

7.10 FINANCIAL CONTRIBUTIONS

7.10.1 BACKGROUND

- (1) Financial Contributions are a mechanism provided in the Resource Management Act 1991 to help address the adverse effects of subdivision and development.
- (2) Financial Contributions are imposed as conditions of consent, so that the costs of mitigating the off-site effects associated with subdivision and development do not fall inequitably upon the entire community. They are intended to impose a fair share of the cost of mitigating the adverse effects resulting from development on the environment, particularly network infrastructure, on the developer.
- (3) The Local Government Act 2002 requires the Council to have a policy outlining how it intends to fund additional or new infrastructure which is required due to growth.
- (4) The Council has adopted a Development Contribution Policy under the Local Government Act 2002.
- (5) Development Contributions under the Local Government Act 2002 are able to consider the wider impacts of multiple developments on the infrastructure of the District (cumulative effects). Financial Contributions under the Resource Management Act 1991 mainly consider the direct impacts of developments, based primarily on an assessment of environmental effects.
- (6) Financial Contributions can be imposed under this District Plan for the mitigation of direct effects on roads, water supply, stormwater and sewage disposal.
- (7) Under Section 108 of the Resource Management Act 1991, Council can impose a condition requiring a Financial Contribution on any resource consent for any purpose specified in the Plan. Contributions can be money, land or a combination of these.
- (8) The Council may require Financial Contributions for the following purposes:
Providing new or upgrading existing infrastructure such as Council owned roads, walkways, cycleways and utilities – water, stormwater, land drainage and sewerage systems.
- (9) Two situations exist – provision of on-site infrastructure and off-site infrastructure.

(a) ON-SITE INFRASTRUCTURE

These are the infrastructure and services internal to the subdivision or development. These will be required to be provided by the developer, at the developer's cost and to the standard set out in Section 8. Generally, these facilities will be vested in Council and will be required as a normal condition on resource consents.

Where additional capacity is required to comply with a Structure Plan, the Council will forward fund the work and will be reimbursed by subsequent developers. If the Council is not in a position to do this at a particular time, the developer may forward fund the work and be reimbursed by Council once funds are available from subsequent developers.

(b) OFF-SITE INFRASTRUCTURE**(i) Linkages**

These are the facilities outside of the development required to connect the development site to existing Council owned infrastructure. Generally, the total cost of these will be paid for by the developer, and will be required as a normal condition of resource consents.

Where additional capacity is required to comply with a Structure Plan, the Council will forward fund the work and will be reimbursed by subsequent developers. If the Council is not in a position to do this at a particular time, the developer may forward fund the work and be reimbursed by Council once funds are available from subsequent developers.

(ii) Infrastructure and Services

These are facilities remote from the development, such as wastewater treatment systems, water treatment plants and the transport network. New subdivisions and developments incrementally add to usage and demand on such services.

The cost of mitigating the effects of increased usage will be recovered through a Financial Contribution in cash, payable to Council, and imposed as a condition on resource consents.

7.10.2 RESOURCE MANAGEMENT ISSUES

New subdivision, land use and development can result in adverse effects on the natural and physical resources, such as adverse effects on health and safety, flooding of adjoining properties, pollution of waterways etc, and result in inequities in cost sharing.

The provision of adequate infrastructure and services is an essential part of the subdivision and development process. This includes roads, wastewater systems, stormwater and land drainage systems and water supply.

7.10.3 OBJECTIVES AND POLICIES**(1) OBJECTIVE 1**

To ensure that the District's network infrastructure is able to cater for the additional demand generated by new subdivision and development and to avoid, remedy or mitigate adverse effects on the environment.

(a) Policy

Objective 1 will be achieved by the implementation of the following policy:

- (i)** Clearly identifying the adverse environmental effects of subdivision and development that can be addressed by requiring a Financial Contribution.

(b) Reasons

- (i) Subdivisions and developments will require the installation and/or upgrading of appropriate infrastructure to deal with additional demand and to mitigate adverse effects on the environment.

(2) OBJECTIVE 2

To ensure that subdividers and developers pay a fair and reasonable share of the costs of upgrading or providing new infrastructure to meet demands generated by the development.

(a) Policies

Objective 2 will be achieved by the implementation of the following policies:

- (i) Requiring subdividers and developers to meet the total cost of new and off-site infrastructure associated with the development, including linkages, where the additional infrastructure is required solely to serve the proposed subdivision or development.
- (ii) Requiring subdividers and developers to contribute towards any previous upgrading of off-site infrastructure when a new subdivision or development will utilize excess capacity.
- (iii) Ensuring that the amount of Financial Contribution required reflects the actual and potential adverse environmental effects.

(b) Reasons

- (i) The costs of installing and/or upgrading infrastructure need to be distributed equitably.

7.10.4 ENVIRONMENTAL RESULTS

- (1) The environmental results sought are that adequate infrastructure is provided at the time of subdivision and development to avoid adverse effects on natural and physical resources and on the health and safety of residents, and that the costs of that infrastructure are equably distributed.

7.10.5 RULES

(1) SEWAGE

(a) New Sewerage Works

The total cost of developing and installing new sewerage reticulation, sewage treatment and/or disposal works required to serve any development or *subdivision*, shall be met entirely as a cost to the developer.

(b) Upgrading and Extensions of Existing Sewerage Works

Where any development or *subdivision* (either within or outside the boundary of any sewerage scheme) will cause the need to upgrade and/or extend an existing sewerage scheme (or part thereof), the Financial Contribution shall be calculated as the cost of upgrading and/or extending the service to the level set out under Performance Standard 8.5.1, that is directly attributable to the development or *subdivision*.

(2) WATER SUPPLY

(a) New Water Supply Works

The total cost of developing new water supply reticulation, treatment and/or works required to serve any development or *subdivision*, shall be met entirely as a cost to the developer.

(b) Upgrading and Extensions to Existing Water Supply Systems

Where any development or *subdivision* (whether inside or outside the boundaries of the water supply scheme) will cause the need to upgrade and/or extend an existing public water supply scheme (or part thereof), the Financial Contribution required to be provided shall be assessed as the cost of upgrading and/or extending the service to the level set out under Performance Standard 8.5.3, that is directly attributable to the development or *subdivision*.

(3) STORMWATER AND LAND DRAINAGE

(a) New Stormwater and Land Drainage Works

The total cost of developing new stormwater and land drainage reticulation and/or works required to serve any development or *subdivision*, shall be met entirely as a cost to the developer.

(b) Upgrading and Extensions to Existing Stormwater and Land Drainage Systems

Where any development or *subdivision* (whether inside or outside the boundaries of the stormwater or land drainage scheme) will cause the need to upgrade and/or extend an existing public stormwater or land drainage scheme (or part thereof), the Financial Contribution required to be provided shall be assessed as the cost of upgrading and/or extending the service to the level set out in Performance Standards 8.5.4 and 8.5.5, that is directly attributable to the development or *subdivision*.

(4) ROADS

(a) New Roads and Streets in all Zones

The total cost of developing new *roads* and streets (including unformed legal *roads* and streets) required to service a development or *subdivision* shall be met entirely as a cost to the developer.

(b) Upgrading and Extensions to Existing Roads

Where any development or *subdivision* in the Rural, Coastal and Karangahake Gorge Zones will cause the need to upgrade and/or extend an existing *road* (or part thereof), the Financial Contribution shall be calculated as the cost of upgrading and/or extending the *road* to the level set out under Performance Standard 8.4.9, that is directly attributable to the development or *subdivision*.

Any cash contribution will be determined based on the following formula:

$$\text{Estimated Cost of Roading Upgrading} \times \frac{\text{Additional AADT}}{\text{Existing AADT plus Additional AADT}}$$

Where AADT is the estimated annual average daily traffic for the section of *road* concerned. Each additional *lot* is deemed to generate 10 vehicle movements per day.

- (c)** Where any development or *subdivision* in a Structure Plan area will cause the need to upgrade and/or extend an existing *road* (or part thereof), the total costs shall be met entirely as a cost to the developer.
- (d)** Where any development or *subdivision* in the Residential or Low Density Residential Zone will cause the need to upgrade and/or extend an existing *road* (or part thereof) to the urban standard (road width, kerb and channel, footpath, street lights) the financial contribution shall be calculated as the cost of upgrading and/or extending the *road* to the level set out under performance standard 8.4.9.

(5) FINANCIAL CONTRIBUTION WAIVER OR REDUCTION

- (a)** Any application for a waiver of or reduction to the level of a Financial Contribution required by Rule 7.10.5 (1) – (4) is a *Discretionary Activity*.