



Development Contributions

9th July 2012




66%



WHY DO WE HAVE A POLICY?

- A Policy is needed to allow funding of growth in infrastructure assets.
- The Policy must be designed to ensure that the “exacerbator pays” principle is upheld.
- Law requires that it is reviewed at least every 3 years.



2004

The Local Government Act gave Councils the ability to charge Development Contributions (DCs) at three times:

- Resource Consent
- Building Consent
- Service Connection

HOW ARE THEY CALCULATED?

Council divides DCs into 4 types:

- Rooding
- Water
- Stormwater
- Wastewater

HOW ARE THEY CALCULATED?

The cost of each infrastructure project is calculated and then the % of each project which is attributable to growth is then added together.

This amount is then divided amongst the estimated number of developments that will benefit over the next 20 years.

Growth Component



Activity	Growth component to be funded by Development Contributions \$ (GST excl)
Water supply	13,562,339
Wastewater reticulation	17,097,471
Stormwater	11,393,469
Transportation, Roads and Footpaths	2,951,760
TOTAL	45,005,039

Note: Includes loan costs and Development Contribution loans

Roading

Roothing				
Township	Project Description	Total Cost Years 1-10 \$	% For Growth	Growth Cost Years 1-10 \$
Location				
Richmond	Queen Street/Salisbury Road Intersection improvements	1,175,950	14%	164,633
Richmond	Lower Queen Street/Lansdowne Road Intersection improvements	721,195	20%	144,239
Richmond	Moutere Highway/Waimea West Intersection improvements	990,721	14%	138,701
District	New Footpaths	3,086,929	14%	432,170
District	District Kerb and Channel	1,355,643	14%	189,790
District	Tasman Great Taste Trail Construction – completion of stage one	296,214	14%	41,470
Richmond	Salisbury Road/Champion Road Intersection improvements	503,064	14%	70,429
Richmond	Hill Street/Champion Road Intersection improvements	129,876	29%	37,664
Richmond	Wensley Road upgrade	1,787,991	47%	840,356
Richmond	Richmond Streetscape	5,248,871	17%	892,308
	TOTAL ROADING GROWTH EXPENDITURE			2,951,760

Who Benefits?

Everybody pays the roading DC as everyone uses the roads directly or indirectly.

Other DCs are only charged in Service Contribution Areas as defined in the LTP and Annual Plans.



District Wide V Catchments

Tasman has always used a District wide approach to development and collects DCs accordingly.

Household Units of Demand (HUDs) are used to calculate the number of DCs payable.

HUDs

TABLE 2

Activity	Base Unit	Demand per Household Unit	Comments
Water	Internal pipe size into development	Minimum house size 20 mm + 1 HUD	Internal pipe size into development dictates HUD amount (See below)
Water lateral pipe size into development		Equivalent HUD amount payable	
20 mm dia		1 HUD	
21 - 30 mm dia		2 HUD	
31 - 40 mm dia		3 HUD	
41 - 50 mm dia		5 HUD	
51 – 100 mm dia		10 HUD	
101 – 150 mm dia		15 HUD	
Greater than 150 mm dia		Separate assessment	
Wastewater (commercial only) (Industrial separately assessed on Trade waste flows from site i.e. more than 1.0 m³/day)	Number of pans / urinals	2 pans / urinals	Urinal = pan. Number of pans / urinals / 2 = HUD amount, i.e. 10 pans + 2 urinals = 12 pans divided by 2 = 6 HUDS
Stormwater	300 m ² of non pervious surface	300 m ² and multiples thereof for roof and paved areas. Credits given for stormwater mitigation, i.e. grass swales / rain gardens	Typical residential dwelling covers approx 300 m ² site. Multiples of 300 m ² , i.e. roof and paved areas equate to HUD / 300 m ²
Transportation, Roads and Footpaths	Three carpark spaces	Three carpark spaces per household unit = 1 HUD	Figure 16.2D of the TRMP sets out carpark spaces for different uses. The total carparks required per development / 3 = required HUD

MAIN CHANGES

- 5% Early Payment Incentive
- Interest payments 90 day Bank Rate + 2%
- 66% refund on the 3 water DCs



5% DISCOUNT

Rewarding required behaviour

INTEREST

- TDC is not a bank.
- Ratepayers are owed nearly \$1 Million by developers and its not fair.
- Statutory Land Charges

66% REFUND

- Historical hang over from DiLs – 2004.
- Completely unjustifiable
- Annually leads to significant under-recovery
 - 230K for water
 - 135K for wastewater
 - 30K for stormwater

PROPOSAL

We accept that the removal of the 66% discount should have been communicated better.

A recommendation has therefore been put to Council that the any new applications for Building Consent be allowed to apply either set of DCs i.e. Pre or Post 1 July up until 1 October 2012. If agreed applicants may use either but not a mixture of both.

EXAMPLES

Worst Case:

Difference of \$11,052

Best Case:

Saving of \$4,303

We still have about 350 Older sections.

CONCLUSION

- DCs are critical in a growing District.
- They are calculated to be as fair as is possible.
- Read the LTP – Volume 2 Part 5 pages 86 – 99
<http://www.tasman.govt.nz/policy/plans/t-en-year-plans/long-term-plan-2012-2022/>
- Next Draft LTP should be April 2015



ANY QUESTIONS