

How we set Development Contribution charges

Auckland Council's cost allocation methodology



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Purpose

This document shows how the council calculates development contributions (DCs) in accordance with the Local Government Act 2002 (LGA 2002). It is a separate document and should be read in conjunction with Auckland Council's Contribution Policy 2021. This document provides a plain English explanation of how development contributions are calculated along with a detailed description of how we meet our legislative obligations.

Please note that this is not a summary required in accordance with Section 201(1)(a) of the LGA 2002 that explains and justifies the way in which each development contribution is calculated. This has been included in paragraphs 101 to 105 of the Contributions Policy 2021, which sets out the steps used to calculate each contribution specified in Schedule 3 of the same policy.

Auckland's approach to meeting the statutory requirements

The development contribution principles set out in the LGA 2002 are considered when preparing a development contributions policy. The legislative requirements the council must comply with when calculating development contributions are illustrated in Appendix 1 and shown in Appendix 3. These are factors used in the council's Excel based model for calculating development contributions, the Auckland Council Development Contributions Cost Allocation Model (ACDCCAM). Appendix 3 also includes references to the paragraphs in this document where application of the statutory requirements is described.

The methodology adopted for the Contributions Policy 2021 has been refined and improved over time. Projects that were delivered under previous policies and legacy councils keep the methodology that was applicable at the time of delivery.

The legislation requires our methodology to be shown and for a schedule of contributions to be provided. This document and the schedule of assets to be funded by development contributions provides the full methodology for the calculation of development contributions for public inspection. The documents found in Section 6, Schedule 8, and Attachments B and C of the Contributions Policy 2021 describe in summary form the way in which contributions are calculated.

How we set development contributions 2021: Auckland Council's Cost Allocation Methodology - draft

There are two parts to this document:

Part One: Council's approach to setting development contributions.

Schedule 13 of the LGA, 2002 sets out the methodology which councils are required to use to calculate development contributions. This section details the key steps that the council follows in applying this methodology:

- a) Identify the total cost of capital expenditure that the council expects to incur through the long-term plan (LTP) (also known as council's 10-year budget) and in later years to meet the demand caused by growth:
- 1.1 Forecast the growth expected to occur in Auckland
- 1.2 Identify the degree of performance required of a particular activity, or level of service
- 1.3 Identify the total cost of capital expenditure the council expects to incur
- 1.4 Identify the proportion of the capital expenditure that can be attributed to growth
- b) Identify the share of expenditure attributable to developments
- 1.5 Within a district as a whole or parts of it, referred to as funding areas
- 1.6 Based on demand generated by a typical residential dwelling, referred to as units of demand
- 1.7 Categorised by development types as described in Schedule 2 of the Contributions Policy 2021.

LGA Schedule 13 (1)

When the steps above have been completed, the council stands back and considers the overall impact. Allocation of the cost of growth and the level of DCs may impact on landowners and developers, future buyers, ratepayers and the council's wider growth objectives. After considering the fairness and affordability of the impacts, the council may adjust the outputs before adopting a final contributions policy.

Please note that this document does not provide the outputs undertaken at each step mentioned above.

Part Two: Applying development contributions methodology to groups of activities

Part Two describes how the methodology for setting development contributions is applied to each of the activity areas reflecting the specific characteristics of demand for their services. The activities are:

	2.1 Transport
	2.2 Stormwater
	2.3 Reserve Acquisition
	2.4 Reserve development 2.5 Community infrastructure

Part One: The council's approach to setting development contributions

1.1 Forecasting Growth

- LGA s197AA
1. The council forecasts the scale, location and timing of population growth and related development to inform capital expenditure decisions. This information is also used to set DC prices.
 2. The forecast number of dwellings is calculated from a combination of historical consenting patterns and population data based on expected occupancy (3.1 falling to 2.7 persons per dwelling by 2051). Population is only directly related to dwelling construction in new areas where additional dwellings will result in additional population in the area. However, in partly developed or infill areas it could mean a mix of new residents and reduced occupation of existing dwellings. Forecasts of non-residential floor space are derived from employment growth forecasts.
 3. Forecasts of where growth will occur in the city by funding area are based on the Auckland Forecasting Centre i11 Growth Model, which forecasts housing and population growth in Auckland to 2051, and is based on Statistics New Zealand population projections. The locations for growth are based on the Auckland Unitary Plan which identifies areas for new development and intensification. It also outlines the nature of development allowed i.e. residential or non-residential. The timing of development in growth areas is informed by the Future Urban Land Supply Strategy (2017), the Development Strategy, the National Policy Statement on Urban Development 2020 (NPS-UD) and timing of capital expenditure investments set out in the 10-year budget. Given recent developments, the timing is adjusted by an expectation of when borders may open, and forecasts of future house price growth.

1.2 Level of Service

4. The council uses service levels to establish the nature of investment required to meet the needs of growth. Level of service standards are also used to identify areas of Auckland that are currently underserved by infrastructure. Combined, this information helps inform the council's priorities for investment in our capital expenditure programme.
5. Level of service statements for each activity are set out in Section 2.0 of volume 2 of the 10-year budget. These statements provide the key service level indicators for the activities. Detailed information on levels of service can be found in policies on service provisions which are separate to the 10-year budget. These documents provide the technical detail that is the basis for the council's service levels for each asset class. These policies and documents are:
 - Asset Management Plans
 - Open Space Provision Policy 2016
 - Parks and Open Space Acquisition Policy 2013
 - Community Facilities Network Plan.

1.3 Identify the total cost of capital expenditure

Allowance for costs to be included

Legislation requires the total cost of the capital expenditure the council expects to incur to meet increased demand resulting from growth to be included in development contribution calculations.

The legislation also imposes limitations requiring the exclusion of certain sources or types of funding such as operating and maintenance costs, subsidies, grants, developer funded works or rates funding.

LGA s106 (2)

6. The council establishes its capital expenditure (capex) programme by prioritising demands for infrastructure through the 10-year budget decision making process. The 10-year budget sets out the capital expenditure programme for each activity in Section 2 of Volume 2.
7. The capital expenditure in the 10-year budget identified as specific projects and programmes of investment. The Unitary Plan, Future Urban Land Supply Strategy and the Development Strategy inform the location and types of growth and where and when the council will invest in infrastructure. The exact timing and scale of growth infrastructure delivery is prioritised within the constraints of our overall budget position after considering the other demands for investment in the city.
8. The council's capex programme lists specific projects where these have been planned. Until consent applications are received, the council cannot determine exactly where and when landowners will seek to develop. Therefore, the council generally uses detailed projects for the first few years of the 10-year budget. Broader capital investment programmes are utilised for later years.
9. This ensures that the council can direct its capital investment to where it is most confident growth will occur. The council will also be including projects or programmes in growth areas beyond the timeframe of the 10-year budget when sufficient details about the infrastructure requirements becomes available. In addition, the council also uses programmes that operate over the life of the 10-year budget where the investment is commercially sensitive (such as for reserve acquisitions); and for ongoing programmes that support all of Auckland (such as transport safety).
10. The legislation specifically requires any operating or maintenance costs to be excluded from the calculation of development contributions. It also requires any funding from subsidies, third parties, developers, financial contributions, or other funding source for the project/programme to be declared. These costs and alternative funding sources are deducted from the project or programme costs to arrive at the net cost used in the contribution calculation.

LGA Schedule 10

LGA Schedule 10

LGA s 197AB(1)(g))

LGA Schedule 10 (3) (1)

LGA s 200(1)

1.4 Identify the share of expenditure attributable to growth

11. In allocating growth costs to DCs, the council considers the factors set out in the following table:

Type	Definition
Renewal	Maintains and continues the provision of services. Increases the physical integrity and remaining life of assets with no change to the asset base. A renewal project/programme may include a growth component
Level of service	Results in improved standards of quality, reliability, responsiveness, safety, comfort, flexibility, regulatory requirements or similar. May or may not result in new or additional assets. A service level improvement project/programme may include a growth component
Growth	Increased availability and capacity to cater for increased people, water, traffic or similar. Associated with an increase in the asset base – the number of assets, total area or length – as distinct from expenditure that is related to the existing community. A growth project/programme may include renewal or level of service components and may include demand generated by the existing community.

12. Projects and programmes may include elements of renewal, service level improvement and growth. In this case, the council apportions the cost between these outcomes based on the cause of the expenditure being incurred and the distribution of benefits between existing residents (renewal and level of service) and new development (growth).

13. The approach to apportioning capital expenditure between renewal, level of service and growth is based on the best information available on a project or programme basis. This varies between and within activities. The approach taken within each activity is set out in Part Two of this document.

14. Some projects and programmes are only delivering benefits to growth areas or only being delivered because of the need to manage the impact of growth. In these cases, the costs will be allocated to growth.

15. For programme budgets encompassing a wide range of related projects being undertaken across the region, the costs may be split based on evidence from similar historical projects or using population growth as a proxy for the share to be attributable to growth. Where population growth is used, the share of the project attributable to growth is based on the expected population growth as a proportion of population at the end of the period.

16. Legislation requires the council to consider the period over which the benefits of growth-related capital spending will accrue and to attribute costs between this community over time.

Cost allocation – intergenerational equity

Legislation requires costs to be attributed between different parts of the community after consideration of (amongst other matters) the community outcomes to which the activity contributes, and who causes and benefits from the expenditure being incurred. The legislation requires consideration of the period over which the benefits of growth-related capital spending will accrue and attribution of costs between the growth community over time, including “new” growth occurring during the long-term plan period and “future” growth occurring after year ten.

LGA s 197AB(1)(b)

17. Section 101(3) of the LGA, 2002, one of the principal pieces of legislation used in allocating costs, requires analysis at an activity level¹. While some contribution calculations work at an activity level, common practice is to work to project level. Wherever possible, cost allocation is carried out at least at a programme level and preferably at the more detailed project level, to enable more refined analysis and transparency.

LGA s101(3)

Screening provisions

Legislation imposes limitations requiring the exclusion of certain sources or types of funding, such as operating and maintenance costs, subsidies, grants, developer funded works, financial contributions, and rates funding.

18. In allocating growth costs to DCs, the council also considers the factors set out in the following table:

Factor	Considerations for growth cost allocation to DCs
Activity that can be funded from DCs	The LGA 2002 sets out what activities and types of infrastructure can be recovered through development contributions. Any growth-related capital expenditure that is not able to be funded by development contributions is excluded.
Other funding sources	Development contributions cannot be used for any project or part of a project that is funded from another source. Any growth-related capital expenditure to be funded by third parties such as Waka Kotahi New Zealand Transport Agency (WKNZTA) is excluded from the allocation to DCs. Funding from other third-party sources such as grants, developer funded works and any funding from financial contributions and targeted rates is excluded.
Capacity absorbed by existing development	Some of the increased capacity delivered by a project or programme may be absorbed by existing residential and commercial development. This factor is considered in determining the share of growth investment to be paid for through DCs, and the share to be paid for through rates (because it is funding “backlog” or level of service improvements to existing residents and businesses).

LGA s202

LGA s200 (1)

LGA s197AB(1)(a)

LGA s197AB(1)(b)

¹ Activities are a grouping of council functions required for development contributions as listed in Schedule 1 of the Contributions Policy

Factor	Considerations for growth cost allocation to DCs
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Growth capacity over time	The growth capacity of capital projects differs. Some projects will provide capacity for the level of growth forecast over the next ten years. After that time additional investment will be required to support further development. Other projects will provide sufficient capacity to accommodate the growth expected to occur over a longer time frame than ten years. DCs only recover the proportion of costs of the project expected to be consumed by growth within the period of the 10-year budget. If a project will provide additional capacity for 10,000 Household Equivalent Units (HUEs) in the first ten years and a further 10,000 HUEs in the following ten years then only half the project cost is included in calculating the cost attributable to DCs in the period to be covered by this policy. The same principle applies for growth expenditure included in the DC policy for infrastructure delivered after the next ten years.
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1.5 Determining funding areas

19. Legislation requires us to total all capital expenditure (at an activity or group of activities level) within the whole or part of a district (or funding area) and to share that expenditure by assessing the unit of demand, (the demand generated by a typical residential dwelling) on the impact of growth.

LGA s 197AB(1)(d)

LGA s 197AB(1)(g)
20. The council allocates infrastructure projects and programmes to funding areas based on:
 - the nature of the infrastructure (transport, stormwater, reserves and community infrastructure) and the population that it serves, which may be at a regional, sub-regional or local level.
21. Regional funding areas are used for infrastructure such as the City Rail Link or regional parks that:
 - are an integral part of a regional network
 - enable growth to occur across the region
 - benefit all development across the region to a similar degree
 - are available to the whole community without barriers for access and use.
22. Sub-regional funding areas are used for infrastructure such as arterial roads and suburban parks that:
 - are an integral part of a sub-regional network
 - enable growth to occur across the sub-region
 - benefit all development across the sub-region to the same extent
 - are primarily for the use of developments within the sub-region
 - are available to the whole community without barriers for access and use.
23. Local funding areas are used for infrastructure such as stormwater ponds, neighbourhood parks and transport projects that enable local development that:

- benefit multiple developments
- are primarily for the use of residents within the local area.

24. Some programmes deliver a range of smaller projects across multiple areas. When the nature of the benefits or the drivers of demand are similar across the region, and the costs of providing the infrastructure are likely to be the same irrespective of location, then they will be grouped together at the regional or sub-regional level.

1.6 Unit of demand factors

25. The council categorises developments into development types based on the typical demand for infrastructure generated by these kinds of developments. Differing units of demand are assigned to each development type so that the level of contributions charged reflect the demand these developments place on the need to invest in infrastructure. A small ancillary dwelling, such as a minor residential unit (sometimes referred to as a “granny flat”), will be charged less for transport and reserves than a standard residential dwelling. This reflects the fact that small ancillary dwellings generally have lower occupancy than standard residential dwellings and place less demand on these council services.

26. Units of demand for a development type may vary based on the infrastructure activity. For example, a retail development will be charged the same for stormwater as an attached residential unit with the same amount of impervious surface area. However, a retail development will be charged more for transport.

27. Unit of demand factors are based on the Household Unit Equivalent (HUE) which is the demand generated by a typical residential dwelling. Depending on the nature of the activity, unit of demand factors may be applied as per the table below.

Factor HUE applied to:	When factor is used
Per Unit	Used for some types of residential development where there is a relationship between number of units and demand for an activity (e.g. between units in retirement village and transport demand).
Per room	Used for residential care homes and student accommodation.
Per set area of Gross Floor Area (GFA)	For residential development, where demand for the activity relates to number of occupants (e.g. transport and reserves). Larger dwellings will be charged more than smaller dwellings, reflecting the fact that larger dwellings tend to have more occupants than smaller ones.
Per set area of Gross Development Area (GDA)	For non-residential development for transport contributions. This reflects the relationship between development size and demand for transport e.g. a mall will generate significantly more traffic movements than a small office unit.
Per set area of Impervious Surface Area (ISA).	For stormwater contributions excluding detached dwelling units. Stormwater demand is directly related to the amount of ISA. Developments with large areas of impervious surface will pay more than those with small amounts of impervious surface.

Per allotment

For subdivisions (residential and non-residential).

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1.7 Development types

28. The council sets its development types to attribute units of demand to developments or types of development on a consistent and equitable basis. In setting the development types, the council considers the:
- a) need to separate residential and non-residential activities because of the different demands they place on activities of the council
 - b) range of residential development types and scales
 - c) range of non-residential development types and scales
 - d) complexity of trying to make the policy account for every different development type
 - e) availability of data to support differential unit of demand factors for various types of development.
29. The demand on council services varies widely across different forms of non-residential activity. Non-residential developments, particularly Retail and Production/Distribution, can be used for a range of non-residential activity that have differing demands on infrastructure. The nature of the activity undertaken in these developments can vary over time. The council has therefore grouped non-residential development types into broad categories based on average demand.
30. Residential dwelling types are set reflecting the generally lower demand more intense development places on the need to invest in infrastructure. In addition, sub-categories of detached and attached dwelling units based on size are used. These reflect the higher average occupancy levels of larger dwellings and hence the demand they place on the need to invest in infrastructure. This analysis was informed by dwelling size and occupancy rates obtained from Statistics New Zealand.

LGA Schedule 13
clause 2

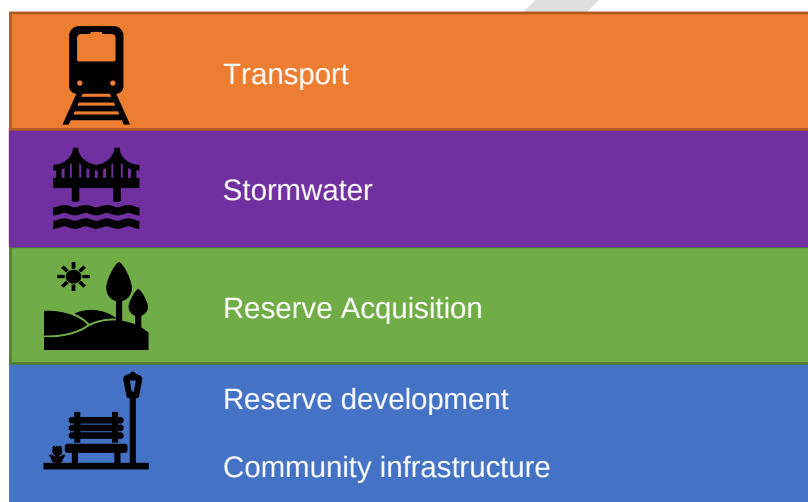
LGA s 197AB (1) (g))



Part Two: Applying development contributions methodology to groups of activities

2.0 Introduction

31. This colour coded section sets out for the transport, stormwater, reserve acquisition, reserve development and community infrastructure activities², the approach taken to:
- planning
 - allocating the cost of projects and programmes between renewal, level of service and growth
 - allocating projects to funding areas
 - determining demand factors for development types.



² Exclude contributions for water and wastewater which is collected by Watercare Services Limited

2.1 Transport

2.1.1 Transport planning

32. Auckland has seen rapid growth in recent years, which has a significant impact on travel demand and Auckland's transport system. Auckland is home to almost 1.7 million people. This growth has been reflected in population, but also in increased new car registrations, annual vehicle kilometres travelled, and regrettably, in deaths and serious injuries on our roads.
33. Auckland's population is expected to increase by at least 260,000 over the next ten years and a further 400,000 by 2051. Population growth and increase in travel demand have placed significant pressure on Auckland's transport system, leading to congestion, increased travel times, and reduced accessibility to employment, education and other activities.
34. The Auckland Regional Land Transport Plan 2021-31 (RLTP) has been updated to enable Auckland to address its transport challenges and take advantage of future growth, while at the same time enabling the creation of an accessible, well-connected, safe and sustainable region. The challenges outlined in the RLTP include:
- climate change and the environment
 - safety
 - access
 - travel choices.
35. The RLTP includes Auckland Transport's funded capital programme (appendix 1 of the RLTP), and Auckland Council's contribution to the City Rail Link. These are consistent with the capital programme in the 10-year Budget 2021-2031. The RLTP also includes the transport programme for Waka Kotahi the NZ Transport Agency (appendix 2), the KiwiRail Infrastructure Capital Programme (appendix 3) and Department of Conservation programme (appendix 4), although these are not subject to development contributions.
36. The RLTP includes significant investment to improve the capacity and functionality of the Auckland transport system. Funded improvements include:
- public transport (e.g. new bus lanes and electric trains),
 - active transport (e.g. new/extended cycleways and footpaths),
 - network capacity and performance (e.g. dynamic lanes and traffic light synchronisation),
 - safety (e.g. upgrades to high-risk intersections and routes), and
 - corridor improvements.
37. Improvements are designed to work together to deliver a transport system that facilitates Auckland's growth. While some projects provide additional transport capacity specifically targeted to new development (e.g. new and upgraded corridors in growth areas), others provide improved transport choices (e.g. public and active transport) or improved corridors (e.g. safety improvements and upgrades to existing corridors such as Lake Road in Devonport) for the benefit of new and existing Aucklanders.
38. Given these considerations, the following sections set out, for the transport activity, the approach

LGA Schedule 10

LGA s197AA

taken to:

- allocate the cost of transport projects between renewals, level of service and growth
- allocate projects to funding areas
- determine demand factors for development types.

2.1.2 Cost allocation between renewals, level of service and growth

39. Due to the nature of the transport network, and the availability of the network to all Aucklanders, a significant portion of the capital expenditure programme included in the RLTP has been deemed to benefit all Aucklanders, existing and new, to the same extent. This recognises that growth is a key investment driver, but the cost of projects may not be fully attributed to new development. For example, public transport capacity improvements provide benefits to new Aucklanders, as well as allowing existing Aucklanders to shift travel modes. In addition, growth is just one of several factors contributing to Auckland's worsening safety record since 2014. The costs allocated to development for much of the RLTP transport programme are split based on the population growth as a share of future population.

LGA Schedule 10 (3)

40. However, for some projects, infrastructure can be linked to development in a specific area. In these circumstances, the methodology aims to allocate the cost to growth in that area.

41. For 10-year budget projects and programmes where growth is one of the investment drivers, the allocation of costs between growth and renewals and level of service uses one of the following approaches:

- Projects that have cost allocations from previous policies or legacy councils have had their cost allocations carried forward.
- As part of their development, some new projects included in the 10-year budget have been the subject of project-specific transport modelling, studies and/or calculations. Where available, the results of this analysis are used to arrive at a project-specific cost allocation.
- For all other projects and programmes that don't have legacy cost allocations or detailed project-specific information available, costs are split based on the population growth as a share of future population within the relevant funding area.

2.1.3 Allocation of projects to funding areas

42. The following types of projects and programmes are considered to have equitable benefits across the region and are therefore allocated to the regional funding area:

LGA s 197AB(1)(g)

- Extensions of the rapid transit network. These provide network capacity and access improvements for the benefit of all Aucklanders. Examples include the purchase of new electric trains and Airport to Botany Rapid Transit Network (including Puhinui bus-rail interchange).
- Projects that increase the capacity of the wider network with equitable benefits across the region. Examples include city centre bus and ferry improvements which provide capacity and access improvements to users across the region.
- Programmes that add capacity or improve the existing network across the region (i.e.

infrastructure improvements that are spread geographically across Auckland). An example is the road safety programme.

- In some cases, several related programmes/projects have been grouped together to form a regionally funded programme. An example is park and ride improvements where the RLTP identifies detailed projects for the first few years, with a broader capital investment programme funded in later years.

43. While a significant portion of the infrastructure included in the 10-year budget, and which the council intends to deliver beyond this period, serves the region as a whole, there are a number of infrastructure works that can be attributed to a more localised area. Several transport projects benefit a sub-regional part of Auckland (i.e. North, West, Central or South Auckland) while others provide benefit to a smaller more localised area. These decisions are informed by an assessment of the area of benefit using either transport modelling or an assessment of the projects scale and interconnectivity.

2.1.4 Unit of demand factors

44. Transport demand factors are calculated using data on the daily volume of trips generated from each development type. Development types generating more trips are charged a higher demand factor.
45. Research is available in New Zealand and overseas for a range of trip generations by different land use types. Information available for the New Zealand environment, which is still relatively current, has been given a higher weighting than overseas data.
46. Adjustments are made to raw trip generation data for non-residential development types for the following reasons:
- weighting to reflect that residential development has the strongest link to population growth
 - type of trip
 - transport scale economies.

Residential development weighting

47. The primary driver of the requirement to provide additional transport infrastructure, is population growth. DCs are charged to development and the strongest connection to population growth is through residential development. Non-residential development creates demand on infrastructure and these developments benefit from regional and sub-regional transport investment. However, given the population growth driver the unit of demand factors for non-residential development are adjusted to reflect the residential origin of the trips. Therefore, a 50 per cent reduction in primary trips is made to non-residential development types.

Trip Type

48. Non-residential development types generate different types of trips, each of which have differing impacts on the transport network.
49. Trip generation data identifies different types of trip:
 - non-pass-by trips – direct from one location to the final destination without stopping
 - pass-by trips – has one or more stops before reaching the final destination.
50. Each of the trip generation types places different demand on the need to invest in transport. Pass-by trips to a location are not the principal drivers of demand for transport services but do measure benefit. Raw trip generation data is adjusted proportionately to the share of non pass-by and pass-by trips made.

Transport Scale Economies

51. Non-residential development is generally much less dispersed than residential development and usually more closely aligned to public transport hubs. Economies of scale are made when providing transport infrastructure for non-residential development. Therefore, a further reduction of 33 per cent is made to non-residential development types for efficient use of the network.



2.2 Stormwater

2.2.1 Stormwater planning

52. Growth planning for effective stormwater management in the Auckland region requires integrated planning between Auckland Council, its CCOs and other agencies involved in land development to support anticipated population and economic growth.
53. Forecasting is used to analyse the cost of infrastructure requirements for the future years of the LTP. This forecast is developed using the following inputs:
- projected growth based on the Auckland Forecasting Centre i11 growth model
 - where growth will occur based on the Future Urban Land Supply Strategy 2017, Development Strategy, 30-Year Infrastructure Strategy and the National Policy Statement on Urban Development 2020 (NPS-UD)
 - assumptions on future infrastructure prices based on historic trends, and the topographical and environmental (i.e. flooding and geology) nature of growth areas
 - how much land will cost based on a projection of future land prices
 - levels of service based on several factors including the number of flood events, number of properties affected and water quality standards for our beaches and coastal environments.
54. The future demand on the stormwater network is mainly driven by increased imperviousness or paved areas. Impervious surfaces are increased when new dwellings are built to accommodate the increase in population. The increase in impervious surfaces is dependent on whether the new dwellings are built vertically or spread out.
55. Comprehensive stormwater modelling is used in catchment management and asset management planning. The plans outline available capacity on the existing networks and the location and magnitude of future critical investments to meet the needs of the growing region. Planning includes developing network models and preparing baseline stream survey reports for catchments that discharge into Consolidated Receiving Environments. The plans and models help identify existing and future issues in these catchments and provide a consistent baseline for development proposals to be assessed.
56. The specific nature of stormwater investment in high growth areas is largely unknown until later in the development cycle (plan changes or resource consent stage). Stormwater investment will depend on developers' exact plans and road layouts.
57. As a result, assumptions are made when determining the level of infrastructure provision that may be required. For example, it is assumed that land will be developed to its maximum potential. Standard cost assumptions are used to set the level of infrastructure provision, for example \$150,000 per hectare for greenfield land for networks. These standard cost assumptions are used as the separation between council-provided trunk infrastructure and developer-provided local infrastructure cannot be determined until late in the development cycle.

LGA s197AA

LGA s197AA

58. The standard cost assumptions are adjusted to reflect the variances in the cost of stormwater provision in different funding areas. The key factors that influence costs are:
- the geotechnical nature of the area
 - susceptibility to flooding
 - land prices and the fragmentation of land ownership.
59. Adjustments are made to the overall cost assumptions for projects to reflect how much should be funded by the council versus by developers. Programme cost estimation assumes that some of the works required to serve the catchment, will be undertaken by developers.
60. An estimate is made for each funding area based on the degree of land aggregation. Where there are a few large landowners within a catchment, these landowners are assumed to undertake some of the works. In these cases, council will not need to make these investments and will not charge these landowners development contributions for those works. Where land is more disaggregated, council will need to make the investment and recover the cost from benefiting landowners. Growth-related programme costs are allocated to funding areas using a weighted attribute matrix based on these factors.
61. As Auckland moves to being a water sensitive city, we are changing the way we value and manage stormwater by placing a greater emphasis on at-source and onsite management and the retention of streams and channels to provide a resilient network. This may require works within and along streams and channels to manage quicker runoff timings, higher peak flows and longer duration flows. These works, where required, are included as part of a stormwater management plan or integrated catchment analysis and reflected in the cost of infrastructure to be provided.
62. The cost of growth in areas where structure planning takes place is refined based on more detailed information about the nature of development. If the cost of growth is significantly higher or lower than the broader funding area(s) of the structure plan within, then we will consider the benefits of applying a specific funding cost to this area to fairly apportion and recover the cost of this growth.
63. Developers may benefit from stormwater works in two ways. Stormwater investment by the developer and/or council may manage the increased stormwater flows resulting from development. Developers may also benefit from stormwater investment upstream that reduce flooding thereby enabling land to be developed.
64. In some instances, the developer may be asked to construct infrastructure that benefits a wider catchment than just their own. This may be due to the stormwater management or catchment management plan for the area already signalling the need for a stormwater management device or pipe upgrade at that location. In these cases, the developer should discuss this with the council to agree a fair and equitable methodology to apportion the costs to reflect the wider benefit provided.

2.2.2 Cost allocation between renewal, level of service and growth

65. The asset management plan outlines the infrastructure required to support growth including activities such as managing urban flooding and the development of catchment management plans and flood modelling. For the activities that are not solely attributable to growth, costs are allocated between renewal, levels of service and growth as follows:

- growth, level of service and renewal allocations are assessed on a project-by-project basis. Consideration is given to the number of factors including the area being serviced, the number of assets being renewed, the proportion of environmental works between treated and untreated and the number of houses that are removed from the flood plain.
- if part of a growth project includes an existing asset being replaced, the cost is separated between renewal and growth by excluding the component of that cost that relates to replacement.
- if a project generates benefits to existing properties such as a reduction in flooding, costs are apportioned between level of service and growth based on the relative areas of impervious surface.

66. Programme cost allocation is based on the average split of renewal, growth and service level for historic projects.

2.2.3 Allocation of projects to funding areas

67. Stormwater projects that provide a regional benefit for both existing and new residents are allocated to the regional funding area. An example of a regional programme is regional catchment planning.

68. The sub-regional stormwater areas fall within urban Auckland area. Urban Auckland programmes are mainly catchment planning activities used to support decisions on investment in the stormwater network or to fund Infrastructure Funding Agreements and Parallel Funding Agreements with developers and other agencies that may deliver these works on the council's behalf.

69. Local funding areas are based around stormwater hydrological catchments that link areas that generate stormwater with the areas that receive the run-off. This ensures that the costs can be equitably shared between those that generate the demand, and those that receive the benefit of the infrastructure through reductions in flooding.

LGA Schedule 10 (3)

LGA s 197AB(1)(g)

2.2.4 Unit of demand factors

70. Demand for stormwater is based on the impervious surface area of a development.
71. For residential development an average approach is used. An average dwelling of between 100m² and 249m² is assumed to, on average, create 292m² of impervious surface area (ISA), based on legacy council average values.
72. All other developments are charged based on the actual ISA to be created. Any increase in impervious surface area will generate the same/ or similar water flows irrespective of the development type. The charge is converted to HUEs for the funding area based on how many HUEs of ISA will be created.

LGA Schedule 13 (1) (b)



2.3 Reserve acquisition

2.3.1 Reserve Acquisition Planning

73. Planning for reserve acquisition starts by forecasting demand for future open space. This forecast is developed using the following inputs:

LGA s197AA

- projected growth based on the Auckland Forecasting Centre i11 model,
- where growth will occur based on the Future Urban Land Supply Strategy 2017, Development Strategy, 30-Year Infrastructure Strategy and the National Policy Statement on Urban Development 2020 (NPS-UD) as well as plan changes, area plans and structure plans.
- the Open Space Provision Policy 2016, which sets provision metrics which guide the type, size and location of reserves required to support growth.
- the requirements of the Parks and Open Space Acquisition Policy 2013, which sets out the process by which the council prioritises and acquires land for parks and open space.
- structure plans that identify the nature of development within growth areas.
- how much land will cost based on previous expenditure and a projection of future land prices.

74. Programme budgets are committed to specific projects over time. The council does not publicly announce its purchasing intentions in advance to preserve its negotiating position. At the end of each financial year, a list of purchases completed within that year are outlined in a report to the Environment and Community Committee, which is available on the council's website.

2.3.2 Cost allocation between level of service and growth

76 The purchase of land is a one-off event and as such there is no renewal component for land acquisition.

77 Costs are apportioned between level of service and growth based on an assessment of the cause and benefit of the investment. As the council has prioritised reserve acquisition in growth areas, the cause of the acquisition will be primarily to meet the needs of new or future residents. Where a reserve acquisition will benefit both an existing developed area and new development, the proportion of costs allocated will reflect the relative proportion of existing and forecast new population that will fall within the catchment area of the park being acquired.

LGA Schedule 10

2.4.2 Allocation of projects to funding areas

78. Projects and programmes are allocated to funding areas based on the area that will benefit from the investment. The council uses the catchment areas identified in the Open Space Provision Policy to determine area of benefit. Catchments will vary depending on the type of park.

LGA s 197AB(1)(g)

79. Reserves are broadly allocated to funding areas as follows:

- Regional funding areas: Regional Parks, Sports Fields and Civic Spaces
- Sub-regional funding areas: Suburban Parks
- Local funding areas: Neighbourhood parks

2.4.3 Unit of demand factors

- 80 The council's level of service for open space is based on providing Auckland residents with easy access to parks. Residential developments differ in terms of their occupancy and hence potential demand for and benefit from parks. Residential development types have been determined based on average occupancy for different types and size of development e.g. detached dwelling or apartment.
- 81 Residential development types are charged for reserves based on their occupancy relative to the occupancy of a detached residential dwelling of between 100m² and 249m². The average occupancy of a detached residential dwelling unit of between 100m² and 249m² is 3.1 falling to 2.7 by 2050. Other development types have lower average occupancies and have unit of demand factors set at lower levels e.g. apartments of between 100m² and 249m² have a unit of demand set at 0.75 of the charge for detached residential dwelling of the same size. This analysis was informed by dwelling size and occupancy rates obtained from Statistics New Zealand.
- 82 New parks and open space are not provided by the council in areas that are purely commercial in nature e.g. industrial parks.

LGA Schedule 13 (1) (b)



2.4 Reserve development

2.4.1 Reserve Development Planning

83 Reserve development is of two broad types:

- development of new open space, generally on land acquired for that purpose in greenfield or large-scale brownfield development areas
- redevelopment of existing open space to support more intensive use that arises from population growth within the relevant catchment.

84 Reserve development planning starts by forecasting the future demand for the range of community services provided by open space. This forecast is developed using the following inputs:

LGA s197AA

- projected growth based on the Auckland Forecasting Centre i11 model
- where growth will occur based on the Future Urban Land Supply Strategy 2017, Development Strategy and 30-Year Infrastructure Strategy
- structure plans that identify the nature of development within growth areas
- local area service plans and/or open space network plans
- how much infrastructure will cost based on a projection of future prices
- local board priorities as set out in individual local board plans.

2.4.2 Cost allocation between renewal, level of service and growth

85 The split between renewal, level of service and growth for reserve development is undertaken at both a programme and project level.

86. Costs are apportioned between level of service, growth and renewal, based on an assessment of the cause and benefit of the investment. Where the investment relates to the redevelopment of an existing open space, the cost apportionment also includes consideration of any existing assets that are being renewed or replaced through the investment.

LGA Schedule 10

87. The catchment area for the relevant open space typology is used to determine the areas of benefit on a project-by-project basis. The share of benefit attributable to existing properties and projected growth within the area of benefit is then assessed. For example:

LGA Schedule 10

- neighbourhood park development will be assessed against current/projected growth within catchment of neighbourhood park (e.g. 400 metre walking distance)
- sports park investment is assessed against current/projected growth in demand based on a wider network assessment.

2.4.3 Allocation of projects to funding areas

88 Projects and programmes are allocated to funding areas based on the area that will benefit from the investment. For reserve development, the council uses the catchment areas identified in the Open Space Provision Policy 2016.

LGA s 197AB(1)(g)

89 The appropriate growth proportion of overall programmes and projects costs are broadly allocated to funding areas as follows:

- Regional funding area: sports field development and regional park development
- Local funding areas: neighbourhood playgrounds.

2.4.4 Unit of demand factors

- 90 Units of demand for reserve development and community infrastructure are set on the same bases as reserves acquisition, see section 2.3.4.
- 91 Non-residential developments are not charged for reserves or community infrastructure.

LGA Schedule 13 (1) (b)



2.5 Community infrastructure

2.5.1 Community Infrastructure Planning

92 Community infrastructure planning starts by forecasting the future demand for community infrastructure. This forecast is developed using the following inputs:

LGA s197AA

- projected growth based on the Auckland Forecasting Centre i11 model
- where growth will occur based on the Future Urban Land Supply Strategy 2017, Development Strategy and 30-Year Infrastructure Strategy
- structure plans that identify the nature of development within growth areas.
- the requirements of the Community Facilities Network Plan, which provides a road map for how the council will invest in community facilities over the next 20 years
- how much infrastructure will cost based on a projection of future prices
- Local board priorities as set out in individual local board plans.

2.5.2 Cost allocation between renewal, level of service and growth

93 The split between renewal, level of service and growth for community infrastructure is undertaken at both a programme and project level.

94 Costs are apportioned between level of service, growth and renewal, based on an assessment of the cause and benefit from the investment. Where the investment relates to the redevelopment of existing community infrastructure, the cost apportionment also includes consideration of any existing assets that are being renewed or replaced through the investment.

95 The catchment area for asset types is used to determine the areas of benefit on a project-by-project basis, based on the catchment areas for different services within the Community Facilities Network Plan.

96 The share of benefit attributable to existing properties and projected growth within the area of benefit is then assessed.

2.5.3 Allocation of projects to funding areas

97 Projects and programmes are allocated to funding areas based on the area that will benefit from the investment. The council uses the catchment areas identified in the Community Facilities Network Plan.

LGA s 197AB(1)(g)

2.5.4 Unit of demand factors

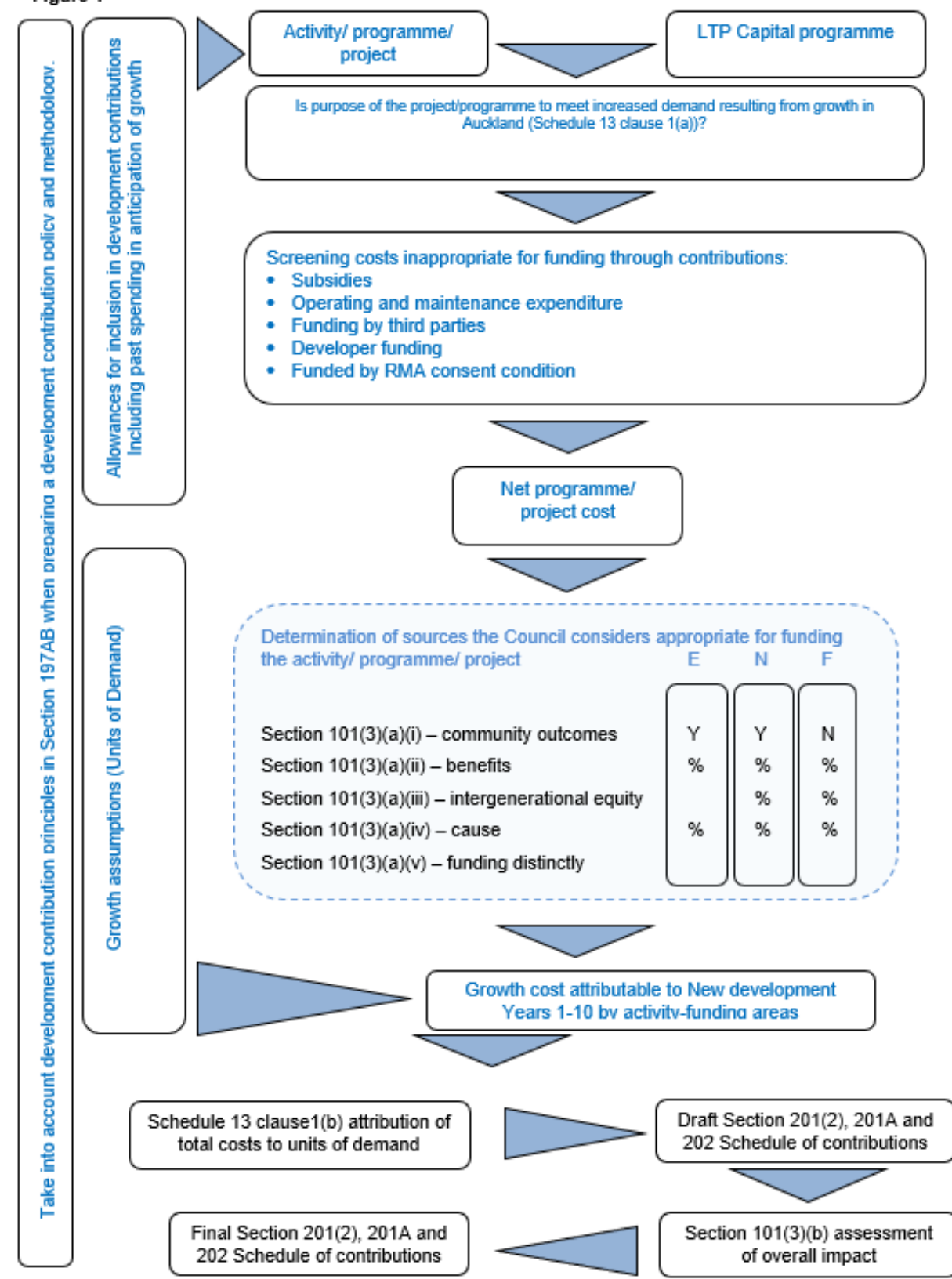
98 Units of demand for community infrastructure are set on the same basis as reserves acquisition, see section 2.3.4.

LGA Schedule 13 (1) (b)

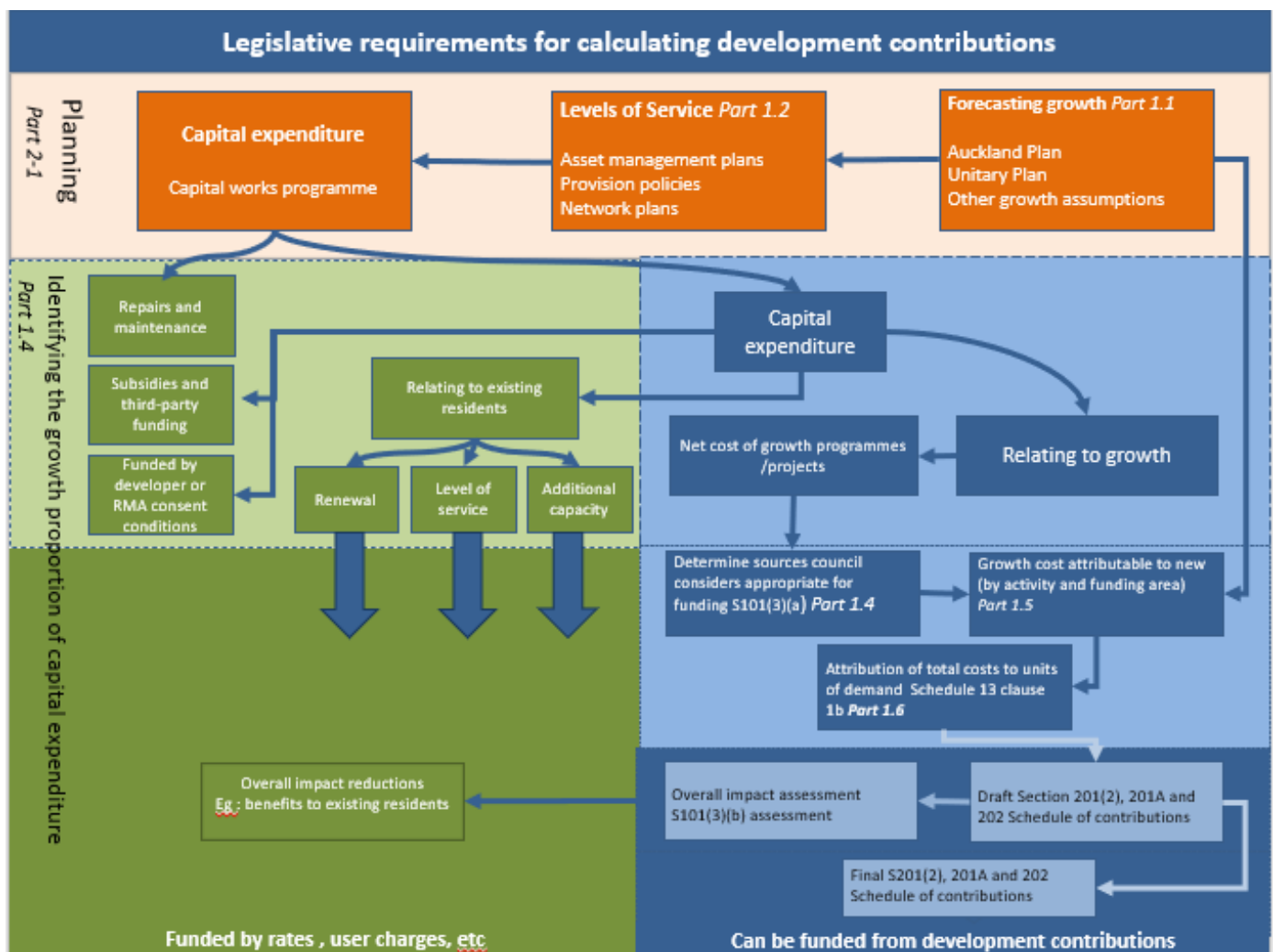
99 Non-residential developments are not charged for community infrastructure.

Appendix 1: Legislative requirements for calculating development contributions

Figure 1



Appendix 2: Growth Components – Funding Tools



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Appendix 3: Statutory requirements for calculating development contributions

Section reference LGA 2002	Content <i>Text from LGA is in italics</i>	Consideration required/ Result	Reference - this document (Paragraph)	Reference – Policy
Section 101(3)	<p><i>S 101 Financial management</i></p> <p><i>(3) The funding needs of the local authority must be met from those sources that the local authority determines to be appropriate, following consideration of,—</i></p> <p><i>(a) in relation to each activity to be funded,—</i></p> <p><i>(i) the community outcomes to which the activity primarily contributes; and</i></p> <p><i>(ii) the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and</i></p> <p><i>(iii) the period in or over which those benefits are expected to occur; and</i></p> <p><i>(iv) the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and</i></p> <p><i>(v) the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and</i></p> <p><i>(b) the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community.</i></p>	<p>Sets out five considerations to be used when determining whether development contributions are an appropriate source of funding for each activity:</p> <ul style="list-style-type: none"> • community outcomes • distribution of benefit • period over which benefits occur • cause • costs and benefits of funding distinctly <p>Consideration of overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental and cultural well-being of the community when determining whether development contributions are an appropriate source of funding for each activity.</p> <p>These considerations assist in determining activities which can be funded by development contributions and the funding areas that will apply to each activity.</p> <p>After making its cost allocation considerations under Section 101(3)(a) the council may deem it appropriate to shift the resulting cost allocation burden to address wider impacts on the community.</p>	16, 17	Schedule 5
Section 102(3A)	<p><i>102 Funding and financial policies</i></p> <p><i>(3A) The following policies must also support the principles set out in the Preamble to Te Ture Whenua Māori Act 1993:</i></p> <p><i>(a) The revenue and financing policy, the policy on development contributions or financial contributions, and the policy on the remission and postponement of rates on Māori freehold land adopted under subsection (1).</i></p> <p><i>(b) Any rates remissions policy or rates postponement policy adopted under subsection (3).</i></p>	<p>The council must consider how its contributions policy, along with its other funding and financial policies, supports the principles set out in the Preamble to Te Ture Whenua Māori Act 1993.</p>		20, 90, 91, 92 F, Attachment A

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Section reference LGA 2002	Content <i>Text from LGA is in italics</i>	Consideration required/ Result	Reference - this document (Paragraph)	Reference – Policy
Section 106(2)	<p><i>S106 Policy on development contributions or financial contributions</i></p> <p><i>(2) A policy adopted under section 102(1) must, in relation to the purposes for which development contributions or financial contributions may be required, -</i></p> <p><i>(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</i></p> <p><i>(b) state the proportion of that total cost of capital expenditure that will be funded by—</i></p> <p><i>(i) development contributions;</i></p> <p><i>(ii) financial contributions;</i></p> <p><i>(iii) other sources of funding; and</i></p> <p><i>(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</i></p> <p><i>(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</i></p> <p><i>(e) if development contributions will be required, comply with the requirements set out in sections 201 to 202A;</i></p> <p><i>(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.</i></p>	<p>The calculation methodology must produce summary tables that show the different sources for funding capital expenditure on an activity.</p> <p>Must be included in the policy:</p> <ul style="list-style-type: none"> • Summary and explanation • Proportion of total cost of capital • Total funding by source <p>Financial contributions are no longer used as a funding tool by the council.</p>	Section 1.3	<i>Schedule 4</i> <i>Schedule 5</i>
Section 106(3)	<p><i>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.</i></p>	<p>This is a reporting requirement enabling any person to see in detail the way in which development contributions are calculated. The detailed methodology need not be contained in the contributions policy, however, the council's cost allocation model is made available for inspection.</p>		

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Section reference LGA 2002	Content <i>Text from LGA is in italics</i>	Consideration required/ Result	Reference - this document (Paragraph)	Reference – Policy
Section 197AA	Purpose of development contributions <i>The purpose of the development contribution provisions in this Act is to enable territorial authorities 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.</i>	The council must take into account the purpose and principles of development contributions when preparing and applying the contributions policy under section 106 or requiring a development contribution under section 198.	Section 1.1 37, 53, 57, 73, 84, 92	Section 1 Overview and purpose
Section 197AB(1)(a)	Principles of Development Contributions Development contributions should only be required if the effects or cumulative effects of developments will create or have created a requirement for the territorial authority to provide or to have provided new or additional assets or assets of increased capacity.	There must be a genuine causative link between growth and the need for the expenditure which will be funded via development contributions. When operating the contributions policy, there must also be a link between an individual development and the works. This link forms part of a fundamental test that should be assessed for each development council intends to require development contribution from (the causal nexus). Development contributions have to be justifiable, fair and transparent.	18	Para 17, 21
Section 197AB(1)(b)	Principles of Development Contributions <i>Development contributions should be determined in a manner that is generally consistent with the capacity life of the assets for which they are intended to be used and in a way that avoids over-recovery of costs allocated to development contribution funding.</i>	A contributions policy should identify the capacity life of each asset or programme in terms of the unit of demand. This should be supported by information at a project level held outside of the policy that shows how this was determined. The council must also keep records of revenue collected to ensure it does not continue to charge for projects once their capacity life is taken up.	16, 18	
Section 197AB(1)(c)	<i>cost allocations used to establish development contributions should be determined according to, and be proportional to, the persons who will benefit from the assets to be provided (including the community as a whole) as well as those who create the need for those assets:</i>	The council should have a clear and documented cost attribution system to apply to each project to meet this requirement. This methodology must take account of causation, as well as beneficiaries of the work and should work without modification for 90% of projects.	12	Attachment B
Section 197AB(1)(d)	<i>development contributions must be used— (i) for or towards the purpose of the activity or the group of activities for which the contributions were required; and (ii) for the benefit of the district or the part of the district that is identified in the development contributions policy in which the development contributions were required:</i>	The council must use the development contributions revenue collected for a particular activity in a particular catchment, only towards that activity and only in that catchment.	Section 1.5	Para 29, 30, 31,32 Schedule 1

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Section reference LGA 2002	Content <i>Text from LGA is in italics</i>	Consideration required/ Result	Reference - this document (Paragraph)	Reference – Policy
Section 197AB(1)(e)	<i>territorial authorities should make sufficient information available to demonstrate what development contributions are being used for and why they are being used:</i>	Accounting records should keep track of how development contribution funds are expended. Where projects are undertaken ahead of development, the policy should include a schedule that clearly outlines the projects that development contribution are funding.		Schedule 8
Section 197AB(1)(f)	<i>development contributions should be predictable and be consistent with the methodology and schedules of the territorial authority's development contributions policy under sections 106, 201, and 202:</i>	Development contributions must be administered in compliance with the contributions policy.		Attachment B
Section 197AB(1)(g)	<i>When calculating and requiring development contributions, territorial authorities may group together certain developments by geographic area or categories of land use, provided that— (i) the grouping is done in a manner that balances practical and administrative efficiencies with considerations of fairness and equity; and (ii) grouping by geographic area avoids grouping across an entire district wherever practical.</i>	A council may group certain types/forms of development together for the purposes of operating the contributions policy. A council may group or combine growth costs for a particular infrastructure activity between areas within a wider catchment	9, Section 1.5, 28, 42, 67, 78, 88, 97	Para 29
Section 199	<i>Basis on which development contributions may be required</i> <i>(1) Development contributions may be required in relation to developments if the effect of the developments is to require new or additional assets or assets of increased capacity and, as a consequence, the territorial authority incurs capital expenditure to provide appropriately for— (a) reserves; (b) network infrastructure; (c) community infrastructure. (2) This section does not prevent a territorial authority from requiring a development contribution that is to be used to pay, in full or in part, for capital expenditure already incurred by the territorial authority in anticipation of development. (3) In subsection (1), effect includes the cumulative effects that a development may have in combination with other developments.</i>	Subsections (1) and (3) are similar to s.197AB(1)(a). See commentary above. Subsection (2) clarifies that development contributions can be used to recover the costs of future projects, as well as past projects. The contribution calculation methodology can include capital expenditure the council has incurred already but it must have been incurred in anticipation of a/the development. Subsection (3) provides that a development alone does not need to trigger the need for works. Rather, the individual development, together with other developments must create the need (i.e. cumulative demand).		Para 24
Section 200(1)	<i>(1) A territorial authority must not require a development contribution for a reserve, network infrastructure, or community infrastructure if, and to the extent that - (a) it has, under section 108(2)(a) of the Resource Management Act 1991, imposed a condition on a resource consent in relation to the same development for the same purpose; or</i>	Prohibits the council from requiring development contributions when infrastructure is funded in some other way.	10, 12, 18	

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Section reference LGA 2002	Content <i>Text from LGA is in italics</i>	Consideration required/ Result	Reference - this document (Paragraph)	Reference – Policy
	<p>(b) <i>The developer will fund or otherwise provide for the same reserve, network infrastructure, or community infrastructure; or</i></p> <p>(ba) <i>the territorial authority has already required a development contribution for the same purpose in respect of the same building work, whether on the granting of a building consent or a certificate of acceptance; or</i></p> <p>(c) <i>a third party has funded or provided, or undertaken to fund or provide, the same reserve, network infrastructure, or community infrastructure.</i></p>			
Section 201(1)	<p>Contents of development contributions policy</p> <p>(1) <i>If a territorial authority has determined to seek funding for community facilities under this subpart, the policy required by section 102(1) must include, in summary form, in addition to the matters set out in section 106,—</i></p> <p>(a) <i>an explanation of, and justification for, the way each development contribution in the schedule required by subsection (2) is calculated; and</i></p> <p>(b) <i>the significant assumptions underlying the calculation of the schedule of development contributions, including an estimate of the potential effects, if there is a significant level of uncertainty as to the scope and nature of the effects; and</i></p> <p>(c) <i>the conditions and criteria (if any) that will apply in relation to the remission, postponement, or refund of development contributions, or the return of land; and</i></p> <p>(d) <i>the basis on which the value of additional allotments or land is assessed for the purposes of section 203(1).</i></p>	This is a requirement for the contributions policy to hold sufficient information for a person to gain a reasonable understanding of the way in which development contributions are calculated.	Throughout this document	Schedule 3 Schedule 7 Para 104 - 108
Section 201(2)	(2) <i>A development contributions policy must contain a schedule in accordance with section 202.</i>	The calculation methodology must produce a schedule showing contribution amounts for different activities in different areas.		104-108 Attachment B

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Section reference LGA 2002	Content <i>Text from LGA is in italics</i>	Consideration required/ Result	Reference - this document (Paragraph)	Reference – Policy
Section 201A	<p><i>Schedule of assets for which development contributions will be used</i></p> <p>Requires the development contribution policy to provide a schedule detailing the assets or programmes that development contributions will fund, including:</p> <ul style="list-style-type: none"> • Each new asset or programme of works • the estimated capital cost • percentage funded by development contributions • percentage funded from other sources <p>Assets can be grouped together in logical format that reflect complete programme of works.</p> <p>The schedule(s) must include past and future assets, and separately for each activity for each catchment.</p>	<p>This is a reporting requirement enabling any person to see in detail which assets and groups of assets are to be funded by development contributions.</p> <p>The policy must produce a schedule showing assets and groups of assets grouped by activity and funding areas and the proportion to be funded by development contributions and other funding sources.</p>		Schedule 8
Section 202	<p>Reporting requirement to show in the schedule of development contributions required by Section 201(2) — the development contributions payable in each funding area, calculated in accordance with the methodology in respect of—</p> <ol style="list-style-type: none"> reserves; and network infrastructure; and community infrastructure. <p>The requirements are to report separately in relation to each activity or group of activities for which separate development contributions are required.</p>	<p>The calculation methodology must produce a schedule showing contribution amounts for different activities in different areas.</p>	18	Schedule 3
Section 204(1) and S197AB (d)	<p>A development contribution must be used for, or towards, the <i>capital expenditure</i> 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.</p>	<p>Only growth-related capital costs can be entered into the calculation methodology and they must be attributed to the activity and funding area for which they were required.</p>	Section 1.4	Para 25, 29
Schedule 10 clause 3(1)	<p><i>A long-term plan must, in relation to each group of activities of the local authority and for each financial year covered by the plan, include a statement of the amount of capital expenditure that the authority has budgeted to—</i></p> <ol style="list-style-type: none"> <i>meet additional demand for an activity; and</i> <i>improve the level of service; and</i> <i>replace existing assets.</i> 	<p>This requires the council to distinguish between three different types of capital expenditure. It is only capital expenditure that meets additional demand for an activity that can be considered for funding through development contributions.</p>	6, 7, 11 35, 39, 65, 77, 86, 87	Para 22
Schedule 13 clause (1)(1)	<p><i>In order to calculate the maximum development contribution in respect of a community facility or an activity or group of activities for which a separate development contribution is to be required, a requirement to first—</i></p> <ol style="list-style-type: none"> <i>identify the total cost of the capital expenditure that the local authority expects to incur in respect of the community facility, or activity or group of</i> 	<p>Total growth-related costs of capital expenditure (including borrowing costs) for an activity in each funding area must be shared fairly among all the growth units expected to take it up.</p>	25, 44, 71, 80, 90, 98	

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Section reference LGA 2002	Content <i>Text from LGA is in italics</i>	Consideration required/ Result	Reference - this document (Paragraph)	Reference – Policy
	<p><i>activities, to meet increased demand resulting from growth within the district, or part of the district, as the case may be; and</i></p> <p>b) <i>identify the share of that expenditure attributable to each unit of demand, using the units of demand for the community facility or for separate activities or groups of activities, as the case may be, by which the impact of growth has been assessed.</i></p>			
Schedule 13 clause (1)(2)	<i>A territorial authority may identify capital expenditure for the purposes of calculating development contributions in respect of assets or groups of assets that will be built after the period covered by the long-term plan and that are identified in the development contributions policy.</i>		28	
Schedule 13 clause (1)(3)	<p><i>The total cost of capital identified in subclause (1) may in part relate to assets intended to be delivered beyond the period covered by a territorial authority's long-term plan if—</i></p> <p><i>(a) the assets concerned are identified in the development contributions policy; and</i></p> <p><i>(b) the total cost of capital expenditure does not exceed that which relates to the period over which development has been assessed for the purpose of setting development contributions.</i></p>			Schedule 8
Schedule 13 clause (2)	<p>Attribution of units of demand to developments</p> <p><i>For the purpose of determining in accordance with section 203(2) the maximum development contribution that may be required for a particular development or type of development, a territorial authority must demonstrate in its methodology that it has attributed units of demand to particular developments or types of development on a consistent and equitable basis.</i></p>			Schedule 2