

## 11. THE FINANCIAL CONTRIBUTIONS AND DEVELOPMENT POLICY

Financial Contributions and Development Policy	
<b>Responsibility:</b>	Group Manger Regulatory
<b>First adopted:</b>	10 July 2003 (265/03)
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<b>Next review date:</b>	2014
<b>Review frequency:</b>	Three yearly, or more frequently if required
<b>Approval authority:</b>	Council
<b>Consultation required:</b>	Special Consultative Procedure - as part of the LTP
<b>Record number:</b>	323711
<b>Associated documents:</b>	The Proposed District Plan, Local Government Act 2002, Resource Management Act 1991



### 11.1. Policy Objectives

This Policy determines the purpose for which financial contributions or development contributions may be required.

### 11.2. Principles

#### 11.2.1. Development Contributions

There are no instances in which Council will require development contributions under the Local Government Act 2002 (LGA).

#### 11.2.2. Financial Contributions

There are instances where Council may require financial contributions under the Resource Management Act 1991. These instances are where subdivision of land is proposed or development occurs and, as a result, there would be an increase in demand on Council's infrastructural services, including reserves, stormwater, water supply, wastewater, and roading. In these instances the developer is required to make a contribution to Council to provide for the additional demand and to mitigate potential effects in accordance with the District Plan as provided for by the Resource Management Act 1991. Payment is required at the time of subdivision or development to contribute towards the costs of existing Council services such as reserves, stormwater, water supply, wastewater and roading, by effectively buying into the existing infrastructure network. In addition, payment of a financial contribution in lieu of providing on-site parking is provided for.

### 11.3. Definitions

Nil

### 11.4. Background

#### 11.4.1. Local Government Act

Section 101 of the Local Government Act 2002 requires a local authority to manage its finances prudently and in a manner that promotes the current and future interests of the community. In particular funding needs of the local authority must be met from those sources that the local authority determines to be appropriate and taking into account community outcomes, distribution of benefits and period these would occur and the extent particular individuals or a group contribute.

South Waikato District Council has determined that developers need to pay a percentage amount of financial contributions towards certain infrastructural services and public assets and that the benefits of financial experiences are experienced by the district's ratepayers because they do not have to bear the entire financial burden that development places on existing infrastructure. The concept of financial contributions aligns with the community outcome: 'Well managed infrastructure: Our infrastructure is financially and operationally sustainable; it contributes positively to our district environment; and it is cost effective for household and businesses, now and in the future.'

Section 102 of the Local Government Act 2002 requires a local authority to adopt a policy on development contributions or financial contributions.

Part 8, sub-part 5 Development Contributions (Sections 197AA to 211) sets out the power to require contributions, the basis on which they may be required, limitations to the requirements and, if the local authority has determined to require contributions, what the contents of the policy must include.

Section 198(1) (a) provides that a local authority may require a development contribution to be made when granting a resource consent under the Resource Management Act 1991 for a development.

### **11.4.2. South Waikato Proposed District Plan**

In Council's Proposed District Plan, Part 7 sets out the objectives, policies and rules relating to 'Subdivision and Development'.

Section 7.1.1 'Financial Contributions' provides that Council may require a contribution so that costs associated with new development from subdivisions do not fall inequitably upon existing rate payers. Council considers new developments should contribute a fair and reasonable sum towards meeting the cost of new demand.

This is encapsulated in policies:

- 7.3.17 Require financial contributions as consent conditions on subdivision consents to reflect the demand on infrastructural services generated by the subdivision and the associated development.
- 7.3.18 Require financial contributions for the provision of car parking where this cannot be provided by an activity or development to the extent required on site.
- 7.3.19 Allow for the payment of financial contributions in accordance with the planned stages of any subdivision activity subject to financial and security arrangements being entered into by Council and the developer.
- 7.3.20 Provide for an annual review of the level of financial contributions that will be applied.

Section 10.9 of the Proposed District Plan provides the rules by which financial contributions for all subdivision and resource consents shall be imposed and the formulae by which they will be assessed.

Financial contributions were introduced by the means of Plan Change 19 which was adopted by Council after a formal process that included publicly notifying the changes to enable submissions to be made and subsequent decision making through a hearing. The financial contributions provision became operative 1 July 2008 and has carried through into the rules of the Proposed District Plan.

## **11.5. Policy Statement**

South Waikato District Council does not charge development contributions as allowed for in the Local Government Act 2002.

Council requires financial contributions, land or combinations thereof (i.e. monetary and land transfer), where land is developed or subdivided.

The contribution shall be calculated in accordance with Section 10 of the Proposed District Plan which will positively and equitably contribute towards the sustainability of the environmental and infrastructural resources of the district by addressing cumulative impact over time.

When the services are already in place at the time of subdivision, financial contributions will still be levied through the resource consent process, eg unit title subdivision.

In the past Council has resolved to discount entirely charges relating to stormwater, water and wastewater as an incentive to encourage new urban development. Council reassesses this every time it reviews the fees and charges. The setting of the fees and charges is consulted on and the public have the opportunity to make a formal submission to Council.

During the period of the Long Term Plan 2015-25, Council has not identified that there is any capital expenditure incurred to meet the increased demand for community facilities resulting from growth.

There will be no proportion of the total cost of capital expenditure that will be funded by development contributions, financial contributions and other sources of funding.

Council believes that it is reasonable for the developer to contribute (through financial contributions) to the joining of the existing network which has been paid for by current and previous ratepayers. This contribution can be levied regardless of whether the development impacts existing infrastructure as a result of subdivision or not. In addition when land use occurs and the required amount of car parking isn't provided by the developer, it is considered reasonable that the developer pay a financial contribution to Council so that Council can use funds as necessary for car parking in an alternative location.

The levels of the contributions are based on the financial value of the existing networks divided by the number of existing users/rateable units.

The sum is fixed for each financial year, commencing 1 July and is adjusted annually based on the latest valuation of the asset, multiplied by an adjustment factor to provide a discount to the level of contribution actually charged.

The purpose of the adjustment factor is to enable Council to annually adjust the level of the contribution in response to the level of development activity within the District and the economic climate. The adjustment factor (discount) will be set annually through the Annual Plan process and advertised through the Schedule of Fees and Charges.

The activities for which financial contributions will be required are: roading (including car parking), water, wastewater, stormwater and reserves. Council does not rely on the financial contributions as a source of funding because financial contributions are paid as and when development occurs.

## 11.6. Relevant Delegations

Council may include conditions requiring financial contributions as defined in Section 108(9) of the Resource Management Act 1991 upon the granting of a resource consent, which is delegated to officers in accordance with Council Delegation Manual.

## 11.7. References and Relevant Legislation

Local Government Act 2002

Resource Management Act 1991

South Waikato District Proposed District Plan

## 11.8. Annotations

Res No	Date	Subject/Description
265/03	10/07/03	Policy adopted
235/04	24/06/04	Policy reviewed
132/06	23/03/06	Reconfirmed/amended
347/06	10/07/06	Policy amended/confirmed as part of Long Term Council Community Plan process
134/09	28/5/09	Policy amended/confirmed as part of LTP process
236/12	28/6/12	Policy amended/confirmed as part of Long Term Plan 2012-22 process