Central Hawke's Bay District Council Development Contributions Policy 2021

CENTRAL HAWKE'S BAY
DISTRICT COUNCIL

Contents

2. Introduction

CHBDC plays a significant role in facilitating and coordinating development and providing infrastructure in a timely and affordable manner. It is an essential part of CHBDC business to take into account the social, economic, environmental and cultural interests of people and communities to meet reasonably foreseeable needs of future generations. This is a strategic role that individuals, the community, the private sector or central government cannot fulfil alone. The effects of growth require CHBDC to incur capital expenditure, acting on behalf of the wider community to provide new or additional network or community infrastructure.

Population and business growth create the need for new subdivisions and developments, and these place increasing demands on the assets and services provided by CHBDC. As a result, significant investment in new or upgraded assets and services is required to meet the demands of growth. The purpose of the Policy is to ensure that a fair, equitable, and proportionate share of the cost of that infrastructure is funded by development.

Development contributions are the fees payable to Council for capital expenditure planned to be provided, or already constructed, for additional community facilities (such as stormwater, roads, reserves and public amenities) required to service growth. These contributions may be required on resource consents (subdivision and land use) and / or building consents or service connections in situations where the development will have additional impact on infrastructure.

This Policy applies when you subdivide land, build, alter or expand a non-residential building, or may apply when you change the use of an existing building. The extent of the Development Contribution required will depend on the type, size and location of the development.

The legislation that sets out how Council operates and prepares a Policy is the Local Government Act 2002 (LGA). Council considers how it funds the required infrastructure as part of the overall preparation of the Long Term Plan. Council must weigh up where benefits and costs should lie as any reduction in the proportion of development contribution charges to pay for growth will have to be paid by existing ratepayers.

The LGA (S199) provides that development contributions may be required in relation to development if the effect of the development, either individually or cumulatively, is to require new or additional assets or assets of increased capacity, and as a consequence Council incurs capital expenditure to provide appropriately for:

- Reserves
- Network infrastructure
- Community infrastructure

Council will apply development contributions only where new or additional assets or assets of increased capacity are required. CHBDC has aging infrastructure that is in many cases at full capacity so growth that results from development will drive the need for new or expanded assets. Development contributions will only be sought in the geographic catchments that the infrastructure will serve. The nature and extent of the infrastructure and its associated anticipated costs are detailed for each geographic area.

This DCP is set out in six sections:

- Section 1 sets out the overview of the DCP and the process.
- Section 2 sets out the Vision and Strategy of Council, the key assumptions, and how this relates to Council goals and other policies.
- Section 3 sets out how the charges are calculated and the categories of land use development, the administration procedures and the process for objections and reconsiderations.
- Section 4 sets out how the charges have been developed and the methodology behind the allocation of costs to each type of development.
- Section 5 covers how the Policy is reviewed and the Schedule of Charges is carried out.
- Section 6 is the Glossary with key definitions of terms in the Policy.

The schedules and appendices to the policy contain further detail about development and the implementation of the policy. This includes development contribution rates and development contribution catchment maps. It also lists the assets/programmes of work that development contributions fund.

Planned investment for Water and Wastewater in Otāne, Waipawa and Waipukurau over the next ten years supports these urban areas being treated as one catchment (connected water supplies and a single wastewater treatment plant). Stormwater will still be treated as a separate catchment in each urban area. Community infrastructure and Parks and Reserves are charged district wide to reflect the benefits and access for these activities across the District.

Council will charge Development Contributions for these five major groups, with the majority of costs focused on the three waters:

- Water
- Wastewater
- Stormwater
- Community Infrastructure (Libraries, Solid Waste and Community Buildings)
- Parks and Reserves

No contributions are sought for land transport and community halls at this time. Existing hall facilities are deemed adequate to provide for the potential future demand created through growth. Councils existing approach to Financial Contributions for Land Transport will remain in the interim. The use of development agreements and other tools where it can be demonstrated that development will have an impact on the land transport network will also be used.

It is fair that those driving development pay a proportionate share towards the cost. The ratepayers of the District are facing a significant increase in investment to meet the servicing demands from development. Development contributions will help to reduce reliance on ratepayers and other funding sources.

The development contributions payable for reserves, community infrastructure, water supply, wastewater and stormwater per HEU and catchment in this policy are set out in the following table.

Development Contributions Payable

The development contributions payable for reserves, community infrastructure, water supply, wastewater, stormwater per HEU and catchment as the adoption date of this Policy are set out in the following table.

GROWTH GEOGRAPHIC AREA	ACTIVITY	TOTAL GROWTH CAPEX	PER LOT DC
District wide	Reserves	$1,568,500	$1,171
	Community Infrastructure	$1,410	$239
			$1,410
Otāne, Waipawa and Waipukurau	Wastewater	$9,461,582	$10,838
	Water	$8,570,973	$9,818
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	Water	$84,413	$1,735
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	Reserves		$1,171
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			$20,226

(Prices exclude GST).

3. Section 1 – Overview of the DCP and Process

3.1 Purpose and Principles of Development Contributions

The purpose of the DCP is to ensure that reserves and infrastructure capital expenditure is funded by those parts of the community who benefit from that expenditure. Those responsible for creating growth within our district, whether through subdivision, building, new service connections or a change in land use, are being asked to pay a fair share of the resulting additional infrastructure cost incurred by council. The market by itself will not achieve the coordinated response required to develop the networks.

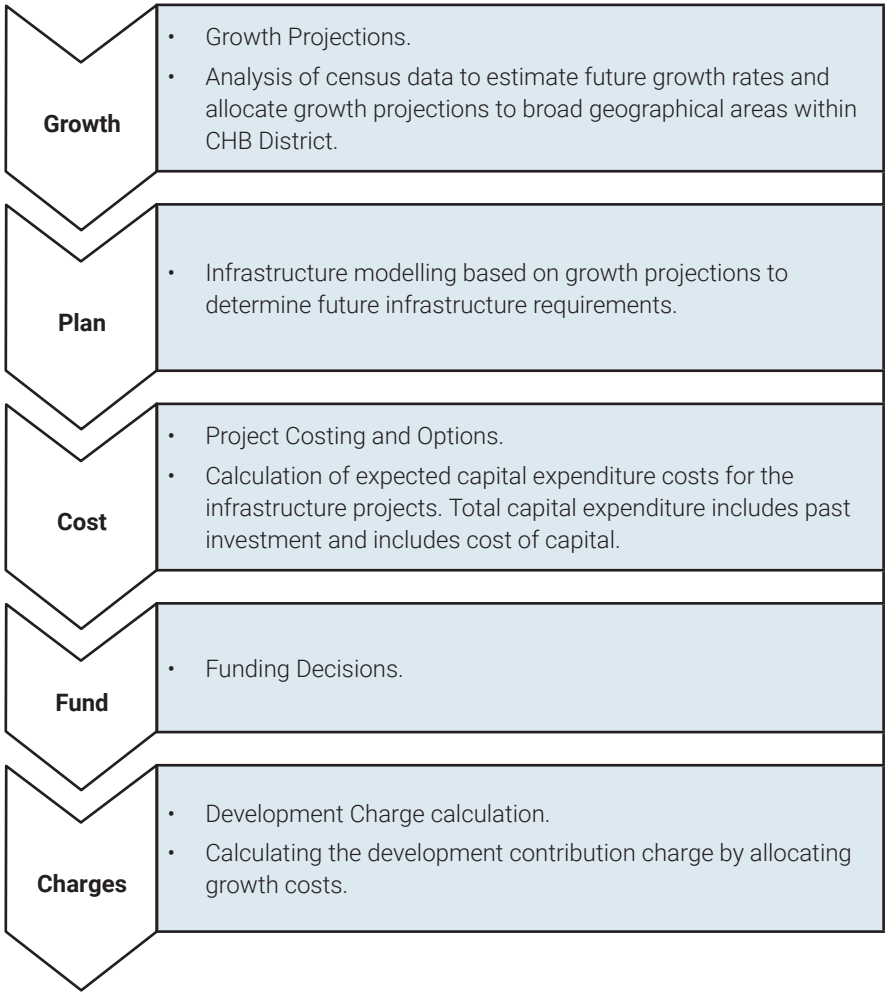
This DCP sets out the DCs payable by developers and property owners, how and when they are to be calculated and paid, and a summary of the methodology and the rationale used in calculating the level of contribution required.

The purpose of this policy is to:

1. Enable Council to provide infrastructure and facilities to cater for growth, in a timely fashion and affordable for ratepayers
2. To provide the framework for Council to charge DCs for residential and non-residential development in the District to fund capital expenditure for network infrastructure, reserve land and community infrastructure
3. Provide predictability and certainty to stakeholders on how infrastructure for growth is to be funded, and establishing a transparent, consistent and equitable basis for recovering DC from developers
4. To recover from developers a fair, equitable and proportionate portion of the total costs of the capital expenditure to service growth over the longer term.

This DCP has been developed to be consistent with the purpose of the DC provisions as stated in section 197AA of the Local Government Act 2002 (LGA). In preparing the DCP Council has had regard to and taken into account the DC principles in section 197AB of the LGA. These have been used by Council to ensure the DCs charged are fair and reasonable, as well as lawful.

Section 102 of the LGA requires the Council to have a policy on Development and/or Financial Contributions as part of its funding and financial policies in its LTP. Sections 106 and 201 of the LGA set out the required contents of this DCP. This policy must be reviewed at least every three years.



The process for Council to develop DC charges is set out below. The DCP has a considerable amount of planning and analysis that underpins the charges set by Council.

A fair and equitable approach needs to be taken to fund the provision of infrastructure having regard to existing and future populations. The existing population has already made a considerable investment in services. Those initiating new development benefit from connecting to or using existing services and should pay their fair share of capital expenditure.

The following diagram demonstrates the flow process in the development of the DCP.

3.2 History

Council's first DCP was adopted in June 2006. Council had previously funded growth related costs of development via financial contributions (FCs) under the Resource Management Act 1991 (RMA), and through rates. The DCP was subsequently revised in 2008 and during each 10-Year Plan cycle in 2009, 2012, 2015 and 2018. These policies were amended to reflect different growth forecasts, legislation changes, standards of infrastructure, experience in implementing the DCP and changing Council policies.

This 2021 review has been developed as part of the 2021 Long Term Plan (LTP) process and is based on the Council's capital expenditure programme as set out in the 2021 - 2031 LTP.

3.3 How Infrastructure Growth Funding is Allocated

DCs are driven by the infrastructure projects required to meet service demands related to growth. These projects are designed to meet the forecast levels of service as stated in the LTP. Development that results in additional dwellings, buildings and activity, in turn impacts on CHBDC's services infrastructure. This impact must be recognised and mitigated. Those causing the impact should meet a reasonable proportion of the costs associated with upgrading infrastructure where that upgrading occurs due to development pressure.

Council has reviewed the proportion of infrastructure growth costs that will be funded from DCs. Council has determined DCs are the appropriate funding source to fund 100% of the growth related costs. Where there is a level of service or renewal component this proportion of the capital cost is funded from rates and loans. In particular, see the analysis contained in Appendix 4.

The total cost of forecast capital projects is set out in Appendix 1. Funding part of these costs through rates would otherwise result in an unfair burden being placed on the existing ratepayer community. Growth related infrastructure costs make up around 5.7% of CHB's total planned capital expenditure of $314 million of the life of the Long Term Plan 2021 – 2031.

3.4 Activities for Funding Capital Expenditure of Growth

Council activities for which DCs will be used to fund growth related capital expenditure are:

a) Network infrastructure for stormwater, wastewater, water supply;

b) Reserve land acquisition and development for parks and open space (including Esplanade Reserves, walkways and cycleways);

c) Community infrastructure (Solid Waste, Library, Administration Building).

3.5 When a Development Contribution is Required

Under Sections 198 and 199 of the Local Government Act 2002, Council may apply a development contribution, including GST, for developments generating increased reserves, network or community infrastructure demands upon the granting of:

1. A resource consent
2. A building consent
3. An authorisation for a service connection.

As a general rule, DC will be assessed, and any requirement for payment of contributions advised, at the earliest opportunity. This is generally at the subdivision consent stage.

Council considers that the subdivision consent stage is normally the most appropriate stage to take a development contribution for residential developments for the following reasons:

- Practicality of implementation
- Economies of scale in implementation costs
- Best available knowledge for projections and allocating budgets

In the absence of subdivision, Council will apply DCs at the building consent or service connection stage where additional units of demand are created by additions to land or buildings.

A DC is required in relation to a development when:

- A particular subdivision, construction of a building, land use or work generates a demand for reserves, network infrastructure, or community infrastructure
- The development (either alone or in combination with another development) requires new or additional assets or assets of increased capacity (reserves or infrastructure).

The effect of a development in terms of impact on these assets includes the cumulative effect that a development may have in combination with another development. A DCP also enables Council to require a development contribution that is used to pay, in full or in part, for capital expenditure already incurred by the Council to provide infrastructure to service expected growth.

The Council has a preferred approach to require payment for assessed DC charges at the time of assessment. For non-residential subdivisions one or more HEUs would be payable at the resource consent stage. Future developments on that subdivided land would be reassessed at a building consent stage and any additional DCs required from that development would be invoiced at that stage.

Council does have the ability to defer/postpone DC requirements, where allowed for in this Policy and considered appropriate. The processes detailing these issues are set out in section 5.19.

3.6 Limitations to the Application of Development Contributions

Development which does not either in itself or in combination with other developments generate additional demand for community facilities will not be liable to pay a DC.

Council will also not require a DC for network infrastructure, reserves or community infrastructure in the following cases:

- Where it has, under Section 108(2)(a) of the Resource Management Act 1991 (RMA), imposed a condition on a resource consent in relation to the same development for the same purpose; or
- Where the Council has already required a DC for the same purpose or the same building work (so long as there is no change in scale and intensity)
- Where agreed with the Council the developer will fund or otherwise provide for the same reserve, network infrastructure or community infrastructure; or
- Where the territorial authority has received or will receive sufficient funding from a third party to fund particular infrastructure.

3.7 Relationship to Resource Management Act

DCs under the LGA are in addition to, and separate from, financial contributions under the RMA. Council intends to use DCs under the DCP as its main means of funding infrastructure required as a result of growth over and above the works and services that may be required as conditions of subdivision or resource consent.

Council may require a Financial Contribution, as a condition of consent, in accordance with any relevant rule in the District Plan under the RMA. Financial Contributions cannot be applied as a condition of consent where a DC has been required for the same purpose on the same development.

In 2006, Council resolved to only take financial contributions for Roading work when the road to be modified or upgraded is adjacent to the subdivision. This will be done by way of conditions in a Resource Consent for subdivision and the development will not be subject to Development Contributions under the LGA for Roading.

Financial Contribution provisions are currently detailed in the current Central Hawke's Bay Operative District Plan.

In the reviewed District Plan due to be notified in May 2021, Council have not included the requirement for Financial Contributions due to timing. There are a range of other tools that Council has available to it, and Council is considering advice on the most appropriate approach for growth related costs, beyond the current operative District Plan. This body of work falls outside of the scope of this policy.

Council will also still have the authority to require works or services on new developments to avoid, remedy and mitigate the environmental effects of proposed developments through resource consent conditions or in accordance with any relevant rule in the District Plan. DCs are for the acquisition, installation or expansion of assets over and above the works and services that may be required as a condition of consent.

For the smaller urban areas outside of the current urban serviced areas, Council as service provider may require capital contributions through fees and charges for properties who apply to connect to township water or wastewater services.

4. Vision, Strategy and Council Assumptions

The Council outlines its Vision, Strategy and Council outcomes in the LTP. Linkages to the DCP are discussed in Appendix 4.

Urban growth is spread across Waipukurau, Waipawa, Otāne, Takapau and Pōrangahau. Considerable growth in rural subdivision and population is forecast across the District. Council has developed Project Thrive that was adopted in 2017 and included in the 2018 LTP. This sets the vision, goals and objectives for Central Hawke's Bay. The District Plan is currently under review and may impact the 2024 revision of the DCP, based on the implementation of the Central Hawke's Bay Integrated Spatial Plan 2020 – 2050 and the relevant timing of development forecast for the ten year period.

A new wastewater treatment plant is planned to service Otāne, Waipawa and Waipukurau. The new plant will include capacity for growth. New treatment plants for water and wastewater are also planned to meet the new vision, as well as mandatory standards and RMA consents.

4.1 Significant Assumptions of the Development Contributions Policy

4.1.1 Council Role

Council is assuming that it will act as the lead agency to ensure existing core infrastructure requiring upgrading is available to service growth developments in the District. Where new infrastructure is required only within a development, it is the responsibility of the Developer to provide, with the option of gifting the new assets to Council provided they meet Councils standards.

There is the potential for major developments, where agreed with Council through a development agreement, for developers to take the lead role. In this instance Council may contribute to a development where additional capacity is required to service adjacent developments to ensure other developments are not constrained. Council's role will be assessed at each review of the LTP and DCP every three years. There is also the possibility of the 3 waters sector being removed from Council responsibility as part of a government led review. This DCP and the 2021 CHBDC Long Term Plan, based on national guidance assumes that the current structures and responsibilities will remain as they are.

The Council ensures, on behalf of current and future residents and ratepayers, that land development is carried out in a manner that results in acceptable outcomes in terms of aesthetics, environmental impacts and service standards.

4.1.2 Development Contribution Areas

For the purposes of DCs, the areas shown for each township (and the district as a whole for Community Infrastructure and Reserves) that has growth related infrastructure asset type are the areas that development contribution charges apply. Growth in the CHB District is occurring mainly in these areas and additional infrastructure is required to meet this demand.

The ***service catchments*** show each urban area that forms a catchment (Refer to Maps in Appendix 2 of this policy and further explanation in Appendix 4).

Table 1: Table Outlining Areas for Activities where Development Contributions will be Charged

AREA	ACTIVITIES FOR WHICH DEVELOPMENT CONTRIBUTIONS WILL BE CHARGED
Central Hawke's Bay District (Districtwide)	Reserves and other Community Infrastructure
Waipukurau, Waipawa and Otāne	Water, Wastewater and Stormwater
Takapau	Water, Wastewater and Stormwater
Pōrangahau	Water, Wastewater and Stormwater

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.

The other small rural townships in the Central Hawke's Bay have little growth currently and infrastructure capacity is available. There is no growth related infrastructure investment planned in the ten-year period. Council will reassess demand and capacity in these coastal townships as part of the 2024 review.

4.1.3 Development Types and Units of Demand.

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 non-residential development types and impacts on infrastructure,
c. the complexity of trying to make the Policy account for every different development type,
d. the availability of data to support differential unit of demand factors for various types of development.

The Council considers that:

- There is data currently available to identify some average demand factors for a limited number of non-residential development types,
- Using broad averages for a limited number of development types is sufficient to approximate the range of development likely to occur in CHB urban areas,
- As determined by Council staff a special assessment can be used where a development results in an impact on infrastructure significantly different from that envisaged in this policy.

4.1.4 Planning Horizons and the Period Covered by this Policy

A 10-year timeframe has been used as a basis for forecasting growth and applying a development contribution. Benefits will be distributed over that timeframe with averaging to avoid the effects of lumpy infrastructure works within any given year on DCs.

This timeframe aligns to the period included in the Long Term Plan. Council has detailed planning and costings for infrastructure networks for this ten year period.

Development beyond this timeframe will involve additional growth related infrastructure services that have not yet been fully costed. These longer term infrastructure requirements to service growth, and the additional households enabled, will be included in future DCPs.

4.1.5 Projecting Growth

The Council is planning for new development that is occurring in the CHB urban centres. This places demands on the Council to provide a range of new and upgraded infrastructure. The successful application of the DCP is dependent on population projections and the Council adopted spatial growth demand within the District.

The DCP uses the growth projections as set out in the Key Forecasting Assumptions section of the LTP. These forecasts are based on the high growth scenario from Squillions Ltd adopted by Council in July 2020 and available here. CHB is currently experiencing a surge in growth that is resulting in strong population and household growth driven in part by strong growth in Hastings and Napier. This is a significant change in trend that is putting increasing pressure on infrastructure. The Covid-19 pandemic has caused additional population gains as more people return to smaller townships and family roots, and there are very few opportunities for existing residents to migrate elsewhere. The latest annual estimate from Statistics NZ indicates growth is at 2.3% a year. The population and new dwellings are growing faster than was forecast in the 2018 LTP and DCP.

Forecasts will be updated as part of each LTP process based on actual growth, Statistics NZ forecasts and annual population estimates.

District growth has been split into each major urban area and the balance of the district. The forecasts are informed by Project Thrive, the Operative District Plan, Council Asset Management Plans and actual historic developments. The impact of non-residential development varies depending on economic conditions but is expected to be relatively minor.

This DCP applies an assessment of the demand for services generated for each urban catchment and district wide (for Community Infrastructure and Reserves) to determine the number of HEUs for Water, Wastewater, Stormwater, Community Infrastructure and Reserves.

A summary table of the key forecasts is shown below. Council is forecasting strong household growth of 2% a year to 2031.

Table 2: Forecast Household Equivalent Unit Numbers

TOWNSHIP / MAIN URBAN AREA	NUMBER OF HOUSEHOLDS (HEU)				
	Actual	Forecast – June Year			
	2018	2021	2031	Change 2021-2031	2018 DCP forecast Change 2018- 2028
Waipukurau	1,755	1,793	2,253	460	230
Waipawa	843	853	968	115	60
Otāne	246	258	408	150	50
Takapau	216	222	296	74	5
Pōrangahau	78	83	143	60	20
Total Main Urban Areas	3,138	3,210	4,068	858	365
CHB District	5,418	5,530	6,870	1,340	535

4.2 Non-Residential Growth and Focus

Council has not carried out detailed growth forecasts of non-residential gross floor areas for the urban areas. These forecasts have been assessed as not being required due to the very modest growth in non-residential developments. Over the last six years new non-residential developments have averaged 1,100m2 a year. Some of this will just be replacing existing buildings so would not be levied a DC charge. There may also be some developments where existing buildings have been extended, which could have a DC charge levied.

While population and household growth is forecast to be much stronger than previously forecast, the current impacts with Covid-19 means that non-residential growth is not expected to increase to the same extent. In the 2019/20 year new non-residential consents has increased to over 2,000m2. Given the level of uncertainty Council has decided to retain and expand the ability to charge DCs.

The DCs for non-residential growth related to the three waters will only include charges for the urban catchments. It is expected that this growth will be centred on the Otāne, Waipukurau, Waipawa catchment. A modest amount of HEUs are included in the overall forecasts. No growth in non-residential has been assumed for Takapau or Pōrangahau, however the ability to charge a DC in those catchments has been provided for in the event that development occurs and has an impact on the network infrastructure.

Farm buildings outside of the urban catchments on existing lots will not be charged DCs. Rural subdivisions will have a DC charge applied for Reserves and Community Infrastructure.

Table 3:

NON – RESIDENTIAL CATCHMENTS	DC CHARGES THAT APPLY	FORECAST CHANGE IN GROSS FLOOR AREA 2021 TO 2031	ADDITIONAL HEU'S 10 YEAR TOTAL
Otāne, Waipukurau, Waipawa	Water, Wastewater, Stormwater	20,000m^2	Water – 148 Wastewater – 148 Stormwater - 60
Takapau, Pōrangahau	Water, Wastewater, Stormwater	Nil	Nil

Table 4: Non-residential Growth Assumptions and Multipliers

	PROPORTION OF GROWTH	M2	MULTIPLIER	WATER	WASTE-WATER	STORMWATER
Commercial / Retail / Office / Community	0.2	4000	GFA	12	12	12
Industrial / Warehouse	0.3	6000	GFA	24	24	18
Restaurants and bars	0.2	4000	GFA	52	52	12
Visitor Accommodation and Residential Services	0.3	6000	Unit / Room @ 30m2 each	60	60	18
Total HEU		**20,000**		**148**	**148**	**60**

4.3 Other Assumptions

- Timing of expenditure – the timing of specific projects is likely to vary over time as they are reliant on actual growth rates, the cost of providing infrastructure, demand for housing, the state of the economy, developer profit margins and many other economic and societal factors that Council has little control over. Council is carefully monitoring the actual level of development and aims to be just ahead of service demands on infrastructure, where it is cost efficient to do so.
- Method of service delivery when Council is providing infrastructure - Council uses both in-house staff and external consultants to fund, design and manage the provision of core infrastructure needed to service forecast growth. Construction is usually done through a tender process by the private sector. This is currently assessed as the most efficient model for delivery. Council will reassess this assumption at least every six years as part of meeting the requirements of section 17A of the LGA.

- Third party funding availability – Council is assuming that there will be no third party funding for growth related infrastructure projects used to calculate the DC charges. If alternative funding for these projects does become available, from Development Agreements or government / regional grants, Council will amend the schedule and reduce total funding required through DCs.
- Debt servicing – From time to time, Council DC activity reserves may be in deficit. This occurs if the required infrastructure is more expensive than the balance of DC revenue already collected. Council will loan fund any required work at this point. Future DC revenue will pay off the loan, including interest. The interest rate charged will be at the average Council rate at that time.

4.3.1 Best Available Knowledge

This DCP is based on the best available knowledge that Council has at the time of adoption. The Project expenditure schedule in Appendix 1 is consistent with the LTP, however may be updated each year and the DCP will be reviewed every three years. As time passes, discrepancies may emerge between historic Council documents and the updated schedule in Appendix 1. For DC purposes the Schedule will prevail.

4.4 Capital Expenditure Council Expects to Incur as a Result of Growth

Each capital project is identified as renewal, level of service (Rates funded) or growth (DC funded). The total growth costs for each activity covered by this DCP are then divided by the number of additional HEUs in each activity in each catchment, including the non-residential component. This results in DC charges by activity and catchment for each additional HEU.

In determining the total estimated growth component to be funded by DCs, careful consideration was given to those matters listed under sections 101(3) and 106 of the LGA for each individual activity (network infrastructure or community facility). Key considerations included:

- The nature and operation of the activity
- An analysis of who will benefit from the planned capital expenditure work, and
- An analysis of who will cause the need for the planned capital expenditure work.

A more detailed description of each activity, the funding approach taken for each activity and justification for the funding approach taken for each activity is included in Section 6 of this Policy.

The level of service component of Council's identified infrastructure works, relates to increasing the level of infrastructure provision due to higher public expectation, environmental or statutory obligations e.g. environmental standards for water quality or technological improvements Asset Management Plans, for each activity, define the relevant level of service for that activity.

Where the infrastructure works to service growth also result in an increase in the level of service to the community, then the value of the improved service is treated separately. This is noted as Total Level of Service Component in Table 3. Renewal of all assets is also identified separately and makes up the largest proportion of capital expenditure. Levels of service and renewals are not funded through DCs.

4.5 Capital Expenditure Council has Already Invested in Anticipation of Development

DCs will also be required to meet the cost of capital expenditure for growth already incurred over the past ten years, but have not yet been funded. This applies only where Council has previously made the decision to carry out the work on the basis that it is to be fully or partly funded by future DCs. Council has a legal requirement to use the funds within 10 years for the purpose they were taken for.

4.6 Unit of Demand

A unit of demand is a Household Equivalent Unit (HEU), the average demand for infrastructure services created by one additional house developed. A DC for network infrastructure is required where additional units of demand are created. A HEU is equivalent to one residential lot containing one residential unit. All residential lots are assumed to contain one HEU as this is efficient, equitable and appropriate. While actual demand will vary between households the impact on infrastructure is assessed as minor.

It is assumed that these demand levels will remain the same for the forecast period. Reviews of the DCP will consider the relativities between residential and non-residential developments.

4.7 Schedules Forecast Values

All capital expenditure schedules in this policy are exclusive of GST.

The schedules are in 2021 dollars. Schedules will be updated annually to ensure relevance and transparency. The DC charge applied in future years may be adjusted for inflation using the Producers Price Index Outputs for Construction (PPI) as at 30 June each year and included in the Fees and Charges Schedule of Council as permitted in Sections 106 (2B) and (2C) of the Local Government Act 2002. The latest charges will be published on Council's website www.chbdc.govt.nz

To enable a simple application of the policy CHBDC has set the minimum unit of demand as an household equivalent unit (HEU). Any activity that in CHBDC's opinion uses CHBDC's network infrastructure to a greater extent than that of a single household unit will be assessed in multiples of household units as covered under the section headed "Extraordinary Users" in this policy.

4.8 Development Contributions Payable

The development contributions payable for reserves, community infrastructure, water supply, wastewater, stormwater per HEU and catchment as the adoption of the policy are set out in the following table.

GROWTH GEOGRAPHIC AREA	ACTIVITY	TOTAL GROWTH CAPEX	PER LOT DC
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5. Assessment of Development Contributions

5.1 Commencement

Relevant applications (as set out in section 3) made on or after the adoption of this policy are subject to assessment for development contributions under this policy. Applications made on or after 1 July 2006 and before the adoption of this policy will be subject to assessment under previous policies, unless where exceptional circumstances apply. Applications for resource consent may also be subject to assessment for financial contributions under the Operative District Plan.

5.2 Delegation of Assessments

Assessments will be made by an officer of Council. Reconsideration of assessments, as described in Section 5 of this Policy, will be made in accordance the delegations provided to the appropriately authorised Officer of Council.

Decisions about whether to enter into development agreements and on what terms will be made in accordance with the delegations provided to the appropriate authorised Officer of Council.

Decisions about waiving or remitting the costs that would otherwise be recoverable in respect of objections, will be made in accordance the delegations provided to the appropriate authorised Officer of Council.

Decisions about remitting development contributions will be made in accordance the delegations provided to the appropriate authorised Officer of Council.

5.3 Applications Assessed

Council will assess the following types of applications to determine whether development contributions are required under this policy:

a) Applications for subdivision resource consent under the Resource Management Act 1999 (RMA).

b) Applications for land-use resource consent under the RMA, or for building consent or a Certificate of Acceptance under the Building Act 2004 (Building Act) where the consent/certificate is associated with:

   i. the creation of new dwellings (including relocation of existing houses) on a site

   ii. the creation of new buildings or extension of the gross floor area of buildings

   iii. the change in use of a building

   iv. an increase in the design occupants of a visitor accommodation or residential services activity

   v. an increase in the area of impervious surfaces.

c) Applications for service connection including water, wastewater, trade waste and stormwater.

The assessment will be made against the first consent application lodged for a development and a reassessment made on every subsequent consent application.

The Council will assess subdivision for a non-residential development as a minimum of 1 additional HEU per activity per allotment. The development will be reassessed if there is a subsequent building consent or service connection.

When Council takes a development contribution at subdivision consent stage, the expected principle nature of activities authorised by any existing land use consent for the site and/or, in the underlying Zoning, will determine the type of development contribution payable.

The Council may choose to defer the assessment of land use consents if there are special circumstances. For clarity Council will usually charge a minimum of 1 additional HEU per activity per allotment at the subdivision stage.

Each reassessment will take into account the number of units of demand previously assessed and determine whether the development still generates the same number of units of demand.

Note:

1. Council will not defer assessment of development contributions for residential development.
2. Development Contribution fees will not be deferred for non-residential subdivisions and one or more HEU are payable at resource consent stage with the balance payable at building consent stage when the full scope becomes apparent.
3. Designations are not assessed, but the development may be assessed at building consent stage.

4. Applications for works necessitated by a condition of a consent are not exempt from development contributions.

Process for Assessing Development Contributions Payable:

Table 6: Process of Assessing if Development Contributions are Payable

Step 1	Catchment Area	Establish what catchment area the 'development' lies (Appendix 2)
Step 2	Number of HEU's	Establish the number of HEUs created by the 'development' (Section 5.7)
Step 3	Number of HEU's Credit	Establish per activity the 'credits' applicable to the parcel of land (Section 5.10)
Step 4	Number of HEU's payable	Calculate the increase in HEU's
Step 5	Charge per HEU	Establish the development contribution per HEU for that particular catchment area as per Schedule of Charges (Appendix 1)
Step 6	Amount of DC's payable	Calculate the development contributions payable

5.4 Activities for which Development Contributions are Assessed

Applications will be assessed for contributions for five different activities:

- reserves
- community infrastructure
- water supply
- wastewater
- stormwater

Land Transport is not included in this DCP. The Central Hawke's Bay road network is extensive, servicing a relatively spread population, has severe geotechnical conditions and is subject to weather extremes. The network itself is generally of a good standard and of a high value. No major roading capital expenditure for growth is anticipated. It is however possible that this will need to be revised in the event of an increase in truck and other heavy vehicle movements.

In the event of significant subdivision development, all changes to the road network directly caused by the development (internally and/or externally) are to be completed by the developer at the developers' expense based on the criteria set out in the 'current operative District Plan' under the Financial Contributions as allowed under the RMA.

5.5 Formula for Calculating Contributions

Contributions (C) for reserves, land transport, water supply, wastewater and stormwater will be calculated according to the following formula: C = H x R

Where:
H = Number of Household Equivalent Units (HEUs) or units of demand calculated in accordance with section 5, less any credits calculated in accordance with section 5.10; and R = The applicable rate per HEU for the type of contribution (activity) and the catchment associated with the development (refer to Appendix 2).

5.6 Catchments

The catchments for charging each type of contribution are set out in Appendix 2, and the rationale further explained in Appendix 4. If for any reason a development or service connection request falls outside the catchment for water, wastewater or stormwater and is still served by the network infrastructure, then the calculation of contributions shall be as if the development or service connection was located within the catchment.

The capital expenditure related to growth is associated with one or more catchments on an activity-basis. The catchments are determined based on key characteristics including geography, service delivery and the nature and complexity of service provision. The catchments can be either local or district-wide. Individual capital works projects are allocated to catchments depending on the nature of the project and the community the project is intended to serve.

For this DCP there is four catchments:

Table 7: Table Outlining the Catchment Areas and Activities Covered in each Catchment

CATCHMENT AREA	ACTIVITY COVERED
Otāne, Waipawa and Waipukurau	Water, Wastewater and Stormwater
Takapau	Water, Wastewater and Stormwater
Pōrangahau	Water, Wastewater and Stormwater
District wide	Reserves and Community Infrastructure

Any development outside of the identified catchments has not been addressed

in terms of infrastructure capacity anticipated as part of the existing reticulation network. Any request to extend services or infrastructure outside of the determined areas will need to be specifically assessed through a separate development agreement.

5.7 Assessment of HEUS on the Basis of Multipliers

Subject to Section 5.8 and 5.9, the number of HEUs associated with a development will generally be assessed on the basis of the standard multipliers set out below, less any credits provided for in 5.10.

a) Residential Developments

ACTIVITY FOR WHICH CONTRIBUTIONS ASSESSED	UNIT OF MEASURE	MULTIPLIER (HEU MEASURE)
All	Allotment or 1st dwelling on an allotment	• 1 - (allotments and dwelling units).
All	Every second and subsequent dwelling unit on an allotment.	• 1 - Every second and subsequent dwelling unit on an allotment.

b) Non-residential Developments

The following are based on common factors of average demand. For the three waters the units of demand are set at 100m2 of Gross Floor Area (GFA), then converted to HEUs based on the standard for a residential dwelling. Reserves and Community Infrastructure are zero rated as the demand is primarily generated from households. Developments that are determined by Council as having an impact on network services well above what is covered by the categories below (such as wet industries or a major food processing plant) can be considered as a special assessment (see section 5.9).

Table 9: Non-residential Base Unit Conversion Multipliers

NON-RESIDENTIAL CATEGORY	WATER PER 100M² GFA	WASTEWATER PER 100M² GFA	STORMWATER PER 100M² GFA	RESERVES	COMMUNITY INFRASTRUCTURE
Commercial / Retail / Office / Community	0.3	0.3	0.3	Nil	Nil
Industrial / Warehouse	0.4	0.4			
Restaurants and bars	1.3	1.3			
Community Facilities	0.3	0.3			
Visitor Accommodation and Residential Services	0.3 Per Unit / room	0.3 Per Unit / room			

5.8 Additional Rules Relating to Assessment on the Basis of Multipliers

Each application is assessed as a residential development, non-residential development, or a mixture. Mixed developments are assessed under the provisions that apply to both residential and non-residential developments for the applicable parts of the development.

Units of demand will only be assessed for water or wastewater if a connection to the network is or will be available. Stormwater will only be assessed if the development is within a stormwater catchment area.

Allotments subject to an amalgamation condition, or that will be subject to an amalgamation condition, shall be considered as one allotment for the purpose of calculating HEUs.

Non-residential developments will generally be classified as a single development type, i.e. the one that best represents the dominant or primary activities associated with the development; and ancillary activities will not be considered separately. However, where a development has distinct parts, Council may, in its discretion, consider these parts separately. For example, the wine manufacturing component of a winery may be considered separately from the restaurant component.

Where a non-residential development is not described by the types of non-residential development identified above, the multiplier for the type of development with the most similar demand characteristics will be used.

Outdoor display areas for goods, e.g. garden centre display areas will be included in the calculation of GFA for retail, provided they are formalised areas primarily for display and not storage of goods.

Where a residential and non-residential aspect of a development share a common footprint, the number of HEUs for stormwater shall be based on the approach for non-residential development, i.e. impervious surfaces.

5.9 Special Assessments of HEUs on the Basis of Actual or Anticipated Demand

If the actual demand associated with a non-residential development is likely to be significantly different, that is at least 50% more or less than what is implied by the multipliers and demand assumptions in 5.7b, the Council may, in its discretion, choose to calculate the number of HEUs on the basis of the actual anticipated demand (including peak water take, peak wastewater discharge and wastewater content), less any credits provided in 5.10.

This 'special assessment' may be called for at the Council's discretion. The applicant will be expected to provide supporting information and detailed calculations of their development's water supply, wastewater and stormwater demands in base units. Using the standard base unit/HEU conversions (Table 9) these estimates may then be converted to HEU's and charged accordingly. This additional information could be made part of a Section 92 (RMA 1991) request or at requested pre-application stage.

In determining whether to use this alternative calculation Council will consider the likelihood that the demand will change over time and whether, therefore, the standard approach may be more appropriate.

An assessment on the basis of actual anticipated demand shall be made by estimating the actual demand associated with the development for each service in the units of measure set out in 5.7, and dividing this by the demand assumptions for a HEU set out in table 11 in section 6.3. The calculation may be adjusted to reflect other factors that influence the design of infrastructure, peak demand issues and measures to mitigate demand.

5.10 Assessment of Credits for Historic Development

Historic credits acknowledge prior development of the site which has ceased and will be applied against the number of units of demand assessed for a development calculated under 5.3 to 5.9. The following principles shall apply to calculating credits:

- The onus is on the applicant to include details in the application of the historic development
- Credits can only be used for a development on the same site and cannot be transferred from one site to another
- The number of credits available is calculated under the policy that applies at the time of the assessment of the new development
- Additional credits will not be refunded if the number of units of demand assessed for any activity for the historic development exceed the number of units of demand assessed for the new development. However, the historic development may be considered again when assessing credits for any future development

There are a number of situations where credits may be considered:

- Existing residential dwelling units on site
- Payment of ½ or full rates charges for the water, wastewater or stormwater on the existing lot
- The previous lawfully established activity or lawfully consented buildings on a site
- Credits will not be given if the original activity was non-residential and did not pay or was unlikely to have paid a contribution. This applies to activities that were permitted and did not require any form of consent, but that have placed additional demand on Councils services.
- Cross leases that are separated into 'Fee Simple' titles will not attract contributions if there are no related works on site that will increase demand for Council infrastructure.
- Any vacant section is assumed to have one HEU credit to the extent that it is serviced (if physical connections are not in place no credit may be assumed).
- Credits for historic non-residential development will only be awarded if the elements that imply that development (i.e. the buildings, impervious surfaces etc.) were present in the ten years prior to assessment.

5.11 Reductions

The value of the development contribution assessed will be reduced for the following reasons:

a) Esplanade Reserves

Esplanade Reserves or strips required under the RMA and associated with the development will be offset against development contributions payable for Reserves, up to the value of the contribution payable. Valuation of the Esplanade Reserve or strip will be GST exclusive and shall be assessed in terms of section 62(1)(b) of the Public Works Act 1981. The date of valuation shall be no more than 12 months before the requirement for the contribution.

b) Special Circumstances

Special circumstances may apply in relation to some service connections that may be taken into account to reduce the development contribution payable e.g. a targeted or special rates levy has been agreed pending the installation of a new service and as such provides for that property to connect to the services when commissioned. Under these circumstances the agreement would be honoured and no development contribution would be applied, except for where the demand proposed is greater than that envisaged by the special rate and a development contribution, or part thereof, will be charged.

c) On-site Provision of Infrastructure

The Council will consider a reduction in the development contribution assessed where the applicant will provide additional infrastructure on-site that reduces the demand for Council infrastructure. This could include:

- Wetlands, storage tanks and rain gardens to limit stormwater run-off and reduce reticulated water usage,
- Onsite pre-treatment of wastewater.

The applicant would need to prove that the additional infrastructure is over and above the standard services required by Council and would directly offset the standard demand for services. An assessment may be carried out by Council to identify how many (if any) HEU's should be deducted from the development contributions calculated under 5.7 and 5.8.

5.12 Remissions

Council will consider requests for remission of development contributions on the following grounds:

- The development is by a non-profit organisation and/or it will provide wide ranging benefits to the public.

Any such request must be made in writing and within 20 working days after the date on which the Council sent notice of the level of development contribution Council requires.

The request must include the following information:

- Description of the site and specific application subject to the contribution
- Description of the organisation seeking the remission and confirmation that it is a non-profit organisation as defined in the glossary
- Description of the benefits that the development will provide to the public and the extent of access to those benefits.

The request will be considered in accordance the delegations provided to the appropriate authorised Officer of Council.

The Authorised Officer will have regard to the following criteria in determining whether to grant a remission and the quantum of the remission:

- The level of the public benefits provided by the activity and the extent of access to those benefits, and
- The development contributions reserve funding available to Council.

Council will give written notice of the outcome of its consideration of the request within 15 working days of its receipt of the request and all relevant information relating to the request.

5.13 Reassessment of a Development

Where a development becomes subject to assessment under more than one development contribution policy or version of a policy then the assessment of units of demand under the most recent policy or version shall prevail for the development as a whole.

To avoid doubt, no refund shall be given, or additional contributions required, because the rate per unit of demand has changed.

5.14 Money or Land

The LGA provides that a development contribution for Reserves may be money or land, or both. Under this policy the contribution for Reserves shall be made in money unless, at the sole discretion of the Council, land is accepted.

In general, Council will only accept land as a development contribution for Reserves where it is specifically for a recreation, scenic or historic reserve and will be vested as such on subdivision or otherwise classified. However, Council may also accept easements for access etc. to existing Reserves or for recreational purposes. In determining whether to accept land the Council will have regard to existing policies. Drainage reserves and areas within reserves that are used primarily for drainage (e.g. retention pond areas), while they may be accepted by Council, will not form part of a development contribution for Reserves.

5.15 Development Agreements

The Council may enter into specific arrangements with a developer for the provision and funding of particular infrastructure under a development agreement, including the development contributions payable, as provided for under sections 207A - 207F of the Local Government Act 2002. For activities covered by a development agreement, the agreement overrides the development contributions normally assessed as payable under the Policy.

The Council will consider a developer's written request to enter into a Development Agreement without unnecessary delay. The Council will provide the developer written notice of its decision on the request and reasons for the decision. The Council will take into account the provisions contained in the Policy, as well as any other matters considered relevant. Similarly, where the Council requests that a developer enter into a Development Agreement, the request must be considered by the developer without unnecessary delay, who must provide written response to the Council.

A Development Agreement may record specific arrangements with a developer for the provision of particular infrastructure to meet the special needs of a development, which include (but is not limited to):

Where a development involves a large area to be developed over a long time period.

Where a development requires a special level of service or is of a type or scale which is not readily assessed in terms of units of demand.

Where a development is in a Deferred Residential Zone or any other area where Council is not currently planning to provide infrastructure for the 10-year period covered by the Policy. In those cases, a Development Agreement, private sector funding of infrastructure and an agreed Structure Plan would be required at first instance.

The content and effect of a Development Agreement must be meet the requirements of the Local Government Act 2002, and in particular section 207C.

5.16 Payment Due Dates

The following table summarises when a development contribution invoice is generated and required to be paid. In most instances the invoice will be generated at the time an application for Code Compliance Certificate, Certificate of Acceptance or 224c is made, unless requested earlier.

Table 10: Summary of Invoicing and Payment

APPLICATION TYPE	TIMING OF ACTION
Land Use	An invoice will be issued at the time the Land Use resource consent is granted. Payment must be made within 20 days of the invoice being issued on granting the consent, and / or before the Land Use is given effect to.
Service Connection Request (where a building consent is not lodged/required)	An invoice will be issued at the time the connection request is approved and payment is due within 20 days of the invoice being issued. Payment must be made prior to any connection being made.
Building Consent	An invoice can be requested at any time by the applicant. If no invoice is requested, an invoice will be issued automatically at the time of application for Code Compliance Certificate or Certificate of Acceptance. Payment must be made prior to Issue of the Code Compliance Certificate or Certificate of Acceptance.
Resource Consent (subdivision)	An invoice can be requested at any time by the applicant. If no invoice is requested, an invoice will be issued automatically at the time of application for 224c. Payment must be made prior to issue of the 224c.

5.17 Enforcement Powers

Council may recover debt through normal court action.

Until development contributions required in relation to a development have been paid Council may also, pursuant to section 208 of the LGA:

- In the case of a development contribution required when granting resource consent under the RMA, withhold the section 224(c) certificate on a subdivision and prevent the start of a resource consent
- In the case of a development contribution required when granting a building consent under the Building Act, withhold the Code of Compliance Certificate
- In the case of a development contribution required when granting a Certificate of Acceptance, withhold the Certificate of Acceptance
- In the case of a development contribution required for an authorisation for a service connection, withhold that service connection
- In each case, register the unpaid development contribution under the Statutory Land Charges Registration Act 1928, as a charge on the title of the land in respect of which the development contribution was required.

5.18 Refunds

A refund of money or return of land will occur in the circumstances set out in sections 209 (development does not proceed) and 210 (Council does not spend) of the LGA where applicable.

5.19 Postponements

Postponements on payment of a development contribution will not be applied.

5.20 Reconsideration Process

As set out in section 199A(1) of the LGA, any person required by Council to make a development contribution may request a reconsideration of the requirement if they believe that:

- The development contribution was incorrectly calculated or assessed under the territorial authority's development contributions policy; or
- The territorial authority incorrectly applied its development contributions policy; or
- The information used to assess the person's development against the development contributions policy, or
- The way the territorial authority recorded or used it when requiring a development contribution, was incomplete or contained errors.

As set out in section 199A(4) a person may not apply for a reconsideration of a requirement for development contributions if they have already lodged an objection to that requirement under section 199C and Schedule 13A of the LGA.

Any such request must be made in writing within 10 working days after the date on which the person lodging the request for the reconsideration received notice from the Council of the level of development contribution Council requires.

The request must clearly state the site and specific application subject to the contribution, the particular contribution(s) to be reviewed, and any matters the person would like Council to take into consideration when undertaking the review.

The reconsideration will be undertaken in accordance the delegations provided to the appropriate authorised Officer of Council.

The reconsideration will be limited to consideration of the grounds for reconsideration listed in the bullets in this section.

Council will give written notice of the outcome of its reconsideration within 15 working days of its receipt of the request and all relevant information relating to the request.

Note: The LGA also provides a process for persons to object to development contributions assessed and for decisions on objections to be made by independent development contribution commissioners. Refer to Schedule 13A of the LGA for further details.

5.21 Other Matters

Goods and Services Tax (GST)

Once all the development contribution calculations are complete, GST shall be added to the final invoice as required by the legislation and/or regulation of the day.

Valuations

Where it is necessary to value land to ensure the maximum contribution requirement in section 203(1)of the LGA is not exceeded, or to assess the value of an Esplanade Reserve or contribution in land, the value shall be assessed in terms of section 62(1)(b) of the Public Works Act 1981. The date of valuation shall be no more than 12 months before the requirement for the contribution.

In addition, where it is necessary to value land to ensure the maximum contribution requirement for Reserves in section 203(1) LGA is not exceeded, valuation of the additional allotments created by subdivision shall be calculated as the average value (the mean) of all post-development allotments intended or capable of supporting residential development.

Applications to Vary Consents or the Conditions of Consent

Where applications are received to vary a consent or the conditions of a consent, a new assessment will be made reflecting any increase or reduction on the demand for infrastructure and/or services that would result in a change to the HEUs relating to the original consent application.

Council Developments

Council is exempt from paying any development contributions on any development that itself is a capital expenditure for which development contributions are required. Council is otherwise required to pay development contributions as assessed under the policy.

6. Explanation of the Method for Development of the Schedule of Charges

6.1 Relevant Provisions in the Local Government Act 2002

Relevant provisions in the LGA that provide the legislative framework for this DCP include the following:

- Section 197AA and 197AB provides the purpose and principles for development contributions
- Section 199 provides the basis on which development contributions may be required.

Subsection (2) clarifies that Council may require a development contribution in relation to capital expenditure already incurred by the territorial authority in anticipation of the development.

Subsection (3) states that in subsection (1), effect includes the cumulative effects that a development may have in combination with other developments.

Section 203 (1) sets the maximum contributions for reserves and for network infrastructure and community infrastructure - Development contributions for reserves must not exceed the greater of:

- 7.5% of the value of the additional allotments created by a subdivision, and
- The value equivalent of 20 square metres of land for each additional household unit created by the development.

Development contributions for network or community infrastructure must not exceed the amount calculated by multiplying the cost of the relevant unit of demand by the number of units of demand assessed for a development or type of development (Clause 1 and 2 of Schedule 13 of the LGA).

Schedule 13 contains the general methodology for determining the maximum development contribution. In short, this requires identification of the capital expenditure costs, as set out in the LTP, which the Council expects to incur to meet increased demand resulting from growth and to attribute these costs to units of demand.

Clause 2 of Schedule 13 of the LGA, further requires that Council demonstrate that the units of demand are attributed to developments on a consistent and equitable basis.

6.2 The Capital Works Programme

Development contributions are only charged in relation to capital projects identified in the LTP. This includes both current projects identified in the Activity Management plans, as well as past projects. These are listed in Appendix 1. The Capital Works Programme is founded on a range of considerations including:

- Provisions of the LGA, such as the purpose of local government (Section 10), decision-making requirements (sections 76-81), the principles relating to local government (Section 14)
- The community outcomes identified in the Long Term Plan under the LGA
- Projections of growth and other changes in the community which could drive changes in demand
- Service provision levels and standards, which define the services being provided to the community in terms of criteria
- Plans and strategies.

Other types of network and community infrastructure capital projects could potentially be considered for development contributions in the future.

Council has used the best information available at the time of developing this policy to estimate the capital expenditure. However, it is likely that actual costs will differ from estimated costs due to factors beyond the Council's control, such as changes in the price of raw materials, labour, etc and the timing of capital works taking place.

6.3 Unit of Demand

The Household Equivalent Unit (HEU) is the base unit of demand used to apportion costs between different types of development in the calculation of development contributions. It represents the assumed demand for the service generated by an average household.

Units of demand can be assessed at subdivision, land use and building consent stages. It is Council's preference to assess and apply a development contribution at the first stage of development, namely the subdivision consent stage. Individual developments may create multiple units of demand for any of the given community facilities.

This table contains the demand assumptions for an independent household unit (i.e. one unit of demand or 1 'HEU'). The demand assumptions were used to develop

the multipliers used to attribute units of demand to non-residential developments. They are also used to attribute units of demand to developments assessed as a special assessment under section 5.9.

Table 11: Demand assumptions for an HEU

ACTIVITY	UNIT OF MEASUREMENT FOR HEU	DEMAND PER HEU	COMMENTS
Reserves	Apportionment of total demand on Reserves	1 apportionment	
Community Infrastructure	Apportionment of total demand on Community Infrastructure	1 apportionment	
Water	Daily flow	820 litres per day	
Wastewater	Daily flow	615 litres per day	
Stormwater	Impervious surface area	340m^2	Excludes impervious surfaces associated with roads or other public land.

Every dwelling is assumed to represent one HEU of demand for each service.

Section 5.7 sets out the multipliers used to calculate the number of HEUs associated with non-residential development. In essence, these multipliers represent the assumed typical relationship between the demand generated by non-residential development and the demand generated by households. Similar multipliers are used to convert the growth model to HEUs in the funding model.

6.4 Measurements to Determine Units of Demand for Activities

Different types of measurements are used to allocate units of demand for each activity for residential and non-residential developments (refer Section 6.3).

For all activities a differentiation is made between residential and non-residential development due to the demand they place on the network activities. The catchment areas are defined for each activity as shown on the maps in Appendix 2.

The HEU divisor needs to account for both residential growth and non-residential growth. Residential is assumed at 1 HEU per additional allotment. Non-residential growth is converted to HEUs using the following assumptions:

- Water = 1 HEU per 0.84 m3 per day usage
- Wastewater = 1 HEU per 0.6145 m3 per day of discharge
- Stormwater = 1 HEU per 340 m2 of impervious surface area (ISA), including roof area
- Reserves and Community Infrastructure = 1 HEU per additional allotment.

There will be circumstances where no HEU assessment is necessary. For example, where the development is providing all its own infrastructure, thereby creating no demand on Council assets.

The following provides a specific explanation of units of demand allocated for each activity. Increasingly Councils are managing the three waters as integrated networks. Each impacts on the others and growth and capacity requirements have to be managed across the three activities. This is driving the integration of the Otāne, Waipawa and Waipukurau urban three waters networks.

Contributions for water, wastewater and stormwater will be used for the works identified, but can generally be described as:

- Increasing the capacity of pipes, pumps, and storage, treatment and disposal facilities
- Providing new pipes, pumps, and storage, treatment and disposal facilities
- Extension of piped infrastructure to service additional areas
- Increasing the capacity of drains, culverts and other structures
- Extension of the drainage network to service other areas
- Land purchase and easements
- Modelling networks to assess the impact of development
- Design and consenting costs which form part of the capital work projects

6.4.1 Water Supply

For the purposes of DC's, interdependence within the networks creates a need for integrated management of the operation of the necessary components. As such, the management and professional services of Water is undertaken with District urban supply and demand issues in mind. The catchments have been split into the following for the direct catchment operations:

- Otāne, Waipawa and Waipukurau – operating as an interconnected network with supply pipes linked.
- Takapau
- Pōrangahau

An amount of 100% growth has been assumed where the works are purely to service future development and include extensions of the existing network to and within future development areas. Where existing reticulation is being duplicated or upgraded, and there are currently deficiencies in the level of service, i.e. marginal capacity with regard to firefighting capacity or low-pressures during peak demand, a proportion of the cost has been included as level of service.

A development contribution for the reticulated water network will be based on the value of future identified growth works, and any works already completed since June 2021 for the key network in anticipation of growth. All new developments in the reticulated water network will be subject to a development contribution.

All growth works within the service catchment are considered to service any allotment within the specified boundary, up to a uniform service level, at any time. All components of the network also have excess capacity that will cater for anticipated future capacity uptake. Any identified capital development growth-related works undertaken on the identified key network add to the capacity of the existing network directly.

6.4.2 Wastewater

For the purposes of DCs, like the water network, the interdependence within the networks creates a need for integrated management of the operation of the necessary components. As such, the management and professional services of Wastewater is undertaken with District urban treatment and discharge and demand issues in mind. The catchments have been split into the following for the direct catchment operations:

- Otāne, Waipawa and Waipukurau – operates as an interconnected network with planned investment in a combined treatment plant.
- Takapau
- Pōrangahau

The infrastructure works identified include significant upgrades to the existing trunk sewer network in Waipawa and Waipukurau, treatment plants and some pump stations to provide capacity for future growth. Generally, the growth component for trunk and pump station upgrades and treatment plants is assessed at between 0% and 50%. Extension of the wastewater network or new pump stations are assessed as 100% growth component.

A development contribution for the wastewater service catchments will be based on the value of future identified growth works, and any works already completed since June 2021 for the key network in anticipation of growth. All new developments in the above wastewater service catchments will be subject to a development contribution.

All growth works within the service catchment are considered to service any allotment within the specified boundary, up to a uniform service level, at any time. All components of the network also have excess capacity that will cater for anticipated future capacity uptake. Any identified capital development growth-related works undertaken on the identified key network add to the capacity of the existing network directly.

6.4.3 Stormwater

Like the water and wastewater networks, each stormwater network is defined using an integrated catchment approach as all stormwater runoff within each urban catchment area has to be catered for, regardless of where the stormwater originates from. Runoff from areas with no stormwater issues flows into areas that do require capital works, so all areas are covered by the catchment area. The network has interdependent network components and there is an integrated system of services and facilities designed to protect property from flooding and improving water quality.

Stormwater infrastructure development within the catchments will be based on compliance as outlined in Operative District Plan or any future District Plan, and the network capacity, under a fully developed catchment scenario. The catchments are:

- Otāne, Waipawa and Waipukurau – operates as a interconnected network with planned investment in a combined treatment plant.
- Takapau
- Pōrangahau

A stormwater development contribution for each of these catchments is based on the value of future growth components, and any works already completed since June 2021, to be located within the entire catchment in order to meet the defined level of service under the fully developed catchment scenario.

All new developments in the defined service catchments will be subject to a development contribution. Additional development in areas with existing developed stormwater assets still creates additional runoff and this has to be catered for as it flows through the network. Additional development in partially developed or

new areas can have a significant effect on the demand for additional stormwater infrastructure including secondary flow paths.

The standard allotment area of residential development and hence information related to site coverage and impermeable surface area (ISA) has been used to calculate a unit of demand. Note these are relative units of demand between each type of development. All residential development is assumed to create one HEU. All non-residential development is assessed on the amount of ISA (site coverage) compared with residential development, with a minimum of one HEU.

HEUs are based on the typical residential unit. Houses have been increasing in size for many years, and lot sizes have been declining. With driveways and paths the ISA of an average residential lot is now assessed at 340m^2. This is the ISA used to determine the number of HEUs for each non-residential development.

6.4.4 Reserves and other Community Infrastructure

The Reserves and Community Infrastructure assets are composed of two distinct parts. They are: land identified as reserve for recreational purposes ("reserves"), and infrastructure associated with that identified land or other land owned or controlled by the Council for public amenities ("community infrastructure").

Community infrastructure is composed of capital developments and facilities associated with the identified reserves and other land owned or controlled by the Council. This includes, but is not limited to playgrounds, administration buildings, carparks, landfills, libraries and recreational complexes, and public toilets – both on and off reserves.

The reserves and community infrastructure provide active and passive recreational facilities to the District community. For new community infrastructure, park and reserve facilities established specifically for new growth areas, 100% of these infrastructure works are to be funded by growth. For new facilities that include improvements to existing levels of service, various proportions of the cost have been attributed to future growth over the next 10 years depending on the details of each project.

The Development Contributions are district wide and are based on the value of identified future provision, and any works already completed since June 2021, of district wide parks, reserves and community infrastructure associated with growth.

Increased numbers of households and residents create additional demand for sportsfields, passive reserves, libraries, administration buildings, walkways and associated assets such as toilets and playgrounds. Council purchases key new land for reserves significantly before the developments are completed in order to minimise the cost of land purchase and reduce unnecessary servicing costs.

All residential and rural developments in the District specified in the Reserves and Community Infrastructure map in Appendix 2 will pay a DC for reserves and other community infrastructure. DCs will not be charged on non-residential development, or the non-residential component of mixed use developments.

The assumed demand for parks reserves and other community infrastructure is created and driven as a result of additional people, or residential households, being located within the District. Increased demand for parks reserves and other community infrastructure can come from anywhere within the defined area from residential and rural development. Non-residential development generally has no impact on the demand for reserves and community infrastructure networks and therefore DCs for Reserves and other community infrastructure do not apply.

All residential and rural development is assumed to create one unit of demand. All non-residential development is assumed to create zero units of demand.

6.5 Assessment of growth model

Council has developed growth projections for the period 2021-2051 to estimate future growth within the CHB district. This underpins the development of the policy at two levels. Firstly, as growth drives changes in demand on infrastructure, the growth projections are a foundation for the capital works programme. Secondly, the growth projections are converted into HEUs to model funding and to calculate the development contribution charge (refer to section 5).

The growth projections address three indicators of growth:

- Resident population
- Households
- Gross floor area of non-residential activities.

The full forecasts are available from Councils website and accessible here.

6.6 Key Risks/Effects Associated with Growth Projections

Growth projections are subject to uncertainties as to the quantum, timing and location of growth. There is a risk that the growth projections in the model will not eventuate, resulting in a change to the assumed demands on community facilities. This could result in the over-provision of infrastructure. Furthermore, if the total

amount of growth is less than projected, then the proportion of capital expenditure recovered through development contributions will be less than expected. As a consequence, there may be increased debt servicing costs to Council. Council will continue to monitor the rate of growth and will update outcomes in the growth and funding models as required.

Under-assessing growth, on the other hand, may result in the under-provision of infrastructure to meet the future demand for services.

6.7 Identification of Growth Expenditure and Funding Mechanisms

General Approach

A schedule of the capital expenditure identified in the LTP that Council expects to incur to meet the increased demand for community facilities resulting from growth is contained in Appendix 1. The proportion of this expenditure that Council expects to fund from development contributions is also indicated.

In determining the growth expenditure and associated funding mechanisms, an analysis is undertaken at three levels:

1. **Activity Level**
   The range of funding mechanisms (consistent with the Revenue and Financing Policy) is identified at the activity level and an initial analysis is made of the considerations in the LGA, including section 101(3).
2. **Programme Level**
   Further consideration is given to the considerations in the LGA and their implications for funding.
3. **Project Level**
   At the project level, the drivers for the project are reviewed and a cost allocation process is undertaken to separate the costs into three drivers (growth, level of service and renewal).

A catchment is then identified for the project and the funding model applied to provide an indication of the 'raw development contributions charge' required to fund the growth component. Further consideration is then given to appropriate funding mechanisms, building on the analysis at the activity and programme level and the considerations in the LGA. This may result in re-consideration of the drivers and cost allocation process.

In general terms, Council has determined to use development contributions to fund the portion of capital indicated in Appendix 1 because:

a. The portion of capital expenditure identified relates to the growth community in terms of sections 101(3)(a)(ii) (beneficiaries) and/or 101(3)(a)(iv) (exacerbators). Development contributions provide a means of directing funding to the growth community.
b. Council recognises that liability for rates is increasingly putting pressure on the social wellbeing of the community and the use of this alternative source of funding will have the benefit of easing the burden of rates.
c. Council wishes to keep debt levels within the covenants identified in its Financial Strategy.

6.8 Cost Allocation

Council makes a judgement about whether the assets being created will provide additional capacity or improve Level of Service (LOS) / renewals and therefore who benefits, the existing users, or the growth users. For this policy Council has only looked at the capital projects for water, wastewater, stormwater, reserves and community infrastructure.

The capital expenditure and benefit allocation in this policy is analysed in the following way:

- Renewal expenditure: this benefits the existing user only and replaces the existing asset base
- Backlog expenditure: new asset capacity is of benefit to the existing user only, to meet the short fall in the current Level of Service
- New services expenditure: capital expenditure to provide benefits to both the existing and the growth user on a pro-rata basis
- Growth expenditure: that which benefits and is needed by the projected growth in the community, estimated over the next 10 years. The life of the LTP. Asset capacity which provides benefits beyond that period will be allocated to future growth communities and may form part of future Development Contribution Policy.

The Level of Service supplied for these activities generates a benefit that is enjoyed by the whole community, both existing and growth users. There is no mechanism to exclude one group from the other. Similarly, both existing and growth users share proportionately in the benefits of excess capacity up to the point that it is consumed by the expanding community.

There is recognition of transitional benefits to both the existing community and the incoming growth community that may occur in some circumstances as a result of excess capacity provided in anticipation of growth. This is often perceived as an improvement in Level of Service, but if there has been no change in the planned Level of Service this is an 'improvement' that will be eroded over time as growth takes up that additional capacity. Council's cost allocation methodology takes account of this transitional benefit where appropriate and allocates it between the growth community and the existing community.

It is recognised that there are components built into the existing network with excess capacity which will benefit the growth community. Some of these components are included in the development contributions calculations as past projects with residual capacity for anticipated growth. Therefore, the growth community benefits from some significant past capital expenditure without incurring any additional charges.

The process of cost and benefit allocation is undertaken using a modelling tool, this model records:

- The judgements made about the drivers of a project i.e. the reasons Council has undertaken the project and who will benefit from the project.
- The model assists in making and recording the allocation of costs between the beneficiaries.
- The model apportions the cost of infrastructure that can be attributed to the existing and growth communities.

Council has, after deliberations and having regard to considerations of fairness and equity under section 197AB of the LGA and the overall impact on the commencing of development contributions under section 101(3) (b), of the LGA, elected to use a rate of 100% for DCs on any identified growth capital work listed in the LTP as cost of development.

The decision to take this action was made by considering the following to:

- Provide reasonable consistency to the growth community of the level of charges (both across all networks and over time),
- Provide fairness and equity to existing ratepayers,
- Recognise the costs to the existing community of sustainable District-wide growth and Council's role in the development cycle that has longer time frames than other parties,
- Ensure optimal environmental outcomes and to protect public health.

Therefore, the model we currently use sets the sharing of benefits as follows:

- 100% for new or growth users of the identified infrastructure

All changes to the utility network directly caused by the development (internally or externally) are to be constructed by the developer at the developers' expense and completed to CHBDC standards. The developer will therefore meet the full actual cost of the water supply, wastewater or stormwater disposal system to the development.

6.9 Funding Model

The funding model is used to calculate the development contribution charges, per HEU, by activity and catchment. Each contribution charge represents the sum of the Development Contributions charges calculated for the projects within the activity.

Essentially, the funding model divides the growth portion of cost of each project (identified using the cost allocation process) by the number of Household Equivalent Units projected for the catchment over the funding period for the project, also allowing for:

- Interest credited, when income from development contributions is projected to exceed the amount spent on the project
- Interest on debt, when the amount spent on the project is projected to exceed the income received from development contributions
- The effects of inflation on costs, using the Statistics NZ Producers Price Index Outputs for Construction (PPI) as at 30 June each year.

It is assumed that by the end of the funding period the debt owing on each project is zero.

Interest rates are subject to fluctuation and will be reviewed at each policy review.

6.10 Aggregation of the Contribution

Once funding mechanisms have been decided at the project level, the development contributions per HEU are aggregated by catchment and activity to determine the rates per HEU. These are listed in Section 4.

7. Review of the Policy and Revision of the Schedule

7.1 Review of Policy

It is anticipated that a new DCP will be developed or reviewed with each LTP, or at shorter intervals if Council considers necessary, to take account of significant changes to:

- The DCP
- Policy and strategic plans
- The capital works programme accounting for growth
- The pattern and distribution of development in the district
- Anticipated inflation or interest rates
- Any other matters Council considers relevant.

7.2 Revision of the Schedule of Contributions

Council may also revise the schedule of contributions (Appendix 1) with each Annual Plan to reflect significant differences between actual capital costs incurred and the anticipated costs in the capital work programme.

8. Glossary of Terms

Allotment	Has the same meaning as sections 2 and 218 of the RMA.
Backlog	That portion of a project that relates to historical catch-up to meet the required level of service for the existing community.
Building	Any structure having a roof supported by columns or walls used or intended to be used for the shelter or enclosure of persons, animals or property of any kind.
Commercial / Retail / Office / Community	Property and business services (e.g. real estate, architects), retail, finance and insurance services, personal services (e.g. beauticians), government administration (e.g. courts, local government), commercial cultural and recreational services (e.g. tourism operators, cinemas), service stations and offices. Medical services (e.g. doctors, optometrists, hospitals), veterinary services, dental services, community care services (excludes accommodation).
Community Facilities	Has the same meaning as section 5 of the LGA - reserves, network infrastructure or community infrastructure for which development contributions may be required in accordance with s199 of the LGA.
Community Infrastructure	For the purpose of classifying developments for calculating HEUs means libraries, halls, churches, club rooms, landfills, sports facilities, places of assembly, museums, etc.
Cost Allocation	The allocation of the capital costs of a project to the various drivers for the project, such as renewal, catch-up (backlog), and additional capacity to meet growth.
Development	As set out in the LGA 2002 S197 Any subdivision or other development that generates a demand for reserves, network infrastructure, or community infrastructure; but does not include the pipes or lines of a network utility operator.
Development Contribution/DC	As set out in the LGA 2002 S197 means a contribution provided for in a development contribution policy included in the long-term plan of a territorial authority; and calculated in accordance with the methodology; and comprising (i) money; or (ii) land, including a reserve or esplanade reserve (other than in relation to a subdivision consent), but excluding Māori land within the meaning of Te Ture Whenua Maori Act 1993, unless that Act provides otherwise; or (iii) both
DCP	Development Contributions Policy
Dwelling Unit	A building (or part of any building) in which a single housekeeping unit resides or could potentially reside.
HEU / Household Equivalent Unit	The unit of demand that relates demand of developments for community facilities to the typical demand by an average household. It forms the basis of assessing development contributions.
GFA / Gross Floor Area	The total of the area of the floors of all buildings, measured from the exterior faces of the exterior walls, or from the centre lines of walls separating two buildings or, in the absence of walls, from the exterior edge of the floor. Gross Floor Area shall include floor spaces in roofed terraces, balconies and porches. Gross Floor Area shall exclude: • service station canopies • covered pedestrian circulation areas.
GST	Goods and Services Tax.

Headworks	Headworks describe the pumping station/treatment/Bores etc. part of the network. For Water this occurs at the start of the network where the water is extracted from the bores. For Wastewater and Stormwater headworks means the main pumping stations, treatment ponds, discharge structures etc that occur at the end of the network.
Impervious Surface Area/ISA	Hard surface area which either prevents or retards the entry of water into the soil mantle as it entered under natural conditions pre-existent to development, or that hard surface area which causes water to run off the surface in greater quantities or at an increased rate of flow from that present under natural conditions pre-existent to development. Common impervious surfaces include, but are not limited to, rooftops (concrete or asphalt), walkways, patios, driveways, parking lots or storage areas, and oiled, macadam or other surfaces which similarly impede the natural infiltration of surface water.
Industrial / Warehouse	Manufacturing and processing activities of a substantial size, e.g. steel fabrication, food processing factories, timber processing, packing houses. Activities primarily involving the storage of goods or property, including warehousing, depots, and wholesaling activities for agriculture / forestry.
LGA	Local Government Act 2002
Lot	Lot is deemed to have the same meaning as 'Allotment' under both the Local Government Act 2002, and the Resource Management Act 1991.
LTP	Long Term Plan
Non-profit Organisation	Any society, association, organisation or registered charitable trust that: • Is not carried out for the profit or gain of any member; and • Has rules that do not allow money or property to be distributed to any of its members. For the avoidance of doubt, non-commercial Council activities will be considered non-profit organisations for the purpose of the remissions.
Network Infrastructure	The provision of roads and other transport, water, wastewater, and stormwater collection and management
RMA	Resource Management Act 1991
Renewal	That portion of project expenditure that has already been funded through depreciation of the existing asset
Residential Allotment	An allotment zoned Residential or Rural in the Combined Regional Land and District Plan and capable of development for residential purposes.
Restaurants / Bars	Activities where food is prepared on-site and/or drinks are sold and consumed on-site (whether private or public).
Service Connection	A physical connection to a service provided by, or on behalf of, CHBDC, including roads and water, wastewater, stormwater reticulation.
Subdivision	Subdivision is deemed to have the same meaning as 'subdivision' under the Resource Management Act 1991.
Visitor Accommodation and Residential Services	Hotels, motels, backpackers, campgrounds, etc. Residential care facilities, e.g. aged care homes

9. Appendices

Appendix 1 – Project Schedule

Appendix 2 – Geographic Catchments

Appendix 3 – Development Contributions Calculations - Examples

Appendix 4 - Appendix 4 - Analysis of Benefits – Section 101(3) LGA Requirements

9.1 Appendix 1 – Project Schedule

For development in the areas shown in the activity maps in Appendix 2

Community Infrastructure

PROJECT NAME	YEARS OF PLANNED EXPENDITURE	TOTAL ESTIMATED CAPITAL EXPENDITURE	FUNDED FROM FUTURE DEVELOPMENT CONTRIBUTIONS (GROWTH COMPONENT) IN $ 2021	FUNDED FROM RATES / LOANS	FUNDED FROM EXTERNAL SOURCES
Waipukurau Campground Development of new toilet block	2023/24	250,000	12,500	237,500	
New WPK Library Building Construction and FFE	2028 -2030	2,018,000	100,900	1,917,100	
CHBDC Admin Building Strengthen & Modernisation	2026/27	1,789,000	89,450	1,699,550	
District Landfill New cell for Landfill extension	2025/26	2,000,000	100,000	1,900,000	
Transfer Station Capex New Waipukurau Weighbridge	2025/26	150,000	7,500	142,500	
Public Toilets Russell Park New toilet & changing rooms	2025/26	200,000	10,000	10,000	
Total Community Infrastructure Projects Growth Related		$6,407,000	**320,350**	5,944,150	
Reserve Balance as at June 2020			**Nil**		
Total to be Funded from Development Contributions			**320,350**		

Water

PROJECT NAME	YEARS OF PLANNED EXPENDITURE	TOTAL ESTIMATED CAPITAL EXPENDITURE	FUNDED FROM FUTURE DEVELOPMENT CONTRIBUTIONS (GROWTH COMPONENT) IN $ 2021	FUNDED FROM RATES / LOANS	FUNDED FROM EXTERNAL SOURCES
Developer led projects	2021 - 2031	500,000	500,000	-	
Structure Planning for growths	2021 - 2025	450,000	450,000	-	
Upgrades for growth (District wide)	2027 - 2031	760,435	760,435	-	
Waipawa water mains replacement and upsize	2023 - 2028	1,861,000	372,200	1,488,800	
Great North Rd - High St Main Replacement and upsize	2021/22	200,000	66,000	134,000	
Waipawa Reservoir Replacement	2025/26	2,500,000	825,000	1,675,000	
Waipukurau water mains replacement and upsize	2022 - 2027	1,861,000	372,200	1,488,800	
Waipukurau Second Supply	2021 - 2026	7,166,000	2,364,780	4,801,220	
Hunter Park Reservoir Replacement	2024 - 2026	1,500,000	495,000	1,005,000	
Pukeora Reservoir Replacement	2023/24	4,500,000	1,485,000	3,015,000	
SH2 Replacement and upsize AC Main (Risk)	2022 - 2024	1,500,000	495,000	1,005,000	
Waipawa Water Supply Capital Renewals	2020/21	160,904	8,045	152,859	
Waipawa Water Supply Capital Projects	2020/21	160,904	16,090	144,814	
Waipukurau Water Capital Renewal	2020/21	294,990	14,750	280,240	
Waipukurau Water Supply Capital Projects	2020/21	1,829,490	182,949	1,646,541	
Water treatment plant improvements	2021 - 2024	200,000	20,000	180,000	
Reticulation renewal including pipes and other assets	2021 - 2031	6,658,680	332,934	6,325,746	
District Water Capital Renewal	2020/21	376,145	18,807	357,338	
Total Water Projects Growth Related		32,479,548	**8,779,190**	23,700,358	
Reserve Balance as at June 2020			Less surplus 34,128		
Total to be Funded from Development Contributions – Water			**8,745,062**		

Wastewater

PROJECT NAME	YEARS OF PLANNED EXPENDITURE	TOTAL ESTIMATED CAPITAL EXPENDITURE	FUNDED FROM FUTURE DEVELOPMENT CONTRIBUTIONS (GROWTH COMPONENT) IN $ 2021	FUNDED FROM RATES / LOANS	FUNDED FROM EXTERNAL SOURCES
Reticulation renewal and upsizing pipes and other reticulation	2021 - 2031	3,138,042	1,569,021	1,569,021	
Developer led projects	2021 - 2031	500,000	500,000	-	
Great North Rd link Abbotsford to Tamumu for Barret property	2021/22	350,000	175,000	175,000	
Upsize Mt Herbert main for hospital	2023/24	1,381,000	690,500	690,500	
Growth - WPK Old Saleyards / Industrial area	2024/25	1,381,000	690,500	690,500	
Structure plan for growth	2021 - 2025	260,000	260,000	-	
Racecourse Road parallel main	2021/22	1,231,000	1,231,000	-	
Winlove to Svenson Hospital site enablement	2021 - 2023	1,531,000	1,531,000	-	
Pōrangahau wastewater treatment and discharge upgrade	2021 - 2030	17,000,000	850,000	16,150,000	
Takapau wastewater treatment and discharge upgrade	2021 - 2026	2,500,000	125,000	2,375,000	
Waipukurau / Waipawa / Otāne wastewater treatment and discharge upgrade	2021 - 2031	45,300,000	2,265,000	43,035,000	2,400,000
District Sewer Capital Renewal	2020/21	258,877	12,944	245,933	
District Sewer Capital Improvements	2020/21	1,609,038	160,904	1,448,134	
Waipukurau industrial reticulation review	2029 - 2031	6,000,000	600,000	5,400,000	
Total Wastewater Projects Growth Related		**82,439,957**	**10,660,869**	**71,779,088**	**2,400,000**
Reserve Balance as at June 2020			Less surplus $118,428		
Total to be Funded from Development Contributions – Wastewater			**$10,542,441**		

Stormwater

PROJECT NAME	YEARS OF PLANNED EXPENDITURE	TOTAL ESTIMATED CAPITAL EXPENDITURE	FUNDED FROM FUTURE DEVELOPMENT CONTRIBUTIONS (GROWTH COMPONENT) IN $ 2021	FUNDED FROM RATES / LOANS	FUNDED FROM EXTERNAL SOURCES
Developer led projects	2021 - 2031	1,000,000	1,000,000	-	
Structure Planning for growth	2021 - 2025	180,000	180,000	-	
Waipawa Shortfalls in existing assets	2021 - 2031	500,000	165,000	335,000	
Bush Drain Restoration and upsizing	2022 - 2026	100,000	50,000	50,000	
Pah Flat Drain Channel Upgrade and treatment for growth	2021 - 2024	300,000	150,000	150,000	
Improve performance of open drain racecourse road for growth	2022/23	90,000	45,000	45,000	
Eastern Interceptor capacity increase to fit in with sewer works	2022 - 2024	600,000	300,000	300,000	
Otāne Shortfalls in existing assets	2021 - 2031	500,000	50,000	450,000	
Takapau Shortfalls in existing assets	2021 - 2031	500,000	50,000	450,000	
Waipawa - Parkland infrastructure improvements	2025 - 2026	90,000	9,000	81,000	
Waipukurau Shortfalls in existing assets	2021 - 2031	1,750,000	175,000	1,575,000	
Waipukurau CBD Flooding Upgrade	2023 - 2025	500,000	75,000	425,000	
Reticulation renewal including pipes and other assets	2021 - 2031	1,485,000	74,250	1,410,750	
Total Stormwater Projects Growth Related		**7,595,000**	**2,323,250**	**5,271,750**	
Reserve Balance as at June 2020			Less surplus $7,668		
Total to be Funded from Development Contributions – Stormwater			**$2,315,582**		

Reserves

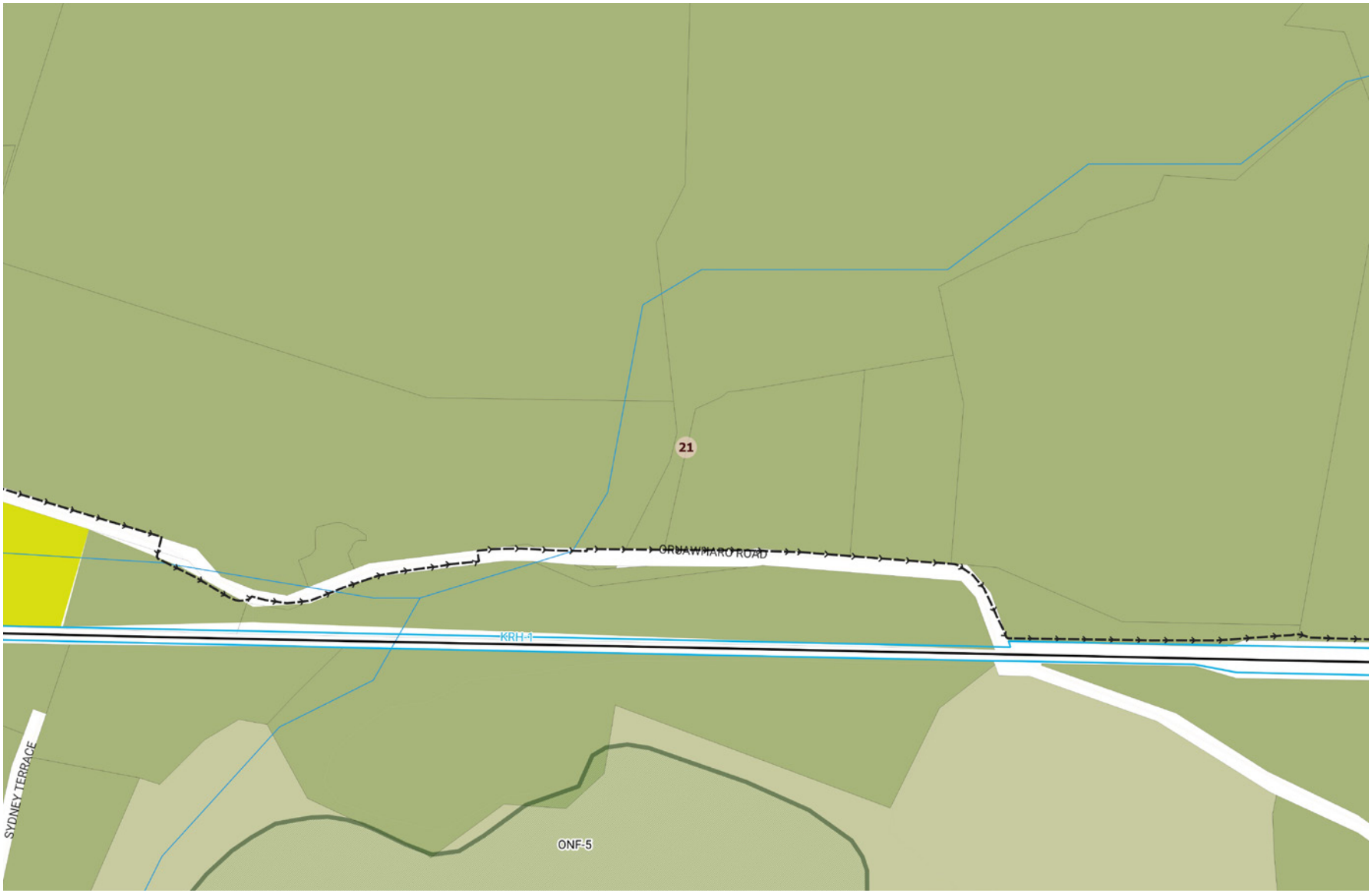
PROJECT NAME	YEARS OF PLANNED EXPENDITURE	TOTAL ESTIMATED CAPITAL EXPENDITURE	FUNDED FROM FUTURE DEVELOPMENT CONTRIBUTIONS (GROWTH COMPONENT) IN $ 2021	FUNDED FROM RATES / LOANS	FUNDED FROM EXTERNAL SOURCES
Otāne - Main Street upgrade - Concept, Design, Construct	2028 - 2030	240,000	12,000	228,000	
Districtwide Implementation of Cycling and walking Strategy	2022 - 2031	375,000	18,750	356,250	
Waipawa - Nelly Jull Connection - Land Acquisition to SH2	2025/26	210,000	10,500	199,500	
Waipawa - Nelly Jull Connection - Demolition and Development	2029/30	150,000	7,500	142,500	
Waipawa - Implement Town Centre Master Plan	2024 - 2031	250,000	12,500	237,500	
Waipukurau - Town Centre Plan Development	2023 - 2031	200,000	10,000	190,000	
Ongaonga - Upgrade Main Street Tree Planting, furniture	2028/29	65,000	3,250	61,750	
Takapau - Upgrade Main Street Tree Planting, furniture	2030/31	165,000	8,250	156,750	
Districtwide - Implementation of Cycling Strategy	2022 - 2031	250,000	12,500	237,500	
Waipawa - Bush Drain Walkway Land Purchase	2029/30	420,000	21,000	399,000	
Waipukurau - Holt Place to Pōrangahau Road Accessway Development	2029/30	270,000	13,500	256,500	
Waipukurau - Mt Herbert Road to Tukituki Trails Accessway Land Acquisition	2026/27	200,000	10,000	190,000	
Waipukurau - Mt Herbert Road to Tukituki Trails Development	2028/29	75,000	3,750	71,250	
Waipukurau - Svenson Road to Mount Herbert RR Accessway Land Acquisition	2028/29	300,000	15,000	285,000	
District Parks & Reserve New Playground	2030/31	200,000	200,000	-	
Otāne - New Open Space Land Acquisition	2030/31	560,000	560,000	-	
Waipukurau - New Open Space Land Acquisition Hospital Site	2027/28	650,000	650,000	-	
Total Reserves Projects Growth Related		**4,580,000**	**1,568,500**	**3,011,500**	
Reserve Balance as at June 2020			Less surplus $5,429		
Total to be Funded from Development Contributions – Reserves			**$1,563,071**		

CATCHMENT	ACTIVITY	TOTAL TO BE FUNDED BY DEVELOPMENT CONTRIBUTIONS 2021 - 2031	TOTAL ADDITIONAL HEUS RESIDENTIAL FORECAST TO 2031	TOTAL ADDITIONAL HEUS NON-RESIDENTIAL FORECAST TO 2031	TOTAL ADDITIONAL HEUS FORECAST TO 2031	DEVELOPMENT CONTRIBUTION CHARGE PER HEU – EX GST
Otāne, Waipawa and Waipukurau	Wastewater	$9,461,582	725	148	873	$10,838
	Water	$8,570,973		148	873	$9,818
	Stormwater	$2,147,825		60	785	$2,736
Takapau	Wastewater	$237,143	74	nil	74	$3,205
	Water	$104,109		nil		$1,407
	Stormwater	$112,713		nil		$1,523
Pōrangahau	Wastewater	$962,143	60	nil	60	$16,036
	Water	$84,413		nil		$1,735
	Stormwater	$62,713		nil		$1,045
District Wide	Reserves	$1,568,500	1,340	nil	1,340	$1,171
	Community Infrastructure	$320,350		nil		$239
	Total	**$23,632,463**				

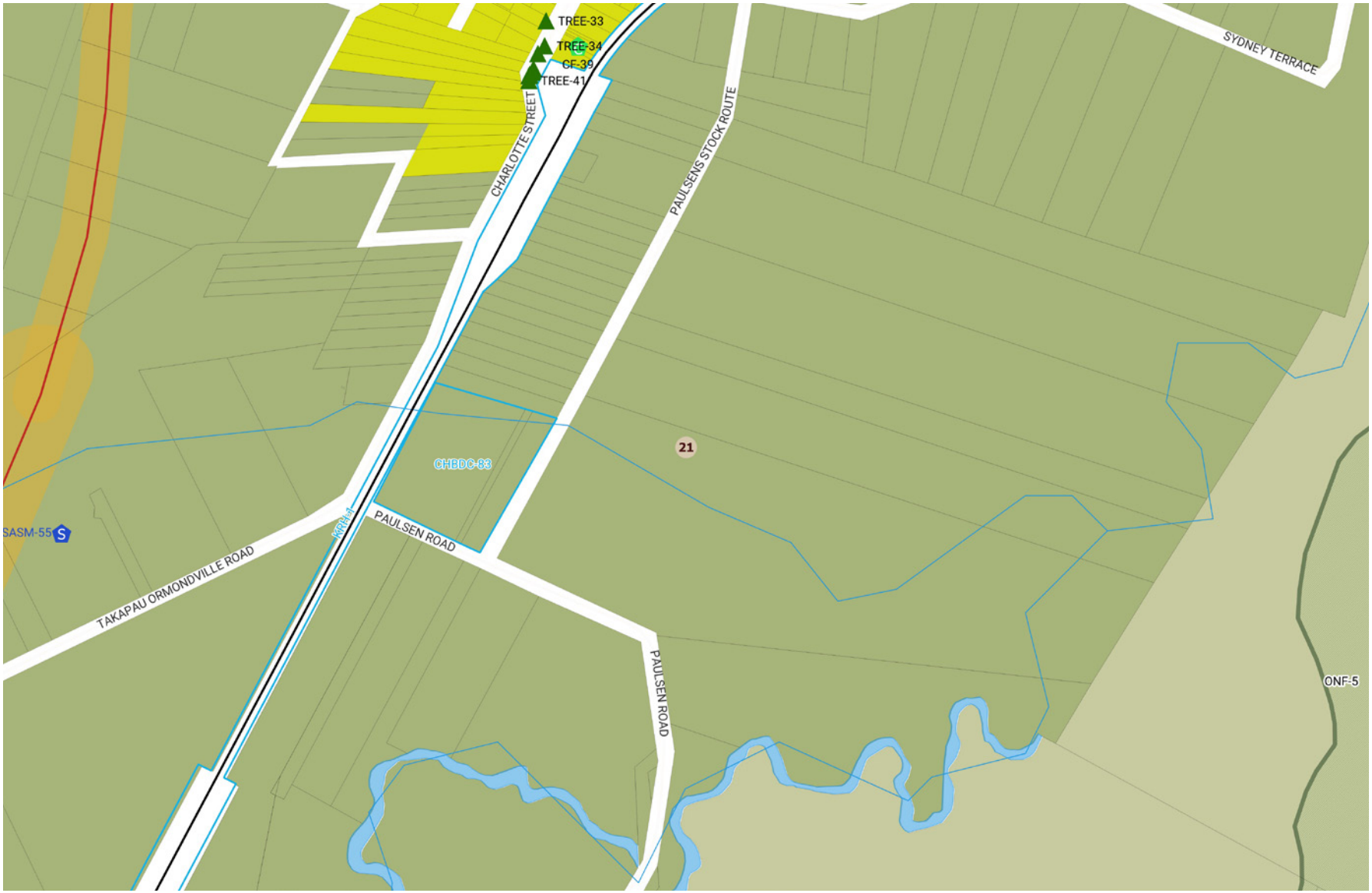
9.2 APPENDIX 2 – Geographic Catchments – Water, Wastewater and Stormwater, Reserves and Community Infrastructure

Takapau Geographic Catchment

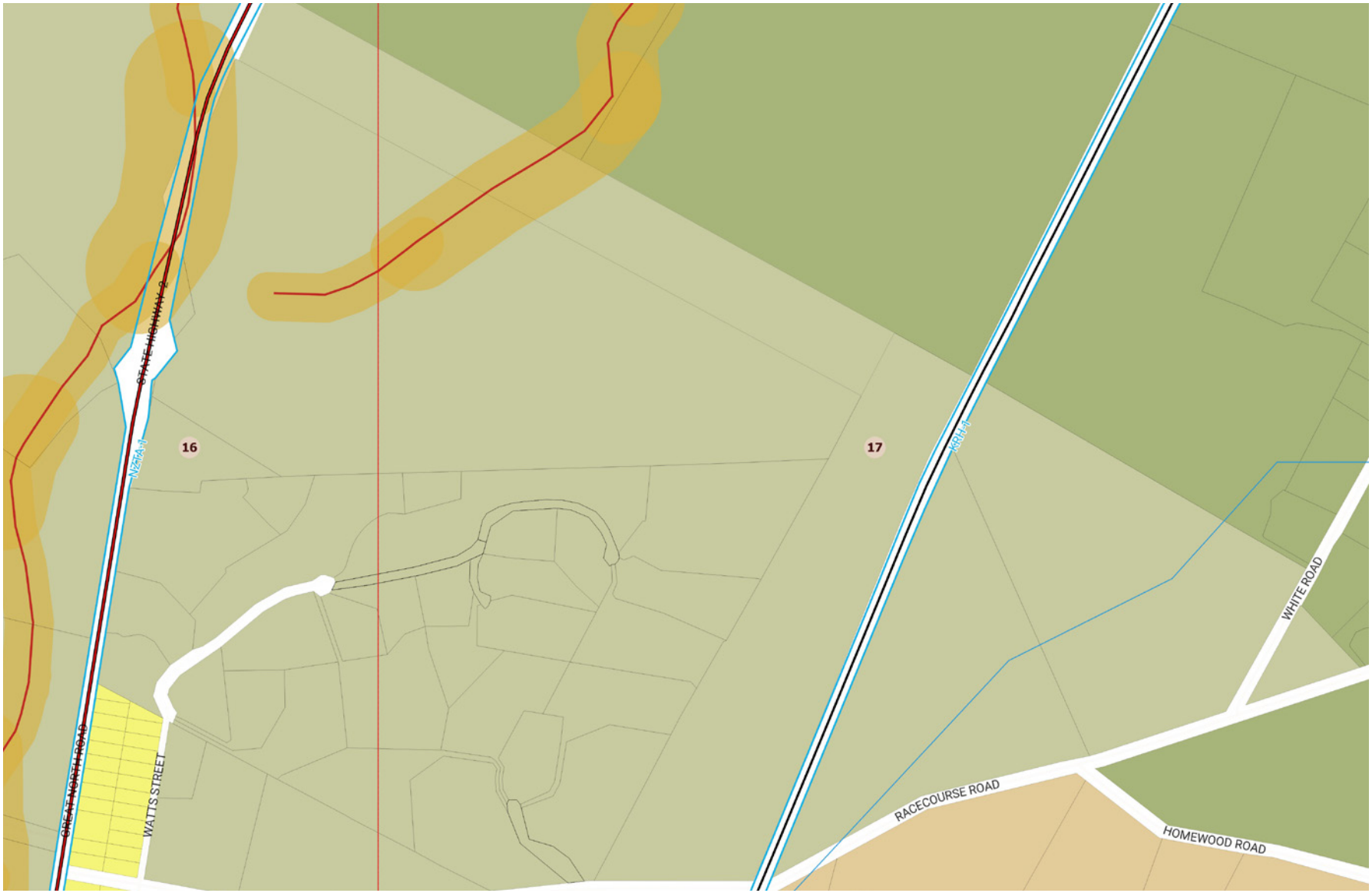
Takapau Geographic Catchment



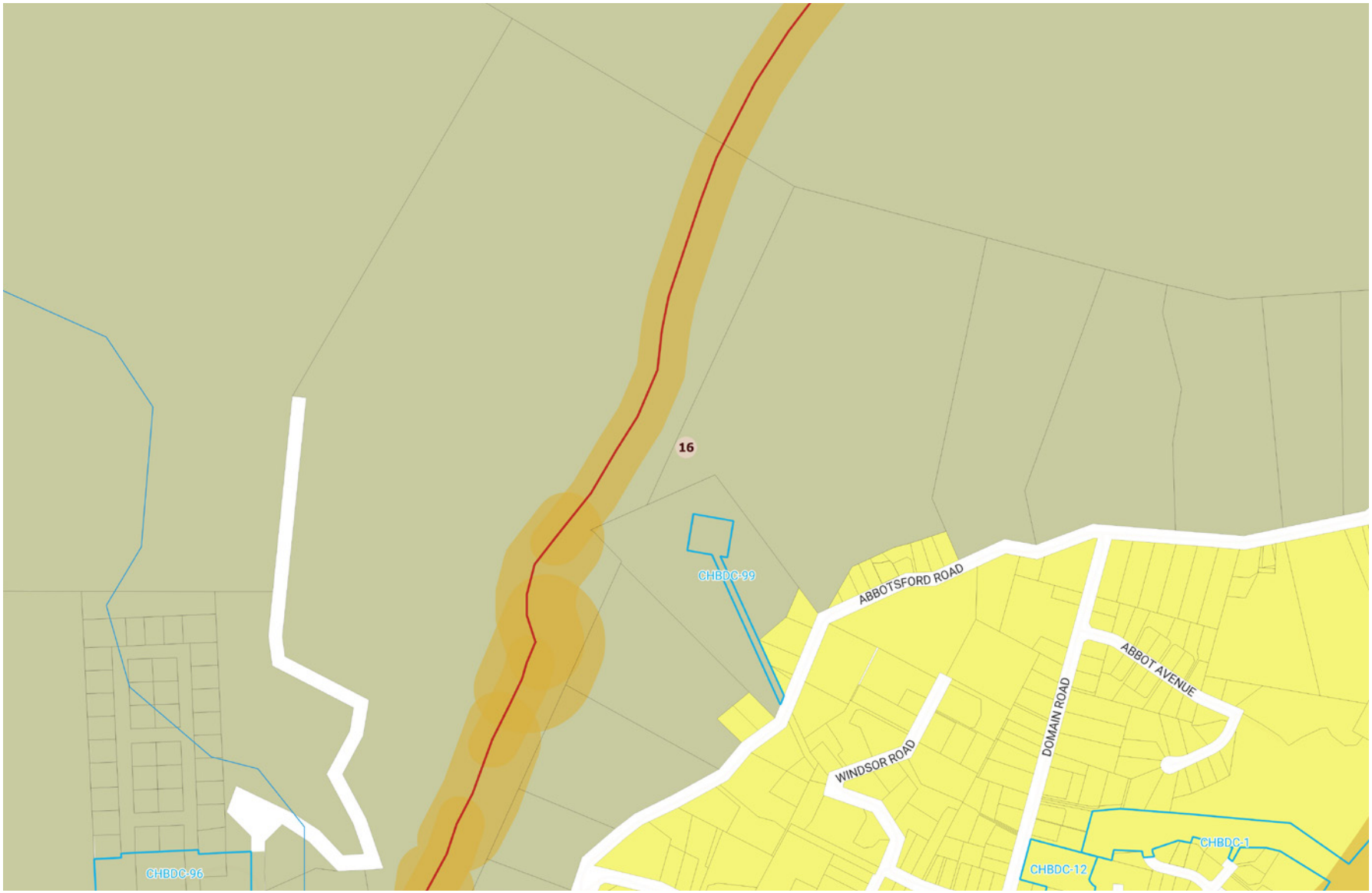
Takapau Geographic Catchment



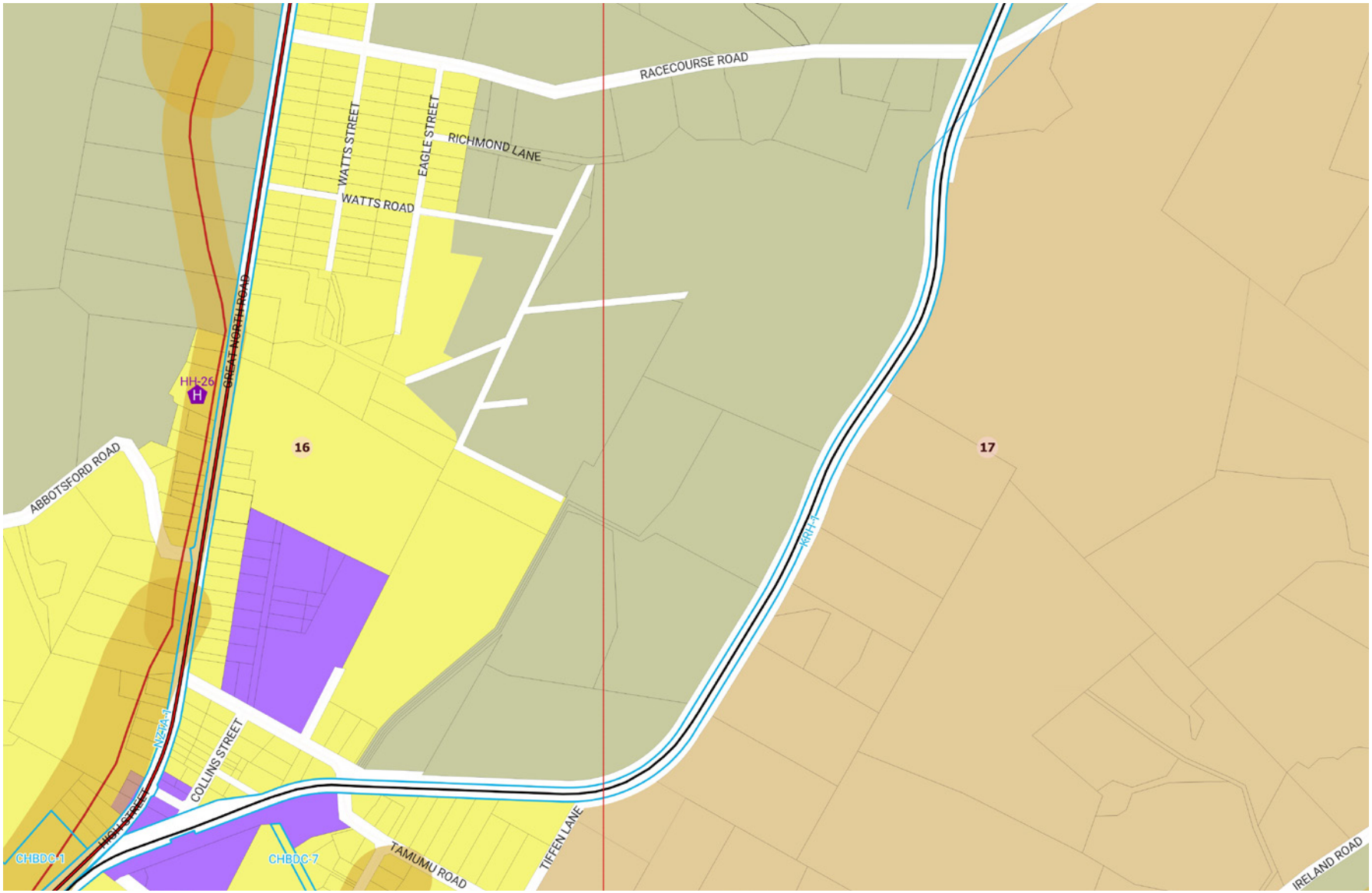
Waipawa Geographic Catchment



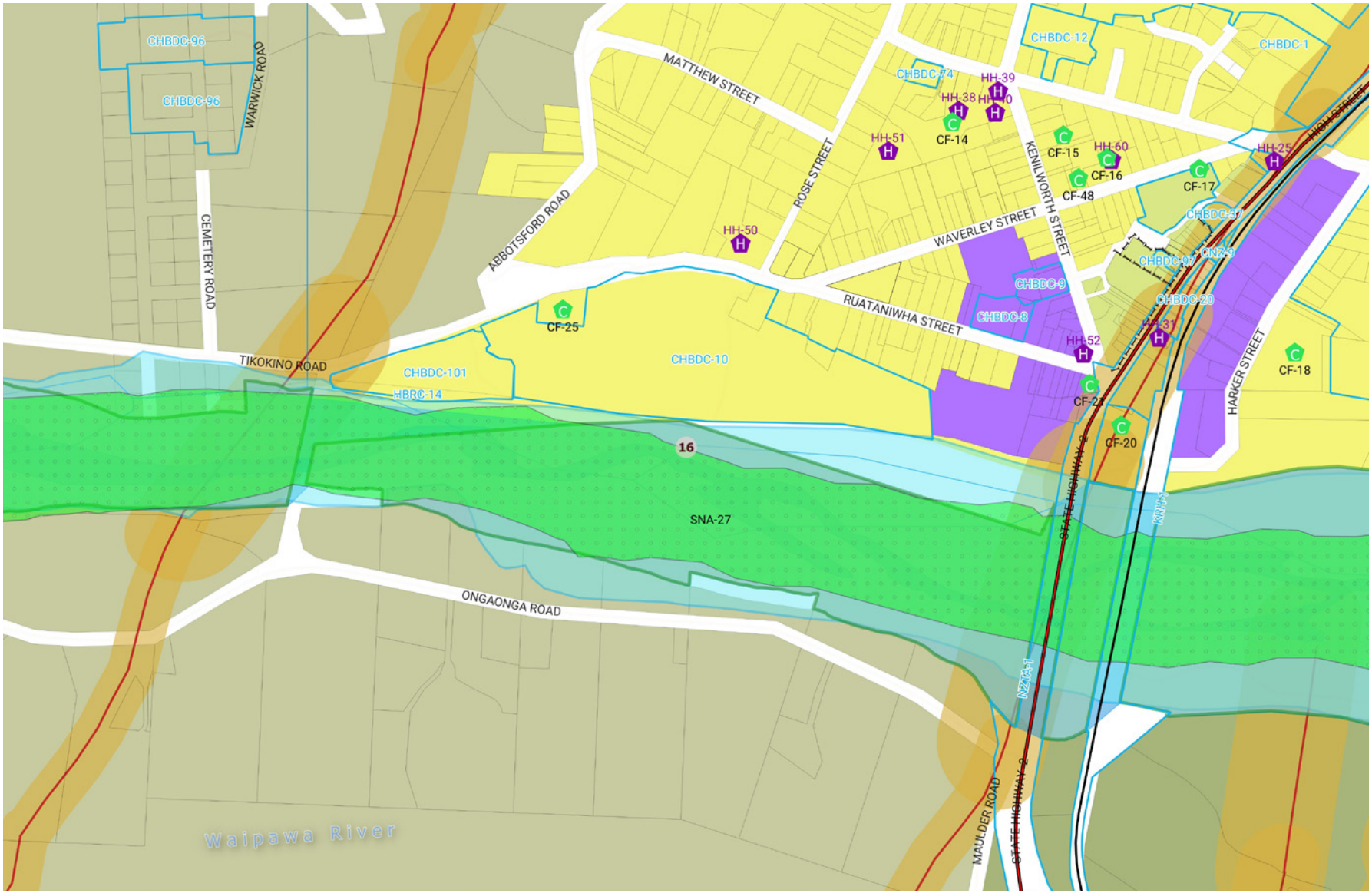
Waipawa Geographic Catchment



Waipawa Geographic Catchment



Waipawa Geographic Catchment



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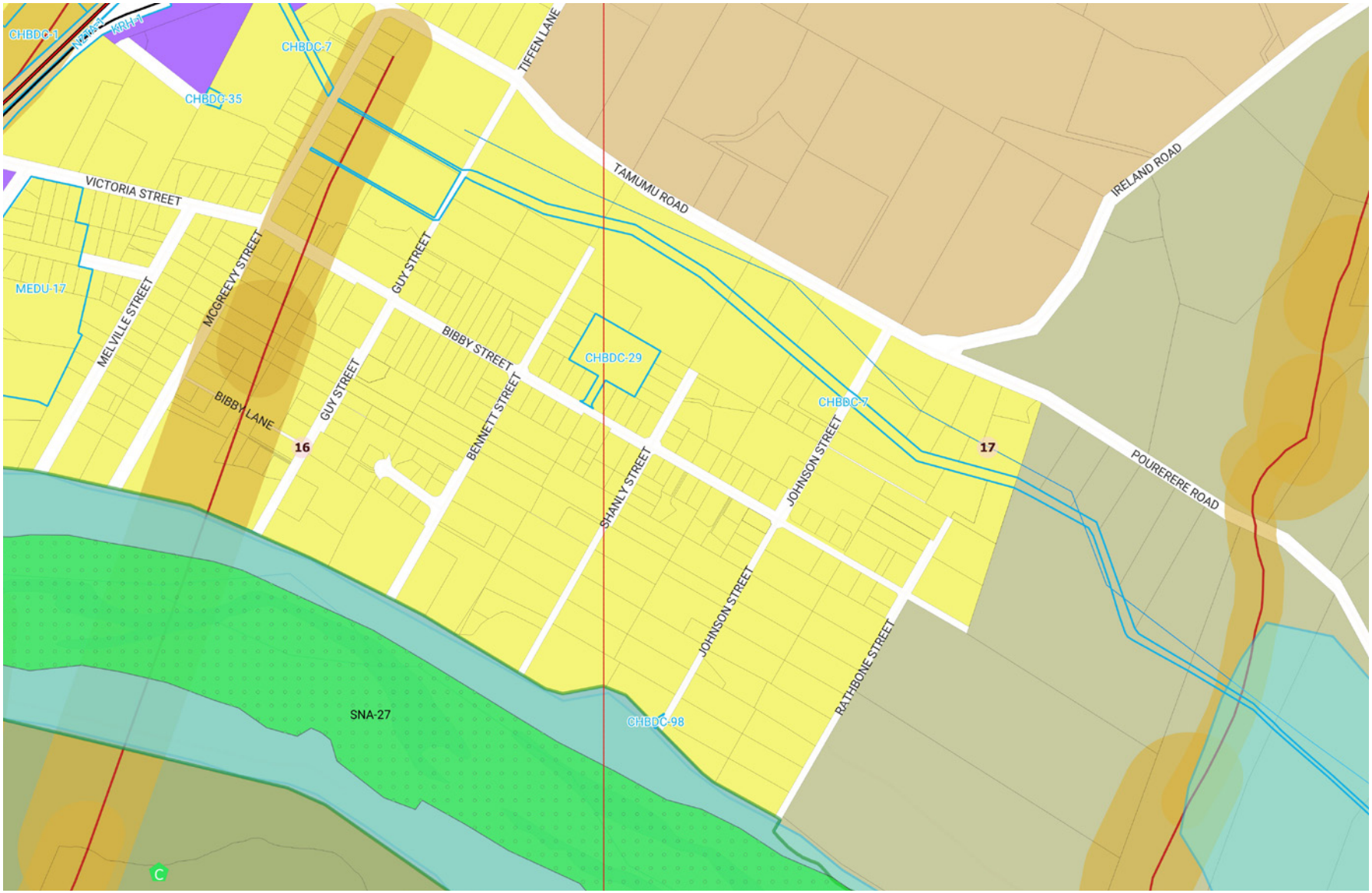

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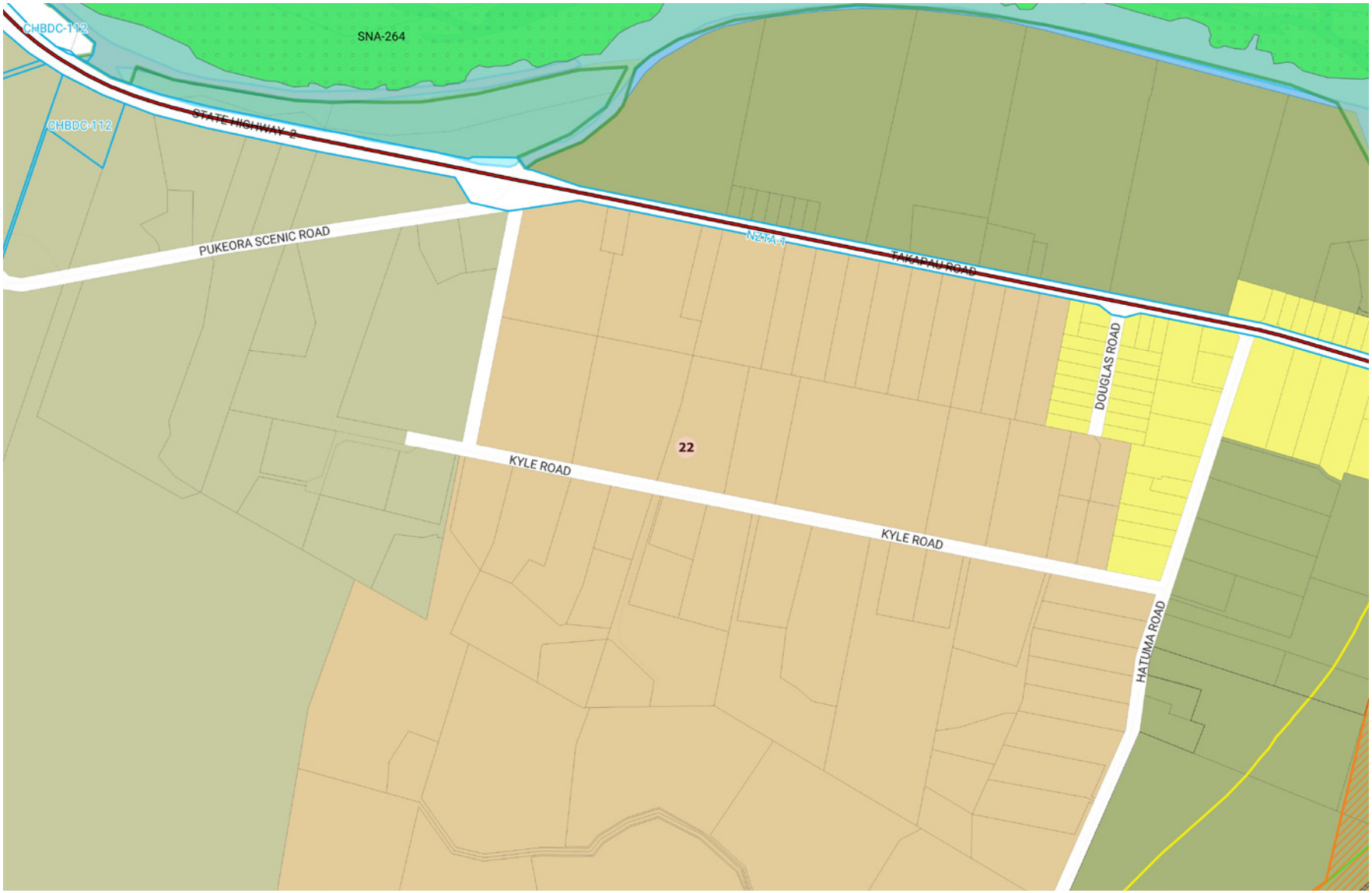

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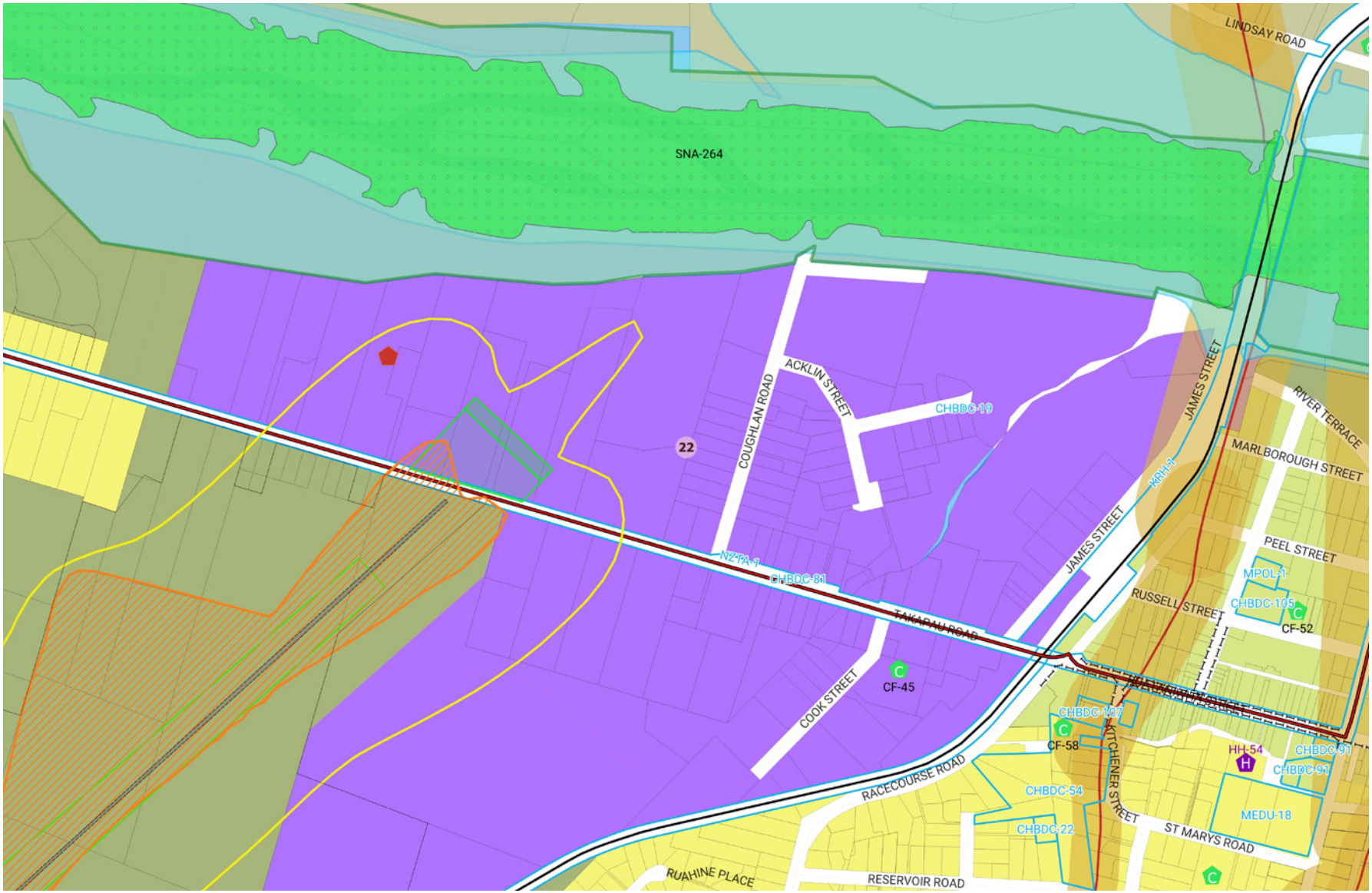

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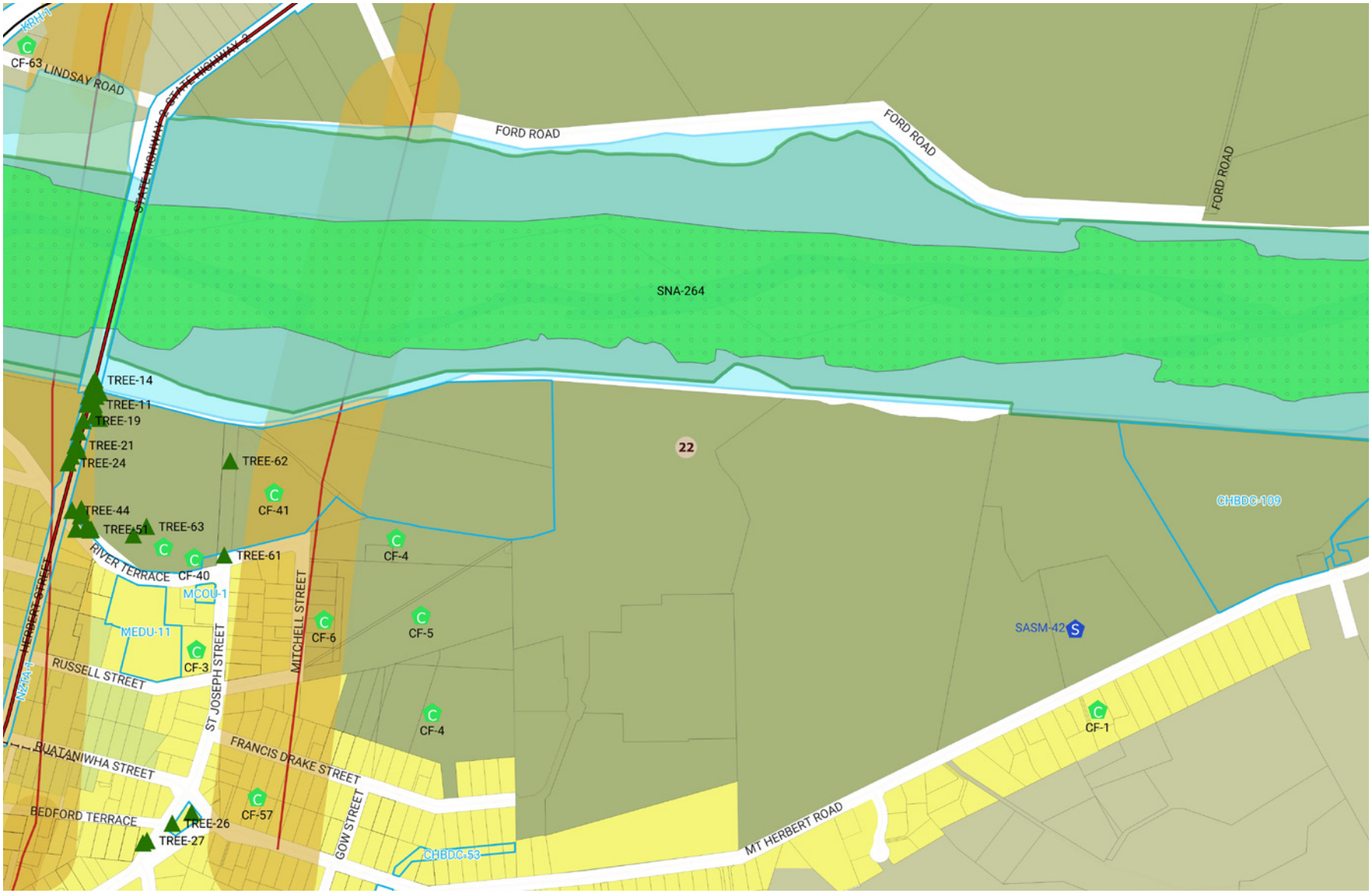

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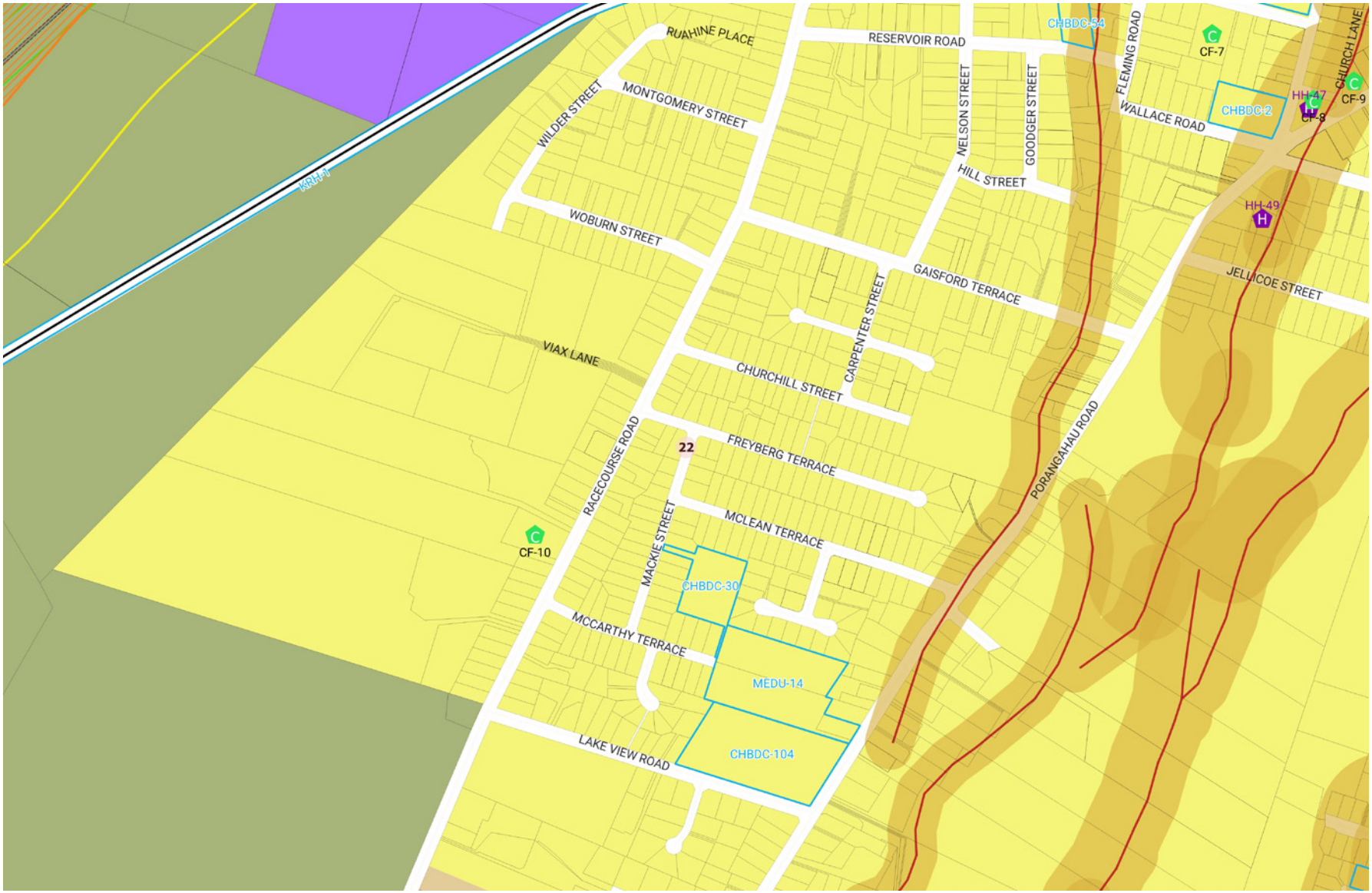

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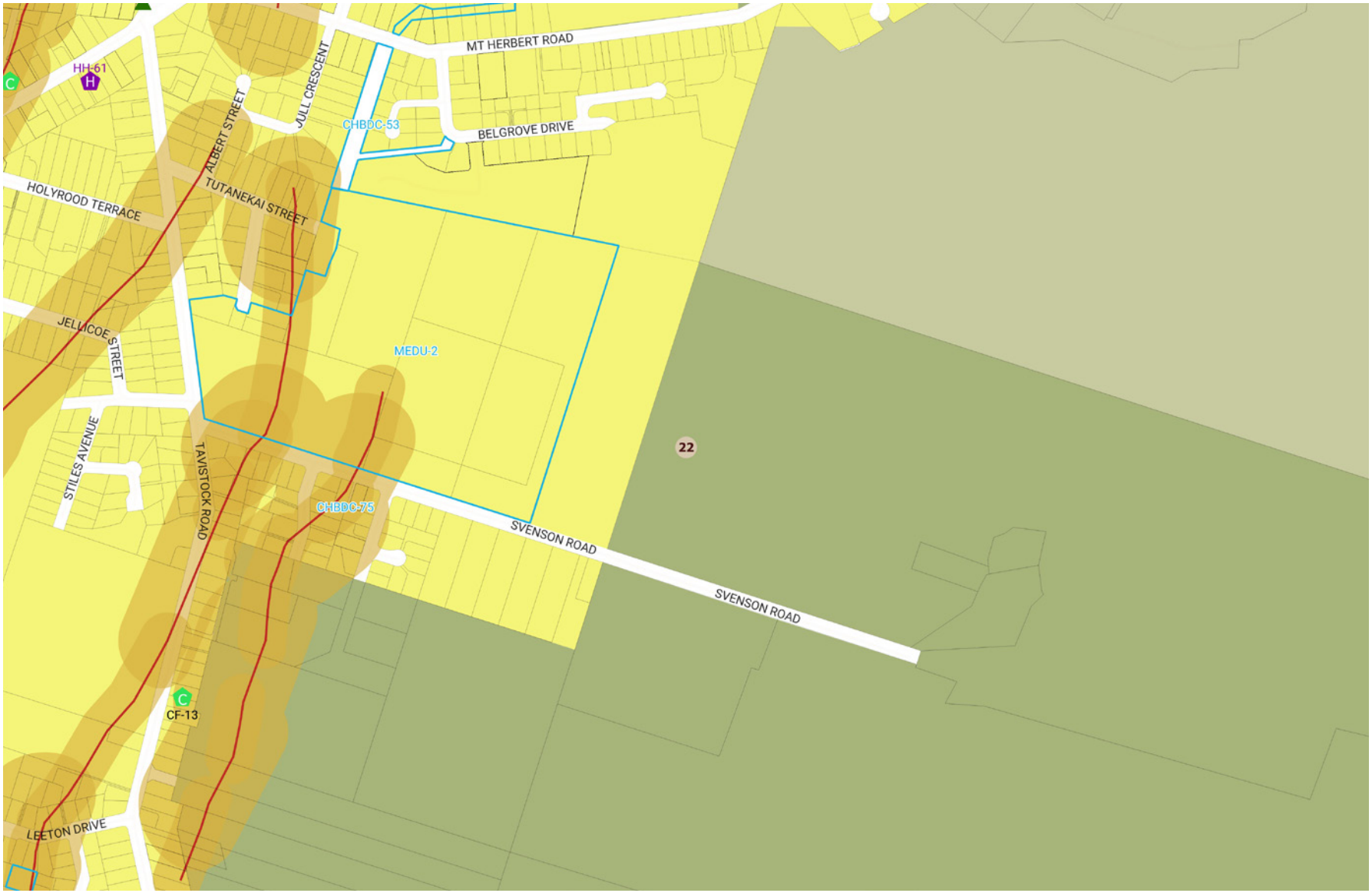
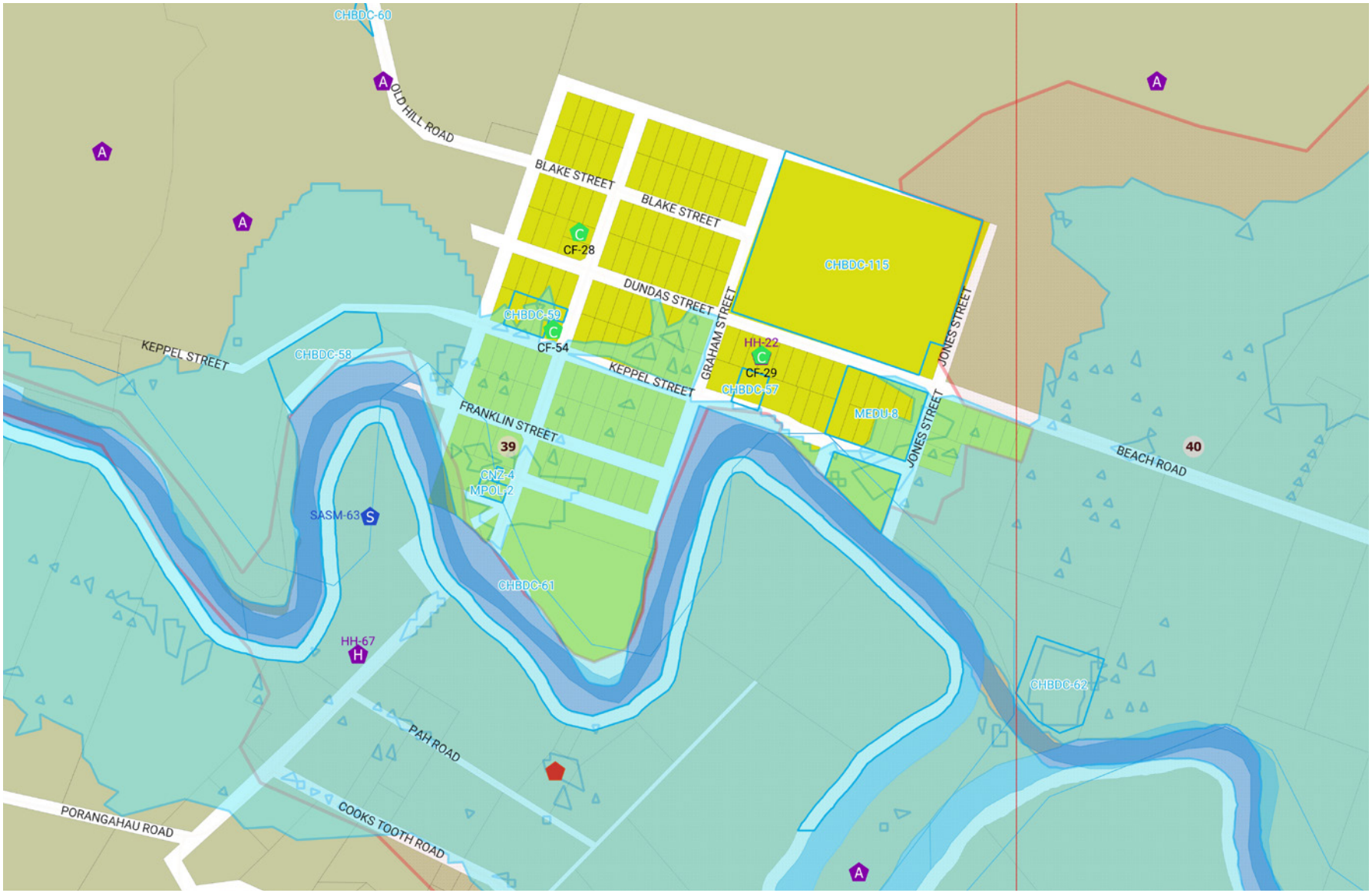


Waipukurau Geographic Catchment

Waipukurau Geographic Catchment

Pōrangahau Geographic Catchment



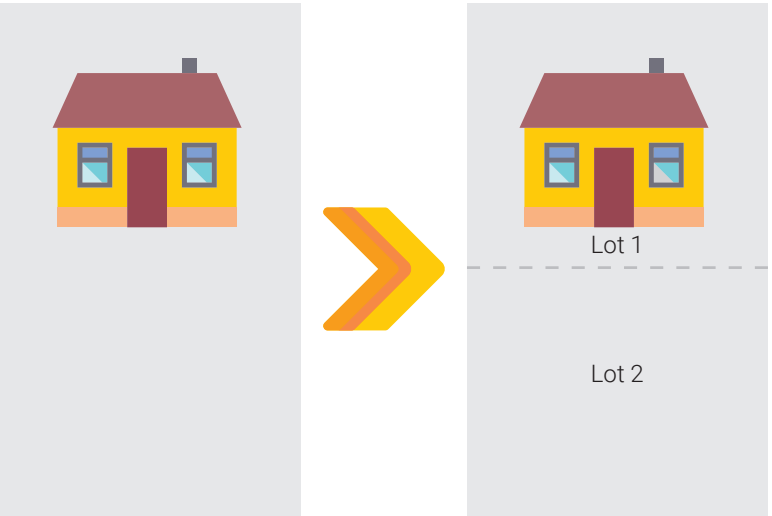
9.3 Appendix 3 - Development Contributions Calculations - Examples

Example 1 – Residential Subdivision

Proposal: Subdividing to create an additional lot (Lot 2) located within the Otāne, Waipawa, Waipukurau Urban Area (as located on Maps in Appendix 2). The new site is connecting to council services.

Assessment: One set of contributions for the additional lot created.

ACTIVITY	NUMBER OF EXTRA HEU'S BEING CREATED BY THE PROPOSAL	CHARGE PER HEU ($)	TOTAL COST OF THE PROPOSAL (GST EXCLUSIVE)
Reserves	1	$1,171	$1,171
Community Infrastructure	1	$239	$239
Water	1	$9,818	$9,818
Wastewater	1	$10,838	$10,838
Stormwater	1	$2,736	$2,736
Total DC Charge			**$24,802**



Example 2 – Development Contributions Calculation (Residential Multi Lot):

Consider the example of a proposed residential subdivision as shown in diagrams 1 and 2 below. The proposed subdivision is from an original lot size of 4000 m^2 that is located within the Otāne, Waipawa, Waipukurau Urban Area. The proposed subdivision will result in the creation of three new additional allotments each consisting of variable areas of up to 1000 m^2. The Development Contribution will be worked out in relation to the new units of demand created (four new additional lots) that will contain a total area of 3200 m^2. An example to work out the appropriate contribution is set out below.

DIAGRAM 1 ORIGINAL LOT SIZE	DIAGRAM 2 PROPOSED NEW ALLOTMENTS FOR ORIGINAL LOT				
4,000m^2 	800m^2 	800m^2	600m^2	600m^2	1,000m^2
	Remaining Lot	Four proposed new allotments			

Step 1 *What Development Contribution catchment is the development in?* Otāne, Waipawa, Waipukurau

Step 2 *Establish what type of development and stage of development?* Residential activity at subdivision stage.

Step 3 *What is the demand for each Community Facility being created for the proposed development?* 4 additional lots .

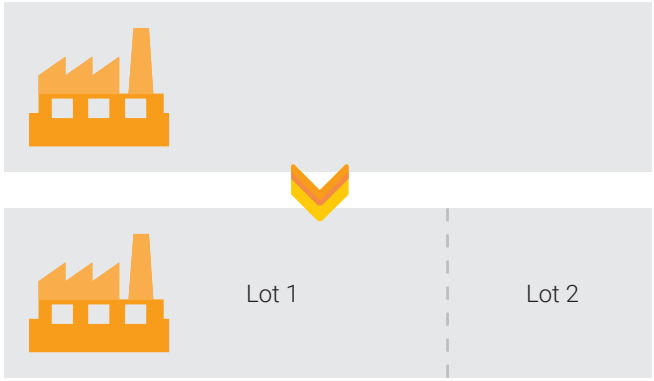
ACTIVITY	ALLOTMENTS	NUMBER OF HEUS PER LOT	$ PER HEU (GST EXCLUSIVE)	TOTAL DC CHARGE PAYABLE (GST EXCLUSIVE)
Reserves	4 additional allotments (5 final lots less 1 existing lot)	1	$1,171	$4,684
Community Infrastructure	4 additional allotments (5 final lots less 1 existing lot)	1	$239	$956
Water	4 additional allotments (5 final lots less 1 existing lot)	1	$9,818	$39,272
Wastewater	4 additional allotments (5 final lots less 1 existing lot)	1	$10,838	$43,352
Stormwater	4 additional allotments (5 final lots less 1 existing lot)	1	$2,736	$10,944
Total DC Charges			$24,802	$99,208
(Note: An existing unit of demand is determined by either an existing equivalent residential unit on the site such as a dwelling or a past contribution has been paid in respect to that development.				

Example 3 – Non-Residential Subdivision

Proposal: Subdividing to create one additional vacant non-residential lot in the Otāne, Waipawa, Waipukurau Urban Area. The new site will be serviced.

Assessment: One set of contributions for the additional vacant lot created.

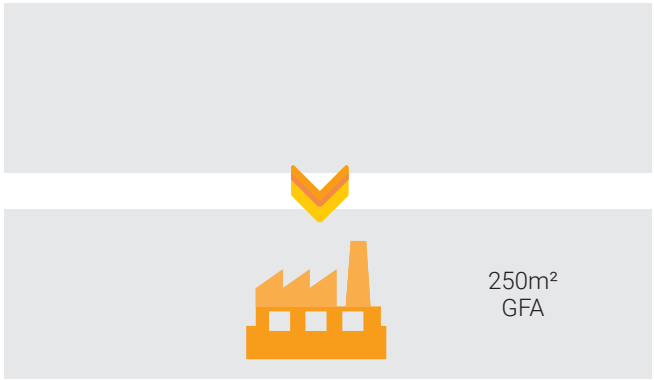
ACTIVITY	NUMBER OF EXTRA HEU'S BEING CREATED BY THE PROPOSAL	CHARGE PER HEU ($)	TOTAL COST OF THE PROPOSAL (GST EXCLUSIVE)
Reserves	1	Nil	Nil
Community Infrastructure	1	Nil	Nil
Water	1	$9,818	$9,818
Wastewater	1	$10,838	$10,838
Stormwater	1	$2,736	$2,736
Total DC Charge		$23,392	**$23,392**



Example 4 – Develop one Non-Residential building on a site with existing buildings

Proposal: Erect a 500m2 single storey Industrial Building located in the Otāne, Waipawa, Waipukurau Urban Area. The building is in addition to existing buildings on site and is connected to council services. Creates an additional Impervious Service Area of 900m2 including carparks.

ACTIVITY	HEU'S PER 100M2 GFA (AS PER SECTION 5.7 B)	CHARGE PER HEU ($)	TOTAL COST OF THE PROPOSAL (GST EXCLUSIVE)
Reserves	Nil	Nil	Nil
Community Infrastructure	Nil	Nil	Nil
Water	0.4 * 500/100 = 2	$9,818	$19,636
Wastewater	0.4 * 500/100 = 2	$10,838	$21,676
Stormwater	0.3 * 900/100 = 2.7	$2,736	$7,387
Total DC Charge			**$48,699**



9.4 Appendix 4 - Analysis of Benefits – Section 101(3) LGA Requirements

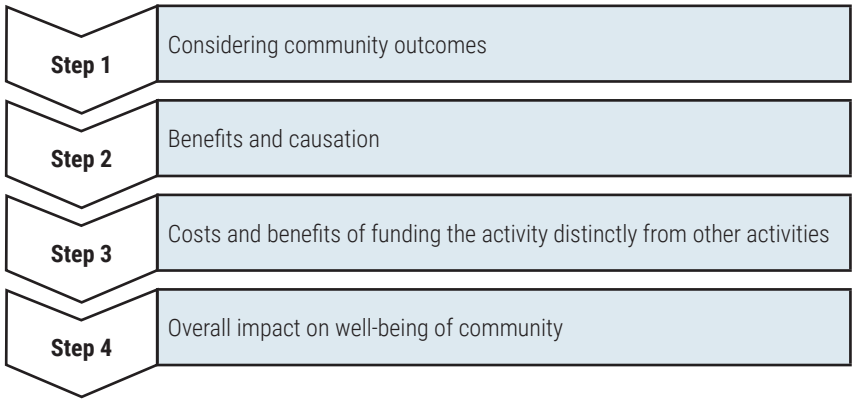
The Council has determined the appropriate funding sources to meet the expected total capital cost of growth capital expenditure identified in the schedules of this DCP. Council has elected to fund through DCs the total cost of growth related capital expenditure. Sections 106 and 101(3) of the LGA require that the following be considered:

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;
  (ii) the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals;
  (iii) the period in or over which benefits are expected to occur;
  (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 Council has followed the four steps outlined below in making the above assessment. These steps are discussed in detail below.



Step 1 - Considering Community Outcomes (Section 101(3)(a)(i))

Our vision for Central Hawke's Bay is a proud and prosperous district made up of strong communities and connected people who respect and protect our environment and celebrate our beautiful part of New Zealand. Community outcomes are as identified in the draft 2021 LTP. For the purposes of the DCP, activities have been grouped into:

- Reserves
- Community Infrastructure
- Water supply
- Wastewater, and
- Stormwater.

DCs have been established to support these activities and help deliver the Vision and community outcomes to which each group of activities contributes as shown below:

Table – CHBDC infrastructure activities contributions to Community Outcomes / Strategic Priorities - Project Thrive

Vision:	**Central Hawke's Bay – a proud and prosperous District, made up of strong communities and connected people, who respect and protect our environment and celebrate our beautiful part of New Zealand.**						
Our DNA:	**Working Together Customer Excellence Thinking Smarter Planning for Tomorrow**						
Goal:	**Proud District**	**Prosperous District**	**Strong Communities**	**Connected Citizens**	**Smart Growth**	**Environmentally Responsible**	**Durable Infrastructure**
Solid Waste	✓	✓	✓	✓	✓	✓	✓
Water Supplies	✓	✓	✓	✓	✓	✓	✓
Wastewater	✓	✓	✓	✓	✓	✓	✓
Stormwater						✓	✓
Places and Open Spaces	✓	✓	✓	✓		✓	

Step 2 – Benefits and Causation

Under sections 101(3)(a)(ii) through (iv) of the LGA, Council also has to consider who benefits from the community facilities, over what time period, and who created the need.

When having regard to how Council activities contribute to identified community outcomes, the Council develops a programme of infrastructural capital works and reserves purchases. For each of the individual capital projects included in the programme, the Council assesses who created the need for that project, who will benefit from the asset that it creates and how long that benefit will last.

The Council has:

- Estimated the extent of growth within the overall District and each township, translated this estimated growth into an expected number of Households and Household Unit Equivalents (HEU); and
- Identified the capital expenditure necessary to meet the needs of the growth community.

Where the existing capacity of community facilities is insufficient to provide the levels of service to new residential and non-residential users specified by the Council in the LTP, those new developments create the need for new community facilities which requires the Council to incur capital expenditure.

The Council also recognises that there may be capital expenditure necessary to increase the level of service for all, due to:

- Required renewals;
- Ratepayers who want increased levels of service;
- Obligations on the Council to raise the levels of service to meet resource consent or statutory obligations and conditions; and
- Visitors to the District using the facilities.

The allocation of the benefits and the costs (public vs private benefit) has had regard to these factors.

For each of the individual projects that require capital expenditure to cater for growth, the Council makes an assessment about whether the asset being created will benefit the existing community or the new developments, or both of those groups. In making this assessment, the Council will consider a number of factors, including:

- The capacity of existing facilities to meet stated levels of service;
- The extent to which the relevant capital project will provide:
  i. A renewal,
  ii. An increased level of service; or
  iii. A new service.

For each individual project that requires capital expenditure, the Council determines the length of time over which the asset created by that expenditure will provide a benefit to the community.

Step 3 – Costs and Benefits of Funding the Activity Distinctly from Other Activities

On an activity by activity basis, the Council considers the costs and benefits of funding each activity distinctly from other activities as required by s101(3)(a)(v). This analysis is contained in the Revenue and Finance Policy. The benefits of additional community infrastructure capacity generally accrue to the improved or new properties generating demand for that capacity.

The Council considers that the use of DCs to fund the cost of growth in community facilities, in proportion to the benefit received by forecast developments, provides the benefits of greater transparency, greater accountability and intergenerational equity.

The current community facilities for stormwater, water, wastewater, community infrastructure and reserves servicing the CHB are not sufficient to cater for growth. Some small townships have considerable capacity in these facilities after many years of static population and household numbers, and Council has a strategic goal of supporting these townships. Development in the rural area will only by asked to contribute to Reserves and Community Infrastructure. All future residents in the CHB will gain benefits from these facilities.

Step 4 – Overall Impact on Wellbeing of Community

Finally, the Council considers how funding each activity will impact on the wellbeing of the community. DCs are considered to be fair because they allocate growth costs to the section of the community that creates the need for Council to incur that expenditure, i.e. developers, new residents and new business activities.

Council must balance the overall impact of rates and fees and charges. DCs need

to be set at a level which still enables development and they must be levied in a fair, reasonable and equitable manner. Setting DCs at a level that does not fund growth would impose an unfair burden on the economic wellbeing of the existing ratepayer community.

Additional analysis for each of the following types of community facilities is set out in Section 6:

- Water: section 6.4.1
- Wastewater: section 6.4.2
- Stormwater: section 6.4.3
- Reserves and Community Infrastructure: section 6.4.4

The following analysis sets out the rationale for Council identifying the catchment areas for DC charges for water, stormwater and wastewater, reserves and community Infrastructure. Each of the three waters activities (water, stormwater and wastewater) has three catchments based on the different networks of water supply, reticulated services and treatment plants. These areas are defined in the maps in Appendix 2.

- **Reserves and Community Infrastructure**
  Reserves assets are open to all residents and visitors to access free of charge. New developments increase the number of residents and generate increased demand for passive and active recreational facilities, as well as assets such as toilets, libraries and community halls.

  Regardless of the location of the development, additional residents utilise a range of facilities and create demand for more walkways, reserve space and other assets. Council has reserve land, halls and other assets located across the District. Walkways, major playgrounds, libraries and major parks are located in the areas of greatest population density.

  While most Recreation and Community Infrastructure assets in the CHB have been assessed as having spare capacity for growth Council has identified some assets that have capacity issues. These projects have been included in the DC schedule of projects that require DC funding.

- **Water**
  The water networks service urban and industrial areas and are funded by properties connected to each network in urban areas. Across the district all the major urban areas require additional capacity (supply, treatment and pipe reticulation) to cater for expected growth. As such DC charges apply to each network area that requires capacity investment to service the developments that are forecast for each network.

  The Otāne, Waipawa, Waipukurau network is planned to be operated as a single network system. All properties connected to an urban water supply in the CHB are now charged the same for operating costs, except those properties with a meter and charged on a volume basis. Each network is designed to achieve the same level of service for water quality and delivery. Where supply is interconnected the networks are treated as one for DC purposes. For these reasons there is a single HEU DC charge for Otāne, Waipawa, Waipukurau residential, and equivalent HEU charges for non-residential, for the costs to service growth. The Takapau and Pōrangahau networks are physically separated and have specific DC charges that reflect the upgrades required for growth in those networks.

  CHB undertakes modelling and planning work that benefits all the networks. These costs related to future growth are charged to DCs at a uniform level across the three catchments.

- **Wastewater**
  The wastewater networks service urban and industrial areas and are funded by properties connected to each network. Across the district all the major urban areas require additional capacity (reticulation, treatment and discharge) to cater for expected growth. As such DC charges apply to each network area that requires capacity investment to service the developments that are forecast for each network.

  The Otāne, Waipawa, Waipukurau network is planned to be operated as a single network system. A single connected treatment plant and discharge is planned to service all three urban areas. All properties connected to urban wastewater in the CHB are now charged the same for operating costs, except those non-residential properties charged under the trade waste bylaw. Each network is designed to achieve the same level of service for water quality and delivery. For these reasons there is a single HEU DC charge for Otāne, Waipawa, Waipukurau residential, and equivalent HEU charges for non-residential, for the costs to service growth. The Takapau and Pōrangahau networks are physically separated and have specific DC charges that reflect the upgrades required for growth in those networks.

  CHB undertakes modelling and planning work that benefits all the networks. These costs related to future growth are charged to DCs at a uniform level across the three catchments.

- **Stormwater**
  The networks service urban and industrial areas and are funded by properties connected to each network. Existing stormwater flows within catchments are also generated from flows from rural areas upstream of urban areas. stormwater within urban areas is generated as runoff of rainfall from impervious hard surfaces and saturated ground. Across the district the three catchments identified for DCs require additional capacity to cater for expected growth. The need for additional stormwater network services is generated by development and the downstream impacts have to be catered for.

  In the last decade there have been significant changes to the requirements to control and capture stormwater. Rules set by Hawke's Bay Regional Council now require more stormwater neutrality from new developments during peak stream / river flows. The result is that Council and developers need to plan to capture and hold parts of stormwater runoff during peak flow events. Council is planning to continue to invest in additional stormwater capacity to meet the new requirements.

  Due to the increasing need to manage stormwater in an integrated way with Water and Wastewater Council is using the same catchments as outlined in Water and Wastewater. Infiltration of stormwater into wastewater pipes and discharge impacts from stormwater mean that each activity cannot be managed in isolation.

  Regardless of where a development is located in each of the catchments it will add to the need for larger pipes and retention ponds to reduce runoff into the waterways during peak flows in that network catchment.

  CHB undertakes modelling and planning work that benefits all the networks. These costs related to future growth are charged to DCs at a uniform level across the three catchments.