

# DRAFT Policy on Development and Financial Contributions 2021-2031

Group responsible:	Finance
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## 1 Introduction

### 1.1 Purpose

To provide predictability and certainty about how and when Council proposed to use development contributions and financial contributions, what they fund and why. ~~the sources and levels of funding by enabling Council to may recover a fair, equitable, and proportionate share of the total cost of capital expenditure necessary to service growth over the long term through development contributions from those persons undertaking development,; a fair, equitable, and proportionate share of the total cost of capital expenditure necessary to service growth over the long term and to Council may~~ recover financial contributions to deal with the adverse environmental effects of new development in the District.

### 1.2 Statutory context

Council is required by s.102(2)(d) of the Local Government Act 2002 (the act), to have a policy on development contributions or financial contributions.

Council has chosen to use both development contributions and financial contributions to recover the total cost of capital expenditure necessary to service new development and to deal with its effects.

Financial contribution provisions for recovering the growth-related costs of roading and reserves are detailed in 2.14 of the District Plan.

This policy on Development and Financial Contributions (the -policy) deals with development contributions for water supply, sewerage-wastewater and community infrastructure.

Council, in addition to determining matters of content in this policy, has determined:

- that the decision to adopt the policy is not a significant decision;
- that it believes it has met the decision-making and consultation requirements of the act to the extent required.

### 1.3 Growth and development

~~The population of Southland District grew by 1176 persons (4.1%) in the six years between 2006 and 2013. The total number of dwellings increased by 873 (7.9%) and the number of rating units increased in the same period. Projections by BERL estimate there will be approximately 6,400 more people in the District by 2043. Te Anau and Winton will see the largest growth in total population between 2013 and 2043, with each township growing by between 400 and 500 people. At the other end, Monowai, Nightcaps, Riversdale, Tokanui, and Otautau are projected to either maintain their 2013 population through to 2043 or see a small decline. The population of Southland District grew by 900 persons (3.1%) in the 12 years between 2001 and 2013. The total number of dwellings increased by just over 1,000 (9.4%) and the number of rating units increased in the same period. Projections by Infometrics Limited estimate there will be approximately 2,000 more people in the District by 2028, based on a medium growth projection. It has been identified that growth is not going to be evenly distributed across towns in the District, and that some towns will experience negative growth.~~

In making this policy, Council has considered the matters under s.101(3) of the act. This section of the act states that the funding needs to meet expenditure requirements must be met from sources that the local authority determines to be appropriate, following a consideration of the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community. ~~on the community.~~

### 1.4 Remission of policy and background

This policy is currently in remission and development contributions will not be required under it. The financial contributions provisions in the Southland District Plan are not in remission and continue to apply to development in the District.

As Council wants to encourage development and economic growth in the District, Council proposes to fund the total cost of capital expenditure for water supply and ~~sewerage wastewater~~ necessary to service development from sources other than development contributions. Development contributions will not be required under this policy until resolved otherwise by Council in which case the provisions of the policy will apply in full. Council has full discretion as to the timing of a review.

Council will continue to require financial contributions for roading and reserves under 2.14 of the ~~Proposed~~ Southland District Plan. Council is concerned that in the event of any substantial development, the resulting costs for roads and reserves to serve the development could affect the level of rates unless funded by financial contributions. ~~The ability to require financial contributions will not limit the ability of Council to impose resource consent conditions requiring an applicant to carry out roading and reserves works to offset the adverse effects of a development.~~

Council may review its position on remissions at any time but shall do so no more than three years from the date on which ~~it adopts its Long Term Plan~~ this policy becomes operative.

~~Prior to 2012, the development contributions policy applied to development across Southland District and application of the policy resulted in persons undertaking new developments in the Southland District being subject to a development contributions regime.~~

~~Council has been conscious of the fact that development contributions may have previously been an impediment or barrier to new economic development. This is contrary to the Council's aspirations for encouraging growth. The Council also recognises that when new developments occur, these often contribute significantly to ongoing community wellbeing and also contribute financially on an ongoing basis through rates.~~

~~In recognition of this, the Council removed development contributions from most parts of the District in 2012. The 2012-22 development contribution policy was limited to reserves across the district, and water and sewerage projects at Te Anau (and only in cases where developments proposed to connect to reticulated services).~~

## 2 Policy details

Council has considered all matters it is required to consider under the act when making a policy on development contributions or financial contributions. Council has also considered requirements in s.106, 201 and 201A of the act relating to the content of such a policy. Policy resulting from these considerations is set out in this section. The way in which the policy will be applied in practice is set out in Section 3.

### 2.1 Appropriate sources of funding

Council incurs capital works expenditure in order to:

- a) provide additional capacity in assets to cater for new development;
- b) improve the level of service to existing households and businesses;
- c) meet environmental and other legislative requirements; and
- d) renew assets to extend their service life.

Section 101(3)(a) of the act states that the funding needs to meet these expenditure requirements must be met from sources that Council determines to be appropriate, following a consideration, in relation to each activity, of a number of matters. Council's consideration of these matters as it relates to the funding of capital expenditure is outlined in the Revenue and Financing Policy.

The analysis contained in the Revenue and Financing Policy is also applicable to this policy.

Council has had regard to and made the following determinations under each activity in relation to the matters set out under s.101(3)(a)(i) to (v) of the act:

- a) that development contributions are an appropriate source of funding for providing additional capacity in water supply, ~~sewerage-wastewater~~ and community infrastructure assets because when development occurs it takes up capacity in these assets and requires Council to provide additional capacity in existing assets or new assets or to serve the development;
- b) that financial contributions are an appropriate source of funding for roading and reserves assets because Council only seeks contributions towards these assets to mitigate adverse effects in the vicinity of developments and not to fund these assets in the wider network;
- c) community infrastructure contributions will only be required on residential developments although Council may still require financial contributions for reserves on non-residential

developments as a condition of resource consent under the Resource Management Act 1991 (the RMA).

In keeping with the principles in ss.197AB(e) and (f) of the act, Council is required to make information available and provide certain schedules.

Section 201A of the act requires a development contribution policy to include a schedule of assets for which development contributions will be used, and specifies the contents of that schedule. This requirement is met by Schedule 1 of this policy.

Section 106 of the act requires Council to:

- a) summarise and explain the total cost of capital expenditure that Council expects to incur to meet the increased demand for community facilities resulting from growth; and
- b) state the proportion of that total cost of capital expenditure that will be funded by—
  - i. development contributions;
  - ii. financial contributions; and
  - iii. other sources of funding.

These requirements are met in Schedule 2 of this policy.

Section 201 of the act requires inclusion in a development contribution policy of a schedule of development contributions. This requirement is met by Schedule 3 of this policy.

## 2.2 Financial contributions

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The RMA authorises local authorities to impose financial contributions to address effects associated with subdivision, land use or development. Council may require a financial contribution, as a condition of consent, in accordance with any relevant rule in the Southland District Plan.

Provisions regarding financial contributions towards roading and reserves infrastructure are detailed in Section 2.14 of the ~~Proposed~~ District Plan and should be referred to when reading this policy. The financial contribution rules in Section 2.14 the ~~Proposed~~ Southland District Plan are operative.

Section 106(2)(f) of the act states that if financial contributions will be required this policy must summarise the provisions that relate to financial contributions. This summary is set out in Appendix 4.

## 2.3 Limitations on contributions

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While Council is able to seek both development contributions for infrastructure under the Local Government Act 2002 and financial contributions under the RMA, s. 200 of the Local Government Act 2002 prevents Council from requiring a development contribution where it has imposed a contribution requirement on the same development under the RMA or where developers or other parties fund the same infrastructure for the same purpose.

Although under the Southland District Plan, Council may impose a financial contribution as a condition of resource consent, it shall ensure that no condition of resource consent is imposed that would require work to be done or funded that is identified in the Long Term Plan and funded in whole or in part by development contributions.

Nothing in this policy, including the amounts of development contribution payable in Schedule 3, will diminish from any other legal requirement to make a payment for community facilities other than a development contribution, including connection fees or any other fee required to be paid pursuant to any other policy or bylaw or by agreement with Council.

## **2.4 Limitations on costs eligible for inclusion in development contributions**

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In calculating development contributions under this policy, the contributions shall not include the value of any project or work or part of any project or work required for:

- a) rehabilitating or renewing an existing asset; or
- b) operating and maintaining an existing asset.

In accordance with s.200(1) of the act, no development contribution calculated under this policy shall include the value of any funding obtained from third parties, external agencies or other funding sources in the form of grants, subsidies or works. This limitation shall not include the value of works provided by a developer on behalf of Council and used as a credit against contributions normally payable, which Council may seek to recover from other developers in contributions.

Council may require development contributions where it has incurred capital expenditure via a third party and has provided a credit against development contributions payable by any person where that person has incurred capital expenditure on behalf of Council, which provides additional capacity to serve further development.

The value of any subsidy or grant toward the value of any project or work shall be deducted prior to the allocation for funding of the balance portion of project cost between development contributions and other sources of Council funding.

## **2.5 Vested assets and local works**

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The value of assets vested or expenditure made by a developer, pursuant to a requirement under the RMA, shall not be used to off-set development contributions payable on a development unless all or a portion of such assets or expenditure can be shown to avoid or reduce the need for Council to incur costs providing an asset that is included in its capital works programme, for which development contributions are sought.

The value of assets vested or expenditure made voluntarily by a developer to enhance a development shall not be used to offset development contributions payable on development.

## **2.6 Past surplus capacity provided**

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In accordance with s.199(2) of the act, development contributions may be required to fund capital expenditure already incurred by Council in anticipation of development, prior to the adoption of this policy.

Where Council has in recent years incurred expenditure to undertake works or acquire land in anticipation of development, it may seek to recover this expenditure from development contributions yet to be made. Council may include the value of past surplus capacity in its calculation of development contributions.

## 2.7 Cumulative and network effects

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In accordance with s.199(3) of the act, development contributions may be required under this policy, where a development, in combination with other developments, has a cumulative effect including the cumulative effect of developments on network infrastructure.

## 2.8 Geographic grouping (catchments)

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In keeping with the principle in s.197AB(g) of the act, Council considers that development contributions should be required from new development on a geographic basis using separate catchments those being determined:

- a) in a manner that balances practical and administrative efficiency with considerations of fairness and equity; and
- b) avoids, wherever practical, grouping across the entire District.

A catchment is an area of Southland District within which growth and development is occurring, which is likely, either solely or cumulatively, to give rise to the need for, or benefit from, particular Council activities.

This policy avoids the use of District-wide catchments for the recovery of development contributions.

This policy uses five separate ward-based catchments for community infrastructure assets because it is considered impractical to divide the areas of benefit of these types of asset into smaller geographic areas.

This policy uses separate local scheme-by-scheme catchments for water supply and wastewater activities. Development contributions will be payable only where the service is available and in the case of water supply and ~~sewerage~~wastewater, only to those new households, businesses or other developments connecting to the networks concerned. It is considered reasonably practical to administer the policy using local scheme-by-scheme catchments. The catchments used in this policy are summarised in Appendix 2.

## 2.9 Principles of cost allocation

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In keeping with the principle in s.197AB(a) of the act, an asset should not be considered for cost allocation for recovery through a development contribution unless it is a new or additional asset or an asset of increased capacity required to be provided by Council to deal with the effects of developments.

In keeping with the principle in s.197AB(c) of the act, the cost of any project identified in the Long Term Plan will, after deductions for subsidies and other sources of funding, be allocated between:

- a) the costs if any for improving levels of service to existing households and businesses by bringing assets up to the service standard and/or by providing additional service life, to be expressed as the ILOS cost; and
- b) the costs if any for providing additional capacity to service the development of new households and businesses, to be expressed as the AC cost.

Council will allocate project cost between ILOS costs and AC costs, in the manner described in Section 4.0 - Methodology.

The methodology used to allocate costs is a need/benefits matrix approach.

## 2.10 Capacity life of assets

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In keeping with the principle in s.197AB(b) of the Act, Council has considered the period over which the benefits of capital expenditure for new development are expected to occur. It considers that capital expenditure on infrastructure during the Long Term Plan period should be recovered over the full take-up period of each asset, from all development that created the need for that expenditure or will benefit from capacity it provides, including development occurring after the Long Term Plan period.

Council has determined that:

- a) new development occurring in the Long Term Plan period will contribute only to that proportion of additional asset capacity that it is expected to consume;
- b) future development occurring after the Long Term Plan period will contribute toward the remaining surplus capacity in assets at the end of that period.

In calculating the development contributions payable by new development for each activity type, Council will:

- a) include the value of any past surplus capacity in assets provided after 1 July 2005 that is expected to be consumed by new development, where this can be identified and where it can be shown to have been provided in anticipation of growth;
- b) include the value of capacity in assets to be provided in the Long Term Plan period, that is expected to be consumed by new development; and
- c) exclude the value of remaining surplus capacity in assets at the end of the Long Term Plan period, which is likely to be consumed by future development.

Recovery of the whole of a project's cost from only those households and businesses establishing in the Long Term Plan period may place an unfair burden on them. Households and businesses developing after the period will arrive to a fully paid up asset with spare capacity for their developments.

This policy uses a development contributions calculation period extending from 1 July 2005 (to include past surplus capacity) to 30 June ~~2048-2051 in order~~ ~~30 years after the adoption of the Policy~~ to ensure more equitable attribution under Schedule 13 of the act.

This ~~30 year~~ future outlook ~~in excess of 30 years~~ is to take account of major infrastructure projects that may retain spare capacity for up to 30 years, particularly as a result of prolonged periods of slow growth as have been experienced in the District.

## 2.11 Significant assumptions

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Section 201(1)(b) of the act requires this policy to set out the significant assumptions underlying the calculation of the schedule of development contributions, including an estimate of the potential effects, if there is a significant level of uncertainty as to the scope and nature of the effects.

The significant assumptions underlying the calculation of the schedule of development contributions are that:

- a) the rate, level and location of growth will occur as forecast in the rating growth projections accompanying the Long Term Plan

- b) capital expenditure will be in accordance with the capital works programme in the Long Term Plan and future capital expenditure is based on the best available knowledge at the time of preparation. These are to take into account known or likely construction costs and assumed inflation rates
- c) no significant changes to service standards are expected to occur in the Long Term Plan period other than those planned for in the Asset-activity management plans
- d) the level of any third party funding for projects will continue at predicted levels for the period of the Long Term Plan
- e) there will be no significant variations to predicted rates of interest and inflation to those set out in the Long Term Plan
- f) each residential dwelling comprises the average number of residents from the 2013 Census. The demand on Council assets placed by a standard dwelling (Unit of Demand) is assumed to be 2.5 persons per dwelling and this is applied District-wide.

An assessment of effects, if there is a significant level of uncertainty as to the scope and nature of the effects, is set out in Appendix 3 of this policy.

## 2.12 Financial policy

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All project costs used in the development contributions section of the policy should be based on current estimates of infrastructure construction prices at the time of planning in the dollars of the year of planning, with inflation of all capital costs over the period using local government cost adjusters supplied by a commercial research and analysis agency, such as BERL.

All capital expenditure and development contributions contained in this policy are exclusive of GST (except where shown to be inclusive).

No cost of capital, including interest, is included in growth cost calculations for the purposes of this policy.

## 2.13 Policy on existing lots or development

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When granting a consent or authorising a connection for development, and calculating the units of demand from that development, Council will deduct the units of demand generated by existing lots or development already legally established at the date of granting consent, other than as required in the three paragraphs below.

The paragraph above shall apply to any lot or development that:

- a) was already legally established at the date on which this policy became operative, on 1 July ~~2018~~2021; or
- b) has been legally established since the date on which this policy became operative and for which a development contribution has been paid; or
- c) is not yet legally established but for which a development contribution has been paid (and not refunded).

Legally established development includes buildings and structures which can be shown to have been in existence on but have been demolished up to three years prior to this policy becoming operative on 1 July ~~2018~~2021.

The paragraph in Section 2.13 shall not apply to any lot or development for which a contribution has been required and has not yet been paid.

Council may require a development contribution to be paid for any existing legally established lot or development, in a water supply or ~~sewerage-wastewater~~ area, with no connection to the service, which is to be connected for the first time or seeks connection to either a water supply network or a ~~sewerage wastewater~~ network, as the case may be, where no development contribution or other such payment for these services can be shown to have been previously paid.

Council may require a development contribution to be paid for any existing legally established lot that has previously been prevented from being developed by any open space covenant or by any other restriction registered against the title of the lot and that covenant or restriction has been removed.

In considering legally established developments already on a development site, Council will use the current or most recent use of the site and not its zoning to determine the existing units of demand that will be deducted when calculating the development contribution.

## 2.14 Use of development contributions

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In keeping with the principle in s.197AB(d) of the act, development contributions will be used:

- a) for or towards the purpose of the activity or the group of activities for which the contributions were required; and
- b) for the benefit of Southland District or the part of the ~~district~~-District that is identified in this policy in which the development contributions were required.

Development contributions will be used for the capital expenditure for which they were required in accordance with s.204(1) of the act and will not be used for the maintenance of reserves, network infrastructure or community infrastructure.

## 2.15 Network infrastructure

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Under s.197 of the act, the term development excludes the pipes and lines of any network utility operator. Council will not seek development contributions for the installation or expansion of network infrastructure, including the pipes, lines, roads, water supply, wastewater and stormwater networks by network utility operators.

The paragraph above does not apply to development by network utility operators carried out in order to run their normal business such as offices, industrial buildings, warehouses and storage areas, which may be liable for the payment of development contributions.

## 2.16 Policy on remission or postponements of development contributions

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In accordance with s.201(1)(c) of the act, Section 3.5 of this policy includes provisions that will enable Council to consider remissions and postponements of development contributions.

## 2.17 Policy on refunds

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Council will refund development contributions in accordance with the requirements of ss.209 and 210 of the act.

## 2.18 Development agreements

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Council may enter into development agreements with developers for the provision, supply, or exchange of infrastructure, land, or money to provide network infrastructure, community infrastructure, or reserves to the District or a part of the District. The provisions of ss.207A to 207F shall apply to such agreements.

# 3 Practical application

## 3.1 Requirement for development contributions

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Upon granting:

- a) a resource consent under the RMA;
- b) a building consent under the Building Act ~~1994~~2004;
- c) an authorisation for a service connection;

Council will determine whether the activity to which the consent or authorisation relates is a “development” under the act, which:

- a) has the effect of requiring new or additional assets or assets of increased capacity (including assets which may already have been provided by Council in anticipation of development); and
- b) as a consequence requires (or has required) Council to incur capital expenditure to provide appropriately for those assets; and
- c) that capital expenditure is not otherwise funded or provided for.

Upon determining that the activity is a “development”, Council may require a development contribution to be made towards the activity associated with that development, according to the geographic catchment in which the development is located, for:

- a) water supply;
- b) ~~sewerage~~wastewater; and
- c) community infrastructure.

Council shall calculate the development contribution payable at the time of granting the consent or authorisation and issue an assessment of development contributions payable.

A development contribution may be paid at any time from the date of assessment up to the date when the contribution is required to be paid as a result of Council issuing an invoice.

In accordance with s.198(2A) of the act, a development contribution must be consistent with the content of the policy that was in force at the time that the application for a resource consent, building consent, or service connection was submitted.

Council will invoice a development contribution at the following times:

- a) in the case of a resource consent for subdivision, at the time of application for a certificate under s.224(c) of the RMA, with payment required prior to the issue of the certificate;
- b) in the case of a resource consent for land use, at the time of notification of commencement or commencement of the consent, whichever is the earlier, with payment required prior to commencement of the consented activity;
- c) in the case of a building consent, at the time of granting the building consent with payment no later than 90 days from the date of granting consent or prior to the issue of a code compliance certificate, whichever is the earlier;
- d) in the case of a service connection, at the time of approval of the service connection with payment prior to connection.

In accordance with s.208 of the act, if contributions are not paid at the times required this section, the Council may:

- a) withhold a certificate under s.224(c) of the RMA in the case of a subdivision;
- b) prevent the activity commencing in the case of a land use consent;
- c) withhold a code compliance certificate or certificate of acceptance in the case of a building consent;
- d) withhold a service connection to the development.

If, after exercising its powers under s.208 of the act, any development contribution remains unpaid, Council may under s.252 of the Act regard the amount payable as a debt and take debt recovery action to recover that development contribution.

In the case of a resource consent for land use only, where a building consent is required to give effect to the resource consent, the applicant may apply for a postponement of payment under Section 3.5 of this policy. If this is granted the Council will only require payment at the time it issues a building consent.

If a grantee of a consent is in possession of two development contribution invoices for different consents relating to the same lot, both invoices will continue to have effect until payment is made of one of those invoices. When the first invoice is paid, the second invoice will be withdrawn and a reassessment of development contributions payable for the subdivision or development, as the case may be, relating to the second invoice, will be made under section 3.2. If any development contribution is payable on re-assessment, a new invoice will be issued.

No consented activity or building work shall commence prior to the payment of the development contribution and where such activity or work has commenced prior to such payment, Council shall require this to cease until payment has been made.

## 3.2 Amount of total development contribution

The total amount of development contribution payable when issuing any consent or authorisation for subdivision or development, shall be the sum of the development contribution payable for each activity, calculated as:

$$[(a) \times [\Sigma(n) - \Sigma(x)]] + \text{GST}$$

Where:

(a) = the applicable development contribution per unit of demand determined from Schedule 3 and the activity-funding area for each type of community facility in which the subdivision or development lies.

$\Sigma$  = the sum of the terms inside the brackets.

(n) = for each lot at the completion of the consent or authorisation application, the total lot units of demand OR the total activity units of demand, determined by Table 1, whichever is the greater.

(x) = for each lot in existence (or for which a s.224 certificate under the RMA has been issued) prior to the date of the consent or authorisation application, the total lot units of demand OR the total activity units of demand for the existing development, determined by Table 1, whichever is the greater.

Examples of the method for calculating units of demand from different types of development are set out in Appendix 6.

The development contribution per unit of demand in Schedule 3, may be increased for any Producer Price Index adjustment in accordance with s.106(2B) of the act.

## 3.3 Determination of units of demand

In accordance with Schedule 13 of the act, the additional capacity (AC cost) component of capital expenditure associated with new development in any catchment will be allocated equally between the numbers of new units of demand expected to occur in that catchment during the development contributions calculation period.

Council has determined that units of demand generated by different land use types shall be those reflected in Table 1.

Demand for services may be necessitated by the creation of new lots (lot units of demand) that are required to be serviced in advance of their occupation. Demand for services may also be generated by the use and development of lots (activity units of demand), including the intensification or expansion of activity on those lots.

**TABLE 1**  
**UNITS OF DEMAND GENERATED BY SUBDIVISION AND DEVELOPMENT**

Lot unit of demand	Units of demand
one residential or rural lot	1.0

<b>TABLE 1 UNITS OF DEMAND GENERATED BY SUBDIVISION AND DEVELOPMENT</b>	
one mixed-use residential/commercial lot	1.0
one commercial, industrial or other non-residential lot with an area of less than 1,000 m <sup>2</sup>	Lot area divided by 1,000 per square metre
one commercial, industrial or other non-residential lot with an area of 1,000 m <sup>2</sup> or more	1.0
for the purposes of calculating community infrastructure development contributions only, one commercial, industrial or other non-residential lot	0
for the purposes of calculating water supply and <del>sewerage wastewater</del> development contributions ONLY, any <u>existing</u> <i>legally established lot</i> not connected to either the water supply network or the <del>sewerage-wastewater</del> network as the case may be	0
for the purposes of calculating water supply and <del>sewerage wastewater</del> development contributions ONLY, any <u>proposed</u> <i>lot</i> not to be connected to either the water supply network or the <del>sewerage-wastewater</del> network as the case may be	0
one <i>serviced camping site</i>	Special application
one <i>lot</i> : <ul style="list-style-type: none"> <li>wholly covenanted in perpetuity as provided for by s.22 of the Queen Elizabeth the Second National Trust Act 1977</li> <li>the title of which prevents any form of development on the <i>lot</i>.</li> </ul>	0
<b>Activity unit of demand</b>	<b>Units of demand</b>
one <i>dwelling unit</i> or <i>accommodation unit</i> (excluding a serviced camping site) of two or more <i>bedrooms</i> per unit	1.0
one commercial unit including the commercial part of any activity but excluding any part that comprises accommodation units	the <i>net lettable area</i> on the <i>lot</i> multiplied by the applicable <i>unit of demand</i> factors in this table
one industrial unit or any other non-residential development	special application
for the purposes of calculating community infrastructure development contributions only, one commercial, industrial or other non-residential development	0
any <i>dwelling unit</i> , or <i>accommodation unit</i> (excluding a serviced camping site) of one or fewer <i>bedrooms</i> per unit	0.5
any room in an <i>accommodation unit</i> or any room in a retirement village or school, normally accommodating more than three persons	the number of persons able to be accommodated in the room divided by 6
any <i>retirement unit</i> for purposes of calculating the water supply and <del>sewerage-wastewater</del> contributions only	0.5 otherwise 0
any <i>aged care room</i> for purposes of calculating the water supply and <del>sewerage-wastewater</del> contributions only	0.2 otherwise 0

<b>TABLE 1 UNITS OF DEMAND GENERATED BY SUBDIVISION AND DEVELOPMENT</b>	
other activity (activity not specified elsewhere in this table)	special application
for the purposes of calculating water supply and <del>sewerage wastewater</del> development contributions ONLY, any <i>existing legally established</i> development not connected to either the water supply network or the <del>sewerage-wastewater</del> network as the case may be	0
for the purposes of calculating water supply and <del>sewerage wastewater</del> development contributions ONLY, any <i>proposed</i> development not to be connected to either the water supply network or the <del>sewerage-wastewater</del> network as the case may be	0
network infrastructure, including pipes, lines and installations, roads, water supply, wastewater and stormwater collection and management systems	0
farm buildings associated with normal farming operations including sheds, barns, garages and buildings for indoor poultry livestock and crop production	0
Crown developments	0
<b>Unit of demand factors commercial development</b>	<b>Calculated in Appendix 5</b>
water supply – commercial development	1 per 769 m <sup>2</sup> <i>net lettable area</i>
<del>Sewerage-wastewater</del> - commercial development	1 per 322 m <sup>2</sup> <i>net lettable area</i>

The different units of demand generated by a unit of commercial activity, as compared with a unit of residential activity, arise mainly from the different scale and nature of activity when compared to demand from a standard dwelling unit.

To ensure fair and equitable assessment this policy:

- a) uses lot size in the case of subdivision for commercial purposes;
- b) uses net lettable area in the case of commercial development as a proxy for assessing the different units of demand on services, likely to be generated respectively by residential and commercial activity and incorporates multipliers (unit of demand factors) to quantify those differences;
- c) requires a special application to assess development contributions on industrial activity.

The assumptions used in this policy to derive the unit of demand factors for commercial development in Table 1 are described in Appendix 5 of this policy.

### 3.4 Information requirements

The applicant for any consent or authorisation shall provide all information necessary for Council to calculate the amount of a development contribution, including the net lettable area of the development if required for purposes of an assessment under Table 1.

The applicant shall be responsible for providing proof of the legal establishment of existing units of demand for purposes of an assessment under Table 1.

Existing units of demand may include legally established buildings and structures that have been demolished up to three years prior to this policy becoming operative on 1 July ~~2018~~2021.

### **3.5 Remissions and postponements of development contributions**

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In addition to rights to reconsideration provided for by s.199A and 199B of the act, Council will consider applications for remission or postponement of development contributions.

Council will consider applications for and may grant a remission of any development contribution where the applicant has provided and/or funded the same infrastructure that a development contribution has been required for but that remission shall be limited to the value of infrastructure provided or funded. In cases where the value of infrastructure provided or funded exceeds the development contribution payable, Council shall meet the excess costs by separate agreement with the applicant.

Council will consider applications for and may grant a postponement of the payment of a development contribution in the case of resource consent for land use only, where a building consent is required to give effect to that resource consent. At the discretion of Council, the payment of a development contribution on the resource consent may be postponed until a building consent is granted.

Council will consider applications for a postponement of the payment of a development contribution in the case of a subdivision consent. If it grants a postponement it may do so on whatever terms Council thinks fit, including that it may:

- a) issue a certificate under s.224(c) of the RMA, prior to the payment of a development contribution; and
- b) register the development contribution under subpart 5 of the Land Transfer Act 2017 ~~the Statutory Land Charges Registration Act 1928~~, as a charge on the title of the land in respect of which the development contribution was required.

An applicant may formally request Council to review the development contribution required and remit or postpone the development contribution payment.

Any such request shall be made in writing no later than 15 working days after the date on which Council issues an invoice under section 3.1, setting out the reasons for the request.

Prior to accepting any such request for review, Council shall require the applicant to provide specific details of the manner in which its proposals qualify for a remission or postponement.

In undertaking the review, Council or a committee of Council or an officer so delegated:

- a) shall, as soon as reasonably practicable, consider the request
- b) may determine whether to hold a hearing for the purposes of the review and if it does, give at least five working days' notice to the applicant of the date, time and place of the hearing
- c) may at its discretion uphold, remit in whole or in part or postpone (as the case may be) the original development contribution required and shall advise the applicant in writing of its decision within ten working days of making that decision
- d) may charge such fee as determined in its annual schedule of fees, to consider the request.

### 3.6 Reconsideration process

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As required by s.202A of the act, this policy must set out the process for requesting reconsideration of a requirement for a development contribution under s.199A of the act. The process for reconsideration must set out:

- a) how the request can be lodged with Council; and
- b) the steps in the process that Council will apply when reconsidering the requirement to make a development contribution.

An applicant who is required to make a development contribution may request a reconsideration of that requirement if they believe that:

- a) the development contribution was incorrectly calculated or assessed under this policy; or
- b) Council incorrectly applied this policy; or
- c) the information used to assess the applicant's development against this policy, or the way Council has recorded or used it when requiring the development contribution, was incomplete or contained errors.

Any request for reconsideration shall be made in writing, no later than 15 working days after the date on which Council issues an invoice under Section 3.1 of this policy.

Prior to accepting any request for review, Council shall require the applicant to state the reasons for reconsideration and provide sufficient information to enable Council to reconsider the development contribution.

Council or a committee of Council (or an officer so delegated) will limit its considerations to matters set out in s.199A of the act.

In accordance with s.199B(1) of the act, Council must, within 15 working days after the date on which it receives all required relevant information relating to a request, give written notice of the outcome of its reconsideration to the applicant who made the request.

In accordance with s.199B(2) of the act, an applicant who requested reconsideration may object to the outcome of the reconsideration.

### 3.7 Special applications

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Where developments are marked for special application or not adequately represented in Table 1 or there are specific circumstances related to the applications, these may be considered on a case-by-case basis.

Units of demand calculated are based on potential demand not actual demand at any one time.

Accordingly specific circumstances do not include those where the users do not utilise the full potential demand (eg a hotel with a 50% occupancy rate will still be assessed at a 100% of the unit of demand relating to hotels; a house with one occupant will be assessed at the unit of demand for a household).

### 3.8 Crown developments

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The Crown is exempt from the provisions of this policy by virtue of s.8 of the act. If an applicant considers that it is the Crown for the purposes of avoiding liability to pay a development contribution,

Council may require the applicant to provide written advice to Council outlining the basis on which the applicant considers that it is the Crown.

### **3.9 Statement on GST**

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Any development or financial contribution referred to in this policy or in the accompanying development contributions model and any development contribution required in the form of money, pursuant to this policy, is exclusive of Goods and Services Tax.

## **4 Methodology**

The calculation of the separate portions of the cost of any combined project (AC/ILOS project) between that for improving levels of service to existing households and businesses (ILOS costs), and that for providing additional capacity to accommodate new development of households and businesses (AC costs) under this policy, is carried out using the following procedure.

### **4.1 Step 1: Listing projects**

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Every project in the capital works programme of the Long Term Plan for the activities for which the Council intends to require development contributions is listed in the Project Allocation Schedule of the Development Contributions Model.

Every surplus capacity project is listed in the Surplus Capacity Schedule.

Where possible, distinct stages of a project or distinct parts of a project are listed in the schedules as separate components and separate calculations carried out for each.

For each project in the schedules, the following base information is provided:

- a) the total project cost
- b) the catchment which the project will serve
- c) the level of any subsidy, third party funding or other source of funding if any which is deducted from the total project cost to give the net project cost
- d) the year in which the project or component is to be carried out in the Long Term Plan, or in the case of each surplus capacity project (SC project), the year it was completed
- e) the year in which the project capacity is expected to be fully consumed.

### **4.2 Step 2: Initial screening**

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Each project in the Project Allocation Schedule is categorised “Yes” or “No” in answer to the question – “Is this capital expenditure required at least partly to provide appropriately for new or additional assets or assets of increased capacity in order to address the effects of development?” By answering:

- a) “No” - the project is treated as a pure renewal or level of service project and the cost of the project is removed from the development contribution calculation
- b) “Yes” - the project is treated as either a combined project (AC/ILOS project) or an additional capacity for growth project (AC project) and is subject to further analysis.

Each project in the Surplus Capacity Schedule is categorised “Yes” or “No” in answer to the question – “Was capital expenditure on this project incurred, at least partly, in anticipation of development?” By answering:

- a) “No” - the project is treated as a pure renewal or level of service project and the cost of the project is removed from the development contribution calculation;
- b) “Yes” - the project is treated as either a combined project (AC/ILOS project) or an additional capacity for growth project (AC project) and is subject to further analysis.

### 4.3 Step 3: Cost allocation of combined projects or additional capacity for growth projects

Using the information provided on combined projects (AC/ILOS projects) and additional capacity for growth projects (AC projects) in the project schedules, a needs/benefits matrix analysis is carried out by which it is required to state for each project:

- a) the degree, on a scale of 0 to 10 to which growth created the need for the project to be undertaken. (0 = not at all, 10 = totally)
- b) the degree on a scale of 0 to 10 to which the growth community will benefit from the project being undertaken. (0 = not at all, 10 = totally).

Calculation of Growth Component % - Need/Benefit Matrix											
NEED											
To what degree does Growth create the need for the project 0 = not at all, 10 = totally											
Factor	0	1	2	3	4	5	6	7	8	9	10
0	0	5	10	15	20	25	30	35	40	45	50
1	5	10	15	20	25	30	35	40	45	50	55
2	10	15	20	25	30	35	40	45	50	55	60
3	15	20	25	30	35	40	45	50	55	60	65
4	20	25	30	35	40	45	50	55	60	65	70
5	25	30	35	40	45	50	55	60	65	70	75
6	30	35	40	45	50	55	60	65	70	75	80
7	35	40	45	50	55	60	65	70	75	80	85
8	40	45	50	55	60	65	70	75	80	85	90
9	45	50	55	60	65	70	75	80	85	90	95
10	50	55	60	65	70	75	80	85	90	95	100

The value is chosen in each case from the need/benefits matrix in the model which produces an estimated percentage of cost attributable to growth.

The matrix generates 121 different need/benefit combinations. The percentage derived is applied to the net project cost to determine the AC cost. The remainder of the net project cost is the ILOS cost.

A unit price is calculated for each project by dividing the project cost by the total units of demand that will consume its capacity comprising:

- a) existing units of demand at ~~2018~~2021; plus
- b) additional units of demand expected to consume capacity in the asset by the end of its asset life.

#### 4.4 Step 4: Capacity life - cost allocation between new and future units of demand

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Using information provided on the year in which capacity take up of a project is expected to start and the year in which the project capacity is expected to be fully consumed, the AC cost of the project is divided between new units of demand (N) arriving in the activity-funding area in the Long Term Plan period and future units of demand (F) arriving after the end of the Long Term Plan period, as follows:

- a) the AC cost to F is the AC cost determined in section 4.3 above multiplied by the years of capacity take up after the Long Term Plan period divided by total years of capacity take-up;
- b) the AC cost to N is the AC cost less the AC cost to F.

Only the AC cost to N is used in the calculation of development contributions.

In addition to predicting the capacity take up of an asset, by comparing the start and end years of capacity life against rating unit projections, the development contributions model is able to accept a finite capacity figure from the asset-activity manager which, regardless of years of take-up, can be used to share the cost of an asset equitably among the known number of units of demand that will eventually consume its capacity.

#### 4.5 Step 5: Growth assumptions - sharing 10-year costs among projected growth

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In order to calculate the amount of new development to which the growth related portion of capital expenditure (AC costs) for infrastructure will be attributed, area-by-area projections of new and future units of demand for services in the period 2018-2021 to 2048-2051 are required.

Council maintains a detailed rating database that provides the numbers of rating units for all parts of the District.

The numbers of rating units provide a close correlation with numbers of lots in the District and a measure of separate units of activity on any lot where this is the case. They are considered to provide a reasonably sound measure of the units of demand for infrastructure and services.

The growth projection worksheet of the development contributions model, Projections Schedule, contains as the base year, the number of rating units (units of demand) for each activity type existing at the time of the 2017/2018-2020/2021 rates year. Rating data is available for the whole Southland District, and each of the water supply, wastewater and community infrastructure catchments.

Long Term Plan assumptions have been used to determine the expected annual increase in the numbers of rating units and hence units of demand to 2028/2031, in each of these catchment areas.

The Projections Schedule also provides long-term estimates for future rating units (units of demand) after the Long Term Plan period to 2048/2051, in order to ensure that any portion of remaining surplus capacity at the end of the period may be attributed to future development.

Geographic catchments will apply to each activity type. Projections Schedule provides rating units at 2018/2021 and projected rating units for each activity-funding area to 2048/2051.

## 4.6 Step 6: Allocation of costs to units of demand - schedule of development contributions

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The development contribution for each activity and each catchment to be charged per ~~Unit-unit~~ of ~~Demand-demand~~ is derived by dividing the costs of growth in the Long Term Plan period (AC Cost to N), derived in Step 3 and Step 4 by the number of additional rating units expected in the period, derived in Step 5.

A full schedule of development contributions (Schedule 3) must be prepared as part of the policy to enable the development contributions to be calculated by infrastructure type and catchment on each development application.

## 4.7 Interest and inflation

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The development contributions model does not include interest on growth related capital expenditure in the calculation of the development contribution amounts.

Council does not intend to recover past interest that has been funded from rates from development contributions and has not included it in the development contribution calculation.

The development contributions model uses the inflated capital costs in the Long Term Plan to calculate development contributions.

## 5 Schedules

### Schedule 1 – Schedule of assets for which development contributions will be used (s.201A of the Act)

ACTIVITY GROUP	DCP CATCHMENT	PROJECT NAME	TYPE	PROJECT COST	PROPORTION RECOVERED THROUGH DEVELOPMENT CONTRIBUTIONS	PROPORTION RECOVERED THROUGH OTHER SOURCES
Wastewater	Te Anau CB	Te Anau/Manapouri Treatment and Disposal	LTP Project	\$27,019,939.00	1.27%	98.73%
Community services	Riverton/Aparima CB	Cemetery - Riverton	LTP Project	\$231,707.00	15.11%	84.89%
<b>Total</b>				<b>\$27,251,646.00</b>		

\* Council has deemed that the Te Anau/Manapouri Treatment and Disposal project has a demand component. The demand component of this project has been calculated at 36.80%. However, Council is has put development contributions into remission across the District in order to encourage economic growth. Whilst development contributions are in remission, the demand share of the project will be funded by rates and previously collected contributions. Council would periodically review its decision to remit development contributions to ensure that it remains appropriate in consideration of the economic and population grow

## Schedule 2 - Capital expenditure identified to meet increased demand resulting from growth\* and sources of funding by activity

ACTIVITY	2021-31 LTP					SURPLUS CAPACITY					
	Total cap project costs	Dev contrib (New)	Dev contrib (Future)	Rates	Subsidies/ grants/ contrib recov	Total value of surplus capacity projects	Dev contrib (New)	Dev contrib (Future)	Dev contrib (already used)	Rates	Subsidies/ grants/ contrib recov
<b>Wastewater</b>	\$27,019,939	\$ -	\$ -	\$21,677,334	\$5,342,605	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Cemeteries</b>	<del>\$250,481</del> 231,707	\$ -	\$ -	\$ -	<del>\$250,481</del> 35,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Parks and reserves</b>	<del>\$127,381</del>	<del>\$ -</del>	<del>\$ -</del>	<del>\$ -</del>	<del>\$127,381</del>	<del>\$ -</del>	<del>\$ -</del>	<del>\$ -</del>	<del>\$ -</del>	<del>\$ -</del>	<del>\$ -</del>
<b>Roading</b>	<del>\$145,749</del>	<del>\$ -</del>	<del>\$ -</del>	<del>\$ -</del>	<del>\$145,569</del>	<del>\$ -</del>	<del>\$ -</del>	<del>\$ -</del>	<del>\$ -</del>	<del>\$ -</del>	<del>\$ -</del>
<b>Total</b>	<del>\$14,957,576</del>	\$ -	\$ -	<del>\$14,091,360</del>	<del>\$866,036</del>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

\* Although there are a number of projects with demand components scheduled, Council is proposing to place the collection of development contributions into remission. Under this proposal, funding for the Te Anau / Manapouri Treatment and Disposal project (~~Seweragewastewater~~) will be sourced from contributions already recovered and rates. The demand component of this project (currently calculated at \$5,311,375), would typically be funded by development contributions. If Council deems it appropriate to reinstate development contributions in the future, they will be used as a source of funding for this project and reduce the rates requirement.

### Schedule 3 - Schedule of development contributions

AREA	WASTEWATER	WATER SUPPLY	COMMUNITY INFRASTRUCTURE	RESERVES	ROADING	TOTAL
<b>Te Anau Community Board</b>	\$-*	\$-	\$-	\$-	\$-	\$-
<b>Note 1: These contribution amounts do not include GST</b>						

Council will invoice a development contribution at the following times:

- a) in the case of a resource consent for subdivision, at the time of application for a certificate under s.224(c) of the RMA, with payment required prior to the issue of the certificate;
- b) in the case of a resource consent for land use, at the time of notification of commencement or commencement of the consent, whichever is the earlier, with payment required prior to commencement of the consented activity;
- c) in the case of a building consent, at the time of granting the building consent with payment no later than 90 days from the date of granting consent or prior to the issue of a code compliance certificate, whichever is the earlier;
- d) in the case of a service connection, at the time of approval of the service connection with payment prior to connection.

\* Council has put development contributions into remission across the District in order to encourage economic growth. As such, the Te Anau / Manapouri treatment and disposal project will be funded through rates and contributions which have already been recovered. Council will periodically review its decision to remit development contributions to ensure that it remains appropriate in consideration of the economic and population growth.

If development contributions were not placed in remission, the amount of contributions for the Te Anau / Manapouri Treatment and Disposal project would be ~~\$2,968.40x~~ per unit of demand (GST exclusive) from 1 July ~~2018~~2021.

## 6 Roles and responsibilities

ROLE	ROLES AND RESPONSIBILITIES
Council	Decision on whether to review and reinstate the policy when in remission
<u>All Council staff</u>	<u>ensure that the policy is given full effect</u>

## 7 Review and revision record

This policy may be reviewed at any time but no longer that three years from the date of its adoption.

Section 106(6) of the Act requires that a policy on development or financial contributions must be reviewed at least once every three years using a consultation process that gives effect to s.82 of the Act.

DATE	VERSION	REVISION DESCRIPTION
<u>R/xx/xx</u>	<u>Policy on Development and Financial Contributions 2021-31</u>	<u>LTP 2021-31</u>
<b>R/17/10/24438</b>	Development and Financial Contributions Policy	Long Term Plan 2018-28
<b>R/14/11/17513</b>	Development and Financial Contributions Policy	Long Term Plan 2015-25
<b>R/14/6/8794</b>	Development and Financial Contributions Policy	Annual Plan 2014-15
<b>R/13/2/1981</b>	Development and Financial Contributions Policy	June 2013
<b>R/09/9/13493</b>	Development Contributions and Reserve Contributions under Local Government Act 2002 Policy	LTP 2009-2019

## 8 Implementation

This policy will come into effect on 1 July 2021.

## 9 Appendix 1 - Definitions and abbreviations

DEFINITIONS	
Term	Meaning
<b>accommodation unit</b>	Has the definition given to it in s.197(2) of the Act 2002, “ <i>means units, apartments, rooms in 1 or more buildings, or cabins or sites in camping grounds and holiday parks, for the purpose of providing overnight, temporary, or rental accommodation.</i> ”
<b>AC cost</b>	means the cost for providing additional capacity to service the development of new households and businesses
<b>activity</b>	means a good or service provided by Council under s.5 of the act, and for which development contributions are normally collected
<b>activity unit of demand</b>	means the demand for a community facility generated by development activity other than subdivision
<b>additional capacity project or AC project</b>	means a capital project in the Long Term Plan intended only to provide additional capacity to service new and future households and businesses
<b>aged care room</b>	means any residential unit in a “rest home” or “hospital care institution” as defined in s.58(4) of the Health and Disability Service (Safety) Act 2001
<b>allotment or lot</b>	has the meaning given to the term “allotment” in s.218(2) of the RMA: <ul style="list-style-type: none"> <li>(a) <i>any parcel of land under the Land Transfer Act 1952 that is a continuous area and whose boundaries are shown separately on a survey plan, whether or not: <ul style="list-style-type: none"> <li>(i) the subdivision shown on the survey plan has been allowed, or subdivision approval has been granted, under another act; or</li> <li>(ii) a subdivision consent for the subdivision shown on the survey plan has been granted under this act; or</li> </ul> </i> </li> <li>(b) <i>any parcel of land or building or part of a building that is shown or identified separately— <ul style="list-style-type: none"> <li>(i) on a survey plan; or</li> <li>(ii) on a licence within the meaning of Part 7A of the Land Transfer Act 1952; or</li> </ul> </i> </li> <li>(c) <i>any unit on a unit plan; or</i></li> <li>(d) <i>any parcel of land not subject to the Land Transfer Act 1952.</i></li> </ul>
<b>bedroom</b>	means a room used for sleeping, normally accommodating no more than three persons

DEFINITIONS	
<b>catchment</b>	is an area of the District identified in this policy within which growth and development is occurring, which is likely, either solely or cumulatively, to give rise to the need for, or benefit from, particular Council activities.
<b>combined project or AC/ILOS project</b>	means a project in the Long Term Plan intended to deal with shortfalls in levels of service to existing households and businesses by bringing assets up to the <i>service standard</i> and/or by providing additional service life, and to provide capacity for further growth
<b>commercial</b>	means non-residential development using land or buildings for the provision of goods and services in the course of a trade or business and includes retail development
<b>community facilities</b>	means parks and reserves, network infrastructure, or community infrastructure for which development contributions may be required
<b>community infrastructure</b>	has the definition given to it in s.197(2) of the act
<b>development</b>	has the definition given to it in s.197(1) of the act
<b>development contributions calculation period</b>	means the period between 1 July <del>2018</del> <u>2021</u> and a date 30 years after the date of adoption of this policy.
<b>District Plan</b>	The Operative Southland District Plan including any proposed plan or variation.
<b>dwelling unit</b>	any building or group of buildings or any part of those buildings, used or intended to be used solely or principally for residential purposes and occupied or intended to be occupied by not more than one household – and includes a minor household unit, a utility building or any unit of commercial accommodation
<b>household unit</b>	a building or part of a building capable of being used as an independent residence and includes dwelling apartments, semi-detached or detached houses, units, town houses, granny flats (or similar), and caravans (where used as a place of residence or occupied for a period of time exceeding six months in a calendar year)
<b>ILOS cost</b>	the cost of improving levels of service to existing households and businesses by bringing assets up to the <i>service standard</i> and/or by providing additional service life
<b>Improved level of service project or ILOS project</b>	a capital project in the Long Term Plan intended only to deal with shortfalls in levels of service to existing households and businesses by bringing assets up to the <i>service standard</i> and/or by providing additional service life
<b>industrial</b>	a non-residential development using land or buildings where people use material and physical effort in the course of a trade or business to: <ul style="list-style-type: none"> <li>• extract or convert natural resources</li> <li>• produce goods or energy from natural or converted resources</li> </ul>

DEFINITIONS	
	<ul style="list-style-type: none"> <li>• repair goods, but</li> </ul> <p>does not include mineral extraction or farm buildings associated with normal farming operations including sheds, barns, garages and buildings for indoor poultry livestock and crops production</p>
<b>legally established</b>	in relation to any <i>lot</i> or development, any <i>lot</i> for which a title has been issued, or any dwelling, commercial or industrial unit for which a code compliance certificate has been issued. <i>Legally established</i> development includes buildings and structures that can be shown to have been in existence when this policy became operative on 1 July <del>2018</del> <u>2021</u> , but have since been demolished-
<b>lot unit of demand</b>	the demand for a community facility generated by the creation of lots through subdivision
<b>net lettable area</b>	the area for which a tenant could be charged for occupancy under a lease. Generally, it is the floor space contained within a tenancy at each floor level measured from the internal finished surfaces of permanent external walls and permanent internal walls but excluding features such as balconies and verandahs, common use areas, areas less than 1.5 m in height, service areas, and public spaces and thoroughfares
<b>non-residential lot or development</b>	any lot or development that is not for residential purposes. This includes: <ul style="list-style-type: none"> <li>• all buildings that are considered a fundamental place of work such as dairy milking sheds, shearing sheds, and indoor farming facilities such as chickens or pigs</li> <li>• all buildings for the provision of sport, recreation or entertainment</li> <li>• all buildings for the provision of social and cultural pursuits</li> </ul>
<b>past surplus capacity</b>	capacity in assets provided as a result of capital expenditure made in anticipation of development since 1 July 2005.
<b>remaining surplus capacity</b>	the estimated remaining capacity in capital assets at the end of the Long Term Plan period, available to service future development occurring after the Long Term Plan period
<b>residential development</b>	any use of land and/or buildings by people for the purpose of living accommodation. It includes accessory buildings and leisure activities associated with needs generated principally from living on the site
<b>retirement unit</b>	any residential unit other than an aged care room, in a “ <i>retirement village</i> ” as defined in s.6 of the Retirement Villages Act 2003.
<b>serviced site</b>	any site dedicated for the location of a vehicle or tent for the accommodation of persons, which is provided with utility services such as water supply, wastewater disposal, solid waste disposal, electricity or gas, either directly to the site or in the immediate vicinity

<b>DEFINITIONS</b>	
<b>surplus capacity project or SC project</b>	a past capital expenditure project carried out since 1 July 2005 in anticipation of new development and providing surplus capacity for further development.
<b>utility building</b>	is a structure containing facilities (such as toilet, shower, laundry, hot water cylinder, laundry tub) that make the site habitable prior to or during the erection of a dwelling
<b>unit of demand</b>	is a unit of measurement by which the relative demand for an activity, generated by different types of development (existing or proposed), can be assessed. A <i>unit of demand</i> may be expressed as a <i>lot unit of demand</i> or an <i>activity unit of demand</i>

## 10 Appendix 2 - Development contribution catchments

COMMUNITY FACILITY	CATCHMENT	DEVELOPMENT TO WHICH DEVELOPMENT CONTRIBUTION APPLIES
<p><b>water supply</b></p>	<p>10 <del>community potable water supplies</del> <del>drinking water supply scheme areas:</del></p> <ul style="list-style-type: none"> <li>• Edendale/Wyndham</li> <li>• Manapouri</li> <li>• Mossburn</li> <li>• Ohai/Nightcaps/Wairio</li> <li>• Orawia</li> <li>• Otautau</li> <li>• Riverton</li> <li>• Te Anau</li> <li>• Tuatapere</li> <li>• Winton</li> </ul> <p>2 <del>mixed potable / treated</del> rural water supply areas:</p> <ul style="list-style-type: none"> <li>• Eastern Bush/Otahu Flat</li> <li>• Lumsden/Balfour</li> </ul>	<p>Development in any separate water supply scheme</p>
<p><b><u>sewerage wastewater</u></b></p>	<p>18 <del>sewerage wastewater</del> scheme areas:</p> <ul style="list-style-type: none"> <li>• Balfour</li> <li>• Browns</li> <li>• Edendale/Wyndham</li> <li>• Gorge Road</li> <li>• Lumsden</li> <li>• Manapouri</li> <li>• Monowai</li> <li>• Nightcaps</li> <li>• Ohai</li> <li>• Riversdale</li> <li>• Riverton</li> <li>• Stewart Island</li> <li>• Te Anau</li> <li>• Tokanui</li> <li>• Tuatapere</li> <li>• Otautau</li> <li>• Wallacetown</li> <li>• Winton</li> </ul>	<p>Development in any separate <del>sewerage wastewater</del> scheme</p>
<p><b>community infrastructure</b></p>	<p>Waihopai Toetoes Ward, Winton Wallacetown Ward, Mararoa Waimea Ward, Waiiau Aparima Ward, Stewart Island Rakiura Ward</p>	<p>Development in each separate ward</p>

## 11 Appendix 3 - Assessment of significant assumptions

ASSUMPTION	LEVEL OF UNCERTAINTY	POTENTIAL EFFECTS
The rate, level and location of growth will occur as forecast in the rating growth projections accompanying the Long Term Plan	High	Lower than forecast growth will result in a significant under-recovery of development contributions revenue
Capital expenditure will be in accordance with the capital works programme in the Long Term Plan and future capital expenditure is based on the best available knowledge at the time of preparation. These are to take into account known or likely construction costs and assumed inflation rates	Moderate	In current circumstances significant changes to the capital programme are unlikely
No significant changes to service standards are expected to occur in the Long Term Plan period other than those planned for in the Activity Management Plans	Low	No significant effects anticipated
The level of third party funding (such as NZ Transport Agency subsidies) will continue at predicted levels for period of the Long Term Plan	Low	No significant effects anticipated
There will be no significant variations to predicted rates of interest and inflation to those set out in the Long Term Plan	Low/moderate	No significant effects anticipated
Each residential dwelling comprises the average number of residents from the 2013 census. The demand on Council assets placed by a standard dwelling (Unit of Demand) is assumed to be 2.5 persons per dwelling and this is applied District-wide	Moderate	The average dwelling occupancy will remain steady over time but there may be local areas where residential occupancy goes above the District average and places increased demands on infrastructure from that anticipated

## 12 Appendix 4 - Summary of financial contribution provisions in District Plan

Section 106(2)(f) of the act states that; if Council is to require financial contributions then this policy must summarise the provisions that relate to financial contributions in the District Plan.

Section 2.14 of the Southland District Plan requires the following contributions:

**Roading** - A contribution may be required for the development, maintenance and upgrading of roading infrastructure that serves the subdivision. The amount of contribution is 100% of the cost of the required work reduced with regard to:

- a) the current status and standard of roading leading to and fronting the site;
- b) the benefit of works to existing users and the wider public;
- c) the standard and classification of the road and expenditure required to meet this standard;
- d) the use or likely future use of the road by other parties;
- ~~e)~~ contributions made by central government and other agencies towards the development of the road; and
- ~~e)~~ previous financial contributions from developers who will benefit from the work.

**Reserves** - A contribution ~~may~~ shall be required in the following situations:

- a) a contribution of 2% of the value of additional allotments created by subdivision, up to a maximum value of 2% of the value of 1,000 m<sup>2</sup> per lot, where existing reserves in the locality cannot deal with additional demand; or
- b) a contribution of 1% of the value (given as money or land) of additional allotments created by subdivision for minor improvements to existing reserves in the locality up to a maximum value of 1% of the value of 100 m<sup>2</sup> per lot;
- c) a contribution of the value of 20 m<sup>2</sup> for each additional residential unit created in a development;
- d) a contribution of the value of 4 m<sup>2</sup> of land for each additional 100 m<sup>2</sup> of net non-residential building floor area created in a development in the urban zone, commercial precinct or industrial zone.

## 13 Appendix 5 - Calculating units of demand for commercial development

Industrial and other non-residential development (other than commercial development) will be subject to special application under section 3.7 of this policy. In calculating the units of demand generated by commercial development for water supply and sewerage wastewater, as compared to that of an average dwelling unit, Council accepts that demand may vary between different types of commercial activity. However changes to the type of business over time may not constitute “development” under the act or even trigger a resource consent, building consent or new connection requiring a development contribution. This policy therefore treats all types of commercial activity as generating the same average unit of demand for a given net lettable area.

### Water - comparison of residential and commercial demand

The residential daily demand for water comprises that for domestic purposes and non-domestic uses (eg gardening, car washing, firefighting, leakages etc). The following figures are used in the assessment:

- a) the average daily residential demand for domestic purposes is 230 litres/person/day
- b) the average daily residential demand for non-domestic purposes is 1,200 litres/dwelling.

In determining the units of demand for one dwelling unit, it is noted that not all potential demand will occur at the same time and therefore an average peak of four persons per household is used to assess peak usage per dwelling at 2,120 litres/day (4 x 230 litres/day + 1200 litres).

Water consumption sampling<sup>1</sup> of various commercial premises, offers data for premises which may be typical of many Southland main street businesses in the range 0 - 5,000 m<sup>2</sup> net lettable area (NLA). These would also generally be premises naturally rather than mechanically cooled with air conditioning systems using higher quantities of water.

Sampling found consumption in the range 875 - 1,200 m<sup>3</sup> (average 1,037 m<sup>3</sup>) per annum per 1,000 m<sup>2</sup> NLA. This converts as follows:

***Commercial premises consuming an average 2,840 litres per day per 1,000 m<sup>2</sup> NLA; thus If 2,120 litres per day is one unit of demand for residential; then 2,840 litres per day (1,000 m<sup>2</sup> NLA) is 1.3 units of demand; then 769 m<sup>2</sup> NLA is 1 unit of demand.***

### Sewerage-Wastewater - comparison of residential and commercial demand

Average daily residential wastewater flows are assumed to equate to the domestic purposes water use of 230 litres/person/day, with water for non-domestic purposes not finding its way to the sewer. Average peak usage per property at four persons per dwelling is therefore 920 litres/day (4 x 230 litres/day).

It is assumed that all water consumption on commercial premises (2,840 litres per day per 1,000 m<sup>2</sup> NLA in main street situations will find its way to the sewer. To calculate the units of demand for

sewerage wastewater:

***Commercial premises generate an average 2,840 litres sewerage wastewater per day per 1,000 m<sup>2</sup> NLA; thus If 920 litres per day is one unit of demand for residential; then 2,840 litres per day (1,000 m<sup>2</sup> NLA) is 3.1 units of demand; then 322 m<sup>2</sup> NLA is one unit of demand.***

<sup>1</sup> Water Performance Benchmarks for New Zealand: an approach to understanding water consumption in commercial office buildings, Bint, Isaacs and Vale, School of Architecture, Victoria University Wellington

## 14 Appendix 6 - Calculation of development contribution amount on a development

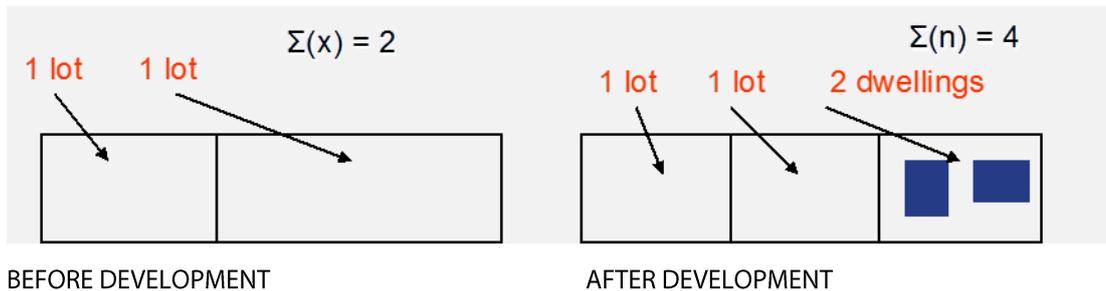
The formula in **Section 3.2.1** of this policy calculates the demand on infrastructure from any development site after the proposed development has taken place (n) and subtracts the existing demand already generated by the site before the development occurs (x). In this way, it identifies only additional demand placed on infrastructure as a result of the development. This additional demand is multiplied by the development contribution amount for each type of infrastructure to calculate the total development contribution payable.

Using Table 1 of this policy, the units of demand before and after development are calculated, as the greater of the number of lot units of demand making up the development site OR activity units of demand (building development) on the development site at the time.

The calculation is  $[(a) \times (\Sigma(n) - \Sigma(x))] + \text{GST}$  where:

- (a) is the development contribution for the catchment eg sewerage-wastewater \$1,316 per unit;
- (x) is, for each lot existing before development, the lot units of demand OR activity units of demand whichever is the greater;
- (n) is, for each lot after the development, the lot units of demand OR activity units of demand whichever is the greater.

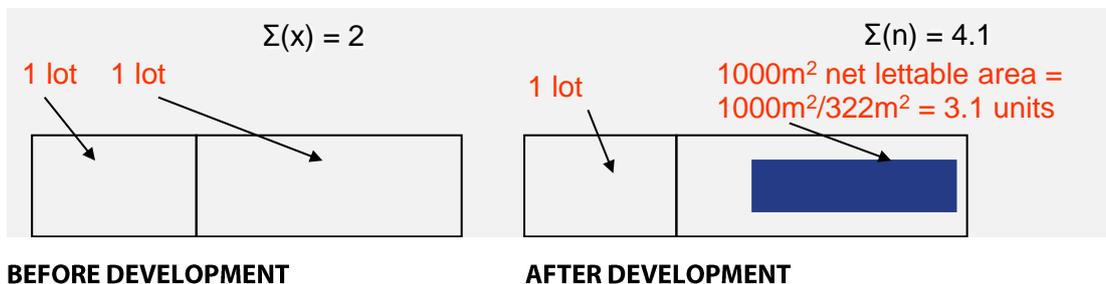
### Residential development example using Table 1:



Additional units of demand  $\Sigma(n) - \Sigma(x) = 4(n) - 2(x) = 2$  Units

Development contribution for sewerage-wastewater is 2 units X \$1,316 = \$2,632 + GST

### Commercial development example using Table 1:



Additional units of demand  $\Sigma(n) - \Sigma(x) = 4.1(n) - 2(x) = 2.1$  Units

Development contribution for sewerage-wastewater is 2.1 units X \$1,316 = \$2,764 + GST