



### Significant Assumptions

Section 201(b) of the LGA 2002 requires the development contributions policy to state the significant assumptions underlying the calculations in the development contributions policy. These include growth, financial and costing assumptions below.

#### Hutt City growth assumptions for 2006-2016

Population change and average household size in the residential sector, and non-residential (retail/commercial /industrial) expansion, influence expectations of the impact of growth on Council infrastructure.

The discussion of residential and non-residential growth expectations below shows a high level of uncertainty. Recognising the various drivers discussed below, this report assumes a further 2,000 household equivalent units (“HEU”) by the end of the period 2006-2016, an average of 200 HEUs per year in the residential sector, and 90,000 square metres of additional gross floor area, an average of 9,000 square metres per year, in the non-residential sector.

#### 2006 population

Estimates of the 2006 Hutt City population were uncertain and varied between sources due to the need to make estimates on growth since the last published census results for 2001.

- Wellington Regional Strategy (“WRS”) estimated range for the 2006 population was high 97,200, medium 95,680 and low 93,810.
- Statistics NZ estimated range for the 2006 population was high 103,500, medium 101,400 and low 99,300.

#### Population growth estimates to 2016.

Estimates of population to 2016 existed in a range as follows:

- The Wellington Regional Strategy estimated range for the 2016 population was high 99,630, medium 94,720, and low 89,180.
- The Statistics NZ estimated range for the 2016 population was high 108,900, medium 102,300 and low 95,700.

#### Household formation trends to 2016

In addition to population growth, demand on Council infrastructure is also driven by household formation. Average persons per household was 2.66 in 2006 and forecast to decline to 2.54 by 2016 (WRS). Assuming these trends, even if the population were to remain static at around 100,000, a further 1,777 households would result.

#### Historic subdivision development trends

Other data providing an indication of household formation is historic subdivision analysis showing 145, 190 and 335 potential new dwellings in Hutt City in each of the years 2002/03, 2003/04 and 2004/05 respectively. While these historic trends cannot be used to predict the future, they provide an indication of household formation in the current period of reasonably low growth to static population trends.

#### Non-residential growth expectations

Gross floor area assumptions sourced from property advisers DTZ for the development of this policy are 1,000 m<sup>2</sup> per year for commercial, 6,000 m<sup>2</sup> per year for industrial and 2,000 m<sup>2</sup> per year for retail.

#### Financial and costing assumptions

- Average costs have been applied in calculating the growth HEUs share of total costs.
- All costs from projects in the Community Plan used in the development contributions policy are based on current estimates of infrastructure construction prices in 2006-dollar terms. The Community Plan provides further inflation adjustment of all operating and capital costs over the ten years of the plan. It is assumed that interest received on fees collected in anticipation of construction later in the Community Plan ten-year period will offset construction cost inflation. No cost of capital, including interest and compensation of Council for taking the risk of building infrastructure in advance of demand, is included in growth cost calculations.
- Income generated from rates will be sufficient to meet the operating costs of growth related capital expenditure into the future.
- All Land Transport New Zealand subsidies will continue at present levels and that eligibility criteria will remain unchanged.
- The methods of service delivery will remain substantially unchanged.



**SUBSTANTIVE POLICY**

**Catchments**

Council has taken a system-wide view in identifying the cumulative effects of new development on infrastructure. Accordingly, Council has defined the catchment for each activity for which development contributions are required as being the entire city.

**Requirement for development contributions**

Development contributions shall be required for the following activities:

- Roading and traffic.
- Water supply.
- Wastewater,
- Stormwater and
- Local urban design.

Parks and reserves capital expenditure is recovered through the District Plan’s financial contributions.

Developments where there is no practical connection to water supply or wastewater reticulation systems will not be required to pay water and wastewater fees. If the Development is subsequently connected to the water and/or wastewater reticulation systems, the applicable contribution will be payable prior to connection.

Development in non-urban areas where no stormwater systems are provided will not pay a stormwater fee.

Development contributions shall be required in money unless, at the sole discretion of an authorised officer, a piece of land is offered by the developer that would adequately suit the purposes for which the contribution is sought.

Where Council accepts, at its sole discretion, a developer’s offer to provide network infrastructure or community infrastructure in lieu of paying a development contribution, the parties will need to enter into a development agreement (detailed further below).

**Assessment**

The development contribution will be assessed on any:

- Resource consent granted under the Resource Management Act 1991; or
- Building consent granted under the Building Act 2004; or
- Authorisation approved for a service connection.

A reassessment may be made on each and every event described above.

An applicant may pay the development contribution within 12 months of the date of each assessment. If payment is not received in accordance with the table below Council may, at its discretion, review its assessment.

The development contribution must be paid as set out in the table below.

<b>Subdivision resource consent</b>	prior to issue of section 224(c) certificate
<b>Other resource consent</b>	prior to commencement of the consent
<b>Building consent</b>	prior to issue of code compliance certificate
<b>Service connection</b>	prior to connection

Unless the development contribution has been paid in full, the Council may:

- In the case of subdivision consent, withhold the section 224(c) certificate.
- In the case of any other resource consent, prevent the commencement of the resource consent.
- In the case of a building consent, withhold the code compliance certificate.
- In the case of a service connection, withhold the service connection.
- Register the outstanding development contribution as a charge on the subject land under the Statutory Charges Registration Act 1928.

In assessing development contributions, Council defines gross floor area (GFA) as the sum of the gross floor areas of all floors of a building or buildings measured from the exterior faces of exterior walls or from the centre-lines of walls separating two buildings.



**Residential Development**

The unit of demand for each activity is the HEU. An HEU represents one household unit.

Residential developments will be assessed on the number of additional household units created by the development.

**Minor Household Units**

Minor household unit means a residential household unit with a maximum gross floor area of 65 square metres that is additional to a residential household unit already established on the allotment. A minor household unit shall be assessed at 0.5 of an HEU per additional unit.

**Fee Simple Subdivision**

Each allotment in a fee simple subdivision represents one HEU.

**Non-residential Development**

Where the level of demand is known for a non-residential development, the number of HEUs generated by the development will be determined by reference to the following table (which sets out the average level of demand per HEU).

**Household Equivalent Units**

Activity	Units of Demand – Residential	Units of Demand – Non-Residential HEUs
Roading and Transport	10 light vehicle movements per day	<ul style="list-style-type: none"> <li>Retail – 4 HEU/100m<sup>2</sup> GFA</li> <li>Commercial – 2 HEU/100m<sup>2</sup> GFA</li> <li>Industrial – 0.3 HEU/100m<sup>2</sup> GFA</li> </ul>
Local Urban Design	10 light vehicle movements per day	<ul style="list-style-type: none"> <li>Retail – 4 HEU/100m<sup>2</sup> GFA</li> <li>Commercial – 2 HEU/100m<sup>2</sup> GFA</li> <li>Industrial – 0.3 HEU/100m<sup>2</sup> GFA</li> </ul>
Water Supply	957 litres per day	0.26 HEU/100m <sup>2</sup> GFA
Wastewater	675 litres per day	0.26 HEU/100m <sup>2</sup> GFA
Stormwater	200 m <sup>2</sup> of impervious area	0.5 HEU/100m <sup>2</sup> new impervious surface area

The above table does not apply where the level of demand is unknown, in which case the Council will require a special assessment as detailed further below. An applicant for resource consent, building consent or service connection may also elect, at their own cost, to provide a special assessment provided that any Council fees for processing the special assessment are met.

Development contributions for non-residential development will not apply to an addition of less than 10 square metres of gross floor area to an existing building.

**Credits**

Credits are expressed in units of demand and may be used to reduce the number of units of demand created by a development.

Credits only apply in respect of an existing or prior use of the site, and can not be used to reduce the number of additional units of demand from the proposed development to less than zero.

The prior use of the site must have been current within the 2 years prior to the application. Credits from a prior use can not be transferred to or from another site.

Existing allotments as at 1 July 2006 are deemed to have a credit of one HEU.

In all other cases, the credits will be calculated based on the methodology in this policy.

**Remissions, Reviews and Postponement**

At the request of an applicant, the development contributions required on a development may be considered for remission at Council’s discretion on a case by case basis.

Any such request shall be made in writing by the applicant within 15 working days after Council has advised the applicant in writing of the amount of development contribution required on the development. The application must be made before any development contribution is paid, as the Council will not consider a retrospective application for remission.

In undertaking the review the Council shall as soon as reasonably practicable consider the request. The Council may determine whether to hold a meeting for the purposes of the review, and if so, give the applicant at least five working days notice of the date, time and place of that meeting.

Council may, at its discretion, uphold, reduce or cancel the original amount of development contribution required on the development. The Council may delegate these responsibilities and decisions to an authorised officer.

Where Council decides to consider such a request the following matters shall be taken into account:

- The Development Contributions Policy.
- Council's financial modelling.
- Council's funding and financial policies.
- The extent to which the value and nature of the works proposed by the applicant reduces the need for works proposed by Council in its capital works programme.
- Any credits that may apply to the site.
- Whether Council determines that the development contributions are manifestly excessive in relation to the impact of the development on infrastructure:

Council will not consider any request to postpone a development contribution.

### How to calculate your development contribution

#### Residential

1. Identify the fees payable per Household Equivalent Unit (HEU).
2. Calculate how many HEUs your development will create.
3. Calculate how many (if any) HEU credits apply to your development and deduct the number from the number of HEUs in step 2 above.
4. Multiply the number of HEUs from step 3 above by the fee per HEU in step 1 and add 12.5% GST. This is the total development contribution fee payable IN ADDITION to financial contribution fees that may be payable under the District Plan.

#### Non Residential

1. Work out new gross floor area in units of 100 m<sup>2</sup> (e.g. 2000 m<sup>2</sup> = 20 units).
2. Work out new impervious surface area in units of 100 m<sup>2</sup> (e.g. 2000 m<sup>2</sup> = 20 units).
3. Go to the Household Equivalent Units table, and for each asset type except stormwater multiply the number of gross floor area units by the HEU conversion figure to give a total number of HEUs for each asset type (except stormwater).

4. Multiply the number of impervious surface units by the HEU conversion figure for stormwater to give a total number of HEUs for stormwater.
5. Go to the section on "Credits", calculate the credit in HEUs for each asset type, and subtract from the numbers of HEUs calculated in steps 3 and 4 above.
6. Go to the Fee Summary table, and for each asset type multiply the number of HEUs by the rate per HEU to give a total contribution for each asset type.
7. Add the figures from 6 above to calculate the total development contribution payable.

#### Refunds

Sections 209 and 210 of the Local Government Act 2002 apply to refunds of development contributions paid to Council, where:

- Resource consents lapse or are surrendered; or
- Building consents lapse; or
- The development or building does not proceed; or
- The Council does not spend the money on the purpose for which the development contribution was required; or
- Previous overpayment has been made (for whatever reason).

The development contribution will be refunded to the registered proprietors of the subject allotment as at the date of the refund assessment (less a fair and reasonable administration fee).

#### Cross boundary issues

In some cases, developments may cross District Council boundaries. Where the development crosses District Council boundaries, the Council will only assess the development for that part of the development, which is within Hutt City.

#### Special assessment and development agreements

Council reserves its discretion to require a developer to provide a 'special assessment' either where the level of demand is unknown or where a proposed development may have a significantly greater impact than is envisaged in the averaging implicit in Council's development contributions model after applying methodology in this policy (including



the application of any credits arising). For all special assessments, the applicant will be expected to provide supporting information and detailed calculations of their development's units of demand on various activities and such further details as to support the credits applied for under the policy.

Where it is in the best interests of all parties, Council may enter into a development agreement with the developer. The development agreement must clearly state the departure from the standard processes and calculations, and the reasons for these differences.

#### **Valuations**

Where land is required to be valued, the assessment of land value will be carried out by a registered valuer based on the market value of the land being developed:

- In its 'developed' state (which includes the proposed development and any other development authorised by resource or building consents);
- As assessed not more than 12 months before the contribution is paid; and
- Including GST.

#### **Guarantee**

An applicant may request that Council accept a guarantee for development contributions in excess of \$50,000. This request will be considered at the discretion of an authorised officer.

Guarantees:

- Will only be accepted from a registered trading bank.
- Shall be for a maximum period of 24 months, subject to later extensions as may be agreed by an authorised officer.
- Will have an interest component added, at an interest rate of 2% per annum above the Reserve Bank official cash rate on the day the guarantee document is prepared. The guaranteed sum will include interest, calculated on the basis of the maximum term set out in the guarantee document.
- Shall be based on the GST inclusive amount of the contribution.

At the end of the term of the guarantee, the development contribution (together with interest) is payable immediately to Council.

If Council accepts the guarantee, all costs for the preparation of the guarantee documents will be met by the applicant.

#### **Goods and Services Tax**

All assessments are exclusive of GST and do not constitute an invoice for the purposes of the Goods and Services Tax Act 1985.

The time of supply shall be the earlier of:

- Council issuing an invoice to the developer; or
- The payment of the development contribution in accordance with this policy (including the execution of a guarantee in accordance with this policy).

GST will be added to the invoice at the time of supply as required by the Goods and Services Tax Act 1985.

#### **Council Developments**

Council developments are not liable to pay development contributions provided this exemption does not apply to Council Controlled Organisations.

#### **Transitional Provisions**

The Policy will apply to all applications for resource consent, building consent or authorisations for service connections granted on or after 1 July 2006 provided that:

- all such applications were made on or after 19 December 2001.
- no development contribution under this Policy will be imposed on a building consent and/or service connection application that is lodged to give effect to an identical development that was authorised by a resource consent granted by Council before 1 July 2006.

**Methodology – Activity 1 – Libraries**

No historic capital expenditure made in anticipation of growth is recognised.

Capital expenditure in the 2006 Community Plan totals \$7.768m. The capital expenditure is due to the change in needs of existing users i.e. learning centres (internet and computer support), increased numbers of older people requiring large print material, audio facilities and more space. The majority of the capital expenditure is for computer hardware and a pilot digitalisation project to preserve history and make documents more accessible. This capital expenditure is all level of service related, with no clear provision of capacity to provide for future growth and is therefore funded from sources listed in the Revenue and Financing Policy.

Historic capital expenditure					
				<b>Total</b>	<b>Total growth</b>
				\$	\$
				0	0
Community Plan capital expenditure 2006-2016 (2006 dollar terms)					
Maintenance total	Maintenance growth	New assets total	New assets growth	Total	Total growth
\$	\$	\$	\$	\$	\$
7,483,000	0	285,000	0	7,768,000	0
TOTAL historic and Community Plan capital expenditure for growth					<b>0</b>
					HEUs
					0
					Fee/HEU
					0

**Methodology – Activity 2 – Museums**

This activity covers two museums – TheNewDowse and Petone Settlers Museum.

Recent historic capital expenditure along with Community Plan capital expenditure totalling \$5,750,000 (or \$2,250,000 net of subsidies) provides for the upgrade and expansion of the Dowse Museum. This expenditure is related to improvements in the level of service for existing residents and therefore funded from other sources listed in the Revenue and Financing Policy.

The Settlers Museum is at full storage capacity however has spare capacity in terms of visitors due to location and level of service.

Historic capital expenditure					
				<b>Total</b>	<b>Total growth</b>
				\$	\$
				0	0
Community Plan capital expenditure 2006-2016 (2006 dollar terms)					
Maintenance total	Maintenance growth	New assets total	New assets growth	Total	Total growth
\$	\$	\$	\$	\$	\$
203,700	0	3,081,815		3,285,515	0
TOTAL historic and Community Plan capital expenditure for growth					<b>0</b>
					HEUs
					0
					Fee/HEU
					0