

POLICY ON DEVELOPMENT CONTRIBUTIONS AND FINANCIAL CONTRIBUTIONS

Final draft 18.3.04, not to be construed as Council policy until adopted
by 30 June 2004

Waitakere City Council Strategy/ Policy Summary Sheet

Policy name	Draft Development and Financial Contributions Policy
Adoption information – date, committee, resolution number	Environmental Management and Finance and Operations adopt draft in March 04. Council adopts for consultation 31 March 04. Council will adopt final by June 2004.
Review date	By June 2006.
Complying with what legislation, if so, list Section etc	Local Government Act 2002 sections 101, 102, 106, 197-210, and Schedule 13. RMA 407,409
Executive summary	<p>Recommendations as approved by Finance and Operations Committee 8 March 2004 are:</p> <ol style="list-style-type: none"> 1.that Council take Development Contributions for network and community infrastructure to appropriately provide for the social, economic, environmental and cultural well-being of the community. 2.that Financial Contributions be taken under the Resource Management Act provisions for reserves and environmental effects. 3.That Council take development contributions from development where the effect, including the cumulative effect of development, is to require new or additional assets or assets of increased capacity, and as a consequence, the Council incurs capital expenditure. This includes capital expenditure Council has already incurred in anticipation of growth. 4.That where capital works are required to meet growth then Waitakere City Council will recover the costs over time. 5.That where an increased capacity is required to meet the needs of an increasing population this will be considered a cost of growth. 6.That where a backlog of work exists, then that cost component will be borne by rates, or Financial Contributions. If undertaking the backlog work increases the capacity of the infrastructure in order to facilitate growth, then the increased capacity component will be funded by development contributions. <p>The policy provides schedules for contributions for the following asset groups: Network infrastructure:</p>

	<ul style="list-style-type: none"> • Roading • Public transport • Water Supply • Waste water • Stormwater <p>Community Infrastructure:</p> <ul style="list-style-type: none"> • Town Centre Development, • Infrastructure on Parks, • Halls and libraries • Cemetery and Crematoria <p>Existing works (from 2001)</p>
Key words as listed on agenda item	Development contributions, financial contributions, community facilities, costs of growth, community infrastructure, network infrastructure, reserves
Summary of process used to develop policy	<p>The relevant agenda items track the process from March 2003 to June 2004.</p> <p>Consultation was undertaken through the Annual Plan 2004/2005 process.</p> <p>In addition, developers were contacted via Council's Developer Workshops in November 2003, and focus group activity in March 2004. Submissions to the Draft policy are being sought through the Annual Plan.</p> <p>Peer reviews were gained from legal, technical and regional colleagues.</p>
Project leader, and names of development team	<p>Cathy Kenkel and Tony Miguel project leaders, team are Ariya Randeni, Ross Wilson, Chris Thomas, Philip Brown, Matt Heale, Denis Sheard, Bob Preston, Natasha Harrison.</p> <p>Asset Managers in Council developed the worksheets on which the contributions are based.</p>
Responsibility for implementation	Consents and Resource Management, Ecowater staff.
Monitoring measures associated with the policy	<p>Monitoring will be undertaken by the Strategy and Development with Resource Management for consistency and effectiveness of application.</p> <p>Any necessary changes will be effected appropriately. Policy changes could be adopted through SCP process or prepared for the 2006 version.</p>
Attach policy	Will be on Document Central when adopted.
Original file reference	I/projects/devcontr/draft policy feb 04
Key supporting documents	<p>Devcontr file in i/projects</p> <p>Worksheets for asset groups.</p> <p>Regional Growth Strategy 1999.</p> <p>Waitakere City Populations Projections Study 2000 - McDermott</p> <p>Fairgray Group with Hill Young Cooper</p> <p>North West Sector Agreement 2001.</p> <p>Census 2001 statistics.</p> <p>Waitakere City Council Asset Management Plans, Codes of Practice</p>

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1 Introduction

The Local Government Act 2002 (LGA02) allows local authorities to recover, through development contributions, capital expenditures relating to growth. This is in addition to the ability to recover financial contributions under the Resource Management Act 1991 (RMA), but the two powers are complementary and may not be used to recoup the same expenditure twice. Councils are required to adopt policies for both financial and development contributions as part of the suite of funding and financial policies under s102 LGA02).

Waitakere City Council (Council) has prepared a Long Term Council Community Plan 2003 – 2012 (LTCCP 2003) under the Transitional provisions of LGA02. This states that Council will prepare a Development Contributions Policy by 30 June 2004.

Development contributions will be considered alongside Council's other funding tools in order to provide consistency of approach and methodology concerning sources and levels of funding for these facilities.

This Development and Financial Contributions policy does not supersede the requirements for development to avoid, remedy, or mitigate localised adverse effects as provided for in the District Plan. Council will continue to impose financial contributions under the RMA for reserves and to recover the costs of managing the environmental effects of growth. These are dealt with in section 2.3 of this policy.

This Development and Financial Contributions Policy will be operative from 1 July 2004 to 30 June 2006. Council will be preparing a new Long Term Council Community Plan for adoption by June 2006 as required under the LGA02. This will require an amended and updated Development and Financial Contributions Policy to be also prepared for operation from 1 July 2006.

1.1 Purpose

The purpose of this policy is to enable Council to ensure that development costs to the city are funded in a manner that is fair and equitable to current and future residents, while supporting Council's sustainable development approach.

The policy seeks to ensure:

1. That Council can fairly, simply, predictably and robustly; both recover the costs of growth and mitigate the effects of growth.
2. That a sustainable development approach will be taken in accordance with LGA02 and Council's sustainable development priority in LTCCP 2003.

In particular, the policy and schedule:

- Specify the various contributions required for costs of development within Waitakere City
- Explain why and how the contributions were determined; and
- Specify the conditions for remissions or reductions in contributions.

1.2 Long Term Council Community Plan 2003

The Long Term Council Community Plan 2003 – 2012 (hereafter LTCCP 2003) is the ten-year plan for Waitakere City, developed over an extensive two-year consultation period between 2001 – 2003. It was developed under the transitional provisions of the Local Government Act 2002, Section 279, and adopted on 30 June 2003. It provides strategic visioning, financial policies and the expected costs of the city over the ten-year timeframe. It will be reviewed over 2004 – 2005, in preparation for the adoption of the next Long Term Council Community Plan by 30 June 2006. Under the Local Government Act 2002, the long-term plan may be amended at any time, using the special consultative procedure described in section 83.

This document was developed via an extensive community consultation process, which assessed options for the city and its future development and infrastructure. Waitakere City has indicated for a number of years that it is planning to build a city which supports an intensified land use, particularly around transport nodes such as railway stations and key road routes, and local employment and strong communities. It supports innovative water management techniques, particularly for stormwater, and has proved that these improve the local and catchment environments. (Refer: State of the City report 2001).

1.2.1 Community outcomes

Community outcomes (vision statements) have been established as part of the process of developing and adopting the LTCCP 2003. These are expressed as the twenty year city vision statements which head and guide

each platform in that document. The long-term plan has been developed to support Council decision making as the city progresses towards a fully sustainable environment. The LTCCP 2003 lists the groups of activities that Council undertakes in order to support achieving the desired community outcomes.

The community outcomes as summarised in the LTCCP 2003 are:

- **Urban and Rural Villages:** *Town Centres are thriving, providing exciting options for people to live, work and play. Public facilities and places and the streets are alive and busy.*
- **Integrated Transport and Communication:** *Public transport and communication systems provide fast, affective services to the whole City. Transport systems are integrated, innovative and environmentally responsible.*
- **Strong innovative economy:** *Waitakere is a place of innovative economic activities, providing local quality work and development options for its people. Environmentally responsible businesses are supported and flourishing.*
- **Strong communities:** *People are active, healthy and content. They feel safe and there is a strong sense of community. Our City is a great place for children. We enjoy our diversity of lifestyles and people.*
- **Active democracy:** *People are able and willing to engage in city issues, and feel that they can make a difference. There are high levels of community participation, and people respect each other's views.*
- **Green network:** *Streams and forests will be full of life, The Waitakere Ranges will be permanently protected and a Green Network will link the Ranges and the sea, connecting the everyday lives of the people of Waitakere with the natural world.*
- **Three waters:** *Waitakere is a centre of innovative management for the three waters which are water supply, wastewater and stormwater.*
- **Sustainable energy and clean air:** *Waitakere City will be an energy cell, not an energy sink. Air quality supports good health.*
- **Zero waste:** *Waitakere will be a clean and attractive city that turns all its waste into resources.*

1.3 Consultation methods

Consultation for the Development and Financial Contributions Policy will or has been undertaken with the following stakeholders:

- Council elected members, community boards, partnership organisations
- Stakeholder and funder organisations such as Watercare, Transit NZ, Central Government departments
- Council Organisations e.g. Enterprise Waitakere, Waitakere Properties Ltd;
- Other Territorial Local Authorities in the region;
- Chief Executive's forum and regional working group;

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- Chief Executive and Directors of Waitakere City Council;
- Developers; and
- Staff who have to implement the contributions, and those who will be part of the asset teams developing the policy and practice.

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2 Funding and Financial policies.

This policy is consistent with Waitakere City Council's suite of financial management policies including the Significance Policy, Revenue and Financing Policy, and Partnerships with the Private Sector. The policy will be operative from 1 July 2004. *(include Council minute for final version).*

2.1 Units of demand

Units have been defined depending on the activity under consideration. Generally, a unit of demand has been taken as the household unit or its equivalent for non-residential activity. The household unit is a reasonable proxy for most types of growth and for calculating the effects of such growth; it is used for most assets: it is easy for people to understand and provides a more efficient method than attempting to assess growth on a case-by-case basis. It provides a consistent method of assessing the cost of growth across the city. The per household population is taken as 2.8 for all areas. This is consistent with the figure used for regional planning agreements. Generally, household population sizes are declining, and this is consistent with worldwide trends.

The Waitakere City Population Projections study, commissioned in 2000, has provided the basis for the population figures used in this policy. Some assets and activities have used figures updated from the Census 2001, which indicated a lower actual figure than the projections. However, Council is of the view that, as infrastructure is costly to install and the population will continue to rise (even if at varying rates over time), that it is more efficient, and economically sensible, to use a median to high growth figure for assessing infrastructure costs. Any major changes between projections and the actual figures of growth can be captured within the three yearly processes of long term planning and review.

2.1.1 Household equivalent unit

Development contributions for water supply and wastewater in industrial and commercial areas have been based on equivalent household water use and wastewater production. The design average water use and peak wastewater flow per hectare of industrial and commercial land as specified in Council's Code of Practice has been converted into an equivalent number of household units per hectare, thus enabling a contribution amount to be calculated per hectare (or m² for convenience) based on the calculated per household contribution. Water and wastewater contributions in industrial and commercial areas are therefore directly correlated to predicted water use and peak wastewater flows in industrial and commercial areas.

Assets other than water supply and wastewater also use household units, or household unit equivalents, for assessing the level of service, quantity and quality of infrastructure necessary to provide for growth. Details are contained in Council's Asset Management Plans, Codes of Practice and the asset worksheets which support Schedule A of this policy.

2.2 Funding the cost of growth

It is necessary for the Council to fund costs incurred to meet the increased demand for community facilities resulting from growth.

Alternatives include:

(1) Development contributions, in the form of:

- Development contributions – prepared in accordance with the provisions of the Local Government Act 2002; or
- Financial contributions – prepared in accordance with the provisions of the Resource Management Act 1991 (and through the District Plan).

(2) Other sources of funding:

- Such as general rates, targeted rates, uniform annual general charges, fees and charges, interest and dividends from investments, borrowing, proceeds from asset sales and grants and subsidies.

Capital costs for community facilities required for purposes other than growth are met by rates, supplemented where appropriate by other sources of funding. These costs are for works intended to benefit the existing community and are best distributed to the community as a whole.

The methods of funding operating and capital expenditures of Council activities are set out in the Revenue and Financing Policy, under the nine strategic platforms established by the LTCCP 2003. That document identifies which Council activity or groups of activities contribute to each community outcome, together with a cost of service statement for each platform. This provides the basis for the costs of growth tables shown in this document.

Council's Revenue and Financing Policy stipulates that where capital expenditure can be funded from development contributions, Council will generally use these sources of funding to meet the cost of growth of the City in preference to other sources.

The introduction of development contributions is based on the economic principle that costs should be borne by those who cause such costs. The recovery of costs from those who cause such costs would encourage efficient allocation of resources in the City. If developers are aware of the cost of the community facilities required for new developments in advance, they can take those costs into account when taking development decisions.

Council has to invest in advance a considerable amount of money in community facilities to create extra capacities to meet the demand caused by the growth of the city over time. It is not considered equitable to ask the current ratepayers to pay for the community facilities provided for the future users of such facilities because the current ratepayers are paying their share of the cost of the existing infrastructure. Additionally, they will have to bear the operating costs relating to the infrastructure provided for the future ratepayers.

Development contributions are generally considered to be more effective than other forms of funding in sharing the costs (capital expenditure) of community facilities with those who cause the demand for the facility.

- (a) Rates funding will result in the distribution of costs of growth among all ratepayers, both current and future. Also, there is a limit to which rates can be increased to fund capital expenditures, as capital expenditures tend to be lumpy; and it is not practical to collect rates to fund capital expenditures; and there is resistance against rates increases.
- (b) There are legal and practical limitations to the adoption of targeted rates to recover the cost of growth. The rates revenue sought by a local authority in any year from uniform annual general charge and targeted rates set in a uniform basis or as a fixed amount must not exceed 30% of total rates revenue. Although this limit does not apply to targeted rates in the dollar and that are solely for water supply or sewerage disposal, it severely constrains Council's ability to recover the cost of growth, which includes all types of community services.
- (c) Targeted rates are borne by the users of community infrastructure (the ratepayers) and not by the developers. Hence, targeted rates may not lead to an efficient decision by developers.
- (d) Debt funding also involves rates increases as debt servicing needs to be met from rates; and debt funding may raise the total debt to unsustainable levels. Therefore, generally there is a community concern about prudent debt levels.
- (e) There is also resistance against user charges and other forms or rates, if they have to increase to meet debt-servicing cost in the event debt funding is employed.
- (f) Other forms of funding are unlikely to be adequate to meet the infrastructure costs on a sustainable basis.

Development contributions can be used to allocate the costs to those who cause the costs, thus minimizing the impact on the existing ratepayers (note however that an increase in capital expenditure contributes to an increase in operating expenditure and depreciation which has to be funded from rates).

Council's Revenue and Financing Policy provides for other forms of funding when development contributions are not covering the full cost. These funding methods are explained under community activity groups as identified in the LTCCP.

2.3 Development Contributions or Financial Contributions

Historically, the Council has introduced and collected financial contributions and reserves on the basis of the relevant sections (including sections 283, 289, 291, 292, 321A and 322) of the Local Government Act 1974. Pursuant to sections 407 and 409 of the RMA the Council has continued to use this basis for financial contributions to date, and will continue to do so as appropriate and necessary.

An alternative would have been to introduce a new financial contribution regime in the District Plan, under the relevant parts of RMA. This was Council's original intention when the District Plan was notified in October 1991. That plan contained a financial contributions chapter which included an intended financial contributions framework for network infrastructure and reserves. There was also a framework for the taking of financial contributions to mitigate or offset environmental effects of development activity.

There were submissions, and later appeals, lodged against the proposed financial contribution provisions in the District Plan, which raised major issues about the approach adopted, including a concern about what was considered to be a lack of certainty in those provisions.

These appeals had not been resolved at the time of introduction of the LGA02. This Act introduced the alternative of development contributions as a means of recovering costs for the costs of growth relating to community facilities (which include network infrastructure and reserves). In Council's view, the development contribution provisions allowed for a better mechanism to resolve the issues highlighted in the District Plan appeals, including providing the opportunity for greater certainty.

The Council therefore decided to recover costs of growth relating to community and network infrastructure through development contributions rather than financial contributions, while retaining reserves under financial contributions.

For the sake of clarity, in this policy the following terminology is used:

- **Financial contributions** means those taken for reserves and for environmental mitigation under the RMA
- **Development Contributions** means those taken for community and network infrastructure under the LGA for the costs of growth.

2.3.1 Financial Contributions

The Council will collect financial contributions for reserves through ss407 and 409 RMA pending a decision whether to assimilate contributions for reserves into development contributions or to promote a plan change to include an appropriate financial contributions rule in the District Plan.

The LGA02 does not provide a legislative basis for contributions to mitigate or offset environmental effects of development activity. This component of

financial contributions therefore remains in the District Plan. There are other circumstances where works and services or a financial contribution may mitigate or offset adverse effects, which would otherwise be more than minor. In such cases, effects would normally be required to be avoided, remedied or mitigated on the site of the activity proposed. However if this is not possible, an opportunity is provided through the District Plan for works and services to be provided off-site, or for a financial contribution to be paid. This opportunity is available at the applicant's initiative only. If offered by the applicant, and considered to adequately mitigate or offset the adverse effect, the works, services or financial contribution may be required as a condition of resource consent.

Council will continue to collect financial contributions for reserves at a maximum rate of 6% for all classes of land at the time of subdivision under ss285 and 286 LGA 74 pursuant to s407 RMA. Council will collect reserve fund contributions in respect of developments as provided in s294 LGA 74 pursuant to s409 RMA.

2.3.2 Development Contributions

Table 1 summarises relevant capital expenditure for community facilities including the proportion and costs attributable to growth and possible funding sources. (Note: this table includes Council-incurred costs only and excludes costs of community facilities provided as works and services by developers).

These figures should be considered to be initial projections as at 19 March 2004 and will be further amended by consultation, ongoing financial analysis and modelling before adoption by 30 June 2004.

TABLE 1: LTCCP 2003- 2012 CAPEX Summary

		Total LTCCP CAPEX 2003 - 2012	Growth Factor	Cost of Growth	Cost of Growth Funding Sources	Total to be recovered through Dev Cons	Costs recovered through other sources
Roading (net of Transfund)	New CAPEX	\$58,654,116	38.9%	\$22,815,956	Development	\$22,815,956	Transfund
	Renewals	\$52,151,556	0.0%	\$0	Contributions	\$0	
Water Supply	New CAPEX	\$14,449,845	35.0%	\$5,059,873	Development	\$5,059,873	
	Renewals	\$30,211,714	0.0%	\$0	Contributions	\$0	
Waste Water	New CAPEX	\$38,938,470	80.4%	\$31,319,563	Development	\$31,319,563	
	Renewals	\$58,266,831	57.5%	\$33,482,352	Contributions	\$33,482,352	
Storm Water (net of Infrastructure Auckland)	New CAPEX	\$63,291,080	31.4%	\$19,866,225	Development	\$19,866,225	Infrastructure Auckland
	Renewals	\$11,781,873	0.0%	\$0	Contributions	\$0	
Parks - reserves	New CAPEX	\$2,160,000	78.9%	\$1,703,500	Financial Contributions under RMA/District Plan	\$0	
	Renewals	\$0	0.0%	\$0		\$0	
Community Infrastructure on Parks	New CAPEX	\$33,695,479	70.7%	\$23,826,364	Financial & Development Contributions	\$6,076,203	
	Renewals	\$14,707,390	0.0%	\$0		\$0	
Solid Waste	New CAPEX	\$1,185,000	0.0%	\$0	Not Included	\$0	Not Included
	Renewals	\$1,520,000	0.0%	\$0		\$0	
Other Community Infrastructure	New CAPEX	\$112,677,201	37.4%	\$42,154,057	Development	\$15,787,737	
	Renewals	\$24,000	0.0%	\$0	Contributions	\$0	
Public Transport	New CAPEX	\$12,693,498	76.6%	\$9,718,203	Development	\$9,718,203	
	Renewals	\$0	0.0%	\$0	Contributions	\$0	
Other Overheads	New CAPEX	\$41,404,781	0.0%	\$0	Not included	\$0	Not Included
	Renewals	\$10,607,100	0.0%	\$0		\$0	
TOTAL LTCCP		\$558,419,934	34.0%	\$189,946,093		\$144,126,112	

Note that consistent with the principles outlined in section 3, where renewals of infrastructure provide for extra capacity to cater for growth, the extra capacity component will be funded by development contributions. This applies particularly to the wastewater renewal budgets.

Capital expenditure as indicated in LTCCP 2003 is based on best available knowledge at time of preparation and represent Council's expectation of costs that will be incurred for the area estimated by services required to be provided.

Considerable planning work is ongoing which will affect future costs of growth figures. Any revision of the costs of growth will be reflected in subsequent LTCCP's, Asset Management Plans and Schedules of this policy.

The majority of infrastructure required to service growth within the city is provided by developers at the time of development and is vested in Council at no cost. Table 1 outlines expected costs to Council, separate from developer-provided infrastructure. Apart from other funding sources that may be available, those costs of growth will be met by development contributions.

However it is still possible that the developer will provide or construct some of these community assets, rather than, or possibly in conjunction with, the Council. In such cases development contributions would be adjusted accordingly. It is not therefore possible to be exact about the total amount of funding which will be sought through development contributions.

3 The Development Contributions Policy

Council may require development contributions from development where the effect, including the cumulative effect, of development is to require new or additional assets or assets of increased capacity, and as a consequence, the Council incurs capital expenditure. This includes capital expenditure Council has already incurred in anticipation of growth. The incurred capital expenditure itself must be to appropriately provide for community and network infrastructure which provide for the social, economic, environmental and cultural well-being of the community. For clarity, under the Act 'community facilities' are defined as reserves, community or network infrastructure. This policy requires development contributions for community and network infrastructure, while reserve contributions will be taken under the RMA.

The Development Contributions Policy determines the Cost of Growth in the capital budget of the LTCCP 2003 and divides that by the units of demand expected in that ten-year time frame. Council, as necessary, acts as the banker, and will recover the capital cost from each development as it occurs now and in the future. Changes in either forecast costs or population/household growth will be captured in each three yearly review.

The policy proposes the following principles to ensure that costs of growth are met by those who incur the cost:

- a) where capital works are required to meet growth then Waitakere City Council will recover the costs over time
- b) current levels of service are taken as sufficient, except where an increased capacity is required to meet the demands of an increasing population (e.g. such as more park infrastructure in an established urban area)
- c) where a backlog of work exists because current assets do not meet current levels of service, then that cost component will be borne by rates or Financial Contributions. If undertaking the backlog work increases the capacity of the infrastructure in order to facilitate growth, then the increased capacity component will be funded by development contributions.

The methodology consists of identifying the cost of growth, then dividing that by the 10 year population projection (converted to Household Units or Household Equivalent Units in most cases). For most assets, a citywide catchment has been taken as the area for contributions, on the basis of administrative efficiency, and distribution of costs of growth across the city's developing areas. Costs of growth for wastewater is an exception to this, being divided into the northern growth area of the city and the inner drainage area.

For ease of use, this development contributions policy with associated schedules is the summary of the full methodology for each asset and activity class identified as appropriate for the taking of development contributions.

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3.1 Schedules of the Policy

The development contributions schedule appears in Section 7.1: Schedule A. Schedule B contains the contributions for existing works, and Schedule C indicates the process for the taking of contributions (*still in development at this consultation stage*).

The explanation of the basis to Schedule A, appears in the supporting worksheets for each asset group. Schedule A includes an identification of each activity or group of activities for which a development contribution will be required and an estimate of the total amount of funding sought by development contributions.

The full methodology is contained in the asset worksheets. These indicate the service, the cost of that service and the proportion attributable to growth, and the area of the relevant catchment. The 'catchment' cost of growth is then divided by the Household Unit which is based on projections for population increase over the ten years of the LTCCP 2003. In some cases, where infrastructure costs are 'lumpy' and the asset has capacity and life over a much longer period than ten years, the cost of growth is taken over 20 years.

On adoption for consultation, the worksheets will be available on request at City Council service centres, as well as the Civic Centre, Henderson, 6 Waipareira Ave and the Council's website www.waitakere.govt.nz

The information contained in this policy and schedule will be available on GIS (Geographical Information Systems) at Council Civic Centre by 30 June 2004. This will provide users with a schedule of contributions for all sites in the city.

3.2 Basis for contributions

The LTCCP 2003 sets out the expected costs that Council has identified as necessary to support the strategic goals of the city, including the costs of providing for the growth of the city. In this regard it is important to remember that under s199(3) LGA02 the effects of growth extend to include the cumulative effects that one development may have in combination with another.

The network infrastructure planning for transport, parks, water supply, wastewater, and stormwater management is drawn from the relevant Asset Management Plan for each network activity.

For clarity, in this policy 'network infrastructure' includes:

- Roading (including footpaths and some cycleways)
- Water supply
- Wastewater
- Stormwater
- Public transport (rail, rail stations, bus ways, park and rides, and some cycleways)

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It should be noted that, due to financial constraints and other influences such as market fluctuations, the Asset Management projections are not always an exact match with the LTCCP 2003 figures. In the case of public transport, while some regional uncertainty exists, Council will allow for its expected share of the cost of train stations, upgrades and park and rides. Actual expenditures in any one year may be above or below the LTCCP 2003 figures, but the variance is not expected to be significant under LGA02, and will not affect the adopted schedules of Development Contributions.

For clarity, in this policy, "Community Infrastructure" includes:

- Infrastructure on parks and reserves
- Libraries
- Community halls
- Cemeteries and crematoria
- Town Centre Developments
- Leisure facilities

Community Infrastructure planning is based on relevant, adopted strategies for the city e.g. Parks Strategy, Leisure Strategy, Libraries Strategy, with supporting Asset Management Plans. The Urban Strategy is summarised in the District Plan provisions for urban intensification. Town Centre developments are undertaken to support a range of strategic objectives, including social, economic, and cultural wellbeing for the city's communities. These developments are undertaken after Council adopts concept plans for each centre or development area.

Catchments:

Where citywide catchments are in use, they have been adopted for the following reasons:

- Administrative efficiency;
- Dividing the city into small catchments would increase disproportionately the costs for those developments in areas which require significant infrastructure for growth; and
- As the traditional pattern of urban growth is undergoing considerable change, Council returns over time on a per catchment basis, could be uncertain. As Council is required to spend the contributions in the catchment area this could penalise the residents of the area.
- Or where the difference between catchment contributions is negligible

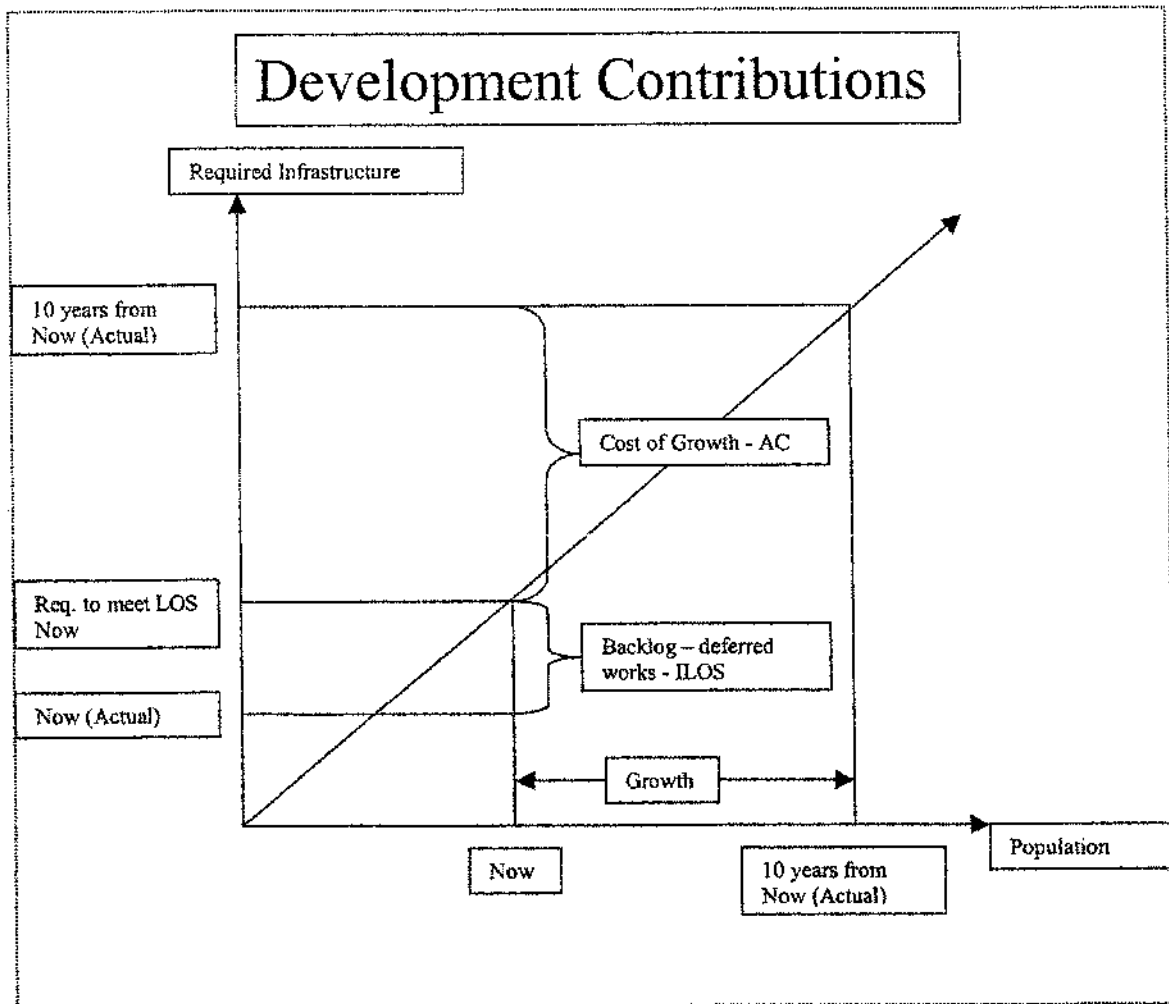
In other cases where catchment areas are not citywide, they have been derived from environmental catchment areas such as those for stormwater, or existing infrastructure networks such as those for water supply.

3.2.1 Policy discussion

3.2.1.1 Justifications for calculations

The basis for the level of contributions is the expected cost of growth in the city. The cost for each household will be assessed as indicated in Schedules A and B.

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Detailed calculations are in the asset group worksheets. These are based on Council strategies e.g. Parks, Leisure, Transport, Urban, Libraries, and Water Strategies, and strategic objectives as in the LTCCP, as well as established levels of service and Engineering Codes of Practice.

3.2.2 Contributions for works already in place.

Where assets have been planned and developed to provide for future growth in the city and still have capacity for such growth, and which have not already been funded by Financial Contributions under the Local Government Act 1974, development contributions will be required as from 1 July 2004. This will apply particularly for roading projects with a citywide use, and for community infrastructure. The details including schedules of capacity and cost are contained in Schedule B (Contributions for existing works schedule).

3.2.3 Review period.

On the basis that Council will be developing an Long Term Council Community Plan every three years, a revised Schedule for Development Contributions will be proposed and consulted upon as part of the three-yearly preparation and consultations. The next Development Contributions Schedule will be developed for consultation during the statutory consultation period for the Long Term Council Community Plan to be adopted by June 2006. Prospective submitters will need to confirm any statutory dates at that time.

If any change in circumstances requires it, the Council may review or amend this Policy or the Schedule of Development Contributions more often than as part of the review and adoption of the Long Term Council Community Plan.

Any change in the Policy or the Schedule will only occur after the proposal has been through the Special Consultative Procedure (s83 LGA 02).

It should be noted that the Local Government Act 2002 does not provide for appeal processes comparable to the RMA 1991.

4 Assumptions

4.1 Financial and Administrative Assumptions

- Development contributions will be used for or towards, the capital expenditure of the network infrastructure or community infrastructure for which the contribution was required. This will also include the development of the network or community infrastructure, but will not include the maintenance of any of the above activities or assets;
- That all figures are in today's dollars and no allowance has been made for inflation;
- That the income generated from rates and other funding sources will be sufficient to meet the increase in operating costs generated by the increasing level of capital expenditure into the future;
- That operating expenditure will be allocated across the rating base of the city;
- That there will be an impact from the capital expenditure on operating expenditure and an allowance has been made for this in the LTCCP 2003 based on the type of asset i.e. that an increase in capital expenditure for community facilities also increases the operational expenditure in order to run that facility as well as increasing the depreciation schedules;
- That all Transfund subsidies will continue at present levels and that eligibility criteria will remain unchanged. [Note: Subsidies received will be deducted from capital expenditure to arrive at Development Contribution component);
- That the current level of service is sufficient for the purposes of calculating development contributions for this policy. (Note: where capacity is increased as a response to demand caused by increases in population, such as parks equipment for instance, this will be considered to be a cost of growth);
- Post-construction interest costs of capital are not included in the schedule calculations in this policy but Council is likely to review this in the future; and
- Contributions held under the Local Government Act 1974 will be utilised in accordance with this policy.

4.2 Growth Management

This Development Contributions Policy is based on the capital expenditure required for growth as identified in the Long Term Council Community Plan 2003 – 2012. This plan is based on the urban development strategy, current growth management assessments, concept plans and structure plans, asset

management plans and Codes of Practice that Council has adopted. Taken together, these planning tools provide an initial estimate of the growth and expenditure required to meet Waitakere City Council's commitments in the Regional Growth Strategy (1999) and Northern and Western Sector Agreement (2001).

4.2.1 The Regional Growth Strategy:

- Was accepted by the region in 1999 and agreed by all seven regional territorial authorities;
- Identifies a vision for the Auckland region in 2050 with a likely population around two million; and
- Sets the agreed direction for growth in the region based on reducing sprawl, supporting public transport options, and retaining access to a quality environment for all residents.

4.2.1 The Northern and Western Sectors Agreement:

- Is a twenty year planning document, and was signed in October 2001 by Rodney, North Shore, Waitakere and the Auckland Regional Council after approval by the Regional Growth Forum;
- Is the instrument used to co-ordinate the implementation of the Regional Growth Strategy across the northern and western areas of the Auckland region;
- Contains a set of principles, agreed growth areas, and proposes joint projects between the signatory authorities.

A set of maps from the agreement indicating agreed growth areas for residential and employment are attached at Appendix AA.

The agreement allocates population growth capacities by sub-region and territorial authorities. The agreement deals with three elements of growth:

- Growth should be in appropriate locations around urban and transport nodes;
- Growth planning should include consideration of public areas, employment, water management and community facilities; and
- The sequencing of development over a twenty-year timeframe with regular review dates built into the agreement.

The agreement also identifies issues to be addressed in managing growth and suggests actions to address these such as District Plan changes and Metropolitan Urban Limit changes.

The direct implications for Waitakere is that it must work towards being in a position to accommodate growth as nominated in the Regional Growth Strategy and associated Sector Agreements.

4.3 Growth Assumptions

In addition to planning work already completed (i.e. urban centre plans, an operative District Plan, and regional agreements), Council will be undertaking, during the period 2003 – 2005, key pieces of work to further determine the

requirements for the expected growth of the city. This work includes a Growth Management Plan, a review of the Leisure Strategy, a Water Services Assessment, a review of the North West Sector Agreement and Regional Growth Strategy, Northern Growth Area planning, updating and completion of concept plans for each town centre as identified in the District Plan, Catchment Management Plans, a review of the Parks Strategy and ongoing Reserve Management Plans, integrated Transport Planning, changes to the current Metropolitan Urban Limit in the northern area of the city, and necessary revision of District Plan provisions to support growth planning.

It should also be noted that as Council has not adopted final planning for all growth areas, not all costs of growth expected in these areas are included in the LTCCP 2003. This is the basis of differences between the regional agreements and asset worksheets. Planning will be further progressed in time to review this policy and schedules for 2006.

A considerable proportion of Waitakere City's growth will be accommodated in the northern areas of the city, which reaches from the current shopping centre of Westgate to the Hobsonville Peninsula area. This area collectively is known as the Northern Strategic Growth Area or hereafter 'NOSGA'.

It is expected that these planning exercises will, as a consequence, require some adjustment to the current capital expenditure projections for growth. This will be fully consulted upon as part of the Long Term Council Community Plan preparation for adoption in June 2006, using the Special Consultative Procedure as required by LGA02.

The urban and transport planning exercises all include the expected costs of growth as identified at 30 June 2003 to support the full range of development activity including employment and business growth.

4.3.1 Projected growth

Waitakere City has been growing steadily over the last 10 years and is currently the fifth largest city in New Zealand. From a population of 155,565 in 1996, the number of residents grew at an annual average rate of 1.7% over the following five years to 168,750 at the 2001 census. This is expected to reach 216,700 (high projection) in 2011, and between 223,300 and 252,000 by 2021. Figures are from Census 2001.

These projections will be updated as subsequent Census figures indicate changes in population growth rates, but an increase of 30,000 between 2001 and 2012 is generally taken as the planning figure.

The dominant housing stock is the detached family home, which makes up for approximately 80% of the 56,172 dwellings in the city (Census 2001). Due to the trend of the average household size decreasing, this population growth means that proportionally more dwellings and services will be required in the future. Waitakere has one of the highest growth rates of new apartments and medium density housing in the Auckland region (18% of all new dwellings in 2002 – from Quality of Life survey, 2003).

Growth in residents, combined with Waitakere's stated objective of increasing local employment, means that future costs of growth include the necessary infrastructure to provide for residential as well as employment growth in the city. The labour force could grow by around 12,000 people between 2001 and 2011. On the basis that the city wishes to provide employment for its people, (at least 60%), planning for the city includes community and infrastructure provision for local employment areas.

In February 2003 there were 11,470 businesses located in the city, up from 9227 in 1996, a change which was accompanied by 5,310 extra jobs.

Target Growth Distribution Patterns – source: Waitakere City Population Projections Study 2000			
	1996-2001	2000-2011	2011 – 2021
Vacant	30%	30%	20%
Infill	35%	15%	10%
Nodes	20%	25%	35%
Greenfields	5%	20%	25%
Rural	10%	10%	10%
Total	100%	100%	100%

Latest census figures to be included 2001 – 2013 projections.

4.3.2 Planning timeframe

It is expected by Council that the lifespan of the capital works projects identified in the LTCCP 2003, some of which are already available to the City where facilities have been built in anticipation of growth, will extend beyond the ten year time frame used in the long term plan. However, while Council's asset management plans are based on the useful life of the asset, the Development Contributions Policy is based on the 2003 – 2012 capital expenditure, caused by the growth in the area, which is required to build those assets.

Council recognises that for network and community infrastructure which either extend physically or in capacity beyond immediate needs and the current LTCCP 2003, that Council may have to act as banker for these services and recover costs in stages from future development. In this case, Development Contributions will be taken for the expected uptake in capacity over the ten-year period with those costs triggered by growth over the ten year LTCCP 2003 timeframe both allocated to, and recovered within the ten-year period. Any costs incurred in anticipation of growth in future years after that ten-year period will be allocated to and recovered in those future years e.g. wastewater costs in the NOSGA area are taken over 20 years. (see worksheet WW30).

4.3.3 Localised impacts

In some cases, localised impacts may be addressed by requirements for works and services that are imposed as a condition of resource consent under the Resource Management Act.

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5 Assessment and Timing of Payment of Financial Contributions and Development Contributions

Council can require a development contribution to be paid when granting either:

- A resource consent under RMA;
- A building consent under the Building Act 1991; or
- An authorisation for a service connection.

The purpose of this part of the policy is to explain the process for payment of contributions for reserves, network infrastructure and community infrastructure. The assessment method for each contribution is set out in the Development Contributions Assessment Schedule C (*Still in development during the consultation period 13 April to 13 May 2004*).

5.1 Reserves Contributions

Financial contributions for reserves (in land or cash) taken at subdivision stage will be payable prior to the issue of a s224(c) certificate by Council. Should there be a delay of more than 2 years between the market valuation and the payment of a contribution, Council will reserve the right to review the valuation and amend the contribution requirement.

Financial contributions for reserves taken (in land or cash) on residential, commercial or industrial development will be payable prior to the release of a building consent by Council. The Council will utilise s35 (1A) of the Building Act 1991 so that a building consent will not issue until the contribution is paid.

5.2 Stormwater Network Infrastructure

5.2.1 Subdivision consent

Development contributions for stormwater network infrastructure will be taken at the time of subdivision, based on a calculation of:-

- for residential or rural subdivision, the additional "standard" household units made possible by the subdivision or,
- for commercial or industrial subdivision, on a "standard" per square metre of impermeable surface calculation.
(see asset worksheets for details).

Development contributions taken at subdivision stage will be payable prior to the issue of a s224(c) certificate by Council. Should there be a delay of more than 2 years between the subdivision consent and the payment of a contribution, and there has been a change in the relevant development

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contribution within that time, Council will reserve the right to review the development contribution condition and amend the contribution requirement.

5.2.2 Land Use consent

Development contributions for stormwater network infrastructure will be required on a land use consent where the "standard" number of additional household units or the "standard" per square metre of impermeable surface calculation is exceeded. (see Asset worksheets).

Development contributions required by land use consents will be payable prior to the commencement of the consent. The Council will utilise s35(1A) of the Building Act 1991 so that a building consent will not issue until the contribution is paid. Should there be a delay of more than 2 years between the land use consent and the commence of that consent, and there has been a change in the relevant development contribution within that time, Council will reserve the right to review the development contribution condition and amend the contribution requirement.

5.2.3 Building Consent

Development contributions for stormwater network infrastructure will be required on a building consent on the basis of the number of household units proposed, minus any stormwater network infrastructure contribution previously paid on a subdivision consent or a land use consent (see Schedule C).

Development contributions required on a building consent will be payable prior to the commencement of the consent. The Council will utilise s35(1A) of the Building Act 1991 so that a building consent will not issue until the contribution is paid.

5.3 Other Network Infrastructure and Community Infrastructure Contributions

5.3.1 Subdivision consent

Contributions for network infrastructure and community infrastructure other than stormwater infrastructure will be taken at the time of subdivision, based on a calculation of additional "standard" household units or household unit equivalents made possible by the subdivision (see Asset worksheets).

Development contributions taken at subdivision stage will be payable prior to the issue of a s224(c) certificate by Council. Should there be a delay of more than 2 years between the subdivision consent and the payment of a contribution, and there has been a change in the relevant development

contribution within that time, Council will reserve the right to review the development contribution condition and amend the contribution requirement.

5.3.2 Land Use consent

Development contributions will be required on a land use consent where the number of additional household units or household unit equivalents exceeds the "standard" number of additional household units or household unit equivalents possible on the development site (see Asset worksheets).

Development contributions required by land use consents will be payable prior to the commencement of the consent. The Council will utilise s35(1A) of the Building Act 1991 so that a building consent will not issue until the contribution is paid. Should there be a delay of more than 2 years between the land use consent and the commence of that consent, and there has been a change in the relevant development contribution within that time, Council will reserve the right to review the development contribution condition and amend the contribution requirement.

5.3.3 Building Consent

Development contributions will be required on a building consent where the number of additional household units or household unit equivalents exceeds the "standard" number of additional household units or household unit equivalents, or exceeds the number of additional household units or household unit equivalents allowed by a subdivision consent or a land use consent for which a development contribution has already been paid (see Schedule C).

Development contributions required on a building consent will be payable prior to the commencement of the consent. The Council will utilise s35(1A) of the Building Act 1991 so that a building consent will not issue until the contribution is paid.

5.4 Other Contributions

For all other contributions required by a resource consent, the contribution will be payable prior to the commencement of the consent. Where appropriate, the Council will utilise s35(1A) of the Building Act 1991 so that a building consent will not issue until the contribution is paid.

6 Postponement, Remissions and Refund.

6.1 Postponement

The Policy does not provide for postponements of payment, but Council may review this in the future. If considered necessary, Council could consider a

policy on postponement of payment of development and financial contributions as part of the preparation of the Development and Financial Contributions Policy to be operative from 1 July 2006.

6.2 Remissions

The current Development Contributions Policy allows a partial remission of development contributions required for the provision of the three water services - water, waste water and storm water – on developments which install water conservation devices. The rationale for this is that water conservation will result in wider environmental benefits and cost savings to the community.

In other cases, Council may consider negotiating credit to developers where developers have provided works or services that will appropriately reduce the cost to Council or which demonstrate support for sustainable city objectives, provided that Council is satisfied with the quality of such works or services.

This aspect of the policy will be kept under review and it is proposed to include a comprehensive policy on the remission of development contributions when the current Development Contributions Policy will be reviewed and updated for operation from 1 July 2006.

6.3 Refund

Refunds will be made in accordance with the provisions of s209 and 210 LGA02, copies of which are attached at Appendix AAA.

Schedule A –(community and network infrastructure, circulated under separate cover)

Schedule B – (existing works from 2001, circulated under separate cover)

Schedule C – (process and complaints, circulated under separate cover)

Appendices:

Appendix AA – maps of planned growth of the city as agreed in the Northern and Western Sectors Agreement 2001 (to be inserted in consultation version)

Appendix AAA – Local Government Act 2002 statutory provisions relating to Development and Financial Contributions (to be inserted into consultation version)

- This policy has been prepared under the following Sections of the Local Government Act 2002 – s101, s102, s106, ss197 –210, and Schedule 13.
- Relevant ss RMA 407, 409

Appendix AAAA: Definitions

Insert for final consultation version

Community facilities
Community infrastructure
Development Contributions
Financial contributions
LGA 74
LGA 02
LTCCP 2003
Network infrastructure
NOSGA
Reserves
RMA