



# DEVELOPMENT CONTRIBUTIONS 2018 GUIDELINE


If you are planning a subdivision or a property development, you may need to pay a Development Contribution to the Whanganui District Council.

This Guide explores why Development Contributions are required, what they fund, when they need to be paid and what you are likely to pay.



**WHANGANUI  
DISTRICT COUNCIL**  
Te Kaunihera a Rohe o Whanganui



An aerial photograph of a residential development. In the foreground, there's a large swimming pool with a curved edge. To the left, a modern house with a grey roof and blue walls is visible. Further back, another house with a white roof and blue walls is situated. A river flows through the middle of the development, with a paved path running alongside it. The surrounding area is lush with green trees and vegetation. The overall scene depicts a well-planned and scenic residential area.

## Overview:

Development contributions are not a tax on development, but the repayment of money advanced by Whanganui District Council ratepayers to fund new infrastructure (Water, wastewater, stormwater, roads, parks & reserves).

As a ratepayer, your rates fund the existing infrastructure you need – the roads, water, stormwater and wastewater infrastructure, parks and community facilities you and current ratepayers enjoy. Your rates also allow the Council to borrow large sums of money for new infrastructure required by new homes and new expanded commercial premises.

Whanganui is a growing city so there is much new infrastructure for the Council to provide, often in advance of developments.

Our Development Contributions Policy simply ensures the ratepayer is repaid. Development contributions only fund the growth component – the extra infrastructure, services and amenities that new development requires.

Without development contributions, ratepayers would have to fund a substantial value of infrastructure works each year.

The Council funds those costs in the interim, but rightfully expects to recover these advances through development contributions. It's a policy approach that both assists our city's growth and is fair and equitable to ratepayers.



## Introduction:

The purpose of this booklet is to provide you with information on the Council's Development Contributions Policy. We hope it provides you with answers to general questions such as why do we have development contributions?

Who pays? When are they paid? How do you calculate a development contribution?

Examples have been provided to help you understand how the Development Contributions Policy works and how the policy might apply to your proposed development. This document is a starting point. It provides you with a general understanding of development contributions before you plunge into the detail of the policy itself.

## We are a growing city:

Whanganui is experiencing growth and demand for new greenfield housing areas. This growth will create the need for water, wastewater, stormwater, roads, parks, reserves and community facilities beyond normal levels of service and maintenance. The 'growth component' is estimated to cost around \$5.5m over the next 10 years. Development contributions meet that cost.

## Development contributions help fund that growth:

Whanganui District Council's Development Contributions Policy came into effect on 13 March 2018. It affects most people and companies developing new residential land in the Otamatea West and Springvale Development areas.

Prior to the Development Contributions Policy the cost of financing infrastructure to meet the demands of growth was met by ratepayers. It's unfair to require ratepayers to continue to subsidise the cost of growth.

The Development Contributions Policy ensures that those who create the need for this infrastructure and directly benefit from the Council providing infrastructure capacity, are those who pay for it.

Fees are paid on any development or subdivision that generates additional demand on infrastructure services as calculated under the Development Contributions Policy.



## Important Note:

This is a guide, providing general information. Further details can be found on the Council's website – go to [www.whanganui.govt.nz](http://www.whanganui.govt.nz) and enter Development Contributions Policy. Or ring the Council on (06) 349 0001 and ask to speak to the Development Engineer.

## What are development contributions?

Development contributions are levies paid toward Council-funded infrastructure required as a result of growth in development and new households. The levies are based on the cost of providing these services to new developments and ensure these costs are fairly attributed.

Every new development that connects into the Council's infrastructure services places a demand on those services. Infrastructure services include roading, water, wastewater, stormwater, parks and reserves.

Development contributions make sure that the cost of providing the infrastructure to support growth is paid by those who created the need for the additional infrastructure. The Council meets the cost of maintaining existing levels of service to ratepayers, while the cost of additional services is funded by those creating the demand.

## Who Pays the development contribution and when is it payable?

The applicant and eventual consent holder for subdivision or land use consent, building consent or service connection will be responsible for paying the development contributions.

Depending at what stage the development contribution applies it will be payable prior to either final approval of subdivision, prior to the issuing of a Code of Compliance Certificate for a building consent or before final service connection.

The policy allows for Remission and Postponement of the Development Contribution, but these requests **MUST** be made before any development contribution is payable. The application needs to be in writing and explain the reasons for the request.

**The development contribution needs to be paid at the following times:**

- Subdivision Consent: Prior to the issue of section 224(c) certificate; or
- Land Use Consent: Prior to the commencement of consent; or
- Building Consent: Prior to the issue of Code of Compliance Certificate; or
- Service Connection: Prior to Connection





## Why are development contributions required?

The Council is required to have a Development Contributions Policy as part of its Funding and Financial Policies in its Long-Term Plan under the Local Government Act 2002. This gives councils the power to require a contribution for developments. Development contributions provide the means to fund improvements in infrastructure capacity required due to growth. Without development contributions, there would be a huge burden on ratepayers.

## What council infrastructure requires a development contribution to meet the costs of growth?

The Council manages most of its infrastructure on a network basis. Development contributions contribute where the network needs expansion for growth.



Water



Wastewater



Roading



Stormwater



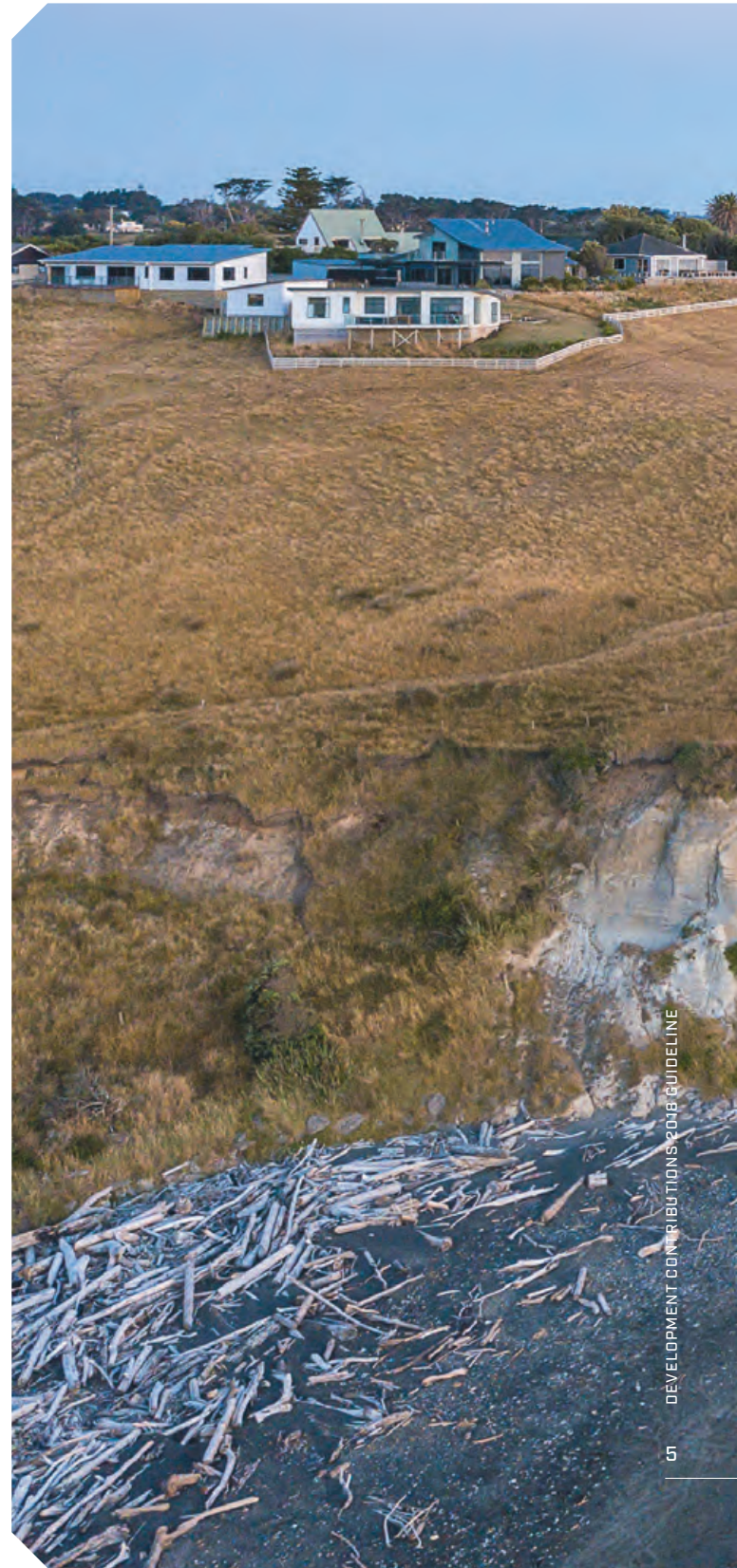
Parks and reserves (land, buildings and works on reserves).

## Isn't that what we pay rates for?

The key purpose of the Development Contributions Policy is to ensure that growth, and the cost of infrastructure to meet that growth, is funded by those who create the need for that infrastructure and benefit from it. Development contributions do not fund the cost of maintaining infrastructure or improving levels of existing service. This cost will be met from other sources such as rates.

## When is a development contribution required?

When a development leads to new or additional investment by the Council to increase infrastructure capacity, including reserves and community infrastructure such as pools, playgrounds and parks.





## Is the Development Contribution Levy based on infrastructure upgrades occurring in the vicinity of my land?

**No.** Rarely is an infrastructure network created for a single development in isolation from other development. The city's integrated network of infrastructure is an open system. All development receives benefits from the whole network. For example, from the source of water supply to the supply point at a development it is important that there is sufficient capacity in the network for everybody. Development contributions contribute to the cost of increasing capacity across the infrastructure network.

The approach of the Development Contributions Policy is to ensure that the cumulative effect of development is considered from a system-wide, not a site-specific perspective. The effect of a development in terms of impact on network infrastructure includes the cumulative effect that a development may have in combination with other development.

## Are there cases where development contributions are NOT paid?

**Yes.** There are several categories.

The Council does not require a development contribution where:

- a development does not create any additional units of demand for services such as water and wastewater. An example of this might be a new building on non-residential land replacing an existing building of similar size and used for similar purposes.
- if the Council has already imposed a condition on a resource consent which serves the same purpose as a development contribution.
- where the developer will directly fund or otherwise provide for infrastructure.
- where the Council receives sufficient funding from a third party to fund, in part or in full, particular infrastructure. This could include, for example, funding from a central government agency such as the New Zealand Transport Agency.





## At what stage does a development contribution get paid?

There are four stages at which the Council may require that a development contribution is paid:

- When a subdivision is undertaken, prior to the issue of section 224(c) certificate
- When a land use consent is approved
- When a Code of Compliance Certificate is issued for a building consent
- When authorisation is given for connection to a service such as water or wastewater

The development contribution may be postponed at the complete discretion of the Council. Requests for postponement of payment (Generally postponing from prior to S224 until Code of Compliance Certificate) need to be made as outlined in section 4.1 of the policy.

Development Contributions generally apply at the first stage of development - subdivision consent.

Occasionally, demand for services such as water and wastewater are created on land already subdivided. The Council will assess and seek the appropriate development contribution at the building consent stage. If additional demand is created outside the building consent stage, the Council will require a development contribution when it provides a connection to a service such as water or wastewater.

**Development contributions generally apply at the first stage of development - subdivision consent.**



## Are all development contributions assessed on the same basis?

**No.** There are three different types of development in our city - residential, rural and non-residential (i.e. commercial and industrial) and development contributions are assessed differently to reflect the demand that different types of developments have on infrastructure.

### RESIDENTIAL DEVELOPMENT



Residential developments are subject to roading, water, stormwater, wastewater and city reserves levies as part of a development contribution when development occurs within the Otamatea West and Springvale growth areas.

### NON-RESIDENTIAL DEVELOPMENT



Non-residential developments will be subject to case-by-case assessment and are managed by private development agreements. Once the Council has completed the Westbourne Structure Plan Assessment the area will be subject to an area-specific development contribution levy.

### RURAL DEVELOPMENT



Rural developments will be subject to case-by-case assessment and are managed by private development agreements. Charges are not normally associated with rural developments.

### SPECIAL CIRCUMSTANCES



Some developments may place demands on the Council's infrastructure that are greater than those taken into account when the methodology of the Development Contributions Policy was devised. Examples of special circumstances include drive-through fast food, wet industries, service stations, wind farms and activities requiring specific roading upgrades. In these cases the Council will enter into specific arrangements with a developer for the provision of particular infrastructure to meet the special needs of a development.



## How many areas are there for development contributions?

Our city is broken into three development contribution areas based on activity service catchments. These areas are indicated within the Appendix A maps of the Policy document. The Otamatea area is broken up into seven different zones. The Springvale area is broken up into four zones.

## Is some infrastructure funded ahead of growth?

**Yes.** Sometimes it makes sense for the Council to fund infrastructure ahead of the growth taking place. Around \$6m from development contributions are required over the next 10 years to meet the cost of capital expenditure already incurred by the Council in anticipation of development. This will help meet increased growth demand for network infrastructure, reserves and community infrastructure during the next decade.

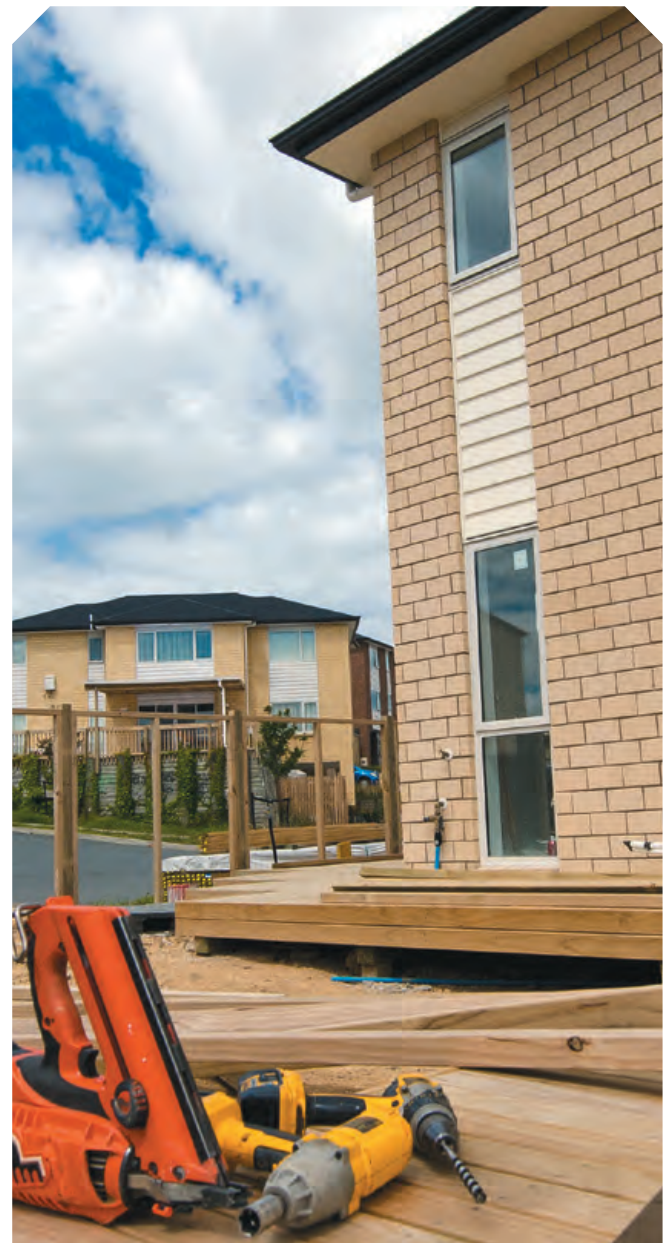
The Council sometimes pays for network infrastructure, reserves and community infrastructure ahead of further development. In other words, ratepayers are paying in advance for growth. When development occurs this advance payment is paid back to the ratepayer through development contributions by developers.

## How does the Council calculate what it pays and what development contributions fund?

The Council establishes a 'level of service' component for its identified infrastructure works. This covers increased infrastructure due to higher public expectations, environmental or statutory obligations e.g. higher water quality standards. The 'level of service' proportion of identified infrastructure works is not funded by development contributions.

## How do you calculate the development contributions contribution?

The methodology looks at the cumulative effect of development from a system-wide perspective. A 20-year timeframe is used in forecasting growth and applying development contributions. Benefits are distributed over that timeframe with averaging to avoid distortions from any particularly large project.





## What are Whanganui's growth forecasts?

The long-term prediction is that Whanganui will face a declining population. The policy can accommodate mid-range growth predictions and increased development activity over the next 30 years, but is ultimately predicted on a flattening out of our population.

In the short to medium term, continued greenfield residential development will take place in Otamatea West and Springvale growth areas. In the long term, the Council is undertaking work to identify areas for potential future urban growth area surrounding the city, and further infill housing development within existing residential areas will continue to occur. Rural development, in particular rural-residential, is forecast to continue at current trends. Non-residential development is expected to continue in the City's business and industrial zones, and the Council is developing the Westbourne Structure Plan for the industrial zoned land fronted by Manuka Street and Mill Road.

## How do Whanganui's development contributions compare to other provincial cities?

It is difficult to compare across the country as there are many variables including a district's rate of growth, urban development patterns to date and existing infrastructure design/capacity. A high level review against other provincial centres indicates development contributions in Whanganui for residential development are at the upper end of the range, while fees for commercial/industrial development have not yet been finalised for the Westbourne Industrial area.





## Can development contribution fees be reduced or postponed?

As an applicant who has received a Development Contribution Assessment from the Council, you are entitled to request this be reconsidered by a Council officer to consider a reduction or postponement. Such a request should contain new or supporting information.

## An objection decision cannot alter the methodology of the Development Contributions Policy.

An objection to the Council officer's decision must be lodged within 15 working days of the reconsideration decision.

An independent development contributions commissioner will hear your objection.

## Can I give land to the Council to pay for my development contribution?

**No.** The Council will not accept land as a development contribution. All land requirements for reserves purposes are now obtained through council purchases outside of this Development Contributions Policy.

## What developments don't require development contributions?

Redevelopment of already developed non-residential land may not trigger a development contribution. This is because it occurs in established areas and the new or altered activities and buildings established on the site generally do not create additional units of demand on the network infrastructure. Please check with the Council.

## What is a unit of demand and how is it calculated?

Different measurements are used to allocate units of demand for each community service and facility - water, wastewater, roads, reserves, community facilities such as halls and playground equipment. There are differences across each category between residential, rural and non-residential developments due to the varying demands they place on network infrastructure.







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[www.whanganui.govt.nz](http://www.whanganui.govt.nz)  
Email: [wdc@whanganui.govt.nz](mailto:wdc@whanganui.govt.nz)  
Telephone: (06) 349 0001  
101 Guyton Street  
Whanganui

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