

# Chapter 16

## Financial Contributions



FINANCIAL CONTRIBUTIONS

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## 16. FINANCIAL CONTRIBUTIONS

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### 16.1 RESOURCE MANAGEMENT ISSUES

1. Land use activities generate adverse environmental effects when infrastructural systems cannot cope with additional demand.
2. New development and land use activities can reduce the quality of services available to existing users.
3. A mechanism is needed to mitigate the adverse effects of new development on the District's natural and physical resources.
4. There may be a lack of reserves and recreation land in areas of new development and this can increase demand placed on existing reserves.

### 16.2 OBJECTIVES AND POLICIES

#### 16.2.1 OBJECTIVE

**To ensure that new activities and development contributes positively and equitably to the sustainable management of the environment and infrastructural resources of the District.**

#### POLICIES

16.2.1.1 To require a financial contribution as a condition of subdivision and Land Use Consents.

16.2.1.2 To ensure that a financial contribution is fair and equitable.

#### 16.2.2 OBJECTIVE

**To ensure that where loadings on infrastructural services increase, the services can continue to operate efficiently and will not adversely affect the District's natural and physical resources or compromise the quality of service provided to existing users.**

#### POLICIES

16.2.2.1 To require a financial contribution on new development to offset any adverse environmental effects.

16.2.2.2 To allow payment of financial contributions to be staged in accordance with the planned staging of any subdivision where financial and security arrangements are entered into by *Council* and the *developer*.

16.2.2.3 To require financial contributions for land use activities and developments to offset adverse effects on the District's *roading*, water supply, sewerage, stormwater and reserves resources.

16.2.2.4 To require financial contributions for carparking where this cannot be provided on-site for a land use activity or development.

## **16.3 RULES**

### **16.3.1 FINANCIAL CONTRIBUTIONS AS CONDITIONS OF CONSENT**

16.3.1.1 A condition may be imposed on a subdivision or land use consent or resource consent to require payment of a financial contribution for the following purposes:

1. The mitigation of potential adverse effects arising from the activity, including any shortfall in on-site carparking.
2. Ensuring positive effects on the environment to offset adverse effects.
3. Ensuring that infrastructural services within the District continue to operate in a safe and efficient manner, such that the *developer* pays for the additional demand on infrastructure services.
4. Reserve purposes, such that the *developer* pays for the additional demand on the reserves in the District.

### **16.3.2 PAYMENT OF FINANCIAL CONTRIBUTIONS**

16.3.2.1 A financial contribution may be required in the form of money or land. Payment in the form of money shall be required for purposes 1 to 3 above. Payment for "Purpose 4 - Reserve Purposes", may be required as land or money.

16.3.2.2 Financial contributions in the form of money required as a condition of a subdivision consent shall be paid prior to the issue of a certificate pursuant to Section 224 of the *Act* unless staging of the subdivision and payment of the financial contribution is approved as part of the consent.

16.3.2.3 Financial contributions in the form of land required as a condition of a subdivision, shall be vested in *Council* and shown on the deposit of the survey plan prior to the issue of a certificate pursuant to Section 224 of the *Act* unless staging of the subdivision and payment of the financial contribution is approved as part of the consent.

16.3.2.4 Financial contributions required as a condition of Land Use Consent shall be paid prior to the uplifting of a *building* consent. Where no *building* consent is required the contribution shall be paid before commencement of the activity or as stated in the conditions of the resource consent.

**16.3.3 FINANCIAL CONTRIBUTIONS FOR CARPARKING**

16.3.3.1 A financial contribution for carparking may be required where on-site carparking cannot be achieved as required for the activity in the zone. Financial contributions for carparking may be required to ensure a positive effect on the environment. The calculation for carparking shall be calculated in the manner below and includes an allowance for carparking for the disabled.

16.3.3.2 Where the District Plan requires an applicant to provide on-site carparking, and there is a shortfall, then the *Council* may charge a financial contribution for the shortfall based on the following formula for each carpark not provided:

Contribution = Value of land required + Cost of construction

$$C_p = (VI \times A + D \times A)$$

$C_p$  = Value of contribution (\$)

$VI$  = Value of 25m<sup>2</sup> of land in the vicinity of the off-site carpark area as determined by an independent registered valuer

$A$  = Number of carparks required to make up the on-site shortfall

$D$  = Cost of construction of 25m<sup>2</sup> of parking area to a permanent asphaltic concrete or concrete surface, including earthworks, pavement, kerbing, drainage and marking determined either by an independent cost assessment or from the current Construction Price Index.

16.3.3.3 The financial contributions taken by the *Council* in lieu of on-site carparking shall be used to provide, upgrade or extend *public carparking* in the vicinity of the business centre from which it is collected. It may also be used to contribute towards the cost of *public carparking* facilities that have already been constructed.

16.3.3.4 The *Council* may reduce the value of the contribution in one or more of the following circumstances:

1. The *Council* has not provided or does not intend to provide additional off-site carparking in the vicinity of the *site*.

2. The *Council* has provided carparking in the vicinity of the *site* or intends to do so and this has been or will be funded through a different funding source in *Council's* Long Term Plan, such as user fees and charges.
3. The site contains a heritage resource listed in Chapter 14 Heritage and the reduction will enable the continued use of the building and support its protection or conservation.

#### 16.3.4 FINANCIAL CONTRIBUTION FOR SERVICE LANES

16.3.4.1 Where the District Plan indicates the formation and vesting of land for the purpose of a service lane, a development or subdivision of the land shall include a condition requiring the land to be formed to *Council's* standards specified in *Council's* Engineering Code of Practice.

#### 16.3.5 FINANCIAL CONTRIBUTION FOR ROADING

16.3.5.1 The total cost of developing new *roads* (including unformed legal *roads*) required to service a development or subdivision shall be met entirely as a cost to the *developer*. Where a development or subdivision will generate traffic effects that require the sealing, widening or upgrading of a road, the financial contribution shall be calculated as the cost of upgrading the *road* to the required level of service specified in *Council's* Engineering Code of Practice that is directly attributable to the development or subdivision. Financial Contributions for roading will be calculated in accordance with the following formulae:

1. Financial Contribution for subdivision - Based on number of new *lots* created:

**Contribution = Cost of forming or upgrading road to the nearest Lot boundary of the site  
+ Cost of upgrading road along the frontage of the site**

$$C_p = \frac{D_1 \times R_c \times L_g}{L_e + L_g} + \frac{D_2 \times R_c}{2}$$

C<sub>p</sub> = Value of contribution (\$)

D<sub>1</sub> = Length of *road* (km) required to be upgraded to the closest boundary of the *site*.

D<sub>2</sub> = Length of *road* frontage (km) along the application *site*. If the development is on both sides of the *road* the length along both frontages shall be added together.

L<sub>e</sub> = Total number of existing *lots* fronting to the *road* to be upgraded measured as D<sub>1</sub>

L<sub>g</sub> = Number of new *lots* created in the proposed subdivision

Rc= Cost (\$/km) of improving the affected section of *road* to the level required as determined by the predicted traffic volume and *road* hierarchy and as included in *Council's* Long Term Plan.

2. Financial Contribution for Land-use and Development - Based on traffic generation:

**Contribution = Cost of upgrading road to the nearest boundary of the site times the total traffic to be generated by the proposal  
+ Cost of upgrading road along the frontage of the site**

$$C_p = \frac{D_1 \times R_c \times T_g}{T_e + T_g} + \frac{D_2 \times R_c}{2}$$

Cp = Value of contribution (\$)

D1 = Length of *road* (km) required to be upgraded to the closest boundary of the *site*.

D2 = Length of *road* frontage (km) along the application *site*. If the development is on both sides of the *road* the length along both frontages shall be added together.

Te = Total amount of traffic currently using this *road* (as vehicles per day, AADT).

Tg = Total amount of traffic generated by the development (as vehicles per day, AADT).

Rc = Cost (\$/km) of improving the affected section of *road* to the level required as determined by the predicted traffic volume and *road* hierarchy and as included in the *Council's* Long Term Plan.

### 16.3.6 FULL COST FINANCIAL CONTRIBUTION FOR ROADS

16.3.6.1 There are *roads* in the District that have capacity traffic for their structure. Any further subdivision on these *roads* will place additional loadings on the resource that would make it non-viable. The financial contribution shall be the full cost to accommodate additional loadings and to bring the *road* up to *Council's* standards.

16.3.6.2 The *roads* to which this applies are:

1. Rankin Road (All of the *road* length)
2. Old Creamery Road (All of the *road* length)
3. Amokura Road (From the end of the seal)
4. Tutaetoko Road (All of the *road* length)

5. Pakihi Road (From the intersection of Ōtara Road East and Pakihi Road)
6. Te Waiti Road [Ōtara] (All of the *road* length)
7. Block Access Road (All of the *road* length)
8. Motu Road (Route position 7.78)
9. Whitikau Road (All of the *road* length)
10. Takaputahi Road (All of the *road* length)
11. Waiata Road (All of the *road* length)
12. McRaes Road (All of the *road* length)
13. Redpath Road (All of the *road* length)
14. Wairata Road ( From the intersection of Redpath Road and Wairata Road)

**16.3.7 FINANCIAL CONTRIBUTION FOR WATER SUPPLY, SEWERAGE NETWORKS AND STORMWATER TREATMENT**

16.3.7.1 The *developer* shall be responsible for the following costs:

1. The cost of the installation of services within any subdivision or development.
2. The cost of connections to *Council* services where these are available.

16.3.7.2 A financial contribution for infrastructural services shall be required as a condition of consent and paid by the *developer* to meet the following costs:

1. Additional works on the water supply, sewerage, or stormwater networks required as a consequence of the development or subdivision.
2. A financial contribution in the form of money will be required toward provision of, or upgrading of, services where the contribution shall be determined in the following manner stated in 16.3.8 for residential activities and subdivision, or in 16.3.9 for non-residential activities.

**16.3.8 RESIDENTIAL ACTIVITIES AND SUBDIVISION**

16.3.8.1 The financial contribution for infrastructural services shall be determined in the following manner:

$$\text{Contribution} = N \times (U_c \div L)$$

Where:

**N** The number of new *lots* created by the subdivision

**U<sub>c</sub>** Upgrade cost of the system as determined by *Council*

**L** Number of new *lots* to be served by the upgrade



**16.3.9 NON-RESIDENTIAL ACTIVITIES**

16.3.9.1 The financial contribution for infrastructural services shall be determined in the following manner:

$$\text{Contribution} = N \times U_c$$

Where:

**N** Capacity of the upgrade that will be used by the activity

**U<sub>c</sub>** Upgrade cost of the system as determined by *Council* in a transparent and fair manner

**16.3.10 FINANCIAL CONTRIBUTION FOR RESERVES**

16.3.10.1 Financial contributions for reserves shall be calculated on the basis of the number of people expected to use the reserve. The calculation takes into account the additional reserves needed to offset the adverse effects of land use activities and development and the per household unit cost of acquiring and improving reserves. The calculation takes account of the different reserves in the District, those that are neighbourhood reserves and those that are District reserves.

16.3.10.2 The financial contribution for reserve purposes shall be in the form of money or land and shall be calculated in the following manner:

$$\text{Contribution} = R_D + R_N$$

Where:

$$R_D = \frac{\text{Percentage household increase} \times \text{Total cost of District reserves}}{\text{Present number of households}}$$

$$R_N = \frac{\text{Cost of acquisition and development} \times \text{Additional neighbourhood reserves required}}{\text{Increase in households}}$$

The reserve contribution has been calculated as **\$790.00** (excluding GST) per new *lot* created.

**16.4 OTHER METHODS**

16.4.1 Other methods available to address the effects of subdivision and development include:

1. Development contributions could be levied on new development and subdivision to address the additional costs of providing infrastructure.

## **16.5 EXPECTED ENVIRONMENTAL RESULTS**

Environmental results expected from the implementation of the objectives and policies of this section are:

- A.** Efficient infrastructural networks that are not adversely affected by additional loadings.
- B.** Sufficient reserves to manage population increases.
- C.** Development that contributes a fair share toward the costs of expanding services.
- D.** Adverse environmental effects can be offset.