

# *Amendments to Council's 2006-2016 Long Term Council Community Plan*

1. Waihi Beach Coastal Protection Project - Revenue and Financing Policy and Revised Project Costs
2. Development Contributions Policy (for Pyes Pa West and Tauriko only)



# Amendments to Council's 2006-2016 Long Term Council Community Plan

## Introduction

The Local Government Act 2002 requires that some decisions made by Council can only be made through an Amendment to its Long Term Council Community Plan (LTCCP). Council adopted its LTCCP in 2006, and this year two proposed amendments to the LTCCP were consulted on:

- Waihi Beach Coastal Protection Project - Revenue and Financing Policy and revised project costs.
- Changes to the Development Contributions Policy for Tauriko and Pyes Pa West.

## Consultation and Decision-Making

Submissions were sought from 31 March to 1 May 2008. Council heard submissions from 19-21 May 2008 and made decisions on the submissions on 6 and 9 June 2008.

# 1. Waihi Beach Coastal Protection Revenue and Financing Policy

## Purpose of the Amendment

The Amendment proposed changes to the LTCCP to:

- Update the costs of the Waihi Beach Coastal Protection Project,
- Propose a revised revenue and financing policy for the project, and
- Propose rating for the project in 2008/09, ahead of its planned construction starting in 2009/10.

## Updated Project Costs

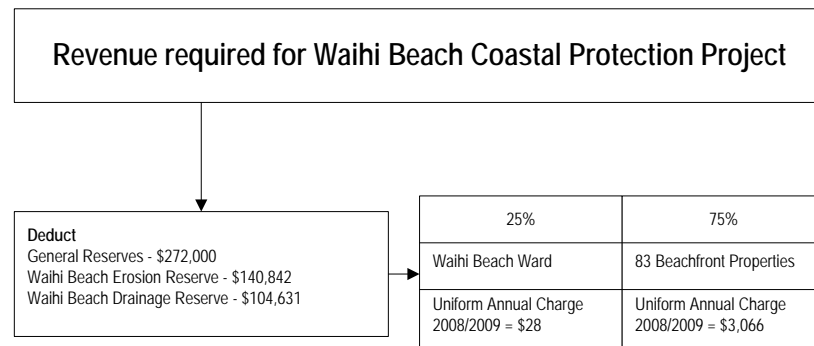
In January 2008 the project cost was estimated at \$5.450m, including consent costs to date, initial design and survey, maintenance and a 15% project contingency, but excluding any provision for inflation during the period prior to construction.

The estimates do not include any provision for the cost of removing the works at the end of the consent period, or for reinstatement of the works if they are damaged during an extreme weather event.

The cost of the project was previously shown as \$2.441m in the 2006 LTCCP, an estimate made in 2004.

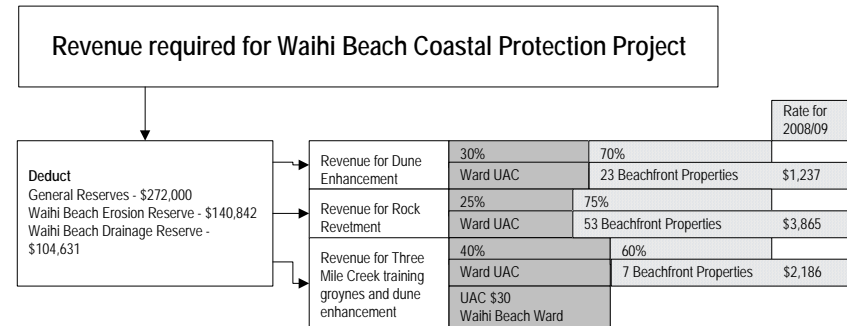
## Preferred Option in Draft Amendment for Consultation

The Council's preferred option included in the draft LTCCP amendment for public consultation was:



## Alternative Option in Draft Amendment for Consultation

An alternative option was also described in the draft amendment for public consultation:



## Timing of rating in the Draft Amendment

Council intended to begin rating in the 2008/09 year and expected to undertake design and survey work in 2008/09, beginning construction in the 2009/10 financial year. The purpose of rating in advance of the construction was to reduce the overall cost of the project, by minimising the debt and consequent interest charged.

## Consultation on Draft Amendment

A large number of submitters made comments on aspects of the draft amendment:

- 79 submitters commented on the funding split portioning 75% of the benefit of the works as private, to be met by the Beachfront Area of Benefit and 25% as public benefit to be met by the Waihi Beach ward. Submitters either supported increasing the amount of public benefit in the project (especially for the dune care and Three Mile Creek training components) or supported increasing the private benefit component (especially for the rock revetment work).
- 25 submitters commented on the process used to prepare the draft amendment.
- 102 submitters commented on the decision to proceed with the works, most objecting to the works. 428 submitters noted their objection to paying for the rock revetment component of the works.
- Other submitters commented on the project costs, and use of reserve funding and financial contributions.

- Several submitters urged Council to start looking at long-term solutions for the erosion problem and for Council to initiate a separate project for creek training at Two Mile Creek.

### Deliberation on Submissions

The proposed policy was consulted on and some changes were made as a result of this consultation:

Decision	Reasons
<b>Timing of project</b> Bring construction of Three Mile Creek Training Groynes forward to 2008/09.	Funding will be front-loaded and bringing construction forward expedites the whole project.
<b>Use of reserve funding</b> Use rate (\$64 188) collected in 2003/04 for coastal protection.	Money was collected for coastal protection works so this use is appropriate.
<b>Areas of Benefit</b> Now 3 Beachfront areas of benefit and 2 public sources of funding: <ul style="list-style-type: none"> <li>Beachfront – Dune enhancement (northern end of beach)</li> <li>Beachfront – Rock revetment</li> <li>Beachfront – Dune enhancement (off Glen Isla Place)</li> <li>Public – Waihi Beach Ward</li> <li>Public – District</li> </ul>	Council recognises the importance of this project to the community and acknowledges the comments made in submissions.
<b>Funding splits for different components of the work</b> Individual funding splits for the different components of the work: <ul style="list-style-type: none"> <li>Dune enhancement (northern end) – 70% private benefit / 30% public (Ward) benefit</li> <li>Rock revetment – 75% private benefit / 25% public (Ward) benefit</li> <li>Dune enhancement (Glen Isla Place) – 70% private benefit / 30% public (Ward) benefit</li> <li>Three Mile Creek Training – 0% private benefit / 100% public (District) benefit.</li> </ul>	Council recognises the importance of this project and the public component of the project is to be taken into account accordingly.

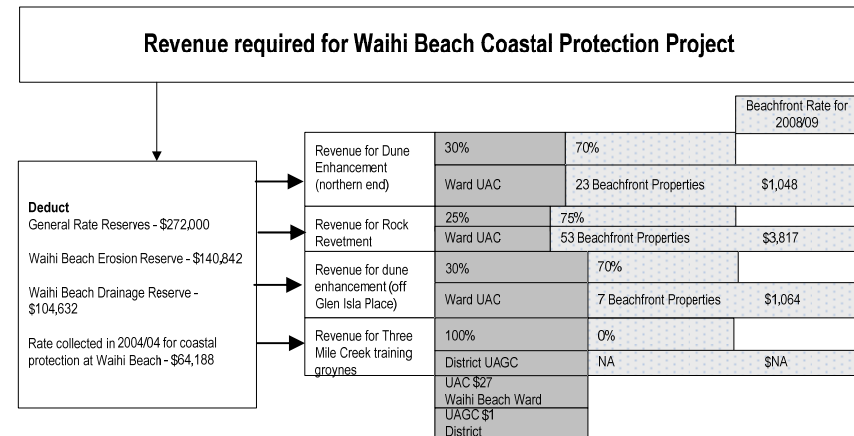
Decision	Reasons
<b>New Project in Sustainable Development Strategy</b> <ul style="list-style-type: none"> <li>Begin project in 2008/09 to investigate options for Two Mile Creek.</li> </ul>	Complies with Environment Court recommendations

### Effects of the Decisions : Waihi Beach Coastal Protection Revenue and Financing Policy

#### Project

The Waihi Beach Coastal Protection project remains as:

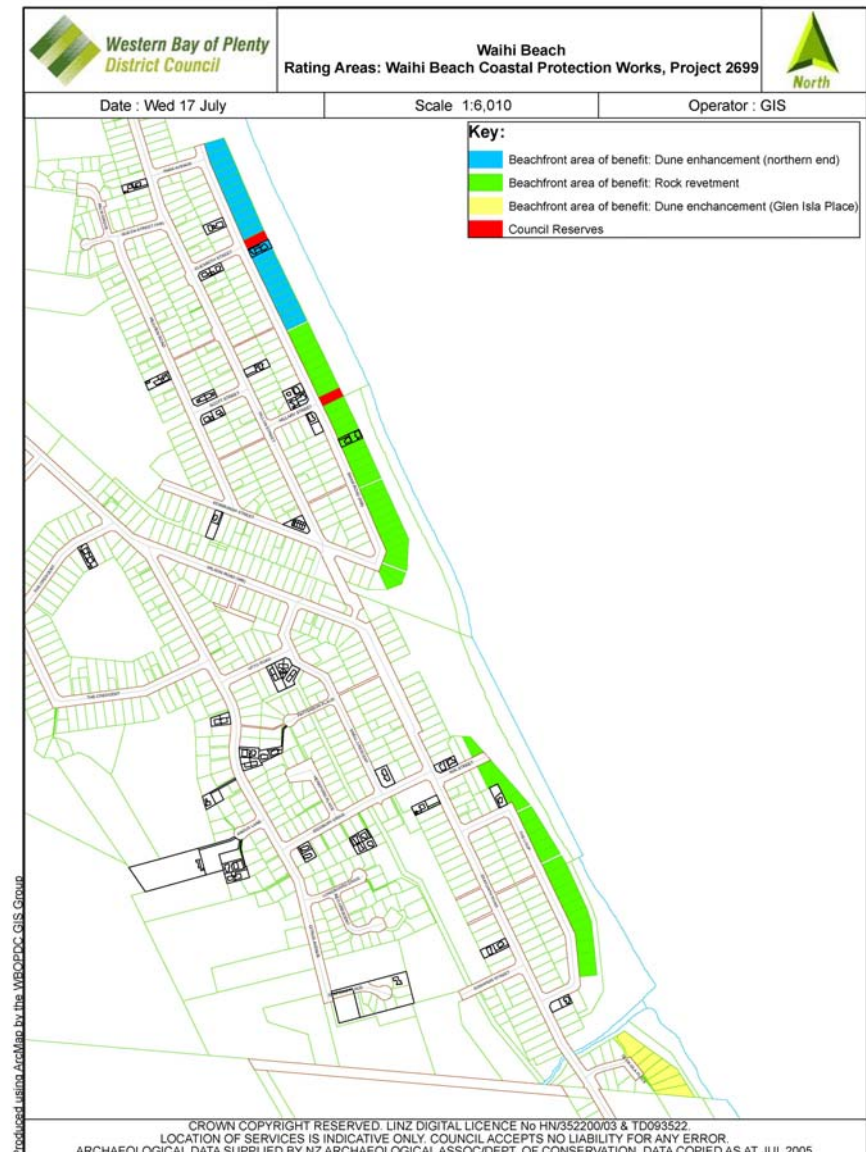
- Dune care and monitoring at the northern end of Shaw Rd;
- Rock revetment works in the area affected by Two Mile Creek and fronting The Loop;
- Training Three Mile creek with sand groynes;
- Dune care and monitoring at shoreline off Glen Isla Place.



- Loans:** The project will be loan funded over 25 years to spread the cost of the works over their expected life of 25 years (the period of the resource consent).
- District funding:** Up to 5% of the capital cost of the project will be funded by the District, through a one-off transfer of \$272,000 from Council's General Rate Reserve.

- **Waihi Beach Reserves:** \$104,631 be funded through a transfer from the Waihi Beach Erosion Reserve Account, and \$140,842 from the Waihi Beach Drainage Account.
- **Rate already collected for coastal protection works:** \$64,188 be funded from the rate collected in 2003/04 for coastal protection works.
- **Beachfront Area of Benefit – Dune enhancement, northern end of Shaw Rd:** 70% of the remaining revenue required to meet the capital and operating costs, including debt servicing, of the dune enhancement works at the northern end of Shaw Rd, will be met by the 23 properties identified with blue shading in the Beachfront Area of Benefit in Map 1.
- **Beachfront Area of Benefit – Rock revetment:** 75% of the remaining revenue required to meet the capital and operating costs, including debt servicing, of the rock revetment works at the northern end of Shaw Rd, to be met by the 53 properties identified with green shading in the Beachfront Area of Benefit in Map 1.
- **Dune enhancement, shoreline off Glen Isla Place:** 70% of the remaining revenue required to meet the capital and operating costs, including debt servicing, of the dune enhancement works at the northern end of Shaw Rd, will be met by the 7 properties identified with yellow shading in the Beachfront Area of Benefit in Map 1.
- This revenue from the Beachfront Area of Benefit will be collected using a Uniform Annual Charge/Targeted Rate per property each year for 25 years starting at:
  - Beachfront: Dune enhancement (northern end) \$1,048
  - Beachfront: Rock revetment \$3,817
  - Beachfront: Dune enhancement (Glen Isla Place) \$1,064
 in 2008/09 and increasing by inflation in subsequent years.
- **Public Funding - Ward:** 30% of dune enhancement (northern end and off Glen Isla Place) and 25% of rock revetment will be funded through a UAC over the Waihi Beach Ward.
- **Public Funding – District:** 100% of Three Mile Creek training groynes will be funded by the District through the Uniform Annual General Charge (starting at \$19,037 in 2008/09 and increasing by inflation in subsequent years). This is equivalent to \$1.00 per property in 2008/09.

Beachfront area of benefit identified – Map 1



## Timing of Rating

Council will begin rating in 2008/09.

Design and survey work will be undertaken in 2008/09 along with construction of the Three Mile Creek training groyne works. Construction of the rest of the works is expected to commence in 2009/10, finishing the following year.

## Consequential amendments to the 2006 LTCCP

The project is part of the Stormwater group of activities in the 2006 LTCCP, and the effect on assets is shown in table 1 below:

Table 1: Amendment to LTCCP 2006 Waihi Beach Coastal Protection Project – Assets										
Year end June	2007 \$000	2008 \$000	2009 \$000	2010 \$000	2011 \$000	2012 \$000	2013 \$000	2014 \$000	2015 \$000	2016 \$000
Capital Cost		344	644	1,736	3,208					
Operating Costs. Incl Interest cost			56	128	404	738	748	757	767	776

Additional loans for the project (internal and external) is shown in table 2:

Table 2: Amendment to LTCCP 2006 Waihi Beach Coastal Protection Project – Internal and External Loans										
Year end June	2007 \$000	2008 \$000	2009 \$000	2010 \$000	2011 \$000	2012 \$000	2013 \$000	2014 \$000	2015 \$000	2016 \$000
Loan Balance			644	2,370	5,539	5,448	5,349	5,244	5,132	5,012

Additional revenue (targeted rates) collected is shown in table 3 below:

Table 3: Amendment to LTCCP 2006 Waihi Beach Coastal Protection project – Funding Impact Statement										
Year end June	2007 \$	2008 \$	2009 \$	2010 \$	2011 \$	2012 \$	2013 \$	2014 \$	2015 \$	2016 \$
Total Targeted Rates			307,593	319,108	330,096	340,471	350,151	359,405	367,825	376,075
Waihi Beach Ward Rate (per property)			27	28	29	30	31	32	32	33
Beachfront - Rock Revetment (per property)			3,817	3,958	4,093	4,220	4,338	4,450	4,553	4,653
Beachfront - Dune Enhancement Northern End (per property)			1,048	1,086	1,123	1,158	1,190	1,221	1,250	1,277
Beachfront - Dune Enhancement Glen Isla Place (per property)			1,064	1,103	1,140	1,176	1,209	1,240	1,269	1,297
Total Contribution from District UAGC			18,825	19,951	21,073	22,184	23,276	24,364	25,418	26,482

Targeted rate excludes 2% bad debt provision.

## Revenue and Financing Policy – Waihi Beach Coastal Protection Project

### Purpose of this Project

The purpose of this activity is to provide and maintain works designed to mitigate the risk to private properties of coastal erosion and stormwater in the respective catchment areas within the Waihi Beach area.

### Scope of Policy

This policy applies to the project that comprises:

- Dune enhancement - 412m dune enhancement (shoreline at northern end of Shaw Road)
- Rock revetment - 1047m rock revetment (along shoreline at Shaw Road, Ayr Street and the Loop) and 1.2 m wide timber access ways
- Three Mile Creek works - 146m dune enhancement (shoreline off Glen Isla Place) and creek training at Three Mile Creek using training groynes
- Maintenance and monitoring during the life of the works

The policy does not apply to:

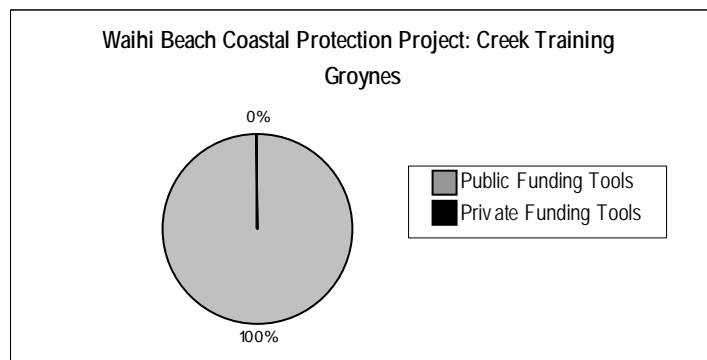
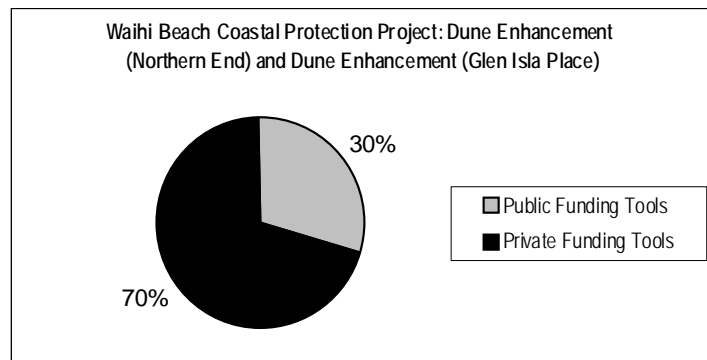
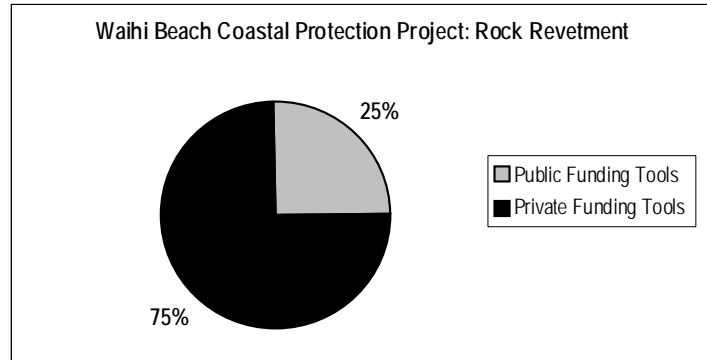
- Coastal erosion works in other locations, intended for the purpose of protecting Council esplanade reserves, strategic harbour walkways or public access ways. Such structures are included in the District Reserves Activity.
- Additional works at Two Mile Creek e.g.Creek Training.

### Rationale for Choice of Revenue and Financing Tools

Public Benefits Identified	Private Benefits Identified	Other Considerations
<p>If coastal erosion were not controlled, and damage to property occurred, the image of Waihi Beach could be adversely affected.</p> <p>If protection works were not constructed, other costs may be imposed on the community, for example, litigation in the event of property loss, or the need for other solutions to the erosion problem.</p>	<p>Individual properties can be identified that receive benefits from the reduced risk of property damage resulting from coastal erosion and can be charged for the service.</p>	<p>Life of protection works is 25 years. Works are designed to protect buildings and property that have a long life.</p>

Public Benefits Identified	Private Benefits Identified	Other Considerations
<p>Walkways along the top of the rock revetment will provide public access.</p> <p>Two Council reserves, (Elizabeth Street Reserve and Brewer Park), will be protected through these works. These reserves comprise 2 out of 85 properties in the primary hazard area. The works reduce the risk of erosion of esplanade reserves but the works themselves will reduce the amenity of the esplanade reserves.</p> <p>In areas where beach scraping and dune care is proposed there is expected to be some improved beach amenity, and environmental enhancement.</p>		<p><b>Wastewater and Stormwater Discharges</b>  Three Mile Creek receives the treated discharge from the Waihi Beach wastewater treatment plant. Two and Three Mile Creeks provide a waterway into which stormwater discharges flow, both from urban and rural catchments. The eroding effect of present stormwater needs to be considered.</p> <p>The eroding effects of additional stormwater from increased urban development due to Council regulatory processes are not considered significant in terms of intensity, when compared to the overall quantity of stormwater from existing urban and rural catchments.</p>
<p><b>Stormwater and wastewater discharge</b>  Two and Three Mile Creeks provide a waterway into which stormwater discharges flow, both from urban and rural catchments. The eroding effects of additional stormwater from increased urban development are not considered significant, when compared to the overall quantity of stormwater from existing urban and rural catchments. Three Mile Creek receives the treated discharges from the Waihi Beach wastewater treatment plant.</p> <p>The Waihi Beach community therefore benefits from the existence of Two and Three Mile Creeks, but there is no direct stormwater or wastewater benefit from the erosion mitigation works covered by this Revenue and Financing Policy.</p>		

Funding Target



Financing Sources	
Loans where appropriate, serviced through the revenue sources listed below.	To finance capital expenditure, excluding renewals.
Revenue Sources	
General Rate Reserves	To finance up to 5% of the capital cost of the project.
Balance of Waihi Beach Drainage Reserve and Waihi Beach Erosion Reserve	Lump sums transferred to finance the capital cost of the project.
Rate collected for coastal protection works (2003/04)	Lump sum transferred to finance the capital cost of the project
Uniform Annual General Charge (UAGC)	To fund the revenue required for capital and all operating, maintenance and finance cost of the Three Mile Creek Training Groynes
Area of Benefit Targeted Rates (UACs for Waihi Beach Ward)	To fund 25% of the remaining revenue requirement for capital, and all operating, maintenance and financing costs, of the rock revetment works.  To fund 30% of the remaining revenue requirement for capital, and all operating, maintenance and financing costs, of the coastal protection works for the dune enhancement work (northern end and off Glen Isla Place)
Area of Benefit Targeted Rates (UACs for 83 Beachfront properties directly benefitting from the works). OR <ul style="list-style-type: none"> <li>Lump Sum Contribution/s<sup>1</sup> (equivalent to loan and interest portion of revenue requirement over 25 years) and</li> <li>Area of Benefit Targeted Rates (to meet revenue required for maintenance and operations for those properties that elect to take up the lump-sum payment option).</li> </ul>	To fund 75% of the remaining revenue requirement for capital, and all operating, maintenance and financing costs, of the rock revetment (53 properties).  To fund 70% of the remaining revenue requirement for all capital, and all operating, maintenance and financing costs, of the coastal protection works for the dune enhancement - northern end (23 properties) and off Glen Isla Place (7 properties)

For further details of Council's rating tools, refer to the Funding Impact Statement within the Financial Summaries and Statements section of the LTCCP 2006.

<sup>1</sup> A lump-sum payment option is expected to be offered in 2009/10 for ratepayers that are liable for the beachfront rates. This offer will only be made once the detailed design and survey has been done, and the costs of the project are more certain.

## LTCCP Amendment

### 2. Development Contributions Policy (for Pyes Pa West & Tauriko only)

Council has replaced its existing Development Contributions Policy in order to align with Tauranga City Council's policy. Changes to this Policy triggered a requirement for an amendment to the LTCCP under section 102(6) of the Local Government Act 2002 which was consulted through the Annual Plan 2008/09 process. The effect of the changes in the policy will have no financial impact on Western Bay of Plenty District Council's Financial Statements as the Subdivision Impact Fees (SIF) and Building Impact Fees (BIF) collected under the policy will be paid to / transferred to Tauranga City Council (TCC).

This policy is in addition to Western Bay of Plenty District Council's revenue and financing policies in the 2006-2016 LTCCP.

### Summary of Key Policy Changes

The Table below outlines the key policy changes that have been made to Tauranga City Council's Development Contributions Policy from last year, and the reasons for these changes.

Issue	Policy change	Reason
Inflation	All projects are to be included in the Policy at their estimated cost at the time of build instead of the estimated cost of building the project at today's prices.  For example a project planned in the 2010/11 financial year (two financial years away) would have inflation added for these two years to adjust the project cost to the amount Council actually expects to pay to build the project. The inflation rate used is 2%. If the project has an estimated cost of \$100,000 in today's dollars the inflation adjusted cost is \$104,040 (100,000 x 1.02 x 1.02).	Non-inflation adjusted project cost estimates were contributing to the under-recovery of growth-related capital expenditure.
Cost of capital	The introduction of the cost of capital has been delayed until the 2009/10 Development Contributions Policy. The cost of capital relates to the interest component charged to Council on loans used to pay for growth-related capital expenditure. Loan funding is required where infrastructure is required prior to development taking place and hence development contribution revenue being received.	To allow for more discussion with the development community.

Issue	Policy change	Reason
SmartGrowth projections	The residential divisor for city-wide development contributions has been increased from 22,853 household units to 24,340 household units as the result of updated SmartGrowth projections.	To ensure that the best information Council has about the likely amount of future growth is incorporated into the Policy.
Transitional payment provisions	The transitional policy provisions have been removed. To avoid doubt, the transitional payment provisions in Council's 2007/08 Development Contributions Policy are not affected by the removal of these provisions from the 2008/09 Policy.	The initial reason for having the transitional provisions which was a large increase in contribution fees between years has passed and the ratepayer subsidy caused by the provisions is not consistent with Council's "growth pays for growth" philosophy.
Credits	A credit for the will be provided for the units of demand (i.e. residential dwellings, other household unit equivalents or business floorspace) on a site that is demolished, removed or destroyed by fire or any other means. This will allow these units of demand to be replaced without it triggering the payment of development contributions. This will apply to all units of demand that existed when Council began charging the relevant development contribution (BIF or SIF).	To reflect the fact that replacing floorspace (or other units of demand) that previously existed on a site does not generate increased demand for city-wide infrastructure.
Relocated buildings	To give Council discretion in exceptional circumstances to waive city-wide development contributions (BIFs) for floorspace that has been relocated from one site in Tauranga City to another site in Tauranga City.	To reflect the fact that floorspace relocated within the city's boundaries does not generate additional demand for city-wide infrastructure.
Reserve contributions	Reserve contributions for multi-unit residential developments (including second and subsequent dwellings, and unit title developments) are now assessed on the basis of the average land valuations for each urban growth area or part of an urban growth area based on minimum lot sizes (e.g. 325m <sup>2</sup> in the Residential A zone or 100m <sup>2</sup> in the Residential H zone).	To ensure Council's reserve contribution revenue stream is not compromised by practical difficulties associated with the previous method of assessing these contributions and to provide greater certainty to the development community of the reserve contributions payable for unit title developments.
Policy layout	The policy has been significantly reformatted, including the introduction of two new sections "policy guide" and "fees and key changes"	To make it easier to navigate and to understand, and to ensure that key information is easy to locate

Issue	Policy change	Reason
Visitor accommodation	Visitor accommodation developments are to be treated as business developments rather than attracting development contribution charges on the basis of residential household unit equivalents.	Primarily to ensure that visitor accommodation developments do not pay reserve and community infrastructure development contributions as Council's population based levels of services for these activities mean visitor accommodation developments do not generate a need to provide them. Additionally, this policy change ensures that Council's Development Contributions Policy is consistent with section 203(2) of the LGA 2002.
Change of use	When the change of use of a building takes place the development contribution payable for each activity (e.g. wastewater, transportation or reserves) will be calculated for both the proposed and existing uses. If the amount payable for the proposed use is higher than that for the existing use this difference will be charged. No refunds will be provided where the amount payable for the proposed use is less than that for the existing use.	Council's 2007/08 Development Contributions Policy is unclear on how, or even if, development contributions should be assessed when the change of use of a building takes place. This policy change clears up this confusion and provides for a fair assessment of the development contribution payable.
Low demand dwellings	<p>Council has resolved to undertake further consultation on the following proposal:</p> <ul style="list-style-type: none"> <li>• That one bedroom dwellings are treated as 0.50 units of demand and two bedroom dwellings as 0.65 units of demand for building impact fees and for reserve and community infrastructure subdivision impact fees; and</li> <li>• That for water, wastewater, stormwater and transportation subdivision impact fees the Waivers Panel will determine whether a reduction in the amount of development contributions charged is appropriate on the basis that a yield (measured by dwellings/ha) has been achieved in excess of what was expected in a particular location.</li> </ul> <p>Following the public consultation process, the issue will be reconsidered by elected members and Council's Development Contributions Policy will be amended in accordance with their decisions. Any change as the result of this to Council's Policy would be an amendment to the 2006-16 LTCCP and as such would require to be audited.</p>	Because of the relatively low demand-generating characteristics of one and two bedroom dwellings.

Please note that the above changes relate to the Tauranga City District. However as Western Bay's policy mirrors Tauranga City, Western Bay's policy has also been amended accordingly to reflect these changes.

This policy is an addition to the Western Bay's revenue and financing policies in the 2006-16 LTCCP. This policy therefore follows the financial contributions policy on pages 263 and 264 of the LTCCP.

## Consequences of the Amendment

# Summary of Development Contribution Fees and Key Changes

### Schedule of Development Contributions for the 2008/09 Financial Year

CITY-WIDE INFRASTRUCTURE DEVELOPMENT CONTRIBUTION (BIF) 2008/09								
	Water	Wastewater	Stormwater	Transportation	Community Infrastructure	Reserves	TOTAL (GST excl.)	TOTAL (GST incl.)
City Wide Contribution (Residential) per dwelling unit.	\$3,546.07	\$1,954.35		\$381.68	\$2,915.50	\$905.33	\$9,702.94	\$10,915.81
City Wide Contribution (Commercial / Industrial) per 100m <sup>2</sup> GFA. (Minimum charge based on 1m <sup>2</sup> and maximum charge based on 6,000m <sup>2</sup> )	\$3,552.10	\$1,957.67		\$704.32			\$6,214.09	\$6,990.85
LOCAL INFRASTRUCTURE DEVELOPMENT CONTRIBUTION (SIF) FOR RESIDENTIAL URBAN GROWTH AREAS 2008/09								
Each Unit of Demand in Growth Areas	Water	Wastewater	Stormwater	Transportation	Community Infrastructure	Reserves (% of land value)	TOTAL Excl. Reserves	TOTAL (Inc GST) Excl. Reserves
BETHLEHEM	\$489.69	\$5,435.36	\$2,261.44	\$3,261.41	\$1,054.00	6.1%	\$12,501.90	\$14,064.64
PYES PA	\$397.85	\$4,522.40	\$930.67	\$1,703.43	\$1,011.50	6.1%	\$8,565.85	\$9,636.58
OHAUITI	\$2,860.34	\$5,107.76	\$528.18	\$1,133.57	\$1,028.50	5.2%	\$10,658.35	\$11,990.64
WELCOME BAY	\$2,170.49	\$5,086.01	\$1,209.34	\$1,592.56	\$1,083.75	5.9%	\$11,142.15	\$12,534.92
PAPAMOA	\$198.77	\$799.46	\$3,343.21	\$4,647.96	\$1,007.25	6.6%	\$9,996.65	\$11,246.23
TAURANGA INFILL	\$466.76	\$5,139.49	\$0.00	\$0.00	\$913.75	7.0%	\$6,520.00	\$7,335.00
MT. MAUNGANUI INFILL	\$393.22	\$814.27	\$0.00	\$0.00	\$850.00	4.3%	\$2,057.49	\$2,314.68
WEST BETHLEHEM	\$137.56	\$6,939.96	\$3,715.97	\$11,175.79	\$1,007.25	5.8%	\$22,976.53	\$25,848.59
WEST PYES PA	\$583.01	\$6,110.56	\$3,784.94	\$3,441.94	\$946.69	4.1%	\$14,867.14	\$16,725.53
WAIRAKEI	\$698.93	\$3,865.95	\$3,672.38	\$7,692.03	\$850.00	6.96%	\$16,779.29	\$18,876.70
TAURIKO BUSINESS ESTATE **See Table 3								

## Industrial/Business Zone Local Infrastructure (SIF) Contributions

### Papamoa

Component	Papamoa SIF	Business Zone Scaling Factor	Cost per 900m <sup>2</sup> of Business Lot (GST Excl)	Cost per 900m <sup>2</sup> of Business Lot (GST Incl)
Water	\$198.77	1.8	\$357.79	\$402.51
Wastewater	\$799.46	1.2	\$959.35	\$1,079.27
Transportation	\$4,647.96	1.0	\$4,647.96	\$5,228.96
Stormwater	\$3,343.21	2.2	\$7,355.06	\$8,274.44
TOTAL COST / 900M <sup>2</sup>			\$13,320.16	\$14,985.18

### Tauriko Business Estate

Component	Cost per Ha (GST Excl)	Cost per Ha (GST Incl)
Water	\$18,388.52	\$20,687.09
Wastewater	\$108,157.80	\$121,677.53
Transportation	\$135,121.26	\$152,011.42
Stormwater – Others*	\$24,160.82	\$27,180.93
Stormwater – Catchment B1* (Catchment B1 plus Other)	\$102,510.69	\$115,324.53
Stormwater – Catchment C * (Catchment C plus Other)	\$73,810.06	\$83,036.32
Total including – Catchment Other	TOTAL COST / Ha	\$285,828.40
Total Including – Catchment B1	TOTAL COST / Ha	\$364,178.27
Total Including – Catchment C	TOTAL COST / Ha	\$335,477.64

### Wairakei

Component	Wairakei SIF	HUE Equivalent per Ha	Cost per Ha (GST Excl)	Cost per Ha (GST Incl)
Water	\$698.93	19	\$13,279.67	\$14,939.63
Wastewater	\$3,865.95	19	\$73,453.05	\$82,634.68
Transportation	\$7,692.03	35	\$269,220.91	\$302,873.53
Stormwater	\$3,672.38	22	\$80,792.36	\$90,891.41
TOTAL COST / Ha			\$436,745.99	\$491,339.24

### Pyes Pa West (Neighbourhood Centre – 2ha)

Component	Pyes Pa West SIF	HUE Equivalent per Ha	Cost per Ha (GST Excl)	Cost per Ha (GST Incl)
Water	\$583.01	19	\$11,077.19	\$12,461.84
Wastewater	\$6,110.56	19	\$116,100.64	\$130,613.22
Transportation	\$3,441.94	35	\$120,467.90	\$135,526.39
Stormwater	\$3,784.94	22	\$83,268.68	\$93,677.27
TOTAL COST / Ha			\$330,914.41	\$372,278.71

## Introduction

As part of cross boundary developments, Western Bay of Plenty District Council (WBOPDC) agreed to charge development contributions for Pyes Pa West and Tauriko development areas. This process was undertaken by way of Plan Changes in both Western Bay of Plenty District Council's and Tauranga City Council's District Plans. The Development Contributions Policy below has been developed by TCC and it will apply to the Pyes Pa West and Tauriko development areas, covered by Structure Plan 13 and Structure Plan 14. Set out below is the TCC Development Contribution Policy – supporting policy, 2008/09.

## Assumptions

Any fees charged will be collected by TCC under an agency agreement, therefore there will be no net income to WBOPDC. As these development contributions are cross-boundary, it is expected that Tauranga City Council's area will be completed before Western Bay of Plenty District Council's area is developed. The amounts charged will increase over the remaining seven years of the LTCCP.

Tauranga City Council's Development Contributions Policy 2008/09 below includes reference to the community outcomes for Tauranga City, Tauranga Tomorrow. Western Bay of Plenty District's community outcomes, SmartFutures, will replace Tauranga Tomorrow for practical application of this Policy by Western Bay of Plenty District Council.

For more detailed information, including the methodology applied please refer to Schedule 1 attached at the end of this policy summary.

## POLICY TITLE: Development Contributions or Financial Contributions

### Lead Policy Revenue and Financing

#### 1. Policy Objectives

To ensure that new development contributes fairly to the funding of Tauranga's infrastructural and service requirements.

To charge a development or financial contribution from new dwellings or household units, other residential activities, visitor accommodation, business activities and other non-residential development in the city to cover capital expenditure for **city-wide** network infrastructure, reserve land and community infrastructure.

To charge a development or financial contribution from subdivision and development in the city to cover capital expenditure for **local** network infrastructure, reserve land and community infrastructure.

#### 2. Principles

Effective planning, provision and funding of services infrastructure can assist sustainable resource use and prudent financial management by the Council. The expected capital expenditure on network infrastructure: new or additional assets or assets of increased capacity resulting from the effects of new development should be contributed to by that development.

Development contributions and financial contributions should be based on the likely and foreseeable public capital expenditure that Council expects to incur from growth in the city. This includes capital expenditure Council has already incurred in anticipation of growth.

Development contributions and financial contributions should be applied in a fair and equitable manner and have due regard to Council's other financial management policies. This includes assessing the benefits that may accrue to the whole or parts of the community.

Development contributions and financial contributions need to be able to be reviewed on an annual basis, having regard to changes that affect the provision of services by Council, including cost estimates and construction costs.

Development contributions can be applied at both a local and city-wide infrastructure level, based on the activity type or geographic spread of the service. The following approach is applied in Tauranga City:

**Activity Type: Water, Wastewater, Stormwater**

- Local: Clearly services a locally defined area or catchment.
- City-wide: Main trunk network that services the whole city.

**Activity Type: Transportation**

- Local: Transportation only needed for growth in the particular area.
- City-wide: Transportation where the origin and destination of trips is all over the city, beyond local trips.

**Activity Type: Active Reserves**

- Local: not applicable.
- City-wide: designed to cater for a range of active sports and recreation needs of the city population.

**Activity Type: Neighbourhood Reserves and Community Building Reserves**

- Local: amenity reserves generally within 400-500m of a property.
- City-wide: not applicable.

**Activity Type: Community Infrastructure**

- Local: Specific local facility or development of local facility.
- City-wide: Interconnected network of facilities or development of facilities serving a city or sub regional catchment.

### 3. Definitions

**Active Reserves** means large reserves that provide for a wide range of activities, including formal sports, events and casual use, and provide wide open green space within the urban environment.

**Activity** means a good or service provided by the Council (as defined by section 5 of the Local Government Act 2002) and for which development contributions are normally collected.

**Allotment** means an allotment as defined by Section 218 of the Resource Management Act 1991.

**Business Activity/Activities** means the use of land and buildings for business purposes in accordance with the provisions of the Tauranga District Plan or resource consent.

**City-wide Infrastructure** means the network of bulk services (network infrastructure), reserve land or community infrastructure provided for the development of the city, either as additional assets or by increasing the capacity of existing assets required as a result of demand from growth-related development, and which is not specifically provided by a development as part of local infrastructure.

The capital cost of sub-regional parks and developing sub-regional infrastructure facilities is also part of city-wide infrastructure.

**Community Building Reserve** means land that is provided for public amenities, such as local community halls and centres.

**Community Infrastructure** means land, or development assets on land, owned or controlled by the territorial authority to provide public amenities, and includes land that the territorial authority will acquire for that purpose.

The capital cost of providing and developing sub-regional community facilities is also part of community infrastructure.

**Development** means any subdivision or other development that generates a demand for reserves, network infrastructure or community infrastructure, but does not include the pipes or lines of a network utility operator.

**Development Contribution** means a contribution –

- provided for in a development contribution policy included in the Long-Term Council Community Plan (LTCCP) of a territorial authority; and
- calculated in accordance with the methodology set out in the policy schedule; and comprising:
- money; or
- land, including a reserve or esplanade reserve (other than in relation to a subdivision consent), but excluding Maori land within the meaning of Te Ture Whenua Maori Act 1993, unless that Act provides otherwise; or
- both

and shall have the same meaning as 'development contribution' in section 197(1) of the Local Government Act 2002.

**Financial Contribution** has the same meaning as in Section 108(9) of the Resource Management Act 1991.

**Gross Floor Area** means the sum of the floor area or floors of a building or buildings measured from the external walls, or from the centreline of walls separating two buildings, including mezzanine floors and internal balconies.

**Household Unit** means a building or part of a building intended to be used as an independent residence, including dwelling apartments, semi-detached or detached houses, units, town houses, caravans (where used as a place of residence or occupied for a period of time exceeding six months in a calendar year). For the purposes of this definition the following activities shall not be assessed as a household unit:

- Caravans and other mobile forms of accommodation located and serviced within an approved camping ground (that is: one that has received a resource consent or has existing use rights under Section 10 of the Resource Management Act 1991).
- Premises or parts thereof complying with the visitor accommodation provisions of the plan, up to and including 30 September 2000, or with resource consent to operate as visitor accommodation.

For the purposes of calculating a development contribution or financial contribution related to growth demand under this policy, a household unit is based on the SmartGrowth household projection plus 10 percent, to take account of the portion of unoccupied household units that also contribute to the demand for new services.

**Household Unit Equivalent** means a type of 'unit of demand' that relates to the typical demand for infrastructure by an average household unit.

For the purposes of calculating a household unit equivalent development contribution under this policy for other residential activity and visitor accommodation units, the household unit equivalent shall be the number of occupants the building is designed

or licensed to accommodate, divided ( $\div$ ) by 2.5 persons. For the purposes of calculating a financial contribution under Chapter 26 of the operative District Plan the divisor is 2.6 persons.

**Local Infrastructure** means those bulk services (network infrastructure), reserve land or community infrastructure provided for a part or parts of the city such as an Urban Growth Area, neighbourhood or defined census area unit or similar, either as additional assets or by increasing the capacity of existing assets required as a result of demand from growth-related development.

**Multi Unit Residential Type Development** means one or more household units on a site over and above any existing household unit, and includes two or more comprehensively planned and designed residential dwelling units, other residential activities or visitor accommodation units.

**Neighbourhood Reserve** means land that primarily provides for use by local communities for casual recreation, play, relaxation, community activity, links to other areas or quiet open space. Neighbourhood reserves also provide visual contrast in the urban environment.

**Network Infrastructure** means the provision of roads and other transport, water, wastewater and stormwater collection and management, and includes land required for these purposes.

**Ngati Kahu Kaumatua Household Unit** means a household unit of not more than 50m<sup>2</sup> gross floor area erected within the Ngati Kahu Papakainga Zone at West Bethlehem. The household unit must contain no more than three habitable rooms.

**Non-Residential Activity** means any activity that is not defined as a dwelling unit, household unit, residential activity or visitor accommodation in the Policy. It includes a business activity or activities for the purpose of assessing local infrastructure contributions in Residential A and H Zones, the Rural Residential Zone, Urban Marae Community Zone and Education Centre Zone, but not for the purposes of assessing city-wide infrastructure contributions in these same zones.

**Planning Period** means the period over which the growth-related infrastructure is to be funded by the development contribution(s), which may vary for specific projects as detailed in the Policy. In respect of most local infrastructure (SIF) related projects, this is generally a 20 year period.

**Public Amenities** means facilities, open spaces, plazas, libraries, halls, community centres and the like provided for public use, recreation and enjoyment.

**Reserves** means the provision of land for active (sports grounds) reserve, neighbourhood reserves and community buildings and does not include land for infrastructure purposes such as stormwater, roads or accessways, or where the land is for a special purpose under the Reserves Act 1977.

**Residential Activity** is the use of land and buildings for domestic or related purposes by persons living alone or in family and/or non-family groups (whether any person is subject to care, supervision or not) and includes retirement villages and residential health care facilities providing 24-hour on-site medical support to residents, private dwellings, housing for the elderly, community housing, private functions and incidental private gatherings.

Residential activity excludes visitor accommodation and caravans or other mobile forms of accommodation, unless they are utilised for residential activities for periods of more than six months in any one calendar year.

For the purposes of this policy the household unit equivalent shall be used as the basis for calculating the contribution from Residential Activity. (Note: There is a separate approach for each defined household unit).

**Service Connection** has the same meaning as in section 197 of the Local Government Act 2002.

**Unit of Demand** means the number of household units, or their household unit equivalent, or an additional allotment of subdivision, or the equivalent demand from non-residential development for infrastructure and reserves proposed in response to city growth.

**Visitor Accommodation** means land or buildings which are offered for temporary accommodation of persons and includes bed and breakfast establishments, backpackers' accommodation, home stay facilities, motels, hotels, tourist lodges, holiday flats, tourist cabins, motor inns and ancillary workrooms, reception areas and accessory buildings or ancillary activities on the site. This definition does not include activities defined in this policy as household unit or residential activity.

For the purposes of this policy the household unit equivalent shall be used as the basis for calculating the contribution from visitor accommodation.

#### 4. Background

The Local Government Act 2002 (the Act) requires council to adopt a policy on development contributions or financial contributions. This applies regardless of whether Council decides to charge:

- financial contributions under the Resource Management Act 1991; or
- development contributions under the Local Government Act 2002.

Council has used the provisions of the Resource Management Act 1991 applied through its operative District Plan (Chapters 9 and 26) to charge a range of financial contributions intended to mitigate the effects of development on natural and physical resources of the city. This was applied as from 26 January 1996 for a growth period starting from 1991.

The Local Government Act 2002 contains new provisions for funding capital expenditure for reserves or infrastructure by means of development contributions where the expenditure is required as a consequence of new development in the city. The Council is required to set out its Development Contributions Policy as a component of its Long-Term Council Community Plan (LTCCP) and contributions can be required when this Policy has been adopted.

There are some circumstances under this policy where development contributions will be calculated on a situation applying as at 26 January 1996 for a growth period starting from 1991.

## 5. Policy Statement

### 5.1 Growth-Related Capital Expenditure

Strong growth rates are anticipated for the city as outlined in the SmartGrowth Strategy, the LTCCP and the District Plan. This has been translated into population and household projections so that development contributions can be calculated for growth-related capital expenditure. For business activity floor space projections have been prepared based on SmartGrowth-related work.

The proportion of growth-related capital expenditure for each service activity or group of activities that will be funded by various funding sources, including development contributions over the planning period has been estimated as set out in Table 1. Also included is the movement on the reserves over the period of the Long-Term Council Community Plan (LTCCP).

Where possible Council will seek to initiate direct negotiations with appropriate parties including developers and Government agencies, to enter into voluntary agreements to forward fund growth-related capital expenditure.

### 5.2 Reasons for Using Development Contributions as a Funding Source Strategic

Council plays a significant role in facilitating and where appropriate, coordinating development and providing infrastructure in a timely and affordable manner.

Council considers its role in the provision of network infrastructure as an essential part of its leadership and facilitation, public health and safety and growth management and sustainable development obligations to the city. It is a strategic role which neither individuals, the community, the private sector nor Central Government can appropriately fulfil on their own. The physical effects of growth, particularly the cumulative effects of individual subdivision and development decisions, requires Council to incur capital expenditure, acting on behalf of the wider community, to appropriately provide for new or additional services including in many circumstances capital expenditure in anticipation of growth. Funding tools such as development contributions are fundamental in meeting these needs.

A process called Tauranga Tomorrow was completed in line with the Local Government Act 2002 to identify community outcomes. These outcomes are set out in Part A of the Long-Term Council Community Plan. They are an articulation of what the Tauranga community feels is important now and in the future. The activities to be funded by development contributions all support the community outcomes in some way:

- **Reserves** contribute significantly to a city built to fit our hills, harbour and coast, a clean, green, valued environment, a vibrant, healthy and diverse community and a great place to grow up.
- **Network infrastructure** mainly contributes to a city easy to move around and a clean, green, valued environment
- **Community infrastructure** contributes to a vibrant, healthy and diverse community, actively involved people and a great place to grow up.

### Fairness and Equity

A fair and equitable approach needs to be taken to funding the provision of this infrastructure having regard to existing and future populations. Existing population has already made considerable investment in services and enjoys the benefit of using those services. Those undertaking new development benefit from using, connecting to or extending existing services or supplying new services and must pay a fair share of the capital expenditure for this. Developers and new residents/businesses are also the segment of the community that creates the need to undertake growth-related projects in respect of the activity types covered by the development contributions policy.

Funding the capital expenditure for new or extended growth-related infrastructure from development contributions is considered a fair and equitable funding approach. They are to be applied alongside other funding tools to provide the appropriate balance of funding between the community, Council and those undertaking development.

Providing for infrastructure in anticipation of growth is also a core Council obligation in the promotion of the social, economic, environmental and cultural well-being of the community, in the present and for the future. In these situations development contributions will assist in recouping the growth-related portion of the public investment made by Council on behalf of the community.

Two further factors of equity to have regard to in relation to each activity are; the distribution of any benefits between the community as a whole, any identifiable part of the community and individuals, and the period over which benefits are expected to occur. This is reflected in the cost allocation methodology. For example, where people in the existing community may get benefit from an improved level of service.

Council has assessed this in relation to each activity (this consideration is set out in the introduction to each activity chapter in Schedule 1 of this Policy) and for the major projects for which development contributions are proposed to be a funding source. Council recognises the period over which benefits are expected to occur by including, within the cost of growth to be funded by contributions under this policy, only the cost of providing additional capacity to meet demand within the planning period or the life of the asset.

### Identification of Benefits

At a more detailed level the distribution of benefits in the funding of capital expenditure for growth related infrastructure can be identified by the percentage of development contribution/rates/other funding split for projects shown in the Development Contributions Schedule (Schedule 1). These benefits are either city-wide (at the city-wide services level), or localised neighbourhood/urban growth area (at the local services level) and differentiated between existing households (current population) and anticipated households (future population) for the planning period,

Section 101(3) matters

Tauranga City has considered the matters included in section 101(3) of the Local Government Act 2002 in developing the existing policy and proposed amendments to it, which are usually done annually.

Using development contributions to fund the majority of growth related costs for these infrastructure activities (rather than rates or other funding tools) is considered to be appropriate for the following reasons:

- Development contributions are fair because they allocate growth costs to the section of the community that creates the need for Council to incur that expenditure, i.e. developers, new residents and new business activities.
- Development contributions allocate costs to those in the community who benefit most from the new assets or assets of additional capacity that are funded out of development contributions. They are based on the level of service that the Council has determined through the LTCCP. Some costs of growth are however still allocated to existing ratepayers (rather than the development community through development contributions), in recognition of the benefits they receive from these new or additional assets.
- Development contributions send clear signals to the development community about the true cost of growth and the capital costs of providing infrastructure to support that growth.
- Growth costs can be apportioned over time (a planning period or project life), so that members of the growth community pay for the capacity they use in the services network.
- Development contributions, as a dedicated funding source, offer secure and transparent funding to promote the community outcomes that are affected by growth. This is weighed up against the sustainable level of rates, financial contributions and other funding sources to support the sustainable development of the city.

Overall, it is considered fair and reasonable, and that the social, economic, environmental and cultural well-being of the community is best advanced through using development contributions to fund most of the costs of growth-related capital expenditure for activities covered by the Policy. Again, judgements made on cost allocations (between growth and other parts of the sub regional and city community) reflect this overall principle (section 101(3)(b)).

### 5.3 Significant Assumptions for the Calculation of Development Contributions Projected Growth

That under the SmartGrowth Strategy Tauranga City has to accommodate approximately 70 percent of the anticipated sub-regional household growth plus significant business development, for the next 50 years. This growth will be accommodated through a mix of greenfield (approximately 70 percent) and intensification (approximately 30 percent)

This means an increase of approximately 24,340 dwelling units or dwelling unit equivalents for Tauranga City. For the 20 year planning period (2001-2021) growth will take place primarily through Greenfield subdivision (Bethlehem, Pyes Pa, Ohauti, Welcome Bay and Papamoa) and in established residential and commercial areas through a mix of infill, site redevelopment and comprehensive redevelopment of targeted "intensification" areas at Mount Maunganui and Te Papa (including Tauranga CBD).

This will place significant strain on the existing services assets with a need to provide and fund increased capacity or extension/additional services to meet growth demand.

#### Best Available Knowledge

That the capital expenditure costs will be based on the best available knowledge at the time of preparation. These are to take into account known or likely construction costs and land values.

#### Consistent Development Contributions Policy

That the policy approach of recovering growth-related capital expenditure through development contributions will remain and Council will also need to invest in capital works projects built in anticipation of growth, for example, reserves and community infrastructure and transportation.

### Other Assumptions

- That the figures in the Development Contributions Policy and Schedule are in current dollars and the figures will be updated annually.
- That development contributions will fully include the cost of capital from 1 July 2009 as it is an integral component of funding growth-related infrastructure. Currently development contributions only include the cost of capital for some projects.
- That Transfund New Zealand subsidy or other funding tools will be available for some transportation projects.
- That methods of service delivery will remain similar to those at present.

### 5.4 Reserve and Community Infrastructure Contributions

Contributions are required for the land purchase and development of active reserves, neighbourhood reserves, sub-regional reserves, sub-regional community facilities and land for community buildings. Other types of reserves do not fall within the ambit of these reserve contributions.

Section 203(1) of the Local Government Act 2002 states that development contributions must not exceed the greater of:

- (a) 7.5 percent of the value of the additional allotments created by a subdivision; and
- (b) the value equivalent of 20m<sup>2</sup> of land for each additional household unit created by the development.

The aggregate of a city-wide infrastructure reserve contribution and a Local Infrastructure reserve contribution, as required by this policy after 1 July 2004 will be checked against the provisions of Section 203 at the time the quantum of both contributions is available.

The reserves and community infrastructure contributions are reviewed at least annually in accordance with the latest land valuations and cost information or after a six monthly land value market assessment.

The basis for assessing these contributions is outlined below:

#### **City-wide Infrastructure: Reserve and Community Infrastructure Contribution**

A contribution is required for the land purchase of active reserves or sports grounds. This is applied as a specified dollar amount (excl. GST).

A six month land value market adjustment may occur in each financial year i.e. as at 1 January of that year if Council has reason to believe that market values have altered significantly. Table 2 will be adjusted accordingly.

A community infrastructure contribution is also required for the development of active reserves. This is applied as a specified dollar amount (excl. GST).

Sub-regional parks and subregional community infrastructure are providing for a sub-regional demand to be funded through contributions. These are applied as a specified dollar amount (excl. GST). These contributions cover the Tauranga City Council capital share of the sub-regional park land purchase, and development of sub-regional community infrastructure facilities.

This is in accordance with the Joint Sub-regional Development Contribution Policy of Western Bay of Plenty District Council and Tauranga City Council. City-wide infrastructure contributions are also required for the libraries network, and for the Tauranga Indoor Sport and Exhibition Centre.

#### **Local Infrastructure: Reserve and Community Infrastructure Contribution**

A contribution is required for the land purchase of neighbourhood reserves and land for community buildings. A valuation is required to assess the amount of this contribution.

The basis on which the value of additional allotments or land is assessed for the purposes of Section 203 of the Local Government Act 2002 is as follows:

The value to be assessed shall be the land value of an additional allotment(s) to be created by a subdivision unless otherwise specified by this Policy.

The land value shall be calculated as the market value of the land when the allotment(s) are first available for sale, provided as a written valuation by a registered valuer to the Council prior to the issue of a Section 224 Completion Certificate under the Resource Management Act 1991, or such other time stated in the consent, or in the case of a land use consent, the time specified in that consent.

A revised written valuation shall be required by Council if the valuation provided is older than six months.

For a cross lease situation the calculation shall be as outlined in Schedule 1, Part 1, Section 2.1.4.

For a Unit title situation the calculation shall follow the formula in Schedule 1, Part 1, Section 2.1.5.

For the development of land zoned Rural Residential or Greenbelt in the District Plan the calculation shall be as outlined in Schedule 1, Part 1, Section 2.1.1 and 2.1.2.

A community infrastructure contribution is also required for the development of neighbourhood reserves. This is applied as a specified dollar amount (excl. GST).

### **5.5 Monitoring, Review and Development Contribution Policy Update**

Council considers that there are risks associated with the development contributions as a funding source and that these risks need to be managed. Monitoring will include:

- Whether the growth rate assumptions are being met or resulting in a 'slow down' in development activity. (This is currently considered to be a low risk, given past trends and the methodology of the SmartGrowth demographic analysis.)
- Whether there is a significant lag between expenditure being incurred by Council and contributions received from development as a result of land market trends. Development activity is subject to market fluctuations/trends but is monitored using a combination of recent subdivision/building statistics and development sector information.

- Whether the costs of capital are greater than expected. (Current information suggests this is a low risk.)
- Movements in the capital costs of providing services and the link to project cost estimates. (Information on costs is continually assessed through implementing the capital works programme).

Having regard to this risk management, Council will review and update the Development Contributions Policy and Schedule on an annual basis (as part of or as an amendment to the LTCCP) to take account of:

- Any changes in policy direction as Council continues to implement the LTCCP, Revenue and Financing Policy and SmartGrowth Implementation Plans.
- Any changes in the rate of population/dwelling growth or the pattern or location of development in the city.
- The addition or deletion of a growth-related capital project in/out of the schedule.
- Changes in the estimated cost of providing services determined by market rates obtained by competitive tender within the Western Bay area or, in the case of land, valuations by a registered valuer.
- Changes in the cost of providing services determined by reference to a nationally recognised price index.
- Correction of errors or omissions in the project estimates in the schedule.
- Incorporating any relevant actual costs of completed projects.

## 5.6 Activities for Funding Capital Expenditure of Growth

Council activities for which development and financial contributions will be used to fund growth related capital expenditure are:

- **network infrastructure** for stormwater, wastewater, water supply, transportation.
- **reserve land** acquisition for active and neighbourhood reserves and local community facilities.

- **community infrastructure** including the development of reserve land to use as reserve and facilities needed on that reserve and other public amenities, Tauranga central area parking and industrial street landscaping.

## 5.7 Financial Contributions

Council will apply the operative financial contributions set out in Chapters 9 and 26 of the Tauranga District Plan where the provisions apply to building, subdivision or land use consent issued up to 30 June 2004.

These financial contributions will be payable in accordance with the provisions of Rules 26.1 to 26.13 and the associated Tables, Appendices and Structure Plans of the Tauranga District Plan including where relevant, the review of those fees by way of Rule 26.10 (e).

Provided that for the purposes of this policy a financial contribution that may be required under Rule 26.9 of the Tauranga District Plan will continue to be applied in accordance with the provisions of the operative plan after 1 July 2004.

*Financial contributions required are GST exclusive. GST will be added at the time of payment.*

## 5.8 Development Contributions

A subdivision and/or development project within the city which forms the subject of a consent application or application for a service connection will be considered for whether payment of a development contribution is required.

First, Council will determine whether it is a development as defined by section 197 of the Local Government Act 2002. That is, whether it generates a demand for reserves, network infrastructure or community infrastructure. Second, if a demand is generated Council will consider whether the subdivision or development, either alone or in combination with another development, requires new or additional assets or assets of increased capacity and, as a consequence, Council incurs capital expenditure to provide appropriately for reserves, network infrastructure and/or community infrastructure. Third, Council will check that the development contributions policy provides for the payment of a contribution in the circumstances.

Council will apply a development contribution to subdivision and development in accordance with the Development Contributions Policy and Schedule (Schedule 1) from 1 July 2004. Development contributions will cover activities at two levels:

- City-wide infrastructure contributions, to be paid on the grant of a building consent or service connection authorisation at the time of issue.
- Local infrastructure contributions, to be paid at the time specified in a subdivision or land use consent, or in some specified circumstances/locations on the grant of a building consent or service connection authorisation at the time of issue.

*Development contributions required are GST exclusive. GST will be added at the time of payment.*

#### 5.9 Cost of Capital

When Council incurs costs building assets before development contribution revenue has been fully received, the shortfall is loan funded. The interest on these loans is the cost of capital.

From the structure plans, project schedules, annual expenditure and revenue forecasts the net funding position (surplus or deficit) is summed annually and a net deficit attracts finance costs through the loan which covers the impact fee revenue shortfall. The accumulated interest for the planning period is then allocated across the forecast number of lots or households. This amount (i.e. interest per lot for the planning period) is then added to the relevant contribution for both the city-wide and significant local infrastructure projects up to and including 30 June 2008. From 1 July 2009, this amount is added to the relevant contribution for all infrastructure projects covered by development contributions.

#### 5.10 Inflation

The impact of estimated future inflation will be included in the calculation of development contributions from 1 July 2008. The inflation rates used will be drawn from work specifically done for Local Government by BERL.

#### 5.11 Remission, Postponement, Refunds, Non-Payments and Transitional Payment Period

##### Financial Contributions

The operative provisions of Chapter 26 (Rule 26.10) of the Tauranga District Plan shall apply to consents issued by 30 June 2004.

##### Development Contributions

There will be no postponement or remission of development contributions except in exceptional circumstances at the discretion of the Chief Executive or in the special circumstances specifically outlined in this section of the Policy.

Any such request shall be made in writing before a development contribution is required to be paid or as provided by the special circumstances outlined in the policy. Other than in the exceptional or special circumstances outlined in this policy, no postponement or remission will be allowed retrospectively.

If a dwelling existed prior to 26 January 1996, being the date Council legally commenced charging of development contributions, an application will generally be granted for remission. For dwellings not existing until on or after 26 January 1996 the demand for infrastructure was created within a development contribution planning period and the development contribution is payable, although the timing of the payment has been deferred until the subdivision has occurred. On the subdivision the liability becomes due and payable.

Where Council has required a development contribution and the subdivision, land use or building consent or service connection authorisation lapses, then the original development contribution amount will be refunded to the consent holder or his or her personal representative upon written application to Council, after the consent period has lapsed.

This refund does not prevent Council requiring development contributions on future subdivision, land use, building consent or service connection applications related to the subject land, when the circumstances for which a development contribution is payable are present. In determining the amount of refund Council will retain a portion of the contribution of a value equivalent to the costs incurred by Council in relation to the development or building and its discontinuance.

Any refund will not be subject to any interest or inflationary adjustment.

The provisions of Section 208 of the Local Government Act 2002 shall apply for the non-payment of a development contribution.

In accordance with Section 210 of the Local Government Act 2002, the time period for which development contributions must be applied will be determined by the expenditure for reserve land purchase and development included in the Long-Term Council Community Plan (LTCCP).

#### **Reimbursement of Portion of Local Infrastructure Development Contribution in Special Circumstances**

Where a developer undertakes to construct works contained in the Project Costing Schedule for Local Infrastructure, and has requested through an Annual Plan submission that reimbursement of the Local Infrastructure (SIF) component will be sought, the reimbursement/refund will be provided for in the LTCCP or Annual Plan budget by Council where:

- The reimbursement achieves a ranking within the Council's SIF project capital expenditure budget for that financial year using the Council's ranking criteria. (Note the method of project funding allocation and the ranking criteria are set out in Schedule 1 – Part 1).

and either:

- The project has been built and satisfactorily completed at the time the request is assessed by Council; or
- The project has been committed through the letting of a contract at the time the request is assessed by Council and evidence is provided to Council of that contractual obligation.

Where reimbursement has been provided for in the LTCCP or Annual Plan budget, payment will be made to the consent holder by 31 July of the year in which the project has been budgeted, or on completion if construction is not complete at that date.

#### **Remission of Active Reserve Component of City-Wide Infrastructure Development Contribution in Special Circumstances**

In circumstances where a Subdivision Impact Fee has been paid towards the cost of active reserve purchase and development between 26 January 1996 and 1 July 2004 and a Building Consent has not been applied for as of 1 July 2004, then the consent holder is entitled to a remission on the City-wide Building Impact Fee payable for active reserve purchase and development under this Policy.

The remission shall be calculated on a 10 percent per calendar year basis back to 26 January 1996. Therefore, by way of example, where subdivision consent has been in place since 26 January 1996, the consent holder shall be entitled to an 80 percent reduction in the Building Impact Fee required for active reserve purchase and development. If the subdivision consent was approved in 2003, then the consent holder is entitled to a 10 percent reduction in the Building Impact Fee required for active reserve purchase and development.

To avoid doubt this remission clause has been established to recognise that the property has already made a contribution towards active reserve purchase and development through a Subdivision Impact Fee payment.

#### **5.12 Remission of Reserve and Community Infrastructure Development Contributions in Special Circumstances**

In circumstances where no additional unit of demand is being created, the city-wide reserves and community infrastructure contribution set out in Table 2 of Schedule 1 is **not applicable**.

In circumstances where no additional unit of demand is being created, the local reserves and community infrastructure contribution set out in Table 2 of Schedule 1 is **not applicable**.

## 5.13 Contents of the Development Contributions Policy Schedule (Schedule 1)

As required by the Local Government Act 2002 the Schedule specifies, in summary form where required:

- The **event and circumstances** that will give rise to a requirement for payment of a development contribution.
- The development contributions **payable** in the city or part(s) of the city by subdivision and development for capital expenditure for growth-related services for **network infrastructure** (water supply, wastewater, stormwater, transportation), **reserve land** and **community infrastructure**, as a dollar (\$) amount, percentage of land value per unit of demand (additional allotment or similar unit measure) and excluding GST.
- Structure plans for urban growth areas which show the local infrastructure projects that are costed for growth-related capital works.
- **Explanation** of and justification for the way each development contribution is calculated.
- Further **assumptions** underlying the detailed calculation of the development contribution where these help to explain the calculation or methodology.
- The basis of **financial contributions** required for consents existing as at 30 June 2004 by cross reference to the operative provisions of the Tauranga District Plan.
- The **places** where details of the methodology relating to the calculation of development contributions and financial contributions are available for public inspection.

## 6. Delegations

The authority to set the quantum of development contributions or financial contributions is the responsibility of the elected members of Council.

The implementation of this policy and the charging of development contributions or financial contributions is delegated to the Chief Executive or his/her sub delegate.

## 7. References and Relevant Legislation

### Schedule 1

- Part 1 Circumstances When a Development Contribution is Payable (includes schedule of fees)
- Part 2 Units of demand
- Part 3 City-wide infrastructure
- Part 4 Local Infrastructure

Local Government Act 2002  
Resource Management Act 1991  
Building Act 1991  
Tauranga District Plan  
Revenue and Financing Lead Policy  
Project Costing Manual – Tauranga City Council