

Western Bay of Plenty District Council

Change to the District Plan – First Review

Plan Change 73 Financial Contributions

Section 32 Report

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1.0 Introduction

1.1. General Introduction and Background

Strong growth has been experienced and planned for in the District as outlined in the SmartGrowth Strategy, Council's Long Term Plan (LTP) and structure plans included in the District Plan. Infrastructure is required to accommodate growth in the District's urban and rural areas, and Council plays a significant role in providing such infrastructure.

For the construction of infrastructure necessary to service new development, financial contributions are the principle mechanism of funding. Financial contributions are money paid to (and/or work or land vested in) Council. Financial contributions are charged for water supply, wastewater disposal, stormwater disposal, transportation (including walkways and cycleways), recreation and leisure, and ecological protection. They can only be charged where the particular infrastructure is available, or proposed. They are imposed under the Resource Management Act via the District Plan and are levied on particular types of subdivision and development as specified in the District Plan. They require a resource consent to enable the charge to be made. As they are part of the District Plan, they can be challenged through the Environment Court.

The actual mechanism for charging financial contributions (e.g. formulas and schedule of works to calculate financial contributions) is included in the District Plan. The levels of service and capital works programme are included in the Long Term Plan (LTP), and it is this and the Annual Plan that determines the dollar value of the financial contribution.

The purpose of this project is a complete revision of the Council's financial contributions regime. This includes reviewing the tools used to implement Council's philosophical approach, financial models and accounting principles, and district plan provisions.

The review of contributions payable for housing on multiple-owned Maori land is not covered in this report. This is being undertaken as a separate project and will be the subject of its own plan change in due course.

It is also important to note that Proposed Plan Change 73 was notified in October 2015. However, staff found potential errors in the proposed changes and as a result the Proposed Plan Change was withdrawn. It is believed that these potential problems have been resolved and Plan Change 73 can be re-notified.

1.2. History

Financial contributions were made possible through the RMA(1991) and introduced into the Transitional Western Bay of Plenty District Plan in 1992 (called Development Impact Fees). They were based on the rational nexus test and have evolved over time. The ongoing refinement was in response to more accurate information becoming available to enable greater sophistication in calculating the costing and funding of infrastructure, and knowledge of, and impacts on, the capacity of the various networks. Reviews and plan changes were undertaken in 1994 (proposed District Plan), 1997 (PC1), 2002 (PC19), 2004 (PC26), 2006 (PC51) and 2009 (District Plan First Review). Reviews and updates were also undertaken as

part of the preparation of the various structure plans for the District's urban growth areas. These structure plans became important in the early 2000s, and there was a major challenge to financial contributions as part of the Omokoroa Stage 2 Structure Plan in 2008.

1.3. Current Methodology

Financial contributions are calculated by taking the following into consideration:

- The amount of growth expected.
- The level of service or capacity required to accommodate that growth.
- Approved infrastructure development programme included in the LTP (in urban situations they are based on the preparation of structure plans).
- The distribution of benefits between existing and future ratepayers arising from the approved infrastructure development programme.

Structure plans (maps) show where future growth is to be located and how infrastructure is to be provided to cater for that growth, based on the current adopted levels of service. Included with the structure plan is a schedule summarising the infrastructure to be provided, its costs, the timing of the projects (currently Omokoroa is the only structure plan with timing information), and who the projects will be funded by (the split between developer funding and rates funding). The structure plans are included in Appendix 7 of the District Plan. Because of the timing of the preparation (age) of the structure plans, some have a more sophisticated level of detail than others. Most of Council's structure plans were developed or reviewed prior to the global economic downturn and are now considered to require reviewing again.

The levels of service and Council's development programme are reviewed as part of the LTP process every three years.

Financial contributions are charged on a per lot basis through subdivision and set as conditions attached to the subdivision consent. Payment is due at RMA S224 (just prior to title issue). If payment is made more than 2 years after the subdivision consent, the financial contributions are reviewed to reflect the level of contribution current at the time. They are also charged on a per activity basis where subdivision is not involved but there are additional activities undertaken on a site, or there is increased use of some activities.

The basis for determining the appropriate level of contribution is a "household equivalent" (HHE). For Residential and Rural subdivision one lot equals one HHE. In the case of subdivision and development in the Commercial Zone, one HHE corresponds to a lot size of 600m². In the Industrial Zone, one HHE corresponds to a lot size of 1,800m².

1.4. Reason for the Review

The level of Council's financial contributions has been questioned in recent years particularly with the global recession putting the squeeze on the feasibility of development. A review is also required for the following reasons:

- The current regime has been in place since 1994 and it is timely to question whether the current approach is still appropriate, particularly the apportionment between growth and existing ratepayers.

- The cost of providing infrastructure has risen in recent years which has resulted in higher financial contributions.
- High financial contributions are a disincentive to development, to the extent of making sections for affordable housing uneconomic. Financial contributions can be more than \$40,000 on a residential property, which is 30% of the average section price.
- The slow down in growth caused by the GFC means there is less development and therefore fewer contributions to pay for loan-funded infrastructure. This means fewer people to pay for the same level of costs.
- Much of the infrastructure has been provided as lead infrastructure and is loan funded which results in substantial interest costs.
- SmartGrowth encourages residential intensification and growth in identified growth areas and through infill. The question is whether the financial contributions model should help to facilitate this.
- There are areas with existing infrastructure that, in most cases, have surplus capacity that is already paid for. More compact development could be encouraged in such locations.
- The contributions paid in other districts, notably Tauranga, are significantly lower.
- The use of the HHE is causing distortions, particularly for non-residential activities. A small commercial extension of 100m² may cost only \$100,000 yet the contributions can be \$28,000. A large supermarket is likely to pay less than a small additional shop or residential apartment in a town centre.

1.5. Proposed Plan Change and Resource Legislation Amendment Bill 2015

The Resource Legislation Amendment Bill 2015 (the Bill) had its first reading on 3 December 2015. The Bill proposes deleting financial contributions from the RMA, thus only allowing the charging of development contributions under the Local Government Act. A transition period of five years is provided in the Bill. There is no certainty as to the outcome of the Select Committee process of hearing submissions on the Bill, thus consideration of any changes will only be addressed once it becomes an Act. The issues relating to financial contributions as currently provided for need addressing now, and any delay in the changes proposed in this plan change will be unacceptable to the Council and the development community.

1.6. Structure of the Report

The report is divided into the two main land use types: housing (being residential and rural); and business (commercial and industrial). These are then separated into the different types of infrastructure. Options are presented for each, with advantages and disadvantages, and a discussion that presents the preferred option. A summary is provided at the end that presents the overall preferred framework.

The issue of whether or not a District Plan Change is required is not analysed for each option, as the assumption is made that a plan change will be notified, as there are a number of technical changes required regardless of whether the fundamental approach is changed.

There are also discussions on options for the timing of the payment of financial contributions, whether Council should target the reduction of financial contributions for particular activities, and on Development Contributions under the Local Government Act.

2.0 Resource Management Act 1991

2.1. Section 32

Before a proposed plan change can be publicly notified the Council is required under section 32 ("s.32") of the Act to carry out an evaluation of alternatives, costs and benefits of the proposed review. With regard to the Council's assessment of the proposed plan change s.32 requires the following:

- 1) *An evaluation report required under this Act must—*
 - (a) *examine the extent to which the objectives of the proposal being evaluated are the most appropriate way to achieve the purpose of this Act; and*
 - (b) *examine whether the provisions in the proposal are the most appropriate way to achieve the objectives by—*
 - (i) *identifying other reasonably practicable options for achieving the objectives; and*
 - (ii) *assessing the efficiency and effectiveness of the provisions in achieving the objectives; and*
 - (iii) *summarising the reasons for deciding on the provisions; and*
 - (c) *contain a level of detail that corresponds to the scale and significance of the environmental, economic, social, and cultural effects that are anticipated from the implementation of the proposal.*

- (2) *An assessment under subsection (1)(b)(ii) must—*
 - (a) *identify and assess the benefits and costs of the environmental, economic, social, and cultural effects that are anticipated from the implementation of the provisions, including the opportunities for—*
 - (i) *economic growth that are anticipated to be provided or reduced; and*
 - (ii) *employment that are anticipated to be provided or reduced; and*
 - (b) *if practicable, quantify the benefits and costs referred to in paragraph (a); and*
 - (c) *assess the risk of acting or not acting if there is uncertain or insufficient information about the subject matter of the provisions.*

- 3) *If the proposal (an amending proposal) will amend a standard, statement, regulation, plan, or change that is already proposed or that already exists (an existing proposal), the examination under subsection (1)(b) must relate to—*
 - (a) *the provisions and objectives of the amending proposal; and*
 - (b) *the objectives of the existing proposal to the extent that those objectives—*
 - (i) *are relevant to the objectives of the amending proposal; and*
 - (ii) *would remain if the amending proposal were to take effect.*

- 4) *If the proposal will impose a greater prohibition or restriction on an activity to which a national environmental standard applies than the existing prohibitions or restrictions in that standard, the evaluation report must examine whether the prohibition or restriction is justified in the circumstances of each region or district in which the prohibition or restriction would have effect.*

2.2. Section 74

In accordance with Section 74(2A) of the Act, Council must take into account any relevant planning document recognised by an iwi authority lodged with Council. None of the iwi or hapu management plans address this topic. However as stated in 1.1 above, financial contributions for housing on multiple-owned Maori land is the subject of a separate project.

3.0 Consultation

A Discussion Document was distributed to the SmartGrowth Property Developers Forum and circulated to developers operating in the Western Bay of Plenty District. Feedback meetings were held with the following people during 2014/15 who are either currently operating, or interested in operating, in the District:

Mark Mayston, Manioroa Properties
Brent Slater
Kevin Honis and Bill Mitchelmores, Transland Group
Shae Crossan and John Lewis, Stratum Consultants
Philip Bell, Capital Group
David Page, Neil Group
Jim Lochhead, Carrus Corporation
Jeff Fletcher
Dwayne Roper

Much of the public discussion has been more about the quantum of the financial contribution to be paid, rather than the principles involved. However feedback from those listed above was quite specific and has been quite frank and valuable for the analysis that follows.

4.0 Philosophy

Council's current philosophy is that, in principle, growth should pay for growth. This means that the cost of providing infrastructure for new growth should be met by that growth at the time of development (usually this is at the time of subdivision). This philosophy is set out in Council's Financial Strategy which is part of the Long Term Plan (LTP). The principle as stated in the LTP is "...to recover the maximum amount possible from the direct users of a service (the 'user-pays' principle) or from those that create the need for a service (the 'exacerbator-pays' principle)". The Strategy also recognises that in some circumstances it is prudent for general ratepayers to help fund interest on growth-related debt, particularly where debt is higher than forecast because growth has been lower than expected.

While growth has its costs, it also has the ability to bring benefits with new infrastructure such as reserves and roads that contribute to the overall fabric of the community. In a broad sense, growth also contributes to the overall economy within the District and has a considerable flow-on effect, for example, to the retail and business sectors within the District.

Although called "growth pays for growth", it is important to note that this doesn't mean that financial contributions always fund 100% of all infrastructure associated with the development. Frequently infrastructure provided for new development also rectifies capacity shortfalls for the existing community, and thus the latter should also contribute to the cost of that infrastructure. Each capital project needs to be assessed in terms of whether the wider community will benefit from the project and by how much. With regard to the projects included in the structure plans, this benefit split is reflected in the funding source included in the infrastructure schedule. For projects other than those listed in the structure plans, the splits between community benefit and developer benefit are included in the asset management plans.

Such apportionments between new development and the existing community are not an exact science. For example a rural road to an urban settlement is upgraded because the amount and type of residential growth expected requires an improved level of service to an urban standard. On the one hand it is argued that the existing residents will get a significantly improved road, and therefore should contribute to its cost; while the other argument is that the current standard is adequate for the existing population and the only reason for the upgrade is to cater for the new residents, and therefore they are the ones that should pay.

The challenge for Council is that the costs associated with growth are recouped in a fair and equitable manner. The main difficulty will be in ascertaining how to apportion the benefits, such as the example given above where the infrastructure is not actually required by the existing community but a benefit is received. This will require a rigorous assessment of where the benefits lie, and therefore will enable a more accurate assigning where funding should come from. Although the assessment will have risks associated with it in terms of quantifying how the benefits should be apportioned, those risks can be minimised by ensuring there is engagement by affected parties. The key will be in documenting the assumptions to ensure consistency of approach. A set formula to be applied across the District will not be appropriate as each situation will have its own peculiarities: providing a new road or upgrading an existing sewer for greenfield development in Katikati will have quite different circumstances to greenfield development in Te Puke.

5.0 Review of Structure Plans

A key action in the review of financial contributions is the review of the structure plans and their accompanying schedules along with levels of service. The review of the structure plans for the District's urban growth areas has been undertaken as a separate exercise and completed for Omokoroa, Katikati and Waihi Beach. The Te Puke Structure Plan is currently under review.

6.0 Financial Contribution Catchment Sizes

Financial contributions are based on infrastructure catchments. The current approach is to use fewer larger catchments rather than many smaller ones. Associated with this is the preference to relate infrastructure catchments to community catchments where possible and appropriate. Thus the urban growth towns of Waihi Beach, Katikati, Omokoroa, and Te Puke are treated as individual catchments for wastewater, transportation and stormwater. Water supply uses the Western, Central, and Eastern Supply Catchments which cover urban and rural. Rural roading is District wide (excluding the UGAs), and recreation and leisure is District wide (urban and rural).

There is concern that using larger catchments can lead to cross subsidising. For example the Te Puke urban area is considered to be one catchment, yet there are parts of the Te Puke Residential Zone where little infrastructure upgrade is required for development, while others require substantial new infrastructure. An option is to redefine some catchments into smaller catchments and calculate the contributions accordingly. An issue with smaller catchments is whether such catchments can be isolated as most still rely on down stream infrastructure to function.

Option 1: Financial contributions based on larger catchments (current system)

Benefits, effectiveness and efficiency of charging in terms of larger catchments	Costs, ineffectiveness and inefficiencies of charging in terms of larger catchments
<ul style="list-style-type: none"> • Simple to calculate and administer. • Smooth out costs over the whole catchment. • Easier to apportion those projects that have multi-catchment impacts. • Treats the whole community of benefit (e.g. whole town) the same. 	<ul style="list-style-type: none"> • Areas that have minor infrastructure requirements will be subsidising those that have significant requirements.

Option 2: Financial contributions based on smaller catchments

Benefits, effectiveness and efficiency of charging in terms of smaller catchments	Costs, ineffectiveness and inefficiencies of charging in terms of smaller catchments
<ul style="list-style-type: none"> • More fairly apportions the actual cost to the area of benefit. • May provide significant cost savings for some areas and as a result stimulate growth in these areas. 	<ul style="list-style-type: none"> • Will be difficult to fairly apportion some linked infrastructure (for example stormwater networks, roading). • Increased administrative costs with multi catchments. • Higher costs in some areas leading to disincentives to develop where Council may want to encourage development to occur.

Discussion

There is a strong argument in favour of Option 2, Smaller Catchments because of the way it apportions actual costs to those who benefit. There are several issues with this. The first is how small should the catchments be? For example while it can be argued that a new greenfield growth area is going to have different requirements (more infrastructure) than older more established areas, even within that new greenfield growth area there will be areas that will have different infrastructure requirements. Second is the connectivity issue and how that should be apportioned between the sub-catchments.

The District's urban areas are comparatively small and each is seen by their community as a whole catchment in its own right. Thus it can be argued that development anywhere in that catchment is going to gain benefit from new infrastructure elsewhere in that catchment. The issue to date is that some growth areas have been included that contain locations that in hindsight are deemed not to be feasible to develop. The process of preparing and costing structure plans is now more rigorous and such situations should not occur, thus reducing such large variations within catchments. For this reason the current method (Option 1) is preferred.

7.0 Residential and Rural

With the exception of recreation and leisure, financial contributions are currently charged on a fixed amount for each lot/dwelling/household equivalent. Contributions for recreation and leisure are based on a fixed percentage of the section's estimated sale price.

Financial contributions are mainly calculated by using a standard HHE unit. The District Plan defines HHE as the impact on existing infrastructure generated by a typical household and is based on the following assumptions:

- 2.7 persons per dwelling
- water use of 0.6m³ per day
- wastewater use of 0.5m³ per day
- 10 vehicle movements per day

Feedback has been received about the calculation of these HHE's. The queries relate to whether the figures in the assumptions have changed because of changing household sizes, more efficient appliances, and different travel patterns. The only change has been a slight drop in persons per dwelling from 2.7 to 2.6 which will not have any effect on HHE calculations.

It can be argued that the current household equivalent approach does not encourage intensification as, in general, the market value of a small section (350m²) is lower than a large section (900m²), but the financial contributions on both sections will be the same.

Developers (especially those marketing to the "empty nesters") argue that it is not fair to charge the same financial contributions for a 2 bedroom/one bathroom dwelling as a 5 bedroom/3 bathroom dwelling because it places a lower demand on the infrastructure.

It is also important to keep in mind that Council's urban growth philosophy is based around the SmartGrowth principle, meaning that urban growth and development be encouraged in identified urban growth areas and rural amenity and production be strengthened in "non-urban growth areas" by discouraging development practices that may impact on the productivity of the land. There are a number of Residential Zoned areas in the District that are outside urban growth areas. Most of these areas are, for example on septic tanks or subject to land hazards (Coastal Protection Risk areas) and Council cannot encourage intensification in these areas. As a result the minimum lot size, for example, in residential areas outside urban growth areas is 800m² and in urban growth areas it is either 350m² or 400m².

Other considerations that need to be taken into account are:

- Desire to encourage redevelopment of underutilised land (brownfield development) within identified urban growth areas.

- Each infrastructure type may need to be treated differently because the relationship between demand and development can be different for each.
- The population in the District is aging and as a result the demand for smaller and one and two bedroom dwellings will increase.

Different options are examined for calculating financial contributions for each type of infrastructure. These are:

- Per lot or dwelling.
- Per hectare.
- Number of bedrooms/size of dwelling.
- Based on the size of the water connection (water and wastewater only)

These options are explored in the following sections, and are separated into the different types of infrastructure in order to address their respective complexities.

7.1. Water and Wastewater

There is a direct relationship between water and wastewater in the average household. The HHE definition included in the District Plan calculates wastewater as 0.85 (85%) of the water usage and equates to 0.5m³. Therefore, the method for calculating financial contributions for water and wastewater should be the same.

Option 1: Fixed financial contribution for water and wastewater on a per lot or dwelling basis (current option)

Each new lot or additional dwelling pays a set contribution, regardless of lot or dwelling size.

Benefits, effectiveness and efficiency of a fixed contribution per lot or dwelling	Costs, ineffectiveness and inefficiencies of a fixed contribution per lot or dwelling
<ul style="list-style-type: none"> • Easy to calculate and apply for each development (for both developer and Council). • Well understood by all parties. • Easy to apply to infill, brownfield and greenfield subdivision and development. • Can be applied to Residential, Medium Density, Rural, Lifestyle and Rural-Residential Zones. 	<ul style="list-style-type: none"> • Does not encourage intensification, especially in Greenfield areas. • May not achieve the level of development that the infrastructure provides for, thus under-recoupment of contributions. • Disadvantage to affordable dwellings/lots as it comprises a larger percentage of the sales price. • Does not consider smaller households (e.g. empty nesters) that may use significantly less water than the average household. • Does not distinguish between larger or smaller users of infrastructure (particularly rural).

Option 2: Fixed financial contribution for water and wastewater on a per hectare basis

Some Councils apply financial contributions on a fixed density basis, e.g. assuming 15 dwellings (or HHE) per hectare. With the development of a structure plan, the yield of the structure plan area is determined by assuming a subdivision and development density. One of the growth objectives of SmartGrowth is that a density of 15 dwellings per hectare be achieved by 2037 when developing structure plan areas in identified urban growth areas. Because of the timing of SmartGrowth and the subsequent provisions for urban growth management in the Regional Policy Statement, the yield from greenfield areas will vary and this will need to be taken into account in the preparation of each structure plan, and its associated financial contribution schedule.

Residential density is controlled through the District Plan. This is mostly done through the use of minimum lot sizes, though in some cases the maximum average is used. As stated above, SmartGrowth has a requirement to move towards a density of 15 dwellings per hectare. Currently infrastructure is planned and provided for a density of 12 dwellings per hectare, and development is commonly around this level.

A per-hectare approach divides the cost of servicing across an area of land, regardless of the number of dwellings, instead of on a per-lot basis. As a result, a higher density subdivision will have a smaller per lot financial contribution than a low density subdivision.

If a development exceeds a density of 12 dwellings per hectare there is a risk of under-recovery if the infrastructure has to be enlarged for the increased number of dwellings. The risk is considered to be relatively small as some areas within the structure plan area would likely be of a lower density and therefore balance out to approximately 12 dwellings per hectare. The risk is also considered to be low as the District's urban areas are "small town New Zealand", and the market is conservative with respect to residential densities which means there will be a low demand for higher densities such as greater than 15 per hectare. The exception will be the likes of retirement and lifestyle villages which will be subject to landuse consents and assessed accordingly. Notwithstanding there is evidence that densities are increasing, and it would be prudent for Council to guard against exceptionally higher densities by including a rule that requires specific assessment if a particular density is exceeded, e.g. more than 15 dwellings per ha.

It is important to note that if a contribution is charged per hectare, no further contributions can be charged for any subsequent infill subdivision or development at a later stage, unless that infill development didn't meet the activity performance standards included in the District Plan, for example minimum lot size or maximum density (currently not included in the District Plan). A database will be required, and perhaps maps, that identify where such contributions have already been paid.

Benefits, effectiveness and efficiency of a fixed contribution per hectare	Costs, ineffectiveness and inefficiencies of a fixed contribution per hectare
<ul style="list-style-type: none"> • Easy to apply to each development, particularly greenfield (for both developer and Council). • Easy to align financial contributions with the density included in structure plans (12 household equivalents/ha). • Would encourage developers to maximise the development potential of the land. • Encourages concentrated urban form and a more compact urban footprint. Potentially less overall infrastructure is required which leads to cost savings. • Greater certainty for Council on the amount of contributions to be received. 	<ul style="list-style-type: none"> • Cannot be applied to Rural, Lifestyle, Rural-Residential Zones and residential areas that are on septic tanks or outside identified growth areas. • Potential to result in an under-recovery of costs (compared to the network capacity consumed) if a development exceeds the density, i.e. charging at 12 but achieving 18 dwellings per ha. Can use a rule to manage this. • Some difficulties with larger greenfield development as there will be some debate as to what allowance is made in the calculations for e.g. roads, reserves, contour.

Option 3: Financial contribution for water and wastewater based on the water connection size

Each lot at subdivision time is provided with a 20mm water connection and it can be argued that such a water connection is equal to one HHE. Larger developments require larger connections. If a development requires a larger connection, e.g. 25mm connection, it is because they will consume more water and produce more wastewater than the average household and should therefore pay a higher financial contribution.

According to Council's Asset Management Plan for Water management, the connection capacities are as follows:

Connection size(mm)	Household Equivalent 20mm connection
20	1
25	1.56
40	4
50	6.25
100	25
150	56.25

Although this option seems straight forward, it could result in innovative practices (e.g. on-site water tanks) to supply water to more than one dwelling from a 20mm connection. As a result the water and wastewater household equivalent could be exceeded significantly. It is also important to note that the higher the water pressure, the more dwellings that can be supplied from a 20mm water connection.

This method may encourage the installation of undersized connections to reduce costs to the developer. Consequently Council is likely to receive complaints from customers about insufficient water pressure once the area is fully developed. It may be necessary that rules be included in the District Plan to limit the number of dwellings or activities per water connection size. This is less likely to be an issue for

rural developments, where connection size is more appropriate as it will relate to the water requirements of not just the dwelling and may include irrigation and water for stock.

However, this method may encourage unit title development, which Council would like to encourage in the Medium Density Residential Zone.

Benefits, effectiveness and efficiency of a contribution per connection or connection size	Costs, ineffectiveness and inefficiencies of a contribution per connection or connection size
<ul style="list-style-type: none"> • Easy to calculate and apply (for both developer and Council). • Easy to apply to infill, brownfield and greenfield. • Can be applied to Residential, Medium Density, Rural, Lifestyle and Rural-Residential Zones. • Easy to apply to subdivision and development other than residential, e.g. accommodation facilities and places of assembly. • Could encourage unit title development, especially Medium Density Residential Zone. 	<ul style="list-style-type: none"> • Could result in the development of a significant number of dwellings on one 20mm connection, which would exceed the household equivalent of 0.6m³ of water and 0.5m³ of wastewater per day. • Does not consider smaller households (e.g. empty nesters) on a freehold title that may use significantly less water than the average household.

Discussion on all water and wastewater options

The current method of a set contribution per lot has a high level of simplicity, is well understood, and easy to apply (one developer described it as “intuitive”). The per hectare method is also straight forward (it will be interpreted as a per square metre rate), and has the added advantage of potentially encouraging more intensive use of land. Feedback from consultation was somewhat divided, with some saying the per hectare option made them think more seriously about intensification and encouraged them to make better use of the land, and it has the advantage of smaller sections paying lower contributions. The counter is that, for greenfield development, greater density to reduce financial contributions is not seen as an incentive, particularly above 15 per hectare: the developers’ driver is what the market wants in terms of lot size and housing typologies. The per hectare option will be attractive for infill proposals where the developer (usually a private landowner) is seeking to maximise their profit.

In summary:

- Residential Zones: per hectare
- Rural Zones: per connection size

7.2. Stormwater (Residential only – there are no Rural stormwater charges)

Stormwater is generated from runoff from impervious hard surfaces, as well as hard surfaces preventing soakage. Examples include the roof of a building, driveways, paved patios, and even swimming pools (prevents soakage). There are significant existing stormwater challenges in parts of the District and in response to climate

change these challenges will increase in future. To assist with the management of stormwater, the District Plan has a rule that sets a building coverage of 40% for residential zones.

Option 1: Charging a fixed financial contribution for stormwater on a per lot or dwelling basis (current method)

Council charges stormwater contributions on a per lot or dwelling basis, but building footprint and on-site stormwater management features (e.g. detention tanks) can be taken into consideration when calculating the contribution. For example with a unit title development where one dwelling is above another dwelling or other activity, only one contribution is charged as the building footprint is not increased by the second activity above the ground floor.

Benefits, effectiveness and efficiency of a fixed contribution per lot or dwelling	Costs, ineffectiveness and inefficiencies of a fixed contribution per lot or dwelling
<ul style="list-style-type: none"> • Easy to calculate and apply (for both developer and Council). • Easy to apply to different types of residential development. 	<ul style="list-style-type: none"> • Does not encourage on-site stormwater management practices. • Does not encourage a reduced footprint by developing a double storey. • Disadvantage to more affordable dwellings/lots as it comprises a larger percentage of the sale price. • Hard surfaces other than buildings are not taken into consideration. • May be under recoupment by Council if fewer lots subdivided than expected for the calculated capital works.

Option 2: Charging a fixed financial contribution for stormwater on a per hectare basis.

Benefits, effectiveness and efficiency of a fixed contribution per hectare	Costs, ineffectiveness and inefficiencies of a fixed contribution per hectare
<ul style="list-style-type: none"> • Easy to apply. • Could encourage developers to optimise the development potential of the land. • Easy to apply to different types of residential development. • Greater certainty for Council on the amount of contributions to be received. • Once a per hectare financial contribution was paid, no further contributions would be charged for any subsequent infill subdivision or development. 	<ul style="list-style-type: none"> • Could result in an under-recovery as unless the building coverage rule is converted to a site coverage rule (i.e. include all hard surfaces) and strictly enforced, the higher the development density the more stormwater run-off that will be generated. An option is to introduce a cap to minimise such risk (for example 15 dwellings per hectare).

Discussion

Stormwater management is related to the size of the catchment and the area of impervious surfaces: i.e. it is land related, not people related. With a coverage rule, the cost of that management will be the same regardless of the number of lots. Thus while the current method of a set contribution per lot has a high level of simplicity, is well understood, and easy to apply, there is a danger of under-recovery if the number of lots is lower than what the calculations are based on. The per hectare method addresses this and in doing so has the added advantage of potentially encouraging more efficient use of land. Thus, on balance, Option two, Fixed Contribution per Hectare, is preferred as it gives Council more certainty in recouping the costs of stormwater management, is more effects based, will encourage more efficient use of land, and lowers the cost of smaller sections.

7.3. Transportation

The transportation financial contribution covers all matters related to the wider meaning of transportation including roads, some parking facilities, walkways and cycleways (where they are not integral with recreation reserves), and contributions to state highway intersection upgrades related to growth.

There is some debate as to whether infill should be treated differently to greenfield development. The standard of existing roads in the District's urban areas is generally sufficient to accommodate any increase in use caused by residential infill. It could therefore be argued that transportation contributions should not be charged for infill subdivision and development. There is a parallel to this with greenfield development where all internal roads are provided by the developer and do not form part of the financial contributions. However, growth (whether as a result of infill or greenfield development) will require additional capital works within the wider network, for example improvements to intersections to cater for increased traffic, and structure plan roads to improve connectivity. On this basis it is fair and reasonable to charge a financial contribution for transportation for both greenfield and infill.

Option 1: Charging a fixed financial contribution for transportation on a per lot or dwelling basis (current option)

Benefits, effectiveness and efficiency of a fixed contribution per lot or dwelling	Costs, ineffectiveness and inefficiencies of a fixed contribution per lot or dwelling
<ul style="list-style-type: none"> • Easy to calculate and apply (for both developer and Council). • Easy to apply to different types of residential development. • Can be applied to Residential, Medium Density Residential, Rural, Lifestyle and Rural-Residential Zones. 	<ul style="list-style-type: none"> • Does not encourage intensification. • Disadvantage to more affordable dwellings/lots as it comprises a larger percentage of the sales price. • Inequitable to smaller households that are making significantly fewer trips than the average 10 trips per household. • Does not encourage the redevelopment of Medium Density Residential Zones.

Option 2: Charging a fixed financial contribution for transportation on a per hectare basis

Benefits, effectiveness and efficiency of a fixed contribution per hectare	Costs, ineffectiveness and inefficiencies of a fixed contribution per hectare
<ul style="list-style-type: none"> • Easy to apply (for both developer and Council) • Aligns financial contributions with the density included in structure plans. • Could encourage developers to optimise the development potential of the land. • Easy to apply to different types of residential development. • Greater certainty for Council on the amount of contributions to be received. 	<ul style="list-style-type: none"> • Cannot be applied to Rural, Lifestyle, Rural-Residential and Residential Zones outside urban growth areas. • May result in an under-recovery if a development exceeds the density.

Discussion

The arguments for Transportation are the same as for water and wastewater. The current method of a set contribution per lot has a high level of simplicity, is well understood, and easy to apply. The per hectare method has the added advantage of encouraging more effective use of land, and lowering contributions for smaller sections.

In summary:

- Residential zones: per hectare
- Rural zones: per lot or dwelling

7.4. Recreation and Leisure

The Recreation and Leisure Financial Contribution applies to the provision of passive and active open space and amenities, and covers the usual parks and their facilities as well as conservation and historic reserves, esplanade reserves, and also facilities such as toilets, libraries, boat ramps and jetties.

The whole District is treated as the catchment for this contribution. This is because residents do not confine their recreation and leisure pursuits to their immediate locality. For example a family in Pahoia will use the active reserves through the District (including Te Puke) for their children's sport; launch their boat at Omokoroa, Te Puna, Tanner's Point or Bowentown depending on their activity; use the library at Omokoroa or Katikati; go four wheel driving at TECT Park; use the toilets and changing rooms when going for a swim at Waihi Beach.

Financial contributions for recreation and leisure are currently based on a percentage of the estimated section price. The District Plan stipulates a maximum of 7.5% of the value of the section, with the Annual Plan setting the actual figure to be applied. The percentage included in the current (2015-2025) LTP is 3.33% of the section sale price, capped at a section price of \$255,000 (which implies a maximum

contribution of \$8,492). At a section sale price of \$100,000 the contribution would be \$3,330 and at \$150,000 it would be \$4,995. The main reason for a financial contribution based on a percentage of the section price is that Council has to purchase land for reserves at market value. On this basis, Council would receive more money for development in an “expensive” location which it could use to purchase recreation land in that expensive location.

This method is used by a number of Councils, while some charge a fixed amount per lot or dwelling.

There are four options for charging a Recreation and Leisure financial contribution. These options are illustrated in Figure 1 below.

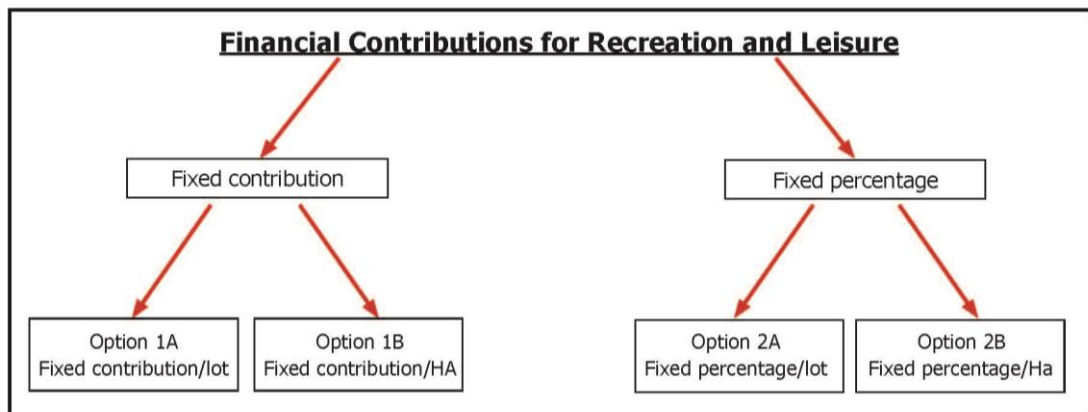


Figure 1: Financial contribution options for Recreation and Leisure

Option 1A: Fixed contribution per lot

A fixed contribution per lot would be the same methodology that is currently applied for water, wastewater, stormwater and roading financial contributions. It would be the same regardless of the size and location of the lot.

Benefits, effectiveness and efficiency of a fixed contribution per lot	Costs, ineffectiveness and inefficiencies of a fixed contribution per lot
<ul style="list-style-type: none"> • Easy to calculate and apply (for both developer and council). • Aligns with the current methodology used to calculate other financial contributions. • Easy to apply to different types of residential development. • Could be applied to all zones. • Would reduce the contribution on higher priced sections. • Does not require a land valuation. 	<ul style="list-style-type: none"> • Increases the contribution for lower priced sections. • Does not encourage intensification. • Disadvantages affordable dwellings/lots as it comprises a larger percentage of the sales price. • Does not recognise smaller households' lower demand.

Option 1B: Fixed contribution per hectare

Benefits, effectiveness and efficiency of a fixed contribution per hectare	Costs, ineffectiveness and inefficiencies of a fixed contribution per hectare
<ul style="list-style-type: none"> • Easy to apply (for both developer and council). • May encourage intensification. • Fairer for smaller dwellings and apartments. • Easy to apply to different types of residential development. • Would reduce the contribution on higher priced sections. • Does not require a land valuation. 	<ul style="list-style-type: none"> • Increases the contribution for lower priced sections, though not as much as 1A above. • Not appropriate for Rural, Lifestyle and Rural-Residential Zones.

Option 2A: Fixed percentage of value of lot (current methodology)

Benefits, effectiveness and efficiency of a fixed percentage per lot	Costs, ineffectiveness and inefficiencies of a fixed percentage per lot
<ul style="list-style-type: none"> • Takes the actual lot value into consideration and as a result benefits the development of affordable lots. • Compared to a per lot basis, encourages higher density development. • Related to the cost of providing land. 	<ul style="list-style-type: none"> • Not always easy to calculate as it relies on a property valuation at S224 stage. • The developer has to pay for a valuation. • Related to the value of the land rather than to the actual cost of facilities.

Option 2B: Fixed percentage of value of lot based on a per hectare basis

Currently the percentage is fixed on 3.33% and is reviewed through the LTP review process. Most of the structure plans are based on a density of 15 dwellings per hectare.

For this option, a valuer would have to determine a sale price as if the development comprised 12 dwellings per hectare, irrespective of the actual subdivision or development proposal. The valuation would be of a (theoretical) average lot size of 625m² (i.e. 10,000m² x 0.75/12lots, assuming 25% of the land will be roads and reserves). This would then be applied to give a hectare total, which would then be divided by the actual lot size to give the actual dollar figure for that lot.

Benefits, effectiveness and efficiency of a fixed percentage of sales price based on per hectare	Costs, ineffectiveness and inefficiencies of a fixed percentage of sales price based on per hectare
<ul style="list-style-type: none"> • Takes the actual lot value into consideration and as a result benefits the development of affordable lots. • May encourage intensification. • Methodology is aligned with structure plans 	<ul style="list-style-type: none"> • Not always easy to calculate as it relies on a property valuation at S224 stage and the valuation has to be based on a theoretical lot size of 625m² (based on 12 dwellings per hectare). • The developer has to pay for a valuation.

Discussion

Land purchase comprises approximately 30% of the Recreation and Leisure Financial Contribution. This weakens the argument that the higher land value sections should pay a higher contribution because of the land values in that location for the purchase of reserves. On that basis the fixed contribution options (1A and 1B) are the more equitable.

As with water, wastewater, and transportation the arguments for recreation and leisure are similar. The current method of set contribution per lot has a high level of simplicity, is well understood, and easy to apply. The per hectare method has the added advantage of potentially encouraging more intensive use of land and, of these, option two is fairer for smaller sections.

In summary:

- Residential zones in urban growth areas: per hectare (fixed contribution).
- Rural zones and other residential areas: per lot or dwelling (fixed contribution).

7.5. Smaller Dwellings

7.5.1 Financial contribution based on the number of bedrooms/size of a dwelling

All infrastructure capacity requirements, except stormwater, are driven by the number of people rather than the size of the lot or dwelling. There is an option to modify the financial contribution so that it relates to the actual demand determined by the number of residents. However the number of residents in any dwelling changes over time as a result of the ongoing changing in household size particularly as a family ages and members are either added or move out, and with the changing hands of properties with new households moving in. To avoid such complexities one practice is to base any calculations on the number of bedrooms.

As the size (number of bedrooms) of a dwelling is normally known only at the building consent stage, for the bedroom option to work the financial contributions (or a portion) would have to be charged at the building consent stage. It also means that if a homeowner adds an additional bedroom, they would have to pay a "top up" financial contribution.

Over the past five years, Council has received a number of resource consents earmarked for the empty nesters (couples whose children have left home). These consents included land use consents only (entire development on one lot such as a lifestyle/retirement development), land use and subdivision consent, and subdivision consent only.

These developments target a specific market that requires a smaller dwelling (one or two bedroom dwellings), and the developers argue that a financial contribution based on per lot or per dwelling is not fair as that regime is based on the capacity to service a three to four bedroom dwelling. The average number of persons per

dwelling is also less for the one and two bedroom dwellings compared with the average of 2.7 persons used in the financial contributions calculations.

In such cases, Council staff have worked with these developers and reduced the financial contributions per dwelling through the resource consent process. With the exception of a "minor dwelling", the District Plan is silent on a reduced financial contribution for one and two bedroom dwellings. As a result, it is up to the developer to put their case for an appropriate level.

Minor dwellings (max 60m², excluding garage) are charged financial contributions at 50% of a household equivalent.

Tauranga City Council reduces their contributions for one and two bedroom dwellings. These are Building Impact Fees charged at the time of issuing the building consent. According to data sourced from Statistics New Zealand by Tauranga City Council, the average occupancy for a one bedroom dwelling is 1.27 and for a two bedroom is 1.71. Tauranga City Council also looked at the actual water meter readings and vehicle movements at developments with one and two bedroom dwellings. They found that, with regards to water and wastewater, a one bedroom dwelling uses 0.50 of a household equivalent while a two bedroom dwelling uses 0.65 of a household equivalent.

Tauranga City Council defines one and two bedroom dwellings as follow:

One bedroom dwelling means a household unit with a maximum gross floor area of 80m² that has no more than two rooms, excluding a kitchen, laundry, bathroom, toilet or any room used solely as an entrance hall, passageway or garage. This includes studio apartments. One bedroom dwelling also means any household unit in a retirement village that is registered pursuant to section 10 of the Retirement Villages Act 2003.

Two Bedroom Dwelling means a household unit with a maximum gross floor area of 120m² that has no more than three rooms, excluding a kitchen, laundry, bathroom, toilet or any room used solely as an entrance hall, passageway or garage.

A potential drawback of this approach is that it is relatively easy to create a large room of, for example, 20m² in a dwelling with a gross floor area of 120m², which can be partitioned at a later stage without a building consent to create a third bedroom.

An alternative is to use floor area. Previously minor dwellings were limited to 50m² and most were one bedroomed. Subsequent to Council raising the size of minor dwellings to 60m², most minor dwellings of this size have been two bedroomed. Thus from an affordable dwelling perspective, it is possible to construct a two bedroomed house within 60m². This excludes the garage, which may also include laundry facilities. This size also avoids the possibility of an owner retrofitting the dwelling to fit a third bedroom if a larger size (e.g. 100m²) is used.

From a compliance perspective and from feedback from consultation, a contribution regime based on the number of bedrooms is likely to be subject to abuse. Using the size of the dwelling will substantially reduce this risk as long as appropriate maximums are used. For these reasons the preferable method is to use the size of the dwelling. Using size of dwelling will also reduce arguments over the types of rooms shown in the plan and whether they may be used for a bedroom (e.g. offices, sewing rooms).

The Tauranga City Council research showed that a two bedroomed dwelling uses 0.65 of a HHE, however, at 120m², they are significantly larger than the minor dwelling size of 60m². It is considered appropriate to retain the current minor dwelling size of 60m² as this still allows for a two bedroom dwelling, and a financial contribution figure of 50% of a HHE.

Financial contributions are currently charged at subdivision consent stage, and the dwelling size is not usually known at that time. To implement financial contributions related to the size of dwellings, there are three alternatives as follows:

- Charge a building financial contribution in addition to, or instead of, the current subdivision financial contribution.
- Charge the full contribution at subdivision consent, leaving the developer or future owner with the opportunity to apply for a refund at building consent stage through a resource consent variation.
- Charge the proportionate financial contribution (as determined by the size of the dwelling) at subdivision and register such against the title to ensure the future dwelling matched the financial contribution.

All three share the following common advantages and disadvantages:

Benefits, effectiveness and efficiency of based on size of dwelling	Costs, ineffectiveness and inefficiencies of based on size of dwelling
<ul style="list-style-type: none"> • Household size generally reflects the number of bedrooms, and therefore the potential occupancy, and is an indicator of infrastructure demand, so the cost can be more accurately and fairly apportioned on the basis of actual demand. • May encourage intensification, smaller dwellings and more compact urban form. • Can apply to both greenfield and infill subdivision. 	<ul style="list-style-type: none"> • Increases administration costs to both the Council and applicant. • Cannot apply to landuse activities other than residential, e.g. places of assembly.

The advantages and disadvantages specific to each alternative are:

A. Charge a building financial contribution in addition to, or instead of, the current subdivision financial contribution

Benefits, effectiveness and efficiency of based on size of dwelling using a building financial contribution	Costs, ineffectiveness and inefficiencies of based on size of dwelling using a building financial contribution
<ul style="list-style-type: none"> • Decreases the costs of subdivision which has a positive impact on the developer's cash flow. • May stimulate the release of further sections to the market as a result of reduced costs (or cash flow risks) to the subdivider. • There is local familiarity with this process as it is used by TCC under the LGA. 	<ul style="list-style-type: none"> • Delaying the payment of financial contributions to the building stage will impact on Council's cash flow with regard to the funding of the infrastructure (sections can remain vacant for a number of years). This could lead to an increase in the amount of contribution paid to compensate. The impact will be less with a subdivision and building split regime, than all at building stage. • If there is a split between subdivision and building, there is greater complexity with the calculations because of the need to determine which components of the structure plan and associated infrastructure should be assigned to the subdivision stage and which to building. • A resource consent is necessary to charge financial contributions, and thus would be required for every dwelling. This could be way of a simple administration procedure. • Increases the cost at building consent stage for the building industry and will be perceived as being an additional cost associated with housing.

B. Charge the full contribution at subdivision consent, leaving the developer or future owner with the opportunity to apply for a refund at building consent stage through a resource consent variation if a one or two bedroom dwelling is built

Benefits, effectiveness and efficiency if based on size of dwelling using a full subdivision financial contribution with a refund at building consent	Costs, ineffectiveness and inefficiencies if based on size of dwelling using a full subdivision financial contribution with a refund at building consent
<ul style="list-style-type: none"> • Only likely to be attractive with land and dwelling package developments. 	<ul style="list-style-type: none"> • Disconnect between the subdivider and builder ie subdivider pays but the builder receives any refund. • Increases Council's administration costs.

C. Charge the proportionate financial contribution (as determined by the size of the dwelling) at subdivision and register such against the title to ensure the future dwelling matched the financial contribution

Benefits, effectiveness and efficiency if based on size of dwelling using a proportional financial contribution and registering against the title	Costs, ineffectiveness and inefficiencies if based on size of dwelling using a proportional financial contribution and registering against the title
<ul style="list-style-type: none"> • One step process i.e. all financial contributions at subdivision only. 	<ul style="list-style-type: none"> • If the lots stipulated for one or two bedroom dwellings want to be changed post subdivision, a variation to consent would be required.

Discussion on charging per dwelling size

Of the three alternatives the last involving registering against the title is preferable. It has ease of understanding and gives greater certainty for all involved. It is simpler to administer as it does not require any additional steps or resource consents (and therefore time and cost) than the current system. It is a simpler one-step process. It also does not require a complete rework of the structure plans and infrastructure schedules to separate out the components that could be charged at subdivision stage from those at building stage, an exercise that is likely to be subject to some debate and challenge. It is also consistent with the current approach for minor dwellings whereby a financial contribution of 50% HHE is applied to dwellings less than 60m².

The practical application of this option is that most will use the minor dwelling approach in conjunction with small lots, but the “registration against title” approach is still available for those that seek to undertake something different.

In summary:

- Minor dwellings Residential Zones:
 - registration against title.
 - Max 60m², 50% of HHE
- Minor dwellings Rural Zones:
 - Applied at building consent (requires resource consent)
 - Max 60m²
 - 50% HHE

7.5.2 Retirement Villages

There are a number of retirement villages established in the District. Each time a new one is proposed there is a debate about what are the appropriate financial contributions that should apply, and it is up to the applicant to prove their case. This creates uncertainty to both the applicant and Council as to what the charge should be. Information provided by the Retirement Village Association shows that for their membership in the Tauranga area, there are 39 villages with 3800 residents in 2921 units. This equates to an average of 1.3 residents per unit. This figure is half the adopted HHE in the District Plan and suggests that an appropriate financial contribution for units in retirement villages should be set at 50% HHE. This would need to be qualified that it applied to one and two bedroomed units only, and units of a larger size would be subject to the normal financial contribution of 1HHE.

7.6. Converting a per Hectare charge to an average lot size charge

The Regional Policy Statement (RPS) identifies Waihi Beach, Katikati, Omokoroa and Te Puke as urban growth areas. These growth areas are required to achieve an average net yield of 12 dwellings or more per hectare from 1 July 2012, rising progressively to 15 dwellings or more per hectare by 1 July 2037 in all greenfield development in those growth areas.

In accordance with the definition of 'net developable hectare' in the RPS, land used for local reserves, open spaces, local and collector roads are included in the calculations.

Structure plans have been developed for urban growth areas to guide future development. Included in the structure plans are the proposed alignment of structure plan roads (collector and sometimes local roads), stormwater ponds (which are excluded from net developable hectare) and walkways. This means that more land may be required for roading where a structure plan road has to be accommodated in a subdivision, therefore disadvantaging developers that have to accommodate structure plan roads.

It is much easier to achieve a net yield of 12 dwellings per hectare with a relatively small subdivision where most properties are accessed off a private way than with a larger subdivision where a public road is required.

Some examples of the effect of the net yield per hectare methodology are shown in the following table. These are based on actual developments.

Example	Lots	Area	Density Lots/ha	Ave. lot size	HHE/lot	Comments
1	18	1.517ha	12	650	1.00	1 road
2	27	2.4ha	11.2	650	1.07	Loop road Good design
3	9	1.002ha	9	695	1.33	Restricted road access. Private way
4	14	0.9276	15.1	663	0.79	Corner property with direct access. No road
5	112	10.3755	10.8	640	1.11	Provide structure plan roads
6	182	14.4707	12.58	600	0.95	Provide all roads

The table shows that:

- Development with local and collector roads has to pay higher financial contributions than a subdivision with fewer roads.
- In general, smaller subdivisions pay less financial contributions per lot than a large subdivision.

This means that a developer who would like to achieve a good design outcome by providing a well planned roading and open space network has to:

- Sacrifice more land to accommodate the roads and open spaces;
- Pay more for the construction of the roads and open spaces (as opposed to a subdivision with narrow private ways);
- Either reduce the lot size significantly or pay higher financial contributions.

A number of residential subdivisions of various size, density and structure plan requirements have been examined. It is concluded that, in general, a well designed subdivision with a yield of 12 dwellings per hectare comprises:

- roads and open spaces that cover 25% of the net developable hectare; and
- residential sections that cover 75%.

This results in an average lot size of 625m². It is considered that this figure is what the standard should focus on, rather than the 12 dwellings per hectare. It has the advantage of being clearer to understand for all involved, and takes away the expected debates for each development as to what should be included in "net" hectare, and what should be excluded.

To ensure the minimum of 12 dwellings per hectare is achieved, the lot size needs to be expressed in terms of "minimum average". The term average is quite specific and will not allow a development to exceed 12 dwellings per hectare because the average will be lower than 625m². Maximum average will allow this, but also ensures the minimum of 12 is achieved as a figure of greater than 625m² will convert to a figure of less than 12 per hectare.

As mentioned in 7.1, in the Residential Zone, a net yield that exceeds 15 dwellings per hectare is likely to have a significant impact on bulk infrastructure. Using the same approach as above, a density of 15 dwellings per hectare equates to an average lot size of 500m². Thus a subdivision with an average lot size smaller than 500m² should be subject to a specific assessment.

Option 1: Financial contributions calculated on a per hectare basis

Benefits, effectiveness and efficiency if financial contributions are charged purely on a net yield of 12 dwellings or more per hectare.	Costs, ineffectiveness and inefficiencies if financial contributions are charged purely on a net yield of 12 dwellings or more per hectare.
<ul style="list-style-type: none"> • Benefits a subdivision where the parent lot has a long road frontage. • Benefits infill subdivision or smaller subdivisions where no public road is required. • Will achieve the required yield. • Encourage densification. 	<ul style="list-style-type: none"> • Penalises good subdivision design. • Penalises subdivision that has to incorporate structure plan roads. • Penalise larger developments where roads and reserves are required. • Localised site conditions that impact on development costs are not taken into consideration.

Option 2: Converting 12 dwellings per net developable hectare into a maximum average lot size of 625m²

Benefits, effectiveness and efficiency if financial contributions are based on a maximum average lot size of 625m ² .	Costs, ineffectiveness and inefficiencies if financial contributions are based on a maximum average lot size of 625m ² .
<ul style="list-style-type: none"> • Creates a "level playing field" irrespective of localised effects, such as the size and shape of the parent lot, or structure plan requirements. • Supports good design outcomes by not penalising subdivision with good connectivity. • Easy to calculate the financial contributions. • Easy to implement in both greenfield and infill subdivision. • Will achieve the required yield. • Encourages intensification. 	<ul style="list-style-type: none"> • Disadvantages subdivision where no roads are required. • Disadvantages development where less than 25% of land is required for roads.

Discussion

It is a requirement for development to meet the yield requirements included in the RPS. It is also important to ensure that Council gives effect to the urban and rural growth management objectives and policies included in the RPS and SmartGrowth. Associated with this is the need to achieve good urban design.

Council would like to encourage good urban design, and financial contributions should not encourage bad design and development outcomes with high social and environmental costs.

Option 2 - Converting 12 dwellings per net developable hectare into a maximum average lot size of 625m², is the preferred option, as it:

- Takes into consideration that a certain percentage of the parent lot is used for roading and reserve purposes.
- Is fairer to all developments.
- Is easy to apply.
- Encourages intensification.

The maximum average lot size of 625m² will become the HHE, and larger or smaller lots will pay financial contributions respectively. For example a lot size of 700m² will pay 1.12 HHE, and a lot size of 500m² will pay 0.8 HHE. For simplicity it can be converted to a per square metre rate.

8.0 Industrial and Commercial

Commercial and industrial activities require and pay financial contributions for water supply, wastewater disposal, stormwater management and roading infrastructure. They do not pay financial contributions for recreation and leisure as these are deemed to have been paid by the residents through the residential financial contributions.

The current financial contribution provisions in the District Plan state that the first activity on a site is paid for at subdivision stage and is deemed to be 1 HHE regardless of size. For second and subsequent activities, a financial contribution is paid to reflect the proportion of HHE that is applicable: in the Commercial Zone, one HHE corresponds to a lot size of 600m² and in the Industrial Zone it is a lot size of 1,800m². The square metre rate is based on the total lot size as in most commercial and industrial activities the whole lot is used, not just the building, and includes the likes of storage and parking.

Some of the issues that have arisen are:

- (a) Size of the building: A large storage shed with hard surfaces will generate significantly more stormwater than a small shop; however, both are treated the same for stormwater if they are the first activities on their respective sites. Conversely a large storage shed may use less water and produce less wastewater than a small engineering workshop.
- (b) Location of the development: Council would like to encourage the development of attractive and vibrant town centres. Currently a commercial development within the town centre and an "out of zone" commercial development will pay the same financial contribution.
- (c) First or second activity: Currently, the first activity does not pay a financial contribution (as a contribution is paid during subdivision), but a second or any subsequent activities do pay financial contributions. For example, two adjoining commercial lots (both vacant) are developed. On the one lot, a supermarket with a floor area of 1,000m² is constructed. On the other lot a building with five shops, with a floor area of 200m² per shop (1,000m² in total) is developed. As the supermarket is the first activity on that specific lot, a financial contribution is not charged. In the case of the other lot, one activity (shop) will be exempted from financial contributions, while the remaining four shops will have to pay a financial contribution (a minimum of 1 HHE per shop).
- (d) Vehicle movements: A roading contribution is currently charged as it is assumed that a new activity will generate additional traffic. It can also be argued that, within the town centre context, a new activity will not generate additional vehicle movements as people will go to the town centre anyway. However, there might be activities that have a significant impact on infrastructure; for example, a transportation business that exceeds a certain

size (number of vehicles) which should pay a roading contribution. An exception will be industrial zones in rural locations such as Te Puna Station Road where there is reliance on the rural road network.

It can also be argued that since attractive and vibrant commercial and industrial areas assist in facilitating and encouraging residential growth, and are promoted under the Council's Economic Development Strategy and town centre plans, this should be recognised in some way.

As a result the current method for calculating financial contributions does not encourage development, redevelopment or incremental growth in existing town centres and industrial areas.

8.1. Water

Option 1: Charging a financial contribution for water on a per lot or activity basis (current method)

Financial contributions for water are currently charged per lot (in the case of a subdivision) or per activity. Currently, the first activity does not pay a financial contribution (as a contribution is deemed to have been paid at subdivision time), but a second or any subsequent activities do pay a financial contribution.

Calculations are based on the HHE which is 600m² for Commercial Zones and 1800m² for Industrial, with the minimum payment being 1 HHE. A developer or an activity will pay an additional financial contribution for water if the lot size of 600m² is exceeded in the Commercial Zone and 1,800m² in the Industrial Zone. The figures used are the average calculated from the existing zones within the District. It follows therefore that the averaging method in the District Plan captures those developments that are larger than the average, but for the converse it could be argued that those that are smaller than the average are paying proportionally more than their share.

The District Plan lists a number of known high water use activities that must declare their likely water usage in order to have specific calculations for their financial contributions.

Benefits, effectiveness and efficiency of a contribution per lot or activity based on the HHE	Costs, ineffectiveness and inefficiencies of a contribution per lot or activity based on the HHE
<ul style="list-style-type: none"> • Easy to calculate (for both developer and Council). • Easy to apply. 	<ul style="list-style-type: none"> • Does not take actual water use into consideration. • Unfair to small industries or businesses and low water users which are common in the District. • Does not discourage out of zone development. • Discourages development and redevelopment in existing commercial and industrial areas. • Discourages activity owners to be water-wise.

Option 2: Charging a financial contribution for water on a per hectare basis

With this option developments would pay financial contributions in proportion to how much land is used. As stated above this is because commercial and industrial activities are not confined to buildings and tend to use the whole site.

Benefits, effectiveness and efficiency of a contribution based on per hectare	Costs, ineffectiveness and inefficiencies of a contribution based on per hectare
<ul style="list-style-type: none"> • Easy to calculate (for both developer and council). • Easy to apply to redevelopment, expansion of existing activities and new activities. • Can be applied to all activities permitted in the Commercial and Industrial Zones. • Encourages development in existing commercial and industrial areas. 	<ul style="list-style-type: none"> • There is not a direct relationship between the demand for water and the size of the activity (lot).

Option 3: Charging a financial contribution for water based on water connection size

As discussed in the Residential Section above, with this option each lot is provided with a 20mm water connection, on the basis that such a connection is equal to one HHE. Larger developments, or those that require larger volumes of water, would require larger connections and therefore pay a higher financial contribution.

Although this option is straight forward, it could result in innovative practices (e.g. on-site water tanks) to supply water to more than one activity from a 20mm connection. As a result the water and wastewater household equivalent could be exceeded significantly. It is also important to note that the higher the water pressure, the more activities that can be supplied from a 20mm water connection.

This method may encourage the installation of undersized connections to reduce costs to the developer. Consequently Council is likely to receive complaints from customers about insufficient water pressure once the area is fully developed. It will be necessary that rules be included in the District Plan to limit the number of activities per water connection size.

A number of activities are currently listed in the District Plan as high water users and as a result an additional financial contribution can be charged. By linking financial contribution calculations to connection size, these activities and others that may not have been previously specified would pay an additional contribution when applying for a larger connection. Thus the use of connection size may not require a list of specific high water users in the District Plan.

Benefits, effectiveness and efficiency of a contribution per connection or connection size per development or subdivision	Costs, ineffectiveness and inefficiencies of a contribution per connection or connection size per development or subdivision
<ul style="list-style-type: none"> • Easy to calculate (for both developer and council). • Easy to apply to redevelopment, expansion of existing activities and new activities. • Can be applied to all activities permitted in the Commercial and Industrial Zones, regardless of water usage. • Reflects the relationship between the effects (size of the connection) and the contribution. • Encourages activity owners to be water-wise by choosing the smallest practical connection size for their activity. 	<ul style="list-style-type: none"> • Encourages multiple activity developments on a site. • Considered to be unfair on low water users.

Discussion

The use of water varies significantly from activity to activity and there is no relationship with building or lot size. The current system of per lot or activity is simple to understand and administer but has a number of inequities, particularly for smaller and/or low water users. The per hectare Option 2 is fairer in dealing with activities because it takes the size of the activity into account, however it still does not have a direct relationship with actual demand on the infrastructure. Option 3 using size of the water connection does address the demand factor, although it could be argued to be unfair on low water users. The only way that there could be a direct relationship between demand and the level of contribution would be to require an assessment for every activity. This would require a consent for every activity, meaning there would not be any permitted activities. This is considered to be inefficient and would not be acceptable to the business community.

Thus Option 3 Contribution per Connection or Connection Size per Development or Subdivision is considered the preferable option as it is simple to administer and is the most equitable. The argument about small water users will be frequently overcome by the fact that small activities are seldom stand-a-lone and are usually part of a multiple development on the same lot, and therefore are likely to share a connection. The risk of large water users sharing a connection is considered small because of the likely impacts of an inefficient water supply on their activity.

8.2. Wastewater

Option 1: Charging a financial contribution for wastewater on a per lot or activity basis (current method)

Financial contributions for wastewater are currently charged per lot (in the case of a subdivision) or per activity. Currently, the first activity does not pay a financial contribution (as a contribution is deemed to have been paid at subdivision time), but a second or any subsequent activities do pay a financial contribution. The District Plan lists a number of known high water use activities that must declare their likely water usage, and hence assumed wastewater requirements (based on “water in, wastewater out”), in order to have specific calculations for their financial contributions.

Calculations are based on the HHE which is 600m² for Commercial Zones and 1800m² for Industrial, with the minimum payment being 1 HHE. A developer or an activity will pay an additional financial contribution for wastewater if the lot size of 600m² is exceeded in the Commercial Zone and 1,800m² in the Industrial Zone. It follows therefore that the averaging method in the District Plan captures those developments that are larger than the average, but for the converse it could be argued that those that are smaller than the average are paying proportionally more than their share.

Benefits, effectiveness and efficiency of a contribution per lot or activity based on the HHE	Costs, ineffectiveness and inefficiencies of a contribution per lot or activity based on the HHE
<ul style="list-style-type: none"> • Easy to calculate (for both developer and Council). • Easy to apply. 	<ul style="list-style-type: none"> • Does not take actual produced wastewater into consideration. • Unfair to small industries or businesses and low wastewater users which are common in the District. • Discourages activity owners to be water-wise. • Does not discourage out of zone development. • Discourages development and redevelopment in existing commercial and industrial areas.

Option 2: Charging a financial contribution for wastewater on a per hectare basis

With this option developments would pay financial contributions in proportion to how much land is used. As stated above this is because commercial and industrial activities are not confined to buildings and tend to use the whole site.

Benefits, effectiveness and efficiency of a contribution based on per hectare	Costs, ineffectiveness and inefficiencies of a contribution based on per hectare
<ul style="list-style-type: none"> • Easy to calculate (for both developer and council). • Easy to apply to redevelopment, expansion of existing activities and new activities. • Can be applied to all activities permitted in the Commercial and Industrial Zones. • Encourages development in existing commercial and industrial areas. 	<ul style="list-style-type: none"> • There is not a direct relationship between the production of wastewater and the size of the activity (lot).

Option 3: Charging a financial contribution for wastewater based on water connection size

As discussed in the Residential Section above, with this option each lot is provided with a 20mm water connection, on the basis that such a connection is equal to one HHE, and wastewater is based on "water in, wastewater out". Larger developments, or those that require larger volumes of water, would require larger water and wastewater connections and therefore pay a higher financial contribution.

Although this option seems straight forward, it could result in innovative practices (e.g. on-site water tanks) to supply water to more than one activity from a 20mm connection, and therefore produce greater quantities of wastewater. As a result the wastewater household equivalent could be exceeded significantly.

A number of activities are currently listed in the District Plan as high water users, and therefore likely high wastewater generators, and as a result an additional financial contribution can be charged. By linking financial contribution calculations to connection size, these activities and others that may not have been previously specified would pay an additional contribution when applying for a larger connection.

Benefits, effectiveness and efficiency of a contribution per connection or connection size per development or subdivision	Costs, ineffectiveness and inefficiencies of a contribution per connection or connection size per development or subdivision
<ul style="list-style-type: none"> • Easy to calculate (for both developer and council). • Easy to apply to redevelopment, expansion of existing activities and new activities. • Can be applied to all activities permitted in the Commercial and Industrial Zones, regardless of water usage. 	<ul style="list-style-type: none"> • Encourages multiple activity developments on a site. • Considered to be unfair on low wastewater producers. • Not a direct relationship between water use and wastewater production.

Discussion

The production of wastewater varies significantly from activity to activity. The current system of per lot or activity is simple to understand and administer but does have some inequities, particularly for smaller and/or low wastewater producers as there is no relationship with building or lot size. The per hectare Option 2 appears fairer in dealing with activities because it takes the size of the activity into account, however it still does not have a direct relationship with actual demand of the infrastructure. Option 3 using size of the water connection assumes for industrial and commercial activities that “water in equals water out”. This is incorrect as there are a number of activities that use reasonable quantities of water, but do not produce much wastewater such as for the washing of machinery. The only way that there could be a direct relationship between demand and the level of contribution would be to require an assessment for every activity. This would require a consent for every activity, meaning there would not be any permitted activities. This is considered to be inefficient and would not be acceptable to the business community.

On balance the existing method of per lot or activity is considered the preferable option as it is simple to administer and is the most equitable. A rule should be included that requires an assessment for large wastewater producer type activities that would be listed in the District Plan (as with water users at present). Alternatively applications under the Trade Waste Bylaw would identify any anomalies. If users were more than 1 HHE, assessment would be based on water connection size, unless an assessment showed otherwise.

8.3. Stormwater

The District Plan states that in the Commercial and Industrial Zones, one household equivalent is equal to 300m² of “developable land”, which includes land that has the potential to be covered by buildings, hard stand, parking and access areas. The Plan also explains that where stormwater is fully managed on site, financial contributions should not be charged.

Although the methodology is fair and reasonable, there are a number of contradicting provisions in the Plan. For example, the Plan states that all new lots will pay a minimum of one household equivalent. The definition of household equivalent mentioned that, in the case of a commercial lot, the household equivalent is equal to 600m² and in the case of an industrial lot 1,800m². It is

therefore not clear how 300m² of “developable land” relates to lot sizes of 600m² or 1,800m². This requires clarification. It is also important to introduce provisions to encourage on-site stormwater management.

As stated above for residential development, stormwater management is related to the size of the catchment and the area of impervious surfaces: i.e. it is land related, not people related. With the assumption that commercial and industrial land is completely covered by impervious surfaces, the cost of that management will be the same regardless of the number of lots. Thus the option of a Fixed Contribution per Hectare is the only option as it is directly effects based, and gives Council more certainty in recouping the costs of stormwater management.

8.4. Transportation

Current practice is to charge a contribution per commercial or industrial activity. Cash in lieu for parking is also charged in Katikati and Waihi Beach town centres on certain activities. The cash in lieu rules for parking is to assist with the development of public parking areas within the town centre. It is not part of the financial contributions for transportation, but forms part of the parking requirement included in Section 4B of the District Plan.

It is also important to note that commercial and industrial activities already pay a higher roading rate (differential of 2).

It can be argued that as households have already paid a transportation contribution (as part of the subdivision consent) to account for their visits to shops or to work, the commercial/industrial developer should not be required to also pay for those worker related trips. For the commercial and industrial developments it is argued that they attract additional traffic, particularly heavy vehicles and visitors from outside the District, and that they should pay a contribution. The counter to this is that such traffic uses the state highways and roads already provided as part of subdivisions, and therefore should not be charged contributions.

There are two options for transportation financial contributions on existing properties (i.e. excluding industrial and commercial activities within structure plan areas):

- A contribution on transportation per activity or per new lot (current option), or
- No contributions on transportation.

Option 1: Charging a financial contribution for transportation on new activities/lots within existing commercial and industrial areas

Benefits, effectiveness and efficiency of a contribution for transportation per activity or lot	Costs, ineffectiveness and inefficiencies of a contribution for transportation per activity or lot
<ul style="list-style-type: none"> • Council will receive a financial contribution. 	<ul style="list-style-type: none"> • Discourages growth within existing commercial or industrial areas. • Encourages out of zone development. • May not be considered fair and reasonable as contributions are already paid by households, or roads already provided by other means.

Option 2: No financial contribution for transportation on new activities/lots within existing commercial and industrial areas

Benefits, effectiveness and efficiency of no contribution for transportation per activity or lot	Costs, ineffectiveness and inefficiencies no contribution for transportation per activity or lot
<ul style="list-style-type: none"> • Encourage growth within existing commercial and industrial areas. • Council cannot be accused of double dipping. 	<ul style="list-style-type: none"> • Less income from financial contributions. • Some large traffic generators will not be contributing to future upgrades.

With this option, activities within defined structure plan areas will still be charged financial contributions to pay for the necessary infrastructure required to service that area. This will be on a per hectare basis.

Discussion

There are large permitted activity generators of traffic in the Commercial and Industrial Zones that are likely to create the need for network improvements, and therefore financial contributions would be appropriate. These could be listed in the District Plan and require a specific assessment, as with the current situation with identified water users. There are Industrial Zones that are located in the rural areas and use the rural road network to access the SH. These should be charged the rural transportation financial contribution.

9.0 Timing of Financial Contribution Payment

Contributions are usually charged when new lots are created, but can also be charged when the activity (e.g. additional dwelling) is established. For subdivision, financial contributions are charged for additional lots created and are required to be paid prior to the s.224 certificate being issued (which allows the new certificate of title to be issued). For activities it is charged at building consent. The timing of the payment of financial contributions is an important issue for developers, particularly residential.

Option 1: Charging and Payment at s.224 Stage (current practice)

The current principles of charging are that financial contributions are paid at the time of subdivision completion, and that the entire cost of infrastructure is borne by the subdivider through a single lump sum payment. Although the subdivider ultimately passes this cost on to the purchasers of the sections, the timing of the payment has a significant impact on the developer's cash flow, holding costs and risks. The subdivider must pay the financial contributions prior to being able to sell the section and therefore absorbs the full cost of the infrastructure without necessarily completing a sale.

Benefits, effectiveness and efficiency of charging and payment at s.224 Stage	Costs, ineffectiveness and inefficiencies of charging and payment at s.224 Stage
<ul style="list-style-type: none"> • Council deals with one party so the process is efficient from an administrative point of view. • Council collects the financial contributions in one sum and can immediately apply this to reduce debt. This is important to Council as much of the infrastructure has to be provided upfront and therefore loan funded. 	<ul style="list-style-type: none"> • The payment is a cash payment by the developer prior to certainty about the sale of the sections. • Impacts on the developer's cash flow which can act as a disincentive to taking lots through to title (compared to paying later).

Option 2: Charge at s.224 but Defer Payment beyond s.224 Stage

Council currently has a policy of offering deferred payment of financial contributions for a specified period (2 years) or at the time of sale of the section (whichever comes first). The amount owing is secured by a bank bond or first ranking mortgage in favour on Council. Interest is also included in the final sum to be paid.

Benefits, effectiveness and efficiency of charge at s.224 but defer payment	Costs, ineffectiveness and inefficiencies of charge at s.224 but defer payment
<ul style="list-style-type: none"> • Assists with developers' cash flow and therefore acts as an incentive to take lots through to title. 	<ul style="list-style-type: none"> • Increase administrative and legal costs. • Requires encumbrances on titles and the agreement of financiers. • Incurs interest charges.

Option 3: Charge Portion of Financial Contributions at Building Consent Stage

This option involves deferring part of the financial contributions payment to coincide with the issue of a building consent. Financial contributions can only be charged via a resource consent, therefore to enable financial contributions to be charged at dwelling stage means dwellings would no longer be a Permitted Activity and would need a resource consent as well as a building consent.

Benefits, effectiveness and efficiency of charging a portion of financial contributions at building consent stage	Costs, ineffectiveness and inefficiencies of charging a portion of financial contributions at building consent stage
<ul style="list-style-type: none"> • The cost is shared between the subdivider and the house builder. • May stimulate the release of further sections to the market as a result of reduced costs to the subdivider. 	<ul style="list-style-type: none"> • Resource consent will be required. This may be automated and dealt with at building consent stage (in a similar fashion to minor and additional dwellings). • May be perceived as being a further cost associated with housing with a negative reaction from the building and construction sector and the public. • Increases Council's administration costs. • Time delay between constructing infrastructure and collecting contributions which will have cash flow implications for Council. • Not suitable for rural developments where lots frequently remain vacant for a substantial time. • Subdivider frequently retains most of the "difference", therefore little reduction in section prices.

Option 4: All Financial Contributions to be Charged at Building Consent Stage

An option is to change from a subdivision financial contribution to a building financial contribution to coincide with the issue of a building consent.

Benefits, effectiveness and efficiency of charging at building consent stage	Costs, ineffectiveness and inefficiencies of charging at building consent stage
<ul style="list-style-type: none"> • Decreases the cost of undertaking a subdivision. • May stimulate the release of further sections to the market as a result of reduced costs to the subdivider. • Financially neutral in the case of house and land packages which are becoming prevalent in the new dwelling market, but has a positive cash flow advantage to such developers. 	<ul style="list-style-type: none"> • The approach may be inequitable in terms of cost sharing. • Resource consent will be required. This may be automated and dealt with at building consent stage (in a similar fashion to minor and additional dwellings). • Increases the overall cost at building consent stage and as a result will be opposed by the building industry. • Will be perceived as being a further cost associated with housing. • Increases Council's administration costs. • Time delay between constructing infrastructure and collecting contributions which will have cash flow implications for Council. • Not suitable for rural developments where lots can remain vacant for a substantial time. • Subdivider frequently retains most of the "difference", therefore little reduction in section prices.

Discussion

From a cash flow perspective, charging financial contributions at subdivision stage is preferable for Council. Conversely developers prefer charging and payment at building stage. The latter also has the effect of being perceived from those building, and the wider community, that such contributions are an added cost to building a house; whereas if the contribution is at subdivision stage it is perceived as simply being part of the cost of providing a section. For these reasons the subdivision option is preferred, and to assist developers Option 2 is preferred because it provides for the deferring of payments to assist with cash flow. Not all developers like this method for reasons such as legal and interest cost issues, but it is accepted that it is a method that will assist some. It is also noted that developers are also making greater use of the staging of subdivision consents which is also effective at spreading out the payment of contributions.

10.0 Targeted Financial Contribution Reductions

The District Plan allows the Council to reduce or waive financial contributions for specified periods or activities. Such action may be to incentivise growth in a particular area, or a specific type of development such as social housing or papakainga. Such actions must be subject to the Annual Plan or plan change process.

The question has also been raised as to whether some activities should be exempt from financial contributions. Examples include the likes of churches and other places of assembly that have some form of community focus. The difficulty is that many, if not most, of these activities (e.g. experiential camps for schools and other groups) do not wholly serve the District. In such cases it would not be appropriate for them to be subsidised by other proposed development (through financial contributions) or ratepayers. These activities are best dealt with case by case as currently, whereby the District Plan allows for reductions where the application of the HHE may be considered inappropriate. As noted in the Introduction, housing on multiple-owned Maori land is being addressed in a separate project.

Benefits, effectiveness and efficiency of Targeted Financial Contribution Reductions	Costs, ineffectiveness and inefficiencies of Targeted Financial Contribution Reductions
<ul style="list-style-type: none">• Allows Council to be responsive and tailor contributions to specific locations, periods, types of development	<ul style="list-style-type: none">• Any shortfall in financial contributions would require alternative forms of funding, i.e. rates• May result in the Council favouring certain areas for development over others, which means that the market is not a level playing field.

11.0 Development Contributions Under the Local Government Act

The Local Government Act and the Resource Management Act give Council the power to use either Development Contributions or Financial Contributions as a way of funding growth-related capital expenditure. Development contributions under the LGA frequently split the contributions between subdivision and building. Unlike a number of other Councils such as Tauranga, the Western Bay of Plenty District Council has retained financial contributions as the mechanism by which to charge for infrastructure through its District Plan.

Benefits, effectiveness and efficiency of RMA Model	Costs, ineffectiveness and inefficiencies of RMA model
<ul style="list-style-type: none"> • Process involves transparency and accountability so that inappropriate or incorrect charges can be challenged through the RMA process. • Enables developers to consider alternative ways to finance infrastructure and provides for a waiver/reduction process through the District Plan 	<ul style="list-style-type: none"> • Less flexibility to allow for a Building Impact fees option without the need for a resource consent under existing District Plan framework. • Can be challenged to the Environment Court.

Benefits, effectiveness and efficiency of LGA Model	Costs, ineffectiveness and inefficiencies of LGA model
<ul style="list-style-type: none"> • Will provide more flexibility by allowing contributions to be split between subdivision stage and building consent stage (without a resource consent). • Can only be challenged on process, not content, though this is likely to change as a result of amendment to LGA. 	<ul style="list-style-type: none"> • Substantial work will be required to change to LGA model. • No guarantee that contributions will be more equitable or lower. • Will require significant changes to the District Plan and LTP. • Not as transparent as the RMA model. • Has to be a specified upper limit that cannot be exceeded. • Can be challenged to the High Court.

Discussion

Taking into account the findings of all the discussions above, particularly the retaining of contributions based at the subdivision stage, there is little advantage of shifting from financial contributions under the RMA to development contributions under the LGA.

Council is fully aware of the content of Clauses 153 – 161 of the Resource Legislation Amendment Bill, proposing the removal of financial contributions under the RMA. As stated in 1.5 there is no certainty as to the outcome of the Select Committee process of the Bill. If this specific provision is passed there is a transition period of five years provided in the Bill.

12.0 Financial Contributions Model

12.1. Principle of Model

The principal of the model has not changed but improvements are proposed to the method of calculation and these are set out below. The existing and proposed models allocate capital expenditure to both existing and future ratepayers known as household equivalents (HHEs). Financial contributions then recover the capital expenditure plus interest and an allowance for the inflationary factors less an estimate for rates that would be paid by the HHEs once connected to the particular infrastructure.

Growth rates that have occurred since 2008 have fluctuated substantially and this impacts significantly on the forecasted timing of when schemes reach their capacity. As a result of that the initial capital expenditure (which has generally incurred since 2000) could be unfairly allocated either to the growth component or to the existing ratepayer component. The proposed model reflects an improvement to this potential issue.

12.2. Comparison between Existing and Proposed Financial Contribution Model

Area of model	Existing	Proposed
1. Period of model	Maximum of 25 years from the year 2000	Up to 30 years from the current year/life of infrastructure
2. Number of HHE in model: actual versus projected	Does not fully reflect actual HHEs to current period	Reflects actual number of new HHEs over the period
3. Annual Long Term inflation rate	Assumes a standard 2% per annum	Based on the local government cost index where that information is available
4. Council's long term interest rate	Based on 6.5% per annum	Based on actual and forecasted rates
5. Base Financial Contribution	The contribution estimated by the model	The contribution estimated by the model
6. Adjustment to FC	Not provided for	Allows Council to adjust the contribution for other factors, and this is then reflected in the model for transparency reasons
Capital expenditure		
7. Allocation of capital expenditure <ul style="list-style-type: none"> • Actual expenditure • Proposed expenditure 	The actual capital between existing and future at the time the capital expenditure is incurred	Both actual & future capital expenditure are allocated based on the latest AMP's
8. Surplus capacity	Allocated to future	Reserved for subsequent allocation
9. Interest	Based on notional debt	Based on actual debt
10. Interest rate	Based on prior actual and proposed rates as per the AP/LTP, and able to be	Based on prior actual and proposed rates as per the AP/LTP, and able to be

Area of model	Existing	Proposed
	amended each year	amended each year
11. Rates contribution from additional HHEs	Included	Included
12. Existing capacity as at 2000	Included	Excluded

12.3. Rationale for Proposed Changes

The rationale for the proposed changes are explained in detail as follows:

1. Period of model

The proposed model provides for a 30 year modelling period from the current period. This modelling period aligns to the requirement to have an infrastructure strategy (s101B Local Government Act) which requires all local authorities to consider how they will manage their infrastructure assets taking into account the need to:

- (a) renew or replace existing assets; and
- (b) respond to growth or decline in the demand for services reliant on those assets; and
- (c) allow for planned increases or decreases in levels of service provided through those assets; and
- (d) maintain or improve public health and environmental outcomes or mitigate adverse effects on them; and
- (e) provide for the resilience of infrastructure assets by identifying and managing risks relating to natural hazards and by making appropriate financial provision for those risks.

A key linkage to the infrastructure strategy and a contribution policy is how the local authority will recover the capital expenditure.

Key advantages with this 30 year maximum are:

- Ensures alignment with Council's infrastructure strategy.
- Provides a reasonable time to ensure the surplus capacity of the infrastructure being recovered through contributions is fairly allocated.
- Provides sufficient time to reduce the impacts of growth rate fluctuations.
- Aligns with Council's debt policy which generally recovers the principle over a 25 to 30 year period.

The disadvantages with this approach include:

- Longer periods of recovery for some infrastructure projects i.e. greater than 30 years.
- Impact of fluctuating growth rates (see allocation of capital expenditure below).

Both the existing and proposed models start in the year 2000. This was the first year the new formula was applied and capital expenditure has been recorded since that date. To restart the model from 2015 would require an estimate of the surplus capacity available for all schemes as of 2015. As noted in the comparison above the proposed model now excludes the surplus capacity estimated when this first model was proposed in 2000.

2. Number of HHE in model actual versus projected

The existing model does not provide for the use of actuals in recalculating the contribution, this has the potential of creating inequities for the additional lots created in the future.

3. Annual Long Term inflation rate

When the existing model was proposed, there was no local government cost index therefore the consumer price index was considered the most appropriate. Now with better information, the long term inflation rate will reflect the true cost increases over a period of time.

4. Base Financial Contribution

As noted above the principal of the model has not changed in the manner in which the contribution is calculated, however for transparency reasons any adjustment to the financial contribution should be recorded as in 7 below.

5. Adjustment to Financial Contribution

The inclusion of the adjustment will accurately reflect how the financial contribution has been calculated if Council chooses to decrease the contribution for other factors (as provided for in the District Plan).

6. Final financial contribution

This allows the tracing of the calculation of the final contribution charged on an annual basis. It is important that this is recorded to provide certainty how the contribution that has been notified as part of either the long term plan or annual plan was calculated.

7. Capital expenditure

With growth rate fluctuations the existing model locks the allocation of capital expenditure based on the growth at the time the capital expenditure was incurred. There is a risk with lower growth rates than those forecasted, as the future HHEs would be potentially paying higher contributions than if there had been lower forecasted growth rates at the time the capital expenditure was incurred. Conversely if forecasted growth rates are lower than projected at the time the capital expenditure was incurred then the existing ratepayer is likely to subsidise future developments.

By allocating all capital expenditure based on the forecasted growth rates at the time the contribution is set then this alleviates these unintended consequences.

8. Surplus capacity

The new model has a maximum period of 30 years and there are a number of schemes that are likely to have surplus capacity within that 30 year period. The existing model assumes that the surplus capacity would be consumed over the life of the model. By reserving the surplus capacity in the intervening periods this will be funded by the ratepayer, however should the forecasted growth assumptions be exceeded it allows that surplus capacity to be recovered from future development. If this provision was not included then the ratepayer would be subsidising future development.

9. Interest

As the existing model uses a notional debt figure, the contribution interest expense can vary significantly from the actual interest expense being incurred by Council. The proposed model now allocates the actual interest as a credit.

10. Interest adjustment

This allows Council to modify the interest charged to contributions.

11. Rates contribution from additional HHEs

This is unchanged from the existing model and a notional contribution of rates will be payable which will include interest on existing debt as outlined above. Note this is a modelling factor and does not reflect actual debt repayment.

12. Existing capacity as at 2000

The existing model (formula) provides for the surplus capacity as at 1 July 2000. The reason for this is to allow for the recovery of capital expenditure incurred from 1993 to 2004, and for which there was an expectation there would be a growth component. As the majority of the loans have now been repaid relating to this capital expenditure, the existing surplus capacity as at 1 July 2000 would be very small.

13.0 Practical Application of Financial Contributions

Financial contributions will be calculated using the following process:

1. Identification of growth areas.
Structure plan areas will be identified. These will generally cover the new greenfield urban growth areas. They will be assessed to quantify the number of developable hectares, and hence the infrastructure required to service that area. An assessment will also be required of the amount of infill (urban and rural) expected within the non-structure plan areas over the planning period, along with any additional infrastructure to support that growth.
2. Preparation of infrastructure schedules.
These will set out the specific infrastructure projects that will be required to support the planned growth. The schedules will include estimates of the cost of the various projects and the likely timing of construction. Funding sources will be identified including financial contributions and rates.
3. Calculation of financial contributions.
The above information will then be inputted into the financial contributions model (based on the formula in the District Plan) on an annual basis to produce the financial contributions to be paid.

14.0 Summary

The proposed changes to the calculation of financial contributions will mainly effect:

- The Residential and Medium Density Residential Zones in the urban growth areas of Waihi Beach, Katikati, Omokoroa, and Te Puke.
- The Commercial and Industrial Zones.

The table below is a summary of the proposed changes.

Financial Contribution Summary

New lot or additional dwelling in the Residential Zone:		
• Inside urban growth areas (Waihi Beach, Katikati, Omokoroa, and Te Puke)		
Type	Current Method	Proposed Method
Water & Wastewater	Per lot or dwelling	Per hectare based on a maximum average lot size of 625m ² **
Stormwater	Per lot or dwelling	Per hectare based on a maximum average lot size of 625m ² **
Transportation	Per lot or dwelling	Per hectare based on a maximum average lot size of 625m ² **
Recreation & Leisure	% of value of section	Per hectare based on a maximum average lot size of 625m ² **
• Residential Zone outside urban growth areas		
Type	Current Method	Proposed Method
Water & Wastewater	Per lot or dwelling	Per lot or dwelling
Stormwater	Per lot or dwelling	Per lot or dwelling
Transportation	Per lot or dwelling	Per lot or dwelling
Recreation & Leisure	% of value of section	Per lot or dwelling
New lot or additional dwelling in the Future Urban, Rural, Rural Residential and Lifestyle Zones		
Type	Current Method	Proposed Method
Water & Wastewater	Per lot or dwelling	Connection size
Stormwater	Per lot or dwelling	Per lot or dwelling
Transportation	Per lot or dwelling	Per lot or dwelling
Recreation & Leisure	% of value of section	Per lot or dwelling
New small dwellings in any Zone except Commercial, Industrial and Post Harvest		
Type	Current Method	Proposed Method
Minor dwellings	Max 60m ² 50% HHE	Max 60m ² 50% HHE
Retirement units	Specific assessment	1 & 2 Bedroom 50% HHE
New lot or additional activity in Commercial & Industrial Zones		
Type	Current Method	Proposed Method
Water	Lot or HHE	Connection size (+ list of potential high water users)
Wastewater	Lot or HHE	Lot or HHE (+ list of potential high wastewater generators)
Stormwater	Per 300m ²	Per 300m ²
Transportation	Lot or HHE	No charge, except for large traffic generators
Recreation & Leisure	No charge	No charge

** With a per hectare method, there is a danger that intensive development greater than 12 per hectare could lead to under-recovery of funds. This can be avoided by having a trigger that would require a specific assessment of any effects. A figure of 15 is appropriate as a density of between 12 and 15 is considered to be within the margins of error of assessing capacities. This figure of 15 equates to a minimum average lot size of 500m².

Note: Ecological Protection financial contributions are not being reviewed. These are currently charged on a per lot basis (where a dwelling can be built as a Permitted or Controlled activity) or per dwelling. The reason for not changing is that the impact on the biodiversity of the District comes from the pressure created by the increasing population. The option of moving to a per hectare basis creates the situation where there is a high risk that there will be a greater number of people but a lower (in proportion) amount of contributions to mitigate that higher population number.

15.0 Proposed Changes to the District Plan

The changes proposed to the District Plan are shown in the attached Appendix. The resultant changes to the financial contributions payable compared to the existing contributions are also included in the attached Appendix.

Appendix A

Proposed Amendments outside Section 11

Attachment A

Plan Change 73- Financial Contributions

Proposed amendments outside Section 11

Section 3: Definitions

“Household Equivalent (HHE)” means the impact on existing *infrastructure* generated by a typical household:

~~For subdivision and development in the Commercial Zones, one household equivalent corresponds to a lot size of 600m².~~

~~For subdivision and development in the Industrial Zones, one household equivalent corresponds to a lot size of 1800m².~~

~~Household Equivalent shall be applied to activities other than dwellings and Commercial and Industrial Zones proportionate to the impact of that activity.~~

From the 2006 census the average household in the *District* is 2.7 persons per occupied *dwelling*.

Household Equivalent

Infrastructure	Household Equivalent
Water	0.6m ³ per day
Waste Water	0.5m ³ per day
Transportation	10 vehicle movements per day

Note:

- Water is based on usage of 220 litres/person/day and 2.7 persons per household, 1 household equivalent equates to 0.6m³/day.
- Waste water is calculated as 0.85 of the water usage equating to 0.5m³.
- As well as average use of services, equivalence may be assessed on peak demands at the *Council's* discretion.

~~Household Equivalent for Accommodation Facilities, Places of Assembly and the like~~

HHE (averaged over 12 months)		
	Per Staff	Per Guest/customer/participant
Water	0.08	0.08
Wastewater	0.068	0.068
Persons Per Vehicle	1.5	2.7

Note:

~~These businesses may operate seasonally or operate for a variable part of the week or year. For such activities the operational time (OTF) needs to be specifically reported on and assessed.~~

~~OTF is the proportion of a full year that any enterprise may operate and is calculated as follows:~~

$$\frac{\text{Actual operating days per year}}{365} \times 100$$

“Net developable hectare” means a given area of land for subdivision/development and includes land used for:

- a) Residential activity purposes, including all open space and on-site parking associated with dwellings;
- b) Local roads and roading corridors, including pedestrian and cycleways (but excluding strategic roads as defined in the Road Hierarchy);
- c) Collector roads and roading corridors (as defined in the Road Hierarchy) where direct access from lots is obtained. Where lots on only one side of the road have direct access only 50% of the corridor shall be used for the purpose of this definition;
- d) Neighbourhood reserves;
- e) But excludes land that is:
 - i) Stormwater ponds and detention areas not within a road reserve and to be vested with Council;
 - ii) Geotechnically constrained (such as land subject to subsidence or inundation);
 - iii) Set aside to protect significant ecological, cultural, heritage or landscape values;
 - iv) Set aside for non-local recreation, esplanade reserves or access strips that form part of a larger regional, sub-regional, or district network;
 - v) Identified or used for non-residential activities including business activities, schools, network utilities, health centres, or other district, regional or sub-regional facilities.
 - vi) The lot on which the existing permitted dwelling is situated.

“Dwelling envelope” means the area of land (m²) occupied by the *dwelling* and the outdoor living area of the *dwelling*. The dwelling envelope shall not be smaller than the applicable minimum lot size and shall include at least:

- Buildings/structures associated with the dwelling (e.g. garage, driveway and garden shed).
- The minimum yard requirements associated with the dwelling and buildings/structures associated with the dwelling.
- Any area of occupation for exclusive use by the occupants of the dwelling.

Specific Zones

Delete Activity Performance Standards 13.4.1(h)(iii), 15.4.1(f)(iii), 16.4.1(g)(iv), 17.4.1(f)(iv), 18.4.1(i)(iv) that relate to minor dwellings and states:

“Shall pay 50% of the financial contributions that applies to the subdivision of land”

Appendix B

Section Financial Contributions –

red underline version

Attachment B

Section 11: Financial Contributions – Red underline version

Explanatory Note:

A number of significant changes have been made to Section 11 - Financial Contributions. These changes include rule changes and changes to the structure of Section 11. It has also resulted in the shifting of some rules from one part of the Plan to another.

What follows is the proposed new Section 11. The underlined red text is new rules. The black text is existing rules. However, due to the restructuring of the Section, these rules might not be in their original location.

Attachment C is the strikethrough version, showing the existing rules to be deleted through this Plan Change.

Financial Contributions

11. Financial Contributions

Explanatory Statement

Growth in the *District* needs to be supported by *infrastructure* provided at appropriate levels of service. If growth is not managed in an integrated manner, including the provision of *infrastructure*, the levels of service may fall short of the needs of growth or *Council* funds may need to be spent in an unplanned, ad hoc and inefficient manner.

Integration of the *Council's* funding strategy with growth management is critical to make certain that funds are spent in the most effective manner possible. Part of the funding strategy is to also ensure that those who require the expenditure pay accordingly. Financial contributions from *development* are seen as a key part of that strategy to make sure that new *development* is not subsidised by existing ratepayers.

While it is acknowledged that *development* in the *District* has positive effects, it also has the potential to adversely affect the environment (including people and communities) in a number of ways. Some of these effects cannot be adequately avoided or mitigated on a site by site basis. Rather, they need to be addressed through the provision of new or improved *infrastructure*. In some parts of the *District*, the community has already provided *infrastructure* ahead of *development*, and measures to avoid or mitigate future effects are thus already in place.

The types of adverse effects on the environment associated with new *development* that are best addressed through integrated provision of *infrastructure* include:

1. Wastewater – effects on the environment including property, people and their health, amenity, social and cultural values through pollution of soil, ground and surface water, and the coastal area including beaches and seafood; and through odour.
2. Stormwater – effects on property, human life and health, and amenity and cultural values through flooding, siltation, erosion, and pollution of waterways and coastal water.
3. Water Supply – effects on health, fire safety, amenity, economic and cultural wellbeing through adequacy and quality of supply.
4. Transportation - effects on access, mobility and safety, and social, cultural and economic wellbeing through inadequate standards for the level of use.

5. Recreation – effects on wellbeing of people and communities and cultural and amenity values through inadequate or inappropriate provision of open space and facilities.

New *development* may also have adverse effects on indigenous vegetation and habitats of indigenous fauna through inadequate protection of and provision for biodiversity.

Infrastructure financial contributions are calculated in accordance with approved development programmes. For some these will be established through *structure plans* which include schedules of works that list work to be undertaken, timing, and funding (particularly developer versus *Council*). These schedules are contained in Appendix 7. For areas not covered by *structure plans*, there are schedules of works for the respective *infrastructure* and these are contained in the respective Asset Management Plans and *Annual Plan* and/or *LTP* including development projects on the State Highways. The relevant details from the schedules are the inputs to the formulae contained in the District Plan to calculate the financial contributions.

The financial contributions for ecological protection are figures which can only be reviewed through a change to the District Plan.

Other financial contributions are calculated in accordance with formulae set out in the District Plan. The schedules of works, and hence the actual amounts payable, are able to be updated each year through the *LTP* and/or *Annual Plan* process under the Local Government Act. This is to reflect up-to-date costs, including actual expenditure, and any necessary changes in timing due to actual changes in the timing or patterns of growth. Financial contributions can also be reviewed through a plan change under the *RMA*.

A financial contribution can be imposed as a condition of a resource consent. The rules specify the level of financial contribution based on a residential or rural *lot* or *dwelling*. For other activities requiring consents, the *Council* may require that a financial contribution be paid as a specific condition of consent. The basis for determining the appropriate level of contribution will generally be the '*household equivalent*'. *Household equivalent* is a derived figure for the purposes of calculating financial contributions. It is based on a 'typical' *dwelling* and what impact it will have on *infrastructure* requirements such as water use and vehicle movements per day. For Commercial and Industrial Zones it is based on a typical *lot* size.

Financial contributions imposed as a condition of consent at the time that a resource consent for a subdivision, *development* or new activity is granted are paid directly to the *Council* as the relevant condition of consent provides. The potential for a timelag between the imposition of a financial contribution condition and the payment of the contribution (up to eight years for a subdivision) can mean a significant reduction of the actual amount of the contribution because of the effect of inflation and cost escalations on the value

of land and the schedules of works, unless the amount is able to be adjusted to reflect actual values and costs at the time of payment.

It is the time of giving effect to the resource consent that is relevant to *Council* as this is the time when the consented activity has an impact on the *infrastructure*. To ensure that the financial contributions collected reflect the actual costs of *infrastructure* provision, contributions which are not paid in full within two years from the commencement of the consent will be adjusted in accordance with current values and the updated schedules of works. This is to reflect the actual inputs to the formulae for financial contributions applicable at the time of payment, and will be those as stipulated in the *Annual Plan* current at the time of payment.

Council is aware that financial contributions may cumulatively impact on the community because the levy(s) may be so high as to act as a disincentive to growth. Whilst *Council's* funding policy is based on cost recovery, there needs to be flexibility to cater for situations where the pursuit of such policy is clearly not in the wider community interest and where application of the funding policy is shown not to be fair or reasonable in particular circumstances.

To provide flexibility in dealing with such situations, as part of its *Annual Plan* process the *Council* may resolve to reduce or waive any particular financial contribution that would normally be charged during that year. Similarly *Council* may use the plan change process under the *RMA*. Challenges to the application of the formulae (such as the applicability of the *household equivalent, passenger car equivalent or capacity consumption* calculation to a particular application) will be addressed through the resource consent process. Challenges of a philosophical nature need to be directed to *Council* as a matter of policy (such as an affordable housing development). Applicants have the ability under the former to lodge an objection under the *RMA*, and on the latter to approach the appropriate policy committee of *Council*.

Policy UG 4A of the Bay of Plenty Regional Policy Statement states that greenfield development in urban growth areas shall achieve an average net yield of 12 dwellings or more per hectare from 1 July 2012, rising progressively to 15 dwellings or more per hectare by 1 July 2037. Within the *District, Waihi Beach, Katikati, Omokoroa, and Te Puke* are defined as urban growth areas. The infrastructure to accommodate the required yield is funded through financial contributions.

11.1 Significant Issues

1. Subdivision and the associated intensification of *development* and land use activity have the potential to adversely affect the environment. This can be particularly significant when cumulative adverse effects are created over time.

2. Growth in the form of new *development* and new activities creates the need for the provision of new or upgraded *infrastructure*.
3. The potential exists for the costs of providing new or upgraded *infrastructure* to be allocated in a manner disproportionate to the benefits received by the existing community and new end users.
4. Full cost recovery of *infrastructure* may act as a disincentive to growth in a manner detrimental to existing communities.
5. There may be pressure for *development* to occur ahead of the *Council's* ability to provide *infrastructure*.
6. Delays in the payment of financial contributions set through the resource consent process can impact on the funding of *infrastructure*.
7. *Council may not achieve the required average net yield of 12 dwellings per hectare.*
8. *Council may not recover *infrastructure* costs in urban growth areas if an average net yield of 12 dwellings per hectare is not achieved.*

11.2 Objectives and Policies

11.2.1 Objectives

1. Protection of the natural and physical environment and the social, economic and cultural wellbeing of people and communities from the potential adverse effects of new or intensified *development*.
2. The provision of adequate funding for and efficient utilisation of the *District's infrastructure*.
3. A financial contributions strategy which ensures that financial contributions are charged on the basis of covering the community's costs of providing *infrastructure*.
4. A financial contributions strategy which is responsive to the social, environmental and economic needs of the community.
5. Timing of *development* commensurate with the ability to make appropriate provision for *infrastructure*.

11.2.2 Policies

1. Actual or potential adverse effects on the natural and physical environment which would otherwise be created by new or intensified *development* should be avoided, remedied or mitigated through the use of financial contributions and other appropriate measures.
2. The effects of new and intensified *development* on *infrastructure* in the *District* should be mitigated through expenditure of financial contributions.
3. The costs of *infrastructure* should be allocated in an equitable manner over both existing and new users so as to ensure that such costs are not borne unfairly by the wider community.
4. Calculations to assess *infrastructure* requirements should be based on the level of service needed to meet peak demand.
5. Calculations shall not seek to do more than recoup costs actually incurred in respect of expenditure to provide *infrastructure* to deal with the effects of growth including, where appropriate, the costs of financing such *infrastructure* over time.
6. Where appropriate, contributions should be levied differentially to reflect the particular circumstances applying to different parts of the *District*.
7. Provision should be made for the updating of inputs to the calculation of financial contributions through the consent and *Annual Plan* and/or *LTP* process to reflect actual and up-to-date estimated costs of the provision of *infrastructure*.
8. The actual or potential effects of applying financial contributions should be regularly reviewed and where an identified wider community detriment or a detriment to a particular sector of the community would be created, the particular financial contribution that would otherwise be payable should be reduced or waived (as appropriate).
9. Where appropriate, financial contributions that would otherwise be payable should be reduced or waived in recognition of specific environmental protection or enhancement measures proposed to be undertaken.
10. Where appropriate, consideration will be given to the reduction or waiver of financial contributions for recreation and leisure that would otherwise be payable in recognition of a historic oversupply of recreation and leisure land.

11. Provide a mechanism whereby a financial contribution can be taken to address or offset localised effects outside any approved development programme, or in lieu of works that would otherwise be undertaken by a consent-holder.
12. The full costs of required infrastructure and services should be paid when subdivision and *development* requires such provision outside an approved development programme.
13. Developers who fund *infrastructure* ahead of time in an approved development programme should be refunded only at the time that development funds become available.

11.3 Application of Financial Contributions

- (a) Financial contributions shall not apply in the following circumstances:
 - (i) where the need for the activity to obtain a resource consent arises solely from the provisions of Sections 5, 6 and 7 of the District Plan.
 - (ii) where the subdivision or *development* of an *infrastructure* or *network utility* site will not create any effects on *Council's infrastructure* networks and do not require connection to *Council's* wastewater, stormwater or water supply;
 - (iii) where there is no ability to connect (in accordance with *Council's* Development Code 2009) to a specific *infrastructure* (excluding roading) and the provision for such *infrastructure* is not included in any relevant *structure plan* or *LTP*.
 - (iv) where financial contributions have already been paid:
 - during a previous subdivision or land use consent based on a per net developable hectare as per Rule 11.5.2 and a density of 15 dwellings per hectare (in the Residential Zone) is not exceeded, or
 - for stormwater in the Commercial and Industrial Zones as per Rule 11.6.4.
- (b) Unless specified otherwise in the rule to which a particular contribution relates, financial contributions will be charged in respect of:

- (i) Additional *lots* created by subdivision which will qualify for the erection of a *dwelling*, as per Rule 11.5.

All additional *dwelling*s created will be charged as per the calculations included in Rule 11.5.

- (ii) Additional *lots* created by subdivision within Commercial or Industrial Zones and all additional activities created will be charged as per the calculations included in Rule 11.6.

- (iii) A land use consent application for an additional or significant expansion of an existing consented land use activity that will impact on existing *infrastructure* (significant expansion is an increase of more 0.5 of a *household equivalent* for services). Financial contributions will be assessed using *household equivalents*. Specific Formulae are contained in Rules 11.4, 11.5 and 11.6.

- (iv) Land use consent applications for discretionary or non-complying land use activities where it is more appropriate to charge a financial contribution for:

- water, wastewater, stormwater and recreation and leisure based on a specific assessment,
- for transportation that is based on a *passenger car equivalents (PCEs)* or specific assessments.

Specific formulae are contained in Rule 11.7.

- (v) Boundary adjustments (under Rule 12.3.3) deemed to create an independently usable title which did not previously exist or to significantly increase the usability of an existing title.

- (vi) Land use consent applications for significant expansions in the Post Harvest Zone.

- (c) With regard to any resource consent which is granted subject to a condition imposing a financial contribution, that condition shall provide for the amount of any financial contribution to be set as follows:

- (i) The resource consent condition shall specify a financial contribution amount in dollars that may be paid in full within two years of the date of commencement of the consent;

Provided that:

Contributions not paid in full within two years of the consent commencing shall be subject to Rule 11.3(c)(ii) below.

- (ii) Any financial contribution which is not paid in full within two years from the date of commencement of the consent shall be adjusted so that the amount of the financial contribution required by the resource consent shall be the amount calculated in accordance with the relevant formulae in Rules 11.4, 11.5 and 11.6 and the updated inputs to those formulae as set out in *Council's Annual Plan* current at the date of payment.

(d) Reductions and waivers

- (i) In accordance with Objective 11.2.1.4 and Policies 11.2.2.8, 11.2.2.9 and 11.2.10, *Council* may reduce or waive in part or in whole for a specified period or for a particular activity, any financial contribution (including a particular part(s) of the formula contained in Rules 11.4 11.5 and 11.6) that would otherwise be charged in order to avoid or mitigate an identified detriment to the wider community or an identified detriment to a particular sector of the community that warrants attention in the better fulfilment of the *RMA's* purpose.

Assessment criteria include:

- The quantum of the contribution(s) and the market's ability to pay;
- Significant increases in the contribution(s) from one period to the next (or through the introduction of a new or revised financial contribution) that may create inequities or hardship;
- The extent that any specific environmental protection or enhancement measure requires recognition, including measures under Rule 11.4.3.

Any such reduction or waiver shall be implemented through the *Annual Plan* process or the plan change process under the *RMA*.

- (ii) With regard to specific applications for resource consent for additional *dwelling*s on multiple owned

Maori land, consideration will be given to the following criteria in addition to those listed in (i) above with respect to the recreation and leisure financial contribution:

- Size and cost of the *dwelling* being constructed;
- Location of the property and the associated land value, extent of previous undertakings, or gifting of land or other tangible assets;
- Applicability of the *LTP* outcomes.

(iii) With regard to specific applications for resource consent where:

A financial contribution for recreation and leisure is payable under Rule 11.4, and an historic oversupply of reserve land is shown by the applicant to have occurred in relation to the same applicant or their successor in title, consideration shall be given to a reduction or waiver of the financial contribution as assessed having regard to the following criteria:

- The suitability of the excess land contributed for meeting *Council's* current recreation and leisure requirements for the catchment;
- The land value of the excess recreational and leisure land calculated at the time of granting the resource consent; and
- The quantity of financial contributions for recreation and leisure assessed under Rule 11.4 at the time of granting the resource consent.

Provided that:

This discretion shall only be considered where:

- (a) The applicant supplies conclusive evidence that:
 - They are the successor in title in respect of the parent land contributing the excess land;

- The amount of excess land contributed for recreation and leisure purposes exceeds 1ha as assessed at the time of the application, and
- (b) The application is made within ten years of the commencement of the initial consent that created the excess.
- (iv) Reductions may be considered where the application of the *household equivalent* or *passenger car equivalent* methods of calculation are considered to be inappropriate.

Such consideration will be through the resource consent process on a case by case basis.

11.4 The calculation of Financial Contributions as included in Council’s Fees and Charges

11.4.1 Determining a Household Equivalent

- (a) Financial contributions are based on a *household equivalent*.
- (b) During the Annual Plan and/or LTP process, Council uses the formula in Rule 11.4.1(c) to set the
 - catchment financial contribution amounts,
 - the values applied to the variables within the formula and
 - timing of the capital projects
- (c) The formula used to determine the household equivalent for Recreation and Leisure, Transportation, Water Supply, Wastewater, and Stormwater financial contributions for all zones (as appropriate) is as follows:

$$\text{Financial contribution per HHE} = \frac{(\text{CP-S}) - (\text{EP-S}) + \text{I}}{\text{L}}$$

Where:

CP = value of development projects for capital works within a specific catchment, including land, required to meet the needs of the existing and future community during the planning period;

EP = value of development projects within a specific catchment for that portion of the capital works required to meet the existing level of service for existing ratepayers;

S = the subsidies to be received for the specific infrastructure within the planning period;

L = dwellings and household equivalents estimated during the planning period;

I = Interest cost based on capital expenditure less revenue from financial contributions.

Explanatory Note:

The inputs to the formula will be updated annually through the Annual Plan and/or LTP process to reflect changes in costs and timing. Any financial contribution that is not paid in full within two years of the commencement of the resource consent shall be subject to adjustment under Rule 11.3(c)(ii).

11.4.2 Council's infrastructure network to which financial contributions apply

(a) Transportation

(i) Except for the activities included in Rule 11.6.1, these contributions shall be levied on subdivision and land use consents as may be applicable. The contribution is applied on the basis of the following catchments in the *District*:

- Rural and minor settlements - this is a single catchment and includes the Rural and Lifestyle Zones and all minor settlements not classified as urban catchments below.
- Urban catchments - there are separate catchments for the urban zoned areas of Waihi Beach, Katikati, Omokoroa (including the whole of the Stage 2 Structure Plan area), and Te Puke.
- Strategic Transportation - this is *District*-wide.

(b) Water and Wastewater

- (i) These contributions shall be per connection and shall be levied on any subdivision or land use consent that is in a catchment served by Council water and wastewater systems or future water and wastewater infrastructure identified in a structure plan.
- (ii) Except in the Commercial and Industrial zones, where the household equivalent for water is based on the connection size (see Rule 11.6.2), the household equivalent for water is measured at 0.6m³ per day.
- (iii) The *household equivalent* for wastewater is measured at 0.5m³ per day, which is calculated at a factor of 0.85 of the water usage.
- (iv) The *household equivalent* for water and wastewater is equal to one (1) except for the following activities where the number of *household equivalents* will be determined by specific assessment:
- *Service stations* with car wash facilities;
 - *Accommodation facilities* and recreational facilities including hotels, motels, community centres and Marae;
 - Process manufacturing including coolstores and packhouses;
 - Garden centres and nurseries;
 - Butcheries;
 - Drycleaners and laundromats;
 - Education facilities;
 - Hospitals and laboratories;
 - Crematoriums and mortuaries;
 - Concrete plants and yards;
 - Any development in the Rural Zone that requires a water connection to a lot that exceeds 20mm

- Waste handling facilities.
- (v) *Household equivalents* are assessed on the basis of peak demands rather than average use.
- (vi) The determination of the number of *household equivalents* for *accommodation facilities* will be based on the capacity of the facility.

(c) Stormwater

- (i) These contributions shall be levied on a subdivision and/or land use consent that is in a catchment served by a Council stormwater system or future stormwater infrastructure identified in a structure plan.
- (ii) Financial contributions may be reduced taking into account pre-development stormwater levels and the extent to which stormwater is managed on site. The on-site management proposal has to be approved through the resource consent process.
- (iii) Financial contributions may be increased through the resource consent process by means of a special assessment where the:
 - average lot size is less than the minimum lot size provided in 13.4.2, or
 - net land area per dwelling is less than that included in 13.3.2(a).
- (iv) Financial contributions will not be charged where the activity is not using public *infrastructure*, including open watercourses

(d) Recreation and leisure

- (i) Financial contributions for recreation and leisure apply to all subdivision and land use consents that enable the development of dwellings, minor dwellings and *accommodation facilities*.
- (ii) Except for the development of dwellings, minor dwellings and *accommodation facilities*, development in the Commercial and Industrial Zones shall not pay a financial contribution for recreation and leisure as per Rule 11.6.5.

- (iii) With a land use consent for accommodation facilities, the financial contribution will be one household equivalents per facility.
- (iv) Activities in the Post Harvest Zone shall not pay a financial contribution for recreation and leisure as per Rule 11.6.5.
- (v) Financial contribution for recreation and leisure shall be a land or monetary contribution or combination thereof. The *Council* shall retain full discretion as to whether to accept money or land as payment of the required financial contribution.
- (vi) The *Council* shall consider a Maori Reservation set aside under Sections 338 and 440 of the Maori Land Act 1991 (Te Ture Whenua Maori) in lieu of a reserves contribution.

11.4.3 Ecological protection

- (a) Financial contributions for ecological protection shall be charged on a:
 - Subdivision in the Rural, Rural Residential, Lifestyle, Future Urban, Residential and Medium Density Zones.
 - Land use consent for an additional dwelling or minor dwelling.
- (b) Financial contributions for ecological protection and or enhancement shall be a monetary contribution of \$501 + GST (2015/16) per *lot* or *dwelling* as determined by the circumstances set out hereunder, such contribution to be adjusted annually in accordance with the Consumer Price Index through *Council's Annual Plan* and Budget:

Except that:
The ecological financial contribution shall be doubled for a subdivision or land use consent within the Park Road East Esplanade in Katikati.
- (c) *Council* may consider the reduction or waiver of these financial contributions where legally binding environmental protection or enhancement measures have already been or are proposed to be undertaken on the property concerned in conjunction with the principal activity. In such cases the principal activity (subdivision or land use) shall be deemed to be a Restricted Discretionary Activity in respect of the environmental protection or enhancement measures concerned. Such measures shall be the subject of a

report and recommendations from an appropriately qualified independent person acceptable to *Council*.

11.5 Calculation of Financial Contributions for dwellings and minor dwellings

Application:

- (i) The rules included in 11.5 do not apply to dwellings in the Commercial and Industrial Zones that are above ground floor. See Rule 11.6 for the calculation for these activities.
- (ii) The rules included in 11.5 apply to the Rural, Rural Residential, Lifestyle, Future Urban, Residential, Medium Density and Commercial Transition Zones and relate to a:
 - Subdivision.
 - Land use consent for an additional dwelling or minor dwelling.
- (iii) Financial contributions are based on a *household equivalent*.
- (iv) One *household equivalent* is equal to one additional lot or dwelling.

11.5.1 Subdivision or additional dwellings outside urban growth areas

- (i) The rules in this section apply to a subdivision or a land use consent for an additional *dwelling* in the following zones:
 - Rural
 - Future Urban
 - Rural-Residential
 - Lifestyle
 - Residential, except in the urban growth areas of Waihi Beach, Katikati, Omokoroa, and Te Puke.
- (ii) Financial contributions for recreation and leisure, transportation, water supply, wastewater, stormwater and ecological protection will be charged in respect of:
 - a) Additional lots created by subdivision which will qualify for the erection of a *dwelling*. Each additional lot created will be charged one *household equivalent*.
 - b) A land use consent for an additional *dwelling* or *minor dwelling*.
- (iii) Each additional lot or *dwelling* shall be charged one *household equivalent*.

11.5.2 Subdivision or additional dwellings inside identified growth areas

- (i) The rules in this section apply to a subdivision or a land use consent for an additional dwelling in the following zones:
- Residential
 - Medium Density Residential
 - Commercial Transition
- in the following urban growth areas:
- Waihi Beach
 - Katikati
 - Omokoroa
 - Te Puke
- (ii) Each additional lot or *dwelling* shall be charged a financial contribution for ecological protection equal to one *household equivalent*.
- (iii) The financial contribution calculations for recreation and leisure, transportation, water supply, wastewater, and stormwater in urban growth areas are based on an average lot size. One household equivalent is equal to a lot size of 625m², and all lots will pay a financial contribution proportional to this figure.
- (iv) A density of 15 dwellings per hectare equates to an average lot size of 500m². Financial contributions for a subdivision with an average lot size smaller than 500m² shall be determined by a special assessment.
- (v) The financial contribution for a land use consent for an additional dwelling is based on the size of the *dwelling envelope*. As in the case of a subdivision, one household equivalent is equal to a *dwelling envelope* of 625m². In the Residential Zone, the *dwelling envelope* shall not have a minimum average less than 500m².
- (v) The minimum financial contributions for an additional lot or additional dwelling in the Residential, Medium Density and Commercial Transition Zones are 0.5 of a household equivalent.

11.5.3.1 Land use consent for a Minor dwelling

Minor dwellings in all zones shall be charged a financial contribution for recreation and leisure, transportation, water supply, wastewater, stormwater and ecological protection equal to 0.5 of a household equivalent.

11.5.3.2 Land use consent for a Retirement Village Dwelling or Independent Apartment

Retirement Village Dwellings and Retirement Village Independent Apartments shall be charged a financial contribution for recreation and leisure, transportation, water supply, wastewater, stormwater and ecological protection equal to 0.5 of a household equivalent for 1 and 2 bedroomed dwellings/apartments.

11.6 Subdivision and land use consent in the Commercial, Commercial Transition and Industrial Zones.

This section deals with the calculation of financial contributions for transportation, stormwater, wastewater, water, recreation and leisure in:

- Commercial Zones
- Industrial Zones,
- and for activities other than a dwelling in the Commercial Transition Zone (see Section 11.5.2 for dwellings in the Commercial Transition Zone).

11.6.1 Transportation

- (i) Financial contributions as calculated by household equivalent apply to transportation in the Te Puna Business Park Zone, except for the following activities where the number of household equivalents will be determined by an *Integrated Transport Assessment* :

- *Warehousing and storage*
- *Building and construction wholesalers and retailers*
- *Depots*

- (ii) All other activities in the Commercial, Commercial Transition and Industrial Zones are exempted, except for the following activities where the number of *household equivalents* will be determined by an *Integrated Transport Assessment*:

- *Warehousing and storage*
- *Building and construction wholesalers and retailers that exceeds a gross area of 2,500m².*
- *Depots*
- *Service stations*
- *Coolstores and packhouses*
- *Accommodation facilities*

(iii) The comprehensiveness of the *Integrated Transport Assessment* shall reflect the scale and effects of the proposed activity and address the following:

- The existing traffic environment;
- How the activity will impact on that environment;
- Any proposed mitigation measures.

11.6.2 Water Supply:

(i) Except for activities listed in Rule 11.4.2(b)(iv), the financial contribution in the Commercial, Commercial Transition and Industrial Zones shall be based on the size of the water connection.

(ii) The relationship between connection size and household equivalent are as follows:

<u>Connection size(mm)</u>	<u>Household Equivalent</u>
<u>20</u>	<u>1</u>
<u>25</u>	<u>1.56</u>
<u>40</u>	<u>4</u>
<u>50</u>	<u>6.25</u>
<u>100</u>	<u>25</u>
<u>150</u>	<u>56.25</u>

11.6.3 Wastewater

(i) Except for dwellings and activities listed in Rule 11.4(b)(iv), financial contributions on wastewater for all activities in the Commercial, Commercial Transition and Industrial Zones, are calculated as follows:

One (1) *household equivalent* is equal to:

- A lot size or *gross floor area* of 600m² in the Commercial Zone.
- A lot size or *gross floor area* of 1,800m² in the Industrial Zone.

(ii) Wastewater financial contributions for a *dwelling* in the Commercial and Industrial Zones are calculated as follows:

- 0.5 of a household equivalent for a *dwelling* with a *gross floor area* of not more than 60m².
- 0.75 of a household equivalent for a *dwelling* with a *gross floor area* of more than 60m² and less than 95m².
- One household equivalent for a *dwelling* with a *gross floor area* that exceeds 95m².

(iii) The financial contributions for the activities listed in Rule 11.4(b)(iv) shall be determined by specific assessment.

Note:

These activities may operate seasonally or operate for a variable part of the week or year. For such activities the operational time (OTF) needs to be specifically reported on and assessed.

OTF is the proportion of a full year that any enterprise may operate and is calculated as follows:

$$\frac{\text{Actual operating days per year}}{365} \times 100$$

11.6.4 Stormwater

- (i) In the Commercial, Commercial Transition and Industrial Zones, one *household equivalent* is equal to 300m² of developable land (developable land is any land that has potential to be used for building, hard stand and parking or access purposes for that activity).
- (ii) The financial contributions may be reduced taking into account pre-development stormwater levels and the extent to which stormwater is managed on site. The on site management proposal has to be approved through the resource consent process.
- (iii) Financial contributions will not be charged where the activity is not using public *infrastructure*, including open watercourses.

11.6.5 Recreation and leisure

- (i) Financial contributions for recreation and leisure only apply to *dwelling*s and *accommodation facilities* in the Commercial and Industrial Zones.
- (ii) The financial contributions for *dwelling*s are calculated as follows:
 - 0.5 of a household equivalent for dwellings with a *gross floor area* of not more than 60m².
 - 0.75 of a household equivalent for dwellings with a *gross floor area* of more than 60m² and less than 95m².
 - One household equivalent for dwellings with a *gross floor area* that exceeds 95m².
- (iii) With a land use consent for accommodation facilities, the number of household equivalents will be determined by specific assessment

11.7 Financial Contributions and Infrastructure works for Discretionary and Non-complying Land Use Activities

11.7.1 An assessment of capacity, adequacy of pavement, and safety shall be made of the actual impact of the activity on the specific *infrastructure*. The impact shall be remedied or mitigated by one or more of the following:

- (a) Where existing spare capacity is available to accommodate the proposed activity, a financial contribution shall be payable based on the amount of capacity to be used (see 11.7.2).
- (b) Where the existing *infrastructure* is inadequate in terms of capacity and safety for the proposed activity, the *infrastructure* shall be upgraded by the applicant at their cost to accommodate the expected demand. This will be imposed as a condition on any resource consent granted.
- (c) Where the activity will consume all of the currently available spare capacity as well as require an upgrade of the existing *infrastructure*, both (a) and (b) above shall apply.

Except that:

A contribution shall not be payable under (a) where any upgrading required under clause (b) above results in the existing level of spare capacity being maintained or exceeded.

- (d) Where a required *infrastructure* upgrade will provide a greater level of capacity than that needed to accommodate the proposed activity, the following shall apply:
 - (i) If the upgrade is included in the *LTP*, the cost of the spare capacity created will be refunded to the consent holder at the time stipulated in the *LTP*,
 - (ii) If the upgrade is not included in the *LTP*, there shall be no refund.

11.7.2 For 11.7.1 (a), (c), and (d) the impact shall be converted into *household equivalents* and applied in accordance with the following:

(a) **Recreation and Leisure**

This will be charged in accordance with Rules 11.4.2(d) and 11.5 for *dwelling*s, *minor dwelling*s, *retirement villages* and *accommodation facilities* excluding seasonal worker accommodation.

(b) **Transportation**

(i) Capacity consumption

Explanatory Notes:

1. This rule shall apply to the specific roads that provide access from the State Highway to the activity.
2. The width of the existing road is to be determined by actual measurement or by reference to *Council's* RAMM (Road Assessment and Maintenance Management) database.
3. The average annual daily traffic volume (AADT) for the existing road is to be determined by actual measurement or by reference to *Council's* RAMM database. For the purposes of converting the AADT into *PCE VM's*, where actual figures are not available it shall be assumed that 10% of the volume comprises heavy commercial vehicles (HCV's). The proposed road activity shall be converted to daily *PCEs*.
4. Road width and *road capacity* (existing and required) is to be determined by reference to the relevant table in rule 12.4.4.2. The capacity of the road is represented by the upper limit traffic volume for a road of the applicable standard (carriageway width and length).
5. The current cost of 1m² of rural road pavement' will be set annually through *Council's LTP* and *Annual Plan* processes under the Local Government Act 2002.

Calculation methodology

- (a) Determine the proposed route from the subject site to the nearest State highway (or *District* boundary).
- (b) Determine the capacity of the existing road (in terms of daily *PCE VM's*), given its current standard of construction.

This is "A".

- (c) Determine the standard of road (width) required to accommodate both existing and proposed daily *PCE VM's*.
This is "B".

A sliding scale shall be used to assess the theoretical width required.

- (d) Determine the value of the length of affected road. This is calculated from the depreciated replacement cost for the existing road (and deductions made for any subsidies received)
This is "C".

- (e) Determine the proportion (%age) of the capacity of the road consumed by the proposal's predicted traffic volume.

This is calculated as (the number of *PCEs* as proposed by the applicant)/(the capacity (*PCE*) of the existing road).

This is "D".

- (f) Applicable financial contribution for *Capacity Consumption* = \$(C x D).

(ii) Pavement Consumption

The purpose of the following calculation is to determine the effect of additional HCV's generated by the proposed new activity on the life of the existing road pavement. The calculation shall be undertaken by a Chartered Professional Engineer (CPEng) or other suitably qualified person specifically approved by *Council*.

- (a) Collect all available data for the road on which the proposed out of zone activity will take place. Base data can be found in RAMM and dTIMs (dTIMs is a software package developed by Deighton Associates Ltd, and used by Road Controlling Authorities for the predictive modelling of pavement deterioration).

- (b) Assess existing pavement design, and determine its residual life. The effective residual life of the existing pavement can be obtained from the dTIMs pavement deterioration model output, or back calculation from existing pavement data. This data will be produced annually.
- (c) Determine the design axle loads for the existing pavement.
- (d) Calculate the additional axle loads as a result of the proposed activity. Determine the effect of the additional axle loads on the existing pavement, by determining the year when the existing pavement will reach the end of its design life, i.e. when the life of the pavement is consumed.
- (e) Determine the reduction in life (number of years) of the existing pavement caused by the additional axle loads.
- (f) Assess the current cost of renewing the pavement, given both the existing and new traffic loadings.
- (g) Assess the incremental cost of bringing the pavement renewal works forward. (Complete a net present value calculation, using the cost of finance provided annually in *Council's Annual Plan*).

This is the financial contribution payable for Pavement Consumption.

(iii) Strategic Transportation

One *household equivalent* shall be paid for each activity.

(c) **Water Supply and Wastewater**

- (i) Financial contributions for water supply and wastewater shall be charged in accordance with Rule 11.4.2(b).
- (ii) In the Commercial and Industrial Zones financial contributions shall be charged in accordance with Rules 11.6.2 and 11.6.3.

(iii) For all other zones, a specific assessment shall be made.

(d) **Stormwater**

The financial contributions for stormwater in all zones shall be determined by specific assessment.

(e) **Ecological Protection**

(i) The financial contributions for ecological protection shall be in accordance with Rule 11.4.3.

11.8 Additional financial contributions that apply to specific Structure Plan Areas

(a) **Rangiuru Business Park**

Note: this section is being reviewed by Plan Change 72.

(b) **Te Puke West Industrial Area**

(i) In addition to the financial contributions payable pursuant to Rule 11.3.3, excluding roading and stormwater, financial contributions shall be payable for subdivision and *development* in the Te Puke West Industrial Area to pay for *infrastructure* as identified in the Te Puke West Schedule of Financial Contributions contained in Appendix 7;

(ii) The Te Puke West financial contribution shall be in accordance with the Schedule (specified dollar amount per square metre of site area), adjusted annually to reflect updated construction cost estimates or completed project costs, and the financing costs (based on the 90 day bank rate [BKBM FRA rate] plus 2%);

(iii) The financing costs are to be charged quarterly in arrear on the last day of March, June, September and December in each year on the actual capital expenditure at the start of the quarter as approved in

the schedule less the financial contributions received during the quarter;

(iv) In addition further financing costs based on the 90 day bank rate (BKBN FRA rate) plus 2% resulting from the assumed average delay of three years between the setting of financial contributions and their receipt are to be charged annually on 1 July on:

- The capital expenditure as approved in the Schedule;
- And the financing costs calculated as in (ii) and (iii) above.

(v) Where, in lieu of payment of financial contributions, a developer constructs any of the *infrastructure* referred to in the Te Puke West Industrial Area Financial Contributions Schedule and that constructed *infrastructure* will also serve land within the Te Puke West Industrial Area beyond the land under *development* at the time, *Council* will collect financial contributions from subsequent developers benefiting from such previously established *infrastructure* in accordance with the Te Puke West Industrial Area Financial Contributions schedule contained in Appendix 7. The contributions collected shall then be paid directly to the prior developer concerned.

Appendix C
Section 11 Financial Contributions –
~~red-strikethrough-version~~

Attachment C

Section 11: Financial Contributions - ~~Red strikethrough-version~~

Explanatory Note:

A number of significant changes have been made to Section 11 - Financial Contributions. These changes include rule changes and changes to the structure of Section 11. This resulted in the shifting of rules from one section of the Plan to another section.

This document is the strikethrough version, showing the existing rules to be deleted through this Plan Change.

Attachment B is the proposed new Section 11. The underlined red text is new rules. The black text is existing rules. However, due to the restructuring of the Section, these rules might have been shifted to a new sub-section.

11. Financial Contributions

Explanatory Statement

Growth in the *District* needs to be supported by *infrastructure* provided at appropriate levels of service. If growth is not managed in an integrated manner, including the provision of *infrastructure*, the levels of service may fall short of the needs of growth or *Council* funds may need to be spent in an unplanned, ad hoc and inefficient manner.

Integration of the *Council's* funding strategy with growth management is critical to make certain that funds are spent in the most effective manner possible. Part of the funding strategy is to also ensure that those who require the expenditure pay accordingly. Financial contributions from *development* are seen as a key part of that strategy to make sure that new *development* is not subsidised by existing ratepayers.

While it is acknowledged that *development* in the *District* has positive effects, it also has the potential to adversely affect the environment (including people and communities) in a number of ways. Some of these effects cannot be adequately avoided or mitigated on a site by site basis. Rather, they need to be addressed through the provision of new or improved *infrastructure*. In some parts of the *District*, the community has already provided *infrastructure* ahead of *development*, and measures to avoid or mitigate future effects are thus already in place.

The types of adverse effects on the environment associated with new *development* that are best addressed through integrated provision of *infrastructure* include:

1. Wastewater – effects on the environment including property, people and their health, amenity, social and cultural values through pollution of soil, ground and surface water, and the coastal area including beaches and seafood; and through odour.
2. Stormwater – effects on property, human life and health, and amenity and cultural values through flooding, siltation, erosion, and pollution of waterways and coastal water.
3. Water Supply – effects on health, fire safety, amenity, economic and cultural wellbeing through adequacy and quality of supply.
4. Transportation - effects on access, mobility and safety, and social, cultural and economic wellbeing through inadequate standards for the level of use.
5. Recreation – effects on wellbeing of people and communities and cultural and amenity values through inadequate or inappropriate provision of open space and facilities.

New *development* may also have adverse effects on indigenous vegetation and habitats of indigenous fauna through inadequate protection of and provision for biodiversity.

Infrastructure financial contributions are calculated in accordance with approved development programmes. For some these will be established through *structure plans* which include schedules of works that list work to be undertaken, timing, and funding (particularly developer versus *Council*). These schedules are contained in Appendix 7. For areas not covered by *structure plans*, there are schedules of works for the respective *infrastructure* and these are contained in the respective Asset Management Plans and *Annual Plan* and/or *LTP* including development projects on the State Highways. The relevant details from the schedules are the inputs to the formulae contained in the District Plan to calculate the financial contributions.

The financial contributions for ecological protection are figures which can only be reviewed through a change to the District Plan.

Other financial contributions are calculated in accordance with formulae set out in the District Plan. The schedules of works, and hence the actual amounts payable, are able to be updated each year through the *LTP* and/or *Annual Plan* process under the Local Government Act. This is to reflect up-to-date costs, including actual expenditure, and any necessary changes in timing due to actual changes in the timing or patterns of growth. Financial contributions can also be reviewed through a plan change under the *RMA*.

A financial contribution can be imposed as a condition of a resource consent. The rules specify the level of financial contribution based on a residential or rural *lot* or *dwelling*. For other activities requiring consents, the *Council* may require that a financial contribution be paid as a specific condition of consent. The basis for determining the appropriate level of contribution will generally be the 'household equivalent'. *Household equivalent* is a derived figure for the purposes of calculating financial contributions. It is based on a 'typical' *dwelling* and what impact it will have on *infrastructure* requirements such as water use and vehicle movements per day. For Commercial and Industrial Zones it is based on a typical *lot* size.

Financial contributions imposed as a condition of consent at the time that a resource consent for a subdivision, *development* or new activity is granted are paid directly to the *Council* as the relevant condition of consent provides. The potential for a timelag between the imposition of a financial contribution condition and the payment of the contribution (up to eight years for a subdivision) can mean a significant reduction of the actual amount of the contribution because of the effect of inflation and cost escalations on the value of land and the schedules of works, unless the amount is able to be adjusted to reflect actual values and costs at the time of payment.

It is the time of giving effect to the resource consent that is relevant to *Council* as this is the time when the consented activity has an impact on the *infrastructure*. To ensure that the financial contributions collected reflect the actual costs of *infrastructure* provision, contributions which are not paid in full within two years from the commencement of the consent will be adjusted in accordance with current values and the updated schedules of works. This is to reflect the actual inputs to the formulae for financial contributions applicable at the time of payment, and will be those as stipulated in the *Annual Plan* current at the time of payment.

Council is aware that financial contributions may cumulatively impact on the community because the levy(s) may be so high as to act as a disincentive to growth. Whilst *Council's* funding policy is based on cost recovery, there needs to be flexibility to cater for situations where the pursuit of such policy is clearly not in the wider community interest and where application of the funding policy is shown not to be fair or reasonable in particular circumstances.

To provide flexibility in dealing with such situations, as part of its *Annual Plan* process the *Council* may resolve to reduce or waive any particular financial contribution that would normally be charged during that year. Similarly *Council* may use the plan change process under the *RMA*. Challenges to the application of the formulae (such as the applicability of the *household equivalent*, *passenger car equivalent* or *capacity consumption* calculation to a particular application) will be addressed through the resource consent process. Challenges of a philosophical nature need to be directed to *Council* as a matter of policy (such as an affordable housing development). Applicants have the ability under the former to lodge an objection under the *RMA*, and on the latter to approach the appropriate policy committee of *Council*.

11.1 Significant Issues

1. Subdivision and the associated intensification of *development* and land use activity have the potential to adversely affect the environment. This can be particularly significant when cumulative adverse effects are created over time.
2. Growth in the form of new *development* and new activities creates the need for the provision of new or upgraded *infrastructure*.
3. The potential exists for the costs of providing new or upgraded *infrastructure* to be allocated in a manner disproportionate to the benefits received by the existing community and new end users.
4. Full cost recovery of *infrastructure* may act as a disincentive to growth in a manner detrimental to existing communities.
5. There may be pressure for *development* to occur ahead of the *Council's* ability to provide *infrastructure*.
6. Delays in the payment of financial contributions set through the resource consent process can impact on the funding of *infrastructure*.

11.2 Objectives and Policies

11.2.1 Objectives

1. Protection of the natural and physical environment and the social, economic and cultural wellbeing of people and communities from the potential adverse effects of new or intensified *development*.
2. The provision of adequate funding for and efficient utilisation of the *District's infrastructure*.
3. A financial contributions strategy which ensures that financial contributions are charged on the basis of covering the community's costs of providing *infrastructure*.
4. A financial contributions strategy which is responsive to the social, environmental and economic needs of the community.
5. Timing of *development* commensurate with the ability to make appropriate provision for *infrastructure*.

11.2.2 Policies

1. Actual or potential adverse effects on the natural and physical environment which would otherwise be created by new or intensified *development* should be avoided, remedied or mitigated through the use of financial contributions and other appropriate measures.
2. The effects of new and intensified *development* on *infrastructure* in the *District* should be mitigated through expenditure of financial contributions.
3. The costs of *infrastructure* should be allocated in an equitable manner over both existing and new users so as to ensure that such costs are not borne unfairly by the wider community.
4. Calculations to assess *infrastructure* requirements should be based on the level of service needed to meet peak demand.
5. Calculations shall not seek to do more than recoup costs actually incurred in respect of expenditure to provide *infrastructure* to deal with the effects of growth including, where appropriate, the costs of financing such *infrastructure* over time.
6. Where appropriate, contributions should be levied differentially to reflect the particular circumstances applying to different parts of the *District*.
7. Provision should be made for the updating of inputs to the calculation of financial contributions through the consent and *Annual Plan* and/or *LTP* process to reflect actual and up-to-date estimated costs of the provision of *infrastructure*.
8. The actual or potential effects of applying financial contributions should be regularly reviewed and where an identified wider community detriment or a detriment to a particular sector of the community would be created, the particular financial contribution that would otherwise be payable should be reduced or waived (as appropriate).
9. Where appropriate, financial contributions that would otherwise be payable should be reduced or waived in recognition of specific environmental protection or enhancement measures proposed to be undertaken.
10. Where appropriate, consideration will be given to the reduction or waiver of financial contributions for recreation and leisure that would otherwise be payable in recognition of a historic oversupply of recreation and leisure land.

11. Provide a mechanism whereby a financial contribution can be taken to address or offset localised effects outside any approved development programme, or in lieu of works that would otherwise be undertaken by a consent-holder.
12. The full costs of required infrastructure and services should be paid when subdivision and *development* requires such provision outside an approved development programme.
13. Developers who fund *infrastructure* ahead of time in an approved development programme should be refunded only at the time that development funds become available.

11.3 Rules

11.3.1 Interpretation

For the purposes of these rules:

- (a) *Infrastructure* includes, without limitation, water, wastewater, stormwater, transportation and recreation and leisure facilities;
- ~~(b) Where financial contribution calculations are based on a formula referring to dwellings or household equivalent and the activity is not a dwelling, the calculation shall be based on a household equivalent, taking into account the likely use of services and facilities by that activity.~~

Except that:

Section 11 shall not apply where the need for the activity to obtain a resource consent arises solely from the provisions of Sections 5, 6 and 7 of the District Plan.

11.3.2 Application of Financial Contributions

- (a) With regard to any resource consent which is granted subject to a condition imposing a financial contribution, that condition shall provide for the amount of any financial contribution to be set as follows:
 - (i) The resource consent condition shall specify a financial contribution amount in dollars ~~(for all contributions other than those for recreation and leisure) or as a percentage of land value (for contributions in respect of recreation and leisure)~~ that may be paid in full within two years of the date of commencement of the consent;

Provided that:

Contributions not paid in full within two years of the consent commencing shall be subject to Rule 11.3.2(a)(ii).

- (ii) Any financial contribution which is not paid in full within two years from the date of commencement of the consent shall be adjusted so that the amount of the financial contribution required by the resource consent shall be the amount calculated in accordance with the relevant formulae in Rule 11.3.3.(a) using the current market value of the land at the date of payment and in Rules 11.3.3.(b), (c) and (d) using the updated inputs to those formulae as set out in *Council's Annual Plan* current at the date of payment.

(b) Unless specified otherwise in the rule to which a particular contribution relates, financial contributions will be charged in respect of:

(i) Additional *lots* created by subdivision which will qualify for the erection of a *dwelling*. See 11.3.3. All additional *lots* created will be charged a minimum of one *household equivalent*.

(ii) Additional *lots* created by subdivision within Commercial or Industrial Zones. ~~All additional lots created will be charged a minimum of one household equivalent.~~

~~Provided that:~~

~~Financial contributions shall apply for additional activities on a lot as if the land is being subdivided.~~

~~Financial Contributions for lots of a size greater than one household equivalent shall be calculated on a proportional basis.~~

~~(iii) All land use consent applications for new or intensified Controlled or Restricted Discretionary land use activities. Financial contributions will be assessed using household equivalents. Specific Formulae are contained in 11.3.3.~~

(iv) All land use consent applications for discretionary or non-complying land use activities. Financial contributions will be assessed ~~using household equivalents except~~ for transportation where *passenger*

car equivalents (PCEs) or specific assessments are applied. Specific formulae are contained in 11.3.4

- (v) Boundary adjustments (under Rule 12.3.3) deemed to create an independently usable title which did not previously exist or to significantly increase the usability of an existing title.

- (c) Financial contributions shall not apply in the following circumstances:
 - (i) where the subdivision or *development* of a *infrastructure* or *network utility* site will not create any effects on *Council's infrastructure* networks and do not require connection to *Council's* wastewater, stormwater or water supply;

 - (ii) where there is no ability to connect (in accordance with *Council's* Development Code 2009) to a specific *infrastructure* (excluding roading) and the provision for such *infrastructure* is not included in any relevant *structure plan* or *LTP*.

- (d) Reductions and waivers
 - (i) In accordance with Objective 11.2.1.4 and Policies 11.2.2.8, 11.2.2.9 and 11.2.10 above *Council* may reduce or waive in part or in whole for a specified period or for a particular activity, any financial contribution (including a particular part(s) of the formula contained in 11.3.3) that would otherwise be charged in order to avoid or mitigate an identified detriment to the wider community or an identified detriment to a particular sector of the community that warrants attention in the better fulfilment of the *RMA's* purpose. Assessment criteria include:
 - The quantum of the contribution(s) and the market's ability to pay;

 - Significant increases in the contribution(s) from one period to the next (or through the introduction of a new or revised financial contribution) that may create inequities or hardship;

 - The extent that any specific environmental protection or enhancement measure requires recognition, including measures under Rule 11.3.3(d).

Any such reduction or waiver shall be implemented through the *Annual Plan* process or the plan change process under the *RMA*.

(ii) With regard to specific applications for resource consent for additional *dwelling*s on multiple owned Maori land, consideration will be given to the following criteria in addition to those listed in (i) above with respect to the recreation and leisure financial contribution:

- Size and cost of the *dwelling* being constructed;
- Location of the property and the associated land value, extent of previous undertakings, or gifting of land or other tangible assets;
- Applicability of the *LTP* outcomes.

(iii) With regard to specific applications for resource consent where:

A financial contribution for recreation and leisure is payable under Rule 11.3.3(a), and an historic oversupply of reserve land is shown by the applicant to have occurred in relation to the same applicant or their successor in title, consideration shall be given to a reduction or waiver of the financial contribution as assessed having regard to the following criteria:

- The suitability of the excess land contributed for meeting *Council's* current recreation and leisure requirements for the catchment;
- The land value of the excess recreational and leisure land calculated at the time of granting the resource consent; and
- The quantity of financial contributions for recreation and leisure assessed under Rule 11.3.3(a) at the time of granting the resource consent.

Provided that:

This discretion shall only be considered where:

- (a) The applicant supplies conclusive evidence that:
- They are the successor in title in respect of the parent land contributing the excess land;
 - The amount of excess land contributed for recreation and leisure purposes exceeds 1ha as assessed at the time of the application, and
- (b) The application is made within ten years of the commencement of the initial consent that created the excess.
- (iv) Reductions may be considered where the application of the *household equivalent* or *passenger car equivalent* methods of calculation are considered to be inappropriate.

Such consideration will be through the resource consent process on a case by case basis.

11.3.3 Financial Contribution Formulae for Controlled and Restricted Discretionary Land Use Activities and all Subdivisions

~~These formulae are used to set the catchment financial contribution amounts and the values applied to the variables within the formulae will be updated annually.~~

(a) Recreation and leisure

Application – this rule applies to all *development* in the *District*, except to activities (excluding dwellings and accommodation facilities) in the Commercial and Industrial Zones which shall not pay a recreation financial contribution.

The financial contribution for reserves and recreational facilities shall be a land or monetary contribution (or combination thereof) equivalent to a ~~maximum of seven and a half percent of the current market value of the additional lots created.~~

~~It is based upon the cost of the works and land needed to provide for the future growth in the *District* as listed in the *LTP* and shall be calculated annually using the following formula:~~

~~$(CP/L) \times 100 = \text{Percentage of land value} = \text{financial contribution per additional}$~~

~~AV~~ ~~1~~ ~~subdivided lot or household equivalent~~

Where

~~CP = Value of additional capacity required for growth related projects remaining to be funded in the planning period of the LTP.~~

Note:

~~This includes the situation where Council has previously incurred capital expenditure in a prior year but there has been a shortfall of funding or where there has been an excess of income over planned expenditure. Interest is included in this figure.~~

~~L = Number of estimated dwellings remaining during the planning period.~~

~~AV = Average value of lots created in the previous year.~~

and that:

- ~~(i) The land value input to the formula is the land value at the time the financial contribution is paid if that payment occurs more than two years after the consent commences;~~
- ~~(ii) In the case of a new rural lot the area of land valued shall be limited to an assumed 2000m² house site within such a lot;~~
- ~~(iii) Where agreement between the Council and the applicant cannot be reached the current market value shall be as assessed by a registered valuer acceptable to both parties, subject to the costs of obtaining such valuation being met by the applicant;~~
- ~~(iv) Any remaining dispute arising from the above shall be determined in accordance with Section 357A of the RMA;~~
- ~~(v) The Council shall consider a Maori Reservation set aside under Sections 338 and 440 of the Maori Land Act 1991 (Te Ture Whenua Maori) in lieu of a reserves contribution;~~
- ~~(vi) The Council shall retain full discretion as to whether to accept money or land as payment of the required financial contribution.~~

(b) Transportation

(i) ~~Application—this rule applies to all development in the District and is applied~~ on the basis of the following catchments:

- Rural and minor settlements - this is a single catchment and includes the Rural and Lifestyle Zones and all minor settlements not classified as urban catchments below.
- Urban catchments - there are separate catchments for the urban zoned areas of Waihi Beach, Katikati, Omokoroa (including the whole of the Stage 2 Structure Plan area), and Te Puke.
- Strategic Transportation - this is *District-wide*.

~~(ii) The transportation financial contributions shall be calculated using the following formula:~~

$$\frac{(\text{CP}-\text{S}) - (\text{EP}-\text{S}) + \text{I}}{\text{L}} = \text{financial contribution per additional subdivided lot or household equivalent}$$

Where:

~~CP= value of development projects for future transportation related works during the planning period;~~

~~EP= value of development projects for that portion of the transportation related works required to meet the existing level of service for existing ratepayers;~~

~~S= the subsidies to be received for transportation works within the planning period;~~

~~L= dwellings and household equivalents estimated during the planning period;~~

~~I = Interest cost based on capital expenditure less revenue from financial contributions.~~

Explanatory Note:

~~The inputs to the formula will be updated annually through the Annual Plan and or LTP process to reflect changes in costs and timing. Any financial contribution that is not paid in full within two years of the commencement of the resource consent shall be subject to adjustment under Rule 11.3.2(a)(ii).~~

(c) Water Supply, Wastewater, and Stormwater

Financial contributions for water, wastewater and stormwater shall apply to the defined catchment or area of benefit for the infrastructure concerned ~~and shall be calculated using the following formula:~~

~~$$\text{Financial contribution per additional suburban lot or household equivalent} = \left\{ \frac{\text{Value of additional capacity for future dwellings and household equivalents}}{L} \right\} + \left\{ \frac{\text{Value of existing infrastructure plus capacity}}{L+E} \right\}$$

$$- \left\{ \frac{(AC-FR+I)X}{L} \right\} + \left\{ \frac{NV}{L+E} \right\}$$~~

Where:

~~AC = Additional capacity and share of increased level of service for future dwellings and household equivalents.~~

~~This is calculated by the cost of new project(s) which provide additional capacity, plus project(s) that provide an increased level of service to existing dwellings and household equivalents, and for future dwellings and household equivalents times percentage share that relate to future dwellings and household equivalents.~~

~~FR = Estimated future rates contribution from future dwellings and household equivalents of interest on loan financing the project(s) included in AC above.~~

~~I = Interest on cost of loan over life of project(s) assessed at Council's current cost of borrowing as defined in the LTP.~~

~~X = Long term inflation adjustment as defined in the LTP.~~

~~NV = Residual value of existing infrastructure based on Optimised Depreciated Replacement Cost less outstanding loans.~~

~~L = Number of estimated future dwellings and household equivalents within the area of benefit of the infrastructure based on growth projections (updated annually through the Annual Plan process to reflect actual and revised forecast).~~

~~E = Number of existing dwellings and household equivalents within the area of benefit of the infrastructure.~~

Explanatory Note:

~~The inputs to the formula will be updated annually through the Annual Plan process to reflect changes in costs and timing. Any financial contribution that is not paid in full within two years of the commencement of the resource consent shall be subject to adjustment under Rule 11.3.2(a)(ii).~~

~~Provided that the following household equivalents shall apply:~~

(i) Stormwater

~~In all zones the household equivalent is equal to one~~
(1) except for Commercial and Industrial Zones where 300m² of developable land equates to one (1) *household equivalent* (developable land is any land that has potential to be used for building, hard stand and parking or access purposes).

~~This rule shall not apply where the stormwater from the activity is:~~

- Fully managed onsite by the activity, ~~and~~
- Use is not made of public *infrastructure*, including open watercourses.

(ii) Water and wastewater

The *household equivalent* is equal to one (1) except for the following activities where the number of *household equivalents* will be determined by specific assessment:

- ~~Fastfood outlets/takeaways, restaurants, catering facilities and the like;~~
- *Service stations* with car wash facilities;
- *Accommodation* and recreational *facilities* including hotels, motels, community centres and Marae;
- Process manufacturing including coolstores and packhouses;
- Garden centres and nurseries;
- Butcheries;
- Drycleaners and laundromats;
- Education facilities;
- Hospitals and laboratories;
- Crematoriums and mortuaries;
- Concrete plants and yards;

- Waste handling facilities.

The *household equivalent* for water is measured at 0.6m³ per household per day with an assumed occupancy rate of 2.7 persons per household.

The *household equivalent* for wastewater is calculated at a factor of 0.85 of the water usage.

Household equivalents are assessed on the basis of peak demands rather than average use.

The determination of the number of *household equivalents* for *accommodation facilities* will be based on capacity.

(d) Ecological protection

- (i) Financial contributions for ecological protection and or enhancement shall be a monetary contribution of ~~\$464 + GST (2008/09)~~ per *lot* or *dwelling* as determined by the circumstances set out hereunder, such contribution to be adjusted annually in accordance with the Consumer Price Index through *Council's Annual Plan* and Budget:

Except that:

The ecological financial contribution shall be doubled for subdivision and *development* occurring within the Park Road East Esplanade in Katikati.

- (ii) Ecological financial contributions will be charged on subdivisions in respect of additional *lots* created by subdivision where such *lots* will qualify for the erection of a *dwelling* as a Permitted or Controlled Activity.

Provided that

Council may consider the reduction or waiver of these financial contributions where legally binding environmental protection or enhancement measures have already been or are proposed to be undertaken on the property concerned in conjunction with the principal activity. In such cases the principal activity (subdivision or land use) shall be deemed to be a Restricted Discretionary Activity in respect of the environmental protection or enhancement measures concerned. Such measures shall be the subject of a report and recommendations from an appropriately qualified independent person acceptable to *Council*.

(e) Rangioru Business Park

- (i) As set out below, financial contributions shall be payable for subdivision and *development* in the Rangioru Business Park to pay for trunk infrastructure as identified in the *Structure Plans* and the associated financial contribution schedule in Appendix 7;
- (ii) The financial contribution shall be in accordance with the approved financial contribution schedule (specified dollar amount per square metre of site area so used), adjusted annually to reflect updated construction cost estimates or completed project costs, and the financing costs (based on the 90 day bank rate [BKBM FRA rate] plus 1.5%);
- (iii) The financing costs are to be charged quarterly in arrear on the last day of March, June, September and December in each year on the actual capital expenditure at the start of the quarter as approved in the schedule less the financial contributions received during the quarter;
- (iv) In addition further financing costs (based on the 90 day bank rate [BKBM FRA rate] plus 1.5%) resulting from the assumed average delay of three years between the setting of financial contributions and their receipt are to be charged annually on 1 July on:
 - (a) the capital expenditure as approved in the Schedule;
 - (b) the financing costs calculated as in (ii) and (iii) above.

The financial contribution schedule including the holding costs are indicative only.

The actual financial contributions will reflect the actual construction costs to be determined at the time resource consents commence, taking into account the amounts listed in the financial contributions schedule and any relevant costs listed in the *Council's Annual Plan*.

If, as a consequence of any amendments to the capital works programme, the allocation

between public/network and developer benefit needs to be updated, this may also occur through the *Annual Plan* process (excluding those items listed in Appendix 7, Section 7 under "1.00 Rooding infrastructure", where the 'public/network' contribution will remain at 0%).

(v) 'Site area':

- Excludes the areas set aside for trunk infrastructure as identified on the *Structure Plan*, such as local purpose reserves (stormwater), local purpose reserves (amenity), pedestrian/cycle access, collector and entrance roads, and the Tauranga Eastern Link interchange.
- Includes the area of all local and private roads and other *infrastructure* not specifically required by the *Structure Plans*.
- The total net developable area is 148ha.

In respect of *development*, 'site area' relates to the total area of the *lot* or the total area of the tenancy area in which the *development* is located.

For the Seeka site being Lots 1 and 2 DPS 3521 the site area shall exclude the developable area shown on Plan 011318-S-R400 Rev A in Appendix 6 - Financial Contribution Calculations of the Private Plan Change Request - Metroplex Rangioru Business Park Volume 1 November 2005

(vi) The financial contribution is payable at the time of subdivision or *development*, whichever happens first. Where a financial contribution has already been paid at the time of subdivision in respect of any land, there shall be no further contributions payable at the time of *development*. Where a financial contribution has already been paid at the time of *development* in respect of any land, there shall be no further contributions payable at the time of any subsequent subdivision;

(vii) Financial contributions at the time of subdivision are payable at subdivision completion stage (i.e. Section 224 application). Financial contributions at the time of *development* are payable at building consent stage or

at the time land is used for Rangioru Business Park purposes;

- (viii) In respect of the Rangioru Business Park, where *Council* does not expect to be able to fund much of the trunk infrastructure needs for the foreseeable future, financial contributions from developers shall be collected by *Council* and paid directly to any prior developer or agency which has funded trunk infrastructure services in accordance with the financial contribution schedule and the *Structure Plans*.

(f) Te Puke West Industrial Area

- (i) In addition to the financial contributions payable pursuant to Rule 11.3.3, excluding roading and stormwater, financial contributions shall be payable for subdivision and *development* in the Te Puke West Industrial Area to pay for *infrastructure* as identified in the Te Puke West Schedule of Financial Contributions contained in Appendix 7;
- (ii) The Te Puke West financial contribution shall be in accordance with the Schedule (specified dollar amount per square metre of site area), adjusted annually to reflect updated construction cost estimates or completed project costs, and the financing costs (based on the 90 day bank rate [BKBM FRA rate] plus 2%);
- (iii) The financing costs are to be charged quarterly in arrear on the last day of March, June, September and December in each year on the actual capital expenditure at the start of the quarter as approved in the schedule less the financial contributions received during the quarter;
- (iv) In addition further financing costs based on the 90 day bank rate (BKBN FRA rate) plus 2% resulting from the assumed average delay of three years between the setting of financial contributions and their receipt are to be charged annually on 1 July on:
- The capital expenditure as approved in the Schedule;
 - And the financing costs calculated as in (ii) and (iii) above.

- (v) Where, in lieu of payment of financial contributions, a developer constructs any of the *infrastructure* referred to in the Te Puke West Industrial Area Financial Contributions Schedule and that constructed *infrastructure* will also serve land within the Te Puke West Industrial Area beyond the land under *development* at the time, *Council* will collect financial contributions from subsequent developers benefiting from such previously established *infrastructure* in accordance with the Te Puke West Industrial Area Financial Contributions schedule contained in Appendix 7. The contributions collected shall then be paid directly to the prior developer concerned.

11.3.4 Financial Contributions and Infrastructure works for Discretionary and Non-complying Land Use Activities

11.3.4.1 An assessment of capacity, adequacy of pavement, and safety shall be made of the actual impact of the activity on the specific *infrastructure*. The impact shall be remedied or mitigated by one or more of the following:

- (a) Where existing spare capacity is available to accommodate the proposed activity, a financial contribution shall be payable based on the amount of capacity to be used (see 11.3.4.2).
- (b) Where the existing *infrastructure* is inadequate in terms of capacity and safety for the proposed activity, the *infrastructure* shall be upgraded by the applicant at their cost to accommodate the expected demand. This will be imposed as a condition on any resource consent granted.
- (c) Where the activity will consume all of the currently available spare capacity as well as require an upgrade of the existing *infrastructure*, both (a) and (b) above shall apply.

Except that:

A contribution shall not be payable under (a) where any upgrading required under clause (b) above results in the existing level of spare capacity being maintained or exceeded.

- (d) Where a required *infrastructure* upgrade will provide a greater level of capacity than that needed to accommodate the proposed activity, the following shall apply:
- (i) If the upgrade is included in the *LTP*, the cost of the spare capacity created will be refunded to the consent holder at the time stipulated in the *LTP*,

- (ii) If the upgrade is not included in the *LTP*, there shall be no refund.

11.3.4.2 For 11.3.4.1 (a), (c), and (d) the impact shall be converted into *household equivalents* and applied in accordance with the following:

(a) Recreation and Leisure

This will be charged in accordance with 11.3.3 (a) for *dwelling*s, *minor dwelling*s, *retirement villages* and *accommodation facilities* excluding *seasonal worker accommodation*.

(b) Transportation

- (i) Capacity consumption

Explanatory Notes:

1. This rule shall apply to the specific roads that provide access from the State Highway to the activity.
2. The width of the existing road is to be determined by actual measurement or by reference to *Council's* RAMM (Road Assessment and Maintenance Management) database.
3. The average annual daily traffic volume (AADT) for the existing road is to be determined by actual measurement or by reference to *Council's* RAMM database. For the purposes of converting the AADT into *PCE VMs*, where actual figures are not available it shall be assumed that 10% of the volume comprises heavy commercial vehicles (HCV's). The proposed road activity shall be converted to daily *PCEs*.
4. Road width and *road capacity* (existing and required) is to be determined by reference to the relevant table in rule 12.4.4.2. The capacity of the road is represented by the upper limit traffic volume for a road of the applicable standard (carriageway width and length).
5. The current cost of 1m² of rural road pavement' will be set annually through *Council's LTP* and *Annual Plan* processes under the Local Government Act 2002.

Calculation methodology

- (a) Determine the proposed route from the subject site to the nearest State highway (or *District* boundary).
- (b) Determine the capacity of the existing road (in terms of daily *PCE VM's*), given its current standard of construction.
This is "A".
- (c) Determine the standard of road (width) required to accommodate both existing and proposed daily *PCE VM's*.
This is "B".
- A sliding scale shall be used to assess the theoretical width required.
- (d) Determine the value of the length of affected road. This is calculated from the depreciated replacement cost for the existing road (and deductions made for any subsidies received)
This is "C".
- (e) Determine the proportion (%age) of the capacity of the road consumed by the proposal's predicted traffic volume.

This is calculated as (the number of *PCEs* as proposed by the applicant)/(the capacity (*PCE*) of the existing road).
This is "D".
- (f) Applicable financial contribution for *Capacity Consumption* = \$(C x D).

(ii) Pavement Consumption

The purpose of the following calculation is to determine the effect of additional HCV's generated by the proposed new activity on the life of the existing road pavement. The calculation shall be undertaken by a Chartered Professional Engineer (CPEng) or other suitably qualified person specifically approved by *Council*.

- (a) Collect all available data for the road on which the proposed out of zone activity will take place. Base data can be found in RAMM and dTIMs (dTIMS is a software package developed by Deighton Associates Ltd, and used by Road Controlling Authorities for the predictive modelling of pavement deterioration).
- (b) Assess existing pavement design, and determine its residual life. The effective residual life of the existing pavement can be obtained from the dTIMs pavement deterioration model output, or back calculation from existing pavement data. This data will be produced annually.
- (c) Determine the design axle loads for the existing pavement.
- (d) Calculate the additional axle loads as a result of the proposed activity. Determine the effect of the additional axle loads on the existing pavement, by determining the year when the existing pavement will reach the end of its design life, i.e. when the life of the pavement is consumed.
- (e) Determine the reduction in life (number of years) of the existing pavement caused by the additional axle loads.
- (f) Assess the current cost of renewing the pavement, given both the existing and new traffic loadings.
- (g) Assess the incremental cost of bringing the pavement renewal works forward. (Complete a net present value calculation, using the cost of finance provided annually in *Council's Annual Plan*).

This is the financial contribution payable for Pavement Consumption.

(iii) Strategic Transportation

One *household equivalent* shall be paid for each activity.

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(c) Water Supply, Wastewater, and Stormwater

~~These will be charged in accordance with 11.3.3(e)~~

Except that

In 11.3.3(c)(ii) the following shall apply:

- (i) For Commercial and Industrial Zones 11.3.3(c)(ii) shall apply;
- (ii) For all other zones a specific assessment shall be made.

(d) Ecological Protection

In accordance with 11.3.3(d).

Appendix D
Comparison of Existing and Proposed
Financial Contributions

Attachment D

Financial Contributions: Comparison of Existing with Proposed \$

Based on 12 lots per Ha using a Net Developable Area of 7,500m² per Ha

Infrastructure Type

Water	Lot	HA
Western	4,165	49,980
Central	4,050	48,600
Eastern	7,115	85,380

Wastewater	Lot	HA
Waihi Beach	16,140	193,680
Katikati	6,877	82,524
Omokoroa	9,677	116,124
Te Puke	5,275	63,300
Maketu	5,294	63,528

Stormwater	Lot	HA
Waihi Beach	3,873	46,476
Katikati	3,934	47,208
Omokoroa	3,617	43,404
Te Puke	7,080	84,960

Roading	Lot	HA
Waihi Beach	3,667	44,004
Katikati	4,232	50,784
Omokoroa	9,760	117,120
Te Puke	5,389	64,668
Rural	9,812	117,744

Rec & Leisure	Lot	HA
Dist. wide	5,966	71,592

Urban Growth Area

Waihi Beach			
	Current	Proposed	Variance
350m² Lot			
Water	4,165	2,332	(1,833)
Wastewater	16,140	9,038	(7,102)
Stormwater	3,873	2,169	(1,704)
Rec & Leisure	5,966	3,341	(2,625)
Roading	3,667	2,054	(1,613)
	33,811	18,934	(14,877)
450m² Lot			
Water	4,165	2,999	(1,166)
Wastewater	16,140	11,621	(4,519)
Stormwater	3,873	2,789	(1,084)
Rec & Leisure	5,966	4,296	(1,670)
Roading	3,667	2,640	(1,027)
	33,811	24,344	(9,467)
600m² Lot			
Water	4,165	3,998	(167)
Wastewater	16,140	15,494	(646)
Stormwater	3,873	3,718	(155)
Rec & Leisure	5,966	5,727	(239)
Roading	3,667	3,520	(147)
	33,811	32,459	(1,352)
700m² Lot			
Water	4,165	4,665	500
Wastewater	16,140	18,077	1,937
Stormwater	3,873	4,338	465
Rec & Leisure	5,966	6,682	716
Roading	3,667	4,107	440
	33,811	37,868	4,057
\$ Per m²		54.10	
1 HHE (625m²)		33,811	

Katikati			
	Current	Proposed	Variance
350m² Lot			
Water	4,165	2,332	(1,833)
Wastewater	6,877	3,851	(3,026)
Stormwater	3,934	2,203	(1,731)
Rec & Leisure	5,966	3,341	(2,625)
Roading	4,232	2,370	(1,862)
	25,174	14,097	(11,077)
450m² Lot			
Water	4,165	2,999	(1,166)
Wastewater	6,877	4,951	(1,926)
Stormwater	3,934	2,832	(1,102)
Rec & Leisure	5,966	4,296	(1,670)
Roading	4,232	3,047	(1,185)
	25,174	18,125	(7,049)
600m² Lot			
Water	4,165	3,998	(167)
Wastewater	6,877	6,602	(275)
Stormwater	3,934	3,777	(157)
Rec & Leisure	5,966	5,727	(239)
Roading	4,232	4,063	(169)
	25,174	24,167	(1,007)
700m² Lot			
Water	4,165	4,665	500
Wastewater	6,877	7,702	825
Stormwater	3,934	4,406	472
Rec & Leisure	5,966	6,682	716
Roading	4,232	4,740	508
	25,174	28,195	3,021
\$ Per m²		40.28	
1 HHE (625m²)		25,174	

Omokoroa			
	Current	Proposed	Variance
350m² Lot			
Water	4,050	2,268	(1,782)
Wastewater	9,677	5,419	(4,258)
Stormwater	3,617	2,026	(1,591)
Rec & Leisure	5,966	3,341	(2,625)
Roading	9,760	5,466	(4,294)
	33,070	18,519	(14,551)
450m² Lot			
Water	4,050	2,916	(1,134)
Wastewater	9,677	6,967	(2,710)
Stormwater	3,617	2,604	(1,013)
Rec & Leisure	5,966	4,296	(1,670)
Roading	9,760	7,027	(2,733)
	33,070	23,810	(9,260)
600m² Lot			
Water	4,050	3,888	(162)
Wastewater	9,677	9,290	(387)
Stormwater	3,617	3,472	(145)
Rec & Leisure	5,966	5,727	(239)
Roading	9,760	9,370	(390)
	33,070	31,747	(1,323)
700m² Lot			
Water	4,050	4,536	486
Wastewater	9,677	10,838	1,161
Stormwater	3,617	4,051	434
Rec & Leisure	5,966	6,682	716
Roading	9,760	10,931	1,171
	33,070	37,038	3,968
\$ Per m²		52.91	
1 HHE (625m²)		33,070	

Te Puke			
	Current	Proposed	Variance
350m² Lot			
Water	7,115	3,984	(3,131)
Wastewater	5,275	2,954	(2,321)
Stormwater	7,080	3,965	(3,115)
Rec & Leisure	5,966	3,341	(2,625)
Roading	5,389	3,018	(2,371)
	30,825	17,262	(13,563)
450m² Lot			
Water	7,115	5,123	(1,992)
Wastewater	5,275	3,798	(1,477)
Stormwater	7,080	5,098	(1,982)
Rec & Leisure	5,966	4,296	(1,670)
Roading	5,389	3,880	(1,509)
	30,825	22,194	(8,631)
600m² Lot			
Water	7,115	6,830	(285)
Wastewater	5,275	5,064	(211)
Stormwater	7,080	6,797	(283)
Rec & Leisure	5,966	5,727	(239)
Roading	5,389	5,173	(216)
	30,825	29,592	(1,233)
700m² Lot			
Water	7,115	7,969	854
Wastewater	5,275	5,908	633
Stormwater	7,080	7,930	850
Rec & Leisure	5,966	6,682	716
Roading	5,389	6,036	647
	30,825	34,524	3,699
\$ Per m²		49.32	
1 HHE (625m²)		30,825	