



# Development Contributions Policy | Summary

*As set out in the Christchurch City Three Year Plan*

Christchurch Ōtautahi

**Christchurch**  
City Council



# Introduction

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The purpose of this summary is to provide you with information about Christchurch City Council's Development Contributions Policy 2013-22. We hope that it will provide you with answers to your questions such as why do we have development contributions, who pays, when are they paid and what are they used for.

## How do I get more information on development contributions?

If you would like to know more about the Council's Development Contributions Policy 2013-22 including charges, how they are applied, what they cover and how they are assessed, you should visit [www.ccc.govt.nz/homeliving/buildingplanning/dcp/index.aspx](http://www.ccc.govt.nz/homeliving/buildingplanning/dcp/index.aspx)

If you need further information about your development, please contact the Council's Development Contribution Assessors at:

Development Contribution Assessors  
Christchurch City Council Civic Offices  
53 Hereford Street, Christchurch 8011

Phone: 941 8999 or 0800 800 169

Email: [developmentcontributions@ccc.govt.nz](mailto:developmentcontributions@ccc.govt.nz)

Website: [www.ccc.govt.nz](http://www.ccc.govt.nz)

The Local Government Act 2002 (LGA) allows a council to collect development contributions if the effect of a development or developments requires the council to provide new or upgraded infrastructure. A development contribution is a contribution from developers of cash, or in some cases land, to fund the additional demand for reserves, network infrastructure and community infrastructure created as a result of growth.

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# Christchurch is growing

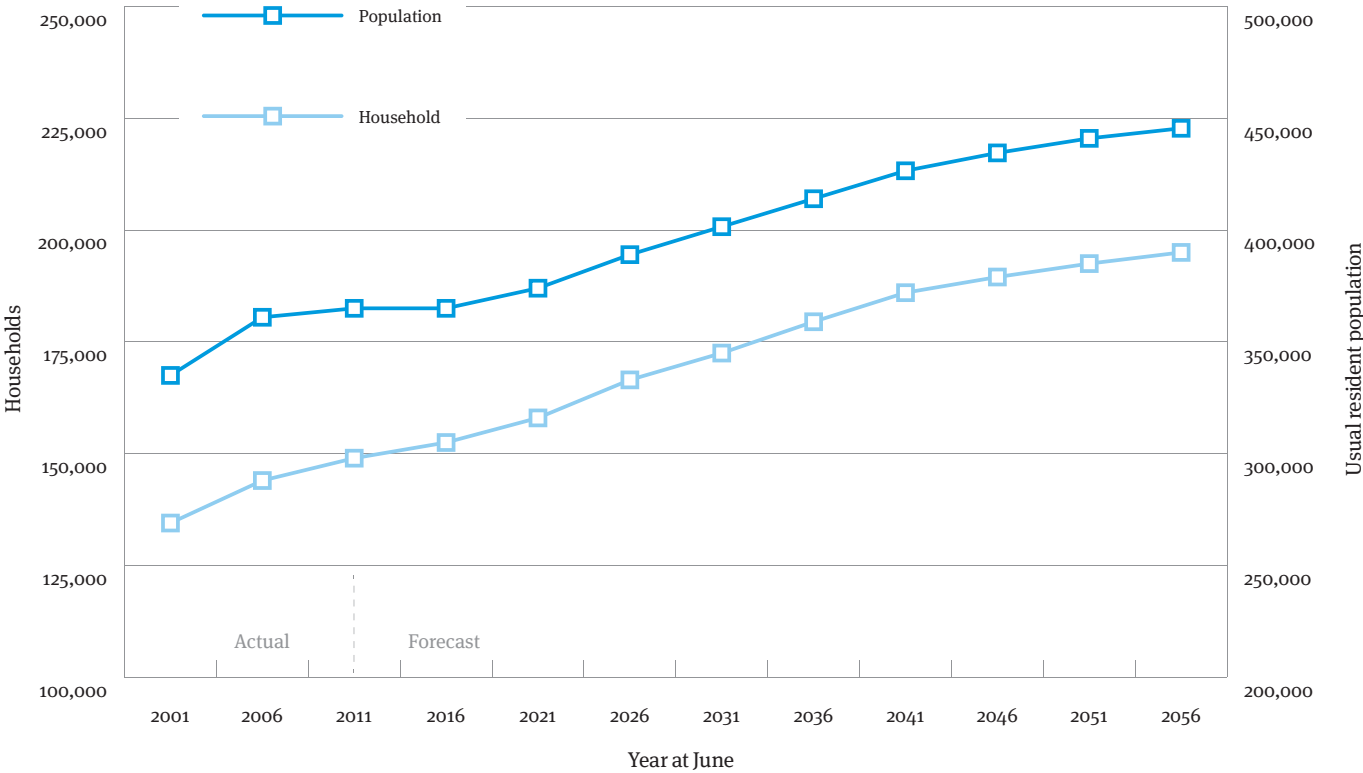
Over the next decade, Christchurch is expected to grow by more than 9500 households, or six per cent.

In the same time period, business floor-space is expected to grow by 10 per cent or 900,000 square metres.

This residential growth is being driven by both the building of new housing for those displaced from the residential red zone as well as demand from new Christchurch residents. On top of this, the Christchurch Central Recovery Plan has reaffirmed the substantial new residential development (up to 25,000 people) within the area of the four avenues. This growth in residential and commercial development will require new infrastructure for water, wastewater and sewerage, roads, stormwater, parks,

libraries and leisure facilities beyond that which already exists. The infrastructure to support this growth is expected to cost around \$545 million over the next decade. This development-related growth places a strain on existing reserves, network infrastructure and community infrastructure and raises valid questions about how the Council should fund such new infrastructure.

## Christchurch household and population growth



## Development contributions help fund this growth

Prior to 2004 the cost of development-related growth was met by ratepayers. This meant that ratepayers were effectively subsidising the cost of infrastructure required to meet the demands for growth. This was considered unfair and meant that ratepayers who had previously contributed were being asked to pay for new infrastructure that they were unlikely to use or need. As a result, the Christchurch City Council has, since 2004, asked those that cause the need for this expenditure or who benefit from the infrastructure to contribute towards the cost.

As a result, developers are asked to pay a development contribution on any development or subdivision that generates additional demand on infrastructure services as outlined in the Council's Development Contributions Policy. This includes when an existing residential section is subdivided into two, or extensions to existing commercial buildings which create additional floor space.



## Isn't that what we pay rates are for?

The cost of maintaining the infrastructure or for improving the levels of service associated with existing infrastructure are met from funding sources such as rates, not from development contributions.

Development contributions fund the costs associated with growth. As such, infrastructure to meet growth is paid for by those who create the need for that infrastructure and who benefit from it.

## What is the Council's Development Contributions Policy?

Under the Local Government Act 2002, the Council is required to have a policy on how it calculates and charges for development, including the assumptions on growth and the capital projects to support this growth. The Development Contributions Policy is an important tool in allowing Christchurch to grow effectively and efficiently.

Growth can only be accommodated when infrastructure is provided to the right standards, in the right place and at the right time. The Council sets the development contribution charges to ensure that they do not deter residential and commercial development. However, the Council must also consider that additional costs are not borne unfairly by residential rate payers.

## Who pays the development contributions?

The applicant and eventual consent holder for subdivision or land use consent, building consent or service connection will be responsible for paying the development contribution.

## When are development contributions required?

The Council will require a development contribution where:

- a particular subdivision or development proposal generates a demand for reserves, network infrastructure or community infrastructure; or
- the subdivision or development (either alone or in combination with another development) requires new or additional assets or assets of increased capacity (reserves or infrastructure) which causes the Council to incur capital expenditure; or
- this policy provides for the payment of a contribution in the circumstances of the development.

Applications lodged and granted on or after 1 July 2004 (the date on which the Council's Development Contributions Policy came into effect) will be subject to development contributions. For such developments, the Council will require that a development contribution be paid when:

- Resource consent (including a certificate of compliance) is granted under the Resource Management Act 1991 (RMA) for a development; or
- Building consent (including a certificate of acceptance) is granted under the Building Act 2004 for building work; or
- Authorisation for a service connection is granted.

Development contributions must be paid within 30 days of the invoice being issued.



## How does the Council determine development contributions?

In determining whether development contributions are an appropriate funding source to fund growth-related activities, the Council follows the process which is outlined in the Local Government Act 2002. The most important steps in this process are firstly, to identify who created the need for the activity to be undertaken and secondly, who benefits from that activity.

To answer these, the Council must first determine what the growth in households will be. In collaboration with its Urban Development Strategy (UDS) partners, the Council has estimated the level of population and household growth within the district over the next 40 years. As part of its annual and long-term planning processes, the Council also develops a programme of network and community infrastructure capital works and planned reserves purchases. Some of this capital expenditure may be necessary to increase the level of service for the whole community, due to ratepayers who want increased levels of service (such as more sheltered bus stops) or there may be obligations on the Council to raise the levels of service to meet resource consent or statutory obligations and conditions.

The Council also considers the existing capacity of infrastructure and where it is considered to be insufficient to provide the levels of service to new residential and non-residential users, those new users (i.e. the growth community) can be said to have created the need for new infrastructure. This, in turn, requires the Council to incur capital expenditure to meet the level of service.

For each project on the Council’s capital programme, the Council makes an informed decision about whether the asset being created will provide capacity to, and therefore benefit the existing community (which includes visitors to the city), the growth community, or both of those groups. The capital expenditure and benefit allocation is therefore assessed as follows:

|                                       |  |
|---------------------------------------|--|
| Renewal expenditure                   | This benefits the existing community only and replaces the existing asset base (no cost allocation to the growth community).   |
| Backlog expenditure                   | New asset capacity is of benefit to the existing community only, to meet the shortfall in the current level of service (no cost allocation to the growth community).   |
| Changed (increased) levels of service | Capital expenditure that benefits all of the community. The pro-rata portion that benefits the growth community is allocated to them and is potentially recoverable by development contributions.  |
| New services expenditure              | Capital expenditure to provide benefits to both the existing and the growth community on a pro-rata basis. The portion that benefits the growth community is potentially recoverable by development contributions.   |
| Growth expenditure                    | This is the estimated expenditure needed by, and which solely benefits, the growth community. Asset capacity that provides benefits beyond an initial period (say 10 years) may be allocated to future growth (in line with intergenerational equity) and may form part of future development contributions. |

Using this information, the Council is able to apportion the cost of infrastructure that can be attributed to either the existing or growth community. The Council also calculates how this cost of growth is spread both across the district and across time. The cost of growth in each part of the district over this and future years is the amount that could potentially be recovered from that community via development contributions.

The existing network of community facilities includes some excess capacity, which will benefit the growth community. Some components with excess capacity are included in development contributions, but many are not. The growth community benefits from some existing assets and past capital expenditure without any additional charge made to them. Both existing and growth communities share proportionately in the benefits of excess capacity until consumed by the expanding community.

## Is the development contribution charge based on infrastructure upgrades occurring only in my immediate vicinity?

No. Rarely is an infrastructure network created for a single development in isolation from another development. All development within the district benefits from the whole network. For example, from the source of water supply to the supply point at a development, it is important that there is sufficient capacity in the network for everybody. Development contributions contribute to the cost of increasing capacity across the infrastructure network. The Council's Development Contributions Policy ensures that the cumulative effect of development is considered from a system-wide, not a site-specific perspective.

## Are all development contributions assessed on the same basis?

No. Residential and non-residential development is assessed differently to reflect the demand that different types of development have on infrastructure.

|                              |  |
|------------------------------|--|
| Residential                  | <p>The most equitable way to apportion the cost of new reserves, network infrastructure and community infrastructure in response to growth demand is on the basis of the number of households expected. The Council uses a Household Unit Equivalent (HUE) to establish typical household demand for example for water use or wastewater discharge. It is assumed that every lot will contain one household unit.</p> <p>Where developments include two or more additional residential units, a small unit discount may apply to dwellings less than 100 square metres to recognise that the demand for infrastructure is less than a standard dwelling.</p> |
| Non-residential (commercial) | <p>Non-residential developments use a pro-rated HUE as a proxy for demand for infrastructure. For non-residential applications for resource consent (land use), building consent or for a service connection, HUEs will be assessed for each activity either based on known demand or determined by zone and site-specific factors, including the gross floor area of the building. Non-residential developments are assessed for reserves, leisure facilities and libraries in recognition that workers are likely to benefit from the infrastructure and can change the pattern of demand for an activity.</p>   |
| Special assessments          | <p>In some cases, a commercial development may be quite unique and does not fit within the standard demand estimates. This may include water-intensive industries, medical centres, gymnasia, wind farms or developments that require and create special roading requirements. In these cases, the Council will undertake an assessment with the developer to ensure that the provision of the infrastructure meets the specific needs of the development. If you believe that your non-residential development could require a special assessment please contact the Council's Development Contribution Assessors.</p>                                      |

## Why do some activities have different charges for different areas?

For many Council activities, the cost of provision will not vary across the district. This is typical for activities with a larger number of widely located projects (such as sports parks), projects that benefit a wide geographic area (such as regional

parks) or where there are no differences in the cost of provision between locations (such as public transport infrastructure). In these cases, the Council uses a district-wide charge. However, for two activities, neighbourhood parks and stormwater and flood protection, the Council uses location-specific catchments to reflect the significantly different costs of providing the infrastructure.

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Neighbourhood parks are based on four catchments; **Central City** (the area within the four avenues), **Inner City** (medium density areas surrounding the four avenues and around key activity areas), **Suburban** (remaining urbanised areas including greenfields) and **Rural** (all other areas). These catchments were agreed by a joint developer-Council working group to reflect the differing costs of land within the four catchments.

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There are 10 stormwater and flood protection catchments based around physical surface hydrological boundaries (drainage basins). These catchments reflect the significantly different requirements for land drainage in some areas (eg. Styx) compared to other areas.

You should refer to the maps in Appendix 6 in the Development Contributions Policy to confirm which catchment your development falls in. Alternatively, you can discuss your development with the Council's Development Contribution Assessors who will be able to confirm the specific catchment that your development is located within.

## Can I give land in lieu of development contributions?

The Council's preferred position is for development contributions to be paid for in cash. However, in some unique circumstances, particularly in a large-scale greenfield development, it makes sense for the developer and the Council to work together on a process of identifying and acquiring land that is suitable for a neighbourhood park or sports park. The Council retains the right to choose what land is suitable for parks and considers aspects such as size (sports parks must be at least four hectares in size), land suitability (generally flat) and relationship to other developments in its decision.

Land in lieu of development contributions must also be subject to an agreed valuation. The Development Contributions Policy outlines the process and valuation guidance in any land valuation for vesting of land for reserves.

## My building is only temporary - do I need to pay development contributions?

Following the earthquakes, the Council recognises that temporary buildings are being constructed that are intended to be removed after a certain period. In most cases, these buildings will be erected on a site where there are development contribution credits available and no development contributions

would be required. However, in some situations, the demand for community facilities and infrastructure from the temporary building is greater than the underlying HUE credits and a development contribution will be required.

To assist the earthquake recovery, the Council considers it appropriate to recognise the temporary nature of such buildings. An assessment of development contributions will be made but invoicing and payment will be deferred until such time as the Council is satisfied that the building is no longer temporary. The Council will waive payment of any development contribution where the temporary building is removed within five years from the date the temporary activity consent or building consent was granted.

## Is some infrastructure funded ahead of growth?

Yes. Council is committed to opening up new development sites to support those households displaced from the residential red zone and to accommodate the workforce arriving for the rebuild of Canterbury. To do this the Council will need to invest significant amounts of capital expenditure in anticipation of the growth occurring.

Given the urgent need for residential development, the Council is aware that it cannot delay the implementation of the infrastructure until it is fully needed. To do so would slow down housing development to unacceptable levels. However, in doing this, the Council is required to borrow today with the expectation that it will recoup the costs in the future.

## Can development contributions be postponed?

No. With the exception of temporary buildings, there are no specific situations where the payment of development contributions will be postponed.

## Are there any developments that do not require a development contribution?

Yes. In those situations where a residential dwelling has been demolished due to fire or earthquakes then a development contribution credit for that lot is likely. This means that the replacement development (assuming it is approximately equivalent to the previous dwelling) will not incur a development contribution as the new development is deemed not to have created additional demand on the community facilities. The credit will be assessed on the basis of one HUE per activity per existing residential unit. For commercial developments, the calculation of possible credits should be discussed with the Council's Development Contribution Assessors.



### Can I get a credit for my red zone property that can be used elsewhere?

No. The development contribution credit remains with the original lot and cannot be transferred to be used elsewhere or sold. The community facilities that are associated with that credit, such as water pipes and wastewater pipes, remain in place for any subsequent future development.

### How do Christchurch’s development contributions compare to other areas?

It is difficult to compare development contribution charges across the country as there are a number of variables to consider. Variables include the rate of forecast growth, existing infrastructure capacity, design or life and how integrated the infrastructure is. Some Councils may charge connection fees in addition to development contributions or choose to fund growth from rate funding sources.

### Do development contributions act against the rebuild?

Following the earthquakes, the Council is significantly constrained in its ability to fund the infrastructure required for growth. The Council has already contributed major funds to replace earthquake-damaged community and network infrastructure. In addition it has a strong desire to open up new development sites to support those households displaced from the residential red zone and accommodate the workforce arriving for the rebuild. It needs to balance these competing demands to ensure that Christchurch is a great and affordable place to work, live, visit, invest and do business.

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The Council has ensured that the growth costs attributable to activities have been appropriately reflected in the development contribution charges.

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The Council’s Development Contribution Policy 2013-22 is consistent with the intent of the Christchurch Central Recovery Plan. The Council is also mindful of the need to ensure intergenerational equity. The burden of the growth development cost is spread across time (over which benefits from the initial capital expenditure will continue to flow) to ensure that the full financial cost is not funded by the current growth community.

Ensuring adequate levels and balance between the various sources of funding to provide appropriate infrastructure is central to the Council’s thinking of its management and development role. Development contributions are calculated to be fair and reasonable without deterring development, transparent, consistently applied and used as a cost recovery mechanism only.

### What happens if I do not pay my development contribution?

Development contributions must be paid within 30 days of the invoice being issued. If payment is not made then the Council will use its powers under the Local Government Act 2002 to recover the debt, including withholding a certificate under Section 224(c) of the Resource Management Act 1991 (RMA), prevent commencement of a resource consent or withhold a code compliance certificate. In each case, the Council will also register the development contribution under the Statutory Land Charges Registration Act 1928 as a charge on the title of the land.

If the Council commences debt recovery action in respect of an unpaid development contribution, interest and costs will also be sought.

## Principles of the development contributions charges

The Council's Development Contributions Policy (DCP) seeks to establish a transparent, consistent and equitable basis for requiring development contributions based on the following principles (in no particular order):

|                              |   |
|------------------------------|---|
| Transparency                 | There should be transparency about how the development contribution charges are calculated and set and how they are applied to individual developments.   |
| Certainty                    | There should be certainty to developers about the level of development contributions payable. Charges should be applied consistently to all developments.   |
| Fair and reasonable charges  | The level of development contribution charges should reflect the costs of growth and not act to deter development.  |
| Simplicity                   | The policy should be relatively simple to understand and administer.  |
| Beneficiary/causer pays      | The costs of growth-related infrastructure should be met, as far as possible, by those who benefit from, or create the demand for, the infrastructure.  |
| Cost-recovery mechanism only | Any incentives to encourage particular types of development should sit outside the DCP. The charging mechanism should remain pure and relate only to the costs of providing new growth-related infrastructure or to increase the capacity of existing infrastructure. |
| Compliance with the law      | The DCP shall comply with the LGA which provides the statutory basis for development contributions. In addition, the DCP shall be consistent with established case law.   |
| Intergenerational equity     | The cost recovery period for the development contribution charges should be equitable and consistent to ensure that each generation pays its fair share and that economic efficiency is sustained by signalling the true costs of growth at different points in time. |

Development contributions are charged on the following activities to meet the growth component of the Council's capital programme.

|                          |   |
|--------------------------|---|
| Reserves                 | <ul style="list-style-type: none"> <li>- Regional parks</li> <li>- Garden and heritage parks</li> <li>- Sports parks</li> <li>- Neighbourhood parks</li> </ul>  |
| Network infrastructure   | <ul style="list-style-type: none"> <li>- Water supply</li> <li>- Wastewater collection</li> <li>- Wastewater, treatment and disposal</li> <li>- Stormwater and flood protection</li> <li>- Road network</li> <li>- Active travel</li> <li>- Parking</li> <li>- Public transport infrastructure</li> </ul> |
| Community infrastructure | <ul style="list-style-type: none"> <li>- Leisure facilities</li> <li>- Libraries</li> <li>- Cemeteries</li> </ul>   |

# How you pay

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## You can self-calculate what you will pay

The calculation of the development contribution follows seven steps:

### Step one

Determine the number of Household Unit Equivalents (HUE) per activity. In most residential development cases one lot will have one HUE (refer to Section 2.2 of the Development Contribution Policy 2013-22).

### Step two

Determine if any credits per activity are applicable (refer to Section 2.3 and Table 2.6 of the Development Contribution Policy 2013-22).

### Step three

Calculate the net increase in demand (increase in HUEs) arising from the development (refer to Section 2.4 and Appendix 4.0 of the Development Contribution Policy 2013-22).

### Step four

Check what (geographical) development contribution catchment the development lies within for each activity (refer to Section 2.5 and Appendix 6.0 of the Development Contribution Policy 2013-22).

### Step five

Check the schedule of development contribution charges (refer to Table 2.7 of the Development Contribution Policy 2013-22) and identify the development contribution payable per HUE for the catchment for each activity.

### Step six

Calculate the development contribution charge per activity. For each activity multiply the net increase in the number of HUEs (Step 3) by the charges payable (Step 5). Sum the results for each activity to achieve the total charge.

### Step seven

Add GST of 15.0 per cent (as at 1 July 2013).

## Note:

Your calculation is provisional and subject to confirmation by a Council Development Contribution Assessor.

The charges in Table 2.7 of the Development Contribution Policy 2013-22 will be adjusted annually (on 1 July) to account for cost increases. Please check with the Council that you have the current schedule of charges.

# Notes

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