

# Financial Policies

## Contributions Policy 2018

### Contents

<b>Financial Policies.....</b>	<b>1</b>
<i>Contributions Policy 2018.....</i>	<i>1</i>
1 Overview and purpose.....	2
2 Definitions.....	3
3 Transition between policies .....	6
4 Use of development contributions or financial contributions.....	6
5 Development contribution general provisions .....	7
6 Development contribution assessment.....	8
7 Development contribution assessment review .....	12
8 Supporting Information .....	15
Schedule 1 – Activities to be funded by development contributions.....	17
Schedule 2 – Development types and unit of demand factors .....	18
Schedule 3 – Schedule to development contribution policy.....	20
Schedule 4 – Summary of capital expenditure for growth (\$m).....	23
Schedule 5 – Considerations of activity funding .....	25
Schedule 6 – Summary of financial contribution provisions.....	28
Schedule 7 – Significant assumptions.....	30
Schedule 8 – Assets for which development contributions will be used .....	32
Attachment A – Payment timing and enforcement .....	33
Attachment B – Cost Allocation .....	35
Attachment C – Funding Model.....	36

# 1 Overview and purpose

The purpose of development contributions are:

- to recover from those persons undertaking development a fair, equitable, and proportionate portion of the total cost of capital expenditure necessary to service growth over the long term.

The purpose of this policy is to:

- provide predictability and certainty to stakeholders in how infrastructure for growth, including major transformational infrastructure, is to be funded and provide transparency of what is to be funded and what has been delivered
  - provide for those involved in development to make fair payments to the council to reflect the expected demand their developments will have on council infrastructure and the expected benefits residents and businesses occupying these developments will derive from council infrastructure
  - set contribution charges at levels that help achieve the scale, type, quality and location of development that the Auckland Plan vision aspires to.
1. The contribution charges are derived by dividing the capital expenditure for growth in the Long Term Plan (LTP) 2018-2028 by the estimated number of new residential and non-residential developments.
  2. Auckland is expecting 120,000 new residential dwellings and 5.1 million square metres of non-residential floor space over the next 10 years.
  3. Council's capital planning anticipates a mixture of both public and private intervention. Development contributions only recover the growth portion of capital expenditure projects incurred by Council.
  4. Council sets expectations that private works through condition of consents are not included in the setting of the development contributions price
  5. Capital expenditure projects funded by contributions are set out in schedule 4 and schedule 8.
  6. The contribution charges are dependent on which funding area development is occurring, as well as the type and size of development being carried out.
  7. The Contributions Policy, in line with the Auckland Plan, promotes particular types of development because of the lower marginal cost of infrastructure provision through a more compact future Auckland. This policy uses a range of demand factors to reflect the lower demand expected from these forms of development.
  8. Charges differ dependent on the size of a development and are set to reflect its typical capacity to house occupants or level of business activity. Developments with larger capacity or more activity will place higher demand on new growth infrastructure.
  9. The contribution charges are set out clearly and unambiguously in the policy, assisting those undertaking development to assess the financial viability of their projects early in the process. An online estimation tool is available for all to use at [www.aucklandcouncil.govt.nz](http://www.aucklandcouncil.govt.nz).
  10. Payment timing varies depending on the type of consent and is described in Attachment A of this policy.
  11. There are no charges for water supply and wastewater infrastructure under this policy. The cost of this infrastructure is charged directly by Watercare Services Limited or Veolia Water.
  12. The Contributions Policy has been developed in accordance with the purpose and principles in Section 197AA and 197AB of the Local Government Act 2002 (LGA 2002).

## 2 Definitions

13. The following definitions are used throughout the policy and highlighted in bold and italic:

**Table 1**

<b>Term</b>	<b>Definition</b>
<b>Accommodation units</b>	<p>a) Defined in section 197 of the LGA 2002 as:</p> <p><i>“means units, apartments, or rooms in 1 or more buildings for the purpose of providing overnight, temporary, or rental accommodation”</i></p> <p><i>For clarification “rental accommodation” above refers to short term rental purposes, long term rental accommodation will be treated as a dwelling units.</i></p> <p>b) includes cabins and other residential structures on a camp ground</p>
<b>Activity</b>	A grouping of council functions required for development contributions as listed in Schedule 1.
<b>Aged care room</b>	Any dwelling unit in a “rest home” or “hospital care institution” as defined in section 58(4) of the Health and Disability Service (Safety) Act 2001
<b>Allotment</b>	<p>Defined in section 218 of the Resource Management Act 1991 as:</p> <p><i>“a) any parcel of land under the Land Transfer Act 1952 that is a continuous area and whose boundaries are shown separately on a survey plan, whether or not: (i) the subdivision shown on the survey plan has been allowed, or subdivision approval has been granted, under another Act; or (ii) a subdivision consent for the subdivision shown on the survey plan has been granted under this Act; or b) any parcel of land or building or part of a building that is shown or identified separately; (i) on a survey plan; or (ii) on a licence within the meaning of Part 7A of the Land Transfer Act 1952; or c) any unit on a unit plan; or d) any parcel of land not subject to the Land Transfer Act 1952”</i></p>
<b>Attached dwelling unit - low rise</b>	A dwelling in a development of up to four levels and three or more attached dwelling units
<b>Attached dwelling unit - medium to high rise</b>	A dwelling in a development of five or more levels and three or more attached dwelling units
<b>Camp Grounds</b>	<p>Defined in section 2 of the Camping-Grounds Regulations 1985 as:</p> <p><i>“means any area of land used, or designed or intended to be used, for rent, hire, donation, or otherwise for reward, for the purposes of placing or erecting on the land temporary living places for occupation, by 2 or more families or parties (whether consisting of 1 or more persons) living independently of each other, whether or not such families or parties enjoy the use in common of entrances, water supplies, cookhouses, sanitary fixtures, or other premises and equipment; and includes any area of land used as a camping ground immediately before the commencement of these regulations”</i></p>
<b>Commercial</b>	<p>Land use associated with (but not limited to):</p> <ul style="list-style-type: none"> <li>a) communication services</li> <li>b) finance</li> <li>c) insurance</li> <li>d) services to finance and investment</li> <li>e) real estate</li> <li>f) business services</li> <li>g) central government administration</li> <li>h) public order and safety services</li> <li>i) local government administration services and civil defence</li> <li>j) commercial offices</li> </ul>
<b>Community facilities</b>	<p>Defined in section 197 of the LGA 2002 as:</p> <p><i>“reserves, network infrastructure, or community infrastructure for which development contributions may be required in accordance with section 199”</i></p>
<b>Community Infrastructure</b>	<p>Defined in section 197 of the LGA 2002 as:</p> <p><i>“means the following assets when owned, operated, or controlled by a territorial authority:</i></p> <ul style="list-style-type: none"> <li>a) <i>community centres or halls for the use of a local community or neighbourhood, and the</i></li> </ul>

Term	Definition
	<p><i>land on which they are or will be situated:</i></p> <p>b) <i>play equipment that is located on a neighbourhood reserve:</i></p> <p>c) <i>toilets for use by the public</i>"</p>
<b>Council</b>	Auckland Council, including, where necessary, one or more of its council controlled organisations (CCOs)
<b>Community outcomes</b>	<p>Defined in section 5 of the LGA 2002 as:</p> <p><i>"the outcomes that a local authority aims to achieve in meeting the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions"</i></p>
<b>Detached dwelling unit</b>	A stand-alone or duplex dwelling in a development (maximum of two dwelling units)
<b>Development</b>	<p>a) Defined in section 197 of the LGA 2002 as:</p> <p><i>"any subdivision, building (as defined in section 8 of the Building Act 2004), land use, or work that generates a demand for reserves, network infrastructure, or community infrastructure; but does not include the pipes or lines of a network utility operator"</i></p> <p>b) includes an application for certificate of acceptance (see section 199(4A) of the LGA 2002)</p>
<b>Development Agreement</b>	<p>Defined in section 197 of the LGA 2002 as:</p> <p><i>"means a voluntary contractual agreement made under sections 207A to 207F between 1 or more developers and 1 or more territorial authorities for the provision, supply or exchange of infrastructure, land, or money to provide network infrastructure, community infrastructure, or reserves in 1 or more districts or part of a district"</i></p>
<b>Development contribution objection</b>	<p>Defined in section 197 of the LGA 2002 as:</p> <p><i>"means an objection lodged under clause 1 or Schedule 13A against a requirement to make a development contribution"</i></p>
<b>Development contribution commissioner</b>	<p>Defined in section 197 of the LGA 2002 as:</p> <p><i>"means a person appointed under section 199F"</i></p>
<b>Dwelling or dwelling unit</b>	Any building, or group of buildings, or any part of those buildings, that is used or designed to be used solely or principally for residential purposes by not more than one household.
<b>Education and health</b>	<p>Land uses associated with (but not limited to):</p> <p>a) Education</p> <p>b) Health and community health services whether public or private</p>
<b>Emergency housing</b>	Housing dwellings administered by Housing New Zealand that are designed to be temporarily on a site for no more than 10 years.
<b>Funding area</b>	A geographical area used to accumulate the cost of activities and define a part of Auckland for development contribution purposes. For stormwater this includes any future development which extends the area served by a stormwater network
<b>Gross development area [or GDA]</b>	<p>Gross development area equals:</p> <p>1) The total floor area of any building measured from the outer faces of the exterior walls, or the centre line of walls separating two abutting buildings</p> <p>Plus</p> <p>2) The area of any part of the <b>allotment</b> used solely or principally for the storage, sale, display, movement or servicing of goods or the provision of services on the <b>allotment</b>.</p> <p>The gross development area does not include:</p> <p>a) vehicular parking ancillary to the primary development, manoeuvring, loading and landscaping areas, and areas used only for primary production purposes (such as quarry workings, farm lands and orchards) the conversion of which to another use would require resource consent or building consent; and</p> <p>b) the area of plant equipment servicing the site and network infrastructure including pipes, lines installations, roads, water supply, wastewater and stormwater collection and management systems</p> <p>For the avoidance of doubt, the gross development area <i>includes</i> the areas occupied by network utility operators for carrying out their normal business, including offices, workshops warehouses</p>

Term	Definition
	and any outside areas
<b>Gross floor area [or GFA]</b>	The gross floor area is the total internal floor area of a dwelling measured: <ul style="list-style-type: none"> <li>from the exterior faces of the exterior walls, or</li> <li>from the centre lines of walls separating two buildings or tenancies excluding parking and garage areas</li> </ul>
<b>Household</b>	A household consists of one or more persons who live in the same dwelling and share living accommodation and kitchen facilities.
<b>Household unit</b>	The unit of demand representing one average detached dwelling unit
<b>Household unit equivalent [or HUE]</b>	The unit of demand that creates an equivalency factor between a type of development and one average detached dwelling unit ( <i>household unit</i> )
<b>Impervious surface area [or ISA]</b>	The area of any site which is not capable of absorbing rainwater
<b>Interim Policy</b>	Auckland Council, Auckland Planning Document, Volume 6.2: Development and financial contributions policies, 1 November 2010 – 30 June 2019
<b>Kaumātua Housing</b>	Housing for Māori over the age of 55 years situated on Māori land administered under the Te ture Whenua Māori Act 1993 and on the same site as Marae or Papakāinga
<b>Lawfully established</b>	Any: <ol style="list-style-type: none"> <li><b>allotment</b> for which a title has been issued; or</li> <li>dwelling, or non-residential unit or building authorised under the Resource Management Act 1991 and with a building consent and, where required, a code compliance certificate</li> </ol>
<b>Lodged</b>	The point in time at which an application that complies with all the requirements in section 88(2) of the Resource Management Act 1991 or section 45 of the Building Act 2004, has been received by the council
<b>Network infrastructure</b>	Defined in section 197 of the LGA 2002 as:  <i>“the provision of roads and other transport, water, wastewater, and stormwater collection and management”</i>
<b>Objector</b>	Defined in section 197 of the LGA 2002 as:  <i>“means a person who lodges a development contribution objection”</i>
<b>Production and distribution</b>	Land uses in which goods are manufactured, fabricated, processed, converted, repaired, packaged, assembled, stored, distributed or serviced including (but not limited to): <ol style="list-style-type: none"> <li>horticulture, agriculture, mining, quarrying, forestry, fishing, services to agriculture, oil and gas exploration and extraction, water supply and wastewater processing, electricity generation and supply</li> <li>meat and meat product manufacturing, dairy product manufacturing</li> <li>food, beverage, malt and tobacco manufacturing, textile and apparel, wood product, paper and paper product manufacturing</li> <li>printing and publishing</li> <li>petroleum and industrial chemical, rubber, plastic and other chemical product manufacturing</li> <li>metal, structural, sheet, and fabricated metal product manufacturing</li> <li>transport equipment, machinery and equipment manufacturing</li> <li>furniture manufacturing</li> <li>construction, wholesale trade, road transport, water and rail transport, air transport, services to transport and storage</li> <li><b>unmanned infrastructure</b></li> </ol>
<b>Retail, hospitality, recreation and personal services</b>	Land use associated with (but not limited to): <ol style="list-style-type: none"> <li>Retail trade</li> <li>Restaurants and bars</li> <li>Cultural and recreational services</li> <li>Personal and other community services</li> <li>Campsites and non-residential structures on a <b>camp ground</b></li> </ol>
<b>Retirement unit</b>	Any dwelling unit in a retirement village (other than an aged care room)
<b>Retirement village</b>	Has the meaning in section 6 of the Retirement Villages Act 2003 and Auckland Unitary Plan  A managed comprehensive residential development used to provide accommodation for aged people:  Includes:

Term	Definition
	<ul style="list-style-type: none"> <li>the use or development of any site(s) containing two or more units that provides accommodation, together with any services or facilities, predominantly for persons in their retirement, which may also include their spouses or partners; and</li> <li>recreation, leisure, supported residential care, welfare and medical facilities (inclusive of hospital care) and other non-residential activities accessory to the retirement village.</li> <li>Kaumātua Housing</li> </ul> <p>Excludes:</p> <ul style="list-style-type: none"> <li>Single dwellings</li> </ul>
<b>Service connection</b>	Defined in section 197 of the LGA 2002 as:  <i>“a physical connection to a service provided by, or on behalf of, a territorial authority”</i>
<b>Small ancillary dwelling unit</b>	The first dwelling unit ancillary to the primary dwelling unit on an allotment with a gross floor area of 65m <sup>2</sup> or less
<b>Student Accommodation</b>	Living accommodation, primarily used or designed to be used by registered students or guests of a tertiary education facilities or education facilities and which is served by one or more communal living areas, including kitchens.
<b>Unmanned infrastructure</b>	Any infrastructure provided by a network utility operator (as defined by section 166 of the Resource Management Act 1991) that is not intended to be staffed by employees, agents or contractors on a permanent basis and includes, but is not limited to substations, pump stations, dams and reservoirs, plant and machinery, storage yards, cell-phone towers, roads, railways, wharfs, and runways

### 3 Transition between policies

- This policy applies to applications lodged on or after 1 July 2018.
- Development contribution per unit of demand prices as per Schedule 3 will apply to applications based on applicable lodgement dates.

#### Further transition provisions affecting the Franklin chapter of the Interim Policy

- Section 15.2 of the Interim Policy promotes early payment of development contributions by requiring payment of the amounts set in the policy in effect on the date of payment. Any assessment subject to this part of the Interim Policy, that remains unpaid on 1 July 2018, will be calculated at the amount applicable at 30 June 2012.

### 4 Use of development contributions or financial contributions

- The council considered the options available to it for funding the capital expenditure it is planning to incur in connection to the growth of Auckland. The council considered the purposes of and reasons for development and financial contributions and other funding sources and determined that:
  - development and financial contributions are the primary sources available to it for funding growth related infrastructure under current legislation
  - development contributions should be used as the main funding tool for growth related infrastructure provided by the council, with financial contributions used as set out in Schedule 6
  - the option of using and investigating other funding sources be retained.
- Financial contributions that have been imposed in a resource consent will still be required to be paid as these are a condition of the consent.
- The council generally requires development contributions to be paid in cash rather than land. For the avoidance of doubt this means that land identified for stormwater, roads and reserve purposes in structure plans and framework plans will not automatically be required as financial contributions payable in land.

## 5 Development contribution general provisions

### Activities

20. The council has identified a number of activities that are appropriate for funding through contributions. These activities form the basic building blocks that enable new development to proceed.
21. It should be noted that under this policy there are no charges for water and wastewater infrastructure. The cost of this infrastructure is now charged directly by Watercare Services Limited and Veolia Water Auckland.
22. The council can require development contributions for the following broad classes as set out in section 199(1) of the LGA 2002:
  - a) reserves
  - b) network infrastructure
  - c) community infrastructure.
23. The council has determined that within these broad classes it is appropriate to use development contributions as a funding source for capital expenditure related to activities listed in Schedule 1.
24. Section 106(2)(c) of the LGA 2002, requires the council to explain why, in terms of matters in section 101(3) of the Act, it has determined to use development contributions or financial contributions as a funding source for each of these activities.
25. The basis for the council's consideration is set out in Schedule 5 of this policy and referred to in the council's Revenue and Financing Policy.
26. Within these activities, development contributions will not be required to fund:
  - a) operating and maintenance costs
  - b) any part of capital expenditure projects that is funded from another source
  - c) costs incurred by the council to fund renewal and/or to increase existing levels of service that are below the stated service standard.

### Funding areas

27. Development contributions will be required from development across the whole of Auckland using regional and sub-regional geographic **funding areas**. Development occurring within each area will be required to pay contributions applicable in that **funding area**.
28. The funding areas underlying this policy are listed in Schedule 3 and indicated on the funding area maps available on the council's website at: [www.aucklandcouncil.govt.nz](http://www.aucklandcouncil.govt.nz).
29. For the stormwater activity, the council considers that development not only creates a demand for infrastructure within the hydrological catchment it is located, but also creates demand (by the growth community within the development) for stormwater management and flood protection over a wider area.

### Development types and units of demand

30. In meeting its requirements under Schedule 13(2) of the LGA 2002 to attribute units of demand to particular developments or types of development on a consistent and equitable basis, the council has considered:
  - a) the need to separate residential and non-residential activities because of the different demands they place on activities of the council
  - b) the range of residential development types and scales
  - c) the range of non-residential development types and scales
  - d) the future vision for Auckland set out in the Auckland Plan including the creation of a more compact city to make better and more efficient use of infrastructure
  - e) the need for the contributions policy to align with Auckland Plan outcomes
  - f) the complexity of trying to make the policy account for every different development type

- g) the availability of data to support differential unit of demand factors for various types of development.
31. The Council considers that:
- a) there is data currently available to identify some average demand factors for a limited number of residential development types which enables the policy to support the compact urban form promoted by the Auckland Plan
  - b) there is data currently available to identify some average demand factors for a limited number of non-residential development types
  - c) using broad averages for a limited number of development types is sufficient to approximate the range of development likely to occur in Auckland
  - d) it is important to use common, standard frameworks for the classification of non-residential developments.
32. Schedule 2 sets out the types of residential and non-residential development that have been identified, and provide the unit of demand factors applicable to each. It also sets out zero unit of demand factor for some forms of development that generate negligible demand or cannot at present be shown to generate a demand for infrastructure.
33. Stormwater demand may arise if there is an increase in peak flows or an increase in volume, duration or frequency through the development of a site. This may include where consent conditions require peak stormwater flow to be equal or less than predevelopment.

#### **Position on existing allotments and land use**

34. In attributing units of demand to a particular development or type of developments as required by Schedule 13 (2) of the LGA 2002, the council's assessment using Schedule 2, will include the demand generated by existing lawfully established allotments or land use on the development site (refer to step 2).
35. Existing lawfully established allotments or land use are assumed to already be appropriately serviced with reserves, network infrastructure, or community infrastructure as per Schedule 2 and will place no additional demand for new or additional assets or assets of increased capacity. The council will deduct units of demand for existing development from the total units of demand expected to be generated by the proposed development.

#### **Staged subdivision development**

36. Where a staged subdivision development is undertaken under a single consent, the contribution calculated will be based on the contribution amounts applying on the date of consent lodgement and will continue to apply to each stage of the development.
37. Where a staged subdivision development is undertaken under multiple consents, each consent shall be subject to the policy applying at the time each separate consent is lodged.

## **6 Development contribution assessment**

38. The council will endeavour to assess the contributions on a development's first application for consent or connection authorisation, it may re-calculate a development for contributions on any subsequent application in relation to the same development.
39. If the council does not calculate development contributions on an earlier application for consent or authorisation, it may calculate development contributions on a subsequent application for the same development project.

#### **Test for development**

40. Under section 198 of the LGA 2002, Auckland Council may require a development contribution to be made when:

- a) a resource consent is granted under the Resource Management Act 1991 for a development within the region
  - b) a building consent is granted under the Building Act 2004 for building work situated in the region
  - c) an authorisation for a service connection is granted
  - d) a certificate of acceptance is granted under the Building Act 2004.
41. However, development contributions can only be required where a **development** as defined by section 197 of the LGA 2002 is to occur.
42. Under section 197 of the LGA 2002, **development** means:
- “(a) any subdivision, building (as defined in section 8 of the Building Act 2004), land use, or work 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”.
43. On receiving an application for subdivision consent, resource consent, building consent or service connection, the council will first:
- a) test that the application represents a **development** under section 197
  - b) determine whether alone or in combination with other developments the application under consideration will have the effect of requiring new or additional assets or assets of increased capacity and, as a consequence, the council will incur capital expenditure to provide appropriately for this
  - c) ensure that any development contribution that may be required, is provided for in this policy.
44. If the council is satisfied that the application meets the legal requirements above, it will assess contributions using the following steps:

#### **Step 1 – Proposed development, assessing the total units of demand**

- 45. The council will assess the demand from the development using the demand factors set out in Schedule 2.
- 46. The amount of development contribution payable under this policy depends on the demand the development is expected to place on reserves and infrastructure by virtue of its type and scale.
- 47. The policy uses the **Household Unit Equivalent** as a measure of demand.
- 48. Schedule 2 gives the units of demand expected from a defined range of different types and sizes of development as compared to that of an average sized single detached dwelling (**Household Unit**) with a demand of 1 **Household Unit Equivalent**. The demand for each different development type within the development will be assessed separately.
- 49. **Development** can be in the form of additional **allotments** or additional land use activity or a combination of both. Using Schedule 2 it is possible to calculate the units of demand from all **allotments** and land use expected after the **development** occurs and use the higher amount (allotment or land use) to determine the final demand on the site.

#### **Step 2 – Credits, assessing units of demand for *allotments* or land use currently on the development site**

- 50. The council will make a deduction of units of demand using Schedule 2, for the most recent lawfully established **allotments** or land use on the site up to a maximum of 10 years prior to the date of lodgement.
- 51. A deduction for existing units of demand:
  - a) will not be used to reduce the units of demand on a development below zero;
  - b) will only apply to existing units of demand on the development site; and
  - c) will not be transferable to or from another development site
  - d) will not be based on monetary value.
- 52. The council may require a development contribution to be paid for any lawfully established **allotment** that has previously been prevented from being developed by any legal restriction or was exempt from paying development or financial contributions in the past but is now able to be developed.

53. Using Schedule 2 it is possible to calculate the units of demand from all **allotments** and land use expected before the **development** occurs. The demand for each different development type within the development will be assessed separately.
54. The calculation of units of demand for existing **allotments** or land use will be undertaken on an **activity** by **activity** basis and use the higher amount of **allotment** or land use not an addition of both.
55. If payment has been received for reserves on non-residential development, credits for these payments will be taken into account.

### Step 3 - Contribution charge calculation

56. The assessed units of demand existing on the site (step 2) are deducted from the assessed units of demand proposed by the development (step 1) to calculate the additional units of demand on the site. The lowest value possible from this calculation is zero.
57. The additional units of demand value is then multiplied by the contribution unit price as set out in Schedule 3 for each relevant activity and funding area to calculate the contribution payable

### Step 4 – Calculation of total contribution payable

58. The total development contribution payable is calculated by adding the contributions payable for each **activity** determined in steps 1 to 3.
59. Development contribution assessments are quoted exclusive of GST and do not constitute an invoice or an obligation to pay for the purposes of the Goods and Services Tax Act 1985. A tax invoice will be issued at the time of supply in accordance with this policy.
60. The time of supply shall be the earlier of:
  - a) The council issuing an invoice to the applicant; or
  - b) The payment of the development contribution in accordance with this policy.

### Adjustments for reserve acquisition and reserve development

61. The policy provides for adjustment of the contribution charge for reserves where the maximum reserve contribution is exceeded.
62. Both the reserve acquisition and reserve development activities are combined to create reserves as subject to the statutory maximum in section 203(1).
63. Section 203(1) of the LGA 2002 requires that a development contribution for reserves calculated under this policy must not exceed the greater of:
  - a) 7.5 per cent of the value of the additional **allotments** created by a subdivision
  - b) the value equivalent of 20 square metres of land for each additional household unit created by a development.
64. For purposes of section 201(1)(d) of the LGA 2002, the council will determine the value of additional allotments and land on the following basis:
  - a) for compliance with 63a) using the most recent rateable land valuation for similar allotments in the vicinity of the development, those similar lots being identified at the discretion of the council. Where the contribution calculated exceeds the value calculated using the rateable value, the applicant will be required to obtain a market valuation; and
  - b) for compliance with 63b), the council will use the average value equivalent of 20 square metres of land in the vicinity of the development. Where the contribution calculated exceeds the average rateable value of land within the vicinity of the development, council will undertake a valuation of a range of land in the vicinity.

## Payment date and enforcement

65. The council considers the effect that early payment of contributions can have on the viability of a development and aims under the policy to require the contribution to be paid later in the development cycle without losing the ability to use statutory enforcement powers.
66. The council acknowledges that a later payment profile will delay the income forecast for contributions and increase the overall growth related borrowing cost that is included in the contributions price. The overall effect of this increase is expected to be offset by the benefit to developers of aligning the payment of contributions closer to the developments positive cashflow and thereby minimising their overall borrowing costs.
67. Invoices will be issued in accordance with Attachment A.
68. Invoices become due for payment immediately upon issue.
69. Where invoices remain unpaid beyond the payment terms set out in this policy, the council will invoke normal debt collection practices to recover outstanding debt. Attachment A details further action available to Council if debt remains unpaid.

## 7 Development contribution assessment review

### Reconsideration of requirement for development contribution

70. The council will reconsider, at the request of the applicant, an assessment of the total contribution payable if the applicant considers that:
  - a) the development contribution was incorrectly calculated or assessed; or
  - b) the development contribution policy has been incorrectly applied; or
  - c) the information used to assess the development against the development contribution policy, or the way this information has been recorded or used when requiring the development contribution was incomplete or contained errors
71. A request for reconsideration must be made within 10 working days after the date on which the applicant receives notice from the council of the level of development contribution that the council requires.
72. An applicant may not apply for a reconsideration if the applicant has already lodged an objection under section 199C and Schedule 13A of the LGA 2002.
73. A request for reconsideration must be made in writing to the assessor who generated the requirement for development contributions and identify the basis on which the reconsideration is sought together with, as appropriate, the legal and evidential grounds in support of the application for reconsideration.
74. The council may, within 10 working days of receiving the request for reconsideration, request further information from the requester to support the grounds stated in the reconsideration.
75. The council will proceed to determine the request for reconsideration if:
  - a) it has, in its view, received all required information relating to the request; or
  - b) the requester refuses to provide any further information requested by the council (as set out above).
76. In considering the request for reconsideration, the council will make its decision without convening a hearing.
77. In all cases, the council will give written notice of the outcome of its reconsideration to the applicant within 15 working days after:
  - a) the date the application for reconsideration is received, if all required information is provided in that application; or
  - b) the date the application for reconsideration is received, if the applicant refuses to provide further information; or
  - c) the date the further information is received from the applicant.
78. An application for reconsideration does not prevent the applicant from also filing an objection under section 199C of the LGA 2002.

### Development Contribution Objections

79. A person may lodge an objection to the development contribution requirement on the grounds that council has:
  - a) failed to properly take into account features of the objector's development that, on their own or cumulatively with those of other developments, would substantially reduce the impact of the development contribution on requirements for community facilities in the territorial authority's district or parts of that district; or
  - b) required a development contribution for community facilities not required by, or related to, the objector's development, whether on its own or cumulatively with other developments; or
  - c) required a development contribution in breach of section 200; or
  - d) incorrectly applied its development contributions policy to the objector's development.
80. The development contribution objection does not apply to challenges to the content of a development contributions policy prepared in accordance with section 102 of the LGA 2002.

81. An objection must be lodged within 15 working days after the date on which the **objector** received notice of the level of development contribution required.
82. If an **objector** has received notice on the outcome of a reconsideration under section 199B of the LGA 2002, the 15 working day period begins on the day after the date on which the **objector** received the notice of the outcome of the reconsideration.
83. The notice of objection under Schedule 13A(1) of the LGA 2002 must –
  - a) be in writing; and
  - b) set out the grounds and reasons for the objection, and
  - c) the relief sought; and
  - d) state whether the **objector** wishes to be heard on the objection.
84. If a development contribution objection is lodged, the council may still require the development contribution, but will not use it until the objection has been determined.
85. If the council does not require a development contribution pending the outcome of the objection, it may withhold consents or permissions in accordance with section 208 of the LGA 2002 until the objection has been determined.
86. The council may, in its discretion, allow an objection to be served on it after the 15 working days period specified, if satisfied that exceptional circumstances exist.
87. The cost for services of a **development contributions commissioner(s)**, the hearing and administration support will be payable by the **objector**.
88. Applicable fees and allowances for a witness appearing at a development contribution hearing must be paid by the party on whose behalf the witness is called.

## Exemptions

89. Development contributions will not be required under this policy where there is a relevant legislative exemption.

## Conditions and criteria for remissions and postponement

90. Postponements of contributions may be allowed for substantial developments at the discretion of council with accepted criteria.
91. There are no remissions provided for within this policy.
92. The council will not consider applications for reductions of development contributions on the grounds of financial hardship, that the developer has a charitable purpose, or for any other reason.
93. **The council may consider reductions for stormwater development contributions where the developer is required by the council to undertake work that will effect council's stormwater network. This will only be accepted if the development can be shown to reduce the need for council to deliver planned infrastructure.**

## Development Agreements

94. The council may enter into development agreements or other agreements in circumstances where there is a need to allocate responsibility between developers and the council for the construction and funding of public works associated with a development in order to support outcomes in the Auckland Plan.
95. Development agreements will not be used to reduce the amount of any contribution charge calculated under this policy.
96. Where an applicant undertakes work on behalf of the council, this will be done within normal procurement procedures and paid for under the terms of that engagement. Development contributions will still be payable by the applicant where they are required under this policy.
97. Sections 207A to 207F of the LGA 2002 sets out criteria to be included in a development agreement.

## **Conditions and criteria for refunds**

98. The council will refund development contributions in accordance with section 209 and section 210 of the LGA 2002.
99. For the purposes of Section 210(1)(a) of the Act, the specified period for refunding a development contribution taken for a specified reserve purpose shall be 20 years.

## 8 Supporting Information

### Calculation of schedule to development contributions policy

100. In accordance with Section 201(1) of the LGA 2002, this section contains, in summary form, an explanation of and justification for the way in which each development contribution in Schedule 3 is calculated.
101. Detailed cost allocation modelling is available on request.
102. In accordance with Section 106(3) of the Act, the full cost allocation methodology is kept available for public inspection on the council website at:  
<http://www.aucklandcouncil.govt.nz/EN/ratesbuildingproperty/developmentfinancialcontributions/Pages/home.aspx>
103. In accordance with Section 201A(6) a copy of the schedule of assets (Schedule 8) to be funded by development contributions is available on the council website at:  
<http://www.aucklandcouncil.govt.nz/EN/ratesbuildingproperty/developmentfinancialcontributions/Pages/home.aspx>.
104. The charges in Schedule 3 are calculated in the following manner:
- Growth (measured in HUEs) divided by total cost of capital expenditure equals the development contribution charge
  - The development contribution charge is determined in the funding model and calculated by activity and funding area
  - Growth capital expenditure by activity and funding area is determined using the process identified in Table 17 Attachment B.
  - Growth by funding area and type of development is determined using the process identified in Table 18 Attachment C
  - The outputs are used as an input into the funding model Table 19 Attachment C.

### Auckland Council Development Contributions Cost Allocation Model (ACDCCAM)

105. The ACDCCAM contains all capital expenditure projects in the long-term plan and includes capital expenditure projects already delivered by the council in anticipation of growth.
106. The council records information for its capital expenditure projects and programmes in terms of their relationship to the following expenditure types:
- |                  |  |
|------------------|--|
| Renewal          | Maintains and continues the provision of services. Increases the physical integrity and remaining life of assets with no change to the asset base  |
| Level of service | Results in improved standards of quality, reliability, responsiveness, safety, comfort, flexibility, regulatory requirements or similar. May or may not result in new or additional assets |
| Growth           | Increased availability and capacity to cater for increased people, water, traffic or similar. Associated with an increase in the asset base – the number of assets, total area or length   |
107. This initial categorisation and individual project and programme information inform the development contributions methodology but is not the sole basis for cost allocation.
108. The methodology uses a model which lists projects and programmes under each activity and funding area for which development contributions may be required. The calculation of the development contribution amounts (if any) payable for any project or programme line in the model is carried out in order to ensure compliance with legislation is explained in Attachment B.
109. The outputs from the ACDCCAM are passed to the ACDCFM which is used to calculate a schedule of contributions required by Section 201(2) of the Act.

### **Auckland Council Development Contributions Funding Model (ACDCFM)**

110. The purpose of the development contributions funding model is to meet the requirements of Schedule 13 of the LGA 2002 in sharing the cost of growth amongst the forecast units of demand and to generate the schedule to development contributions policy.
111. The schedule to the development contributions policy (Schedule 3) sets out the various prices chargeable under each **activity** and within each **funding area** within Auckland.
112. The funding model enables a calculation of borrowing requirements to deliver the growth proportion of capital expenditure projects and interest cost to be incorporated in the unit prices. The cost of borrowing to provide infrastructure for growth is a cost of growth to be paid for by growth.
113. The model applies interest to both credit and debit balances as appropriate.
114. The funding model core inputs and actions are explained in Attachment C.

### **Financial contributions**

115. There are a number of financial contribution provisions in the district plans and regional plans covering Auckland. Section 106(2)(f) of the LGA 2002, requires that this policy summarise the financial contribution provisions. These are set out in Schedule 6.
116. The council will not require a development contribution for community facilities if, and to the extent that it has under Section 108(2)(a) of the Resource Management Act 1991, imposed a financial contribution condition on a resource consent in relation to the same development for the same purpose.
117. Schedule 6 shows purposes for which the council:
  - a) may require a financial contribution on a resource consent in relation to a development in cases where the development is exempt from paying development contributions for the same purpose
  - b) requires financial contributions which are different from any purpose for which it requires development contributions under this policy.
118. Nothing in this policy diminishes from any requirement in the district plan and regional plans to carry out works associated with avoiding, remedying or mitigating the adverse effects of an activity on the environment.

### **Public inspection of contributions policy information**

119. This policy and its supporting information is available on the council website at:  
<http://www.aucklandcouncil.govt.nz/EN/ratesbuildingproperty/developmentfinancialcontributions/Pages/home.aspx>.

### **Adoption and amendment of this policy**

120. This policy was adopted alongside the Auckland Council's LTP 2018-2028 and will remain in effect until 30 June 2021.
121. The policy will be reviewed annually and may be amended earlier using the consultative procedure.

## Schedule 1 – Activities to be funded by development contributions

Table 2

Class	Activity	Activity description
<b>Reserves</b>	Reserves – Acquisition	Land acquisition for public open space of all types from small local parks to large regional parks
	Reserves – Development	Development and improvement of local parks, local sports parks and other local open space areas (in some cases this may include playgrounds and public toilets)
<b>Network infrastructure</b>	Stormwater	Development and improvement of network infrastructure, flood protection and control works including man-made and natural assets
	Transport	Development and improvement for the transport network including, walkways and cycle ways, public car parking facilities, public transport facilities and routes of all forms
<b>Community infrastructure</b>	Community Infrastructure	<p>Development and improvement of local community halls, community centres, playgrounds, and public toilets</p> <p>Development and improvement of recreation facilities, libraries, aquatic centres and other public amenities to the extent permissible under clause 8(2) Schedule 1AA of the LGA 2002</p>

## Schedule 2 – Development types and unit of demand factors

### Land and building development

Table 3

Development type	Activities	Units of demand
Detached dwelling unit / duplex	Stormwater	1.0 HUE per unit
	All others	0.8 HUE per unit at 0m <sup>2</sup> - 99m <sup>2</sup> GFA
		1.0 HUE per unit at 100m <sup>2</sup> – 249m <sup>2</sup> GFA
		1.2 HUE per unit at 250m <sup>2</sup> – above GFA
Attached dwelling unit - low rise	Stormwater	1.0 HUE per 292m <sup>2</sup> ISA
	All others	0.7 HUE per unit at 0m <sup>2</sup> - 99m <sup>2</sup> GFA
		0.9 HUE per unit at 100m <sup>2</sup> – 249m <sup>2</sup> GFA
		1.1 HUE per unit at 250m <sup>2</sup> – above GFA
Attached dwelling unit - medium to high rise	Stormwater	1.0 HUE per 292 m <sup>2</sup> ISA
	All others	0.6 HUE per unit at 0m <sup>2</sup> - 99m <sup>2</sup> GFA
		0.75 HUE per unit at 100m <sup>2</sup> – 249m <sup>2</sup> GFA
		0.9 HUE per unit at 250m <sup>2</sup> - above GFA
Retirement unit	Transport	0.3 HUE per unit
	Stormwater	1.0 HUE per 292m <sup>2</sup> ISA
	All others	0.5 HUE per unit
Aged care room	Transport	0.2 HUE per room
	Stormwater	1.0 HUE per 292m <sup>2</sup> ISA
	All others	0.0 HUE per room
Small ancillary dwelling unit	Stormwater	0.2 HUE per unit
	All	0.6 HUE per unit
Accommodation units	Stormwater	1.0 HUE per 292m <sup>2</sup> ISA
	Reserves acquisition and development	0.45 HUE per unit
	Transport	0.45 HUE per unit
	All others	0.0 HUE
Student Accommodation	Stormwater	1.0 HUE per 292 m <sup>2</sup> ISA
	Reserves acquisition and development	0.31 HUE per unit
	Transport	0.31 HUE per unit
	All others	0.0 HUE
Any residential use not specified above	All	1.0 HUE per unit
Retail, hospitality, recreation and personal services	Stormwater	1.0 HUE per 292m <sup>2</sup> ISA
	Transport	1.0 HUE per 215m <sup>2</sup> GDA
	All others	0.0 HUE
Commercial	Stormwater	1.0 HUE per 292m <sup>2</sup> ISA
	Transport	1.0 HUE per 271m <sup>2</sup> GDA
	All others	0.0 HUE
Education and health	Stormwater	1.0 HUE per 292m <sup>2</sup> ISA
	Transport	1.0 HUE per 271m <sup>2</sup> GDA
	All others	0.0 HUE
Production and distribution excluding unmanned infrastructure	Stormwater	1.0 HUE per 292m <sup>2</sup> ISA
	Transport	1.0 HUE per 346m <sup>2</sup> GDA
	All others	0.0 HUE
Production and distribution - unmanned infrastructure only	Stormwater	1.0 HUE per 292m <sup>2</sup> ISA
	Transport	1.0 HUE per 438m <sup>2</sup> GDA
	All others	0.0 HUE
Any non-residential use not specified above	Stormwater	1.0 HUE per 292m <sup>2</sup> ISA
	Transport	1.0 HUE per 277m <sup>2</sup> GDA
	All others	0.0 HUE

## Subdivision development

**Table 4**

<b>Development type</b>	<b>Activities</b>	<b>Units of demand</b>
One residential <i>allotment</i> (vacant)	All	1.0 HUE per <i>allotment</i>
One Non Residential <i>allotment</i> (vacant)	Stormwater Transport All others	1.0 HUE per <i>allotment</i> 1.0 HUE per <i>allotment</i> 0.0 HUE per <i>allotment</i>
Subdivision around existing development (Includes proposed developments)	All	As per Land and Building Development <b>unit of demand factors</b>
One <i>allotment</i> that is/was prevented from being developed by any legal restriction or that is/was exempt from paying development or financial contributions	All	0.0 HUE per <i>allotment</i>
One other <i>allotment</i>	All	1.0 HUE per <i>allotment</i>

These development types and their unit of demand factors are based on a range of sources. They reflect development types that are expected in Auckland and expected demands from these types of development.

## Schedule 3 – Schedule to development contribution policy

**Table 5**

Purpose for which contributions may be required	Part of Auckland (refer <a href="http://www.aucklandcouncil.govt.nz">www.aucklandcouncil.govt.nz</a> for maps)	Development contribution per unit of demand (excl GST) (\$) 1 July 2018 – 30 June 2021
<b>Reserve Acquisition</b>	Warkworth	6,423
	Silverdale / Dairy Flat	6,423
	Whenuapai / Redhills	11,169
	Kumeu / Huapai	6,423
	Flatbush	6,423
	Takanini	6,423
	Opaheke / Drury	6,423
	Hingaia	6,423
	Paerata / Pukekohe	6,846
	Hibiscus	4,935
	North Shore	7,698
	West	4,382
	Central	5,012
	South (West)	4,890
	South (East)	4,590
	Tamaki	4,351
	Rural North Upper	3,371
	Rural North Lower	3,291
	Rural West	3,291
	Rural South West	3,291
Rural South East	3,327	
Rural Islands	3,381	
<b>Reserve Development</b>	Warkworth	1,996
	Silverdale / Dairy Flat	1,846
	Whenuapai / Redhills	2,842
	Kumeu / Huapai	1,996
	Flatbush	1,846
	Takanini	1,996
	Opaheke / Drury	1,846
	Hingaia	1,846
	Paerata / Pukekohe	2,067
	Hibiscus	1,887
	North Shore	2,666
	West	2,476
	Central	1,992
	South (West)	2,058
	South (East)	1,976
	Tamaki	8,125
	Rural North Upper	1,863
	Rural North Lower	1,846
	Rural West	1,846
	Rural South West	1,846
Rural South East	1,846	
Rural Islands	1,914	
<b>Stormwater</b>	Ararimu	35
	City Centre GPA	2,028
	Dairy Flat Wainui Silverdale	4,935
	Drury West	4,935
	East Coast Bays	5,723
	Flatbush GPA	8,321
	Greater Takapuna GPA	3,311
	Greater Tamaki GPA	1,179
Helensville	5,310	

<b>Stormwater continued</b>	Hibiscus Coast	5,002
	Inner West Triangle GPA	12,370
	Kumeu / Huapai	5,404
	Mahurangi	428
	Manukau Central	4,935
	Manukau North	4,935
	Manukau South	1,989
	Manukau West	5,137
	Manurewa Papakura GPA	13,533
	Metro Manukau GPA	11,918
	NORSGA GPA	3,723
	Opaheke / Drury	4,935
	Otahuhu GPA	6,096
	Other Auckland	0
	Pukekohe GPA	2,941
	Tamaki East	4,935
	Tamaki West 1	4,935
	Tamaki West 2	4,935
	Tamaki West 3	4,935
	Wairoa	102
	Waitakere Ranges	878
	Waitamata Northwest	4,935
	Waitemata Central 1	6,538
	Waitemata Central 2	4,935
	Waitemata North	5,397
	Waitemata West	4,994
	Waiuku	7,265
	Warkworth	4,935
	Whenuapai / Redhills	892
	<b>Transport</b>	North
Central		6,237
West		8,006
South		7,639
Drury South		24,929
Hauraki Gulf Islands		6,916
Whenuapai / Kumeu / Redhills		12,384
Dairy Flat / Wainui / Silverdale		9,910
Greater Tamaki		10,916
Albany		13,408
<b>Community Infrastructure</b>	Warkworth	1,342
	Silverdale / Dairy Flat	1,342
	Whenuapai / Redhills	5,341
	Kumeu / Huapai	1,342
	Flatbush	3,251
	Takanini	2,986
	Opaheke / Drury	1,376
	Hingaia	1,342
	Paerata / Pukekohe	2,401
	Hibiscus	2,029
	North Shore	4,198
	West	2,125
	Central	3,944
	South (West)	3,134
	South (East)	1,614
	Tamaki	1,572
	Rural North Upper	1,881
	Rural North Lower	5,660
	Rural West	1,342
	Rural South West	1,583
Rural South East	1,342	
Rural Islands	2,362	

Reserve acquisition, reserve development and community infrastructure include an Auckland wide charge and either a Greenfield or Urban charge

Transport includes an Auckland wide charge, Albany includes transport north charge

Stormwater includes an Urban Auckland charge

For all development contributions required in this schedule, all or any of the following events will give rise to the requirement for a development contribution (subject to Test for Development section of the policy):

- (i) granting a resource consent under the Resource Management Act 1991 or
- (ii) granting a building consent under the Building Act 2004; or
- (iii) granting a certificate of acceptance under the Building Act 2004; or
- (iv) granting an authorisation for a service connection

## Schedule 4 – Summary of capital expenditure for growth (\$m)

Table 6

LGA reference	106(2)(a)	106(2)(a)	106(2)(a)	106(2)(b)(i)	106(2)(b)(ii)	106(2)(b)(iii)	106(2)(d)	106(2)(d)	106(2)(d)
Purpose for which contributions may be required	Capital expenditure (\$m) expected to be incurred to meet growth demand (i)	Capital expenditure (\$m) already incurred to meet growth demand (i)	Explanation of capital expenditure	Proportion of capital expenditure for growth that will be funded by:			Total amount of funding (\$m) during the long-term plan period to be sought from:		
				DC	FC	Other	DC (ii)	FC	Other
Reserve acquisition	764.5	162.5	Used to acquire land for local and regional open space purposes	100%	0%	0%	740.6	0	0.0
Reserve development	349.7	9.5	Used to provide capacity within local sports facilities and development of local parks include park infrastructure	100%	0%	0%	263.2	0	0.0
Stormwater	500.4	45.1	Used to provide capacity within the stormwater network and flood protection measures	100%	0%	0%	531.5	0	0.0
Transport	1,672.2	223.7	Used to provide capacity within the transport and public transport network including development of safety, cycling and walkways	100%	0%	0%	1,018.6	0	0.0
Community infrastructure	116.2	200.8	Used to provide new or expanded community centres, halls, playgrounds and public toilets; Also used to fund projects subject to transition rules Clause 8 Schedule 1AA	100%	0%	0%	348.1	0	0.0
<b>Total</b>	<b>3,403.0</b>	<b>641.5</b>					<b>2,902.1</b>	<b>0</b>	<b>0.0</b>

**Notes:**

- (i) – total cost of capital expenditure related to growth occurring from 2015 onwards (now – within 10 years; and future – beyond 10 years)
- (ii) – includes interest relating to the cost of borrowing for growth occurring now (within 10 years; but excludes interest relating to growth expected to occur in the future (from year 11 onwards)

This is a schedule required by Section 106(2) which:

- a) summarises and explains the total cost of capital expenditure identified in the long-term plan that the council expects to incur to meet the increased demand for community facilities resulting from growth; and
- b) states the proportion of that capital expenditure that will be funded by—
  - i. development contributions
  - ii. financial contributions
  - iii. other sources of funding.

Section 100 of the Local Government (Auckland Council) Act 2009, enables Auckland Council to require development contributions to fund the council's contribution to the total cost of capital expenditure by the Auckland Transport council controlled organisation

## Schedule 5 – Considerations of activity funding

### Section 101(3) considerations

Each activity for which development contributions funding has been sought has been considered in terms of section 101(3) of the Local Government Act 2002.

First, the Revenue and Financing Policy identifies when it may be appropriate to use development contributions to fund, or partially fund, an activity. The activities identified in the R&F policy that have identified development contributions as an appropriate funding source have been condensed into five activities for the purposes of the Contributions Policy.

Secondly, each of these activities are assessed under section 101(3) of the LGA through the cost allocation methodology which identifies the total growth related capital expenditure that may be funded through development contributions for each activity.

Finally, the council reviews the data from the cost methodology and determines whether some or all of the development contribution growth costs should be subsidised by other funding sources.

### Section 101(3)(a)(i) - Community outcomes to which the activity primarily contributes

**Table 7**

Is a development contribution or financial contribution an appropriate source of funding for the activity considering this factor?	Reserves – Acquisition	Reserves - Development	Community infrastructure	Stormwater	Transport	Financial contributions for environmental protection not replaced by development contributions
A fair, safe and healthy Auckland	Y	Y	Y	Y	Y	
A green Auckland	Y	Y		Y		Y
An Auckland of prosperity and opportunity			Y	Y	Y	
A well connected and accessible Auckland	Y	Y	Y	Y	Y	
A beautiful Auckland that is loved by its people	Y	Y	Y	Y		Y
A culturally rich and creative Auckland	Y	Y	Y			

Development contributions, as a dedicated growth funding source, offer more secure funding for community outcomes that are affected by growth.

Section 101(3)(a)(ii) - distribution of benefits between the community as a whole, any identifiable part of the community, and individuals

**Table 8**

Development contributions	Financial contributions for environmental protection not replaced by development contributions
Development contributions allocate costs to the growth community and new residents or occupants who will benefit from the new assets, or the assets of additional capacity, that are funded out of the contributions.	Financial contributions enable the wider community to benefit from environmental protection measures funded by those responsible for creating adverse effects

Section 101(3)(a)(iii) - period in or over which those benefits are expected to occur

**Table 9**

<b>Development contributions</b>	<b>Financial contributions for environmental protection not replaced by development contributions</b>
Development contributions allow development related capital expenditure to be apportioned over time so that the partners associated with new developments only pay for the portion of infrastructure capacity they consume	Ongoing financial contribution monitoring costs can continue over time as long as environmental effects exist

Section 101(3)(a)(iv) - extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity

**Table 10**

<b>Development contributions</b>	<b>Financial contributions for environmental protection not replaced by development contributions</b>
Development contributions are a fair source of funding for each of these activities because they allow the capital costs of the activity to be allocated to those that create the need for capital expenditure (i.e. developer and new residents / businesses to whom development contributions may be passed on).	Financial contributions can be directly targeted at those causing environmental effects

Section 101(3)(a)(v) costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities

**Table 11**

<b>Development contributions</b>	<b>Financial contributions for environmental protection not replaced by development contributions</b>
<p>Each of these activities comprises a major part of the council's overall capital expenditure and each is fundamental to new development being able to occur.</p> <p>The benefits of seeking to distinctly and transparently trying to fund a portion of the capital costs of each activity with development contributions, outweighs the costs of doing so and the potentially high costs that may fall to the ratepayer body if development contributions are not required.</p> <p>Development contributions send clear signals to developers and the growth community about the true cost of growth to the council.</p>	Financial contributions for specific purposes associated with particular developments are best funded distinctly from other council activities associated with development generally

Section 101(3)(b) overall impact of any allocation of liability for revenue needs on the community

**Table 12**

Development contributions	Financial contributions for environmental protection not replaced by development contributions
<p>The council is aware of:</p> <ul style="list-style-type: none"> <li>• cost implications of its infrastructure funding decisions on development and the challenges developers face in getting their products onto the ground</li> <li>• the potential implications of under-recovery of growth spending on the ratepayer body as a whole</li> <li>• the costs and hurdles that existing residents and businesses face trying to develop and the effects on levels of service if barriers are too high</li> <li>• the desirability for development contributions to support the council's community outcomes and other objectives</li> <li>• the effects of contribution prices on incoming residents and businesses trying to establish in Auckland.</li> </ul> <p>Taking account of all these considerations and the challenges facing Auckland the council:</p> <ul style="list-style-type: none"> <li>• considers that using development contributions set at the level in the schedule to development contributions will best advance the needs of the community</li> <li>• considers that contributions set at a higher level to recover a greater share of the council's growth related capital expenditure would adversely affect Auckland's growth considers that contributions set at a lower level to recover a lesser share of the council's growth related capital expenditure would adversely the ratepayer communities and could compromise the environmental and other objectives in the Auckland Plan</li> <li>• will incorporate and continue to investigate ways of using development contributions to incentivise and stimulate development in keeping with the Auckland Plan<sup>1</sup></li> </ul>	<p>Financial contributions are likely to remain the most appropriate source of funding for the council in its environmental protection role. Financial contributions can be targeted at particular developments not affecting other development partners</p>

<sup>1</sup> Auckland Plan - Section D Auckland's High-Level Development Strategy, paragraphs 172 and 173, Page 65

## Schedule 6 – Summary of financial contribution provisions

This table shows where financial contributions may apply:

**Table 13**

Former local authority	Plan section	Plan reference	Purpose (activity)	Can the council require a financial contribution for this purpose if the development is.....	
				exempt from development contributions?	liable for development contributions?
Auckland City Council	Isthmus	4B.4.4	Reserves/Open space	Yes	No
Auckland City Council	Isthmus	4B.5.4	Business public amenities	Yes	No
Auckland City Council	Isthmus	4B.6.4	Roading and drainage	Yes	No
Auckland City Council	Isthmus	4B.7.4	Environment and heritage	Yes	No
Auckland City Council	Isthmus	4B.8.4	Parking	Yes	No
Auckland City Council	Central	Part 8	Public spaces	Yes	No
Auckland City Council	Central	Part 14.7	Public amenities	Yes	No
Auckland City Council	Hauraki Gulf Islands	9.2.1	Environment / Access/ Open space/ Infrastructure	Yes	No
Auckland Regional Council	Chapter 6	6.2.1.5	Operating costs in relation to dairy discharges	Yes	Yes
Auckland Regional Council	Chapter 5	5.7	Remedying, mitigating or offsetting adverse effects on water quality	Yes	Yes
Auckland Regional Council	Part 4	Chapter 8	Significant adverse effects on environment	Yes (once operative)	Yes (once operative)
Auckland Regional Council	Chapter 38	38.2	Remedying or mitigating adverse effects on and values and features of coastal marine area Maintenance and enhancement of public access and public open space and recreation facilities	Yes	Yes
Franklin District Council	Franklin	10.2.3	Contribution For District Roding	Yes	No
Franklin District Council	Franklin	10.2.4	Contribution For District Reserves And Recreation	Yes	No
Franklin District Council	Franklin	10.2.5	Contribution For Local Roding Impact	Yes	No
Franklin District Council	Franklin	10.2.6	Contribution For Local Reserves Land	Yes	No
Franklin District Council	Franklin	10.2.7	Water Supply	Yes	No
Franklin District Council	Franklin	10.2.8	Sewerage Systems	Yes	No
Franklin District Council	Franklin	10.2.9	Stormwater	Yes	No
Franklin District Council	Franklin	10.2.10	Public Parking (Note proposed Plan Change 30 deletes this rule)	Yes	No
Franklin District Council	Franklin	10.2.1	Other Purposes (including protection, restoration or enhancement of any significant	Yes	No

Former local authority	Plan section	Plan reference	Purpose (activity)	Can the council require a financial contribution for this purpose if the development is.....	
				exempt from development contributions?	liable for development contributions?
			natural or physical resource or the protection or enhancement of any site or area of special value to Tangata Whenua)		
Franklin District Council	Franklin	Part 54	Various Structure Plan financial contribution provisions for specific areas and purposes	Yes	No
Manukau City Council	Chapter 8	8.26	Transportation - Parking Cash in lieu provision based on schedule of parking standards, where it is not practical to provide parking on-site. Provides public parking in vicinity of developments	Yes	No
Manukau City Council	Chapter 9	9.14.3	Public utilities (Passenger transport facilities)	Yes	No
Manukau City Council	Chapter 9	9.14.5	Public utilities (Roads, land drainage)	Yes	No
Manukau City Council	Chapter 15	15.15	Reserves contributions, esplanades Based on land or cash required to achieve planned areas of reserves	Yes	No
Manukau City Council	Chapter 17	17.10	Flat Bush infrastructure and reserves	Yes	No
Papakura District Council	Section 2 – Rural Papakura	Part 6 - Rule 6.7.9	Utility services, recreational and cultural facilities, and social and economic development District wide financial contributions	Yes	No
Papakura District Council	Section 2 – Rural Papakura	Part 8 – Rule 8.9.1	Reserves and recreation facilities	Yes	No
Papakura District Council	Section 3 – Urban Papakura	Part 10	Reserves/ roading/ stormwater within or adjacent to a development or in the case of for reserves, elsewhere in the District	Yes	No
Rodney District Council	Chapter 22	22.1 to 22.16	Roading/ Stormwater/ Neighbourhood reserves/ Sports fields/ Community facilities Council resolution not to apply to consents received after 1 July 2009	No	No
Rodney District Council	Chapter 22	22.17	Public parking	Yes	No
Waitakere City Council	Waitakere	Financial Contributions	Reserves	Yes	No
Waitakere City Council	Waitakere	Financial Contributions	Stormwater (Twin streams)	Yes	Yes

## Schedule 7 – Significant assumptions

Section 201(1)(b) of the LGA 2002 requires the policy to set out the significant assumptions underlying the calculation of the schedule to the development contributions policy, including an estimate of the potential effects if there is a significant level of uncertainty as to the scope and nature of the effects.

The following are the significant assumptions underlying the policy:

**Table 14**

Significant assumption	Estimate of potential effects	Level of uncertainty
<p>The rate, level, location and type of residential and non-residential growth will occur as is forecast by the Auckland Regional Transport Model – Scenario I11 (June 2017)</p> <p>The growth forecasts are based on a medium population and employment growth scenario over 20 years</p> <p>Growth can be influenced by a wide range of factors including: changes in demographics, changes in social and economic conditions, the performance of the economy and the effect of local, national and international forces</p>	<p>If development is lower than that forecast by the growth model, the amount of revenue generated through this policy will be reduced</p> <p>The council may need to review the growth forecasts to reflect a longer take up period than anticipated in the medium scenario. This will affect the ability of the council to fund growth related infrastructure, which itself may need to be deferred</p> <p>To minimise this effect, the council will use broad funding areas to provide a degree of flexibility to provide capital expenditure where it is needed to cater for growth</p>	Significant
<p>The proportion of capital expenditure projects for growth is based on the best available information and aligned with both the forecast growth, the Auckland Plan and Special Housing Areas</p>	<p>There is a significant likelihood that capital expenditure projects will alter over time due to a range of external factors</p> <p>Where significant changes occur to capital expenditure projects through an annual plan, it may be appropriate for the council to determine whether to revise the schedule of charges within the policy</p> <p>Provision of growth infrastructure in a period of low or uncertain growth can create a cost burden on the existing rating base as growth is not arriving to share the increased cost</p> <p>The council will use broad funding areas to provide a degree of flexibility to provide capital expenditure where it is needed to cater for growth</p>	Significant
<p>No significant changes to service standards are expected to occur other than those planned within asset management plans</p>	<p>Changes to service standards will affect both the level of on-site works required by those undertaking development and the scale and type of infrastructure provided by the council</p> <p>If significant changes occur the council will need to reassess the effect on capital expenditure projects and determine the materiality of change to the schedule of charges within the policy</p>	Medium
<p>The cost of growth incorporated in the contributions charge is calculated net of all third party income. This policy assumes that the level of third party funding will not change over the life of the LTP 2018-2028</p>	<p>If the level of third party funding is reduced, the council will have understated the cost to be recovered through this policy. If the level of third party-funding is increased, the council will have overstated the cost to be recovered through this policy</p> <p>In either case the council will be at liberty to assess the materiality of the difference and determine whether to revise the schedule of charges within the policy and provide for a lower or higher expectation of third party income</p>	Low

<p>That there is no significant difference between the actual rate of inflation and interest compared with that estimated in the LTP 2018-2028</p>	<p>Changes to inflation and interest are common variables in any policy of this nature. Where significant changes occur that materially affect the schedule of charges, the council can decide to adjust the policy accordingly</p>	<p>Low</p>
<p>Developments will in general exhibit common demand characteristics that enable the council to consider them as part of a simple overall classification of development types</p>	<p>All development will be attributed with the average demand as set out in Schedule 2 for the development type under which it is classified</p> <p>Developments individually may create a lower or higher demand on infrastructure than the average demand for their development type</p> <p>Development overall will create the demand levels required to recover the cost of infrastructure for growth</p>	<p>Medium</p>
<p>Applicants are only required to pay development contributions on additional development that is the subject of a consent application.</p> <p>Any existing lawfully established <b>allotments</b> or land uses on the development site are assumed to have either:</p> <ul style="list-style-type: none"> <li>• paid development or financial contributions under relevant legislation at the time; and/or</li> <li>• have been exempt from paying contributions.</li> </ul> <p>This assumption applies in accordance with Schedule 2 unit of demand factors only.</p>	<p>The assumption that lawfully established allotments are deemed paid for development contributions purposes requires all new subdivisions to pay for one unit of demand at the point of subdivision</p> <p>This is likely to have limited effect given that the final built form or land use on the allotment will be equal to or higher than a single unit of demand for that development type</p>	<p>Low</p>

## Schedule 8 – Assets for which development contributions will be used

The schedule is too large to be included within the policy. A copy of this schedule is available on the council website at:

<http://www.aucklandcouncil.govt.nz/EN/ratesbuildingproperty/developmentfinancialcontributions/Pages/home.aspx>

## Attachment A – Payment timing and enforcement

### Payment Timing unless otherwise agreed in writing

Invoices become due for payment immediately upon issue and will be generated at the following points:

**Table 15**

122. Type of consent	Issue of invoice / payment timing
a resource consent for subdivision	at the time of application for a certificate under section 224(c) of the Resource Management Act 1991  an invoice will be issued for each stage of the development for which a separate certificate under section 224(c) of the Resource Management Act 1991 is applied for, even where separate stages are part of the same consent
a resource consent for land use for: <ul style="list-style-type: none"> <li>a. any non-residential development for which a subdivision consent or building consent will not be necessary for the development to proceed; or</li> <li>b. any residential development for which a subdivision consent will not be necessary for the development to proceed</li> </ul>	at the time of a request for an invoice or immediately upon unauthorised commencement of the land use consent
a building consent for residential use	Six (6) months after the time of granting the building consent
a building consent for non-residential use	at the time a request is made for a code compliance certificate or a certificate of public use, or 24 months after granting, whichever is the earlier
a certificate of acceptance	at the time of granting of the certificate of acceptance
authorisation for service connection	at the time of approval for connection

- Any single building consent for residential use which contains five (5) or more dwelling units will be treated as non-residential use for issue of invoice / payment timing
- A request for invoice on a resource consent (not included above) must be done prior to commencement
- Payment may be made on any granted consent, however the earlier payment timing of any granted consents applies
- Where a customer requests an invoice before the timeframe stated in Table 15, the invoice is immediately payable.

### Council Enforcement

Where invoices remain unpaid beyond the payment terms set out in this policy, the council will invoke normal debt collection practices to recover outstanding debt. The following are additional enforcement options council can use:

**Table 16**

Type of consent	Enforcement options
a resource consent for subdivision	withhold a certificate under section 224(c) of the Resource Management Act 1991 and may register the development contribution under the Statutory Land Charges Registration Act 1928 as a charge on the title of the land
a resource consent for land use for: <ul style="list-style-type: none"> <li>a. any non-residential development for which a subdivision consent or building consent will not be necessary for the development to proceed; or</li> <li>b. any residential development for which a subdivision consent will not be necessary for the development to proceed</li> </ul>	prevent the commencement of the land use consent under the Resource Management Act 1991 and may register the development contribution under the Statutory Land Charges Registration Act 1928 as a charge on the title of the land
a building consent / certificate of acceptance	withhold a code compliance certificate under section 95 of the Building Act 2004, withhold a certificate of acceptance under

	section 99 of the Building Act 2004 and may register the development contribution under the Statutory Land Charges Registration Act 1928 as a charge on the title of the land
authorisation for service connection	withhold a service connection to the development and may register the development contribution under the Statutory Land Charges Registration Act 1928 as a charge on the title of the land

## Attachment B – Cost Allocation

### Cost Allocation Methodology Explanation

Table 17

Step	Explanation	Justification under LGA 2002
1.	Allowances for costs to be included. <b>Purpose:</b> To ensure only capital costs that the council has incurred or expects to incur in its LTP, to meet the requirements of growth are included in the contribution calculation	Section 199(1) and (3), Section 197AB (a) + (b) – The council may only require contributions where it expects to incur capital expenditure Section 199(2) - Development contributions may be used to pay in full or in part for capital expenditure already incurred by the Council in anticipation of development Section 204(1), Section 197AB (d) – Contributions must only be used towards capital expenditure for the reserves and infrastructure for which they were required
2.	Screening provisions. <b>Purpose:</b> To ensure certain costs are not included in contribution calculation	Section 204(1), Section 200(1)(a),(b) and (c) – Operating and maintenance costs, subsidies, grants, the costs of works to be funded by developers and third parties and not paid for by the council and the costs of works expected to be recovered from financial contributions are excluded from the contribution calculation
3	Cost allocation between different sources of funding <b>Purpose:</b> To ensure fair attribution of costs among sources of funding	Costs of capital expenditure projects or programmes attributed initially between various sources of funding including the existing and growth communities and all of Auckland or parts of it, using Section 101(3)(i),(ii),(iv) and (v) considerations with equal weight given to each and Section 197AB (c)
4.	Cost allocation – intergenerational equity <b>Purpose:</b> To ensure fair attribution of costs among sources of funding	The portion of any capital project or programme to be funded by the growth community in any activity funding areas is allocated between “new” growth occurring in the 10-year long-term plan period and “future” growth occurring after year 10. This is to ensure compliance with Section 101(3)(iii) considerations and completes the considerations under Section 101(3)(a) of the Act.
5.	Assessing overall impact of cost allocation	Section 101(3)(b) - the portion of capital costs of a project, programme or an activity allocated between different sources of funding (existing community, new growth and future growth communities in any funding area) may be reviewed and the council may deem it appropriate to shift the cost allocation burden between sources to address wider impacts
6.	Totalling and attribution	Schedule 13 (1) and Section 197AB (g) – the total costs of capital expenditure (at an activity level) attributable to new growth in the LTP period, within the whole city or parts of it (funding areas), is totalled. Attribution of costs to growth units of demand expected in the area over that period is carried out in the ACDCFM
7.	Declaration and reporting	Section 106(1)(d) and (f) - the primary output from the cost allocation model comprises three tables of annual capital expenditure by <b>activity</b> that relates to: 1) the 10 year growth cost attributable to the “new” community 2) the growth costs attributable to the “future” community after year 10 3) the sum of the total growth capital expenditure. The portion of capital costs to be recovered through financial contributions (if any) are identified separately and extracted at Step 2

## Attachment C – Funding Model

### Funding Model Inputs

Table 18

Input	Explanation
the Auckland Council Development Contributions Growth Model (ACDCGM) for both residential and non-residential growth	This provides the incremental annual growth forecasts that are used as the denominator in the calculation to generate the unit prices for development contributions
the Auckland Council Development Contributions Cost Allocation Model (ACDCCAM)	This provides the growth proportion of the capital expenditure projects that provides capacity for the period of the long-term plan. This is used as the numerator in the calculation to generate the unit prices for development contributions.  This includes both infrastructure already built (historic) and infrastructure planned as part of the long-term plan (future)
<b>activity</b> unit of demand factors for each identified type of development	This provides the model with the data to convert the growth forecasts (population and employment) into units of demand for each <b>activity</b>

### Funding Model Actions

Table 19

Action	Explanation	Justification
1.	Adjustment of Auckland Regional Transport Model – Scenario I11 (June 2017) <b>Purpose:</b> To convert the growth data into units of demand and to determine the likely payment profile for contributions	Growth units have variable units of demand associated with them (e.g. detached house = 1 unit of demand) and therefore the number of each type predicted by the AFGM must be converted to units of demand for the purposes of the funding model  Further adjustment of the growth data is required to more accurately forecast the likely occurrence of income arising from this policy  The timing of payment is a key determinant of the level of borrowing required by council
2.	Separation of the 10 year growth costs (AC <sub>n</sub> ) from future growth costs beyond 10 years (AC <sub>f</sub> ) <b>Purpose:</b> To derive the costs to be recovered by contributions	To ensure the expenditure profile reflects the costs to be recovered through this policy from growth over the 10 years
3	Iteration of income expectation and borrowing cost arising from various unit prices <b>Purpose:</b> To derive a unit price that brings the year 10 closing balance to zero	Growth will generally pay for the cost of growth  Having identified the 10 year cost of growth and the number of units of demand and their likely payment timing - the growth units arising over 10 years should fully fund the total cost of growth attributed to them.  Income profile and borrowing cost are the only components in the model that remain variable and inter-related in the model – income is a product of price multiplied by units of demand; price is a product of costs in the year (including interest) divided by growth; interest is a product of borrowing levels arising from a surplus of cost over income
4	Reporting contribution unit prices and summary of capital expenditure for growth	Requirements of legislation