

## **Development Contributions Policy – proposal to amend policy**

This is a proposal to amend Council's Development Contribution Policy by 30 June 2018.

This proposal includes:

1. the reasons for amending the policy
2. a summary of the legislation related to the consultation process
3. analysis of options
4. instructions on how to provide feedback on the proposed policy
5. the proposed Development Contributions Policy 2018 showing amendments from the 2016 policy.

### **1. Reasons for amending the policy**

- a) The Local Government Act 2002 requires Council to undertake a review of its development contributions policy every 3 years.
- b) To address issues that may have arisen since 1 July 2015; and
- c) Council will undertake a series of workshops in February 2018 prior to adopting a draft Long Term Plan that will impact the appendices to the Development Contributions Policy 2018. Initial feedback received during consultation on the proposed Development Contributions Policy 2018 will be provided to Council at these workshops for discussion. To incorporate any changes to the capital works program and to allow for anticipated growth, consultation with interested parties on the proposed Development Contributions Policy 2018 will coincide with consultation on the draft Long Term Plan. Final decisions on the policy content will be made in June 2018.

### **2. Legislation**

A consultation process must be followed to amend a development contributions policy, as outlined under Section 82 of the Local Government Act 2002.

This proposal has been prepared to fulfil the purpose of section 82A(2) of the Local Government Act 2002.

### **3. Analysis of options**

*Option 1 – status quo (retain current 2015 policy)*

Council may choose to not amend the policy based on the proposed amendments and feedback received during the consultation process. This would not allow for clarification of the technical aspects of the policy.

*Option 2 – amend the policy based on the proposed amendments and in considering feedback received during the consultation process*

The minor amendments proposed have not affected the intent of the proposed policy, but have clarified the technical aspects of Council's existing development contribution regime.

Following the outcome of Council workshops in February 2018 further changes may be required to the wording of the proposed policy. If changes are required then consultation/feedback for these changes would coincide with the draft Long Term Plan consultation process in March/April 2018.

Council welcomes any feedback you may have at this stage in the process, to help inform policy development. Feedback must be received by the 23 February 2018.

#### **4. How can you give feedback?**

Your feedback on the wording of our proposed policy can be:

- **entered online** at [www.waikatodistrict.govt.nz/sayit](http://www.waikatodistrict.govt.nz/sayit)
- **emailed to** [consult@waidec.govt.nz](mailto:consult@waidec.govt.nz)
- **posted to** Waikato District Council, 15 Galileo Street, Ngaruawahia 3720
- **dropped off** at any Waikato District Council office or library.

<b>Important Dates to Remember:</b>
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Feedback closes 5pm, Friday 23 February 2018
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#### **What happens next?**

Council will acknowledge receipt of the feedback you have provided.

All feedback will be reported to and reviewed by the Councillors to inform any potential changes required to the draft policy wording.

Further amendments made to the proposed policy will be consulted on in March/April 2018.

Note: submissions are public information. Your feedback will be used for purposes such as reports to Councillors, which are made available to the public, media and on our website. If you would like your personal information concealed please tell us in your submission.

## 5. Summary of proposed wording changes

Proposed wording changes to the proposed Development Contributions Policy 2018 are for clarity. All changes are marked in **red**, underlined words are additions and ~~strikethrough~~ words are proposed to be deleted.

This review is of the policy wording only so no appendices have been included at this stage. The new Development Contributions Levies and related appendices will be consulted on as part of the Fees and Charges under the Long Term Plan so look out for these in March/April 2018.

### 1 Introduction

Waikato district has experienced significant growth in recent times which is expected to continue. In particular, Waikato district has seen exponential growth in the north including Pokeno and Te Kauwhata and is envisaging increased growth in other areas such as Raglan and Ngaruawahia.

Although growth is often described as positive for the community, it also presents a number of challenges. One of the greatest challenges for the council is expanding its infrastructure networks to cater for increased demand.

The cost of expanding these networks is typically high, and the issue of funding inevitably arises. A range of funding sources is available to Council including rates grants, subsidies and development contributions. Funding infrastructure for growth via general rates (or other indirect means) can be inequitable, where existing ratepayers are neither the primary cause nor the primary beneficiaries of the growth. Where new infrastructure also benefits the wider community, an appropriate funding balance must be struck.

### 3 Definitions

**Accommodation units** means units, apartments, rooms in one or more buildings, or cabins or sites in camping grounds and holiday parks, for the purpose of providing overnight, temporary, or rental accommodation. Accommodation units are classed as a residential activity.

**Dwelling** means any building, whether permanent or temporary, that is used for the purpose of residential accommodation.

**LTP** means the councils Long Term Plan

**Minor residential unit** means a secondary residential unit with a gross floor area that does not exceed 70 square metres (excluding garaging) The minor residential unit may be separate, or be part of a main dwelling.

**Network utility operator** has the same meaning as in section 166 of the Resource Management Act 1991.

**PPI** means the Producers Price Index Outputs for Construction provided by Statistics New Zealand.

**Resource consent** has the same meaning as in section 2 (1) of the Resource Management Act 1991 and includes a change to a condition of a resource consent under section 127 of that Act.

**Tiny residential unit** means a dwelling with a gross floor area that does not exceed 30 square metres and includes any vehicle, trailer, tent, marquee, shipping container, caravan or boat, whether fixed or moveable, used as a dwelling regardless of whether or not it connects to council services.

### **6.3 Relationship to Financial Contributions under the Resource Management Act (RMA)**

The Council continues to levy Financial Contributions that have been assessed under previous development contributions policies.

Section 198 2A of the LGA states: 'For the purposes of subsection (2), a development contribution must be consistent with the content of the policy adopted under section 102(1) that was in force at the time that the application for a resource consent, building consent, or service connection was submitted, accompanied by all required information.'

### **7.1 Timing**

Note that in order for the charges within the current policy to apply to a development that already has consent, the existing consent would need to be surrendered and a new consent obtained. Applicants would need to give consideration to the impact of any changes in the district plan that may have come into effect during the corresponding period.

#### **11.3.1 Resource consent applications**

The creation of allotments via subdivision provides scope for new dwellings, and therefore attracts development contributions at a rate of one HEU per additional allotment or service connection.

On occasions where the property being subdivided is vacant land that has never been connected to services, development contributions for services will be charged for all allotments with no credit given for the existing allotment.

Any resource consent application that creates the potential to build additional independent dwellings will also attract development contributions at a rate of one HEU per additional allotment, service connection or dwelling.

When building on a vacant lot that does not have existing service connections, development contributions will be charged for the required services.

Minor residential units and tiny residential units shall be assessed at 0.5 HEUs and 0.25 HEUs, respectively. However, if no separate connections are required (for water, wastewater or stormwater) the fee shall be waived for each such service.

Resthome care rooms or beds will be assessed as a special assessment.

Dwellings that are part of a retirement village will attract development contributions as though each unit were a private standalone development. Roading and Roads & Transport for dwellings that are part of a retirement village will be assessed based on a Traffic Impact Assessment provided by the developer to the satisfaction of the council.

### **11.3.2 Building consent applications**

Dwellings constructed on allotments with registered titles may attract development contributions under this policy. The extent of any contributions payable will depend on whether any payments were made at earlier stages in the development process, as well as the specific services that the development is connected to.

Additions and alterations to residential dwellings do not attract development contributions unless they create additional independent dwelling units. Thus, garages, car ports and garden sheds do not attract charges.

Minor residential units and tiny residential units shall be assessed at 0.5 HEUs and 0.25 HEUs, respectively. However, if no separate connections are required (for water, wastewater or stormwater) the fee shall be waived for each such service.

Resthome care rooms or beds will be assessed as a special assessment.

Dwellings that are part of a retirement village will attract development contributions as though each unit were a private standalone development. Roading and Roads & Transport for dwellings that are part of a retirement village will be assessed based on a Traffic Impact Assessment provided by the developer to the satisfaction of the council.

### **11.3.3 Service connection applications**

Service connection applications accompanied by building or resource consent applications will not be assessed separately. Instead, they will be assessed as per section 6.3.2.

Service connection applications that are not accompanied by building or resource consent applications will be assessed in the same manner as resource consent or building consent applications, but only for the activity for which connection is sought.

Applications to separate-out shared water meters will not attract contributions.

### **11.4.1 Subdivision**

Subdivisions will attract development contributions on each additional allotment created or service connection required.

On occasions where the property being subdivided is vacant land that has never been connected to services, development contributions for services will be charged for all allotments with no credit given for the existing allotment.

If the intended built form/design and land use is unknown at the time of subdivision, each allotment will be charged a development contribution based upon the HEUs set out in Table 2 in Section 9. The balance will then be assessed at the time a building consent, land use consent or service connection application is lodged.

### **11.4.2 Land use and building consent applications**

Non-residential developments will attract development contributions based on their GFAs and intended land use.

When building on a vacant lot that does not have existing service connections, development contributions will be charged for the required services.

### **11.4.3 Service connection application**

Service connection applications accompanied by building or resource consent applications will not be assessed separately. Instead, they will be assessed as per section 6.3.2.

Service connection applications that are not accompanied by building or resource consent applications will be assessed in the same manner as resource consent or building consent applications, but only for the activity for which connection is sought.

Applications to separate-out shared water meters will not attract contributions.

### **11.6 Special Assessments**

The approach taken to identify a long term infrastructure programme and the required expenditure is based upon “averaging” the likely demand from anticipated development, acknowledging that some development will create a higher level of demand and some will be lower. This approach is also reflected in the development contributions policy.

There is the possibility that some development may be proposed that would have markedly different characteristics in terms of demand for infrastructure capacity, for instance:

- a) Early childcare centres, kindergartens, schools, technical training institutions and universities
- b) Hospitals, aged care facilities/care beds, palliative care facilities, medical facilities (doctors surgeries)
- c) Accommodation activities e.g. travelers accommodation, farm stay accommodation, hostels/backpackers, hotels and motels
- d) Papakanga housing
- e) Wet industry including water Bottling facilities, high use water and/or waste water activities
- f) Chicken sheds, bulk store facilities
- g) Supermarkets

Special assessment provisions will apply to such types of development, and any other development that is considered by the council to generate a level of demand that is significantly in excess of the levels identified in section 9 Table 2.

A decision on whether a special assessment will be undertaken will be made by the council at the application stage, once details of the development are known. Applicants are expected to provide supporting information and detailed calculations of the likely demand for roading, water, wastewater and stormwater capacity to enable a special assessment to be undertaken. This information will be used to calculate an equivalent HEU and the development contributions for the development will be charged accordingly.

## 11.7 Development Agreements

Section split out only no wording changes

### 11.8.2 Consent variations

Applications to change or cancel resource consent conditions or to amend a building consent will trigger a reassessment of development contributions. Any increase in the number of HEUs (relative to the original assessment) will be calculated and the contributions adjusted to reflect this. No automatic refund will be made for any decrease in the number of HEUs relative to the original assessment.

### 11.9.1 Overview

When applying credits for a change of use, credits are calculated on the original use.

For example, if converting a commercial building into residential apartments, credits will be calculated for the existing commercial activity based on GFA for the existing services only. These credits would then offset any development contributions associated with the new residential use. No credits would apply for reserves or community facilities development contributions as these are not applicable to commercial activities

Another example is if converting a dwelling into a commercial activity then a 1 HEU credit for the existing dwelling would apply to the services connected to the dwelling. The demand for services for the new activity would be calculated, the 1 HEU credit applied and any additional development contributions required for the additional demand assessed. DCs for reserves and community facilities cannot be credited against other development contributions.

In other words, credit will also be given for the pre-existing status of properties as at the commencement of this policy (1 July 2018), even if no previous financial contribution or development contributions have been paid. Credits will be associated with the existing title and calculated and assigned to individual activities. More details on the nature of these credits are outlined below.

To clarify: where there is no connection to a reticulated system at the time development contributions are paid (either because unavailable or because an approved service is provided on site), a credit will be applied for those activities for which no connection exists. If a subsequent connection is made, development contributions will be required for that service connection at the service connection stage in accordance with the provisions of this policy. Also, if a property was not connected to a service prior to 1 July 2018, no credit will be given in respect of the service. That is to say that when subdividing a vacant lot where no water, wastewater or stormwater connections exist, but the service is available, no credit will be given for those services. All lots requiring a connection will be charged (rather than just the additional lots being created).

## 12.1 Remissions

Remissions are adjustments to the scheduled charges for a particular activity, either as a percentage or in absolute (dollar value) terms. Remissions will only be invoked pursuant to a Council resolution,

and are not able to be requested by applicants. [Remissions are usually triggered by significant changes to the levies or a change of legislation.](#)

## **12.2 Reconsiderations**

All reconsideration requests must be made within 10 [working](#) days of receiving notice from the Council of the level of development contributions required.

Requests must provide the reference number of the relevant consent [or service connection and must](#) be short and concise, but fully outline the reasons why reconsideration is being sought, and provide sufficiently reliable data to enable a revised estimate of demand and associated development contribution charge to be made.

## **12.3 Objections to Development Contributions**

A formal objections process with Ministry registered commissioners is available in accordance with section 199 of the LGA. Schedule 13A of the LGA outlines the objection process in detail. [Section 150A of the LGA outlines costs of development contribution objections.](#)

## **13.6 GST**

The process for calculating development contributions is GST exclusive. Once all calculations are complete, GST is added to the levy calculations as required by the prevailing legislation and/or regulations of the day. Note that while [Development Contribution Advice Notices](#) are inclusive of GST they do not constitute an invoice for the purposes of the Goods and Services Tax Act 1985. [Council can issue an invoice on request.](#)