

# Development Contributions Policy

What is the Development Contributions Policy?



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The Development Contributions Policy (DCP) is a policy adopted by our Council under the Local Government Act 2002. It allows our Council to require cash contributions when new development occurs. We then use the funds collected to carry out capital works caused by or benefiting that development, for the following services:

- Transportation
- Community infrastructure, such as parks, libraries, public conveniences, harbours and solid waste facilities
- Water supply
- Wastewater
- Stormwater
- Reserves (for residential development only)

Development contributions may be payable on any new development or subdivision or when someone applies for a building consent, certificate of acceptance or a service connection.

## How do you know when a development contribution is payable?

In general you will pay a development contribution when you create either on your own, or combined with others, any additional demand on Council services or benefit from those services when:

- Creating additional lots by subdivision, including the subdivision or cross lease of an existing lot;
- Building additional dwellings on a lot;
- Extending the area of business activity on a business lot;
- Extending the area of any other activity such as schools, churches, hospitals or clubs; or
- Obtaining a new or additional service connection;
- Converting land use to an activity that creates higher demand on infrastructure.

A development contribution will be payable by each additional “unit of demand” created by development activity for the services provided in the area or “catchment” in which it falls.

## What is a ‘unit of demand’?

The DCP considers any new dwelling or any new residential, business or rural lot created in a subdivision as one additional ‘unit of demand’ for services.

The DCP also contains formulas which use the ‘gross business area’ of any additional commercial or industrial development or the ‘gross floor area’ of any other activity such as schools, churches, clubs and hospitals, to calculate the units of demand generated by those business or other activities.

A new unit of tourist accommodation or motel/ hotel unit of two or more bedrooms is treated as having one unit of demand like a normal dwelling. Smaller tourist and motel/hotel units of one or less bedrooms are treated as having half a unit of demand.

In requiring a development contribution, the Council will give credits for any unit of demand lawfully in existence at the time the development or subdivision takes place because it deems this to have paid its contribution already\*.

For example:

- If a dwelling (one new unit of demand) is built on an existing residential lot (one existing unit of demand), then no contribution is payable, the residential lot being deemed to have paid a contribution when it was created. (Hence 1 new minus 1 paid = 0) \*
- If two dwellings (two new units of demand) are built on an existing lot (one existing unit of demand), then one contribution is payable. (2 new minus 1 paid = 1)\*

\* With the exception of water and wastewater contributions where only existing lots or developments already connected to water and wastewater networks are deemed to have paid contributions in the past.

## How are development contributions calculated?

Development contribution amounts originate from the capital costs outlined in our Long Term Plan (LTP).

We calculate that part of total capital expenditure that is being caused by or is of benefit to new development and growth. We divide this expenditure by the amount of development that is expected to take place.

To read more about this see our Development Contributions Policy or see the short explanation at the end of this brochure.

Development contributions cannot be used to fund the costs of renewing or replacing infrastructure to ensure existing development enjoys the correct levels of service.

## Contributions payable will depend on location.

The contributions payable for any new development or subdivision will depend on where the activity is situated.

Development contributions towards a particular project should only come from development that is creating the need for that project to be undertaken or will benefit from it. For example it would be unreasonable for new development in Thames to pay toward a stormwater project in Whitianga.

The DCP uses a number of service areas or ‘catchments’ to which expenditure is allocated. Only development taking place within a particular catchment will pay toward that expenditure.

Catchments range in size depending on the types of service.

## Reserve Contributions

Contributions are also payable for local reserves in urban settlements in the District.

Reserve contributions are only payable for residential activities occurring in urban residential zones, including the Coastal Village, Coastal Residential and Rural Village zones in the District Plan.

Note that these contributions have changed. For consents prior to 1 July 2015 one residential unit of demand will pay a reserve contribution amounting to the average market value of 20m<sup>2</sup> of land for all lots created by a subdivision or for all lots on which a residential development is occurring.

The value of the land is determined by a registered valuer appointed by our Council and a fee is payable by the applicant for the valuation to be done.

For consents after 1 July 2015, the reserve contribution will be a set amount called Community Area Reserves and will be included in your development contribution calculation.

## When must the development contribution be paid?

A development contribution assessment will be made when application for a resource consent, building consent or certificate of acceptance has been accepted or when service connection is authorised.

The development contribution is payable:

- In the case of a land use consent, before the activity commences;
- In the case of a subdivision consent, before a Section 224 completion certificate is issued;
- In the case of a building consent, before the first building inspection takes place or, in the case of a Certificate of Acceptance, upon the granting of the Certificate of Acceptance.
- In the case of a service connection, before the service connection is made.

For all updates go to [www.tcdc.govt.nz/developmentcont](http://www.tcdc.govt.nz/developmentcont)

## More on the calculation of development contribution amounts

In calculating a development contribution amount, the cost of each capital project for a particular service type in a service catchment (after the removal of any subsidies or grants such as New Zealand Transport Agency subsidies) is divided between:

- the costs (if any) of renewing ageing assets or improving levels of service (ILOS) to existing households and businesses where these are not up to the service standard; and
- the costs (if any) of providing additional capacity (AC) to accommodate new households and businesses.

Only the resulting additional capacity (AC) costs are taken into account. They are totalled for the catchment and that total expenditure is divided between all new units of demand expected to consume capacity in the 10-year period and any future units of demand expected to consume any capacity remaining after the 10-year period.

Put simply:

$$\frac{\text{Total growth related capital expenditure (\$) for catchment}}{\text{Number of new and future units of demand expected in the catchment}} = \text{Contribution amount (\$) per unit of demand}$$

For example:

- There is a single district-wide transportation catchment. Any new development in the District, wherever it is located, gives rise to the need for capital expenditure on the District transportation network as a whole and should contribute toward it.
- There are a number of community board area catchments. These are used to assign the costs of works undertaken to deal with growth in particular parts of the District such as community transportation works, halls, and community centres.
- There are a number of local settlement catchments for services like wastewater, stormwater and water supply. These small catchments are used to assign the costs of works only to those developments that connect to a particular scheme.

In general, a subdivision in a rural area will pay district-wide and community board contributions but will not pay toward water, wastewater or stormwater services which are usually confined to the urban settlements.

## What amounts of development contribution are payable?

Appendix B of the Development Contributions Policy shows development contributions amounts for each year from 1 July 2018 to 30 June 2021 in each catchment. (Note: from 8 August 2014, the Government has restricted the types of activities that may be funded from development contributions. New projects relating to solid waste, parks and reserves, harbours, swimming pools, libraries and airfields must be funded from other sources but projects that are underway may still be funded from development contributions.) An example would be a new residential site or dwelling unit (one unit of demand) in Matarangi, in the period 1 July 2019 to 30 June 2020 – this will require a development contribution to be paid as follows:

For example:

- District-wide contributions for District Transportation \$1838, strategic land and buildings \$89.
- Community Board area contributions – community area reserves \$6164, community transportation \$1306, community area parks \$1161, community centres and halls \$0, community area harbours \$23, cemeteries \$208, public conveniences \$236.
- Local settlement contributions for water supply \$89, wastewater treatment \$5894, stormwater \$490.

A total of \$17,496 including GST for an additional unit of demand in Matarangi.

## Development Contributions Payable (GST inclusive) for the period 1 July 2019 – 30 June 2020

| CATCHMENT                 | DISTRICT TRANSPORTATION | STRATEGIC LAND & BUILDINGS | COMMUNITY AREA RESERVES | SOLID WASTE | COMMUNITY TRANSPORTATION | COMMUNITY AREA PARKS | COMMUNITY CENTRES & HALLS | COMMUNITY AREA HARBOURS | SWIMMING POOLS | LIBRARIES | CEMETERIES | PUBLIC CONVENIENCES | AIRFIELDS | WATER SUPPLY | WASTEWATER TREATMENT | STORMWATER | TOTAL  |
|---------------------------|-------------------------|----------------------------|-------------------------|-------------|--------------------------|----------------------|---------------------------|-------------------------|----------------|-----------|------------|---------------------|-----------|--------------|----------------------|------------|--------|
| Hahei                     | 1,838                   | 89                         | 6,164                   | 0           | 1,306                    | 1,161                | 0                         | 23                      | 0              | 0         | 208        | 236                 | 0         | 2,387        | 2,816                | 0          | 16,227 |
| Matarangi                 | 1,838                   | 89                         | 6,164                   | 0           | 1,306                    | 1,161                | 0                         | 23                      | 0              | 0         | 208        | 236                 | 0         | 89           | 5,894                | 490        | 17,496 |
| Whitianga                 | 1,838                   | 89                         | 6,164                   | 0           | 1,306                    | 1,161                | 0                         | 23                      | 0              | 0         | 208        | 236                 | 0         | 2,696        | 5,342                | 909        | 19,970 |
| Whangapoua                | 1,838                   | 89                         | 6,164                   | 0           | 1,306                    | 1,161                | 0                         | 23                      | 0              | 0         | 208        | 236                 | 0         | 0            | 0                    | 0          | 11,024 |
| Cooks Beach               | 1,838                   | 89                         | 6,164                   | 0           | 1,306                    | 1,161                | 0                         | 23                      | 0              | 0         | 208        | 236                 | 0         | 0            | 1,528                | 0          | 12,552 |
| Opito Bay                 | 1,838                   | 89                         | 6,164                   | 0           | 1,306                    | 1,161                | 0                         | 23                      | 0              | 0         | 208        | 236                 | 0         | 0            | 0                    | 0          | 11,024 |
| Kuaotunu West             | 1,838                   | 89                         | 6,164                   | 0           | 1,306                    | 1,161                | 0                         | 23                      | 0              | 0         | 208        | 236                 | 0         | 0            | 0                    | 0          | 11,024 |
| Kuaotunu                  | 1,838                   | 89                         | 6,164                   | 0           | 1,306                    | 1,161                | 0                         | 23                      | 0              | 0         | 208        | 236                 | 0         | 0            | 0                    | 0          | 11,024 |
| Hot Water Beach           | 1,838                   | 89                         | 6,164                   | 0           | 1,306                    | 1,161                | 0                         | 23                      | 0              | 0         | 208        | 236                 | 0         | 0            | 0                    | 0          | 11,024 |
| Tairua                    | 1,838                   | 89                         | 0                       | 0           | 403                      | 0                    | 119                       | 0                       | 0              | 0         | 0          | 0                   | 0         | 1,461        | 8,289                | 530        | 12,728 |
| Pauanui                   | 1,838                   | 89                         | 0                       | 0           | 403                      | 0                    | 119                       | 0                       | 0              | 0         | 0          | 0                   | 0         | 1,730        | 8,289                | 34         | 12,501 |
| Thames                    | 1,838                   | 89                         | 0                       | 0           | 344                      | 131                  | 0                         | 0                       | 0              | 151       | 0          | 97                  | 132       | 269          | 608                  | 1,789      | 5,448  |
| Matatoki                  | 1,838                   | 89                         | 0                       | 0           | 344                      | 131                  | 0                         | 0                       | 0              | 151       | 0          | 97                  | 132       | 4,870        | 0                    | 0          | 7,651  |
| Thames Valley             | 1,838                   | 89                         | 0                       | 0           | 344                      | 131                  | 0                         | 0                       | 0              | 151       | 0          | 97                  | 132       | 2,094        | 0                    | 0          | 4,876  |
| Whangamata                | 1,838                   | 89                         | 0                       | 0           | 1,183                    | 0                    | 279                       | 0                       | 0              | 0         | 0          | 0                   | 0         | 3,723        | 8,713                | 334        | 16,158 |
| Onemana                   | 1,838                   | 89                         | 0                       | 0           | 1,183                    | 0                    | 279                       | 0                       | 0              | 0         | 0          | 0                   | 0         | 0            | 0                    | 0          | 3,388  |
| Coromandel                | 1,838                   | 89                         | 0                       | 0           | 458                      | 1,285                | 0                         | 0                       | 0              | 0         | 0          | 0                   | 0         | 0            | 4,712                | 78         | 8,459  |
| Oamaru Bay                | 1,838                   | 89                         | 0                       | 0           | 458                      | 1,285                | 0                         | 0                       | 0              | 0         | 0          | 0                   | 0         | 0            | 0                    | 0          | 3,670  |
| Rural Mercury Bay         | 1,838                   | 89                         | 0                       | 0           | 1,306                    | 1,161                | 0                         | 23                      | 0              | 0         | 208        | 236                 | 0         | 0            | 0                    | 0          | 4,860  |
| Rural Tairua Pauanui      | 1,838                   | 89                         | 0                       | 0           | 403                      | 0                    | 119                       | 0                       | 0              | 0         | 0          | 0                   | 0         | 0            | 0                    | 0          | 2,449  |
| Rural Thames              | 1,838                   | 89                         | 0                       | 0           | 344                      | 131                  | 0                         | 0                       | 0              | 151       | 0          | 97                  | 132       | 0            | 0                    | 0          | 2,782  |
| Rural Whangamata          | 1,838                   | 89                         | 0                       | 0           | 1,183                    | 0                    | 279                       | 0                       | 0              | 0         | 0          | 0                   | 0         | 0            | 0                    | 0          | 3,388  |
| Rural Coromandel Colville | 1,838                   | 89                         | 0                       | 0           | 458                      | 1,285                | 0                         | 0                       | 0              | 0         | 0          | 0                   | 0         | 0            | 0                    | 0          | 3,670  |

Please note these figures have been rounded to make them easier to read and therefore may not add correctly across the line.

## Who can provide me with more information on development contributions?

If you have any queries please call Council's Customer Services Team on 07 868 0200 or check our web site.

District Office: 07 868 0200

Fax: 07 868 0234

E-mail: [customer.services@tcdc.govt.nz](mailto:customer.services@tcdc.govt.nz)

Web: [www.tcdc.govt.nz/developmentcont](http://www.tcdc.govt.nz/developmentcont)