



11. Financial Contributions

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11.1 PURPOSE OF THE FINANCIAL CONTRIBUTIONS CHAPTER

The purpose of the Financial Contributions Chapter is to provide for the taking of money and/or land to mitigate the effects of development within *the City*. *Financial Contributions* may be imposed as conditions of *subdivision* or development, or required as conditions for Permitted Activities. *Financial Contributions* are distinct from conditions of consent for *subdivision*, land use or development that require the mitigation of effects through works and *services*. In general terms, *Financial Contributions* are used to recoup the proportioned cost of the provision of *infrastructure* for *subdivision*, land use and development. This contributes to the sustainable development of *the City*.

Most contributions towards the cost of *infrastructure* are taken by *the City* as Development Contributions under the provisions of the Local Government Act 2002. There are however, four circumstances in which *the Plan* provides for the taking of *Financial Contributions* under the *RMA* to augment the Development Contributions system. These are:

- a) To address the statutory exemption of the Crown from the provisions of the Local Government Act 2002, and so the Development Contributions system, by taking *Financial Contributions* for *subdivision*, land use and development undertaken by the Crown;
- b) To enable the ongoing collection of and potential review of existing consent conditions that require a Financial Contribution;
- c) To take contributions for local *neighbourhood reserves* and *community infrastructure* in existing *urban growth areas* and infill areas to mitigate the effects of greater population density resulting from *subdivision*, land use and development.
- d) Special circumstances to mitigate the effects of the removal of a protected tree, landscape planting on industrial road frontages and *parking impact fees* to offset the physical provision of parking in the City Centre.

The method of calculating contributions set out in this Chapter is by the use of formulas that describe how the level of *Financial Contribution* will be determined. The inputs into these formulas are evolving with the changing prioritisation of *infrastructure* projects, which responds to the evolving priorities for, and patterns of, growth within *the City*. The prioritisation of these projects is undertaken through the *Council's* Ten-Year Plan and Annual Plan processes.

11.1.1 Objectives and Policies for Financial Contributions

11.1.1.1 Objective – Mitigation of the Costs of Growth on Economic Wellbeing

The total costs of providing *infrastructure* to accommodate growth are mitigated through new development that uses the *infrastructure* making a fair and proportional financial contribution towards that *infrastructure*.

11.1.1.1.1 Policy - Mitigation of the Costs of Growth on Economic Wellbeing

By ensuring that the cost of the provision of growth-related *infrastructure* is met by those creating the demand for the *infrastructure* through the process of *subdivision*, land use and development.

11.1.1.1.2 Policy – Funding of Infrastructure

By recognising that the *Council* may choose to fund *infrastructure* where the benefits of that *infrastructure* extend beyond an individual *site*.

11.1.1.1.3 Policy – Funding of Services

To mitigate the adverse economic effects of the funding of *infrastructure* through the taking of development contributions under the provisions of the Local Government Act 2002, and the taking of *financial contributions* where:

- a) *Subdivision*, use or development in established *urban growth areas* by a *non-exempted party* generates a demand for local reserves, local *community infrastructure* or otherwise creates an effect that can be mitigated by a financial contribution;
- b) *Subdivision*, use or development by an *exempted party* generates a demand for reserves, *community infrastructure* or *network infrastructure* or otherwise creates an effect that can be mitigated by a financial contribution.

11.1.1.1.4 Policy - Fair and Equitable Contribution

By ensuring that the level of *Financial Contribution* is proportionate to the effect of the *subdivision*, use or development in terms of its *infrastructure* needs.

11.1.1.1.5 Policy – Intergenerational Equity

By ensuring that the costs of *infrastructure* are spread fairly over time, *Council* may choose to adjust *Financial Contributions* in a manner so those contributions increase over time, taking into account general increases in price levels and incomes.

11.1.1.1.6 Policy – Cost of Capital

The nett interest costs incurred in funding *infrastructure* required by growth may be included in the *Financial Contribution* payable as these are part of the total cost of providing infrastructure to accommodate the *City's* growth.

11.1.1.1.7 Policy – Relevance of Financial Contribution and Review of Costs

By ensuring that the amount of Financial Contribution required reflects the changing costs of growth over time through using consistent formula for the calculation of *Financial Contributions*, and reviewing the inputs into those formulae on an annual basis.

11.1.1.1.8 Policy – Provision of Land

By having the discretion to take land instead of money as a *Financial Contribution* in circumstances where:

- a) The land is appropriately located to meet demand and Council's level of service for active or passive open space;
- b) The location of the land is consistent with the matters of control for the location of open space contained in *Rule 12.9.3 - Residential Subdivision Matters of Control and Conditions*;

- c) Where the *site* and the surrounding environment is being developed as a comprehensive development;
- d) Where the land value is agreed between all parties;
- e) Where the development of the land meets *Council's* level of service for active or passive open space.

11.1.1.1.9 Policy – Unforeseen Impacts

Ensuring that unforeseen effects of *subdivision*, use and development on *infrastructure* are able to be mitigated through *Financial Contributions* so that *infrastructure* continues to meet the functional needs of the community.

11.1.1.1.10 Policy – Recreation Demands in Established Urban Growth Areas

By requiring *subdivision*, use and development that increases the density of population in established *urban growth areas* to provide a contribution towards the increased development of open-space amenities and community facilities to maintain the *Council's* level of service for the open space, recreation and leisure needs of the community. Established *urban growth areas* are shown on *Diagram 5, Section 5 of the Plan Maps (Part B)*:

- a) Bethlehem;
- b) Ohauti;
- c) Welcome Bay;
- d) Papamoa;
- e) Pyes Pa;
- f) Tauranga and Mt Maunganui infill.

11.1.1.1.11 Policy – Allocation of Costs

By allocating the total costs of *infrastructure* in an equitable manner over both existing and new users, and ensuring that such costs, including interest costs are not borne unfairly by the wider community or the growth community. Consideration of who causes the need to undertake *infrastructure* works and who will benefit from them will be considered when *Council* makes cost allocation decisions between different funding sources.

11.2 Financial Contribution Rules

Note: City-Wide Infrastructure Contributions are payable as Financial Contributions only by exempted parties. Non-exempted parties pay City-Wide Infrastructure Contributions through Council's Development Contributions Policy under the provisions of the Local Government Act 2002.

11.2.1 City-Wide Infrastructure Contributions – Residential

- a) For each new or relocated *dwelling unit* or other *residential activity* an *exempted party* must pay to *Council* a sum not exceeding the *City-Wide Infrastructure Contribution* calculated in accordance with the applicable formula/s set out in *Rule 11.2.8* for the water, wastewater, transportation, *community infrastructure* and reserves *infrastructure*.
- b) In circumstances where Council's wastewater network is not available to service the *dwelling unit* or *residential activity* the wastewater component of the *City-Wide Infrastructure Contribution* will not be required.
- c) In circumstances where Council's water supply network is not available to service the *dwelling unit* or *residential activity* the water component of the *City-Wide Infrastructure Contribution* will not be required.
- d) For a *residential activity* the *Financial Contribution* payable under *Rule 11.2.1* will be calculated for each *dwelling unit equivalent* in the development.
- e) *City-Wide Infrastructure Contributions* required under *Rule 11.2.1* are:
 - i) Calculated in accordance with the formulas set out in *Rule 11.2.8*, on the date a building consent is granted (approved);
 - ii) Payable immediately before a building consent is issued (released).

11.2.2 City-Wide Infrastructure Contributions – One- and Two-Bedroom Dwellings

- a) In determining the sum payable, a new or relocated *one-bedroom dwelling* or *two-bedroom dwelling* will attract a reduced *City-Wide Infrastructure Contribution* than that calculated in accordance with the applicable formula/s set out in *Rule 11.2.8*. The percentage of the *City-Wide Infrastructure Contribution* that is payable to *Council* is:
 - i) 50% in relation to a *one-bedroom dwelling*;
 - ii) 65% in relation to a *two-bedroom dwelling*.
- b) Alterations or extensions to a *one-bedroom dwelling* or a *two-bedroom dwelling* that was consented to on or after 1 November 2008 must pay to *Council* an additional *Financial Contribution* in the following circumstances:
 - i) Where a *one-bedroom dwelling* is being converted to a *two-bedroom dwelling* the contribution will be 15% of the *City-Wide Infrastructure Contribution* calculated in accordance with the formula/s set out in *Rule 11.2.8*.
 - ii) Where a *one-bedroom dwelling* no longer constitutes a *one-bedroom dwelling* or a *two-bedroom dwelling* the contribution will be 50% of the *City-Wide Infrastructure Contribution* calculated in accordance with the applicable formula/s set out in *Rule 11.2.8*.

- iii) Where a *two-bedroom dwelling* no longer constitutes a *two-bedroom dwelling* the contribution will be 35% of the *City-Wide Infrastructure Contribution* calculated in accordance with the applicable formula/s set out in *Rule 11.2.8*.

11.2.3 City-Wide Infrastructure Contributions – Non-Residential Building

Note: City-Wide Infrastructure Contributions – Non-Residential Building Impact Fees are only payable as Financial Contributions by exempted parties. Non-exempted parties pay City-Wide Infrastructure Contributions – Non-Residential Building Impact Fees through Council's Development Contributions Policy under the provisions of the Local Government Act 2002.

- a) For any new business activity, *low-demand business activity* or *community organisation*, or when gross floor area is added to an existing business activity, *low-demand business activity* or *community organisation*, an *exempted party* will pay to Council a sum not exceeding the relevant *City-Wide Infrastructure Contribution* per 100m² of new gross floor area or part thereof, calculated on a pro-rata basis for every 1m² of gross floor area and in accordance with the formulas set out in *Rule 11.2.8* for the water, wastewater and transportation *infrastructure*.
- b) In all circumstances to which *Rule 11.2.3 a)* applies a *City-Wide Infrastructure Contribution* for the *community infrastructure* and reserves *infrastructure* is not payable.
- c) In circumstances where a connection to Council's water network is not available the *contribution* for water *infrastructure* is not payable.
- d) In circumstances where a connection to Council's wastewater network is not available the *City-Wide Infrastructure Contribution* for wastewater *infrastructure* is not payable.
- e) If a business activity or *low-demand business activity* will have a significantly lesser impact or a significantly greater impact on *infrastructure* than the anticipated average demand on which the non-residential *City-Wide Infrastructure Contributions* are based, a special assessment can be undertaken to determine the amount payable. This assessment can be undertaken where demand for a particular type or types of *infrastructure* is likely to be either 50% below or 100% above the anticipated average demand on which the contribution is based (thresholds for special assessments are shown in *Table 11.2A*, expressed in terms of demand per 100m² of gross floor area per day). The *City-Wide Infrastructure Contribution* payable under this rule for each type of *infrastructure* will not exceed double the amount of the *contribution* that would be payable under the "business activity" category in accordance with the formulas set out in *Rule 11.2.8*.

Table 11.2A: Non-Residential City-Wide Infrastructure Contribution Special Assessment Thresholds

Business Activity	Special Assessment Threshold Low Demand Special Assessment	High Demand Special Assessment
Water	< 80 litres	> 320 litres
Wastewater	< 74.5 litres	> 298 litres
Transportation	< 6.25 vehicle trips	> 25 vehicle trips

Low-Demand Business Activity	Special Assessment Threshold Low Demand Special Assessment	High Demand Special Assessment
Water	< 18 litres	> 72 litres
Wastewater	< 17.5 litres	> 70 litres
Transportation	< 6.25 vehicle trips	> 25 vehicle trips

- a) *City-Wide Infrastructure Contributions* required under *Rule 11.2.3* are:
- i) Calculated in accordance with the formulas set out in *Rule 11.2.8*, on the date a building consent is granted (approved);
 - ii) Payable immediately before a building consent is issued (released).

11.2.4 City-Wide Infrastructure Contributions – Change of Use of an Existing Building

- a) In circumstances where the change of use of an existing *building* is proposed and the *City-Wide Infrastructure Contribution* payable (if any) to establish the proposed new use, in accordance with the formulas set out in *Rule 11.2.8*, would differ from the *contribution* to establish the existing use, a *City-Wide Infrastructure Contribution* may be required from an *exempted party*.
- b) To determine the amount of the contribution payable (if any), changes will be compared to the *City-Wide Infrastructure Contribution* payable to establish the proposed new use for each type of *infrastructure* (water, wastewater, stormwater, transportation, *community infrastructure* and *reserves*). If the amount payable to establish the proposed new use is greater than the amount payable to establish the existing use, then this amount will be payable to *Council* – for each type of *infrastructure*.
- c) Where the *contribution* payable to establish the proposed new use is lower than that to establish the existing use, the difference cannot be used to offset *City-Wide Infrastructure Contributions* payable for another type of *infrastructure*. Likewise, a refund will not be provided where the *contribution* to establish the existing activity is less than the *contribution* to establish the proposed new activity.
- d) *City-Wide Infrastructure Contributions* required under *Rule 11.2.4* are:
 - i) Calculated in accordance with the formulas set out in *Rule 11.2.8*, at the time specified in the relevant condition of a land-use resource consent or, if no land-use consent is required, at the date a building consent is granted;
 - ii) Payable at the time specified as a condition of a land-use resource consent and will be before the start of an activity under that consent or, if no land-use consent is required, immediately before a building consent is issued.

11.2.5 City-Wide Infrastructure Contributions – Service Connection to Council’s Water and or Wastewater Network

- a) In situations where a *service connection* is granted to connect an existing *building* to Council’s water or *wastewater* network the *building* will be treated as if it was a new development for the purposes of assessing the *City-Wide Infrastructure Contribution* payable by an *exempted party*.
- b) In circumstances where connection to the water network is granted the *contribution* for water *infrastructure* is payable.

- c) In circumstances where connection to the *wastewater* network is granted the *contribution* for *wastewater infrastructure* is payable.
- d) *City-Wide Infrastructure Contributions* required under *Rule 11.2.5* are:
 - i) Calculated in accordance with the formulas on the date an authorisation for *service connection* is granted (approved);
 - ii) Payable immediately before an authorisation for *service connection* is issued (released).

11.2.6 City-Wide Infrastructure Contributions – Credits Offsetting Fees

- a) *Rules 11.2.1 to 11.2.5* are subject to *Rule 11.2.6* in relation to the recognition of credits that offset the amount of *Financial Contributions* payable.
- b) Where a development is replacing an existing *building* the *City-Wide Infrastructure Contribution* (if any) that would be payable to establish the existing *building* at that time will be deducted from the amount payable.
- c) Where a development is replacing a *building* that previously existed on the *site* the *City-Wide Infrastructure Contribution* (if any) that would be payable at that time to establish the *building* that previously existed will be deducted from the *contribution* payable in accordance with the formulas set out in *Rule 11.2.8*, provided the *building* existed on-site either on or after the date *Council* first started charging the particular contribution (either as a *Financial Contribution* or as a Development Contribution under the Local Government Act 2002).
- d) Credits are deducted at an *infrastructure* level and are not transferable across types of *infrastructure*. In circumstances where the credits are not fully exhausted by the new development they will be available for subsequent development on the subject *site*.
- e) *Council* will in no circumstances refund *Financial Contributions* associated with credits that have not been exhausted by development.

11.2.7 Components of City-Wide Infrastructure Contributions Formula

11.2.7.1 Interpretation

For the purposes of the *Financial Contribution* formulas set out below, terms used have the following meaning:

CAPEX means the growth-related portion of the inflation-adjusted capital expenditure for a project. It applies only to projects where the growth-related capital expenditure will be partly funded by development that occurs in the current financial year through *Financial Contributions* pursuant to this Chapter and/or Development Contributions pursuant to the Local Government Act 2002. The financial year runs from 1 July to 30 June. Projects are detailed in the *Council's* Development Contributions Policy, which is updated annually through the Annual Plan and Ten-Year Plan.

CAPEX includes only the growth-related portion of a project's cost as determined by *Council*. Among other things, this excludes the portion, if any, of a project's cost that is allocated to renewal or backlog.

CAPEX is based on Council's best available knowledge and, among other things, takes into account known or likely construction costs and land values. At the beginning of each financial year capital expenditure estimates will be updated.

CAPEX may be calculated for projects that are completed, projects that are partially completed, and projects which have not yet begun. Where actual costs are known these will be used in the calculation of the contributions payable. Where actual costs are unknown these will be estimated and used in the calculation of *Financial Contributions* payable.

The range in the level of accuracy for cost estimates, from least reliable to most reliable, is:

- a) A desktop assessment of the cost based on knowledge and experience of similar projects;
- b) An estimate based on a walkover of the *site* and a reasonably accurate understanding of the extent of the work;
- c) An engineer's estimate prepared after the project has been designed;
- d) A contract price for the work.

The cost estimates for each project will be based on the most appropriate of the methodologies discussed above, dependent on the state of the project.

The cost estimates for projects where capital expenditure is planned beyond the current financial year are inflation adjusted. This ensures that costs relate to what *Council* actually expects to pay at the time capital expenditure is incurred, as opposed to what *Council* would expect to pay if the project was undertaken in the current financial year.

Only the inflation related to the portion of a project's cost to be funded by growth is included in the calculation of the contributions payable.

The inflation rates used are drawn from work specifically done for Local Government in New Zealand. The inflation rates used will be reviewed annually to ensure they remain appropriate.

INT means the sum of the interest costs that *Council* incurs (earns) in relation to the provision of CAPEX.

This is calculated by taking into account the expected timing of capital expenditure and the expected timing of contribution revenue (both Development Contributions and *Financial Contributions*) at a project level.

The interest rates used in the calculation of the cost of capital are based on the best information available to *Council*. The interest rates used are reviewed annually to ensure they remain appropriate.

Interest costs that are incurred on the non-growth related portions of project costs are not included in the calculation of *Financial Contributions*.

TIME means the adjustment to the dollar amount of *Financial Contributions* to ensure fairness in the contributions payable across time (i.e., intergenerational equity).

LOW means the adjustment to the amount of City-Wide *Financial Contributions* payable for residential development to ensure that the treatment of one- and *two-bedroom dwellings* as less than one *unit of demand* does not lead to the under-collection of growth-related costs. It

is expressed in percentage terms.

SCALE means the scaling factor used to convert a financial contribution for a *dwelling unit* into *Financial Contributions* for other types of development.

The scaling factors for *city-wide infrastructure* are: *one-bedroom dwellings* [ONE], *two-bedroom dwellings* [TWO], *business activities* [BUS], *low-demand business activities* [LBUS] and *community organisations* [COM].

The scaling factors are based on the average demand generated by an *infrastructure* relevant to the average demand generated by a typical residential dwelling. As such the scaling factors may differ across each type of *infrastructure*.

GROWTH means the number of units of demand over which the growth-related portion of a project's cost is to be funded. Units of demand are the sum of the number of *dwelling units* and the number of *dwelling unit equivalents*. Units of demand are calculated on a district-wide basis for *City-Wide Infrastructure Financial Contributions*. Units of demand may vary from project to project as appropriate to ensure there is a reasonable nexus between growth and the funding of the project.

Σ Means that the formula applies to each project individually with the outcomes summed together to give the *Financial Contribution* for a particular type of *infrastructure*.

11.2.7.2 Calculation

Where a particular formula applies to more than one type of *infrastructure*, the financial contribution will be calculated individually for each type of *infrastructure* in accordance with the formula.

11.2.8 Financial Contribution Formulas for City-Wide Infrastructure

a) The following formulas apply to a *dwelling unit* or other *residential activity* for the provision of water, *wastewater*, transportation, *community infrastructure* and reserves *infrastructure*:

i) The contribution amount per non one- or *two-bedroom dwelling* for each type of *infrastructure* is calculated as follows:

$$= (\Sigma (CAPEX + INT) / GROWTH) \times (1 + LOW) + TIME$$

ii) The contribution amount per *two-bedroom dwelling* for each type of *infrastructure* is calculated as follows:

$$= ((\Sigma (CAPEX + INT) / GROWTH) \times (1 + LOW) + TIME) \times SCALE[TWO]$$

iii) The contribution amount per *one-bedroom dwelling* for each type of *infrastructure* is calculated as follows:

$$= ((\Sigma (CAPEX + INT) / GROWTH) \times (1 + LOW) + TIME) \times SCALE[ONE]$$

b) The following formula applies to a business activity for the provision of water, *wastewater* and transportation *infrastructure*. The contribution amount per 100m² of gross floor area for each type of *infrastructure* is calculated as:

$$= ((\Sigma (CAPEX + INT) / GROWTH) + TIME) \times SCALE[BUS]$$

- c) The following formula applies to *low-demand business activities* for the provision of water, *wastewater* and transportation *infrastructure*. The contribution amount per 100m² of gross floor area for each type of *infrastructure* is calculated as:

$$= \left(\sum (CAPEX + INT) / GROWTH + TIME \right) \times SCALE_{[LBUS]}$$

- d) The following formula applies to *community organisations* for the provision of water, *wastewater* and transportation *infrastructure*. The contribution amount per 100m² of gross floor area for each type of *infrastructure* is calculated as:

$$= \left(\sum (CAPEX + INT) / GROWTH + TIME \right) \times SCALE_{[COM]}$$

11.2.9 Local Infrastructure Contributions – Subdivision and Development of Land in Urban Growth Areas

- a) For each additional allotment created within an *urban growth area* other than non-residential allotments in the Commercial Business, Industrial Business and Port Business Zones within the Tauranga and Mt Maunganui infill *urban growth areas* identified in Diagram 5, Section 5, of the Plan Maps (Part B) any *exempted party* must pay to *Council* a sum not exceeding the *Local Infrastructure Contribution* calculated in accordance with the formulas set out in *Rule 11.12.19* for the water, *wastewater*, transportation, *community infrastructure* and *reserves infrastructure*.
- b) For each additional *residential allotment* created in an *urban growth area* any *non-exempted party* must pay to *Council* a sum not exceeding the *Local Infrastructure Contribution* calculated in accordance with the formula set out in *Rule 11.12.19* for the *community infrastructure* and *reserves infrastructure* in the following *urban growth areas* identified in Diagram 5, Section 5, of the Plan Maps (Part B):
- i) Bethlehem;
 - ii) Ohauti;
 - iii) Welcome Bay;
 - iv) Papamoā;
 - v) Pyes Pa;
 - vi) Tauranga and Mt Maunganui Infill.
- c) Notwithstanding *Rule 11.2.9 a) and b) Local Infrastructure Contributions* for the *wastewater*, stormwater, *community infrastructure* and *reserves infrastructure* are not payable in the Rural, Rural-Residential and Rural Marae Community Zones.
- d) Notwithstanding *Rules 11.2.9 a) and b)* the *Local Infrastructure Contributions* for *community infrastructure* and *reserves infrastructure* are not payable in relation to:
- i) Development in the Urban Marae Community Zone and Ngati Kahu Papakainga Zone;
 - ii) Development on multiple-owned Maori land within 500 metres of the Rural Marae Community, Urban Marae Community and Ngati Kahu Papakainga Zones provided that *Council* is satisfied the development is to provide housing for the shareholders of each block of multiple-owned Maori land and/or their wider families;

Circumstances where more than one *dwelling unit* exists on an allotment and each *dwelling unit* is subdivided on to its own allotment.

Note: Where multiple-owned Maori land is being developed for the purpose of commercial gain or requires a subdivision consent under the RMA Local Infrastructure Contributions for the community infrastructure and reserves infrastructure are payable.

- e) *Local Infrastructure Contributions* for each type of infrastructure are not payable for the further subdivision of land where *Local Infrastructure Contributions* either as *Financial Contributions* or *Development Contributions* under the Local Government Act 2002 have already been paid on a site area basis.
- f) *Local infrastructure contributions* required under *Rule 11.2.9* are:
 - i) Calculated in accordance with the formulas set out in *Rule 11.2.20* at the time a certificate under section 224(c) of the RMA is granted (approved), or at a time otherwise specified as a condition of resource consent;
 - ii) Payable immediately before a certificate under section 224(c) of the RMA is issued (released), or at a time otherwise specified as a condition of resource consent.
- g) In the case of staged subdivisions with multiple 224(c) certificates the calculation and payment of *Local Infrastructure Contributions* will apply to the additional allotment or allotments created by each 224(c) certificate individually.

11.2.10 Local Infrastructure Contributions – Subdivision and Development of Land Not in Urban Growth Areas

- a) The creation of each additional allotment outside an *urban growth area* is exempt from the payment of *Local Infrastructure Contributions* except in circumstances where those allotments require the *local infrastructure* provided within a particular *urban growth area*. In this case, for the purposes of *Financial Contributions*, each additional allotment will be treated as if it is located within the *urban growth area* from which it is being serviced, and subject to the provisions of *Rule 11.2.9*.
- b) Any *Local Infrastructure Contributions* required under *Rule 11.2.10* are calculated and payable as prescribed in *Rule 11.2.20*.

11.2.11 Local Infrastructure Contributions – Multi-Unit Residential Development Before or Without Subdivision

- a) For any second or further additional *dwelling unit*, or *dwelling unit equivalent* associated with a *residential activity* (whether new or relocated to the site) within an *urban growth area* any *exempted party* will pay to Council a sum not exceeding the *Local Infrastructure Contribution* for the water, wastewater, stormwater, transportation, *community infrastructure* and reserves *infrastructure* for each additional allotment as if each *dwelling unit* or *dwelling unit equivalent* was an additional lot on a plan of subdivision.
- b) For any second or further additional *dwelling unit* (whether new or relocated to the site), or *dwelling unit equivalent* associated with a *residential activity*, in the Bethlehem, Pyes Pa, Ohauti, Welcome Bay, Papamoa, Mt Maunganui Infill and Tauranga Infill *urban growth areas* identified in Diagram 5, Section 5, Plan Maps (Part B), any *non-exempted party* will pay to Council a sum not exceeding the *Local Infrastructure Contribution* for the *community infrastructure* and reserves *infrastructure* for each additional allotment as if each additional *dwelling unit* or *dwelling unit equivalent* was an additional lot on a plan of subdivision calculated in accordance with the formulas set out in *Rule 11.2.20*.

- c) Notwithstanding *Rule 11.2.1 a)*, the *Local Infrastructure Contributions* for the *wastewater*, *stormwater*, *community infrastructure* and *reserves infrastructure* are not payable in the Rural, Rural-Residential or Rural Marae Community Zones.
- d) Notwithstanding *Rules 11.2.11 a) and b)* *Local Infrastructure Contributions* for the *community infrastructure* and *reserves infrastructure* are not payable for:
 - i) Development in the Urban Marae Community and Ngati Kahu Papakainga Zones;
 - ii) Development on multiple-owned Maori land within 500 metres of the Rural Marae Community, Urban Marae Community and Ngati Kahu Papakainga Zones if the development is to provide housing for the shareholders of each block of multiple-owned Maori land and/or their wider families;
 - iii) In circumstances where more than one dwelling exists on an allotment and each dwelling is subdivided on to its own allotment.

Note: Where multiple-owned Maori land is being developed for the purpose of commercial gain or requires a subdivision consent under the Resource Management Act 1991 the Local Infrastructure Contribution for the community infrastructure and reserves infrastructure are payable.

- e) For residential activities the *Financial Contribution* required under *Rule 11.2.11* will be calculated for each *dwelling unit equivalent* in the development.
- f) *Local Infrastructure Contributions* required under *Rule 11.2.11* are:
 - i) Calculated in accordance with the formulas set out in *Rule 11.2.19* at the time a building consent is granted (approved);
 - ii) Payable immediately before a building consent is issued (released).

11.2.12 Local Infrastructure Contributions – Land in a Commercial or Industrial Zone Before or Without Subdivision

- a) Where the development of land within a Commercial or Industrial Zone occurs without, or before, the *subdivision* of that land, any *exempted party* will pay to *Council* a sum not exceeding the *Local Infrastructure Contribution* calculated in accordance with the formula set out in *Rule 11.2.20* for the water, *wastewater*, stormwater and transportation *infrastructure* as though *subdivision* of the full *site* area of the relevant allotment(s) had occurred.
- b) Any *Local Infrastructure Contributions* required under *Rule 11.2.12* are calculated and payable as prescribed in *Rule 11.2.11 f)*.

11.2.13 Local Infrastructure Contributions – Development of Non-Residential Activities in Non-Commercial or Non-Industrial Zones

- a) In circumstances where a non-residential development receives consent to establish in all zones within all *urban growth areas* except the Commercial or *Industrial Zones*, any *exempted party* will pay to *Council* a contribution calculated in accordance with the formulas set out in *Rule 11.2.20* for the water, *wastewater*, stormwater and transportation *infrastructure* on the basis of the number of *dwelling unit equivalents* that may be accommodated on the subject *site* (based on the expected residential yield for that *site*).
- b) Any *Local Infrastructure Contributions* required under *Rule 11.2.13* are calculated and payable as prescribed in *Rule 11.2.11 f)*.

11.2.14 Local Infrastructure Contributions – Upgrading of Local Infrastructure Due to Unforeseen Impacts of Subdivision and Development

- a) Unless expressly provided for elsewhere in this Chapter, when a *subdivision* or development will reduce the capacity of existing and planned *local infrastructure* in a particular *urban growth area*, an additional *Local Infrastructure Contribution* may be required.
- b) In assessing any such additional *Local Infrastructure Contribution* Council will take into account:
 - i) The level of service provided for or planned for the *urban growth area* by Council;
 - ii) The standards for *services* set out in Council's Code of Practice applied to the *subdivision* or development proposal;
 - iii) The extent to which each additional *unit of demand* created by the proposal requires the existing *services* to be extended or upgraded.
- c) The developer will be required to provide detailed calculations of the demand on *local infrastructure* to enable Council to calculate an appropriate *Local Infrastructure Contribution* in conjunction with the developer.
- d) In circumstances where *Rule 11.2.14* is applied in relation to a building consent, *Local Infrastructure Contributions* are payable in accordance with *Rule 11.2.11 f*).
- e) In circumstances where *Rule 11.2.14* is applied in relation to *subdivision*, *Local Infrastructure Contributions* are payable in accordance with *Rule 11.2.9 f*) and *g*).

Note: This approach recognises that it is not always possible to foresee all the permutations and special circumstances which arise in the growth of the City. Some subdivision or development circumstances may warrant a specific financial contribution response by Council in consultation with the developer.

11.2.15 Local Infrastructure Contributions – Change of Use of an Existing Building

- a) In circumstances where the change of use of a *building* is proposed and the *Local Infrastructure Contribution* payable (if any) to establish the proposed new use would differ from the *Local Infrastructure Contributions* that would be payable to establish the existing use at that time then a *Local Infrastructure Contribution* may be payable.
- b) To determine the amount of the contribution payable (if any) by an *exempted party*, the *Local Infrastructure Contribution* that would be payable to establish the existing use at that time will be compared against the fee payable to establish the proposed new use for each type of *infrastructure* (water, *wastewater*, stormwater, transportation, *community infrastructure* and reserves). For each type of *infrastructure*, the extent that the amount payable to establish the proposed new use is greater than the amount payable to establish the existing use will determine the amount will be payable to Council.
- c) To determine the amount of the contribution payable (if any) by a *non-exempted party*, the *Local Infrastructure Contribution* that would be payable to establish the existing use within the Bethlehem, Pyes Pa, Ohauti, Welcome Bay, Papamoa, Mt Maunganui Infill and Tauranga Infill *urban growth areas* at that time will be compared against the fee payable to establish the proposed new use for the *community infrastructure* and reserves *infrastructure*. For each type of *infrastructure*, the extent that the amount payable to establish the proposed new use is greater than the amount payable to establish the existing use will determine the amount will be payable to Council.

- d) Where the contribution payable to establish the proposed new use for a type of *infrastructure* is lower than the contribution payable to establish the existing use, the difference cannot be used to offset contributions payable for another type of *infrastructure*. A refund will not be provided where the *Financial Contribution* that would be payable to establish the existing activity is less than that payable to establish the proposed new activity.
- e) *Local Infrastructure Contributions* required under *Rule 11.2.15* are;
 - i) Calculated in accordance with the formulas set out in *Rule 11.2.20*, at the time specified as a condition of resource consent or, in the event that no resource consent is required, at the date a building consent is granted;
 - ii) Payable at the time specified as a condition of a land-use resource consent and before the start of a resource consent or, in the event that no land-use consent is required, immediately before a building consent is issued.

11.2.16 Local Infrastructure Contributions – Connection to Council’s Water and/or Wastewater Network

- a) In circumstances where a *service connection* is granted to connect an existing *building* to Council’s water or *wastewater* network the *building* will be treated as if it was a new development for the purposes of assessing the *Local Infrastructure Contribution* (if any).
- b) Where connection to the water network is granted the *Local Infrastructure Contribution* for *wastewater* is payable.
- c) Where connection to the *wastewater* network is granted the *Local Infrastructure Contribution* for *wastewater* is payable.
- d) *Local Infrastructure Contributions* required under *Rule 11.2.16* are:
 - i) Calculated in accordance with the formulas set out in *Rule 11.2.20* on the date an authorisation for *service connection* is granted (approved);
 - ii) Payable immediately before an authorisation for *service connection* is issued (released).

11.2.17 Local Infrastructure Contributions – Credits Offsetting Fees

- a) *Rules 11.2.9 to 11.2.16* are subject to *Rule 11.2.17* in relation to the recognition of credits that offset the *Financial Contribution* payable.
- b) Where a development is replacing an existing *building* on the subject *site* the *Local Infrastructure Contribution* (if any) that would be payable to establish the *building* at that time will be deducted from the fee in accordance with the applicable formulas set out in *Rule 11.2.19*.
- c) Where a development is replacing a *building* that previously existed on the subject *site* the *Local Financial Contribution* (if any) to establish the *building* that previously existed at this time will be deducted from the contribution payable in accordance with the formulas set out in *Rule 11.2.20*, provided the *building* existed on-site either on or after the date *Council* first started charging the particular contribution.
- d) Credits are deducted at an *infrastructure* level and are not transferable across types of *infrastructure*. In circumstances where the credits are not fully exhausted by the new development they will be available for subsequent development on the subject *site*.
- e) *Council* will under no circumstances refund *Local Infrastructure Contribution* associated with credits that have not been exhausted by development.

11.2.18 Local Infrastructure Contributions – Provision of Land in Lieu of Money

Council may accept land in lieu of the full or partial payment of a *Local Financial Contribution* for *reserves infrastructure* in the following circumstances:

- a) Where only one developer is involved in the development and requirement for reserve land;
- b) Where the area is being developed as a comprehensive development area;
- c) Where the land value is able to be negotiated to an agreement acceptable to both parties involved;
- d) Where the land meets Council's Open Space Level of Service Policy requirements;
- e) Where the development of the land meets Council's level of service requirements.

11.2.19 Components of Local Infrastructure Contribution Formulas

11.2.19.1 Interpretation

For the purposes of the *Financial Contribution* formulas set out below, terms used have the following meaning:

CAPEX means the growth-related portion of the inflation-adjusted capital expenditure for a project that relates to a specific *urban growth area*. It applies only to projects where the growth-related capital expenditure will be partly funded by development that occurs in the current financial year through *Financial Contributions* pursuant to this Chapter and/or development contributions pursuant to the Local Government Act 2002. Projects are detailed in the *Council's* Development Contributions Policy, which is updated annually through the Annual Plan and Ten-Year Plan under the Local Government Act 2002.

The financial year runs from 1 July to 30 June.

CAPEX includes only the growth-related portion of a project's cost as determined by *Council*. Among other things, this excludes the portion, if any, of a project's cost that is allocated to renewal or backlog.

CAPEX is based on Council's best available knowledge and, among other things, takes into account known or likely construction costs and land values. At the beginning of each financial year capital expenditure estimates will be updated.

CAPEX may be calculated for projects that are completed, projects that are partially completed, and projects which have not yet begun. Where actual costs are known these will be used in the calculation of the contributions payable. Where actual costs are unknown these will be estimated and used in the calculation of *Financial Contributions*.

The range in the level of accuracy for cost estimates, from least reliable to most reliable, is:

- a) A desktop assessment of the cost based on knowledge and experience of similar projects;
- b) An estimate based on a walkover of the *site* and a reasonably accurate understanding of the extent of the work;
- c) An engineer's estimate prepared after the project has been designed;
- d) A contract price for the work.

The cost estimates for each project will be based on the most appropriate of these methodologies, dependent on the state of the project.

The cost estimates for projects where capital expenditure is planned beyond the current financial year are inflation adjusted. This ensures that costs relate to what *Council* actually expects to pay at the time capital expenditure is incurred as opposed to what *Council* would expect to pay if the project was undertaken in the current financial year.

Only the inflation related to the portion of a project's cost to be funded by growth is included in the calculation of the contributions payable.

The inflation rates used are drawn from work specifically done for Local Government in New Zealand. The inflation rates used will be reviewed annually to ensure they remain appropriate.

INT means the sum of the interest costs that *Council* incurs (earns) in relation to the provision of CAPEX.

This is calculated by taking into account the expected timing of capital expenditure and the expected timing of contribution revenue (both Development Contributions and *Financial Contributions*) for each project.

The interest rates used in the calculation of the cost of capital based on the best information available to *Council*. The interest rates used will be reviewed annually to ensure they remain appropriate.

Interest costs that are incurred on the non-growth related portions of project costs are not included in the calculation of *Financial Contributions*.

TIME means the adjustment to the dollar amount of *Financial Contributions* to ensure fairness in the contributions payable across time (i.e., intergenerational equity).

SCALE means the scaling factor used to convert a financial contribution for a *dwelling unit* into *Financial Contributions* for other types of development.

The only scaling factor for *local infrastructure* is for the development on non-residential zoned land [NONRES].

The scaling factors are based on the average demand generated by an *infrastructure* type relevant to the average demand generated by a typical residential dwelling. As such the scaling factors may differ across each type of *infrastructure*.

GROWTH means the number of units of demand over which the growth-related portion of a project's cost is to be funded.

Units of demand are the sum of the number of *dwelling units* and the number of *dwelling unit equivalents* or the total amount of developable land within each *urban growth area*.

Units of demand are calculated individually for each *urban growth area* for *Local Infrastructure Contributions*. Units of demand may vary from project to project as appropriate to ensure there is a reasonable nexus between growth and the funding of the project.

[UGA] means a particular *urban growth area*.

Σ Means that the formula applies to each project individually with the outcomes summed together to give the *Financial Contribution* for a particular type of *infrastructure*.

11.2.19.2 Calculation

Where a particular formula applies to more than one type of *infrastructure*, the *Financial Contribution* will be calculated individually for each type of *infrastructure* in accordance with the formula.

11.2.20 Financial Contribution Formulas for Local Infrastructure

- a) Formula for residential development – water, *wastewater*, stormwater, transportation, *community infrastructure* and reserves *infrastructure*. The contribution per additional *residential allotment* (or *dwelling unit* or *dwelling unit equivalent* in relation to *Rule 11.2.11* or *11.2.13*) for each type of *infrastructure* is calculated as follows:

$$= (\sum (CAPEX + INT) / GROWTH[UGA]) + TIME$$

This formula applies to *multi-unit residential development* as per *Rule 11.2.11 a)*, and to non-residential development in *Residential Zones* as per *Rule 11.2.13*.

- b) Formula for the development on non-residential zoned land – water, *wastewater*, stormwater and transportation *infrastructure* in all *urban growth areas* except the Tauranga Infill area identified in *Diagram 5, Section 5, Plan Maps (Part B)*. The contribution per hectare of *site* area for each type of *infrastructure* is calculated as follows:

$$= ((\sum (CAPEX + INT) / GROWTH[UGA]) + TIME) \times SCALE[NONRES]$$

- c) Formula for the *Local Infrastructure Contribution* for *wastewater infrastructure* in the Tauranga Infill *urban growth area*, identified on *Diagram 5, Section 5, Plan Maps (Part B)* for non-residential development in Business Zones. The contribution per additional 100m² of gross floor area for a business activity, *low-demand* business activity or *community organisation*, located in a non-residential zone is calculated as follows:

$$= ((\sum (CAPEX + INT) / GROWTH[UGA]) + TIME) \times SCALE[NONRES]$$

11.2.21 Industrial Street Landscape Planting Contribution

- a) On the erection of any new or relocated *building* on a *site* in an Industrial Business Zone, other than those sites specified in *Rule 20.2.1.6 a)*, the owner shall pay to *Council* a sum not exceeding \$45.50 plus GST per linear metre of site frontage, or proportion thereof, as a contribution (Landscaping Impact Fee) toward the provision of street landscaping along the street servicing the *site* or streets in the vicinity of the *site*. The Landscaping Impact Fee is a base rate as at 1 July 2009, and shall be increased annually on 1 July in accordance with the Consumer Price Index.
- b) The payment of the Landscaping Impact Fee specified in *Rule 11.2.21 a)* shall not be required in circumstances where a street landscaping contribution (either in money or planting within the streets of the *subdivision* to Council's specification) has already been made either:
- i) On a preceding *subdivision* of the land;
 - ii) On those sites where frontage landscaping comprising a mix of trees, shrubs and ground cover has been established contiguous to, and to a width of at least 2 metres measured from, the road frontage *boundary*, exclusive of permitted vehicle accessways.

- c) For the purposes of *Rule 11.2.21 a) and b)* "street landscaping" means street trees to be planted or planted in accordance with the minimum requirements for street trees set out in the Infrastructure Development Code.

11.2.22 Parking Impact Fees Contributions

- a) The *Parking Impact Fee* payable in accordance with *Rule 4.2.2.2 – On-Site Parking Requirements – City Centre Zone* (including *Appendices 4A and 4B*) shall be calculated as:
- i) 33% of the average cost of constructing a parking space in a multi-level carparking building per parking space required by *Rule 4.2.2.2*. The number of parking spaces required and/or the circumstances where a *Parking Impact Fee* is payable for activities in Parking Zones 1, 2 and 3 in the City Centre Zone (in accordance with *Appendix 4B: Central Business District Parking Zones*) are set out in *Appendix 4A: Minimum On-Site Parking and Loading - Tauranga Central Business District*);
 - ii) The cost of constructing a parking space is based on the average cost of constructing a parking space in a multi-level carparking building based on the projects within Council's Ten-Year Plan. These projects may be updated from time to time.
- b) The *Parking Impact Fee* required by *Rule 11.2.22* shall be paid on the issue of a building consent for a new *building* or *building* addition.

11.2.23 Removal of Protected Tree Contributions

Where an application is made to remove a tree listed in *Appendix 6D or Appendix 7A*, the *Council*, in giving consideration to granting consent, may specify as a condition of consent that a *Financial Contribution* to offset the value of the tree(s) be made. The value of the contribution shall be calculated as the median price (excluding GST) established from not less than two recognised nursery suppliers for a replacement PB95 grade tree(s) of the same or similar species and the costs associated with planting of any such tree(s).