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Sponsor/Group:	Strategy, Growth and Planning Group

Financial Contributions Policy

Ko te Puutaketanga Purpose

1. Council is required to have a policy on financial contributions as a component of its funding and financial policies in its Long-term Plan (LTP) under section 102 of the Local Government Act 2002 (LGA). This Policy meets this requirement.

Ko te Whaanuitanga Scope

2. This Policy gives effect to the provisions of [Chapter 24](#) and [Appendix 18](#) of the Operative District Plan (ODP) relating to financial contributions for new residential development within Hamilton City (see Attachment 1). The current Financial Contribution charges are calculated in accordance with the ODP and can be viewed in the [Schedule of Fees and Charges](#) on Council's website.
3. The Policy does not apply to non-residential development. Residential development within the Peacocke Precinct Area will not be required to pay financial contributions unless the activity does not comply with one or more of the standards established through Plan Change 5 in the ODP as specified in Appendix 18.1 (a) to (e).

Ko ngaa Whakamaaramatanga Definitions

4. Terms used in this policy have the same meaning as defined in [Volume 2 Appendix 1, 1.1.2](#) of the District Plan. All key and additional terms are stated below.

Term	Definition in this Policy
bedroom	means an area of a residential unit that is not: a) the kitchen (including any open plan dining area), bathroom(s), laundry and toilet(s), b) one living area (whether open plan or not), c) entrance halls and passageways, d) garage, and e) any other room smaller than 6m²

betterment	means restoration and protection as required under Te Ture Whaimana.
Council	means Hamilton City Council.
Development Contribution	means a separate charge under the Local Government Act 2002, distinct from financial contributions, used to fund infrastructure related to growth.
developer	means any individual entity or group undertaking development.
development	means any subdivision, building (as defined in section 8 of the Building Act 2004), land use, or work that generates a demand for community infrastructure, reserves or network infrastructure; but does not include the pipes or lines of a network utility operator.
discount factor	means a factor that can be applied to the calculation of the Te Ture Whaimana financial contributions that can reduce the total amount of financial contribution required to be paid.
inflation factor	means Producer Price Index (PPI) outputs rate. The inflation factor adjusts the financial contribution on an annual basis to account for inflation of project costs.
land value	has the same meaning as “land value” under the Ratings Valuations Act 1998.
LGA	means the Local Government Act 2002.
infrastructure	means network infrastructure, community infrastructure or reserves.
Operative District Plan (ODP)	means the Hamilton City Operative District Plan
Peacocke Precinct Area	means the geographic area within the District Plan , designated for urban development under Plan Change 5.
Policy	means this Financial Contributions Policy.
Projected Unit of Demand (PUD)	is a standard unit, where a residential unit is considered a residential unit of demand. A non-residential 100m ² gross floor area development is a non-residential unit of demand.
residential unit	means building(s) or part of a building that is:

	a. used, or intended to be used, only or mainly for residential activities; b. occupied, or intended to be occupied, exclusively as the home or residence of not more than one household.
required	means the point at which Council determines, by written notice or by a condition of consent, that a financial contribution must be provided. This requirement stage identifies when the obligation arises. It does not mean that payment is due at that time. Payment becomes due only when Council issues an invoice at the relevant milestone specified in this policy.
RMA	means the Resource Management Act 1991.
studio unit	means a residential unit with living areas combined into one main room (e.g. kitchen, lounge, and bedroom may be open plan with bathroom and toilet facilities in a separate room).
Te Ture Whaimana	means the vision and strategy for the Waikato River set out in Schedule 2 to the Waikato-Tainui Raupatu Claims (Waikato River) Settlement Act 2010.

Ko ngaa Tikanga Policy

Stages at which financial contributions may be required, invoiced and paid

Permitted activities

5. In accordance with the ODP Rule 24.4.1, for permitted activities, financial contributions will be required, by written notice, prior to either the grant of a building consent or service connection, whichever comes first.
6. Where a financial contribution is required on a building consent or service connection, financial contributions will be invoiced and must be paid prior to Code Compliance Certificate being issued or at the time of application for a service connection, whichever comes first.
7. For building work in connection with a small standalone dwelling which is not yet consented under the Building Act, financial contributions will be required prior to the grant of a project information memorandum.
8. Where a financial contribution is required on a project information memorandum, financial contributions will be invoiced on the grant of the project information memorandum.

9. Where a certificate of acceptance is necessary, financial contributions will be required prior to granting of a certificate of acceptance.
10. Where a financial contribution is required on a certificate of acceptance, financial contributions will be invoiced on the grant of the certificate.

Activities other than permitted activities

11. For all classes of activities other than permitted activities, in accordance with clause 24.4.1b of the ODP, financial contributions will be required as a condition of land use or subdivision consent.
12. Where a financial contribution is required as a condition of subdivision consent, financial contributions will be invoiced and payable prior to the issue of a 224c Certificate which will be withheld until payment is received.
13. Where a financial contribution is required as a condition of land use consent, financial contributions will be invoiced and payable as specified in the consent condition, and if not specified, before commencing any activity authorised by the consent.
14. Subject to clause 15 below, where a development triggers multiple requirements for financial contributions, Council will consolidate those requirements into one invoice.
15. Upon receipt of further information regarding the final form of the development, which results in variation to the consent, or a new consent, or a revised or new certification under the Building Act, Council reserves the right to issue a new or updated requirement for a financial contribution.
16. Where there is insufficient information to determine the final residential demand type at the event at which a financial contribution is required, each vacant residential lot or residential unit will be assessed at the three-bedroom rate, being one PUD.

Terms of payment

17. Unless otherwise stated in this policy, once an invoice for financial contributions is issued by the Council financial contributions are payable within **30 working days** of the invoice date.
18. Council retains the right to pursue standard debt collection processes if financial contributions remain unpaid.

Contribution of Land and Land and Money

19. Refer to rules 24.4.3 and 24.4.4 of the ODP which provide for financial contributions to be made in the form of land, or a combination of land and money, at Council's discretion.

Discounts

20. Discounts of Financial Contributions will be in accordance with 24.4.2 (e) of the ODP.
21. The decision on the appropriate discount factor to apply to each financial contribution calculation will be determined by Council on a case-by-case basis. The discount factor will be based on development specific attributes and whether the purpose for financial contributions has been achieved through development on the site. Where applicable, a discount of up to 50% may be considered.
22. The discount factor cannot include consideration of development contributions paid as these are already excluded from the calculation of financial contributions. The discount factor has no weight or bearing on Development Contributions payable.

Credits

23. Council may provide a credit against a financial contribution where it can be demonstrated, to Council's satisfaction, that:
 - a. Pre-existing units were legitimately established on the site prior to the application for resource consent, or building consent.
 - b. Financial contributions have previously been paid, for the purpose of which it was sought, for the increased units of demand generated by the development.
24. Credits for existing PUDs attach to the parent lot and are not transferable, unless all lots within the site are in common ownership or if authorised by Council at its sole discretion.

Refund of Financial Contributions

25. If development does not occur, subject to the surrender of any relevant resource consent and Building Act certification, the refund of financial contributions will be made in a manner consistent with section 110 of the Resource Management Act 1991.

Financial contributions expenditure

26. In accordance with Council's Revenue and Financing Policy, the level of funding for projects which achieve the purposes outlined in rule 24.2 but are not identified as funded projects in the Long-Term Plan, will reflect actual financial contributions revenue collected. No funding will be allocated to projects until the corresponding revenue has been collected.
27. The level of funding for projects which achieve these purposes, and are identified as funded projects in the Long-Term Plan, will be funded up to the relevant amount specified in the Long-Term Plan

Interpretation

28. This policy shall be interpreted and applied in a manner consistent with the provisions of the ODP.
29. In the event of any conflict between this policy and the provisions of the ODP, the ODP will prevail.

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Hamilton City Council - District Plan Chapter 24

24 Financial Contributions

24.1 Background

- a. The Resource Management Act 1991 empowers Council to collect financial contributions.
- b. Section 77E provides that Council may make a rule requiring a financial contribution for any class of activity other than a prohibited activity.
- c. Section 108 provides that when Council grants a resource consent, it may impose a condition of consent requiring that a financial contribution be made.
- d. A financial contribution taken by Council is for a different purpose to any development contribution identified in Council's current Development Contributions Policy and may be levied in addition to a development contribution.

24.2 General Purpose of Financial Contributions

24.2.1 To recover from developers a contribution in the form of money, or land, or a combination of both money and land, which:

- a. Avoids, remedies, or mitigates adverse effects of the proposed activity on the environment including, but not limited to, effects associated with:
 - i. Three waters/ transport network connections/ use; and
 - ii. Parks/ reserves/ open space network.
- b. Gives effect to Te Ture Whaimana, including its requirement for restoration and protection of the Waikato River and the relationship between the Waikato River and Waikato-Tainui, Waikato River Iwi, and the Waikato Region's communities and all other objectives and strategies contained within Te Ture Whaimana. These initiatives are in addition to the wider steps taken to give effect to Te Ture Whaimana via the Operative District Plan's objectives, policies, rules and methods which control land use effects on three waters infrastructure.
- c. To offset the adverse effects of subdivision and development on infrastructure not otherwise addressed by Council's Development Contributions Policy under the Local Government Act 2002.

24.2.2 In addition to these general purposes, more specific purposes are identified in the Financial Contributions Rules section of this Chapter.

24.3 Objectives and Policies

Objective	Policies
24.3.1 Financial contributions are required in accordance with the Financial Contributions Rules in order to: i. Avoid, remedy, or mitigate adverse effects of the proposed activity or development on the environment where these cannot be managed on site; ii. Give effect to Te Ture Whaimana, including the requirement for betterment; and iii. Offset the adverse effects of subdivision and development on infrastructure.	24.3.1a i. Require financial contributions for the purposes set out in the General Purpose Statement and the Financial Contributions Rules. ii. Determine the nature and amount of financial contributions in accordance with the methodology set out in the Financial Contributions Rules. iii. Financial contributions in the form of money must be paid before the proposed activity or development occurs. iv. Financial contributions in the form of land must vest in Council prior to completion of the activity or development. v. Financial contributions will be applied to the purpose for which they are required.

24.4 Financial Contribution Rules

24.4.1 General Rules

- a. For permitted activities, financial contributions will be required prior to either the grant of building consent or service connection, whichever comes first.
- b. For all classes of activities other than permitted activities, financial contributions will be required as a condition of land use or subdivision consent.
- c. Financial contributions required as a condition of subdivision consent will be payable prior to issue of 224c Certificate. Financial contributions required as a condition of land use consent will be payable as specified in the consent condition.
- d. Financial contributions will be in the form of money calculated in accordance with Rule 24.4.2, except where Council exercises its discretion to accept a financial contribution in the

form of land, or a combination of land and money, in which case the financial contribution will be calculated in accordance with Rules 24.4.3 and 24.4.4.

- e. Financial contributions for all residential development will be required for the purposes set out in the General Purpose Statement. Financial contributions will be calculated for the specific purposes in Rule 24.4.2 and in accordance with the methodology in Rule 24.4.2, Rule 24.4.3 and Rule 24.4.4.
- f. Financial Contribution's will be calculated on any additional new residential unit of demand.

24.4.2 Residential Development - Purpose of Contribution

- a. In addition to the general purposes described under the General Purpose Statement, financial contributions will be required for residential development for the following specific purposes:

- i. Three waters/transport infrastructure network:

- A. To avoid, remedy and mitigate the adverse effects of residential development that cannot be managed on-site, through a contribution to the recovery of infrastructure network costs incurred by Council associated with, but not limited to the following:

- 1. Three waters connections/ use; and
 - 2. Transport connections/ use.

But shall exclude any infrastructure works otherwise funded via Council's Development Contributions Policy.

- ii. Te Ture Whaimana:

- B. To give effect to Te Ture Whaimana, including its requirement for restoration and protection of the Waikato River and the relationship between the Waikato River and Waikato-Tainui, Waikato River Iwi, and the Waikato Region's communities and all other objectives and strategies contained within Te Ture Whaimana. through a contribution to the recovery of associated costs incurred by Council.

- C. These costs may include, but are not limited to:

- 1. Riparian enhancement;
 - 2. Wetland creation/ protection/ restoration/ enhancement;
 - 3. Erosion control measures;
 - 4. Ecological/ biodiversity enhancement;

5. Public access improvements to the Waikato River, including its tributaries;
6. Weed control measures;
7. Sediment reduction measures;
8. Waikato River/ Te Ture Whaimana education;
9. Restoration/ protection/ enhancement of waahi tapu and sites of significance.

But shall exclude any infrastructure works otherwise funded via Council's Development Contributions Policy.

- b. Financial contributions under Rule 24.4.2(a) will be calculated in accordance with the following methodology:
 - i. Three waters/ transport infrastructure network:
 - A. 100% recovery of actual costs incurred by Council, or estimated to be incurred, in relation to the connection.
- c. Refer Appendix 18 for calculation methodology for Te Ture Whaimana.
- d. Where a financial contribution is required under Rule 24.2.1 the level of the contribution shall be up to 100% of the actual or estimated costs, or land necessary to offset the adverse effects of subdivision and development on infrastructure.
- e. For the purposes of calculating the financial contributions, a discount factor will be considered by Council in the following circumstances:
 - i. Where the applicant proposed on-site mitigation or betterment measures which contribute to the purposes of the financial contribution in Rule 24.2.1.
 - ii. By way of example, but without limiting subparagraph (i), land provided to Council for reserves purposes (in addition to any statutory requirements) or protected planting.

24.4.3 Contribution of Land

- a. Where a developer offers land as a financial contribution, Council has the sole discretion to accept land as a substitute for a monetary financial contribution.
- b. Where Council exercises its discretion to collect a financial contribution in the form of land, the vesting of this land in Council must be a condition of any land use or subdivision consent.

- c. Vesting of land shall occur prior to Council issuing a s 224(c) certification under the Resource Management Act 1991 and prior to Council issuing a building consent under the Building Act 2004.
- d. The land value of the area of land provided shall not be less than the amount of a monetary financial contribution calculated under Rule 24.4.2.

24.4.4 Contribution of Land and Money

- a. In circumstances where Council exercises its discretion to collect a financial contribution in the form of a combination of land and money, the contribution must be assessed in terms of both Rule 24.4.2 and Rule 24.4.3.

24.4.5 Refund of Financial Contributions

- a. A refund of money paid or return of land will be provided in line with Section 110 of the Resource Management Act 1991.

Appendix 18: Financial Contributions

18.1 Financial Contributions: Calculation methodology and worked examples

The financial contribution charge is calculated by first identifying the total projected cost of relevant spending over 10 years. All residential developments will be required to pay financial contributions for Te Ture Whaimana.

Residential FCs

The basis for a financial contribution charge for residential development is the number of residential units with a reduced charge for studio, single and two bedroom residential units. This ensures that larger developments which have a greater effect on the physical and natural environment will pay a larger contribution.

Residential units within the Peacocke Precinct Area will not require financial contributions for Te Ture Whaimana unless the activity does not comply with one or more of the following standards established through Plan Change 5:

- a. MRZ—PREC1-PSP: R34 Maximum site coverage
- b. MRZ-PREC1-PSP: R35 Permeable Surfaces
- c. MRZ-PREC1-PSP: R36 Landscaping

- d. Rule 25.13.4.2 Stormwater
- e. Rule 25.13.4.5 Water Conservation Measures

Projected Unit of Demand Cost

The projected unit of demand (PUD) is a standard of unit used in a very similar way to the household unit equivalent (HUE) adopted in the DC Policy. It is necessary to combine the residential and non-residential demand into a single value for calculation so that the sum of the 10-year costs of activities identified under each contribution can be distributed across all types of development.

The PUD is this combined unit, where a standard residential unit is considered a residential unit of demand, and a non-residential 100m² GFA development is a non-residential unit of demand.

PUD's have been developed specifically for financial contributions so that they are distinguishable from development contributions.

Residential Units and non-residential GFA projections for the next 10 years are derived from the NIDEA 10-year projections (high) and the 2018 Waikato Integrated Scenario Explorer (WISE) forecasts. Current modelling projects 26,801.71 units of demand over the next 10 years, as broken down in Table 1.

Table 1: Dwelling projections for the next 10 years

Demand Type	Projected Units of Demand (PUD)
Residential Units	12,011.00
Non-residential (100m ² GFA)	14,790.71
Total	26,801.71

The financial contributions are calculated differently to acknowledge that non-residential development also has an effect on the Waikato River. As such, for Te Ture Whaimana, the total capital spending over 10 years is split equally across all PUDs over the same period to calculate the PUD Cost.

The cost per PUD in order to give effect to Te Ture Whaimana objectives is derived by the following formula:

$$\frac{\text{Total Te Ture Whaimana \$}}{\text{Total PUD}} = \text{Te Ture Whaimana \$ per PUD}$$

This formula is exclusive of GST and the inflation factor.

The cost to give effect to Te Ture Whaimana objectives sum to a total of \$53.3M over 10 years. The financial contribution charge is based on 50% of this total cost being allocated to growth.

\$26,650,000 is required from both residential and non-residential developments. The cost per unit of demand is derived by dividing this amount by the total estimated residential and non-residential units of growth as follows:

This means that the Te Ture Whaimana contribution is \$994.40 per PUD.

$$\frac{26,650,000}{26,801.71} = 994.40$$

Inflation Factor

The inflation factor adjusts the financial contribution on an annual basis to account for inflation of project costs.

The inflation factor will be based on the Producer Price Index Outputs rate provided by Statistics New Zealand.

Adjustments

The following adjustments to the below calculation methodology are to be made:

- a. A residential unit with a single bedroom or a studio unit will be charged at 0.33 of a PUD.
- b. A two-bedroom residential unit will be charged at 0.66 of a PUD.

A discount factor to reduce the total amount of financial contributions required to be paid may still be considered in addition to these adjustments.

The Calculation Methodology

The contribution any development might be required to pay is calculated based on the following four components.

Step 1 - Number of PUDS

The number of Projected Unit of Demand (PUDs) including bedroom-based adjustment.

The formula to calculate the number of projected units of demand including the bedroom-based adjustment is:

$(\text{Total number of studio and one bedroom residential units} \times 0.33) + (\text{Total number of two-bedroom residential units} \times 0.66) + (\text{Total number of three or more bedroom residential units or new vacant residential Lot's} \times 1) = \text{Number of PUDs}$

Step 2 - PUD Cost

Calculate the total PUD cost for the development. This is the Te Ture Whaimana contribution of:

\$994.40 per PUD

Step 3 - Inflation Factor

Determine the Inflation Factor based on Producer Price Index.

Step 4

The final financial contribution is calculated using the following formula: $[\text{Number of PUDs}] \times [\text{PUD Cost}] \times [\text{Inflation Factor}]$.

Step 5

Calculate development specific charge. Where determined applicable, add to the base charge up to 100% of the actual or estimated costs, or land necessary to offset the adverse effects of subdivision and development on infrastructure in line with provision 24.4.2d.