



# DEVELOPMENT AND FINANCIAL CONTRIBUTIONS POLICY



**NAPIER**  
CITY COUNCIL  
Te Kaunihera o Ahuriri

<b>Adopted by</b>	Napier City Council on 29 June 2018
<b>Relevant Legislation</b>	Local Government Act 2002
<b>NCC Documents Referenced</b>	Not Applicable

## Policy

### 1. Introduction

The Development and Financial Contributions policy has been reviewed and updated to reflect Council's Long Term Plan 2018-28. After the outcome with the Havelock North Water Stage II Inquiry Report and recent organisational changes, Napier City Council recommended to continue with the current policy and approach, while Council can assess the impacts of changed legislative requirements in addition to the collection of further asset data to inform a full policy review.

The effect of the proposal is that, as with previous years, the current schedule of fees applicable to Development and Financial Contributions will be adjusted by the Producers' Price Index (PPI) until such time that the full review of the future asset requirements to support growth can be completed.

### 2. General

LGA Section 106 enables Napier City Council to require development or financial contributions from developers to help fund the cost of new or expanded infrastructure and services, which are required to meet the additional demand created by growth.

Financial Contributions are applicable to lots and units for residential purposes.

Development Contributions are applicable to construction and/or development of lots and units for commercial and/or industrial purposes.

The Financial and Development Contribution charges are adjusted annually on 1 July in accordance with the provisions of Sections 106(2B) and 106(2C) of the LGA, based on the Statistics NZ Producers' Price Index outputs for construction (PPI).

Council is required to have a policy on Development Contributions and/or Financial Contributions as a component of its Funding and Financial Policies. Section 106 of the LGA details the specific matters to be covered in any Development Contributions or Financial Contributions Policy.

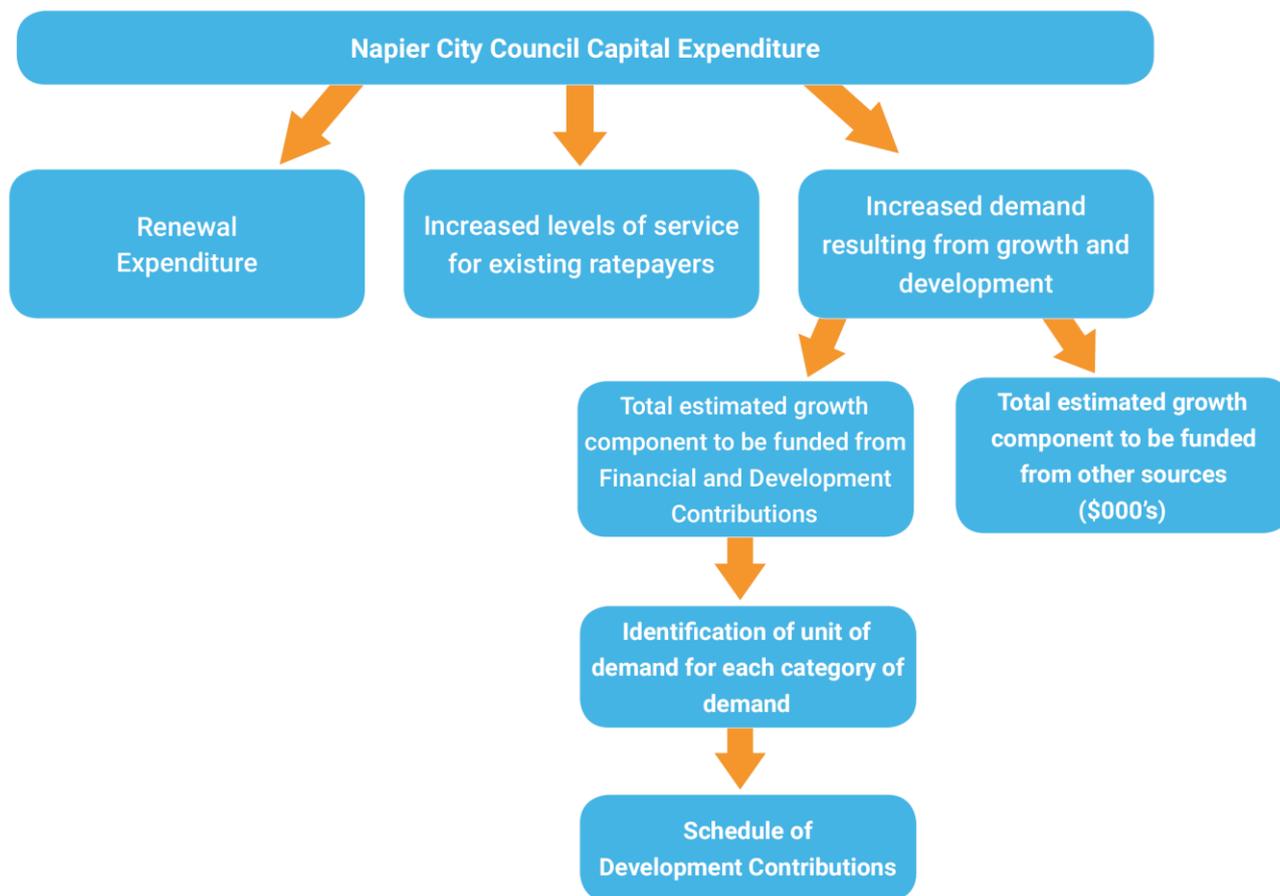
Council considers, at this stage, that it will rely on the financial contributions specified in the City of Napier District Plan prepared under the Resource Management Act 1991 (RMA) mainly for residential development, as this has been subject to considerable community consultation and is well accepted by the community. Residential activity for the purposes of this policy means the development of land and buildings (including accessory buildings such as garages, carports and storage sheds) primarily for the use of a household (whether any person is subject to care, supervision or not).

Council requires Development Contributions under Section 198 of the Act for Commercial and Industrial activities throughout the City. Commercial activity for the purposes of this policy means development of land and buildings primarily to be used for the display, offering, provision, sale or hire of goods, equipment or service and includes retailing, travellers' accommodation, day care centres, off-licence premises, wholesale liquor outlets, offices, shops, medical clinics/hospitals, churches, residential care facilities, educational facilities and retirement complexes but does not include activities specifically excluded under the LGA. Industrial activity for the purposes of this policy means development of land and buildings primarily to be used for manufacturing, assembling, testing, fabricating, processing, packing or associated storage of goods and the servicing and repair of goods and vehicles and includes service stations, transport depots, warehouses, factories, network utility operations and unsealed yards.

This policy sets out the development and financial contributions payable, specifies how and when they are to be calculated and paid, and summarises the methodology and rationale used in calculating the level of contributions.

The Development Contributions charged under this policy are distinct from and in addition to the provisions in the District Plan that provide Council with the discretion to require financial contributions under the RMA 1991.

Diagram 1 - Capital Expenditure and link to Financial and Development Contributions Policy



### 3. Financial Contributions – Residential (A Summary)

Council’s functions under the RMA include establishing and implementing methods to achieve integrated management of the effects of the use, development or protection of land and the control of subdivision. The charging of financial contributions is an important mechanism in carrying out those functions and ensuring that there are positive effects on the environment which avoid, remedy or mitigate any adverse effect resulting from land development and subdivision.

Financial Contributions are a component of the City of Napier District Plan. Financial Contributions are applicable to development for residential purposes. Under the Local Government Act 2002, the Council is required to summarise the District Plan provisions that relate to financial contributions. Copies of the City of Napier District Plan can be viewed at the Napier or Taradale Public Libraries or on Napier City Council’s website [www.napier.govt.nz](http://www.napier.govt.nz).

To ensure that the adverse effects of new land development, including subdivision, on the City’s infrastructure are mitigated, and to ensure that subdividers and developers pay a fair and reasonable share of the cost of new development, the following policies will apply in relation to financial contributions:

The subdivider or developer is required to meet the cost of providing all infrastructure within land being developed or subdivided where the benefits accrue directly to the land being subdivided or developed.

Where existing infrastructure and services outside the land being subdivided or developed are inadequate for the existing development, the cost of upgrading or the provision of new facilities shall be shared fairly

between the subdivider or developer and the Council if there is deferred capital works of benefit to another area.

The subdivider or developer is required to meet the proportionate cost of upgrading infrastructure or for the provision of new infrastructure where the development/subdivision will necessitate such upgrading or new offsite services.

### **Funding Approach**

The Council's share of apportioned costs is funded from rates and borrowing.

The developer's share of costs is charged as financial contributions, applied to subdivision and various land use activities under the RMA. The actual level of financial contributions to be applied are authorised in Council's Schedule of Fees and Charges, which are revised annually.

### **General Purposes for Which Financial Contributions May Be Used**

Financial contributions collected may be used for the following general purposes or a combination thereof:

- Water Supply
- Wastewater Disposal
- Waste Disposal
- Sports and Reserves
- Roads and Transportation
- Recreation Facilities
- Stormwater Disposal
- Library Facilities

Chapter 65 of the District Plan specifies in detail the issues, objectives, policies and rules relating to financial contributions. The provisions of the District Plan on financial contributions relate to the following matters:

- Land Development
- Subdivision
- Residential Multi-Unit Development
- Industrial and Commercial Land Development

### **Financial Contributions – Reserves**

There is a long history of requiring subdivision of land to provide land or money for the purpose of providing public open space as reserves. Reserves are generally required as part of the subdivisions process as they provide the open space and recreation facilities and opportunities necessary to cater for additional demand generated and also to protect or enhance amenity values.

As communities grow in size there is a need to provide recreation and open space to meet their needs and requirements.

The guiding principle in the determination of reserves requirements relating to city growth is the preservation of the current ratio of recreational reserves per residential lot.

This ratio for Napier has been calculated at 75m<sup>2</sup> per residential property and is perceived to be satisfactory by current users and appropriate for the future.

### **Financial Contributions – Services**

The developer of a subdivision or development is responsible for funding all work within its boundaries relating to services where the benefits accrue directly to the land being subdivided or developed. The

developer must also meet the proportionate share of the cost to provide off site services. This is to ensure that the adverse effects of new land development and subdivision on the City's infrastructure are mitigated and a reasonable share of the cost of new development is borne by those undertaking the development.

## **4. Development Contributions – Commercial and/or Industrial Development**

### **Legislative Requirements and Powers**

Council is required to have a policy on Development Contributions or Financial Contributions under Section 102(2)(d) of the Local Government Act 2002 (LGA). Section 106 of the LGA sets out the requirements for the policy and that it must be reviewed at least every three years.

Section 198 of the Act gives territorial authorities the power to require a contribution for developments. Development contributions provide Council with a method to obtain contributions to fund the provision of community facilities required to meet increased demand resulting from growth.

### **When a Development or Financial Contribution is Required**

A Development Contribution is required in relation to a development when:

- the effect of development is an increase in demand, requiring the provision of community facilities to meet the increased demand; and
- the Council incurs capital expenditure to provide the community facilities, or has incurred capital expenditure in anticipation of the development.

Except that:

Water supply, wastewater and/or stormwater components of a development or financial contribution will not be payable where there is no actual or potential relevant connection provided or to be provided to the site.

The Roads and Transportation component of a development or financial contribution will not be payable where there is no actual or potential impact on the roading system arising from the land development. No actual or potential impact means that the increase in the average number of vehicle movements resulting from the land development does not exceed eight vehicle movements per day (being the average number of vehicle movements generated by a typical household).

The effect of a development in terms of impact on these assets includes the cumulative effect that a development may have in combination with another development. A Development Contributions or Financial Contributions Policy also enables Council to require a Development Contribution that is used to pay in full, or in part, capital expenditure already incurred by the Council in anticipation of development.

### **Limitations to the Application of Development Contributions**

Council will not require a Development Contribution for network infrastructure in the following cases:

- Where it has, under Section 108(2)(a) of the Resource Management Act 1991 (RMA), imposed a condition on a resource consent in relation to the same development for the same purpose; or
- Where the developer will fund or otherwise provide for the network infrastructure; or
- Where the Council has received or will receive funding from a third party.

### **Relationship to Resource Management Act**

Development contributions under the Act are complementary to, and separate from, financial contributions under the RMA. Council generally intends only to require Development Contributions under this Development and Financial Contributions Policy for commercial and industrial purposes. However, Council will still have the authority to require works or services or seek cash or land contributions on new developments to avoid, remedy and mitigate the environmental effects of proposed developments through resource consent conditions or in accordance with any relevant rule in the District Plan or any transitional provision under the RMA.

## Community Outcomes

Council outlines its community outcomes in the Long Term Plan. The community outcomes that Council will contribute to, among other things, is the funding of development expenditure for growth for water supply, wastewater, stormwater, road, reserves and community infrastructure. The community outcomes and goals are listed below.

Outcome	Napier City Goal
A vibrant city for everyone	<p>Napier is a vibrant city through excellent strategy and planning</p> <p>Social cohesion is achieved for all ages and ethnicities</p> <p>Innovative services are provided using technology whilst protecting the environment</p> <p>Technology connects Napier to the rest of New Zealand and the world</p> <p>Napier is an appealing tourist destination</p> <p>Business-friendly economic development is encouraged</p>
Excellence in infrastructure and public services for now and the future	<p>Facilities and infrastructure will support community and visitor needs, focussing on excellent service and accessibility</p> <p>Napier's transportation system is safe and affordable</p> <p>All transport choices are catered for: cars, cycles, pedestrians and disabled users</p>
A sustainable city	<p>Our natural resources are renewed and enhanced. We act as steward for our environment for future generations</p> <p>Napier values its character and history</p> <p>Napier is an affordable city to live in</p>
Council works with and for the community	<p>Council guides the city with effective leadership</p> <p>Council encourages community consultation and collaboration to assist in shaping the future direction of the city</p>
A safe and healthy city that supports community well-being	<p>Services and facilities support social and recreational opportunities</p> <p>Community safety is supported and improved</p> <p>Social services are supported</p>

## 5. Overview of Development Contributions Policy

Section 201 of the Act outlines the required contents of a Development Contributions Policy.

The following section is consistent with this requirement of the Act.

### Purpose and Principles of a Development Contributions Policy

The purpose of the Policy is to enable Council to recover from those persons undertaking development, a fair, equitable and proportionate portion of the total cost of capital expenditure necessary to service growth over the long term.

Council's baseline position is that it is inappropriate to burden the community as a whole, by way of rating or other payment means, to meet the cost of growth

This Policy is consistent with the purpose provisions of S197AA of the Local Government Act and follows the principles contained in S197AB of that Act.

## Trigger for Taking a Development Contribution

Under Section 198 of the Act, Council can require a Development Contribution upon the granting of:

- A resource consent; or
- A building consent; or
- An authorisation for a service connection.

Council will generally require contributions for the roading component at the resource consent for subdivision stage. Council considers that the subdivision consent stage is generally the most appropriate stage to require a Development Contribution for roading for the following reasons:

- Practicality of implementation
- Economies of scale in implementation costs
- Fairness
- Best available knowledge for projections and allocating budgets.

When Council requires a Development Contribution at subdivision consent stage, the expected dominant nature of activities in the underlying zone will determine the type of Development Contribution payable.

While generally Development Contributions will be required at subdivision consent stage, Council may require contributions at the building consent stage or at the service connection stage, where Council can better determine the scale and nature of the physical structures to be erected and where additional units of demand are created in the absence of subdivision. The Council's experience is that occasionally units of demand are created by additional units or alternative uses on land already subdivided. In such cases, as a matter of equity, Council will assess and seek the appropriate Development Contribution at the building consent stage. If additional units of demand are created in the absence of subdivision or outside of the building consent stage Council will require a Development Contribution at service connection stage.

## Activities Requiring a Development Contribution to Meet the Costs of Growth

Council may require a Development Contribution from any development for the following:

- To fund the cost of the capital expenditure expected to be incurred to provide community facilities to meet the increased demand resulting from growth.
- To fund the cost of the capital expenditure already incurred in anticipation of development, to provide community facilities to meet the increased demand resulting from growth.

Long term planning for future growth needs is considered over a 20-year time frame, to provide for anticipated growth as identified by Urban and Industrial Growth studies. The last review of the Urban Growth Strategy was completed in 2017. The infrastructure needed to provide for the anticipated level of growth is described in the Essential Services Development Reports prepared in 2000 and updated schedule of projects to support growth in the 2018 Activity Management Plans. Financial and Development Contributions are set at a level to recover the investment in reserves, network infrastructure and community infrastructure required as a result of growth.

For the purposes of this Policy, capital expenditure expected to be incurred as a result of growth is shown in Tables 2 and 3. Capital expenditure already incurred in anticipation of development has been accounted for from 1996/97 to 2017/18

Funding Council's cost of capital expenditure for growth with Development Contributions must be considered in conjunction with Council's other funding tools. Development contributions are required from development under this Policy to meet the growth component of the future capital expenditure budgets for reserves, network infrastructure and community infrastructure not met from other sources. The table identifies activities in infrastructure services for which Council will require Development Contributions.

Table 1: Commercial and/or Industrial Activities requiring a Development Contribution

Activities	Community Facilities
Water Supply	Network Infrastructure

Wastewater	Network Infrastructure
Roading	Network Infrastructure
Stormwater	Network Infrastructure

### Schedule of Assets for which Development Contributions will be used

The following disclosure table shows a summary for each Activity and for each area of benefit, for the period 2018-2028.

The disclosure table below shows:

- the nature and level of expected program of works for which the development contributions requirements set out in the Development Contributions; and
- how the Financial Contributions Policy is intended to be used; and
- the estimated capital cost for the program of work above; and
- the proportion of the capital cost that Council proposes to recover through development contributions; and
- the proportion of the capital cost that Council proposes to recover from other sources.

Asset / Work Programme	Estimated Capital Cost (\$'000)	% Development contributions	% Financial contributions	% Other sources
<b>Roading - District wide:</b>				
Ahuriri Master Plan - Bridge Street pedestrian facilities	5,148	3%	27%	70%
Associated improvements	1,512	3%	22%	76%
Awatoto to Expressway Link Improvements	619	4%	31%	66%
Capacity Improvement Projects	124	5%	44%	51%
Intersection Improvement Projects	11,508	3%	22%	76%
Intersection Safety Improvement Projects	9,521	1%	4%	95%
Marine Parade Safety Improvements	1,441	1%	9%	90%
New Cycle and Walking Tracks	9,484	1%	4%	95%
Public transport infrastructure	555	2%	18%	80%
Puketitiri Road Upgrade	8,857	4%	31%	66%
Severn St roundabout	1,322	5%	44%	51%
Urban Corridor Improvement Projects	3,942	3%	22%	76%
<b>Water Supply - District Wide</b>				
New bores in Awatoto	1,100	7%	43%	50%
New Reservoir Westen Hills	2,100	13%	87%	0%
New Taradale Bore Field	4,810	3%	17%	80%
New Water Treatment Plant	1,733	3%	17%	80%
Replacement of Enfield reservoir	11,541	3%	17%	80%
Water Pipes Renewals	5,357	1%	4%	95%

Asset / Work Programme	Estimated Capital Cost (\$'000)	% Development contributions	% Financial contributions	% Other sources
<b>Stormwater - District Wide</b>				
Ahuriri Master Plan Project 1 - stormwater treatment wetlands	2,625	1%	4%	95%
Ahuriri Master Plan Project 4 - Upper catchment stormwater quality improvements	1,080	1%	4%	95%
Ahuriri Master Plan stormwater study	307	1%	4%	95%
Ahuriri Master Plan Project 11 - Pandora catchment improvements	1,248	1%	4%	95%
Ahuriri Master Plan Project 3 - improve direct outfalls	1,253	1%	4%	95%
CBD Stormwater Upgrade	1,022	1%	9%	90%
Construction of a hydraulic model and upgrades	466	6%	44%	50%
Jervoistown Stormwater Improvements	160	2%	18%	80%
New pump station and pumping main for Marewa Catchment	5,924	5%	35%	60%
New pump station in Bay View	3,536	2%	18%	80%
Outfalls Marine Parade	252	2%	18%	80%
Stormwater Catchment Project	2,380	3%	27%	70%
Stormwater pipe upgrades Marewa Catchment	1,271	2%	18%	80%
Stormwater pump replacements	253	2%	18%	80%
Stormwater reticulation replacements	1,133	1%	9%	90%
Taradale Catchment Stormwater Upgrades - Stage 1	3,079	3%	27%	70%
Taradale Stormwater Diversion	350	2%	13%	85%
Thames/Tyne pipe and drain upgrades	765	2%	13%	85%
Upgrade existing Onehunga pump station	80	1%	9%	90%
Upgrading Dalton St pump station	2,993	1%	9%	90%
<b>Wastewater - District Wide</b>				
Construction of a hydraulic model and subsequent upgrades	203	3%	47%	50%
Guppy Rd pumping main installation	450	3%	72%	25%
Harold Holt wastewater upgrades	624	3%	72%	25%
Pandora Industrial Main	1,433	3%	17%	80%
SCADA Upgrade	902	3%	17%	80%
Taradale Wastewater Diversion	1,133	3%	47%	50%

Asset / Work Programme	Estimated Capital Cost (\$'000)	% Development contributions	% Financial contributions	% Other sources
Wastewater Outfall Replacement	7,818	3%	17%	80%
Wastewater Pipe Renewals	6,294	1%	9%	90%
Wastewater Pump Station Renewals	2,303	3%	17%	80%
Wastewater Treatment Plant Renewals	2,734	1%	9%	90%
Wastewater Treatment Plant Upgrade	619	3%	17%	80%
<b>Sportsgrounds</b>				
McLean Park Cricket Practice Nets upgrade	918	0%	20%	80%
McLean Park Digital Screen	294	0%	20%	80%
McLean Park Facility Renewals	1,773	0%	20%	80%
McLean Park light tower upgrades	24	0%	20%	80%
McLean Park re-turf	1,100	0%	20%	80%
Neighbourhood Parks Upgrades	1,159	0%	30%	70%
New Pathways	225	0%	20%	80%
Park Island - Footbridge	150	0%	20%	80%
Park Island Central Redevelopment	124	0%	20%	80%
Park Island Northern Redevelopment	4,447	0%	20%	80%
Park Island Southern Redevelopment	11,053	0%	20%	80%
Playground Development	330	0%	50%	50%
Safety Projects/CPTED	56	0%	50%	50%
Turf Farm development	1,237	0%	20%	80%
<b>Reserves</b>				
Anderson Park Upgrade - Stage 2	1,257	0%	10%	90%
Allen Berry Future Development	107	0%	50%	50%
Urban Growth projects	4,657	0%	100%	0%
Western Hill Pathway Development	420	0%	20%	80%
<b>Community Facilities</b>				
Maraenui Community Space	2,111	0%	10%	90%
Napier Aquatic Centre expansion	41,399	0%	10%	90%
<b>Costs have been incurred in anticipation of future growth through the construction of</b>				
Roads - Church Road/Prebensen Drive extension	10,674	10%	90%	0%
Roads - Austin St capacity improvement	1,202	5%	44%	51%
Roads - Lee Rd/Meeanee Rd Intersection stage 2	1,154	5%	44%	51%
Roads - Prebensen Drive four laning	3,968	10%	90%	0%

Asset / Work Programme	Estimated Capital Cost (\$'000)	% Development contributions	% Financial contributions	% Other sources
Water - New reservoir Taradale	2,143	13%	87%	0%
Water - Trunk Main Awatoto	3,063	13%	87%	0%
Water - Construction of new well T7	230	13%	24%	63%
Water - Increase in capacity of pump station T2	91	13%	24%	63%
Water - Increase in capacity of pump station T5	85	13%	24%	63%
Water - Tamatea trunk main booster station	568	13%	24%	63%
Water - Additional well Awatoto	560	13%	24%	63%
Stormwater - the Overland (Cross country) drain	15,318	12%	32%	56%
Stormwater - Plantation Drain widening	126	12%	32%	56%
Stormwater - Saltwater Creek widening	408	12%	32%	56%
Stormwater - Purimu Overflow	278	12%	32%	56%
Stormwater - Upgrade pump - Purimu drain	200	12%	32%	56%
Stormwater - Georges Drive overflow	364	12%	32%	56%
Stormwater - Te Awa Structure Plan	1,390		100%	
Wastewater - Redirect McLean Park pumping main	216	28%	72%	0%
Wastewater - Pump station Taradale Road and associated pumping main	5,844	21%	54%	25%
Wastewater - Other Pump Station Upgrades	224	28%	72%	0%

\* Costs incurred to service demand generated by growth are recovered from developers through financial contributions for residential development, and development contributions for non-residential development. The proportion of costs that are recovered through financial contributions and development contributions is directly related to the proportion of residential to non-residential growth. The percentage of project costs expected to be funded from financial contributions and development contributions shown on the Table are based on the proportion of residential to non-residential growth for the 2016/17 financial year. The proportion of residential to non-residential growth changes every year and the proportion of project funding generated from financial contributions and development contributions therefore fluctuates over time

In the 2016/17 financial year revenue from Development Contributions for each activity, expressed as a percentage of the total revenue received from Development Contributions and financial contributions, comprised the following percentages:

- Roading: 10%
- Water Supply: 13%
- Stormwater: 12%
- Wastewater: 13%

## Capital Expenditure Council Expects to Incur as a Result of Growth

The total estimated capital expenditure Council expects to incur, as a result of growth, to meet increased demand for network infrastructure, reserves, and community infrastructure over the next ten years, is summarised in Table 2 below. The total growth component, excluding funding from other sources, of the capital expenditure budgets will be funded by Development Contributions and financial contributions.

## Capital Expenditure Council has incurred in Anticipation of Development

Development contributions will also be required from development to meet the cost of capital expenditure already incurred in anticipation of development, where Council has assessed it appropriate and reasonable. For the purpose of this Policy, taking a contribution for capital expenditure already incurred in anticipation of development is considered appropriate for roads, water, wastewater and stormwater infrastructure.

## Council Use of Development Contributions

Council will use Development Contributions only on the activity for which they are collected. This will be undertaken on an aggregated project basis for each of the activities. Where Council anticipates funding from a third party for any part of the growth component of the capital expenditure budget, then this proportion is excluded from the total estimated growth component to be funded by Development Contributions as shown in Table 2.

Table 2: Summary of Estimated Capital Expenditure and Funding for Growth from 2018/19 to 2027/28

Activity	Total planned capital (\$000)	Total non-growth component (\$000)	Total estimated growth component (\$000)	Total estimated growth component to be funded from financial & development contributions (\$000)	Total estimated growth component to be funded from other sources
Water Supply	34,455	25,466	8,989	6,535	2,454
Wastewater	29,631	20,187	9,444	4,992	4,452
Stormwater	37,389	26,065	11,324	6,350	4,974
Roading	134,363	100,801	33,562	10,841	22,721
Sportsgrounds	28,035	23,226	4,809	3,530	1,279
Reserves	37,113	28,862	8,251	4,920	3,331
Community Facilities	71,051	66,700	4,351	1,500	2,851
Other	169,478	166,160	3,318	-	3,318
<b>Total</b>	<b>541,515</b>	<b>457,467</b>	<b>84,048</b>	<b>38,668</b>	<b>45,380</b>

Note: All amounts are inflation adjusted. Indexing must be applied to both financial and development contribution amounts and capital cost estimates.

## **Level of Service**

The level of service component of Council's capital expenditure budgets, for the network activities, relates to increasing the level of infrastructure provision due to higher public expectation, environmental or statutory obligation (e.g. environmental standards for water quality or technological improvements). The level of service proportion of the capital expenditure budget will not be funded by Development Contributions. Approved Council Asset Management Plans for each activity define the relevant level of service for that activity.

## **Implementation and Review**

It is anticipated that this Policy will be updated on a three yearly basis or at shorter intervals if Council deems it necessary.

Any review of the Policy will take account of:

- Any changes to significant assumptions underlying the Development Contributions Policy
- Any changes in the capital development works programme for growth
- Any changes in the pattern and distribution of development in the District
- Any changes that reflect new or significant modelling of the networks
- The regular reviews of the Funding and Financial Policies, and the Long Term Plan
- Any other matters Council considers relevant
- Any review of the Urban Growth Study and Essential Services Development Plans
- Any changes in legislation

## **6. Significant Assumptions of the Development Contributions Policy**

### **Approach to Methodology**

In developing a methodology for the Commercial and/or Industrial Development Contributions Policy, Council has taken an approach to ensure that the cumulative effect of development is considered with a system-wide view. This Policy considers the specific infrastructure demands created by individual developments in the context of Council's wider community responsibilities as an infrastructure service provider.

### **Development Contribution Areas**

For the purposes of Development Contributions, three categories have been established:

- Non - local (off site)
- Local (off site) and
- On site

### **Planning Horizons**

A 20-year timeframe was used as a basis for forecasting growth and applying a Development Contribution. This is consistent with Council's Asset Management planning horizons, Urban Growth Study and Essential Services Development Plan. The planning period is reviewed periodically.

### **Best Available Knowledge**

Development contributions are based on capital expenditure budgets from Council Asset Management Plans and Essential Services Development Plans. The capital expenditure budgets and projected estimates of future asset works are based on the best available knowledge at the time of preparation. The Policy will be updated, as practical, to reflect better information as it becomes available.

## **Growth in the District**

Industrial development within the city is likely to focus in the areas of Onekawa, Pandora, Awatoto, and Ahuriri. Some commercial development may also occur in these areas. Other areas in which commercial development is likely to take place is the Fringe Commercial Zone in central Napier and areas zoned for industrial or commercial development.

## **Unit of Demand**

The unit of demand is a form of measurement to allocate units of demand to developments. Council will demonstrate that it has attributed units of demand to particular developments or types of developments on a consistent and equitable basis.

## **7. Administration of Development Contributions**

### **Reconsideration**

An applicant may request Council reconsider the requirement for a Development Contribution if the applicant has grounds to believe that:

- The development contribution was incorrectly calculated or assessed under Council's Development Contributions Policy; or
- Council incorrectly applied its Development Contributions Policy; or
- The information used to assess the applicant's development against the Development Contributions Policy, or the way Council has recorded or used it when requiring a development contribution, was incomplete or contained errors.

A request for Reconsideration must be made in writing, clearly stating which of the above grounds the applicant believes Council has erred. The request for reconsideration must be made within 10 working days after the date on which the applicant received the demand notice or invoice for the Development Contributions.

The request must outline specifically which part of the assessment should be reconsidered, and contain any appropriate supporting information which supports the request.

Once it is satisfied it has all the relevant information needed to make a decision on the reconsideration, Council will notify the person in writing that the application for reconsideration has been received. The request will be reviewed by Council against the Development Contributions policy in force at the time of the application being lodged and consideration will be given to any new information supplied to Council.

Council will then give written notice of the outcome of that reconsideration within 15 working days to the applicant requesting the reconsideration.

An applicant may lodge an objection under section 199C, if they are dissatisfied with the outcome of any reconsideration.

An applicant may not apply for a reconsideration of a requirement for a Development Contribution if the applicant has already lodged an objection to that requirement under section 199C and Schedule 13A.

### **Objections**

In accordance with section 199C and 199D of the Act, a person may object to any Development Contribution requirement. Whilst the right to object does not apply to challenges to the content of a Development and Financial Contributions Policy prepared in accordance with section 102 of the Act, it can apply if the objector believes:

- Council has failed to properly take into account features of the objectors' development that on their own or cumulatively with other developments, would substantially reduce the impact of the development upon the requirement for Council to provide infrastructure; or
- Council required a development contribution for infrastructure not required by, or related to, the objector's development, whether on its own or cumulatively with other developments; or

- Council has required a development contribution that is not in accordance with section 200 of the Act; or
- Council has incorrectly applied its Development Contributions Policy to the objector's development

### **Application Process**

Any objection must be lodged in accordance with the requirements of Schedule 13A of the Act.

Council will follow the procedures required under the Act to appoint a commissioner(s) to consider and decide on any objection.

The objector's right to apply for judicial review remains unaffected by any decisions made by the commissioner(s).

### **Recovery of Actual or Reasonable Costs associated with the Objection:**

Under section 150 of the Act, Council may recover any actual or reasonable costs in respect of the objection from the person making the objection. This may include the selection, engagement and employment of the Development Contribution commissioner(s), administrative support of the objection hearing, and for preparing for, organising and holding the hearing.

### **Withdrawal of Objection:**

A person who has served a notice of an objection may at any time withdraw the objection by serving notice on council and any development commissioner appointed to decide the objection. This does not affect the right of the person to lodge another objection, whether on the same grounds or different grounds provided it is within the 15 working day timeframe specified under the Act.

### **Remissions**

At the request of the applicant, the Development Contribution required on a development may be considered for remission at Council's discretion on a case-by-case basis. Remission (in whole or in part) of Development Contributions may be allowed in the following circumstances:

- The development creates no additional unit of demand.
- A contribution has already been paid for the same service.
- Development contributions applicable to a particular development are deemed by Council to be manifestly excessive for any other reason. (This catchall is inserted because Council recognises that there may be situations not envisaged at the time this policy was established that justifies remission. However, where units of demand are created it would only be in exceptional circumstances that Council would accept that a remission is justified.)

Remissions must be applied for before a Development Contribution payment is made to Council. Council will not allow remissions retrospectively.

### **Process for Consideration for Remission of Development Contribution**

Any request for remission of Development Contributions shall be made by notice in writing, from the applicant to Council, before Development Contributions required on the development are paid.

Any request for remission shall set out reasons for the request. In undertaking the review:

- Council shall consider the request as soon as reasonably practicable.
- Council may, at its discretion, uphold, reduce, or cancel the original amount of development contribution required on the development and shall communicate its decision in writing to the applicant within 15 working days of receiving the request.
- Council will make the decision, by way of delegation, to officers to an appropriate level and on the papers.

Where Council decides to consider such a request the following matters will be taken into account:

- The Development Contributions Policy.
- The Contributions Model.
- Council's Funding and Financial Policy.
- The extent to which the value and nature of works proposed by the applicant reduces the need for works proposed by Council in its capital works programme.
- The City Vision and District Plan
- Existing uses on the site of the proposed development.
- Development contributions paid and/or works undertaken and/or land set aside as a result of:
- Development Contributions.
- Agreements with Council.
- Financial Contributions under the Resource Management Act.
- Any other matters Council considers relevant.

In any case, Council retains the right to uphold the original amount of Development Contributions levied on any particular development.

### **Postponements**

For the purposes of this Policy, postponements on payment of Development Contributions will not be applied.

### **Refunds**

The refund of money if development does not proceed will be applied in accordance with Sections 209 and 210 of the Act.

Any refunds will be issued to the current landowner of the development to which they apply and will not be subject to any interest or inflationary adjustment.

### **Payment of Development Contributions**

Development contributions payable on resource consents, building consents or service connections will be assessed at the time of application. Development contributions will be required to be made before:

- a resource consent is granted under the RMA for a development;
- a building consent is granted under the Building Act 2004; or
- an authorisation for a service connection is granted.

If payment of Development Contributions is not received Council may, in accordance with Section 208 of the Act, withhold a resource consent, building consent or authorisation to connect or may enforce powers outlined in Section 208 of the Act.

Those provisions state that until a Development Contribution required in relation to a development has been paid or made under Section 198, a territorial authority may:

1. In the case of a development contribution required under section 198(1) (a), withhold a certificate under section 224(c) of the Resource Management Act 1991;
2. Prevent the commencement of a resource consent under the Resource Management Act 1991.
3. In the case of a development contributions required under section 198(1) (b), withhold a code of compliance certificate under section 95 of the Building Act 2004.
4. In the case of development contribution required under section 198(1)(c), withhold a service connection to the development.
5. In each case, register the development contribution under the Statutory Land Charges Registration Act 1928, as a charge on the title of the land in respect of which the development contribution was required.

Cost escalation charges are applied to Development contributions and Financial contributions in accordance with the Statistics NZ Producer's Price Index outputs for construction (PPI) up to the date that payment is made. Adjustments for cost escalation are made on 1 July each year.

### **Extraordinary Circumstances**

Council reserves the discretion to enter into specific arrangements with a developer for the provision of particular infrastructure to meet the special needs of a development, for example where a development requires a special level of service or is of a type or scale which is not readily assessed in terms of units of demand.

### **Further Development Contributions may be required**

Pursuant to Section 200(4) of the LGA 2002, another Development Contribution may be required to be made for the same purpose as an earlier Development Contribution if the further Development Contribution is required to reflect an increase in the scale or intensity of the development since the original contribution was required.

### **Tax - GST**

Development and financial contributions required will incur a Goods and Services Tax at the appropriate rate.

### **Cross Boundary Development**

In the situation where a proposed development lies partially in each of two or more Development Contribution areas, the Development Contribution for the entire development will be calculated based on the contribution applicable to the Development Contribution area that contains the majority of the development land area.

## **8. Measuring Units of Demand - Explanation and Justification for Development Contributions**

All new allotments for industrial and/or commercial purposes created at subdivision stage are assumed to be equal to the creation of an equivalent unit for water supply, wastewater, and stormwater and eight equivalent units for roading. Each equivalent unit creates a unit of demand. For water supply, wastewater, and stormwater access to the network is via a connection.

The measure for units of demand for water supply, wastewater and stormwater is an equivalent household unit. Each lot or equivalent unit is assessed to have one service connection. The measure for units of demand for roading infrastructure is equivalent vehicle movements (a typical household generates eight equivalent vehicle movements per day). A vehicle movement generated by a light passenger vehicle is an equivalent vehicle movement. Assessments of the number of equivalent vehicle movements for Heavy Commercial Vehicles are based on space equivalents. Table 4 shows how Development Contributions for water supply, wastewater, stormwater and roading are calculated.

### **Applying Units of Demand**

The following Development Contribution conditions shall apply to all land developments for industrial and/or commercial purposes:

- a) On every land development for industrial and/or commercial purposes, development contributions must be paid to the Council as set out in Table 4 (subject to adjustment as a result of the indexations referred to in Chapter 65 of the City of Napier District Plan and Chapter 25 of the Ahuriri Sub-District Plan) for:
  - i. Each additional lot created by the subdivision;
  - ii. The second and each subsequent unit of development;
  - iii. Development of existing lots.
- b) This rule does not apply where the subdivision is solely for the purpose of creating a title for an existing and lawfully established business unit and which does not give rise to any additional units of demand.

- c) Such development contributions shall be payable:
- i. Upon the granting of any resource consent relating to the land development and must be paid prior to a Section 224 Certificate being issued in respect of subdivision; or
  - ii. Prior to any building consent being issued or uplifted; or
  - iii. Prior to the authorisation of a service connection.

## 9. Schedule of Contributions per Unit of Demand

The schedule of Development Contributions refers to all land developments for Industrial and/or Commercial purposes within Napier City.

Table 4: Proposed contributions for 2018/19

	Water Supply Contribution			Wastewater Contribution	Stormwater Contribution	Roads and Transportation Contribution
	Either			Either		
	Gross floor area (\$/m <sup>2</sup> )	plus	Previous land area (\$/m <sup>2</sup> )	Gross floor are (\$/m <sup>2</sup> )	Land area** (\$/m <sup>2</sup> )	Per 8 equivalent vehicle movements per day***(\$)
Offices & Shops	7.40	plus	2.80	5.20	5.10	12,385.00
Medical Clinics/Hospitals	9.30	plus	2.80	6.50	5.10	12,385.00
Warehouses/Factories/ Network Utility Operations	3.70	plus	2.80	2.60	5.10	12,385.00
Unsealed Yards	-	plus	2.80	-	1.30	12,385.00
Churches	3,718.00	plus	2.80	2,593.00	5.10	12,385.00
Residential Care Facilities	279.00	plus	2.80	194.00	5.10	12,385.00
Travellers' Accommodation	279.00	plus	2.80	194.00	5.10	12,385.00
Day Care Centres	140.00	plus	2.80	97.00	5.10	12,385.00
Educational Facilities	140.00	plus	2.80	97.00	5.10	12,385.00
Retirement Complexes	277.00	plus	2.80	194.00	5.10	12,385.00
	OR Equivalent Water Connection (Whichever is the greater)			OR Equivalent Wastewater Connection (Whichever is the greater)		

	Water Supply Contribution			Wastewater Contribution			Stormwater Contribution	Roads and Transportation Contribution
	Either			Either				
	Gross floor area (\$/m2)	plus	Previous land area (\$/m2)	Gross floor are (\$/m2)			Land area** (\$/m2)	Per 8 equivalent vehicle movements per day***(\$)
<b>Equivalent Connections</b>								
Water connection Diameter (mm)	15	20	25	32	40	50	80	100
Water (\$)	1,859.00	3,310.00	5,169.00	8,467.00	13,218.00	20,655.00	52,868.00	82,611.00
Wastewater (\$)	1,298.00	2,318.00	3,619.00	5,930.00	9,254.00	14,458.00	37,008.00	57,828.00
<p>** Stormwater - based on maximum site coverage allowed for a resource consent stage. Charges relating to any additional impermeable area are required at Building Consent or Service Connection stage.</p> <p>*** Roads and Transportation - Contribution calculated to nearest equivalent vehicle movement. A minimum of eight equivalent vehicle movements per day applies to each new lot.</p>								

Land Development will attract charges for:

- Water Supply
- Wastewater
- Stormwater
- Roads and Transportation

Except that:

Water supply, wastewater and/or stormwater components of financial contributions will not be payable where there is no actual or potential relevant connection provided or to be provided to the site.

The Roads and Transportation component of financial contributions will not be payable where there is no actual or potential impact on the roading system arising from the land development. No actual or potential impact means there is no increase in the average number of vehicle movements resulting from the land development.

Notes:

1. All figures in Table 4 are as at 1st July 2018 and include GST of 15%. Figures for subsequent years (taking into account indexation) will be shown in Council's Schedule of Fees and Charges, available from 1st July each year.
2. The assessment of the cost of works upon which the contributions are based, was derived from the Essential Services Development Plan 2000, as updated by the 2018 Activity Management Plans.
3. Basis for calculation contained in Table 5.

Table 5: Basis for calculation for Schedule of Units of Demand

Water and Wastewater			
Equivalent Household Units (floor area)		Household Equivalent (per resident or student)	
	1 household equivalent	Residential Care	0.15
Offices and Shops	250m <sup>2</sup> floor area	Travellers Accommodation	0.15
Medical Clinics / Hospitals	200m <sup>2</sup> floor area	Day Care	0.075
Warehouses / Factories / Network Utility Operations	500m <sup>2</sup> floor area	Educational	0.075
Churches	2 household equivalents	Retirement	0.15
Stormwater		Water Supply (previous land area)	
Based on household equivalent lot being 40% sealed and 12 lots/Ha.		Based on 75% of peak household demand used for irrigation purposes and 500m <sup>2</sup> of permeable area per lot.	
Roading			
		Equivalence/HUE unit/m <sup>2</sup>	Equivalence/HUE unit/100m <sup>2</sup>

Business		
Commercial Offices	0.0027	0.27
Retail		
Fast Moving Consumer Goods Centre	0.0068	0.68
Bulk Goods	0.0050	0.50
Industry		
Warehousing	0.0008	0.08
Manufacturing	0.0027	0.27
Other		
Accommodation	0.0019	0.19
Restaurant	0.0088	0.88
Education	0.0027	0.27

### **Policy Review**

The review timeframe of this policy will be no longer than every 6 months.



**NAPIER**  
CITY COUNCIL  
*Te Kaunihera o Ahuriri*