

# Development Contributions Policy

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## 1. Background

### 1.1. Introduction

Growth in the district, as a result of subdivision and new construction, puts pressure on Council services, and requires the council to upgrade its assets, or add new assets, to meet those demands. Development contributions are a charge provided for in the Local Government Act (2002), (the “LGA”), which allows the council to recover a portion of the cost to upgrade/add new assets from the developer. Without development contributions, existing ratepayers would have to fund these costs. The challenge is to put in place a transparent, consistent and equitable basis for requiring contributions in order that those undertaking developments pay a fair share of the capital expenditure for infrastructure.

The council has had a development contributions policy in place since 1 July 2004. At the time the policy was first drafted, the district (and New Zealand as a whole) was entering a property boom with subdivision activity and new construction reaching a peak in 2006. Since then, and with the global financial crisis, development has eased substantially. This revised policy for the years commencing 1 July 2015 therefore has a much more conservative outlook in terms of how much growth is anticipated, and also how much upgrading of existing, or constructing new, assets is actually required to meet the demands of growth, in the ten years to 2025.

### 1.2. Enabling legislation and supporting policy framework

This policy on development contributions is provided in accordance with s102 and s106 of the LGA, and follows the provisions as to the policy content prescribed by Subpart 5 of Part 8 of that Act including its amendments. The LGA Amendment Act (2014) made substantial changes to the legislation surrounding development contributions, and this policy reflects, and complies with, the intent of those changes.

This policy contributes to community outcomes in the Long Term Plan (the LTP) by ensuring the provision of appropriate infrastructure to meet the needs of growth.

### 1.3. Purpose

The key purpose of the development contributions policy is to ensure that growth, and the cost of infrastructure to meet that growth, is funded by those who genuinely cause the need for and benefit from that infrastructure. Development contributions should not be a barrier to

investment in our community, and should reflect – as closely as possible – the impact on council services by increased commercial development, visitor accommodation, and/or subdivisions.

A development contribution is required in relation to a development when:

- The effect of that development is to require new or additional assets or assets of increased capacity in terms of network infrastructure, reserves and community infrastructure; and
- The Council incurs capital expenditure to provide appropriately for those assets.

The effect of a development in terms of impact on these assets includes the cumulative effect that a development may have in combination with another development.

## 2. Policy section

### 2.1. Adoption, implementation and review

This development contributions policy has been reviewed in conjunction with the LTP review of 2015 to 2025. This policy will continue to be updated on a three-yearly basis, in alignment with LTP reviews, or at shorter intervals if the council deems necessary, to take account of:

- any changes to the significant assumptions to the development contributions policy
- any changes in policy as the council develops structure plans for the district
- any changes to the District Plan
- any changes in the capital works programme for growth
- any changes in the pattern and distribution of development in the district
- any significant changes in cost indices
- any other matters the council considers relevant

### 2.2. Thresholds for development contributions

Small developments, such as four- or five-lot subdivisions, or a second house on a farming property (for example), have a very limited impact on council services. The developments that genuinely cause a need for building new assets, or increasing the capacity of existing assets, are much larger. This policy introduces thresholds so as to enable landowners to make investments in their properties, and gives the council the opportunity to negotiate development agreements with individual developers so as to target development contributions to a genuine need for new or upgraded services.

This policy applies the following thresholds to determine whether a development is subject to development contributions.

- Ten (10) housing equivalent units (HEU); or
- \$1 million capital value of development; or
- For non-residential development only, a gross floor area of 100m<sup>2</sup>

For developments that exceed any of the above thresholds, development contributions shall apply. The council will provide to the developer an assessment of contributions under this policy, and may request that the developer enter into a development agreement using the provisions of section 207A-F of the LGA.

Development contributions shall not apply to development that does not exceed any of these thresholds.

### 2.3. Purchase of water units

Purchase of water units (applicable to all rural water supplies plus the Suburban water supply) are not affected by the thresholds in section 2.2. All water units required for each development will be charged at the per water unit rate applicable to each water supply without limitation.

### 2.4. Time limit on accumulative development

It is not the intention of this policy to enable “development creep” whereby developers opt to undertake multiple subdivisions or construction projects over time, which in isolation fall under the thresholds, but in accumulation exceed those thresholds.

An accumulative development is deemed to be subject to development contributions under this policy if the accumulative total housing units, value of development, or gross floor area of an ongoing development exceeds the thresholds specified in section 2.2 within a period of five years from the first issue of s224 certificate, code compliance certificate, or service connection, in relation to that development. This time limit applies to developments directly associated with the original development as well as developments adjacent to and/or extending from, the original development.

The landowner at the time the accumulative development exceeds the threshold is the party liable for development contributions. The liability is triggered on issue of s224 certificate, code compliance certificate, or authorisation for a service connection, whichever is first.

### 2.5. Development agreements

With the introduction of thresholds in this policy, the emphasis is placed on taking development contributions from larger scale subdivisions, visitor accommodation (e.g. hotels/motels) and substantial retail or industrial development. These larger developments are more likely to genuinely require that our asset capacity be increased to cope with each development and, for particularly large developments, the impact on our assets capacity is more likely to be specific,

such as increasing the capacity of a sewerage pump station near the development, or providing a new walkway to link a hotel to other public areas (for example). It is the intention, through the provisions of this policy, that every opportunity be taken for individual development agreements to be reached with large developments so as to provide the greatest benefit to both the developer, and the communities most impacted by the development.

## 2.6. Credits

Where development contributions or financial contributions for a particular property have previously been assessed and paid, credit to that amount will be given for the particular activity. For the calculation of these credits there is no historical time limit and all previous payments will be taken into account.

## 2.7. Provision of services as a condition of consent

Within the boundaries of the development site, the developer shall provide the following as part of the cost of development as a condition of the consent under the Kaikoura District Plan:

- Roothing, footpaths, streetlights and car parking infrastructure
- Water supply network
- Sewerage (wastewater) network
- Stormwater collection and disposal infrastructure

Provision of these services as a condition of consent does not limit the developer's liability for development contributions under this policy, subject to section 2.7.1.

### *2.7.1. Limitations to the application of development contributions*

The council will not require a development contribution in the following cases:

- where it has, under section 108(2)(a) of the Resource Management Act 1991 (the RMA), imposed a condition on a resource consent in relation to the same development for the same purpose; or
- where the developer will fund or otherwise provide for the same reserve, network infrastructure, or community infrastructure; or
- where the council has received or will receive funding from a third party for those works.

For the avoidance of doubt, this does not in any way limit the council's ability to require that parks and reserves contributions may be paid in the form of a cash contribution.

## 2.8. Development contributions

### *2.8.1. Requirement for and use of development contributions*

The council may require a development contribution for capital expenditure to be incurred as a result of growth, or for capital expenditure incurred in anticipation of development, for the following activities:

#### **Network infrastructure**

- Roads (including footpaths, streetlights and bridges) and other transport systems
- water supply, storage, reticulation and treatment
- sewerage (wastewater ) collection, treatment and disposal
- stormwater network

#### **Community Infrastructure**

- community centres or halls for the use of a local community or neighbourhood, and the land on which they are or will be situated
- play equipment that is located on a neighbourhood reserve
- public toilets

#### **Parks & Reserves**

- Purchase or development of parks and reserves, including (by way of example):
  - Land purchases
  - New walkways and cycleways
  - Beautification, planting and landscaping
  - Safety improvements (e.g. handrails, steps, vehicle barriers, lighting)
  - Grants paid out for biodiversity projects (the “Biodiversity Fund”)
  - Projects identified in the council’s Coastal Management Strategy
  - Costs include demolition and site preparation if applicable

### *2.8.2. Future policy developments*

Future versions of this policy may capture development contributions for additional capital expenditure on facilities and infrastructure not identified in this document.

### *2.8.3. Capital expenditure incurred in previous years*

This policy was first drafted in 2004, and many capital work projects have been completed since that time, with much of that work attributable to meeting the demands of growth. In some instances, the total cost of the capital work is yet to be fully recovered. Development contributions will be required from development to meet the cost of capital expenditure already incurred in anticipation of development since this policy was initiated in 2004, but not to the

extent that total quantum of contributions received exceed the amount that was intended to have been taken at the time the capital expenditure was incurred.

#### *2.8.4. Council use of development contributions*

The council will use development contributions only on the activity for which they are collected. This will be undertaken on an aggregated project basis for each of the activities.

Where the council anticipated funding from a third party for any part of the growth component of the capital expenditure budget, then this proportion is excluded from the total estimated growth component to be funded by development contributions.

#### *2.8.5. Schools and hospitals exempt from development contributions*

Preschools, primary schools and secondary schools are viewed as community education facilities and are therefore exempt from development contributions. Similarly, hospitals and emergency treatment facilities (other than veterinary facilities) are community health facilities and thus are not subject to development contributions.

### 3. Assessment of development charges

The following services have been defined for which development contributions have been calculated. The activities are:

#### 3.1. Geographical contribution areas

Contributions are to be levied only in those locations that generate demand on Council services, per the following table.

Activities	Area for development contributions to be levied
Roads	Whole of district
Kaikoura Urban water	Kaikoura township (connected to, or able to connect to, the Kaikoura urban water supply)
Kaikoura Suburban water	Kaikoura suburban area (connected to, or able to connect to, the Kaikoura urban water supply)
Kincaid water	Kincaid area (connected to, or able to connect to, the Kincaid rural water supply)
Fernleigh water	Fernleigh area (connected to, or able to connect to, the Fernleigh rural water supply)
East Coast water	East Coast area (connected to, or able to connect to, the East Coast rural water supply)
Peketa water	Peketa village (connected to, or able to connect to, the Peketa rural water supply)
Sewerage	Kaikoura township including Ocean Ridge
Stormwater	Kaikoura township including Ocean Ridge
Community Infrastructure	Whole of district
Parks & Reserves	Whole of district

#### 3.2. Household equivalent units (HEU)

This policy has been developed using 'household equivalent units' (HEU) as the basis upon which to assess the impact of growth on council services.

An HEU is defined as being equivalent to one "average" household unit, of 4.5 people per household. It is recognised that, in reality, household units vary and that the demands they generate also cover a broad range.

Every residential unit, whether a separate dwelling or part of an apartment complex equals one household unit which equals one unit of demand, and every additional lot is taken as being intended for one household unit. Note, each dwelling (irrespective of size) is deemed to be one household equivalent unit, therefore additions to existing residential dwellings (for residential purposes) will attract no DC charge.

The following activities will be assessed using HEUs as the basis for calculation;

- roading
- water – Kaikoura township only<sup>1</sup>
- wastewater
- stormwater
- community infrastructure

There is no need to calculate HEUs for parks and reserves as this is assessed as a percentage of land value (see section 6.6).

### 3.3. Residential applications

The subdivision of land or land use consent to change the predominant land use of an existing site to create additional residential lots obviously results in the potential for additional household units and therefore additional HEUs, which are the basis for the calculation and charging of development contributions.

In order to calculate the number of HEUs, and hence the development contribution chargeable, it is necessary to determine;

- the additional number of residential allotments created by the proposed subdivision, or
- the additional number of dwellings where there is no subdivision, or
- the additional number of visitors being accommodated, or
- the additional number of connections to a service (e.g. water or sewerage)

#### 3.3.1. Rural areas

Residential applications include subdivisions for additional allotments, or additional dwellings, in a rural area. Each rural allotment will be assessed as having one HEU per residential dwelling on the property. Each additional residential dwelling on a rural allotment will be assessed as an additional HEU.

Farm sheds and farm buildings which exceed the thresholds in section 2.2 will be assessed for development contributions on the basis that some farming activities, such as intensive dairying,

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<sup>1</sup> Water supplies other than the Kaikoura township are assessed based on the additional number of water units required to service the development

place enormous pressure on roads and water supplies, and should contribute to those costs. Those activities plus industrial or commercial developments located in the rural area will be assessed for contributions in accordance with section 3.4.

### 3.3.2. Visitor accommodation conversion to housing equivalent units

Visitor accommodation is usually made up of a number of beds catering for a maximum number of people rather than household units. The number of HEUs is calculated by using a household conversion factor. Given that an average household unit is assumed to be 4.5 people, then each person is equivalent to 22% of a household unit, and so the conversion factor for visitor accommodation would be 0.22. For example, the HEU arising from visitor accommodation catering for a maximum of 200 people would be 44 HEUs.

This is based on 100% occupancy which is generally never achieved. This policy recognises that 100% occupancy is not appropriate, and has assumed a 75% occupancy rate instead. This means the HEU conversion factor is 0.165 for visitor accommodation, and based on the above example the 200 people established would have 33 units as opposed to 44.

## 3.4. Non-residential applications

For non-residential consent applications HEUs are to be calculated using gross floor area per the Gross Floor Area conversion table (3.4.1) to estimate the HEU.

### 3.4.1. Gross Floor Area (GFA) conversion to housing equivalent units

The table below summarises the conversion factors to convert the GFA of a non-residential building to an average household unit, or HEU.

Land use	Retail	Industrial	Commercial	Rural
Roading HEUs / 100m2 GFA	2.4	1.36	1.36	5.0
Water HEUs / 100m2 GFA	0.13	0.1	0.1	1.0
Wastewater HEUs / 100m2 GFA	0.26	0.2	0.2	1.0
Stormwater HEUs / 100m2 Impervious Surface	1.0	1.0	1.0	1.0
Community Infrastructure	2.4	1.36	1.36	1.0

See Appendix D for a breakdown of the calculations of these figures.

### 3.4.2. Estimate of GFA

If the GFA of a non-residential building is unknown Council will make an estimate of the likely GFA for calculation purposes, based on the average building coverage rates for that area.

Developments in the Kaikoura urban area will also be assessed for a stormwater contribution, based on the area of impervious surfaces to be drained to the reticulated stormwater network. Where no information is provided with an application on the area of impervious surfaces proposed to be drained to the network, it is difficult and impractical to calculate the demand created by the development in terms of HEUs. In this circumstance Council will make an estimate of the likely area of impervious surfaces, based on the average building coverage rates for the industry.

### 3.4.3. Parks and reserves contribution will not apply

The council will not require a development contribution for the provision of parks and reserve where the development is non-residential in nature, or for the non-residential component of a development where that development has mixed uses.

### 3.4.4. Summary

	Subdivision	Development
Residential	One HEU per activity per additional title - except Parks & Reserves to be assessed as a percentage of land value	As for subdivision including units in strata title type developments. Parks & Reserves to be assessed as a percentage of land value.
Non-residential	Standard table of HEUs per activity in units of 100m <sup>2</sup>	
Visitor accommodation	As for residential subdivision including units in strata title type developments. Parks & Reserves to be assessed as a percentage of land value.	Calculated based on the number of visitors (beds) being accommodated, plus the Parks & Reserves contribution assessed on a portion of land value.
Mixed uses	To be assessed as above for each component of the particular land use applied for.	

See Appendix D for a breakdown of the calculations of these figures.

## 3.5. Calculation of development contributions

For each development that exceeds the thresholds in section 2.2, the development contribution payable by the developer will be calculated by multiplying the development contributions per household equivalent unit by the number of household equivalent units.

Terms used in the following flow charts are defined and explained on diagrams 1 to 4 in section 3.5.3. Appendix B provides worked examples of calculations.

### *3.5.1. Residential development*

<p><b>STEP 1: AREA OF DEVELOPMENT</b> Go to section 3.1 to determine what geographical area the development lies within.</p>
<p><b>STEP 2: PRICING SCHEDULE</b> Go to the Development Contributions Schedule (Appendix A) and identify the fees payable per Household Equivalent Unit for the development contribution area.</p>
<p><b>STEP 3: EXISTING ENTITLEMENT</b> Recognising existing demand on services and therefore any existing entitlement, it is necessary to determine any credits/debits applicable to the residual title.</p> <p>For subdivisions (where the residual lot remains residential – see diagram 1 section 3.5.3) the existing title will have a full historic credit meaning no development contribution is payable on the residual title.</p> <p>Where a second (residential) dwelling is created on an existing title (see diagram 2 section 3.5.3) the existing dwelling will have a full historic credit meaning no development contribution is payable on the existing dwelling.</p> <p>There will be a development contribution payable on any additional titles created by subdivision or any additional dwelling(s) created in the absence of subdivision.</p>
<p><b>STEP 4: NUMBER OF HEUS</b> Using the HEU conversion information in section 3.3, establish how many HEUs the proposed development will create for each asset category.</p>
<p><b>STEP 5: APPLICATION OF HEUS</b> Apply the HEUs to the proposed development (i.e. multiply charges identified in Step 2 by the HEUs identified at Step 4).</p>
<p><b>STEP 6: TOTAL (EXCLUDING RESERVES)</b> Calculate the total development contribution by summing the individual charges established in Step 5 and add GST of 15%.</p>
<p><b>STEP 7: RESERVES</b> In addition, the development contribution for Parks and Reserves will be calculated as a percentage of land value after development in accordance with the formula in Section 6.6.</p>
<p><b>STEP 7: TOTAL DC PAYABLE</b> Add together the results from Steps 5 and 6 to get the total development contributions for the proposed development.</p>

### 3.5.2. Non-Residential development

<p><b>STEP 1: AREA OF DEVELOPMENT</b></p> <p>Go to section 3.1 and check what (geographical) Development Contribution area the development lies within.</p>
<p><b>STEP 2: PRICING SCHEDULE</b></p> <p>Go to the Development Contributions Schedule (Appendix A) and identify the fees payable per Household Equivalent Unit for the Development Contribution area.</p>
<p><b>EXISTING ENTITLEMENT</b></p> <p>Recognising existing demand on services and therefore any existing entitlement, it is necessary to determine any credits/debits applicable to the residual title. (See diagrams 1 and 3, section 3.5.3)</p> <p>Historic credit will be given for the pre-existing status of the property. This credit will only apply to the residual title (see diagram 1 section 3.5.3) and cannot be transferred to other titles created as a part of the development.</p>
<p><b>STEP 3: NUMBER OF HEUs: EXISTING ENTITLEMENT</b></p> <p>Using the HEU conversion information in section 3.4, establish how many HEUs the existing site has for each asset category as a result of historic credits.</p>
<p><b>STEP 4: APPLICATION OF HEUs: EXISTING ENTITLEMENT</b></p> <p>Apply the HEUs to the existing site (i.e. multiply charges identified in Step 2 by the HEUs identified at Step 3).</p>
<p><b>STEP 5: TOTAL HISTORIC CREDIT</b></p> <p>Calculate the total historic credit by summing the individual charges established in Step 4 and add GST of 15%.</p>
<p><b>RESERVES (HISTORIC CREDIT)</b></p> <p>There will be no historic credit for Reserves, as the council has only historically imposed Reserves Contributions on Residential development.</p>
<p><b>STEP 6: PROPOSED DEVELOPMENT – RESIDUAL TITLE</b></p> <p>The residual title will be subject to a development contribution that is calculated in Steps 7-10.</p>
<p><b>STEP 7: NUMBER OF HEUs PROPOSED DEVELOPMENT – RESIDUAL TITLE</b></p> <p>Using the HEU conversion information in Section 3.4 establish how many HEUs the proposed development will create for each asset category.</p>
<p><b>STEP 8: APPLICATION OF HEUs PROPOSED DEVELOPMENT – RESIDUAL TITLE</b></p> <p>Apply the HEUs to the proposed development (i.e. multiply charges identified in Step 2 by the HEUs identified at Step 7).</p>
<p><b>STEP 9: TOTAL PROPOSED DEVELOPMENT – RESIDUAL TITLE</b></p> <p>Calculate the total development contribution by summing the individual charges established in</p>

Step 8 and add GST of 15%.
<b>STEP 10: DEVELOPMENT CONTRIBUTIONS PAYABLE ON RESIDUAL TITLE</b> Subtract the total in Step 5 from that in Step 9 to get the total development contribution payable on the existing title taking into account the credit for any existing entitlement. Note that there will be no refund associated with any excess historic credit.
<b>STEP 11: DEVELOPMENT CONTRIBUTIONS PAYABLE FOR ADDITIONAL NEW TITLE(S)</b> Repeat Step 6 to 9 for the new titles to obtain the development contribution payable for these titles.
<b>STEP 12: TOTAL DC PAYABLE FOR ADDITIONAL NEW TITLES</b> Add together the results from Steps 11 and 12 to get the total development contribution for the proposed development.

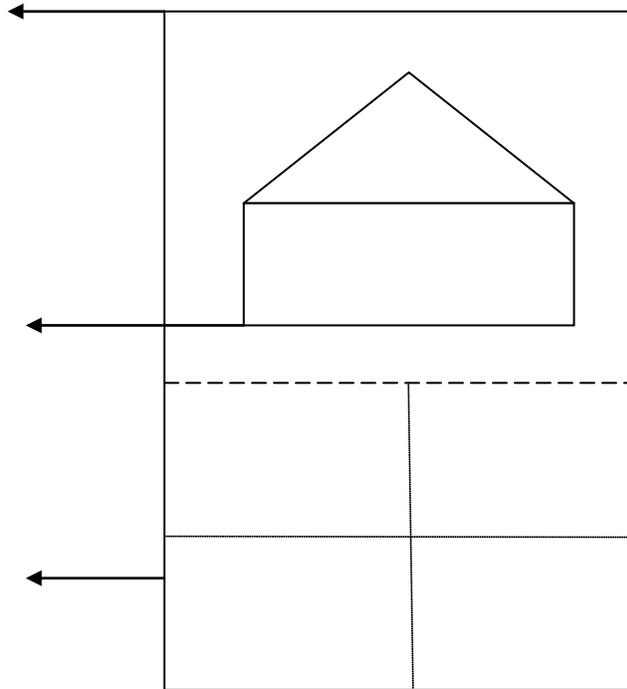
*3.5.3. Definition and Explanation of Terms*

**Diagram 1: Subdivision to create additional titles (residential or non-residential)**

**Existing title**  
 The title before subdivision  
 Residential: full historic credit  
 Non-residential: Section 3.5.2 Steps 1-5

**Residual title**  
 Existing title minus any additional titles created as a result of subdivision  
 Residential: no DC payable  
 Non-residential: Section 3.5.2 Steps 1-2 and Steps 6-9

**New title(s)**  
 Those additional titles subdivided off from the existing title  
 Residential: Section 3.5.1 Steps 1-7



**Diagram 2: Construction of a new dwelling on an existing residential title (no subdivision)**

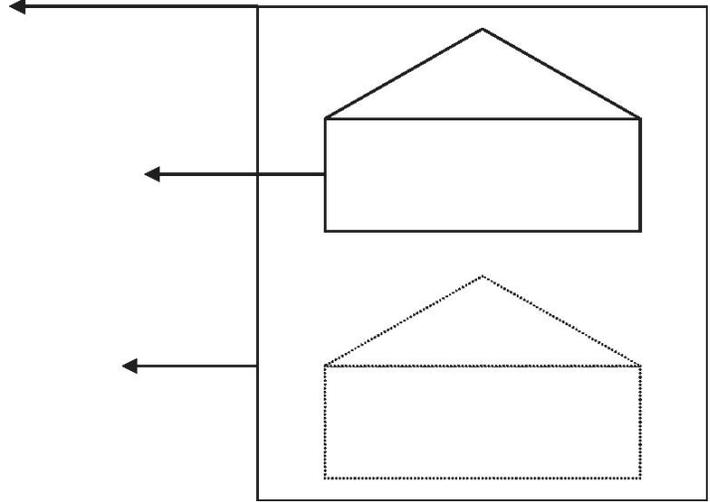
**Existing Title**

**Residential Dwelling**

DC: No DC payable

**New Dwelling(s)**

DC: Section 3.5.1 Steps 1-7



**Diagram 3: Development of a non-residential site - no subdivision**

**Existing Title**

The title before development

DC: Section 3.5.2 Steps 1-5

**Residual Development**

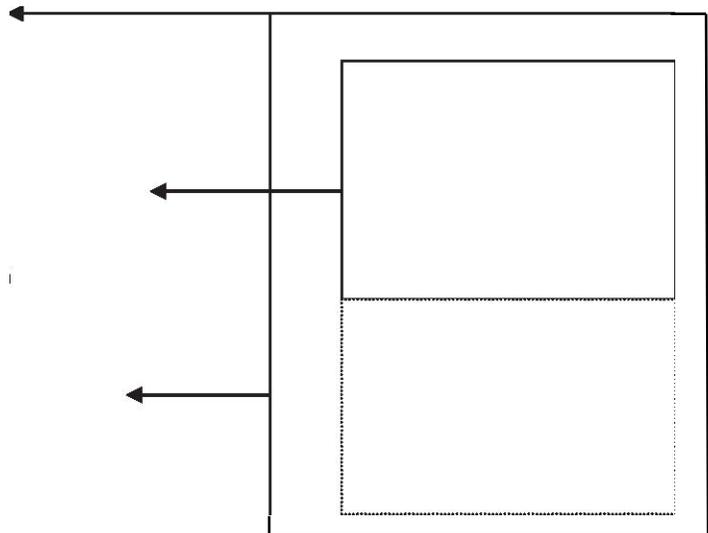
Existing development on site

DC: Section 3.5.2 Steps 1-2 and steps 6-10

**New Development**

Proposed new development on site

DC: Section 3.5.2 steps 11-13



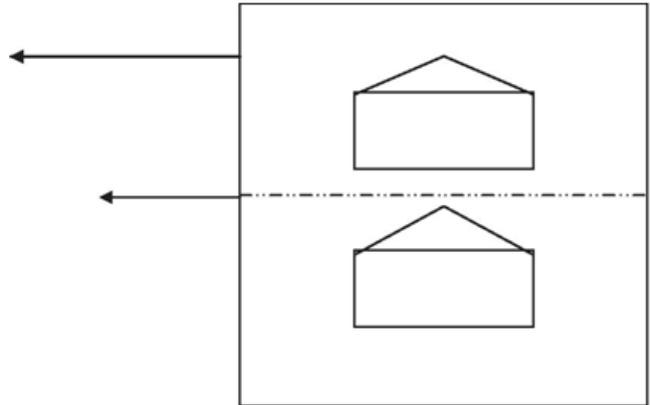
**Diagram 4: Residential subdivision of land where there is more than one existing dwelling on the residual title.**

Where there are more than one house (or dwelling) already on a title, and that title is subject to a subdivision to provide for each dwelling to occupy an individual title, it is deemed that the subdivision is not creating growth, and therefore no development contributions are payable.

By example:

The existing title

Following subdivision



This is due to interpretation of 3.5.1, Residential Development, where, in the section dealing with calculating the existing entitlement, each dwelling is deemed to be one household equivalent unit.

Therefore, in the above example, there are two HEUs for the existing credit, and upon completion of the subdivision there are still only two HEUs.

However, should the subdivision also become subject to a land use consent or building consent to provide for some purpose other than its original use, development contributions may be triggered at that point.

## 3.6. Trigger for taking a development contribution

### 3.6.1. Initial calculation and interim assessment

The initial calculation of the development contribution will occur in conjunction with an application for:

- Subdivision consent; or
- In the absence of subdivision consent, on land use consent; or
- In the absence of subdivision consent and land use consent, on project information memorandum
- In the absence of the above three, on building consent.

The interim assessment serves the purpose of informing the applicant of the likely development contributions liability. This interim assessment will contain details of the number of HEU, the amount to be levied for each activity, and the total payable including GST.

The interim assessment will also contain an estimated parks and reserves contribution based on an estimated value of the land which considers the value of land in similar developments in the same, or a reasonably comparable, location within the Kaikoura district.

### *3.6.2. Request for individual development agreement*

The interim assessment may also contain a request in writing that the applicant enter into an individual development agreement in lieu of the development contributions as assessed. See Section 5 for information on development agreements.

### *3.6.3. Final calculation, invoicing and payment of development contributions*

Final calculation, invoicing, and payment of a development contribution shall occur prior to the earlier of:

- The issue of the section 224 completion certificate per the Resource Management Act;
- The issue of code compliance certificate per the Building Act; or
- An authorisation for a service connection.

Note it will be essential at this point to have either obtained an independent valuation for the parks and reserves development contributions to be assessed, or for the estimated value provided as part of the interim assessment to be agreed to by the applicant, with affirmation of agreement in writing.

*Note: Further recalculation of the development contribution payable will occur if payment is not received within twelve months of the issuing of invoice.*

### *3.6.4. Enforcement powers*

If payment of development contribution is not received as per 3.6.3, the council will enforce powers outlined in Section 208 of the Local Government Act (2002).

Until a development contribution has been paid or made, the council may;

- (a) In the case of a subdivision or land use consent;
  - a. withhold a certificate under section 224(c) of the Resource Management Act (1991)
  - b. prevent the commencement of a resource consent
- (b) in the case of a building or other construction;
  - a. withhold a code compliance certificate under section 95 of the Building Act (2004)
  - b. withhold a certificate of acceptance under section 99 of the Building Act (2004)
- (c) in the case of a service connection, withhold a service connection to the development

(d) in each case, 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.

### *3.6.5. Service connection fees unaffected*

Council will continue to collect service connection fees in accordance with current practice, current council bylaws, and the LGA for the following assets:

- water supply
- wastewater
- stormwater
- vehicle crossings

## 4. Requests for reconsideration or objection

There are key differences in the terminology under the Local Government Act (2002) as to what constitutes reconsideration vs. an objection. Reconsideration responds to claims of errors in calculation, and can be considered by the council or its officers. An objection is a claim that the council failed to take into account features of a specific development, or required contributions for facilities that are not related to the specific development, and calls into question the equity or fairness of the development contributions as assessed. Under changes to the LGA in 2014, objections can only be considered by an approved independent development contributions Commissioner selected by the council. All reasonable costs of the Commissioners would be at the cost of the objector.

Given the emphasis within this policy on obtaining individual development agreements with developers, it is hoped that the expensive process of objecting to development contributions can be avoided wherever possible. It is the intention of this policy that objections be the last option and only used where development agreements cannot be reached.

### 4.1. Request for reconsideration

Applicants may apply to the council to reconsider their development contributions assessment where they have grounds to believe that;

- The development contribution was incorrectly calculated or assessed; or
- The policy has been incorrectly applied; or
- The information used to assess the development was incomplete or contained errors.

A person may not apply for a reconsideration of their assessment if they have already lodged an objection to their assessment under section 199C and Schedule 13A of the LGA. A request for reconsideration must be made within 10 working days after the date on which the person

lodging the request received the development contribution assessment notice, as required by section 199A(3) of the LGA.

Requests for reconsideration of contributions should also be made prior to those development contributions being paid, unless there is urgent and pressing need to proceed with issuance of s224 certificate, code compliance certificate, or service connection.

#### *4.1.1. Procedure for reconsideration of contributions*

The officer responsible for calculating development contributions will, within three working days of receipt of a request for reconsideration of an assessment, acknowledge receipt of the request to the person lodging the request.

The procedure to reconsider contributions is as follows:

1. Determine whether there has been an error in calculation, an error in application of the policy, or the assessment was made based on incorrect information, per s199A of the Local Government Act (2002);
  - a. If yes, proceed to 2.
  - b. If no, advise the applicant that there has not been an error and provide details on how to make an objection under section 199C of the LGA.
2. Where there has been an administrative error in the calculation, the officer may recalculate the development contributions payable as corrected and issue a replacement development contributions assessment to the applicant. The recalculation is to be reviewed by the Chief Executive Officer.
3. Where there has been an error in assessment or application of the policy, or the assessment was based on incorrect or incomplete information, the request for reconsideration will be considered by the Development Contributions Review Committee.
4. That committee may, at its discretion, uphold, reduce, postpone or cancel the original amount of development contributions required on the development and shall communicate its decision in writing to the applicant within 15 working days of any determination or hearing.
5. Where that committee considers a request for reconsideration the following matters will be taken into account:
  - The development contributions policy including the intent of the policy
  - The provisions relating to development contributions in the LGA
  - The relevance of the information used to assess the applicant's development
  - The way in which the information has been applied in making the assessment
  - The extent to which the information was incomplete or contained errors
  - The potential for an individual development agreement to be entered into, in lieu of upholding the contributions assessment.

In any case, Council retains the right to uphold the original amount of development contributions levied on any particular development.

Note that until contributions are paid, whether or not the application for remissions was successful, Council will use its enforcement powers per 3.6.4.

#### *4.1.2. Individual development agreements preferred*

The emphasis within this policy is for thresholds, and the intention to enter into individual development agreements for large developments exceeding those thresholds. The council may, at any time prior to receiving payment of development contributions, request in writing to the developer that the developer enters into a development agreement. The developer also may, at any time prior to paying their development contributions, request in writing to the council that the council enter into a development agreement with the developer. See section 5.

## 4.2. Objections to assessed amount of development contributions

A person may object to the amount of the development contributions that have been assessed, and this objection may be made regardless of whether or not a request for reconsideration has also been made.

An objection under section 199C of the LGA must be received by the council within 15 working days after the after the date on which the person received notice from the council of the level of development contribution that the council requires.

An objection under section 199C of the LGA may be made only on the ground that the council has:

- Failed to properly take into account features of the objectors development that, on their own or accumulatively with those of other developments, would substantially reduce the impact of the development on requirements for community facilities in the district or parts of that district; or
- Required a development contribution for community facilities not required by, or related to, the objector's development, whether on its own or cumulatively with other developments, or
- Required a development contribution in breach of section 200 of the LGA, or
- Incorrectly applied its development contributions policy to the objectors development.

The procedure and legislative requirements surrounding development contribution objections are extensive and are contained within the Local Government Act (2002), sections 199C through to 199P and Schedule 13A. The council will provide developers with this information when the potential for an objection is made known.

## 5. Development agreements

It is the intention of this policy that smaller developments are not liable to pay development contributions, and that the larger developments – those that exceed the thresholds in section 2.2 – are substantial enough that new assets or increased capacity of existing assets, whether whole or in part, are required to service that development. In those circumstances, it is the intent of this policy that the developer meets the cost, or an appropriate portion of that cost, of the capital expenditure involved.

Nothing in this policy prevents a development contribution or a developer agreement requiring a developer to contribute to past costs already incurred by the council to increase the capacity of its assets, as provided in 2.8.3. This recognises that past expenditure, such as to increase the capacity of water reservoirs (for example), was spent in anticipation of further development, and that those costs should still be funded by development contributions up until the portion of costs attributable to growth for each of those projects have been recovered.

### 5.1. Legislative provisions

Sections 207A through to 207F of the LGA provide the legislative framework for development agreements. In summary the framework provides that;

- The request to enter an agreement may be made by either the council or the developer,
- Either party may accept the request to enter an agreement, in whole or in part, or decline the request,
- The agreement contains specific details, such as legal name of the parties, description of the land to which the agreement relates, and details of the infrastructure that each party will pay for,
- The agreement is a legally enforceable contract,
- There are restrictions on use of the agreement, and
- There are conditions surrounding the amendment or termination of the agreement.

### 5.2. Development agreements preferred

The advantage of a development agreement is that it enables the council to identify those assets, in whole or in part, that may need to be created and/or upgraded to cope with specific developments, and to request that agreement be reached with the developer to fund, in whole or in part, that capital expenditure. In other words, developers will be expected to pay for capital work that is related to the impact of their development on council services. As an example, a sewerage pump station may need to be upgraded so as to have increased capacity to cope with a new hotel. The developer will be expected to fund the cost of increasing the capacity of the pump station, to the extent that the capacity is required to be increased in relation to that hotel.

It also enables a developer to request that the council provide some specific assets outside of the development boundary that the developer deems beneficial, at the developer's expense (in whole or in part). As an example, the hotel developer in the above scenario may request that a walkway be developed between their hotel and the beach or some other public area. The council would be expected to agree to develop the walkway, at the developer's expense.

In all cases, mutual agreement is fundamental to the success of the development agreement.

## 6. Development contribution calculations

### 6.1. Introduction

The application of the funding model to the total growth cost and predicted growth in the HEUs for all the combinations of activity and catchment results in the schedule of development contribution charges in \$/HEU for each activity (see Appendix A).

This section is to be used only for those developments which exceed any of the thresholds in section 2.2. Those developments which do not exceed any of those thresholds are not liable for development contributions (other than purchase of water units if required).

#### 6.1.1. *GST exclusive*

Development contributions specified in tables 1 to 7 of schedule are exclusive of goods and services tax (GST). The parks: reserves contribution is assessed as a percentage of land value which is assumed to include GST.

#### 6.1.2. *Construction cost index*

Note that all figures are expressed in 2015 dollars, and will be amended as appropriate in accordance with the construction cost index.

### 6.2. Roads, footpaths, streetlights, access and parking

Developers are required to provide all roading assets within the boundary of their development, per the conditions of their consent under the Kaikoura District Plan. In addition, all new developments that exceed the thresholds in section 2.2 will be subject to a development contribution for the broader roading network to cover the value of identified capital development works.

The anticipated future growth capital development works are identified in the council's roading asset management plan. The development contributions for the roading network are based on the proportion of these works that have been assessed as the result of increased demand generated by new residential, rural and non-residential development.

The council will require a contribution toward a share of the cost of new or upgraded roads or access where additional capacity is necessary to accommodate the cumulative effects of the development. The share will be calculated on the proportion of the additional capacity necessary to serve the activity or development. See development contributions schedule of fees and charges in Appendix A of this policy.

### 6.3. Water and sewerage (wastewater)

Developers will meet the full actual cost of the water supply or wastewater disposal system to the development. The developer will be responsible for the full actual costs of all necessary water supply or wastewater disposal reticulation within the development for each allotment or building.

A contribution will also be imposed for each new service connection to cover:

- The full actual cost of connections between the water supply or wastewater disposal system reticulation in the development and the water supply and wastewater disposal system, and
- The full actual costs of upgrading of any existing water supply or wastewater disposal system to the extent that it is necessary to service the development, and
- A share of the costs of the existing water supply and wastewater disposal system where additional capacity has been created in anticipation of future development.
- A share of the cost of new water supply or wastewater disposal system or upgraded water supply or wastewater disposal system where additional capacity is required by the cumulative effects of the development of an area.

See development contributions schedule of fees and charges in Appendix A of this policy.

The contribution may, at the council's discretion, be required in the form of cash, land, works, services or any combination of these. In assessing the level of contribution, regard shall be had to the level of works and services to be provided by the applicant to address any increase in demand on infrastructure.

The payment is subject to whether the new activity or development is able to connect to the service system.

Any development outside a constituted water supply or sewerage drainage area has not been anticipated as part of the existing reticulation network. Any request to extend a constituted water supply or sewerage drainage area to incorporate a development, or any request to create a new development contribution area will need to be specifically assessed through a separate "development agreement".

The requirement to purchase water units in the rural water supplies is unaffected by this policy.

## 6.4. Stormwater

There is only one distinct stormwater development contribution area in Kaikoura district, being the Kaikoura urban area. In other areas (outside this catchment) developers are responsible for disposing of all stormwater onsite.

A contribution will be imposed upon the area of the land, to cover:

- the full actual cost of connection to the stormwater network, and/or
- the full actual costs of upgrading of the existing stormwater disposal system to the extent that it is necessary to service the development, and/or urban area
- a share of the cost of new stormwater infrastructure where additional capacity is required by the cumulative effects of the development of an area.

See development contributions schedule of fees and charges in Appendix A of this policy.

### 6.4.1. Other areas

The developer will be responsible for the full actual costs of detaining and disposing of all stormwater within the confined of the development area. Subsequent owners will be responsible for the full actual costs of disposing of all stormwater for each allotment or building.

## 6.5. Community infrastructure

The legislation surrounding the taking of development contributions has been substantially changed and now limits the definition of community infrastructure to;

- community centres or halls for the use of a local community or neighbourhood, and the land on which they are or will be situated
- play equipment that is located on a neighbourhood reserve
- public toilets

The contribution levied will be based on a per household equivalent unit (HEU) with the fees set out in appendix of this policy.

## 6.6. Parks & reserves

A parks and reserves contribution refers to the cost of providing additional improvements necessary to turn basic parks and reserve land into a particular form or standard of reserve. Possible improvements include park furniture, sports ground development, walkways, off-road cycleways, landscaping and beautification, and car parking.

See development contributions schedule of fees and charges in Appendix A and D of this policy.

Contributions will be taken in the form of a cash contribution and will be used to purchase land and /or to undertake enhancements. Within the development, the Council may allow the developer to provide land to meet recreation and conservation needs which will be credited against the required cash contribution.

For parks and reserves, the LGA section 203(1) states that development contributions shall not exceed the greater of:

- a. 7.5 percent of the value of the additional allotments created by the subdivision; and
- b. the value equivalent of 20m<sup>2</sup> of land for each additional household unit created by the development.

There are two distinct methodologies for determining the parks and reserves contribution for developments as recognised in the LGA. One methodology deals with development where there is subdivision [S203(1)(a)] and the other where there is residential development where there is no subdivision [S203(1)(b)].

Development contributions will not be levied on non-residential development for parks - reserves. See development contributions schedule of fees and charges in Appendix A and D of this policy.

When determining the value of land for the purpose of calculating the parks & reserves contribution, the value of land is assumed to include GST.

### *6.6.1. Subdivision*

Three contribution categories have been identified:

- Residential
- Rural residential
- Rural

These categories recognise the different demand for recreation and amenity reserves.

Recognising the difference in demand for these areas Council has adopted different contribution rates for each of the categories:

<b>Contribution Category</b>	<b>Description</b>	<b>Development Contribution Rate</b>
1	Residential	2.5% of the value of each additional lot of subdivision.
2	Rural Residential	1% of the value of each additional lot of subdivision.
3	Rural	0.5% of the value of each additional lot of subdivision.

The value of each allotment will be assessed up to the following maximum site areas:

- Rural: 40,000m<sup>2</sup>
- Rural residential: 6,000m<sup>2</sup>

Applications that change rural areas into urban developments with reticulated services will end up as future service catchments, and consequently will be considered under the provisions of contribution category 1.

#### *6.6.2. Residential non-subdivision:*

The development contribution for parks where there is no subdivision will be assessed as the value equivalent of 20m<sup>2</sup> of land for each additional HEU created. This will be applied up to a maximum contribution, equivalent to 2.5% of the value of the allotment.

As explained in section 3.3.2, for visitor accommodation the number of HEUs is calculated by using a household conversion factor of 0.165.

#### *6.6.3. Valuing of land*

Development contributions will be payable in cash. All land requirements for reserves purposes will be obtained through sale and purchase agreements outside of this development contributions policy. The council may use structure plans and where appropriate, designation processes under the RMA to identify future reserve requirements.

The council may accept or require a contribution to the equivalent value in the form of land or infrastructure. In some cases, for example, it may be appropriate to allow reserve assets to vest in the council through the subdivision consent process, where they meet the council's reserve network requirements, and to credit them against the development contribution required.

Where the development contribution is to be in cash, the development contributions notice will include an estimate on the anticipated value of the additional lots created by a subdivision, or on the basis of 20 square metres of land (within the development) for each additional household units created (with final calculation of the contribution to occur at the time the consent is issued – see section 3.6.3).

That estimate will take into account the current value of similarly sized and serviced lots in the same area, or similarly sized and serviced lots in a comparable area within the district, using information from the council's rating information database and any information from property sales within the district that it considers relevant. The developer may accept the estimate provided for the purposes of calculating the development contribution payable, but is under no obligation to accept the estimate provided.

Where the developer does not accept the estimate provided, the amount will be established by either a signed sale and purchase agreement for the land subject to the development, or an

independent registered valuer's report on the anticipated sale value of the land, or in the absence of subdivision, on 20m<sup>2</sup> of that land. Registered valuer's reports shall be no more than three months old and produced at the developers cost.

Where the development contribution is to be in land or infrastructure, the value of the land and infrastructure to be vested will be established on the basis of a registered valuer's report and substantiated prices prior to purchase and installation.

## Appendix A: Schedule of development contributions (excl. GST)

**Table 1: External roading district wide**

Area	Development Contributions (per HEU)
District wide	\$1,350
Visitor accommodation	\$222.75 per person <sup>2</sup>

**Table 2: Water and wastewater**

Development contribution area	Water Contribution	Wastewater Contribution
Kaikoura urban	\$2,175 per HEU	\$2,369 per HEU
Kaikoura suburban	\$1,195 per unit of water	
Kincaid scheme	\$1,000 per unit of water	
Fernleigh scheme	\$1,000 per unit of water	
East Coast scheme	\$1,000 per unit of water	
Peketa & Oaro schemes	\$900 per HEU	
Visitor accommodation	\$358.88 per person	\$390.89 per person

**Table 3: Stormwater**

Area	Development Contribution
Kaikoura urban	\$910 per HEU
Visitor accommodation	\$150.15 per person

**Table 4: Parks, reserves & community infrastructure**

Contributing Category	Development Contributions % of Land Value
Residential	2.5%
Rural	0.5%
Rural Residential	1%

<sup>2</sup> Per person means each person able to be accommodated (the number of beds, with a double bed able to accommodate two people)

**Table 5: Community infrastructure**

<b>Contributing Category</b>	<b>Development Contribution per HEU</b>
Residential	\$Nil per HEU
Rural Residential	\$Nil per HEU
Rural	\$Nil
Visitor accommodation	\$Nil per person

*The amount required from development contributions to fund Community Infrastructure projects has been fully recovered. No further projects meet the definition of Community Infrastructure in the 2014 amendments to the Local Government Act (2002).*

## Appendix B: Development contributions calculation – examples

### Example 1 – Residential Subdivision

**Proposal:** One residential lot subdivided into eleven new sections of about 1,600 m<sup>2</sup> thereby creating ten additional lots

**Location:** Kaikoura township

**Value of additional lots:** \$180,000 (including GST) per lot (\$1,800,000 in total)

A full credit is given for the existing household unit (residual title) and the development contribution is only calculated on the additional household units (on the new titles).

Household Equivalent Units	Activity/Service	Contribution per HEU \$	Total Contribution \$
10	Roading	1,350.00	13,500.00
10	Water	2,175.00	21,750.00
10	Wastewater	2,369.00	23,690.00
10	Stormwater	910.00	9,100.00
10	Community Infrastructure	-	-
	Subtotal (ex GST)	6,804	68,040.00
	GST	1,020.60	10,206.00
	Subtotal (inc GST)	7,824.60	78,246.00
Valuation \$1,800,000	Parks & reserves calculated at 2.5% of the value of each lot (\$180,000)	4,500.00	45,000.00
	TOTAL (including GST)	12,324.60	123,246.00

## Example 2 – Residential (Visitor Accommodation) – Land Use Consent

<b>Proposal:</b>	<b>Visitor accommodation (motels) providing for 50 people, plus a manager’s residence</b>
<b>Location:</b>	<b>Kaikoura township</b>
<b>Value of land (total):</b>	<b>\$540,000 including GST</b>
<b>Size of existing section:</b>	<b>2,500m<sup>2</sup></b>
<b>Valuation of land:</b>	<b>\$216.00m<sup>2</sup></b>

A full credit is given for the existing household unit (the manager’s residence) and the development contribution is only calculated on the additional household units, assessed by the number of people being accommodated (discounted to a 75% occupancy).

In this instance there are 50 people able to be accommodated, divided by 4.5 people per housing unit, equals 11 housing units. The parks & reserves contribution is calculated as the value equivalent to 20m<sup>2</sup> per housing unit, and discounted to 75% occupancy.

<b>Number of people able to be accommodated</b>	<b>Activity/Service</b>	<b>Contribution per person \$</b>	<b>Total contributions \$</b>
50	Roading	222.75	11,137.50
50	Water	358.88	17,943.75
50	Wastewater	390.89	19,544.25
50	Stormwater	150.15	7,507.50
50	Community infrastructure	-	-
	Subtotal (ex GST)	1,122.66	56,133.00
	GST	168.40	8,419.95
	Subtotal (inc GST)	1,291.06	64,552.95
20m <sup>2</sup> x \$216m <sup>2</sup> x 11 HEU x 75%	Parks & reserves using LGA S203(1)(b)	712.80	35,640.00
	<b>TOTAL (including GST)</b>	<b>\$2,003.86</b>	<b>\$100,192.95</b>

## Appendix C: Development contributions funding model

### Purpose

The purpose of the funding model is to provide an equitable assessment of the funding requirements to support the development contributions regime. The primary output of the funding model is an assessment of the required development contributions charges.

### The model takes account of:

- The funding requirements to support the cost of growth infrastructure.
- Equitable application of those funding requirements to the incoming growth community.
- Recognition that the backlog components of the growth infrastructure are funded by the existing community. The rating charges applied to the existing community will also be applied to the incoming community as there is no differential rating process to exclude the incoming community from those rates charges. Therefore the resultant rating charge on the incoming community is offset against the development contribution charge.
- Interest on funds raised to implement growth infrastructure.
- Interest on contributions received in advance of provision of growth infrastructure.
- Recognition that money raised must meet the financial requirements of projects, therefore consideration is given to the effects of inflation on both the costs and the income. (Note, currently the inflation is set to zero in the model as CCI is to be added separately to the contribution rates each year.)

### Background information

For each project planned council officers have determined the components of the project that are allocated to meeting the needs of the growth community. This allocation takes into account and deducts funds available from alternate funding sources such as NZ Transport Agency. These projects are reported in development contribution areas for each service type.

For each development contribution council officers have determined the anticipated number of new lots as the district expands. These are reported as Household Equivalent units (HEU's).

### Development contributions

The development contribution will be assessed for each service type and each development contribution will be charged based on the number of HEUs demanded by each incoming activity.

## Modelling principles

A project cannot be considered for development contributions unless it is an approved project in the LTP. The LTP includes schedules of planned projects and in the future will include schedules of past projects with remaining capacity intended to support the new and future incoming community.

## Terms and definitions

<b>Past growth</b> <b>Past expenditure</b>	Relates to the growth capacity and cost that has been provided by past expenditure. In terms of cost it relates to actual costs incurred in past years – including the current year. In terms of demand it relates to the provided capacity for the period between implementation and the current year. (Note: The council is not proposing to recover development contributions for capital expenditure incurred prior to 1 July 2005.)
<b>New growth</b> <b>New expenditure</b>	Relates to the growth demand and planned costs in the ten years from the current year. Starting in year 1 – 2016 (1 July 2015) and ending in year 10 – 2025 (30 June 2025)
<b>Future growth</b> <b>Future expenditure</b>	Relates to the growth demand and planned costs in the years beyond the new growth period, starting in year 11 (2026). Potentially there is no end point to future growth but in practical terms it will end with the end of the funding period.
<b>Funding period</b>	Not less than 10 years, otherwise lesser of asset capacity life, asset useful life, or 30 years.

## Notes

- Year will be end year; i.e. 2015/2016 will be listed as 2016.
- Past expenditure will be actual cost of the project. These costs will not be inflation adjusted.
- Interest on past expenditure will be based on the typical average interest rate for either borrowing or lending in each year since the past expenditure was incurred.

## Expenditure

Expenditure will be assumed to occur in the year identified in the LTP or its amendments.

## **Development contribution**

For each project the development contribution capital charge for each incoming HEU is assessed as the gross cost of growth (including allowance for interest, inflation, rate income, incoming population trends, etc.), divided by the number of HEUs incoming from year 1 to the end of the funding period for that project.

The gross cost of growth is determined based on the assumption that at the end of the funding period the remaining debt will be zero.

The development contribution for each service group and each development contribution area is the sum of the development contributions for each project in the service group and development contribution area.

## Appendix D: Non-residential HEU conversions

### Wastewater

Kaikoura District Council District Subdivision Code of Practice Design Standard: 1000  
1litres/household/day (1m3/lot/day)

Land use description	District Design Std (Litres/Day)	Units	HEUs
Commercial/industrial	200	100m2 GFA	0.2
Retail	266	100m2 GFA	0.26

### Water

Kaikoura District Council Urban Water Supply Upgrade Officers Report 2000: 1930  
litres/household/day - 1.9m3/lot/day

Land use description	District Design Std (Litres/Day)	Units	HEUs
Commercial/industrial	210	100m2 GFA	0.1
Retail	280	100m2 GFA	0.13

### Roading

Land use	Vehicles per day	HEUs
Commercial/industrial	13.6	1.36
Retail	24.0	2.40
Rural	4 heavy trucks	5.0

### Vehicles per day (VPD)

In using vehicles per day, consideration should be given to:

- (1) The end destination and sole purpose of the trip is to that activity therefore VPD rate is at 100%
- (2) Trip is made as one of a number of linked trips therefore VPD rate is at 25%
- (3) Trip is made but only because the route goes past that location therefore VPD rate is at 5%

## Appendix E: Kaikoura district growth

Growth in the Kaikoura district reached a peak in 2005-2006, with Ocean Ridge and Seaview residential subdivisions, as well as a number of new visitor accommodation facilities and commercial developments. In 2015, the economy is still in a recovery-phase from the global financial crisis, and uncertainty remains as to when and where new growth will commence. It is not all doom and gloom, however, with several large visitor and commercial developments seemingly poised to get underway. The council has taken the view that this development contributions policy should not be a barrier to investment.

### **Residential development**

There are currently very few subdivisions going through the resource consent process, and the demand for new sections appears to be well met by the number of sections already available within the district. Consequently the current LTP is only anticipating that 100 new titles will be created during the term of the plan.

### **Visitor accommodation**

The potential for at least one large new hotel has been rumoured for some time, and it may well be that the time will shortly be upon us to see our capacity for overnight visitors increased. Growth projections for visitors are difficult to rely upon, however, and the 100 new titles forecast above include new visitor accommodation such as strata-title developed hotels.

### **Commercial development**

With increased visitor activity comes the potential for new retail, commercial and industrial development. Within the Kaikoura district, we assume these developments will be relatively light in nature, and given that the focus of this policy is on those developments which exceed the thresholds in section 2.2, likely to be directly attached or adjacent to any substantial visitor accommodation such as a hotel.

## Appendix F: Capital expenditure

The following table summarises the capital expenditure that the council has already incurred, or expects to incur within the next ten years, to meet the increased demand for services resulting from growth. The council has determined to use the funding sources stated as the most appropriate source of funds for each of these capital projects, to most equitably match the distribution of benefits to groups and/or individuals, and to make the optimum use of alternative sources of funding such as grants and subsidies, and development contributions where appropriate.

Council's development contributions policy was first adopted in June 2004, and provided for several capital projects that has already been completed. In many cases, loans have been raised to complete that work, and development contributions are collected to meet the cost of loan servicing and to contribute towards the cost of that work previously undertaken. Development contributions are only levied until the portion of costs of the capital work has been recovered.

	Year	Estimated cost	Funding Sources	
			Grants, subsidies & other	Development contributions
<b>Roading</b>				
Seal extensions	2006-2014	438,841	50%	50%
Footpaths	2005-2006	535,204	90%	10%
Road rehabilitation	2015-2025	14,600,000	95%	5%
<b>Water services</b>				
<u>Kaikoura township</u>				
Booster pumps	2006-2009	361,402	70%	30%
New bore & reticulation	2006-2009	1,096,621	50%	50%
New pump station	2009	23,180	-	100%
New reservoirs	2006-2014	799,547	20%	80%
<u>Other water supplies</u>				
Kincaid	2006-2025	575,256	30%	70%
Fernleigh	2005-2009	189,035	50%	50%
East Coast	2010-2015	57,961	90%	10%
Peketa & Oaro	2008	16,379	50%	50%

	Year	Estimated cost	Funding Sources	
			Grants, subsidies & other	Development contributions
<b>Sewerage</b>				
New pump stations	2007-2014	2,732,548	50%	50%
Aeration lagoons	2008-2013	470,148	-	100%
Oxidation pond	2008	100,562	60%	40%
Mainline capacity	2011-2012	61,976	50%	50%
<b>Stormwater</b>				
Increased capacity	2006	28,496	-	100%
Increased capacity	2011-2015	240,000	70%	30%
<b>Parks &amp; reserves</b>				
Reserves projects are only undertaken as funds are available. Expenses include new walkways and cycleways, landscaping and planting, safety improvements (such as handrails, steps and security lighting), and grants paid out for biodiversity projects.				

Community infrastructure projects from prior years have already been fully recovered from development contributions and developer agreements collected between 2004 and 2015. No further planned community facilities projects meet the new definition of community infrastructure as provided in the 2014 amendment to the Local Government Act (2002).

## Glossary of terms

Backlog	That portion of a project that relates to historical catch-up to meet the required level of service for the existing community.
Base units	The demand of an average household unit for each service.
CCI	Construction Cost Index.
Commercial	Any activity, whether temporary or permanent, involving payment, exchange or other consideration.
Community infrastructure	Community infrastructure means the following assets when owned, operated, or controlled by the Kaikoura District Council: community centres or halls for the use of a local community or neighbourhood, and the land on which they are or will be situated; play equipment that is located on a neighbourhood reserve; and toilets for use by the public.
Cost allocation	The allocation of the capital costs of a project to the various drivers for the project, such as renewal, catch-up (backlog), and additional capacity to meet growth.
CPI	Consumer Price Index (for avoidance of doubt this excludes credit).
Credits	Where development contributions or financial contributions for a particular property have previously been assessed and paid, credit to that amount will be given for the particular activity.
Current year	The current year is 2014/2015 (called 2015) and year one of this policy is 2015/2016, called 2016.
DC	Development contribution
Development	Any subdivision or other development that generates a demand for reserves, network infrastructure, or community infrastructure (but does not include network utilities such as electricity or telecommunications).
Development agreement	Any private agreement signed between a developer and Kaikoura District Council.
Development contribution area	Separate development contribution areas exist for each area asset category. For some assets, e.g. roading the development contribution area is district wide, for asset categories such as stormwater, water and waste water development contribution areas are based upon existing service catchment areas.

Financial contributions	These are provided for by the Resource Management Act (RMA) and Council's policy is set out in section 5 of the Kaikoura District Plan. A financial contribution is a contribution from developers of cash, land, works, services or a combination of these. Financial contributions are used to offset or mitigate the adverse impacts on the natural and physical environment including utility services, of a new development.
Funding model	The funding model ensures an equitable assessment of the funding requirements to support the development contributions regime. The primary output of the funding model is an accurate assessment of the required development contribution charges.
Funding period	Not less than ten years, otherwise lesser of asset capacity life, asset useful life, or 30 years.
GFA	Gross Floor Area
Growth model	For each development contribution area the council has determined the population changes anticipated as the district expands. These are reported as "Household Equivalent Units" (HEUs).
GST	Goods and Services Tax
HEU	Household Equivalent Unit. A type of unit of demand that relates to the typical demand for infrastructure by an average household.
IFA	Area of impervious surfaces to be drained to the reticulated stormwater network.
Industrial	Activities including associated land, infrastructure and buildings used for the manufacturing, fabricating, processing, packing or storage of goods, substances, energy or vehicles, and the servicing and repair of goods and vehicles whether by machinery or hand.
Level of service (LOS)	The standard of service provision for assets.
LGA	Local Government Act (2002) including amendments
Lot	Lot is deemed to have the same meaning as "Allotment" under both the LGA, and the Resource Management Act 1991.
LTP	Long Term Plan
New expenditure	Relates to the growth demand and planned costs in the ten years from the current year. Starting in year 1 (2016) and ending in year 10 (2025).

Past expenditure	In terms of cost it relates to actual costs incurred in past years – including the current year. In terms of demand it relates to the provided capacity for the period between implementation and the current year.
Parks & reserves	<p>This refers to the cost of providing additional improvements necessary to turn basic reserve land into usable reserves such as:</p> <ul style="list-style-type: none"> <li>• Amenity reserves – generally small areas of scenic or recreation reserve that are intended primarily to “beautify” an urban area.</li> <li>• Neighbourhood reserves – small to medium sized areas of scenic or recreation reserve that are intended primarily to preserve natural features or provide for information local passive and active recreation.</li> <li>• Parks/domains – larger scenic or recreation reserves intended primarily to provide for passive recreation with a feeling of remoteness from urbanity and more formal active recreation and events</li> <li>• General reserves – this refers to the cost of purchasing land and minor improvements necessary to enable that land to function as a basic area of green open space, including earthworks and grassing.</li> </ul> <p>Reserves, for this purpose of this policy, do not include land that forms or is to form part of any road or is used or is to be used for stormwater management purposes.</p>
RMA	Resource Management Act 1991
Renewal	That portion of project expenditure that has already been funded through depreciation of the existing asset.
Residential	The use of land and buildings by people for accommodation purposes, including unit/strata title development and visitor accommodation.
Retail	The use of land, a building or parts of a building where goods are sold or displayed for sale, by retail, or are offered for hire.
Roading	Roads, bridges, kerb and channel, traffic services, footpaths, streetlights and cycleways within the road corridor.
Rural	Deemed to have the same definition as both Rural and Semi-rural in the council’s rating information database (i.e. properties outside the Kaikoura urban area which includes Ocean Ridge and South Bay).

Rural residential	Properties outside of the urban area of less than 5ha containing, or intending to contain, a dwelling
Service connection	A physical connection to a service provided by, or on behalf of Kaikoura District Council
Sewerage/wastewater	These two terms are used interchangeably within this policy, and refer to the assets relating to the collection, treatment and disposal of sewage effluent
Sports grounds	Larger recreation reserves intended primarily to provide for formal sporting activities and events.
Urban area	The urban area within the Kaikoura township as defined by Council's Rating Information Database.
VPD	Vehicles Per Day.