



INFRASTRUCTURE DEVELOPMENT CONTRIBUTION POLICY FOR PRIVATE DEVELOPMENTS

Department of Urban and Transport Planning

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1. Definitions

“Act” means the Local Authorities Act, Act No. 23 of 1992;

“AOD” means an Acknowledgement of Debt

“APF” means an Acknowledgement of Process Form

“Bulk Services” means the infrastructure required to supply water, sewerage, electricity, municipal roads, stormwater drainage, municipal public transport, solid waste collection and removal required for the purpose of land development applied to a study area, sub-region or a number of individual developments;

“Bulk Services Masterplan” means a engineering study that provides the necessary level of detail on the relevant Bulk Services in a specific study area, sub region or for a number of individual developments;

“City” means the City of Windhoek, a municipality established in terms of the Local Authorities Act, Act No. 23 of 1992, or any structure or employee of the City acting in terms of delegated authority;

“Council” means the Municipal Council of Windhoek established in terms of the Local Authorities Act, Act No. 23 of 1992; and includes any committee or official carrying out any duty or function, or exercising any power in terms of an applicable By-law;

“Developer” means the person, including an organ of state, which may or may not be the owner of the land, applying for permission to develop or change the use of land;

“Development” means the changing of land use or of cadastral boundaries in order to intensify the utilisation of land, or the simultaneous changing of both land use and cadastral boundaries in order to intensify the utilisation of the land;

“Development Contribution/Charge” means the charges levied against a new development as a result of the Development so as to contribute to current and/or future provision of Bulk Services in the context of a Bulk Services Masterplan or as otherwise defined;

“Development Contribution calculation” means the calculation of the pro-rata load that a development will place on the bulk infrastructure expressed as cost in terms of the Bulk Services Masterplan;

“External engineering services” means:

- a) municipal engineering services infrastructure external to the development site boundary and includes both:
 - i.bulk engineering services, which means municipal services infrastructure external to the development, including land, required to provide engineering services to multiple users at a municipality-wide scale as indicated in the relevant master plans;
 - and
 - ii.link engineering services, which means municipal services infrastructure external to the development site boundary, including land, required to connect internal engineering services within the proposed development to existing or proposed bulk engineering services; and
- b) bulk and link engineering services as described above in a) but which also falls within the site boundary where the characteristics of the site so require external engineering services to be included on the site in addition to internal engineering services;

“Growth Model” means the theoretical projection of development densities, population growth, phased developments and the chronological order of developments presented as a spatial plan;

“Internal engineering services” means infrastructure that falls within the boundary of the Development to service that Development and which will be transferred to the municipality upon full completion and acceptance;

“Land development application” means any application to the City for permission to develop or change the use of land in terms of applicable land use or planning law;

“Municipal Service” means engineering infrastructure that provides municipal services to a single plot or development as a whole;

“Development Agreement” means an agreement between the Developer and the City in cases where the Developer constructs or installs Bulk Services in lieu of the payment in full or in part of a Development Charge and in which the parties agree on their respective roles in the construction, installation and financing of infrastructure, including their respective responsibilities for maintenance and upkeep of infrastructure from the date of installation to the date of transfer of the land to another owner;

“Study Area” means an area identified as being geographically or sectorally connected and served by the same infrastructure requirements or otherwise considered to be part of the impact zone of a proposed development.

2. Introduction

The City is one of the fastest growing urban areas in the country and is promoted as an attractive destination for economic investment. New economic development has a positive impact on the City's finances as it increases revenue from property rates and service charges by expanding the base of ratepayers,

However, development associated with this economic growth has an impact on the demand for essential engineering services (water, sewer, stormwater, roads, transport, solid waste and electricity), as well as social services like clinics, schools and other public amenities. Therefore, infrastructure is needed to support sustainable social and economic development in Windhoek. Without infrastructure, both public and private sector investment in Windhoek will slow down. The cost to the City of providing this infrastructure, however, is high. Funding to cover these costs is obtained from two sources:

- **Loans** are converted into tariffs and are recovered by user fees paid by all consumers to the City;
- **Capital contributions** which are a more targeted and more equitable way of ensuring that the main beneficiaries of infrastructure make an appropriate and fair contribution to that cost, without unduly burdening the city's ratepayers. Development Charges are the most important form of capital contribution raised by the City to pay for infrastructure.

Local government is empowered to provide municipal services in terms of the Act. This obligation is discharged through, among others, the provision and operation of infrastructure, including external infrastructure. These services must be provided in a financially sustainable manner the same Act empowers a municipality to impose, *inter alia*, charges to pay for any services provided.

Currently the City is raising capital for infrastructure on development charges in terms of the applicable Ordinances through the levying of Betterment and Endowment Fees. However, there has been a history of under-recovery. Typical financial modelling undertaken elsewhere showed that only around 5% of the capital cost of new economic infrastructure is recovered through these charges.

This is an unsustainable situation. It directly threatens the financial sustainability of the City and its ability to provide economic infrastructure in the future. Moreover, the historic effect of this under recovery has led to an underinvestment in infrastructure, which hampers the City's growth and development strategies.

If the City does not have an effective and efficient system of Development Charges there will be two inevitable consequences. Firstly, there will be less capital available for the development of new infrastructure, or the expansion of existing capacity. This will result in declining investment by the private sector, lower economic efficiency of Windhoek and a consequent decline in economic growth. Secondly, the money that would have been recovered via Development Charges will have to be sourced from an increase in municipal property rates and services charges. This will have the effect firstly of further burdening households and businesses in Windhoek and of using existing ratepayers' money to subsidise new developments, which is self-evidently unfair. In addition, the obligation to pay for the marginal increase in the load placed on Windhoek's bulk infrastructure by a development strengthens the incentive for the developer to maximise the use of existing infrastructure and to develop land in accordance with the City's plans.

The City faces development pressure from a number of directions, including low-income housing, high income housing as well as commercial, retail and industrial development pressure. Successfully meeting this challenge is central to Windhoek's future economic growth and without an effective and efficient system of Development Charges it will fail in this challenge. Development Charges ensure that those people who benefit most directly from the availability of infrastructure contribute their fair share to the cost of such infrastructure.

The purpose of the Policy is therefore to confirm the principles of the *Development Charge*, to reference the method by which the *Development Charge* is to be calculated, to set the procedure to be followed in calculating the *Development Charge*, to determine relevant contractual agreements to be entered into, and to set a review period for the calculation methodology followed in determining the *Development Charge*, as well as a review period for this Policy.

3. Objectives of Development Contribution Policy

The Windhoek municipal boundaries was expanded in 2011 to include an area multiple times the size of the previous municipal jurisdiction. The extended area is predominantly privately owned, with various subdivisions having occurred historically. The *City* is required to adopt a strategic position both in terms of the facilitation of development whilst at the same time giving clear guidance as to the prioritisation of capital expenditure within the greater City of Windhoek. While the *City* owns certain land holdings in parts of the built-up municipal area, which in turn can be sold to finance bulk infrastructure capacity provision, this is not the case where privately owned land is concerned. The *City* is therefore obliged to adopt a business model that allows for development whilst at the same time does not place undue costs on the rest of the municipal area in the form of increased rates and taxes, due to the need to provide infrastructure in new and lower density development areas.

The desired outcome of this Development Contribution policy is thus to:

- a) recover the portion of the capital cost of economic infrastructure that is attributable to particular developments; and
- b) enable the provision of economic infrastructure in a timely and sufficient manner to support land development.

The strategic intent of this policy is to ensure the financial sustainability of the City through the definition and confirmation of a Development Charge on any new development or land use rights application that increases the load on municipal external infrastructure.

This policy provides the key details of the City's Development Contribution model. These are, firstly, that it is a once-off capital amount paid to cover the costs of the additional infrastructure that the City is obliged to provide. Secondly, the trigger for determining whether or not a Development Charge must be paid is a land development application. Thirdly, the basis on which the amount of a Development Charge is calculated is the increased impact that a new or changed land use will have on the existing infrastructure or new infrastructure to be provided.

Due to its earlier inclusion the Northern extends of the city was studied previously and the conclusions of the various Brakwater studies, focused on the financial sustainability of the *City*, established the following:

- 3.1 Private land will, by default, develop on an ad hoc and unsynchronised basis due to fragmented ownership.
- 3.2 Due to the private ownership of the land the City will not be in a position to recover the cost of servicing or the provision of bulk services from land sales as would otherwise have been the case.
- 3.3 The *City* is not in a position to provide municipal and bulk infrastructural services to the area until such time as sufficient urban densities have been achieved so as to justify the capital expenditure by the *City*.
- 3.4 The *City* is expected to ensure forward planning which should be undertaken to the level of a *Bulk Services Masterplan* or alternatively delegate this responsibility.

- 3.4 Any *Developer* wishing to develop in the area until *Bulk Services* have been provided, may be required to provide its own bulk infrastructural and municipal services to service a development, at the same time ensuring that such services being provided are compatible with any future *Bulk Services Masterplan* as established.
- 3.5 A *Development Charge*, determined in terms of any established *Bulk Services Masterplan*, is payable against the granting of or any increase of development rights on a property. Costs incurred by a *Developer* so as to provide *Bulk Services* in terms of the *Bulk Services Masterplan*, are offset against the development charge. Services that are not compatible with the *Bulk Services Masterplan* cannot be offset against the *Development Charge*.
- 3.6 The determination of the *Development Charge* is calculated by means of a fair distribution of cost in terms of the *Bulk Services Masterplan*. The liability of the applicant is documented through means of *Development Contribution Calculation*, the *Acknowledgment Process Form*, the *Acknowledgment of Debt* and the *Development Agreement*.
- 3.7 The objective of this policy is not to penalise new development in the relevant study area, but to contextualise it within the City's expenditure priorities and to ensure coordinated and harmonious planning of undeveloped areas. At the same time it facilitates the "buying of development priority" by allowing developers to provide own interim or linking infrastructure in line with established future bulk service requirements. The ability to afford this opportunity cost is dependent on the specific development feasibility being able to carry any Development Contribution.

4 Principles of Development Contribution

The following core principles drive the concept of *Development Contribution*:

- 4.1 The cost of providing infrastructure shall be borne by the developers and recovered from land sales and cannot be recovered from the general taxpayers of the *City*.
- 4.2 The concept and calculation methodology of development levies shall be applied consistently to all developments within a study area and in general to all development on unplanned, unserviced private land within the City's jurisdiction. *Development Contribution* shall be predictable.
- 4.3 Landowners and *Developers* shall be informed of the existence and also the potential cost implications of *Development Contribution* as soon as the *City* becomes aware of a potential development.
- 4.4 Whereas the intention is to ensure that the cost of developing infrastructure is recovered from the developers through land sales as the only viable way of facilitating such capital expenditure, the intention is not to limit or stifle development due to excessive costs being placed on new development.
- 4.5 Various city service departments shall co-ordinate their inputs during the calculation of the *Development Contribution*.

- 4.6 The concept of the *Development Contribution* shall be clear and the calculation method shall be transparent.
- 4.7 Revenue received by the *City* shall be ring-fenced for the specific *Bulk Services* and shall be treated as a formal commitment by the *City* to provide the relevant *Bulk Services* once sufficient funds have been received, or alternatively, once appropriate loan facilities have been obtained against the income generated by *Development Contribution*, whichever occurs first.

5 Legislative Framework

The Town Planning Ordinance 18 of 1954 places an obligation on a Municipality to provide a town planning scheme and to make provisions, “*as may be deemed necessary or expedient for regulating, restricting or prohibiting the development of the area to which the scheme applies....*”

In addition the Local Authorities Act (Act 23 of 1992) allows a Municipality to charge for the provisions of any services rendered by the local authority and to charge availability levies for services.

Within this context the *Council* approved the report PBS.2 (INF) *Brakwater Bulk Services Master Plan – Presentation of Engineering and Financing Documents*, through City Council Resolution 267/08/2012. This policy is consistent with the principles of *Development Contribution* set out in the aforementioned document.

6 Development Contribution cost components

- a) External engineering services includes both *bulk* and *link* engineering services. Both are covered by the Development Charge, but different rules apply to the two categories of external engineering services. Developers are required to pay a Development Charge comprising both these two components:
 - i. a pro rata share of the cost of *bulk* engineering services to the development; and
 - ii. the direct costs of any *link* engineering services required for the specific development.
- b) The developer shall be responsible for both of the above, unless bulk engineering services are provided *in lieu* of Development Charges.
- c) The provision and installation of internal engineering services is the responsibility of the developer and is excluded from the Development Charge.
- d) Where development takes place ahead of planned infrastructure provision, as allowed for in the service master plans and capital budget, or where development takes place outside the service master planning area, link external engineering services may be

required to link the development's internal infrastructure to external infrastructure and to maintain functionality of the overall network.

- e) Where a development requires infrastructure inconsistent with the applicable master planning and/or capital budgets, but where the City nevertheless approves the development application, the developer may be required to install some of the required external engineering services, whether temporary or otherwise.
- f) Where the City and the developer agree that the developer will install aspects of *bulk* engineering services, the cost of that installation can be set off against the developer's overall Development Charge liability. Should the set off value described here be greater than the total Development Charge for bulk engineering services for all phases of a development, the developer shall be responsible for the additional cost.
- g) However, in the case of *link* engineering services, the installation is the direct responsibility of the developer, unless otherwise agreed in writing with the City. In this case the value of the required link engineering services must be determined by the developer and the developer will be responsible for the full cost of such link engineering services.
- h) Where the City identifies that the link engineering services installed by the developer must be of a greater capacity than that required by the specific land development, in order to maintain the functionality of the City's long-term plans and master planning, then the City may require that the developer install such greater capacity. The cost of the additional link engineering services can be set off against the developer's overall Development Charge liability.
- i) New works or the portion of new works required to eradicate infrastructure backlogs are excluded from the Development Charge cost calculation.

7 Development model and associated cost calculations

For the first new development in a development sub-area on privately owned land the Developer in conjunction with the *City shall* prepare a strategy in the form of a spatial development plan covering the entire study area relating to the proposed development. Once approved by the City, this shall form the basis of the *Growth Model* used in calculating future bulk infrastructure needs and associated costs. The cost of initial development studies shall be proportionally spread between all future developments as part of the Development Charge and the relevant portion(s) be deducted from the first Developer's calculated contribution.

Various land use types, expected to be established and in line with the vision and strategy established for the area under review, are to be modelled as part of the *Growth Model*. A pro rata share of bulk engineering costs allows for a land use application to be assessed and for a fee to be calculated based on the specific load that the development will place on the bulk infrastructure network. The cost is thereby shared in a fair and transparent manner between all potential developments.

8 Methodology and Application

- a) A municipal Development Charge is calculated to determine as closely as practical the pro rata share of the actual, capital costs of related municipal infrastructure needed to service a particular development. The determination of costs is based on estimated unit costs for each service, which are calculated in the following manner:
 - i. A 20-year land use model is developed for the City that includes planned generic land uses and densification.
 - ii. This land use model is used to develop optimum service models for transport, water, sewerage, stormwater and solid waste to correspond to the future land use scenario.
 - iii. The demand from this future development on each of the engineering services is calculated using average unit demands for each land use category, based on demand factors from the *Guidelines for Human Settlement Planning and Design (CSIR and Construction Technology, 2000)*, the *South African Road Trip Generation Manual (Department of Transport, 1995)*, other applicable recognised regional design standards and professional engineering experience.
 - iv. The infrastructure required to service this new demand is determined, taking into account existing master planning and any existing capacity or lack thereof within the systems.
 - v. Engineering standards for the infrastructure are obtained from the *Guidelines for Human Settlement Planning*, various design manuals and engineering practice in the industry as well as other City-approved standards as amended from time to time.
 - vi. The future capital cost of this infrastructure is quantified using the current replacement cost of construction of these systems. Current replacement cost includes all land costs, professional fees, materials, labour, preliminary and general items. The capital cost to address infrastructure backlogs are excluded from the total cost.
 - vii. The total capital cost is reduced to a marginal unit capital cost by dividing the total cost by the total unit of demand for each service.
 - viii. Where applicable unit cost estimates for each infrastructure category will be inflated annually by the Civil Engineering Index, as published by the South African Federation of Civil Engineering Contractors (SAFCEC) or similar as deemed appropriate.\
 - ix. Where possible and applicable, unit costs should be re-calculated every five years using current replacement costs to accurately reflect the infrastructure cost.
 - x. In the case of a full re-calculation the annual inflation will not apply for that year.
- b) The developer shall be required to pay the unit cost rate applicable on the date at which the Development Charge becomes payable or as calculated for a specific Study Area.

- c) Where the payments are scheduled in accordance with phased approvals of a development then the applicable unit cost payable for each phase is that applicable on the date at which the Development Charges becomes payable for that phase.
- d) In the case of a phased development where the application is made prior to a full re-calculation of the unit costs but the approval is granted thereafter, the last unit cost (including annual inflation) prior to the full re-calculation shall apply.

9 Calculation of Development Contribution

- a) Standard units for the measurement of impact for each municipal service are provided, below:

Service	Factor (s)	Yardstick	Unit of impact
Electricity	TBC	TBC	TBC
Roads	Increased municipal road capacity required	Vehicle trip generation	Vehicle trips/day
Public Transport	Increased number of passengers using public transport and requiring additional facilities	Person trip generation	Person trips per day
Sewerage	Additional sewage effluent generated	Average Annual Dry Weather Flow	kL/day
Solid waste	Increase in landfill airspace required and transfer station capacity	Solid waste generation rate	kg/day
Storm water	Increase in the overall quantity and the peak flow rate of the runoff	Runoff coefficient	C factor
		Area of the development	Ha
Water	Additional consumption per distribution or reservoir zone	Average Annual Daily Demand (AAD)	kL/day

- b) The unit cost for each of the units of impact above will be derived from the modelling exercise described in Section 8, which will allocate the increased demand to the appropriate modelling impact zone for calculation of the actual cost. The actual costs will be aggregated to derive an average unit cost for each unit of impact for the City as a whole.
- c) The modelling impact zone or Study Area used for the purposes of the calculation of Development Charges is a zone determined by the City in which all the components of a services infrastructure system, network or networks that a particular development impacts on. This zone might be defined differently for different services, and will be

based on modelling work undertaken for each of the services as part of the determination of the average unit costs to be applied in the Development Charge calculation.

- d) Unit costs for all services are multiplied by the impact of the development on each service to determine a total amount payable as a contribution to the bulk engineering services cost.
- e) The Development Charge calculation is undertaken by means of a spreadsheet calculator populated with unit impact and cost data, and completed with the specific development details per application. A copy of the calculation results sheet will be provided to the developer with the conditions of approval.
- f) Where circumstances dictate Development Charges may be based on actual cost where the actual costs evaluated to form part of the Development Charge are calculated for all infrastructure components listed, including:
 - i. the cost of the land;
 - ii. professional fees;
 - iii. materials;
 - iv. labour;
 - v. preliminary and general items; and
 - vi. tax liabilities,provided that such costs would otherwise have been borne by the City.
- g) In the event of a calculation of the liability on the basis of actual cost in the manner described above, then the total Development Charge (including the link engineering services) will be based on this calculation.

10 Infrastructure *in lieu* of Development Contributions

Where a developer installs bulk engineering services on behalf of the City or transfers land to the City he or she may deduct the cost of the infrastructure installed, taking into account the components of actual costs as set out in this policy, from the Development Charges for that particular development, provided that:

- a) the infrastructure to be installed is to the standard required by the City, in accordance with approved municipal standards and all provisions of this policy;
- b) the infrastructure to be installed is located within the same municipal district in which the development is situated and linked to the proposed development;
- c) a written Private Development Agreement is entered into, which specifies the infrastructure to be provided *in lieu* of Development Charges, the standards to which the infrastructure is to be built, the cost of the infrastructure and the assets to be transferred to the City;
- d) the Private Development Agreement is signed by the developer and the City prior to the commencement of any works to be provided *in lieu* of Development Charges;

- e) the actual implementation programme and anticipated transfer date is recorded;
- f) the City may not issue any clearance in terms of local government legislation otherwise due to the developer prior to the fulfilment of the commitment or provision of a guarantee in terms of this policy.
- g) the City may not approve a building plan in relation to the development concerned prior to the fulfilment of the commitment or provision of a guarantee in terms of this policy;
- h) in relation to the procurement by a developer of a service provider, or service providers to build and install the infrastructure specified in the Private Development Agreement, the following requirements apply:
 - i. the developer must follow a fair, equitable, transparent and competitive process of calling for bids from infrastructure providers and appoint the bidder offering the most cost effective bid;
 - ii. a record of the procurement process and award must be appended to the Private Development Agreement;
 - iii. the City reserves the right to participate as an observer in the deliberations on bids received by the developer in order to check that the decision-making process is fair and a rational selection is made;
 - iv. the City may require the developer to engage with authorised officials prior to it making a decision on appointment of a particular contractor, so that the City has an opportunity to make representations regarding the reasonableness of the costs and any other relevant considerations;
 - v. the City may appoint an appropriately qualified independent third party to assess the bid process conducted by the developer, including whether the costs claimed are fair and reasonable, which assessment could form the basis either for further negotiation between the City and the developer, or could be binding on both of them, at the City's discretion;
 - vi. the City may appoint an independent, registered Consulting Engineer to assess whether the standards of the infrastructure installed meet the City's requirements as set out in Private Development Agreement or dictated by this Policy;
 - vii. the City may prohibit the developer from appointing as a contractor any person which has been black-listed by the City or National Treasury or which has failed to perform under a municipal contract within a three year period prior to the proposed appointment;
 - viii. the value of the infrastructure to be installed in lieu of Development Charges must be certified reasonable by an independent, registered Consulting Engineer appointed by the developer;
 - ix. the City may appoint an independent, registered Consulting Engineer to verify the report provided by the developer in terms of paragraph viii above;
 - x. accurate records of payment are to be kept by the developer to verify final payment certificates;
 - xi. the City may have access to all relevant records relating to the construction process, including not only records relating to the procurement process, but also all contractual documentation, notices, invoices, progress reports and other records; and
 - xii. the City may impose other appropriate safeguards on a case-by-case basis depending on the circumstances.

- i) The infrastructure installed and the land on which it is situated are either formally transferred to and received by the City or the required agreements are made to ensure that the City has access to the infrastructure if it does not fall on municipal land, which may include the registration of a servitude in favour of the City.

The final value of the assets transferred, as reflected in payment certificates, must be reconciled with the original Development Charges liability and any balance due by the developer must be paid in full.

Where the developer installs external infrastructure of a higher value than the Development Charge liability, as provided for above in Section 6, the developer may offset the additional amount against his or her liability for Development Charges incurred under subsequent phases of the same development. The City must verify that the additional infrastructure is necessary for the integrated and efficient development of the infrastructure network.

11 Use of Development Contributions

- a) Development Charges may only be used for capital works, i.e. the full and actual costs of construction of new municipal infrastructure or the upgrading of the capacity of existing municipal infrastructure, taking into account the components of actual cost as set out in this policy. Development Charges may not be used to reduce or eliminate existing infrastructure backlogs, for operations or maintenance costs, or as a general revenue source for the City.
- b) All funds collected are to be retained in dedicated Asset-financing Funds, per service and per municipal district, to be applied in the districts concerned, and toward the services against which payment was made, provided that in the case of cross-boundary services where the infrastructure network serving the proposed development are not confined to any one municipal district it will be permissible to pool Development Charges for use across areas and to implement inter-district transfers;
- c) Funds must be spent according to the project priorities of the City for that municipal district and service, as illustrated in the infrastructure master plans and detailed in the capital budget or integrated development plan.
- d) Once a Development Charge has been paid in full for a specific piece of infrastructure, the City must include that infrastructure development project on the capital budget in the subsequent budget cycle.

12 Compulsory administrative process and application procedure

Where development rights already exist, retrospective intervention is not necessarily possible and such developments would be governed by conditions already imposed in the

original approvals. However, developers may elect to become part of the bulk infrastructure network and be allocated credit for services already provided.

In the case of new applications, the process of applying for land use rights precedes any new development. This allows for an application (study) area to be contextualised within forward planning policies including land use and engineering services prior to be assessed and considered. The process thus creates the opportunity for a process of consultation to take place with new development applicants, followed by more formalised and technical engagements. The following process will be followed so as to ensure that applicants are briefed on the existence of the *Development Contribution* policy and that applicants' designs and feasibilities take consideration of the costs and searches for the most feasible scheme within the policy network.

12.1 Pre-meetings

Upon receiving notice of an application a pre-meeting will be scheduled between the *Developer* and/or landowner, his professional team and the responsible City Planner and/or other relevant officials. At this meeting the concept of the application will be discussed and contextualised in relation to the requirement of a *Growth Model* and *Bulk Services Masterplan*. The concept of *Development Contribution* will be explained, including the objectives and principles of the development contribution policy, as well as the methodology to be followed in calculating the development contributions. In the event that the development is the first in a study area, the requirements for establishing a *Growth Model* and subsequent technical studies up to the level of a *Bulk Services Masterplan* shall be explained.

Once the relevant *Growth Model* and *Bulk Services Masterplan* has been established, the applicant will meet with the officials in charge of engineering services for the purposes of explaining the development concept and undertaking a calculation of the development contributions for purposes of project feasibility. This will be presented by the applicant as either a draft development contribution calculation sheet or a final development contribution calculation sheet, depending on whether the development concept has been finalised and is ready to be included in a formal land use application.

The applicant will be required to complete an Acknowledgement of Process Form (*APF*) confirming that he has duly been informed of the process of establishing *Development Contribution* and/or the *Development Contribution* that will be payable against any new development rights being granted as per the application submitted.

The signed *APF* is to be included in any future town planning report submitted to *Council*.

12.2 Submission

Prior to finalising the land use application, the *Development Contribution Calculation Sheet* must be updated to reflect the content of the final application.

The applicant will sign an Acknowledgement of Debt (*AOD*) based on the development contribution for the specific application. The *AOD* will reflect the exact land use rights in the form of number of residential units and/or the exact gross leasable space for other land uses, as well as the *Development Contribution* per unit and/or leasable space.

The signed *AOD* must be included in the final land use application, failing this the application will be deemed to be incomplete.

12.3 Report

The final report (part of the application) drafted by the Town Planners, will be circulated to all relevant departments, which in turn will submit their various conditions that will be relevant, should the application be approved. The Town Planner will collate these conditions into a single report for consideration by *Council*, or under any delegated authority as may be the case.

12.4 Development agreement (where applicable)

The *Development Agreement* (Memorandum of Agreement – MoA) shall capture the fact that development rights have been allocated to the property for which *Bulk Services* are required. The *Bulk Services* are to be provided by the *Developer* to the satisfaction of the relevant Council Standards. Such services will be guaranteed by the *Developer* for a minimum period of one year after taking over or as otherwise agreed.

The agreement may reduce the amount reflected in the *AOD* by the amount that the *Developer* will spend on *Bulk Services*, provided that such services are in line with the established *Bulk Services Masterplan*. The final amount to be deducted will be the subject of a municipal valuation based on current rates received on similar tenders and subject to approval by the relevant authority.

Cost incurred by the *Developer* will be the values of the land sterilised by infrastructure provision, cost of infrastructure based on tender values and the agreed associated professional fees for the design and implementation monitoring of the infrastructure.

The agreement shall allow for the *City* to complete the services in the event of failure to do so by the *Developer* and recover such costs from the *Developer* or any guarantees issued in relation thereto.

12.5 Performance security

Although land rights will be awarded prior to payment of *Development Contribution*, the *Developer* and/or landowner will only be allowed to commence development activities once the *Development Contribution* have been paid in full.

The *City* has the right to levy a Performance Security or similar collateral in the event of a *Development Agreement*.

12.6 Occupancy certificate

Occupancy certificates are the final sign off procedure that will confirm all liabilities by the *Developer*, and/or all services required to be installed, have been completed. Buildings may not be occupied or used for its practical intention without an occupancy certificate.

The *City* reserves the right to refuse the connection of services or any other remedy deemed applicable in the event of occupancy prior to the signing off of occupancy certificates for a development.

13 Future studies

Due to planning constraints on engineering services, it is important to undertake a four-yearly review of the planning as services may have been installed in the interim. Forward projections need to be made in conjunction with land use planners. Projected costs need to be updated so as to ensure that the original budget, escalated over time, is a true reflection of the costs to be incurred. The process of updating the planning needs to be initiated by the relevant City Engineer, being custodian of *Bulk Services*.

14 Implementation of Policy

When the policy has been formally approved by the *Council*, it will be published as a formal City Policy. All supporting documentation can be made available to the public on request, since these documents are referenced in this policy.

15 Monitoring and Review Procedure of Policy

The policy is drafted within the context that bulk municipal services will be provided over the medium term in a study area. However, it is expected that once development commences in any area, the rate of development will grow exponentially over time. It is therefore essential to monitor the growth and to undertake the four-yearly review of the status quo of the planning documentation. As is the case with any policy, the *City* will have to test the policy on an ongoing basis so as to ensure that the objectives and principles that had initially been set as the common goal, are still relevant and are being achieved.

16 Annexures to the policy

The following standard documents referred to in the policy are annexed to this document:

Annexure 1: Development Contribution Calculation

Annexure 2: Acknowledgment of Process Form

Annexure 3: Acknowledgement of Debt