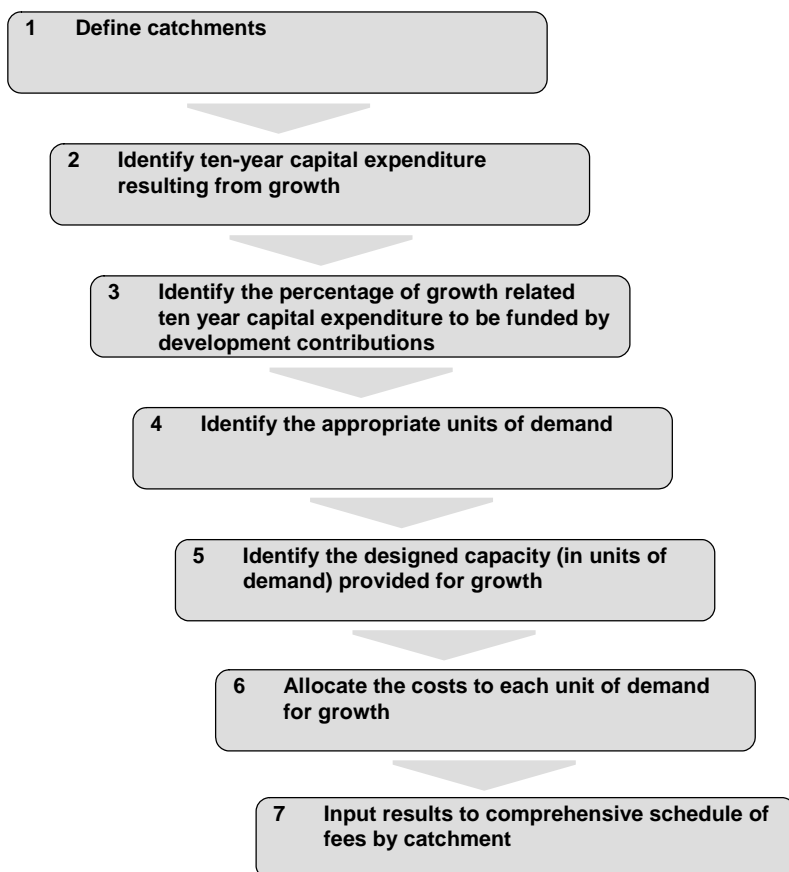


## Appendix B Methodology

### B1 Calculation of development contribution levies based on the methodology

#### B1.1 Introduction

B1.1.1 This Policy sets out the methodology for calculating development contributions. In summary, the methodology comprises the following seven steps.



B1.1.2 The capital works expenditure and the basis of calculation of development contributions for each of the infrastructure areas is set out below for:

- (a) A citywide catchment for water supply, stormwater, waste water, roading, reserves and community infrastructure
- (b) Water supply catchments
- (c) Wastewater catchments
- (d) Roothing catchments
- (e) An inner city catchment for reserves
- (f) Community infrastructure.

## B2.1 Citywide

B2.1.1 The capital works expenditure and the basis of calculation of development contributions for citywide water supply, stormwater, roading and community infrastructure is set out in the table below. It identifies the capital expenditure in the Council's 2009/19LTCCP, 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 planned capex	Gross contribution amount	Less subsidy receivable	Net contribution amount	EHUs	Citywide development contribution amount
Water supply	\$105,445,088	\$2,636,127	\$0	\$2,636,127	8,255	\$319
Storm water	\$85,818,904	\$2,145,473	\$0	\$2,145,473	15,236	\$141
Waste water	\$133,187,947	\$3,329,699	\$0	\$3,329,699	15,236	\$219
Traffic and roading	\$187,776,482	\$18,506,776	\$5,522,570	\$12,984,206	15,236	\$852
Reserves	\$123,569,437	\$8,839,336	\$0	\$8,839,336	15,093	\$581
<b>Total citywide development contributions for non residential developments</b>						<b>\$2,112</b>
Community infrastructure	\$87,331,461	\$12,909,658	\$0	\$12,909,658	9,121	\$1,533
Open space land acquisition	\$3,725,250	\$3,725,250	\$0	\$3,725,250	9121	\$408
<b>Total citywide development contributions for residential developments</b>						<b>\$4,053</b>
<b>Total funding / expenditures</b>	\$711,723,123	52,081,717	\$5,522,570	\$46,559,147		

**City Wide Community Infrastructure capital expenditure**

Summary of capex for City Wide Community Infrastructure	Planned capital expenditure	Proportion relating to growth	Growth EHUs	Development Contributions \$ per EHU
Swimming Pools	\$18,544,000	\$8,743,496	9,121	\$959
Sports Fields	\$9,000,000	\$4,050,000	7,231	\$560
Cemeteries	\$1,160,000	\$105,560	7,231	\$ 15
<b>Total City Wide Community Infrastructure</b>	<b>\$28,704,000</b>	<b>\$12,899,056</b>	<b>23,582</b>	<b>\$1,533</b>

**B3.1 Water supply**

B3.1.1 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 CX127 and CX336**

Water Supply	Completed prior to 2003/04	Planned capital expenditure	Proportion relating to growth	Growth EHUs	Development Contributions per EHU
Roseneath	\$613,130	\$3,483,130	\$636,707	364	\$1,750
Karori	\$2,620,000	\$6,620,000	\$855,085	539	\$1,586
Beacon Hill	\$580,000	\$580,000	\$0	0	\$0
Brooklyn-Frobisher	\$2,120,000	\$3,320,000	\$706,506	610	\$1,158
Kelburn		\$2,976,046	\$100,434	83	\$1,210
Johnsonville-Onslow		\$2,267,492	\$919,593	877	\$1,049
Ngaio		\$13,135,000	\$1,390,000	1,358	\$1,024
Maldive		\$2,000,000	\$0	0	\$0
Churton-Stebbings		\$4,643,387	\$4,643,387	1,580	\$2,939
Grenada-Lincolnshire		\$6,489,845	\$6,489,845	1,590	\$4,082
Maupuia		\$100,988	\$0	0	\$0

Newlands		\$590,000	\$92,920	109	\$852
Melrose		\$2,000,000	\$118,535	70	\$1,693
Central&Coastal		\$10,650,000	\$9,270,985	11,509	\$806
Tawa		\$3,800,000	\$1,218,284	1,082	\$1,126
Wadestown		\$1,190,000	\$262,307	186	\$1,409
<b>Total</b>	<b>\$5,933,130</b>	<b>\$63,845,888</b>	<b>\$26,704,588</b>	<b>19,957</b>	

## B4.1 Wastewater

B4.1.1 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 <sup>3</sup>	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

## B5.1 Roading and associated infrastructure

B5.1.1 Three traffic and roading catchments are identified for new roads. Two come as part of the Northern Growth Management Plan. The third recognises the response to growth around the port and rail yards land at the northern gateway to the city.

This capital expenditure is included in capital projects CX311 and CX493 respectively as budgeted in the Council's LTCCP and related amendments. The calculation of development contributions in the following table identifies the proportion of the capital expenditure relating to growth divided by the estimated growth in EHUs

<sup>3</sup> 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.

The Council's share of the Porirua Treatment Plant is nearing capacity as a result of growth although the plant has spare capacity available. The 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.

<b>Churton-Stebbing Catchment</b>	<b>Planned capital expenditure</b>	<b>Proportion relating to growth</b>	<b>Growth EHUs</b>	<b>Development contribution per EHU</b>
Cortina to Ohariu	\$400,000	\$164,000	1,360	\$121
Westchester to Glenside	\$8,500,000	\$3,485,000	1,360	\$2,563
Ohariu to Westchester	\$2,905,000	\$1,191,050	1,360	\$876
<b>Total</b>	<b>\$11,805,000</b>	<b>\$4,840,050</b>	<b>1,360</b>	<b>\$3,559</b>

<b>Grenada-Lincolnshire Catchment</b>	<b>Planned capital expenditure</b>	<b>Proportion relating to growth</b>	<b>Growth EHUs</b>	<b>Development Contribution per EHU</b>
Mark Ave Extension	\$1,500,000	\$1,065,000	2,489	\$428
Mark Ave to Grenada North	\$2,600,000	\$1,846,000	2,489	\$742
Mark Ave to Lincolnshire	\$9,400,000	-	2,489	-
Grenada to Gracefield	\$50,000,000	-	2,489	-
Woodridge to Lincolnshire	\$1,255,000	\$891,050	2,489	\$358
<b>Total</b>	<b>\$64,755,000</b>	<b>\$3,802,050</b>	<b>2,489</b>	<b>\$1,528</b>

<b>Pipitea Precinct Catchment</b>	<b>Planned capital expenditure</b>	<b>Proportion relating to growth</b>	<b>Growth EHUs</b>	<b>Development Contribution per EHU</b>
Pipitea Precinct	\$12,347,806	\$5,370,000	3,846	\$1,396

B5.1.2 Two catchments are identified for centre-based developments. Both the Adelaide Road and Johnsonville Town Centre developments have significant growth components.

▪ **Adelaide Road:** While many of the key outcomes for Adelaide Road are locally focused (such as providing for more high-quality residential growth, recognising and protecting employment opportunities while enabling a transition to suitable ‘new economy’ activities and strengthening the local community) there is also a strong emphasis on improving the Adelaide Road transport corridor for multiple forms of transport.

The Council has determined that, for the purposes of calculating development contributions, the benefits to the local community should be regarded as equivalent, in aggregate, to the benefits to the wider community. The benefits to the wider growth community have been assessed on a citywide basis for two key reasons:

- There are key citywide destinations south of Adelaide Road, in particular the hospital. All of Wellington will benefit, for example, from quicker ambulance access to Wellington Hospital
- Allocating the costs on a citywide basis is consistent with the approach to other similar roading projects.

<b>Adelaide Road Project</b>	<b>Planned capital expenditure</b>	<b>NZTA Subsidy</b>	<b>Proportion relating to catchment</b>	<b>Proportion relating to growth</b>	<b>Growth EHUs</b>	<b>Development contribution per EHU</b>
Adelaide Road Catchment	\$19,381,337	\$8,364,413	\$4,070,081	\$2,313,554	600	\$3,856

▪ **Johnsonville Town Centre:** Council has determined that development contributions for the Johnsonville Town Centre development should be solely catchment based. While other communities will clearly derive a benefit, the Town Centre Plan is primarily concerned with managing growth in the Town Centre, from which the existing Town Centre community and future developers will derive the principal benefit. While Johnsonville Town Centre will become a more attractive retail and business destination, increased activity will translate directly to economic benefits for those in the Town Centre. Johnsonville is not a key access route to the same extent as Adelaide Road. Alternatives that do not involve going through the Town Centre are available to many in the wider catchment, and some of the growth community in the Northern Growth area are already paying for improved alternative access to major transport routes specifically through development contributions.

<b>Johnsonville Town Centre Plan</b>	<b>Planned capital expenditure</b>	<b>NZTA Subsidy</b>	<b>Proportion relating to growth</b>	<b>Growth EHUs</b>	<b>Development contribution per EHU</b>
Johnsonville Town Centre Catchment	\$4,960,000	\$2,480,000	\$1,240,000	\$1364	\$909

## **B6.1 Reserves**

### ***Inner city reserves catchment***

B6.1.1 Inner city reserves are used 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:

- (a) Determine inner city catchment comprising Lambton and Te Aro census area units.
- (b) Determine capital expenditure for inner city reserves as follows:

## CX033, CX131 and CX409

<b>Residential</b>	<b>Planned capital expenditure</b>	<b>Residential share @ 44.77%</b>	<b>Residential EHUs</b>	<b>Development contribution per EHU</b>
Waitangi Park	\$5,225,000	\$2,339,233	3,183	\$735
Three Parks in Three Years initiative	\$3,442,028	\$1,540,996	3,183	\$484
Other inner city parks	\$5,467,000	\$2,447,576	3,183	\$769
<b>Total</b>	<b>\$14,134,028</b>	<b>\$6,327,804</b>		<b>\$1,988</b>
<b>Non residential</b>	<b>Planned capital expenditure</b>	<b>Non-residential share @ 55.23%</b>	<b>Non residential EHUs</b>	<b>Development contribution per EHU</b>
Waitangi Park	\$5,225,000	\$2,885,768	31,406	\$92
Three Parks in Three Years initiative	\$3,442,028	\$1,901,032	31,406	\$61
Other inner city parks	\$5,467,000	\$3,019,424	31,406	\$96
<b>Total</b>	<b>\$14,134,028</b>	<b>\$7,806,224</b>		<b>\$249</b>

- (c) Reserves are assumed to benefit both existing residents and newcomers equally. Therefore, the cost is divided by existing and projected EHUs over a 10-year period. Total projected EHUs are estimated to be:

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

- (d) Residents are considered to have eight hours per day of potential use (100 percent) whereas workers have one hour per day (12.5%). Potential usage by others (residents living outside the central city and visitors) is not considered significant.
- (e) Allocating costs results in the following contributions:

<b>Residential</b>	= projected capital cost divided by projected residential units weighted by number of projected residential EHUs to total EHUs = \$14,134,028 x 44.77% / 3,183 or \$1,988 per residential EHU
<b>Non residential</b>	= projected capital cost divided by projected non-residential units weighted by number of projected non residential EHUs to total EHUs = \$14,134,028 x 55.23% / 31,406 or \$187 per non-residential EHU

### ***Greenfield reserves***

- B6.1.2 ‘Greenfield developments’ 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 greenfield developments have both citywide and local purpose reserve needs.
- B6.1.3 The local purpose contribution comprises local and community parks is calculated on a case by case basis as follows:
- The land is given in lieu of contributions at an agreed valuation
  - The costs of land development are paid as development contributions to the Council by the developer.
- B6.1.4 This provides a method for defining a minimum standard for a new community or local park which addresses both the quality of the undeveloped land and the quality of facilities to be provided in the park for recreational use. It allows a dollar figure, per allotment in a subdivision, to be calculated to fund both the acquisition of the land and its physical development. Actual costs will vary according to the size of the specific park.
- B6.1.5 In reaching agreements with developers, the Council will require that, in any case where the Council intends to develop infrastructure on reserve land, the capital expenditure costs involved are covered by development contributions in monetary form, rather than by vested land of greater value than required.

### ***Open space land acquisition***

- B6.1.6 Residential growth impacts the city’s needs for open space in a number of ways including altering the ratio of hectares of green belt per head of population. While the existing population derives some benefit from additional open space, this benefit is offset by the increased utilisation of existing open space by the ‘growth population’.
- B6.1.7 Allocating capital expenditure for open space land acquisition currently identified as necessary for growth will provide for the purchase of open space of city-wide benefit with ecological, landscape and/or recreational value. In some instances, land acquired in the context of greenfield developments operates as a city-wide asset and should therefore be funded through a city-wide residential development contribution.

### ***B7.1 Community infrastructure – Catchment based***

Much community infrastructure is predominantly used by residents of the local area, but people resident in other areas of the city may also use the facilities, depending on the type of facility. Some local purpose community infrastructure can also be used on a less frequent basis by all residents and by visitors to the city. A ratio is applied to fairly reflect the expected predominant usage under the following methodology:

- (a) Determine the expected area of benefit. If the facility is intended to service a part of the city, define the catchment using the most suitable census area units.
- (b) Determine whether the potential for a local facility to be used by residents living outside the catchment area is likely to be significant. For example where the local facility is part of a network or hierarchy of facilities there is

potential for it to accommodate citywide growth. An example of this is shown in B6.1 of this Policy (Reserves).

- (c) Determine the capital expenditure. Where capital expenditure is for increased levels of service, renewals and growth, only the growth component is eligible for funding by development contributions.
- (d) Apply the benefit ratio where expected growth related usage is a combination of local catchment zone and citywide.
- (e) The growth component is quantified by:
  - An increase in funding required to provide additional capacity in a planned facility upgrade, or
  - The proportional change in EHUs in a community or citywide.
- (f) Mixed benefit projects are assessed on the basis of data indicating where users are domiciled.
- (g) Non residential developments shall not be subject to development contributions for Community Infrastructure.

END