



# He Taura Kaupapa Here Pūtea Whakawhanake

## Development Contributions Policy

This policy identifies growth-related infrastructure work as well as the charges that expect to be recovered from developers to support that work.



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# 1 What is a Development Contributions Policy

In June 2008, the council adopted a Development Contributions Policy (DCP) to fund the total cost of capital expenditure directly related to growth that results in the Council having to provide additional Community Infrastructure, Network Infrastructure and Park & Reserves. Council has the power to do this under the Local Government Act 2002 (LGA). The DCP has been updated as part of each Long Term Plan process every three years, the last being in June 2018.

The DCP seeks to establish a transparent, consistent, equitable and efficient basis for recovering the longer term costs from those persons undertaking developments that cause the need for additional capital investment in public infrastructure.

Gisborne District Council (Council), like many Councils across New Zealand, is experiencing increased growth pressures from both residential and non-residential development. Council has determined that the funding of new assets or assets of increased capacity to meet demand created by new development should be recovered by way of development contributions from those benefiting from the infrastructure.

This DCP comes into effect on 1 July 2021.

## Summary of Changes in this Policy

A review of the current DCP has highlighted the need to:

1. Be more transparent on the assumptions and basis for setting charges,
2. Be more specific in responding to the requirements set out in the Local Government Act 2002 (LGA),
3. Add sections on units of demand and the rationale for the Policy settings
4. Reflect better the relatively modest scale of growth in Gisborne versus larger metro centres by reducing the complexity of the non-residential categories and measures, and
5. Tidy up the references and structure of the DCP.

Council has reviewed the growth model, the land use categories for non-residential developments, and the measures used to define each Household Unit Equivalent (HUE).

## Changes in Forecast Growth

Growth in Gisborne District, and in the Gisborne Urban Area (GUA) in particular, has seen a significant jump in the last three years since the 2018 DCP was adopted. This is evident in the Statistics NZ 2018 Census results, and their estimate of population as at June 2019 and June 2020.

Average house prices have increased by 94% and rental costs are up 33% in the last four years. There has yet to be a surge in new house building as there is a shortage of available sections. Population growth has resulted in a housing crisis as demand exceeds supply. Council is expecting a significant increase in infill subdivisions in response to this demand as land owners respond to the pricing signals. The yield of greenfield subdivisions is also expected to significantly increase as average residential section sizes are becoming smaller. This increases the number of houses built on each block of land. This will be driven by the market demand as well as the review of the Tairāwhiti Resource Management Plan over the next few years.

Council is forecasting moderate to strong population growth for the GUA<sup>1</sup> currently at 1 - 2% a year, easing to annual growth of 0.5 – 1% from 2021 to 2031. This is significantly faster growth than previously expected. The effect of this is higher growth of HUEs expected in this DCP compared to the previous version. Growth outside of the GUA is forecast to be slow and continues to support the exclusion of coastal townships for the areas that are included in the DCP.

**Table 1: Forecast Population and Household numbers in the GUA**

GUA - As at June					
	2018	2019	2021	2026	2031
<b>Population</b>					
2018 DCP forecast	36,359	36,528	36,890	37,849	38,861
Statistics NZ actual and estimates	37,786	38,366			
Forecasts 2021 LTP and DCP			38,509	40,199	41,479
<b>Households – Occupied and Unoccupied</b>					
2018 DCP forecast	13,102	13,185	13,358	13,798	14,236
Forecasts 2021 LTP and DCP	13,548	13,630	13,860	14,700	15,480
Additional households above 2018 Forecasts	446	445	502	902	1,244
Total forecast increase in Households from 2021 - cumulative				840	1,620

<sup>1</sup> The GUA includes some areas that are not currently within the reticulated services boundary, and this Policy does not imply that all the GUA is entitled to be connected in the future. The GUA area is used for forecasting purposes and in 2018 97% of households in the GUA were connected to the wastewater network.

The updated forecasts imply an increase in residential households in the GUA from 2021 to 2031 of 1,620. This compares to a forecast increase of 878 households in the 2018 DCP. While this will reduce the infrastructure cost per additional household there will be an impact on the networks in existing residential areas from greater density.

The 1,620 additional households will not translate to 1,620 HUE charges. There are some adjustments that need to be allowed for to reflect the type of households forecast, while some 'households' will be part of the non-residential development forecasts (Rest homes). More one-bedroom units are expected to be built for public housing and in response to an ageing population. Together this reduces the forecast residential household increase to 1,410 in terms of forecast residential development contribution charges.

These forecasts will result in Council needing to undertake more analysis of the existing networks to determine the impacts – particularly the impacts from infill. Council will closely monitor the actual growth in households over the next few years. As part of the next review of the DCP in 2023/24 Council will consider whether the DCP should separate greenfield areas from infill after more detailed modelling of the three waters networks.

The detailed forecasts of non-residential gross floor areas (GFA) have been assumed to continue as included in the 2018 DCP. These developments are sporadic and hard to forecast. Council has seen considerable increase in commercial developments over the last two years. Council will monitor these developments to see if the increased population continue to result in more commercial developments.

## **Changes in the Non-residential Categories**

Currently the DCP has 14 categories for non-residential development. This has resulted in administrative difficulties and the need to define and update the research to support the categories. Council is proposing to reduce the categories to 8 (plus residential) by combining the categories that have similar impacts on infrastructure. These are defined in the Glossary (Section 6).

It is not practical for Council to set out categories that completely match all the many types of non-residential developments that can occur in the GUA. Council also retains the right in the DCP to have a proposed development considered as a special assessment. This occurs when Council considers that the development has an impact on infrastructure that significantly differs from the set categories and standard assessed HUE's (e.g. a large meat processing plant). Developers have the right to request a reconsideration of the Council assessment, and there is an objection process as set out in the LGA.

**Table 2: Proposed changes to the categories of non-residential developments**

Land Use Type – Non-Residential Developments	
Current 2018 Categories	Proposed Categories 2021 DCP
Community Infrastructure	Community Services
Education	
Health - Community Services	
Residential Services	Visitor Accommodation, Rest homes and other Residential Services
Visitor Accommodation	
Agriculture / Forestry	Warehousing / Agriculture and Forestry
Warehousing	
Commercial (excl Retail)	Commercial / Office
Retail > 4,000m <sup>2</sup>	Retail
Retail <4,000m <sup>2</sup>	
Restaurants / Cafes / Bars	Restaurants / Cafes / Bars / takeaways
Restaurants / Cafes / Bars takeaways	
Heavy Manufacturing	Industrial
Other Industry - Servicing	Other Industry - Servicing

The ratios used to calculate HUE's for non-residential have been revised to reflect recent GDC data and the standard New Zealand approach. This has generally resulted in a reduction in the HUE ratios used for Transport (but not all) relative to the 2018 DCP.

**Table 3: Non- Residential – per 100m<sup>2</sup> Gross Floor Area and other measures of Demand**

Category	HUE Measure	Transport	Water	Wastewater	Stormwater
Community Services	100m <sup>2</sup> GFA	1.34	0.30	0.30	0.29
Visitor Accommodation, Rest homes and other Residential Services	Per unit or bed	0.4	0.30	0.30	0.29 per 100m <sup>2</sup> GFA
Warehousing / Agriculture and Forestry	100m <sup>2</sup> GFA	0.25	0.16	0.16	0.29
Commercial / Office	100m <sup>2</sup> GFA	0.76	0.30	0.30	0.29
Retail	100m <sup>2</sup> GFA	1.60	0.20	0.20	0.29
Restaurants / Cafes / Bars and takeaways	100m <sup>2</sup> GFA	1.90	1.3	1.3	0.29
Industrial	100m <sup>2</sup> GFA	0.8	0.4	0.4	0.29
Other Industry - Servicing	100m <sup>2</sup> GFA	0.9	0.3	0.3	0.29

## Summary of Development Contribution Charges Proposed

A summary of the schedule of charges by type of development are outlined below: (all figures are exclusive of GST)

**Table 4: Comparison between 2018 DCs and proposed 2021 DCs by activity**

Type of Development – Applies to development within the Gisborne Urban Area (see maps Appendix 2)	2018 DC Schedule of Charges	Proposed 1 July 2021 Schedule of Charges
Residential per HUE	<b>Contribution per HUE (\$)</b>	
Gisborne Urban Area – as defined by the maps in Appendix 2	<b>(GST Exclusive)</b>	
<b>Activity</b>		
Transport	\$1,518	\$1,857
Water	\$2,576	\$983
Wastewater	\$3,136	\$5,086
Stormwater	\$1,273	\$1,616
Reserves	\$228	\$376
<b>Total</b>	<b>\$8,731</b>	<b>\$9,918</b>

## Introduction

Development contributions are the fees payable to Council for capital expenditure planned to be provided, or already constructed, for additional community facilities (such as stormwater, roads, reserves and public amenities) required to service growth. These contributions may be required on resource consents (subdivision and land use) and / or building consents or service connections in situations where the development will have additional impact on infrastructure.

This Policy applies when you subdivide land, build, alter or expand a non-residential building, or may apply when you change the use of an existing building. The extent of the Development Contribution required will depend on the type, size and location of the development.

The legislation that sets out how Council operates and prepares a Policy is the Local Government Act 2002 (LGA). Council considers how it funds the required infrastructure as part of the overall preparation of the Long Term Plan. Council must weigh up where benefits and costs should lie as any reduction in the proportion of development contribution charges to pay for growth will have to be paid by existing ratepayers.

- Section 1 sets out the overview of the DCP and the process.
- Section 2 sets out the Vision and Strategy of Council, the key assumptions, and how this relates to Council goals and other policies.
- Section 3 sets out how the charges are calculated and the categories of land use development, the administration procedures, the Schedule of Charges and the process for objections and reconsiderations.
- Section 4 sets out how the charges have been developed, the methodology behind the allocation of costs to each type of development.

- Section 5 covers how the Policy is reviewed.
- Section 6 is the Glossary with key definitions of terms in the Policy.

The appendices to the policy contain further detail about development and implementation of the policy.

Appendix 1 includes the specific projects that development contribution charges are funding,

Appendix 2 shows the development contribution catchment maps.

Appendix 3 sets out examples of charges that would apply to different types of developments.

Appendix 4 sets out the analysis of benefits that underpin the development contributions charges (as required by Section 101(3) LGA).

Appendix 5 – How development contributions have been calculated referenced against LGA requirements.

## 2 Overview of the DCP and Process

### 2.1 Purpose and Principles of Development Contributions

The purpose of the DCP is to ensure that reserves and infrastructure capital expenditure is funded by those parts of the community who benefit from that expenditure. Those responsible for creating growth within our district, whether through subdivision, building, new service connections or a change in land use, are being asked to pay a fair share of the resulting additional infrastructure cost incurred by council.

DCs are intended to enable Council to recover from developers a fair, equitable and proportionate portion of the total cost of capital expenditure necessary to service growth over the long term. DCs can be levied if the effect of a development or developments requires the Council to provide new or upgraded infrastructure.

This DCP sets out the DCs payable by developers, how and when they are to be calculated and paid, and a summary of the methodology and the rationale used in calculating the level of contribution required.

The purpose of this policy is to:

- a) enable Council to provide infrastructure and facilities to cater for growth, in a timely fashion and affordable for ratepayers;
- b) to provide the framework for Council to charge DCs for residential and non-residential development in the District to fund capital expenditure for network infrastructure, reserve land and community infrastructure.
- c) provide predictability and certainty to stakeholders on how infrastructure for growth is to be funded, and establishing a transparent, consistent and equitable basis for recovering DC from developers;
- d) to recover from developers a fair, equitable and proportionate portion of the total costs of the capital expenditure to service growth over the longer term.

This DCP has been developed to be consistent with the purpose of the DC provisions as stated in section 197AA of the Local Government Act 2002 (LGA). In preparing the DCP Council has had regard to and taken into account the DC principles in section 197AB of the LGA. These have been used by Council to ensure the DCs charged are fair and reasonable, as well as lawful.

Section 102 of the LGA requires the Council to have a policy on Development and/or Financial Contributions as part of its funding and financial policies in its LTP. Sections 106 and 201 of the LGA set out the required contents of this DCP. This policy must be reviewed at least every three years.

The process for Council to develop DC charges is set out below. The DCP has a considerable amount of planning and analysis that underpins the charges set by Council.

Growth	Plan	Cost	Fund	Charges
<ul style="list-style-type: none"> <li>Growth Projections</li> </ul>	<ul style="list-style-type: none"> <li>Infrastructure modelling</li> </ul>	<ul style="list-style-type: none"> <li>Project Costing and Options</li> </ul>	<ul style="list-style-type: none"> <li>Funding Decisions</li> </ul>	<ul style="list-style-type: none"> <li>Development Charge calculation</li> </ul>

Growth	Plan	Cost	Fund	Charges
<ul style="list-style-type: none"> <li>Analysis of census data to estimate future growth rates and allocate growth projections to broad geographical areas within Gisborne District</li> </ul>	based on growth projections to determine future infrastructure requirements	<ul style="list-style-type: none"> <li>Calculation of expected capital expenditure costs for the infrastructure projects. Total capital expenditure includes past investment and includes cost of capital.</li> </ul>	<ul style="list-style-type: none"> <li>Calculating growth costs and determining funding methods in accordance with Council's Revenue and Financing Policy and Local Government Act requirements</li> </ul>	<ul style="list-style-type: none"> <li>Calculating the development contribution charge by allocating growth costs</li> </ul>

## 2.2 History

Council's first DCP was adopted in June 2008. Council had previously funded the growth related costs of development via financial contributions (FCs) under the Resource Management Act 1991 (RMA), and through rates. The DCP was subsequently revised during each 10-Year Plan cycle in 2009, 2012, 2015 and 2018. These policies were amended to reflect different growth forecasts, legislation changes, standards of infrastructure, experience in implementing the DCP and changing Council policies.

This 2021 review has been developed as part of the 2021 Long Term Plan (LTP) process and is based on the Council's capital expenditure programme as set out in the LTP.

## 2.3 How Infrastructure Growth Funding is Allocated

DCs are driven by the infrastructure projects required to meet service demands related to growth. These projects are designed to meet the forecast levels of service as stated in the LTP.

Council has reviewed the proportion of infrastructure growth costs that will be funded from DCs. Council has determined DCs are the appropriate funding source to fund 100% of the growth related costs. Where there is a level of service or renewal component this proportion of the capital cost is funded from rates and loans. In particular, see the analysis contained in Appendix 4.

The total cost of forecast capital projects is set out in Appendix 1. Funding part of these costs through rates would otherwise result in an unfair burden being placed on the existing ratepayer community. Growth related infrastructure costs (\$25.1 million) make up just 5.1% of GDC's total planned capital expenditure of \$493.2 million for the 10 years of the 2021 – 31 LTP. Of that only \$16.6 million is being funded through development contributions (inflation adjusted), the balance is mainly through grants from NZTA.

## 2.4 Activities for Funding Capital Expenditure of Growth

Council activities for which DCs will be used to fund growth related capital expenditure are:

a) Network infrastructure for stormwater, wastewater, water supply, transport;

- b) Reserve land acquisition and development for parks and open space (including Esplanade Reserves);
- c) Community infrastructure (currently assessed as nil)

## **2.5 When a Development Contribution is Required**

Under Sections 198 and 199 of the LGA Council will apply a development contribution, including GST, for developments generating increased reserves, network or community infrastructure demands upon the granting of:

1. A resource consent,
2. A building consent,
3. An authorisation for a service connection.

As a general rule, DCs will be assessed, and any requirement for payment of contributions advised, at the earliest opportunity. This is generally at the subdivision consent stage.

Council considers that the subdivision consent stage is normally the most appropriate stage to take a development contribution for residential developments for the following reasons:

- Practicality of implementation
- Economies of scale in implementation costs
- Best available knowledge for projections and allocating budgets

In the absence of subdivision, Council will apply DCs at the building consent or service connection stage where additional units of demand are created by additions to land or buildings.

A DC is required in relation to a development when:

- A particular subdivision, construction of a building, land use or work generates a demand for reserves, network infrastructure, or community infrastructure.
- The development (either alone or in combination with another development) requires new or additional assets or assets of increased capacity (reserves or infrastructure).

The effect of a development in terms of impact on these assets includes the cumulative effect that a development may have in combination with another development. A DCP also enables Council to require a development contribution that is used to pay, in full or in part, for capital expenditure already incurred by the Council to provide infrastructure to service expected growth.

The Council has a preferred approach to require payment for assessed DC charges at the time of assessment. For non-residential subdivisions one or more HUEs would be payable at the resource consent stage. Future developments on that subdivided land would be reassessed at a building consent stage and any additional DCs required from that development would be invoiced at that stage.

Council does have the ability to defer/postpone DC requirements, where allowed for in this Policy and considered appropriate. The processes detailing these issues are set out in Section 3.3 and 3.20.

## **2.6 Limitations to the Application of Development Contributions**

Development which does not either in itself or in combination with other developments generate additional demand for community facilities will not be liable to pay a DC.

Council will also not require a DC for network infrastructure, reserves or community infrastructure in the following cases:

- Where it has, under Section 108(2)(a) of the Resource Management Act 1991 (RMA), imposed a condition on a resource consent in relation to the same development for the same purpose; or

- Where the Council has already required a DC for the same purpose or the same building work (so long as there is no change in scale and intensity);
- Where agreed with the Council the developer will fund or otherwise provide for the same reserve, network infrastructure, or community infrastructure; or
- Where the territorial authority has received or will receive sufficient funding from a third party to fund particular infrastructure.

## 2.7 Relationship to Resource Management Act

DCs under the LGA are in addition to, and separate from, financial contributions under the RMA. Council intends to use DCs under the DCP as its main means of funding infrastructure required as a result of growth over and above the works and services that may be required as conditions of subdivision or resource consent.

Council may require a Financial Contribution, as a condition of consent, in accordance with any relevant rule in the District Plan under the RMA. Financial Contributions cannot be applied as a condition of consent where a DC has been required for the same purpose on the same development.

Financial Contribution provisions are detailed in the Tairāwhiti Resource Management Plan: Section C2.1.9 Financial Contributions. This includes provisions for requiring:

- Reserve contributions (including Esplanade Reserves);
- Utility sites (for infrastructure, i.e. pumping stations, reservoirs);
- New roads or accessways;
- Upgrading and/or widening existing roads (including formed and unformed legal roads);
- Water, sewer and stormwater capital contributions;
- Water, sewer and stormwater reticulation within the development and also for extending reticulation to service the development.

Council will also still have the authority to require works or services on new developments to avoid, remedy and mitigate the environmental effects of proposed developments through resource consent conditions or in accordance with any relevant rule in the District Plan. DCs are for the acquisition, installation or expansion of assets over and above the works and services that may be required as a condition of consent.

For the smaller urban areas outside of the GUA, Council as service provider may require capital contributions through fees and charges for properties who apply to connect to township water or wastewater services.

## 3 Vision, strategy and council assumptions

The Council outlines its Vision, Strategy and Council outcomes in the LTP. Linkages to the DCP are discussed in Appendix 4. DCs are an integral part of enabling Council to achieve the proposed vision of **Tairāwhiti rising. It all starts here.**

Gisborne is the main location for urban growth. Council has developed Tairāwhiti 2050, a Spatial Plan that was adopted in 2020. This confirms the planned expansion of the Gisborne Urban Area (GUA) to include the Riversdale area (Taruheru Block). This Spatial Plan is the adopted urban growth strategy for the District and has informed the infrastructure planning and schedule of costings for this DCP.

The wastewater treatment plant is planned for a major upgrade in 2021 /22 and this investment will generally benefit all the ratepayers in the GUA and these costs will be funded from rates. There is also provision for an additional Biological Trickling filter and ancillary equipment to support growth.

This Policy provides the means by which the Council may seek DCs from new development where the effect of that development, either alone or in combination, requires the Council to incur capital expenditure to provide services and infrastructure.

### 3.1 Significant assumptions of the Development Contributions Policy

#### 3.1.1 Council Role

Council is assuming that it will act as the lead agency to ensure existing core infrastructure requiring upgrading is available to service growth developments in the District. Where new infrastructure is required only within a development it is the responsibility of the Developer to provide, with the option of vesting the new assets to Council provided they meet Councils standards.

There is the potential for major developments, where agreed with Council through a development agreement, for developers to take the lead role. In this instance Council may contribute to a development where additional capacity is required to service adjacent developments to ensure other developments are not constrained. Council's role will be assessed at each review of the LTP and DCP every three years. There is also the possibility of the 3 waters sector being removed from Council responsibility as part of a government led review. This DCP and the GDC LTP assumes that the current structures and responsibilities will remain as they are.

The Council ensures, on behalf of current and future residents and ratepayers, that land development is carried out in a manner that results in acceptable outcomes in terms of aesthetics, environmental impacts and service standards.

#### 3.1.2 Development Contribution Areas

For the purposes of DCs, the area shown as the GUA for each infrastructure asset type is the only area that development contribution charges apply. Growth in the Gisborne District is occurring mainly in this area and additional infrastructure is required to meet this demand. The GUA varies between activities based on activity **service catchments**. (Refer to Maps in Appendix 2 of this policy and further explanation in Appendix 4).

The Council has determined that the identified service catchments in the GUA are appropriate for the activities due to (at a high level) the impact of growth being independent of where the growth occurs, the benefits of the capital projects apply to specific locations and the GUA as a whole (by generating additional capacity, as one example) and for reasons of practicality in all of the circumstances.

**Table 5: Areas covered by proposed 2021 DCP**

Area	Activities for which Development Contributions will be Charged
Gisborne Urban Area	Land Transport, Reserves and other Community Infrastructure, Water, Wastewater and Stormwater

For clarity the council considers that for stormwater activities, a development not only creates a demand for infrastructure within the hydrological catchment it is located in, but also creates demand (by the growth community within the development) for stormwater management and flood protection over a wider area.

The coastal townships north of Gisborne have little growth currently and infrastructure capacity is available. There is no growth related infrastructure investment planned in the 10 year period. Council will reassess demand and capacity in these coastal townships as part of the 2024 review.

### 3.1.3 Development types and units of demand.

In meeting its requirements under Schedule 13(2) of the LGA 2002 to attribute units of demand to particular developments or types of development on a consistent and equitable basis, the council has considered:

- a) the impact of residential services (rest homes) compared to individual residential dwellings,
- b) the need to separate residential and non-residential activities because of the different demands they place on activities of the council,
- c) the range of non-residential development types and impacts on infrastructure,
- d) the complexity of trying to make the Policy account for every different development type,
- e) the availability of data to support differential unit of demand factors for various types of development.

The Council considers that:

- a) there is data currently available to identify some average demand factors for a limited number of non-residential development types,
- b) using broad averages for a limited number of development types is sufficient to approximate the range of development likely to occur in Gisborne,
- c) as determined by Council staff, a special assessment can be used where a development results in an impact on infrastructure significantly different from that envisaged in this policy (generally +/- 50% of the average demand for services for that category).

### **3.1.4 Planning Horizons and the Period Covered by this Policy**

A 10-year timeframe has been used as a basis for forecasting growth and applying a development contribution. Benefits will be distributed over that timeframe with averaging to avoid the effects of lumpy<sup>2</sup> infrastructure works within any given year on DCs.

This timeframe aligns to the period included in the LTP. Council has detailed planning and costings for infrastructure networks for this 10 year period.

Development beyond this timeframe will involve additional growth related infrastructure services that have not yet been fully costed. These longer term infrastructure requirements to service growth, and the additional households enabled, will be included in future DCPs.

### **3.1.5 Projecting Growth**

The Council is planning for new development that is occurring in the GUA. This places demands on the Council to provide a range of new and upgraded infrastructure.

The successful application of the DCP is dependent on population projections and the Council adopted spatial allocation of growth within the District. These projections are required to inform infrastructure planning and to reduce the investment risks to Council as to the population growth and its location accurately of future growth of the District.

The DCP uses the growth projections as set out in the Forecasting Assumptions section of the LTP. These forecasts are based on the medium growth scenario from Thomas Consulting. Gisborne is currently experiencing a surge in population growth that is resulting in moderate household growth as a result of positive immigration and solid economic growth. This is a significant change in trend that is putting increasing pressure on infrastructure. The Covid-19 pandemic has caused additional population gains as more people return to Gisborne, and there are less opportunities for existing residents to migrate elsewhere.

Forecasts will be updated as part of each LTP process based on actual growth, Statistics NZ forecasts and annual population estimates. District growth has been split into GUA and the balance of the district. The forecasts are informed by the Spatial and Urban Growth Strategy, Tairāwhiti Resource Management Plan, Council Asset Management Plans and actual historic developments. The impact of non-residential development varies depending on economic conditions and specific developments.

This DCP applies an assessment of the demand for services generated by each non-residential development to determine the number of HUEs for Water, Wastewater, Transport and Stormwater. A summary table of the key forecasts is shown below. Council is forecasting moderate household growth of 0.6% a year to 2021, increasing to 0.8% a year from 2021 - 2031.

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<sup>2</sup> Lumpy infrastructure is where in any given year there are large sums assigned due to the discrete nature of the development work

**Table 6: Forecast Household Unit Equivalent numbers**

	2018	2021	2031	Additional HUEs 2021 to 2031
	Households (HUEs)	Households (HUEs)	Households (HUEs)	Households (HUEs)
Gisborne Urban Area Residential	13,548	13,860	15,480	1,620
Gisborne District Balance	5,100	5,138	5,218	80
Gisborne District	18,648	18,998	20,698	1,700
<b>Adjustments for HUE Revenue</b>				
Less Residential Services in Non-residential forecasts below			200	1,420
Less lots already subdivided			30	1,390
Less dwellings < 60m2 not in Rest homes (Charged 0.5 HUE)			80	1,310

## Non-Residential Growth

Council carried out detailed growth forecasts of non-residential gross floor areas for the GUA in 2017. These forecasts have been assessed as still being suitable for this DCP. While population and household growth is forecast to be much stronger than previously forecast, the current impacts with Covid-19 means that non-residential growth is not expected to increase to the same extent. Given the level of uncertainty Council has decided to include the existing non-residential forecasts as a basis for assessing likely additional HUEs.

**Table 7: Non-residential Gross Floor Area forecasts**

	2018 Gross Floor Area (GFA)	2021 GFA	2031 GFA	change in GFA 2021 to 2031	Additional HUE's 10 year total
Gisborne Urban Area Non - Residential	860,783	867,199	906,439	39,240	Transport – 454 Water – 197 Wastewater – 197 Stormwater - 234

Total forecast increase in HUE's in the GUA 2021 to 2031 = 1,410 – 1,764. Adjustments were made to reflect that residential rest homes are included in the non-residential calculations. Also accounted for is the expected number of small dwellings <60m<sup>2</sup> currently charged at 0.5 HUE, and the number of lots already subdivided but not yet developed.

### **3.1.6 Other Assumptions**

- Timing of expenditure – the timing of specific projects is likely to vary over time as they are reliant on actual growth rates, the cost of providing infrastructure, demand for greenfield housing, the state of the economy, developer profit margins and many other economic and societal factors that Council has little control over. Council is carefully monitoring the actual level of development and aims to be just ahead of service demands on infrastructure, where it is cost efficient to do so.
- Method of service delivery when Council is providing infrastructure - Council uses both in-house staff and external consultants to fund, design and manage the provision of core infrastructure needed to service forecast growth. Construction is usually done through a tender process by the private sector. This is currently assessed as the most efficient model for delivery. Council will reassess this assumption at least every six years as part of meeting the requirements of section 17A of the LGA.
- Third party funding availability – Council is assuming that there will be no third party funding for growth related infrastructure projects. If alternative funding for these projects does become available, from Development Agreements or government / regional grants, Council will amend the schedule and reduce total funding required through DCs. Funding by NZTA for Roothing, footpaths and walkways / cycleways is set through the three-yearly work programme and is reflected in this DCP.
- Debt servicing – From time to time Council DC activity reserves may be in deficit. This occurs if the required infrastructure is more expensive than the balance of DC revenue already collected. Council will loan fund any required work at this point. Future DC revenue will pay off the loan, including interest. The interest rate charged will be at the average Council rate at that time.

### **3.1.7 Best Available Knowledge**

This DCP is based on the best available knowledge that Council has at the time of adoption. The Project expenditure schedule in Appendix 1 is consistent with the adopted LTP but may be updated each year and the DCP will be reviewed every three years. As time passes discrepancies may emerge between historic Council documents and the updated schedule in Appendix 1. For DC purposes the Schedule will prevail.

## **3.2 Capital expenditure council expects to incur as a result of growth**

Council has estimated the extent of growth within the Gisborne Urban Area (GUA) and the capital expenditure necessary to meet the demands of the growth. Each capital project is identified as level of service (Rates funded) or growth (DC funded). The total growth costs for each activity covered by this DCP are then divided by the number of additional HUEs in each activity, including the non-residential component. This results in DC charges by activity for each additional HUE.

The total estimated capital expenditure Council expects to incur, as a result of growth, to meet increased demand, is summarised below in Table 3. Note that the estimated expenditure includes an allowance for professional services, including investigations, option assessment, detailed design and construction management.

In determining the total estimated growth component to be funded by DCs, careful consideration was given to those matters listed under sections 101(3) and 106 of the LGA for each individual activity (network infrastructure or community facility). Key considerations included:

- The nature and operation of the activity;
- An analysis of who will benefit from the planned capital expenditure work; and
- An analysis of who will cause the need for the planned capital expenditure work.

**Table 8: Summary of 10 year LTP estimated Council capital expenditure by funding type to June 2031**

Inflated capital expenditure - includes historical capital expenditure funded from Development Contributions.

Activity	Growth related expenditure pre July 2021 to be funded (DC Reserve Accounts as at Dec 2020)	Total estimated Capital Expenditure Work	Renewals	Total Level of Service Component	Total Estimated Growth Component	Total Estimated to be Funded by Development Contributions by June 2031*
	\$ Million – Inflation adjusted				\$ Million in \$2020/21	
Water	-\$0.33	\$30.9	\$23.4	\$4.8	\$2.2	\$1.5
Wastewater	+\$0.79 (surplus)	\$77.7	\$31.1	\$34.3	\$10.6	\$7.7
Stormwater	-\$0.75	\$17.1	\$8.5	\$6.2	\$2.1	\$2.5
Transport	+\$0.02 (surplus)	\$216.3	\$164.0	\$45.2	\$6.2	\$3.3
Parks, Reserves and other Community Infrastructure	+\$0.29 (surplus)	\$67.9	\$45.2	\$21.9	\$0.8	\$0.5
Other	n/a	\$83.4	\$25.3	\$58.1	-	-
<b>Total Infrastructure</b>	<b>+\$0.02</b>	<b>\$493.2</b>	<b>\$297.4</b>	<b>\$170.6</b>	<b>\$21.9</b>	<b>\$15.4</b>

\*

A more detailed description of each activity, the funding approach taken for each activity and justification for the funding approach taken for each activity is included in Section 4 and Appendix 4 of this Policy.

The level of service component of Council's identified infrastructure works, relates to increasing the level of infrastructure provision due to higher public expectation, environmental or statutory obligations e.g. environmental standards for water quality or technological improvements. Asset Management Plans for each activity define the relevant level of service to be delivered for that activity.

Where the infrastructure works to service growth also result in an increase in the level of service to the wider community, then the value of the improved service is treated separately. This is noted as Total Level of Service Component in Table 8. Renewal of all assets is also identified separately and makes up the largest proportion of capital expenditure. Levels of service increases and renewals are not funded through DCs.

### **3.3 Capital Expenditure Council has already Invested in Anticipation of Development**

DCs will also be required to meet the cost of capital expenditure for growth already incurred over the past five years, but have not yet been funded. This applies only where Council has previously made the decision to carry out the work on the basis that it is to be fully or partly funded by future DCs. Council has a legal requirement to use the funds within 10 years for the purpose they were taken for.

### **3.4 Unit of Demand**

A unit of demand is a Household Unit Equivalent (HUE), the average demand for infrastructure services created by one additional house lot developed. A DC for network infrastructure is required where additional units of demand are created. A HUE is equivalent to one residential lot containing one residential unit. All residential lots are assumed to contain one HUE as this is efficient, equitable and appropriate. While actual demand will vary between households the different impacts on infrastructure is assessed as minor.

It is assumed that these demand levels will remain the same for the forecast period. Reviews of the DCP will consider the relativities between residential and non-residential developments.

### **3.5 Schedules forecast Values**

**All capital expenditure schedules in this policy are exclusive of GST.**

The schedules are in 2021 dollars. Schedules can be updated annually to ensure relevance and transparency. The DC charge applied in future years will be adjusted for inflation using the Statistics New Zealand Producers Price Index Outputs for Construction (PPI) as at 30 June each year.

## 4 Assessment of development contributions

### 4.1 Commencement

Relevant applications (as set out in section 2.3) made on or after **1 July 2021** are subject to assessment for development contributions under this policy. Applications made on or after **1 July 2008** and before **1 July 2021** will be subject to assessment under the relevant previous policies. Applications for resource consent may also be subject to assessment for financial contributions under the Tairāwhiti Resource Management Plan.

### 4.2 Delegation of assessments

Assessments will be made by an officer of Council. Reconsideration of assessments, as described in 3.21 of this Policy, will be undertaken by Building Services staff (Environmental Services and Protection Hub).

Decisions about whether to enter into development agreements, and on what terms, will be made jointly by the Director Community Lifelines and Director Environmental Services and Protection.

Decisions about waiving or remitting the costs that would otherwise be recoverable in respect of objections will be made by the Director Environmental Services and Protection.

Decisions about remitting development contributions will be made by either the Director Lifelines or the Director Environmental Services and Protection.

Any decision Council has delegated to a Council officer under this policy may be escalated to that officer's manager.

### 4.3 Applications assessed

Council will assess the following types of applications to determine whether development contributions are required under this policy:

- a) Applications for subdivision resource consent under the Resource Management Act 1991 (RMA).
- b) Applications for land-use resource consent under the RMA, or for building consent or a Certificate of Acceptance under the Building Act 2004 (Building Act) where the consent/certificate is associated with:
  - i. the creation of new residential dwellings (including relocation of existing houses) on a site
  - ii. the creation of new buildings or extension of the gross floor area of buildings
  - iii. the change in use of a building
  - iv. an increase in the design occupants of a visitor accommodation or residential services activity
  - v. an increase in the area of impervious surfaces.
- c) Applications for service connection including water, wastewater, trade waste and stormwater.

The assessment will be made against the first consent application lodged for a development and a reassessment made on every subsequent consent application.

The Council will assess subdivision for a non-residential development as a minimum of 1 additional HUE per activity per allotment. The development will be reassessed if there is a subsequent building consent or service connection.

When Council takes a development contribution at subdivision consent stage, the expected principle nature of activities authorised by any existing land use consent for the site and/or, in the underlying Zoning, will determine the type of development contribution payable.

The Council may choose to defer the assessment of land use consents if there are special circumstances. For clarity Council will usually charge a minimum of 1 additional HUE per activity per allotment at the subdivision stage.

Each reassessment will take into account the number of units of demand previously assessed and determine whether the development still generates the same number of units of demand.

**Note:**

1. Council will not defer assessment of development contributions for residential development.
2. Development Contribution fees will not be deferred for industrial subdivisions and one or more HUE are payable at resource consent stage with the balance payable at building consent stage when the full scope becomes apparent.
3. Designations are not assessed, but the development may be assessed at building consent stage.
4. Applications for works necessitated by a condition of a consent are not exempt from development contributions.

**Process for assessing Development Contributions payable:**

Step 1	Catchment Area	Establish what catchment area the 'development' lies (Appendix 2)
Step 2	Number of HUE's	Establish the number of HUES created by the 'development' (Section 3.7)
Step 3	Number of HUE's Credit	Establish per activity the 'credits' applicable to the parcel of land (Section 3.11)
Step 4	Number of HUE's payable	Calculate the increase in HUE's
Step 5	Charge per HUE	Establish the development contribution per HUE for that particular catchment area as per Schedule of Charges (Section 3.8 and Appendix 1)
Step 6	Amount of DC's payable	Calculate the development contributions payable

**4.4 Activities for which development contributions are assessed**

Applications will be assessed for contributions for five different activities:

- Reserves;
- Transport;
- Water supply;
- Wastewater;
- Stormwater.

**4.5 Formula for calculating contributions**

Contributions (C) for reserves, transport, water supply, wastewater and stormwater will be calculated according to the following formula:

$$C = H \times R$$

Where:

H = Number of Household Unit Equivalents (HUEs) or units of demand calculated in accordance with section 3.7 to 3.10 less any credits calculated in accordance with section 3.11; and R = The applicable rate per HUE for the type of contribution (activity) and the catchment associated with the development (refer to Appendix 2).

## 4.6 Catchments

The catchments for charging each type of contribution are set out in Appendix 2, and the rationale further explained in Appendix 4. If for any reason a development or service connection request falls outside the catchment for water, wastewater or stormwater and is still served by the network infrastructure, then the calculation of contributions shall be as if the development or service connection was located within the catchment.

## 4.7 Assessment of HUES on the basis of multipliers

Subject to Sections 3.9 and 3.10, the number of HUEs associated with a development will generally be assessed on the basis of the standard multipliers set out below, less any credits provided for in 3.11.

a) Residential Developments

**Table 9 – HUE Multipliers for residential developments**

Activity for Which Contributions Assessed	Unit of Measure	Multiplier (HUE/Unit of Measure)
All	Allotment or 1st dwelling on an allotment	1 - (allotments and dwelling units of 60m <sup>2</sup> or more gross floor area). 0.5 - (dwelling units less than 60m <sup>2</sup> gross floor area).
All	Every second and subsequent dwelling unit on an allotment.	1 - (60m <sup>2</sup> or more gross floor area). Every second and subsequent dwelling unit on an allotment. 0.5 - (less than 60m <sup>2</sup> gross floor area).

b) Non-residential Developments

**Table 10 – HUE multipliers for non-residential developments**

Land Use type non-residential		Draft HUE Ratios – Residential = 1				
Suggested Categories	Suggested Measure	Transport	Water	Wastewater	Stormwater	Reserves
Community Services	100m2 GFA	1.34	0.30	0.30	0.29	nil
Visitor Accommodation and Residential Services	Per unit / room	0.4 room / unit	0.30	0.30		nil
Warehousing / Agriculture / Forestry	100m2 GFA + outdoor storage	0.25	0.16	0.16		nil
Commercial / Office	100m2 GFA	0.76	0.30	0.30		nil
Retail	100m2 GFA	1.60	0.20	0.20		nil
Restaurants / Cafes / Bars / Takeaways	100m2 GFA	1.90	1.30	1.30		nil
Industrial	100m2 GFA	0.80	0.40	0.40		nil
Other Industry - Servicing	100m2 GFA	0.90	0.30	0.30		nil

#### **4.8 Schedules to Development Contributions Policy:**

##### **a. Events that may give rise to a requirement for development contributions**

The following events may give rise to a requirement for development contributions determined in accordance with Section 3.3 of this Policy and charged at the rates per HUE set out in Tables 11 and 12 under 3.8b. below:

##### **Subdivisions:**

Granting of Subdivision Resource Consents under the RMA.

##### **Land use Consents and Building Consents:**

Granting of a land use resource consent under the RMA; or a Building Consent or Certificate of Compliance under the Building Act 2004 may give rise to a requirement for development contributions under this policy where the consent/certificate is associated with:

##### **Residential:**

Creation of new dwellings (including relocation of existing houses) on a site

**Non residential:**

- creation of new buildings or extension of the gross floor area of buildings
- a change in use of a building
- an increase in the design occupants of a visitor accommodation or residential services activity
- an increase in the amount of impervious surfaces.

**Service connection:**

Granting of a service connection for Water, Wastewater, Trade Waste or Stormwater may give rise to a requirement for development contributions under this policy.

**b. Development contributions payable**

The development contributions payable for parks and open spaces, land transport, water supply, wastewater, stormwater per HUE and catchment are set out in the following table.

**Table 11 – DC charges for a HUE by activity**

Activity	Catchment Area	Contribution per HUE (\$) (GST Exclusive)
Transport	Gisborne Urban Area (Land Transport and Reserves)	\$1,857
Water	Gisborne Urban Area (Water)	\$983
Wastewater	Gisborne Urban Area (Wastewater)	\$5,086
Stormwater	Gisborne Urban Area (Stormwater)	\$1,616
Reserves	Gisborne Urban Area (Land Transport and Reserves)	\$376
<b>Total</b>		<b>\$9,918</b>

**4.9 Additional rules relating to assessment on the basis of multipliers**

Each application is assessed as a residential development, non-residential development, or a mixture. Mixed developments are assessed under the provisions that apply to both residential and non-residential developments for the applicable parts of the development.

Units of demand will only be assessed for water or wastewater if a connection to the network is or will be available.

Allotments subject to an amalgamation condition, or that will be subject to an amalgamation condition, shall be considered as one allotment for the purpose of calculating HUEs.

For the avoidance of doubt, dwelling units of less than 60m<sup>2</sup> gross floor area that are classified as minor dwelling units under the Tairāwhiti Resource Management Plan will be assessed as half a unit of demand.

Non-residential developments will generally be classified as a single development type, i.e. the one that best represents the dominant or primary activities associated with the development; and ancillary activities will not be considered separately. However, where a development has distinct parts, Council may, in its discretion, consider these parts separately. For example, the wine

manufacturing component of a winery may be considered separately from the restaurant component.

Where a non-residential development is not described by the types of non-residential development identified above, the multiplier for the type of development with the most similar demand characteristics will be used.

Outdoor display areas for goods, e.g. garden centre display areas will be included in the calculation of GFA for retail, provided they are formalised areas primarily for display and not storage of goods.

Each retail premises in a development shall be considered separately to determine the number of HUEs for Land Transport. For multi-storey, multi-unit residential developments, the number of HUEs for stormwater development contributions will be based on the impervious surfaces, as for non-residential development.

Where a residential and non-residential aspect of a development share a common footprint, the number of HUEs for stormwater shall be based on the approach for non-residential development, i.e. impervious surfaces.

#### **4.10 Special Assessments of HUEs on the basis of actual or anticipated demand**

If the actual demand associated with a non-residential development is likely to be significantly different, that is at least 50% more or less than what is implied by the multipliers and demand assumptions in Section 3.7 b, the Council may, in its discretion, choose to calculate the number of HUEs on the basis of the actual anticipated demand (including a Traffic Impact Assessment, peak water take, peak wastewater discharge), less any credits provided in 3.11.

This 'special assessment' may be called for at the Council's discretion. The applicant will be expected to provide supporting information and detailed calculations of their development's land transport, water supply, wastewater and stormwater demands in base units. Using the standard base unit/HUE conversions (Table 13) these estimates may then be converted to HUE's and charged accordingly. This additional information could be made part of a Section 92 (RMA 1991) request or at requested pre-application stage.

In determining whether to use this alternative calculation Council will consider the likelihood that the demand will change over time and whether, therefore, the standard approach may be more appropriate.

An assessment on the basis of actual anticipated demand shall be made by estimating the actual demand associated with the development for each service in the units of measure set out in 3.7, and dividing this by the demand assumptions for a HUE set out in Table 12 in section 3.8b. The calculation may be adjusted to reflect other factors that influence the design of infrastructure, peak demand issues and measures to mitigate demand.

For example, a 'traffic impact assessment' is a requirement for most large non-residential and residential developments. It will usually be possible to compare the vehicle trips per day reported from this source with Table 13.

## Assessment of credits for historic development

Historic credits acknowledge prior development of the site which has ceased and will be applied against the number of units of demand assessed for a development calculated under Sections 3.7 to 3.10. The following principles shall apply to calculating credits:

- the onus is on the applicant to include details in the application of the historic development
- credits can only be used for a development on the same site and cannot be transferred from one site to another
- the number of credits available is calculated under the policy that applies at the time of the assessment of the new development
- additional credits will not be refunded if the number of units of demand assessed for any activity for the historic development exceed the number of units of demand assessed for the new development. However, the historic development may be considered again when assessing credits for any future development
- credits for historic non-residential development will only be awarded if the elements that imply that development (i.e. the buildings, impervious surfaces etc.) were present in the ten years prior to assessment.

## 4.11 Reductions

The value of the development contribution assessed will be reduced for the following reasons:

### a) Esplanade reserves

Esplanade Reserves or strips required under the RMA and associated with the development will be offset against development contributions payable for Reserves, up to the value of the contribution payable. Valuation of the Esplanade Reserve or strip will be GST exclusive and shall be assessed in terms of section 62(1)(b) of the Public Works Act 1981. The date of valuation shall be no more than 12 months before the requirement for the contribution.

### b) Special circumstances

Special circumstances may apply in relation to some service connections that may be taken into account to reduce the development contribution payable e.g. a targeted or special rates levy has been agreed pending the installation of a new service and as such provides for that property to connect to the services when commissioned. Under these circumstances the agreement would be honoured and no development contribution would be applied, except for where the demand proposed is greater than that envisaged by the special rate and a development contribution, or part thereof, will be charged.

### c) On-site provision of infrastructure

The Council will consider a reduction in the development contribution assessed where the applicant will provide additional infrastructure on-site that reduces the demand for Council infrastructure. This could include:

- Wetlands, storage tanks and rain gardens to limit stormwater run-off and reduce reticulated water usage,
- Onsite pre-treatment of wastewater.

The applicant would need to prove that the additional infrastructure is over and above the standard services required by Council and would directly offset the standard demand for services. An assessment may be carried out by Council to identify how many (if any) HUE's should be deducted from the development contributions calculated.

#### **4.12 Remissions**

Council will consider requests for remission of development contributions on the following grounds:

- The development is by a non-profit organisation and will provide benefits to the public.

Any such request must be made in writing and within 20 working days after the date on which the Council sent notice of the level of development contribution Council requires.

The request must include the following information:

- description of the site and specific application subject to the contribution
- description of the organisation seeking the remission and confirmation that it is a non-profit organisation as defined in the glossary
- description of the benefits that the development will provide to the public and the extent of access to those benefits.

The request will be considered by the Director Lifelines or the Director Environmental Services and Protection.

The Director will have regard to the following criteria in determining whether to grant a remission and the quantum of the remission:

- the level of the public benefits provided by the activity and the extent of access to those benefits, and
- the funding available in Council's Remission fund and any other likely claims on the fund in that financial year.

Council will give written notice of the outcome of its consideration of the request within 15 working days of its receipt of the request and all relevant information relating to the request.

#### **4.13 Reassessment of a development**

Where a development becomes subject to assessment under more than one development contribution policy or version of a policy then the assessment of units of demand under the most recent policy or version shall prevail for the development as a whole.

To avoid doubt, no refund shall be given, or additional contributions required, because the rate per unit of demand has changed.

#### **4.14 Money or land**

The LGA provides that a development contribution for Reserves may be money or land, or both. Under this policy the contribution for Reserves shall be made in money unless, at the sole discretion of the Council, land is accepted.

In general, Council will only accept land as a development contribution for Reserves where it is specifically a recreation, scenic or historic reserve and will be vested as such on subdivision or otherwise classified. However, Council may also accept easements for access etc. to Reserves or for recreational purposes. In determining whether to accept land the Council will have regard to existing policies. Drainage reserves and areas within reserves that are used primarily for drainage (e.g. retention pond areas), while they may be accepted by Council, will not form part of a development contribution for Reserves.

## 4.15 Development agreement

Council and a developer may enter into an agreement that provides for a departure from the standard development contribution calculation. Such an agreement must be at the written request of Council or the developer, and must be agreed to by both parties.

Council will consider the interests of the developer, the community and Council when deciding whether to enter into a development agreement. Reasons for entering into a development agreement may include:

- the developer seeks infrastructure to be provided over a different timeframe from that planned in the capital works programme
- services can be provided in a manner different to Council's standard procedures/guidelines
- a development that is very large in scale
- Council seeks to acquire land for Reserves
- the development includes works which duplicate works provided for in Council's LTP
- the development requires service levels in excess of what would generally be provided, and Council considers that it is appropriate to provide the service.

Council delegates its authority to enter into a development agreement jointly to the Director Lifelines and Director Environmental Services and Protection.

Note: Further details about development agreements, including the process Council must follow when receiving a request for a development agreement, the content and effect of a development agreement, are set out in sections 207A to 207F of the LGA.

## 4.16 Payment Due Dates

The following table summarises when a development contribution invoice is generated and required to be paid. In most instances the invoice will be generated at the time an application for Code Compliance Certificate, Certificate of Acceptance or 224c is made, unless requested earlier.

**Table 12 - Summary of Invoicing and Payment**

Application Type	Timing of Action
Land use	An invoice will be issued at the time the Land Use resource consent is granted. Payment must be made within 20 days of the invoice being issued on granting the consent, and / or before the Land Use is given effect to.
Service Connection Request (where a building consent is not lodged/required)	An invoice will be issued at the time the connection request is approved and payment is due within 20 days of the invoice being issued. Payment must be made prior to any connection being made.
Building consent	An invoice can be requested at any time by the applicant. If no invoice is requested, an invoice will be issued automatically at the time of application for Code Compliance Certificate or Certificate of Acceptance. Payment must be made prior to Issue of the Code Compliance Certificate or Certificate of Acceptance.
Resource Consent (subdivision)	An invoice can be requested at any time by the applicant. If no invoices is requested, an invoice will be issued automatically at the time of application for 224c. Payment must be made prior to issue of the 224c.

#### **4.17 Enforcement Powers**

Council may recover debt through normal court action.

Until development contributions required in relation to a development have been paid Council may also, pursuant to section 208 of the LGA:

- in the case of a development contribution required when granting resource consent under the RMA, withhold the section 224(c) certificate on a subdivision and prevent the start of a resource consent
- in the case of a development contribution required when granting a building consent under the Building Act, withhold the Code of Compliance Certificate
- In the case of a development contribution required when granting a Certificate of Acceptance, withhold the Certificate of Acceptance
- in the case of a development contribution required for an authorisation for a service connection, withhold that service connection
- in each case, register the unpaid development contribution under 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.

#### **4.18 Refunds**

A refund of money or return of land will occur in the circumstances set out in sections 209 and 210 of the LGA where applicable.

#### **4.19 Postponements**

Postponements on payment of a development contribution will not be applied.

#### **4.20 Reconsideration Process**

As set out in section 199A(1) of the LGA, any person required by Council to make a development contribution may request a reconsideration of the requirement if they believe that:

- the development contribution was incorrectly calculated or assessed under the territorial authority's development contributions policy; or
- the territorial authority incorrectly applied its development contributions policy; or
- the information used to assess the person's development against the development contributions policy, or
- the way the territorial authority recorded or used it when requiring a development contribution, was incomplete or contained errors.

As set out in section 199A(4) a person may not apply for a reconsideration of a requirement for development contributions if they have already lodged an objection to that requirement under section 199C and Schedule 13A of the LGA.

Any such request must be made in writing within 10 working days after the date on which the person lodging the request for the reconsideration received notice from the Council of the level of development contribution Council requires.

The request must clearly state the site and specific application subject to the contribution, the particular contribution(s) to be reviewed, and any matters the person would like Council to take into consideration when undertaking the review.

The reconsideration will be undertaken by the Building Services Manager.

The reconsideration will be limited to consideration of the grounds for reconsideration listed in the bullets in this section.

Council will give written notice of the outcome of its reconsideration within 15 working days of its receipt of the request and all relevant information relating to the request.

Note: The LGA also provides a process for persons to object to development contributions assessed and for decisions on objections to be made by independent development contribution commissioners. Refer to Schedule 13A of the LGA for further details.

## **4.21 Other Matters**

### **Goods and services tax (GST)**

Once all the development contribution calculations are complete, GST shall be added to the final invoice as required by the legislation and/or regulation of the day.

### **Valuations**

Where it is necessary to value land to ensure the maximum contribution requirement in section 203(1) of the LGA is not exceeded, or to assess the value of an Esplanade Reserve or contribution in land, the value shall be assessed in terms of section 62(1)(b) of the Public Works Act 1981. The date of valuation shall be no more than 12 months before the requirement for the contribution.

In addition, where it is necessary to value land to ensure the maximum contribution requirement for Reserves in section 203(1) LGA is not exceeded, valuation of the additional allotments created by subdivision shall be calculated as the average value (the mean) of all post-development allotments intended or capable of supporting residential development.

### **Applications to vary consents or the conditions of consent**

Where applications are received to vary a consent or the conditions of a consent, a new assessment will be made reflecting any increase or reduction on the demand for infrastructure and/or services that would result in a change to the HUEs relating to the original consent application.

### **Council developments**

Council is exempt from paying any development contributions on any development that itself is a capital expenditure for which development contributions are required. Council is otherwise required to pay development contributions as assessed under the policy.

## 5 Explanation of the method for developing the schedule of charges

### 5.1 Relevant provisions in the Local Government Act 2002

Relevant provisions in the LGA include the following:

- Section 197AA and 197AB provides the purpose and principles for development contributions;
- Section 199 provides the basis on which development contributions may be required.

Development contributions may be required in relation to developments if the effect of the developments is to require new or additional assets of increased capacity and, as a consequence, the territorial authority incurs capital expenditure to provide appropriately for the following:

- Reserves;
- network infrastructure;
- community infrastructure.

Subsection (2) clarifies that Council may require a development contribution in relation to capital expenditure already incurred by the territorial authority in anticipation of the development.

Subsection (3) states that in subsection (1) effect includes the cumulative effects that a development may have in combination with other developments.

Section 203 (1) sets the maximum contributions for reserves and for network infrastructure and community infrastructure - Development contributions for reserves must not exceed the greater of:

- 7.5% of the value of the additional allotments created by a subdivision, and
- the value equivalent of 20 square metres of land for each additional household unit created by the development.

Development contributions for network or community infrastructure must not exceed the amount calculated by multiplying the cost of the relevant unit of demand by the number of units of demand assessed for a development or type of development (clause 1 and 2 of Schedule 13 of the LGA).

Schedule 13 contains the general methodology for determining the maximum development contribution. In short, this requires identification of the capital expenditure costs, as set out in the LTP, which the Council expects to incur to meet increased demand resulting from growth and to attribute these costs to units of demand.

Clause 2 further requires that Council demonstrate that the units of demand are attributed to developments on a consistent and equitable basis.

### 5.2 The Capital Works Programme

Development contributions are only charged in relation to capital projects identified in the LTP. This includes both current projects identified in the current LTP, as well as past projects. These are listed in Appendix 1. The Capital Works Programme is founded on a range of considerations including:

- provisions of the LGA, such as the purpose of local government (section 10), decision-making requirements (sections 76-81), the principles relating to local government (section 14)
- the community outcomes identified in the LTP under the LGA
- projections of growth and other changes in the community which could drive changes in demand
- service provision levels and standards, which define the services being provided to the community in terms of criteria plans and strategies.

Development contributions have been considered as a potential funding source for the following activities:

- reserves
- land transport
- water supply
- wastewater
- stormwater

Other types of network and community infrastructure capital projects could potentially be considered for development contributions in the future.

Council has used the best information available at the time of developing this policy to estimate the capital expenditure. However, it is likely that actual costs will differ from estimated costs due to factors beyond the Council's control, such as changes in the price of raw materials, labour, etc and the timing of capital works taking place.

### **5.3 Unit of Demand**

The Household Unit Equivalent (HUE) is the base unit of demand used to apportion costs between different types of development in the calculation of development contributions. It represents the assumed demand for the service generated by an average household, as set out in Part 3 of the Schedule.

Units of demand can be assessed at subdivision, land use and building consent stages. It is Council's preference to assess and apply a development contribution at the first stage of development, namely the subdivision consent stage. Individual developments may create multiple units of demand for any of the given community facilities. To determine the number of units of demand created by a particular development for a particular community facility the unit of demand factor is multiplied by the assessed demand measures associated with the development as defined in section 3 and based on the demand assumptions stated in Table 13.

Table 13 contains the demand assumptions for an independent household unit (i.e. one unit of demand or 1 'HUE'). The demand assumptions were used to develop the multipliers used to attribute units of demand to developments assessed on the basis of multipliers. They are also used to attribute units of demand to developments assessed on the basis of actual anticipated demand.

**Table 13 - Demand assumptions for one HUE**

Activity	Unit of Measurement for HUE	Demand per HUE	Comments
Reserves	Apportionment of total demand on Parks and Open Spaces	1 apportionment	
Transport	Number of average vehicle trips per day associated with the development	10	
Water	Daily flow	730 litres per day	
Wastewater	Daily flow	614 litres per day	
Stormwater	Impervious surface area	340 m <sup>2</sup>	Excludes impervious surfaces associated with roads or other public land.

Every dwelling with a gross floor area of 60m<sup>2</sup> or more is assumed to represent one HUE of demand for each service. Dwellings with a gross floor area of less than 60m<sup>2</sup> are considered to represent half a HUE of demand for each service.

Section 3.7 sets out the multipliers used to calculate the number of HUEs associated with non-residential development. In essence, these multipliers represent the assumed typical relationship between the demand generated by non-residential development and the demand generated by households. Similar multipliers are used to convert the growth model to HUEs in the funding model.

#### **5.4 Measurements to determine Units of Demand for Activities**

Different types of measurements are used to allocate units of demand for each activity for residential and non-residential developments (refer to Section 3.7).

For all activities a differentiation is made between residential and non-residential development due to the demand they place on the network activities. The catchment area is defined as the GUA for each activity as shown on the maps in Appendix 2.

The HUE divisor needs to account for both residential growth and non-residential growth. Residential is assumed at 1 HUE per additional allotment. This forms the basis for defining the number of HUEs for Non-residential growth is converted to HUEs using the following assumptions:

- Water = 1 HUE per 0.73 m<sup>3</sup> per day usage
- Wastewater = 1 HUE per 0.614 m<sup>3</sup> per day of discharge
- Stormwater = 1 HUE per 340 m<sup>2</sup> of impervious surface area (ISA), including roof area
- Land Transport = 1 HUE = 10 vehicle movements
- Reserves and Community Infrastructure = 1 HUE per additional allotment.

There will be circumstances where no HUE assessment is necessary. For example, where the development is providing all its own infrastructure, thereby creating no demand on Council assets.

The following provides a specific explanation of units of demand allocated for each activity:

### 5.4.1 Water Supply

The GUA service catchment is characterised by interdependent components. For the purposes of Development Contributions, the water reticulation network is optimised to include only those components necessary to the effective operation of the system. Interdependence within the network creates a need for integrated management of the operation of these necessary components. As such, the management of this network is undertaken with network-wide supply and demand issues in mind.

An amount of 100% growth has been assumed where the works are purely to service future development and include extensions of the existing network to and within future development areas. Where existing reticulation is being duplicated or upgraded, and there are currently deficiencies in the level of service, i.e. marginal capacity with regard to firefighting capacity or low-pressures during peak demand, a proportion of the cost has been included as level of service.

#### 5.4.1.1 Water Development Contributions Approach

A development contribution for the GUA water service catchment will be based on the value of future identified growth works, and any works already completed since June 2012 for the key network in anticipation of growth. All new developments in the GUA water service catchment will be subject to a development contribution.

All growth works within the service catchment are considered to service any allotment within the specified boundary, up to a uniform service level, at any time. All components of the network also have excess capacity that will cater for anticipated future capacity uptake. Any identified capital development growth-related works undertaken on the identified key network add to the capacity of the existing network directly.

All residential development is assumed to create one unit of demand (HUE). All non-residential development is assumed to create a minimum of one HUE, with additional assessed HUEs based on the number of household equivalents of forecast water demand. Note these are relative units of demand between each type of development.

The following volume of water will be used as part of any assessment for non-residential development:

- Average residential household water use– 730 litres per day.
- The measure for a residential and non-residential unit of demand is:
  - Per additional allotment at subdivision; or
  - Per connected HUE at building consent or service connection.

## **5.4.2 Wastewater**

The GUA service catchments is characterised by interdependent components. For the purposes of Development Contributions, the wastewater reticulation network is optimised to include only those components necessary to the effective operation of the system. Interdependence within the network creates a need for integrated management of the operation of these necessary components. As such, the management of this network is undertaken with network-wide supply and demand issues in mind.

The infrastructure works identified include significant upgrades to the existing trunk sewer network and some pump stations to provide capacity for future growth. The growth component of the infrastructure works has been assessed as the additional cost to provide a larger size pipe than currently exists. Where the sewer needs to be upgraded in advance of the currently assessed renewal date, then the proportion of asset value lost, is apportioned to the growth component. Generally, the growth component for trunk and pump station upgrades and the treatment plant is assessed at between 0% and 50%. Extension of the wastewater network or new pump stations are assessed as 100% growth component.

### **5.4.2.1 Wastewater Development Contributions Approach**

A development contribution for the GUA water service catchment will be based on the value of future identified growth works, and any works already completed since June 2012 for the key network in anticipation of growth. All new developments in the GUA wastewater service catchment will be subject to a development contribution.

All growth works within the service catchment are considered to service any allotment within the specified boundary, up to a uniform service level, at any time. All components of the network also have excess capacity that will cater for anticipated future capacity uptake. Any identified capital development growth-related works undertaken on the identified key network add to the capacity of the existing network directly.

All residential development is assumed to create one unit of demand (HUE). All non-residential development is assumed to create a minimum of one HUE, with additional assessed HUEs based on the number of household equivalents of forecast wastewater demand. Note these are relative units of demand between each type of development.

The following volume of wastewater will be used as part of any assessment for non-residential development:

- Average residential household water use– 614 litres discharged per day.
- The measure for a residential and non-residential unit of demand is:
  - Per additional allotment at subdivision; or
  - Per connected HUE at building consent or service connection.

### 5.4.3 Stormwater

The GUA stormwater network is defined using an integrated catchment approach as all stormwater runoff within the urban catchment area has to be catered for, regardless of where the stormwater originates from. Runoff from areas with no stormwater issues flows into areas that do require capital works, so all areas are covered by the catchment area. The network has interdependent network components and there is an integrated system of services and facilities designed to protect property from flooding and improving water quality.

Stormwater infrastructure development within the GUA catchment will be based on a compliance as outlined in Tairāwhiti Resource Management Plan and the network capacity, under a fully developed catchment scenario.

#### 5.4.3.1 Stormwater Development Contributions Approach

A stormwater development contribution for the GUA catchment is based on the value of future growth components, and any works already completed since June 2012, to be located within the entire catchment in order to meet the defined level of service under the fully developed catchment scenario. Anticipated future components are identified in Council's current LTP which identifies proposed capital development budgets.

All new developments in the defined GUA service catchment will be subject to a development contribution. New developments in other catchments will not be required to pay any Development Contributions for stormwater unless there is an overlap of catchment boundaries with the GUA.

Additional development in areas with existing developed stormwater assets still creates additional runoff and this has to be catered for as it flows through the network. Additional development in partially developed or new areas can have a significant effect on the demand for additional stormwater infrastructure including secondary flow paths.

The allotment area of development and hence information related to site coverage and impermeable surface area (ISA) has been used to calculate a unit of demand. Note these are relative units of demand between each type of development. All residential and nodal development is assumed to create one HUE. All non-residential development is assessed on the amount of ISA (site coverage) compared with residential development, with a minimum of one HUE.

HUE are based on the typical residential unit. Houses have been increasing in size for many years, and lot sizes have been declining. With driveways and paths the ISA of an average residential lot is now assessed at 340 m<sup>2</sup>. This is the ISA used to determine the number of HUE's for each non-residential development.

The measure for a residential and non-residential unit of demand is:

- Per additional allotment at subdivision; or
- Per 340m<sup>2</sup> of ISA at building consent or service connection.

#### **5.4.4 Reserves and other Community Infrastructure**

The GUA Reserves and Community Infrastructure assets are composed of two distinct parts. They are: land zoned as reserve and identified for recreational purposes ("reserves"), and infrastructure associated with that zoned land or other land owned or controlled by the Council for public amenities ("community infrastructure").

Community infrastructure is composed of capital developments and facilities associated with the identified reserves and other land or controlled by the Council. This includes, but is not limited to playgrounds, carparks, local halls and recreational complexes, and public toilets – both on and off reserves.

The reserves and community infrastructure provide active and passive recreational facilities to the District community. For new community infrastructure, park and reserve facilities established specifically for new growth areas, 100% of these infrastructure works are to be funded by growth. For new facilities that include improvements to existing levels of service, various proportions of the cost have been attributed to future growth over the next 20 years depending on the details of each project.

##### **5.4.4.1 Reserves and other Community Infrastructure Development Contributions Approach**

The Development Contributions are limited to the GUA and are based on the value of identified future provision, and any works already completed since June 2012, of district wide parks, reserves and community infrastructure associated with growth.

Increased numbers of households and residents create additional demand for sportsfields, passive reserves, walkways and associated assets such as toilets and playgrounds. Council purchases key new land for reserves significantly before the developments are completed in order to minimise the cost of land purchase and reduce unnecessary servicing costs.

All residential and rural residential developments in the GUA area specified in the Land Transport and Reserves map in Appendix 2 will pay a DC for reserves and other community infrastructure. DCs will not be charged on non-residential development, or the non-residential component of mixed use developments.

The assumed demand for parks reserves and other community infrastructure is created and driven as a result of additional people, or residential households, being located within the GUA area. Increased demand for parks reserves and other community infrastructure can come from anywhere within the defined area from residential and rural development. Non-residential development generally has no impact on the demand for reserves and community infrastructure networks and therefore DCs for Reserves and other community infrastructure do not apply.

All residential and rural development is assumed to create one unit of demand. All non-residential development is assumed to create zero units of demand. The measure for a residential and rural unit of demand is:

- Per additional allotment at subdivision; or
- Per HUE at building consent or service connection.

## 5.4.5 Land Transport

The Land Transport network service catchment is **the GUA**. The roading network is characterised by a combination of interdependent components. Interdependence within the network creates a need for integrated management of operation of these components. As such, the management of the network is undertaken with GUA network-wide supply and demand issues in mind.

For the purposes of Development Contributions, the roading network is considered to be an unrestricted system. This means that the roading network can be accessed by anyone at any time in the District.

### 5.4.5.1 Land Transport Development Contributions Approach

A GUA wide development contribution is applied and is based on the value of future identified capital development works on the key roading network for growth, and any works already completed since June 2012 for this network in anticipation of growth. The anticipated future growth capital development works are identified in the Land Transport Asset Management Plan.

The development contribution for the roading network is based only on the component of these works that result from increased demand generated by new residential, and non – residential development in the GUA. Any improvement in existing level of service is deducted from the total capital expenditure to be funded by DCs.

All new developments in all development contribution areas will be subject to a development contribution for the roading network. All components included in the development contribution for the roading network are considered to service any allotment within the specified boundary, up to a uniform service level, at any time. The current network also has excess capacity that has been planned to and will cater for anticipated future capacity uptake. Any identified capital development works undertaken on the network enhance the capacity of the existing integrated network directly

The development contribution is subject to a form of measurement to allocate units of demand to development. This allows for differences between residential, rural and non-residential demand. All residential development is assumed to create one unit of demand (HUE). All rural and non-residential development is also assumed to create at least one unit of demand. Note these are relative units of demand between each type of development.

The measure for a residential and rural unit of demand is:

- Per additional allotment at subdivision; or
- Per HUE at building consent or service connection – 10 vehicle movements per day.

## 5.5 Assessment of growth model

Council has developed growth projections for the period 2021-2051 to estimate future growth within the Gisborne district. This underpins the development of the policy at two levels. Firstly, as growth drives changes in demand on infrastructure, the growth projections are a foundation for the capital works programme. Secondly, the growth projections are converted into HUEs to model funding and to calculate the development contribution charge (refer to section 2).

The growth projections address three indicators of growth:

- resident population
- households
- gross floor area of non-residential activities.

The full forecasts are available from Council on request.

## **5.6 Key risks/effects associated with growth projections**

Growth projections are subject to uncertainties as to the quantum, timing and location of growth. There is a risk that the growth projections in the model will not eventuate, resulting in a change to the assumed demands on community facilities. This could result in the over-provision of infrastructure. If the total amount of growth is less than projected, then the proportion of capital expenditure recovered through development contributions will be less than expected. As a consequence, there may be increased debt servicing costs to Council. Council will continue to monitor the rate of growth and will update outcomes in the growth and funding models as required at each review of the DCP.

Under-assessing growth, on the other hand, may result in infrastructure not being at a capacity to meet the future demand for services.

## **5.7 Identification of growth expenditure and funding mechanisms**

### **General approach**

A summary of the capital expenditure identified in the LTP that Council expects to incur to meet the increased demand for community facilities resulting from growth is contained in Appendix 1. The proportion of this expenditure that Council expects to fund from development contributions is also shown.

In determining the growth expenditure and associated funding mechanisms, an analysis is undertaken at three levels:

### **1. Activity Level**

The range of funding mechanisms (consistent with the Revenue and Financing Policy) is identified at the activity level and an initial analysis is made of the considerations in the LGA, including section 101(3).

### **2. Programme Level**

Further consideration is given to the considerations in the LGA and their implications for funding.

### **3. Project Level**

At the project level, the drivers for the project are reviewed and a cost allocation process is undertaken to separate the costs into three drivers (growth, backlog and renewal).

A catchment is then identified for the project and the funding model applied to provide an indication of the 'raw development contributions charge' required to fund the growth component. Further consideration is then given to appropriate funding mechanisms, building on the analysis at the activity and programme level and the considerations in the LGA. This may result in re-consideration of the drivers and cost allocation process.

In general terms, Council has determined to use development contributions to fund the portion of capital indicated in Appendix 1 because:

- a) the portion of capital expenditure identified relates to the growth community in terms of sections 101(3)(a)(ii) (beneficiaries) and/or 101(3)(a)(iv) (exacerbators). Development contributions provide a means of directing funding to the growth community.
- b) Council recognises that liability for rates is increasingly putting pressure on the social wellbeing of the community and the use of this alternative source of funding will have the benefit of easing the burden of rates.
- c) Council wishes to keep debt levels within the covenants in the Financial Strategy.

## 5.8 Cost Allocation

The cost allocation methodology carried out on each project is called the 'Modified Shared Drivers' methodology. This allocates the project costs into three categories so that possible sources of funding can then be identified with reference to the Revenue and Financing Policy. The three categories of costs are:

### 1. Backlog

The portion of the planned (or completed) project that is required to rectify a shortfall in service capacity to meet existing community demand at the current agreed levels of service. Levels of service describe, in quantitative and qualitative terms, the standard of services that the Council provides for each activity. Council defines levels of service in consultation with the community on the LTP and through strategies and policies.

### 2. Cost of renewal

The gross cost of replacing an existing asset with a modern equivalent asset to the same function and capacity at the end of its life.

### 3. Cost of growth

The portion of a planned (or completed) capital project providing capacity in excess of existing community demand at the current agreed levels of service. Only the growth portion of the capital works programme is considered for development contributions.

A summary of the cost allocation methodology is as follows:

#### Step 1: Identify project and costs

Information about the capital costs and planned timing of expenditure is identified. Costs are specified in present 2021 value.

External Third Party funding (e.g. NZTA) is identified and also deducted from further analysis.

#### Step 2: Consider drivers for the project and identify associated levels of service

The reasons for doing the project are reviewed and associated levels of service identified.

Where there is more than one driver the project is split into multiple drivers (on a percentage basis) and associated levels of service are identified for each driver.

### **Step 3: Define capacities relating to the project**

A capacity measure is identified to reflect each driver of the project and associated level of service. The existing capacity of the current infrastructure, existing demand and total capacity provided by the current infrastructure plus the planned works are identified (based on the year of analysis). The capacity and demand measures are used to divide the cost of the works into backlog and growth cost shares.

The growth in demand from existing users without any change in level of service (e.g. more vehicle movements per day per household) is considered a backlog component, rather than a growth component, and is accounted for by adjusting the capacity measures to reflect anticipated changes in demand.

### **Step 4: Asset renewal**

Any assets replaced by the project for which depreciation has been collected to fund the eventual replacement are identified. The amount of renewal funded by past depreciation is calculated by taking into account the gross replacement cost of the modern equivalent asset and the remaining life at the time of renewal.

### **Step 5: Cost efficiency**

The renewal cost share is adjusted to recognise the efficiencies which may occur by carrying out the renewal component with the provision of new capacity.

### **Step 6: Determine cost shares to growth and backlog**

The remaining proportion of the cost (ie, excluding the renewal component calculated in Step 4 and Step 5) is then attributed to growth and backlog according to the proportions identified in Step 3.

### **Step 7: Check growth cost share**

To ensure that the growth cost is not significantly more when the capacity for growth is provided in conjunction with backlog and renewal components. A comparison is made of the calculated growth cost share and a 'Stand Alone Growth Project' that a third party could install to meet just the growth capacity of the proposed works.

All analysis is undertaken in current year dollars. Historic project costs are the actual completed project costs in the dollars of the years in which they were completed and are not inflated to the current year.

An in-depth explanation of the growth model and methodology is available from the Council.

## **5.9 Catchments**

The capital expenditure related to growth is associated with one or more catchments on an activity-basis. The catchments are determined based on key characteristics including geography, service delivery and the nature and complexity of service provision. The catchments can be either local or district-wide. Individual capital works projects are allocated to catchments depending on the nature of the project and the community the project is intended to serve.

For this DCP there is only one catchment, the GUA.

## **5.10 Funding Model**

The SPM Consultants funding model is used to calculate the development contribution charges, per HUE, by activity and catchment. Each contribution charge represents the sum of the 'raw Development Contributions charges' calculated for the projects within the activity.

Essentially, the funding model divides the growth portion of cost of each project (identified using the cost allocation process) by the number of Household Unit Equivalents projected for the catchment over the funding period for the project, also allowing for:

- interest credited, when income from development contributions is projected to exceed the amount spent on the project
- interest on debt, when the amount spent on the project is projected to exceed the income received from development contributions
- the effects of inflation on costs, using the BERL price level change adjustors.

It is assumed that by the end of the funding period the debt owing on each project is zero.

Interest rates are subject to fluctuation and will be reviewed at each policy review.

### **5.11 Aggregation of the contribution**

Once funding mechanisms have been decided at the project level the development contributions per HUE are aggregated by catchment and activity to determine the rates per HUE. These are listed in Section 3.

## 6 Review of the policy and revision of the schedule

### 6.1 Review of Policy

It is anticipated that a new DCP will be developed with each LTP, or at shorter intervals if Council considers necessary, to take account of significant changes to:

- The DCP
- policy and strategic plans
- the capital works programme accounting for growth
- the pattern and distribution of development in the district
- anticipated inflation or interest rates
- any other matters Council considers relevant.

### 6.2 Revision of the schedule of contributions

Council may also revise the schedule of contributions (Appendix 1) with each Annual Plan to reflect significant differences between actual capital costs incurred and the anticipated costs in the capital work programme.

## 7 Glossary of terms

<b>Allotment</b>	Has the same meaning as sections 2 and 218 of the RMA
<b>Backlog</b>	That portion of a project that relates to historical catch-up to meet the required level of service for the existing community
<b>Building</b>	Any structure having a roof supported by columns or walls used or intended to be used for the shelter or enclosure of persons, animals or property of any kind.
<b>Commercial, excluding retail</b>	Property and business services (e.g. real estate, architects), finance and insurance services, personal services (e.g. beauticians), government administration (e.g. courts, local government), commercial cultural and recreational services (e.g. tourism operators, cinemas), service stations and offices.
<b>Community Facilities</b>	Has the same meaning as section 5 of the LGA - reserves, network infrastructure or community infrastructure for which development contributions may be required in accordance with s199 of the LGA.
<b>Community Infrastructure</b>	For the purpose of classifying developments for calculating HUEs means libraries, gyms, halls, churches, club rooms, sports facilities, places of assembly, museums, etc.
<b>Cost Allocation</b>	The allocation of the capital costs of a project to the various drivers for the project, such as renewal, catch-up (backlog), and additional capacity to meet growth.
<b>Dwelling Unit</b>	A building (or part of any building) in which a single housekeeping unit resides or could potentially reside.
<b>Education</b>	Schools, childcare services, tertiary education providers, etc.
<b>GFA / Gross Floor Area</b>	<p>The total of the area of the floors of all buildings, measured from the exterior faces of the exterior walls, or from the centre lines of walls separating two buildings or, in the absence of walls, from the exterior edge of the floor.</p> <p>Gross Floor Area shall include floor spaces in roofed terraces, balconies and porches. Gross Floor Area shall exclude:</p> <ul style="list-style-type: none"> <li>service station canopies</li> <li>covered pedestrian circulation areas.</li> </ul>
<b>GST</b>	Goods and Services Tax.
<b>Health and Community Services</b>	Medical services (eg doctors, optometrists, hospitals), veterinary services, dental services, community care services (excludes accommodation).

<b>HUE / Household Unit Equivalent</b>	The unit of demand that relates demand of developments for community facilities to the typical demand by an average household. It forms the basis of assessing development contributions.
<b>Impervious Surface</b>	<p>Hard surface area which either prevents or retards the entry of water into the soil mantle as it entered under natural conditions pre-existent to development, or that hard surface area which causes water to run off the surface in greater quantities or at an increased rate of flow from that present under natural conditions pre-existent to development.</p> <p>Common impervious surfaces include, but are not limited to, rooftops (concrete or asphalt), walkways, patios, driveways, parking lots or storage areas, and oiled, macadam or other surfaces which similarly impede the natural infiltration of surface water.</p>
<b>Industrial</b>	Manufacturing and processing activities of a substantial size, e.g. freezing works, dairy factories, timber processing, packing houses.
<b>LGA</b>	Local Government Act 2002
<b>Lot</b>	Lot is deemed to have the same meaning as 'Allotment' under both the Local Government Act 2002, and the Resource Management Act 1991.
<b>Non-profit Organisation</b>	<p>Any society, association, organisation or registered charitable trust that:</p> <p>Is not carried out for the profit or gain of any member; and</p> <p>Has rules that do not allow money or property to be distributed to any of its members.</p> <p>For the avoidance of doubt, non-commercial Council activities will be considered non-profit organisations for the purpose of the remissions.</p>
<b>Other Industry / Servicing</b>	Manufacturing, processing, servicing and construction activities, which may be associated with the sale of goods or services directly to the public, e.g. small timber mills, joiners, engineering businesses, panel beaters, mechanics.
<b>LTP</b>	Long Term Plan
<b>RMA</b>	Resource Management Act 1991
<b>Renewal</b>	That portion of project expenditure that has already been funded through depreciation of the existing asset
<b>Residential Allotment</b>	An allotment zoned Residential or Rural in the Combined Regional Land and District Plan and capable of development for residential purposes.
<b>Residential Services</b>	Residential care facilities, e.g. aged care homes

Restaurants/cafes/bars	Activities where food is prepared on-site and/or drinks are sold and consumed on-site (whether private or public).
Retail	Activities primarily involved with selling goods (including large format retail).
Service Connection	A physical connection to a service provided by, or on behalf of, Gisborne District Council.
Subdivision	Subdivision is deemed to have the same meaning as 'subdivision' under the Resource Management Act 1991.
Visitor Accommodation	Hotels, motels, backpackers, campgrounds, etc.
Warehousing / Agriculture and Forestry	Activities primarily involving the storage of goods or property, including warehousing, depots, and wholesaling activities

## Appendix 1 – Project Schedule

For development in the Areas shown in the activity Maps in Appendix 2.

### Transport

Project Name	Years of planned Expenditure	Total estimated Capital Expenditure In \$ 2021	Funded from future Development Contributions (growth component) In \$ 2021	Funded from Rates	Funded from Other Sources (NZTA)
Taruheru Subdivision Road Links - Cameron Rd & Others	2025 - 2027	\$810,000	\$275,400		\$534,600
Taruheru Subdivision Road Links - Potae To Nelson	2018 - 2021	\$1,200,000	\$1,200,000		
Taruheru Subdivision Improvements and cycle path connections	2025 - 2031	\$1,450,000	\$493,000		\$957,000
Taruheru Subdivision Road Links (Nelson to Makaraka Road)	2025 - 2031	\$1,400,000	\$476,000		\$924,000
Taruheru Subdivision Bridge (Nelson to Makaraka Road)	2025 - 2031	\$2,500,000	\$850,000		\$1,650,000
Total Transport Projects Growth related		\$7,360,000	\$3,294,400		\$4,065,600
Reserve Balance as at December 2020			Less surplus \$18,122		
Total to be funded from Development Contributions – Transport			\$3,276,278		

## Water

Project Name	Years of planned Expenditure	Total estimated Capital Expenditure In \$ 2021	Funded from future Development Contributions (growth component) In \$ 2021	Funded from Rates	Funded from Other Sources
Taruheru Block Water Extension	2025 - 2031	\$1,599,145	\$799,573		\$799,573
Local Urban Upgrades	2021 - 2031	\$375,810	\$357,020		\$18,790
Total Water Projects Growth related		\$1,975,810	\$1,156,592		\$818,363
Reserve Balance as at December 2020			Plus deficit -\$325,290		
Total to be funded from Development Contributions – Water			\$1,481,882		

**Wastewater**

Project Name	Years of planned Expenditure	Total estimated Capital Expenditure In \$ 2021	Funded from future Development Contributions (growth component) In \$ 2021	Funded from Rates	Funded from Other Sources
Localised Urban Upgrades	2021 - 2031	\$322,120	\$322,120		
Wastewater Wainui Road New Pipeline	2026 - 2028	\$594,250	\$594,250		
Upgrade Campion Road Pump Station and Rising Main	2025 - 2028	\$3,375,000	\$2,531,250	\$843,750	
Taruheru Block New Pump Station 1	2026 - 2028	\$1,195,000	\$1,195,000		
Taruheru Block New Pump Station 2	2027 - 2029	\$1,116,950	\$1,116,950		
Aerodrome Road Additional Pump Station and Reticulation	2027 - 2029	\$2,697,700	\$2,697,700		
Total Wastewater Projects Growth related		\$9,300,370	\$8,457,270	\$843,750	
Reserve Balance as at December 2020			Less surplus \$792,324		
Total to be funded from Development Contributions – Wastewater			\$7,664,946		

## Stormwater

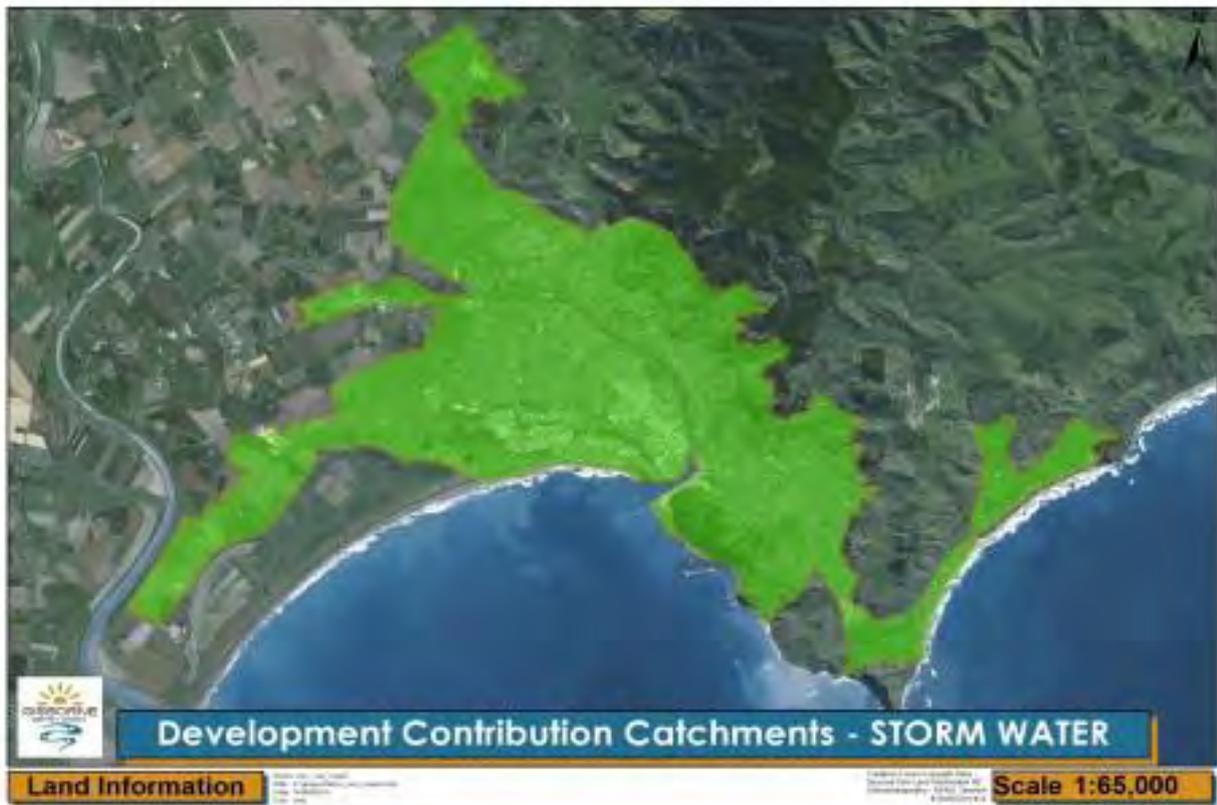
Project Name	Years of planned Expenditure	Total estimated Capital Expenditure In \$ 2021	Funded from future Development Contributions (growth component) In \$ 2021	Funded from Rates	Funded from Other Sources
520005 Stormwater Localised Urban Upgrades	2021 - 2031	\$1,005,000	\$703,500	\$301,500	
520023 Taruhuru / Waru / Haisman (stormwater Catchment)	2022 - 2024	\$1,037,000	\$1,037,000		
Total Stormwater Projects Growth related		\$2,042,000	\$1,740,500	\$301,500	
Reserve Balance as at December 2020			Add deficit \$753,933		
Total to be funded from Development Contributions – Stormwater			\$2,494,433		

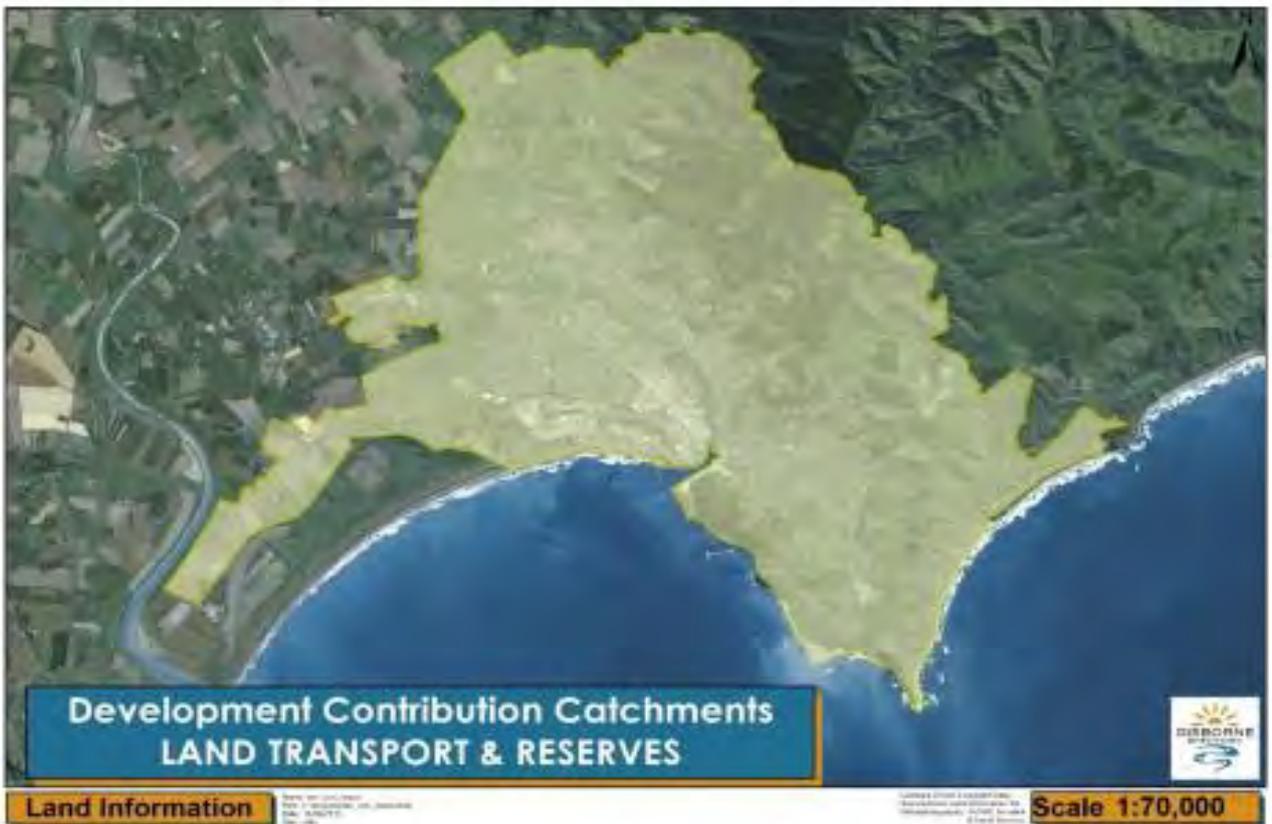
**Reserves**

Project Name	Years of planned Expenditure	Total estimated Capital Expenditure In \$ 2021	Funded from future Development Contributions (growth component) In \$ 2021	Funded from Rates	Funded from Other Sources
Taruheru Reserves Purchases	2022 - 2023	\$434,673	\$434,673		
Land Improvements	2023 – 2025	\$342,895	\$342,895		
Total Reserves Projects Growth related		\$777,568	\$777,568		
Reserve Balance as at December 2020			Less surplus \$285,633		
Total to be funded from Development Contributions – Reserves			\$491,935		

Activity	Total to be funded by Development Contributions 2021 - 2031	Total Addition al HUEs Residenti al Forecast to 2031	Total addition al HUEs Non-residenti al forecast to 2031	Total addition al HUEs forecast to 2031	Development Contribution charge per HUE Ex GST
Transport	\$3,276 ,278	1,310	454	1,764	\$1,857
Water	\$1,481,882	1,310	197	1,507	\$983
Wastewater	\$7,664,946	1,310	197	1,507	\$5,086
Stormwater	\$2,494,433	1,310	234	1,544	\$1,616
Reserves	\$491,935	1,310	0	1,310	\$376
<b>Total</b>	<b>\$15,409,474</b>				<b>\$9,918</b>

## Appendix 2 – Catchment Maps





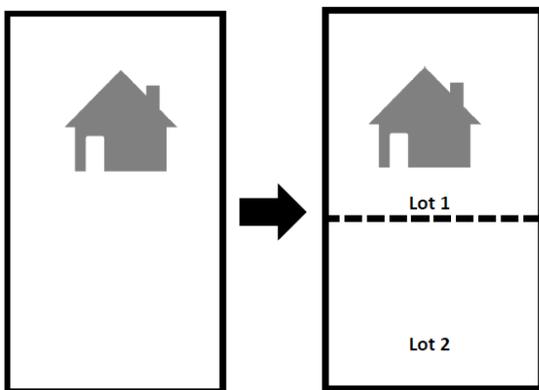
## Appendix 3 - Development Contributions Calculations - Examples

### Example 1 - Residential Subdivision

Proposal: Subdividing to create an additional lot (Lot 2) located within the Gisborne Urban Area (as located on Maps in Appendix 2). The new site is connecting to council services.

**Assessment: One HUE for all activities for the additional lot created.**

Activity	Number of extra HUE's being created by the proposal	Charge per HUE (\$) (GST Exclusive)	Total Cost of the proposal (GST Exclusive)
Transport	1	\$1,857	\$1,857
Water	1	\$983	\$983
Wastewater	1	\$5,086	\$5,086
Stormwater	1	\$1,616	\$1,616
Reserves	1	\$376	\$376
<b>Total DC Charges</b>			<b>\$9,918</b>



## Example 2 - Development Contributions Calculation (Residential multi lot):

Consider the example of a proposed residential subdivision as shown in diagrams 1 and 2 below. The proposed subdivision is from an original lot size of 4000 m<sup>2</sup> that is located within **the GUA**. The proposed subdivision will result in the creation of three new additional allotments each consisting of variable areas of up to 1000 m<sup>2</sup>. The Development Contribution will be worked out in relation to the new units of demand created (four new additional lots) that will contain a total area of 3200 m<sup>2</sup>. An example to work out the appropriate contribution is set out below.

Diagram 1 Original Lot Size	Diagram 2 Proposed New Allotments for Original Lot				
4,000 m <sup>2</sup> 	800 m <sup>2</sup>  Remaining Lot	800 m <sup>2</sup>	600 m <sup>2</sup>	600 m <sup>2</sup>	1,000 m <sup>2</sup>
		Four proposed new allotments			

**Step 1** What Development Contribution Area is the development in? GUA

**Step 2** Establish what type of development and stage of development? Residential activity at subdivision stage.

**Step 3** What is the demand for each Community Facility being created for the proposed development? 4 additional residential lots.

Activity	Allotments	Number of HUEs per lot	\$ per HUE (GST Exclusive)	Total DC charge payable (GST Exclusive)
Transport	4 additional allotments (5 final lots less 1 existing lot)	1	\$1,857	\$7,428
Water	4 additional allotments (5 final lots less 1 existing lot)	1	\$983	\$3,932
Wastewater	4 additional allotments (5 final lots less 1 existing lot)	1	\$5,086	\$20,344
Stormwater	4 additional allotments (5 final lots less 1 existing lot)	1	\$1,616	\$6,464
Reserves	4 additional allotments (5 final lots less 1 existing lot)	1	\$376	\$1,504
<b>Total Development Contributions payable</b>				<b>\$39,672</b>

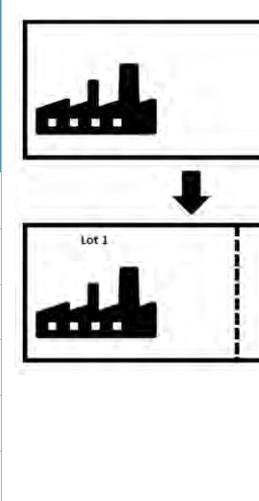
(Note: An existing unit of demand is determined by either an existing equivalent residential unit on the site such as a dwelling or a past contribution has been paid in respect to that development.)

### Example 3 - Non-Residential Subdivision

Proposal: Subdividing to create one additional vacant non - residential lot. The new site will be serviced by council services.

Assessment: One set of contributions for the additional vacant lot created.

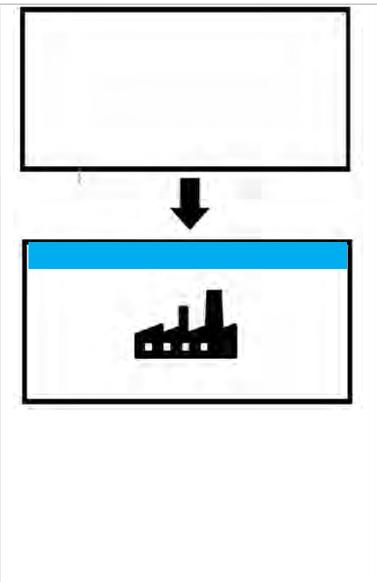
Activity	Number of extra HUE's being created by the proposal	Charge per HUE (\$) (GST Exclusive)	Total Cost of the proposal (GST Exclusive)
Transport	1	\$1,857	\$1,857
Water	1	\$983	\$983
Wastewater	1	\$5,086	\$5,086
Stormwater	1	\$1,616	\$1,616
Reserves	Nil	\$376	-
Total DC payable			\$9,542



### Example 4 - Develop one Non-Residential building on a vacant lot

Proposal: Erect a 1,000m<sup>2</sup> single storey Industrial Building located in the GUA catchment. The building is in addition to existing buildings on site and is connected to council services. Creates an additional Impervious Service Area of 2,000m<sup>2</sup> including carparks.

Activity	HUE's per 100m <sup>2</sup> GFA (as per Table 10)	Charge per HUE (\$) (GST Exclusive)	Total Cost of the proposal (GST Exclusive)
Transport	0.8 * 10 = 8	\$1,857	14,858
Water	0.4 * 10 = 4	\$983	3,932
Wastewater	0.4 * 10 = 4	\$5,086	20,343
Stormwater	0.29 * 20 = 5.8	\$1,616	9,370
Reserves	Nil	\$376	Nil
Total DC payable			\$48,503



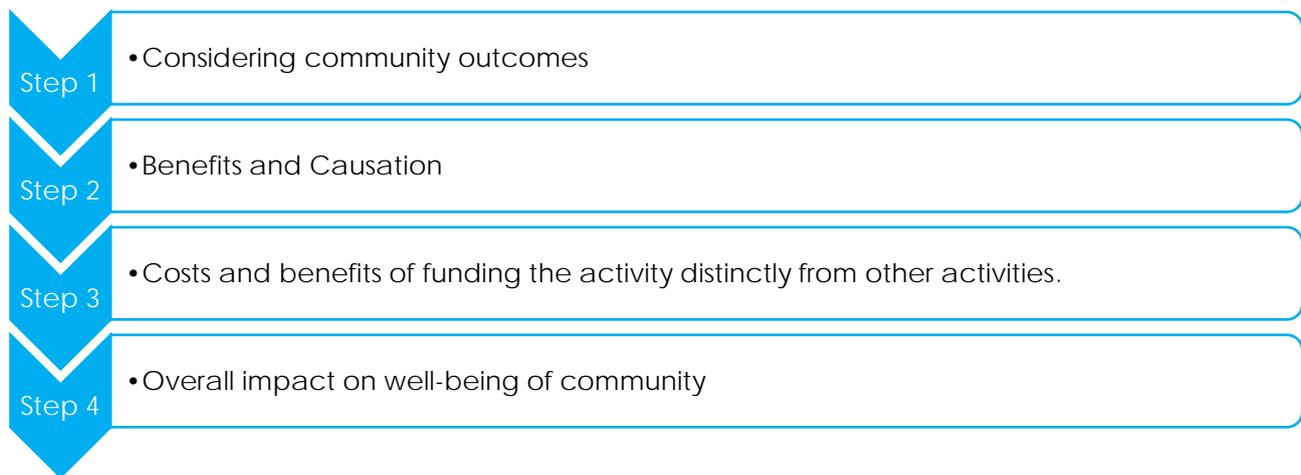
## Appendix 4 - Analysis of Benefits – Section 101(3) LGA Requirements

The Council has determined the appropriate funding sources to meet the expected total capital cost of growth capital expenditure identified in the schedules of this DCP. Council has elected to fund through DCs the total cost of growth related capital expenditure. Sections 106 and 101(3) of the LGA requires that the following be considered:

The funding needs of the local authority must be met from those sources that the local authority determines to be appropriate, following consideration of:

- a) In relation to each activity to be funded:
  - (i) the community outcomes to which the activity primarily contributes;
  - (ii) the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals;
  - (iii) the period in or over which benefits are expected to occur;
  - (iv) the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and
  - (v) the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and
- b) The overall impact of any allocation of liability for revenue needs on the community.

The Council has followed the four steps outlined below in making the above assessment. These steps are discussed in detail below.



### Step 1 - Considering community outcomes (section 101(3)(a)(i))

Council has a proposed vision of **Tairāwhiti rising. It all starts here.** Community outcomes are as identified in the 2021 LTP. For the purposes of the DCP, activities have been grouped into:

- Recreation and Amenity;
- Water supply,
- Wastewater,
- Stormwater, and
- Land Transport.

DCs have been established to support these activities and help deliver the community outcomes to which each group of activities contributes as shown below:

**Table 1 – Gisborne District Council infrastructure activities contributions to Community Outcomes**

	Water	Wastewater	Stormwater	Land Transport	Recreation and Amenity
<b>Resilient communities</b> - He hapori manahau	✓	✓	✓	✓	✓
Te tuku kaupapa mo te Māori, ki te Māori		✓			✓
<b>Delivering for and with Māori</b>					
Te whakaaro hōhonu ki te toitūtanga	✓	✓	✓		
<b>We take sustainability seriously</b>					
Te hononga, te haumarū o te hapori				✓	✓
<b>Connected and safe communities</b>					
<b>Strategic Priorities</b>					
<b>Te hanganga</b> We will invest in existing and future core infrastructure needs, with a focus on adaptive, cost efficient and effective designs that enhance our sense of place and lifestyle	✓	✓	✓	✓	✓
<b>Ngā tikanga āwhina tāngata</b> We will efficiently deliver quality services that enable our communities	✓	✓	✓	✓	✓
<b>Te taiao</b> We will protect and enhance our environment and biodiversity	✓	✓	✓		

### Step 2 – Benefits and Causation

Under sections 101(3)(a)(ii) through (iv), Council also has to consider who benefits from the community facilities, over what time period, and who created the need.

When having regard to how Council activities contribute to identified community outcomes, the Council develops a programme of infrastructural capital works and reserves purchases. For each of the individual capital projects included in the programme, the Council assesses who created the need for that project, who will benefit from the asset that it creates and how long that benefit will last.

The Council has:

- Estimated the extent of growth within the overall District and GUA, translated this estimated growth into an expected number of Households and Household Unit Equivalents (HUE); and
- Identified the capital expenditure necessary to meet the needs of the growth community.

Where the existing capacity of community facilities is insufficient to provide the levels of service to new residential and non-residential users specified by the Council in the LTP, those new developments create the need for new community facilities which requires the Council to incur capital expenditure.

The Council also recognises that there may be capital expenditure necessary to increase the level of service for all, due to:

- Required renewals;
- Ratepayers who want increased levels of service;
- Obligations on the Council to raise the levels of service to meet resource consent or statutory obligations and conditions; and
- Visitors to the District using the facilities.

The allocation of the benefits and the costs (public vs private benefit) has had regard to these factors.

For each of the individual projects that require capital expenditure to cater for growth, the Council makes an assessment about whether the asset being created will benefit the existing community or the new developments, or both of those groups. In making this assessment, the Council will consider a number of factors, including:

- the capacity of existing facilities to meet stated levels of service;
- the extent to which the relevant capital project will provide:
  - i) a renewal,
  - ii) an increased level of service; or
  - iii) a new service.

For each individual project that requires capital expenditure, the Council determines the length of time over which the asset created by that expenditure will provide a benefit to the community.

### **Step 3 – Costs and benefits of funding the activity distinctly from other activities**

On an activity by activity basis, the Council considers the costs and benefits of funding each activity distinctly from other activities as required by s101(3)(a)(v). This analysis is contained in the Revenue and Finance Policy. The benefits of additional community infrastructure capacity generally accrue to the improved or new properties generating demand for that capacity.

The Council considers that the use of DCs to fund the cost of growth in community facilities, in proportion to the benefit received by forecast developments, provides the benefits of greater transparency, greater accountability and intergenerational equity.

The current community facilities for Stormwater, Water, Wastewater, Land Transport and Reserves servicing the GUA are not sufficient to cater for growth. In contrast the coastal and rural townships have considerable capacity in these facilities after many years of static or declining population and household numbers, and Council has a strategic goal of supporting and growing these townships.

#### **Step 4 – Overall impact on well-being of community**

Finally, the Council considers how funding each activity will impact on the wellbeing of the community.

DCs are considered to be fair because they allocate growth costs to the section of the community that creates the need for Council to incur that expenditure, i.e. developers, new residents and new business activities.

Council must balance the overall impact of rates and fees and charges. DCs need to be set at a level which still enables development and they must be levied in a fair, reasonable and equitable manner. Setting DCs at a level that does not fund growth would impose an unfair burden on the economic wellbeing of the existing ratepayer community.

Additional analysis for each of the following types of community facilities is set out in Section 4:

- Water: section 4.4.1
- Wastewater: section 4.4.2
- Stormwater: section 4.4.3
- Reserves: section 4.4.4
- Land Transport: section 4.4.5

The following analysis sets out the rationale for Council identifying one catchment area (the GUA) for DC charges for Water, Stormwater and Wastewater, Land Transport and Reserves and other Community Infrastructure. Each of the three waters activities (Water, Stormwater and Wastewater) has a different definition of the GUA based on the extent of reticulated services. These areas are defined in the maps in Appendix 2.

- Land Transport

Land Transport is considered one network for the GUA.

Properties have access to the network and levels of service are standardised across the network as set by the Council and the One Network Road Classification system of the New Zealand Transport Authority. However, growth is concentrated in the GUA area and the roading network outside of the GUA is considered to have sufficient capacity to cater for increased traffic generated by growth in the GUA. The vehicle movements generated from a development can access all parts of the network without further charges by Council. Traffic modelling and counts show an interconnected network as residents and businesses access work, home, recreation and friends.

Development creates additional traffic flows onto the network. While individual households and businesses will generate different levels of traffic movement it is not feasible to identify the individual impacts. For households a uniform impact of one HUE is assumed, equal to ten vehicle movements a day. For non-residential developments an average assessment of vehicle movements, based on historical analysis and industry standard research, has resulted in an assessment of the HUE multipliers relative to households. Council has stated that it can carry out a special assessment of demand for developments that have a significantly greater impact on the Land Transport network than the average for the category.

Further analysis is contained in the Revenue and Finance Policy.

- Recreation and Amenity and other Community Infrastructure

Reserves assets are open to all residents and visitors to access free of charge. New developments increase the number of residents and generate increased demand for passive and active recreational facilities, as well as assets such as toilets and community halls.

Regardless of the location of the development, additional residents utilise a range of facilities and create demand for more walkways, cycleways and other assets. Council has reserve land, halls and other assets located across the District. With all of the growth related projects focused on the GUA the catchment has been kept to that area. Walkways, major playgrounds and major parks are located in the areas of greatest population density.

Existing Recreation and Amenity assets outside of the GUA have been assessed as having spare capacity for minor growth.

- Water

The water networks service urban and industrial areas and are funded by properties connected to each network in urban areas. Across the district only the GUA requires additional capacity to cater for expected growth. As such DC charges only apply to the GUA network area, and developments that will be serviced by the GUA network.

The GUA network is operated as a single network system, and all properties connected are charged the same for operating costs, except those properties with a meter and charged on a volume basis. The network is designed to achieve the same level of service for water quality and delivery. There is a single source of water and one treatment plant. For these reasons there is a single HUE DC charge for residential, and equivalent HUE charges for non-residential, for the costs that growth creates for the GUA water network area.

- Wastewater

The wastewater networks service urban and industrial areas and are funded by properties connected to each network. Across the district only the GUA requires additional capacity to cater for expected growth. As such DC charges only apply to the GUA network area, and developments that will be serviced by the GUA network.

The GUA network is operated as a single network system, and all properties connected are charged the same for operating costs, with some non-residential properties also charged on a trade waste basis. The network is designed to achieve the same level of service for wastewater quality and delivery. There is a single treatment plant and discharge. For these reasons there is a single HUE DC charge for residential, and equivalent HUE charges for non-residential wastewater GUA network area.

- Stormwater

The networks service urban and industrial areas and are funded by properties connected to each network. Existing stormwater flows within catchments are also generated from flows from rural areas upstream of urban areas. Stormwater within urban areas is generated as runoff of rainfall from impervious hard surfaces and saturated ground. Across the district only the GUA required additional capacity to cater for expected growth. The need for additional stormwater network services is generated by development and the downstream impacts have to be catered for.

In the last decade there have been significant changes to the requirements to control and capture stormwater. Rules set by GDC now require more stormwater neutrality from new developments during peak stream / river flows. The result is that Council and developers need to plan to capture and hold parts of stormwater runoff during peak flow events. Council is planning to continue to invest in additional stormwater capacity to meet the new requirements.

This has led to Council to continue to treat stormwater DCs as one area for the GDC. Regardless of where the development is located in the GDC it will add to the need for larger pipes and retention ponds to reduce runoff into the waterways during peak flows.

## Appendix 5 – How development contributions have been calculated referenced against LGA requirements

Section 201(1)(a) of the LGA 2002 requires this DCP to include, in summary form, an explanation of and justification for the way each development contribution in Appendix 1 has been calculated.

In summary, each contribution has been calculated in accordance with the methodology set out in Schedule 13 of the LGA 2002, and by following the process in Section 3.3.

**Table 14: Calculating development contributions (Schedule 13, LGA 2002)**

Step	Methodology	LGA 2002 reference
1	<p><b>Identify and define catchments</b></p> <p>A catchment is the area served by a particular infrastructure, e.g. reservoirs, pumping stations and pipes. The catchment for this DCP are the GUA.</p>	<p>Schedule 13(1)(a)</p> <p>197AB (g)</p>
2	<p><b>Identify ten-year capital expenditure resulting from predicted growth</b></p> <p>Historic capital expenditure incurred in anticipation of growth, if any.</p> <p>Assessment of the requirements for land transport, three waters, reserves and community infrastructure as a result of new population and commercial land.</p>	<p>199(2)</p> <p>106(2)(a) and Schedule 13(1)(a)</p> <p>201(1)(b)</p>

Step	Methodology	LGA 2002 reference
3	<p><b>Identify the percentage of growth-related ten-year capital expenditure to be funded by development contributions</b></p> <p>The proportion of total planned costs of capital expenditure for network infrastructure from the LTP resulting from growth.</p> <p>Growth costs (capacity increase to cater for new entrants) can be funded in full or in part by using development contributions. This is one of three components of the total ten-year capital costs budgeted in the LTP, the other two components being level of service improvements (including backlog costs to bring service standards up to desired levels) and renewals. These two costs must be met from funding sources other than development contributions.</p> <p>Justification for the level of growth costs should be supported by financial management funding considerations and show significant assumptions and impacts of uncertainty. New capital expenditure is developed in the LTP.</p> <p>Consider development contribution principles.</p>	<p>106(2)(b)</p> <p>101(3)</p> <p>197AB</p>
4	<p><b>Identify the appropriate units of demand</b></p> <p>The selected unit of demand is the Housing Unit Equivalent (HUE) based on an average residential dwelling. The choice of the HUE as the unit of demand was influenced by the following matters:</p> <p>For areas of residential development, HEUs can be applied uniformly at one for each allotment, regardless of size for reasons of administrative simplicity. Allotments typically accommodate one residential dwelling, and therefore lot size is not considered to have a material impact on demand.</p> <p>For multiple units on one allotment, additional demand will arise due to multiple residential units.</p> <p>For non-residential development, demand will arise due to occupation of commercial space therefore requiring three-waters infrastructure and access to transport infrastructure.</p>	<p>LGA 2002 Schedule 13(1)(b)</p>
5	<p><b>Identify the designed capacity (in units of demand) provided for growth</b></p> <p>The designed capacity may vary between different types of infrastructure. In some cases it may be considered economically prudent to provide spare growth capacity considerably beyond current ten-year expectations of growth.</p>	<p>Schedule 13(1)(b) and (2)</p>

Step	Methodology	LGA 2002 reference
	Costs are recovered across the full designed number of HUEs.	
6	<p><b>Allocate the costs to each unit of demand for growth</b></p> <p>The development contribution charge per HUE is calculated by dividing the total capital expenditure resulting from growth (step two) by the designated units of demand for growth (step five).</p>	Schedule 13(1)(b)
7	<p><b>Prepare schedules</b></p> <p>Schedule of assets for which Development Contributions will apply</p> <p>Schedule of fees.</p>	<p>201A</p> <p>201(2)</p> <p>202</p> <p>201(1)(a)</p>