



# **ATTACHMENTS**

**Ordinary Council meeting  
Separate Attachments 2**

**Monday, 19 June 2023**



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2023/24

# Development Contributions Policy



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2023/24

# Development Contributions Policy



*Tauranga City*

## 2023/24 Development Contributions Policy

Over the next 10 years Tauranga City Council is projecting to receive approximately \$500 million in revenue from Development Contributions. Development contributions are a fee we charge for new developments to contribute to the costs building the infrastructure that supports them. This revenue is critical in ensuring that Tauranga can provide key infrastructure needed for the growing city.

This policy ensures that Council can continue to charge and use development contributions on an ongoing basis.

The Council's principle of growth pays for growth means that development contributions are one of the preferred sources to fund growth related infrastructure. Each project that forms part of Tauranga City Councils Long Term Plan is reviewed on a case by case to determine the fair and reasonable costs that can be funded via development contributions.

This policy document is very detailed in nature so that it meets all the legal requirements set out in the Local Government Act 2002. It also provides clear, transparent information for developers and those building homes or commercial/industrial buildings who need to understand how the charge is calculated and what their development contribution payments are being used for.

The first two pages of this document provide a more simplistic introduction to development contributions. Other important and useful sections are Section 1 which summarises the fees payable, and Section 2 which details specific rules of when development contribution fees will be required.

The Council reviews and updates this policy on an annual basis to ensure that the growth revenue is maximised, and any changes can be incorporated as needed. In the upcoming financial year Council intends to review and consult on the following aspects which may be included in future development contributions policy as needed:

- A new Te Papa infill catchment to enable development contributions to be collected from inner city development and thus help fund the significant cost expected to deliver core infrastructure in this area
- Changing the definition of the term household to more closely align with definitions in the Building Act
- Changes to the way development contributions are charged for secondary independent dwelling units
- Changes to the way citywide development contributions are calculated including the potential to add an additional category for residential dwellings with 4 or more bedrooms
- Reviewing the projects in the Transport System Plan to identify if any further costs should be funded using development contributions.

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## Introduction to development and financial contributions

Development and financial contributions are fees payable to Council to fund capital infrastructure required for growth. This infrastructure includes new pipes, roads and parks. These contributions may be required on resource consents (subdivision and land use), building consents and service connections in situations where development will have additional impact on infrastructure.

Financial contributions can be used to mitigate the effects of development on natural and physical resources of the city in accordance with provisions of the Resource Management Act 1991.

The Local Government Act 2002 sets out the provisions for using development contributions and requires Council to adopt a policy on development or financial contributions regardless of whether Council decides to charge development contributions, financial contributions, a mixture of both or neither. Tauranga City Council has adopted development contributions as the primary mechanism to fund growth related infrastructure and only uses financial contributions (instead of development contributions) in a few situations as set out within Section 2.

If Council did not use development or financial contributions, then generally this would result in ratepayers subsidising the cost of development.

For further information about development contributions or about this policy please read sections 4 and 6 of this policy.

## Types of development contribution charges

Tauranga City Council has two types of Development Contribution charges; local development contributions and citywide development contributions.

Local development contributions fund infrastructure that services the area in which the development is occurring. For the purposes of local development contributions Tauranga City Council has identified catchments known as 'urban growth areas'. The boundaries of the urban growth areas are shown in Section 1. The cost of infrastructure differs within each of these areas, due to factors such as topography, existing infrastructure and timing of expenditure, and therefore the local development contributions can vary significantly between growth areas. Development occurring within each urban growth area will be required to pay contributions applicable to that specific growth area.

Local development contributions would usually be payable on a subdivision consent. They may also be required on land use consent, building consent, authorisation for service connection or certificate of acceptance if they have not already been paid.

Citywide development contributions are fees that contribute towards infrastructure that services the entire city. This is generally large infrastructure assets that tend to be used by everyone in the city regardless of where they live or work. Because all developments benefit from citywide infrastructure these fees are set at the same level across the city.

Citywide development contributions are usually payable at the time the building consent is issued. This reflects that increased capacity for citywide infrastructure is required when residential dwellings and other buildings are built and occupied. Citywide development contributions may also be required on land use consent, authorisation for service connection or certificate of acceptance.

## When development contributions are required

A development contribution may be required if you:

- subdivide
- build, alter, or expand a residential or non-residential building
- change the use of an existing building
- relocate a building to a new site
- connect to Council's water and/or wastewater networks.

The amount that you will be required to pay depends on several factors including the type, size and location of the development.

For example, if you subdivide a property you may be required to pay a local development contribution. The local development contribution depends on which urban growth area the property that you are subdividing is located, the City Plan zoning, the number of lots you are creating and in some cases the size of the lots. The boundaries of the urban growth areas and the local development contribution that applies in each area are shown in Section 1.

Local development contributions are calculated either, on a per lot basis or a site area basis, depending on the underlying zoning and the location in which the development is occurring.

If you are building a new residential dwelling, then you may be required to pay a citywide development contribution. Factors that may influence the citywide development contribution include the number of dwellings, the number of bedrooms and the services required (for example if you are not connecting to Council's wastewater network then you would not be required to pay the contribution towards the wastewater network infrastructure).

Citywide development contributions are charged on a per dwelling basis for residential development and per square metre of gross floor area (GFA) for non-residential development.

In some circumstances, you may be required to pay both a citywide and a local development contribution. For example, if you are building a second (or additional) dwelling on an allotment before or without subdividing. Both types of contributions are also required if you are completing a non-residential development within Tauranga Infill.

# Section 1

## — Definitions, fees & maps



## Section 1. Definitions, fees and maps

Where a word or words is given a defined meaning below, any other grammatical form in respect of such word or words has a corresponding meaning.

**Active Reserves** means large reserves that provide for a wide range of activities, including formal sports, events and casual use, and provide wide open green space within the urban environment.

**Activity** means a good or service provided by the Council (as defined by section 5 of the Local Government Act 2002) and for which development contributions may be collected.

**Allotment** means an allotment as defined by Section 218 of the Resource Management Act 1991

**Business Activity** means the use of land and buildings for business purposes in accordance with the provisions of the Tauranga City Plan or resource consent. It also includes the use of land and buildings for visitor accommodation purposes, or for purposes that are not principally for commercial gain but provide employment (this includes but is not limited to schools and other educational facilities, public hospitals, police and fire stations and not-for-profit or voluntary organisations).

**Citywide Infrastructure** means the bulk services (network infrastructure), reserve land or community infrastructure provided for the development of the whole city, either as additional assets or by increasing the capacity of existing assets required as a result of demand from growth-related development, and which is not specifically provided by a development as part of local infrastructure. Citywide infrastructure may include infrastructure projects that individually do not provide for growth across the whole city but as a network they do provide for growth across the whole city in circumstances where Council has adopted this approach.

**Commercial Zones** means commercial zones as defined in Chapter 3 of the Tauranga City Plan.

**Community Infrastructure** has the same meaning as that used in the Local Government Act 2002. Community infrastructure also means any work or project to which Clause 5B of Schedule 1AA of the Local Government Act 2002 applies.

**Community Organisation** means the use of land or buildings for activities where people congregate on an organised basis for community activities such as recreation, worship or culture. This is limited to religious facilities, not-for-profit sports and social clubs, Marae, museums, art galleries, libraries, community centres and community halls.

**Council Outcomes** are defined in the Long-Term Plan (also referred to as “Community Outcomes”) and are required in accordance with the Local Government Act 2002.

**Development** means any subdivision, building (as defined in section 8 of the Building Act 2004), land use, or work that generates a demand for reserves, network infrastructure or community infrastructure, but does not include the pipes or lines of a network utility operator.

**Development Contribution** means a contribution –

- a. provided for in a development contribution policy adopted under section 102(1) of the LGA 2002;
- b. calculated in accordance with the methodology set out in schedule 13 of the LGA 2002, and comprising:
  - i. money, or
  - ii. land, including a reserve or esplanade reserve (other than in relation to a subdivision consent), but excluding Maori land within the meaning of Te Ture Whenua Maori Act 1993, unless that Act provides otherwise, or
  - iii. both.

**Financial Contribution** has the same meaning as in Section 108(9) of the Resource Management Act 1991.

**Gross Floor Area (GFA)** means the sum of the floor area or floors of a building or buildings measured from the external walls, or from the centreline of walls separating two buildings, including mezzanine floors and internal balconies but excluding car parking.

**Household Unit** means a building or part of a building intended to be used as an independent residence, including, but not limited to, apartments, semi-detached or detached houses, units, town houses, caravans and other mobile forms of accommodation (where used as a place of residence or occupied for a period exceeding six months in a calendar year).

For calculating development contributions, a dwelling with two separate self-contained areas consented for family use only will be treated as one household unit. In addition, a secondary independent dwelling unit as defined in the Tauranga City Plan shall not be treated as a household unit for the purpose of calculating local development contributions, but it shall be treated as a household unit for the purpose of calculating citywide development contributions.

To avoid doubt, visitor accommodation units that are separately unit titled shall be considered as household units.

For the purposes of this definition the following activities shall not be assessed as a household unit:

- Caravans and other mobile forms of accommodation located and serviced within an approved camping ground (that is: one that has received a resource consent or has existing use rights under Section 10 of the Resource Management Act 1991).
- Premises or parts thereof complying with the visitor accommodation provisions of the plan, up to and including 30 September 2000, or with resource consent to operate as visitor accommodation in which each unit is not separately unit titled.

**Household Unit Equivalent (HUE)** means a 'unit of demand' that equates to the typical demand for infrastructure by an average household unit. For the purposes of calculating the number of household unit equivalents under this policy for a residential activity that is not a household unit, the household unit equivalent shall be the number of occupants the building is designed or licensed to accommodate, divided by 2.5 persons.

**Industrial Zones** means industrial zones as defined in Chapter 3 of the Tauranga City Plan.

**Local Infrastructure** means those bulk services (network infrastructure), reserve land or community infrastructure provided for Tauranga City's Urban Growth Areas, either as additional assets or by increasing the capacity of existing assets required because of demand from growth-related development. A local infrastructure project may provide for the development of multiple urban growth areas although not for development across the whole city.

**Low Demand Business Activity** means the use of land and buildings for the purposes of storage, warehousing, distribution or the operation of utility networks in circumstances where Council is satisfied that the proposed activity will have a relatively minor impact on its water and wastewater network on a per m2 gross floor area basis relative to the impact of an average business activity as measured on the same basis.

**Multi-unit residential development** means one or more household units on a site over and above any existing household unit and includes two or more comprehensively planned and designed residential dwelling units, a residential activity that is not a household unit or visitor accommodation units.

**Neighbourhood Reserve** means land that primarily provides for use by local communities for casual recreation, play, relaxation, community activity, and links to other areas or quiet open space. Neighbourhood reserves also provide visual contrast in the urban environment.

**Network Infrastructure** means the provision of roads and other transport, water, wastewater and stormwater collection and management, and includes land required for these purposes.

**Ngati Kahu Kaumatua Household Unit** means a household unit of not more than 50m<sup>2</sup> gross floor area erected within the Ngati Kahu Papakainga Zone at West Bethlehem. The household unit must contain no more than three habitable rooms.

**Non-Residential Activity** means any activity that is not defined as a dwelling unit, household unit or residential activity in the Policy. It includes but is not limited to, a business activity, a low demand business activity or a community organisation.

**One Bedroom Dwelling** means a household unit that has not more than two rooms, excluding a kitchen, laundry, bathroom, toilet or any room used solely as an entrance hall, passageway or garage. This includes studio apartments. One bedroom dwelling also means any household unit in a retirement village that is registered pursuant to Section 10 of the Retirement Villages Act 2003.

**Planning Period** means the period over which Council expects growth-related infrastructure to be built. This may vary for the different Council-provided activities. Council expects most of the development expected in an area to take place before the end of the relevant planning period.

**Reserves** mean the provision of land for recreation, conservation, amenity and utilities such as stormwater catchment areas. These areas contribute to the open space network which provides community focal points, pedestrian and open space connections, high levels of amenity and feelings of openness, and a range of recreational opportunities.

**Residential Activity** means a building or part of a building that is intended to be lived in that does not meet the definition of a household unit or visitor accommodation. This includes but is not limited to the portion of retirement villages and residential health care facilities where 24-hour on-site medical support to residents is provided and shared accommodation. For the purposes of this policy a household unit equivalent shall be used as the basis for calculating the contribution from a Residential Activity.

**Residential Zones** means residential zones as defined in Chapter 3 of the Tauranga City Plan.

**Service Connection** has the same meaning as in section 197 of the Local Government Act 2002.

**Two Bedroom Dwelling** means a household unit that has not more than three rooms, excluding a kitchen, laundry, bathroom, toilet or any room used solely as an entrance hall, passageway or garage.

**Unit of Demand** means the number of household units, household unit equivalents, gross floor area, additional allotment of subdivision, or site area.

**Urban Growth Area** means a part of Tauranga City where residential and/or business growth is expected and in which growth-related local infrastructure projects have been identified. The boundaries of the urban growth areas are shown in Section 1. To avoid doubt, the urban growth areas include the Tauranga Infill area.

**Visitor Accommodation** means land or buildings which are offered for temporary accommodation of persons and includes bed and breakfast establishments, backpackers' accommodation, home stay facilities, motels, hotels, tourist lodges, holiday flats, tourist cabins, motor inns and ancillary workrooms, reception areas and accessory buildings or ancillary activities on the site. This definition does not include activities defined in this policy as household unit or residential activity nor does it include any developments in which each unit is separately unit titled. Each separately unit titled unit will be assessed as a household unit. Visitor accommodation developments are treated as business activities for the purpose of this Policy.



## 1.2 Fees

The fees in this section are applicable from 1 July 2023 and are applied in accordance with circumstances set out in Section 2. All fees shown are exclusive of GST unless otherwise stated.

**Table 1: Citywide development contributions**

Activity	Basis of charge	Water	Wastewater	Stormwater	Transport	Reserves	Community Infrastructure	Total Excl. GST	Total Incl. GST
		\$	\$	\$	\$	\$	\$	\$	\$
<b>Residential activity</b>	Dwelling that is not 1 or 2 bedroom	15,199	8,654	0	284	615	5,255	30,006	<b>34,507</b>
<b>Residential activity</b>	2 bedroom dwelling	9,879	5,625	0	185	400	3,416	19,504	<b>22,430</b>
<b>Residential activity</b>	1 bedroom dwelling	7,600	4,327	0	142	307	2,627	15,003	<b>17,254</b>
<b>Business Activities</b>	\$ per 100m2 Gross Floor Area	3,415	2,512	0	333	0	0	6,259	<b>7,198</b>
<b>Low Demand Business</b>	\$ per 100m2 Gross Floor Area	854	567	0	333	0	0	1,754	<b>2,017</b>
<b>Community Organisation</b>	\$ per 100m2 Gross Floor Area	3,842	2,188	0	53	0	0	6,083	<b>6,995</b>

**Table 2: Local development contributions for non-residential development in commercial/ industrial zone**

Urban growth area and basis of charge	Per	Water	Wastewater	Stormwater	Transport	Reserves	Community Infrastructure	Total Excl. GST	Total Incl. GST
		\$	\$	\$	\$	\$	\$	\$	\$
<b>Papamoa</b>	\$ per hectare	4,802	11,641	82,389	32,891	0	0	131,722	<b>151,480</b>
<b>Pyes Pa West</b>	\$ per hectare	23,001	129,692	353,289	315,532	0	0	821,514	<b>944,741</b>
<b>Tauranga Infill</b>	\$ per 100 m2 of gross floor area	0	380	-	-	0	0	380	<b>437</b>
<b>West Bethlehem</b>	\$ per hectare	10,635	205,105	131,944	216,908	0	0	564,592	<b>649,281</b>

**Table 3: Local development contributions**

Local catchments	Per	Water	Wastewater	Stormwater	Transport	Reserves	Community Infrastructure	Total Excl. GST	Total Incl. GST
		\$	\$	\$	\$	\$	\$	\$	\$
<b>Bethlehem</b>	Per lot	649	5,454	2,804	3,595	0.0	0	12,503	<b>14,378</b>
<b>Ohauti</b>	Per lot	4,604	4,853	665	1,079	0	0	11,201	<b>12,881</b>
<b>Papamoa</b>	Per lot	240	873	3,370	2,960	-	0	7,444	<b>8,560</b>
<b>Pyes Pa</b>	Per lot	410	3,676	1,013	1,812	0	0	6,911	<b>7,948</b>
<b>Pyes Pa West</b>	Per lot	1,211	6,826	16,059	9,015	5,010	0	38,121	<b>43,839</b>
<b>Tauranga Infill</b>	Per lot	0	3,676	0	0	0	0	3,676	<b>4,227</b>
<b>Tauriko</b>	Per hectare	21,473	116,019	40,990	190,675	0	0	369,157	<b>424,530</b>
<b>Tauriko - Pond B</b>	Per hectare	21,473	116,019	114,446	190,675	0	0	442,613	<b>509,005</b>
<b>Tauriko - Pond C</b>	Per hectare	21,473	116,019	89,045	190,675	0	0	417,212	<b>479,793</b>
<b>Wairakei A</b>	Per hectare	58,228	117,094	237,294	154,488	0	0	567,105	<b>652,171</b>
<b>Wairakei B</b>	Per hectare	58,228	103,046	84,181	154,488	0	0	399,944	<b>459,936</b>
<b>Wairakei C</b>	Per hectare	58,228	132,260	312,654	154,488	0	0	657,631	<b>756,275</b>
<b>Welcome Bay</b>	Per lot	1,596	4,471	979	1,759	0	0	8,805	<b>10,125</b>
<b>West Bethlehem</b>	Per lot	560	10,795	5,997	6,197	6,666	0	30,216	<b>34,748</b>
<b>West Bethlehem</b>	Per hectare	7,556	145,733	80,966	83,664	89,994	0	407,913	<b>469,100</b>

Figure 1. Boundaries for urban growth areas

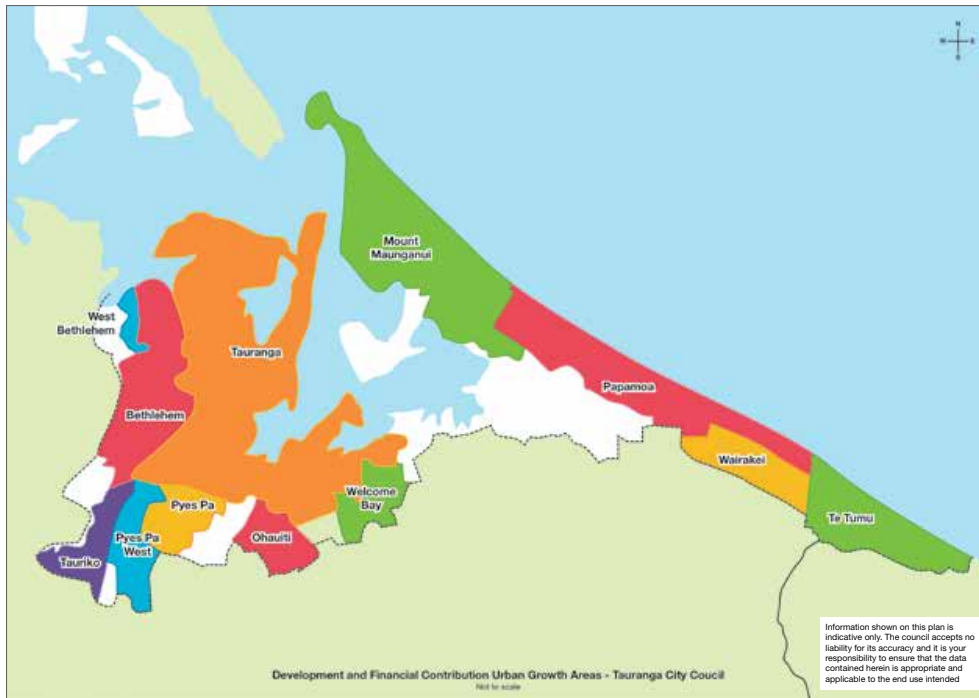


Figure 2. Boundaries of the Bethlehem and West Bethlehem Urban Growth Areas

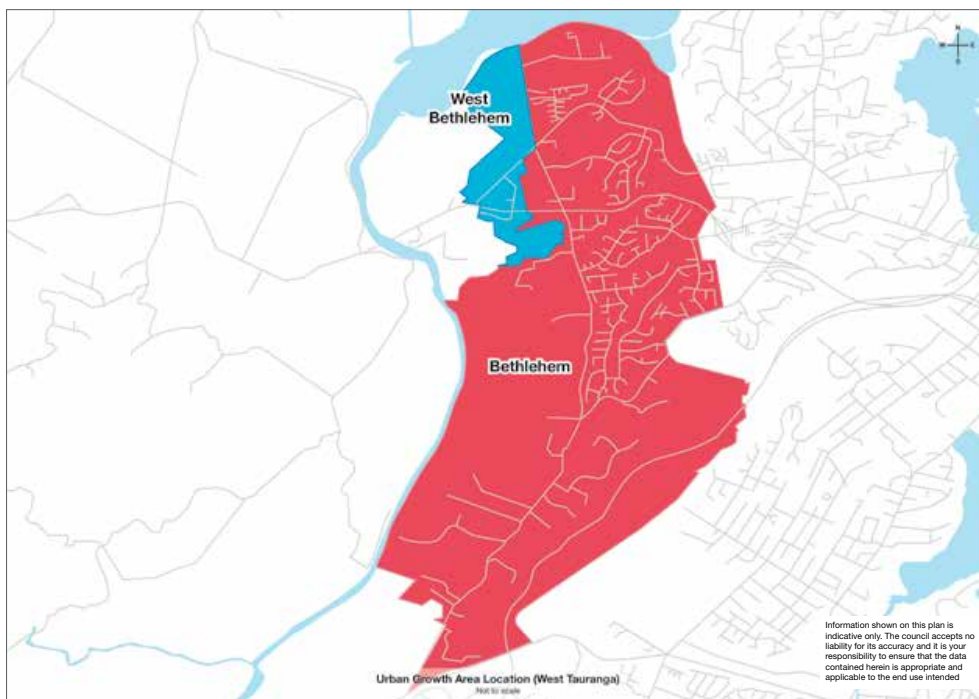


Figure 3. Boundaries of the Tauriko, Pyes Pa West, Pyes Pa, Ohauiti & Welcome Bay urban growth areas

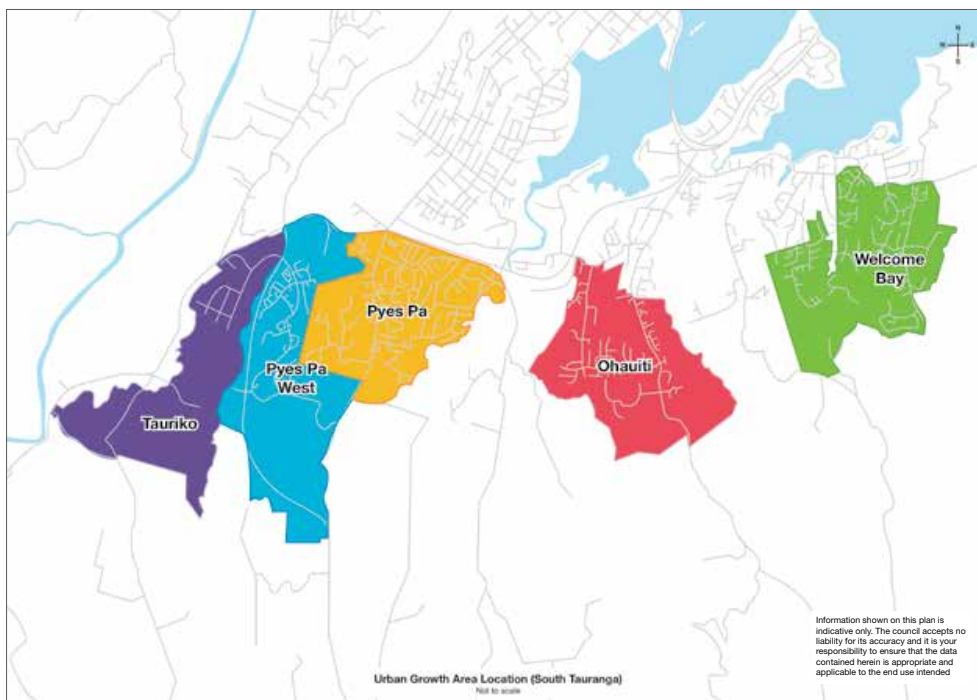
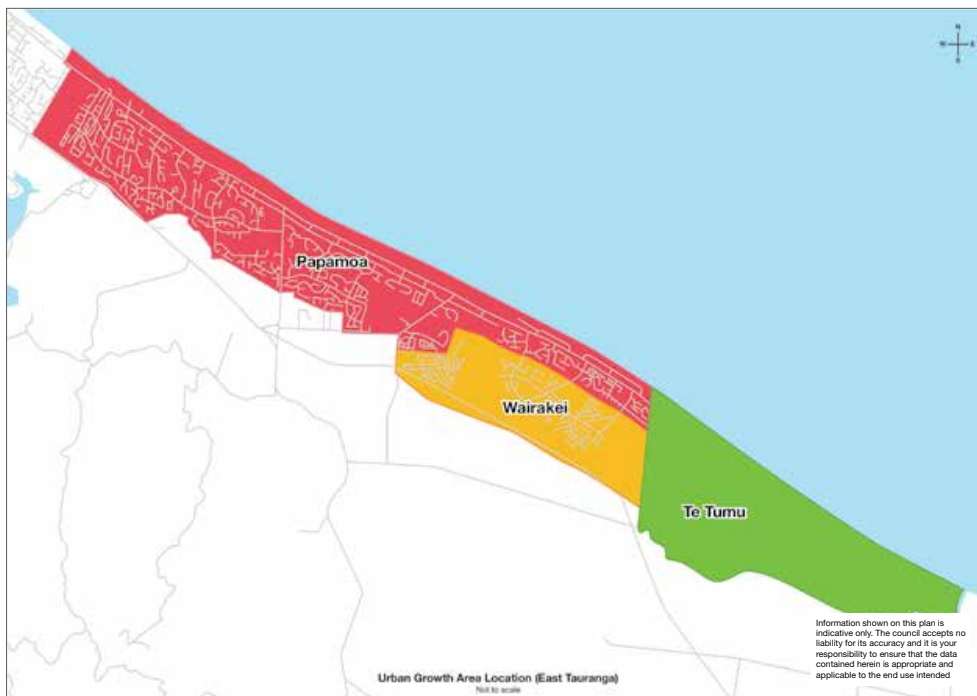


Figure 4. Boundaries of the Papamoa and Wairakei Urban Growth Areas



### 1.3 Summary of changes made to the policy compared to the previous policy

1.3.1 The following is a summary of the key differences between the 2022/23 Development Contributions Policy and this 2023/24 Development Contributions Policy:

Change	Reason for change
<b>Citywide development contributions for residential development have increased by 2.8%</b>	Citywide development contributions for residential development have increased by 2.8%, with wastewater and reserves having the biggest increase year on year.
<b>Updates to local development contributions</b>	Local development contribution fees have been updated to reflect capital expenditure budgets. For most catchments this has not resulted in significant change to the local development contribution fees payable. Fees for Tauriko have increased by approximately 5%, representing a mix of increased project cost expectations and interest costs. Papamoa has seen a decrease in fees as development and the associated contributions has allowed some assets to reach a fully funded status. Pyes Pa West has increased by 6%. This is largely driven by an increase in the underlying cost of delivery of projects within the reserves and transport infrastructure categories. These increases reflect updates to the actual expected costs of construction.

### 1.4 Changes to future development contribution policies

1.4.1 The following is a list of work programmes which Council has underway in relation to development contributions that may result in proposed changes to the way the development contributions policy is implemented.

Change	Reason for change
<b>New Te Papa Catchment</b>	Council's Long-term Plan budgets include costs for new and/or upgraded infrastructure to enable intensification in the city centre and across the Te Papa peninsular. Staff are currently reviewing funding options for this infrastructure. This may result in a recommendation to Council that development within Te Papa pay a development contribution towards these costs. This would require Council to introduce a new growth catchment into the policy.
<b>Household unit definition</b>	Staff are intending to review the definition of "household unit" to better align with the City Plan and Building Act.
<b>Removal of (or changes to) charges for secondary independent dwelling units</b>	Council is currently consulting on a plan change which includes the proposal to remove Secondary independent dwelling units from the Residential zones in the city. Under the operative development contribution policy, secondary independent dwelling units (SIDU's) pay a citywide development contribution but are not required to pay a contribution towards local infrastructure. If SIDUs are no longer a permitted activity typology in residential zones then we may need to update the development contributions policy to reflect this change.
<b>Residential Development Charge by Number of Bedrooms</b>	Council is currently investigating the feasibility and potential impacts of introducing variable DC charges to recognize the different levels of demand produced relative to the number of bedrooms within a residential dwelling. This study is still in the conceptual stage with more detail to come as this is progressed.
<b>Retirement Villages: Assessment of RV demand factors</b>	TCC is engaging with the Retirement Villages Association to understand their concerns around Citywide DC charges. The Retirement Village Association has previously made submissions for the case that their sector should receive reduced DC rates based on reduced asset utilisation within villages.

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