costs*) is being refined and will be included in the next draft of this Policy.

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APPENDIX A - DEFINITIONS

“**AC cost**” means the cost for providing additional capacity to service the development of new households and businesses, to be expressed as the *AC Cost*

“**Activity unit of demand**” means the demand for a community facility generated by development activity other than subdivision.

“**Additional capacity project**” or “**AC project**” means a capital project in the LTCCP intended only to provide additional capacity to service new and future households and businesses.

“**Additional service life**” or “**ASL**” means the number of years of service at the *service standard*, in addition to the *remaining service life*, that a new asset will give existing households and businesses.

“**Allotment**” has the meaning given to it in Section 218(2) of the Resource Management Act 1991.

“**Bedroom**” means a room used for sleeping, normally accommodating no more than 3 persons.

“**Catchment**” means the whole or any part of the district, defined in this Policy, which will be served by a particular public service or infrastructure type.

“**Combined project**” or “**AC/ILOS project**” means a project in the LTCCP intended to deal with shortfalls in levels of service to existing households and businesses by bringing assets up to the *service standard* and/or by providing additional service life and to provide capacity for further growth.

“**Community infrastructure**” has the meaning given to it in Section 197 of the Local Government Act 2002 and for the purposes of this policy includes land and assets including but not limited to halls, swimming pools, public toilets, harbour facilities, boat ramps and cemeteries.

“**Development**” has the meaning given to it in Section 197 of the Local Government Act 2002.

“**Development contributions calculation period**” means the period between 1 July 2001 and a date 20 years after the date of first adoption of this Policy.

“**District parks**” means land and assets comprising the larger parks and reserves of the district including Paeroa Domain, Hugh Hayward Domain, Morgan Park, Gilmour Park and other passive and active parks and reserves, other than small local reserves serving only the immediately surrounding population.

“**Dwelling unit**” means any building or group of buildings or any part of those buildings, used or intended to be used solely or principally for residential purposes and occupied or intended to be occupied by not more than one household – and includes a minor household unit or any unit of commercial accommodation. For the avoidance of doubt the definition of dwelling, for the purposes of this Policy, does not have the meaning given to it in the Hauraki District Plan.

“**Gross business area**” means:

- (a) the *gross floor area* of any building, plus
- (b) the area of any part of the *lot* used solely or principally for the storage, sale, display or servicing of goods or the

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provision of services on the *lot* but not including permanently designated vehicle parking, manoeuvring, loading and landscaping areas, the conversion of which to another use would require resource consent.

The *gross business area* excludes the area of network infrastructure including pipes, lines and installations, roads, water supply, wastewater and stormwater collection and management systems, but includes the area of buildings occupied by network service providers, including offices, workshops, warehouses and any outside areas used for carrying out their normal business.

“**Gross floor area**” has the meaning given to it in Section 4 of the Hauraki District Plan.

“**ILOS cost**” means the cost of improving levels of service to existing households and businesses by bringing assets up to the *service standard* and/or by providing additional service life.

“**Impervious Area**” means that part of the *lot* which is not permanently laid out in grass or landscaping or planted in trees and shrubs and includes any part of the *lot* which is covered by any artificial surface, including semi-permeable surfaces intended for storage or vehicle movement or parking.

“**Improved level of service project**” or “**ILOS project**” means a capital project in the LTCCP intended only to deal with shortfalls in levels of service to existing households and businesses by bringing assets up to the *service standard* and/or by providing additional service life.

“**Legally established**” means, in relation to any *lot* or development, any *lot* for which a title has been issued, or any dwelling, commercial or industrial unit for which a code of compliance has been issued. *Legally established* development includes buildings and

structures demolished since the first introduction of this policy on 1 July 2008, or those demolished up to three years prior to that and date for which a financial contribution can be shown to have been paid.

“**Lot**” means any allotment, which by definition includes any land, unit, building or part of a building, capable of being disposed of separately.

“**Lot unit of demand**” means the demand for a community facility generated by the creation of lots through subdivision.

“**Optimised depreciated replacement cost**” or “**ODRC**” means the value of an existing asset, obtained from the Council’s valuation records, serving existing households and businesses, that value being determined as the cost of building or buying a modern equivalent asset, depreciated to reflect the shorter remaining life of the existing asset. In calculating the *service level deficiency* the ODRC is limited to those components of the existing asset responsible for the service level deficiency being corrected by a *combined project (AC/ILOS project)*.

“**Past surplus capacity**” means capacity in assets as a result of capital expenditure made in anticipation of development since 1 July 2001.

“**Remaining service life**” or “**RSL**” of an asset means the number of years before an asset serving existing households and businesses will require replacement or substantial renewal in order to maintain the *service standard*.

“**Remaining surplus capacity**” means the estimated remaining capacity in capital assets at the end of the LTCCP period, available to service future development occurring after the LTCCP period.

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“Replacement cost to service standard” or “RCSS” means the cost of works that would be required to bring the level of service to existing households and businesses up to the *service standard* or to provide additional service life. The RCSS represents both the *service standard* and service life requirements so that the RCSS and the cost of a *combined project (AC/ILOS project)* are on an equivalent basis, including common service standard and service life horizons.

“Serviced Site” means any site dedicated for the location of a vehicle, or tent for the accommodation of persons, which is provided with utility services such as water supply, wastewater disposal, solid waste disposal, electricity or gas, either directly to the site or in the immediate vicinity.

“Service standard” means a level of service for any network infrastructure, *community infrastructure* or reserves set by the Council and stated in the asset management plans for the assets concerned, having due regard to one or more of the following factors:

- (a) demand data based on market research;
- (b) widely accepted and documented engineering or other minimum standards;
- (c) politically endorsed service levels based on community consultation;
- (d) safety standards mandated by local or central government;
- (e) environmental standards mandated by local or central government;
- (f) existing service levels, where these are recognised by all concerned parties to be adequate but have no formal ratification;
- (g) efficiency considerations where the *service standard* must take account of engineering and economic efficiency

requirements which require a long term approach to optimality. OK

“Significant public benefit” means a clear benefit created toward the enjoyment, health, convenience, safety and well-being of people or the care of animals and the environment, that is not exclusive of all or any part of the general public and that is carried out by community groups or non-profit organisations.

“Surplus capacity project” or “SC project” means a past capital expenditure project carried out since 1 July 2001 in anticipation of new development and providing surplus capacity for further development.

“Unit of demand” is a unit of measurement by which the relative demand for a community facility, generated by different types of development activity, (existing or proposed) can be assessed. A *unit of demand* may be expressed as a *lot unit of demand* or an *activity unit of demand*.

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APPENDIX B – DEVELOPMENT CONTRIBUTION MODEL EXPLANATION

1.0 OVERVIEW

- 1.1 The Hauraki District Development Contributions Model – 1 Series is a Microsoft Excel spreadsheet. It contains 3 principal worksheets:
- Projections Schedule*. This contains the growth assumptions for each community facility *catchment* in the district within which development contributions will be sought. The spreadsheet provides annual projections of additional *units of demand* in each catchment to 2027.
 - Surplus Capacity Schedule*. This contains data on projects carried out before the adoption of the Development Contributions Policy. It calculates the value (*AC costs*) of any portion of surplus capacity in the completed assets that may be attributable to new development.
 - Project Allocation Schedule*. This contains data on all projects to be carried out in the LTCCP period and calculates portion of the value (*AC cost*) of the resulting assets, once they are completed, which is attributable to new development.
- 1.2 The Model contains a *Summary* worksheet, which groups the *AC costs* of all projects according to their service type and the community facility catchment within which they fall. Using the additional *units of demand* expected for each catchment from *Projections Schedule*, *Summary* calculates the development contributions applicable to each *unit of demand* for each community facility. The development contributions are set out in **Table 1 – Schedule of Development Contributions**.

- 1.3 *Summary* also contains **Table 2** – which summarises the capital expenditure identified to meet increased demand resulting from growth and the sources of funding for each Council activity.

2.0 PROJECTIONS SCHEDULE WORKSHEET

- 2.1 The worksheet *Projections Schedule* calculates the amount of new development that is expected to occur annually in the whole district and in a number of parts of it and to which the growth related portion of capital expenditure (*AC costs*) for infrastructure can be attributed.
- 2.2 *Projections Schedule* uses rating units as the initial unit of projection because rating data is collected annually and provides a useful and a close correlation to the numbers of *lots* in the district and the different types of activity occurring on *lots*. Rating units are therefore considered to be a reasonably sound measure of the *units of demand* expected for infrastructure and services.
- 2.3 Assumptions have been made of the expected annual increase in the numbers of rating units and hence *units of demand* out to 2027 in all community facility *catchments*. The expected future annual increase in each catchment is based on past rating unit growth since 2003.
- 2.4 Growth is projected out to 2017 to give the amount of new (N) development occurring in the 10-year LTCCP period and also the amount of future (F) development expected to occur after the LTCCP period, but to which a portion of the *AC cost* of asset capacity may have to be attributed.

3.0 SURPLUS CAPACITY SCHEDULE WORKSHEET

To be completed

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4.0 PROJECT ALLOCATION SCHEDULE WORKSHEET

To be completed

5.0 PLAINS WATER ADJUSTMENT WORKSHEET

- 5.1 Initial runs of the development contributions model showed development contribution amounts for the Plains water supply network, significantly higher than for other networks. It was found that a large capital cost had been identified for creating additional water supply capacity in the Plains area and that this was being shared between a relatively small projected number of additional (mainly urban) rating units in the 10-year LTCCP period.
- 5.2 It was found that a considerable proportion of the additional capacity in the water supply network would in fact be consumed by:
- a) the expected number of new, mainly urban *units of demand* (and possibly a small number of new rural *units of demand*) arriving over the *development contribution calculation period*; and
 - b) increased consumption by existing rural homes and enterprises. The cost of this latter component of capacity cannot easily be recovered by the Council through development contributions, particularly if it does not constitute "*development*" under the Act and does not involve subdivisions, building consent or new connections.
- 5.3 The cost of additional asset capacity in the Plains water supply network to be funded by development contributions was therefore reduced in the worksheets *Project Allocation Schedule* and *Surplus Capacity Schedule* by an amount that reflected the likely portion of that capacity that will be consumed by

increasing demands from existing rural development over the *development contribution calculation period*.

- 5.4 This was determined by analysis based on the relative proportions of urban versus rural water consumption in the Plains network at present. The analysis found that only 7.24% of capacity was being consumed by urban demand and 92.76% of capacity by rural demand.
- 5.5 The model has been run on this basis and a significantly reduced development contribution amount has been obtained for water supply.

6.0 SUMMARY WORKSHEET

To be completed

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APPENDIX C – DEMAND FACTORS FOR BUSINESS DEVELOPMENT

C.1. Rooding

Assumptions

Average business site size = 1500m²

Gross business area is 60% of site - 1000m²

Employees/ha of business = 30 FTE's/ha (FTE (Full Time Equivalent) Employment figures may be amended subject to further sampling)

Average Household Unit Trip generation = 9 trips per day = 1 *Unit of Demand*

Sites per net ha = 5 (7500m² sites, 2500m² roads)

Gross business area per hectare = 5 X 1000 = 5000m²

Each site of 1500m² and each 1000m² of gross business area has = 30/5 FTE's = 6FTE's

Minimum trip generation 3 trips per FTE per day = 18 trips per day

Unit of Demand Factor = 18/9 = 2 per 1000m² of business area OR 0.002 per m² of business area

C.2 Water supply and wastewater treatment

Assumptions:

Residential consumption 200 l/person/day = 1 *Unit of Demand*

Average household occupancy 2.8 persons

Average business water consumption 15,000l per hectare of business land per day (Consumption figures may be amended subject to further sampling)

1 Household Unit uses 200X2.8 = 560 l/day = 1 *Unit of Demand*

1000m² business land area uses 15000/10 = 1500l/day

Unit of Demand Factor = 1500/560 = 2.67 per 1000m² land area

Assume gross business area is 60% of 1000m² site

Revised *Unit of Demand Factor* of 1.6.

Unit of Demand factor is 1.60/1000m² of business area for water and wastewater OR 0.0016 per m² of business area.

C.3 Stormwater and land drainage

Assumptions

Average residential site = 600m²

Runoff coefficient for greenfields = 0.40ⁱ = C₁

Runoff coefficient for residential areas = 0.55ⁱⁱ = C₂

Runoff coefficient for business use = 0.65ⁱⁱⁱ = C₃

Unit of Demand Factor for business land =

$$= \frac{C_3 - C_1}{C_2 - C_1} \times \frac{1000 \text{ m}^2}{600 \text{ m}^2}$$

$$= \frac{0.65 - 0.40}{0.55 - 0.40} \times \frac{1000 \text{ m}^2}{600 \text{ m}^2}$$

$$= 2.78 \text{ per } 1000\text{m}^2 \text{ site OR } 0.00278 \text{ per m}^2 \text{ of } \textit{impervious area}.$$

Surface Water, Building Industry Authority, December 2000, Table 1, Runoff Coefficients, Page 2.

ⁱ Heavy clay soils types – pasture and grass cover.

ⁱⁱ Residential areas in which *impervious area* is 35% to 50%.

ⁱⁱⁱ Industrial commercial, shopping areas and town house developments.

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APPENDIX D – DEVELOPMENT CONTRIBUTION CATCHMENTS

COMMUNITY FACILITY	CATCHMENT	DEVELOPMENT TO WHICH DEVELOPMENT CONTRIBUTION APPLIES
Roading	District	Development anywhere in the district
District parks	District	Development anywhere in the district except commercial and industrial development
Community infrastructure	District	Development anywhere in the district except commercial and industrial development
Libraries	District	Development anywhere in the district except commercial and industrial development
Solid waste	District	Development anywhere in the district
Land drainage	Single land drainage catchment comprising Western Plains, Eastern Plains and Paeroa Rural land drainage districts ²	Only development in the land drainage catchment
Stormwater	District	All development where the service is available
Wastewater treatment	District	All development where the service is available but only applying to that development connecting to the network
Water supply	District	All development where the service is available but only applying to that development connecting to the network

² Hauraki Community Plan 2006-2016, Page 137