

Draft Development Contributions Policy

Information Sheet

Introduction

As new development occurs throughout the Horowhenua District it places demand on the Council to provide a range of new and upgraded infrastructure. It is important to ensure that costs of providing new assets for development are adequately and sustainably accounted for.

Development contributions are provided for under the Local Government Act 2002 (LGA 2002) and are able to be used to fund capital expenditure required as a result of growth. Development contributions are paid by the developer or land owner at the time of subdivision, service connection, land use consent or building consent.

Horowhenua District Council previously charged development contributions between 2006 and 2015; however, in 2015 decided to stop charging development contributions under the Development Contributions Policy and introduced a Financial Contributions Policy.

Consultation on the Draft Policy is being undertaken concurrently with the consultation on the Long Term Plan 2021-41. We invite feedback from anyone who has an interest before final decisions are made on what will and will not be included in the Policy.

Proposed Changes

The Horowhenua District has experienced significant growth in the last few years, and during the deliberations on submissions for the Annual Plan 2020/21, Council resolved to consider developing and consulting on funding options for growth as part of the LTP 2021-41.

Council has outlined the reintroduction of development contributions as a key topic in the Long Term Plan 2021-41 Consultation Document. The consultation through the LTP process focuses on whether or not to reintroduce development contributions as a source of funding growth infrastructure, while the consultation on the draft Development Contributions Policy focuses on what the detail of the contributions will be, if Council decides to reintroduce them.

The Draft Policy affects most people and companies developing new residential, commercial or industrial land and buildings. The Policy ensures that those who create the need for this infrastructure and directly benefit from our provision of infrastructure capacity are those who pay for it.

Growth context

The Horowhenua district is growing rapidly. Horowhenua has experienced growth at an average of 2% per annum since 2014. In late 2020, Council adopted its growth assumptions for the Long Term Plan 2021-41, a growth rate of 2.6% per year for the first 10 years of the LTP, increasing to 2.9% for the second decade. Strong growth means that Council needs to plan for and invest in a range of infrastructure, such as for water supply, stormwater, wastewater and our parks and reserves.

When growth in population and business takes place, new development is carried out to accommodate it. The extra traffic, water consumption, wastewater generation and stormwater run-off from that development, all take up spare

capacity in Council's infrastructure. Unless provision is made, that capacity can be used up over time and networks start to fail. Traffic congestion, low water pressure or quality, wastewater overflows and flooding can all signal a failure to keep up with growth. In some cases, parks, libraries and other public amenities can become crowded as the capacity they were designed for is used up.

To avoid this, the Council plans ahead and puts capital spending in its budgets to provide more capacity to service growth when it is needed.

Development Contributions help fund growth

Council has limited options to consider for funding infrastructure related to growth. External sources of funding such as subsidies and grants are always considered as the first source of funding. Other options investigated where possible, include tools under the Infrastructure Funding and Financing Act (2002) including Special Purpose Vehicles, and Developer Agreements. However, development contributions are the most effective tool to ensure those who benefit from growth related capital expenditure, are the ones who pay for it. The alternative is that Council debt funds this expenditure (like it does the rest of the capital expenditure programme), and repays the investment through rates funds and all ratepayers pay for growth infrastructure.

Contribution Amounts

Based on the Long Term Plan 2021-41 capital programme and after following the steps required under the Act, the following table indicates draft development contribution amounts. It proposes district-wide catchments for Roothing and Community Infrastructure and scheme-by-scheme catchments for the three waters activities. The table also proposes a separate Tara-Ika growth area catchment.

TABLE 1 - SCHEDULE OF DEVELOPMENT CONTRIBUTIONS														
	Roothing		Community Infrastructure		Stormwater			Water Supply			Wastewater Treatment			TOTAL
	Tara-Ika	District	Tara-Ika	District	Tara-Ika	Scheme	District	Tara-Ika	Scheme	District	Tara-Ika	Scheme	District	
Levin		\$499		\$1,547		\$124	\$458		\$3,118	\$0		\$7,563	\$0	\$13,308
Tara-Ika	\$2,559	\$499		\$1,547	\$1,817	\$124	\$458	\$0	\$3,118	\$0	\$1,840	\$7,563	\$0	\$19,525
Levin North		\$499		\$1,547		\$124	\$458		\$3,118	\$0		\$7,563	-\$0	\$13,308
Foxton		\$499		\$1,547		\$0	\$458		\$499	\$0		\$436	\$0	\$3,439
Foxton Beach		\$499		\$1,547		\$79	\$458		\$1,449	\$0		\$871	\$0	\$4,903
Shannon/Mangaore		\$499		\$1,547		\$0	\$458		\$0	\$0		\$0	\$0	\$2,504
Tokomaru		\$499		\$1,547		\$0	\$458		\$0	\$0		\$0	\$0	\$2,504
Waitarere Beach		\$499		\$1,547		\$0	\$458		\$3,058	\$0		\$1,949	\$0	\$7,511
Ohau		\$499		\$1,547		\$0	\$458		\$1,800	\$0		\$1,839	\$0	\$6,144
Rural		\$499		\$1,547										\$2,046

Note 1: These contribution amounts do not include GST

Note 2: Wastewater contribution for Ohau will only apply when the service becomes available and new and some existing properties connect

Note 3: Water supply contribution for Ohau and Waitarere Beach will only apply when the service becomes available and new and some existing properties connect.

Why we are consulting

If Council reintroduces development contributions, the Development Contributions Policy outlines what contributions are collected and how.

Consultation is being undertaken with the community so we can understand community views on whether to reintroduce development contributions and if so, what the key aspects of required contributions would be.

Where you can find out more information and have your say

You can read the draft Development Contributions Policy at www.horowhenua.govt.nz/GrowingOurFutureTogether or in hard copy at Council's Office, Te Takeretanga o Kura-hau-po, Te Awahou Nieuwe Stroom and Shannon Library.

We are specifically asking for feedback on the following topics:

- **Activities:** Which Council activities development contributions should be collected for as a source of funding growth infrastructure.
- **Catchments:** Whether development contributions should be charged based on each scheme, or district wide.
- **Time of Payment:** If the timing of paying development contributions that apply to building consents and subdivision consents should occur closer to the time the lots and homes are to be sold or constructed.
- **Reductions:** If the scope of considering reductions in the amount of contributions to be paid should be limited to where the development provides a significant public benefit, or addresses significant affordability issues.

You can give feedback:

- Online: www.horowhenua.govt.nz/GrowingOurFutureTogether
- By email: ltip@horowhenua.govt.nz
- On paper:
 - By dropping your submission into the Horowhenua District Council Office in Levin, Te Takeretangata o Kura-hau-pō in Levin, or Te Awahou Nieuwe Stroom in Foxton.
 - By posting your submission to Horowhenua District Council, Private Bag 4002, Levin 5540.

Note: The submission form has been combined with the LTP 2021-41 Consultation Document.