



DEVELOPMENT AND RESERVES CONTRIBUTIONS

Developments come in all shapes and sizes – from adding a granny flat in the backyard to expanding a factory to building an entire shopping complex. Each in its own way adds a little more strain (and sometimes a lot more!) to existing services. The roads take more punishment; demand for water and wastewater services goes up. The list goes on.

WHY DO YOU HAVE TO PAY?

Development contributions and reserve financial contributions are a way to ensure that a fair, equitable and proportionate share of the cost of infrastructure required to address growth is funded by development.

These contributions are a one-off charge and separate from rates. Revenue from these fees is administered separately to general Hutt City Council (council) revenue. They help to offset the extra demand placed on council services when more residents move into an area, or when commercial and industrial land is used more intensively (which also draws in more people – customers, staff, and so on).

That extra demand extends even to recreational facilities – parks, reserves, playgrounds, sports grounds – which is why there is a specific payment towards expanding council's network of reserves.

WHEN FEES APPLY

You will have to pay development and/or reserves contribution fees if you are subdividing, building, connecting to Council's services, or otherwise undertaking development in Hutt City. For example, if you plan to do any of the following:

- Subdivide land (thereby creating new lots). This includes selling off part of a lot – often the backyard – to allow the building of another house.
- Build another house on a lot where there is already one.
- Add a bedroom to an existing home.
- Build a non-residential (for example, retail, commercial, community, or industrial) building.
- Expand the floor area¹ of a non-residential building by more than 10m².
- Change the use of a non-residential building – but only if that change is accompanied by a more intensive use of the building. An example would be when

a warehouse, which generally has little impact on traffic volumes and water/wastewater use, is converted to offices, which would result in a significant increase in those effects.

- Use a residential building for non-residential purposes.
- Connect new water, wastewater and stormwater services. This typically applies when you intend to sublet or sell part of a non-residential building and the part you will put up for sale or rent does not yet have services.

Where development contribution fees have been paid previously, we take this into account when considering if more fees are required. See the section on credits below.

You do not have to pay a development contribution fee if you alter or add to an existing house or flat – unless the result is an additional bedroom (including rooms that could be used as a bedroom e.g., an additional lounge or sleepout) or a separate, self-contained dwelling.

WHEN FEES ARE PAYABLE

For subdivisions, development contributions are due before applying for final certification (sec 224c) and for building consents, payment is due before applying for a code compliance certificate.

If you are required to pay development contributions because of a service connection or a certificate of acceptance, you will need to pay your fees when these are approved.

Reserves contributions are payable before any section 224c subdivision certification can be issued which allows new titles to be created.

RESERVES CONTRIBUTION

The reserves contribution is assessed on the market value of each new lot, though there is a cap of \$10,000 for residential lots, and \$5,000 for rural lots. There is no cap for non-residential lots. The fee for residential reserves contributions is assessed at the time of subdivision consent, but will be between 5.5% and 7.5% of the value of each additional allotment, as calculated by a registered valuer. The reserves contribution amounts are GST inclusive.

Where commercial or industrial development results or will result in an increase or intensification of use of land, a contribution of money equivalent to 0.5% of the value of the development in excess of \$200,000 is required.

Council recognises that the maximum reserve contribution is not appropriate in all cases and that each case must be assessed based on the particular circumstances that exist. The matters that Council considers are set out in Chapter 12 of the District Plan. However, any deductions rarely amount to more than two percentage points. Sometimes Council will consider an exchange of land as part-payment.

NOTE: due to current land prices, most new residential subdivisions are paying \$10,000 per lot for reserve contributions.

DEVELOPMENT CONTRIBUTIONS

The development contribution fees payable varies depending on where within Lower Hutt City the development occurs, and what type of development it is. Different areas in the city are known as “catchments” for the purposes of Development Contributions. Each catchment has its own development contribution fees. The fees are summarised in Table 1 below.

The fees payable for a particular development is determined by multiplying the fee by the number of equivalent household units (EHUs) it generates. EHUs are a measure of demand we use for development contributions and represent the demands placed on infrastructure on average by a standard household.

For residential development, most new lots in subdivisions will pay one full fee i.e. 1 EHU. Where possible, we assess residential units (RU) based on the number of bedrooms expected, which can decrease or increase this fee. This is usually where we know the number of bedrooms proposed, for example where a building consent proposes a two bedroom residential unit. Table 2 below outlines the proportion of the charge payable in these cases and provides an indication of where a ‘top up’ contribution fee may be applicable if you add a bedroom to an existing home. In some cases, credits apply (see below).

Table 1

CURRENT DEVELOPMENT CONTRIBUTION RATES FOR 2024 – 2025						
DEVELOPMENT CONTRIBUTION PER EQUIVALENT HOUSEHOLD UNIT (EHU)						
COMPONENT	WESTERN HILLS	VALLEY FLOOR	STOKES VALLEY	WAINUIOMATA	EASTBOURNE	RURAL
Transport	\$2,331	\$2,331	\$2,331	\$2,331	\$2,331	\$2,331
Water	\$2,156	\$9,497	\$1,552	\$12,730	\$1,552	\$0
Wastewater	\$8,974	\$8,740	\$9,067	\$13,719	\$7,340	\$0
Stormwater	\$1,028	\$2,464	\$996	\$4,696	\$3,592	\$0
Charge per EHU GST Exclusive	\$14,489	\$23,032	\$13,946	\$33,477	\$14,815	\$2,331
Charge per EHU GST inclusive	\$16,663	\$26,487	\$16,038	\$38,498	\$17,037	\$2,681

Notes:

- All figures above are exclusive of GST, except the bottom row.
- Columns include local catchment and district wide charges
- The Valley Floor fees will rise to \$35,631 (including GST) from 1 July 2025, and to \$44,776 (including GST) from 1 July 2026.
- The development contributions payable will be re-calculated each year in accordance with the Producers Price Index Outputs for Construction (PPI) provided by Statistics New Zealand. The base PPI for the charges set on 1 July 2021 was 1369, and the second quarter 2023 PPI figure of 1629 was used to generate the above contribution charges. The adjustment was only applied to the non-interest component of the contribution as recorded in Schedule 1 of the Development and Financial Contributions Policy 2021. Contact the Council if you would like to view the full calculations.
- These rates are updated annually based on producer price index.

Table 2

Residential EHU Calculation				
RU ASSESSMENT GUIDANCE	MINOR RU	SMALL RU	STANDARD RU	Large RU
Number of bedrooms	1	2	3 or more (or vacant lots)	4 or more
Proportion of EHU payable for all charges	0.5	0.75	1	1.25

In the case of non-residential buildings, the fee varies according to the individual circumstances of each development.

For most non-residential subdivisions, 1 EHU will be levied per lot. After that, we will reassess and calculate the number of EHUs and the fee based on the floor area – or extra floor area in the case of an addition – as well as any new (or additional) impermeable surfaces.¹ This information usually becomes available for a land use consent or building consent. We will credit the 1 EHU charged earlier when making the new assessment.

The calculation will also be adjusted according to whether the development is retail, commercial or industrial. Using the table below, council assesses non-residential developments as having a certain number of EHUs for each service – water, wastewater, stormwater, and transport. These EHUs estimates are then multiplied by the charges for that service and then summed to give a total fee.

For example, a 400 m² retail development with 300 m² of additional impervious surface in Stokes Valley will be assessed for a total fee of \$87,883 (GST inclusive) as follows:

¹ Impermeable surfaces (such as asphalt, concrete and brick- paved areas used as parking or for unsheltered storage) place a demand on stormwater services because of water runoff. It also represent the assets protected by the Council’s stormwater network.

- $400/100 \times 0.4 = 1.6$ EHUs for water and wastewater. This is multiplied by the fee per EHU for water and wastewater for Stokes Valley, generating fees of \$2,856 and \$16,683 respectively.
- $400/100 \times 6 = 24$ EHUs for transport. This is multiplied by the fee per EHU for transport for Stokes Valley, generating a total fee for transport of \$64,336.
- $700/100 \times 0.5 = 3.5$ EHUs for stormwater. This is multiplied by the fee per EHU for stormwater for Stokes Valley, generating a total stormwater fee of \$4,009.

In some cases, a development may be so different from what we have in our policy that we need to make a bespoke assessment. We call this a special assessment. More information on when it is appropriate to carry out a special assessment is set out in our policy.

Table 3

Non-residential EHU calculation – (EHU per 100m ² gross floor area, except stormwater which is total impervious surface area)				
DEVELOPMENT TYPE	WATER	WASTEWATER	STORMWATER	TRANSPORT
Industrial	0.4	0.4	0.5	4.0
Commercial	0.4	0.4	0.5	3.0
Retail	0.4	0.4	0.5	6.0
Other non-residential	Special assessment	Special assessment	0.5	Special assessment

CREDITS

In many cases, you may qualify for a credit to offset part or all of your development contributions (this does not apply to reserves contributions). Credits are measured and applied in EHUs, not dollars. You cannot use a credit from one site to another, or from one service to another, to reduce your liability and they are not refunded. Credits may apply as follows:

Residential: Every residential lot created before July 1, 2006, has a credit of one EHU. That means you do not have to pay development or reserves contributions if you build a house of three or fewer bedrooms, on a vacant lot created before that date. If you build a four-bedroom (or larger) house you must pay an additional fee of 0.25 EHUs. If you build two houses on such a lot, you'll still only get a credit of one EHU in total.

Non-residential: Credits for non-residential lots are calculated on the previous use of the land you propose to develop. If there has been no previous use, that is, the land has been vacant, there is no credit.

Another example: You propose to turn six residential lots into a commercial office block. You would get six EHU credits, one for each lot, when assessing your liability on the office block.

DEFINITIONS

Residential unit (RU) means a building(s) or part of a building that is used for a residential activity exclusively by one household, and must include sleeping, cooking, bathing and toilet facilities.

Bedroom means any habitable space within an RU that is capable of being used for sleeping purposes and that can be partitioned or closed for privacy, including spaces such as a 'games room', 'family room', 'recreation room', 'study', 'office', 'sewing room', 'den' or 'work room'. The definition excludes:

- a kitchen or pantry
- a bathroom or toilet
- a laundry or clothes-drying room
- a walk-in wardrobe
- a corridor, hallway or lobby
- a garage
- any other room smaller than 6m².

Where an RU has any living or dining rooms that can be partitioned or closed for privacy, all such rooms except one shall be considered a bedroom.

Commercial activity means any activity associated with (but not limited to): communication services, financial services, insurance, services to finance and

investment, real estate, business services, central government administration, public order and safety services, tertiary education provision, local government administration services and civil defence, and commercial offices.

Industrial activity means an activity that manufactures, fabricates, processes, packages, distributes, repairs, stores or disposes of materials (including raw, processed or partly processed materials) or goods. It includes any ancillary activity to the industrial activity.

Retail activity means any activity trading in goods, equipment or services that is not an industrial activity or commercial activity.