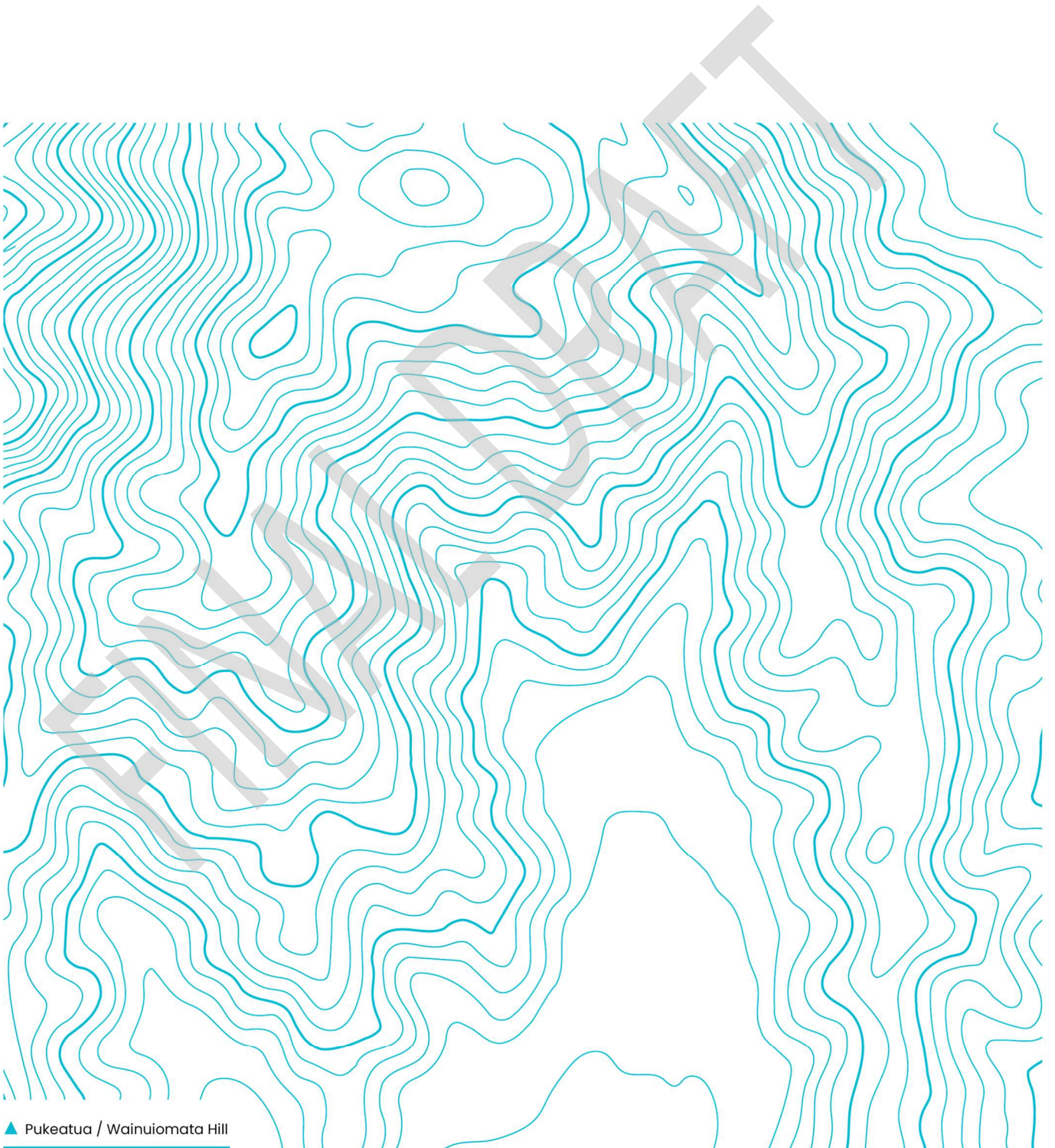


# Section 32 Evaluation FINANCIAL CONTRIBUTIONS



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## 2 Overview and Purpose

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### Introduction

- (1) Hutt City Council is reviewing the Operative City of Lower Hutt District Plan (operative District Plan). This is a full review of the District Plan, including the approach to financial contributions.
- (2) This report is a record of the review regarding financial contributions. It includes an evaluation of objectives and provisions for the proposed District Plan to address financial contributions, in accordance with the requirements of s32 of the Resource Management Act 1991 (RMA).
- (3) This report sits as one of a package of reports for the proposed District Plan and should be read alongside the General evaluation report, which covers matters common to all topics.
- (4) The purpose of the financial contributions provisions are to ensure subdivision and development adequately pays for the cost of the additional demand placed on community assets, such as reserves and infrastructure. They also ensure that the adverse effects from subdivision and development on the environment or on community resources are minimised, including offsetting any adverse effects with a contribution toward environmental improvements. Such contributions can be in the form of money, land, works or services and may include the provision of roads and services, vesting of land for reserves or upgrades to community facilities.
- (5) Development contributions are another tool to fund growth-related infrastructure under the Local Government Act 2002 (LGA). Under s197AA of the LGA, councils can recover a fair, equitable, and proportionate portion of the total cost of capital expenditure necessary to service growth over the long term from developers.
- (6) Currently, Hutt City Council uses both financial and development contributions to pay their share of growth-related infrastructure. However, these two types of contributions must not be imposed on a development for the same purpose. Development contributions must be set through a Development Contributions Policy under the LGA, and they may be

required upon the granting of a resource or building consent (or a certificate of acceptance), or a service connection authorisation. A fundamental aspect of development contributions is that they are based on the identified total cost of capital expenditure for growth which is set out in the Council's Long Term Plan and supporting information in preparing the Development Contributions Policy. The Development Contributions Policy is reviewed on a three-yearly basis as part of the Long Term Plan process. Council has recently reviewed the Development Contributions Policy, and a new policy was put in place as part of the 2024 – 2034 Long Term Plan process.

- (7) Under the operative District Plan, financial contributions provisions apply to:
- Reserves: Cash or land for reserves for subdivisions and development.
  - Services: Funding all work within and outside of the boundaries of the site of the subdivision or development to connect infrastructure and services to the subdivision or development.
  - Traffic impact: Cash or works towards new or upgraded transport infrastructure for retail activities exceeding 3,000m<sup>2</sup> or all places of assembly.
- (8) Under the current Development Contributions Policy, development contributions apply to:
- Water Supply, Wastewater, Stormwater: Cash or works towards new or upgraded water supply, wastewater and stormwater infrastructure.
  - Transport: Cash or works towards new or upgraded transport infrastructure.
- (9) The review of the financial contributions provisions seeks to align and avoid conflict and duplication of the new Development Contributions Policy. In addition, the review concluded the financial contributions provisions could be clarified and made more certain for plan users, including on how financial contributions are calculated.

### **Financial Contributions chapter of the proposed District Plan**

- (10) The Proposed Lower Hutt District Plan (proposed District Plan) contains a Financial Contributions Chapter which sets out objectives, policies and

rules. The proposed District Plan retains the general approach for financial contributions to provide a degree of continuity and certainty for subdividers, developers and the community. However, there are a few proposed changes to the financial contributions provisions. The overall approach of the Financial Contributions chapter is summarised below:

- The proposed objective more clearly articulates the outcome sought which is consistent with Council's other policy documents of 'growth pays for growth'.
- The proposed policies and rules state the purpose, nature, timing and amount of financial contributions to reflect the requirements of the RMA. These changes include new exceptions where no financial contributions are required which align with the Development Contributions Policy.
- The proposed policies and rules apply to any subdivisions that create additional allotments and any land use activity.
- The chapter retains the approach for reserve contributions based on land value and \$ value per unit or building value provides certainty and familiarity.
- The standards calculate financial contributions for infrastructure and services on a case-by-case basis where subdivision or development proposed to connect to infrastructure where it is not available or not planned for, and to offset or compensate for adverse effects on the environment.

(11) The proposed District Plan will ensure that subdivision and development is appropriately serviced by infrastructure, services and reserves to provide for the likely or anticipated use of the land. In addition, the continued and new rules will ensure that the costs of this infrastructure, services and reserves is fairly and equitably funded, including by applying the principles of 'growth pays for growth' and 'those who benefit pay'. The financial contributions provisions are more transparent and certain, and are designed to be simple to administer and avoid duplication with development contributions.

## 3 Statutory and Policy Context

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- (12) The following sections discuss the national, regional and local policy framework that are relevant to the statutory and policy context for financial contributions for the Proposed District Plan.

### 3.1 Resource Management Act 1991

#### 3.1.1 Section 5 – Purpose and Principles

- (13) The purpose of the RMA is set out in Section 5. The purpose is to promote the sustainable management of natural and physical resources.
- (14) Under s5(2) of the Act, sustainable management means:

*managing the use, development, and protection of natural and physical resources in a way, or at a rate, which enables people and communities to provide for their social, economic, and cultural well-being and for their health and safety while—*

- (a) *sustaining the potential of natural and physical resources (excluding minerals) to meet the reasonably foreseeable needs of future generations; and*
- (b) *safeguarding the life-supporting capacity of air, water, soil, and ecosystems; and*
- (c) *avoiding, remedying, or mitigating any adverse effects of activities on the environment.*

#### 3.1.2 Section 6 – Matters of National Importance

- (15) Section 6 of the RMA sets out matters of national importance that all persons exercising functions and powers under the Act shall *recognise and provide for* in achieving the purpose of the RMA. There are no specific s6 matters relevant to financial contributions.

### 3.1.3 Section 7 – Other Matters

- (16) Section 7 of the RMA sets out other matters that all persons exercising functions and powers under it shall *have particular regard to* in achieving the purpose of the RMA. The relevant s7 matters for financial contributions are:

Section	Relevant Matter
Section 7(b)	<p><i>the efficient use and development of natural and physical resources.</i></p> <p>Requiring financial contributions ensures that physical infrastructure (resource) such as roads, parks and water services infrastructure can continue to operate and develop efficiently.</p>
Section 7(c)	<p><i>the maintenance and enhancement of amenity values</i></p> <p>Requiring financial contributions to provide reserves and infrastructure is intended to maintain the amenity values and quality of the environment.</p>
Section 7(f)	<p><i>maintenance and enhancement of the quality of the environment.</i></p> <p>Requiring financial contributions to provide reserves and infrastructure is intended to maintain the amenity values and quality of the environment.</p>

### 3.1.4 Section 8 – Treaty of Waitangi

- (17) Section 8 of the RMA requires Council to take into account the principles of the Treaty of Waitangi when exercising functions and powers under the Act.
- (18) Council has engaged with Mana Whenua of Lower Hutt as part of the District Plan Review, including with representatives of Taranaki Whānui ki te Upoko o te Ika (Port Nicholson Block Settlement Trust), Wellington Tenth



Trust, Palmerston North Māori Reserve Trust, Te Rūnanganui o Te Āti Awa ki Te Upoko o Te Ika a Māui Incorporated and Te Rūnanga o Toa Rangatira Incorporated.

- (19) This engagement has demonstrated two key principles of the treaty, the first being the principle of partnership by, recognising and fostering mutual good faith with our existing iwi partnerships and continuing to provide the opportunities for tangata whenua to input meaningfully into financial contributions, one such example being residential housing on Maori Land.
- (20) Secondly, the principle of active protection is another key aspect of the treaty principles demonstrated, as it seeks ways to deliver mixed and culturally dynamic communities in a sustainable way.

### **3.1.5 Sections 77E, 108 and 111 – Financial Contributions**

- (21) Section 77E of the RMA enables financial contributions to be required for any class of activity (e.g. permitted activity, discretionary activity) other than a prohibited activity. This section also states that a rule requiring a financial contribution must specify the following matters in the district plan:
- a) the purpose for which the financial contribution is required (which may include the purpose of ensuring positive effects on the environment to offset any adverse effect);
  - b) how the level of the financial contribution will be determined; and
  - c) when the financial contribution will be required.
- (22) Section 108 of the RMA empowers a council to impose financial contributions on resource consents in accordance with the purposes specified in the plan and at a level determined in a manner described in a plan.
- (23) In Section 108(9) of the RMA, a financial contribution means a contribution of:
- a) *money; or*

- b) *land, including an esplanade reserve or esplanade strip (other than in relation to a subdivision consent), but excluding Māori land within the meaning of Te Ture Whenua Māori Act 1993 unless that Act provides otherwise; or*
- c) *a combination of money and land.*
- (24) Section 108(10) of the RMA states a consent authority (Council) must not include a condition in a resource consent requiring a financial contribution unless:
- a) *the condition is imposed in accordance with the purposes specified in the plan or proposed plan (including the purpose of ensuring positive effects on the environment to offset any adverse effect); and*
- b) *the level of contribution is determined in the manner described in the plan or proposed plan.*
- (25) Section 111 of the RMA states councils must use money received through a financial contribution in accordance with the purpose for which the money was received.
- (26) These sections need to be applied in preparing the financial contributions provisions in the Proposed District Plan.

## 3.2 National Policy Statements

- (27) Section 75(3)(a) of the RMA requires district plans to give effect to any national policy statement.
- (28) The first national policy statement relevant to financial contributions is the National Policy Statement on Urban Development 2020 (NPS-UD). The relevant objectives and policies of this national policy statement are discussed below.

### **National Policy Statement on Urban Development (NPS-UD)**

The NPS-UD was gazetted in August 2020 to replace the NPS-UDC. It aims to support well-functioning urban environments to provide for current and future community wellbeing. It requires RMA plans to

provide opportunities for land development to meet housing and business needs, supported by adequate development capacity.

Lower Hutt is within the Wellington “Tier 1” urban environment. The proposed District Plan must therefore give effect to the following policies as they relate to financial contributions.

Reference	Comment
Policy 1	<p><i>Planning decisions contribute to well-functioning urban environments, which are urban environments that, as a minimum:</i></p> <ul style="list-style-type: none"> <li><i>a. have or enable a variety of homes that:               <ul style="list-style-type: none"> <li><i>i. meet the needs, in terms of type, price, and location, of different households; and</i></li> <li><i>ii. enable Māori to express their cultural traditions and norms; and</i></li> </ul> </i></li> <li><i>b. ...</i></li> <li><i>c. have good accessibility for all people between housing, jobs, community services, natural spaces, and open spaces, including by way of public or active transport; and</i></li> <li><i>d. support, and limit as much as possible adverse impacts on, the competitive operation of land and development markets; and</i></li> <li><i>e. support reductions in greenhouse gas emissions; and</i></li> <li><i>f. are resilient to the likely current and future effects of climate change.</i></li> </ul> <p>Planning decisions relating to financial contributions need to contribute to the well-functioning urban environment of Lower Hutt to give effect to the above policy. For example, reserve contributions support the provision and accessibility to open spaces. In addition, the financial</p>

	<p>contributions provisions support urban development that is integrated with infrastructure planning.</p>
<p>Policy 6</p>	<p><i>When making planning decisions that affect urban environments, decision-makers have particular regard to the following matters:</i></p> <ul style="list-style-type: none"> <li><i>a. the planned urban built form anticipated by those RMA planning documents that have given effect to this National Policy Statement</i></li> <li><i>b. that the planned urban built form in those RMA planning documents may involve significant changes to an area, and those changes:</i> <ul style="list-style-type: none"> <li><i>i. may detract from amenity values appreciated by some people but improve amenity values appreciated by other people, communities, and future generations, including by providing increased and varied housing densities and types; and</i></li> <li><i>ii. are not, of themselves, an adverse effect</i></li> </ul> </li> <li><i>c. the benefits of urban development that are consistent with well-functioning urban environments (as described in Policy 1)</i></li> <li><i>d. any relevant contribution that will be made to meeting the requirements of this National Policy Statement to provide or realise development capacity</i></li> <li><i>e. the likely current and future effects of climate change.</i></li> </ul> <p>Planning decisions relating to financial contributions need to contribute to the well-functioning urban environment of Lower Hutt to give effect to the above policy. For example, reserve contributions support the provision of and accessibility to open spaces. In addition, the financial</p>

	contributions provisions support urban development that is integrated with infrastructure planning.
Policy 10	<p><i>Tier 1, 2, and 3 local authorities:</i></p> <ul style="list-style-type: none"> <li><i>a. that share jurisdiction over urban environments work together when implementing this National Policy Statement; and</i></li> <li><i>b. engage with providers of development infrastructure and additional infrastructure to achieve integrated land use and infrastructure planning; and</i></li> <li><i>c. engage with the development sector to identify significant opportunities for urban development.</i></li> </ul> <p>Lower Hutt is part of the Wellington Tier 1 urban environment. The financial contributions provisions reflect engagement with infrastructure providers, and the need for additional infrastructure that integrates land use and infrastructure planning.</p>

- (29) The second national policy statement relevant to financial contributions is the National Policy Statement for Freshwater Management (NPS-FM 2020), which contains objectives and policies relating to the management of freshwater resources. Policy 3 requires Council to consider freshwater management in an integrated way and consider the effects of development and land use on the receiving environment. While the NPS-FM does not directly refer to the collection of financial contributions, it provides direction to Councils to look at how land uses will impact upon freshwater. The proposed provisions enable Councils to require financial contributions for the effects of subdivision and development on drinking water supply and stormwater, which may impact on freshwater sources if not managed efficiently, where development contributions are not taken for the same purpose.

### 3.3 National Environmental Standards

- (30) There are no national environmental standards of direct relevance to financial contributions.

### 3.4 National Planning Standards

- (31) The National Planning Standards are silent on how financial contributions fit into the District Plan structure. However, the National Planning Standards guidance document<sup>1</sup> provides some assistance as it states:

*Another example is the location of financial contributions, as there is no specific location for these in the district plan structure. You could place these in the subdivision chapter, for example, if that is what they solely relate to.*

*Alternatively, they could be included as a new district-wide 'financial contributions' chapter. Additional chapters must be included alphabetically under the General district-wide matters heading.*

- (32) As the proposed financial contributions provisions relate to both subdivision and land use activities, the financial contributions chapter has been grouped with the General District-Wide Matters.

### 3.5 Regional Policy Statement for the Wellington Region

- (33) The Regional Policy Statement for the Wellington Region ('the RPS') identifies the significant resource management issues for the region and outlines the policies and methods required to achieve integrated sustainable management of the region's natural and physical resources. There are no specific policies relating to financial contributions in the Wellington RPS. However, there are some objectives and policies that

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<sup>1</sup> Ministry for the Environment (2020) National Planning Standards - Guidance for the District Plan Structure and Chapters standards

provide direction on coordinating and integrating land use development and infrastructure, including Policy 57 and Policy 58.

### **3.5.1 Proposed RPS Change 1**

- (34) Section 74(2)(a)(i) of the RMA requires territorial authorities, when preparing and changing their district plan, to have regard to any proposed regional policy statement. Greater Wellington Regional Council notified a proposed change to the RPS on 19 August 2022 (Proposed RPS Change 1). The Regional Council notified its decisions on Proposed RPS Change 1 in October 2024. As of the writing of this report, these decisions are still open to appeals.
- (35) Proposed RPS Change 1 initially proposed a new policy (Policy FW.4) that would have directed councils to include policies and rules that require financial contributions to be applied to subdivision and development as a condition of the resource consent where off site stormwater quality and quantity treatment is required, as set out in a Stormwater Management Plan. However, this proposed policy was not included in the decisions version of Proposed RPS Change 1.

## **3.6 Natural Resources Plan for the Wellington Region**

- (36) Under section 75(4)(b) of the RMA, a district plan must not be inconsistent with a regional plan for a matter specified in section 30(1) of the Act (which relates to functions of regional councils). The Natural Resources Plan for the Wellington Region (the only regional plan for the Wellington region) does not contain any specific provisions relating to financial contributions. Infrastructure and services constructed for subdivision and land use development would need to comply with the requirements of the Natural Resources Plan.

### **3.7 Proposed NRP Change 1**

- (37) In October 2023, Greater Wellington Regional Council notified Proposed Change 1 to the Natural Resources Plan for the Wellington Region. This plan

change applies to Lower Hutt. It introduces and amends requirements for activities involving redevelopment of existing urbanised sites, unplanned greenfield development, new impervious surfaces and stormwater management, and earthworks and sediment runoff. For these matters, Proposed Change 1 includes financial contributions provisions for offsetting the adverse effects of residual stormwater contaminants on freshwater.

- (38) At the time of writing this report, submissions on Proposed Change 1 had closed and hearings were to be held. Therefore, these provisions are subject to change.

### **3.8 Iwi Management Plans**

- (39) Section 74(2A) of the RMA requires territorial authorities to take into account any relevant planning document recognised by an iwi authority and lodged with the territorial authority when preparing or changing a district plan, to the extent that its content has a bearing on the resource management issues of the district.
- (40) In addition, iwi authorities may have other planning documents that, while not mandatory considerations for the District Plan Review and proposed District Plan, should still be taken into account for the Review as they are a source of information on the intentions of an iwi authority. Considering these documents can aid integrated management of natural and physical resources.
- (41) There are no iwi management plans or other relevant planning documents currently in place for Lower Hutt that are relevant to financial contributions.

### **3.9 Hutt City Council Plans, Policies, and Strategies**

- (42) Section 74(2)(b)(i) of the RMA requires the Council to have regard to management plans and strategies prepared under other Acts. In addition, there are plans, policies and strategies of Council that, while not directly prepared under a specific Act, should be considered as part of the District



Plan Review and proposed District Plan preparation, as they set Council's intentions on some matters that need to be addressed through the District Plan Review.

- (43) The following Council plans, policies and strategies are relevant for financial contributions:

Plan/Policy/Strategy	Comment
Long Term Plan 2024 – 2034	<p>The Long Term Plan sets out the proposed initiatives and services the Council plans to fund in the 10-year period from 2024 – 2034. In relation to financial contributions, the Long Term Plan states that Council's policy is that 100% of Council's planned growth costs from new development will be funded by development contributions and financial contributions. For example, the Long Term Plan incorporates the projects in the Reserves Investment Strategy which will be funded through financial contributions for reserves.</p>
Development and Financial Contributions Policy 2024 – 2034	<p>This policy is aligned with the Council's Financial Strategy principle of "growth pays for growth".</p> <p>To this end, the policy states that the Council will use "financial contributions under the Resource Management Act 1991 to help fund 100% of growth-related reserve provision and any infrastructure impacts caused directly by a development that are not addressed and funded by development contributions".</p> <p>This policy also describes the relationship between financial contributions and</p>

	<p>development contributions. In particular, the policy states that financial contributions and development contributions in this policy are separate charges, and Council uses them to fund separate categories of expenditure. This ensures there is no 'double dipping' and is consistent with the intention of section 200 of the LGA.</p> <p>In addition, the policy notes that the Council intends to recover growth costs related to providing community infrastructure in future development contribution policies.</p>
Hutt City Reserves Investment Strategy 2024	This strategy sets out the strategic direction for the reserve network in Lower Hutt. This direction includes acquiring new reserves, upgrading existing reserves, and divesting existing reserves. The strategy identifies financial contributions as a mechanism for acquiring land for reserves, and these contributions can be in the form of money, land or a combination of the two.
Revenue and Financing Policy 2021	This policy states that the Council will use "financial contributions under the Resource Management Act 1991 to help fund growth-related capital expenditure on recreation reserves, and for other infrastructure where individual developments give rise to capital expenditure that is not planned, and therefore is not included in Council's Development Contributions Policy".
Reserves Strategic Directions 2016 – 2026	This strategy sets out the strategic direction for the reserve network in Lower Hutt. This

	direction includes acquiring new reserves, upgrading existing reserves, and divesting existing reserves. The strategy identifies financial contributions as a mechanism for acquiring land for reserves, and these contributions can be in the form of money, land or a combination of the two.
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### 3.10 District Plans of Adjacent Territorial Authorities

- (44) Section 74(2)(c) of the RMA requires territorial authorities to have regard to the extent to which the district plan needs to be consistent with the plans or proposed plans of adjacent territorial authorities when preparing or changing a district plan.
- (45) The relevance and consistency of the plans of adjacent councils (and Kāpiti Coast) is discussed below:

Plan	Relevant Provisions
Kāpiti Coast District Plan	<p>The Kapiti Coast District Plan contains financial contributions provisions for the following:</p> <ul style="list-style-type: none"> <li>• open spaces and reserves;</li> <li>• upgrading off-site infrastructure, before programmed works that will address any adverse environmental effects created by the proposed development;</li> <li>• significant heritage and ecological features;</li> <li>• wahi tapu and other places and areas of significance to Māori; and</li> <li>• riparian margins.</li> </ul>

	<p>The Council requires development contributions for funding growth-related infrastructure for water supply, wastewater, stormwater and transportation.</p> <p>The financial contribution provisions set out when contributions are required, the nature and amount of contribution.</p>
Proposed Porirua District Plan (decisions version)	<p>The operative Porirua District Plan contains no financial contributions provisions.</p> <p>All growth-related infrastructure is funded through development contributions.</p>
Proposed Wellington District Plan	<p>The proposed Wellington District Plan contains no financial contributions provisions.</p> <p>All growth-related infrastructure is funded through development contributions.</p>
Upper Hutt District Plan	<p>The Upper Hutt District Plan contains financial contributions provisions for growth-related infrastructure, including reserves, community facilities, water supply, wastewater, stormwater and transportation. These provisions set out when contributions are required, the nature and amount of contribution.</p> <p>Development contributions are also taken for infrastructure. Financial contributions are not taken when development contributions apply.</p>
Proposed Wairarapa Combined District Plan	<p>The proposed Wairarapa Combined District Plan contains financial contributions provisions for funding growth-related infrastructure. This applies to reserves, water supply, wastewater, stormwater and transportation.</p>

	The three Wairarapa District Councils do not use development contributions.
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### 3.11 Other Legislation or Regulations

- (46) In addition to the RMA, other legislation and regulations can be relevant considerations for a district plan, particularly where management of an issue is addressed through multiple pieces of legislation and regulatory bodies.
- (47) There is one additional relevant piece of legislation to financial contributions:

Act or Regulation	Comments
Local Government Act 2002	Section 106 of the Local Government Act 2002 sets out the requirements for a policy on development contributions or financial contributions. This includes the requirement to summarise the application of financial contributions in the district plan.

# 4 Resource Management Issues

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## 4.1 Background

- (48) The background and key issues relevant to the topic of financial contributions are outlined in the introduction of this report. The key issue is that subdivision and development have adverse effects on community assets, community resources and the environment, such as reserves and infrastructure. Financial contributions are a mechanism to mitigate or offset these adverse effects. Therefore, the District Plan Review and proposed District Plan provide the opportunity to ensure the financial contributions address this issue.

## 4.2 Evidence Base

- (49) The Council has reviewed the operative District Plan, identified associated issues with current resource consent processes, reviewed recent resource consents, considered the other legislation and policies including the LGA and Development Contributions Policy, and reviewed the approach taken in other recently reviewed district plans. This work has been used to inform the identification and assessment of the environmental, economic, social and cultural effects that are anticipated from the implementation of the provisions in the proposed District Plan. The following sections outline this evidence.

### 4.2.1 Existing Approach of City of Lower Hutt District Plan

- (50) The operative District Plan contains objectives, policies, rules and standards for financial contributions, which are fully contained in a single chapter (Chapter 12). These provisions have not been subject to review since the District Plan was made operative in 2003. However, Plan Change 12 which became operative in 2011 amended the reserve contribution provisions to provide for a maximum dollar value for allotments in residential and rural areas. In addition, Plan Change 56 which became

operative in 2023 made various amendments to broaden the situations in which Council can require financial contributions, including for permitted activities.

- (51) Chapter 12.1.1 of the operative District Plan identifies an issue for financial contributions as below.

*In the subdivision or development of land it is important that the cost of providing the necessary services and land for reserves are allocated fairly between developers and the Council.*

- (52) Chapter 12.1.1 of the operative District Plan contains a single objective for financial contributions as below.

*Objective: To ensure that subdividers or developers and the Council make fair and reasonable contributions for the provision of utility services and land for reserves.*

- (53) To achieve this objective, six policies apply. The direction of these policies are:

- Subdividers and developers to bear the costs of providing all utility services within the land being subdivided or developed.
- Subdividers and developers to bear the costs of upgrades or provision of new utility services outside the land being subdivided or development where it is solely required for the proposed subdivision or development, or pay a fair and reasonable contribution accounting for cumulative effects from other developments in upgrading or the provision of new utility services.
- Subdividers and developers to pay a fair and reasonable contribution where Council has provided the necessary utility services in advance.
- Subdividers and developers to pay a fair and reasonable contribution towards the increased demand or need for reserves and open space and adverse effects on the environment.
- Recognise different types of development may place different demands on services and reserves.

- Recognise that the demand for services and reserves associated with retirement villages are expected to be less than those from typical multi-unit residential development on a per unit basis.

(54) To implement these policies, Chapter 12 contains a series of rules that can be grouped into three types:

- Actual costs: The developer/subdivider to pay the full and actual costs of installing 3-waters services and constructing roads/access within the subdivision or development. In addition, the developer/subdivider to pay the full and actual costs of connecting the subdivision or development to the existing Council 3-waters services and roads. These connecting costs may include localised upgrading to existing 3- waters services and/or roads (e.g. localised road widening, larger water main pipe).
- Shared costs: The developer/subdivider to pay a proportion (share) of the costs of upgrading existing 3-waters services and roads to service the subdivision or development. This share of the upgrading costs is calculated for each subdivision or development based on the proportion of lots/residential units in the subdivision or development for the total upgrade cost.
- City-wide costs: The developer/subdivider to pay a contribution towards the costs of upgrading of the wider infrastructure and community amenities due to the cumulative effects of each subdivision or development. For these city-wide costs, financial contributions apply to reserves in the District Plan. For 3-waters services and transportation infrastructure, development contributions apply under Council's Development Contribution Policy.

(55) Chapter 12.1.2 of the operative District Plan identifies an issue for financial contribution as below:

*Large retail activities can have adverse effects on the surrounding roading network. It is important that such adverse effects are managed or mitigated.*

(56) For this issue, a single objective is stated as below.



*Objective: To ensure that adverse traffic effects of large size retail activities are managed or mitigated.*

- (57) To achieve this objective, a single policy applies as below:
- a. *To ensure that developers make a fair and reasonable financial contribution to manage or mitigate adverse effects arising from large retail activities.*

(58) To implement this policy, a traffic impact fee applies. This traffic impact fee requires developers to pay the actual costs of new or upgraded transportation infrastructure, or pay a share contribution towards the costs of new or upgraded transportation infrastructure.

(59) In terms of the efficiency and effectiveness of the operative District Plan provisions for financial contributions, feedback from plan users is that the provisions are not often used for rules outside of reserve contributions. The limited use of these provisions is potentially due to there being few circumstances where the nature and scale of a subdivision or development has triggered an assessment of financial contributions. In addition, the relationship between development contributions and financial contributions can be difficult to understand and apply in practice, particularly the potential issue of 'double dipping'. Clarification between the purpose of the two types of contributions and how they are calculated would improve their effectiveness.

## 4.2.2 Analysis of other District Plans

(60) Current practice has been considered in respect of financial contributions, with a review undertaken of the following District Plans. The following plans have been reviewed in addition to the District Plans of adjacent territorial authorities summarised in Section 3.10. It is noted that some of these plans have been prepared in accordance with the National Planning Standards.

District Plan	Description of approach
Hamilton District Plan	The Hamilton District Plan contains financial contributions provisions for three general purposes:  1. Improving streetscape amenity and access to open green space.

	<p>2. Ensuring the objectives of Te Ture Whaimana o Te Awa o Waikato/The Vision and Strategy for the Waikato River are met.</p> <p>3. Local network infrastructure renewals.</p> <p>The rules set out the methodology for calculating the level of financial contributions which apply to residential and non-residential activities.</p> <p>Development contributions are also taken for infrastructure. Financial contributions are not taken when development contributions apply.</p>
Auckland Unitary Plan	<p>Financial contributions apply to specific precincts for specific purposes. For example, the Wynyard Precinct includes financial contributions to provide for the acquisition and development of public open space in the Wynyard precinct, for enhancing public pedestrian facilities, and/or for enabling public access to and enjoyment of the coastal environment.</p> <p>Financial contributions do not apply to most zones.</p> <p>Development contributions are also taken for infrastructure. Financial contributions are not taken when development contributions apply.</p>

(61) A summary of the key findings follows:

- Financial contributions are used for various purposes, most commonly for funding reserves, open space and offsetting adverse effects on the environment.
- Development contributions are predominantly used for funding growth-related infrastructure for water supply, wastewater, stormwater and transportation.

- Financial contributions are used for funding infrastructure in response to subdivision and development that is not planned for in Long-Term Plans.

### **4.2.3 Advice from Mana Whenua**

- (62) The District Plan Review has included significant engagement with our mana whenua partners. This engagement and advice is summarised in the General evaluation report.
- (63) No specific advice has been received from Mana Whenua regarding financial contributions.

### **4.2.4 Stakeholder and Community Engagement**

#### **General Consultation**

- (64) Extensive consultation has been undertaken as part of the District Plan Review with key stakeholders and the local community, but primarily through two rounds of engagement:
- The Shaping Your City engagement (2020), on issues and options for the District Plan Review, and
  - The Draft District Plan engagement (2023), on a full draft of the plan that had been developed through the District Plan Review.

#### **Feedback on the draft District Plan**

- (65) Public consultation was undertaken on the Draft District Plan from October to December 2023. The draft District Plan contained a Financial Contributions chapter with objectives, policies and rules specific to financial contributions. The draft District Plan provisions were effectively a continuation of the current policy direction and approach in the operative District Plan. This continuation included the relationship and separation of funding between development contributions and financial contributions. However, the objectives, policies and rules in the draft District Plan were redrafted to fit the National Planning Standards structure and provide greater clarity and certainty in applying the financial contributions provisions.

- (66) The following is a summary of the feedback received:
- Concern about 'double-dipping' when development contributions and financial contributions are taken for the same purpose. Request for greater clarification between the requirements for development contributions and financial contributions.
  - Support for recognising demands on infrastructure from retirement villages are less and this should be reflected in the provisions.
  - Concern about the Prohibited Activity status for financial contributions not provided in accordance with the rules. This activity status was considered too restrictive and does not acknowledge contributions can be made through infrastructure investments or construction by other organisations.

- (67) In response to the feedback, amendments were made to:
- Amend introductory text and rules to clarify the relationship between development contributions and financial contributions. In addition, amend rules to clearly state the purpose for the financial contributions.
  - Amend the rules to clarify the circumstances, amount/level and timing for financial contributions.
  - Amend the activity status from Prohibited to Discretionary for proposals that do not comply with the requirements for financial contributions. Add assessment matters to the rules to assess proposals that do not comply with Permitted Activity requirements.

## 4.2.5 Technical Information and Advice Commissioned

- (68) Council commissioned a review of the financial contributions provisions by Vale Consulting as part of Plan Change 56<sup>2</sup>. The conclusions from this review were:

*The policies and rules in chapter 12 provide for most of the situations where financial contributions can be usefully employed – particularly the funding of reserves and recovering the cost of off-site infrastructure.*

*However, the rules are too restrictive and narrow in their application, differ for different services and land uses, and compel contributions from council which are not always required or are too high. Chapter 12 also covers matters that are not financial contributions.*

*My review of these provisions and those of other councils indicates that the chapter should be substantially overhauled. The exception to this are the reserve financial contributions provisions, which I recommend are largely retained for now and more substantially reviewed as part of the development of the 2024 LTP.*

- (69) The findings of this review have informed the financial contributions provisions in the proposed District Plan.

## 4.3 Summary of Issues Analysis

- (70) The statutory and policy context and available evidence outlined above identified that the financial contributions provisions needed to be fully reviewed.

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<sup>2</sup> Fletcher, D (2022) Review of Financial Contributions, Vale Consulting

(71) Based on the research, analysis, and consultation outlined above, the following issues have been identified with respect to the effectiveness of the operative District Plan:

- Issue 1: Lack of clarity and potential for duplication (double-dipping) between development contributions and financial contributions.
- Issue 2: There are some circumstances where financial contributions may be appropriate to mitigate or offset adverse effects on the environment from subdivision and development. However, the provisions are not clear on whether financial contributions can be taken.

(72) The review has confirmed that the resource management issues applying to financial contributions are similar to those identified in the operative District Plan. The significance of the issues has increased due to the increased scale and nature of subdivision and development in Lower Hutt. The following resource management issues have been identified:

Issue	Comment
Issue 1: Subdivision and development can result in adverse effects on infrastructure and community facilities.	New subdivision and development increases demand on essential infrastructure, such as reserves, water supply, wastewater disposal and roads, resulting in the need to upgrade and extend infrastructure. Identifying, planning and recovering such costs over the long-term is important to sustainable management of infrastructure and services

# 5 Scale and Significance Assessment

(73) In writing this evaluation report, Council must assess the implementation of the proposal in a level of detail that corresponds to the scale and significance of the anticipated environmental, economic, social, and cultural effects.

(74) In assessing that scale and significance, Council has had regard to:

<p><b>Matters of national importance</b></p>	<p>Effects on matters of national importance is low as the provisions do not directly influence matters listed within Section 6 of the RMA. However, financial contributions may in some instances be used to mitigate effects on matters of national importance where subdivision or development has been otherwise enabled in/near locations with features/values referred to in those matters.</p>
<p><b>Degree of change from the operative plan</b></p>	<p>The provisions do not differ largely from the overall policy direction of the operative District Plan in that they are levied for the same purpose. However, their application is different in that they apply to all subdivisions and developments, unless specified in the development contributions policy or financial contribution requirements.</p>
<p><b>Geographic scale of effects</b></p>	<p>The provisions apply district-wide and affect people who subdivide or develop land.</p>

<b>Number of people affected</b>	The provisions will have a particular impact on people who subdivide or develop land, which is a relatively small number of people in the context of the city's population.
<b>Duration of effects</b>	The duration of effects is ongoing.
<b>Economic impacts</b>	There will be moderate economic impacts of the proposed provisions, in that they impose costs of people subdividing and developing land. These costs can impact the affordability of housing and businesses. Conversely, costs will be lessened on other people such as ratepayers to fund growth-related infrastructure.
<b>Social and cultural impacts</b>	There will be moderate social impacts of the proposed provisions as they ensure that costs are borne by the benefactors of subdivision or development.
<b>Environmental impacts</b>	There will be moderate environmental impacts of the proposed provisions as they seek to mitigate or offset the adverse effects on the environment.
<b>Degree of interest from Mana Whenua</b>	There is a low level of interest from mana whenua relating to financial contributions based on no comments received on this topic.
<b>Degree of interest from the public</b>	There is a low level of interest from the public based on the minimal comments received on the draft District Plan for this topic.



<p><b>Degree of risk or uncertainty</b></p>	<p>The approach is based on currently available information, including approaches used in other District Plans. Therefore, there is a low degree of risk or uncertainty about the provisions.</p>
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- (75) Overall, the scale and significance of the effects of financial contributions is **low-moderate**.

FINAL DRAFT

# 6 Proposed District Plan

## Objectives and Provisions

(76) This section contains a summary of the objectives for the Financial Contributions chapter. A summary of the policies and rules for each objective is also provided.

Objective	Text and associated provisions
FC-01	<p><b><i>Financial Contributions</i></b></p> <p><b><i>Subdivision, use and development contributes equitably towards the costs of upgrading or providing services, reserves, and infrastructure, as well as avoiding, remedying, mitigating, offsetting and compensating any adverse environmental effects.</i></b></p> <p>The policies and rules to achieve this objective apply a regulatory approach to ensure subdivision, use and development make a financial contribution towards the costs of services, reserves, infrastructure, and adverse environmental effects. These contributions apply to both permitted activities and those requiring resource consent.</p> <p>The policies and rules state the following matters:</p> <ul style="list-style-type: none"> <li>• Financial contributions may be required for any subdivision or land use activities.</li> <li>• Circumstances when no financial contribution is required.</li> <li>• The purpose for which financial contributions are to be used for.</li> <li>• The nature and timing of when financial contributions are to be paid.</li> </ul>

	<ul style="list-style-type: none"><li>• The amount/level of financial contributions, with specific provisions for reserves, services, infrastructure, and offsetting and compensation for adverse effects on the environment.</li></ul>
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FINAL DRAFT

# 7 Evaluation of Objectives

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- (77) This section is the evaluation of objectives, as required through s32(1)(a) of the RMA.
- (78) An objective is a statement of what is to be achieved through the resolution of a particular resource management issue. A district plan objective should set out a desired end state to be achieved through the implementation of policies and rules.
- (79) Under s75(1)(a) of the RMA, a district plan must state the objectives for the district.
- (80) Under s32(1)(a) of the RMA, an evaluation report required under the Act must examine the extent to which the objectives of the proposal being evaluated are the most appropriate way to achieve the purpose of the RMA. The purpose of the RMA, as stated in s5(1) of the Act, is to promote the sustainable management of natural and physical resources.

## **FC-O1: Financial Contributions**

*Subdivision, use and development contributes equitably towards the costs of upgrading or providing services, reserves, and infrastructure, as well as avoiding, remedying, mitigating, offsetting and compensating any adverse environmental effects.*

## **Summary of Evaluation (relevance, usefulness, achievability, reasonableness)**

- The proposed objective directly addresses the identified resource management issue and ensures that the adverse effects of subdivision and development increasing demand on infrastructure and community amenities are appropriately managed through recovering costs.
- The objective ensures that the distribution of costs of upgrading or providing new services, reserves and infrastructure is fair and reasonable.
- The proposed objective clearly sets the outcomes anticipated by the plan and the expectations for subdivision and development.

- The objective is directly linked to the function of s31(1)(a) RMA of achieving integrated management of the effects of the use and development of land.
- The objective will ensure that costs are reasonably estimated and shared, and that ratepayers are not required to meet the cost of servicing new development.
- The objective is achievable as the approach is well understood, uses existing tools and systems, and is within the Council's statutory powers.

## Alternatives

- **Operative District Plan**

The objectives in the operative District Plan are very similar to the proposed objectives. The key difference is the objectives in the operative District Plan do not fully align with the Council's position that 'growth pays for growth' as reflected in the Council's Revenue and Financing Policy and Development Contribution Policy.

The existing objectives directly address the identified resource management issues and ensure that the adverse effects of subdivision and development from increasing demand on infrastructure and community amenities are appropriately managed through recovering costs.

The existing objectives provide appropriate outcome statements on what is sought to be achieved. However, Objective 12.1.1 does not reflect the current Council position (and outcome) that 'growth pays for growth'.

The objective is directly linked to the function of s31(1)(a) RMA of achieving integrated management of the effects of the use and development of land.

The objectives will ensure that costs are reasonably estimated and shared. However, as noted earlier, they do not fully reflect the Council's position that 'growth pays for growth' in terms of meeting the cost of servicing new subdivision and development.

The objective is achievable as the approach is well understood, uses existing tools and systems, and is within the Council's statutory powers.

- **No Financial Contributions Objectives**

No objectives mean the identified resource management issue of ensuring that the adverse effects of subdivision and development from increasing demand on infrastructure, services and reserves are appropriately managed through recovering costs are not addressed, potentially resulting in adverse effects on the environment. With no objectives and no associated provisions, the costs of subdivision and development may not be recovered, resulting in adverse effects on the environment and physical resources, including community assets such as infrastructure and reserves.

This outcome would not achieve the purpose of the RMA to enable people and communities to provide for their social, economic, and cultural wellbeing by not enabling the provision of suitable and sufficient infrastructure, services and reserves to meet the needs of current and future generations.

No objective would impose financial costs on the community, in that costs associated with increased demand for infrastructure, services and reserves would need to be paid for from other sources, such as ratepayers.

- (81) Overall, the proposed objective is the most appropriate means of achieving the purpose of the RMA by enabling social, economic, and cultural well-being while avoiding, remedying and mitigating adverse effects on the environment. The proposed objective also ensures that subdivision and development is appropriately serviced and supported by infrastructure and reserves, therefore meeting the environmental, social, cultural and economic needs of the community. While the objective is likely to increase the cost of subdivision and development, it does not impose costs on the wider community. The costs arising from the objective will be fair and relate to the effects of subdivision and development on existing and new infrastructure, services and reserves.

## 8 Evaluation of Policies and Rules

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- (82) Policies and rules implement, or give effect to, the objectives of a plan.
- (83) Policies of a district plan are the course of action to achieve or implement the plan's objective (i.e. the path to be followed to achieve a certain, specified, environmental outcome). Rules of a district plan implement the plan's policies, and have the force and effect of a regulation.
- (84) Under s32(1)(b) of the RMA, an evaluation report required under the Act must 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.*
- (85) Under s32(2) of the RMA, the assessment of the efficiency and effectiveness of the provisions 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.*

- (86) The reasonably practicable options for achieving the objectives of the proposed District Plan in relation to financial contributions are:
- Option 1: The proposed provisions
  - Option 2: Retaining the status quo – operative District Plan policies and rules
  - Option 3: No District Plan provisions for financial contributions and reliance on development contributions under Development Contributions Policy.
- (87) For each option, an evaluation has been undertaken relating to the costs, benefits and the certainty and sufficiency of information in order to determine the effectiveness and efficiency of the approach, and whether it is the most appropriate way to achieve the relevant objective(s).

**Note on the risk of acting / not acting if there is uncertain or insufficient information**

- (88) Section 32(2)(c) of the RMA requires an assessment of the risk of acting or not acting if there is uncertain or insufficient information about the subject matter of the provisions.
- (89) For the proposed provisions, the information available is certain and sufficient to inform the proposed policies and rules and evaluation of the options, particularly given the similarity between the proposed provisions and the long-standing approach of the operative District Plan.

<b>Evaluation of proposed policies and rules</b>	
<b>Policies:</b>	<b>Rules and standards:</b>



<ul style="list-style-type: none"> <li>• FC-P1 Fairness and equity</li> <li>• FC-P2 Providing sufficient services and infrastructure</li> <li>• FC-P3 Reserve contributions</li> <li>• FC-P4 Reserves contributions in the form of land</li> <li>• FC-P5 Retirement villages</li> </ul>	<ul style="list-style-type: none"> <li>• FC-R1 Subdivision that creates any additional allotments</li> <li>• FC-R2 Any land use activity</li> <li>• FC-S1 Purpose of financial contributions</li> <li>• FC-S2 Nature and timing of financial contributions</li> <li>• FC-S3 Amount of financial contributions – reserves</li> <li>• FC-S4 Amount of financial contributions – Services and Infrastructure, Offsetting and Compensation</li> </ul>
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**Why these provisions are included in the proposed District Plan**

The first policy ensures financial contributions are applied in a fair and equitable manner reflecting the Council’s financial policies, in that they are proportionate to demand on infrastructure, services and reserves, and are in the form of money or land, or combination of both.

The second policy requires financial contributions to avoid, remedy, mitigate, offset or compensate for the adverse effects of subdivision or development.

The third policy requires financial contributions for reserves due to the increase in demand or need for reserves from subdivision and development.

The fourth policy gives direction on the provision of a reserve contribution in the form of land.

The fifth policy recognises retirement villages are expected to place less demand on services and reserves compared to typical residential development.

The two rules state the financial contributions requirements, including when they are not required. These requirements apply as a permitted activity. Non-compliance with the requirements is a discretionary activity (resource consent required).

The first standard states the purpose for which financial contributions are required.

The second standard states the nature and timing for payment of financial contributions.

The third and fourth standards state the methodology and formula for calculating the amount/level of financial contributions.

**Efficiency and effectiveness**

**Costs**

**Environmental**

No environmental costs have been identified.

**Economic**

There are potentially lower costs for subdividers and developers in circumstances where no financial contributions are required due to clarified provisions.

The costs are neutral for reserve contributions as no change to amounts for calculating contributions (\$3m per annum Council revenue anticipated).

There are higher costs for subdividers and developers to meet the costs of unplanned infrastructure and services when required to service proposed subdivisions and developments. Conversely, there are lower costs for ratepayers to meet the costs of new infrastructure and services due to growth.

**Benefits**

**Environmental**

The adverse effects of subdivision and development on infrastructure, services and reserves are mitigated or offset, in turn resulting in high quality environment.

The higher provision for infrastructure, services and reserves will enable more open space and infrastructure to be provided and other environmental improvements.

**Economic**

Council and ultimately, the community, will benefit from the collection of financial contributions to offset or mitigate the effects of subdivision and development. The costs of mitigating effects on infrastructure, services and reserves will fall more fairly on subdividers and developers and less on ratepayers.

The better quality and higher capacity infrastructure, services and reserves can accommodate future subdivision and

The proposed provisions may increase costs of developing new housing, decreasing its affordability.

If there are increased costs on subdividers and developers, it may reduce the amount of subdivision or development activity, with potential negative flow on effects on economic growth and employment opportunities associated with less subdivision and development activity.

**Social**

The proposed provisions may increase costs of developing new housing, decreasing its affordability.

**Cultural**

No cultural costs have been identified.

development, leading to potential positive economic growth and employment opportunities.

More certain provisions will reduce administrative and compliance costs.

**Social**

Increased capacity and better quality infrastructure, services and reserves can be provided. Community well-being and health will be improved by more and better quality infrastructure, services and reserves provision and management.

**Cultural**

No cultural benefits have been identified.

**Effectiveness and efficiency summary**

The proposed provisions are the most effective method of achieving the objectives as together they will:

- Provide certainty and clarity on the circumstances when financial contributions are required, and how financial contributions are to be calculated.
- Not change the amounts for financial contributions, except for greater clarity when proposed subdivisions and developments require financial contributions due to the need to be serviced in the circumstances where there is no or unplanned infrastructure. The clarified provisions are more effective at delivering infrastructure and equitable distribution of costs to mitigate the adverse effects from subdivision and development.

- Clarify financial contributions to ensure they are more effective at ensuring costs more fairly fall on those benefitting from subdivision and development ('growth pays for growth').

The proposed provisions are the most efficient method of achieving the objectives as based on the above evaluation as the benefits outweigh the costs. In addition, the provisions are the most efficient because:

- The approach is administratively simple and standardised.
- They complement and do not duplicate development contributions (avoid 'double-dipping').

### **Overall evaluation**

The proposed approach is the most appropriate approach to achieve the objective as it provides clarity and certainty on the circumstances and amount of financial contributions payable for subdivision and development activities. Financial contributions are an effective and efficient mechanism to mitigate or offset the adverse effects on the environment, including physical resources such as infrastructure, services and reserves, resulting from the additional demand generated by subdivision and development.

## **8.1 Evaluation of alternatives**

### **Alternative 1: Status quo**

#### ***Policies 12.1.1:***

- (a) Subdividers/developers bear costs of providing services within subdivision/development.*

- (b) Subdividers/developers to pay full or proportionate costs of upgrading or new services outside subdivision/development area.*
- (c) Owners to pay proportionate costs of upgrading or new services where Council has provided it in advance.*
- (d) Subdividers/developers to pay reserve contributions due to increased demand from subdivision and development.*
- (e) Recognise different types of development may place different demand on services and reserves and contributions should be proportionate to actual demand.*
- (f) Recognise demand for services and reserves associated with retirement villages are expected to be less than typical multi-unit residential development.*

**Policies 12.1.2:**

- (a) Ensure developers make a fair and reasonable contribution to manage or mitigate adverse effects arising from large retail activities.*

**Rules 12.2**

*12.2.1.1 Financial Contributions relating to roads, private ways, service lanes, accessways, footpaths and walkways*

*12.2.1.2 Traffic Impact Fee for retail activities in all activity areas and places of assembly in all residential and rural activity areas*

*12.2.1.3 Financial Contributions relating to road lighting*

*12.2.1.4 Financial Contributions relating to water supply*

*12.2.1.5 Financial Contributions relating to disposal of waste water and stormwater for subdivision of land*

*12.2.1.6 Financial Contributions relating to electricity, gas and telephone supply*

- 12.2.1.7 Financial Contributions relating to site formation and development works
- 12.2.1.8 Financial Contributions relating to reserves
- 12.2.1.9 Reserve Impact Fee for all activities in the business and commercial activity areas

**Efficiency and effectiveness**

**Costs**

**Environmental**

There are potential adverse effects on the environment and physical resources, including reduced level of service of infrastructure, services and reserves where their capacity is exceeded from additional demand which is not mitigated by upgrades or new infrastructure, services and reserves.

**Economic**

If new or upgraded infrastructure, services and reserves are required due to demand from subdivision and development which is not met by the existing contributions, these costs are borne by ratepayers, therefore resulting in higher costs to ratepayers.

There is potential for poorer quality and lower capacity infrastructure, services and reserves as they cannot

**Benefits**

**Environmental**

The potential adverse effects on the environment and physical resources, including infrastructure, services and reserves are mitigated or offset, maintaining the existing environment.

**Economic**

There will be lower costs on subdividers and developers towards the upgrade or extension of infrastructure and services in situations when existing infrastructure or services are not available or planned.

The lower costs on subdividers and developers could increase the amount of subdivision or development activity, with potential positive flow on impact on economic growth and employment opportunities associated with subdivision and development.

<p>accommodate future subdivision and development, leading to potential negative economic growth and employment opportunities.</p> <p><b>Social</b></p> <p>There may be no or a small increase in capacity and lower quality infrastructure, services and reserves provided. Community well-being and health will be diminished by lower capacity and poorer quality infrastructure, services and reserves provision and management.</p> <p><b>Cultural</b></p> <p>No cultural costs have been identified.</p>	<p><b>Social</b></p> <p>No social benefits have been identified.</p> <p><b>Cultural</b></p> <p>No cultural benefits have been identified.</p>
<p><b>Effectiveness and efficiency summary</b></p> <p>The existing (operative District Plan) provisions are largely operating effectively to achieve the objectives. However, the following issues have been identified with their effectiveness:</p> <ul style="list-style-type: none"> <li>• Lack of clarity in calculating proportional cost contributions and insufficient funding when upgrades or extensions to infrastructure and services is required due to being unavailable or unplanned.</li> <li>• Potential for duplication (double-dipping) between development contributions and financial contributions.</li> <li>• There are some circumstances where financial contributions may be appropriate to mitigate or offset adverse effects on the environment from subdivision and development, but the provisions are not clear on when and whether financial contributions can be taken.</li> </ul>	

The existing (operative District Plan) provisions are largely operating efficiently to achieve the objectives. However, the following issues have been identified with their efficiency:

- Apart from reserve contributions, there is a lack of clarity in the administration and implementation of financial contributions as to the circumstances for when they should be taken, and how they should be calculated. This inefficiency is reflected in provisions either not being applied, or being applied inconsistently.
- Where upgrades or extensions to infrastructure and services is required for new subdivision and development, the lack of clarity set out above leads to inefficiencies where infrastructure is either not upgraded to meet demand, or unfair and unreasonable costs are incurred by ratepayers.

#### **Overall evaluation**

This approach is not the most appropriate compared to option 1 in achieving the objective. Issues have been identified with the lack of clarity in calculating the proportional cost contributions, and insufficient funding when unplanned upgrades or extensions to infrastructure and services is required for new subdivision and development. This ineffectiveness and inefficiency is resulting in infrastructure not being upgraded to meet demand, or unfair and unreasonable costs being incurred by ratepayers.

#### **Alternative 2: No District Plan provisions for financial contributions and reliance on development contributions under Development Contributions Policy.**

- No specific financial contribution provisions, including objectives, policies and rules.
- Development contributions under the Development Contributions Policy.
- It is noted that the current development contributions fund 100% of the Council's planned growth-related capital expenditure on water, wastewater, stormwater, and transport in the city.



- It is noted that the current development contributions do not fund growth-related reserve provision, and do not fund any infrastructure impacts caused directly by a development that are not addressed and funded by development contributions.

**Efficiency and effectiveness**

**Costs**

**Environmental**

This approach relies on other District Plan provisions and other legislation and regulations (e.g. development contributions) to manage adverse effects on the environment and physical resources, including infrastructure, services and reserves. If these other provisions and regulations do not fully manage adverse effects, potentially adverse effects such as reduced level of service of infrastructure, services and reserves may arise.

**Economic**

This approach would result in a reduction in Council revenue for reserve contributions (\$3m per annum reduction). This reduction would either be offset through new development contributions for reserves, funding from other sources (ratepayers), or would result in a reduction in the level of service for new or upgraded reserves.

**Benefits**

**Environmental**

No environmental benefits have been identified.

**Economic**

There would be lower costs on subdividers and developers, as there would be no financial contributions required towards reserves and upgrade or extension of infrastructure and services in situations when existing infrastructure or services are not available or planned.

The lower costs on subdividers and developers could increase the amount of subdivision or development activity, with potential positive flow on impact on economic growth and employment opportunities associated with subdivision and development.

**Social**

No social benefits have been identified.

If new or upgraded infrastructure, services and reserves are required due to demand from subdivision and development which is not met by the existing contributions, these costs are borne by ratepayers, therefore resulting in higher costs to ratepayers.

There is potential for poorer quality and lower capacity infrastructure, services and reserves as they cannot accommodate future subdivision and development, leading to potential negative economic growth and employment opportunities.

**Social**

There would be no increase in capacity, and lower quality infrastructure, services and reserves would be provided. Community well-being and health will be diminished by lower capacity and poorer quality infrastructure, services and reserves provision and management.

**Cultural**

No cultural costs have been identified.

**Cultural**

No cultural benefits have been identified.

**Effectiveness and efficiency summary**

Reliance on other District Plan provisions and other legislation and regulations (e.g. development contributions) to manage adverse effects on the environment and physical resources, including infrastructure, services and reserves is not the most effective method of achieving the objective in the proposed District Plan or achieving the purpose of the RMA as together they:

- Do not address the issue of subdivision and development having adverse effects on infrastructure, services and reserves due to increased demand.
- Do not recognise or provide for circumstances where subdivision and development cause a need to upgrade or extend infrastructure or services where it is not available or not planned.

Reliance on other District Plan provisions and other legislation and regulations (e.g. development contributions) to manage adverse effects on the environment and physical resources, including infrastructure, services and reserves is not the most efficient method of achieving the objective in the proposed District Plan or achieving the purpose of the RMA as based on the above evaluation the costs outweigh the benefits. In addition, the provisions are not the most efficient because they fail to directly address the issue of subdivision and development having adverse effects on infrastructure, services and reserves due to increased demand.

#### **Overall evaluation**

This approach is not appropriate because it does not respond to the issues identified for financial contributions. No specific provisions for financial contributions, particularly the loss of reserve contributions, means the objective in the proposed District Plan or achieving the purpose of the RMA is not achieved because the other District Plan provisions and other regulations do not ensure subdivision, use and development contribute equitably towards the costs of upgrading or providing services, reserves, and infrastructure, as well as avoiding, remedying, mitigating, offsetting and compensating any adverse environmental effects.

## 9 Summary

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(90) This evaluation has been undertaken in accordance with section 32 of the RMA in order to identify the need, benefits, and costs and the appropriateness of the proposal, having regard to its effectiveness and efficiency relative to other means in achieving the purpose of the RMA. The evaluation demonstrates that this proposal is the most appropriate option as:

- The proposed objective is specific to financial contributions and more clearly articulates the outcome sought which is consistent with Council's other policy documents of 'growth pays for growth';
- The retention of the general approach for financial contributions provides a degree of continuity and certainty for subdividers, developers and community;
- The proposed policies and rules provide greater clarity and certainty on the approach for financial contributions, and improves their administration and implementation;
- The provisions are complementary to and consistent with the requirements and approach in Council's Development Contribution Policy, avoids 'double-dipping' and increases ease of administration;
- The provisions retain the approach for calculating reserve contributions based on land value and dollar value per unit (or building value), which provides certainty and familiarity; and
- The proposed provisions will provide funding for infrastructure, services and reserves that better serve the needs of subdivision and development and the wider community.