

Contributions Policy 2019



Financial Policies

Contributions Policy 2019

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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 to 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 10-year Budget (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 infrastructure development. Development contributions only recover the growth portion of capital expenditure projects incurred by Council for public infrastructure.
 4. Private infrastructure works required as a condition of consent are not included in the setting of the development contributions price and will be dealt with by the developer of the land.
 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 in, 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.
 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

Term	Definition
Accommodation units	<p>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>Includes cabins and other residential structures on a camp ground</p> <p>For clarification <i>“rental accommodation”</i> above refers to short term rental purposes (no longer than 90 consecutive days), long term rental accommodation will be treated as dwelling units.</p>
Activity	A grouping of council functions required for development contributions as listed in Schedule 1.
Aged care room	Any dwelling unit in a <i>“rest home”</i> or <i>“hospital care institution”</i> as defined in section 58(4) of the Health and Disability Services (Safety) Act 2001
Allotment	<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>
Attached dwelling unit - low rise	A dwelling in a development of up to four levels and three or more attached dwelling units
Attached dwelling unit - medium to high rise	A dwelling in a development of five or more levels and three or more attached dwelling units
Brownfield	Any already urbanized land to be redeveloped, often for more intensive or different land use.
Camp Grounds	<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>
Commercial	<p>Land use associated with (but not limited to):</p> <ul style="list-style-type: none"> a) communication services b) financial services c) insurance d) services to finance and investment

Term	Definition
	<ul style="list-style-type: none"> e) real estate f) business services g) central government administration h) public order and safety services i) local government administration services and civil defence j) commercial offices
Community facilities	<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>
Community Infrastructure	<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"> <i>a) community centres or halls for the use of a local community or neighbourhood, and the land on which they are or will be situated:</i> <i>b) play equipment that is located on a neighbourhood reserve:</i> <i>c) toilets for use by the public”</i>
Council	<p>Auckland Council, including, where necessary, one or more of its council controlled organisations (CCOs)</p>
Community outcomes	<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>
Detached dwelling unit	<p>A stand-alone or duplex dwelling in a development (maximum of two dwelling units)</p>
Development	<p>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>
Development Agreement	<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>
Development contribution objection	<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>

Term	Definition
Development contribution commissioner	Defined in section 197 of the LGA 2002 as: “means a person appointed under section 199F”
Dwelling or dwelling unit	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.
Education and health	Land uses associated with (but not limited to): a) Education b) Health and community health services whether public or private
Greenfield	Land identified for future urban development that has not been previously developed.
Funding area	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
Gross development area [or GDA]	Gross development area equals: 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 Plus 2) The area of any part of the allotment used solely or principally for the storage, sale, display, movement or servicing of goods or the provision of services on the allotment . The gross development area does not include: 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 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 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 and any outside areas
Gross floor area [or GFA]	The gross floor area is the total internal floor area of a dwelling measured: • from the exterior faces of the exterior walls, or • from the centre lines of walls separating two buildings or tenancies
Household	A household consists of one or more persons who live in the same dwelling and share living accommodation and kitchen facilities.
Household unit	The unit of demand representing one average detached dwelling unit
Household unit equivalent [or HUE]	The unit of demand that creates an equivalency factor between a type of development and one average detached dwelling unit (household unit)

Term	Definition
Impervious surface area [or ISA]	The area of any site which is not capable of absorbing rainwater
Interim Policy	Auckland Council, Auckland Planning Document, Volume 6.2: Development and financial contributions policies, 1 November 2010 – 30 June 2019
Kaumātua Housing	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
Lawfully established	Any: <ul style="list-style-type: none"> a) allotment for which a title has been issued; or b) 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
Lodged	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
Network infrastructure	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>
Objector	Defined in section 197 of the LGA 2002 as: <i>“means a person who lodges a development contribution objection”</i>
Production and distribution	Land uses in which goods are manufactured, fabricated, processed, converted, repaired, packaged, assembled, stored, distributed or serviced including (but not limited to): <ul style="list-style-type: none"> a) horticulture, agriculture, mining, quarrying, forestry, fishing, services to agriculture, oil and gas exploration and extraction, water supply and wastewater processing, electricity generation and supply b) meat and meat product manufacturing, dairy product manufacturing c) food, beverage, malt and tobacco manufacturing, textile and apparel, wood product, paper and paper product manufacturing d) printing and publishing e) petroleum and industrial chemical, rubber, plastic and other chemical product manufacturing f) metal, structural, sheet, and fabricated metal product manufacturing g) transport equipment, machinery and equipment manufacturing h) furniture manufacturing i) construction, wholesale trade, road transport, water and rail transport, air transport, services to transport and storage
Retail, hospitality, recreation and personal services	Land use associated with (but not limited to): <ul style="list-style-type: none"> a) Retail trade

Term	Definition
	<ul style="list-style-type: none"> b) Restaurants and bars c) Cultural and recreational services d) Personal and other community services e) Campsites and non-residential structures on a camp ground
Retirement unit	Any dwelling unit in a retirement village (other than an aged care room)
Retirement village	<p>A managed comprehensive residential development used to provide accommodation for aged people:</p> <p>Includes:</p> <ul style="list-style-type: none"> • 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 • recreation, leisure, supported residential care, welfare and medical facilities (inclusive of hospital care) and other non-residential activities accessory to the retirement village. • Kaumātua Housing <p>Excludes:</p> <ul style="list-style-type: none"> • Single dwellings <p>The retirement village must be registered under section 10 of the Retirement Villages Act 2003.</p>
Service connection	<p>Defined in section 197 of the LGA 2002 as:</p> <p><i>“a physical connection to a service provided by, or on behalf of, a territorial authority”</i></p>
Small ancillary dwelling unit	The first dwelling unit ancillary to the primary dwelling unit on an allotment with a gross floor area of 65m ² or less
Student Accommodation	Living accommodation, primarily used or designed to be used by registered students or guests of tertiary education facilities or education facilities and which is served by one or more communal living areas, defined as lounges, study areas, laundries or kitchens.

3 Transition between policies

14. This policy applies to applications lodged on or after 1 January 2019.
15. Development contribution per unit of demand prices (as per Schedule 3) will apply to applications based on applicable lodgement dates.
16. A development that has multiple applications that cross over different policies will be subject to the policy operative at the time each separate consent was lodged.
17. If a development has building consents and resource consents under different policies, the developer may choose which policy they wish the charge to be calculated under.
18. The timing at which payment is required will be the earliest payment timing under the consents sought for the development.

4 Use of development contributions or financial contributions

19. 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:
 - a) 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
 - b) the option of using and investigating other funding sources be retained.
20. 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.
21. The council does 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

22. 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.
23. 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.
24. 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.

25. 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.
26. 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.
27. 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.
28. 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

29. Development contributions may be required from developments across the whole of Auckland using regional, sub-regional and local geographic **funding areas**. Development occurring within each area may be required to pay contributions applicable in that **funding area**.
30. The funding areas underlying this policy are listed in Schedule 3 and indicated on the funding area maps available on the council's website, www.aucklandcouncil.govt.nz
31. For clarity the council considers that for stormwater activities, a development not only creates a demand for infrastructure within the hydrological catchment it is located in, 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

32. 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.
33. 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.
34. 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.
35. Stormwater demand that cause Council to invest in public infrastructure, can arise if there is an increase in peak flows or an increase in volume, duration or frequency of the flows, by the development of a site.

Position on existing allotments and land use

36. 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).
37. 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

38. 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.
39. Where a staged 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

40. 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.
41. If the council does not assess development contributions on an earlier application for consent or authorisation, it may assess development contributions on a subsequent application for the same development project.

Test for development

42. Under section 198 of the LGA 2002, Auckland Council may require a development contribution to be made when:
- a resource consent is granted under the Resource Management Act 1991 for a development within the region
 - a building consent is granted under the Building Act 2004 for building work situated in the region
 - an authorisation for a service connection is granted
 - a certificate of acceptance is granted under the Building Act 2004.
43. However, development contributions can only be required where a **development** as defined by section 197 of the LGA 2002 is to occur.
44. 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”.

45. On receiving an application for subdivision consent, resource consent, building consent or service connection, the council will first:
- test that the application represents a development under section 197
 - 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
 - ensure that any development contribution that may be required, is provided for in this policy.
 - Council will not require a contribution where it is prohibited from doing so under section 200 of the LGA
46. 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

47. The council will assess the demand from the development using the demand factors set out in Schedule 2.
48. 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, scale and location.
49. The policy uses the **Household Unit Equivalent** as a measure of demand.
50. 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.
51. **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

52. 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.
53. A deduction for existing units of demand:
- will not be used to reduce the units of demand on a development below zero;
 - will only apply to existing units of demand on the development site; and
 - will not be transferable to or from another development site
 - will not be based on monetary value.
54. 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.
55. 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.
56. 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.
57. 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

58. 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.

59. 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

60. The total development contribution payable is calculated by adding the contributions payable for each **activity** determined in steps 1 to 3.
61. 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.
62. 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

63. Contribution charges for reserves set out in Schedule 3 will be reduced where they exceed the maximum reserve contribution allowed under section 203(1) of the LGA, to the level of the statutory maximum.
64. Both the reserve acquisition and reserve development contributions are combined to create the contribution for reserves that is subject to the statutory maximum in section 203(1).
65. 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.
66. 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 65a) 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 65b), 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

67. Invoices will be issued in accordance with Attachment A - Payment timing and enforcement
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**. All other fees/charges will be borne by the respective parties.
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 under the Local Government Act 2002 or any other Act of Parliament.
90. Council does not accept any other circumstances for exemption.

Conditions and criteria for remissions, postponements and refunds

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, that the development is a social development or is part of the Government's Kiwibuild Programme or for any other reason.

93. There are no offsets of contributions for works provided by a developer within this policy. If works are done on behalf of Council it is expected that the developer and Council will enter into a works agreement and contributions paid. For the avoidance of doubt, this also includes Private Developer Agreements.
94. Council does not accept land in lieu of contributions to be paid. All contributions should be paid and land accepted by Council's Park and Recreation team paid for under a sale and purchase agreement.
95. The Policy makes no provision for payment postponements of DC invoices. However, the council may, at its discretion, provide for a payment arrangement in the context of debt recovery where contributions have not been paid by the due date. This will be administered by the Financial Transactions Team.
96. The council will refund development contributions in accordance with section 209 and section 210 of the LGA 2002.
97. 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.

Development Agreements

98. 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.
99. Development agreements will not be used to reduce the amount of any contribution calculated under this policy. It is expected that any agreement will include provisions that will underline the expectation for payment of development contributions by developers and a works contract for the purchase of infrastructure constructed by the developer.
100. 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.
101. Sections 207A to 207F of the LGA 2002 sets out criteria to be included in a development agreement.

8 Ancillary Information

Calculation of schedule to development contributions policy

102. 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.
103. Detailed cost allocation modelling is available on request.
104. 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: www.aucklandcouncil.govt.nz
105. 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: www.aucklandcouncil.govt.nz
106. The charges in Schedule 3 are calculated in the following manner:
- The total cost of capital expenditure divided by Growth (measured in HUEs) 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 11 Attachment B.
 - Growth by funding area and type of development is determined using the process identified in Table 12 Attachment C
 - The outputs are used as an input into the Funding Model Table 13 Attachment C.

Auckland Council Development Contributions Cost Allocation Model (ACDCCAM)

107. 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.
108. 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

109. This initial categorisation and individual project and programme information inform the development contributions methodology but is not the sole basis for cost allocation.
110. 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.
111. 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)

112. 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.
113. 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.
114. 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.
115. The model applies interest to both credit and debit balances as appropriate.
116. The funding model core inputs and actions are explained in Attachment C.

Financial contributions

117. 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.
118. 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.
119. 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.
120. Nothing in this policy diminishes from any requirement in the unitary plan, district plan or 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

121. This policy and its supporting information is available on the council website at: www.aucklandcouncil.govt.nz

Adoption of this policy

122. This policy was adopted in line with the Auckland Council's LTP 2018-2028. It becomes operative on 1 January 2019 and will remain in effect until a new Contributions Policy is adopted by the Council.

Schedule 1 – Activities to be funded by development contributions

Table 2

Class	Activity	Activity description
Reserves	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)
Network infrastructure	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
Community infrastructure	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 ² - 99m ² GFA
		1.0 HUE per unit at 100m ² – 249m ² GFA
		1.2 HUE per unit at 250m ² and over GFA
Attached dwelling unit – low rise	Stormwater	1 HUE per 292m ² ISA
	All others	0.7 HUE per unit at 0m ² - 99m ² GFA
		0.9 HUE per unit at 100m ² – 249m ² GFA
		1.1 HUE per unit at 250m ² and over GFA
Attached dwelling unit – medium to high rise	Stormwater	1 HUE per 292m ² ISA
	All others	0.6 HUE per unit at 0m ² - 99m ² GFA
		0.75 HUE per unit at 100m ² – 249m ² GFA
		0.9 HUE per unit at 250m ² and over GFA
Retirement unit	Stormwater	1 HUE per 292m ² ISA
	Transport	0.3 HUE per unit
	All others	0.1 HUE per unit
	Aged care room	Stormwater
Transport		0.2 HUE per room
Community Infrastructure		0.1 HUE per room
All Others		0.0 HUEs
Small ancillary dwelling unit	Stormwater	0.2 HUE per unit
	All others	0.6 HUE per unit
Accommodation units	Stormwater	1 HUE per 292m ² 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 HUE per 292m ² ISA
	All others	0.22 HUE per room

Development type	Activities	Units of demand
Any residential use not specified above	All	1.0 HUE per unit
Retail, hospitality, recreation and personal services	Stormwater	1 HUE per 292m ² ISA
	Transport	1.0 HUE per 215m ² GDA
	All others	0.0 HUE
Commercial	Stormwater	1 HUE per 292m ² ISA
	Transport	1.0 HUE per 271m ² GDA
	All others	0.0 HUE
Education and health	Stormwater	1.0 HUE per 292m ² ISA
	Transport	1.0 HUE per 271m ² GDA
	All others	0.0 HUE
Production and distribution	Stormwater	1.0 HUE per 292m ² ISA
	Transport	1.0 HUE per 346m ² GDA
	All others	0.0 HUE
Any non-residential use not specified above	Stormwater	1.0 HUE per 292m ² ISA
	Transport	1.0 HUE per 277m ² GDA
	All others	0.0 HUE

Subdivision development

Table 4

Development type	Activities	Units of demand
One residential allotment (vacant)	All	1.0 HUE per allotment
One Non Residential allotment (vacant)	Stormwater	1.0 HUE per allotment
	Transport	1.0 HUE per allotment
	All others	0.0 HUE per allotment
Subdivision around existing development (Includes proposed developments)	All	As per Land and Building Development unit of demand factors
One allotment 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 allotment
One other allotment	All	1.0 HUE per allotment

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

Regional

Reserve Acquisition	Auckland wide	\$ 153
Reserve Development	Auckland wide	\$ 3,026
Transport	Auckland wide	\$ 4,322
Community Infrastructure	Auckland wide	\$ 879

Sub-Regional

Reserve Acquisition	Urban	\$ 2,058
	Northwest Greenfield	\$ 8,712
	North Greenfield	\$ 6,184
	South Greenfield	\$ 7,448
Stormwater	Urban Auckland Non GPA	\$ 2,763
	Urban Auckland	\$ 253
Transport	North	\$ 4,132
	Central	\$ 1,206
	West	\$ 1,761
	South	\$ 2,500
	HGI	\$ 221

Local

Reserve Acquisition	Warkworth	\$ -
	Dairy Flat	\$ -
	Flatbush	\$ -
	Takanini	\$ -
	Opapeke / Drury	\$ -
	Hingaia	\$ -
	Paerata / Pukekohe	\$ 9
	Hibiscus	\$ 16
	North Shore	\$ 4,569
	West	\$ 3
	Central	\$ 169
	South (West)	\$ 630
	South (East)	\$ -
	Rural North Upper	\$ 3,013
	Rural North Lower	\$ -
	Rural West	\$ 2,688
	Rural South West	\$ -
	Rural South East	\$ -
	Rural Islands	\$ -
Tamaki	\$ -	

Reserve Development	Warkworth	\$ 578
	Dairy Flat	\$ -
	Northwest	\$ 631
	Flatbush	\$ 433
	Takanini	\$ 473
	Opaeheke / Drury	\$ -
	Hingaia	\$ 423
	Paerata / Pukekohe	\$ 1
	Hibiscus	\$ 1,592
	North Shore	\$ 2,379
	West	\$ 838
	Central	\$ 155
	South (West)	\$ 1,287
	South (East)	\$ 642
	Rural North Upper	\$ -
	Rural North Lower	\$ -
	Rural West	\$ 56
	Rural South West	\$ -
	Rural South East	\$ 14
	Rural Islands	\$ 0
Tamaki	\$ 6,784	
Stormwater	Ararimu	\$ 30
	City Centre GPA	\$ 4,317
	East Coast Bays	\$ 3,734
	Flatbush GPA	\$ 7,008
	Metro Manukau GPA	\$ 529
	Manurewa Papakura GPA	\$ 18,340
	Greater Takapuna GPA	\$ 9,289
	Greater Tamaki GPA	\$ 4,044
	Helensville	\$ 1
	Hibiscus Coast	\$ 15
	Inner West Triangle GPA	\$ 10,984
	Kumeu / Huapai	\$ 35
	Mahurangi	\$ 1
	Manukau Central	\$ 1,802
	Manukau North	\$ 26
	Manukau South	\$ 1,231
	Manukau West	\$ 185
	NORSGA GPA	\$ 4,126
	Otahuhu GPA	\$ 6,944
	Other Auckland	\$ -
	Pukekohe GPA	\$ 2,056
	Tamaki East	\$ 38
	Tamaki West 1	\$ 67
Wairoa	\$ 148	

	Waitakere Ranges	\$ 705
	Waitemata Central 1	\$ 4,458
	Waitemata North	\$ 4,289
	Waitemata West	\$ 3,114
	Waiuku	\$ 1,681
	Warkworth	\$ -
	Waitemata Central 2	\$ 1,244
	Tamaki West 2	\$ -
	Tamaki West 3	\$ -
	Whenuapai / Redhills	\$ 405
	Dairy Flat / Wainui / Silverdale	\$ -
	Drury West	\$ -
	Opaheke Drury	\$ -
	Hauraki Gulf Islands	\$ 1,082
	Omaha / Matakana	\$ 4,004
Transport	Drury South	\$ 31,267
	NorthWest	\$ 4,198
	Dairyflat / Wainui / Silverdale	\$ 2,381
	Greater Tamaki	\$ 6,218
	Albany	\$ 4,538
	Rural North	\$ 2,412
	Rural West	\$ 996
	Rural South	\$ 180
Community infrastructure	Warkworth	\$ -
	Dairy Flat	\$ -
	Northwest	\$ 3,353
	Flatbush	\$ 2,643
	Takanini	\$ 1,943
	Opaheke / Drury	\$ 18
	Hingaia	\$ -
	Paerata / Pukekohe	\$ 1,031
	Hibiscus	\$ 354
	North Shore	\$ 4,535
	West	\$ 931
	Central	\$ 2,883
	South (West)	\$ 1,755
	South (East)	\$ 452
	Rural North Upper	\$ 782
	Rural North Lower	\$ 3,737
	Rural West	\$ -
	Rural South West	\$ 224
	Rural South East	\$ 524
	Rural Islands	\$ 1,003
Tamaki	\$ -	

- * A development may be in Regional, Sub-regional and Local funding areas, or any combination of these.
- * All Development are subject to the Regional funding area.
- * Great Barrier Island will be assessed on a case by case basis due to the nature of the funding area it is located in.

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 of 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	671.1	102.6	Used to acquire land for local and regional open space purposes	100%	0%	0%	485.6	0.2	0.0
Reserve development	424.3	8.1	Used to provide capacity within local sports facilities and development of local parks include park infrastructure	100%	0%	0%	372.6	0.0	0.0
Stormwater	435	87.5	Used to provide capacity within the stormwater network and flood protection measures	100%	0%	0%	483.9	0.0	0.0
Transport	1,348.9	152.4	Used to provide capacity within the transport and public transport network including development of safety, cycling and walkways	100%	0%	0%	883.1	0.3	0.0
Community infrastructure	36.7	206.3	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%	276.2	0.1	0.0
Total	2,916.0	556.9					2,501.4	0.7	0.0

Notes:

- (i) – total cost of capital expenditure related to growth occurring from 2018 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)

(iii) - some consents were lodged when legacy financial contribution policies applied and will receive some financial contribution revenue if they proceed

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

When deciding what sources council uses to meet its funding needs, it must consider the matters set out in section 101(3) of the Local Government Act 2002. This involves elected members exercising their political judgement and considering the proposal in the context of council's funding decisions as a whole.

101(3) - The funding needs of the local authority must be met from those sources that the local authority determines to be appropriate, following consideration of,—

- (a) in relation to each activity to be funded,—
 - (i) the community outcomes to which the activity primarily contributes; and
 - (ii) the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and
 - (iii) the period in or over which those benefits are expected to occur; and
 - (iv) the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and
 - (v) the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and
- (b) the overall impact of any allocation of liability for revenue needs on the community.

The following section considers the use of development and financial contributions to fund investment in infrastructure to support growth against the criteria in section 101(3) of the Local Government Act 2002.

A. The community outcomes to which the activity primarily contributes

Development contributions fund the capital costs of reserve acquisitions, reserve development, community infrastructure, stormwater, and transport. The following table sets out the community outcomes to which each activity contributes:

Activity	A fair, safe and healthy Auckland	A green Auckland	An Auckland of prosperity and opportunity	A well connected and accessible Auckland	A beautiful Auckland that is loved by its people	A culturally rich and creative Auckland
Reserves – Acquisition	Y	Y		Y	Y	Y
Reserves – Development	Y	Y		Y	Y	Y
Community Infrastructure	Y		Y	Y	Y	Y
Stormwater	Y	Y	Y	Y	Y	
Transport	Y		Y	Y		

The outcomes of these activities benefit development in different ways depending on the type of development being undertaken. The nature of infrastructure being provided to support these activities therefore provides rationale for differentiating development by type and location.

There are some historic financial contributions set by Auckland councils prior to amalgamation. These continue to fund spend on environmental protection activity and are the legal basis for funding growth infrastructure in relation to some historic consents. These will continue to be collected as appropriate.

B. The distribution of benefits between the community as a whole; any identifiable part of the community; and individuals

Investment in infrastructure to support growth provides benefits to:

- existing land owners
- existing households and businesses
- new households and businesses benefit from the provision of services and amenities.

Land owners receive an immediate benefit from the provision of stormwater and transport infrastructure that connects their land to the rest of the network. This connection allows for development to proceed on the land resulting in an increase in land value. Land owners also receive benefit from the provision of reserves and community infrastructure by providing additional amenity nearby, therefore increasing demand for the land and resulting in an increase in land values.

Existing households and businesses also obtain benefit from the provision of growth related infrastructure by providing additional levels of service and decreasing congestion. However, some of these benefits reduce through time as additional residents and businesses take up the additional capacity created. The benefits these properties receive are funded from general rates.

C. The period in or over which the benefits are expected to occur

Council provided infrastructure that supports growth has very long useful lives. The growth capacity that new infrastructure provides is recovered from development as it occurs over time. Current developers only pay for the proportion of the capacity that they will use. General rates fund the maintenance and renewal of these assets.

Ongoing financial contribution monitoring costs can continue over time as long as environmental effects exist.

D. The extent to which the actions or inactions of particular individuals or as a group contribute to the need to undertake the activity

Growth places additional demand on council services. Council is required to respond to this increased demand by providing additional infrastructure to support them. Additional investment is required at both a local and regional level.

Growth in households and business places demand on services provided at a regional level like sports parks and infrastructure that operates as an integrated regional network like elements of the transport system.

Other infrastructure requirements are more local in nature. For land to be developed infrastructure is required to provide for the services the subsequent development will need like the requirement to manage additional stormwater flows.

Development contributions allow the council to recover the cost of additional infrastructure from new developments at a level that is proportionate to the demand that they create. The drivers of demand for infrastructure vary based on development type and location. Development contributions are therefore differentiated by development type and location.

Financial contributions require those responsible for creating adverse effects to meet the cost of environmental protection measures. These are outside the scope of what can be funded from development contributions.

E. The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities

New infrastructure required to service growth comprises a major part of the council's overall capital expenditure. This infrastructure is often required before development can occur. Development contributions send clear signals to developers and the growth community about the true cost of growth to the council. Charging development

contributions to developers differentially (i.e. having multiple funding areas (catchments) for each activity) makes transparent the cost of growth by activity, development type and location. These costs will be reflected in the value of land. This provides clear signals on the cost of development in different areas.

Setting and recovering development contributions separately incurs administration costs. However, these are immaterial compared to the revenue that development contributions generate for council.

The use of development contributions clearly identifies the costs of growth to developers. This improves developers' ability to hold the council to account for this expenditure. If solely part of general rates funded expenditure there would be less transparency and hence less scrutiny.

Financial contributions for specific purposes associated with particular developments are best funded distinctly from other council activities associated with development.

F. Consideration of overall impact

Having considered the above criteria, the council needs to consider the proposal in terms of the overall impact on the community. This involves elected members exercising their judgement and considering the proposal in the context of council's funding decisions as a whole, not just in relation to these activities.

Matters for council to consider as part of this overall political judgement include:

- cost implications of infrastructure funding decisions on development and the challenges developers face in getting their products built. If development costs are too high this may act as a barrier to development and slow down growth
- economic research indicates that increasing the DC price will not generally increase house prices. House prices are determined by the balance of supply and demand.
- if the growth does not occur as forecast then there are implications on the general ratepayers of under-recovery of infrastructure costs associated with growth. This will result in the council facing additional financing costs until development occurs. These costs may end up being met from general ratepayers
- if development contributions are not used then there are financial and service level implications for existing residents and businesses who would have to fund growth related infrastructure from general rates,

Taking account of all these considerations and the challenges facing Auckland using development contributions best advances the needs of the community by providing a revenue stream to fund growth related infrastructure that would otherwise be met from general ratepayers. Development contributions set to recover the cost of growth related infrastructure pass the costs of that infrastructure onto those who create the demand for it and benefit from it. This also avoids general ratepayers subsidising development for which they get little benefit and means that general rates revenue can be directed to achieving the objectives laid out in the Auckland Plan.

Schedule 6 – Summary of financial contribution provisions

This table shows where financial contributions may apply:

Table 7

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 features of coastal marine areas	Yes	Yes
Regional Plan: Coastal					

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?
			Maintenance and enhancement of public access and open space and recreation facilities		
Franklin District Council	Franklin	10.2.3	Contribution For District Roothing	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 Roothing 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 natural or physical resource or the protection or enhancement of any site or area of special value to Tangata Whenua)	Yes	No
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

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?
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 8

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 Unitary Plan</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

Significant assumption	Estimate of potential effects	Level of uncertainty
<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 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>	<p>Low</p>
<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 allotments or land uses on the development site are assumed to have either:</p> <ul style="list-style-type: none"> • paid development or financial contributions under relevant legislation at the time; and/or • have been exempt from paying contributions. <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>
<p>Council is required to mitigate stormwater for the need of flood and environment protection that benefits all Aucklanders.</p>	<p>All developments will benefit from flood and environmental protection that allows Aucklanders to travel on the transport network, access schools, shops, hospitals and other essential services as well as swim at the beaches and enjoy the natural environment.</p>	<p>Medium</p>

Significant assumption	Estimate of potential effects	Level of uncertainty
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This may result in the need to provide flood or environmental mitigation to developments that do not directly enter Council's network.

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://aucklandcouncil.govt.nz/developmentcontributions>

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 9

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"> a. any non-residential development for which a subdivision consent or building consent will not be necessary for the development to proceed; or b. any residential development for which a subdivision consent or building consent will not be necessary for the development to proceed; or c. any development for which an invoice cannot be issued on building consent or subdivision consent 	at the time of a request for an invoice, or immediately upon unauthorised commencement of the land use consent, or six (6) months after the time of granting the resource (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. For avoidance of doubt, this does not apply for developments that contain individual building consents of less than five dwellings on the single consent.
- 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 9, the invoice is immediately payable
- Any payment arrangements will be dealt with by the Council's Financial Transactions Team

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 10

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"> a. any non-residential development for which a subdivision consent or building consent will not be necessary for the development to proceed; or b. any residential development for which a subdivision consent will not be necessary 	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 11

Step	Explanation	Justification under LGA 2002
1.	<p>Allowances for costs to be included.</p> <p>Purpose:</p> <p>To ensure only assets, projects or programmes or work identified in the LTP, (or historic assets, projects or programmes) undertaken to meet the requirements of growth are included in the contribution calculation</p>	<p>Section 199(1) and (3), Section 197AB (a) + (b) – The council may only require contributions where it expects to incur capital expenditure</p> <p>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</p> <p>Section 204(1), Section 197AB (d) – Contributions must only be used towards capital expenditure for the reserves and infrastructure for which they were required</p>
2.	<p>Screening provisions.</p> <p>Purpose:</p> <p>To ensure certain costs are not included in contribution calculation</p>	<p>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</p>
3	<p>Cost allocation between different sources of funding</p> <p>Purpose:</p> <p>To ensure costs attributable to level or service or renewal are not funded through development contributions and ensure fair attribution of costs among sources of funding</p>	<p>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)</p>
4.	<p>Cost allocation – intergenerational equity</p> <p>Purpose:</p> <p>To ensure fair attribution of costs among sources of funding</p>	<p>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.</p>
5.	<p>Totalling and attribution</p>	<p>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</p>
6.	<p>Declaration and reporting</p>	<p>Section 106(1)(d) and (f) - the primary output from the cost allocation model comprises three tables of annual capital expenditure by activity that relates to:</p> <p>1) the 10 year growth cost attributable to the “new” community</p> <p>2) the growth costs attributable to the “future” community after year 10</p>

Step	Explanation	Justification under LGA 2002
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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

Before adopting the development Contributions Policy, the Council's governing body (or a committee of the governing body) will stand back and consider, under section 101(3)(b) of the Local Government Act 2002, the overall impact of the proposed costs of growth to be funded by development contributions, and the development contributions charges, calculated after applying the cost allocation methodology and funding model summarised in Attachment C. At this point, after considering matters such as fairness and affordability, the Council can decide either to confirm or adjust the proposed changes.

Attachment C – Funding Model

Funding Model Inputs

Table 12

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)
activity 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 activity

Funding Model Actions

Table 13

Action	Explanation	Justification
1.	Adjustment of Auckland Regional Transport Model – Scenario I11 (June 2017) Purpose: 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 _n) from future growth costs beyond 10 years (AC _f) Purpose: 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

Action	Explanation	Justification
3	<p>Iteration of income expectation and borrowing cost arising from various unit prices</p> <p>Purpose:</p> <p>To derive a unit price that brings the year 10 closing balance to zero</p>	<p>Growth will generally pay for the cost of growth</p> <p>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.</p> <p>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</p>
4	<p>Reporting contribution unit prices and summary of capital expenditure for growth</p>	<p>Requirements of legislation</p>