



Financial Contributions

The logo for Veros, featuring a blue triangle to the left of the word "Veros" in a white, bold, sans-serif font.

Purpose & Intent - Cost Recovery

Council perspective (revenue)

- Offset costs of providing infrastructure. Land or money.
- Act as 'offset' mitigation where adverse effects cannot be avoided or adequately mitigated. Consent specific. (FCs only)

Private sector perspective (cost and viability)

- Provision of adequate infrastructure to facilitate development.
- A development cost that must be recoverable through sales revenue.
Increase in cost, increase in end house and land value.
- If the ledger does not balance (insufficient margin), then development and growth does not occur.
- A cost paid up front, prior to any titles or sales revenue received.
- Subject to change through development. Multi-year projects. Risk.

Balancing Act

Approach

- Council needs to ensure growth is efficiently managed and accommodated so that the growth benefits the entire community.
- It does this by delivering infrastructure to support this growth in an efficient and cost-effective manner.

Balance

- The need for some infrastructure is brought about to meet additional demand created by development, so it is fair that the developer community (new home buyer) contributes significantly to these costs.
- However, new infrastructure & growth may also benefit the wider community, and so it is appropriate that they also contribute to the costs. An appropriate balance must be struck.
- Fair, equitable, and proportionate. Cause and benefit.

Legislative Framework

LGA – Development Contributions

- Through LTP - Linked to infrastructure strategy and capital programme delivery.
- Note amendments that restricted use. Only allows for proportionate charges where infrastructure benefits everyone in a community e.g. community infrastructure.

RMA – Financial Contributions

- Through District Plan and conditions of consent. Not limited to just infrastructure.
- Infrastructure Strategy and capital programme delivery should link to District Plan.
- Must be in accordance with the purposes specified in the plan and level of contribution needs to be determined as set out in the plan.

Double Dipping & Other Mechanisms

Double Dipping

- FCs and DCs cannot be used for the same purpose.

Other Mechanisms/Tools

- Development Agreements
- Targeted Rates
- Dedicated Land
- Central Government Funding
 - Grants
 - Subsidies
 - Interest Free Loans

Note: The Crown does not pay contributions.

FCs – Structure & Rationale

Structure

- Section in District Plan
 - Purpose, Issues and Effects
 - Objectives and Policies
 - Rules & Calculation

Rationale

- Avoids, remedies, or mitigates adverse effects of the proposed activity on the environment, including.....
 - Water, Wastewater, Stormwater, Roding, Reserves, Heavy Vehicles, Ecological, Te Ture Whaimana (restoration/protection of Waikato River) etc

Example – DP Structure

Chapter 65 **FINANCIAL CONTRIBUTIONS**

65.1 Purpose

Council's functions under Section 31 of the Resource Management Act include establishing and implementing methods to achieve integrated management of the [effects](#) of the use, [development](#), or protection of [land](#) and associated [natural and physical resources](#), the control of any actual or potential [effect](#) of the use, [development](#) or protection of [land](#) and the control of [subdivision](#). The charging of [financial contributions](#) is an important mechanism in carrying out those functions and ensuring that there are positive [effects](#) on the environment which avoid, remedy or mitigate any adverse [effect](#) resulting from land development including [subdivision](#).

65.2 Resource Management Issues

The following resource management issues have been identified as significant:

65.2.1 New subdivision and development places additional demand on capacity of infrastructural services and the extension of those services.

The [effects](#) of [subdivision](#) and land development on the environment are significant, arising from the need to dispose of [wastewater](#), stormwater and waste and the need to provide other services such as a [water](#) supply, recreational reserves, sports grounds, and community services such as libraries. There is also the very significant impact of additional traffic generated imposing additional pressure upon the [existing](#) [road](#) [infrastructure](#) and requiring the provision of additional [road](#) [infrastructure](#).

The integrated management of the [effects](#) of [development](#) and the [effects](#) on infrastructural services is important to ensure the health and safety of the community.

Objectives, Policies and Methods

The following objectives, policies and methods apply to all zones throughout the City.

Objective 65.3

To maintain and enhance the health, safety, wellbeing of people and the amenity and cultural values of the City while sustaining physical resources for use and [development](#) for future generations.

This objective relates to Issues 65.2.1; 65.2.2; 65.2.3; and 65.2.4

Policies

In order to achieve this objective the Council will:

65.3.1 Mitigate the built [effects](#) of [land](#) uses by means of providing reserve areas, recreational reserves, both active and passive, and facilities.

65.3.2 Impose [financial contributions](#) at the time of [subdivision](#) and/or land development to mitigate any adverse [effects](#) on [infrastructure](#), [amenity values](#) and provide for people's health, safety and wellbeing.

65.3.3 Provide for the integrated management and control of the [effects](#) of the use, [development](#) and [subdivision](#) of [land](#) within the City.

Example – DP Structure

Table 1: Residential and Rural Financial Contributions

Development Area	Non-Local Off-Site Contributions (\$ per lot/unit unless stated otherwise)	Local Off-Site Contributions (\$ per lot/unit unless stated otherwise)
INFILL		
Urban Infill	\$17,876	\$1,802(stormwater)
Multi-storey Jervoistown: Full Urban ¹	\$15,859 \$17,339	\$45,829 per ha (stormwater) \$68,183

¹ This option will only proceed if 75% of landowners in Jervoistown want and agree to pay for full infrastructural services

RESIDENTIAL		
Citrus Grove ²	\$17,296	\$557 (share of common sewer pumping main)

² Developers expenses will also include costs for:

1. Infrastructure shown in Appendix 27 (Structure Plan).
2. A stopbank along the Taipo Stream or ground raising with imported fill
3. Stormwater disposal to Saltwater Creek.

Table 2: Commercial and Industrial Financial Contributions

Development Area	Total Contribution (\$)	Water Supply Contribution Either			Wastewater Contribution Either	Stormwater Contribution	Roads & Transportation Contribution		
		Non-Residential based		Gross floor area (\$ per m ²)	plus	Pervious land area (\$ per m ²)	Gross floor area (\$ per m ²)	Land area* (\$ per m ²)	Per every new lot/unit (\$)
King/Guppy ³	\$16,535			4.13	plus	1.55	2.88	2.82	6,882
Lagoon Farm ³	\$17,168			5.16	plus	1.55	3.60	2.82	6,882
		i Offices & shops		4.13	plus	1.55	2.88	2.82	6,882
		ii Medical Clinics/Hospitals		5.16	plus	1.55	3.60	2.82	6,882
		iii Warehouses/ Factories/Network Utility Operations		2.07	plus	1.55	1.44	2.82	6,882
		iv Unsealed yards		-		1.55	-	0.72	6,882
		v Churches		\$2066 per church	plus	1.55	\$1441 per church	2.82	6,882
		Residential based		Population		Population			
				\$ per head		\$ per head			
		vi Residential Care Facilities		155	plus	1.55	108	2.82	6,882
		vii Travellers' Accommodation		155	plus	1.55	108	2.82	6,882
		viii Day Care Centres		78	plus	1.55	54	2.82	6,882

³ Developers expenses will also include costs for:

1. Infrastructure shown in Appendix 27 (Structure Plan).

Mission Special Character Zone⁴ \$14,518 (accepts Rese in land as shown in App

- Comprehensive approach.
- Complicated calculation.
- Greater clarity in DP.
- Difficult to navigate.

Example – DP Example

SECTION 16: FINANCIAL CONTRIBUTION RULES

16.1 GENERAL

This section sets out the requirements for financial contributions. These matters include the obligations of developers in terms of providing services to subdivision or developments requiring a land use or subdivision resource consent. This section details the purpose, circumstances, and the maximum amount of the contribution.

All activities shall comply with the following requirements (in addition to the rules, performance standards and/or permitted activity conditions in each Zone).

16.2 RECREATION AND CIVIC DEVELOPMENT CONTRIBUTIONS

16.2.1 CONTRIBUTION PURPOSE

To provide for the acquisition and development of reserves and public open space for recreational purposes.

16.2.2 CONTRIBUTION CIRCUMSTANCES AND AMOUNT

1. Circumstances in which contributions may be imposed as conditions of a resource consent:
 - (a) As a condition of a subdivision consent in any Zone;
 - (b) As a condition of a land use consent in any Zone.
2. Maximum amounts of contribution required as conditions of resource consents:
 - (a) 7.5% of the value of the additional allotments created by a subdivision; and/or
 - (b) The land equivalent of 20m² of land for each additional dwelling unit created by the development; or
 - (c) A combination of both, being no greater than either 9(a) or (b) would allow individually.
3. Form of contribution: Cash or land or both.



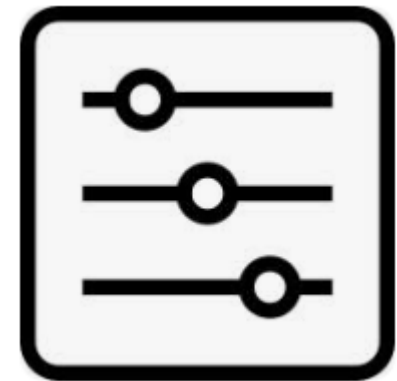
- Simple approach.
- Simple calculation at times.
- Relies on DAs for larger dev.
- Flexible but lacks transparency.
- Reliant on Council staff.

DP Sections:

- Recreation and Civic Development
- Road and Access
- Water Supply
- Sanitary Drainage & Trade Waste
- Stormwater
- Heavy Vehicle Traffic

FCs - Parameters

- Conditions must be in accordance with the purposes specified in the district plan.
- Must be calculated as set out in the district plan.
- Must be used for the purposes they are intended.
- Financial contributions in proposed plans do not have legal effect until a decision on submissions has been made and notified.



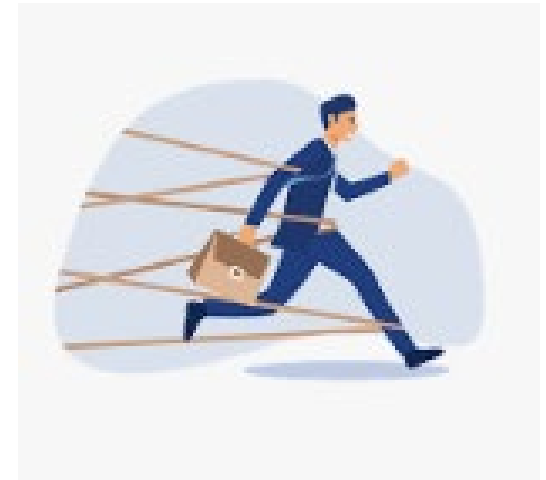
FCs – Benefits

- Deals with potential adverse effects on the environment that cannot be directly avoided, remedied, or mitigated.
- Provides a way to finance the extension or development of bulk services or other infrastructure costs as a result of specific development.
- Provides a way to ensure the adequate provision of reserves (including esplanade reserves/strips other than in relation to subdivision) to meet the community needs generated by the specific development.



FCs – Limitations

- Requires a plan change. Costly and time consuming.
- Can lack flexibility, albeit plans can reference that figures are subject to change annually.
- Use of a % can be a blunt tool that lacks transparency.
- Gifting of land does not necessarily/adequately offset cost.
- Effectiveness is only as good as the calculation/formula and the cost-effective/efficient coordination of infrastructure investment by Council.



FCs – Calculations

Reserves

- % of land value and/or provision of land. (Typically 7.5%)

Other infrastructure

- 100% of the actual or estimated costs, necessary to provide the new, or upgraded, or extended infrastructure.
- This can be calculated through the same methods/formulas used for DCs.
- Case by case.

Other matters/specific offsets

- Ecological offset
- Parking offset

Example – Longview, Hawera

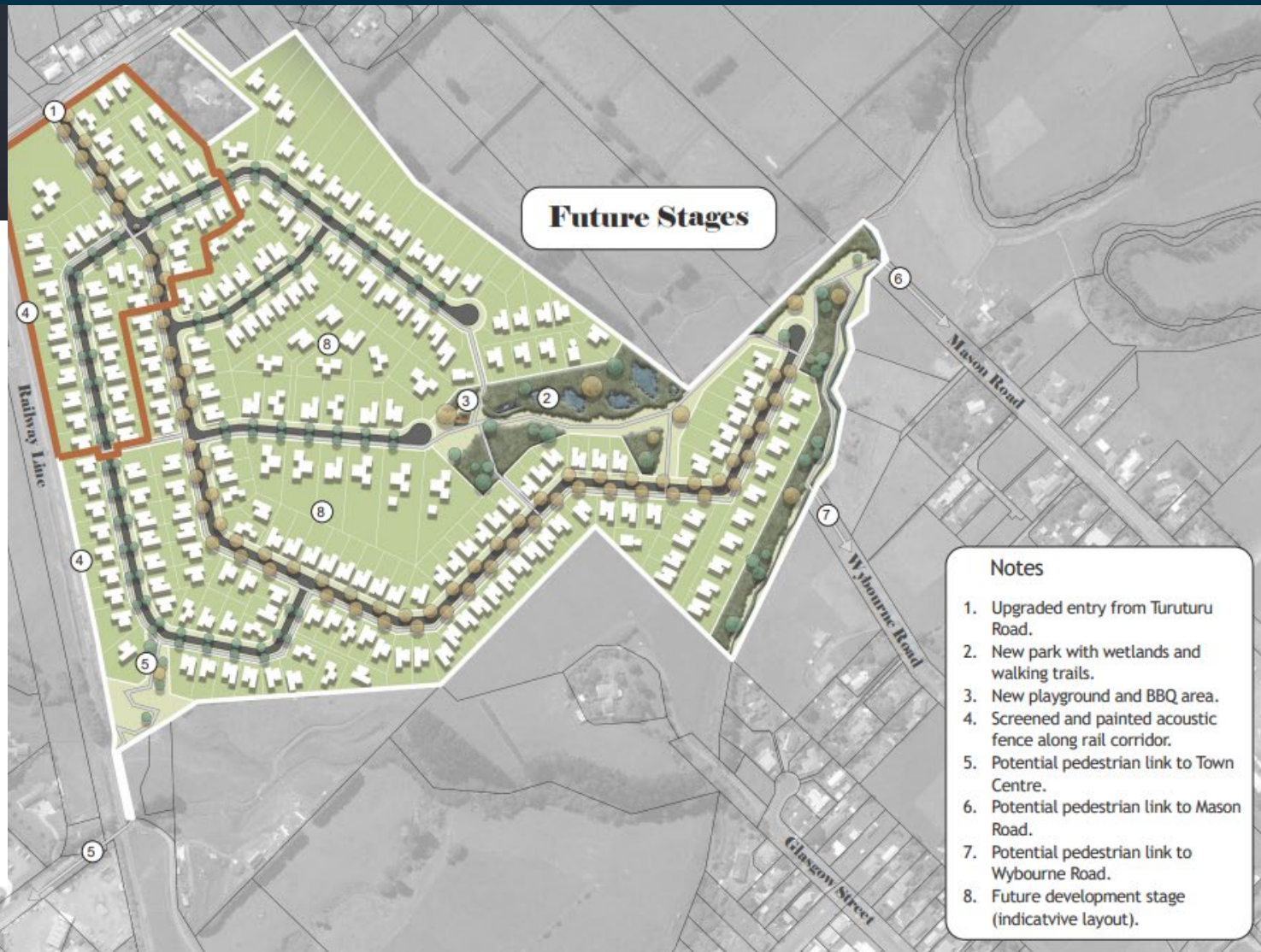
Longview

HĀWERA

Stage 1 – 62 lots

- 7.5% of value, and/or
- 20m² per lot in land
- \$940k or 1,240m²
- DA for planned watermain upgrade. \$1m project, with \$370k DC.
- Watermain delivered by private sector, saved Council 20% and on time.
- 15% of total dev. cost

Note: Additional contributions are required in other Structure Plan areas.



Example – Maea Fields, Matamata



MAEA FIELDS

Stage 1 - 91 lots

DCs (excl. SW)

- 9% of total dev. cost
- Council did not want reserve

FCs (hypothetical)

- 7.5% of value, and/or
- 20m² per lot in land
- \$2m or 1,820m²
- 10% of total dev. Cost

Impact of using FC

- 2% drop in Margin
- Ability to provide reserve Council did not want.

Example - Bourn Brook, Rototuna

BOURN BROOK

120 lots

DCs

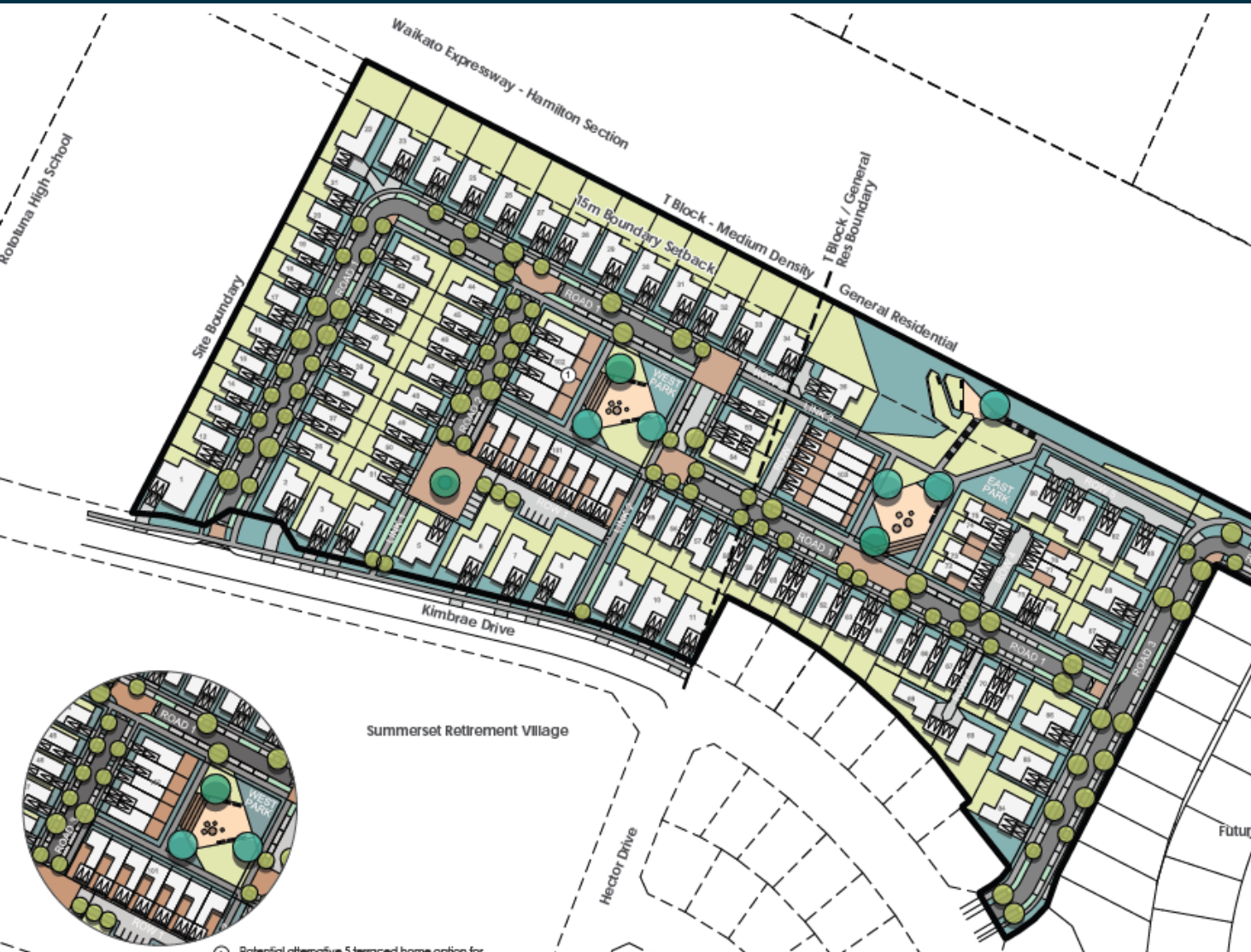
- 16% of total dev. cost
- No reserve offset

FCs (hypothetical)

- 7.5% of value, and/or
- 20m² per lot in land
- \$3.5m or 2,400m²
- 14% of total dev. Cost

Impact of using FC

- 2% increase in Margin
- Ability to provide reserve to offset that council may not want.



Example – Christchurch (Hybrid)

1.4 Financial contributions

The Council can require developers to pay financial contributions under the Resource Management Act 1991 (RMA) and the Christchurch District Plan.

The purpose of financial contributions is to enable the impact of a specific development to be mitigated. A financial contribution charge will therefore reflect what it will cost to offset or mitigate adverse effects on the natural and physical environment, including infrastructure services, caused by the new development.

The following financial contributions are provided for in the Christchurch District Plan.

1. Erection and use of temporary or relocatable buildings, including multi-unit developments, for workers' temporary accommodation until 31 December 2022: Refer to Christchurch District Plan section 6.4.5.2.2 and section 13.14.1.3.2.2.
2. Workers' temporary accommodation until 31 December 2022: Refer to Christchurch District Plan section 6.4.5.2.3.

The Council cannot collect both financial contributions and development contributions for the same purpose (asset) from the same development.

Financial contributions were to be phased out by 2021 under the RMA. However a change to the RMA in 2020 has removed the sunset clause. As a result, the Council may, in future, reconsider its use of financial contributions.

- Have used to respond to bespoke or specific needs. These have included:
 - Tree canopy
 - Carparking offsets
- Noted in specific sections of the District Plan as required.

Example – Hamilton City (Hybrid)



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;
 - ii. Three waters/transport network improvements;
 - iii. Three waters/transport capacity upgrades;
 - iv. Parks/reserves/open space network enhancement/improvement;
 - v. Streetscape amenity improvements;

Where the capital expenditure items identified in this rule are not otherwise funded via Council's Development Contribution Policy.

and

- vi. 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.

- Plan Change 12.
- Have used to respond to MDRS standards and resulting impacts.
- Have leaned heavily upon giving effect to Te Ture Whaimana.

Key Messages

- **Case by case.** Each development is unique. Infill vs greenfield.
- **Be transparent.**
- Provide **flexibility.** Adapt to market dynamics & community needs.
- Be **fair, equitable, and proportionate.** Cause and benefit.
- Use **strengths of private sector** to your advantage. Time & Cost.
- Effectiveness is only as good as:
 - the **calculation/formula**, and
 - the **cost-effective/efficient coordination** of infrastructure investment by Council.
- Be **cautious of creating confusion** around the two charging regimes or a perception of double dipping.

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