

SECTION 7 – FINANCIAL CONTRIBUTIONS

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7 FINANCIAL CONTRIBUTIONS

7.1 Introduction

Council is only allowed to collect financial contributions from subdividers or developers if those contributions are authorised by provisions in the Plan. Contributions can be required as a condition of land use approval or subdivision consent, or upon any permitted activity, and may be in the form of:

- a) Money or
- b) Land (including **esplanade reserves**) or
- c) Any combination of money and land.

Any financial contributions collected must be used for the purposes specified, and must be calculated in the manner described in the Plan. (Refer Rule D1).

7.2 Objectives

Objectives

- FC 1) To ensure that subdividers and developers provide, or contribute toward the cost of providing, roading, utility services and reserves.
- FC 2) To ensure that the level of these financial contributions is related to:
- i) The degree to which the facilities concerned serve the land in the subdivision or development,
 - ii) The additional demands which the development or subdivision places on public services or facilities, or
 - iii) The level of benefit which accrues to the subdivider/developer and future residents of the land.
- FC 3) To use financial contributions to mitigate the adverse **effects** of development or subdivision on the **environment**.

(Issues 5 and 10) (Refer also: Objectives S 4 , S 8 and U 1).

Explanation

Sewerage, water and stormwater systems, roading networks and recreation reserves are important in maintaining an acceptable level of public health, safety and convenience. **Council** has a role in ensuring the continued provision of roading and reserves, and provides utility services in some places. These facilities are part of the physical resources which need to be managed under the **Act**.

New development and subdivision often results in a demand for the extension and upgrading of services, including reserves. It would be unreasonable for the entire cost of such extensions and upgrading to be met by the community as a whole. The purpose of taking financial contributions is to recover a portion of these costs from those who benefit directly from development (i.e. the subdivider/developer). A large part of the developer’s “contribution” will often be installing new **roads** and services to cater for the development itself. Such works are not within the definition of “financial contributions”, but will be required as a condition of subdivision or land use consent. For the sake of completeness, the **Council’s** approach to provision of such works is set out in the policies below.

Methods other than regulation (or possibly withholding permission to connect to services until certain moneys are paid) are unlikely to convince subdividers/developers to make appropriate contributions. District Plan rules will therefore be used.

7.3 Utility Services

Purposes

- i) To provide adequate sewer, water or stormwater services to the land in the subdivision.
- ii) To provide a potable supply of water for human consumption, including industrial and commercial activities.
- iii) To provide a supply of water at an appropriate pressure for firefighting.
- iv) To maintain and improve people’s health and amenity, and to protect the **environment**.
- v) To maintain, improve, and develop the existing systems.

Policies

- a) To require the subdivider to meet the full cost of any new utility mains which need to be laid within the subdivision.
- b) **Council** will meet the extra costs involved if **Council** requires a higher standard of utility services than is needed purely to serve the land in the subdivision (e.g. requiring extra- large pipes to be installed to serve other land as well). **Council** will then recover those extra costs from the owners of that other land when it is subdivided.
- c) To require the landowner to pay the full cost of providing the service connections for new lots in a subdivision or for new developments.
- d) To require an appropriate contribution toward the capital cost of a water or sewerage scheme, if a development or subdivision on land outside a water or sewerage scheme area is to be connected to that scheme.
- e) To seek capital contributions from industrial or commercial developments which use large amounts of water or discharge large amounts of sewage into public systems.

- f) To require the developer to contribute appropriate land for pumping stations, reservoirs or other utilities.

Explanation

A variety of subdivision types and land use activities will require access to water, stormwater and sewerage services. In some cases this will require the extension of trunk services and in others, new service connections will be needed. Installation of these services should be at the subdivider or developer's cost.

In some cases the extension of services may benefit other landowners, e.g. where a larger capacity pipe is put in to service other land "upstream" of a particular subdivision. In these circumstances the subdivider should only have to pay a proportion of the costs involved.

Council will meet the extra expense involved, but will recover these costs from the owners of the "upstream" land when they in turn come to subdivide.

Extending services and adding new connections has the cumulative **effect** of "stressing" the utility networks. The result of this may be the need to upgrade mains, sewage treatment plants and water supply facilities. Properties within water or sewerage scheme areas will have contributed over time to the cost of the existing network. New properties which want to become part of a township (i.e. new growth areas) or become part of a rural water supply scheme haven't contributed toward the cost of the existing utility system. They therefore could be seen as "getting a free ride". This issue is more apparent in the rural water supply areas and smaller towns. Each new household in such areas puts a comparatively bigger strain upon plant capacity than would be the case in Feilding.

Activities like industries, which place large demands on water and sewerage capacity, have to negotiate with **Council** as supplier before they can be connected to the public system. The supply agreement which is reached will then include cost-sharing arrangements for any capital upgrading required.

District Plan Methods

- Rules D1.2 and D1.5.

Other Methods

- Water supply and sewage disposal agreements with major users/dischargers.
- Policy on "extraordinary" connections.

7.4 Roads and Streets

Purposes

- i) To provide safe and convenient vehicle and pedestrian access to and within subdivisions.
- ii) To enhance general **amenity values** and to maintain, improve and develop the roading and footpath network.
- iii) To provide safe and adequate access to **dwellings** and other **buildings**.

Policies

- a) To require the subdivider to pay the full cost of any new **roads** or joint driveways to serve a subdivision.
- b) To meet the extra cost involved if **Council** requires a subdivisional **road** to be extended in length to serve other land.
- c) To seek financial contributions where the new or increased traffic resulting from a subdivision gives rise to a need to form or divert any existing **road** or to upgrade that **road** to a higher standard.
- d) To seek financial contributions in cases where a new **dwelling**, subdivision or development requires access to be provided via an unformed legal **road**.
- e) To require any damage to **roads** caused by an activity (excluding that caused by “wear and tear”) to be repaired at the expense of the party who caused the damage.
- f) To require the subdivider or developer to pay for any upgrading which is needed to cope with a new activity, (e.g. stronger culverts and bridges), if a formed **road** is adequate for its present function and location.
- g) To require developers to pay for any new street lights, street **signs**, vehicle crossings or entranceways required to serve their development.

Explanation

All sorts of subdivisions may involve the formation of new **roads**, lanes and rights-of-way. If such **roads** and driveways will only benefit the lots in the subdivision, they should be paid for fully by the subdivider.

Subdivisions and other land use activities may also result in a need or demand for existing **roads** (including **unformed roads**) to be upgraded, widened or realigned. Existing **roads** within the District are usually sufficient to fulfil their present function, and **Council** is under no obligation to form them to a higher standard. **Council** is of course willing to discuss the possibility of upgrading specific **roads**. This may involve a staged programme including payments from the landowner.

The Plan allows **Council** to require a subdivider to pay all or part of the cost of upgrading any existing road, (formed or unformed) if:

- a) The particular subdivision or development is likely to give rise to additional traffic on the **road** concerned, and
- b) The **road** then needs to be upgraded to a higher standard as a result of this traffic.

If an existing **road** does need to be upgraded, any benefits to other landowners on the **road** will also be considered. The actual amount of contribution sought will be fixed at the time of subdivision consent. Once it has been paid, **Council** is obliged to carry out the full upgrading which has been costed.

There will be many situations where subdivisions or new houses rely on an **unformed road** for access. As noted above, **Council** is under no legal obligation to form or upgrade any **unformed road**. In cases where a **building** or new allotment needs access from such a “paper” **road**, the cost should be borne by the subdivider or developer, rather than by the community at large. **Council** will ensure that any works take concerns such as drainage and soil stability into account.

The onus will always be on the landowner and/or the operator of any land use activity involving heavy traffic to consult with the roading authority at an early stage to determine whether their proposals are compatible with the roading network. (Refer: Rule B3.3.1 h.). **Council** will seek to recover the cost of any repairs to its **roads** (above those caused by normal “wear and tear”) from the landowner and/or operator through the relevant legislation.

District Plan Methods

- Rules D1.3 and D1.4.

Other Methods

- Local Government Act penalties for damage to **roads**.
- **Road** damage deposits.

7.5 Reserves Provision

Purpose

Reserves contributions will be used to maintain adequate open space in towns and to provide land and facilities for public recreation and enjoyment for the people of the District, including to:

- i) Purchase land for recreation, leisure or amenity purposes.
- ii) Develop recreation, leisure or **community facilities** on reserve land.
- iii) Undertake joint ventures between **Council** and community groups and educational institutions to provide recreation, leisure and **community facilities** on community-owned land.

Policies

- a) To require an appropriate contribution in land or cash, where **sites** for utility purposes are required as a result of a subdivision or development.
- b) To require contributions toward new reserves or the development of reserves at the subdivision stage:
 - i) For all new residential allotments and,
 - ii) In all rural subdivisions where a new **dwelling** could result from the subdivision.
- c) To require reserves contributions in relation to **multi-unit residential developments** (i.e. where more than one **dwelling** is to be built on an allotment).
- d) To take appropriate pieces of land as a first preference for reserves contribution, while retaining the discretion not to accept particular pieces of land for reserves.
- e) To require one flat fee throughout the District for each extra lot and for each extra **dwelling** unit in a multi-unit development.
- f) To require the monetary value of the reserve contribution to be the same whether land or cash or a combination of both is taken.
- g) To recognise the following when calculating the amount of reserves contribution payable:
 - i) The value of any **esplanade reserves** and strips being created.
 - ii) The level of past contributions by the subdivider/developer.
 - iii) The value of any land being set aside for heritage purposes by way of covenant or consent notice.

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Explanation

Reserves fall into four main groups, namely:

- 1) “Local purpose” utility **sites** for water reservoirs, pumping stations etc.
- 2) Neighbourhood or amenity reserves. (Local children’s playgrounds and planting strips).
- 3) Area reserves which serve a wider area. (e.g. Timona Park) and
- 4) Those which have a District wide function such as Mt Lees Reserve or Totara Reserve.

The actual relationship between subdivision and demand for reserves is not a direct one. Any increase in demand occurs not when the subdivision happens, but when a new **dwelling** is built and a householder moves into it.

Reserves contribution will however continue to be levied at subdivision time, since this is the stage when **Council** needs sometimes to be able to take land for reserves. If instead land was to be taken sometimes at the subdivision stage, with the remainder of cases paying cash at the house construction stage, things would be unduly complicated and potentially unfair.

Since the demand for reserves is related to new households, contributions should be taken whenever a subdivision would result in a potential additional **dwelling**, and whenever a second **dwelling** is built upon a property. To be consistent this will apply to urban and rural situations. One fee of \$1,250 per additional lot/household will be charged throughout the District. This sum represents the minimum necessary for **Council** to maintain the current level of reserves development expenditure. The size of the reserves contribution fee will be updated each year to take account of inflation. The same fee applies throughout the District to reflect that some of **Council's** reserves have a District-wide function and that many others are used as part of networks which cater for recreation throughout the Manawatu.

Sometimes subdividers have tried to rid themselves of land which was difficult to develop (e.g. gullies), by donating it as a reserve. **Council** will only accept such land if it is of practical use to the community. (Policy d.).

Esplanade reserves are also a type of financial contribution. (Refer: Section 6.2). They form part of the recreational opportunities available to people. It would be unfair to require some subdividers to contribute more toward these opportunities than others, purely because they happen to have a river running through their property. Subdividers will therefore be entitled to offset the value of esplanades against their total reserves contribution.

Reserves contributions on industrial and commercial **building** projects and subdivisions are very difficult to justify, both in terms of fairness and impact on demand. The Plan does not therefore include this type of requirement.

District Plan Methods

- Rule D1.1.

Other Methods

- Recreational strategy

7.6 Environmental Results Anticipated

- 1) The community does not have to meet more than a reasonable proportion of the cost of providing roading, utility services, and reserves required in connection with new subdivision or development.
- 2) Financial contributions are used to mitigate the adverse **effects** of development or subdivision on the **environment**.

7.7 Monitoring And Review Procedures – Financial Contributions

The procedures to be used will include:

- a) Monitoring the level of the various types of financial contributions received, compared to the benefit to the subdivider/developer and the overall cost of providing the works or services concerned.
- b) Reviewing on a three-yearly basis whether, based on the information gathered in a) above, the levels of contribution required by **Council**'s policies are fair.
- c) Regularly reviewing the District's recreational strategy and needs.
- d) Reviewing the required standards for works on a three-yearly basis, to check that they are still appropriate.