



## 2009 Policy on Development and Financial Contributions

Detailed Supporting Document

1 July 2009

**Information Handout**



William Fraser Building  
1 Dunorling Street  
PO Box 122  
Alexandra  
Phone: (03) 448 6979  
Fax: (03) 448 9196

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Provisions for both development and financial contributions are discussed in this document as they have different procedural matters relating to them.

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**Development Contributions**

These are levied under the Local Government Act 2002. Contributions are assessed based on the fiscal implications of growth.

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**Financial Contributions**

These are levied under the Resource Management Act 1991 and collected using the provisions of the District Plan. Contributions are assessed based on the environmental effects of growth.

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For more information contact:

Peter Morton  
Development Engineer  
Central Otago District Council  
[Peter.morton@codc.govt.nz](mailto:Peter.morton@codc.govt.nz) or 03 440 0608

## **Purpose of Development Contributions**

Central Otago District is experiencing strong growth. Providing infrastructure in anticipation of growth is an obligation of Council. Council considers it appropriate to use development and financial contributions where new subdivisions and developments benefit from existing infrastructure, generate need for additional infrastructure and/or require infrastructure extensions. It ensures those who create the demand for additional services/assets pay fairly and reasonably for this.

### **Do I have to pay?**

Contributions are payable when any residential or non-residential development occurs that places additional demand on Council's infrastructure.

The factors driving the level of contributions payable are:

- Size of development.
- Type of development  
(industrial/commercial/residential/accommodation).

This ensures the contribution payable is proportional to the impact a development has on Council's infrastructure.

### **When is a Contribution Payable?**

Financial Contributions – either at:

- Subdivision consent and/or,
- Land use consent.

Development Contributions – either at:

- A resource consent; or,
- A building consent; or,
- An authorisation for a service connection.

**Deferral of Payment**

Council will consider applications to defer the payment of contributions. The details regarding the deferral of payment can be found in the 2009 Policy on Development and Financial Contributions (“the 2009 Policy”).

**What Information do you use to Calculate Development Contributions?**

The calculation methodology used defines the total capital expenditure for growth consumed by the growth population over a period of time. This consumption of growth costs are then apportioned over the increased number of units of demand (dwelling equivalents) over the same time period. This defines the long run average cost of growth per unit of demand, the result of which is defined as the dwelling equivalent (DE) contribution.

**How do I know if Contributions will Apply in my Area?**

Table 1 on page 4 details the areas where contributions apply and the value of the dwelling equivalent contribution in each area. Scheme maps showing the water supply and wastewater scheme boundaries can be found in the 2009 Policy

**Unusual Developments**

Council reserves the right to individually assess any development or activity that it deems to create a significantly different demand on infrastructure than could usually be expected under their relevant category. For example, a swimming pool may be classified under commercial but it will have a significantly different water use than generally allowed for under the commercial category.

Where alterations are made to an existing business building and work exceeds \$500,000, a fixed roading development contribution will be charged. Any alterations to an existing business building where work is less than \$500,000 shall be exempt a roading development contribution.

Section 15.6.4 of Council's District Plan identifies developments required to pay a Development Impact Levy. Developments meeting the test for a development impact levy are also considered unusual developments in relation to the 2009 Policy.

### **Credit Provisions**

Some developments may be entitled to a credit for existing demand on infrastructure prior to development. The credits are described in detail in the 2009 Policy.

### **When do These Contributions Take Effect?**

The financial and development contributions in the 2009 Policy shall be applied to all consents with an application date on or after 1 July 2009. Any consent applied for prior to 1 July 2009 will be assessed under the provisions of the policy in place on the date of consent application

### **What Should I do if I Want to Know More?**

The 2009 Policy forms part of the 2009/19 Long Term Council Community Plan (LTCCP). The Detailed Supporting Document provides additional information. Copies of the 2009 Policy and the Detailed Supporting Document can be obtained by contacting Council.

Council strongly recommends professional advice is sought at the time of preparing a Resource or Building Consent wherever an application is for more than a standard residential dwelling. Your professional advisors should be able to advise you about how development and financial contributions may apply to your development.

## Summary of Development and Financial Contributions Payable

The methodology for calculating the contributions payable for a specific development or subdivision can be found in the sections which follow.

**Table 1: Schedule of Development Contributions and Financial Contributions Payable by Location (excludes GST)**

Contributing Area	Blue = Development Contributions    Red = Financial Contributions		Roading (per Lot/Activity)	Reserves
	Water Supply (per DE)	Wastewater (per DE)		
Alexandra	\$4,014	\$1,133	Residential \$1,472 Business \$4,386	\$1,644  Maintain existing provisions in the District Plan 1. Land; or 2. Cash in lieu of land; or 3. Both
Clyde	\$3,079			
Cromwell – Urban	\$1,381	\$3,048		
Cromwell Rural Residential and Residential Resource Areas.	\$2,463 Part of the Outer Cromwell water supply scheme	\$3,048 If within the Cromwell wastewater scheme		
Lowburn	\$2,463 Part of the Outer Cromwell water supply scheme	\$3,653 if connected to Lowburn/Pisa sewer extension		
Pisa Extensions	\$2,463 Part of the Outer Cromwell water supply scheme	\$3,653 if connected to Lowburn/Pisa sewer extension		
Bannockburn	\$2,463 Part of the Outer Cromwell water supply scheme	Bannockburn Treatment \$1,000 Bannockburn Sewer Extn \$3,000		
Omakau / Ophir	\$2,598	\$460		
Patearoa	\$1,096			
Ranfurly	\$1,889	\$583		
Roxburgh	\$1,163	\$1,027		
Naseby	\$4,142	\$1,108		
Other Urban Areas	Watching brief should growth create demand for additional assets/services.			
Other Rural Areas	Watching brief should growth create demand for additional assets/services.			

**Note 1:** Financial Contributions (with the exception of the Patearoa Water Supply and Bannockburn Wastewater Financial Contributions) are inflated annually based on Statistics NZ Construction Index PPIQ.SNE. They are updated to the December 2008 quarter in the above table.

**Note 2:** Stormwater Development Contributions will not be charged at present however this is open for review should growth create demand for additional assets/services.

**Note 3:** Community Facilities Development Contributions have been removed from the 2009 Policy. Financial Contributions will still apply for Reserves where applicable.

**Note 4:** Financial Contributions for Bannockburn Water Supply are now fully subscribed and were removed from this Policy on Development and Financial Contributions. Alexandra Pines and Reservoir Upgrades are now fully subscribed and were removed from the 2005 Policy on Development and Financial Contributions.

**Note 5:** General Financial Contribution provisions in the operative District Plan allow for contributions to be sought against various assets and for various environmental effects (no explicit contributions identified). These are detailed in Chapter 15.6 of the District Plan and will be maintained.

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## How do I calculate my Development Contributions?

### Water Supply and Wastewater

Water supply and wastewater development contributions payable are calculated by multiplying the number of dwelling equivalents by the contribution per dwelling equivalent shown in Table 1. The formulas used to assess the number of dwelling equivalents for a development or subdivision are shown below.

#### Equation 1: Water Dwelling Equivalent Formula

$\text{Water Supply DE's} = \frac{(\text{WCF} \times \text{Peak No of Persons} \times 0.6) + (\text{NCF} \times 0.4)}{3.0}$
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Where:

**WCF** = Working Charge Factor

**NCF** = Network Charge Factor

**Table 2: Peak Number of Persons by Land Use**

Land Use	Peak Number of Persons
Residential	3.0
Retail / Commercial	Peak full time staff equivalents
Restaurants / Bars	Maximum Number of Patrons + Peak full time staff equivalents
Accommodation	Number of fee paying guests + (Peak full time staff equivalents / 5)
Industrial	7 for typical industrial otherwise consumption determined at the time of site development.

**Table 3: WCF and NCF by Land Use**

Land Use Category	Water Supply Working Charge Factor (WCF)	Water Supply Network Charge Factor (NCF)
Residential	1.0	1.0
Retail/Commercial	0.2	3.1
Restaurants/Bars	0.2	3.1
Industrial	0.3	3.1
Accommodation	0.6	3.5

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**Equation 2: Wastewater Dwelling Equivalent Formula**

$\text{Wastewater DE's} = \text{WCF} \times \frac{\text{Peak No of Persons}}{3.0}$
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The peak number of persons is defined in Table 2. The wastewater working charge factors are:

**Table 4: Wastewater Working Charge Factor**

Land Use Category	Wastewater Working Charge Factor
Residential	1.0
Retail/Commercial	0.2
Restaurants/Bars	0.3
Industrial	0.4
Accommodation	0.6

Parts 3 and 4 of the 2009 Detailed Supporting Document provides additional detail on the above equations and inputs for water supply and wastewater.

There are two exceptions to the above rules:

1. Residential Flats for water supply and wastewater shall be regarded as the following number of dwelling equivalents:
  - Gross Floor Area (GFA)  $\leq 60\text{m}^2 = 0.5$  Dwelling Equivalents
  - Gross Floor Area (GFA)  $> 60\text{m}^2 = 1.0$  Dwelling Equivalent
2. Multi Unit Developments shall be regarded as:
  - 0.8 dwelling equivalents per unit for water supply contributions.
  - 1.0 dwelling equivalent per unit for wastewater contributions.

Roading

Levying fixed development contributions is deemed the most appropriate method of charging roading contributions. These fixed fees can be applied to either subdivision or development. There are two fixed fees:

1. Residential,
2. Business.

Where the residential and business categories include the following property types:

**Table 5: Roding Contribution Categories**

<b>Residential Land Use Category</b>	<b>Business Land Use Category</b>
Residential Vacant Multi Unit / Multi Lot * Housing Vacant Rural ** Rural Residential Recreation & Community	Commercial & Industrial Hotel & Accommodation Multi Unit/Multi Lot *

\* see the multi unit / multi lot development scenarios in following section.  
\*\* see special rules in following section.

Roding fixed fees are defined as follows:

**Table 6: Roding Development Contributions**

<b>Land Use Classification</b>	<b>Dwelling Equivalents per Lot/Activity</b>	<b>Contribution (\$)per Lot/Activity</b>
Residential	1.0	\$1,472
Residential Flats (GFA<60m <sup>2</sup> )	0.5	\$736
Residential Flats (GFA>=60m <sup>2</sup> )	1.0	\$1,472
Business	2.98	\$4,386

Where the construction of a new building occurs, a fixed fee will be charged based on Table 6. At subdivision, a fixed roading fee will be applied to each lot.

**Roding Special Rules**

Alterations: Where alterations are made to an existing business building and work exceeds \$500,000, a fixed fee will be charged. Any alterations to an existing

business building where work is less than \$500,000 shall be exempt a roading development contribution.

Travellers Accommodation: The following table shall be used to determine the proportion of the business roading contribution payable.

**Table 7: Roding Development Contributions for Travellers Accommodation**

<b>Fee Paying Guests</b>	<b>5 or less</b>	<b>6-7</b>	<b>8-9</b>	<b>10-11</b>	<b>12 or More</b>
Percentage of the Business Roding Contribution Payable	Nil	50%	67%	83%	100%

Homestay activities are exempt Roding development contributions.

Rural Selling Places and Cellar Doors: These are defined in the District Plan in section 4.7.2 (iii) and (v) respectively. Council considers these activities do not generally create any additional demand as they are places where passers-by make purchases as opposed to being a destination causing additional demand on the roading infrastructure. These activities shall be exempt from roading development contributions.

Multi Unit / Multi Lot Development Scenarios: Multi unit and multi lot developments caused confusion when assessing roading contributions under the previous policy. Part 4 of the Detailed Supporting Document clarifies the charging of development contributions for certain scenarios.

### **Special Assessment for Roding**

A special assessment tool has been used in conjunction with the previous policy to assess developments that have a greater than normal impact on the roading network. Council deems that a development which exceeds three business contributions should be the point where a special assessment is appropriate. This equates to 270 vehicle movements per day.