



ROTORUA  
LAKES COUNCIL

# DEVELOPMENT CONTRIBUTIONS POLICY

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26 June 2024

# WHAT ARE DEVELOPMENT CONTRIBUTIONS?

A development contribution is a charge levied on new developments.

They are used to ensure that those who create additional demand on infrastructure contribute to the extra costs the development imposes on the community

Development contributions are usually paid for residential developments (new house), non-residential development (Commercial, Industrial, Retail), subdivisions and certain changes of land use.



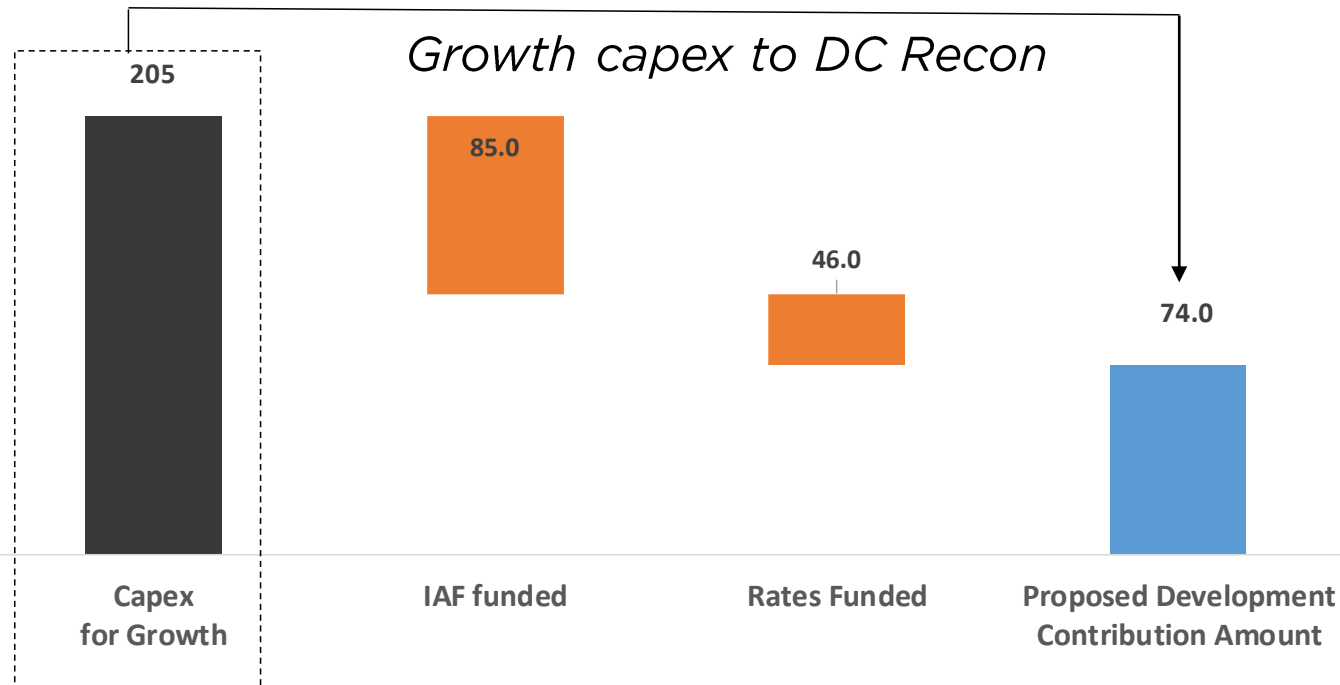
# WHAT ARE DEVELOPMENT CONTRIBUTIONS?

- DCs are charges set under the LGA:
  - Applied at Subdivision, building consent or service connection
  - Can only fund identified Growth related capital projects
  - Cannot fund level of service improvements or renewals
  - Can only be applied to the projects listed in the DCP and must align with current Long Term Plan (LTP) funding assumptions.
  - Applies to specific catchment areas based on costs and benefits
- Different from Financial Contributions set under the Resource Management Act.
- Most Councils have moved to DCs as easier to set and change



# WHY DID WE NEED TO INTRODUCE DCS?

Current debt profile includes ~\$74m of development contributions with an estimated DC per HUE of ~\$25,000



**Capex for Growth:**  
\$28m – Waste Water (DCP)  
\$144m – Stormwater (DCP)  
\$26m – Water Supplies (DCP)  
\$9m – Roothing

\* Calculations for DC in the narrative example have been rounded for illustrative purposes



# CONSULTATION

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- Consultation on the policy took place alongside the LTP 2024
- Key changes to the Policy:
  - Amalgamation of stormwater catchments
  - Changes from the simple method to cashflow method
- Undergone legal review and minor policy enhancements made



# CREDITS

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- Credits can reduce or even eliminate the need for further development contributions and **cannot be refunded**.
- Credits can only be used for development on the **same site** and for the **same service** for which they were created
- Credits cannot be used to reduce the demand to below zero and **cannot be redeemed as a payment** by Council to a Developer
- Credits will be applied towards activities for which a previous payment was made on an **‘activity by activity’ basis** – not across activities
- credits are not provided for the dollars paid, but for the **number of HUEs** to which any previous payments correspond.



# NON-RESIDENTIAL CREDITS

- Non-residential credits will be calculated on the basis of the Gross Floor Area with Stormwater on Impervious Service Area.
- These are based on HUE equivalent of 100m<sup>2</sup>
- These credits are converted to HUEs using the below table:

DEVELOPMENT TYPE	WATER	WASTEWATER	STORM WATER*
Industrial	0.40	0.40	0.28
Commercial	0.30	0.30	0.28
Retail	0.30	0.30	0.28
Tourist Accommodation ^ Per room	0.50^	0.50^	0.28
Other non-residential	0.40	0.40	0.28

Note: Ratios are based on the broad averages of actual usage based on local and national standards.



# NON-RESIDENTIAL CREDITS

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- Example:
  - 200m<sup>2</sup> (500m<sup>2</sup> ISA) commercial building (Central) being redeveloped will be converted to an HUE equivalent of:
    - Water: 0.6 HUE (0.3 x 2)
    - Wastewater: 0.6 HUE (0.3 x 2)
    - Stormwater: 1.4 (0.28 x 5)
- Total Credits (taking into consideration principles outlined in the policy)
  - Water: \$2,411 (\$4,019 x 0.6 HUE)
  - Wastewater: \$5,373 (\$8,955 x 0.6 HUE)
  - Stormwater: \$15,782 (\$11,273 x 1.4 HUE)





# OBJECTIONS AND SPECIAL ASSESSMENTS

- **Objection** to the application of the policy is possible through clause 78 to 81 of the policy
- Independent commissioners appointed to oversee the objection
- Commissioner's decision is binding on both the developer and council
  
- **Special Assessments** can be conducted on developments where a special level of service is required or a type or scale is not readily assessed in terms of HUEs e.g large scale primary sector processors, shopping malls or large warehouses
  
- **Developer Agreements** can be considered for the provision and funding of particular infrastructure
- For activities covered by a Development Agreement, the agreement overrides the development contributions normally assessed as payable under the Policy.



# DRAFT DCP CHARGES

ACTIVITY	EXISTING CHARGE PER HUE2023/24 Inc GST	Proposed Charge per HUE	
		2024	2034
<b>Water</b>			
Rotorua Urban Area	\$2,231	\$4,019	\$5,068
<b>Wastewater</b>			
Rotorua Urban Area	\$1,746	\$8,955	\$11,291
<b>Stormwater</b>			
Stormwater area Eastern A	nil		
Stormwater area Eastern B	\$6,253		
Stormwater area Eastern C	nil		
Stormwater area Eastern	nil	\$12,828	\$16,175
Stormwater area Western	\$8,282		
Stormwater area Central	nil		
Stormwater area Western and central	nil	\$11,273	\$14,214
<b>Total – Rotorua Urban Area in Ngongotahā</b>	\$3,977	\$12,974	\$16,359
<b>Total - Rotorua Urban Area in Stormwater area Eastern</b>	\$10,230	\$25,803	\$32,534
<b>Total - Rotorua Urban Area in Stormwater area Central &amp; Western</b>	\$12,259	\$24,247	\$30,573

# **RISKS TO NOT ADOPTING THE DC POLICY**

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- Current Policy is not aligned to new 2024 LTP Infrastructure Strategy
- Current Policy will remain operative but is not aligned to IS and could be up for judicial review
- Current Policy does not cater for increase in growth projects in LTP
- Cost to deliver these projects would fall on the general ratepayer



# DC POLICY COMPARISON

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- **Proposed DCs of neighbouring councils**
  - **Taupo (currently out for consultation):**
    - Kinloch – residential infill: **\$52,894** (incl GST)
    - Taupo South – Greenfield residential: **\$32,689** (incl GST)
    - Taupo North – Greenfield residential: **\$32,459** (incl GST)
  - **Tauranga (adopted Policy):**
    - City wide contribution – 3 Bed dwelling: **\$34,156** (incl GST)
    - **Local DC** on top of city-wide charge dependent on area and type of development
  - **Hamilton City Council (Draft 2024/25 Policy):**
    - **Standard Residential: (Max \$122,752, Min \$44,412 (incl GST))**
      - Rototuna – SW River North- **\$62,884** (incl GST)
      - Temple View – SW Temple View - **\$52,104** (incl GST)



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**QUESTIONS?**



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