Horowhenua District Development Contributions Policy – 2021-2041

Part 2 – Legislation, method of calculation of contribution amounts and supporting information

This development contributions policy is in two parts. **Part 1** gives context to the policy and sets out the decisions the Council has taken in making the policy. It then describes the steps to be followed when applying the policy to development applications.

Part 2 is a separate document setting out the legislative matters the Council has had to consider, the method of calculating the contributions, significant assumptions, a summary of financial contributions and other supporting material.

This policy is operative from 1 July 2021, and is based on capital expenditure proposed in the 2021-31 Long Term Plan. It takes direction from Council's Revenue and Financing Policy on which activities are to be funded by development contributions. The various sections of the policy cover:

- **Section 1** - the purpose of the policy, the growth and infrastructure context and a comparison between development contributions and other sources of funding.
- **Section 2** - the decisions the Council has taken in making this policy.
- **Section 3** - the way the policy will be applied in practice.
- **Section 4** – the legislative matters the Council has considered.
- **Section 5** – the way in which development contributions are calculated.

Section 4 - Legislation

4.1 General

4.1.1 This policy, the Horowhenua District Development Contributions Policy 2021-2041, is made under the Local Government Act 2002 (the Act). The legislative matters the Council has had to consider in making the policy are set out in the schedule of compliance below.

4.1.2 As well as observing all matters relating to policy content in the Act[1] and the principles[2] underlying the way in which it requires, determines and uses development contributions, the Council has determined that:

a) the decision to adopt the development contributions policy is a significant decision;
b) it believes it has met its decision making and consultation obligations under the Act to the extent required.

[1] Section 106 and section 201
[2] Section 197AB

4.2 Schedule of compliance

Local Government Act 2002	Provision summarised	Reference to policy document
Section 101(1)	The Council must manage its financial dealings prudently and in the current and future interests of the community.	**Section 1.1** - Purpose
Section 102(1)	The Council must be sure about sources and levels of funding it will use for the activities it carries out.	**Section 1.1** - Purpose
Section 102(2)(d)	There are various funding sources available to the Council. To use these, it has to adopt a number of financial and funding policies, one of which is a policy on development contributions or financial contributions.	**Section 1.1** - Purpose
Section 101(3)(a) Section 101(3)(b)	The Council incurs capital works expenditure in order to: a) provide additional capacity in assets to cater for new development; b) improve the level of service to existing households and businesses; c) meet environmental and other legislative requirements; and d) renew assets to extend their service life. The funding needed to meet these expenditure requirements must be met from sources that Council determines to be appropriate, following a consideration in relation to each activity, of matters under sections 101(3)(a)(i) to (v) and 101(3)(b).	**Section 2.2** - Activities for which development contributions will be applied
Section 199(1) Section 197(1)	A development contribution may be payable when development, defined in the Act, is carried out and the effect of this is the need for new or additional assets, or assets of increased capacity, causing the Council to incur capital expenditure.	**Section 2.1** – Requiring contributions for 'development'
Section 198 Section 200(4)[3]	The Council can require a development contribution of money or land, or both, to be made by the grantee or the owner of land on the issuing of the following consents or authorisations: (a) a resource consent under the Resource Management Act 1991; (b) a building consent under the Building Act 2004; (c) an authorisation for a service connection; (d) the granting of a certificate of acceptance under section 98 of the Building Act 2004.	**Section 2.1** - Requiring contributions for 'development' **Section 3.1.1** – Requirement for development contributions – test for 'development'
Section 197AB(1)(d)	Development contributions must be used: (a) for or towards the purpose of the activity or the group of activities for which the contributions were required; and (b) for the benefit of the district or the part of the district that is identified in the development contributions policy in which the development contributions were required.	**Section 2.1** - Requiring contributions for 'development'
Section 198(2A)	A development contribution must be consistent with the content of the policy that was in force at the time that the application for a resource consent, building consent, or	**Section 2.11.5** **Section 3.1.4**

[3] Covers the increased scale and intensity of the development

Local Government Act 2002	Provision summarised	Reference to policy document
	service connection was submitted, accompanied by all required information.	
Section 197AB(1)(g)	In keeping with this principle, the Council can group together certain developments by geographic area or land use, so that the cost of growth-related infrastructure is distributed fairly and equitably. Grouping development into catchments should generally avoid district-wide catchments but the Council has discretion to balance fairness and equity with considerations of practical and administrative efficiency.	**Section 2.3 .and Appendix B** - Catchments to be used when requiring contribution
Section 201(1)(a)	This policy must contain an explanation and justification for the way in which development contributions are calculated	**Section 5** – Calculating the development contributions
Section 201(1)(b)	This policy must contain the significant assumptions underlying the calculation of the schedule of development contributions, including an estimate of the potential effects, if there is a significant level of uncertainty as to the scope and nature of the effects.	**Appendix 2** – Assessment of significant assumptions
Section 197AB(1)(a)	No project can be considered for inclusion in a development contribution amount, unless the effects or cumulative effects of developments will create or have created a requirement for the Council to provide or to have provided the project to create new or additional assets or assets of increased capacity.	**Section 2.4.1** **Sections 5.1.5 and 5.1.7**
Section 200(1)	The Council cannot require a development contribution for a reserve, network infrastructure, or community infrastructure to the extent it is funded by a financial contribution, by the developer, by a development contribution already required for the same purpose or by a third party. Any amount from these or other sources must be deducted from the project costs being considered for funding by development contributions.	**Section 2.4.2** **Section 5.1.4 c)**
Section 199(2)	As well as assets to be provided in the long term plan, the Act allows the Council to require development contributions to be used to fund capital expenditure already incurred in anticipation of development, prior to the adoption of this policy.	**Section 2.5** – Asset capacity provided in the past
Section 197AB(1)(b) Schedule 13 1(2)	The Council has considered the period over which the benefits of capital expenditure for new development are expected to occur. As well as benefits occurring form spending before and during the long term plan period, the Council can identify capital expenditure on assets or groups of assets that will be built after the period covered by the long-term plan, provided they are identified in the development contributions policy.	**Section 2.6** – Period of benefits
Section 197AB(1)(c)	The cost of any project or work identified in the long term plan will, be allocated between: a) the costs for improving levels of service to existing households and businesses by bringing assets up to the service standard and/or by providing additional service life, to be expressed as the ILOS cost; and b) the costs for providing additional capacity to service the development of new households and businesses, to be expressed as the AC cost.	**Section 2.7** – Cost allocation **Section 5** - Calculating the development contributions

Local Government Act 2002	Provision summarised	Reference to policy document
Section 197AA	The purpose of development contributions is to enable the Council to recover the total cost of capital necessary to service growth over the long term. This enables the Council to include interest and inflation in the amounts of development contributions.	**Section 2.8** – Interest and inflation **Section 5.5** – Interest and inflation
Section 201(1)(a)	The Act requires this policy to include, in summary form, an explanation of, and justification for, the way each development contribution in the schedule required by subsection 201(2) is calculated.	**Section 5** - Calculating the development contributions
Section 197AB(1)(e) and (f)	In keeping with principles in and in accordance with: a) Section 201 and section 202 of the Act, Table 1 of this policy shows the schedule of development contributions payable for each activity type in each part the of district. The amounts exclude GST. b) Table 2 of this policy summarises capital expenditure in the long term plan that the Council expects to incur to meet the increased demand for community facilities resulting from growth and the proportion of that expenditure to be funded from various sources, including development contributions. c) Section 201A of the Act, Appendix 5 contains a schedule of assets for which development contributions will be used.	**Section 2.9** - Development contribution amounts – **Table 1** and **Table 2** **Appendix 5** – Schedule of assets
Schedule 13 2	The Council, in determining the maximum development contribution that may be required for a particular development or type of development, must demonstrate in its methodology that it has attributed units of demand to particular developments or types of development on a consistent and equitable basis.	**Section 2.10** – Units of demand **Section 3.2** Determining units of demand **Table 3** – Units of demand generated by subdivision and development
Section 198(1)(a),(b) and (c) Section 198(4A)	A development contribution may be required at the time the Council grants: a) a resource consent for subdivision or development; b) a building consent; c) an authorisation for service connection; d) a certificate of acceptance under section 98 of the Building Act 2004.	**Section 2.11** – When are development contributions paid? **Section 3.5** - Invoicing
Section 201(1)(c)	This policy must include conditions and criteria that will enable Council to consider remissions, postponements and refunds to development contributions.	**Section 2.12.1** **Section 3.6.1** – Remissions and reductions **Section 3.6.2** – Postponements **Section 3.6.3** – Requests for review **Section 3.6.4** - Refunds

Local Government Act 2002	Provision summarised	Reference to policy document
Section 202A Section 199A Section 199B(1)	This policy must set out the process for requesting reconsideration of a requirement for a development contribution under section 199A of the Act. The process for reconsideration must set out: a) how the request can be lodged with the Council; and b) the steps in the process that the Council will apply when reconsidering the requirement to make a development contribution. The Council must, within 15 working days after the date on which it receives all required relevant information relating to a request, give written notice of the outcome of its reconsideration to the applicant who made the request.	**Section 2.12** **Section 3.6** **Section 3.7** – Reconsideration process
Sections 207A to 207F	The Council and developers can enter into development agreements. The provisions of these sections apply to such agreements.	**Section 2.13** – Development Agreements
Sections 208 and 209	These sections set out the Council's powers of recovery when development contributions are not paid and when it is required to refund development contributions	**Section 3.8** – Contributions not paid **Section 3.6.4** - Refunds
Section 209(2)	The Council must return a development contribution or land if a development does not proceed	**Section 3.6.4** Refunds
Section 252	A development contribution not paid is recoverable as a debt	**Section 3.8.2**
Section 199A	Right of reconsideration is limited to certain matters	**Section 2.12** **Section 3.6** **Section 3.7.4**
Section 199C	This gives a person the right to object to the assessed amount of a development contribution	**Section 2.12** **Section 3.6**

4.3 Related Council policies/strategies/bylaws or guidelines

4.3.1 This policy does not diminish from any requirements under the Horowhenua District Plan, which impose works conditions to avoid, remedy or mitigate the adverse effects of any development on the environment.

4.3.2 Nothing in this policy will diminish from an applicant paying any charges required under the Council's bylaws or any policy on fees and charges.

4.3.3 Nothing in this policy, including the amounts of development contributions payable in **Table 1**, will diminish from any other legal requirement to make a payment for community facilities other than a development contribution, including connection fees or any other fee required to be paid by agreement with the Council.

4.3.4 No expenditure by the developer on works or assets to avoid, remedy or mitigate the adverse effects of any development on the environment, or required by agreement in addition to a development contribution, such as roading, water supply, wastewater, urban stormwater and community infrastructure (even where this may at some stage vest in the Council), will be included in the calculation of development contributions under this policy).

4.3.5 The value of assets vested or expenditure made by a developer, in accordance with a requirement under the Resource Management Act 1991, will not be used to offset development contributions payable on development, unless all or a portion of such assets or expenditure can be shown to avoid or reduce the need for the Council to incur costs providing an asset that is included in its capital works programme, for which development contributions are sought.

4.3.6 The value of assets vested or expenditure made voluntarily by a developer to enhance a development will not be used to offset development contributions payable on development.

Section 5 – Calculating the development contributions

This section is required by section 201(1)(a) of the Act. The calculation of the separate development contribution amounts in **Table 1**, is carried out using the following methodology.

5.1 Listing projects and information required

5.1.1 Every project in the capital works programme of the long term plan, for the activities for which the Council intends to require development contributions, is listed in the Project Allocation Schedule of the Development Contributions Model which may be examined on request at any office of the Council.

5.1.2 Any past capital project with surplus capacity is listed in the Surplus Capacity Schedule. However the Council has decided not to seek to recover any part of the costs of past projects through this policy. It will reconsider this position in the next review of the policy.

5.1.3 Where possible, distinct stages of a project or distinct parts of a project are listed in the schedules as separate components and separate calculations carried out for each.

5.1.4 For each project in the schedules, the following information is provided:

a) the year in which the project or component is to be carried out in the long term plan, or in the case of each surplus capacity project (SC project), the year it was completed;
b) the total project cost;
c) the amount of any subsidy or grant toward each project or from any other source, which is deducted from the total project cost to give the net project cost;
d) the catchment that the project will serve.

5.1.5 In keeping with the principles in the Act[4], each project in the Project Allocation Schedule is categorised "Yes" or "No" in answer to the question – "Is this capital expenditure required at least partly to provide appropriately for new or additional assets or assets of increased capacity in order to address the effects of development?" By answering:

a) "No" - the project is treated as a pure renewal or level of service project and the cost of the project is removed from the Development Contribution calculation;
b) "Yes" - the project is treated as either a combined project (AC/ILOS project) or an additional capacity for growth project (AC project) and is subject to further analysis.

5.1.6 For each project in the Project Allocation Schedule, where the answer to the question above is "Yes", the following information is provided:

a) the expected distribution of benefits of the project between the existing community as a whole or identified parts of it or individuals;
b) the period over which benefits of the project are expected to occur, determined by stating the year in which capacity take up is expected to start and the year in which the project capacity is expected to be fully consumed;
c) the cause of the project;

[4] Section 197AB(1)(a)

d) any supporting information or reference to information describing the reasons for the project.

5.1.7 If surplus capacity projects were to have been included in this policy then, in keeping with the principles in the Act[5], each project in the Surplus Capacity Schedule would have been categorised "Yes" or "No" in answer to the question – "Was capital expenditure on this project incurred, at least partly, in anticipation of development?" By answering:

a) "No" - the project would be treated as a pure renewal or level of service project and the cost of the project removed from the Development Contribution calculation;
b) "Yes" - the project would be treated as either a combined project (AC/ILOS project) or an additional capacity for growth project (AC project) and be subject to further analysis.

5.2 Analysis of combined and additional capacity for growth projects

5.2.1 Using the information provided on combined projects (AC/ILOS projects) and additional capacity for growth projects (AC projects) in the project schedules, a cause/benefits matrix analysis is carried out by which it is required to state for each project:

a) the degree, on a scale of 0 to 1, to which growth creates the need for the project to be undertaken;
b) the degree, on a scale of 0 to 1, to which the growth community will benefit from the project being undertaken.

5.2.2 The value is chosen in each case from the cause/benefits matrix in the model which produces an estimated percentage of cost attributable to growth.

5.2.3 The percentage derived is applied to the net project cost to determine the *AC cost*. The remainder of the net project cost is the *ILOS cost.*

5.3 AC cost allocation between new and future units of demand

5.3.1 Using information provided on the year in which capacity take up of a project is expected to start and the year in which the project capacity is expected to be fully consumed, the *AC cost* of the project is divided between new *units of demand (N)* arriving in the *activity-funding area* in the long term plan period and future *units of demand (F)* arriving after the end of the long term plan period, as follows:

a) the AC cost to F is the AC cost determined above, multiplied by the years of capacity take up after the long term plan period divided by total years of capacity take-up;
b) the AC cost to N is the AC cost less the AC cost to F.

5.3.2 If surplus capacity projects were to have been included in this policy then, the AC cost to N from the previous long term plan would be adjusted for any development contributions received in the three years since adoption of the last long term plan and for any additional AC cost to N expenditure incurred in those 3 years. The total would be adjusted for interest.

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[5] Section 197AB(1)(a)

5.3.3 For each activity-funding area, the combined AC cost to N from all projects in the long term plan period is divided by the projected new units of demand (N) that will consume capacity in those projects in the long term plan period to give the development contribution amounts in **Table 1.**

5.3.4 The AC Cost to F from the previous long term plan is adjusted for any additional AC Cost to F expenditure in the last 3 years and is adjusted for interest.

5.3.5 If surplus capacity projects were to have been included in this policy then, to deal with asset capacity life requirements in the Act, the assumption would have been that *surplus capacity projects (SC projects)* have capacity for 30 years for all infrastructure types. However, when doing the calculations above, if development contributions received were to exceed the cost of surplus capacity, then the asset would have been regarded as being consumed and play no further part in the calculation.

5.4 Growth Assumptions

5.4.1 In order to calculate the amount of new development to which the growth-related portion of capital expenditure (AC costs) for infrastructure will be attributed, area-by-area projections of new and future units of demand for services in the period 2021 to 2051 are required.

5.4.2 The numbers of Rating Units provide a close correlation with numbers of lots in the district and the number of multiple units of activity on any lot where this is the case. They are considered to provide a reasonably sound measure of the units of demand for infrastructure and services.

5.4.3 To arrive at a projections of Rating Units and to align these with the population and household growth assumptions adopted for the long term plan, the following steps have been taken:

a) the occupied dwelling projections provided for the long term plan by Sense Partners have been adjusted upward to include an estimated 15% additional unoccupied dwellings, using 2018 Census data;

b) data for 2020, giving the ratio of business to residential rating units has been applied to the dwelling projections to add a business component; and

c) data for 2020, giving the distribution of rating units across the district has been used to break down the combined dwelling and business projections into the main urban centres and smaller settlements.

5.4.4 On the basis of decisions made by Council in **Section 2** on the development contribution catchments that will apply to each activity type, the growth projection worksheet of the Development Contributions Model - Projections Schedule - contains the number of Rating Units (units of demand) for each activity type and each of the separate catchment areas at the base year date of 1 July 2021.

5.4.5 It provides the expected annual increase in the numbers of Rating Units and hence units of demand to 2051, in each of these areas. Rating data is available for the whole district, parts of it and each of the water supply, wastewater and stormwater scheme areas.

5.4.6 For Ohau water supply and wastewater treatment activities and Waitarere water supply activity, there is capital spending in the Long Term Plan but, in each case, the service will not be available until at least 2029/30. The Rating Unit projections show zero existing units of demand at 1 July 2021 and no new Rating Units connecting, until the year in which capital expenditure on each of the schemes is started. The proposed expenditure in each case is then shared pro-rata over time among each of the units of demand that connect until the point at which it reaches capacity.

5.4.7 Although shown in **Table 1** of this policy, the resulting development contribution amounts will not be payable for Ohau water supply and wastewater treatment or for Waitarere Beach water supply, until the service is available in each case and properties begin to connect.

5.5 Interest and Inflation

5.5.1 The Development Contributions Model includes interest on growth-related capital expenditure and inflation in the calculation of the development contribution amounts, in accordance with the Council's policies in **Section 2**.

5.5.2 The Council is trying to recover all interest by the end of the development contribution calculation period.

5.5.3 Interest estimates can be prepared based on the amount of outstanding (growth-related) debt over time and the ongoing reduction of that debt by development contribution revenue.

5.5.4 The methodology for calculating development contributions is designed to take account of the interest free loans that have been negotiated by the Council as part its arrangements with Crown Infrastructure Partners (CIP).

5.5.5 The Development Contributions Model uses the inflated capital costs in the long term plan to calculate development contributions.

Appendix 2 – Assessment of significant assumptions[6] underlying the calculation of the schedule of development contributions

Assumption	Level of Uncertainty	Potential Effects
The rate, level and location of growth will occur as forecast in growth projections accompanying the long term plan	High	Lower than forecast growth will result in under-recovery of development contributions revenue and an increase in interest costs
Rating units provide a sound measure of units of demand for infrastructure, taking account of both residential and non-residential activities across the district	Moderate	While the residential rating component, using population and dwelling projections, is more predictable, business activity rating units may vary markedly from year to year. High business rating unit projections will reduce development contribution amounts in the schedule and if not matched by sufficient development will result in under-recovery of revenue. Low business rating unit projections will increase development contribution amounts in the schedule. If business development exceeds expectations revenue will increase but the higher unit contributions will burden all new development
Capital expenditure will be in accordance with the capital works programme in the long term plan	Moderate/High	In early stages of developing major new growth areas, costs may vary as plans are finalised and infrastructure demands and issues become clear
The activities for which development contributions are recovered will remain unchanged for the period of the long term plan	Moderate/High	Three waters reforms and changing legislation on infrastructure funding tools may prevent recovery of capital expenditure in the next 5 years through development contributions
For each growth-related project, assumptions are made of the year in which capacity in the asset starts to be taken up and the year in which all capacity is consumed	Moderate/Low	Long capacity take-up assumptions for an asset will reduce contribution amounts in the schedule but increase the interest burden and also push costs out to future residents and businesses. Short capacity take-up assumptions will increase contribution amounts and place an undue burden on new residents and businesses arriving in the early years of the long term plan
For each growth related project, assumptions are made of the extent to which both existing and incoming residents and businesses create the need for the project and the extent to which they benefit from it	Moderate	Assumptions made without sufficient consideration of cause and benefit to existing and incoming residents and businesses could move the burden of growth-related infrastructure unreasonably to one or other group
There will be no significant variations in predicted rates of interest and inflation to those set out in the long term plan	Moderate/High	Upward changes to current low interest rates, may have significant effects where capital expenditure for anticipated growth is relatively high in the early years of the long-term plan
Any existing lawfully established lots or developments are assumed to have paid development or financial contributions in the past or to have had the infrastructure capacity	Moderate	If a large proportion of new development takes place on existing lots, this may result in under-recovery of development contributions revenue and an increase in interest costs

[6] Section 201(1)(b)

they benefit from, paid for through rates or other sources of funding		
No significant changes to service standards are expected to occur other than those planned for in the asset management plans and reflected in the capital works programme	Low	No significant effects anticipated
The level of third party funding including subsidies and grants as well as amounts and terms of loans negotiated will continue at predicted levels for period of the long term plan	Moderate	No significant effects anticipated

Appendix 3 – Glossary of Terms

"AC cost" means the cost for providing additional capacity to service the development of new dwellings and businesses.

"Accommodation units" has the meaning given to it in section 197(2) of the Local Government Act 2002 (See definitions below).

"Catchment" means a geographic area comprising the whole or any part of the district as defined in this policy, which will be served by a particular activity type.

"Activity unit of demand" means the demand for a community facility generated by development activity, other than subdivision.

"Additional capacity project" or "AC project" means a capital project in the long term plan intended only to provide additional capacity to service new and future households and businesses.

"Aged care room" means any residential unit in a "rest home" or "hospital care institution" as defined in section 58(4) of the Health and Disability Service (Safety) Act 2001.

"Allotment" or "lot" has the meaning given to the term "allotment" in section 218(2) of the Resource Management Act 1991. (See definitions below).

"Bedroom" means a room used for sleeping, normally accommodating no more than three persons.

"Combined project" or "AC/ILOS project" means a project in the long term plan intended to deal with shortfalls in levels of service to existing households and businesses by bringing assets up to the service standard and/or by providing additional service life, and to provide capacity for further growth.

"Commercial" for the purposes of this policy, means the provision of goods, services and travellers' accommodation principally for commercial gain, including camping grounds, caravan/trailer home parks, a depot for the maintenance, repair and storage of vehicles, machinery, equipment and materials and the storage and use of hazardous substances but does not include stalls or produce markets or farm buildings associated with normal farming operations including sheds, barns, garages and buildings for indoor poultry livestock and crops production.

"Community infrastructure" has the meaning given to it in section 197 of the Local Government Act 2002 (See definitions below).

"Development" has the meaning given to it in section 197 of the Local Government Act 2002. (See definitions below).

"Development contributions calculation period" means the period between 1 July 2011 and a date 30 years after the date of adoption of this policy.

"Dwelling unit" means any building or group of buildings or any part of those buildings, used or intended to be used solely or principally for residential purposes and occupied or intended to be occupied by not more than one household. For avoidance of doubt, minor household units, utility buildings or any units of commercial accommodation are dwelling units.

"Gross business area" means:

(a) the gross floor area of any building used for business activity, including the gross floor area of all floors of a multi-storey building; plus

(b) the area of any part of the lot used solely or principally for the storage, sale, display or servicing of goods or the provision of services on the lot but not including permanently designated vehicle parking, manoeuvring, loading and landscaping areas, the conversion of which to another use would require resource consent.

The gross business area excludes the area of network infrastructure including pipes, lines and installations, roads, water supply, wastewater and stormwater collection and management systems, but includes the area of commercial and industrial buildings occupied by network service providers, including offices, workshops, warehouses and any outside areas used for carrying out their normal business.

"ILOS cost' means the cost of improving levels of service to existing households and businesses by bringing assets up to the service standard and/or by providing additional service life.

"Impervious Area" means that part of the lot which is already covered or is to be covered by any artificial impermeable surface but excludes any impervious areas created without a building or resource consent.

"Improved level of service project" or "ILOS project" means a capital project in the long term plan intended only to deal with shortfalls in levels of service to existing households and businesses by bringing assets up to the service standard and/or by providing additional service life.

"Industrial" for the purposes of this policy, means any land, building or part of a building used for the processing, assembly, servicing, testing, repair, packaging, storage or manufacture of a product or produce, including the maintenance, repair and storage of vehicles, machinery, equipment and materials, and the storage of hazardous substances associated with the activity, but does not include mineral extraction or farm buildings associated with normal farming operations including sheds, barns, garages and buildings for indoor poultry livestock and crops production.

"Legally established" means, in relation to any lot or development, any lot for which a title has been issued, or any dwelling, commercial or industrial unit or other structure for which a building consent or code compliance certificate has been issued. Legally established development includes buildings and structures that can be shown to have been in existence when this policy first became operative on 1 July 2021, but have since been demolished.

"Lot unit of demand" means the demand expected for a community facility generated by the creation of a lot by subdivision.

"Past surplus capacity" means capacity in assets provided as a result of capital expenditure made in anticipation of development since 1 July 2011.

"Remaining surplus capacity" means the estimated remaining capacity in capital assets at the end of the long term plan period, available to service future development occurring after the long term plan period.

"Retirement unit" means any residential unit other than an aged care room, in a "*retirement village"* as defined in section 6 of the Retirement Villages Act 2003.

"Serviced Site" means any site dedicated for the location of a vehicle or tent for the accommodation of persons, which is provided with utility services such as water supply, wastewater disposal, solid waste disposal, electricity or gas, either directly to the site or in the immediate vicinity.

"Service standard" means a level of service for any Council activity set by the Council and stated in the asset management plan for the activity concerned, (available for inspection on request at any office of the Council) having due regard to one or more of the following factors:

(a) demand data based on market research;
(b) widely accepted and documented engineering or other minimum standards;
(c) politically endorsed service levels based on community consultation;
(d) safety standards mandated by local or central government;
(e) environmental standards mandated by local or central government;
(f) existing service levels, where these are recognised by all concerned parties to be adequate but have no formal ratification;
(g) efficiency considerations where the *service standard* must take account of engineering and economic efficiency requirements which require a long term approach to optimality.

"Surplus capacity project" or "SC project" means a past capital expenditure project carried prior to the adoption of this policy in anticipation of new development and providing surplus capacity for further development.

"Unit of demand" is a unit of measurement by which the relative demand for an activity, generated by different types of development (existing or proposed), can be assessed. A unit of demand may be expressed as a lot unit of demand or an activity unit of demand.

"**Utility Building"** is a structure containing facilities (such as toilet, shower, laundry, hot water cylinder, laundry tub) that make the lot habitable in the absence of a dwelling or during the erection of a dwelling.

Definitions Under Acts

"Accommodation units" is defined in section 197(2) of the Local Government Act 2002 to mean **"**units, apartments, rooms in 1 or more buildings, or cabins or sites in camping grounds and holiday parks, for the purpose of providing overnight, temporary, or rental accommodation."

"Allotment" is defined under section 218(2) of the Resource Management Act 1991 as follows:

"(a) any parcel of land under the Land Transfer Act 1952 that is a continuous area and whose boundaries are shown separately on a survey plan, whether or not:
(i) the subdivision shown on the survey plan has been allowed, or subdivision approval has been granted, under another Act; or
(ii) a subdivision consent for the subdivision shown on the survey plan has been granted under this Act; or

(b) any parcel of land or building or part of a building that is shown or identified separately—
(i) on a survey plan; or
(ii) on a licence within the meaning of Part 7A of the Land Transfer Act 1952; or

(c) any unit on a unit plan; or

(d) any parcel of land not subject to the Land Transfer Act 1952."

"Community infrastructure" is defined under section 197 of the Local Government Act 2002 to mean "the following assets when owned, operated, or controlled by a territorial authority:

(a) means land, or development assets on land, owned or controlled by the territorial authority for the purpose of providing public amenities; and

(b) includes land that the territorial authority will acquire for that purpose."

"Development" is defined under section 197 of the Local Government Act 2002 as:

"(a) any subdivision, building (as defined in section 8 of the Building Act 2004), land use, or work that generates a demand for reserves, network infrastructure, or community infrastructure; but

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

Appendix 4 – Demand Factors for Business Development

D.1. Roading

Assumptions

Average business lot size = 1,500m^2

Gross business area is 60% of site = 1,000m^2

Employees per hectare of business = 20.6 employees per ha[7].

Average household unit trip generation = 9 trips per day = 1 Unit of Demand

Business lots per net hectare = 5 (7,500m^2 sites, 2,500m^2 roads)

Gross business area per hectare = 5 X 1,000 = 5,000m^2

Each site of 1,500m^2 and each 1,000m^2 of gross business area has = 20.6/5 employees = 4.1 FTE's

Minimum trip generation = 3 trips per employee per day = 12.6 trips per day

Unit of Demand Factor = 12.6/9 = 1.4 per 1,000m^2 of business area OR 0.0014 per m^2 of business area.

D.2 Water Supply and Wastewater Treatment

Assumptions:

Residential consumption 200 litres per person per day = 1 Unit of Demand

Average dwelling occupancy = 2.5 persons[8]

Average business water consumption = 14,000 litres per hectare of business land per day[9]

1 Household unit uses 200 litres X 2.5 = 500 litres per day = 1 Unit of Demand

1,000m^2 business land area uses 14,000 litres / 10 = 1,400 litres per day

Unit of Demand Factor = 1,400/500 = 2.8 per 1,000m^2 business land area

Assume gross business area is 60% of land area i.e. 1,000m^2 site has 600m^2 gross business area and uses 1,400 litres per day.

Unit of Demand factor = 1,400/500/600 = 0.00467 per m^2 of gross business area.

Unit of Demand factor is 4.67/1,000m^2 of gross business area for water and wastewater OR 0.00467 per m^2 of gross business area.

D.3 Stormwater

Assumptions

Average residential site = 600m^2

Runoff co-efficient for greenfield land = 0.40[i] = C_1

Runoff co-efficient for residential areas = 0.55[ii] = C_2

Runoff co-efficient for business use = 0.65[iii] = C_3

Unit of Demand Factor for business land

$$= \frac{C_3 - C_1}{C_2 - C_1} \quad X \quad \frac{1{,}000\text{m}^2}{600\text{m}^2}$$

$$= \frac{0.65-0.40}{0.55-0.40} \quad X \quad \frac{1{,}000\text{m}^2}{600\text{mm}^2}$$

= 2.78 per 1,000m2 site OR 0.00278 per m^2 of impervious area.

Surface Water, Building Industry Authority, December 2000, Table 1, Run-off co-efficients

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[7] Upper North Island Industrial Land Demand, BERL Economics, February 2013, Pages 73-76

[8] 2018 New Zealand Census population and dwelling counts amended 5/3/2020 - Usual resident population 33,261 in 13,302 occupied dwellings

[9] Recent studies on business land water demand – available on request

[i] Heavy clay soil types – pasture and grass cover.
[ii] Residential areas in which impervious area is 35% to 50%.
[iii] Industrial, commercial, shopping areas and town house developments.

Appendix 5 – Schedule of Assets