



TE KAUNIHERA Ā-ROHE O
ŌTOROHANGA
DISTRICT COUNCIL

DEVELOPMENT AND FINANCIAL CONTRIBUTIONS POLICY

ŌTOROHANGA DISTRICT COUNCIL

Approval authority	Council
Administrator	Group Manager Regulatory and Growth
Effective date	1 July 2025
Next review date	2027



VERSION HISTORY

Date	Changes	By	Date Adopted
April 2025	PRE-CONSULTATION DRAFT	Ross McNeil	N/A
May 2025	CONSULTATION DRAFT	Ross McNeil	29 April 2025
June 2025	FINAL	Ross McNeil	24 June 2025

PURPOSE

Ōtorohanga District Council is required to have a policy on development or financial contributions (s102 Local Government Act 2002 - LGA).

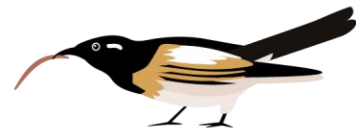
SCOPE

This policy applies to development contributions levied pursuant to s106 of the LGA and financial contributions levied pursuant to s108, s111 and s411 of the Resource Management Act 1991 (RMA) and Ōtorohanga District Plan.

INTRODUCTION

Purpose of the Policy

1. Population and business growth, including both infill and greenfields, create the need for new subdivisions and developments, and these place increasing demands on the assets and services provided by Council. As a result, significant investment in new or upgraded assets and services is required to meet the demands of growth.
2. The purpose of this Policy is to ensure that a fair, equitable, and proportionate share of the cost of that infrastructure is funded by development. Council intends to achieve this by using:
 - Development contributions under the Local Government Act 2002 (LGA) for stormwater within the district; and
 - Financial contributions under the Resource Management Act 1991 (RMA) for parks, reserves and community facilities within the district. It is noted that financial contributions may also be used for any development that has an adverse effect on the environment and is controlled under the Ōtorohanga District Plan.



Navigating this document

3. This Policy outlines Council's approach to funding development infrastructure via development contributions under the LGA and to applying financial contributions under the RMA.
4. This Policy has three main parts:
 - Part 1: Policy operation
 - Part 2: Policy background and supporting information
 - Part 3: Catchment maps for the development contribution charges

Part 1: Policy Operation

5. Part 1 provides information needed to understand if, when, and how development contributions and financial contributions will apply to developments. It also explains peoples' rights and the steps required to properly operate the Policy.
6. The key sections of Part 1 are:
 - The charges
 - Liability for development contributions
 - When development contributions are levied
 - Determining infrastructure impact
 - Review rights
 - Other operational matters
 - Summary of financial contributions
 - Definitions

Part 2: Background and SUPPORTING INFORMATION

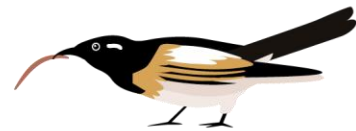
7. Part 2 provides the information needed to meet the accountability and transparency requirements of the LGA for this Policy, including explaining Council's policy decisions, how the development contribution charges were calculated, and what assets the development contributions are intended to be used towards.
8. The key sections of part 2 are:
 - Requirement to have the Policy
 - Funding summary
 - Funding policy summary
 - Catchment determination
 - Significant assumptions of the Policy
 - Cost allocation



- Calculating the development contribution charges
- Schedule 1 Development contribution charge calculations
- Schedule 2 Future assets and programmes funded by development contributions
- Schedule 3 Past assets and programmes funded by development contributions

Part 3: CATCHMENT Maps

9. Part 3 provides the catchment maps that show where the development contribution charges in this Policy apply.



Part 1: Policy OPERATION

Development contributions

The charges

10. There is one area (catchment) within the Council's district where development contributions apply. The catchment where development contributions apply for the infrastructure activity is mapped in Part 3 of this Policy.
11. The related development contribution charges per Household Equivalent Unit (HEU) for each activity are in Table 1. See the *Determining infrastructure impact* section below for an explanation of a HEU.
12. For each infrastructure activity for which development contributions are required, the development contribution payable is calculated by multiplying the number of HEUs generated by the development by the charge for that activity. This is then aggregated for all activities for which development contributions are required to give the total charge.
13. For example, a three-lot residential development in Ōtorohanga town will pay three times the stormwater, charges, totalling \$4569.00 (GST incl.).
14. These charges may be adjusted for inflation annually in line with the Producers Price Index outputs for Construction, as permitted by sections 106 (2B) and (2C) of the LGA. The latest charges will be published on Council's website <http://www.otodc.govt.nz/property-and-rating/development-and-financial-contributions/> and/or the annual Fees and Charges schedule.

Table 1: Development contribution charge per HEU at 1 July 2025¹ (GST inclusive)²

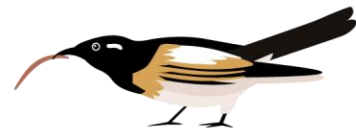
ACTIVITY	DEVELOPMENT CONTRIBUTION CHARGE PER HEU
Stormwater	
Catchment SW1 Otorohanga SH3/Factory Drive	\$1,523

Liability for development contributions

15. If subdividing, building, connecting to Council's services, or otherwise undertaking some kind of development in Ōtorohanga district, development contributions may need to be paid. Development contributions apply to developments within the areas shown in the Development Contribution Catchment Maps in Part 3, including infill developments and/or additional permitted residential units on the same property.

¹ The Council has determined that for this Policy residential development contributions will not apply for water, wastewater or transportation. However, they may apply for large developments subject to a separate Development Agreement.

² GST has been applied at the rate of GST as at 1 July 2025 (15%). Should the rate of GST change, the charges will be adjusted accordingly. The GST exclusive charge per activity can be found in Schedule 1.



16. In some circumstances, development contributions may not apply or may be reduced. Further information on these circumstances can be found in the sections, *when development contributions are levied*, *credits* and *limitations on imposing development contributions*.
17. Financial contributions may also be required in some cases. This is discussed later in this Policy.
18. Development of new infrastructure sometimes means that areas not previously liable for a development contribution become liable. For example, a bare section in a subdivision may be liable for development contributions whereas previously constructed houses on the same subdivision were not.
19. Council officers will be available to help resolve any uncertainty about development contribution liabilities.

When development contributions are levied

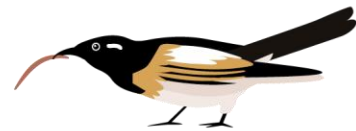
20. Once a complying application is made for a resource consent, building consent, certificate of acceptance or service connection, or where Council is notified of or becomes aware of a permitted development which does not require consent or involves a new connection, the normal steps for assessing and requiring payment of development contributions are:



21. These steps are explained in more detail below.

Trigger for requiring Development Contributions

22. Council can require a development contribution for a development upon:
 - The granting of a resource consent.
 - The issue of building consent or certificate of acceptance.
 - An authorisation for a service connection to stormwater services.
 - Becoming aware of a permitted additional residential unit where no consent is required and there is no new separate service connection.
23. Council will generally require development contributions at the earliest possible point (i.e. whichever consent, certificate or authorisation listed above is granted first). For new developments, the resource consent is often the first step in the process and therefore the first opportunity to levy development contributions. Where development contributions were not assessed (or only part assessed) on the first consent, certificate or authorisation for a development this does not prevent the Council assessing contributions on a subsequent consent, certificate or authorisation for the same development (for the reasons set out in the following paragraphs).
24. Development contributions will be assessed under the Policy in force at the time the application for resource consent, building consent, certificate of acceptance or service connection was submitted with all



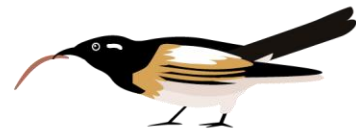
required information, or at the time of Council being notified or becoming aware of an additional permitted residential unit.

Assessment

25. On receiving an application for resource consent, building consent, certificate of acceptance or service connection, or on Council being notified or of becoming aware of an additional permitted residential unit, Council will check that:
- (A) The development (subdivision, building, land use or work) generates a demand for reserves, community infrastructure or network infrastructure; and
 - (B) The effect of that development (together with other developments) is to require new or additional assets or assets of increased capacity in terms of reserves, community infrastructure or network infrastructure; and
 - (C) Council has incurred or will incur capital expenditure to provide appropriately for those assets. This includes capital expenditure already incurred by Council in anticipation of development; and
 - (D) Development contributions and/or financial contributions have not been levied previously for the same activity.
26. Council has identified the assets and areas that are likely to meet the requirements of (B) and (C), and these are outlined in Schedules 2 and 3 (past and future assets funded by development contributions) and Part 3 (development contribution catchment maps). In general, if a development is within one of the areas covered by the catchment maps it is likely that development contributions will be required.

Development contributions may be waived or reduced if:

- A resource consent or building consent does not generate additional demand for any community facilities (such as a minor boundary adjustment); or
 - One of the circumstances outlined in the section *Limitations on imposing development contributions* apply; or
 - Credits apply as outlined in the *Credits* section.
27. If a subsequent resource consent (including a change to a condition of a resource consent), building consent, certificate of acceptance, or service connection is sought, or an additional permitted residential unit is proposed, a new assessment may be undertaken using the Policy in force at that time. Any increase or decrease in the number of HEUs, relative to the original assessment, will be calculated and the contributions adjusted to reflect this.
28. This means Council will require additional development contributions where additional units of demand are created and development contributions for those additional units of demand have not already been required.
29. Examples of where these would be needed include:
- Minimal development contributions have been levied on a commercial development at subdivision or land use consent stage as the type of development that will happen will only be known at building consent stage.



- Development contributions levied at the subdivision or land use consent stage were for a small dwelling, but the dwelling built is larger or is subsequently extended.
- The nature of use has changed, for example from a low infrastructure demand commercial use to a high infrastructure demand commercial use.
- A property owner with an existing dwelling installs an additional residential unit as a permitted activity without the need for resource consent, building consent or separate new connection.

Notice

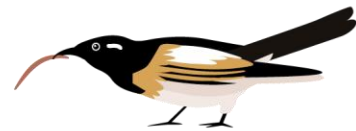
30. A development contribution notice will normally be issued when a resource consent, building consent, certificate of acceptance or service connection authorisation is granted, or when Council is notified of an additional permitted residential unit. In some cases, the notice may be issued or re-issued later. The notice is an important step in the process as it outlines the activities and the number of HEUs assessed for development contributions, as well as the charges that will apply to the development. It also triggers rights to request a development contributions reconsideration or to lodge an objection (see the section on *Review rights* below).
31. If multiple consents or authorisations are being issued for a development, a notice of requirement may be issued for each. However, where payments are made in relation to one of the notices, actual credits will be recognised for the remaining notices.
32. Development contributions notices do not constitute an invoice or an obligation to pay for the purposes of the Goods and Services Tax Act 1985. A tax invoice will be issued at the time of supply, being the earlier of Council issuing an invoice to the applicant or payment of the development contributions.

Invoice

33. An invoice for development contribution charges will be issued to provide an accounting record and to initiate the payment process. The timing of the invoice is different for different types of consents or authorisations (see Table 2). If there is a delay between when a notice is issued and when an invoice is issued, the Council may adjust the charges levied in the invoice to account for inflation.

Table 2: Invoice timing

	INVOICE TIMING
Building consent	At granting of the building consent
Certificate of acceptance	At issue of a certificate of acceptance
Resource consent for subdivision	At the time of application for a certificate under section 224(c) of the Resource Management Act 1991. An invoice will be issued for each stage of a development for which 224 (c) certificates are sought, even where separate stages are part of the same consent
Resource consent (other)	At granting of the resource consent
Service connection	At granting of the service connection for stormwater services
Permitted additional residential unit (Granny Flat)	On becoming aware of a permitted residential unit where no consent is required for construction



34. Despite the provisions set out above, if a development contribution required by Council is not invoiced at the specified time as a result of an error or omission on the part of Council, the invoice will be issued when the error or omission is identified. The development contributions remain payable.

Payment

35. Unless otherwise agreed in a Development Agreement, development contributions must be paid by the due dates in Table 3.

Table 3: Payment due date

	PAYMENT DUE DATE
Building consent	20 th of the month following the issue of the invoice
Certificate of acceptance	At issue of the certificate of acceptance
Resource consent for subdivision	Prior to release of the certificate under section 224(c) of the Resource Management Act 1991 (the 224(c) certificate)
Resource consent (other)	20 th of the month following the issue of the invoice
Service connection	At issue of the connection approval
Additional permitted residential unit	20 th of the month following the issue of the invoice after Council is notified of, or becomes aware of, the additional residential unit

36. On time payment is important because, until the development contributions have been paid in full, Council may:
- Prevent the commencement of a resource consent.
 - Withhold a certificate under Section 224(c) of the RMA.
 - Withhold a code compliance certificate under Section 95 of the Building Act 2004.
 - Withhold a service connection to the development.
 - Withhold a certificate of acceptance under section 99 of the Building Act 2004.
37. Where invoices remain unpaid beyond the payment terms set out in this Policy, Council will start debt collection proceedings, which may involve the use of a credit recovery agent. Council may also register the development contribution under the Land Transfer Act 2017, as a charge on the title of the land in respect of which the development contribution was required.

Determining infrastructure impact

38. In order to have a consistent method of charging for development contributions, this Policy is centred around the concept of a household unit equivalent or “HEU” for infrastructure. In other words, an average household in a standard residential unit and the demands they typically place on community facilities. Table 4 summarises the demand characteristics of each HEU.

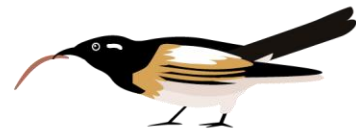


Table 4: HEU demand measures

ACTIVITY	UNIT OF MEASUREMENT	DEMAND PER HEU
Water	Litres per day	600 litres per day
Wastewater	Litres per day	480 litres per day
Stormwater	Impervious surface area	300m ²
Transport	Trips per day	10 trips per day
Reserves	Occupancy	2.5 people
Community facilities	Occupancy	2.5 people

Residential development

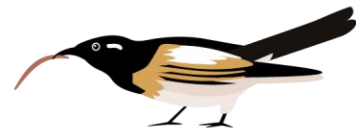
39. In general, the number of HEUs charged is one per new allotment or residential unit created, although lower assessments can apply in some cases for small residential units.
40. When calculating the number of HEUs for a residential subdivision, Council will adjust the assessment to account for any:
- Credits relating to the site (refer to the *Credits* section below).
 - Allotment which, by agreement, is to be vested in Council for a public purpose.
 - Allotment required as a condition of consent to be amalgamated with another allotment.
41. Retirement units, visitor accommodation units and small residential units (granny flats) up to 70m² gross floor area (GFA) will be assessed as set out in Table 5.

Small residential units

42. Council will apply lower assessments for small residential units in relation to:
- Building consents or certificate of acceptance.
 - Subdivision, land use consents, or connection authorisation where it is provided information by the applicant that demonstrates that a small residential unit(s) will be provided, to the satisfaction of Council. Council may enter into agreements with developers or landowners to give effect to a small residential unit assessment and bind the applicant to any conditions that accompany the assessment.
 - Additional permitted residential units installed or built without the need for building consent, resource consent or additional new connections.
43. Such assessments are guided by the parameters outlined in Table 5.

Table 5: Small residential unit (RU) assessment guidance

	SMALL RU	SMALL RU	STANDARD RU
No. of bedrooms*	1 or ≤ 50m ² GFA	2 or ≤ 70m ² GFA	3 or more or > 70 m ² GFA.



HEU Discount (all services)	50%	25%	Nil
Proportion of HEU Payable for all charges	0.5	0.75	1

* A definition of bedroom is provided in the glossary

44. Alternatively, for subdivisions, Council will assess each allotment as 1 HEU and may agree to postpone payment by the person undertaking the subdivision until a building consent is issued for an allotment, or where no building consent is required, until the additional permitted residential unit is constructed. Council will adjust the assessment and the payment required at that time accordingly. See the section on *postponement*.
45. Should additional bedrooms be proposed to a minor residential unit that has been assessed under this section, Council will require additional development contributions in line with Table 6.

Table 6: Small residential unit (RU) extension assessment guidance (HEUs)

TYPE OF EXTENSION	TOP UP PROPORTION PAYABLE	TOTAL PROPORTION PAID
Extend small RU $\leq 50\text{m}^2$ to a small RU $\leq 70\text{m}^2$	0.25	0.75
Extend small RU $\leq 50\text{m}^2$ to a standard RU	0.5	1
Extend small RU $\leq 70\text{m}^2$ to a standard RU	0.25	1

Non-Residential development

46. Non-residential subdivisions, land uses or building developments are more complicated as they do not usually conform with typical household demands for each service.
47. If no proper assessment of the likely demand for activities is able to be carried out at the subdivision consent stage, a development contribution based on one HEU will be charged for each new allotment created and Council will require an assessment to be carried out at the land use or building consent stage. This later assessment will credit any development contributions paid at the subdivision consent stage.

Special assessments

48. Developments sometimes require a special level of service or are of a type or scale which is not readily assessed in terms of HEUs—such as large-scale primary sector processors or service stations. In these cases, Council may decide to make a special assessment of the HEUs applicable to the development. In general, Council will consider the need for a special assessment for one or more activities where it considers that:
- The non-residential development is likely to be more than 1 HEU; or
 - The development is likely to have less than half or more than twice the demand for an activity listed in Table 5 for that development type; or
 - A non-residential development does not fit into an industrial, retail, commercial, or accommodation land use and must be considered under the other category in Table 5; or
 - A non-residential development may use more than 1500 litres of water per day.



49. The demand measures in Table 4 will be used to help guide special assessments.
50. If a special assessment is sought, Council may require the developer to provide information on the demand for community facilities generated by the development. Council may also carry out its own assessment for any development and may determine the applicable development contributions based on its estimates.

Credits

51. Credits are a way of acknowledging that the lot, home or business may already be connected to, or lawfully entitled to use, one or more Council services, or a development contribution, or financial contribution or the same purpose, has been paid previously. Credits can reduce or even eliminate the need for a development contribution. Credits cannot be paid out in cash and can only be used for development on the same site.
52. Credits will be given for properties when:
- A development contribution for a lot has already been paid (at least in part). For example, most new subdivision lots will already have development contributions levied and paid for at least one HEU; or
 - The lot existed before 1 July 2005 and was within an urban serviced area (or equivalent) at that time under the District Plan (i.e. urban residential or urban industrial, commercial, or retail zoning, or the equivalent where there is no zoning). or
 - The property was otherwise lawfully connected to a service as at 1 July 2005.
53. Credits given will be determined in accordance with Table 8.

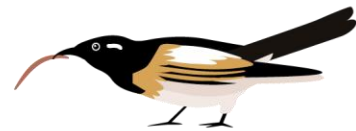
Table 8: Standard credits

	CREDIT FOR EACH SERVICE FOR WHICH A DEVELOPMENT CONTRIBUTION HAS BEEN PAID	CREDIT* FOR URBAN LOTS THAT EXISTED BEFORE 1 JULY 2005	CREDIT FOR LAWFULLY CONNECTED SERVICE AS AT 1 JULY 2005
Residential units or lots	The number of HEUs	1 HEU for all services	1 HEU for the service(s) connected
Non-residential buildings or lots		A 'before and after' assessment of demand, using a special assessment or the conversion factors set out in Table 4, will be undertaken to determine credits and any increase in demand on services. Council will be guided by actual use over the period 1 July – 30 June when making this assessment.	

** Roading, community facilities, and reserves only unless a restricted water supply is also provided

Review rights

54. Developers are entitled under the LGA to request a reconsideration or lodge a formal objection if they think Council has made a mistake in assessing the level of development contributions for their development. A formal objection must be made within 15 working days of the development contribution being levied. Where an objection is not lodged within this timeframe, any review is entirely at the sole discretion of Council.

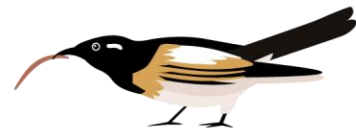


Reconsideration

55. Reconsideration requests are a process that formally requires Council to reconsider its assessment of development contributions for a development. Reconsideration requests can be made where the developer has grounds to believe that:
- The development contribution levied was incorrectly calculated or assessed under this Policy; or
 - Council has incorrectly applied this Policy; or
 - The information Council used to assess the development against this Policy, or the way that Council has recorded or used that information when requiring a development contribution, was incomplete or contained errors.
56. To seek a reconsideration, the developer must:
- Lodge the reconsideration request within 10 working days of receiving the development contribution notice.
 - Use the reconsideration form (found on the Council's website www.otodc.govt.nz) and supply any supporting information with the form.
 - Pay the reconsideration fee (if any) at the time of application, as set out in Council's Schedule of Fees and Charges.
57. Applications with insufficient information or without payment of the required fee will be returned to the requestor, with a request for additional information or payment.
58. Once Council has received all required information and the reconsideration fee, if applicable, the request will be considered by either Group Manager Business Enablement or Group Manager Regulatory and growth (being the Group Manager who did not undertake the original DC assessment). Notice of Council's decision will be issued within 15 working days from the date on which Council receives all required relevant information relating to the request.

Objections

59. Objections are a more formal process that allow developers to seek a review of the Council's decision. A panel of up to three independent commissioners will consider the objection. The decision of the commissioners is binding on the developer and the Council, although either party may seek a judicial review of the decision.
60. Objections may only be made on the grounds that Council has:
- Failed to properly take into account features of the development that, on their own or cumulatively with those of other developments, would substantially reduce the impact of the development on requirements for community facilities in the district or parts of the District; or
 - Required a development contribution for community facilities not required by, or related to, the 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 this Policy to the development.



61. Schedule 13A of the LGA sets out the objection process. To pursue an objection, a developer must:
- Lodge the request for an objection within 15 working days of receiving notice to pay a development contribution, or within 15 working days of receiving the outcome of any request for a reconsideration.
 - Use the objection form (found on the Council's website www.otodc.govt.nz) and supply any supporting information with the form.
 - Pay a deposit.
62. Objectors are liable for all costs incurred in the objection process including staff arranging and administering the process, commissioner's time, and other costs incurred by Council associated with any hearings such as room hire and associated expenses, as provided by section 150A of LGA. However, objectors are not liable for the fees and allowances costs associated with any Council witnesses.

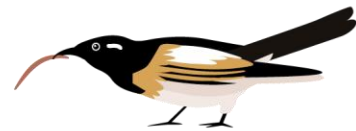
Other operational matters

Refunds

63. Sections 209 and 210 of the LGA state the circumstances where development contributions must be refunded, or land returned. In summary, Council will refund or return to the consent holder development contributions paid if:
- The resource consent:
 - lapses under section 125 of the RMA; or
 - is surrendered under section 138 of the RMA; or
 - The building consent lapses under section 52 of the Building Act 2004; or
 - The development or building in respect of which the resource consent or building consent was granted does not proceed; or
 - Council does not provide the reserve or network infrastructure for which the development contributions were required.
64. The Council may retain any portion of a development contribution referred to above of a value equivalent to the costs incurred by the Council in relation to the development or building and its discontinuance.
65. Council may retain a portion of a development contribution (or land) refunded of a value equivalent to:
- Any administrative and legal costs it has incurred in assessing, imposing, and refunding a development contribution or returning land for network infrastructure or community infrastructure development contributions.
 - Any costs it has incurred in refunding a development contribution or returning land for reserve development contributions.

Limitations on Imposing Development Contributions

66. Council is unable to require a development contribution in certain circumstances, as outlined in section 200 of the LGA, if, and to the extent that:



- It has, under section 108(2)(a) of the RMA, imposed a financial contribution condition on a resource consent in relation to the same development for the same purpose; or
- The developer will fund or otherwise provide for the same reserve or network infrastructure; or
- A third party has funded or provided, or undertaken to fund or provide, the same reserve or network infrastructure.
- The Council has already required a development contribution for the same purpose in respect of the same building work, whether on the granting of a building consent or a certificate of acceptance.

67. In addition, Council will not require a development contribution in any of the following cases:

- Where, except in the case of a new dwelling, the value of any building work for which a building consent is required is less than \$20,000 exclusive of GST, unless the building consent is for a change of use or the building is an additional permitted residential unit.
- Where, in relation to any dwelling, replacement development, repair or renovation work generates no additional demand for reserve or network infrastructure.
- Where a building consent is for a bridge, dam (confined to the dam structure and any tail race) or other public utility.
- The application for a resource or building consent, authorisation, or certificate of acceptance is made by the Crown.

Postponement

68. Postponement of development contribution payment will only be permitted at Council's discretion. Where payment is postponed, Council will require bonds equal in value to the payment owed.

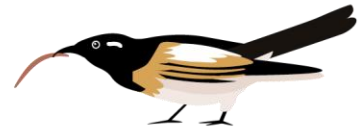
69. Bonds:

- Will only be accepted where the bond is guaranteed by a registered trading bank.
- Shall be for a maximum period of 24 months, subject to later extension as agreed by an authorised officer.
- Will have an interest component added, at an interest rate of 2 percent per annum above the Reserve Bank 90-day bank bill rate on the day the bond document is prepared. The bonded sum will include interest, calculated using the maximum term set out in the bond document.
- Shall be based on the GST inclusive amount of the contribution.

70. If the discretion to allow a bond is exercised, all costs for preparation of the bond documents will be met by the developer.

Development Agreements

71. Council may enter into specific arrangements with a developer for the provision and funding of particular infrastructure under a development agreement, including the development contributions payable, as provided for under sections 207A-207F of the LGA. For activities covered by a development agreement, the



agreement overrides the development contributions normally assessed as payable under this Policy. A Development Agreement may also contain agreements relating to Financial Contributions under the RMA.

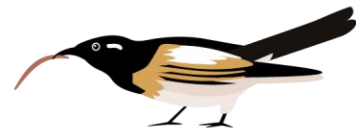
Financial Contributions

Summary of Financial Contributions under the Ōtorohanga District Plan

72. Council charges financial contributions under the RMA in the District for parks, recreation reserves and community infrastructure. Financial contributions may be taken for other activities where there is an adverse effect, the taking of financial contributions is justified and there is a corresponding rule in the District Plan.
73. Any proposed subdivision which results in the creation of additional lots (excluding access lots, Network Utility Operation or reserve purposes) is controlled under the Ōtorohanga District Plan, which sets out a formula and amount of financial contribution required.

Voluntary Financial Contributions

74. Council has, for this Policy, included voluntary financial contributions to enable affordable housing. At this stage these would be voluntary as neither the District Plan or legislation have rules that require it. The details are:
- the amount and value of the contribution will be the equivalent of at least 5% of the total development yield (total number of proposed dwellings).
 - the value of the contribution will be assessed by an independent valuer agreed to by the Council and the developer.
 - the form of the contribution (land, money or a combination) will be by agreement, with the Council making the final determination if agreement cannot be reached.
 - the contribution must be paid in full prior to: the issue of s224 RMA subdivision certificate; or the issue of building consent; or service connection; (whichever comes first).
75. Where incentives are not set out in the District Plan, **and** FCs are applied voluntarily, Council may consider incentivising FCs for affordable housing through mechanisms that offset or compensate any actual additional and reasonable costs to the contributor/developer to provide affordable housing. Incentives may include, but are not limited to the following and are subject to any District Plan rules as well as budgetary constraints:
- Development Contributions offsets not exceeding the maximum value of the FCs.
 - Transferable Development Rights (TDRs) not exceeding the maximum value or the maximum number of dwellings provided through the FCs.
76. TDRs are a “like for like” preferential right (agreed to by the Council) to develop and may include residential or commercial development. The general policy applying to TDRs is:



- TDRs may be sold by the developer to a third party to implement, for the same value at which they are applied (excluding any adjustment for inflation).
- Examples of TDRs include (but are not limited to) the following, and may also be subject to district plan rules and controls:
 - i. Residential development of a higher density on the same site as the affordable housing.
 - ii. Residential (re)development on another site zoned for residential activity, at a higher density.
 - iii. Commercial (re)development on another site zoned for commercial activity, with an increased gross floor area.

77. These charges may be adjusted annually using the Special Consultative Procedure under s.83 of the LGA - so the Council's Schedule of Fees and Charges should be reviewed to see the current charges. Both the Schedule of Fees and Charges and the District Plan can be found on Council's website www.otodc.govt.nz

Definitions

In this Policy, unless the context otherwise requires, the following applies:

LGA means the Local Government Act 2002.

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

Accommodation unit has the meaning given in section 197 of the Local Government Act 2002.

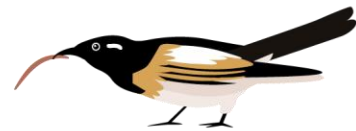
Activity means the provision of facilities and amenities within the meaning or network infrastructure, reserves, or community infrastructure for which a development contribution charge exists under this Policy.

Affordable Housing means housing that is anticipated to be affordable for those whose household income is below the New Zealand median income for households.

Asset Management Plan means Council plan for the management of assets within an activity that applies technical and financial management techniques to ensure that specified levels of service are provided in the most cost-effective manner over the life-cycle of the asset.

Bedroom means any habitable space within a residential unit capable of being used for sleeping purposes and can be partitioned or closed for privacy including spaces such as a "games", "family", "recreation", "study", "office", "sewing", "den", or "works room" but excludes:

- any kitchen or pantry;
- bathroom or toilet;
- laundry or clothes-drying room;
- walk-in wardrobe;
- corridor, hallway, or lobby;
- garage; and
- any other room smaller than 6m².



Where a residential unit has any *living* or *dining* rooms that can be partitioned or closed for privacy, all such rooms except one shall be considered a bedroom.

Capacity Life means the number of years that the infrastructure will provide capacity for and associated HEUs.

Catchment means the areas within which development contributions charges are determined and charged.

Community Facilities means reserves, network infrastructure, or community infrastructure as defined by the LGA, for which development contributions may be required.

Community infrastructure means:

- land, or development assets on land, owned or controlled by the Council for the purpose of providing public amenities; and
- includes land that the Council authority will acquire for that purpose.

Council means the Ōtorohanga District Council.

Development means any subdivision, building, land use, or work that generates a demand for reserves, network infrastructure, or community infrastructure (but does not include the pipes or lines of a network utility operator).

District means the Ōtorohanga District

District Plan means the operative Ōtorohanga District Plan

Residential Unit means building(s) or part of a building that is used for a residential activity exclusively by one household, and must include sleeping, cooking, bathing and toilet facilities. See National Planning Standards 2019. <https://www.mfe.govt.nz/sites/default/files/media/RMA/national-planning-standards-november-2019.pdf>

Gross Floor Area / GFA means the sum of the total area of all floors of a building or buildings (including any void area in each of those floors, such as service shafts, liftwells or stairwells) measured:

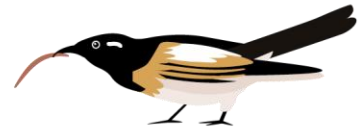
- where there are exterior walls, from the exterior faces of those exterior walls;
- where there are walls separating two buildings, from the centre lines of the walls separating the two buildings;
- where a wall or walls are lacking (for example, a mezzanine floor) and the edge of the floor is discernible, from the edge of the floor.

See National Planning Standards 2019. <https://www.mfe.govt.nz/sites/default/files/media/RMA/national-planning-standards-november-2019.pdf>

Small residential unit means a dwelling, including an additional, accessory or ancillary dwelling, not greater than 70m² gross floor area.

Network Infrastructure means the provision of transportation (roading), water, wastewater and stormwater infrastructure.

Permitted residential unit means a dwelling which may not require resource consent, budling consent or a separate service connection (i.e. which may be connected into existing services)



Reserves means land for public open space and improvements to that land needed for it to function as an area of usable green open space for recreation and sporting activities and the physical welfare and enjoyment of the public, and for the protection of the natural environment and beauty of the countryside (including landscaping, sports and play equipment, walkways and cycleways, carparks, and toilets). In this Policy, reserve does 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.

Retirement Unit means any dwelling unit in a retirement village, but does not include aged care rooms in a hospital or similar facility.

Retirement Village has the meaning given in section 6 of the Retirement Villages Act 2003.

RMA means the Resource Management Act 1991.

Policy means this Development and Financial Contributions Policy.

Service Connection means a physical connection to an activity provided by, or on behalf of, Council (such as water, wastewater or stormwater services).

Household equivalent unit (HEU) means demand for Council services, equivalent to that produced by a nominal household in a standard residential unit.



Part 2: Policy Details

Requirement to have a policy

Council is required to have a policy on development contributions and financial contributions as a component of its funding and financial policies in its Long-Term Plan under section 102(2)(d) of the LGA. This Policy meets that requirement.

Funding summary

78. Council has incurred \$235,192 (before interest costs) on stormwater infrastructure in Ōtorohanga town wholly needed to meet the increased demand for from growth in the Ōtorohanga north area.

79. Table 10 provides a summary of the total costs of growth-related capital expenditure and the funding sought by development contributions for all activities and catchments.

Table 11. Total cost of capital expenditure for growth and funding sources

ACTIVITY	TOTAL CAPEX	GROWTH CAPEX	DC FUNDED CAPEX	TOTAL CAPEX PROPORTION FUNDED BY DEVELOPMENT CONTRIBUTIONS	CAPEX PROPORTION FUNDED FROM OTHER SOURCES	DEVELOPMENT CONTRIBUTION INTEREST	TOTAL AMOUNT TO BE FUNDED BY DEVELOPMENT CONTRIBUTIONS
calcs	A	B	C	$C/A \times 100$	$((A-C)/A) \times 100$	D	C+D
Total Stormwater	\$235,192	\$235,192	\$235,192	100%	0%	\$119,931	\$355,123

Funding Policy Summary

Funding growth expenditure

80. The district has recently seen some growth and as a result council wants to ensure that developments pay their fair share of the capital works that are required to service them.

81. Population and business growth creates the need for new subdivisions and development activity places increasing demand on the assets and services provided by Council. Significant investment in new or upgraded assets and services is accordingly required to meet the demands of growth.

82. The Council has decided to fund these costs from:

- Development contributions under the Local Government Act 2002 for Stormwater only.
- Financial contributions under the Resource Management Act 1991 will continue for:
 - Parks and reserves; and
 - Community facilities.

83. In forming this view, Council has considered the matters set out in section 101(3) of the LGA within its Revenue and Financing Policy, and within this Policy.



84. The Revenue and Financing Policy is Council's primary and over-arching statement on its approach to funding its activities. It outlines how all activities will be funded, and the rationale for Council's preferred funding approach.
85. In addition, Council is required under Section 106(2)(c) of the LGA to explain within this Policy why it has decided to use development contributions and financial contributions to fund capital expenditure relating to the cost of growth. This assessment is below.
86. Council requires development contributions for stormwater and uses financial contributions for parks, reserves and community facilities. The reasons for the difference are:
87. Parks, reserves and community facilities are more district wide and, in some cases, have effectively unlimited capacity,
88. Parks and reserves are sometimes provided by developers as part of their development and providing for this via resource consent conditions is more appropriate than having a Development Agreement.

Community outcomes (s.101(3)(a)(i)) LGA

89. Council has considered whether development contributions and financial contributions are an appropriate source of funding considering each activity, the outcomes sought, and their links to growth infrastructure. Council has developed community outcome statements centred three focus areas: People, Place and Partnership. (See image below)

COMMUNITY OUTCOMES



90. These outcomes seek a well serviced growing community that is financially sustainable. Development contributions provide a mechanism for funding of stormwater infrastructure needed to achieve our growth aspirations that may not otherwise be affordable to our community via rates. As a dedicated growth



funding source, they also offer more secure funding through which we can deliver on our vision and outcomes.

Other funding decision factors (s.101(3)(a)(ii) – (v))

91. Council has considered the funding of growth-related community facilities against the following matters:

- The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals, and the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity.
- The period in or over which those benefits are expected to occur.
- The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.

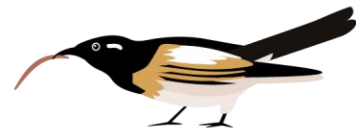
92. A summary of this assessment is below.

Table 12: Other funding decision factors

WHO BENEFITS / WHOSE ACT CREATES THE NEED	<p>A portion of Council's work programme over the next 10 years is driven by development or has been scoped to ensure it provides for new developments. The extent to which growth is serviced by, and benefits from an asset or programme as well as how much it serves and benefits existing ratepayers is determined for each asset or programme.</p> <p>Council's policy is to recover growth costs identified through this process from development ("growth pays for growth"), as this is what creates the need for the expenditure and /or benefit principally from new assets and additional network capacity. Where and to the extent that works benefit existing residents and businesses, those costs are recovered through rates.</p> <p>The <i>Catchment determination</i> section below outlines how Council determined the catchments for development contributions in this Policy.</p>
PERIOD OF BENEFIT	<p>The assets constructed for development provide benefits and capacity for developments now and developments in the future. In many cases, the "capacity life" of such assets spans decades.</p> <p>Development contributions allow development related capital expenditure to be apportioned over the capacity life of assets. Developments that benefit from the assets will contribute to its cost, regardless of whether they happen now or in the future.</p> <p>Financial contributions are collected for parks, reserves and community facilities.</p> <p>Parks and reserves are mostly land (excepting any buildings and playgrounds etc) and therefore the period of benefit is in perpetuity. Buildings and playgrounds have capacity lives that also span decades.</p>
FUNDING SOURCES & RATIONALE INCLUDING RATIONALE FOR SEPARATE FUNDING	<p>The cost of supporting development in Ōtorohanga district is significant. Development contributions and financial contributions send clear signals to the development community about the cost of growth and the capital costs of providing infrastructure to support that growth.</p> <p>The benefits to the community are significantly greater than the cost of policy making, calculations, collection, accounting and distribution of funding for development contributions.</p>

Overall impact of liability on the community (s.101(3)(b))

93. Council has also considered the impact of the overall allocation of liability on the community. In this case, the liability for revenue falls directly with the development community. Council considers that the level of development and financial contributions are affordable and do not consider it likely that there will be an



undue or unreasonable impact on the social, economic and cultural wellbeing of this section of the community.

94. Moreover, shifting development costs onto ratepayers is likely to be perceived as unfair and would significantly impact the rates revenue required from existing residents - who do not cause the need, or benefit directly from the growth infrastructure, needed to service new developments.
95. Overall, Council considers it fair and reasonable, and that the social, economic and cultural interests of Ōtorohanga's communities are best advanced through using development contributions and financial contributions to fund the costs of growth-related capital expenditure for community facilities.

Catchment determination

96. When setting development contributions, Council must consider how it sets its catchments for grouping charges by geographic areas.
97. The LGA gives Council wide scope to determine these catchments, provided that:
 - The grouping is done in a manner that balances practical and administrative efficiencies with considerations of fairness and equity; and
 - Grouping by geographic area avoids grouping across an entire district wherever practical.
- Council has determined that there will be a stormwater development contribution for catchment area north of State Highway 3 in Ōtorohanga township.
98. The Council considers that this strikes the right balance between practical and administrative efficiency and considerations of fairness and equity for the following reasons:
 - The catchment approach is considered the fairest as it most closely aligns the capital works to the area benefit;
 - It is relatively easy to administer and therefore most cost effective; and
 - It has been used historically with little negative feedback from developers.

Significant assumptions of the policy

Methodology

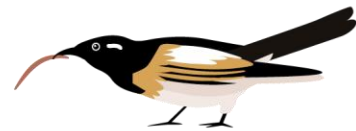
99. In developing a methodology for the development contributions in this Policy, Council has taken an approach to ensure that the cumulative effect of development is considered across each catchment.

Planning horizons

100. A 10-year timeframe has been used as a basis for forecasting growth and growth-related asset management programmes. This is set out in Council's asset management plans.

Projecting growth

101. The growth projections and assumptions Council uses have been developed through the Waikato Region Demographic and Economic Projections initiative (www.creatingfutures.org.nz). The projections are based



on three work streams – Population (University Waikato), Land Use (Waikato Regional Council) and Economics (Market Economics).

102. Ōtorohanga District has experienced steady but modest population and economic growth, and this growth is forecast to continue. Statistics New Zealand (SNZ) figures indicate the population has increased by an average 1.4% per annum since 2013.

103. Using the Creating Futures median growth forecasts, the key assumptions on future growth are:

- Years 2025-2035:
 - Population growth in the district of around 0.6% (or 60 people) per annum.
 - Labour force growth follows a similar increase as that projected for population.
 - Residential unit growth in the district has not been forecast at this time.
 - Growth in commercial space has not been forecast at this time.
- Years 2035-2055:
 - Population growth in the district of around 0.6% (or around 70 people) per annum.

104. A five-yearly breakdown of the population and household forecast is in table 13.

Table 13: Five-yearly breakdown of population and household forecasts (Medium projections³)

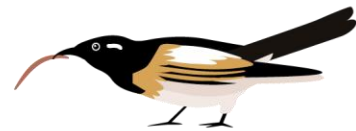
	2023 CENSUS	2025 (EST ⁴)	2030	2035	2040	2045	2050	2055
ŌTOROHANGA TOWN								
Population	3310	3360	3693	3811	4013	4215	4354	4494
Households	1104	1282	1374	1467	1543	1619	1676	1733
ŌTOROHANGA RURAL								
Population	7540	7690	7723	7853	8042	8232	8411	8591
Households	2418	2622	2724	2826	2892	2959	3031	3103
TOTAL								
Population	10850	11050	11324	11665	12061	12447	12780	13084
Households	3519	3872	4102	4293	4456	4577	4693	4836

105. Council has not forecast demand for business development. Consideration of servicing requirements for commercial undertaking that are considered to be greater than 1 HEU will be managed on an 'as and when' basis.

106. The demand forecast is approximately 1000 HEUs over 30 years based on household growth alone (refer Table 13).

³ Waikato Region Demographic and Economic Projections - www.creatingfutures.org.nz

⁴ Population estimates are provided by Stats NZ. Household projections provided by Creating Futures



Best available knowledge

107. Development contributions are based on capital expenditure budgets included in Council's asset management plans and long-term plans. The capital expenditure budgets and projected estimates of future asset works are based on the best available knowledge at the time of preparation. As better information becomes available this Policy will be updated, generally through the Annual Plan or Long-Term Plan process.

Key risks/effects

108. That the growth predictions do not eventuate, resulting in a change to the assumed rate of development. In that event, Council will continue to monitor the rate of growth and will update assumptions in the growth and funding predictions, as required. However, as the projected rate of growth and the level of demand expected on services is considered low, the impact of any significant slow down in growth is not material.

109. That the time lag between expenditure incurred by Council and contributions received from those undertaking developments is different from that assumed in the funding model, and that the costs of capital are greater than expected. This would result in an increase in debt servicing costs. To guard against that occurrence, Council will continue to monitor the rate of growth and will update assumptions in the growth and funding models, as required. This is not considered an issue given current low levels of forecast growth. Ongoing monitoring of growth levels is in place and any significant trend for increased growth will be considered and responded to in Annual Plan/Long-Term Plan processes, including the need to provide new/upgraded infrastructure to support such growth. In that eventually this Policy will likely be reviewed and updated to reflect that change in demand.

Service assumptions

110. That methods of service delivery, and levels of service, will remain substantially unchanged and in accordance with Council's Long-term Plan, asset management plans, and the Regional Infrastructure Technical Specifications.

Funding model

111. A funding model has been developed to calculate development contribution charges under this Policy. It accounts for the activities for which contributions are sought, the assets and programmes related to growth, forecast growth and associated revenue. The funding model embodies several important assumptions, including that:

- All capital expenditure estimates are inflation adjusted and GST exclusive.
- The levels of service (LOS) /backlog, renewal and maintenance portions of each asset or programme will not be funded by development contributions. See the *cost allocation* section below.
- The growth costs associated with an asset are spread over the capacity life of the asset and any debt incurred in relation to that asset will be fully repaid by the end of that capacity life.
- Interest expenses incurred on debt accrued will be recovered via development contributions and shared equally over all forecast HEUs over a 20-year period for each activity/catchment.



Cost allocation

112. Council must consider how to allocate the cost of each asset or programme between three principal drivers – growth, level of service /backlog, and renewal. Council’s general approach to cost allocation is summarised as:

- Where a project provides for and benefits only growth, 100% of a project’s cost is attributed to growth. To qualify for this, there would have to be no renewal element (see below) or material level of service benefit or capacity provided for existing residents and businesses.
- Where a project involves renewal of existing capacity 100% of the cost will be attributed to renewal.
- If a project provides for growth and Level of Service (LOS), after deducting any share of costs attributable to renewal, Council will split the cost between growth and LOS based on the proportions attributed to growth and LOS. For example, “the future beneficiary split.” Under this approach, the cost attributed to:
 - LOS will be based on proportion that the existing community (in HEUs) will make up of the future community (in HEUs).
 - Growth will be based on proportion that the growth (in HEUs) will make up of the future community (in HEUs).]

113. For particularly large and expensive projects, Council may undertake a specific cost apportionment assessment that differs from the general approach outlined above.

Calculating the development contribution charges

114. This section outlines how the development contributions charges were calculated in accordance with section 203 and schedule 13 of the LGA.

Process

115. The steps needed to determine growth, growth projects, cost allocations, and to calculate the development contributions charges are summarised in Table 14.

Table 14: Summary of development contribution charge calculation methodology

STEP	DESCRIPTION / COMMENT
1. Forecast growth	Council estimates potential land supply and likely take up of that land. The estimates help provide household and business growth forecasts for up to 30 years. See the <i>Projecting Growth</i> section above for further information.
2. Identify projects required to facilitate growth	Develop the works programme needed to facilitate growth. In some cases, Council may have already undertaken the work. The programme in this Policy is for 20 years.
3. Determine the cost allocation for projects	The cost of each asset or programme is apportioned between renewal, growth, and LOS/backlog in accordance with the approach outline in the <i>cost allocation</i> section of this Policy. Schedules 2 and 3 of this Policy outlines the amount required to fund growth from development contributions for each of these assets or programmes.



STEP	DESCRIPTION / COMMENT
4. Determine growth costs to be funded by development contributions	Council determines whether to recover all of the growth costs identified in step 3 from development contributions, or whether some of the growth costs will be funded from other sources.
5. Divide DC funded growth costs by capacity lives	The growth costs from step 4 are divided by its estimated capacity life (defined in HEUs) to provide a HEU charge for each future and past asset and programme.
6. Sum all per asset charges	<p>For each catchment and activity, add up the per HEU asset or programme charges to provide a “raw” total development contribution charge before interest cost are added.</p> <p>For each activity and catchment, development contributions fund the programme on an aggregated basis.</p>
7. Adjust for interest costs and charge inflation adjustments	<p>The raw cost requires adjustments in the funding model to ensure total revenue received over 20 years equals total costs after accounting for interest costs. These costs are shared equally among all HEUs in the relevant catchment over 20 years.</p> <p>These adjustments impact the final charges.</p>

Summary of calculations

116. Schedule 1 summarises the calculation of the development contribution charge for each activity/catchment (step 7). Schedules 2 and 3 provide information on each asset or programme including the information in steps 2 - 6.



Schedule 1 – Development contribution charge calculations

This schedule summarises the calculation of the development contribution charge for each activity for each catchment. This include the components of the charge related to capital expenditure on past assets, capital expenditure on future assets, and interest costs. All figures exclude GST.

Stormwater

REFERENCE	DC FUNDED \$	RECOVERABLE GROWTH / CAPACITY LIFE (UNITS)	DEVELOPMENT CONTRIBUTION CHARGE PER UNIT (GST EXC)
STORMWATER CATCHMENT			
Future asset or programmes (refer schedule 2)	C ₁ (future asset/programme costs funded by DCs)	Refer schedule 2	DC _F
Past assets or programmes (refer schedule 3)	C ₂ (past asset/programme costs funded by DCs)	Refer schedule 3	DC _P
loan interest costs	IC (interest costs)	# _{ic} (HEUs over which interest costs are being recovered)	DC _{ic} = IC/# _{ic}
Total	TGC (total growth costs funded by DCs) = C ₁ + C ₂ + IC		DC _{w1} = DC ₁ + DC ₂ + DC _{ic}
STORMWATER CATCHMENT (EXAMPLE)			
Future asset or programmes (refer schedule 2)	\$0	Refer schedule 2	\$0
Past assets or programmes (refer schedule 3)	\$235,192	Refer schedule 3	\$877.58
Loan Interest	\$119,931	268	\$447.50
Total	\$355,123		\$1,325.00

Schedule 2 – Future assets

Schedule 2 provides the forecast future capital expenditure on asset or programmes attributable to new growth in accordance with section 201A of the LGA. All figures exclude GST.

Not Applicable

Schedule 3 – Past assets

Schedule 3 provides the capital expenditure incurred on asset and programmes attributable to new growth constructed in anticipation of growth, in accordance with section 201A of the LGA 2002. All figures exclude GST.

Stormwater

ID	Asset or programme name	Description	Total cost \$	% Funded by DCs	% Funded from other sources	DC funded Cost \$	Years	Recoverable Growth / Capacity Life (HEUs)	Development Contribution Charge
ŌTOROHANGA CATCHMENT									
SW1	SH3/Factory Road additional main	New stormwater main	\$355,123	100%	0	\$355,123	20	268	\$1325.00



Part 3: Catchment Maps

The maps in this section outline the boundaries of the catchments within which development contributions will apply.

Stormwater Catchment Map – SW1

