

## SECTION 15.3 DEVELOPMENT LEVIES

### 15.3.1 INTRODUCTION

In reticulated areas, land use activities associated with new or existing allotments will require the provision of local services and may give rise to demand for the extension or upgrading of service infrastructure, to ensure that there is a sufficient supply of water to each allotment, and that suitable provision can be made for the disposal of wastewater, trade waste and stormwater from each allotment. This infrastructure is important to ensure the health and safety of people, to avoid inundation of land from stormwater runoff, and to ensure that sufficient water is available for fire fighting purposes.

The Resource Management Act 1991 requires the Council to manage the effects of subdivision and development in a manner which promotes the sustainable management of natural and physical resources. Among the powers conferred on the Council to manage effects, is the power to require financial contributions as a condition of a Subdivision Consent, Permitted Activity or resource consent. Financial contributions may be in the form of money or land.

This section of the District Plan provides Objectives, Policies and Rules for taking financial contributions for services from subdividers and developers. This is to ensure that subdividers and developers pay their fair and reasonable share of the costs of providing services for water supply, and for wastewater, trade waste and stormwater disposal, which are necessary to meet the needs of activities, and to avoid, mitigate or remedy adverse effects of activities on the environment.

### 15.3.2 RESOURCE MANAGEMENT ISSUES

- ***New subdivisions and developments can create demands for the extension or upgrading of service infrastructure***

When new allotments are created, or existing allotments are developed, it may be necessary to extend or upgrade the service infrastructure (in areas where this is provided) to ensure that each allotment has available to it, a water supply, and services for the disposal of wastewater, trade waste and stormwater. This is important to ensure the health and safety of residents, and to avoid the inundation of allotments and neighbouring properties from stormwater runoff.

- ***Subdividers and developers should pay their fair and reasonable share of the costs of expanding or upgrading services.***

Where services must be expanded or upgraded to meet demands created by new subdivisions or developments, current users should not be required to subsidise these works. Equally, subdividers and developers should not be required to contribute towards service infrastructure works where these are needed to meet existing shortfalls in the infrastructure. Instead, subdividers and developers should pay their fair and reasonable share of any costs of maintaining present service levels to both current and future users.

- ***Timing of taking Development Levies.***

Taking Development Levies from subdividers and developers as early as possible can have the following benefits:

- it can reduce the rating burden on the current users as the Council can recover servicing costs more quickly.
- it can allow service infrastructure to be put in place or upgraded in advance of the anticipated development occurring.

- **Monitoring and review of Development Levies.**

In order to ensure that contributions taken remain appropriate to maintain the present service levels to both current and future customers, it is essential that they are monitored and reviewed regularly. Over time the asset value will vary and the amounts of levies will need to be updated to ensure that they are consistent with the asset value and the present level of service.

### 15.3.3 OBJECTIVE

- DLO1 *To ensure that subdividers and developers pay their fair and reasonable share of the costs of expanding or upgrading service infrastructure to meet demand generated by the development of new or existing allotments, and to avoid, remedy or mitigate adverse effects on the environment.*

### 15.3.4 POLICIES

- DLP1 **Where a network service needs to be provided, upgraded or extended, to address the environmental effects of land use activities to ensure the current level of service required for new subdivisions or developments, subdividers or developers will be levied their fair and reasonable share of the costs of carrying out the works.**

#### Explanation

Subdividers and developers will be required to contribute on a pro-rata basis to the costs of providing any new services, or upgrading or extending existing services, which are necessary to meet their servicing needs. In the future, new or expanded developments will generally need to be serviced by existing or new service networks. These service networks are provided and maintained by Council for the benefit of all users who are currently connected. This asset is valued annually and managed through the Asset Management Plan (AMP).

Development Levies are only paid on the Resource Component of the Network. This is the total network value e.g.; source, reservoirs, treatment, pumps, trunk mains, pipes and other facilities excluding mains and pipelines less than 150mm in diameter which form the Reticulation Component. The Reticulation Component upgrades will be funded from uniform annual charges, while the resource component upgrades will be funded by the Development Levies

The residual value of the resource component of the network (replacement value minus depreciation) minus outstanding loans is used for the levy calculation. This residual value of the resource component is then divided by the total installed capacity of the supply pumps for water, and disposal pumps installed capacity for wastewater discharge. This gives a dollar value for supply/output per litre per second peak hour flow. A uniform nominal supply/discharge demand per litre per second peak hour flow for residential users is applied to give a dollar cost per residential building connecting to the network. For other purposes the subdivider or developer will nominate the supply/output demands to complete the Development Levy calculation. (For water supply adjustments are made in the Asset Management Plan for differences in the supply cost of water for fire fighting or potable supply purposes.)

The methodology adopted for charging development levies assumes that each land use activity can be regarded as having an allocation of the total value of the service network in proportion to the amount of service network their land use activity uses. Any new connection or increased usage of a service network by a land use activity will require a payment for this additional share of the service network.

Development Levies will be calculated using one method but with two different basis of calculation depending on land use.

Residential development levies will be charged on a uniform basis because residential buildings generally have a uniform maximum potential demand. The fees required to be paid will simply be; the cost per litre per second discharge to or supply from the service network which they wish to connect to for residential buildings (in accordance with the current AMP) multiplied by the number of residential buildings to be connected to that network.

As industrial or commercial demand is not uniform, fees required to be paid will be calculated on a per unit flow rate of the network they wish to connect to. The dollar charging rate will also be calculated with at a cost per litre per second discharge to or supply from the service network (in accordance with the current dollar value of this in the AMP).

The provision of new services, or the upgrading or extension of existing services may not necessarily be undertaken on an incremental basis (as new subdivisions and developments occur), but may be developed as part of a wider, comprehensive servicing plan developed by the Council for an area. The charging formula allows Council to recover the costs of providing future capacity as new users connect to it.

- DLP2 Regularly monitor and review Development Levies taken on subdivisions and developments to ensure that the current level of service available from a service network required to address the environmental effects of land use activities can be met.**

Explanation

The amounts of Development Levies taken from new subdivisions and developments will be monitored and reviewed annually. The levies may be changed in accordance with any changes in the value of the asset in the Asset Management Plan, which is annually updated. Any adjustments to the levies will be included in the Council's Annual Plan or otherwise publicly notified.

- DLP3 Subdividers and Developers will be required to construct any Structure Utilities shown on an approved Structure Plan (See Appendix 15.1-1) for any Proposed New Development Area (defined in Section 2.4 - Appendix 2.4-1). The standard specified in the Engineering Code of Practice for Subdivision and Land Development (November 1997) or on any approved Structure Plan will generally be required to be met and the Utility will be required to be vested to Council.**

Explanation

In order to ensure the effective and efficient development of Proposed New Urban Development Areas the Council may identify Structure Utilities on a Structure Plan. These provide key sewer, water and stormwater services for development. Where the subdivision and/or development of any land over which a Structure Utility is necessary, the subdivider or developer will be required to construct that portion of the Utility included in land within the proposal, and to vest the Utility to Council.

Construction will generally be required to comply with the standards established in the Engineering Code of Practice for Subdivision and Land Development (November 1997), or to the standard specified in the Structure Plan. Where the requirements exceed those required to only service the proposed subdivision or development, the Council will contribute to the cost of the difference between constructing a Structure Utility to service only the development and constructing a Structure Utility to a greater capacity to benefit wider than the development. This difference in cost will be recovered from the Development Levy.

**15.3.5 METHODS**

These Objectives and Policies will be implemented through the following Methods:

- **Hastings District Plan**

Urban Development and Strategic Urban Directions (Section 2.4): This Section identifies the Proposed New Urban Development Areas, which the Hastings District Council will progressively rezone to meet urban demand. Development Levies for each of those areas will be charged in accordance with the service network charges that they will connect to.

Subdivision and Land Development (Section 15.1): This establishes the Objectives, Policies and Rules for subdivision and development in the District. The type and intensity of subdivision will directly impact on the demand for new or upgraded infrastructural services. Financial contributions from subdividers will be sought through the Development Levies.

- **Engineering Code of Practice for Subdivision and Land Development (November 1997)**

Provides guidelines for the design and construction of services to enable compliance with the rules of the District Plan.

- **Asset Management Plan**

This is an inventory of the service networks provided and maintained by the Council. The AMP is updated annually and is used for part of the calculation for determining Development Levies. This identifies Hastings District Council works that are planned for the District's service networks, including the costs of the works, over the next 20 years.

- **Hastings District Council Annual Plan**

Identifies service works which are planned to be carried out over the next financial year in the Hastings District by the Council, including the amount of funding budgeted for these works.

**15.3.6 ANTICIPATED OUTCOMES**

It is anticipated that the following specific outcomes will be achieved:

- Fair and reasonable apportionment of costs between ratepayers, existing network users, subdividers and developers for services.
- Provision of a service infrastructure capable of addressing the environmental effects of land use activities in terms of water supply, effluent disposal and stormwater disposal.
- Ensure the public health and safety.
- Avoid inundation of land from stormwater runoff.
- Ensure sufficient water is available for fire fighting purposes.

**15.3.7 RULES**

The following rules shall apply.

**15.3.7.1 DEVELOPMENT LEVIES (SUBDIVISION)**

Development Levies shall be payable for every new site created in all zones (except the Arataki and Lyndhurst Proposed New Urban Development area) requiring new or upgraded levels of service from the Hastings District Council service network as follows:

**(a)i New Residential Buildings**

The following Development Levy will be payable for every new site created intended to be used for a new single residential building connecting to a Hastings District Council service network.

The amount payable	=	Number of new Residential Buildings connecting to the service network	Multiplied by x	The dollar value of the Resource Component cost for discharge/supply to/from the service network for a residential building (in accordance with the current AMP)
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**(a)ii** For all sites created by subdivision of land located in the General Residential Zone (Rochfort Road, Havelock North – LOT 11 DP 24058, LOT 2 DP 24598,) & any subsequent subdivisions thereof, an additional sewer levy will be payable, in addition to the Development Levy required in (a)i above. The amount payable, for every new site created and intended to be used for a new single residential building connecting to the Hastings District Council sewer network, will be \$3976.29.

Note; The additional levy listed in 15.3.7.1 (a)ii above, is the maximum payable and should suitable, alternative, cheaper options be proposed, Council may at its discretion, approve any appropriate alternative and with it, any associated, reduced level of financial contribution required on the part of the subdivider/developer.

**(b) Any Other Activity**

The following Development Levy will be payable for every new site created and intended to be used for any activity that requires a new connection or upgraded connection to a Hastings District Council service network.

The amount payable per connection.	=	Discharge per litre per second peak flow supply/discharge to a service network less any existing entitlements	Multiplied by x	The dollar value of the Resource Component cost for discharge/supply per litre per second peak flow for commercial and industrial users of a service network in accordance with the current AMP.
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Note: The dollar value of the cost of supply/discharge in the Asset Management Plan varies depending upon the type of service ie. for potable water or fire fighting purposes).

**(c)** The supply/discharge per litre per second figure used in calculating the Development Levy in 15.3.7.1 (b) above shall be recorded at subdivision stage on a consent notice under Section 222 of the Act as the maximum entitlement for discharge/supply for that site.

**15.3.7.2 DEVELOPMENT LEVIES (SECOND AND SUBSEQUENT RESIDENTIAL BUILDINGS, SECONDARY RESIDENTIAL BUILDINGS AND ANY OTHER DEVELOPMENTS)**

The following Development Levies shall be payable in all zones by land use activities requiring new or upgraded connections to the Hastings District Council service network.

**(a) New Residential Buildings and Secondary Residential Buildings**

The following Development Levy will be payable for every new second and subsequent residential building on a site connecting to a Hastings District Council service network.

The amount payable	=	Number of new Residential Buildings connecting to the service network	Multiplied by x	The dollar value of the Resource Component cost for discharge/supply to/from the service network for a residential building (in accordance with the current AMP)
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**(b) Any other Activity**

The following Development Levy will be payable for every activity that requires a new connection or upgraded connection to a Hastings District Council service network.

The amount payable per connection.	=	Supply/Discharge per litre per second peak/flow supply/discharge to a service network less any existing entitlements	Multiplied by x	The dollar value of the Resource Component cost for discharge/supply per litre per second peak flow for commercial and industrial users of a service network in accordance with the current AMP.
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Existing Entitlement shall be deemed to be:

For existing developments - Any existing authorisations for discharge/supply to the service network, or:

The amount of entitlement shown on a consent notice - which is the nominated maximum entitlement for discharge/supply of the site that was paid for under Rule 15.3.7.1 (b) above.

**15.3.7.3 SUBDIVISION AND DEVELOPMENT IN ARATAKI AND LYNTHURST PROPOSED NEW URBAN DEVELOPMENT AREAS (as shown in Appendix 2.4-1)**

The following levies shall be payable for water supply, sewer and stormwater per new site created or development site in the Proposed New Urban Development Areas:

**(a) Development Levy**

Proposed New Urban Development Area	Development Levy
Arataki	\$29,688+GST per hectare
Lyndhurst	\$97,712+GST per hectare

**(b) Drainage Levy**

Proposed New Urban Development Area	Development Levy on Subdivision
Arataki (Note 1)	\$12,643+GST per hectare

Note (1) Drainage levies will only be charged on sites zoned General Residential in the Arataki Proposed New Urban Development Area, and situated on the eastern side of the Karituwhenua Stream.

Where a Development Levy or Drainage Levy has been paid on a site or a development site within the previous 10 years in accordance with rule 15.3.7.3(a) and 15.3.7.3(b), there shall be no requirement for levies to be paid.

**15.3.7.3A SUBDIVISION AND DEVELOPMENT IN THE GODDARD LANE PROPOSED NEW URBAN DEVELOPMENT AREA (as shown in Appendix 2.4-1)**

The following levies shall be payable for water supply, sewer and stormwater upon any subdivision or development in the Goddard Lane Proposed New Urban Development Area for the following sites (and any subsequent subdivisions thereof):

**(a) Set Services Development Levy**

Legal Description	Development Levy	Residential Lot/Building Yield (1)
Lots 4 & 5 DP28517	\$67,370 plus GST	Up to 10
Lot 2 DP356470	\$40,422 plus GST	Up to 6
Lot 1 DP341658	\$60,633 plus GST	Up to 9
Pt Lot 28 DDP48	\$80,844 plus GST	Up to 12
Lot 1 DP356470	\$175,162 plus GST	Up to 26

Notes (1) Where the subdivision or development exceeds the residential lot/building yield in the above table, the development levy set in rule 15.3.7.3A (b) shall be payable on each exceeding site created for which separate certificates of title may be issued, or exceeding residential building.

**(b) Other Development Levy**

Where a development levy is not payable under rule 15.3.7.3A (a), a development levy of \$6,737 plus GST shall be payable for each additional site created for which separate certificates of title may be issued, or additional residential building.

**15.3.7.4 PROVISION OF STRUCTURE UTILITIES**

Where the subdivision and/or development of any site over which a Structure Utility is required to be provided by any approved Structure Plan, the owners shall be required to fund, construct, and vest to the Hastings District Council the identified Structure Utility.

Structure Utilities shall generally be constructed in accordance with the Engineering Code of Practice for Subdivision and Development (November 1997) and at a capacity, and in a location specified in any approved Structure Plan.

Where the capacity of any Structure Utility exceeds that required to service the sites the Council shall contribute towards the cost of constructing the Utility to the standard specified in the Structure Plan.

Any approved structure plans shall be included as an appendix to Section 15.1 of the District Plan.

#### **15.3.7.5 DEVELOPMENT LEVIES- WHEN PAYABLE**

- (a) Development Levies shall, when they are required to be paid on the creation of a residential building being a Permitted Activity, be paid in cash prior to uplifting the building consent for the residential building(s).
- (b) Development Levies shall, when they are payable on a development requiring a resource consent (other than for a subdivision), be payable as and when required by any condition of that consent whether or not the activity is a Controlled, Discretionary, Restricted Discretionary or Non-Complying Activity.
- (c) Development Levies shall, when they are required to be paid on the creation of any site by subdivision, be paid prior to the issue of a Certificate under Section 224 of the Resource Management Act 1991.