

Policy on Development Contributions

Wellington City Council

Effective from 1 July 2005

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1 Introduction

1.1 What are development contributions?

A development contributions policy provides Council with a method to obtain contributions to fund infrastructure required as a result of growth.

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 Council incurs capital expenditure to provide appropriately for network infrastructure, community infrastructure and reserves. In addition Council require development contributions to pay, in full or in part, for capital expenditure already incurred by Council in anticipation of development.

1.2 Legislative requirements

This document sets out Council's policy on development contributions under the Local Government Act 2002 ('LGA 2002'). Under section 102(4)(d) of the LGA 2002, Council is required to adopt a policy on development contributions or financial contributions as a component of its Funding and Financial Policies in its Long Term Council Community Plan ('LTCCP').

Section 198 of the LGA 2002 provides Council with the power to require a contribution from developments.

This policy has been prepared to meet the requirements for development contribution policies set out in sections 106, 197-211, and Schedule 13 of the LGA 2002. In summary, the policy:

- Summarises and explains the capital expenditure identified in the 03/04 LTCCP (as varied by the 04/05 Annual Plan) that the Council expects to incur to meet the increased demand for network infrastructure (roads, water, wastewater and stormwater collection and management) and reserves resulting from growth; and
- States the proportion of that capital expenditure that will be funded by development contributions; and
- Explains the rationale for using development contributions as the funding mechanism (as opposed to other mechanisms such as financial contributions, rates, or borrowings); and
- Specifies the level of contribution payable in different parts of the city; and
- Specifies when a development contribution will be required; and
- Prescribes conditions and criteria applying for remission, postponement and refund of development contributions.

1.3 Application of Development Contributions

The policy provides for Council to impose development contributions to fund growth related capital expenditure on:

- Network infrastructure, i.e.

- water supply;
 - wastewater;
 - stormwater;
 - transport and roading; and
- Reserves.

Development contributions are not payable at this stage for community infrastructure such as libraries, swimming pools and community centres. Council may extend the Policy to recover the growth related costs to Council of providing such infrastructure in the future.

Council will not require a development contribution where:

- It has imposed a condition on a resource consent in relation to the same development for the same purpose under section 108(2)(a) of the Resource Management Act 1991 ('RMA'); or
- The developer will fund or otherwise provide for the same local network infrastructure, community infrastructure or reserve in agreement with Council (and citywide fees will still apply); or
- Council has received, or will receive, funding from a third party.

1.4 Relationship with Financial Contributions in the District Plan

This Development Contribution Policy is distinct from and in addition to the provisions in the District Plan that provide Council the discretion to require financial contributions under the Resource Management Act 1991. Council will use the Policy where a development contribution is payable for a particular purpose within a catchment and for all Citywide contributions.

However, where a development results in Council incurring Capital Expenditure that is not included in the LTCCP Capital Expenditure in the Policy, Council may impose a financial contribution as a condition of resource consent under section 3.4.5 of the District Plan which states that:

“where a proposed development creates the need for increased capacity or upgrades to infrastructure at the point of connection (in terms of traffic, stormwater, sewers, or water) the Council may require a payment towards the cost of necessary works. The Council will set a payment on the basis of what is believed to be a fair and appropriate proportion of the costs that should be borne by the developer (up to 100%)”.

2 Planning for growth

2.1 Growth in Wellington City

City growth assumptions underpin Council's Asset Management Plans and capital expenditure budgets in the LTCCP for the period 2003/04 to 2012/13. These assumptions are informed by forecasts based on Greater Wellington Regional Council's MERA projection modelling on population, dwellings and employment based on Statistics NZ census data for the periods 2001 to 2011 and 2021 as follows:

	2001 Census	Projection to 2011	10-year % increase	Projection to 2021	20-year % increase
Population	163,793	177,187	8.2%	185,773	13.4%
Households	62,454	68,359	9.5%	74,443	19.2%
Employment					
- Full Time	74,741	81,655	9.3%	84,755	13.4%
- Part Time	18,653	21,163	13.5%	21,849	17.1%

Source: Statistics NZ census data and projections as modelled by MERA (Monitoring and Evaluation Research Associates Ltd) for Greater Wellington Regional Council's projections.

These projections indicate that:

- Residential ten-year 2001 – 2011 growth assumptions are for an additional **5,905** (9.5% growth) equivalent household units ('EHU's' – refer section 2.2 of the Policy)¹ spread across the city in greenfield, infill and central city conversion locations;
- Residential household twenty-year 2001 – 2021 growth assumptions are for an additional **11,989** EHUs (19.2% growth);
- Non residential ten-year 2001 – 2011 growth assumptions, based on full time employment increases of 6,914² converted to EHUs (i.e. by dividing the total expected employment by the 2.6 average number of persons living in a Wellington household), are an additional **2,659** EHUs;
- Non residential twenty year 2001 – 2021 growth assumptions, based on full time employment increases of 10,014², are projected to be an additional **3,851** EHUs;
- These non residential projections are conservative as they do not account for the projected increase of 2510 persons in part time employment (i.e. approximately 500 EHUs assuming part-time is 0.5 FTE);
- Overall total projected ten-year (2001 – 2011) residential and non residential growth based on the 2001 census, excluding increases in part time employment, amount to **8,564** EHUs.

Growth projections are subject to significant uncertainties as to the quantum, timing and location of growth. Therefore the regular update and assessment of growth projections is a key component of planning future infrastructure requirements.

Informed by the above 2001 – 2021 estimates, other forward planning projects³ and recognising potential forecasting errors, for calculation purposes a **ten year EHU growth**

¹ Source: Greater Wellington Regional Council Population Projections, (MERA Base Census 2001 Wellington TLA modelling of Statistics New Zealand data for occupied private household projections by usual residents from the 2001 base year NZ census of population and dwellings counts).

² Source: Greater Wellington Regional Council Population Projections, (MERA Base Census 2001 Wellington TLA modelling of Statistics New Zealand data for Usually Resident NZ Population aged 15 years or over engaged in full or part time work by usual residence, based on medium projection all ages total 2001-2011 with the base year based on custom NZ Census of Population and Dwellings Counts 2001).

³ To ensure the collection and analysis of robust data, Council is involved with two forward planning projects that have clear linkages with the development of a Development Contributions Policy – the Wellington Urban Development Strategy and the Wellington Regional Strategy.

assumption of 10% has been used for both residential and commercial sectors over the period 2003/04 – 2012/13, conservatively assumed to be **9,175 EHU**s⁴.

The increase in capital expenditure resulting from growth is not necessarily proportional to the increase in population and employment, i.e. actual costs to provide for growth will depend upon the particular capital works required. However for Citywide catchments in water, stormwater, roading and reserves, Council has assumed such a proportional relationship as there is little spare capacity and capital works have been designed with an ongoing 10% provision for growth.

2.2 Application of Equivalent Household Units (EHUs) as the unit of demand

The most equitable way to apportion the cost of new infrastructure in response to growth demand is on the basis of the number of equivalent new households expected in Wellington as detailed in 2.1 above for both residential and non residential uses.

Residential development is defined in section 10 of the policy. Non-residential development is likewise defined, and essentially means all development not falling within the definition of residential development.

In an infill residential development, the identifiable unit of demand will either be a subdivided allotment or an additional household unit as defined in the District Plan. In a greenfields development, the identifiable unit of demand is an allotment.

For a non residential development, Council has assumed that an employee requires approximately 25m² of gross floor area ('gfa') and that 2.6 employees, being the equivalent average household occupancy, would require 65m².

When calculating the number of EHUs in a non-residential development:

- the 65m² of gfa will be applied on a pro-rata basis (rather than rounding to the nearest EHU). In other words, a non-residential development with a gfa of [100m²] will equate to [1.54] EHUs.
- Except that for development less than 10m² no contribution will be payable.

In summary:

Type of development:	EHU assessment based on:
Residential development (infill)	<ul style="list-style-type: none"> ▪ 1 EHU per allotment; or ▪ 1 EHU per Household unit
Residential development (Greenfields)	<ul style="list-style-type: none"> ▪ 1 EHU per allotment
Non residential	<ul style="list-style-type: none"> ▪ 1 EHU for every 65m² of gfa unless changed following an assessment under the process below

⁴ Comprises residential and non residential household units based on Wellington city's 2001 census night population of 163,793 at 10% divided by an average household size of 2.6 people (6,300 EHUs) plus the total population in full time employment of 74,741 at 10% divided by an average household size of 2.6 people (2,875 EHUs)

Assessment process for non residential development

The non-residential unit of demand (65m² GFA per EHU) may be departed from in the following circumstances:

1 Self-assessment

An applicant may apply for a self-assessment of the number of EHU's payable for a particular development as follows:

- (a) Application must be made in writing before any development contributions payment in respect of the development becomes due.
- (b) The assessment must relate to all infrastructure and reserve categories for which development contributions are payable under the policy.
- (c) The onus is on applicant to prove (on the balance of probabilities) that the Actual Increased Demand created by the development is different from that assessed by applying the non-residential unit of demand. Actual Increased Demand means the demand created by the most intensive commercial use(s) likely to become established in the development within 10 years from the date of application.
- (d) The Council may determine an application made under this part at its discretion. In doing so the Council must take into account everything presented to it by way of the written application, and may take into account any other matter(s) it considers relevant.
- (e) Any application must be accompanied by the fee payable to recover Council's actual and reasonable costs of determining the application.

2 Special assessment

If the Council believes on reasonable grounds that the increased demand for water supply, wastewater, stormwater, transport and roading and/or reserves assessed for a particular development by applying the non-residential unit of demand are less than the Actual Increased Demand created by the development, it may require a special assessment to determine the number of EHUs as follows:

- (a) A special assessment must be initiated before any development contributions payment in respect of the development becomes due.
- (b) The assessment must relate to all infrastructure and reserve categories for which development contributions are payable under the policy.

- (c) The Council may request information from the applicant to establish the Actual Increased Demands.
- (d) The Council must bear its own costs.
- (e) Everything the Council intends to take into account when making a special assessment must be provided to the applicant for a written reply at least 14 days before the assessment is determined.
- (f) The Council may determine a special assessment made under this part at its discretion. In doing so the Council must take into account everything presented to it by way of a written reply, and may take into account any other matter(s) it considers relevant.

3 Assessment guidelines

Without limiting the Council's discretion, when assessing an application for a self-assessment, or a special assessment initiated by Council, the Council will be guided by the following:

Infrastructure Type	Usage Measure per EHU
Water Supply	780 litres per day
Wastewater	780 litres per day
Stormwater	Runoff co-efficient not exceeding 0.7
Traffic and Rooding	10 trips per day
Reserves	600m ² of building area with a minimum deemed area of 300m ²

2.3 Credit for EHUs for existing development

In some cases, credits may be used to reduce the development contribution payable. Credits will be expressed in EHUs. Credits will not be refunded, and can only be used for developments on the same site and for the same activity. Credits cannot be used to reduce the number of units of demand to less than zero.

A credit is given for the number of EHUs assessed for the development or use existing on the site at the time the application is assessed for the development contribution payable, to recognise situations where existing structures on the site or uses on the site mean that the development being assessed will not contribute to growth to the extent that the assessed number of units of demand implies.

The number of EHU credits will be calculated by applying the criteria in paragraph 2.2 above, unless in the case of non residential development, the assessment process is used. Where a self-assessment or special assessment is undertaken under 2.2 it will also include a determination of the credits under the policy.

Examples where credits will arise are:

Type of existing original	Nature of credit:
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development:	
Infill Residential fee simple subdivision of existing allotment into 3 fee simple allotments	<ul style="list-style-type: none"> ▪ 1 EHU credit – for the original allotment. Development Contributions payable on 2 EHU's
Residential development of existing CBD site with 650m ² gfa commercial building into 100 unit title apartments	<ul style="list-style-type: none"> ▪ 10 EHU credit (i.e. 650m² gfa /65m²) unless an assessment is undertaken
Additional household unit on exiting allotment with one house – (with or without subdivision)	<ul style="list-style-type: none"> ▪ 1 EHU credit for the existing household unit
Development of 4 fee simple lots in the Northern Growth area for commercial storage facility – with 10,000m ² gfa	<ul style="list-style-type: none"> ▪ 4 EHU credit for the existing allotments to be deducted from the total payable for the commercial storage facility (10,000 m² gfa/ 65)

3 Rationale for funding the costs of growth through development contributions

Section 106(2)(c) of the LGA 2002 requires the Council's development contributions policy to explain why the Council has determined to use development contributions as a funding source, by reference to the matters referred to in section 101(3) of the LGA 2002 detailed in sections 3.1 to 3.5 below.

3.1 Community outcomes

The following five key community outcomes for the city's built environment were identified by Wellington City Council for the LTCCP in 2003/04:

- Wellington is a great place to live and offers a variety of places to live, work and play within a high quality public environment;
- Wellington is easy to get around, pedestrian-friendly and has a highly interconnected street system;
- Wellington is a memorable, beautiful city celebrating its distinctive landmarks, defining features and heritage;
- Wellington is a compact city with mixed land use, structured around a vibrant central city and suburban centres, and connected by major transport corridors; and
- Wellington's form reflects the unique character and beauty of the harbour and hills.

Charging new development for the additional infrastructure ensures a fair contribution to the community outcomes. This means, for example, that:

- Traffic resulting from development is managed by a programme of works that maintains existing traffic flow, pedestrian and cycle access, parking and safety standards;

- Large, efficient reservoirs and pumping stations are built and shared across a number of developments; and
- Reserves are created and developed to service growth.

Note: the Council is undertaking its community outcomes process during 2005/06. The results of this process will be incorporated in the Council's 2006/07 LTCCP. This section of the policy will be revised if necessary at that time.

3.2 Distribution of benefits and the extent to which particular individuals or groups contribute to the need to undertake an activity

It is appropriate that development contributions fund additional capacity in water supply, wastewater, stormwater, roading and reserves. The benefits of this additional capacity accrue to new households (EHUs) generating demand for that capacity. Development contributions paid by developers are likely to be passed on through section prices to the residents of new households. Existing residents, however, gain no direct benefit from, and should not be required to fund through rates, the addition of capacity to existing networks that adequately meet their needs.

Conversely, the cost of maintaining or improving levels of service provided by Council infrastructure to the existing population cannot be included in capital expenditure to be funded out of development contributions, as this expenditure does not benefit developers or new households.

3.3 Costs and benefits of funding the activity distinctly from other activities

The benefits of funding additional infrastructure capacity resulting from development growth through development contributions include greater transparency and allocative efficiency through passing on the actual costs to developers. The use of catchments also aids transparency and allocative efficiency by signalling the variations in the cost of providing infrastructure according to the characteristics of the particular locality and the nature of the works required. Although development contributions are not a significant administrative cost once systems are established, for small catchments collection of development contributions may not be cost effective and therefore a Citywide fee will be more efficient for some activities with a large number of widely located projects.

3.4 Overall impact on community wellbeing

Ensuring adequate levels and balance between the various sources of funding to provide appropriate infrastructure is central to promoting the social, economic, environmental and cultural wellbeing of the city. Funding the cost of providing increased capacity in Council infrastructure through development contributions rather than rates serviced debt promotes equity between existing residents and newcomers.

Council resolved that it retains the option of departing from the principle that development should pay 100% of growth related capital expenditure for particular infrastructure if the Council were to be of the view, following the consideration of section 101(3) LGA factors, that there is a demonstrable case supporting a variation.

4 Capital expenditure in response to growth

4.1 Activities and catchments for which development contributions may be required

LGA 2002 allows Council to require a development contribution from any development for:

- Capital expenditure **expected** to be incurred as a result of growth; or
- Capital expenditure **already** incurred in anticipation of growth⁵.

Development contributions will be required for Council-funded capital works resulting from growth associated with the provision of the following network infrastructure and reserves.

Water supply

Development contributions will be required for:

- The ongoing Citywide upgrade in capacity of the water supply network of pipes and pumping stations;
- Capital works to provide additional reservoir and pump station capacity for specific catchments.

Wastewater

Development contributions will be required for:

- The ongoing Citywide upgrade in capacity of the networks of wastewater pipes and pumps;
- Council funded capital works associated with the provision of the Council's Clearwater project that serves the Moa Point and Karori Wastewater Catchments and was developed with additional capacity in anticipation of growth;
- Capital expenditure incurred to purchase additional capacity in the Porirua Treatment Plant from Porirua City Council.

Stormwater

Development contributions will be required for the ongoing Citywide upgrade in capacity of the network of pipes and streams that make up the stormwater system.

Roading

Development contributions will be required for the ongoing Citywide upgrades of roads, public transport facilities, cycleways and pedestrian walkways to facilitate growth.

Reserves

Development contributions will be required in three catchments – a Citywide catchment, an inner city catchment and for greenfields catchments (in accordance with Council's policies for playgrounds and local reserves).

4.2 Growth-related capital expenditure

The table below sets out for each activity:

⁵ S199(2) LGA

- The capital expenditure identified in the 2003/04 LTCCP (as amended) that the Council expects to incur to meet the increased demand for network infrastructure and reserves resulting from growth;
- The total amount of development contribution funding sought for that activity;
- The proportion of the capital expenditure that will be funded by development contributions and other sources of funding.

Summary of capex for infrastructure area	Total cost of capital works	Total growth component	Amount to be funded by development contributions	Amount to be funded from other sources
Water supply	105,857,479	8,783,054	8,783,054	-
Wastewater	100,274,812	1,970,878	1,970,878	-
Stormwater	27,753,294	1,427,769	1,427,769	-
Roading	246,596,984	10,761,890	5,825,529	4,936,361
Reserves	74,562,724	5,705,193	5,705,193	-

Where Council anticipates funding from a third party (such as Land Transport New Zealand) for any part of the growth component of the capital expenditure budget, then this proportion is excluded from the costs used to calculate development contributions.

4.3 Capital costs already incurred in anticipation of growth

Development contributions will also be required from development to meet the cost of infrastructure capacity already incurred in anticipation of development where Council has assessed it appropriate and reasonable.

For the purpose of this policy, taking a development contribution for capital expenditure already incurred in anticipation of development is considered appropriate for the wastewater network infrastructure in the catchment areas of the Moa Point and Western treatment plants (Clearwater), Council's share of the Porirua Treatment Plant and for several water supply catchments but not for any of the other listed activities in section 4.2 above.

The capital expenditure already incurred to meet increased growth demand for network infrastructure and reserves is summarised below.

Activities	Total capital expenditure incurred in anticipation of development to be funded by development contributions
Water Supply	\$5,933,130
Wastewater	\$61,661,595
Stormwater	\$0
Roading	\$0
Reserves	\$0

4.4 Use of development contributions

Council will use development contributions either for or towards the capital expenditure for which they were required, or for providing analogous reserves or network infrastructure (or community infrastructure if development contributions are set in the future).

Where a development contribution is received for capital expenditure that has already been incurred by Council, Council will have met its obligations under the Local Government Act 2002 that relate to the use of the Development Contributions, unless a refund is due (see section 8.2).

Where Council has received development contributions for reserves, in addition to the powers governing the use of development contributions for reserves in the Local Government Act 2002, Council must use the land or cash received as follows:

- Cash - within 20 years of it being received;
- Land - within 10 years of it being received, unless a longer period is agreed with the party who paid the contribution. (Note: in all circumstances the Council will seek to reach such an agreement).

5 How development contributions have been calculated

5.1 LGA Requirements

Section 201(1)(a) of the LGA 2002 requires the Development Contributions Policy to include, in summary form, an explanation of and justification for the way each development contribution in the Schedule to the policy is calculated.

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

Step	Explanation	LGA Reference
One	<p>Define catchments</p> <ul style="list-style-type: none"> ▪ A catchment is the area served by a particular infrastructure, e.g. reservoirs, pumping stations and pipes. ▪ Catchments are defined with reference to characteristics of the service, the common benefits received across the geographical area supplied and judgement involving a balance between administrative efficiency and the extent of common benefits. 	LGA Schedule 13 1(a)
Two	<p>Identify ten-year capital expenditure resulting from growth</p> <ul style="list-style-type: none"> ▪ The proportion of total planned costs of capital expenditure for network and community infrastructure and reserves from the LTCCP resulting from growth. ▪ 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 LTCCP, the other two components being level of service improvements and renewals. These two costs must be met from funding sources other than development contributions. ▪ Justification for the level of growth capital expenditure should be supported by Financial Management funding considerations (refer to 3 above) and show significant assumptions and impacts of uncertainty. 	LGA 106(2)a and Schedule 13 1(a) LGA 106(2)(a) LGA 101(3)(a) LGA 201(1)(b)
Three	<p>Identify the percentage of growth related ten year capital expenditure to be funded by development contributions</p> <p>Unless Council wishes to reduce fees for clear policy reasons, this is likely to be 100% in most cases, because:</p> <ul style="list-style-type: none"> ▪ It directly relates to the planned capital expenditure set out in the LTCCP and detailed in Council’s Asset Management Plans; and ▪ The capital expenditure identified for growth can be reasonably identified. 	LGA 106(2)(b)
Four	<p>Identify the appropriate units of demand</p> <p>The selected unit of demand is Equivalent Household Units (“EHU”) calculated as follows:</p> <ul style="list-style-type: none"> ▪ For a greenfields development, an allotment, e.g. in Northern Growth developments the average lot size is 550 - 600m². ▪ For non residential development, 65m² (based on average space per office worker of 25m² and an average number of persons per household in the Wellington region of 2.6 (per the 2001 census) or by self-assessment supported by an impact report or by special assessment whereby the Council prepares an impact report as a basis for assessment. ▪ For an infill development, a residential dwelling as defined in the District Plan. ▪ EHUs will be applied uniformly for each lot regardless of size for reasons of administrative simplicity and lot size is not considered to have a material impact on demand. 	LGA Schedule 13(1)(b)

Step	Explanation (continued)	LGA Reference
Five	<p data-bbox="323 275 1153 353">Identify the designed capacity (in units of demand) provided for growth</p> <ul data-bbox="323 365 1153 752" style="list-style-type: none"> <li data-bbox="323 365 1153 607">▪ The designed capacity may vary between different types of infrastructure. In many cases it will be considered economically prudent to provide spare growth capacity considerably beyond current ten-year expectations. For example, large scale, high cost citywide infrastructure such as a sewerage treatment plant will have significantly more designed capacity for growth than ongoing roading improvements. <li data-bbox="323 618 1153 752">▪ Costs are recovered across the full designed number of EHUs. Projected growth in EHUs over the ten year period of the LTCCP will be relevant to Council’s budgeting of revenue but not to the calculation of the development contribution per EHU. 	LGA Schedule 13(1)(b) & (2)
Six	<p data-bbox="323 763 1153 797">Allocate the costs to each unit of demand for growth</p> <ul data-bbox="323 808 1153 947" style="list-style-type: none"> <li data-bbox="323 808 1153 947">▪ The development contribution charge per EHU is calculated by dividing the total capital expenditure resulting from growth (step two) by the designed units of demand for growth (step five). 	LGA Schedule 13(1)(b)
Seven	<p data-bbox="323 958 1153 992">Input results to comprehensive schedule of fees by catchment</p> <ul data-bbox="323 1003 1153 1283" style="list-style-type: none"> <li data-bbox="323 1003 1153 1104">▪ A detailed schedule must be prepared as part of the policy that enables the development contributions to be calculated by infrastructure type and catchment. <li data-bbox="323 1115 1153 1283">▪ The policy will be supported by the significant assumptions made to determine the development contributions payable and their impacts, contribution and conditions and criteria for remission, postponement or refund, the valuation basis for assessment of maximum reserves and catchment maps. 	LGA 201(2) LGA 201 (1)(a) LGA 201(1)(b),(c) & (d)

5.2 Significant assumptions

Section 201(b) of the LGA 2002 requires the development contribution policy to state significant assumptions underlying the calculation of the Schedule of development contributions.

System-wide view

In developing a methodology for the development contributions, Council has taken a system-wide view in identifying the cumulative effect of development on infrastructure, i.e. by considering the infrastructure impacts on all ratepayers created by both individual and multiple developments across a catchment. For Citywide catchments this means growth is proportionally reflected in total capital expenditure.

Planning Horizon

The planning horizon varies by infrastructure type typically ranging from 10 years to more than 50 years. This is consistent with Council’s asset management planning. Longer horizons may result in larger capital expenditure for some projects but also means the costs are spread across a larger designed city capacity (i.e. greater number of EHUs).

Growth Forecasts

The overall planning assumption is for a 10% increase in growth and capacity for renewals and upgrades for citywide catchments to take account of the impact on infrastructure of continuing growth within the city over the next ten years.

Application of costing methods

Average costs have generally been applied to the allocation of capital expenditure between existing and new EHUs. In most cases, it is a difficult and complex exercise to determine incremental costs and average costs reflect a fair allocation of capital infrastructure costs to newcomers.

Cost of individual items of capital expenditure

Council has used the best information available at the time of developing this policy to estimate the cost of individual items of capital expenditure that will be funded in whole or part out of development contributions. It is likely that actual costs will differ from estimated costs due to factors beyond Council's ability to predict, such as changes in price of raw materials, labour, etc, and the time of capital works. Council will review its estimates of capital expenditure annually and adjust the LTCCP.

Financial Assumptions

The following financial assumptions have been applied:

- All costs in the Development Contributions Policy are based on current known infrastructure prices in current 2005 dollars and no allowance has been made for inflation.
- Income generated from rates will be sufficient to meet the operating costs of growth related capital expenditure into the future.
- All Land Transport New Zealand subsidies will continue at present levels and that eligibility criteria will remain unchanged.
- The methods of service delivery will remain substantially unchanged.

6 Application of methodology to specific activities

Development contributions are required both on a citywide basis and on a more localised catchment-by-catchment basis depending on the type of infrastructure and reserves, the type of development and the impact of development on infrastructure and reserves.

6.1 Citywide development contributions

Citywide fees are applied to:

- Network infrastructure – those systems characterised by interdependent components where development growth adversely impacts other areas of the network if action is not taken to mitigate those effects. The network infrastructure attracting citywide development contributions will comprise roads and the water supply, stormwater and wastewater reticulation networks.
- Reserves that are destination amenities used by groups from across the city such as sports fields and the botanic gardens.

Increases in capacity resulting from growth are factored into the regular, ongoing renewal and upgrade work undertaken on these networks and reserves. Over a ten year period these works typically comprise a variety projects right across the city.

In estimating the cost proportion of additional growth-related capacity included in renewals and upgrades Council has assumed that:

- Capacity increases are designed to reflect the overall level of growth in EHUs expected over the next 10 years;
- Growth for capacity planning purposes is estimated after consideration of projections of population, households and employment prepared by Statistics NZ based on census data (section 2.1 above);
- Average cost is a reasonable proxy for the incremental cost of additional capacity. The cost of additional capacity for development growth installed during renewal projects is limited to the appropriate proportion of materials costs as all other costs are deemed to relate to the renewal of the asset.

Citywide fees may be applied to community infrastructure in the future. Citywide community infrastructure would be likely to include those community facilities that are available for all residents and which need to be expanded or enhanced to cater for the impact of development growth. Citywide fees may be applied to community infrastructure in the future.

Citywide water supply

The water supply reticulation system comprises a network of pipes and pumping stations supplying fresh water from 18 bulk water supply points around the city. Development growth reduces the level of service standards for water pressure for other households within the network although not necessarily for that new development. To maintain the level of service, additional capacity is continually built into the network either as specific upgrades or as part of the renewal programme.

Citywide water supply excludes the Northern Growth area (catchments I and J) as water is supplied directly from the bulk main and does not rely on the wider city network. The water supply distribution network in this area will be provided by developers at their cost as they develop through the area.

Citywide stormwater

Large scale flooding has occurred in the past in the central city, Miramar, Karori, Island Bay/Berhampore, Kaiwharawhara and the Tawa Basin. The lack of sufficient pipe capacity and the resulting need to implement flood protection works across the City is seen as one of the most significant impacts of continued development. Planned works are likely to be ongoing across the city as growth continues. The priorities for these works are determined after consideration of the impact of flooding, environmental risk, existing consent and potential growth.

Citywide wastewater

The wastewater reticulation system comprises a network of pipes and pumping stations clearing wastewater and sewage to the Moa Point, Western and Porirua treatment plants.

Development growth increases the volume of wastewater requiring additional capacity to be built into the network on an ongoing basis either as specific upgrades or as part of the renewal programme.

Citywide traffic and roading

The transport and roading network comprises the cities main arterial routes and secondary roads including related bridges, walls and embankments, footpaths, walkways and cycleways, parking and public transport access and shelters.

Development growth increases traffic volumes and congestion which adversely impact traffic flows, safety, and wear and tear on road surfaces. To maintain the level of service, additional works are required across the network on an ongoing basis. These works typically comprise many small projects right across the city over a ten year period. Works are planned to approximately match expected growth to ensure cost effective use of Council's resources and assets.

Citywide reserves

Citywide reserves comprise amenities such as the botanic gardens and sportsfields and other open space required for ecological reasons and to provide attractive and desirable city environs. They are destination reserves that provide active recreational facilities to the city community. Therefore, increased demand can come from anywhere within the city.

Growth impacts these reserves in a number of ways including a degradation in the quality of the reserve, overcrowding causing inability to use the reserve for the intended recreational activities, changes in activities and usage by residents, etc. Capital works are continually required to upgrade these reserves to enable increased usage as well as to purchase land to create new reserves. Works are planned to approximately match the expected impact of growth to ensure cost effective use of Council's resources and assets.

6.2 Development contributions for specific catchment areas

In addition to citywide development contributions, capital works are required to mitigate the impacts of development growth in clearly defined catchments. Examples include:

- A new water reservoir designed to provide capacity for a development (i.e. an identifiable catchment of EHUs),
- A new link road to provide a subdivision with access to main arterial roads, or
- Development of local playgrounds and open space to service a new subdivision or to cater for additional growth in household units within existing suburbs or the inner city.

It is anticipated that specific catchments will be defined from time to time as specific local works are required to mitigate the impact of growth on the local community. Currently, there are specific catchments for water supply, wastewater and reserves.

Water supply catchments

There are ten specific water supply catchments where water reservoirs and pumping station upgrades are required to provide for growth, either to provide the necessary water storage capacity based on projected population or to increase the level of service to enable further development.

The water supply catchments comprise:

- | | |
|---------------------|------------------------------|
| ▪ Onslow | ▪ Happy Valley and Frobisher |
| ▪ Ngaio West | ▪ Grenada North High Level |
| ▪ Johnsonville West | ▪ Messines |
| ▪ Kelburn | ▪ Roseneath |
| ▪ Churton-Stebbing | ▪ Grenada-Lincolnshire |

Wastewater catchments

Three wastewater catchments have been defined around the service areas of the three wastewater treatment plants:

- Moa Point
- Western (Karori)
- Porirua (Northern Suburbs).

The Clearwater treatment plants (Moa Point and Western) were built with the intention of providing significant capacity for growth over a long period of time, with Moa Point having the capacity to service twice the current population. Development contributions will be used to recover the costs of this additional capacity against new developments.

Reserves – inner city

The high growth in residential apartments and other non residential buildings continuing to be experienced within the inner city area is increasing demand for additional local reserves. This requires the redevelopment of existing reserves to accommodate additional usage and the purchase of additional inner city land to create new reserves.

Therefore, an inner city catchment has been defined where the predominant users of these reserves are local inner city residents and, to a lesser extent, people working within the inner city.

Reserves – greenfields development

New subdivisions are required to meet Council’s policy for playgrounds and reserves. Generally, developers contribute appropriate areas of land and either develop the reserve themselves or Council develops the reserve and charges a contribution per allotment.

Reserves - other

Current reserve management policies indicate that other areas are adequately provided with local reserves and open space (except for citywide reserves). As further reserves management plans are developed, new local reserves may be required in established suburbs as a result of infill development growth.

6.3 Rural Areas

Rural developments where there is no connection to water supply or wastewater reticulation systems will be required to pay citywide development contributions for roading and reserves only.

If the rural development is subsequently connected to the water and/or wastewater reticulation systems, the applicable additional citywide contribution plus any local catchment area development contribution will be payable prior to connection.

6.4 Application of s101(3) LGA

Council resolved, when it considered each of the above catchment and citywide categories, and determined the fees payable for each per EHU, that there are no categories of particular infrastructure or reserves where there is a demonstrable case supporting departure

from the key funding principle that development contributions fund 100% of growth related capital expenditure.

7 When development contributions will be required?

7.1 When a development contribution is required under the LGA 2002

Council has the power to require a development contribution to be made before:

- A resource consent is granted under the Resource Management Act 1991 for a development;
- A building consent is granted; or
- An authorisation for a service connection is granted.

This section sets the process for assessment of development contributions, the rules about payment, and other administrative details.

Assessment

Development contributions will be required and will be subject to an initial **assessment** on all applications for building consent, land use (resource) consent, subdivision (resource) consent, and service connection.

The assessment will be generally made against the **first** consent application lodged for the development, and when (if any) subsequent consent is sought, a re-assessment will be undertaken to determine whether the development still generates the same number of EHU's.

If the amount of the development contribution is not paid within 12 months from the date of the assessment, Council can also reassess the earlier assessment(s) so that the development contribution reflects any amendments to the policy (whether the methodology for assessing EHU's or the fee per EHU).

The assessment will be made at the time that the first application is lodged for a development. The assessment made can be (at Council's discretion):

- reviewed when an application is made for every subsequent consent or authorisation to ensure that the development has not been amended in a way that changes the EHU's previously assessed; or
- also required on a subsequent application for the same development, if when the subsequent application is received, the development contribution imposed on the first application has not been paid, provided that when the development contribution is paid, this provision does not require payment of a development contribution twice.

Payment

Payment can be made at anytime following an initial assessment, but must be made in full based on the final assessment and payment invoice issued prior to the s224(c) certificate (on a subdivision consent), prior to the issue of a code compliance certificate ('CCC'), prior to giving effect to a land use (resource) consent or before a service connection is provided. If payment has not been made, under the LGA 2002, Council is authorised to do the following:

- For a subdivision consent - Council can withhold the s224(c) certificate;
- For a land use consent - Council can prevent the consent being given effect to;

- For a building consent - Council can withhold a code compliance certificate ('CCC') when one has been applied for;
- For a service connection authorisation - Council can withhold the service connection

The Council at its sole discretion will accept a bank bond/ surety to secure payment of any development contribution more than \$50,000. If the Council exercises its discretion to accept a bond/surety, the bonded sum will have an interest component, and the developer must meet Councils costs for preparing the bond.

New connections

Where an existing development that is not connected to the City water or wastewater network as at 1 July 2005, connects to the City water or wastewater network the development contribution payable for water or wastewater must be paid prior to the service being connected.

Security

Council may register the 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, as provided for in section 208 of the LGA 2002.

7.2 Effective date

Any resource consent, building consent or application for service connection received by the Council on or after 1 July 2005, will be required to pay the development contribution payable under this policy except that if an application lodged prior to 1 July 2005 is rejected under:

- s88(3) of the Resource Management 1991; or
- s48(1) of the Building Act 2004,

it is deemed not to have been received by the Council prior to 1 July 2005.

If an application lodged prior to 1 July 2005 is amended and the amendment results in an increase in the total EHU assessment from that which would have been applicable (had this policy been applied to the development) then this policy will apply to the increase in EHU's.

Where Council has received an application for resource consent by the Council prior to 1 July 2005, development contributions will not be payable on any subsequent resource consent, building consent, or service connection application for that same development where:

- a condition of consent has been imposed on the development requiring financial contributions to be paid, and the condition has been met (ie the financial contribution has been paid in full to the Council in accordance with the conditions of consent); and
- the subsequent application for resource consent, building consent or service connection is received by Council within 5 years of the date that the resource consent received prior to 1 July 2005 was granted, or the resource consent received prior to 1 July 2005 has been given effect to;

provided that if there is an increase in EHU's, development contributions will be payable as provided for above.

7.3 When Council will not require a development contribution

Under the Local Government Act Council is unable to require a development contribution for a reserve, network infrastructure or community infrastructure if, and to the extent that:

- It has, under section 108(2)(a) of the Resource Management Act 1991, imposed a condition on a resource consent in relation to the same development for the same purpose;
- The developer will fund or otherwise provide for the same local reserve, network infrastructure, community infrastructure in agreement with Council (and citywide fees will still apply); or
- Council has received or will receive funding from a third party.

7.4 Private development agreements

Council may enter into a private agreement with a developer. The agreement must clearly record why an agreement is being used, record the basis of the cost sharing and, in particular, whether there is any variation from the Council's policy that new development should pay 100% of growth related capital expenditure, and when the infrastructure will be provided.

Council foresees two situations where a private agreement may be appropriate:

- In a greenfields situation where Council will work with a developer to provide greater local capacity than that required for a particular subdivision to allow for potential further development and/or to reduce Council's long term operating costs;
- Where new capital expenditure is required to facilitate development of an area, but because there is no budgeted capital expenditure for the project there is no development contribution set under the policy.

Any departure from the policy that new development should pay less than 100% of growth related capital expenditure will be dealt with as if a remission under this policy

8 Remission, postponement and refund of development contributions

8.1 Remission and postponement

Council may remit or postpone payment of a development contribution at its complete discretion. Council will only consider exercising its discretion in exceptional circumstances. Applications made under this part will be considered on their own merits and any previous decisions of Council will not be regarded as creating precedent or expectations.

Remissions will only be granted by resolution of Council (or a Committee or Subcommittee acting under delegated authority).

An application under 8.1 must be applied for before a development contribution payment is made to Council. Council will not allow remissions retrospectively.

An application must be made in writing, and set out the reasons for the request.

8.2 Refunds

Refunds will be made in accordance with sections 209 and 210 of the Local Government Act 2002, including any amendments made to those provisions at the time of making a refund.

8.3 Exemption from the application of the policy

Council's own developments are exempt from being liable to pay development contributions. For the avoidance of doubt, this exemption does not apply to Council-controlled Organisations, Council-controlled Trading Organisations or Council Organisations.

9 Schedule of development contributions**9.1 Citywide development contributions**

Citywide development contributions	\$ per EHU (ex GST)
Water Supply	\$214
Stormwater	\$156
Wastewater	\$215
Traffic and roading	\$635
Reserves	\$460
Total Citywide Development Contributions	\$1,680

9.2 Specific catchment related development contributions

Wastewater development contributions	\$ per EHU (ex GST)
Central (Moa Point) Catchment	\$1,185
Western (Karori) Catchment	\$2,440
Northern Catchment ⁶	\$722

⁶ Assumes that additional capacity at the Porirua Treatment Plant can be purchased at a cost similar to the current cost.

Water supply development contributions	\$ per EHU (ex GST)
Onslow Catchment	\$677
Ngaio West Catchment	\$3,907
Johnsonville West Catchment	\$850
Kelburn Catchment	\$1,392
Happy Valley and Frobisher Catchment	\$1,904
Grenada North High Level Catchment	\$7,250
Messines Catchment	\$961
Roseneath Catchment	\$1,775
Churton – Stebbings	\$2,357
Granada – Lincolnshire	\$3,179

Roading development contributions	\$ per EHU (ex GST)
Churton – Stebbings	\$2,291
Granada – Lincolnshire	\$1,897

Reserves development contributions	\$ per EHU (ex GST)
Inner City Catchment - Residential	\$1,581
Inner City Catchment – Non residential	\$198
Greenfields Catchment	\$7,510 ⁷

9.3 Summarised schedule of development contributions

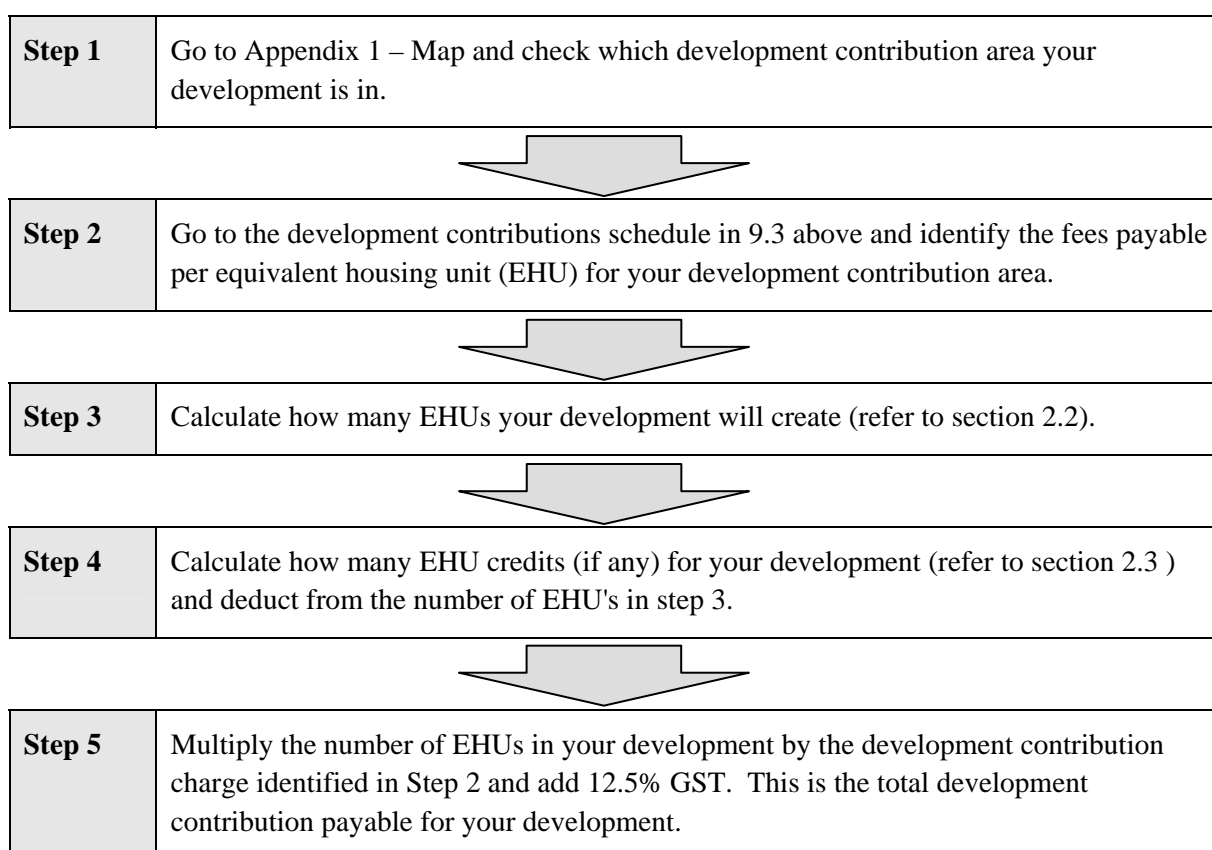
The schedule of development contributions refers to areas A to O. These refer to geographically defined development contribution areas set out in Appendix 1 – Map.

All fees in the schedule are GST exclusive.

⁷ Estimated average cost where Council purchases and develops a four hectare reserve in a new 110 hectare (1400 lot) subdivision where the reserve comprises a 3000m² play area and passive land reserve of 37,000m². Actual costs will vary according to the size of the specific reserve. In many cases the developer will contribute the land and develop the reserve in accordance with Council's playgrounds and reserves policies. In such a case, no cash development contribution for local reserves will be charged

	Citywide \$ per EHU	Water Supply \$ per EHU	Wastewater \$ per EHU	Roading \$ per EHU	Reserves \$ per EHU	Total \$ per EHU
A Roseneath	\$1,680	\$1,775	\$1,185	\$0	\$0	\$4,640
B Messines	\$1,680	\$961	\$2,440	\$0	\$0	\$5,081
C Grenada North HL	\$1,680	\$7,250	\$1,185	\$0	\$0	\$10,115
D Frobisher	\$1,680	\$1,904	\$1,185	\$0	\$0	\$4,769
E Kelburn	\$1,680	\$1,392	\$1,185	\$0	\$0	\$4,257
F Johnsonville West	\$1,680	\$850	\$1,185	\$0	\$0	\$3,715
G Proposed Ngaio West	\$1,680	\$3,907	\$1,185	\$0	\$0	\$6,772
H Onslow	\$1,680	\$677	\$1,185	\$0	\$0	\$3,542
I Churton-Stebbings	\$1,466	\$2,357	\$722	\$2,291	\$7,510	\$14,346
J Grenada-Lincolnshire	\$1,466	\$3,179	\$722	\$1,897	\$7,510	\$14,774
K Inner City – Residential	\$1,680	\$0	\$1,185	\$0	\$1,581	\$4,446
Inner City - Non residential	\$1,680	\$0	\$1,185	\$0	\$198	\$3,063
L Northern	\$1,680	\$0	\$722	\$0	\$0	\$2,402
M Western	\$1,680	\$0	\$2,440	\$0	\$0	\$4,120
N Central	\$1,680	\$0	\$1,185	\$0	\$0	\$2,865
O Rural (citywide roading & reserves only - if not connected to water or wastewater)	\$1,095	\$0	\$0	\$0	\$0	\$1,095

9.4 How to calculate your development contribution



10 Definitions

In this policy:

Allotment has the meaning given to it in section 218(2) of the Resource Management Act 1991, and 'lot' has the same meaning.

Community facilities means reserves, network infrastructure or community infrastructure for which development contributions may be required in accordance with section 199 of the LGA 2002.

Community infrastructure means:

- (a) land, or development assets on land, owned or controlled by Council to provide public amenities; and
- (b) includes land that the Council will acquire for that purpose.

'Development' means:

- (a) any subdivision or other development that generates a demand for reserves, network infrastructure, or community infrastructure; but
- (b) does not include the pipes or lines of a network utility operator.

Development contribution means a contribution:

- (a) provided for in this development contribution policy; and
- (b) calculated in accordance with the methodology.

Development Contribution Policy means the policy on development contributions included in the LTCCP for a territorial authority under section 102(4)(d) of the LGA 2002.

Equivalent Household Unit ('EHU') means:

Type of development:	EHU assessment based on:
Residential development (infill)	<ul style="list-style-type: none"> ▪ 1 EHU per allotment; or ▪ 1 EHU per Household unit
Residential development (Greenfields)	<ul style="list-style-type: none"> ▪ 1 EHU per allotment
Non residential	<ul style="list-style-type: none"> ▪ 1 EHU for every 65m² of gfa unless changed following an assessment using the process in section

Gross floor area ('gfa') means the sum of the gross area of the floor or floors of a building or buildings (including any void area in those floors, such as a lift or service shaft) measured from the exterior faces of exterior walls, or from the centre line of walls separating two buildings

Household unit means a home or residence that is a self-contained unit includes kitchen and bathroom facilities of any nature and is physically separated, or capable of being separated, from any other household unit.

Methodology means the methodology for calculating development contributions set out in Schedule 13 to the LGA 2002.

Network infrastructure means the provision of roads and other transport, water, wastewater, and stormwater collection and management.

Network utility operator has the meaning given to it by section 166 of the Resource Management Act 1991.

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

Residential development: means the development of premises for any domestic or related purpose for use by persons living in the premises alone or in family and / or non-family groups (whether any person is subject to care, supervision or not), but does not include work from home, hotels, motels, camping grounds, motor camps or other premises where residential accommodation for 5 or more travellers is offered at a daily tariff or other specified time and excludes a rest home, hostel accommodation or similar establishment that provides shared or communal facilities' (and residential activity, and use, has the same meaning).

Service connection means a physical connection to a service provided by, or on behalf of, the Council.

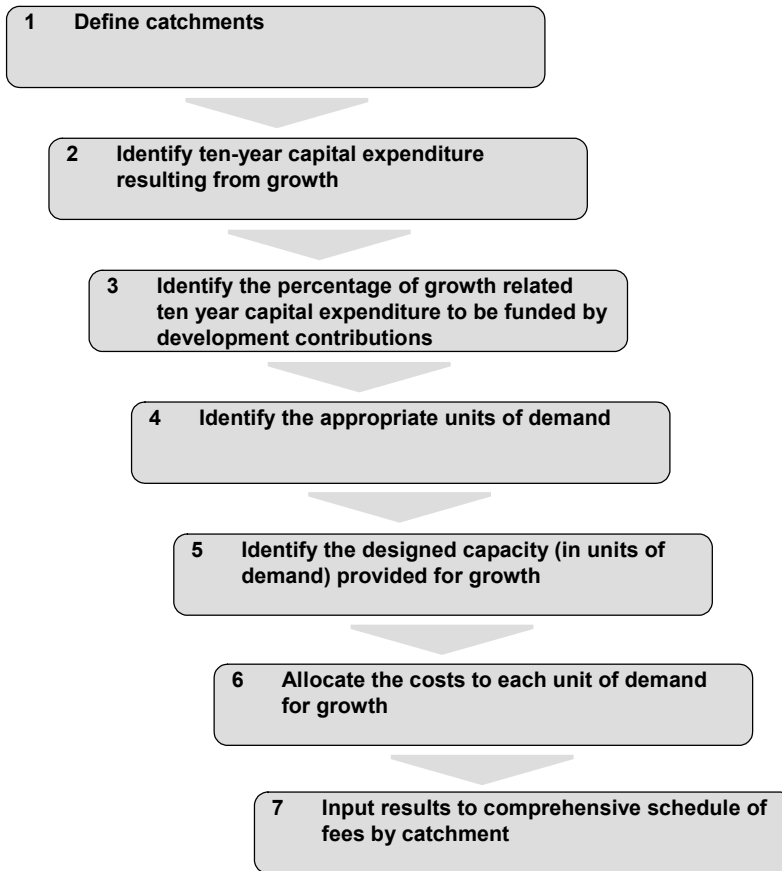
Appendix 1 Draft map of development contributions catchment areas

Part 2

**The calculation of development contribution levies
based on the methodology**

Calculation of development contribution levies based on the methodology

The draft policy sets out the methodology for calculating development contributions. In summary, the methodology comprises the following seven steps.



The capital works expenditure and the basis of calculation of development contributions for each of the infrastructure areas is set out below for:

- 1 a citywide catchment for water supply, stormwater and roading;
- 2 water supply catchments
- 3 wastewater catchments
- 4 roading catchments
- 5 an inner city catchment for reserves

1 Citywide

The capital works expenditure and the basis of calculation of development contributions for citywide water supply, stormwater and roading is set out in the table below. It identifies the specific projects that incorporate capital expenditure for growth in the Council's 2003/04 LTCCP and subsequent amendments, the proportion relating to growth less subsidies received from other parties to arrive at the total net contribution amount. This is divided by the estimated citywide growth in equivalent household units (EHUs) to determine the citywide development contribution payable.

Activity	Total 10-Year Capex Budget	Gross Contribution Amount	Less Subsidy Receivable	Net Contribution Amount	EHUs	Citywide Development Contribution Amount
Water Supply	\$58,859,347	\$1,471,484	\$0	\$1,471,484	\$6,885	\$214
Stormwater	\$57,110,743	\$1,427,769	\$0	\$1,427,769	\$9,175	\$156
Wastewater	\$78,835,119	\$1,970,878	\$0	\$1,970,878	\$9,175	\$215
Traffic and Roading	\$110,387,007	\$10,761,890	\$4,936,361	\$5,825,529	\$9,175	\$635
Reserves	\$63,321,133	\$4,224,434	\$0	\$4,224,434	\$9,175	\$460
Total	\$368,513,349	\$19,856,454	\$4,936,361	\$14,920,093	\$9,175	\$1,680

2 Water Supply

The following table sets out the water supply catchments where capital works incorporate additional capacity to allow for growth. Development contributions recover the cost of having provided that additional capacity for growth. The calculation is based on the capital expenditure relating only to the additional capacity for growth divided by the estimated EHUs available for growth.

Water Reservoirs and Pumping Station Upgrades and Renewals CX 127 and CX 336

	Completed prior to 2003/04	2003/04 10-year LTCCP	Proportion relating to growth	Growth EHUs		Development Contributions per EHU
Happy Valley and Frobisher	\$613,130	-	\$60,928	32		\$1,904
Kelburn	\$2,620,000	-	\$199,056	143		\$1,392
Grenada North High Level	\$580,000	-	\$152,250	21		\$7,250
Onslow	\$2,120,000	-	\$139,462	206		\$677
Roseneath (CX127)	-	\$2,003,600	\$131,350	74		\$1,775
Messines (CX127)	-	\$3,100,000	\$465,124	484		\$961
Ngaio West (CX336)	-	\$8,335,000	\$2,344,200	600		\$3,907
Johnsonville West	-	\$1,600,000	\$299,200	352		\$850
<i>Northern Growth (CX336)</i>						
- Pumping Station (shared)	-	\$600,000	513,600	2,290	\$224	-
- Churton/Stebbing (Stebbing Reservoir)	-	\$2,400,000	\$1,706,400	800	\$2,133	\$2,357
- Grenada Lincolnshire (Horokiwi Reservoir)	-	\$1,300,000	\$1,300,000	440	\$2,955	\$3,179
Total	5,933,130	19,338,600	\$7,311,570			

3 Wastewater

Wellington City utilises three treatment plants. Each plant was built with additional capacity to provide for significant growth. Development contributions recover part of the cost of having provided that additional capacity for growth. The cost per EHU is calculated as follows:

Catchment	Cost ⁸	Designed population capacity	Designed Capacity in EHUs	Cost per EHU
Central (Moa Point)	\$136,700,000	300,000	115,385	\$1,185
Western (Karori)	\$12,200,000	13,000	5,000	\$2,440
Northern (Porirua)	\$6,850,000	24,660	9,485	\$722

4 Roading

The two traffic and roading catchments for new roads are part of the Northern Growth Management Framework and comprise the following traffic and roading capital expenditure included in capital projects CX447 and CX311 in the Council's 2003/04 LTCCP and related amendments. The calculation of development contributions in the following table identified the proportion of the capital expenditure relating to growth divided by the estimated growth EHUs.

	2003/04 10-year LTCCP	Proportion relating to growth	Growth EHUs	Development Contribution per EHU
Northern Growth Catchments				
Churton Stebbings Catchment				
Cortina to Ohariu	600,000	246,000	1360	\$2,291
Westchester to Glenside	5,000,000	2,050,000		
Ohariu to Westchester	2,000,000	820,000		
	7,600,000	3,116,000		
		41%		
Grenada Lincolnshire Catchment				
Mark Ave Extension	1,000,000	710,000	2489	\$1,897
Mark Ave to Grenada North	2,000,000	1,420,000		
Grenada to Petone	2,650,000	1,881,500		
Woodridge to Lincolnshire	1,000,000	710,000		
	6,650,000	4,721,500		
		71%		
Total Capex	14,250,000	7,837,500		

⁸ The Clearwater (Moa Point and Western) Treatment Plants were built with additional capacity in anticipation of growth. The cost of the additional capacity is the amount that will incur development contributions.

Council's share of the Porirua Treatment Plant is nearing capacity as a result of growth although the plant has spare capacity available. Council is negotiating purchase of additional capacity for growth and the cost of this will be included in the LTCCP when agreement is reached with Porirua City Council.

5 Reserves

Inner City Reserves Catchment

Inner city reserves are used by predominantly by both local inner city residents and those people who work within the city. They are also used on a less frequent basis by all residents and by visitors to the city. To fairly reflect the potential usage of inner city reserves by the residents and workers, development contributions for residential and non residential developments are weighted resulting in different development contributions for each. The calculation of the development contribution for inner city reserves is set out as follows:

- 1 Determine inner city catchment comprising Lambton and Te Aro census area units
- 2 Determine capital expenditure for inner city reserves as follows:

	Total 10-year LTCCP Capex
Wellington Waterfront Development - Waitangi Park (CX131)	\$4,994,591
Three Parks in Three Years initiative (CX409 & CX033) (including Glover Park redevelopment)	6,247,000
Total	\$11,241,591

- 3 Reserves are assumed to benefit both existing residents and newcomers equally. Therefore, the cost is divided by existing and projected EHUs over a ten year period. Total projected EHUs are estimated to be:

- residential EHUs	3,183
- non residential EHUs	<u>31,406</u>
	<u>34,589</u> EHUs

Residents are considered to have eight hours per day of potential use (100%) whereas workers have 1 hour per day (12.5%). Potential usage by others (residents living outside the central city and visitors) is not considered significant.

- 5 Allocating costs results in the following contributions:

Residential = projected capital cost divided by projected residential units weighted by number of projected residential EHUs to total EHUs
 = \$11,241,591 x 44.77% / 3183 or **\$1,581 per residential EHU**

Non residential = projected capital cost divided by projected non residential units weighted by number of projected non residential EHUs to total EHUs
 = \$11,241,591 x 55.23% / 31,406 or **\$198 per non residential EHU**

Greenfields Reserves

‘Greenfields subdivisions’ are those that create new residential or rural residential areas as opposed to infill type subdivision where sections within established urban areas are subdivided. New households in greenfields subdivisions have both citywide and local purpose reserve needs.

The local purpose contribution is calculated on the following basis:

- Number of allotments per local purpose reserve (A)
- Minimum size of a local purpose reserve, in m² (B)
- Cost estimate per m² for city fringe land (C)
- Quality standards for a local purpose reserve (D)
- Unit costs to develop land into a local purpose reserve (E)

$$\text{Local Purpose Contribution} = (B * C) + (D * E) / A$$

This formula provides a method for defining a minimum standard for a new local purpose reserve which addresses both the quality of the undeveloped land and the quality of facilities to be provided in the reserve for recreational use. It allows a dollar figure, per allotment in a subdivision, to be calculated to fund both the purchase of the land and its physical development.

An average development contribution of for a greenfields reserve is **\$7,510 per EHU**

This is based on an estimated average cost where Council purchases and develops a four hectare reserve in a new 110 hectare (1400 lot) subdivision where the reserve comprises a 3000m² play area and passive land reserve of 37,000m². Actual costs will vary according to the size of the specific reserve. In many cases the developer will contribute the land and develop the reserve in accordance with Council's playgrounds and reserves policies. In such a case, no development contribution for local reserves will be charged.