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Kaipara District Development Contributions Policy – 2021-31

This development contributions policy is in two sections. **Section 1** gives context to the policy and sets out the decisions the Council has taken in making the policy. It goes on to describe the steps to be followed when applying the policy to development applications.

Section 2 sets out the legislative matters the Council has had to consider, the method of calculating the contributions, significant assumptions, a summary of financial contributions and other supporting material.

Section 1 – Introduction, policy decisions and practical application

This policy is operative from 1 July 2021 and is based on capital expenditure proposed in the 2021-31 Long Term Plan (LTP). It takes direction from Council's Revenue and Financing Policy on which activities are to be funded by development contributions. **Part 1** sets out the purpose of the policy, provides the growth and infrastructure context and compares development and financial contributions. **Part 2** sets out the decisions the Council has taken in making this policy, following the legislative considerations required of it and set out in more detail in **Section 2 - Part 4**.

Part 3 sets out the way the policy will be applied in practice, also ensuring compliance with the legislative matters in **Part 4**.

Part 1 - Introduction

1.1 Purpose

1.1.1 The Kaipara Development Contributions Policy 2021 is one of a number of financial policies the Council uses to meet its funding needs. The Council has made this policy under the Local Government Act 2002 (the Act). It is based on capital expenditure proposed in the 2021-31 Long Term Plan (LTP) and is adopted as one of the source documents that will form part of the LTP.

1.1.2 The purpose of this policy is to:

- a) provide predictability and certainty to developers that the Council can give them the infrastructure they need to support their investments;
- b) ensure developers know what they are paying for and that development is not discouraged by high infrastructure costs; and
- c) ensure the existing community is not burdened by the costs of growth but does contribute to growth infrastructure when it provides a clear benefit to them by improving their existing levels of service, renewing aging assets or helping them meet new legislative standards.

1.2 Why have this policy?

1.2.1 When population and business growth take place, new development takes place to accommodate it. The extra traffic, water consumption, wastewater generation and stormwater run-off from development, all use up spare *capacity* in Council's infrastructure.

Unless provision is made, that capacity can be used up over time and networks start to fail. Traffic congestion, low water pressure or quality, wastewater overflows and flooding can all signal a failure to keep up with growth. In some cases, parks, libraries and other public amenities can become crowded as the capacity they were designed for is used up.

- 1.2.2 To avoid this, the Council plans ahead and puts capital spending in its budgets to provide more *capacity* to service growth when it is needed. It also takes stock of what spare capacity it has in existing networks that it can assign to growth.
- 1.2.3 Existing spare capacity and planned capacity come at a cost and need to be funded. While existing residents may welcome growth, they should not be expected to fund extra infrastructure particularly when they are already at the right levels of service.
- 1.2.4 In New Zealand, financial and development contributions are the two main sources of growth funding available to Council.

1.3 Financial contributions

- 1.3.1 Financial contributions are usually used for local infrastructure directly associated with a new development – that is, within, nearby or linking it to wider public networks. Council will not normally get involved financially with this local infrastructure. It expects developers to provide it and vest it with Council once it is completed to the right standard. No financial contribution will be needed in such a case although reserve contributions will still be required.
- 1.3.2 In some situations though, it may be best for Council to become financially involved. It can decide to enable development by building a piece of local infrastructure and then charging financial contributions to recover its costs. Typically, this happens where multiple developers are involved, and it is not fair or practical for one developer to provide local infrastructure ahead of others who will also benefit from it. Financial contributions are a good funding source in this situation and Chapter 22 of the Kaipara District Plan allows Council to levy them when needed.

1.4 What are development contributions used for?

- 1.4.1 By comparison, *development contributions* are a good way of funding *public network and bulk infrastructure* that Council has already provided or plans to provide to support growth. Councils typically provide trunk sewers, water mains, wastewater and water supply treatment plants, collector and arterial roads, public transport assets, libraries, sports fields, parks and other public amenities.
- 1.4.2 These are usually of such a scale and cost that no one developer can fund them alone even where they need them to make their development viable and marketable.
- 1.4.3 Development contributions provide the ideal funding tool to collect money from large and small-scale developments and pool them to fund ‘big ticket’ infrastructure.

1.5 Development agreements

- 1.5.1 In some cases, developers may be able to build large items of public infrastructure, that Council would normally provide itself but is not yet ready to. Developers may also offer the Council land it wants to acquire for public projects.

- 1.5.2 To enable a development to go ahead, the Council can enter into a *development agreement* with the developer. Commitments can be made to offset development contributions or reimburse the developer directly once the infrastructure is built to standard or land is transferred to Council.

1.6 The approach to growth in our District

- 1.6.1 Kaipara District is growing steadily and, in some places, strongly. The Council welcomes and encourages growth but wants to ensure that this does not become a burden on the existing community.

1.7 How is our District growing?

- 1.7.1 Kaipara District has grown strongly in recent years, particularly in and around Mangawhai and with growth starting to strengthen in the other main centres. Infometrics¹ projects the resident population to grow from 24,100 in 2019 to nearly 32,600 in 2051. This will be accompanied by strong dwelling growth. Infometrics² also expects strong employment growth after 2022, moderating after 2030.

1.8 The infrastructure response

- 1.8.1 In response to recent growth and the strong growth outlook, a number of capital projects have been identified and costed. There are a number of projects in the capital programme essential to enable and support growth. These include:

- a) Specific water supply upgrades and extensions at Dargaville and Maungaturoto, not previously required;
- b) Surplus capacity in the existing network at Mangawhai and additional wastewater capacity projects at Mangawhai, Dargaville, Kaiwaka and Maungaturoto;
- c) Stormwater upgrades and extensions at Dargaville, Kaiwaka, Mangawhai;

¹ Infometrics. Population Projections 2018-2051 Kaipara District Council, October 2020, p4.

The population of Kaipara District has grown strongly over the past 15 years, and growth has been particularly strong in the past five years, reaching a population of 24,100 in 2019. As a consequence of COVID-19, population growth is projected to slow over 2020 and 2021 with softer international net migration and a decline in employment. Population growth is projected to pick up from 2022 onwards, with the district growing steadily to reach a population of 32,600 in 2051.

The ageing population of the district, combined with trends of greater life expectancy and smaller families, means that the average household size of the district is projected to ease from 2.37 to 2.14 over the projection period. The effect of this is to spread the same population over a greater number of households. Accordingly, household numbers are projected to grow faster than the population, from 10,000 in 2019 to 14,600 in 2051.

Historically, the majority of Kaipara's population and household growth has taken place in the Mangawhai area. This pattern is expected to continue in future, particularly as further improvements to State Highway 1 reduce travel times into Auckland, thus improving the attractiveness of Mangawhai for commuting workers. The population in Kaiwaka and Maungaturoto is expected to grow strongly as these towns are expected to gain from reduced travel times into Auckland, as well as local employment growth. The Dargaville area is projected to grow steadily, with lesser growth in the Kaipara Coastal area.

² Infometrics. Population Projections 2018-2051 Kaipara District Council, October 2020, p9.

Employment in Kaipara District grew steadily over the past decade, at nearly 2% per annum. Employment growth is expected to turn negative in 2020 and 2021 because of COVID-19 and the resultant economic shock. Strong employment

- d) Rooding projects including the Cove Road link, Wood Street improvements and the shared path at Mangawhai and major projects at Kaiwaka; and
- e) Community infrastructure projects including Mangawhai Library.

Part 2 - Policy decisions

2.1 Requiring development contributions for 'development'

2.1.1

The Council using its powers under the Act³ has decided that it may require development contributions at the times set out⁴ for its activities in the geographic areas described in this policy. It will only do this when 'development' as defined in the Act⁵, occurs. Development is any activity that generates demand for reserves, network infrastructure or community infrastructure. In so doing it requires new or additional assets, or assets of increased capacity, and causes the Council to incur capital expenditure. Once it collects contributions, the Council will use them for the purposes specified in the areas collected⁶.

2.1.2 Before assessing and requiring a development contribution, under **Part 3**, the Council will apply a test to ensure the activity for which a consent or authorisation has been applied for, meets the definition of 'development'.

2.1.3 The Council has determined that it will not seek development contributions for any existing lots or development already legally established on the site. It will deem all existing lots and development to have paid a contribution. It will not require the applicant to show that a development contribution, financial contribution or any other capital charge has been paid in the past.

2.1.4 When calculating a development contribution, the Council will assess the extent of lots or development on completion of the development and deduct the extent of existing lots or development when granting the consent or authorisation for a service connection.

2.1.5 This allowance is still subject to conditions set out in **Part 3**.

2.2 Activities

growth is expected for the remainder of the 2020's as the district recovers from the economic shock and returns to its prior growth path. During the 2030s, more stringent environmental regulation is expected to result in higher carbon prices and greater regulation related to freshwater quality. Coupled with greater uptake of automation technology across the economy, this is expected to reduce the rate of employment growth, particularly in agriculture.

³ Section 199(1) of the LGA 2002

⁴ Section 198 and s200(4) of the LGA 2002

⁵ Section 197(1) of the LGA 2002

⁶ Section 197AB(1)(d) of the LGA 2002

- 2.2.1 The activities funded by development contributions contribute both directly and indirectly to the following community outcomes set out in the Councils Long Term Plan 2018-2028.
- a) Climate Smart
 - b) Celebrating Diversity
 - c) Vibrant Communities
 - d) Healthy Environment
 - e) Prosperous Economy.
- 2.2.2 The Council has met its obligations under the Act⁷ when making its Revenue and Financing Policy and has determined that development contributions are an appropriate source of funding to meet the growth-related component of capital expenditure on the following activities:
- a) Roding;
 - b) Water supply;
 - c) Wastewater;
 - d) Stormwater;
 - e) Community infrastructure activities including libraries, sports fields, and public toilets.
- 2.2.3 The Council has also decided, in relation to activities to be funded by development contributions that:
- a) no community infrastructure contributions will be payable on any commercial or industrial development; and
 - b) until such time as Council adopts an acquisition and development programme for local reserves, it will not require a reserves development contribution under this policy. It may still rely on the provision of these reserves by developers as conditions of resource consent or by way of a financial contribution.

2.3 Catchments

- 2.3.1 The Council has considered the grouping of developments into catchments⁸ and has determined to:
- a) minimise the use of district-wide catchments for the recovery of development contributions, but use district-wide catchments for roading and for any community infrastructure activities serving the whole District;
 - b) use one separate sub-district catchment for roading where capital expenditure is not expected to benefit the whole Kaipara community specifically the Roding East catchment covering the area from Kaiwaka to Mangawhai. The Roding East catchment includes projects specifically benefiting Kaiwaka and Mangawhai; and
 - c) use scheme-by-scheme wastewater treatment, water supply and stormwater catchments because it considers it unreasonable to transfer costs between schemes, but equally it is impractical and inefficient to divide the areas of benefit of these types of asset into smaller geographic areas.

⁷ Section 101(3)(a) and (b) of the LGA 2002

⁸ Section 197AB(1)(g) of the LGA 2002

2.3.2 Development contributions will be payable only where the service is available and, in the case of water supply and wastewater treatment, only by those new households, businesses or other developments connecting to the networks concerned or with the ability to connect to the network.

2.3.3 The catchments (funding areas) used in this policy are summarised in **Appendix 1**.

2.4 Limitations on costs included

2.4.1 The Council will ensure that any project going forward for inclusion in the development contribution meets the 'test' under section 197(AB(a) of the Act that additional capacity has or will be provided and as a result, Council has or will incur capital spending..

2.4.2 The Council has decided to retain its policy on financial contributions. This policy and the methodology to calculate contributions makes it clear that the Council will not require financial and development contributions on the same development for the same purpose⁹.

2.5 Asset capacity provided in the past

2.5.1 The Council has considered its past capital spending and identified a number of assets provided in recent years in anticipation of development¹⁰. Where there is capacity in the assets created or land acquired, the Council has decided that it may seek to recover a fair proportion of the costs of those assets through development contributions by including the value of surplus capacity in its calculations.

2.5.2 Based on the year the asset was provided, and the year at which its capacity is expected to be fully used, the value of the remaining 'surplus capacity' can be calculated. This value will be allocated to development expected in the remaining years of 'capacity life' in the asset.

2.6 Period of benefits

2.6.1 The Council considers that capital expenditure on infrastructure during the LTP period should be recovered over the full take-up period of each asset, from all development that created the need for that expenditure or will benefit from capacity it provides, including development occurring after the LTP period¹¹.

2.6.2 The Council has determined that:

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

2.6.3 In keeping with its policy (above) to include the value of any *past surplus capacity* in assets that is expected to be consumed by new development, the Council will only consider capital expenditure on assets provided after 1 July 2002 (includes initial consultants work on the Mangawhai Community Wastewater Scheme).

⁹ Section 200(1)(a) of the LGA 2002.

¹⁰ Section 199(2) of the LGA 2002

¹¹ Section 197AB(1)(b) and Schedule 13 of the LGA 2002

2.7 Cost allocation

- 2.7.1 With its capital projects for the next 10 years listed in the Long Term Plan, the Council has identified¹²:
- a) projects that are needed to meet the needs of the existing community to improve its levels of service, meet newly legislated standards or renew aging assets;
 - b) capital projects that will service both new development and the existing community; and
 - c) capital projects that will be done purely to meet the demands new development.
- 2.7.2 The Council has decided that only projects with a clear connection to growth in 2.7.1 b) and c) above, will go forward for possible funding by development contributions.
- 2.7.3 Each project's cost is shared between those parties *causing* the project to be undertaken and those *benefitting* from the projects. In some cases, while growth may *cause* a project to be carried out, the existing community may also *benefit* from it in some way. In other cases, the existing community may *cause* a project to be built to replace an old asset but, in doing the project, new development can *benefit* from any additional capacity provided.
- 2.7.4 The Council will:
- a) work out the share of cost that will serve new development. This is commonly called the 'growth cost' or 'additional capacity (AC) cost', the balance to be funded by the existing community, by subsidies or other sources;
 - b) share the 'growth cost' among all development expected in the next 10, 20 or 30 years, depending on the 'capacity life' of the project; and
 - c) work out a cost that each unit of development projected in coming years needs to meet by way of a development contribution.

2.8 Interest and inflation

- 2.8.1 The Council has decided to include¹³:
- a) provision for inflation in the development contribution amounts; and
 - b) provision for interest on capital spending on projects in the LTP and on expenditure already incurred on some projects in the past, to be recovered through those contributions.
- 2.8.2 This is to ensure that Council recovers the total cost of capital necessary to service growth over the long term.
- 2.8.3 With the exception of the Mangawhai Community Wastewater Scheme (MCWWS), part of the interest incurred for projects carried out in the past in anticipation of growth has already been incurred and has been funded as an operating expense by rates on the existing

¹² Section 197AB(1)(c) of the LGA 2002

¹³ Section 197AA of the LGA 2002

community. Council has been unable to recover this past interest from development or financial contributions. In relation to the Mangawhai Community Wastewater Scheme, the interest and finance costs incurred during construction of the scheme have been included as part of the total cost of the scheme to be funded from existing users and growth- up to 50%

- 2.8.4 With the exception MCWWS past spending, the Council does not intend to recover past interest that has been funded from rates from development contributions and has not included it in the development contribution calculation.

2.9 Development contribution amounts

- 2.9.1 **Table 1** shows the schedule of development contributions payable for each activity type in each part the of district. The amounts exclude GST¹⁴.

TABLE 1 - SCHEDULE OF DEVELOPMENT CONTRIBUTIONS 2021-2031						
MAIN PRICE	Stormwater	Wastewater treatment	Water supply	Roading	Community	TOTAL
Mangawhai	\$ 419	\$ 24,766	\$ -	\$ 2,364	\$ 496	\$ 28,045
Dargaville	\$ 216	\$ 1,887	\$ 1,690	\$ 90	\$ 496	\$ 4,379
Te Kopuru	\$ -	\$ 2,271	\$ -	\$ 90	\$ 496	\$ 2,858
Maungaturoto	\$ 2,531	\$ 1,524	\$ 860	\$ 90	\$ 496	\$ 5,502
Kaiwaka	\$ 2,032	\$ 1,465	\$ -	\$ 2,364	\$ 496	\$ 6,357
Baylys Beach	\$ 6,865	\$ -	\$ 1,690	\$ 90	\$ 496	\$ 9,142
Glinks Gully	\$ -	\$ -	\$ -	\$ 90	\$ 496	\$ 587
Ruawai	\$ -	\$ -	\$ -	\$ 90	\$ 496	\$ 587
District	\$ -	\$ -	\$ -	\$ 90	\$ 496	\$ 587
Roading East	\$ -	\$ -	\$ -	\$ 2,273	\$ 496	\$ 2,769

- 2.9.2 **Table 2** of this policy summarises growth-related capital expenditure that Council expects to incur or has incurred in the past and the proportion of that expenditure to be funded from various sources including development contributions.

TABLE 2 - CAPITAL EXPENDITURE IDENTIFIED TO MEET INCREASED DEMAND RESULTING FROM GROWTH AND SOURCES OF FUNDING BY ACTIVITY									
	2021-2031 LTP					SURPLUS CAPACITY			
	TOTAL CAPITAL LTP COSTS	DEVELOPMENT CONTRIBUTIONS (NEW)	DEVELOPMENT CONTRIBUTIONS (FUTURE)	RATES/ LOAN	SUBSIDIES/ GRANTS	TOTAL CURRENT VALUE OF SURPLUS CAPACITY PROJECTS	DEVELOPMENT CONTRIBUTIONS (NEW)	DEVELOPMENT CONTRIBUTIONS (FUTURE)	RATES/ LOAN
ROADING	\$ 199,699,979	\$ 1,808,213	\$ 7,550,372	\$ 62,859,217	\$ 127,482,177	\$ 13,523,287	\$ 318,968	\$ 325,305	\$ 12,879,013
WASTEWATER TREATMENT	\$ 37,577,068	\$ 8,256,622	\$ 15,995,191	\$ 13,325,255	\$ -	\$ 69,227,087	\$ 10,815,071	\$ 17,368,489	\$ 41,043,527
STORMWATER	\$ 23,845,385	\$ 937,270	\$ 4,883,897	\$ 18,024,218	\$ -	\$ 1,535,223	\$ 135,642	\$ 159,386	\$ 1,240,195
WATER SUPPLY	\$ 19,878,415	\$ 563,103	\$ 2,045,231	\$ 17,270,081	\$ -	\$ 1,382,993	\$ 544	\$ 427	\$ 1,382,021
COMMUNITY	\$ 50,161,943	\$ 1,106,455	\$ 1,977,911	\$ 35,425,073	\$ 11,652,504	\$ -	\$ -	\$ -	\$ -
LAND DRAINAGE	\$ 54,377,054	\$ -	\$ -	\$ 53,332,610	\$ 1,044,444	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 385,539,844	\$ 12,671,663	\$ 32,452,602	\$ 200,236,454	\$ 140,179,125	\$ 85,668,589	\$ 11,270,225	\$ 17,853,606	\$ 56,544,757

2.10 Units of demand

¹⁴ Section 197AB(1)(e) and (f), section 201 and section 202 of the LGA 2002

- 2.10.1 The Council has considered a range of development types that it expects to see in the District.
- 2.10.2 It has determined that units of demand generated by different land use types will be those reflected in **Table 3** of this policy. **Table 3** shows the demand expected from a range of different residential types including demand expected from accommodation units and the retirement sector¹⁵.
- 2.10.3 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 and nature of activity. This Policy uses *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.
- 2.10.4 The policy assumes that business activity has the potential to place greater demands on services as compared to residential 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.
- 2.10.5 **Table 3** does not distinguish between different types of commercial and industrial development. This is based on the principle that the active business area or impervious area (for stormwater) of any business development will, in most cases, reflect the demand it is expected to place on infrastructure. Once a development contribution is paid, no further contribution will be required, if the nature of business activity changes over time. If further development occurs on the site a however, another contribution may be required.
- 2.10.6 Although Council will not distinguish between business types in **Table 3**, to comply with the Act, it will allow applicants to apply for a remission or reduction under the policy if they consider their business developments vary significantly in capacity demand from other business activities. This will be solely at Council's discretion to grant.
- 2.10.7 **Table 3** lists certain activities that fall outside the definition of 'development' in the Act¹⁶, as generating zero units of demand on one or more infrastructure types.
- 2.10.8 It also allows the demand from activities not specifically listed in **Table 3** to be dealt with by **special assessment**.

2.11 When are development contributions paid?

- 2.11.1 The Council is aware that if developers are made to pay at times allowed for in the Act. It recognises though that it can be sometime between consenting and development being completed and able to generate revenue. The Council has decided to bring contribution payment timings closer to the point when a development generates revenue¹⁷.

¹⁵ Schedule 13 2 of the LGA 2002

¹⁶ Section 197(1) of the LGA 2002

¹⁷ Section 198(1)(a), (b) and (c) and section 198(4A) of the LGA 2002

2.11.2 The Council's policy is to invoice development contributions at the following times when applying this policy:

- a) in the case of a resource consent for land use, at the time of notification of commencement or commencement of the consent, whichever is the earlier;
- b) in the case of a subdivision consent, at the time of application for a certificate under section 224(c) of the Resource Management Act 1991;
- c) in the case of a building consent, at the time the first building inspection is carried out;
- d) in the case of a service connection, at the time of authorisation of a service connection; and
- e) in the case of a certificate of acceptance, at the time of granting the certificate.

2.11.3 These times of payment may also be postponed in accordance with conditions and criteria in **Part 3**.

2.11.4 Regardless of when it requires a development contribution, the contribution amounts must be consistent with the policy in force at the time the application for the consent or service connection was accepted¹⁸.

2.12 Remissions, postponements and refunds

2.12.1 In addition to the rights to reconsideration and objection provided for in the Act, the Council will consider applications for remission, reduction or postponement of development contributions when it applies this policy. This will be subject to the conditions and criteria¹⁹ in **Part 3**.

2.13 Development agreements

2.13.1 The Council recognises the benefits that development agreements can provide for both developers and the Council itself. To enable development, it intends to enter into agreements from time to time with developers for the provision, supply, or exchange of infrastructure, land, or money to provide network infrastructure, community infrastructure, or reserves in the district or any part of it.

2.13.2 In entering into a development agreement, the Council will comply with all the requirements under the Act²⁰ and ensure that:

- a) all normal procurement procedures are complied with;
- b) works carried out or land provided by a developer represent good value for money and could not be provided by the Council itself or any third party at a lower cost;
- c) works carried out or land provided by a developer and used to offset development contributions are ones that:
 - a. would normally be provided by the Council;
 - b. are included in the Council's capital programme; and

¹⁸ Section 198(2A) of the LGA 2002

¹⁹ Section 199A, section 199B and section 199C of the LGA 2002

²⁰ Section 207A to section 207F of the LGA 2002

- c. are included in the amount of development contributions in this policy.

Part 3 – Practical application

Part 3 sets out the steps the Council will take when processing consents or authorisations for development and requiring development contributions. The steps reflect policies adopted by the Council in **Part 2** on matters such as activities, catchments, units of demand, timing of payment, remissions, reductions and postponements.

3.1 Requirement for development contributions – test for ‘development’ - issuing an assessment

3.1.1 When 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;
- d) a certificate of acceptance under section 98 of the Building Act 2004;

Council will first determine whether the activity to which the consent or authorisation relates is a ‘development’ under the Act, that:

- a) has the effect of requiring new or additional assets or assets of increased capacity (including assets which may already have been provided by Council in anticipation of development); and
- b) as a consequence, requires (or has required) 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 Once it has determined that the activity is a ‘development’, Council may require a development contribution to be made towards the activity associated with that development, according to the *activity-funding areas* in which the development is located, including:

- (a) Roading;
- (b) Wastewater treatment;
- (c) Water supply;
- (d) Stormwater;
- (e) Community infrastructure; and
- (f) Solid waste management.

3.1.3 Council will calculate the Development Contribution payable at the time of granting the consent or authorisation and **issue an assessment** of the amounts payable.

3.1.4 That assessment must be consistent with the contents of the policy in force at the time the application for resource consent, building consent, or service connection was accepted²¹.

3.2 Determining units of demand

3.2.1 The Council has decided to use a standard table to determine units of demand for most common types of development. This is to ensure practicality and administrative efficiency in attributing

²¹ Section 198(2A) of the LGA 2002

demand to particular developments or types of development, and that this is done on a consistent and equitable basis²².

3.2.2 Council has determined that *units of demand* generated by different types of development are those set out in **Table 3**.

3.2.3 Demand for infrastructure capacity may come from:

- a) new *lots (lot units of demand)* that are required to be serviced in advance of their occupation; and
- b) the use and development of *lots (activity units of demand)*, including the intensification or expansion of activity on those *lots*.

3.2.4 The assumptions used in this policy to derive the unit of demand factors for business development in **Table 3**, are described in **Appendix 4** of this Policy.

²² Schedule 13 2 of the LGA 2002

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 1,000m ²	Lot area divided by 1,000 per square metre.
One commercial or industrial lot with an area of 1,000m ² or more.	1.0
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, excluding any existing <i>legally established lot</i> in the Mangawhai Community Wastewater Scheme area for which a targeted rate to fund capital costs for the scheme has or will be paid.	0
For the purposes of calculating water supply and wastewater Development Contributions ONLY, any <u>proposed</u> <i>lot</i> 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> .	Special assessment
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 <i>accommodation unit</i>) 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 accommodation units	The <i>gross business</i> area 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.
Any <i>dwelling unit</i> or <i>accommodation unit</i> of one or fewer <i>bedrooms</i> per unit	0.5
Any <i>retirement unit</i> for purposes of calculating the roading contribution only	0.3
Any <i>retirement unit</i> for purposes of calculating the water supply and wastewater contributions only	0.5
Any <i>aged care room</i> for purposes of calculating the roading contribution only	0.2
Any <i>aged care room</i> for purposes of calculating the water supply and wastewater contributions only	0.4
Any development including <i>dwelling units</i> or <i>accommodation units</i> , situated in attached or multiple storey complexes of more than three units and any retirement unit or aged care room	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).	Special assessment
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, excluding any existing <i>legally established</i> development in the Mangawhai	0

Table 3 Units of Demand Generated by Subdivision and Development	
Community Wastewater Scheme area for which a targeted rate to fund capital costs for the scheme has or will be paid.	
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
Farm buildings associated with normal farming operations including sheds, barns, garages and buildings for indoor poultry livestock and crop production.	0
Unit of Demand Factors Commercial or Industrial Development	Calculated in Appendix 4
Roading	0.0020 per square metre of <i>gross business area</i> on the lot used principally for commercial or industrial purposes.
Water Supply	0.00446 per square metre of gross business area on the lot used principally for commercial or industrial purposes.
Sewerage	0.00446 per square metre of <i>gross business area</i> on the lot used principally for commercial or industrial purposes.
Stormwater	0.00278 per square metre of the <i>impervious area</i> on the lot.

3.3 Special assessments

- 3.3.1 When in **Table 3**, a special assessment is required, the Council will consider the nature and scale of the development and its relative demand on infrastructure capacity under any Council activity, as compared to other development types listed in **Table 3** and the *units of demand* attributed to them.

3.4 Amount of contribution

- 3.4.1 In keeping with its policy in **Part 2**, the Council not seek development contributions for any existing lots or development already legally established on the application site. It deems all existing lots and development to have paid a contribution. The formula below deducts the demand already generated by any existing lots or development on the application site from the demand expected after the consented development is completed.
- 3.4.2 The total amount of development contribution payable when issuing any consent or authorisation for subdivision or development, will be the sum of the development contribution payable for each activity, calculated as:

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

Where:

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

(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 certificate under the Resource Management Act 1991 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.

3.5 Invoicing

3.5.1 In keeping with its policy in **Part 2** of requiring payment as close as possible to the time development occurs, the Council will invoice a development contribution at the following times:

- a) in the case of a resource consent for subdivision, at the time of application for a certificate under section 224(c) of the Resource Management Act 1991, with payment required prior to the issue of the certificate;
- b) in the case of a resource consent for land use, at the time of notification of commencement or commencement of the consent, whichever is the earlier, with payment required prior to commencement of the consented activity;
- c) in the case of a building consent, at the time the first building inspection is carried out with payment required no later than 60 days of the issue of the invoice;
- d) in the case of a service connection, at the time of approval of the service connection with payment prior to connection; and
- e) in the case of granting a certificate of acceptance under section 98 of the Building Act 2004.

3.5.2 A development contribution may be paid at any time from **the date of assessment** up to the date when the contribution is required to be paid as a result of the Council issuing an invoice.

3.6 Remissions, reductions, postponements and refunds

Nothing in this policy diminishes from the rights of reconsideration or objection provided for by the Act²³. In addition to these rights, the Council will consider applications for the remission, reduction or postponement of development contributions.

3.6.1 Remissions and reductions

3.6.1.1 The Council may, at the request of an applicant:

²³ Section 199A, section 199B and section 199C of the LGA 2002

- a) consider allowing remissions for particular community infrastructure works, such as those undertaken by schools or charitable organisations. Applications for remissions will be considered on a case by case basis.
- b) review the contribution payable and grant a remission or reduction of the development contribution where ***the applicant has provided and/or funded the same infrastructure*** that a development contribution has been required for. That remission or reduction will be limited to the cost of infrastructure provided or funded and be subject to Council procurement procedures. In cases where the cost of infrastructure provided or funded exceeds the development contribution payable, the Council will meet the excess costs by separate agreement with the applicant, also subject to the Council's procurement procedures.

3.6.1.2 If it grants a remission or reduction, the Council may do so on whatever terms it thinks fit.

3.6.2 Postponements

3.6.2.1 Council will consider applications for and may grant a postponement of the payment of a Development Contribution in the case of resource consent for land use only, where a building consent is required to give effect to that resource consent. At the discretion of the Council, the payment of a development contribution on the resource consent may be postponed. If postponement is granted the Council will only issue an invoice at the time of the first building inspection.

3.6.2.2 Council will consider applications for a postponement of the payment of a Development Contribution in the case of a subdivision consent. If it grants a postponement it may do so on whatever terms the Council thinks fit, including that it may:

- (a) issue a certificate under section 224(c) of the Resource Management Act 1991, prior to the payment of a Development Contribution; and
- (b) register the Development Contribution under the Statutory Land Charges Registration Act 1928, as a charge on the title of the land in respect of which the Development Contribution was required.

3.6.2.3 In registering a statutory land charge, the Council will require payment of the development contribution when each lot in the subdivision is transferred.

3.6.3 Requests for review

3.6.3.1 An applicant may formally request Council to review the development contribution required and remit, reduce or postpone the development contribution payment.

3.6.3.2 Any such request will be made in writing no later than 15 working days after the date on which Council issues an invoice, setting out the reasons for the request.

3.6.3.3 Prior to accepting any such request for review, Council will require the applicant to provide specific details of the manner in which its proposals qualify for a remission, reduction or postponement.

3.6.3.4 In undertaking the review, Council or a Committee of Council or an officer so delegated (Chief Executive):

- (a) will, 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, give at least five working days' notice to the applicant of the date, time and place of the hearing;
- (c) may at its discretion uphold, remit in whole or in part or postpone (as the case may be) the original Development Contribution required and will advise the applicant in writing of its decision within ten working days of making that decision;
- (d) may charge such fee as determined in its annual schedule of fees, to consider the request.

3.6.4 Refunds

- 3.6.4.1 The Council will refund development contributions in accordance with the requirements of sections of the relevant sections of the Act²⁴. The Council may retain any portion of a development contribution, to a value equivalent to the costs incurred by it in relation to a development or building, in the case where a development is discontinued and the Council is required to refund the development contribution²⁵.

3.7 Reconsideration process

- 3.7.1 An applicant who is required to make a development contribution may request a reconsideration of that requirement if they believe that:
 - a) the development contribution was incorrectly calculated or assessed under this policy; or
 - b) the Council incorrectly applied this policy; or
 - c) the information used to assess the applicant's development against this policy, or the way the Council has recorded or used it when requiring the development contribution, was incomplete or contained errors²⁶.
- 3.7.2 Any request for reconsideration will be made in writing, no later than 10 working days after the date on which the applicant receives notice from the Council of the level of development contribution required.
- 3.7.3 Any request for review must include the reasons for reconsideration and provide sufficient information to enable the Council to reconsider the development contribution.
- 3.7.4 The Council (or a Committee of Council or an officer so delegated) will limit its considerations to matters set out in the Act²⁷ and will within 15 working days of receiving the request and all relevant information, advise the applicant of the outcome²⁸.

²⁴ Section 209 and section 210 of the LGA 2002

²⁵ Section 209(2) of the LGA 2002

²⁶ Section 202A and section 199A of the LGA 2002

²⁷ Section 199A of the LGA 2002

²⁸ Section 199B(1) of the LGA 2002

3.8 Contributions not paid

- 3.8.1 If contributions are not paid at the times required, the Council may²⁹:
- (a) withhold a certificate under section 224(c) of the Resource Management Act 1991 in the case of a subdivision;
 - (b) prevent the activity commencing in the case of a land use consent;
 - (c) withhold a code compliance certificate in the case of a building consent;
 - (d) withhold a service connection to the development;
 - (e) withhold a certificate of acceptance under section 98 of the Building Act 2004;
 - (f) in each case register a charge on the land under the Statutory Land Charges Registration Act 1928.
- 3.8.2 If, after exercising its powers to prevent a development proceeding, any development contribution remains unpaid, the Council may take debt recovery action to recover that development contribution. A development contribution is recoverable as a debt³⁰.
- 3.8.3 If a grantee of consent is in possession of two Development Contribution invoices for different consents relating to the same lot, both invoices will continue to have effect until payment is made of one of those invoices. When the first invoice is paid, the second invoice will be withdrawn and a reassessment of Development Contributions payable for the subdivision or development, as the case may be, relating to the second invoice will be made.
- 3.8.4 If any Development Contribution is payable on re-assessment, a new invoice will be issued.
- 3.8.5 Except as provided for in no consented activity or building work will commence prior to the payment of the Development Contribution and where such activity or work has commenced prior to such payment, Council will require this to cease until payment has been made.

3.9 Information requirements

- 3.9.1 The applicant for any consent or authorisation will provide all information necessary for Council to calculate the amount of a development contribution, including the *gross business area* and the *impervious area* of the development if required for purposes of an assessment under **Table 3**.
- 3.9.2 If required, the applicant will be responsible for providing proof of the legal establishment of existing *units of demand* for purposes of an assessment under **Table 3**.
- 3.9.3 Existing *units of demand* may include *legally established* buildings and structures existing when this policy became operative on 1 July 2021, but since demolished.

3.10 Statement on GST

²⁹ Section 208 of the LGA 2002

³⁰ Section 252 of the LGA 2002

- 3.10.1 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.