



Our Community Plan Summary/Christchurch 2006/16 Development Contributions Policy

The Local Government Act 2002 allows local authorities to take fair contributions from developers to develop new or upgraded infrastructure to service growth. The Council has prepared a Development Contributions Policy to detail how it will do this. There are two parts, with Part A being specific to Christchurch City and Part B being specific to Banks Peninsula. It is intended that this structure will exist until 30 June 2007.

Part A

The total capital expenditure incurred by Council as a result of growth, to meet increased demand for the activities stated in the Development Contributions Policy, both in the past and for the next 10 years, is set down in the Long-Term Council Community Plan. The Council's policy is that the total growth component of the capital expenditure budgets will be funded by development contributions. This is because the Council wants the development community and not the ratepayers to fund growth arising out of developments, as a fair reflection of the benefit distribution from that growth, and in line with the community outcomes the Council seeks to achieve. The assessment and documentation supporting the capital expenditure can be viewed at the Council Civic Office or any of the Council Service Centres. The significant assumptions on which the policy is based are set out in Section 8, Part A of the policy.

The Council is required to use development contributions only for the activity for which they are collected. This will be undertaken on an aggregated project category basis for each activity, not on a project by project basis.

The Council may and will require a development contribution in respect of any activities in the City that create a demand for new reserves and infrastructure, as follows:

- Reserves;
- Network infrastructure
(water supply and conservation,
waste water collection, treatment and disposal,
surface water management, and
transport);
- Community infrastructure - better community facilities.

Development contributions for network and community infrastructure are levied as charges to all new developments that create a demand for services.

For each activity a number of areas of demand have been determined, based on key characteristics. These characteristics include geography, service delivery and the nature and complexity of solutions. The areas of demand can be either local or city wide.

A funding model has been developed in order to predict growth throughout the city in “house unit equivalents” (HUE) and this information is presented per activity, per area of demand. Household growth, as assessed by Statistics New Zealand, is used as the basis for determining development contributions. Non-residential growth is based on historical rates of development collected from the Council’s non-residential building consent records for Christchurch.

The Council has used a cost allocation methodology which takes the planned costs of a proposed project and assigns them to various drivers, the categories of which are renewal, backlog, growth and unallocated drivers. The purpose of the funding model is to ensure an equitable assessment of the funding requirements to support the development contribution regime.

Where development contributions are sought for reserves, the charge is based on the value of land being developed. With the exception of additional rural lots, the maximum allowable under section 203 of the Local Government Act will be charged in every

case, due to the fact the even at this maximum amount the 10 year cost of growth for the reserves activity (approximately \$152 million) exceeds the expected total funding which will be recovered from development contributions for this activity \$147 million). A lesser development contribution for reserves of 5% will be charged in respect of additional rural lots.

The Council reserves the discretion to enter into a private development agreement with a developer for the provision of particular infrastructure to meet the special needs of a development, for example where a development requires a special level of service or is of a type or scale which is not readily assessed in terms HUEs.

The Council will assess and require payment of a development contribution upon granting:

- A resource consent (sub divisional land use);
- a building consent, and
- authorisation for a service connection.

The Council considers it is appropriate to collect a development contribution at the initial subdivision stage but where the amount of the development contribution assessed for a development increases, a contribution may also be sought at building consent or service connection stages.

There are no specific provisions relating to the postponement of review of development contributions and the policy does not provide for remissions or reductions to be granted.

Part B

Part B of the Council's development contribution policy contains the development and financial contributions policy of the former Banks Peninsula District Council.

The Council has decided to continue to use the number of building consents for new dwellings issued over the last five years as a basis for its growth profile in the urban areas of the former BP District and, for the rural areas, the numbers of rural allotments created. Infrastructural developments which will be needed to cope with this growth have been identified.

Growth in the former BP District will continue to be funded from three main sources:

- Financial contributions (levied under the Resource Management Act). In the longer term these provisions and/or the contributions provided for under Part B will be replaced by an integrated development contribution policy for the whole city, including the former BP District.
- Development contributions (levied under the Local Government Act 2002) for growth-related projects that are identified in the Council's Long Term Council Community Plan.
- Existing residents through rates and loans. The development contribution policy contains the rationale and formula for reserves, network infrastructure and community infrastructure. The Council has extended to the former BP District the targeted rates for sewage, water supply and land drainage to cover operating costs. All properties in the serviced areas will be charged these rates.

Financial contributions will be used when the effect of development directly contributes to the need for physical works on Council services and when the effect of the development has not been foreseen in the LTCCP.

Collection of development contributions on the basis of existing catchments will continue notwithstanding the amalgamation with Christchurch City. The policies and methodology for calculating development contributions are the same for each scheme. The Council has a targeted rate for maintenance, with the exception of Governors Bay, and therefore charges one development contribution for joining any of the schemes.

In the former BP District there are presently eight public water supply schemes. Whilst the policies and methodology for calculating developments contribution are the same the actual level of contribution varies on the growth component. These projects are dealt with separately.

The Council aims to develop a reserves network within the former BP District to enable recreational activities to be undertaken, to retain areas of conservation value and develop sports surfaces for the purpose of encouraging physical and passive activity.