



# Statement of Proposal

Development and Financial Contributions Policy 2021

Development Contributions Rebate Policy 2021 and Social and Affordable Rental Housing Residential Unit Rebate Scheme 2021

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# Development and Financial Contributions Policy 2021

## Background

As new development occurs throughout the Manawatū District it places demands on the Council to provide a range of new and upgraded infrastructure. It is important to ensure that the potentially high costs of providing new assets for development are adequately and sustainably accounted for.

Councils are required by law to provide details about how they will fund capital expenditure – the costs of providing new assets or increasing their capacity. As the cost of growth is driven by development, we consider that it is equitable that a development should meet its share of the resulting costs. Development Contributions are the funds received from people or organisations when they subdivide or develop property or connect to Council services. The contributions are used to fund capital works that are driven by the need to provide services to our growing communities.

We adopted our first Development Contributions Policy in 2006, and last revised it in 2018.

We are now required under legislation to review our existing policy once more and to consult with the communities on any changes we have proposed.

This statement of proposal includes a summary of the proposed changes, the draft Development and Financial Contributions Policy 2021 (Policy), the reasons for it, reasonably practicable policy options and information about how you can have your say. Consultation is being undertaken with the public so we can assess public support for the Policy and can consider alterations to the Policy as a result of the public submissions we receive.

Consultation on the Policy is being undertaken in conjunction with the consultation on the Long Term Plan 2021-31 (LTP).

We invite feedback from anyone who has an interest in these issues before final decisions are made on what will and will not be included in the Policy.

### The submission process

Process	Date
Council approve statement of proposal and Development and Financial Contributions Policy 2021 for public consultation	1 April 2021
Consult the community (alongside the Long Term Plan 2021-31 and various policies)	12 April – 12 May 2021
Council hearing (volume of submitters will determine if the meeting is required to run for both days)	18, 19, 21 May 2021
Submitters to be advised of outcome of deliberations	Early June 2021
Adopt Development and Financial Contributions Policy 2021	29 June 2021
New Development and Financial Contributions Policy 2021 applies	1 July 2021

## Where can I find more information?

You can download the draft Development and Financial Contributions Policy 2021, Long Term Plan 2021-31 or any of the other documents at [www.mdc.govt.nz](http://www.mdc.govt.nz) and you can view a copy of these documents at our offices or libraries.

## Reasons for the proposal

- Section 102(2)(d) of the LGA requires that we must have a Policy. The purpose of the Policy is to enable Council to recover from those persons undertaking development a fair, equitable, and proportionate portion of the total cost of capital expenditure necessary to service growth over the long term.
- Section 201 of the LGA sets out the required contents of the Policy.

## Issues

### Growth

Manawatū District is projected to grow by around 4,630 residents between 2021 and 2031. Over the next 30 years the population is expected to grow by more than 11,000 people with 5,170 extra dwellings and to continue industrial and commercial expansion. This growth will create the need for roading<sup>1</sup>, water, wastewater, stormwater and reserves beyond what normal levels of service and maintenance provides for. We are proposing to charge Development Contributions for roading, water, wastewater, stormwater and reserves.

### Development Contributions help fund growth

Our current Development Contributions Policy came into force on 1 July 2018. It affects most people and companies developing new residential, commercial or industrial land and buildings.

Like the 2018 Development Contributions Policy, the Development and Financial Contributions Policy 2021 ensures that those who create the need for this infrastructure and directly benefit from our provision of infrastructure capacity are those who pay for it. Development Contributions are paid on any subdivision, development and service connection that generates additional demand on infrastructure services as calculated under the Policy. This includes extensions to existing commercial buildings which create additional floor space, as well as new developments, subdivisions, and houses.

<sup>1</sup> This is referred to as transport infrastructure in the Policy



## When Development Contributions can be charged:

The Council proposes to require Development Contributions to be invoiced and paid at the following stages:

	PAYMENT DUE DATE
<b>Building consent</b>	Prior to the issue of Code Compliance Certificate
<b>Certificate of acceptance</b>	Prior to the issue of a certificate of acceptance
<b>Resource consent for subdivision</b>	At the time of application for a certificate under section 224(c) of the RMA91. An invoice will be issued for each stage of a development for which 224(c) certificates are sought, even where separate stages are part of the same consent
<b>Resource consent (other)</b>	At granting of the resource consent
<b>Service connection</b>	At the time of application for the service connection for water, wastewater or stormwater services

	PAYMENT DUE DATE
<b>Building consent</b>	20th of the month following the issue of the invoice
<b>Certificate of acceptance</b>	20th of the month following the issue of the invoice
<b>Resource consent for subdivision</b>	20th of the month following the issue of the invoice
<b>Resource consent (other)</b>	20th of the month following the issue of the invoice
<b>Service connection</b>	At issue of the connection approval

## Main changes

The schedule of Development Contribution charges and projects is included in Schedules 1 to 3 of the Policy, based on forecast growth and funding required for projects.

## Catchment determination

The Council proposes to a two catchment approach within the District for the charging of Development Contributions:

1. Feilding Urban (including a Feilding Intensification Area)
2. Rural and Villages

The infrastructure within the catchments to which a development contribution will apply are water, wastewater, stormwater, transport infrastructure and reserves. However, there are intricacies as to the approach taken:

1. A district-wide approach is proposed for the funding of transport infrastructure and reserves
2. The Rural and Villages catchment only includes transport infrastructure and reserves
3. The HUE charge for water, wastewater and stormwater in the Feilding Intensification Area is 65% of the charge in the Feilding Urban catchment.

The reasons for these are set out in the Policy.

## Updated Development Contribution Fees

Council reviews and updates all planned capital expenditure works on an annual basis. Changes to the development contribution funded works result in changes to development contribution fees. The following table shows the fees that are included in the Draft Development and Financial Contributions Policy 2021:

ACTIVITY	DEVELOPMENT CONTRIBUTION CHARGE PER HUE
<b>Water</b>	
Feilding Urban	\$2,425
Feilding Intensification Area	\$1,577
Rural and Villages	n/a
<b>Wastewater</b>	
Feilding Urban	\$5,352
Feilding Intensification Area	\$3,479
Rural and Villages	n/a
<b>Stormwater</b>	
Feilding Urban	\$9,043
Feilding Intensification Area	\$5,879
Rural and Villages	n/a
<b>Reserves</b>	
Feilding Urban	\$2,496
Feilding Intensification Area	\$2,496
Rural and Villages	\$2,496
<b>Transport Infrastructure</b>	
Feilding Urban	\$4,589
Feilding Intensification Area	\$4,589
Rural and Villages	\$4,589

The following table sets out the proposed development contribution charge per Household Equivalent Unit (HUE):

ACTIVITY	DEVELOPMENT CONTRIBUTION CHARGE PER HUE
Feilding Urban	\$23,905
Feilding Intensification Area	\$18,020
Rural and Villages	\$7,085

### Analysis of Reasonably Practicable Options

The table below contains an analysis of the reasonable practicable option for the funding of growth-related capital expenditure incurred by Manawatū District Council. This includes the current proposal.

OPTION	ANALYSIS
Charge Development Contributions under the Local Government Act 2002	<p>Population and urban growth of the District is the reason much of Council's capital expenditure needs to be undertaken. As the cause of this expenditure, it is fair that a significant portion of this cost is recovered directly from the development community through the collection of development contributions. While this does create a significant upfront cost for development, if these costs were not funded by development, the main alternative would be to increase rates by a substantial amount. Council's view is that this would impose an unfair financial burden on the ratepayers of the District.</p>
Financial contributions under the Resource Management Act 1991	<p>Financial contributions are similar to development contributions. The main differences are that:</p> <ul style="list-style-type: none"> <li>• The implementation of a financial contribution system is open to merits-based appeal through the Environment Court for each individual development. This adds cost, time and uncertainty for Council.</li> <li>• The adoption and subsequent review of financial contribution systems is also open to merits-based appeal through the Environment Court. This adds further cost, time and uncertainty for Council.</li> </ul> <p>For these reasons, Council has, in most cases, chosen to use development contributions rather than financial contributions to fund growth-related capital expenditure. The Council however reserves the right to use financial contributions where growth is proposed and works and services are required to avoid, remedy or mitigate the environmental effects of the proposed development and there are no growth projects to address those effects within the Development and Financial Contributions Policy.</p> <p>These provisions are summarised in the draft Development and Financial Contributions Policy 2021 and are set out in detail in Council's District Plan.</p>

Rate-funded loans	<p>This would involve growth-related capital expenditure being funded in the same manner as most of Council's other capital expenditure – through loans that are repaid through the collection of rates. This would impose the cost of growth-related capital expenditure on the whole community rather than targeting the funding of these costs at the growth community which have caused these costs to be incurred.</p>
Targeted rates	<p>This would be similar to development or financial contributions in the sense that funding would still be targeted at the growth community. The primary difference is that development contributions are charged upfront whereas the targeted rate would recover the costs over a period of time. This option would increase rates on new properties by a significant amount for an extended period of time. This is unlikely to be popular and may cause Council difficulties in the future when properties are sold to new owners.</p>



# Manawatū District Council Development Contributions Rebate Policy 2021 and Social and Affordable Rental Housing Residential Unit Rebate Scheme 2021

## Background

Council is also proposing a new Development Contributions Rebate Policy and a Social and Affordable Rental Housing Residential Unit Rebate Scheme to sit alongside the revised Development and Financial Contributions Policy.

The Council recognises that certain types of development provide significant benefit to the wider community and that it can be appropriate for the wider community to fund some or all of the development contributions required from that development.

To encourage development with community benefits, the Council proposes to adopt a Development Contribution Rebate Policy to set up a framework that will allow Council, at its discretion, to put in place a rebate scheme or schemes for developments to achieve strategic goals that benefit the wider community.

Any development contributions rebate scheme operated by the Council will be introduced and implemented consistently with this Development Contributions Rebate Policy.

The draft Social and Affordable Rental Housing Residential Unit Rebate Scheme is intended to encourage the development of rental accommodation operated by not-for-profit community housing providers. It is envisioned that this rebate scheme may help low income households and other disadvantaged groups to access

appropriate housing. This can be of a supported nature such as emergency housing, or of a more general nature where low income in relation to housing costs may be the main issue.

A community housing provider has been defined by the draft rebate scheme as a provider that is registered with the Community Housing Regulatory Authority, or is a registered charitable trust, and has identified one of its objectives to be the provision of social and/or affordable rental housing.

The draft Social and Affordable Rental Housing Residential Unit Rebate Scheme is proposed to make available a 50% per HUE development contribution rebate for residential development that is consistent with the criteria of the scheme. The total funds available for rebate over a three year period is proposed to be capped at total of \$150,000.

Consultation on the draft Development Contributions Rebate Policy 2021 and the draft Social and Affordable Rental Housing Residential Unit Rebate Scheme 2021 is being undertaken in conjunction with the consultation on the Long Term Plan 2021-31 (LTP).

We invite feedback from anyone who has an interest in these issues before final decisions are made on whether or not Council adopts this draft Rebate Policy and Scheme and what will and will not be included in the final Rebate Policy and Scheme adopted by Council.



## The submission process

PROCESS	DATE
Council approve statement of proposal and Development Contributions Rebate Policy, and the Social and Affordable Rental Housing Residential Unit Rebate Scheme criteria for public consultation	1 April 2021
Consult the community (alongside the Long Term Plan 2021-31 and various policies)	12 April – 12 May 2021
Council hearing (volume of submitters will determine if the meeting is required to run for both days)	18, 19, 21 May 2021
Submitters to be advised of outcome of deliberations	Early June 2021
Decision on whether or not to adopt (including any amendments) the Development Contributions Rebate Policy, and the Social and Affordable Rental Housing Residential Unit Rebate Scheme	29 June 2021
(if adopted by Council) Development Contributions Rebate Policy 2021, and the Social and Affordable Rental Housing Residential Unit Rebate Scheme 2021 applies	1 July 2021

### Where can I find more information?

You can download the draft Development and Financial Contributions Policy 2021, the draft Development Contributions Rebate Policy 2021, and the draft Social and Affordable Rental Housing Residential Unit Rebate Scheme 2021, Long Term Plan 2021-31 or any of the other documents at [www.mdc.govt.nz](http://www.mdc.govt.nz) and you can view a copy of these documents at our offices or libraries.



# Feedback form

Development and Financial Contributions Policy 2021

Development Contributions Rebate Policy 2021

Social and Affordable Rental Housing Residential Unit Rebate Scheme 2021

Please provide your feedback by 12pm, Wednesday 12 May 2021. There are a number of ways you can share your feedback:

1. Submit feedback online at [mdc.govt.nz](http://mdc.govt.nz), or
2. Fill in the feedback form below and send it (or drop it off) to Council at Private Bag 10 001, Feilding 4743.
3. Send us an email at [submissions@mdc.govt.nz](mailto:submissions@mdc.govt.nz)
4. If writing is not your thing, we can help you get your thoughts down. To find out more about this, call Rebecca Bell, Strategy Manager, Manawatū District Council on 06 323 0000.

## Submitter details

Please fill in all fields with \*

1. \*Name \_\_\_\_\_
2. \*Is your feedback on behalf of an organisation?  
(if yes, this confirms you have the authority to submit on the organisation's behalf)  
 Yes  No                      \*Name of organisation \_\_\_\_\_
3. \*Postal address \_\_\_\_\_
4. Email address \_\_\_\_\_  
*my email is my preferred method of contact*
5. \*Contact phone number \_\_\_\_\_
6. I would like to speak to Council in person about my feedback  
 Yes  No
7. Please tick a day/time you are available  
*or tick if you are available any time during 18, 19, 21 May*

	Tuesday 18 May	Wednesday 19 May	Friday 21 May
Morning			
Afternoon			
Evening			<i>Not available</i>

8. I would like to present in my own language, which is \_\_\_\_\_

If you would like to present in NZ Sign Language, please let us know so that we can make translation arrangements with you.

Please note: All submissions will be treated as a public documents and will be made available on Council's website. However, you may request that your contact details (but not your name) be withheld. If you want your contact details to be withheld, let us know by ticking this box.











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