APPENDIX 1

Development Contributions Policy

Wellington City Council

Policy approved by Wellington City Council on 28 June 2005. Proposed amendments shown in tracked changes

Contents

1 Introduction

1.1 What are development contributions?

1.1.1 A development contributions policy provides Council with a method to obtain contributions to fund infrastructure required as a result of growth.

1.1.2 Development contributions may be required in relation to developments if the effect of the developments is to require new or additional assets of increased capacity and as a consequence Council incurs capital expenditure to provide appropriately for network infrastructure, community infrastructure and reserves. In addition Council require development contributions to pay, in full or in part, for capital expenditure already incurred by Council in anticipation of development.

1.2 Legislative requirements

1.2.1 This document sets out Council's policy on development contributions under the Local Government Act 2002 ('LGA 2002'). Under section 102(4)(d) of the LGA 2002, Council is required to adopt a policy on development contributions or financial contributions as a component of its Funding and Financial Policies in its Long Term Council Community Plan ('LTCCP').

1.2.2 Section 198 of the LGA 2002 provides Council with the power to require a contribution from developments.

1.2.3 This policy has been prepared to meet the requirements for development contribution policies set out in sections 106, 197-211, and Schedule 13 of the LGA 2002. In summary, the policy:

- Summarises and explains the capital expenditure identified in the 2003/04 LTCCP (as varied by the 2004/05 Annual Plan) that the Council expects to incur to meet the increased demand for network infrastructure (roads, water, wastewater and stormwater collection and management) and reserves resulting from growth; and
- States the proportion of that capital expenditure that will be funded by development contributions; and
- Explains the rationale for using development contributions as the funding mechanism (as opposed to other mechanisms such as financial contributions, rates, or borrowings); and
- Specifies the level of contribution payable in different parts of the city; and
- Specifies when a development contribution will be required; and
- Prescribes conditions and criteria applying for remission, postponement and refund of development contributions.

1.3 Application of Development Contributions

1.3.1 The policy provides for Council to impose development contributions to fund growth related capital expenditure on:

- Network infrastructure, i.e.
  - water supply;
  - wastewater;
  - stormwater;
  - roading; and
- Reserves.

1.3.2 Development contributions are not payable at this stage for community infrastructure such as libraries, swimming pools and community centres. Council may extend the Policy to recover the growth related costs to Council of providing such infrastructure in the future.

1.3.3 Council will not require a development contribution where:

- It has imposed a condition on a resource consent in relation to the same development for the same purpose under section 108(2)(a) of the Resource Management Act 1991 ('RMA'); or
- The developer will fund or otherwise provide for the same local network infrastructure, community infrastructure or reserve in agreement with Council (and citywide fees will still apply); or
- Council has received, or will receive, funding from a third party.

1.4 Relationship with Financial Contributions in the District Plan

1.4.1 This Development Contribution Policy is distinct from and in addition to the provisions in the District Plan that provide Council the discretion to require financial contributions under the Resource Management Act 1991.

1.4.2 Council will use the Policy where a development contribution is payable for a particular purpose within a catchment and for all Citywide contributions.

1.4.2 However, where a development results in Council incurring Capital Expenditure that is not included in the LTCCP Capital Expenditure in the Policy, Council may impose a financial contribution as a condition of resource consent under section 3.4.5 of the District Plan which states that:

> *"Where a proposed development creates the need for increased capacity or upgrades to infrastructure at the point of connection (in terms of traffic, stormwater, sewers, or water) the Council may require a payment towards the cost of necessary works. The Council will set a payment on the basis of what is believed to be a fair and appropriate proportion of the costs that should be borne by the developer (up to 100%)".*

1.4.3 Council will also continue to impose financial contributions on any development to which the DC Policy does not apply.

2 Planning for growth

2.1 Growth in Wellington City

2.1.1 City growth assumptions underpin Council's Asset Management Plans and capital expenditure budgets in the LTCCP for the period 2003/04 to 2012/13. These assumptions are informed by forecasts based on Greater Wellington Regional Council's MERA projection modelling on population, dwellings and employment based on Statistics NZ census data for the periods 2001 to 2011 and 2021 as follows:

	2001 Census	Projection to 2011	10-year % increase	Projection to 2021	20-year % increase
Population	163,793	177,187	8.2%	185,773	13.4%
Households	62,454	68,359	9.5%	74,443	19.2%
Employment					
- Full Time	74,741	81,655	9.3%	84,755	13.4%
- Part Time	18,653	21,163	13.5%	21,849	17.1%

Source: Statistics NZ census data and projections as modelled by MERA (Monitoring and Evaluation Research Associates Ltd) for Greater Wellington Regional Council's projections.

2.1.2 These projections indicate that:

- Residential ten-year 2001 – 2011 growth assumptions are for an additional 5,905 (9.5% growth) equivalent household units ('EHU's' – refer section 2.2 of the Policy)[1] spread across the city in greenfield, infill and central city conversion locations;
- Residential household twenty-year 2001 – 2021 growth assumptions are for an additional 11,989 EHUs (19.2% growth);
- Non residential ten-year 2001 – 2011 growth assumptions, based on full time employment increases of 6,914[2] converted to EHUs (i.e. by dividing the total expected employment by the 2.6 average number of persons living in a Wellington household), are an additional 2,659 EHUs;
- Non residential twenty year 2001 – 2021 growth assumptions, based on full time employment increases of 10,014[2], are projected to be an additional 3,851 EHUs;
- These non residential projections are conservative as they do not account for the projected increase of 2510 persons in part time employment (i.e. approximately 500 EHUs assuming part-time is 0.5 FTE);
- Overall total projected ten-year (2001 – 2011) residential and non residential growth based on the 2001 census, excluding increases in part time employment, amount to 8,564 EHUs.

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1 Source: Greater Wellington Regional Council Population Projections, (MERA Base Census 2001 Wellington TLA modelling of Statistics New Zealand data for occupied private household projections by usual residents from the 2001 base year NZ census of population and dwellings counts).

2 Source: Greater Wellington Regional Council Population Projections, (MERA Base Census 2001 Wellington TLA modelling of Statistics New Zealand data for Usually Resident NZ Population aged 15 years or over engaged in full or part time work by usual residence, based on medium projection all ages total 2001-2011 with the base year based on custom NZ Census of Population and Dwellings Counts 2001).

2.1.3 Growth projections are subject to significant uncertainties as to the quantum, timing and location of growth. Therefore the regular update and assessment of growth projections is a key component of planning future infrastructure requirements.

2.1.4 Informed by the above 2001 – 2021 estimates, other forward planning projects[3] and recognising potential forecasting errors, for calculation purposes **a ten year EHU growth assumption of 10%** has been used for both residential and commercial sectors over the period 2003/04 – 2012/13, conservatively assumed to be **9,175** EHUs[4].

2.1.4 The increase in capital expenditure resulting from growth is not necessarily proportional to the increase in population and employment, i.e. actual costs to provide for growth will depend upon the particular capital works required. However for Citywide catchments in water, stormwater, roading and reserves, Council has assumed such a proportional relationship as there is little spare capacity and capital works have been designed with an ongoing 10% provision for growth.

2.2 Application of Equivalent Household Units (EHUs) as the unit of demand

2.2.1 The most equitable way to apportion the cost of new infrastructure in response to growth demand is on the basis of the number of equivalent new households expected in Wellington as detailed in 2.1 above for both residential and non residential uses.

2.2.2 Residential development is defined in section 10 of the policy. Non-residential development is likewise defined, and essentially means all development not falling within the definition of residential development.

2.2.3 In a residential development, the identifiable unit of demand will be an additional household unit as defined in the District Plan. In a subdivision development, the identifiable unit of demand is an allotment.

2.2.4 For a non residential development, Council has assumed that an employee requires approximately 25m^2 of gross floor area ('gfa') and that 2.6 employees, being the equivalent average household occupancy, would require 65m^2.

2.2.5 When calculating the number of EHUs in a non-residential development:

- The 65m^2 of gfa will be applied on a pro-rata basis (rather than rounding to the nearest EHU). In other words, a non-residential development with a gfa of [100m2] will equate to [1.54] EHUs.
- Except that for development less than 10m^2 no contribution will be payable.

2.2.6 In summary:

Type of development:	**EHU assessment based on:**
Residential development	▪ 1 EHU per Household unit
Subdivision	▪ 1 EHU per allotment

[3] To ensure the collection and analysis of robust data, Council is involved with two forward planning projects that have clear linkages with the development of a Development Contributions Policy – the Wellington Urban Development Strategy and the Wellington Regional Strategy.

[4] Comprises residential and non residential household units based on Wellington city's 2001 census night population of 163,793 at 10% divided by an average household size of 2.6 people (6,300 EHUs) plus the total population in full time employment of 74,741 at 10% divided by an average household size of 2.6 people (2,875 EHUs)

Non residential development	▪ 1 EHU for every 65m^2 of gfa unless changed following an assessment under the process below

Assessment process for non residential development

2.2.7 The non-residential unit of demand (65m^2 GFA per EHU) may be departed from in the following circumstances:

Self-assessment

2.2.7.1 An applicant may apply for a self-assessment of the number of EHU's payable for a particular development as follows:

(a) Application must be made in writing before any development contributions payment in respect of the development becomes due.

(b) The assessment must relate to all infrastructure and reserve categories for which development contributions are payable under the policy.

(c) The onus is on the applicant to prove (on the balance of probabilities) that the Actual Increased Demand created by the development is different from that assessed by applying the non residential unit of demand in paragraph 2.2.5. Actual Increased Demand means the demand created by the most intensive non residential use(s) likely to become established in the development within 10 years from the date of application.

(d) The Council may determine an application made under this part at its discretion. In doing so the Council must take into account everything presented to it by way of the written application, and may take into account any other matter(s) it considers relevant.

(e) Any application must be accompanied by the fee payable to recover Council's actual and reasonable costs of determining the application.

Special assessment

2.2.7.2 If the Council believes on reasonable grounds that the increased demand for water supply, wastewater, stormwater, transport and roading and/or reserves assessed for a particular development by applying the non residential unit of demand in paragraph 2.2.5 is less than the Actual Increased Demand created by the development, it may require a special assessment to determine the number of EHUs as follows:

(a) A special assessment must be initiated before any development contributions payment in respect of the development becomes due.

(b) The assessment must relate to all infrastructure and reserve categories for which development contributions are payable under the policy.

(c) The Council may request information from the applicant to establish the Actual Increased Demand.

(d) The Council must bear its own costs.

(e) Everything the Council intends to take into account when making a special assessment must be provided to the applicant for a written reply at least 14 days before the assessment is determined.

(f) The Council may determine a special assessment made under this part at its discretion. In doing so the Council must take into account everything presented to it by way of a written reply, and may take into account any other matter(s) it considers relevant.

Assessment guidelines

2.2.7.3 Without limiting the Council's discretion, when assessing an application for a self-assessment, or a special assessment initiated by Council, the Council will be guided by the following:

Infrastructure Type	**Usage Measure per EHU**
Water Supply	780 litres per day including storage
Wastewater	390 litres per day
Stormwater	Runoff co-efficient not exceeding 0.7
Traffic and Roading	10 private vehicle trips per day
Reserves	600m^2 of allotment area

2.3 Credit for EHUs for existing development

2.3.1 In some cases, credits may be used to reduce the development contribution payable. Credits will be expressed in EHUs. Credits will not be refunded, and can only be used for developments on the same site and for the same activity. Credits cannot be used to reduce the number of units of demand to less than zero.

2.3.2 A credit is given for the number of EHUs assessed for the development or use existing on the site at the time the application is assessed for the development contribution payable, to recognise situations where existing structures on the site or uses on the site mean that the development being assessed will not contribute to growth to the extent that the assessed number of units of demand implies.

2.3.3 The number of EHU credits will be calculated by applying the criteria in paragraph 2.2 above, unless in the case of non residential development, the assessment process is used. Where a self-assessment or special assessment is undertaken under 2.2 it will also include a determination of the credits under the policy.

2.3.4 Examples where credits will arise are:

Type of existing original development:	**Nature of credit:**

Infill Residential fee simple subdivision of existing allotment into 3 fee simple allotments	▪ 1 EHU credit – for the original allotment. Development Contributions payable on 2 EHU's
Residential development of existing CBD site with 650m^2 gfa commercial building into 100 unit title apartments	▪ 10 EHU credit (i.e. 650m^2 gfa /65m^2) unless an assessment is undertaken
Additional household unit on existing allotment with one house – (with or without subdivision)	▪ 1 EHU credit for the existing household unit only ▪ Development contribution charged on additional household unit
Development of 4 fee simple lots in the Northern Growth area for commercial storage facility – with 10,000m^2 gfa	▪ 4 EHU credit for the existing allotments to be deducted from the total payable for the commercial storage facility (10,000 m^2 gfa/ 65)

3 Rationale for funding the costs of growth through development contributions

3.0 Section 106(2)(c) of the LGA 2002 requires the Council's development contributions policy to explain why the Council has determined to use development contributions as a funding source, by reference to the matters referred to in section 101(3) of the LGA 2002 detailed in sections 3.1 to 3.5 below.

3.1 Community outcomes

3.1.1 The following community outcomes have particular relevance to the decision of how to fund growth related infrastructure:

- Wellington's long-term environmental health will be protected by well-planned and well-maintained infrastructure.
- Opportunities for active and passive recreation in Wellington will be diverse, safe, affordable, accessible and attractive.
- Wellington's communities will have ready access to multi-use indoor and outdoor facilities and spaces.
- Wellingtonians will protect and have access to public green open spaces and the coast.
- Wellington's governing bodies will comply with all legislative requirements and will behave in an ethical and fair manner.

3.1.2 Charging new development for the additional infrastructure ensures a fair contribution to the community outcomes. This means, for example, that:

- Traffic resulting from development is managed by a programme of works that maintains existing traffic flow, pedestrian and cycle access, parking and safety standards;
- Large, efficient reservoirs and pumping stations are built and shared across a number of developments; and
- Reserves are created and developed to service growth.

3.2 Distribution of benefits and the extent to which particular individuals or groups contribute to the need to undertake an activity

3.2.1 It is appropriate that development contributions fund additional capacity in water supply, wastewater, stormwater, roading and reserves. The benefits of this additional capacity accrue to new households (EHUs) generating demand for that capacity. Development contributions paid by developers are likely to be passed on through section prices to the residents of new households. Existing residents, however, gain no direct benefit from, and should not be required to fund through rates, the addition of capacity to existing networks that adequately meet their needs.

3.2.2 Conversely, the cost of maintaining or improving levels of service provided by Council infrastructure to the existing population cannot be included in capital expenditure to be funded out of development contributions, as this expenditure does not benefit developers or new households.

3.3 Costs and benefits of funding the activity distinctly from other activities

3.3.1 The benefits of funding additional infrastructure capacity resulting from development growth through development contributions include greater transparency and allocative efficiency through passing on the actual costs to developers. The use of catchments also aids transparency and allocative efficiency by signalling the variations in the cost of providing infrastructure according to the characteristics of the particular locality and the nature of the works required. Although development contributions are not a significant administrative cost once systems are established, for small catchments collection of development contributions may not be cost effective and therefore a Citywide fee will be more efficient for some activities with a large number of widely located projects.

3.4 Overall impact on community wellbeing

3.4.1 Ensuring adequate levels and balance between the various sources of funding to provide appropriate infrastructure is central to promoting the social, economic, environmental and cultural wellbeing of the city. Funding the cost of providing increased capacity in Council infrastructure through development contributions rather than rates serviced debt promotes equity between existing residents and newcomers.

3.4.2 Council resolved that it retains the option of departing from the principle that development should pay 100% of growth related capital expenditure for particular infrastructure if the Council were to be of the view, following the consideration of section 101(3) LGA factors, that there is a demonstrable case supporting a variation.

4 Capital expenditure in response to growth

4.1 Activities and catchments for which development contributions may be required

4.1.1 LGA 2002 allows Council to require a development contribution from any development for:

- Capital expenditure expected to be incurred as a result of growth; or

- Capital expenditure already incurred in anticipation of growth[5].

4.1.2 Development contributions will be required for Council-funded capital works resulting from growth associated with the provision of the following network infrastructure and reserves.

Water supply

4.1.3 Development contributions will be required for:

- The ongoing Citywide upgrade in capacity of the water supply network of pipes and pumping stations;
- Capital works to provide additional reservoir and pump station capacity for specific catchments.

Wastewater

4.1.4 Development contributions will be required for:

- The ongoing Citywide upgrade in capacity of the networks of wastewater pipes and pumps;
- Council funded capital works associated with the provision of the Council's Clearwater project that serves the Moa Point and Karori Wastewater Catchments and was developed with additional capacity in anticipation of growth;
- Capital expenditure incurred to purchase additional capacity in the Porirua Treatment Plant from Porirua City Council.

Stormwater

4.1.5 Development contributions will be required for the ongoing Citywide upgrade in capacity of the network of pipes and streams that make up the stormwater system.

Roading

4.1.6 Development contributions will be required for the ongoing Citywide upgrades of roads, public transport facilities, cycleways and pedestrian walkways to facilitate growth.

Reserves

4.1.7 Development contributions will be required in three catchments – a Citywide catchment, an inner city catchment and for greenfields development (in accordance with section B6.1.2 of this policy).

4.2 Growth-related capital expenditure

4.2.1 The table below sets out for each activity:

[5] Section 199(2) LGA.

- The capital expenditure identified in the 2003/04 LTCCP (as amended) that the Council expects to incur to meet the increased demand for network infrastructure and reserves resulting from growth;
- The total amount of development contribution funding sought for that activity;
- The proportion of the capital expenditure that will be funded by development contributions and other sources of funding.

Summary of capex for infrastructure area	Total cost of capital works	Total growth component	Amount to be funded by development contributions	Amount to be funded from other sources
Water supply	105,857,479	8,783,054	8,783,054	-
Wastewater	100,274,812	1,970,878	1,970,878	-
Stormwater	27,753,294	1,427,769	1,427,769	-
Roading	246,596,984	10,761,890	5,825,529	4,936,361
Reserves	74,562,724	5,705,193	5,705,193	-

4.2.2 Where Council anticipates funding from a third party (such as Land Transport New Zealand) for any part of the growth component of the capital expenditure budget, then this proportion is excluded from the costs used to calculate development contributions.

4.3 Capital costs already incurred in anticipation of growth

4.3.1 Development contributions will also be required from development to meet the cost of infrastructure capacity already incurred in anticipation of development where Council has assessed it appropriate and reasonable.

4.3.2 For the purpose of this policy, taking a development contribution for capital expenditure already incurred in anticipation of development is considered appropriate for the wastewater network infrastructure in the catchment areas of the Moa Point and Western treatment plants (Clearwater), Council's share of the Porirua Treatment Plant and for several water supply catchments but not for any of the other listed activities in section 4.2 above.

4.3.3 The capital expenditure already incurred to meet increased growth demand for network infrastructure and reserves is summarised below.

Activities	Total capital expenditure incurred in anticipation of development to be funded by development contributions
Water Supply	$5,933,130
Wastewater	$61,661,595
Stormwater	$0
Roading	$0
Reserves	$0

4.4 Use of development contributions

4.4.1 Council will use development contributions either for or towards the capital expenditure for which they were required, or for providing analogous reserves or network infrastructure (or community infrastructure if development contributions are set in the future).

4.4.2 Where a development contribution is received for capital expenditure that has already been incurred by Council, Council will have met its obligations under the Local Government Act 2002 that relate to the use of the Development Contributions, unless a refund is due (see section 8.2).

4.4.3 Where Council has received development contributions for reserves, in addition to the powers governing the use of development contributions for reserves in the Local Government Act 2002, Council must use the land or cash received as follows:

- Cash - within 20 years of it being received;
- Land - within 10 years of it being received, unless a longer period is agreed with the party who paid the contribution. (Note: in all circumstances the Council will seek to reach such an agreement).

5 How development contributions have been calculated

5.1 LGA Requirements

5.1.1 Section 201(1)(a) of the LGA 2002 requires the Development Contributions Policy to include, in summary form, an explanation of and justification for the way each development contribution in the Schedule to the policy is calculated.

5.1.2 In summary, each contribution has been calculated in accordance with the methodology set out in Schedule 13 of the LGA 2002, by using the following seven step process.

Step	Explanation	LGA Reference
One	**Define catchments** ▪ A catchment is the area served by a particular infrastructure, e.g. reservoirs, pumping stations and pipes. ▪ Catchments are defined with reference to characteristics of the service, the common benefits received across the geographical area supplied and judgement involving a balance between administrative efficiency and the extent of common benefits.	LGA Schedule 13 1(a)
Two	**Identify ten-year capital expenditure resulting from growth** ▪ The proportion of total planned costs of capital expenditure for network and community infrastructure and reserves from the LTCCP resulting from growth. ▪ Growth costs (capacity increase to cater for new entrants) can be funded in full or in part by using development contributions. This is one of three components of the total ten-year capital costs budgeted in the LTCCP, the other two components being level of service improvements and renewals. These two costs must be met from funding sources other than development contributions. ▪ Justification for the level of growth capital expenditure should be supported by Financial Management funding considerations (refer to 3 above) and show significant assumptions and impacts of uncertainty.	LGA 106(2)a and Schedule 13 1(a) LGA 106(2)(a) LGA 101(3)(a) LGA 201(1)(b)
Three	**Identify the percentage of growth related ten year capital expenditure to be funded by development contributions** Unless the Council wishes to reduce fees for clear policy reasons, this is likely to be 100% in most cases, because: ▪ It directly relates to the planned capital expenditure set out in the LTCCP and detailed in the Council's Asset Management Plans; and ▪ The capital expenditure identified for growth can be reasonably identified.	LGA 106(2)(b)

Step	Explanation	LGA Reference
Four	**Identify the appropriate units of demand** The selected unit of demand is Equivalent Household Units ("EHU") calculated as follows: ▪ For a greenfields development, an allotment, e.g. in Northern Growth developments the average lot size is 550 - 600m^2. ▪ EHUs will be applied uniformly for each lot regardless of size for reasons of administrative simplicity and lot size is not considered to have a material impact on demand. ▪ For non residential development, 65m^2 (based on average space per office worker of 25m^2 and an average number of persons per household in the Wellington region of 2.6 (per the 2001 census) or by self-assessment supported by an impact report or by special assessment whereby the Council prepares an impact report as a basis for assessment. ▪ For an infill development, a residential dwelling as defined in the District Plan.	LGA Schedule 13(1)(b)
Five	**Identify the designed capacity (in units of demand) provided for growth** ▪ The designed capacity may vary between different types of infrastructure. In many cases it will be considered economically prudent to provide spare growth capacity considerably beyond current ten-year expectations. For example, large scale, high cost citywide infrastructure such as a sewerage treatment plant will have significantly more designed capacity for growth than ongoing roading improvements. ▪ Costs are recovered across the full designed number of EHUs. Projected growth in EHUs over the ten year period of the LTCCP will be relevant to the Council's budgeting of revenue but not to the calculation of the development contribution per EHU.	LGA Schedule 13(1)(b) & (2)
Six	**Allocate the costs to each unit of demand for growth** ▪ The development contribution charge per EHU is calculated by dividing the total capital expenditure resulting from growth (step two) by the designed units of demand for growth (step five).	LGA Schedule 13(1)(b)
Seven	**Input results to comprehensive schedule of fees by catchment** ▪ A detailed schedule must be prepared as part of the policy that enables the development contributions to be calculated by infrastructure type and catchment. ▪ The policy will be supported by the significant assumptions made to determine the development contributions payable and their impacts, contribution and conditions and criteria for remission, postponement or refund, the valuation basis for assessment of maximum reserves and catchment maps.	LGA 201(2) LGA 201 (1)(a) LGA 201(1)(b),(c) & (d)

5.2 Significant assumptions

5.2.1 Section 201(b) of the LGA 2002 requires the development contribution policy to state significant assumptions underlying the calculation of the schedule of development contributions.

System-wide view

5.2.2 In developing a methodology for the development contributions, the Council has taken a system-wide view in identifying the cumulative effect of development on infrastructure, i.e. by considering the infrastructure impacts on all ratepayers created by both individual and multiple developments across a catchment. For Citywide catchments this means growth is proportionally reflected in total capital expenditure.

Planning Horizon

5.2.3 The planning horizon varies by infrastructure type typically ranging from 10 years to more than 50 years. This is consistent with the Council's asset management planning. Longer horizons may result in larger capital expenditure for some projects but also means the costs are spread across a larger designed city capacity (i.e. greater number of EHUs).

Growth Forecasts

5.2.4 The overall planning assumption is for a 10% increase in growth and capacity for renewals and upgrades for citywide catchments to take account of the impact on infrastructure of continuing growth within the city over the next ten years.

Application of costing methods

5.2.5 Average costs have generally been applied to the allocation of capital expenditure between existing and new EHUs. In most cases, it is a difficult and complex exercise to determine incremental costs and average costs reflect a fair allocation of capital infrastructure costs to newcomers.

Cost of individual items of capital expenditure

5.2.6 The Council has used the best information available at the time of developing this policy to estimate the cost of individual items of capital expenditure that will be funded in whole or part out of development contributions. It is likely that actual costs will differ from estimated costs due to factors beyond the Council's ability to predict, such as changes in price of raw materials, labour, etc, and the time of capital works. The Council will review its estimates of capital expenditure annually and adjust the LTCCP.

Financial Assumptions

5.2.7 The following financial assumptions have been applied:

- All costs in the Development Contributions Policy are based on current known infrastructure prices in current 2005 dollars and no allowance has been made for inflation.
- 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.

6 Application of methodology to specific activities

6.0 Development contributions are required both on a citywide basis and on a more localised catchment-by-catchment basis depending on the type of infrastructure and reserves, the type of development and the impact of development on infrastructure and reserves. Further details of the basis for the development contributions in this policy are set out in Appendix B.

6.1 Citywide development contributions

6.1.1 Citywide fees are applied to:

- Network infrastructure – those systems characterised by interdependent components where development growth adversely impacts other areas of the network if action is not taken to mitigate those effects. The network infrastructure attracting citywide development contributions will comprise roads and the water supply, stormwater and wastewater reticulation networks.

- Reserves that are destination amenities used by groups from across the city such as sports fields and the botanic gardens.

6.1.2 Increases in capacity resulting from growth are factored into the regular, ongoing renewal and upgrade work undertaken on these networks and reserves. Over a ten year period these works typically comprise a variety projects right across the city.

6.1.3 In estimating the cost proportion of additional growth-related capacity included in renewals and upgrades the Council has assumed that:

- Capacity increases are designed to reflect the overall level of growth in EHUs expected over the next 10 years;

- Growth for capacity planning purposes is estimated after consideration of projections of population, households and employment prepared by Statistics NZ based on census data (section 2.1 above);

- Average cost is a reasonable proxy for the incremental cost of additional capacity. The cost of additional capacity for development growth installed during renewal projects is limited to the appropriate proportion of materials costs as all other costs are deemed to relate to the renewal of the asset.

6.1.4 Citywide fees may be applied to community infrastructure in the future. Citywide community infrastructure would be likely to include those community facilities that are available for all residents and which need to be expanded or enhanced to cater for the impact of development growth. Citywide fees may be applied to community infrastructure in the future.

Citywide water supply

6.1.5 The water supply reticulation system comprises a network of pipes and pumping stations supplying fresh water from 18 bulk water supply points around the city. Development growth reduces the level of service standards for water pressure for other households within the network although not necessarily for that new development. To maintain the level of service, additional capacity is continually built into the network either as specific upgrades or as part of the renewal programme.

6.1.6 Citywide water supply excludes the Northern Growth area (catchments I and J) as water is supplied directly from the bulk main and does not rely on the wider city network. The water supply distribution network in this area will be provided by developers at their cost as they develop through the area.

Citywide stormwater

6.1.7 Large scale flooding has occurred in the past in the central city, Miramar, Karori, Island Bay/Berhampore, Kaiwharawhara and the Tawa Basin. The lack of sufficient pipe capacity and the resulting need to implement flood protection works across the City is seen as one of the most significant impacts of continued development. Planned works are ongoing across the city as growth continues. The priorities for these works are determined after consideration of the impact of flooding, environmental risk, existing consent and potential growth.

Citywide wastewater

6.1.8 The wastewater reticulation system comprises a network of pipes and pumping stations clearing wastewater and sewage to the Moa Point, Western and Porirua treatment plants.

6.1.9 Development growth increases the volume of wastewater requiring additional capacity to be built into the network on an ongoing basis either as specific upgrades or as part of the renewal programme.

Citywide traffic and roading

6.1.10 The transport and roading network comprises the cities main arterial routes and secondary roads including related bridges, walls and embankments, footpaths, walkways and cycleways, parking and public transport access and shelters.

6.1.11 Development growth increases traffic volumes and congestion which adversely impact traffic flows, safety, and wear and tear on road surfaces. To maintain the level of service, additional works are required across the network on an ongoing basis. These works typically comprise many small projects right across the city over a ten year period. Works are planned to approximately match expected growth to ensure cost effective use of the Council's resources and assets.

Citywide reserves

6.1.12 Citywide reserves comprise amenities such as the botanic gardens and sportsfields and other open space required for ecological reasons and to provide attractive and desirable city environs. They are destination reserves that provide active recreational facilities to the city community. Therefore, increased demand can come from anywhere within the city.

6.1.13 Growth impacts these reserves in a number of ways including a degradation in the quality of the reserve, overcrowding causing inability to use the reserve for the intended recreational activities, changes in activities and usage by residents, etc. Capital works are continually required to upgrade these reserves to enable increased usage as well as to purchase land to create new reserves. Works are planned to approximately match the expected impact of growth to ensure cost effective use of the Council's resources and assets.

6.2 Development contributions for specific catchment areas

6.2.1 In addition to citywide development contributions, capital works are required to mitigate the impacts of development growth in clearly defined catchments. Examples include:

- A new water reservoir designed to provide capacity for a development (i.e. an identifiable catchment of EHUs),
- A new link road to provide a subdivision with access to main arterial roads, or
- Development of local playgrounds and open space to service a new subdivision or to cater for additional growth in household units within existing suburbs or the inner city.

6.2.2 It is anticipated that specific catchments will be defined from time to time as specific local works are required to mitigate the impact of growth on the local community. Currently, there are specific catchments for water supply, wastewater and reserves.

Water supply catchments

6.2.3 There are ten specific water supply catchments where water reservoirs and pumping station upgrades are required to provide for growth, either to provide the necessary water storage capacity based on projected population or to increase the level of service to enable further development.

6.2.4 The water supply catchments comprise:

- Onslow
- Ngaio West
- Johnsonville West
- Kelburn
- Churton-Stebbings
- Happy Valley and Frobisher
- Grenada North High Level
- Messines
- Roseneath
- Grenada-Lincolnshire

Wastewater catchments

6.2.5 Three wastewater catchments have been defined around the service areas of the three wastewater treatment plants:

- Moa Point
- Western (Karori)
- Porirua (Northern Suburbs).

6.2.6 The Clearwater treatment plants (Moa Point and Western) were built with the intention of providing significant capacity for growth over a long period of time, with Moa Point having the capacity to service twice the current population. Development contributions will be used to recover the costs of this additional capacity against new developments.

Reserves – inner city

6.2.7 The high growth in residential apartments and other non residential buildings continuing to be experienced within the inner city area is increasing demand for additional local reserves. This requires the redevelopment of existing reserves to accommodate additional usage and the purchase of additional inner city land to create new reserves.

6.2.8 Therefore, an inner city catchment has been defined where the predominant users of these reserves are local inner city residents and, to a lesser extent, people working within the inner city.

Reserves – greenfields development

6.2.9 Any developmentfalling within the definition of greenfields development is required to meet the Council's policy for playgrounds and reserves(in accordance with section B6.1.2 – B6.1.7 of this policy). Generally, developers contribute appropriate areas of land and either develop the reserve themselves or Council develops the reserve and charges a contribution per allotment.

Reserves - other

6.2.10 Current reserve management policies indicate that other areas are adequately provided with local reserves and open space (except for citywide reserves). As further reserves management plans are developed, new local reserves may be required in established suburbs as a result of infill development growth.

6.3 Rural Areas

6.3.1 Rural developments where there is no connection to water supply or wastewater reticulation systems will be required to pay citywide development contributions for roading and reserves only.

6.3.2 If the rural development is subsequently connected to the water and/or wastewater reticulation systems, the applicable additional citywide contribution plus any local catchment area development contribution will be payable prior to connection.

6.4 Application of s101(3) LGA

6.4.1 The Council resolved, when it considered each of the above catchment and citywide categories, and determined the fees payable for each per EHU, that that there are no categories of particular infrastructure or reserves where there is a demonstrable case supporting departure from the key funding principle that development contributions fund 100% of growth related capital expenditure.

7 When development contributions will be required?

7.1. This part of the DCP sets out when a development contribution will be required; if a development contribution has been formally required, when it will be assessed; and when it must be paid.[6] Under this policy, Council may formally exercise the power to require a development contribution in advance of undertaking its assessment of the amount payable.

Requirement

7.2 For every development, a development contribution will be required (at Council's sole discretion) under section 198 of the Local Government Act 2002 when:

7.2.1 Resource consent is granted under the Resource Management Act 1991 for a development within the Wellington City district; or

7.2.2 Building consent is granted under the Building Act 2004 for building work situated in its district (including the grant of a certificate of acceptance); or

7.2.3 Authorisation for a service connection is granted.

[6] In this part reference to the payment of development contributions includes the making of non-pecuniary development contributions (for instance the giving of land).

Assessment

7.3 ***Greenfield development***[7]

7.3.1 A development contribution required under paragraph 7.2.1 in respect of a resource consent being granted under the Resource Management Act 1991 for a Greenfield development, will be assessed at the time subdivision consent is granted. Any development contribution may (at Council's sole discretion) be reassessed following any change to a subdivision consent that results in an increased demand (i.e. increased EHUs).

7.3.2 Where a subdivision consent provides for its implementation in stages, Council will apportion any development contribution assessed under paragraph 7.3.1 between each stage at its sole discretion.

7.4 ***Other***

7.4.1 All other development contributions required under paragraph 7.2.1 will be assessed either:

7.4.1.1 Where a non-Greenfield subdivision consent is granted (i.e. paragraph 7.3 does not apply) at the same time at which the consent authority is requested to issue a s224(c) certificate under the Resource Management Act 1991; or

7.4.1.2 Where a building consent is granted for a development, at the same time at which the building consent authority must decide whether to issue a code compliance certificate under section 93 of the Building Act 2004; or

7.4.1.3 Where no building consent is granted for a development, immediately prior to any authorisation for a service connection being granted, or when processing an application for certificate of acceptance for building work already done; or

7.4.1.4 Where no building consent or authorisation for a service connection is required for a development, at the same time any resource consent under the Resource Management Act 1991 is granted.

Payment

7.5 ***Greenfield development***

7.5.1 A development contribution assessed under paragraph 7.3, either:

7.5.1.1 Must be paid in full before a s 224(c) certificate is issued by the Council for the subdivision consent; or

[7] The definition of 'Greenfield development' is set out in part 10.

Where a subdivision consent provides for its implementation in stages:

7.5.1.1 The development contribution apportioned under paragraph 7.3.2 must be paid in full before a s 224(c) certificate is issued by the Council for each stage of the subdivision consent.

7.6 ***Other***

7.6.1 A development contribution assessed under paragraph 7.4 must be paid within 4 weeks from the date of assessment or prior to the issue of the certificates in paragraph 7.7, whichever is the earliest.

7.7 ***Powers of Council if development contributions not paid***

7.7.1 Until a development contribution required in relation to a development has been paid, Council may:

7.7.1.2 In the case of a development contribution assessed under paragraph 7.3 or 7.4.1.1, withhold a certificate under section 224(c) of the Resource Management Act 1991.

7.7.1.3 In the case of a development contribution assessed under paragraph 7.4.1.2, withhold a code compliance certificate under section 95 of the Building Act 2004.

7.7.1.4 In the case of a development contribution assessed under paragraph 7.4.1.3, withhold a service connection to the development, or not process an application for certificate of acceptance for building work already done.

7.7.1.4 In the case of a development contribution assessed under paragraph 7.4.1.4:

- Prevent the commencement of a resource consent under the Resource Management Act 1991; and/or
- Withhold a certificate under section 224(c) of the Resource Management Act 1991.

7.8 The Council at its sole discretion will accept a bank bond or surety to secure payment of any development contribution more than $50,000. If the Council exercises its discretion to accept a bond or surety, the bonded sum will have an interest component, and the developer must meet the Council's costs for preparing the bond.

New connections

7.9 Where an existing development that is not connected to the City water or wastewater network as at 1 July 2005, connects to the City water or wastewater network the development contribution payable for water or wastewater must be paid prior to the service being connected.

Security

7.10 Council may register the 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, as provided for in section 208 of the LGA 2002.

7.11 Effective date

7.11.1 Any application for resource consent or building consent or application for service connection received by the Council on or after 1 July 2005, will be required to pay the development contribution payable under this policy. This requirement is subject to the exception in 7.11.3 below.

Amendments

7.11.2 If :

- an application for resource consent that was lodged prior to 1 July 2005 is amended; or
- an application is made to amend a condition of resource consent (where the application for that resource consent was lodged prior to 30 June 2005)

and the amendment results in an increase in the total EHU assessment from that which would have been applicable (had this policy been applied to the development) then this policy will apply to the increase in EHU's for the total development.

Transitional provision for developments that applied for resource consent prior to 1 July 2005

7.11.3 A development contribution will not be required on any resource consent, building consent, or service connection where the applicant can satisfy the Council that all of the following conditions are met:

(a) Council has already granted a resource consent for the development, (and the application for that resource consent was lodged prior to 30 June 2005);

(b) The subsequent application for resource consent, building consent or service connection is

- for the identical development as the activity authorised in the resource consent in (a) above; and
- is applied for in order to give effect to the resource consent in (a) above.

(c) One of the following apply:

- There was no jurisdiction to impose a financial contribution under the district plan when the resource consent application lodged prior to 1 July 2005 was granted; or

- If there was jurisdiction to impose a financial contribution under the district plan when the resource consent application lodged prior to 1 July 2005 was granted, there is a specific decision of Council not to impose a financial contribution; or
- if a condition of consent has been imposed on the development under section 108(2)(a) of the Resource Management Act 1991 requiring a financial contribution to be paid, and the condition has been met (ie the financial contribution has been paid in full to the Council in accordance with the conditions of consent if payment is due under the condition);

(d) The subsequent application for resource consent, building consent or service connection is received by Council within 5 years of the date that the resource consent received prior to 1 July 2005 was granted, or the resource consent received prior to 1 July 2005 has been given effect to;

provided that, if this provision applies, and the subsequent application shows there is an increase in EHU's, development contributions will be payable in an equivalent manner as provided for in paragraph 7.11.2 above.

(Note: an example where the provisio would apply, is where a building consent application shows that the residential : non-residential mix of development has changed from that assessed when the financial contribution condition was imposed, resulting in an increased number of EHU's.)

7.11.4 For the purposes of 7.11.1 and 7.11.3, if an application lodged prior to 1 July 2005 was rejected under s88(3) of the Resource Management 1991 or s48(1) of the Building Act 2004, it is deemed not to have been received by the Council prior to 1 July 2005.

7.12 When Council will not require a development contribution

7.12.1 Under the Local Government Act Council is unable to require a development contribution for a reserve, network infrastructure or community infrastructure if, and to the extent that:

- It has, under section 108(2)(a) of the Resource Management Act 1991, imposed a condition on a resource consent in relation to the same development for the same purpose;
- The developer will fund or otherwise provide for the same local reserve, network infrastructure, community infrastructure in agreement with Council (and citywide fees will still apply); or
- Council has received or will receive funding from a third party.

7.13 Private development agreements

7.13.1 Council may enter into a private agreement with a developer. The agreement must clearly record why an agreement is being used, record the basis of the cost sharing and, in particular, whether there is any variation from the Council's policy that new

development should pay 100% of growth related capital expenditure, and when the infrastructure will be provided.

7.13.2 Council foresees two situations where a private agreement may be appropriate:

- In a greenfields situation where Council will work with a developer to provide greater local capacity than that required for a particular subdivision to allow for potential further development and/or to reduce Council's long term operating costs;

- Where new capital expenditure is required to facilitate development of an area, but because there is no budgeted capital expenditure for the project there is no development contribution set under the policy.

7.13.3 Any departure from the policy that new development should pay less than 100% of growth related capital expenditure will be dealt with as if a remission under this policy.

8 Remission, postponement and refund of development contributions

8.1 Remission and postponement

8.1.1 Council may remit or postpone payment of a development contribution at its complete discretion. Council will only consider exercising its discretion in exceptional circumstances. Applications made under this part will be considered on their own merits and any previous decisions of Council will not be regarded as creating precedent or expectations.

8.1.2 Remissions will only be granted by resolution of Council (or a Committee or Subcommittee acting under delegated authority).

8.1.3 An application under 8.1 must be applied for before a development contribution payment is made to Council. Council will not allow remissions retrospectively.

8.1.4 An application must be made in writing, and set out the reasons for the request.

8.2 Refunds

8.2.1 Refunds will be made in accordance with sections 209 and 210 of the Local Government Act 2002, including any amendments made to those provisions at the time of making a refund.

8.3 Exemption from the application of the policy

8.3.1 Council's own developments are exempt from being liable to pay development contributions. For the avoidance of doubt, this exemption does not apply to Council-controlled Organisations, Council–controlled Trading Organisations or Council Organisations.

9 Schedule of development contributions

9.1 Citywide development contributions

Citywide development contributions	$ per EHU (ex GST)
Water Supply	$214
Stormwater	$156
Wastewater	$215
Traffic and roading	$635
Reserves	$460
Total Citywide Development Contributions	$1,680

9.2 Specific catchment related development contributions

Wastewater development contributions	$ per EHU (ex GST)
Central (Moa Point) Catchment	$1,185
Western (Karori) Catchment	$2,440
Northern Catchment[8]	$722

Water supply development contributions	$ per EHU (ex GST)
Onslow Catchment	$677
Ngaio West Catchment	$3,907
Johnsonville West Catchment	$850
Kelburn Catchment	$1,392
Happy Valley and Frobisher Catchment	$1,904
Grenada North High Level Catchment	$7,250
Messines Catchment	$961
Roseneath Catchment	$1,775
Churton – Stebbings	$2,357
Grenada – Lincolnshire	$3,179

Roading development contributions	$ per EHU (ex GST)
Churton – Stebbings	$2,291
Grenada – Lincolnshire	$1,897

Reserves development contributions	$ per EHU (ex GST)
Inner City Catchment - Residential	$1,581
Inner City Catchment – Non residential	$198
Greenfields Development	$7,510[9] (or as calculated under B6.1.2 - B6.1.7 based on Council's policy for Playgrounds and Reserves)

[8] Assumes that additional capacity at the Porirua Treatment Plant can be purchased at a cost similar to the current cost.

[9] Estimated average cost where Council purchases and develops a four hectare reserve in a new 110 hectare (1400 lot) subdivision where the reserve comprises a 3000m^2 play area and passive land reserve of 37,000m^2. Actual costs will vary according to the size of the specific reserve. In many cases the developer will contribute the land and develop the reserve in accordance with Council's playgrounds and reserves policies. In such a case, no cash development contribution for local reserves will be charged.

9.3 Summarised schedule of development contributions

9.3.1 The schedule of development contributions refers to areas A to O. These refer to geographically defined development contribution areas set out in Appendix A – Maps of development contributions catchment areas.

9.3.2 All fees in the schedule are GST exclusive.

			Catchment specific				
		Citywide	**Water Supply**	**Wastewater**	**Roading**	**Reserves* excluding Greenfield development**	**Total excluding reserves for Greenfield development**
		$ per EHU	**$ per EHU**	**$ per EHU**	**$ per EHU**	**$ per EHU**	**$ per EHU**
A	Roseneath	$1,680	$1,775	$1,185	$0	$0	$4,640
B	Messines	$1,680	$961	$2,440	$0	$0	$5,081
C	Grenada North HL	$1,680	$7,250	$1,185	$0	$0	$10,115
D	Frobisher	$1,680	$1,904	$1,185	$0	$0	$4,769
E	Kelburn	$1,680	$1,392	$1,185	$0	$0	$4,257
F	Johnsonville West	$1,680	$850	$1,185	$0	$0	$3,715
G	Proposed Ngaio West	$1,680	$3,907	$1,185	$0	$0	$6,772
H	Onslow	$1,680	$677	$1,185	$0	$0	$3,542
I	Churton-Stebbings	$1,466	$2,357	$722	$2,291	$0*	$14,346*
J	Grenada-Lincolnshire	$1,466	$3,179	$722	$1,897	$0*	$14,774*
K	Inner City – Residential	$1,680	$0	$1,185	$0	$1,581	$4,446
	Inner City - Non residential	$1,680	$0	$1,185	$0	$198	$3,063
L	Northern	$1,680	$0	$722	$0	$0	$2,402
M	Western	$1,680	$0	$2,440	$0	$0	$4,120
N	Central	$1,680	$0	$1,185	$0	$0	$2,865
O	Rural (citywide roading & reserves only - if not connected to water or wastewater)	$1,095	$0	$0	$0	$0	$1,095

Greenfields development

* See paragraph 6.2.9 and Appendix B6.1.2 – B6.1.7 for the development contribution for reserves for any greenfields development. As an indication, an average development contribution for Greenfields reserve is $7,510. See footnote 7 on page 26 for how this figure is calculated.

9.4 How to calculate your development contribution

Step 1	Go to Appendix 1 – Maps and check which development contribution area your development is in.
Step 2	Go to the development contributions schedule in 9.3 above and identify the fees payable per equivalent housing unit (EHU) for your development contribution area.
Step 3	Calculate how many EHUs your development will create (refer to section 2.2).
Step 4	Calculate how many EHU credits (if any) for your development (refer to section 2.3) and deduct from the number of EHU's in step 3.
Step 5	Multiply the number of EHUs (less credits) in your development by the development contribution charge identified in Step 2 and add 12.5% GST. This is the total development contribution payable for your development.

10 Definitions

10.1.1 In this policy:

Actual Increased Demand means the demand created by the most intensive non residential use(s) likely to become established in the development within 10 years from the date of the application.

Allotment has the meaning given to it in section 218(2) of the Resource Management Act 1991, and '**lot**' has the same meaning.

Community facilities means reserves, network infrastructure or community infrastructure for which development contributions may be required in accordance with section 199 of the LGA 2002.

Community infrastructure means:

(a) land, or development assets on land, owned or controlled by Council to provide public amenities; and

(b) includes land that the Council will acquire for that purpose.

Development means:

(a) any subdivision or other development that generates a demand for reserves, network infrastructure, or community infrastructure; but

(b) does not include the pipes or lines of a network utility operator.

Development contribution means a contribution:

(a) provided for in this development contribution policy; and

(b) calculated in accordance with the methodology.

Development Contribution Policy means the policy on development contributions included in the LTCCP for a territorial authority under section 102(4)(d) of the LGA 2002.

Equivalent Household Unit ('EHU') means:

Type of development:	EHU assessment based on:
Residential development	▪ 1 EHU per household unit
Subdivision	▪ 1 EHU per allotment
Non residential development	▪ 1 EHU for every 65m^2 of gfa unless changed following an assessment using the process in section 2.2.

Greenfield development means: a proposal that creates new residential or rural residential areas, and without limiting this definition in anyway, includes residential or rural residential development on land that was zoned Rural, Open Space. It also includes land that was zoned Residential within the land areas to which appendices

12 to 14 and 16 to 22, in the operative District Plan as at 1 July 2005.[10] For the avoidance of doubt, developments falling within this definition are also required to pay Citywide and catchment based (ie local) reserves.

Gross floor area ('gfa') means the sum of the gross area of the floor or floors of a building or buildings (including any void area in those floors, such as a lift or service shaft) measured from the exterior faces of exterior walls, or from the centre line of walls separating two buildings.

Household unit means a home or residence that is a self-contained unit includes kitchen and bathroom facilities of any nature and is physically separated, or capable of being separated, from any other household unit.

Methodology means the methodology for calculating development contributions set out in Schedule 13 to the LGA 2002.

Network infrastructure means the provision of roads and other transport, water, wastewater, and stormwater collection and management.

Network utility operator has the meaning given to it by section 166 of the Resource Management Act 1991.

Non residential development: means any development that falls outside the definition of residential development in this policy.

Residential development: means the development of premises for any domestic or related purpose for use by persons living in the premises alone or in family and / or non-family groups (whether any person is subject to care, supervision or not), but does not include work from home, hotels, motels, camping grounds, motor camps or other premises where residential accommodation for 5 or more travellers is offered at a daily tariff or other specified time and excludes a rest home, hostel accommodation or similar establishment that provides shared or communal facilities' (and residential activity, and use, has the same meaning).

Service connection means a physical connection to a service provided by, or on behalf of, the Council.

[10] For example, if land to be developed was zoned rural in the District Plan as of 1 July 2005 the subdivision will be treated under the Development Contributions policy as a 'Greenfield development'.

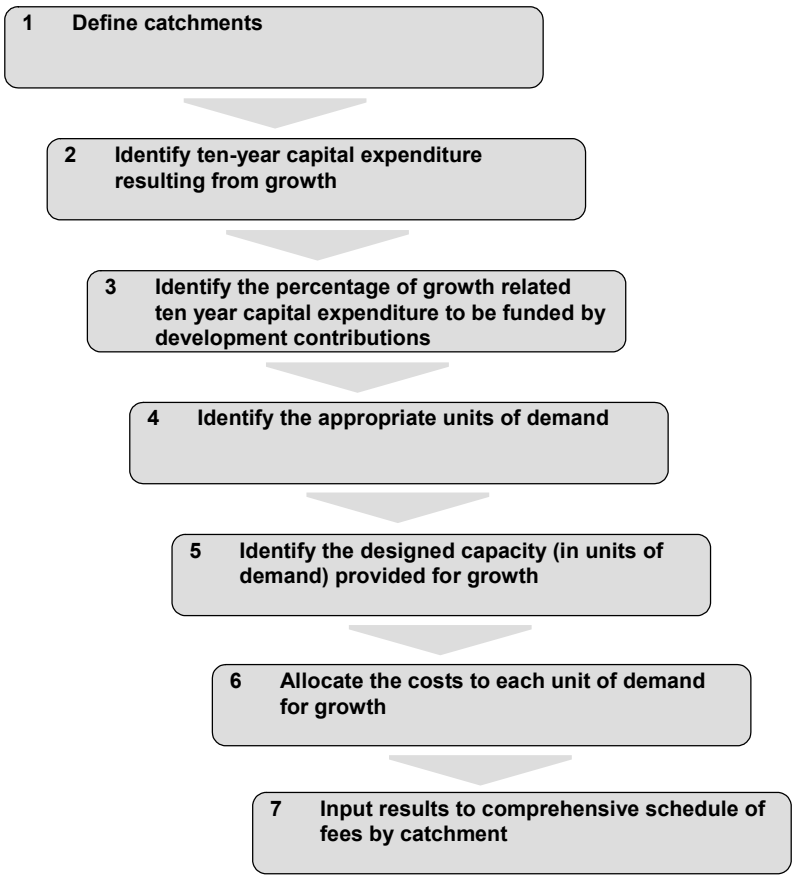
Appendix A Maps of development contributions catchment areas

Appendix B Methodology

B1 Calculation of development contribution levies based on the methodology

B1.1 Introduction

B1.1.1 The policy sets out the methodology for calculating development contributions. In summary, the methodology comprises the following seven steps.



B1.1.2 The capital works expenditure and the basis of calculation of development contributions for each of the infrastructure areas is set out below for:

(a) A citywide catchment for water supply, stormwater and roading;

(b) Water supply catchments;

(c) Wastewater catchments;

(d) Roading catchments; and

(e) An inner city catchment for reserves.

B2.1 Citywide

B2.1.1 The capital works expenditure and the basis of calculation of development contributions for citywide water supply, stormwater and roading is set out in the table below. It identifies the capital expenditure in the Council's 2003/04 LTCCP and subsequent amendments, the proportion relating to growth less subsidies received from other parties to arrive at the total net contribution amount. This is divided by the estimated citywide growth in equivalent household units (EHUs) to determine the citywide development contribution payable.

Activity	Total 10-Year Capex Budget	Gross Contribution Amount	Less Subsidy Receivable	Net Contribution Amount	EHUs	Citywide Development Contribution Amount
Water Supply	$58,859,347	$1,471,484	$0	$1,471,484	6,885	$214
Stormwater	$57,110,743	$1,427,769	$0	$1,427,769	9,175	$156
Wastewater	$78,835,119	$1,970,878	$0	$1,970,878	9,175	$215
Traffic and Roading	$110,387,007	$10,761,890	$4,936,361	$5,825,529	9,175	$635
Reserves	$63,321,133	$4,224,434	$0	$4,224,434	9,175	$460
Total	$368,513,349	$19,856,454	$4,936,361	$14,920,093	9,175	$1,680

B3.1 Water Supply

B3.1.1 The following table sets out the water supply catchments where capital works incorporate additional capacity to allow for growth. Development contributions recover the cost of having provided that additional capacity for growth. The calculation is based on the capital expenditure relating only to the additional capacity for growth divided by the estimated EHUs available for growth.

Water Reservoirs and Pumping Station Upgrades and Renewals
CX 127 and CX 336

	Completed prior to 2003/04	2003/04 10-year LTCCP	Proportion relating to growth	Growth EHUs		Development Contributions per EHU
Happy Valley and Frobisher	$613,130	-	$60,928	32		$1,904
Kelburn	$2,620,000	-	$199,056	143		$1,392
Grenada North High Level	$580,000	-	$152,250	21		$7,250
Onslow	$2,120,000	-	$139,462	206		$677
Roseneath (CX127)	-	$2,003,600	$131,350	74		$1,775
Messines (CX127)	-	$3,100,000	$465,124	484		$961
Ngaio West (CX336)	-	$8,335,000	$2,344,200	600		$3,907
Johnsonville West	-	$1,600,000	$299,200	352		$850
Northern Growth (CX336)						
- Pumping Station (shared)	-	$600,000	$513,600	2,290	$224	-
- Churton/Stebbings (Stebbings Reservoir)	-	$2,400,000	$1,706,400	800	$2,133	$2,357
- Grenada Lincolnshire (Horokiwi Reservoir)	-	$1,300,000	$1,300,000	440	$2,955	$3,179
Total	**$5,933,130**	**$19,338,600**	**$7,311,570**			

B4.1 Wastewater

B4.1.1 Wellington City utilises three treatment plants. Each plant was built with additional capacity to provide for significant growth. Development contributions recover part of the cost of having provided that additional capacity for growth. The cost per EHU is calculated as follows:

Catchment	Cost[11]	Designed population capacity	Designed Capacity in EHUs	Cost per EHU
Central (Moa Point)	$136,700,000	300,000	115,385	**$1,185**
Western (Karori)	$12,200,000	13,000	5,000	**$2,440**
Northern (Porirua)	$6,850,000	24,660	9,485	**$722**

B5.1 Roading

B5.1.1 The two traffic and roading catchments for new roads are part of the Northern Growth Management Framework and comprise the following traffic and roading capital expenditure included in capital projects CX447 and CX311 in the Council's 2003/04 LTCCP and related amendments. The calculation of development contributions in the following table identified the proportion of the capital expenditure relating to growth divided by the estimated growth EHUs.

Northern Growth Catchments	2003/04 10-year LTCCP	Proportion relating to growth	Growth EHUs	Development Contribution per EHU
Churton Stebbings Catchment				
Cortina to Ohariu	600,000	246,000		
Westchester to Glenside	5,000,000	2,050,000		
Ohariu to Westchester	2,000,000	820,000		
	7,600,000	**3,116,000**	**1360**	**$2,291**
		41%		
Grenada Lincolnshire Catchment				
Mark Ave Extension	1,000,000	710,000		
Mark Ave to Grenada North	2,000,000	1,420,000		
Grenada to Petone	2,650,000	1,881,500		
Woodridge to Lincolnshire	1,000,000	710,000		
	6,650,000	**4,721,500**	**2489**	**$1,897**
		71%		
Total Capex	**14,250,000**	**7,837,500**		

[11] The Clearwater (Moa Point and Western) Treatment Plants were built with additional capacity in anticipation of growth. The cost of the additional capacity is the amount that will incur development contributions.

The Council's share of the Porirua Treatment Plant is nearing capacity as a result of growth although the plant has spare capacity available. The Council is negotiating purchase of additional capacity for growth and the cost of this will be included in the LTCCP when agreement is reached with Porirua City Council.

B6.1 Reserves

Inner City Reserves Catchment

B6.1.1 Inner city reserves are used predominantly by both local inner city residents and those people who work within the city. They are also used on a less frequent basis by all residents and by visitors to the city. To fairly reflect the potential usage of inner city reserves by the residents and workers, development contributions for residential and non residential developments are weighted resulting in different development contributions for each. The calculation of the development contribution for inner city reserves is set out as follows:

(a) Determine inner city catchment comprising Lambton and Te Aro census area units.

(b) Determine capital expenditure for inner city reserves as follows:

	Total 10-year LTCCP Capex
Wellington Waterfront Development - Waitangi Park (CX131)	$4,994,591
Three Parks in Three Years initiative (CX409 & X033) (including Glover Park redevelopment)	6,247,000
Total	**$11,241,591**

(c) Reserves are assumed to benefit both existing residents and newcomers equally. Therefore, the cost is divided by existing and projected EHUs over a ten year period. Total projected EHUs are estimated to be:

- residential EHUs	3,183	
- non residential EHUs	31,406	
	34,589	EHUs

(d) Residents are considered to have eight hours per day of potential use (100%) whereas workers have 1 hour per day (12.5%). Potential usage by others (residents living outside the central city and visitors) is not considered significant.

(e) Allocating costs results in the following contributions:

Residential = projected capital cost divided by projected residential units weighted by number of projected residential EHUs to total EHUs

= $11,241,591 x 44.77% / 3183 or **$1,581 per residential EHU**

Non residential = projected capital cost divided by projected non residential units weighted by number of projected non residential EHUs to total EHUs

= $11,241,591 x 55.23% / 31,406 or **$198 per non residential EHU**

Greenfield Reserves

B6.1.2 'Greenfield development' are those that create new residential or rural residential areas as opposed to infill type subdivision where sections within established urban areas are subdivided. New households in greenfields developments have both citywide and local purpose reserve needs.

B6.1.3 The local purpose contribution is calculated on the following basis:

- Number of allotments per local purpose reserve (A).
- Minimum size of a local purpose reserve, in m^2 (B).
- Cost estimate per m^2 for city fringe land (C).
- Quality standards for a local purpose reserve (D).
- Unit costs to develop land into a local purpose reserve (E).

B6.1.4 Local Purpose Contribution = (B*C) + (D*E) / A.

B6.1.5 This formula provides a method for defining a minimum standard for a new local purpose reserve which addresses both the quality of the undeveloped land and the quality of facilities to be provided in the reserve for recreational use. It allows a dollar figure, per allotment in a subdivision, to be calculated to fund both the purchase of the land and its physical development.

B6.1.6 An average development contribution for a greenfields reserve is **$7,510 per EHU**.

B6.1.7 This is based on an estimated average cost where Council purchases and develops a four hectare reserve in a new 110 hectare (1400 lot) subdivision where the reserve comprises a 3000m^2 play area and passive land reserve of 37,000m^2. Actual costs will vary according to the size of the specific reserve. In many cases the developer will contribute the land and develop the reserve in accordance with Council's playgrounds and reserves policies. In such a case, no development contribution for local reserves will be charged.