

## Chapter 9: Contributions policy

### 9.1 Policy purpose and overview

1. The purpose of this policy is to:
  - a. provide predictability and certainty to stakeholders in how infrastructure for growth (including major transformational infrastructure) is to be funded, and provide transparency of what is to be funded and what has been delivered
  - b. support and facilitate the wider outcomes of the council including those reflected in the Auckland Plan
  - c. 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
  - d. provide for the ratepayer body to also play its part in funding infrastructure provision that raises service standards, including the benefits arising from major transformational infrastructure
  - e. present the policy simply and clearly to enable a greater understanding and awareness of what the council intends to fund and how this applies to a particular development
  - f. set contribution charges at levels that help achieve the scale, type, quality and location of development that the Auckland Plan vision aspires to.
2. Contributions will be required for capital expenditure on a relatively small number of council activities that are seen as strongly connected to new development.
3. Through this policy council is taking a strategic approach to the future development of Auckland to maximise its ability to react to growth pressures. As a result, contributions funding will generally be set at a regional or sub-regional level for most activities, to reflect the one Auckland approach and to aid simplicity and clarity in pricing. This will also give the council the flexibility to respond to development as it occurs and therefore realise its partnership role.
4. The level of contributions required in any funding area will depend on the type of development being carried out. The Auckland Plan is promoting particular types of development in part because of the efficiencies they provide for infrastructure provision and partly to create a more compact future Auckland. This policy uses a range of demand factors to reflect the lower demand expected from these desirable forms of development.
5. Contribution amounts are set out clearly and unambiguously in the policy, assisting those undertaking development to assess the financial viability of their projects early in their process.
6. Contributions will be payable later in the development cycle to take account of the funding realities facing developers. The council has retained the statutory enforcement powers set out in the legislation to offset the risks of non-payment.
7. Capital expenditure projects will be transparent and accessible for those wishing to determine the infrastructure council is planning to provide for growth. This will be updated to demonstrate achievement against the programme and to capture changes.

## 9.2 Policy background

8. Auckland Council was formed on 1 November 2010 from the eight former councils. The seven territorial local authorities of Auckland City, Franklin, Manukau, North Shore, Papakura, Rodney and Waitākere all had adopted development contribution policies at the time of transition and most had operative financial contribution provisions in their respective district plans.
9. The transition to Auckland Council governed by legislation, required the former council policies to combine into separate chapters of an interim policy for Auckland Council – each chapter would continue to operate in the area to which it related.
10. Legislation also required Auckland Council to replace this interim policy with an integrated policy, to be adopted no later than 30 June 2012.
11. There is a need for council to deliver infrastructure to accommodate growth and a need for this to be funded appropriately. Council has determined that growth should generally pay for the cost of growth.
12. Through the alignment of this funding policy with the Auckland Plan, stakeholders developing in accordance with the plan should expect to have the right infrastructure in the right place, at the right time and at the right price.
13. In delivering infrastructure for growth the council will incur significant costs, often ahead of growth arriving. Capital expenditure projects set out in the LTP provides core infrastructure across a number of activities of council as well as some key transformational projects to deliver infrastructure that will support a step change in functionality for a larger, more compact Auckland.
14. Contributions as a funding source for growth infrastructure does not provide unlimited funds. It is limited by affordability, which if breached will mean development is likely to reduce in Auckland and go elsewhere. This means lost opportunity and lost jobs for Auckland and New Zealand, but is unlikely to result in lower population growth.
15. The council acknowledges that ultimately it is new or shifting Aucklanders who pay for growth infrastructure and believes it is appropriate for them to pay as distinct from the general ratepayer base. Those undertaking developments are an important party through which this identified group can be reached.
16. This policy intends to present a new approach to the issue of delivering and funding growth infrastructure integrated with the key strategic planning documents. This is because, in order for the Auckland Plan vision to be realised, all stakeholders must now work in partnership to enable Auckland to become the most liveable city
17. The partners in Auckland's future are explained as follows:

### Those undertaking development

18. In utilising funding options available to the council, those undertaking developments can be seen to be the key partner through which council is able to isolate a group of the community (existing and incoming) who are actually driving the need for additional or expanded infrastructure.
19. Developers are price takers who will sell their developments at the prevailing market price. In these tough economic times, price becomes the primary consideration. The price of land, the price of materials and labour and the price of contributions all influence the overall cost of development. The market operates alongside this and through sale price determines whether developments are viable. This is the commercial risk those undertaking development can best judge and best manage.

## 9.2 Policy background

20. If the cost of development is too high, margins can be squeezed (especially in the prevailing property market) and new development can be stifled. Contributions are usually cast as a punitive and restrictive charge (or even a tax), when in fact they should be seen to enable council to provide the very infrastructure developments depend on.
21. Those undertaking development do not need unnecessary hurdles or risks. Therefore this policy has to be clear, easy to understand, predictable and simple to use and apply, and be backed up by good operational practices once the development is underway.
22. The council is well aware of the cost burden its infrastructure funding decisions have on development and the challenges those undertaking development face in getting their products into the market. In promoting transformational infrastructure council will seek to retain a balance between lifting Auckland and maintaining affordable prices for those undertaking development. Ultimately, if prices are too high and it is simply too hard to develop, the Auckland Plan vision is likely to be seriously undermined.
23. The key issues for those undertaking development are affordability and the availability of core infrastructure provided in a timely manner – not too early and not late.

### **The ratepayer body as a whole**

24. The council generally provides public infrastructure for growth ahead of growth occurring and once built, this infrastructure will generally require annual operating costs that need to be funded as well.
25. While operating costs are funded through rates and user charges, council must remain aware of the potential operating cost burden from additional growth infrastructure in a market with limited development. The cost of this operating expenditure will still need to be met whether new ratepayers arrive or not. If new development does not materialise, this cost will fall to the existing ratepayers.
26. Growth projections and capital spending for growth have to be closely aligned and monitored in order to ensure infrastructure is provided only where and when it is required – the Auckland Plan provides the blueprint that will enable developers and council to work in partnership to reduce the risk of council providing infrastructure that is not utilised and developments occurring in locations where infrastructure is insufficient to cope with the increased demand.
27. The council is well aware of the potential implications of under-recovery of growth spending on the ratepayer body as a whole and will be monitoring both the delivery of growth infrastructure and the rate of development in order to manage this risk.
28. The key issues for the ratepayer body as a whole is for growth to generally pay for the costs of growth and for the rating effect of growth infrastructure to be managed by the council.

### **Existing residents and businesses expanding or shifting into newly built premises**

29. The council has identified those moving into newly built premises (totally new or expanded) as a discrete group within the community that will primarily drive the need for new or additional infrastructure. The council has determined that this group should generally pay for the cost of growth.
30. Although they are already ratepayers, existing residents and businesses can consume additional capacity in assets if they expand their activities or move in to new developments. In such cases it is appropriate that they may have to pay contributions towards growth infrastructure.

31. The council anticipates that those undertaking developments occupied by this group of the community will pass on the cost of any contributions required by council. It is therefore important that the overall cost of development is not so high that people and business are discouraged from investing in expansion or new build.
32. The council anticipates this group to fund the cost of contributions through the price paid for new premises. The council is aware that contribution prices increase the cost of development but believe it is an appropriate way of funding infrastructure that is required to support the demand from the new premises.
33. Affordability remains a key issue in order to maintain the required growth levels set out in the Auckland Plan and to make expansion a viable economic option for businesses in Auckland

### **Incoming residents and businesses moving into newly built premises**

34. The council anticipates that a large part of contributions will be paid by new residents and businesses coming to Auckland and locating in new premises. The Auckland Plan forecasts growth across Auckland and shows where, when and what types of development are required in order to achieve the wider outcomes of the plan. Forecast growth will influence the extent and scale of the council's capital expenditure projects, which itself will ultimately derive the contribution price that newcomers will be required to pay.
35. If the proportion of capital expenditure projects for growth are over-ambitious in time or scale this is likely to result in higher prices in both contributions cost in the medium term and rates cost in the short to medium term. Therefore Auckland may become an unattractive option in regional national and even international terms. The capital expenditure projects needs to be closely aligned to growth.
36. The council anticipates this group to fund the cost of contributions through the price paid for new premises. The council is aware that contribution prices increase the cost of development but believe it is an appropriate way of funding infrastructure that is required to support the demand from the new premises.
37. Affordability remains a key issue in order to attract new residents and new business into the Auckland region.

### **The council**

38. The council plays a number of roles in the development of Auckland:
  - a. vision and guidance – preparing the Auckland Plan and the supporting plans stemming from it
  - b. partnership – providing infrastructure when and where it is needed to support successful development
  - c. funding and financing – charging a fair contributions price for the infrastructure provided; balancing the books and remaining viable
  - d. regulatory role – consenting and ensuring quality development outcomes.
39. Auckland Council has another unique role in transforming the different parts of Auckland into one cohesive, working entity. It therefore expects to carry out several major transformational projects that will benefit Auckland as a whole. While Auckland's future growth is likely to be dependent on these projects, the costs cannot simply be borne by the incoming community. All the partners will have to play their part in funding the step change required to create the benefits of making Auckland the most liveable city.

## 9.3 Definitions

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

Table 9.3.1

<b>Term</b>	<b>Definition</b>
<b>Activity</b>	A grouping of council functions required for development contributions as listed in Schedule 1
<b>Allotment</b>	Defined in section 218 of the Resource Management Act 1991 as:  <i>'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 the Resource Management Act 1991; or 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 any unit on a unit plan; or any parcel of land not subject to the Land Transfer Act 1952'</i>
<b>Attached dwelling unit - low rise</b>	A dwelling in a development of up to four levels and three or more attached dwelling units
<b>Attached dwelling unit - medium to high rise</b>	A dwelling in a development of five or more levels and three or more attached dwelling units
<b>Aged care room</b>	Any dwelling unit in a 'rest home' or 'hospital care institution' as defined in section 58(4) of the Health and Disability Service (Safety) Act 2001
<b>Commercial accommodation</b>	Any accommodation units other than dwelling units, such as hotels, motels, holiday flats, which are offered at a tariff, on a per-unit basis and student accommodation where this is located on the grounds of an educational institution
<b>Commercial</b>	Land use associated with: a. communication services b. finance c. insurance d. services to finance and investment e. real estate f. business services g. central government administration h. defence i. public order and safety services j. local government administration services and civil defence k. commercial offices
<b>Community facilities</b>	Defined in section 197 of the LGA 2002 as <i>'reserves, network infrastructure, or community infrastructure for which development contributions may be required in accordance with section 199'</i>
<b>Community Infrastructure</b>	Defined in section 197 of the LGA 2002 as:  <i>'a) land, or development assets on land, owned or controlled by the territorial authority to provide public amenities; and</i>  <i>b) includes land that the territorial authority will acquire for that purpose.'</i>
<b>Council</b>	Auckland Council, including, where necessary, one or more of its council-controlled organisations (CCOs)

Term	Definition
<b>Community outcomes</b>	Defined in section 5 of the Local Government Act 2002 as <i>'the outcomes that a local authority aims to achieve in order to promote the social, economic, environmental, and cultural well-being of its district or region, in the present and for the future.'</i>
<b>Detached dwelling unit</b>	A stand-alone or duplex dwelling in a development (maximum of two units)
<b>Development</b>	Defined in section 197 of the Local Government Act 2002 as:  <i>'a) any subdivision or other development that generates a demand for reserves, network infrastructure, or community infrastructure; but</i>  <i>b) does not include the pipes or lines of a network utility operator.'</i>
<b>Dwelling or dwelling unit</b>	Any building or group of buildings or any part of those buildings, that: a. is used or intended to be used solely or principally for residential purposes; b. is occupied or intended to be occupied by not more than one household; c. but does not include any unit of commercial accommodation
<b>Education and health</b>	Land uses associated with: a. Education b. Health and community health services whether public or private
<b>Funding area</b>	A geographical area used to accumulate the cost of activities and define a part of Auckland for development contribution purposes. For stormwater this includes any future development which extends the area served by a stormwater network
<b>Gross development area [or GDA]</b>	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, maneuvering, 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
<b>Household unit</b>	The unit of demand representing one detached dwelling unit
<b>Household unit equivalent [or HUE]</b>	The unit of demand that creates an equivalency factor between a type of development and one detached dwelling unit (household unit)
<b>Impervious surface area [or ISA]</b>	The area of any site which is not capable of absorbing rainwater
<b>Interim Policy</b>	Auckland Council, <i>Auckland Planning Document, Volume 6.2: Development and financial contributions policies, 1 November 2010 – 30 June 2019</i>

## 9.3 Definitions

Term	Definition
<b>Lawfully established</b>	Any: <ol style="list-style-type: none"> <li>allotment for which a title has been issued, or</li> <li>any dwelling, or non-residential unit or building authorised under the Resource Management Act 1991 and with a building consent and, where required, a code compliance certificate</li> </ol>
<b>Lodged</b>	The point in time at which an application that complies with all the requirements in section 88(2) of the Resource Management Act 1991 or section 45 of the Building Act 2004, has been received by the council
<b>Minor dwelling unit</b>	The first dwelling unit ancillary to the primary dwelling unit on an allotment with a floor area of 60m <sup>2</sup> or less and not able to be increased in size
<b>Network infrastructure</b>	Defined in section 197 of the LGA 2002 as:  <i>'the provision of roads and other transport, water, wastewater, and stormwater collection and management.'</i>
<b>Production and distribution</b>	Land uses in which goods are manufactured, fabricated, processed, converted, repaired, packaged, assembled, stored, distributed or serviced including but not limited to: <ol style="list-style-type: none"> <li>horticulture, agriculture, mining, quarrying, forestry, fishing, services to agriculture, oil and gas exploration and extraction, water supply and wastewater processing, electricity generation and supply</li> <li>meat and meat product manufacturing, dairy product manufacturing</li> <li>food, beverage, malt and tobacco manufacturing, textile and apparel, wood product, paper and paper product manufacturing</li> <li>printing and publishing</li> <li>petroleum and industrial chemical, rubber, plastic and other chemical product manufacturing</li> <li>metal, structural, sheet, and fabricated metal product manufacturing</li> <li>transport equipment, machinery and equipment manufacturing</li> <li>furniture manufacturing</li> <li>construction, wholesale trade, road transport, water and rail transport, air transport, services to transport and storage</li> <li>unmanned infrastructure</li> </ol>
<b>Retail, hospitality, recreation and personal services</b>	Land use associated with: <ol style="list-style-type: none"> <li>retail trade</li> <li>restaurants and bars</li> <li>cultural and recreational services</li> <li>personal and other community services</li> <li>commercial accommodation</li> </ol>
<b>Retirement unit</b>	Any dwelling unit in a retirement village (other than an aged care room)
<b>Retirement village</b>	Has the meaning in section 6 of the Retirement Villages Act 2003
<b>Service connection</b>	Defined in section 197 of the LGA 2002 as:  <i>'a physical connection to a service provided by, or on behalf of, a territorial authority'</i>
<b>Unmanned structure</b>	Any infrastructure provided by a network utility operator (as defined by section 166 of the Resource Management Act 1991) that is not intended to be staffed by employees, agents or contractors on a permanent basis and includes, but is not limited to substations, pump stations, dams and reservoirs, plant and machinery, storage yards, cell-phone towers, roads, railways, wharfs, and runways
<b>Vested assets</b>	Assets required by a condition of resource consent to be provided by the consent holder and vested in the Council at no cost to the Council

## 9.4 Policy details

41. This is a policy of the council adopted under section 102(1) and required by section 102(2)(d) of the LGA 2002. This section of the policy describes the considerations of the council in making the policy and covers all matters required to be included in a policy on development or financial contribution by section 106 of the Act.

### Use of development contributions or financial contributions

42. The council considered the options available to it for funding the capital expenditure it is planning to incur in connection to the growth of Auckland. The council considered the purposes of and reasons for development and financial contributions and other funding sources and determined that:
- development and financial contributions are the primary sources available to it for funding growth related infrastructure under current legislation;
  - development contributions should be used as the main funding tool for growth related infrastructure provided by the council, with financial contributions used in certain circumstances;
  - the option of using and investigating other funding sources be retained.
43. Current financial contribution rules will only apply to developments exempt from paying development contributions under this policy.
44. Financial contributions will not be payable on any designation carried out by a requiring authority that is not the Crown but development contributions may still be payable on a building consent on that designation.

### Significant assumptions

45. Section 201(1)(b) of the LGA 2002 requires the policy to set out the significant assumptions underlying the calculation of the schedule to 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.
46. The following are the significant assumptions underlying the policy:

Table 9.4.1

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 Futures Growth Model 2011</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>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 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 and the Auckland Plan</p>	<p>Auckland Council is a new and complex organisation subject to a range of external factors. There is a significant likelihood that capital expenditure projects will alter over time</p>	Significant



## 9.4 Policy details

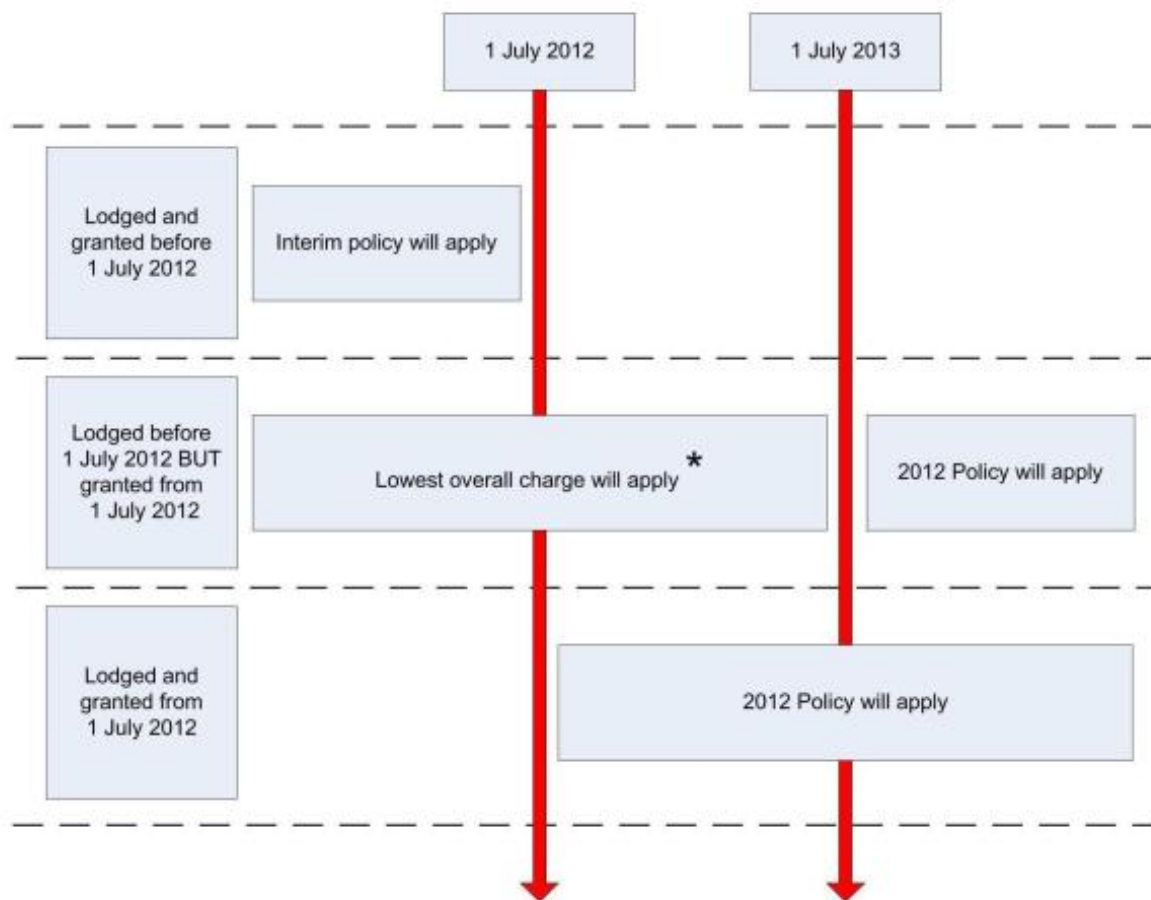
Significant assumption	Estimate of potential effects	Level of uncertainty
	<p>Where significant changes occur to capital expenditure projects through an annual plan, it may be appropriate for the council to determine whether to revise the schedule of charges within the policy</p> <p>Provision of growth 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>	
<p>No significant changes to service standards are expected to occur other than those planned within asset management plans</p>	<p>Changes to service standards will affect both the level of on-site works required by those undertaking development and the scale and type of infrastructure provided by the council</p> <p>If significant changes occur the council will need to reassess the effect on capital expenditure projects and determine the materiality of change to the schedule of charges within the policy</p>	Medium
<p>The cost of growth incorporated in the contributions charge is calculated net of all third party income. This policy assumes that the level of third party funding will not change over the life of this LTP 2012-2022</p>	<p>If the level of third party funding is reduced, council will have understated the cost to be recovered through this policy. If the level of third party funding is increased, council will have overstated the cost to be recovered through this policy</p> <p>In either case council will be at liberty to assess the materiality of the difference and determine whether to revise the schedule of charges within the policy and provide for a lower or higher expectation of third party income</p>	Low
<p>That there is no significant difference between the actual rate of inflation/interest compared with that estimated in the LTP 2012-2022</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, council can decide to adjust the policy accordingly</p>	Low
<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>	Medium
<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"> <li>• paid development or financial contributions under relevant legislation at the time; and/or</li> <li>• have been exempt from paying contributions</li> </ul>	<p>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>	Low

## Transition between policies

### General provisions

47. The contribution amounts applying to a development will depend on the date on which the consent or service connection application was lodged and the date on which it was granted.
48. Applications lodged and granted prior to 1 July 2012 will be assessed under the Interim Policy and will be payable under their own terms.
49. Applications lodged on or after 1 July 2012 will be assessed under this policy, or any later version of this policy (as specified in that later policy).
50. Applications lodged prior to 1 July 2012 but granted between 1 July 2012 and 30 June 2013 will be assessed under the policy that requires the lowest overall contribution charge.
51. To avoid any doubt, the lowest overall contribution charge will be calculated entirely under this policy or the Interim policy (not a combination of both) and include any financial contributions payable.
52. Consent applications lodged prior to 1 July 2012 but not granted by 1 July 2013 will be assessed under this policy, or any later version of this policy (as specified in that later policy). Where necessary, the council may issue a re-assessment accordingly.
53. The whole of the policy used for the assessment (including for example the per-unit contribution amounts and payment arrangements) apply for any given assessment.
54. Figure 1 illustrates the policy applying to any consent application depending on the date it is lodged and the date it is granted.

Figure 1: Policy Transition Process



\* Note : Calculated entirely under this policy or entirely under the Interim policy (not a combination of both) and include any financial contributions payable

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

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

## Development contributions

### Test for development

56. 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 RMA 1991 for a development within Auckland
  - a building consent is granted under the Building Act 2004 for building work situated in Auckland
  - an authorisation for a service connection is granted.
57. However, development contributions can only be required where a development as defined by section 197 of the LGA 2002 is to occur.

58. Under section 197, development means:

"(a) any subdivision or other development 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."

59. On receiving an application for subdivision consent, resource consent, building consent or service connection, council will first:

- a. test that the application represents a development under section 197
- b. determine whether alone or in combination with other developments the application under consideration will have the effect of requiring new or additional assets or assets of increased capacity and, as a consequence, the council will incur capital expenditure to provide appropriately for this
- c. ensure that any development contribution that may be required, is provided for in this policy.

60. If the council is satisfied that the application meets the legal requirements above, it will assess contributions following the process set out in the Assessment section.

### Activities

61. 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.

62. Council is committed to play its part in delivering and funding these activities adequately and in good time. This will enable development to proceed in support of the Auckland Plan.

63. 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 third party service providers.

64. 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.

65. 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.

66. 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.

67. The basis for the council's consideration is summarised in Schedule 5 of this policy and discussed further in the council's Revenue and Financing Policy.

## 9.4 Policy details

68. Within these activities, development contributions will not be required to fund:
- a. operating and maintenance costs
  - b. any part of a 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

69. Development contributions will be required from development across the whole of the Auckland region using regional and sub-regional geographic funding areas. Development occurring within each area will be required to pay contributions applicable in that funding area.
70. A capital expenditure project will be assigned to only one funding area.
71. The funding areas underlying this policy are listed in the schedule to the development contributions policy (Schedule 3) and indicated on the maps in Attachment 1.
72. The policy uses a limited number of funding areas to:
- a. maintain simplicity within the policy and to promote a unified Auckland
  - b. provide council with flexibility to deliver growth infrastructure where it is most needed
  - c. derive affordability for those undertaking development across the region through a greater averaging of the cost of growth
73. For the stormwater activity, the council considers that development not only creates a demand for infrastructure within the hydrological catchment within which it is located but also creates demand (by the growth community within the development) for stormwater management and flood protection over a wider area.

### Development types and units of demand

74. 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 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 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 rates for various type of development.
75. 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 incentivise the compact urban form promoted by the Auckland Plan
  - b. there is a 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 the Auckland region
- d. It is important to use common, standard frameworks for the classification of non-residential developments.

76. Schedule 2 sets out the types of residential and non-residential development that have been identified and provides the unit of demand factor applicable to each. It also sets out zero unit of demand factors for some forms of development that generate negligible demand or cannot at present be shown to generate a demand for infrastructure.

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

77. 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 take into account the demand generated by existing lawfully established allotments or land use on the development site.
78. Lawfully established allotments or land use are assumed to already be appropriately serviced with reserves, network infrastructure, or community infrastructure and to place no additional demand for new or additional assets or assets of increased capacity. The council will deduct units of demand from existing development from the total units of demand expected to be generated by the development.

### **Staged subdivision development**

79. Where a staged subdivision development is undertaken by virtue of 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 for which a separate certificate under section 224(c) of the Resource Management Act 1991 is applied. The Transition between policies – General provisions section of this policy continues to apply.
80. Where a staged subdivision development is undertaken by virtue of multiple consents, each consent shall be subject to the policy applying at the time each separate consent is lodged. The Transition between policies – General provisions section of this policy continues to apply.

### **Assessment**

81. The council will calculate contributions on a development's first application for consent or connection authorisation and re-calculate a development for contributions on any subsequent application after the first in relation to the same development.
82. If the council does not exercise the opportunity to calculate development contributions on an application for consent or authorisation, it may calculate development contributions on a subsequent application for the same development.
83. After following the process set out in the Test for Development section of this policy, the council will undertake a development contribution assessment using the following steps:

#### **Step 1 – Assessing the total units of demand from the proposed development:**

84. The council will assess the demand from the development using the demand factors set out in Schedule 2.
85. The amount of development contribution payable under this policy depends on the demand the development is expected to place on reserves and infrastructure by virtue of its type and scale.
86. Different types and scales of development can place different demands on infrastructure. Demand needs to be measured consistently and equitably.

## 9.4 Policy details

87. The council also wishes to encourage forms of development that will generate lower demands on reserves and network infrastructure and community infrastructure.
88. The policy uses the Household Unit Equivalent as a measure of demand.
89. Schedule 2 gives the units of demand expected from a defined range of different types and sizes of development as compared to that of a single detached dwelling (Household Unit) with a demand of 1 Household Unit Equivalent.
90. 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.
91. The calculation of units of demand for the proposed development will be undertaken on an activity by activity basis.

**Step 2 - Assessing units of demand for allotments or land use currently on the development site**

92. 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.
93. A deduction for existing units of demand:
  - a. will not be used to reduce the units of demand on a development below zero;
  - b. will only apply to existing units of demand on the development site; and
  - c. will not be transferable to or from another development site.
94. This provision will apply to any allotment or land use that:
  - a. is already lawfully established at the date on which this policy was adopted on 1 July 2012
  - b. has been lawfully established since the date on which this policy first became operative and for which a development contribution has been paid or was not required
  - c. is not yet established but for which a development or financial contribution has been paid.
95. 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.
96. Using Schedule 2 it is possible to calculate the units of demand from all allotments and land use expected before the development occurs.
97. 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.

**Step 3 - Contribution charge calculation**

98. 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.
99. 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.
100. The unit prices quoted in Schedule 3 are exclusive of GST.

**Step 4 – Adjustments for open space land acquisition and stormwater activities**

101. The policy provides for adjustment of the contribution charge for open space land acquisition where the maximum reserve contribution is exceeded.
102. 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.
103. 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 102 a. of this policy, 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 102 b. of this policy, the council will use the value equivalent of 20 square metres of reserve land in the vicinity of the development.

**Step 5 – Calculation of total contribution payable**

104. The total development contribution payable is calculated by adding the contributions payable for each activity determined in steps 1 to 4.
105. 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.
106. 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.

**Step 6 – Review of assessment**

107. The council may review, at the request of the applicant, an assessment of the total contribution payable on the following grounds:
  - a. that there has been an omission or error in interpreting this policy
  - b. that the development has not been correctly classified under the development types in Schedule 2 when assessing total units of demand under Step 1 or existing units of demand under Step 2;
  - c. that there has been an error in assessment under any of Steps 1 to 5.
108. A request for review must be received within 20 working days of the applicant receiving the assessment and will be considered by the Contributions Policy Manager who shall make a determination to uphold or reject the request. If the applicant is not satisfied with the determination the request will be escalated to:
  - a. the Officer Contribution Review Group, which shall make a determination to uphold or reject the request; and if necessary
  - b. the Council Contribution Review Group comprising members of the council appointed by the Strategy and Finance Committee, which shall make a determination to uphold or reject the request.



## 9.4 Policy details

109. Where a particular development has been classified as a development type in Schedule 2, a review will not be used to vary the average unit of demand factors assigned to that development.

### Payment date and enforcement

110. The council acknowledges the effect that early payment of contributions can have on the viability of a development and aims under the policy to require the contribution to be paid later in the development cycle without losing the ability to use statutory enforcement powers.

111. The council is mindful that a later payment profile will delay the income forecast for contributions and increase the overall growth related borrowing cost that is included in the contributions price. The overall effect of this increase is expected to be offset by the benefit to developers of aligning the payment of contributions closer to the developments positive cashflow and thereby minimising their overall borrowing costs.

112. In order to achieve the aims of the policy an invoice will be issued in the case of:

Table 9.4.2

Type of consent	Issue of invoice
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: 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 for the development to proceed	at the time of request for an invoice or immediately upon unauthorised commencement of the land use consent
a building consent for residential use	at 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, whichever is the earlier
authorisation for service connection	at the time of approval for connection

113. Invoices become due for payment on the 20th day of the month following the date on which the invoice was issued. However, payment of development contributions must be made in the case of:

Table 9.4.3

Type of consent	
a resource consent for subdivision	prior to issue of a certificate under section 224(c) of the Resource Management Act 1991
a resource consent for land use for: a. any non-residential development for which a subdivision consent or building consent will not be	prior to the commencement of the land use consent

Type of consent	
necessary for the development to proceed; or b. any residential development for which a subdivision consent will not be necessary for the development to proceed	
a building consent	prior to the release of a code compliance certificate
authorisation for service connection	prior to connection

114. 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. In addition the council will in the case of:

**Table 9.4.4**

Type of consent	
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: 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 for the development to proceed	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	withhold a code compliance certificate under section 95 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

## Exemptions

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

## Conditions and criteria for remissions and postponement

116. There are no remissions provided for within this policy.

117. 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.

118. Postponements may be allowed for substantial developments at the discretion of the council.

### Conditions and criteria for refunds

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

### Calculation of schedule to development contributions policy

121. 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.
122. In accordance with Section 106(3) of the Act, the full methodology, including the Auckland Council Development Contributions Cost Allocation Model (ACDCCAM) and Auckland Council Development Contributions Funding Model (ACDCFM) are kept available for public inspection.

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

123. 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.
124. The council records information for its capital expenditure projects and programmes in terms of their relationship to the following expenditure types:

Table 9.4.5

<b>Renewal</b>	Maintains and continues the provision of services. Increases the physical integrity and remaining life of assets with no change to the asset base
<b>Level of service</b>	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
<b>Growth</b>	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

125. This initial categorisation and individual project and programme information inform the development contributions methodology but is not the sole basis for cost allocation.
126. The methodology uses an Excel based 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 seven steps in order to ensure compliance with legislation as follows:

Table 9.4.6

Step	Explanation	Justification under LGA 2002
1.	<p>Allowances for costs to be included</p> <p><b>Purpose:</b> To ensure only capital costs that the council has incurred or expects to incur in its long term plan, to meet the requirements of growth are included in the contribution calculation</p>	<p>Section 199(1) and (3) – 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) – Contributions must only be used towards capital expenditure for the reserves and infrastructure for which they were required.</p>

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

127. 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 LGA 2002.

128. The ACDCCAM is available for inspection on the council website at: [www.aucklandcouncil.govt.nz/](http://www.aucklandcouncil.govt.nz/)

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

129. 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.

## 9.4 Policy details

130. The schedule to development contributions policy (Schedule 3) sets out the various prices chargeable under each activity and within each funding area within Auckland

131. The model takes core inputs from:

Table 9.4.7

Input	Explanation
the Auckland Council Development Contribution 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.

132. The funding model enables a calculation of borrowing requirements to deliver the growth proportion of the 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.

133. The model applies interest to both credit and debit balances as appropriate.

134. The ACDCFM undertakes the following actions:

Table 9.4.8

Action	Explanation	Justification
1.	Adjustment of Auckland Futures Growth Model (AFGM) data  <b>Purpose:</b>  To convert the growth data in to 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; one minor household unit = 0.5 units 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 (ACn) from future growth costs beyond 10 years (ACf)  <b>Purpose:</b>  To derive the costs to be recovered by contributions	To ensure the expenditure profile reflects the costs to be recovered through this policy from growth over the next 10 years.
3.	Iteration of income expectation and borrowing cost arising from various unit prices  <b>Purpose:</b>  To derive a unit price that brings the year 10 closing balance to zero	Growth will generally pay for the cost of growth.  Having identified the 10 year cost of growth and the number of units of demand and their likely payment timing - the growth units arising over 10 years should fully fund the total cost of growth attributed to them.

Action	Explanation	Justification
		Income profile and borrowing cost are the only components in the model that remain variable and inter-related in the model – income is a product of price multiplied by units of demand; price is a product of costs in the year (including interest) divided by growth; interest is a product of borrowing levels arising from a surplus of cost over income.
4.	Reporting contribution unit prices and summary of capital expenditure for growth	Requirements of legislation

135. The ACDCFM is available for inspection on the council website at: [www.aucklandcouncil.govt.nz/](http://www.aucklandcouncil.govt.nz/)

### Private Development Agreements

136. The council may enter into private development 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.
137. This policy is a funding policy for planned capital expenditure on community facilities. Private development agreements will not be used to reduce the amount of any contribution charge calculated under this policy.
138. Any private development agreement entered into must show how costs payable to a developer for public works will be funded.
139. See also Conditions and criteria for remissions and postponement section of this policy.

### Financial contributions

140. There are a number of financial contributions provisions in the District Plan. Section 106(2)(f) of the LGA 2002, requires that this policy summarise the financial contribution provisions in the district plans and proposed district plans. These are set out in Schedule 6.
141. 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 RMA 1991, imposed a financial contribution condition on a resource consent in relation to the same development for the same purpose.
142. The financial contributions that may be applied to developments are set out in Schedule 6.
143. Schedule 6 shows purposes for which the council:
- 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
  - requires financial contributions which are different from any purpose for which it requires development contributions under this policy.
144. Where a financial contribution is required, the amount of financial contribution is not calculated under this policy but is subject to the provisions of the District Plan.
145. Nothing in this policy diminishes from any requirement in the District Plan to carry out works associated with avoiding, remedying or mitigating the effects of a development.

## Public inspection of contributions policy information

146. This policy and its supporting information is available on the council's website at:  
[www.aucklandcouncil.govt.nz/](http://www.aucklandcouncil.govt.nz/)

## Adoption and amendment of this policy

147. This policy was adopted as part of Auckland Council's LTP which will remain in effect until 30 June 2015. The policy will be reviewed annually and may be amended earlier using the special consultative procedure.

## Attachments and schedules

### Attachment 1 - Funding area maps

#### Map 1 Open space land acquisition

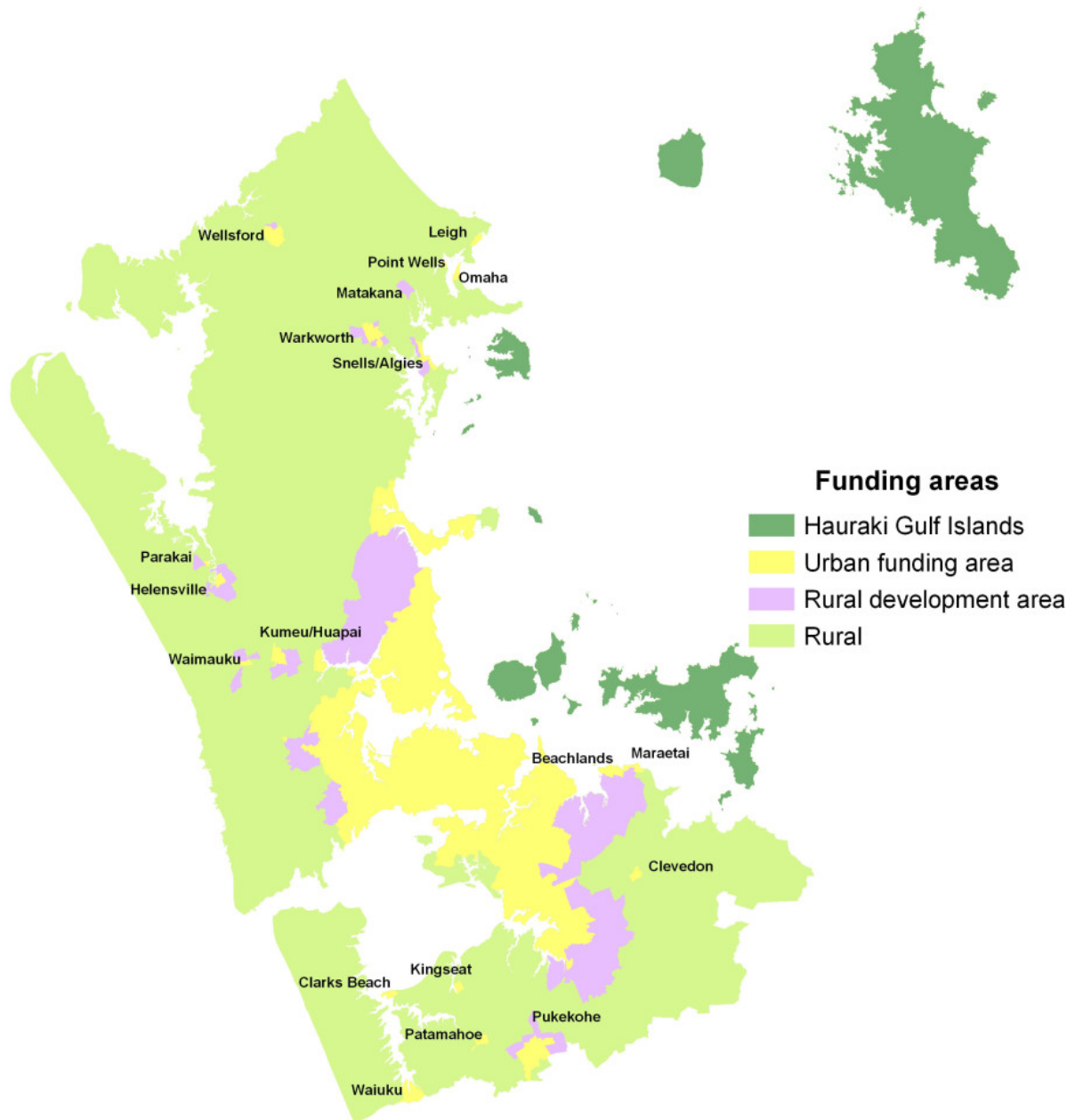


Note:

These maps provide an indication of funding areas. Concordance data is available at a mesh block level at: [www.aucklandcouncil.govt.nz/](http://www.aucklandcouncil.govt.nz/)



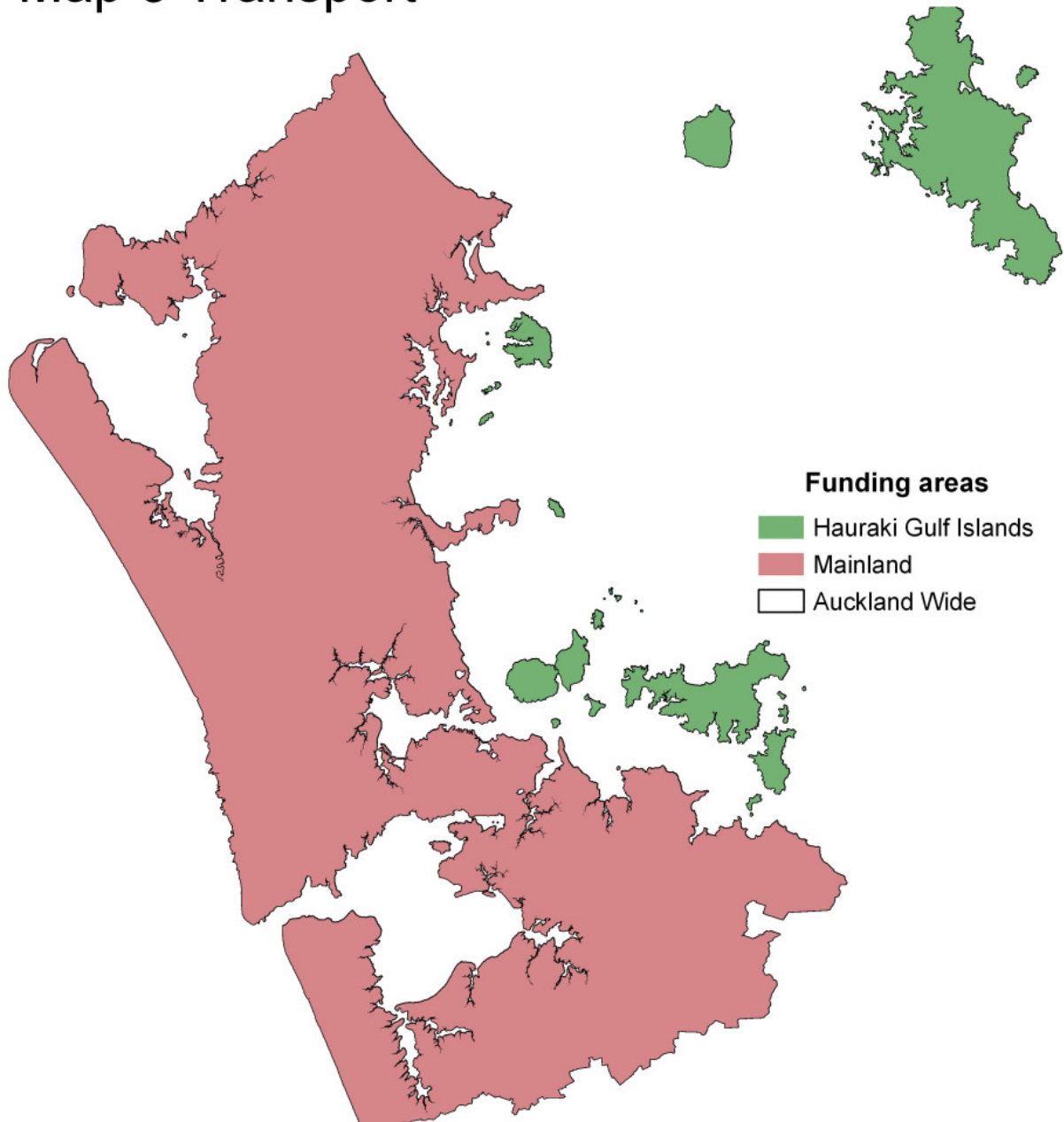
## Map 2 Stormwater



**Note:**

These maps provide an indication of funding areas. Concordance data is available at a mesh block level at: [www.aucklandcouncil.govt.nz/](http://www.aucklandcouncil.govt.nz/)

## Map 3 Transport



**Note:**

These maps provide an indication of funding areas. Concordance data is available at a mesh block level at: [www.aucklandcouncil.govt.nz/](http://www.aucklandcouncil.govt.nz/)

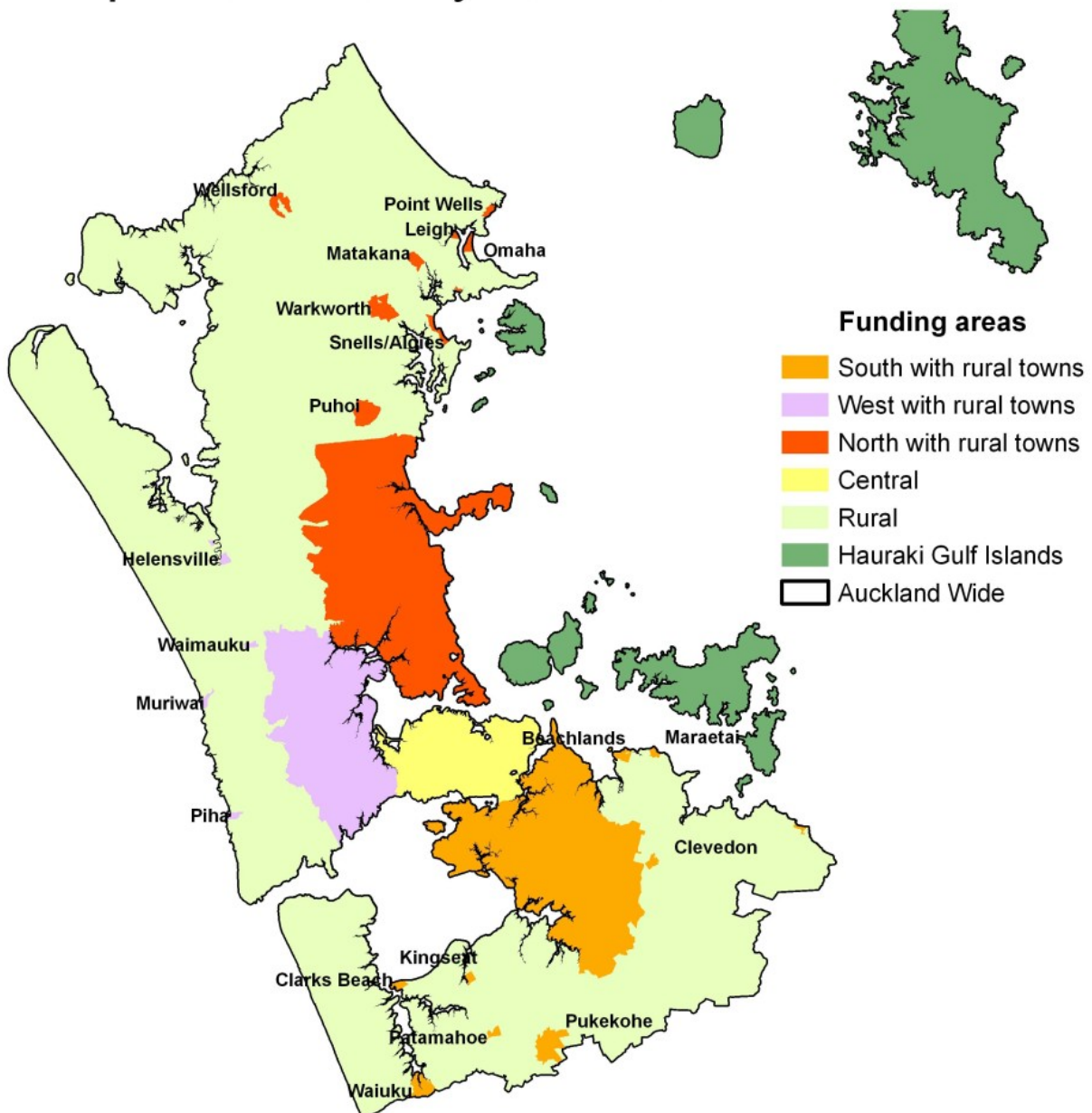
## Map 4 Public transport



**Note:**

These maps provide an indication of funding areas. Concordance data is available at a mesh block level at: [www.aucklandcouncil.govt.nz/](http://www.aucklandcouncil.govt.nz/)

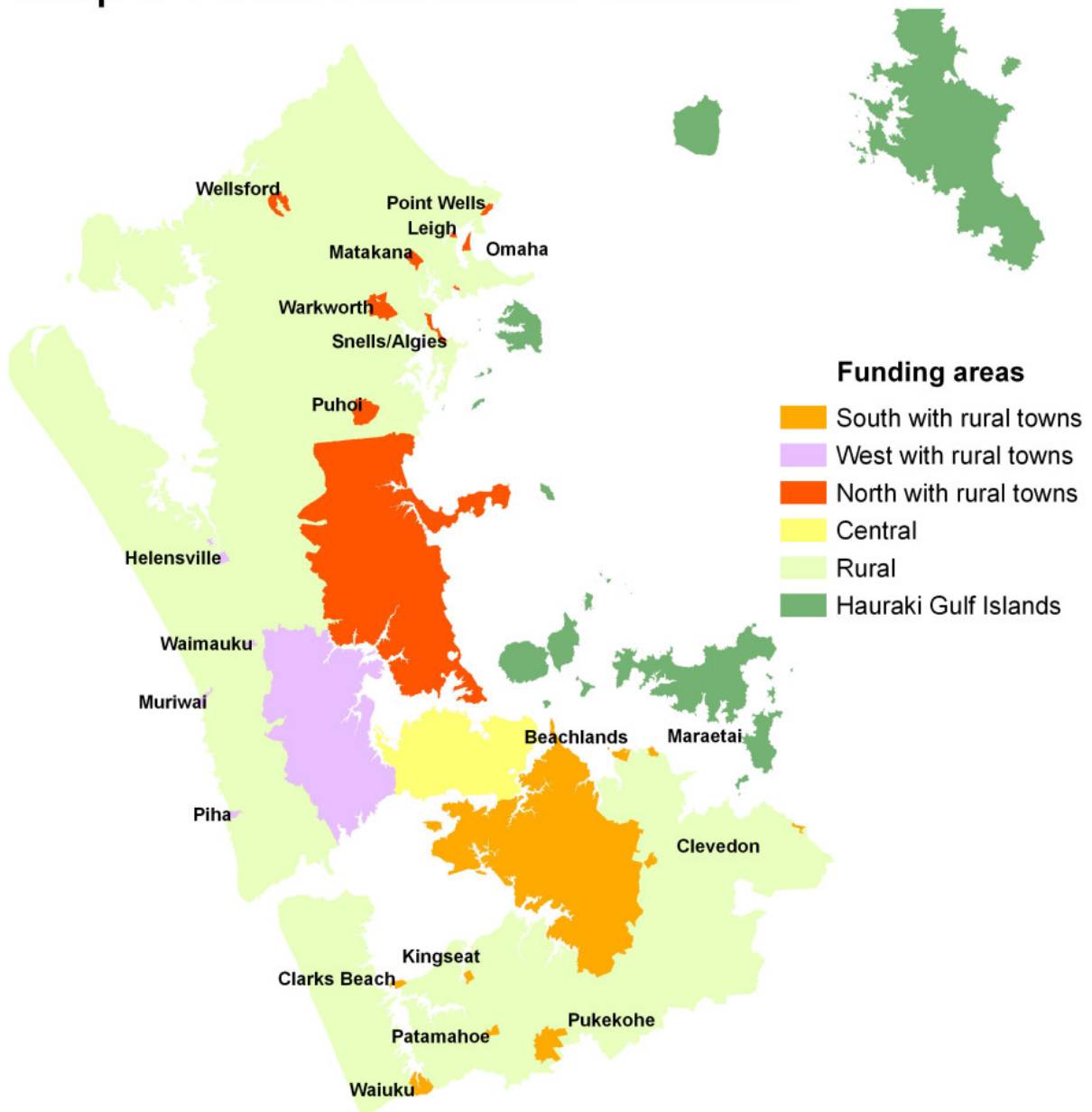
## Map 5 Community service facilities



### Note:

These maps provide an indication of funding areas. Concordance data is available at a mesh block level at: [www.aucklandcouncil.govt.nz/](http://www.aucklandcouncil.govt.nz/)

# Map 6 Local recreation facilities



**Note:**

These maps provide an indication of funding areas. Concordance data is available at a mesh block level at: [www.aucklandcouncil.govt.nz/](http://www.aucklandcouncil.govt.nz/)

## Map 7 Regional recreation facilities



**Note:**

These maps provide an indication of funding areas. Concordance data is available at a mesh block level at: [www.aucklandcouncil.govt.nz/](http://www.aucklandcouncil.govt.nz/)

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

Table 9.4.9

Class	Activity	Activity description
Reserves	Open space land acquisition	Land acquisition for public open space of all types from small local parks to large regional parks
Network infrastructure	Stormwater	Development and improvement of network infrastructure, flood protection and control works including man-made and natural assets
	Transport	Development and improvement of the road network including, walkways and cycleways, public car parking facilities
	Public transport	Development and improvement of public transport facilities and routes of all forms
Community infrastructure	Community service facilities	Development and improvement of local community facilities, libraries and local community centres
	Local recreation facilities	Development and improvement of local parks, local sports parks, other local open space areas and local recreation and aquatic centres
	Regional recreation facilities	Development and improvement of regional parks, regional sports parks and regional recreation centres

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

Land and building development

Table 9.4.10

Development type	Activities	Units of demand
Detached dwelling unit	All	1.0 HUE per unit
Attached dwelling unit - low rise	Stormwater	1.0 HUE per 292m <sup>2</sup> ISA
	All others	0.8 HUE per unit
Attached dwelling unit - medium to high rise	Stormwater	1.0 HUE per 292m <sup>2</sup> ISA
	All others	0.6 HUE per unit
Minor dwelling unit	All	0.5 HUE per unit
Retirement unit	Transport and Public Transport	0.3 HUE per unit
	Stormwater	1.0 HUE per unit 292m <sup>2</sup> ISA
	All others	0.5 HUE per unit
Aged care room	Community service facilities	0.4 HUE per room
	Transport and Public Transport	0.2 HUE per room
	Stormwater	1.0 HUE per 292m <sup>2</sup> ISA
	All others	0.0 HUE per unit
Any residential use not specified above	All	1.0 HUE per unit
Retail, hospitality, recreation and personal services	Stormwater	1.0 HUE per 292m <sup>2</sup> ISA
	Transport and Public Transport	1.0 HUE per 215m <sup>2</sup> GDA
	Regional recreational facilities and Open space land	0.0 HUE
	All others	1.0 HUE per 1885 m <sup>2</sup> GDA
Commercial	Stormwater	1.0 HUE per 292m <sup>2</sup> ISA
	Transport and Public Transport	1.0 HUE per 271m <sup>2</sup> GDA
	Regional recreational facilities and Open space land	0.0 HUE
	All others	1.0 HUE per 2565m <sup>2</sup> GDA
Education and health	Stormwater	1.0 HUE per 292m <sup>2</sup> ISA
	Transport and Public Transport	1.0 HUE per 271m <sup>2</sup> GDA
	Regional recreational facilities and Open space land	0.0 HUE
	All others	1.0 HUE per 2565m <sup>2</sup> GDA
Production and distribution excluding unmanned infrastructure	Stormwater	1.0 HUE per 292m <sup>2</sup> ISA
	Transport and Public Transport	1.0 HUE per 346m <sup>2</sup> GDA



## 9.4 Policy details

Development type	Activities	Units of demand
	All others	0.0 HUE
Production and distribution - unmanned infrastructure only	Stormwater	1.0 HUE per 292m <sup>2</sup> ISA
	Transport	1.0 HUE per 346m <sup>2</sup> GDA
	All others	0.0 HUE
Any non-residential use not specified above	Stormwater	1.0 HUE per 292m <sup>2</sup> ISA
	Transport and Public Transport	1.0 HUE per 277m <sup>2</sup> GDA
	Regional recreational facilities and Open space land	0.0 HUE
	All others	1.0 HUE per 1500m <sup>2</sup> GDA

**Subdivision development**

Table 9.4.11

Development type	Activities	Units of demand
One residential allotment other than a residential allotment for a low, medium or high rise attached dwelling unit	All	1.0 HUE per allotment
One residential allotment for a low, medium or high rise attached dwelling unit	All	0.6 HUE per allotment
One Retail, hospitality, recreation and personal services allotment	Regional recreational facilities	0.0 HUE
	All others	1.0 HUE per allotment
One Commercial allotment	Regional recreational facilities	0.0 HUE
	All others	1.0 HUE per allotment
One Education and health allotment	Regional recreational facilities	0.0 HUE
	All others	1.0 HUE per allotment
One Production and distribution allotment - excluding unmanned infrastructure	Transport and Public Transport and Stormwater	1.0 HUE per allotment
	All others	0.0 HUE per allotment
One production and distribution allotment - unmanned infrastructure only	Transport and Stormwater	1.0 HUE per allotment
	All others	0.0 HUE per allotment
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 not specified above	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 contributions policy

Table 9.4.12

Purpose for which contributions may be required	Part of Auckland (refer attachment 1 for maps)	Development contribution per unit of demand (excluding GST) (\$)
Open space land acquisition	Auckland wide	6,858
Stormwater	Urban Auckland	4,058
	Rural development area	4,058
	Rural	0
	Hauraki Gulf islands	0
Transport*	Mainland	3,520
	Hauraki Gulf islands	1,623
Public Transport	Auckland wide	1,449
Community service facilities*	North	337
	West	1,138
	Central	424
	South	685
	Rural	324
	Hauraki Gulf islands	752
Local recreation facilities	North	3,560
	West	2,786
	Central	4,311
	South	2,694
	Rural	0
	Hauraki Gulf islands	350
Regional recreation facilities	Auckland wide	1,319

\* Transport and Community service facilities include an Auckland wide charge.

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

- i. granting a resource consent under the RMA 1991 or
- ii. granting a building consent under the Building Act 2004; or
- iii. granting an authorisation for a service connection

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

Table 9.4.13

LGA Reference	160(2)(a)	160(2)(a)	160(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 expected to be incurred to meet growth demand (1)	Capital expenditure already incurred to meet growth demand (1)	Explanation of capital expenditure	Proportion of capital expenditure for growth that will be funded by:			Total amount of funding during the long-term plan period to be sought from:		
				DC	FC	Other	DC (2)	FC	Other
Open space land acquisition	542.4	164.4	Used to acquire land for local and regional open space purposes	100%	0%	0%	619.8	0	0
Stormwater	332.6	56.5	Used to provide capacity within the stormwater network and ensure flood protection measures are sufficient	100%	0%	0%	404.8	0	0
Transport	373.7	90.9	Used to provide capacity within the transport network	100%	0%	0%	376.3	0	0
Public transport	264.3	9.0	Used to provide capacity within the public transport network	100%	0%	0%	155.6	0	0
Community service facilities	52.2	12.5	Used to provide new or expanded library, community centre and hall facilities	100%	0%	0%	52.3	0	0
Local recreation facilities	218.3	63.8	Used to provide capacity within local sports facilities and other park infrastructure	100%	0%	0%	288.2	0	0
Regional recreation facilities	142.3	19.4	Used to provide capacity within regional sports and recreational facilities and other park infrastructure	100%	0%	0%	120.6	0	0
<b>TOTAL</b>	<b>1,925.8</b>	<b>416.5</b>					<b>2,017.6</b>	<b>0</b>	<b>0</b>

### Notes:

- capital expenditure related to growth occurring from 2012 onwards (both now – within 10 years; and future – beyond 10 years)
- includes interest relating to the cost of borrowing for growth occurring now (within 10 years), and excludes costs associated with growth expected to arrive from year 11 onwards

This schedule is required by Section 106(2) of the LGA 2002 which:

- summarises and explains the 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
- states the proportion of that capital expenditure that will be funded by:
  - development contributions
  - financial contributions
  - other sources of funding.

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

## Schedule 5 – Considerations of activity funding

Section 101(3) of the LGA 2002 considerations.

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

**Table 9.4.14**

Is a development contribution or financial contribution an appropriate source of funding for the activity considering this factor?	Open space land	Community service facilities	Local recreation facilities	Regional recreation facilities	Stormwater	Transport	Public transport	Financial contributions for environmental protection not replaced by development contributions
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	√	√	√	√				

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

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

**Table 9.4.15**

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

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

**Table 9.4.16**

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

## 9.4 Policy details

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

Table 9.4.17

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

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

Table 9.4.18

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

Section 101(3)(b) overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community.

Table 9.4.19

Development contributions	Financial contributions for environmental protection not replaced by development contributions
<p>The council is aware of:</p> <ul style="list-style-type: none"> <li>cost implications of its infrastructure funding decisions on development and the challenges developers face in getting their products onto the ground</li> <li>the potential implications of under-recovery of growth spending on the ratepayer body as a whole</li> <li>the costs and hurdles that existing residents and businesses face trying to develop and the effects on levels of service if barriers are too high</li> <li>the desirability for development contributions to support the council's community outcomes and other objectives</li> <li>the effects of contribution prices on incoming residents and businesses trying to establish in Auckland.</li> </ul> <p>Taking account of all these considerations and the challenges facing Auckland, the council:</p> <ul style="list-style-type: none"> <li>considers that using development contributions set at the level in the schedule to development contributions will best advance social, economic, environmental and cultural well-beings</li> </ul>	Financial contributions are likely to remain the most appropriate source of funding for council in its environmental protection role. Financial contributions can be targeted at particular developments not affecting other development partners

Development contributions	Financial contributions for environmental protection not replaced by development contributions
<ul style="list-style-type: none"> <li>• considers that contributions set at a higher level to recover a greater share of the council's growth related capital expenditure would adversely affect Auckland's growth and economic development</li> <li>• considers that contributions set at a lower level to recover a lesser share of the council's growth related capital expenditure would adversely affect the economic and social well-being's of ratepayer communities and could compromise the environmental and other objectives in the Auckland Plan</li> <li>• will incorporate and continue to investigate ways of using development contributions to incentivise and stimulate development in keeping with the Auckland Plan<sup>(11)</sup></li> </ul>	

11 Auckland Plan - Section D Auckland's High-Level Development Strategy, paragraphs 172 and 173, page 65

## 9.4 Policy details

**Schedule 6 – Summary of operative financial contribution provisions**

This table shows where financial contributions will apply:

Table 9.4.20

Former local authority	Plan section	Plan reference	Purpose (activity)	Can the council require a financial contribution for this purpose if 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  Auckland Regional Plan: Farm dairy Discharges	Chapter 6	6.2.1.5	Operating costs in relation to dairy discharges	Yes	Yes
Auckland Regional Council  Auckland Regional Plan: Sediment Control	Chapter 5	5.7	Remedying, mitigating or offsetting adverse effects on water quality	Yes	Yes
Auckland Regional Council  Auckland Regional Plan: Air, Land and Water	Part 4	Chapter 8	Significant adverse effects on environment	Yes  (once operative)	Yes  (once operative)
Auckland Regional Council  Regional Plan: Coastal	Chapter 38	38.2	Remedying or mitigating adverse effects on and values and features of coastal marine area  Maintenance and enhancement of public access and public open space and recreation facilities	Yes	Yes
Franklin District Council	Franklin	10.2.3	Contribution For District Rooding	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 Rooding 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	No	No
Franklin District Council	Franklin	10.2.8	Sewerage Systems	No	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	Yes	No

## 9.4 Policy details

Former local authority	Plan section	Plan reference	Purpose (activity)	Can the council require a financial contribution for this purpose if development is ...	
				exempt from development contributions?	liable for development contributions?
			or the protection or enhancement of any site or area of special value to Tangata Whenua)		
Franklin District Council	Franklin	Part 54	Various Structure Plan financial contribution provisions for specific areas and purposes	Yes	No
Manukau City Council	Chapter 8	8.26	Transportation - Parking Cash in lieu provision based on schedule of parking standards, where it is not practical to provide parking on-site. Provides public parking in vicinity of developments	Yes	No
Manukau City Council	Chapter 9	9.14.3	Public utilities (Passenger transport facilities)	Yes	No
Manukau City Council	Chapter 9	9.14.5	Public utilities (Roads, land drainage)	Yes	No
Manukau City Council	Chapter 15	15.15	Reserves contributions, esplanades  Based on land or cash required to achieve planned areas of reserves	Yes	No
Manukau City Council	Chapter 17	17.10	Flat Bush infrastructure and reserves	Yes	No
Papakura District Council	Section 2 – Rural Papakura	Part 6 - Rule 6.7.9	Utility services, recreational and cultural facilities, and social and economic development District wide financial contributions	Yes	No
Papakura District Council	Section 2 – Rural Papakura	Part 8 – Rule 8.9.1	Reserves and recreation facilities	Yes	No
Papakura District Council	Section 3 – Urban Papakura	Part 10	Reserves/ roading/ stormwater within or adjacent to a development or in the case of for reserves, elsewhere in the District	Yes	No
Rodney District Council	Chapter 22	22.1 to 22.16	Roading/ Stormwater/ Neighbourhood reserves/ Sports fields/ Community facilities  Council resolution not to apply to consents received after 1 July 2009	No	No
Rodney District Council	Chapter 22	22.17	Public parking	Yes	No
Waitākere City Council	Development contributions and financial contributions policy	Section 12 and 13 of that policy	Reserves	Yes	No
Waitākere City Council	Development contributions and financial contributions policy	Section 12 and 13 of that policy	Stormwater (Twin streams)	Yes	No
Waitākere City Council	Development contributions and financial contributions policy	Section 12 and 13 of that policy	Any other purpose	Yes	No