

DEVELOPMENT AND FINANCIAL CONTRIBUTIONS POLICY 2021-2031

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INTRODUCTION

- This Development and Financial Contributions Policy was adopted by Hutt City Council on 24 May 2021. It will apply to all resource consents, building consents, certificates of acceptance and service connections applied for from 1 July 2021. The previous policies shall continue to apply for all complete resource or building consents and authorisations for service connections submitted to the Council before 1 July 2021.
- Council will review the policy on a three-yearly basis, may update it at shorter intervals if necessary. See the Council website www.huttcity.govt.nz for further information.

PURPOSE OF THE POLICY

1. Population and business growth create the need for new subdivisions and developments, and these place increasing demands on the assets and services Council provides. As a result, we need significant investment in new or upgraded assets and services.
2. The purpose of this policy is to ensure that a fair, equitable and proportionate share of the cost of new infrastructure is funded by development. Hutt City Council intends to achieve this by using:
 - development contributions under the Local Government Act 2002 (LGA) to help fund growth-related capital expenditure on water, wastewater, stormwater and transport in the city
 - financial contributions under the Resource Management Act 1991 (RMA) to help fund growth-related reserve provision and any infrastructure impacts caused directly by a development that are not addressed and funded by development contributions.

NAVIGATING THIS DOCUMENT

3. The policy outlines Council's approach to funding development infrastructure via development contributions and financial contributions. The policy has three main parts:
 - Part 1: Policy operation
 - Part 2: Background and supporting information
 - Part 3: Catchment map.

PART 1: POLICY OPERATION

4. Part 1 provides information on if, when and how development contributions and financial contributions will apply to developments. It also explains people's rights, and proper operation of the policy.
5. The key sections of Part 1 are:
 - The charges

- Liability for development contributions
- When development contributions are levied
- Determining infrastructure impact
- Review rights
- Other operational matters
- Summary of financial contributions under the District Plan
- Definitions.

PART 2: BACKGROUND AND SUPPORTING INFORMATION

6. Part 2 aims to meet the accountability and transparency requirements of the LGA. It explains Council's policy decisions, calculation of the development contribution charges and the assets Council will use the development contributions for.
7. The key sections of Part 2 are:
 - Requirement to have a policy
 - Funding summary
 - Funding policy summary
 - Catchment determination
 - Significant assumptions of the policy
 - Cost allocation
 - Calculating the development contribution charges
 - Schedule 1: Growth-related assets and development contribution calculations summary.

PART 3: CATCHMENT MAP

8. Part 3 provides a catchment map that shows where the development contribution charges in the policy apply.

PART 1: POLICY OPERATION

DEVELOPMENT CONTRIBUTIONS

THE CHARGES

9. There are six local catchments, plus one district-wide catchment, within Hutt City for development contributions. Part 3 maps these.
10. Table 1 sets out the related development contribution charges per equivalent household unit (EHU) for each activity. The Determining infrastructure impact section below explains the concept of an EHU.
11. For each infrastructure activity and catchment for which development contributions are required, the development contribution payable is calculated by multiplying the number of EHUs generated through the development by the charge for that activity. This is then aggregated for all activities to give the total charge. For example, a development on the Valley Floor that creates three additional residential lots will pay three times the water, wastewater, stormwater and transport charges for that catchment (see Charge per EHU in Table 1). The total development contributions payable in this case would be \$45,237 (inclusive of GST).
12. These charges may be adjusted for inflation annually in line with the Producers Price Index outputs for construction, as permitted by sections 106(2B) and (2C) of the LGA. The Council will publish the latest charges on its website: www.huttcity.govt.nz.

Table 1: Development contribution charge per EHU at 1 July 2021 (GST-inclusive)¹

	Eastbourne	Stokes Valley	Valley Floor	Wainuiomata	Western Hills	Rural*	District-wide*
Transport	\$0	\$0	\$0	\$0	\$0	\$0	\$2,497
Water	\$0	\$0	\$7,680	\$12,383	\$1,231	\$0	\$342
Wastewater	\$667	\$667	\$667	\$5,525	\$667	\$0	\$3,188
Stormwater	\$864	\$15	\$160	\$1,821	\$88	\$0	\$244
Total	\$1,530	\$682	\$8,507	\$19,729	\$1,985	\$0	\$6,272
Charge per EHU (including the district-wide charge)	\$7,802	\$6,954	\$14,779	\$26,000	\$8,257	\$2,497	\$6,272

¹ GST has been applied at the rate of GST as at 1 July 2021 (15 per cent). Should the rate of GST change, the Council will adjust the charges accordingly. The GST-exclusive charge per activity can be found in Schedule 1.

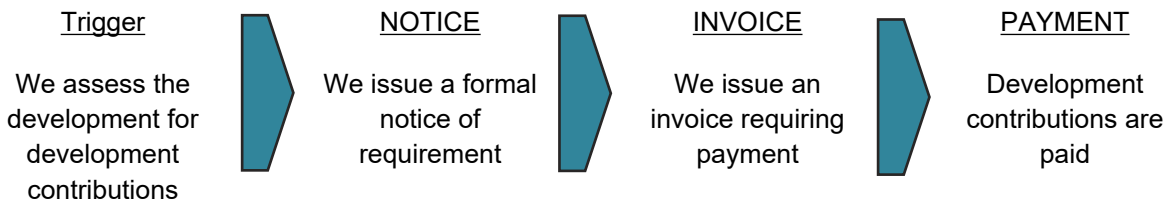
*The rural catchment is subject to only the district-wide transport development contributions. In all other catchments, the district-wide transport development contribution applies as well as catchment-specific contributions for other activities.

LIABILITY FOR DEVELOPMENT CONTRIBUTIONS

13. Developers who are subdividing, building, connecting to Council’s services or otherwise undertaking development in Hutt City may need to pay development contributions.
14. In some circumstances, development contributions may not apply, or may be reduced. Further information on these circumstances can be found in the sections When development contributions are levied, Credits and Limitations on imposing development contributions below.
15. Financial contributions may also be required in some cases. This is discussed later in the policy.
16. Development of new infrastructure sometimes means that areas not previously liable for a development contribution become so. For example, a bare section in a subdivision may be liable for development contributions whereas previously constructed houses on the same subdivision were not.
17. Council officers will be available to help resolve any uncertainty about development contribution liabilities.

WHEN DEVELOPMENT CONTRIBUTIONS ARE LEVIED

18. Once a developer has made an application for a resource consent, building consent, certificate of acceptance or service connection with all the required information, the normal steps for assessing and requiring payment of development contributions are.



19. These steps are explained in more detail below.

Trigger for requiring development contributions

20. Council can require development contributions for a development upon the granting of:
 - a resource consent
 - a building consent or certificate of acceptance
 - an authorisation for a service connection for water, wastewater or stormwater services.
21. Council will generally require development contributions at the earliest possible point (ie, at the point whichever consent, certificate or authorisation listed above is granted first). For new developments, the resource consent is often the first step in the process and therefore the first opportunity to levy development contributions. Where development contributions were not assessed (or only part assessed) on the first consent, certificate or authorisation for a

development, this does not prevent the Council assessing contributions on a subsequent consent, certificate or authorisation for the same development. This approach is the same for all charges in all catchments.

22. Council will assess development contributions under the policy in force at the time the application for resource consent, building consent, certificate of acceptance or service connection was submitted with all required information.

Assessment

23. On receiving an application for resource consent, building consent, certificate of acceptance or service connection, Council will check that:
- a) the development (subdivision, building, land use or work) generates a demand for network infrastructure; and
 - b) the effect of that development (together with other developments) is to require new or additional assets or assets of increased capacity in network infrastructure; and
 - c) Council has incurred or will incur capital expenditure to provide appropriately for those assets. This includes capital expenditure already incurred by Council in anticipation of development.
24. Council has identified the assets and areas that are likely to meet the requirements of (B) and (C); these are outlined in Schedule 1 (Growth-related assets development contribution calculations summary) and Part 3 (Catchment map). In general, if a development is within one of the areas covered by the catchment maps it is likely that the Council will require development contributions.
25. The Council may waive or reduce development contributions if:
- a resource consent or building consent does not generate additional demand for any community facilities (such as a minor boundary adjustment); or
 - one of the circumstances outlined in the section Limitations on imposing development contributions apply; or
 - credits apply as outlined in the Credits section.
26. If a developer seeks a subsequent resource consent (excluding a change to conditions of an existing resource consent), building consent, certificate of acceptance or service connection, Council may undertake a new assessment using the policy in force at that time. Any increase or decrease in the number of EHUs, relative to the original assessment, will be calculated and the contributions adjusted to reflect this.
27. This means Council will require additional development contributions where additional units of demand are created and development contributions for those additional units of demand have not already been required.
28. Examples of where these would be needed include the following situations:
- Minimal development contributions were levied on a commercial development at subdivision or land use consent stage, as the type of development that will happen will only be known at building consent stage.
 - Development contributions levied at the subdivision or land use consent stage were for a small home, but the home as built is larger or is subsequently extended.
 - The nature of use has changed; for example, from a low-infrastructure-demand commercial use to a high-infrastructure-demand commercial use.

Notice

29. Council will normally issue a development contribution notice when a resource consent, building consent, certificate of acceptance or service connection authorisation is granted. In some cases, the notice may be issued or re-issued later. The notice is an important step in the process as it outlines the activities and the number of EHUs assessed for development contributions, as well as the charges that will apply to the development. It also triggers rights to request a development contributions reconsideration or to lodge an objection (see the section Review rights below).
30. If Council is issuing multiple consents or authorisations for a development, it may issue a notice of requirement for each. However, where payments are made in relation to one of the notices, actual credits will be recognised for the remaining notices.
31. Development contributions notices do not constitute an invoice or an obligation to pay for the purposes of the Goods and Services Tax Act 1985. Council will issue a tax invoice at the time of supply, being the earlier of Council issuing an invoice to the applicant or payment of the development contributions.

Invoice

32. Council will issue an invoice for development contribution charges to provide an accounting record and to initiate the payment process. The timing of the invoice is different for different types of consents or authorisations (see Table 2).

Table 2: Invoice timing

Building consent	At the time of application for a code compliance certificate
Certificate of acceptance	At issue of a certificate of acceptance
Resource consent for subdivision	At the time of application for a certificate under section 224(c) of the RMA. Council will issue an invoice for each stage of a development for which section 224(c) certificates are sought, even where separate stages are part of the same consent
Resource consent (other)	At granting of the resource consent
Service connection	At granting of the service connection for water, wastewater or stormwater services

33. Despite the provisions set out above, if a development contribution is not invoiced at the specified time as a result of an error or omission on the part of Council, the invoice will be issued when the error or omission is identified. The development contributions remain payable.

Payment

34. Development contributions must be paid by the due dates in Table 3.

Table 3: Payment due date

Building consent	Prior to issue of the code compliance certificate
Certificate of acceptance	At issue of the certificate of acceptance

Resource consent for subdivision	Prior to release of the certificate under section 224(c) of the RMA for each stage
Resource consent (other)	20th of the following month (after the issue of the invoice) unless Council agree to different payment timing for large scale multi-stage developments
Service connection	At issue of the connection approval

35. On-time payment is important because, until the development contributions have been paid in full, Council may:
- prevent the commencement of a resource consent
 - withhold a certificate under section 224(c) of the RMA
 - withhold a code compliance certificate under section 95 of the Building Act 2004
 - withhold a service connection to the development
 - withhold a certificate of acceptance under section 99 of the Building Act 2004.
36. Where invoices remain unpaid beyond the payment terms set out in the policy, Council will start debt collection proceedings, which may involve the use of a credit recovery agent. Council may also register the development contribution under the Land Transfer Act 2017, as a charge on the title of the land in respect of which the development contribution was required.

DETERMINING INFRASTRUCTURE IMPACT

37. To apply a consistent method of charging for development contributions, the policy is centred around the concept of an EHU: an average household in a standard residential unit (RU) and the demands it typically places on community facilities. Table 4 summarises the demand characteristics of an EHU.

Table 4: EHU demand measures

Activity	Unit of measurement	Demand per EHU
Water	Litres per day	567 litres per day
Wastewater	Litres per day	510 litres per day
Stormwater	Impervious surface area	200m ²
Transport	Trips per day	8 trips per day

Residential development

38. In general, the number of EHUs charged is one per new allotment or RU created, although lower assessments can apply in some cases for minor and small RUs.
39. When calculating the number of EHUs for a residential subdivision, Council will adjust the assessment to account for any:
- credits relating to the site (refer to the Credits section below)
 - allotment which, by agreement, is to be vested in Council for a public purpose
 - allotment required as a condition of consent to be amalgamated with another allotment.

40. Visitor accommodation units will be assessed as 0.5 EHUs for each service.
41. Aged care units (per bed) and retirement units (per unit) will be assessed as:
- 0.5 EHUs for water, wastewater and stormwater and
 - 0.3 EHUs for transport.

Minor and small RUs

42. Council will permit lower assessments for minor or small RUs in relation to:
- building consents or certificate of acceptance
 - subdivision, land use consents, or connection authorisation where information is provided by the applicant that demonstrates that a minor or small RU (or RUs) will be provided, to the satisfaction of Council. Council may enter into agreements with developers or landowners to give effect to a minor or small RU assessment and bind the applicant to any conditions that accompany the assessment.
43. For subdivisions, Council will assess each allotment as one EHU, and may agree to postpone payment by the person undertaking the subdivision until a building consent is issued for an allotment. At that time, Council will adjust the assessment and the payment required accordingly. See the section Postponement.
44. Such assessments are guided by the parameters outlined in Table 5.

Table 5: Small RU assessment guidance

	Minor RU	Small RU	Standard RU
Number of bedrooms*	1	2	3 or more
EHU discount (all services)	50%	25%	Nil
Proportion of EHU payable for all charges	0.5	0.75	1
Number of bedrooms*	1	2	3 or more

* The Definitions section defines 'bedroom'.

45. Should additional bedrooms be proposed to a minor or small RU that has been assessed under this section, Council will require additional development contributions in line with Table 6.

Table 6: Small RU extension assessment guidance (EHUs)

Type of extension	Top of proportion required	Total proportion required
Extend minor RU to a small RU	0.25	0.75
Extend minor RU to a standard RU	0.5	1
Extend small RU to a standard RU	0.25	1

Non-residential development

46. Non-residential subdivisions, land uses or building developments are more complicated, as they do not usually conform with typical household demands for each service.
47. In these cases, Council makes a household 'equivalent' assessment based on the characteristics of the development and demand loadings likely to be placed on the services. To provide consistency, the demand measures in Table 4 have been converted for assessing non-residential developments based on gross floor area (Table 7). Council will use these rates for determining EHUs for non-residential developments unless it seeks or accepts a special assessment.

Table 7: EHU per 100m² gross floor area (except stormwater, which is based on total impervious surface area)

Development type	Water	Wastewater	Stormwater	Transport
Industrial	0.4	0.4	0.5	4
Commercial	0.4	0.4	0.5	3
Retail	0.4	0.4	0.5	6.0
Other non-residential	Special assessment	Special assessment	0.5	Special assessment

48. If no proper assessment of the likely demand for activities is able to be carried out at the subdivision consent stage, Council will charge a development contribution based on one EHU for each new allotment created and will require an assessment to be carried out at the building consent stage. This later assessment will credit any development contributions paid at the subdivision consent stage.

Special assessments

49. Developments sometimes require a special level of service or are of a type or scale that is not readily assessed in terms of EHUs – such as large-scale primary sector processors or service stations. In these cases, Council may decide to make a special assessment of the EHUs applicable to the development. Council may initiate this process or may consider a request by the developer, in writing, to make a special assessment prior to a development contribution notice being issued.
50. In general, Council will evaluate the need for a special assessment for one or more activities where it considers that:
- the development is of relatively large scale or uses; or
 - the development is likely to have less than half or more than twice the demand for an activity listed in Table 7 for that development type; or
 - a non-residential development does not fit into an industrial, retail or commercial land use and must be considered under the other category in Table 5; or
 - a non-residential development may use more than 5m³ of water per day.
51. Council will use the demand measures in Table 4 to help guide special assessments.
52. Where the special assessment is requested by the developer, the onus is on the applicant to prove (on the balance of probabilities) that the actual increased demand created by the development meets the requirement of criterion (B) above.

53. Any application for a special assessment must be accompanied by the fee payable to recover the Council's actual and reasonable costs of determining the application. The fee will be assessed at the time of application. Council may levy additional fees to meet Council's actual costs, should the actual costs be materially higher than the initial assessment.
54. If a special assessment is undertaken, Council may require the developer to provide information on the demand for community facilities generated by the development. Council may also carry out its own assessment for any development and may determine the applicable development contributions based on its estimates.

Credits

55. Credits are a way of acknowledging that the lot, home or business may already be connected to, or lawfully entitled to use, one or more Council services, or a development contribution has been paid previously. Credits can reduce or even eliminate the need for a development contribution. Credits cannot be refunded and can only be used for development on the same site and for the same service for which they were created.
56. Council gives a credit for the number of EHUs paid previously or assessed for the existing or most recent prior use of the site. This is to recognise situations where the incremental demand increase on infrastructure is not as high as the assessed number of units of demand implies.
57. Council will calculate the number of EHU credits available by applying the criteria in the above paragraph except where what is being considered is residential allotments existing as at 1 July 2006 – these are deemed to have a credit of one EHU.
58. Table 8 illustrates situations where credits will arise.

Table 8: Credit examples

Re-development of six residential allotments into a commercial office block	6 EHU credits (ie, one for each of the existing residential allotments)
Infill residential subdivision of existing allotment into two allotments	1 EHU credit (ie, one for the original allotment). Development contributions payable on 1 EHU
Residential development of existing central business district site with 400m ² gross floor area (GFA) commercial building (200m ² footprint) into eight unit title apartments – no additional impervious area	Roading and traffic: 12 EHU credits (400m ² GFA x 3 EHUs per 100m ²)
	Water supply: 1.6 EHU credits (400m ² GFA x 0.4 EHUs per 100 m ²)
	Wastewater: 1.6 EHU credits (400m ² GFA x 0.4 EHUs per 100 m ²)
	Stormwater: 1 EHU credit (200m ² impervious surface x 0.5 EHUs per 100m ²)

REVIEW RIGHTS

59. Developers are entitled under the LGA to request a reconsideration or lodge a formal objection if they believe Council has made a mistake in assessing the level of development contributions for their development.

Reconsideration

60. Using the reconsideration request process, developers can formally require Council to reconsider its assessment of development contributions for a development. Developers can make reconsideration requests where they have grounds to believe that:
- the Council incorrectly calculated or assessed the development contribution levied under the policy; or
 - Council has incorrectly applied the policy; or
 - the information Council used to assess the development against the policy, or the way that Council recorded or used that information when requiring a development contribution, was incomplete or contained errors.
61. To seek a reconsideration, the developer must:
- lodge the reconsideration request within 10 working days of receiving the development contribution notice by emailing it to developmentcontributions@huttcity.govt.nz
 - use the reconsideration form (found on www.huttcity.govt.nz) and supply any supporting information with the form
 - pay the reconsideration fee at the time of application, as set out in Council's Schedule of Fees and Charges.
62. Council will return applications with insufficient information or without payment of fee to the applicant, with a request for additional information or payment.
63. Once Council has received all required information and the reconsideration fee, the request will be considered by a panel of a minimum of two, and a maximum of three, staff. The panel will comprise staff who were not involved in the original assessment. Before reaching their decision, the panel will consider all of the information supplied by the applicant and will consider and apply the requirements of the policy, along with any other information that the panel considers is relevant. The result of a reconsideration decision may confirm the original assessment or increase or decrease the amount required.
64. Council will notify the applicant of its decision within 15 working days from the date on which Council receives all required relevant information relating to the request (including additional information Council has sought).
65. Council will not accept any reconsideration request received after the 10-working-day period, or where an objection has already been lodged under section 199C of the LGA. The applicant will receive written notice if the request for reconsideration cannot be made for one of these reasons. Council reserves the right to reconsider an assessment if it believes an error has been made.

Objections

66. The objections process is more formal; it allows developers to seek a review of the Council's decision. An application for reconsideration does not prevent the applicant from also filing an objection under section 199C of the LGA.
67. A panel of up to three independent commissioners will consider the objection. The decision of the commissioners is binding on the developer and the Council, although either party may seek a judicial review of the decision.
68. Objections may only be made on the grounds that Council has:

- failed to properly take into account features of the development that, on their own or cumulatively with those of other developments, would substantially reduce the impact of the development on requirements for community facilities in the district or parts of the district; or
 - required a development contribution for community facilities not required by, or related to, the development, whether on its own or cumulatively with other developments; or
 - required a development contribution in breach of section 200 of the LGA; or
 - incorrectly applied the policy to the development.
69. Schedule 13A of the LGA sets out the objection process. To pursue an objection, the developer must:
- lodge the request for an objection within 15 working days of receiving notice to pay a development contribution, or within 15 working days of receiving the outcome of any request for a reconsideration; and
 - use the objection form (found on www.huttcity.govt.nz) and supply any supporting information with the form; and
 - pay a deposit.
70. Objectors are liable for all costs incurred in the objection process including staff arranging and administering the process, commissioners' time and other costs incurred by Council associated with any hearings, such as room hire and associated expenses, as provided by section 150A of the LGA. However, objectors are not liable for the fees and allowances costs associated with any Council witnesses.

OTHER OPERATIONAL MATTERS

Refunds

71. Sections 209 of the LGA states the circumstances in which development contributions must be refunded, or land returned. In summary, Council will refund development contributions paid if:
- the resource consent:
 - lapses under section 125 of the RMA; or
 - is surrendered under section 138 of the RMA; or
 - the building consent lapses under section 52 of the Building Act 2004; or
 - the development or building in respect of which the resource consent or building consent was granted does not proceed; or
 - Council does not provide the network infrastructure for which the development contributions were required.
72. Council will also provide refunds where overpayment has been made (for whatever reason).
73. Where the Council refunds a development contribution, it may retain a portion of the contribution equivalent to the costs incurred by the Council in assessing, requiring and refunding the charges.

Limitations on imposing development contributions

74. Council is unable to require a development contribution in certain circumstances, as outlined in section 200 of the LGA, if, and to the extent that:

- it has, under section 108(2)(a) of the RMA, imposed a condition on a resource consent in relation to the same development for the same purpose; or
- the developer will fund or otherwise provide for the same network infrastructure; or
- a third party has funded or provided, or undertaken to fund or provide, the same network infrastructure; or
- the Council has already required a development contribution for the same purpose in respect of the same building work, whether on the granting of a building consent or a certificate of acceptance. However, the Council may require another development contribution to be made for the same purpose 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.

75. In addition, Council will not require a development contribution in any of the following circumstances:

- non-residential building work for which a building consent is required and that either is less than \$20,000 exclusive of GST in value or has a GFA of less than 10m², unless the building consent is for a change of use
- in relation to any dwelling, replacement development, repair or renovation work generates no additional demand for reserve or network infrastructure
- the conversion of an existing unit developments into unit titles. This does not apply to any building consents required as part of any changes to existing units, which the Council will still assess to determine if development contributions are applicable
- a building consent is for a bridge, dam (confined to the dam structure and any tail race) or other public utility
- the application for a resource or building consent, authorisation or certificate of acceptance is made by the Crown
- the development is being undertaken by Council. This exemption does not apply to developments undertaken by or on behalf of Council organisations, Council-controlled organisations or Council-controlled trading organisations, as defined in section 6 of the LGA
- in rural areas for stormwater development contributions, where no Council stormwater systems are provided
- for water and/or wastewater development contributions if a development does not connect to Council's water supply and/or wastewater reticulation systems.

Postponement

76. Council will only permit postponement of development contribution payments at its discretion and only:

- for development contributions over \$50,000; and
- where a bond or guarantee equal in value to the payment owed is provided.

77. The request for postponement must be made at the time a resource consent, building consent or service connection is granted. Bonds or guarantees:
- will only be accepted from a registered trading bank
 - shall be for a maximum period of 24 months, beyond the normal payment date set out in the policy, subject to later extension as agreed by Council
 - will have an interest component added, at an interest rate of 2 per cent per annum above the Reserve Bank 90-day bank bill rate on the day the bond document is prepared. The bonded sum will include interest, calculated using the maximum term set out in the bond document. If Council agrees to an extension of the term of the guarantee beyond 24 months, the applicable interest rate will be reassessed from the date of the Council's decision and the guaranteed sum will be amended accordingly
 - shall be based on the GST-inclusive amount of the contribution.
78. At the end of the term of the guarantee, the development contribution (together with interest) is payable immediately to Council.
79. If Council exercises the discretion to allow a bond, the applicant will meet all costs for preparation of the bond documents.

Development agreements

80. Council may enter into specific arrangements with a developer for the provision and funding of particular infrastructure under a development agreement, including the development contributions payable, as provided for under sections 207A–207F of the LGA. For activities covered by a development agreement, the agreement overrides the development contributions normally assessed as payable under the policy.

Remissions

81. Council may remit all or part of a development contribution at its complete discretion. Council will only consider exercising its discretion in exceptional circumstances. Applications made under this part will be considered on their own merits and any previous decisions of Council will not be regarded as binding precedent.
82. Any request for remission must be made in writing and set out the reasons for the request. The request must be made:
- within 15 working days after Council has issued a notice for the development contribution payable; and
 - before the development contribution payment is made to Council.
83. Council will not allow retrospective remissions of development contributions.
84. Council delegates to the chief executive officer, in conjunction with the Chair of the Finance and Audit Committee, with authority to delegate to officers, the authority to make a decision on a request for remission.
85. When considering a request for remission, Council will take into account:
- the purpose of development contributions, Council's financial modelling and Council's funding and financial policies

- the extent to which the value and nature of the works proposed by the applicant reduces the need for works proposed by Council in its capital works programme
- any other matters that Council considers relevant.

FINANCIAL CONTRIBUTIONS

RELATIONSHIP BETWEEN FINANCIAL CONTRIBUTIONS AND DEVELOPMENT CONTRIBUTIONS

86. The 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.
87. Development contributions can be required under the LGA and are used to help fund planned and budgeted capital expenditure related to growth for the activities and assets listed in the development contributions schedule of assets in this policy (Schedule 1).
88. Financial contributions can be required under the RMA in line with the provisions in the District Plan. Financial contributions are required for reserves and where individual developments give rise to capital expenditure that is not planned and recovered via development contributions. In these cases, Council may impose a financial contribution as a condition of resource consent, specifically:
- financial contributions for reserves
 - financial contributions to which District Plan Rules 12.2.1–12.2.1.6 and 12.2.2.1 apply.
89. A brief summary of these is provided below. Further information on financial contributions can be found in the District Plan (available at www.huttcity.govt.nz).

SUMMARY OF FINANCIAL CONTRIBUTIONS UNDER THE DISTRICT PLAN

Reserve contributions – subdivision of land

90. There is a long history of local authorities requiring subdividers 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 subdivision process, as they provide open space and recreation facilities and opportunities to cater for additional demand generated; they also protect and enhance amenity values. As communities continue to grow in size and population, the extent of public open space they require increases.
91. As part of its evaluation under section 32 of the RMA, Council assessed a number of options and undertook considerable consultation with the public, developers and other special interest groups. Council decided that reserve contributions should be set at a maximum of 7.5 per cent of the value of each additional allotment. It recognised that the maximum reserve contribution is not appropriate in all cases, and this can be adjusted taking into account criteria specified in Rule 12.2.1.7(b) of the District Plan.

Reserve contributions – development of land

92. The District Plan also recognises that the development of land for business/commercial purposes can increase the number of people employed at a particular location, and consequently there may be an increase in demand for open space and recreation areas. After considerable consultation with the public, property owners, developers and other special interest groups, and after evaluating various options, Council decided that where commercial or industrial development will result in an increase or intensification of use of land, a reserve contribution in the form of money equivalent to 0.5 per cent of the value of the development in

excess of \$200,000 is appropriate. It recognised that the maximum reserve contribution is not appropriate in every case, and the maximum could be adjusted based on criteria specified in Rule 12.2.2.2(b) of the District Plan.

Financial contributions – services

93. Under the District Plan the developer of a subdivision or development is responsible for funding all work within its boundaries relating to services directly required for the subdivision or development. This approach has been in practice for a very long time. Council has adopted two main methods for imposing financial contributions in the District Plan: the recoupment impact fee (sometimes called the recognised equity method) and the capital improvements programme fee.
94. In summary, the District Plan requires financial contributions as follows:
- In the context of subdivision or development of land the rules specify that the developer is responsible for all work within its boundaries relating to services directly required.
 - The rules specify that where, as a result of subdivision or development of land, services in adjoining land that were previously adequate become inadequate, the subdivider or developer should pay for the full and actual costs of upgrading services.
 - Where subdivision or development takes place and the services in the adjoining land are already inadequate, the rules specify that the subdivider or developer should pay a proportion of the costs of upgrading services.
 - In cases where Council has upgraded services in advance of land being subdivided, the subdivider or developer should pay the full and actual costs of upgrading, taking into account the time value of money, when the land is subsequently subdivided or developed.

Financial contributions – traffic impact fee for retail activities and places of assembly in all residential and rural activity areas

95. The District Plan recognises that large-scale retail activities exceeding 3,000m² in floor area and all places of assembly in residential and rural activity areas may have adverse effects on the surrounding roading network and on pedestrian circulation. In such circumstances the District Plan requires that the developer contribute to the upgrading and modification of the surrounding roads, intersections and footpaths.
96. However, under the Resource Legislation Amendment Act 2017 councils will not be able to charge financial contributions under the RMA from five years following the royal assent of that act. Council will take this issue into account at the next three-yearly review cycle for this policy.

DEFINITIONS

97. In the policy, unless the context otherwise requires, the following applies:

Accommodation unit has the meaning given in section 197 of the LGA.

Activity means the provision of facilities and amenities within the meaning of network infrastructure for which a development contribution charge exists under the policy.

Actual increased demand means the demand created by the most intensive non-residential use(s) likely to become established in the development within 10 years from the date of application.

Allotment (or lot) has the meaning given to allotment in section 218(2) of the RMA.

Asset management plan means Council plan for the management of assets within an activity that applies technical and financial management techniques to ensure that specified levels of service are provided in the most cost-effective manner over the life-cycle of the asset.

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 'works 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.

Capacity life means the number of years that the infrastructure will provide capacity for any associated EHUs.

Catchment means the areas within which development contributions charges are determined and charged.

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.

Community facilities means reserves, network infrastructure or community infrastructure as defined by the LGA, for which development contributions may be required.

Community infrastructure means land, or development assets on land, owned or controlled by the Council for the purpose of providing public amenities, and includes land that the Council will acquire for that purpose.

Council means Hutt City Council.

Development means any subdivision, building, land use or work that generates a demand for reserves, network infrastructure or community infrastructure (but does not include the pipes or lines of a network utility operator).

District means the Lower Hutt.

Equivalent household unit (EHU) means demand for Council services equivalent to that produced by a nominal household in a standard residential unit (RU).

Gross floor area (GFA) means the sum of the total area of all floors of a building or buildings (including any void area in each of those floors, such as service shafts, liftwells or stairwells) measured:

- where there are exterior walls, from the exterior faces of those exterior walls
- where there are walls separating two buildings, from the centre lines of the walls separating the two buildings
- where a wall or walls are lacking (for example, a mezzanine floor) and the edge of the floor is discernible, from the edge of the floor.

See National Planning Standards 2019:

<https://www.mfe.govt.nz/sites/default/files/media/RMA/national-planning-standards-november-2019.pdf>

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.

LGA means the Local Government Act 2002.

Network infrastructure means the provision of transportation (roading), water, wastewater and stormwater infrastructure.

Network utility operator has the meaning given to it by section 166 of the RMA.

Non-residential development means any development that falls outside the definition of residential development in this policy.

Policy means this Development and Financial Contributions Policy.

Reserves means land for public open space and improvements to that land needed for it to function as an area of usable green open space for recreation and sporting activities and the physical welfare and enjoyment of the public, and for the protection of the natural environment and beauty of the countryside (including landscaping, sports and play equipment, walkways and cycleways, carparks and toilets). In the policy, 'reserve' does not include land that forms or is to form part of any road or is used or to be used for stormwater management purposes.

Residential development means the development of land and buildings for any domestic/living purposes for use by people living on the land or in the buildings.

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. See National Planning Standards 2019: <https://www.mfe.govt.nz/sites/default/files/media/RMA/national-planning-standards-november-2019.pdf>

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

Retirement unit means any dwelling unit in a retirement village, but does not include aged care rooms in a hospital or similar facility.

Retirement village has the meaning given in section 6 of the Retirement Villages Act 2003.

RMA means the Resource Management Act 1991.

Service connection means a physical connection to an activity provided by, or on behalf of, Council (such as water, wastewater or stormwater services).

PART 2: POLICY DETAILS

REQUIREMENT TO HAVE A POLICY

98. Council is required to have a policy on development contributions and financial contributions as a component of its funding and financial policies in its Long Term Plan under section 102(2)(d) of the LGA. The policy meets that requirement.

FUNDING SUMMARY

99. Council plans to incur \$506M (before interest costs) on infrastructure partially or wholly needed to meet the increased demand for community facilities resulting from growth over the period of the Ten Year Plan. This includes works undertaken in anticipation of growth, and future planned works. Of this cost, approximately 20 per cent will be funded from development contributions. Including interest costs, the total amount to be funded through development contributions is \$115M.
100. Table 9 provides a summary of the total costs of growth-related capital expenditure and the funding the Council will seek by development contributions for each activity. Schedule 1 presents a breakdown by activities and catchment.

Table 9: Total cost of capital expenditure for growth and funding sources (GST-exclusive)

	Water	Wastewater	Stormwater	Transport	Total
Total capital expenditure	\$102,277,879	\$165,234,051	\$13,090,796	\$225,821,585	\$506,424,311
Growth capital expenditure	\$52,873,729	\$23,503,121	\$5,510,239	\$34,772,549	\$116,659,638
Development contributions-funded capital expenditure	\$52,873,729	\$23,503,121	\$5,510,239	\$17,734,000	\$99,621,089
Total capital expenditure proportion funded by development contributions	52%	14%	42%	8%	20%
Capital expenditure proportion funded from other sources*	48%	86%	58%	92%	80%
Total amount to be funded	\$61,357,235	\$25,784,853	\$6,335,844	\$21,117,218	\$114,595,150

	Water	Wastewater	Stormwater	Transport	Total
by development contributions (including interest)					

* No growth expenditure for water, wastewater, stormwater and transport is forecast to be funded by financial contributions under the RMA.

GROWTH INFRASTRUCTURE

101. Council's growth forecasts (see the section Projecting growth) are used to derive a programme of infrastructure works. Future elements of this programme (and associated costs) are identified in the Council's Long Term Plan and in Schedule 1 of this policy. In some cases, Council has undertaken works to support forecast growth; these are also listed in Schedule 1. All of or part of the costs of these projects can be funded from development contributions.
102. When determining whether a project or programme is growth related and therefore should be included in this policy, Council asks whether growth:
- is an important driver for the works. This is usually the case for projects that have been specifically designed for growth capacity upgrade purposes
 - influences the scope or capacity of the proposed work. This is often the case for smaller improvements, upgrade and renewal works that also increase infrastructure capacity, and takes account of the impact on infrastructure of continuing growth within the city.
103. Council determines the proportion of the costs of these projects or programmes that are attributable to growth in line with the approach outlined in the Cost allocation section.

FUNDING POLICY SUMMARY

Funding growth expenditure

104. Population and business growth create the need for new subdivisions and development, and these place increasing demands on the assets and services Council provides. Accordingly, we need significant investment in new or upgraded assets and services to meet the demands of growth – as noted in the previous section.
105. The Council has decided to fund these costs from:
- development contributions under the LGA for planned expenditure on water, wastewater, stormwater and transport
 - financial contributions under the RMA for reserves and where individual developments give rise to capital expenditure that is not planned and recovered via development contributions.
106. In forming this view, Council has considered the matters set out in section 101(3) of the LGA within its Revenue and Financing Policy, and within the policy for each activity.

107. The Revenue and Financing Policy is Council's primary and over-arching statement on its approach to funding its activities. It outlines how Council will fund all activities, and the rationale for Council's preferred funding approach.
108. In addition, Council is required under section 106(2)(c) of the LGA to explain within the policy why it has decided to use development contributions and financial contributions to fund capital expenditure relating to the cost of growth for each activity. This explanation is below. There are no material differences for the purposes of this assessment for different activities funded by development contributions, so this assessment applies equally to each activity. However, growth costs for some transport-related projects and programmes may be subsidised by Waka Kotahi NZ Transport Agency, reducing the proportion of growth costs funded by development contributions to 49 per cent.
109. Council uses financial contributions to fund the cost of growth-related reserves infrastructure. Reserve financial contributions achieve many of the same benefits and outcomes as development contributions but are simpler to administer.

Community outcomes (section 101(3)(a)(i))

110. Council has considered whether development contributions and financial contributions are an appropriate source of funding considering each activity, the outcomes sought and their links to growth infrastructure. Council has developed nine outcomes to help achieve our vision of making our city a great place to live, work and play:
- a safe community
 - a strong and diverse economy
 - an accessible and connected city
 - healthy people
 - a healthy natural environment
 - active engagement in community activities
 - strong and inclusive communities
 - a healthy and attractive built environment
 - a well-governed city.
111. These outcomes describe a city that is safe, well connected and accessible; that looks after the environment and that provides the foundation needed for a thriving economy. To enable this, we must provide and maintain infrastructure to a high level of service, and make investment to ensure we cater for growth. We are much better able to accommodate this growth if additional funding through development contribution is possible, rather than levelling all cost on existing ratepayers. As a dedicated growth funding source, development contributions also offer funding through which we can deliver on our vision and outcomes for new communities.

Other funding decision factors (section 101(3)(a)(ii)-(v))

112. Council has considered the funding of growth-related community facilities against the following matters:
- the distribution of benefits between the community as a whole, any identifiable part of the community and individuals, and the extent to which the actions or inaction of particular groups or individuals contribute to the need to undertake the activity

- the period in or over which those benefits are expected to occur
- the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.

113. A summary of this assessment is below.

Table 10: Other funding decision factors

<p>Who Benefits / whose act creates the need</p>	<p>A significant portion of Council’s work programme over the next 30 years is driven by development or has been scoped to ensure it provides for new developments. The extent to which growth is serviced by and benefits from an asset or programme, as well as how much it serves and benefits existing ratepayers, is determined for each asset or programme in line with the requirements of section 197AB(c) of the LGA.</p> <p>Council believes that the growth costs identified through this process should be recovered from development, as new assets and additional network capacity are principally what creates the need for the expenditure and /or benefit. Where and to the extent that works benefit existing residents and businesses, those costs are recovered through rates.</p> <p>The <i>Catchment determination</i> section below outlines how Council determined the catchments for development contributions in the policy.</p> <p>Using financial contributions for reserves has a similar impact. Financial contributions for other services are required where individual developments give rise to capital expenditure that is not planned and budgeted, and therefore that expenditure is not included in Council’s Development Contributions Policy. In these cases, Council can usually identify the individual or group involved and may impose a financial contribution as a condition of resource consent.</p>
<p>Period of benefit</p>	<p>The assets constructed for development will last for a very long time and provide benefits and capacity for developments now and developments in the future. In many cases, the ‘capacity life’ of such assets spans decades.</p> <p>Development contributions allow development-related capital expenditure to be apportioned over the capacity life of assets. Developments that benefit from the assets will contribute to its cost, regardless of whether they happen now or in the future. This helps ensure that growth now and later contributes a fair share to those assets.</p> <p>Financial contributions for reserves have a similar affect by distributing the cost of providing for growth over time so that current and future developments that benefit contribute.</p>
<p>Funding sources and rationale, including rationale for separate funding</p>	<p>The cost of supporting development in Lower Hutt is significant. Development contributions and financial contributions send clear signals to the development community about the cost of growth and the capital costs of providing infrastructure to support that growth.</p> <p>Council also considers that allocating the full cost of growth to development is fairer to existing ratepayers, and helps ensure economic efficiency. By not imposing the burden of growth costs on existing ratepayers, Council can use rates income to advance its other activities. These activities contribute in a wide range of ways to improving current and future community outcomes.</p> <p>Consequently, Council considers that the benefits to the community are significantly greater than the cost of policy making, calculations, collection, accounting and distribution of funding for development and financial contributions.</p>

Overall impact of liability on the community (section 101(3)(b))

114. Council has also considered the impact of the overall allocation of liability on the community. In this case, the liability for revenue falls directly with the development community. Council considers that the level of development and financial contributions are affordable and are not out of step with those required by other councils. The highest charges represent less than 5 per

cent of the median house price in Hutt City. Consequently, Council does not consider it likely that there will be an undue or unreasonable impact on the social, economic and cultural wellbeing of this section of the community. Nor are the charges expected to divert private sector investment from Lower Hutt on any significant scale.

115. Moreover, shifting development costs onto ratepayers is likely to be perceived as unfair, and would significantly impact the rates revenue required from existing residents – who do not cause the need or benefit directly from the growth infrastructure needed to service new developments.
116. Overall, Council considers it fair and reasonable to use development contributions and financial contributions to fund the costs of growth-related capital expenditure for community facilities, and it considers that the social, economic and cultural interests of the district's communities are best advanced in this way.

CATCHMENT DETERMINATION

117. When setting development contributions, Council must consider how it sets catchments for grouping charges by geographic areas. The LGA gives Council wide scope to determine these catchments, provided that the Council considers the factors listed in section 101(3) of the LGA, and provided under section 197AB(g) that:

- the grouping is done in a manner that balances practical and administrative efficiencies with considerations of fairness and equity; and
- grouping by geographic area avoids grouping across an entire district wherever practical.

118. Council has determined that there will be seven catchments. These catchments are:

- the Western Hills
- the Valley Floor
- Stokes Valley
- Wainuiomata
- Eastbourne
- rural
- districtwide.

119. The rationale for the number of catchments is to:

- keep the policy as simple as practicable
- provide flexibility to deliver growth infrastructure where it is most needed
- reconcile the contributions as closely as practicable to the areas where developments have generated the need for capital expenditure on new assets, or assets of increased capacity
- strike a reasonable balance between practical and administrative efficiencies and considerations of fairness and equity.

120. The boundaries of these catchments, excluding the rural catchment, are defined by the aggregated suburb boundaries and the urban zoning in the District Plan. The catchments are

shown on the map in Part 3 of this policy. Developers operating within these catchments will be required to pay contributions applicable in the relevant catchment in accordance with this policy.

121. The catchments and their boundaries are based on communities of interest (aggregating district suburbs), the geography of the district, the characteristics of the infrastructure and service it provides, the common benefits received across the geographical area supplied by the infrastructure being funded by development contributions, and judgments involving a balance between administrative efficiency and fairness and equity. Projects or programmes that provide capacity and benefits for more than one catchment are attributed to all relevant catchments, and growth costs are shared among those catchments.
122. The district-wide catchment is only used where it is not practical to break down a project or programme into individual catchments. For example, the Seaview wastewater storage project or Cross Valley Transport Connections benefit all developments. To disaggregate the costs of such projects to catchment level would require different portions of growth capacity to be assigned to different catchments. Without a very detailed amount of information (which the Council does not have available), this would be an arbitrary exercise and likely result in some catchments paying less or more than other catchments for similar capacity and benefits. The district-wide catchment is a practical way of addressing this, and ensures fairness.

SIGNIFICANT ASSUMPTIONS OF THE POLICY

Methodology

123. In developing a methodology for the development contributions in the policy, Council has taken an approach that ensures that the cumulative effect of development is considered across each catchment.

Planning horizons

124. Council has used a 30-year timeframe as a basis for forecasting growth and growth-related assets and programmes. This is set out in Council's asset management plans.

Projecting growth

125. Hutt City has experienced high population growth and steady economic growth in recent years, and this growth is forecast to continue. Stats NZ figures indicate steady population growth in the district.
126. Using forecasts adapted from Stats NZ's median growth forecasts and a commercial growth study as a base, the key assumptions on future growth are as follows:
- Years 2021–2031:
 - population growth in the district of around 7 per cent, or around 7,000 people
 - RU growth in the district of around 8 per cent, or around 3,200 RUs
 - minimal net development of GFA for commercial space – although intensity of use is expected to increase.
 - Years 2031–2051:
 - population growth in the district of around 16,700 people from 2031

- RU growth in the district of around 7,000 RUs from 2031
- minimal net development of GFA for commercial space – although intensity of use is expected to increase.

127. Table 11 shows a five-yearly breakdown of the population and household forecast.

Table 11: Five-yearly breakdown of population and household forecasts

	2013 Census	2021 (est)	2026	2031	2036	2041	2046	2051
WESTERN HILLS								
Population	10,423	10,586	10,966	11,296	11,499	11,668	11,857	12,042
Households	3,851	3,992	4,164	4,338	4,451	4,542	4,626	4,711
WAINUIOMATA								
Population	17,787	19,198	19,842	21,077	22,761	24,403	26,080	27,759
Households	6,331	6,801	7,067	7,544	8,147	8,743	9,343	9,943
EASTBOURNE								
Population	4,803	4,809	4,765	4,734	4,738	4,758	4,784	4,810
Households	2,017	2,041	2,067	2,082	2,097	2,112	2,127	2,142
STOKES VALLEY								
Population	9,805	10,245	10,861	11,189	11,284	11,356	11,473	11,589
Households	3,573	3,729	3,961	4,085	4,144	4,198	4,258	4,318
VALLEY FLOOR								
Population	58,378	61,509	63,308	64,977	66,870	69,083	7,1412	7,3742
Households	22,775	23,759	24,665	25,490	26,403	27,422	2,8437	2,9453
HUTT CITY TOTAL								
Population	101,196	106,347	109,742	113,273	117,152	121,268	125,606	129,942
Households	38,547	40,322	41,924	43,539	45,242	47,017	48,792	50,567

Best available knowledge

128. Development contributions are based on projects and programmes previously undertaken, future works proposed in Council's Long Term Plan and/or asset management plans, and projected estimates of future growth. These are all based on the best available knowledge at the time of preparation. As better information becomes available the policy will be updated, generally through the Annual Plan process.

Capacity lives

129. The capacity lives for projects and programme within the policy are approximated to the closet decade that they provide for growth, being 10 years, 20 years or 30 years. Projects that do not provide capacity for development within the period 2021–2031 are not included in this policy.

Cost of infrastructure

130. Future capital expenditure costs used in this policy are based on the forecast costs in the Long Term Plan and/or Hutt City Council and Wellington Water Asset Management Plans. Past project costs (see Schedule 1) are derived from annual reports and will be updated at least every three years.
131. Interest costs are added to the above to account of the costs of borrowing (see Funding model section below) and third-party funding is deducted (such as Waka Kotahi NZ Transport Agency subsidies).
132. As better information becomes available, Council will update the policy.

Key risks

133. There are two key risks associated with administering development contributions:
- that the growth predictions do not eventuate, resulting in a change to the assumed rate of development. In that event, Council will continue to monitor the rate of growth and will update assumptions in the growth and funding predictions, as required
 - that the time lag between expenditure incurred by Council and development contributions received from those undertaking developments is different from that assumed in the funding model, so that the costs of capital are greater than expected. This would result in an increase in debt servicing costs. To guard against that occurrence, Council will continue to monitor the rate of growth, and will update assumptions in the growth and funding models, as required.

Service assumptions

134. Council assumes that methods of service delivery, and levels of service, will remain substantially unchanged and in accordance with Council's Long Term Plan and asset management plans.

Funding model

135. Council has developed a funding model to calculate development contribution charges under the policy. The model accounts for the activities for which contributions are sought, the assets and programmes related to growth, forecast growth and associated revenue. The funding model embodies several important assumptions, including that:
- all capital expenditure estimates are inflation adjusted and GST exclusive
 - the level of service/backlog and renewal portions of each asset or programme will not be funded by development contributions. See the Cost allocation section below
 - the growth costs associated with an asset are spread over the capacity life of the asset, and any debt incurred in relation to that asset will be fully repaid by the end of that capacity life
 - interest expenses incurred on debt accrued will be recovered via development contributions and shared equally over the capacity life of each asset.

COST ALLOCATION

136. Council must consider how to allocate the cost of each asset or programme between three principal drivers – growth, level of service /backlog and renewal. Council’s general approach to cost allocation is summarised as follows:
- Where a project provides for and benefits only growth, 100 per cent of a project’s cost is attributed to growth. To qualify for this, there would have to be no renewal element (see below) or material level of service benefit or capacity provided for existing residents and businesses.
 - Where a project involves renewal of existing capacity, the value of a stand-alone renewal component is generally determined separately for significant individual identified works. For smaller projects or ongoing programmes, a proportion of the works is attributed to growth in line with future beneficiary split (see below).
 - If a project provides for growth and level of service, after deducting any share of costs attributable to renewal, Council will split the cost between growth and level of service based on a future beneficiary split approach. Under this approach, the cost attributed to:
 - level of service will be based on the proportion that the existing community (in EHUs) will make up of the future community (in EHUs)
 - growth will be based on the proportion that the growth (in EHUs) will make up of the future community (in EHUs).
137. The approach uses easily available information but generally provides a conservative (low) estimate of the portion of a project’s cost attributable to growth compared to other possible approaches.
138. For particularly large and expensive projects, Council may undertake a specific cost-apportionment assessment that differs from the general approach outlined above if better information is available: for example, using identified capacity share as the basis for cost allocation.

CALCULATING THE DEVELOPMENT CONTRIBUTION CHARGES

139. This section outlines how Council calculated the development contribution charges in accordance with section 203 and schedule 13 of the LGA.

Process

140. Table 12 summarises the steps Council took to determine growth, growth projects and cost allocations, and to calculate the development contributions charges.

Table 12: Summary of development contribution charge calculation methodology

Step	Description/comment	Example (cost exclusive of GST)
1. Forecast growth	Council estimates potential land supply and likely take-up of that land. The estimates help provide household and business growth forecasts for up to 30 years. See the <i>Projecting growth</i> section	Wainuiomata is forecast to grow by over 3,000 homes over 30 years.

Step	Description/comment	Example (cost exclusive of GST)
	above for further information.	
2. Identify projects required to facilitate growth	Council identifies and develops the works programme needed to facilitate growth. In some cases, Council may have already undertaken the work. The programme in the policy is for 30 years.	Wellington Water has identified a need for additional water storage for existing residents and growth. Wainuiomata reservoir number 3 is planned as a result. The inflation-adjusted estimated cost of the project is \$59.7M.
3. Determine the cost allocation for projects	Council apportions the cost of each asset or programme between renewal, growth and level of service/backlog in accordance with the approach outlined in the <i>Cost allocation</i> section of this policy. Schedule 1 of the policy outlines the amount required to fund growth from development contributions for each of these assets or programmes.	Half of the capacity of the new reservoir is for an existing level of service gap, and half is for growth over 30 years. As a result, 50% of the cost of the project is attributable to growth.
4. Determine growth costs to be funded by development contributions	Council determines whether to recover all of the growth costs identified in step 3 from development contributions or whether some of the growth costs will be funded from other sources.	After considering the matters in section 101(3) of the LGA, Council has generally adopted an approach of recovering 100% of growth costs for each activity from development via development contributions. Because the Wainuiomata reservoir is a particularly expensive growth project and will significantly increase charges, the Council did consider whether to spread the growth costs of the project just within Wainuiomata or more widely, and whether it should fund some of the growth costs from rates. It has decided to retain the growth costs within the Wainuiomata catchment and retain the position that 100% of growth costs are funded by development contributions.
4. Adjust for inflation and interest costs	Council adjusts the growth costs from step 4 for inflation if they are future works. It then estimates the interest cost (or interest accrued) for each project over the period it will be paid off (called capacity life).	The inflation-adjusted growth-related cost of the Wainuiomata reservoir is \$29.9M, and expected interest costs are \$3.7M, making a total sum of \$33.6M that must be funded by development contributions.
5. Divide development contributions-funded growth costs by capacity lives	The growth costs from step 4 are divided by the estimated capacity life (defined in EHUs), to provide an EHU charge for each future and past asset and programme.	\$33.6M is divided by the capacity life estimates of the reservoir (3,022 EHUs), to produce a specific charge of \$11,111.
7. Sum all per asset charges	For each catchment and activity, Council adds up the per-EHU asset or programme charges, to obtain a total development contribution charge. For each activity and catchment, development contributions fund the programme on an aggregated basis.	Wainuiomata has only one catchment-specific water project being funded by development contributions. However, development in Wainuiomata is also subject to a district-wide charge for water. GST is added to these charges.

Summary of calculations

141. Schedule 1 provides information on each asset or programme and summarises the calculation of the development contribution charge for each activity/catchment.

Wastewater

Asset or programme name	Description	Total cost \$	Percentage funded by development contributions	Percentage funded from other sources	Development contributions-funded cost \$ (exclusive of interest)	Development contributions-funded cost \$ (inclusive of interest)	Already constructed	Year1 2021/2022 \$	Year2 2022/2023 \$	Year3 2023/2024 \$	Year4 2024/2025 \$	Year5 2025/2026 \$	Year6 2026/2027 \$	Year7 2027/2028 \$	Year8 2028/2029 \$	Year9 2029/2030 \$	Year10 2029/2030 \$	Years 11-30 2031/2032 - 2051/2052	Recoverable growth / capacity life (EHUs)	Development contribution charge
Valley Floor, Western Hills, Stokes Valley and Eastbourne																				
Trunk DBO asset replacement and upgrade	Programme of network renewals including upsizing to provide capacity for growth	2,926,694	6%	94%	172,675	175,342	2,145,472	21,924	22,559	23,237	23,915	24,614	25,292	26,012	26,754	74,484	512,431	-	2,246	78
Trunk DBO network cyclic replacement	Programme of network renewals including upsizing to provide capacity for growth	21,969,526	6%	94%	1,296,202	1,126,629	175,661	-	-	-	-	-	-	1,435,158	1,383,809	7,078,307	11,896,591	-	2,246	502
	Total	24,896,220	6%	94%	1,468,877	1,301,971														580
Wainuiomata																				
Wise Park pump station upgrade stage 1	Upgrade pump station capacity to provide increased forward flow capacity within capacity of existing rising main	1,546,998	21%	79%	323,323	403,974	-	151,200	1,395,798	-	-	-	-	-	-	-	-	-	1,822	222
Wise Street North wastewater upgrade	Upgrades to Wise Street North wastewater networks to provide capacity for growth	3,936,240	55%	45%	2,180,677	3,163,248	-	264,600	1,808,648	-	-	-	-	-	-	-	-	-	3,022	1,047
Wastewater storage Fraser Street and Main Road	Wastewater storage to minimise wet weather overflows	8,568,730	9%	91%	788,323	691,667	-	-	-	-	824,661	3,819,443	3,924,626	-	-	-	-	-	628	1,101
Greenfield Wainuiomata pump station and rising main	New wastewater pump station and rising main to convey wastewater from northern greenfield area to Wellington Road Pump Station	6,890,951	100%	0%	6,890,951	7,356,757	-	-	-	-	-	-	-	-	-	-	-	6,890,951	3,022	2,434
	Total	20,942,919	49%	51%	10,183,274	11,615,646														4,804
Districtwide																				
Sewer mains upgrade	Upgrade of sewers to improve level of service and provide for	426,282	6%	94%	25,577	28,022	426,282	-	-	-	-	-	-	-	-	-	-	-	2,874	10

DEVELOPMENT AND FINANCIAL CONTRIBUTIONS POLICY 2021-2031

Asset or programme name	Description	Total cost \$	Percentage funded by development contributions	Percentage funded from other sources	Development contributions-funded cost \$ (exclusive of interest)	Development contributions-funded cost \$ (inclusive of interest)	Already constructed	Year1 2021/2022 \$	Year2 2022/2023 \$	Year3 2023/2024 \$	Year4 2024/2025 \$	Year5 2025/2026 \$	Year6 2026/2027 \$	Year7 2027/2028 \$	Year8 2028/2029 \$	Year9 2029/2030 \$	Year10 2029/2030 \$	Years 11-30 2031/2032 - 2051/2052	Recoverable growth / capacity life (EHUs)	Development contribution charge
	growth																			
Network renewals	Programme of network renewals including upsizing to provide capacity for growth	97,946,225	6%	94%	5,876,774	5,109,972	4,786,153	5,566,320	6,066,404	5,684,532	5,713,722	5,880,730	6,541,043	13,006,122	13,376,817	13,758,104	17,566,278	-	2,874	1,778
Seaview Wastewater Treatment Plant storage	Provision of 10,000m³ of additional storage capacity	20,098,380	25%	75%	5,024,595	6,905,698	-	34,7621	6,061,000	9,002,670	4,687,089	-	-	-	-	-	-	-	9,891	698
Wastewater development projects reactive	Provision to enable reticulation capacity for growth	924,025	100%	0%	924,025	823,545	-	81,000	83,348	85,852	88,357	90,939	93,443	96,104	98,843	101,661	104,478	-	2,874	287
	Total	119,394,912	10%	90%	11,850,970	12,867,237														2,772

Stormwater

Asset or programme name	Description	Total cost \$	Percentage funded by Development contributions	Percentage funded from other sources	Development contributions-funded cost \$ (exclusive of interest)	Development contributions-funded cost \$ (inclusive of interest)	Already constructed	Year 1 2021/2022 \$	Year 2 2022/2023 \$	Year 3 2023/2024 \$	Year 4 2024/2025 \$	Year 5 2025/2026 \$	Year 6 2026/2027 \$	Year 7 2027/2028 \$	Year 8 2028/2029 \$	Year 9 2029/2030 \$	Year 10 2029/2030 \$	Years 11-30 2031/2032 - 2051/2052	Recoverable growth / capacity life (EHUs)	Development contribution charge
Valley Floor																				
Victoria Street / Humes Street	Stormwater management improvements	2,161,089	12%	88%	259,331	381,145	-	1,065,108	1,095,981	-	-	-	-	-	-	-	-	-	5,492	69
Randwick Road stormwater improvement, Moera	Stormwater management improvements	155,793	6%	94%	9,348	13,025	155,793	-	-	-	-	-	-	-	-	-	-	-	6,058	2
Queen Street, Petone	Stormwater management improvements	1,738,597	6%	94%	104,316	145,513	1,738,597	-	-	-	-	-	-	-	-	-	-	-	6,058	24
	Total	4,055,479	9%	91%	372,994	539,683														96
Valley Floor and Eastbourne																				
Beach stormwater outlets	Improve outflow at beaches	1,197,096	12%	88%	143,652	186,038	894,696	302,400	-	-	-	-	-	-	-	-	-	-	6,163	30
	Total	1,197,096	12%	88%	143,652	186,038														30
Valley Floor, Western Hills and Stokes Valley																				
Hutt River Floodplain (stormwater outlets to river)	Stormwater management improvements	255,329	8%	93%	20,426	26,337	255,329	-	-	-	-	-	-	-	-	-	-	-	7,436	4
Hutt River backflow (electrical automation project)	Stormwater management improvements	131,330	8%	93%	10,506	11,913	131,330	-	-	-	-	-	-	-	-	-	-	-	5,127	2

DEVELOPMENT AND FINANCIAL CONTRIBUTIONS POLICY 2021-2031

Asset or programme name	Description	Total cost \$	Percentage funded by Development contributions	Percentage funded from other sources	Development contributions-funded cost \$ (exclusive of interest)	Development contributions-funded cost \$ (inclusive of interest)	Already constructed	Year 1 2021/2022 \$	Year 2 2022/2023 \$	Year 3 2023 / 2024 \$	Year 4 2024 / 2025 \$	Year 5 2025 / 2026 \$	Year 6 2026 / 2027 \$	Year 7 2027 / 2028 \$	Year 8 2028 / 2029 \$	Year 9 2029 / 2030 \$	Year 10 2029 / 2030 \$	Years 11-30 2031/2032 - 2051/2052	Recoverable growth / capacity life (EHUs)	Development contribution charge	
Hutt River stormwater flapgates/pumping to river	Stormwater management improvements	543,358	8%	93%	43,469	55,380	543,358	-	-	-	-	-	-	-	-	-	-	-	7,436	7	
	Total	930,017	8%	93%	74,401	93,631														13	
Wainuiomata																					
Black Creek improvements	Management of risks associated with flooding from stormwater, channel improvements to increase capacity of the Black Creek	4,157,868	100%	0%	4,157,868	4,784,219	-	-	-	-	-	-	-	-	-	-	-	-	4,157,868	3,022	1,583
	Total	4,157,868	100%	0%	4,157,868	4,784,219															1,583
Western Hills																					
Dowse Drive stormwater improvement project	Stormwater management improvements	228,759	15%	85%	34,314	46,552	228,759	-	-	-	-	-	-	-	-	-	-	-	-	736	63
	Total	228,759	15%	85%	34,314	46,552															63
Eastbourne																					
Hekatarā Street / Pukateā Street	Stormwater management improvements	785,705	7%	93%	54,999	75,687	785,705	-	-	-	-	-	-	-	-	-	-	-	-	105	721
	Total	785,705	7%	93%	54,999	75,687															721
District-wide																					
Network renewal upgrade	Stormwater management improvements undertaken alongside renewals	1,119,854	5%	95%	55,993	61,015	1,119,854	-	-	-	-	-	-	-	-	-	-	-	-	2,874	21
Stormwater development projects – reactive	Provision to enable reticulation capacity for growth	616,018	100%	0%	616,018	549,020	-	54,000	55,565	57,235	58,904	60,626	62,296	64,070	65,896	67,774	69,652	-	2,874	191	
	Total	1,735,872	39%	60%	672,011	610,035															212

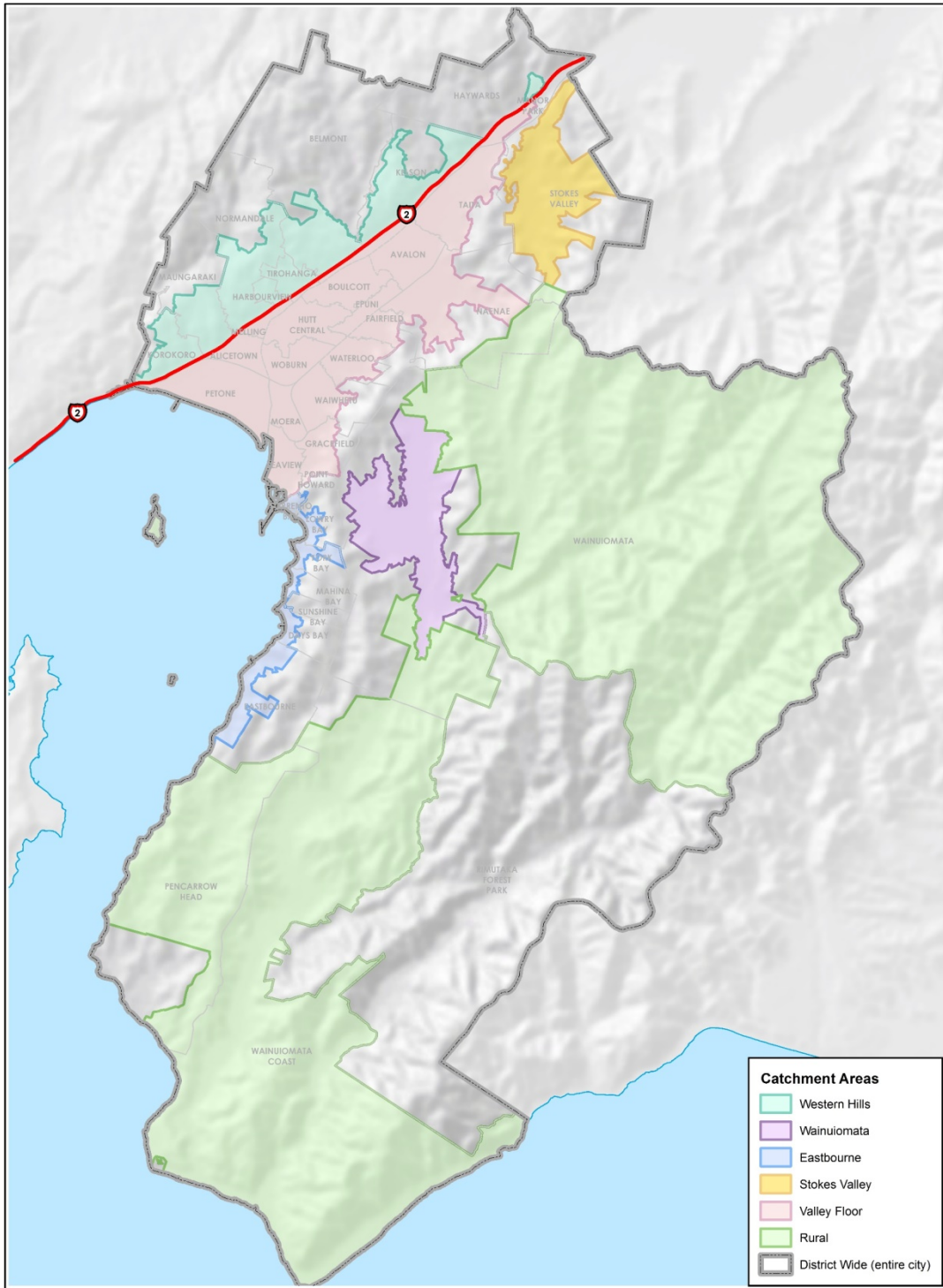
Transport

Asset or programme name	Description	Total cost \$	Percentage funded by development contributions ²	Percentage funded from other sources	Development contributions-funded cost \$ (exclusive of interest)	Development contributions-funded cost \$ (inclusive of interest)	Already constructed	Year 1 2021/2022 \$	Year 2 2022/2023 \$	Year 3 2023/2024 \$	Year 4 2024/2025 \$	Year 5 2025/2026 \$	Year 6 2026/2027 \$	Year 7 2027/2028 \$	Year 8 2028/2029 \$	Year 9 2029/2030 \$	Year 10 2029/2030 \$	Years 11-30 2031/2032 - 2051/2052	Recoverable growth / capacity life (EHUs)	Development contribution charge \$
District-wide																				
Cycleways / shared paths	Development of cycleways and shared paths city-wide	5,994,928	1%	99%	59,949	54,290	-	520,000	535,072	551,150	575,476	592,297	608,608	625,938	643,779	662,129	680,479	-	2,874	19
Cycling connections	Development of strategic cycling spine	10,038,889	3%	97%	311,206	438,171	-	3,250,000	3,344,203	3,444,686	-	-	-	-	-	-	-	-	9,891	44
Local area traffic management	City-wide traffic improvements	1,152,868	1%	99%	11,529	10,433	-	100,000	102,899	105,990	110,668	113,903	117,040	120,372	123,803	127,332	130,861	-	2,874	4
Pedestrian crossings new	City-wide safety improvements	662,875	1%	99%	6,629	6,007	-	57,498	59,165	60,942	63,632	65,492	67,295	69,212	71,184	73,213	75,242	-	2,874	2
Traffic safety improvements	City-wide safety improvements	7,967,908	1%	99%	79,679	71,850	-	200,000	643,116	794,928	830,014	854,274	877,800	902,796	928,527	954,993	981,460	-	2,874	25
Wise Street extension (urban growth strategy)	Extend Wise Street to access new growth areas	1,200,000	100%	0%	1,200,000	1,743,388	-	1,200,000	-	-	-	-	-	-	-	-	-	-	9,891	176
Minor safety works	City-wide safety improvements	536,967	1%	99%	5,370	4,828	-	-	52,478	54,055	56,441	58,091	59,691	61,391	63,140	64,940	66,740	-	2,874	2
Cross Valley Transport Connections	Development of improved East-West connections on Valley Floor, including intersection and roading improvement, a new route between State Highway 1 and the Eastern Valley floor and public transport improvements	198,267,150	8%	92%	16,059,639	18,788,251	-	-	-	10,917,005	9,053,816	5,838,068	3,691,594	8,898,551	30,202,174	41,731,159	54,818,841	33,115,942	9,891	1,900
Total		225,821,585	8%	92%	17,734,000	21,117,218														2,171

² Assumes Waka Kotahi NZ Transport Agency subsidies of 51 per cent are available for most of the programme, including the growth component. Consequently, the percentage of costs recovered from development contributions is generally only 49 per cent of the costs attributable to growth except where indicated (*).

PART 3: CATCHMENT MAP

This map outlines the boundaries of the catchments within which development contributions will apply.



Development Contribution Catchments

Although the information depicted has been prepared with care and in good faith, it may be subject to change without notice. The council does not guarantee the accuracy or completeness of the information and accepts no liability for any loss suffered as a result of reliance on it. Council's responsibility may not be limited by this disclaimer and can only be verified by a registered surveyor.

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