



Statement of Proposal

Draft Development Contributions Policy 2024-2034

Draft for Consultation 21 March to 21 April 2024

Background

As new development occurs throughout the Matamata-Piako 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 develop property. They are used to fund capital works that are driven by the need to provide services to our growing communities.

Reasons for the proposal

We are required under legislation to review our existing policy every three years and to consult with the community on any changes we have proposed.

This Statement of Proposal includes:

- A summary of the proposed changes
- The reasons for the Policy
- 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 draft Long Term Plan 2024-2034 (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.

Issues

Growth

Matamata-Piako is projected to grow by around 3,179 residents between 2024 and 2034. Over the next 30 years the population is expected to grow by more than 10,000 people with 5,000 extra dwellings, and continued industrial and commercial expansion. This growth will create the need for water, wastewater, roads, stormwater, parks, reserves and community facilities beyond what normal levels of service and maintenance provides for. We are proposing to charge Development Contributions for roads, water, wastewater, and stormwater.

Development Contributions help fund growth

Our current Development Contributions Policy came into force on 1 July 2021. It affects most people and companies developing new residential, commercial or industrial land and buildings. Like the 2021 Development Contributions Policy, the Policy 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 and non-residential development 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.

Types of activities that may be funded

We may charge development contributions to help fund:

- Network infrastructure - the provision of roads and other transport, water, wastewater, and stormwater collection and management
- Community infrastructure - the provision of the following assets if we own and operate them:
 - Community centres or halls for the use of a local community or neighbourhood, and the land on which they are or will be situated
 - Play equipment that is located on a neighbourhood reserve
 - Toilets for use by the public
 - Reserves

This Policy covers only the provision of network infrastructure (roads, water, wastewater and stormwater). Other community infrastructure activities may be considered during subsequent revisions.

When Development Contribution can be charged

There are four stages where a development contribution will be paid:

- When a subdivision or land use consent is approved under the Resource Management Act 1991
- Where a certificate of acceptance is issued under the Building Act 2004
- When a Code of Compliance Certificate is issued for a building consent under the Building Act 2004
- When authorisation is given for a network connection to a service such as water or wastewater

Main changes to the Policy

Schedule of Development Contributions and Projects

The schedule of development contributions is included in section 6 of the Policy, these calculations are based on the forecast growth and funding required for projects funded from growth.

We are required to include information on the projects that are funded from development contributions. These are set out in Schedule 1 of the Policy and referred to in Section 3.2 and Section 4.3 of the Policy.

Updated Growth projections

Council has adopted some updated growth projections, based on Te Ngira figures. These have been incorporated into the policy and development contribution model to calculate the applicable contributions per ward.

Analysis of reasonably practicable options

Council could:

- Retain the current policy of funding growth from development contributions
- Remove development contributions altogether
- Reduce reliance on development contributions over a period of time
- Cap development contributions at a certain level

- Partially fund development contributions from other sources

Any change to the proposal in our Policy for funding growth for the activities we have identified through development contributions would also need to take in to consideration where the shortfall in funding would be sourced from and our rationale for doing so as part of our Revenue and Financing Policy.

The key options considered are as following:

Option 1 – Developers pay for growth

We currently charge development contributions to people who are developing property (subdivisions, residential and non-residential developments that trigger the criteria in the Policy). These payments ensure that developers share the costs of additional infrastructure that is caused by their developments (e.g. additional/upgraded roads, increased capacity for water and wastewater etc), rather than funded by ratepayers. Under our Policy, the bigger the development is (based on floor area or Household Equivalent Units), the more the developer has to pay.

Charging developers for the cost of the growth they create reflects the fact that they will benefit directly from the development.

Advantages	Disadvantages
Growth is funded by those (developers) who are creating the additional demand.	Because growth is difficult to predict, the costs we charge developers may not accurately reflect the impact their individual development has on our services.
Ratepayers do not have to pay for growth and this helps keep rates at an affordable level.	Charging developers could present a barrier to development.

Option 2 – Ratepayers pay for growth

Ratepayers may benefit indirectly from growth through increasing employment opportunities and extra money being brought into our community. One way we could reduce barriers to growth would be to stop collecting development contributions or reduce our reliance on them over time; this would remove an additional cost to development in our district.

Advantages	Disadvantages
The reduced cost of development may encourage more growth in the district.	Rates will increase to cover the costs of growth. Some may view this as unfair.
If reduced development costs are passed on, new sections and housing may become more affordable.	Extra costs caused by growth are not met by those (developers) who create the additional demand.
	There are no guarantees that this approach will increase growth.
	Ongoing rate increases to pay for growth could become unsustainable and difficult to plan for if

	growth increases.
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Option 3 –Developers and ratepayers share the cost of growth

Alternatively, developers and ratepayers could share the cost of growth.

Advantages	Disadvantages
The reduced cost of development may encourage more growth in the district.	Extra costs caused by growth are not met by those (developers) who create the additional demand.
If reduced development costs are passed on, new sections and housing may become more affordable.	Rates will increase to contribute to the costs of growth.
	Extra costs caused by growth will not be wholly met by those (developers) who create the additional demand.
	There are no guarantees that this approach will increase growth.
	Ongoing rate increases to pay for growth could become unsustainable and difficult to plan for if growth increases. There are no guarantees that this approach will increase growth.

LGA Statutory and Policy Considerations

Section 102 Funding and Financial Policies

A local authority must, in order to provide predictability and certainty about sources and levels of funding, adopt a policy on development contributions or financial contributions. [Section 102(2)]

The policy on development contributions must support the principles set out in the preamble to Te Ture Whenua Maori Act 1993. [Section 102 3A(a)]

The policy must be consulted on publicly in accordance with Section 82 [Section 102 4(a)]

Section 106 Policy on development contributions or financial contributions

(2) The policy must

- (a) summarise and explain the [total cost of capital expenditure] identified in the long-term ... plan [, or identified under clause 1(2) of Schedule 13] that the local authority expects to incur to meet the increased demand for community facilities resulting from growth; and
- (b) state the proportion of that [total cost of capital expenditure] that will be funded by—
 - (i) development contributions:
 - (ii) financial contributions:
 - (iii) other sources of funding; and

- (c) explain, in terms of the matters required to be considered under section 101(3), why the local authority has determined to use these funding sources to meet the expected [total cost of capital expenditure] referred to in paragraph (a); and
 - (d) identify separately each activity or group of activities for which a development contribution or a financial contribution will be required and, in relation to each activity or group of activities, specify the total amount of funding to be sought by development contributions or financial contributions; and
 - (e) if development contributions will be required, comply with the requirements set out in [sections 201 to 202A]-201 to 202A]; and
 - (f) if financial contributions will be required, summarise the provisions that relate to financial contributions in the district plan or regional plan prepared under the Resource Management Act 1991.
- (2A) This section does not prevent a local authority from calculating development contributions over the capacity life of assets or groups of assets for which development contributions are required, so long as—
- (a) the assets that have a capacity life extending beyond the period covered by the territorial authority’s long-term plan are identified in the development contributions policy; and
 - (b) development contributions per unit of demand do not exceed the maximum amount allowed by section 203.]
- (2B) Subject to subsection (2C), a development contribution provided for in a development contributions policy may be increased under the authority of this subsection without consultation, formality, or a review of the development contributions policy.]
- (2C) A development contribution may be increased under subsection (2B) only if—
- (a) the increase does not exceed the result of multiplying together—
 - (i) the rate of increase (if any), in the Producers Price Index Outputs for Construction provided by Statistics New Zealand since the development contribution was last set or increased; and
 - (ii) the proportion of the total costs of capital expenditure to which the development contribution will be applied that does not relate to interest and other financing costs; and
 - (b) before any increase takes effect, the territorial authority makes publicly available information setting out—
 - (i) the amount of the newly adjusted development contribution; and
 - (ii) how the increase complies with the requirements of paragraph (a).]
- (3) If development contributions are required, the local authority must keep available for public inspection the full methodology that demonstrates how the calculations for those contributions were made.
- (4) If financial contributions are required, the local authority must keep available for public inspection the provisions of the district plan or regional plan prepared under the Resource Management Act 1991 that relate to financial contributions.
- (5) The places within its district or region at which the local authority must keep the information specified in subsections (3) and (4) available for public inspection are—
- (a) the principal public office of the local authority; and
 - (b) such other places within its district or region as the local authority considers necessary in order to provide members of the public with reasonable access to the methodology, provisions, or plan.

- (6) A policy adopted under section 102(1) must be reviewed at least once every 3 years using a consultation process that gives effect to the requirements of section 82.

Section 201 Contents of development contributions policy

A development contributions policy must contain a schedule in accordance with section 202. [Section 201(2)]

Section 202 Contents of schedule

The schedule must specify the development contributions payable in each district for reserves, network infrastructure and community infrastructure. [Section 202(1a)]

The schedule must specify the events that give rise to a requirement for a development contribution under section 198 when granting a resource consent, a building consent or an authorisation for service connection. [Section 202(1b)]

Section 203 Maximum development contributions not to be exceeded

Development contributions for reserves must not exceed the greater of a) 7.5% of value of additional allotments created by subdivision and b) value equivalent of 20 square metres of land for each additional household unit or accommodation unit created by the development

Development contributions for network infrastructure or community infrastructure must not exceed the amount calculated by multiplying the cost of the relevant unit of demand calculated under clause 1 of Schedule 13 by the number of units of demand assessed for a development or type of development, as provided for in clause 2 of Schedule 13, and as amended for any Producers Price Index adjustment adopted in a development contributions policy in accordance with section 106(2B).

Section 204 Use of development contributions by territorial authority

A development contribution must be used for or towards the capital expenditure of the reserve, network infrastructure, or community infrastructure for which the contribution was required, which may also include the development of the reserve, network infrastructure, or community infrastructure; but must not be used for the maintenance of the reserve, network infrastructure, or community infrastructure.

See also:

Section 198 Power to require contributions for developments

Section 205 Use of development contributions for reserves

Section 206 Alternative uses of development contributions for reserves

Subpart 5 Development Contributions

Schedule 13 Methodology for calculating development contributions

Have your say


Whether you agree, oppose or you have suggestions on things we could change for this proposal or any other proposal, we want to hear from you.


You can make a submission between 21 March and 21 April 2024

For more information about this proposal, and to see what else we are consulting on, go to mpdc.govt.nz/ltp

Making a submission

 Go to mpdc.govt.nz/ltp to fill out the online form

 Drop off form to any MPDC office

 Mail to: PO Box 266, Te Aroha 3342

 Email: info@mpdc.govt.nz

Please be aware that submissions made to Council are public information. Your submission will be used and reproduced for purposes such as reports to Councillors, which are made available to the public and media.

Key Dates

Council adopt proposal for community consultation	20 March 2024
Submission period	21 March – 21 April 2024
Community present submissions to Council	8 May 2024 (9 May if needed)
Proposal is adopted	26 June 2024
New Development Contributions apply	1 July 2024