

First adopted:	1 July 2013
Date Operative:	29 September 2016
Revision dates/version:	Version 2
Engagement required:	Sections 82-87 LGA 2020
Document number:	D-2203165
Related policies	Development Contributions Policy
Sponsor/Group:	General Manager City Growth

## Growth Funding Policy

### Purpose and Scope

1. The purpose of this Growth Funding policy is to:
  - a. direct Council decision-making in respect of growth projects and associated infrastructure where those projects are not aligned with Council’s 10-Year Plan, in a manner which has no adverse impact on its 10-Year Plan and long term financial sustainability; and
  - b. align Council decision making with the purpose of local government as defined in 10(1)b of the Local Government Act 2002: to meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.

### Introduction

2. One of the ways Council manages and facilitates growth is through its 10 Year Plan capital programme (“10-Year Plan”). The 10-Year Plan identifies and sequences the capital projects to be funded by Council during the life of the 10-Year Plan (“Funded Projects”).
3. Council’s funding and financial policies, including its revenue and financing policy, and its development contributions policy, establish the main revenue sources for Funded Projects as set out in the 10-Year Plan.
4. In accordance with its financial strategy and the requirements of the Local Government Act 2002, Council cannot incur significant capital or development operating expenditure in respect of growth related projects unless they are funded projects provided for in the 10-Year Plan.
5. Occasionally Council may be requested to provide support or enable developments and the provision of associated public or private infrastructure that are:
  - a. not funded projects; or
  - b. funded projects but which are proposed to commence earlier than the sequencing and timing established in the 10-Year Plan; and/or
  - c. funded projects but which are now proposed to occur beyond the scale, scope and cost prescribed or anticipated for those projects in the 10-Year Plan;
 and in these respects are considered unfunded growth projects (“Unfunded Growth Projects”).
6. Council requires a policy to direct its decision-making on how to manage Unfunded Growth Projects. This policy provides that direction.

### Policy

7. Council will enable Unfunded Growth Projects to occur provided agreement is entered into between Council and the developer(s) responsible for the Unfunded Growth Project (‘Private Developer Agreement’).
8. All Private Developer Agreements must be approved by Council and where necessary shall be subject to Council’s Annual Plan or 10-Year Plan decision making processes.

**9. Private Developer Agreements will address the following criteria:**

**10. Alignment with the city and sub-regional growth and land use strategies:**

- a. The development aligns with Council's long term growth planning, land use and development strategies, including but not limited to the Proposed District Plan, Hamilton Urban Growth Strategy and Future Proof; and
- b. The development meets the requirements of the Waikato Regional Policy Statement.

**11. Integrated and sustainable infrastructure:**

- a. All resource consent conditions and designation conditions are, or will, be complied with.
- b. The developer is responsible for the provision of all infrastructure required, regardless of whether it vests in Council or not.
- c. The sizing and design of the development and its associated infrastructure is the most efficient way to deliver on Council's intended strategic outcomes for infrastructure at a City and Sub-Regional level.
- d. The infrastructure provided by the developer meets Council's required standards and is integrated with Council's existing and intended infrastructure network.
- e. Any impacts on City infrastructure both within and outside of the development area, including head works and networks, levels of service and utilization of planned network capacity are addressed by the developer.

**12. Financial neutrality and overall fairness/equity:**

- a. Unfunded Growth Projects including the consideration and negotiation of private developer agreements, should not increase Council's expenditure net of new revenue beyond that provided for in Council's 10-Year Plan.
- b. Council's capital expenditure programme, revenue and debt parameters and the overall long-term financial sustainability of the City is not compromised.
- c. The extent to which new growth created by the Unfunded Growth Projects or development compromises cost recovery for current and future development contribution debt is adequately mitigated by financial or other offsetting benefits to the Council.
- d. Unfunded Growth Projects which impose or are likely to impose financial loss on Council including those which extend outside the 10-Year Plan parameters shall be considered from an economic perspective using life cycle cost/benefit analysis.

**13. Recognition of Benefits**

- a. The Private Developer Agreement shall recognise that development associated with Unfunded Growth Projects brings both costs and benefits to the city.
- b. In addition to the life cycle cost/benefit analysis required under clause 4.3.3(d) above, Council will have regard to relevant broader economic costs and benefits to the city that result as a consequence of the development.
- c. Benefits derived from Council requiring upsizing of infrastructure to either meet Council's strategic outcomes or accommodate growth unrelated to the development will be recognised in the Private Developer Agreement.
- d. Development associated with Unfunded Growth Projects will create additional demand on city infrastructure and will attract development contributions under Council's Development Contributions Policy. The total calculated Development Contributions may be the subject of a remission under Section 13 of the Development Contributions Policy in recognition of relevant benefits derived from development associated with Unfunded Growth Projects. The value of any remission will be determined by Council and recorded in any Private Developer Agreement.