

BREED VALLEY MUNICIPALITY

DEVELOPMENT CHARGES POLICY FOR ENGINEERING SERVICES (Version 3)

APPROVED BY COUNCIL: 9TH OF FEBRUARY 2015
RESOLUTION C 3/2015



Compiled for:

BREED VALLEY MUNICIPALITY



P O Box 1056
WORCESTER

6849

Tel: +27(23) 348 2600

Fax: +27(23) 348 2630

Compiled by:

Department Civil Engineering
Breed Valley Municipality
Private Bag X 3046
WORCESTER
6849

Contact person :

Manager Civil Engineering Services
Mr J.A. Steyn
Phone.: +27(23) – 348 2637
Fax .: +27(23) - 348 2630
e-mail.: jsteyn@bvm.gov.za

COUNCIL RESOLUTION C 3/2015

DEVELOPMENT CHARGES POLICY FOR ENGINEERING SERVICES

That in respect of Development Charges Policy for Engineering Services discussed by Council at the Council meeting held on 9th of February 2015, Council approves:
THE DEVELOPMENT CHARGES POLICY FOR ENGINEERING SERVICES.

VERSION CONTROL

Description		Date	Status
Version 1	Development Charges Policy For Engineering Services	13 January 2015	Draft Policy
Version 2	Development Charges Policy For Engineering Services	27 January 2015	Draft Policy
Version 3	Development Charges Policy For Engineering Services	9 February 2015	Approved Policy

ACKNOWLEDGEMENT

Material has been drawn from numerous sources and the Breede Valley Municipality gratefully acknowledges the following institutions:

Institution	Description
1. City of Cape Town -	DEVELOPMENT CHARGES POLICY FOR ENGINEERING SERVICES FOR THE CITY OF CAPE TOWN – (POLICY NUMBER 20037)
1. National Treasury -	Policy Framework for Municipal Development Charges (Final Draft, Version 7)

Table of Contents

1. Definitions.....	1
2. Introduction.....	3
3. Objectives of the Development Charges Policy.....	4
4. Principles guiding the Development Charge policy.....	5
4.1 Equity and fairness.....	5
4.2 Predictability.....	5
4.3 Spatial and economic neutrality.....	5
4.4 Administrative ease and uniformity.....	6
5. Roleplayers and Stakeholders.....	6
6. Legislative Framework.....	6
6.1 Policy context.....	6
6.2 Applicable legislation.....	6
6.3 Recent and anticipated changes to the legislation.....	7
7. Definition of Development Charge cost components.....	8
8. Land development applications that give rise to Development Charges.....	9
8.1 Development Charges apply.....	10
8.2 Development Charges do not apply.....	10
9. Methodology for determining unit costs for use in Development Charges Calculations.....	11
11. Exemptions.....	14
12. Administrative process.....	15
12.1 Information required from the developer to calculate Development Charges.....	15
12.2 Application procedure.....	15
12.3 Payment of Development Charge.....	15
12.4 Infrastructure <i>in lieu</i> of Development Charge.....	17
12.5 Use of Development Charges Funds.....	18
12.6 Transitional Arrangements.....	19
13. Monitoring, Evaluation and Review.....	19
13.1 Monitoring.....	19
13.2 Evaluation and review.....	19
13.3 Review.....	19
Annexure A: Infrastructure to be funded by Development Charges.....	20
Annexure B: Development Charges Categories.....	22

1. Definitions

“Municipality” means the Breede Valley Municipality, a municipality established by provincial Notice No. 490/2000 (Provincial Gazette Extraordinary 5590) of 22 September 2000, issued in terms of the Local Government: Municipal Structures Act, 1998, or any structure or employee of the Municipality acting in terms of delegated authority;

“Condition of approval” means a condition imposed by the Municipality on the approval of a land development application in terms of land use planning legislation;

“Constitution” means the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996);

“Council” means the Municipal Council of the Municipality established by Provincial Notice 490 of 2000 issued in terms of section 12 of the Local Government: Municipal Structures Act, 1998, (Act 117 of 1998); and includes any committee or official carrying out any duty or function, or exercising any power in terms of an applicable By-law;

“CRT” means a certificate of registered title;

“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 Charge” means a once-off charge imposed by the Municipality on a developer as a condition of approval of a land development application in order to cover the cost of municipal engineering services required as a result of an intensification of land use;

“Early Childhood Development Centre (ECD)” means any building or premises used for the care of more than six (6) children and includes a playgroup, crèche, aftercare, pre-school, nursery school, educare or similar facility;

“Economic infrastructure” means infrastructure serving high income and commercial and industrial consumers;

“Engineering 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;

“Engineering Services Agreement” means an agreement between the developer and the Municipality in cases where the developer constructs or installs bulk engineering 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;

“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;

“GAP/Affordable housing” means housing that is certified as such by the Municipality’s Human Settlements Department;

“Home childcare” means the use of portion of a dwelling house or outbuildings by the occupant to provide day care, after school care or instruction for a limited number of infants or children;

“Home occupation” means the practising of an occupation or the conducting of an enterprise from a dwelling house, second dwelling, dwelling unit or outbuilding by one or more occupants who reside on the property; provided that the dominant use of the property concerned remains for the living accommodation of the occupants, and home occupation does not include a house shop;

“House shop” means a dwelling house, second dwelling or outbuilding in which a retail trade is conducted by one or more occupants who reside on the property and where the dominant use of the property remains the living accommodation of the occupants;

“Infrastructure backlog” means a lack of capacity in the existing infrastructure networks that result in a service being provided below the minimum acceptable standard;

“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;

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

“LUPA” means the Western Cape Land Use Planning Act, 2014 (No. 3 of 2014);

“LUPO” means the Land Use Planning Ordinance, 1985 (Ordinance 15 of 1985);

“Municipal district” means one of the four districts used by the Municipality for infrastructure planning;

“Second dwelling” means another dwelling unit which may, in terms of the zoning scheme, be erected on a land unit where a dwelling house is also permitted; and such second dwelling may be a separate structure or attached to an outbuilding or may be contained in the same structure as the dwelling house; provided that:

- a) the second dwelling shall remain on the same land unit as the dwelling house; and
- b) the second dwelling shall comply with the requirements specified in the Municipal Zoning Scheme;

“Service master plans” means high level infrastructure plans prepared by the Municipality to cater for future development. These include, but are not limited to: the Integrated Transport Plan, Electricity Master Plan, Bulk Water and Sanitation Master Plans, Stormwater Master Plans and Integrated Waste Management Plan;

“Social infrastructure” means infrastructure serving low-income and social housing households and institutions;

“Social housing” means housing development projects where residential land can be zoned either Single Residential Zone SR1 or Single Residential Zone SR2 or a combination thereof and where the household income levels of recipients are between R3 500 and R15 000 per month;

“SPLUMA” means the Spatial Planning and Land Use Management Act, 2013 (Act 16 of 2013);

“State-funded housing” means housing that receives a subsidy in full or in part to cover the costs of the land and/or top structure of housing for low-income persons and is certified as such by the Municipality’s Human Settlements Department; and

“Systems Act” means the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000).

2. Introduction

The Municipality has a vibrant economy, based on strong agricultural, manufacturing and tourism sector. The commercial and service sectors are also well-developed. The Municipality is the largest wine growing regions in South Africa, both in number of vines and volume of wine produced and is also one of the fastest growing municipalities in the Western Cape and is promoted as an attractive destination for economic investment. New economic development has a positive impact on the Municipality'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 Breede Valley. Without infrastructure, both public and private sector, investment in Breede Valley will slow down. The cost to the Municipality of providing this infrastructure, however, is high. Funding to cover these costs is obtained from three sources:

- **Grants** are provided by national or provincial government and are generally targeted towards social infrastructure, particularly in support of low-income housing development.
- **Loans** are converted into tariffs and are recovered by user fees paid by all consumers to the Municipality.
- **Capital contributions** 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 Municipality's ratepayers. Development Charges are the most important form of capital contribution raised by the Municipality to pay for infrastructure.

Local government is empowered to provide municipal services in terms of Section 156(1) of the Constitution, and Chapter 8 of the Systems Act, 2000. This obligation is discharged through, among others, the provision and operation of infrastructure, including external infrastructure. Section 73(2)(c) of the Municipal Systems Act also requires that these services must be provided in a financially sustainable manner and Section 75A of the same Act empowers a municipality to impose, *inter alia*, charges to pay for services.

LUPO has long permitted the raising of Development Charges (previously known as Bulk Infrastructure Contribution Levies (BICLs) or Development Contributions) and the Municipality at *ad hoc* has been raising these charges in terms of the Act. The Municipality does not have an effective and efficient system or policy of Development Charges in place.

If the Municipality 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 Breede Valley 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 Breede Valley 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 Breede Valley's external 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 Municipality's plans.

The Municipality faces development pressure from a number of directions, including low-income housing, high income housing as well as commercial, retail and industrial development pressure. Meeting this pressure is central to Breede Valley'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 that infrastructure.

3. Objectives of the Development Charges Policy

The desired outcome of this Development Charges policy is 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 Municipality 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.

The Municipality's vision of "A *UNIQUE AND CARING VALLEY OF SERVICE EXCELLENCE, OPPORTUNITY AND GROWTH*" is supported by the Municipality's mission: "TO PROVIDE SUSTAINABLE AND AFFORDABLE SERVICES IN A SAFE AND HEALTHY ENVIRONMENT WHILST PROMOTING SOCIAL AND ECONOMIC WELFARE THROUGH PARTICIPATIVE GOVERNANCE AND A COMMITTED SERVICE ORIENTATED APPROACH".

The implementation of the vision is centred around the following seven strategic themes:

1. To create a unique and caring Valley of service excellence, opportunity and growth;
2. To provide, maintain and assure basic service and social upliftment for the Breede Valley community;
3. To create an enabling environment for employment creation and poverty eradication through proactive economic development and tourism;
4. To ensure a safe, healthy, clean and sustainable external environment for all Breede Valley's people;
5. To actively participate in determining the future of our country (nation building);
6. To ensure a healthy and productive workforce and an effective and efficient work environment;
7. Assure a sustainable future through: sound financial management; continuous revenue growth; corporate governance and risk management practices; quality resources; and value- adding partnership.

This intent is aligned with the Municipality's Strategic themes which aims to create the economically enabling environment in which investment can grow and jobs can be created, while still being able to provide basic services to all its citizens implied in the *Safe Municipality* and *Caring Municipality* focus areas. The equitable and efficient financing of the costs of infrastructure to accommodate new developments is also an important contributor to the creation of a more *Inclusive Municipality*. There are also environmental benefits that will flow from the implementation of this policy as inadequate infrastructure creates negative impacts on ecosystems and environmental quality.

This policy provides the key details of the Municipality's Development Charge. These are, firstly, that it is a once-off capital amount paid to cover the costs of the additional infrastructure that the Municipality 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. The policy identifies the conditions under which such a charge becomes payable, the manner in which the amount is calculated and the administrative procedures for making the payment. The Development Charge is calculated over and above any other obligations that a developer may incur in terms of applicable legislation. This policy covers the following engineering services: roads, stormwater, water, sewerage, electricity, public transport and solid waste. However, the specific details of the charges applicable for electricity are the subject of a separate policy and legal framework. The separate policy on charges for electricity is essentially compatible with the approach proposed in this draft policy, although the charges for electricity are paid at the point of connection not as part of the land development application.

4. Principles guiding the Development Charge policy

The principles set out in this section guide the Municipality in the implementation of this policy. These principles closely reflect those in the draft National Policy Framework for Municipal Development Charges, National Treasury, 2011.

4.1 Equity and fairness

Development Charges should be reasonable, balanced and practical so as to be equitable to all stakeholders. In recognition of this principle:

- a) The Municipality should, as far as possible, recover from the developer the full and actual costs of the essential municipal services infrastructure that results from particular types of land development;
- b) The Development Charge associated with new land development –
 - i) can be related –
 - aa) to pre-installed municipal services infrastructure resulting from historical municipal investments in excess (spare) capacity; and
 - bb) to the provision of new infrastructure to meet additional capacity requirements; and
 - ii) cannot be used to compensate for inherited backlogs.
- c) Funds recovered through Development Charges should be dedicated only to the purpose for which they were raised, i.e. investment in external infrastructure.

4.2 Predictability

- a) Development Charges should be a predictable, legally certain and reliable source of revenue to the Municipality for providing the necessary infrastructure. These revenues should thus be treated as a formal commitment by the Municipality to provide or upgrade the associated municipal service infrastructure, and should be clearly and transparently accounted for.
- b) In order to promote predictability and coordination the costs associated with municipal infrastructure must be established before any capital grants from national or provincial government or other funding sources are applied so that there is full transparency.

4.3 Spatial and economic neutrality

A primary role of the Development Charge is to ensure the timely, sustainable financing of the required municipal infrastructure to support land development in line with municipal planning, therefore Development Charges should:

- a) be determined on identifiable and measurable costs in a way that avoids distortions in the economy and in patterns of spatial development;
- b) not be used for the purpose of achieving spatial planning or economic development objectives; and
- c) where appropriate, be raised on a sectoral or geographic scale to more accurately recover costs within a specific impact zone.

4.4 Administrative ease and uniformity

The determination, calculation and operation of Development Charges should be administratively simple and transparent. This will necessarily detract from the accuracy of individual charges but this is a necessary trade-off. Development Charges thus only estimate the actual costs for the provision of proportionate new municipal infrastructure capacity to support the land development.

5. Roleplayers and Stakeholders

There are three sets of primary stakeholders. The first set consists of the various departments in the Municipality that have a direct interest in the Development Charges system. They have been included in the development of this policy.

The second set of stakeholders includes the land development industry, which includes both the private sector as well as the public sector entities engaged in land development such as the provincial and national authorities responsible for low-cost housing.

Thirdly, there are civil society organizations, especially community, citizen and ratepayer associations as well as special interest groups that are also stakeholders affected by this draft policy.

6. Legislative Framework

Development Charges are an integral part of the broader legal framework for urban land development and municipal finance. This legal framework is undergoing change at national, provincial and municipal levels. Set out below is a summary of the applicable legislation, a summary of the likely changes to that legislation as well as an outline of new legislation that will probably be drafted shortly.

6.1 Policy context

This policy is consistent with the Draft *Policy Framework for Municipal Development Charges* (Version 7) issued by the National Treasury in 2011 and which reflects a broadly shared understanding of the role, purpose and legal nature of Development Charges across the country. An amendment to the national Municipal Fiscal Powers and Functions Act, 12 of 2007, to give legal force to the current final Draft National *Policy Framework for Municipal Development Charges* (2011) is anticipated.

Within the Municipality there is an Interim Policy on Development Contributions (MC 45/09/04), approved in 2004. This new Policy will replace that Interim Policy on Development Contributions, as amended and supplemented in 2011 and 2012.

6.2 Applicable legislation

Development Charges are currently provided for in terms of Section 42 of the Land Use Planning Ordinance (LUPO), 15 of 1985. When an approval is granted for a land use change in terms of LUPO, then the Municipality is empowered to impose conditions in terms of section 42(2).

These conditions can include:

‘the payment of money which is directly related to requirements resulting from the [changed land use]... in respect of the provision of necessary services ... to the land concerned’.

The new Land Use Planning Act (LUPA) as approved on 31 March 2014 and gazetted on 10 April 2014 will be brought into effect on a date which has yet to be determined by proclamation in the Provincial Gazette. Development Charges will then be provided for in terms of section 40 of LUPA.

The enabling planning legislation is able to give this power to a municipality through the province's legislative power to regulate, concurrently with the national legislature, issues relating to '*municipal planning*', which includes land use and land development (see Section 104 together with Schedule 4 of the Constitution). National legislation, through Section 75A of the Municipal Systems Act, further empowers a municipality '*to levy and recover fees, charges or tariffs in respect of any function or service of the municipality*'.

The enabling planning legislation must, however, also be read with the relevant provisions of national legislation such as Section 11 of the Local Government: Municipal Finance Management Act (MFMA), 56 of 2003, which regulates municipal supply chain management and would be relevant in situations where the municipality agrees to permit a developer to install any engineering infrastructure instead of payment of the applicable Development Charges.

Although public transport infrastructure is not typically included as one of the engineering services covered by Development Charges the National Land Transport Act, (Act 5 of 2009), allows a municipality to raise a user charge from 'land, buildings or other developments that generate the movement of passengers, including land or buildings of which the State is the owner, in its area', provided that this money goes into the municipality's 'land transport fund'.

6.3 Recent and anticipated changes to the legislation

In March 2014 the provincial legislature of the Western Cape approved the Land Use Planning Bill. Once brought into effect it will empower municipalities to require a Development Charge.

In line with the new legislative framework under the new provincial legislation, read with the national Spatial Planning and Land Use Management Act, (Act 16 of 2013), ('SPLUMA'), the Municipality is drafting a municipal planning by-law that will regulate aspects of land and building development management, including the provision of engineering services for land development and the raising of Development Charges. The municipal planning by-law will supplement the Cape Town Zoning Scheme. The Draft National *Policy Framework for Municipal Development Charges* (2011) proposes that every municipality have both a Development Charges policy and by-law. The relevant parts of the proposed municipal planning by-law dealing with Development Charges will satisfy the national requirement for a Development Charges by-law. A separate Development Charges by-law may be considered if further enhancement is required.

In line with the current wording of clause 40 of the Western Cape's Land Use Planning Act the Municipality, would be able to impose a condition on the approval of a land development application relating to:

1. '*the provision of municipal engineering services and infrastructure; [or]*
2. '*the cession of land or the payment of money.*'.

In the case of a condition requiring the cession of land or payment of money the value or amount of that land or money must be

'a proportional contribution to municipal public expenditure according to the normal need therefor arising from the approval'.

Where such condition to provide municipal engineering infrastructure *in lieu* of payment is imposed, it must be captured in an Engineering Services Agreement concluded between the Municipality and the developer before the construction of infrastructure commences (clause 40(8) of the Western Cape Land Use Planning Act).

In addition, section 49 of the national SPLUMA provides that:

- (1) *An applicant is responsible for the provision and installation of internal engineering services.*
- (2) *A municipality is responsible for the provision of external engineering services.*
- (3) *Where a municipality is not the provider of an engineering service, the applicant must satisfy the municipality that adequate arrangements have been made with the relevant service provider for the provision of that service.*
- (4) *An applicant may, in agreement with the municipality or service provider, install any external engineering service instead of payment of the applicable development charges, and the fair and reasonable cost of such external services may be set off against Development Charges payable.*
- (5) *If external engineering services are installed by an applicant instead of payment of development charges, the provision of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), pertaining to procurement and the appointment of contractors on behalf of the municipality does not apply.'*

7. Definition of Development Charge cost components

- 7.1 External engineering services include 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:
- a) a pro rata share of the cost of *bulk* engineering services to the development; and
 - b) the direct costs of any *link* engineering services required for the specific development.
- 7.2 The developer shall be responsible for both of the above, unless bulk engineering services are provided *in lieu* of Development Charges, as described in **Section 12.4**.
- 7.3 A description of the components of external engineering services for each of the engineering services is provided in **Annexure A**. The amount payable excludes the capital charge for electricity connections as the provisions relating to this charge are described in the Electricity Development Capital Policy. The Development Charge only covers the provision of infrastructure for which the municipality is responsible. It does not therefore cover the costs of provincial and national infrastructure. These costs may well have to be met by the developer, but that has to be part of a process regulated and managed by the authority responsible for providing the service, such as the provincial government of the Western Cape for provincial roads, SANRAL for national roads and ESKOM for electricity in those parts of Cape Town where it is the service provider.
- 7.4 The provision and installation of internal engineering services is the responsibility of the developer and is excluded from the Development Charge.
- 7.5 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.
- 7.6 While the Municipality is obliged to *provide* all bulk engineering services, in terms of section 49 of the Spatial Planning and Land Use Management Act, 2013 the manner in which the Municipality directs that each of the two categories of external engineering services is *installed*, differs. Also, the obligation on the Municipality to provide external engineering services is not unqualified. The Municipality is not obliged to provide infrastructure where it is not consistent with the applicable service master planning and capital budgets.

- 7.7 Where a development requires infrastructure inconsistent with the applicable master planning and capital budgets, but where the Municipality nevertheless approves the development application, the developer may be required to install some of the required external engineering services.
- 7.8 Where the Municipality 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.
- 7.9 However, in the case of *link* engineering services, the installation is the direct responsibility of the developer, unless otherwise agreed in writing with the Municipality. 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.
- 7.10 Where the Municipality 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 Municipality's long-term plans and master planning, then the Municipality 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.
- 7.11 New works or the portion of new works required to eradicate infrastructure backlogs are excluded from the Development Charge cost calculation.

8. Land development applications that give rise to Development Charges

Changes in land use or zoning give rise to a Development Charge where there is intensified utilisation of the land and resultant increase in loading on the infrastructure. Development Charges will be imposed on all these applications where the Municipality is requested to approve a development application in terms of the applicable land use or planning legislation.

For the purposes of the interpretation of this section the following definitions apply:

- a) **Coverage** means the total area of a land unit that may be covered by buildings, expressed as a percentage of the area of such land unit, and shall include all roofed areas; provided that the following portions of buildings shall be disregarded in the calculation of coverage:
- (i) stoeps, entrance steps and landings;
 - (ii) open balconies and retractable awnings;
 - (iii) cornices, chimney breasts, pergolas, flower boxes, water pipes, drain pipes and minor decorative features not projecting more than 500 mm from the wall of the building;
 - (iv) eaves not projecting more than 1 m from the wall of the building; and
 - (v) a basement, provided that the finished level of the top of the basement roof slab does not project above the existing ground level.
- b) **Gross Leasable Area (GLA)** means the area of a building designed for, or capable of, occupancy and/or control by tenants, measured from the centre line of joint partitions to the inside finished surface of the outside walls.
- c) **Floor space** means the area of a floor which is covered by a slab, roof or projection, provided that:
- (i) any area, including a basement, which is reserved solely for parking or loading of vehicles shall be excluded;
 - (ii) external entrance steps and landings, any canopy, any stoep and any area required for external fire escapes shall be excluded;
 - (iii) a projection including a projection of eaves, and a projection which acts as a sunscreen or an architectural feature, which projection does not exceed 1 m beyond the exterior wall or similar support, shall be excluded;

- (iv) any uncovered internal courtyard, light well or other uncovered shaft which has an area in excess of 10 m² shall be excluded;
- (v) any covered paved area outside and immediately adjoining a building at or below the ground floor level, where such paved area is part of a forecourt, yard, external courtyard, pedestrian walkway, parking area or vehicular access, and which is permanently open to the elements on at least the front or long side, shall be excluded;
- (vi) any covered balcony, veranda or terrace which, apart from protective railings, is permanently open to the elements on at least the front or long side, and which does not exceed 2,5 m in width, shall be excluded;
- (vii) subject to subsection (viii) below, any stairs, stairwells and atriums that are covered by a roof shall be included;
- (viii) in the case of multi-level buildings, any stairwells, lift wells, light wells or other wells, and any atrium, shall only be counted once; and provided further that: floor space shall be measured from the outer face of the exterior walls or similar supports of such building, and where the building consists of more than one level, the total floor space shall be the sum of the floor space of all the levels, including that of basements.

8.1 Development Charges apply

Development Charges apply to the following application types:

- a) Rezoning applications:
 - i. Rezonings to subdivisional area or equivalent zoning that enables rezoning and simultaneous subdivision of the land and which is typically required for new development or urban infill development;
 - ii. Rezoning of land from one zone to another in order to change the permitted land uses on the site; and
 - iii. Rezonings from one subzone to another in order to increase the permitted floor space.
- b) Subdivision applications where the number of dwelling units increases as a result of the subdivision, or where the subdivision application results in the increase of floor space or GLA.
- c) Permanent departure applications:
 - i. Applications to increase the permitted Floor Space, GLA, number of occupants or number of rooms; and
 - ii. Applications to increase permitted Coverage.
- d) Consent use applications (in terms of the Zoning Scheme) where the change in land use is deemed by the Municipality to result in additional utilisation of infrastructure.
- e) Any application for the amendment of conditions of a previous approval where the condition limited the land use, Floor Space, GLA or Coverage.

8.2 Development Charges do not apply

Development Charges will not apply to the following land development applications, which are deemed to have no significant impact on provision of external infrastructure:

- a) Rezoning applications to a less intensive zone, i.e. where one land use (primary or consent use) is replaced by a different land use with similar or lesser infrastructure utilisation impacts for all services.
- b) Subdivision applications where no additional development rights are created or which do not result in additional loading onto external infrastructure.
- c) Permanent departure applications for building lines or height or other similar parameters, which do not lead to an intensification of land use.

- d) Temporary departure applications where rights are granted on a temporary basis: provided that,
 - (i) temporary departures may only be granted if the infrastructure impact of the temporary use is the same or less than the existing use; and
 - (ii) if the Municipality does not have sufficient spare capacity available to accommodate the application for the temporary departure it will not be approved.
- e) Consolidation applications that are not accompanied by rezoning or additional rights application. Consent use applications which have a similar or lesser impact on infrastructure utilisation than previous rights applicable to the property.
- f) Applications to change land use to one of the following land uses, up to the extent indicated and using the definitions set out in this policy:
 - (i) early childhood development centre up to 34 children per erf;
 - (ii) home occupation up to 50m² per erf;
 - (iii) home child care up to six children per erf;
 - (iv) house shop up to 50m² per erf;
 - (v) second dwelling up to 60m² per erf; and
 - (vi) bed and breakfast establishment up to the first three bedrooms of an existing dwelling.

9. Methodology for determining unit costs for use in Development Charges Calculations

- 9.1 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:
- a) A 20-year land use model is developed for the Municipality that includes all existing and planned generic land uses and densification.
 - b) This land use model is used to develop optimum service models for transport, parks, water, sewerage, stormwater and solid waste to correspond to the future land use scenario.
 - c) 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)* and professional engineering experience.
 - d) 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.
 - e) Engineering standards for the infrastructure are obtained from the *Guidelines for the Provision of Engineering Services and Amenities in Residential Township Development (Revised Edition, 1994) (RED BOOK)*, various design manuals and engineering practice in the industry as well as other Municipality-approved standards as amended from time to time.
 - f) The future capital cost of this infrastructure is quantified using the current replacement cost of construction of the 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.
 - g) 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.

- h) The outstanding loan amount for each service is divided by the total capacity of the existing service infrastructure (to obtain a loan amount per unit of demand) and subtracted from the unit capital cost. This correction is made to avoid double payment for infrastructure capacity that is funded through loans and recovered through tariffs.

The above process can be summarized in the following conceptual formula:

$$W = (K/E2) - (L/E1)$$

Where:

W = unit cost applicable to the type of development

K = total current cost of future bulk engineering services

E2 = design capacity of future bulk engineering services

L = total outstanding loans for bulk engineering services

E1 = design capacity of existing bulk engineering services

- i) 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). Total outstanding loans for each service shall be taken from the financial statements of the financial year-end preceding the annual review. The annual percentage increase to the unit costs, taken from the SAFCEC index, shall be approved and published as part of the annual budget process.
- j) Where possible, unit costs should be re-calculated every five years using current replacement costs to accurately reflect the infrastructure cost.
- k) In the case of a full re-calculation the annual inflation will not apply for that year.
- 9.2 The developer shall be required to pay the unit cost rate applicable on the date at which the Development Charge becomes payable.
- 9.3 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.
- 9.4 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.

10. Calculation of Development Charges

10.1 Standard units for the measurement of impact for each municipal service are provided, below:

Service	Factor (s)	Yardstick	Unit of impact
Electricity	Refer to Electricity Development Capital Tariff (EDCT) Policy		
Roads	Increased municipal road capacity required	Vehicle trip generation	Vehicle trips/day
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
Stormwater	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 (AADD)	kℓ/day

- 10.2 The unit cost for each of the units of impact above will be derived from the modelling exercise described in **Section 9**, 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 Municipality as a whole.
- 10.3 The modelling impact zone used for the purposes of the calculation of Development Charges is a zone determined by the Municipality in which all the components of a services infrastructure system, network or networks that a particular development impacts on. This zone will 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.
- 10.4 Unit costs for all services are multiplied by the impact of the development on each service, as determined by the difference between the future impact and the current impact, to determine a total amount payable as a contribution to the bulk engineering services cost.
- 10.5 Future impact is determined according to standard impacts (per service) that have been calculated for each DC Charges category of land use (see **Annexure B**), which in turn are related to the Breede Valley Zoning Scheme.
- 10.6 Should an application for rezoning not specify the particular land use or extent, the highest possible development impact for that zone shall be charged for.
- 10.7 If a particular application is based on a combination of uses that correspond to a number of the Development Charges categories listed in **Annexure B**, the fee for the extent of the development in each category is calculated individually and added together.

11. Exemptions

- 11.1 The Development Charges Policy is based on an equitable and sustainable model for providing infrastructure to promote economic growth. The total cost of infrastructure for new development is apportioned to the new users in accordance with the land use model and relies on each user paying for their share of the infrastructure.
- 11.2 Exemptions from Development Charges will negatively affect the ability of the Municipality to provide infrastructure in a sustainable manner if no alternative funding is provided to compensate for the shortfall created by exemptions. The Municipality should therefore seek to minimise the number and value of exemptions and apply any exemption of Development Charges in an equitable, transparent and administratively feasible manner.
- 11.3 Current land uses permitted as a primary right in terms of the Breede Valley Zoning Scheme are not liable for DCs and do not require exemptions as there is no need for a land development application in order for the developer to exercise his or her right.
- 11.4 Exemptions from Development Charges may only be granted by the Municipality if it:
- a) does so in accordance with a Council approved policy or Council resolution that complies with the requirements of national legislation and policy dealing with Development Charges, and which:
 - (i) may exempt specified categories of land use or specified geographical areas or a combination of both; and
 - (ii) may not specify individual developers or properties.
 - b) a Council approved policy or Council resolution allowing for exemption from Development Charges liability must:
 - (i) calculate the full liability for Development Charges that would otherwise have been received by the municipality were it not for the exemption;
 - (ii) make projections regarding revenue to be foregone for a period of at least three years; and
 - (iii) make budgetary provision for the realisation of the associated revenue forgone from another realistically available source either through a specific capital transfer or an alternative capital budget vote.
- 11.5 Applications that qualify in terms of the Council approved policy or Council resolution allowing for exemption from Development Charges liability are not liable for Development Charges to the extent permitted in the policy or resolution, provided that:
- a) the amount of the Development Charges liability for that application must be sourced from alternative funding identified in terms of the policy or resolution and transferred to the relevant asset-financing fund; and
 - b) the application for exemption must be approved by the Council.
- 11.6 The Municipality must disclose the value of exemptions provided for each budget year in its annual report.
- 11.7 No relief may be granted in respect of the payment of Development Charges to a category of properties or a geographical area other than by way of an exemption provided for in this policy.
- 11.8 No relief may be granted in respect of the payment of Development Charges to an owner of property or properties on an individual basis unless it is in compliance with a Council approved policy or resolution.

12. Administrative process

In order to implement this policy the following implementation procedures will apply and have to be prescribed in the appropriate by-law:

12.1 Information required from the developer to calculate Development Charges

In terms of the applicable legislation, the Municipality may require from the developer any information necessary for it to evaluate an application. This includes information that will enable it to calculate the required Development Charge. These details, however, will vary according to the type of land use change envisaged as well as the scale of the proposed project.

12.2 Application procedure

12.2.1 Land development applications must be submitted to the Planning, Development and Building Control Department. The applicant will be informed at this stage that Development Charges may have to be paid and will be assisted by the Municipality in understanding what would constitute bulk and link external engineering services in the context of the particular development.

12.2.2 The full application must be circulated for comment to:

- a) Planning, Development and Building Control Department;
- b) Electricity Services Department;
- c) Civil Engineering Services Department;
- d) Finance Directorate;
- e) Community Services Directorate;
- f) Strategic Services Directorate;

12.2.3 A Department / Directorate may impose conditions relating to the development and, in particular, conditions relating to Development Charges which must include conditions relating to the time periods within which payment or payments must be made.

12.2.4 The limitations to the scale of permitted development, which were used to calculate the Development Charge, must be clearly set out.

12.2.5 Should a developer in future wish to acquire additional development rights over and above those already approved, a new application will be required in terms of the applicable planning legislation and the Development Charges liability must be recalculated.

12.2.6 The final Development Charges must be reflected in the calculation and form part of the conditions to be approved.

12.2.7 The conditions of the relevant department must be included in the final conditions of approval that are approved in terms of the applicable land use or planning legislation.

12.2.8 The final approval of the conditions will be binding in terms of the relevant land use or planning legislation. Section 51 of SPLUMA allows an appeal relating to land development applications to the Municipal Manager.

12.3 Payment of Development Charge

12.3.1 The conditions of approval appended to a land development application must set out the payment requirements and specifically must prescribe:

- a) the amount to be paid, including provisions for escalation over time; and

- b) the date when the Development Charge payment is due, which may include more than one payment date for more than one payment in the case of phased developments.
- 12.3.2 The Development Charge will be payable by the developer in full by cheque or electronic funds transfer.
- 12.3.3 Subject to 12.3.1 above, the developer will make one payment in response to a detailed invoice, provided by the Municipality to the developer and no payments by instalments will be permitted.
- 12.3.4 The Municipality will allocate the funds into the correct Asset-Financing Funds of each of the relevant services.
- 12.3.5 Payment shall be made as follows:
- a) in the case of subdivision of land, prior to the issuing of a subdivision clearance certificate which would allow transfer of first unit, or registration of a CRT, unless the conditions of approval indicate otherwise;
 - b) in the case of an application where no subdivision is required and where the intended development requires approval of a building plan, prior to approval of building plans unless the conditions of approval indicate otherwise;
 - c) in the case of any application where no subdivision clearance or subsequent building plan approval is required, prior to commencement of any activity on site pursuant to the application.
- 12.3.6 The Municipality may withhold any approval or clearance in terms of planning or building control legislation where a developer has not complied with his or her Development Charge liability.
- 12.3.7 Where the development entails subdivision of land, no transfer or registration of a CRT may be concluded of any portion of land until the Development Charge has been paid.
- 12.3.8 Where there is no transfer, the Municipality must withhold both building plan approval and the certificate of occupation until the Development Charge has been paid.
- 12.3.9 In the event that a developer proceeds with exercising his or her rights without paying the Development Charge in accordance with the applicable conditions of approval no subsequent transfer of that erf, or registration of a CRT, may be processed or approved until the applicable Development Charge has been paid.
- 12.3.10 In all cases where a Development Charge arises the Municipality must impose a condition that confirms that the land use becomes unlawful on account of non-payment of the Development Charge, thereby enabling the Municipality to invoke its enforcement measures appropriate to an unlawful land use.
- 12.3.11 In large and/or complex projects the Municipality may approve a development in phases thereby allowing Development Charges to be paid on commencement of each approved phase.
- 12.3.12 Where external engineering services are provided *in lieu* of Development Charges by the developer, the Municipality may agree to delayed payment of a Development Charge, provided that a Services Agreement between the Municipality and the developer is signed (refer to **Section 12.4**) and a written guarantee from a registered financial services provider is provided by the developer to cover any risk to the Municipality that this arrangement may entail.
- 12.3.13 The detailed roles and responsibilities for the provision of infrastructure in lieu of Development Charges must be set out in a separate Services Agreement, but the key aspects related to timing of payments as well as the amount(s) to be paid must be reflected clearly in the conditions of approval.

12.4 Infrastructure *in lieu* of Development Charge

12.4.1 A developer may by agreement with the Municipality:

- a. install bulk engineering services *in lieu* of Development Charges; and
- b. transfer land of a value not exceeding the value of the payable Development Charge for a particular bulk engineering service and only where the land is required for the installation of that service in the municipal district concerned.

12.4.2 Where a developer installs bulk engineering services or transfers land in accordance with 12.4.1 he or she may deduct the cost of the infrastructure installed, taking into account the components of actual costs as set out in section 10.11(c) of 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 Municipality, in accordance with section 9.1.(e) of this policy;
- b) the infrastructure to be installed is located within the same municipal district in which the development is situated;
- c) a written Engineering Services 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 Municipality;
- d) the Engineering Services Agreement is signed by the developer and the Municipality 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 Municipality 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 **section 12.3**.
- g) the Municipality 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 **Section 12.3**;
- 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 Engineering Services 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 Engineering Services Agreement;
 - iii. the Municipality 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 Municipality may require the developer to engage with authorised officials prior to it making a decision on appointment of a particular contractor, so that the Municipality has an opportunity to make representations regarding the reasonableness of the costs and any other relevant consideration;
 - v. the Municipality 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 Municipality and the developer, or could be binding on both of them, at the Municipality's discretion;

- vi. the Municipality may appoint an independent, registered Consulting Engineer to assess whether the standards of the infrastructure installed meet the Municipality's requirements as set out in section 9.1.(e) of this policy.
 - vii. the Municipality may prohibit the developer from appointing as a contractor any person which has been black-listed by the Municipality 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 Municipality may appoint an independent, registered Consulting Engineer to verify the report provided to 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 Municipality may have access to all relevant records relating to the construction process, including not only records relating to the procurement process, but also the contractual documentation, notices, invoices, progress reports and other records; and
 - xii. the Municipality 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 Municipality or the required agreements are made to ensure that the Municipality 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 Municipality.
- 12.4.3 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.
- 12.4.4 Where the developer installs external infrastructure of a higher value than the Development Charge liability, as provided for above in **Section 7**, the developer may offset the additional amount against his or her liability for Development Charges incurred under subsequent phases of the same development. The Municipality must verify that the additional infrastructure is necessary for the integrated and efficient development of the infrastructure network.

12.5 Use of Development Charges Funds

- 12.5.1 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 section 10.11.(c) of 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 Municipality.
- 12.5.2 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:
- (i) 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; and
 - (ii) contributions towards public transport infrastructure will need to be retained in the Municipality's land transport fund, as required by Section 28 of the National Land Transport Act, 5 of 2009.
- 12.5.3 Funds must be spent according to the project priorities of the Municipality for that municipal district and service, as illustrated in the infrastructure master plans and detailed in the capital budget or integrated development plan.
- 12.5.4 Once a Development Charge has been paid in full for a specific piece of infrastructure, the Municipality must include that infrastructure development project on the capital budget in the subsequent budget cycle.

12.6 Transitional Arrangements

12.6.1 This policy will come into effect on the date of approval by the Council.

12.6.2 Development applications approved prior to the approval of the new Development Charges Policy will be subject to the current Interim Policy and all new developments approved after the date of approval of the new Development Charges Policy will be subject to the new policy.

13. Monitoring, Evaluation and Review

13.1 Monitoring

The Finance Directorate: Treasury Department will be responsible for monitoring the collection and use of the Development Charges. The use of Development Charges shall be reported on in the Municipality's Annual Report, and be subject to the Municipality's standard auditing procedures.

13.2 Evaluation and review

The following information, broken down by service and by applicable region, must be published annually by the Municipality and used for evaluation and review of the policy:

- a) Value of Development Charges levied;
- b) Value of Development Charges received;
- c) Value of the external infrastructure provided by developers as payment in kind;
- d) Expenditure from all Development Charges funds; and
- e) Value of rebates/exemptions awarded and sources of alternative funding.

13.3 Review

13.3.1 This policy should be reviewed when the need to do so arises. Triggers for the review of this policy include situations where:

- a) the growth trajectory of the Municipality deviates significantly from the projected land use model;
- b) the engineering service provision responsibilities of the Municipality are amended;
- c) new technologies arise that affect the capital costs of installing engineering services; or
- d) the indicators outlined at 13.2 above reflect an under- or over-recovery of bulk infrastructure costs.

13.3.2 The determination of liability for a Development Charge is an administrative action regulated by law (including the requirements of procedural fairness, lawfulness and reasonableness as provided for in the Promotion of Administrative Justice Act, 3 of 2000) and, in addition, is procedurally subject to the municipal budget process. This provides scope for annual public consultation. Thus the review of the policy will be incorporated into the annual budget process, in which it will be possible to engage stakeholders with the policy review. Unit rates for the calculation of Development Charges will be published with the Municipality's Annual Budget for consultation and approval by Council.

Annexure A: Infrastructure to be funded by Development Charges

Sector	Extent of costs
Water	<p>The proportionate share of capacity and/or increase in capacity of the municipal water infrastructure to accommodate the needs of the new development, including:</p> <ul style="list-style-type: none"> • Link infrastructure outside the development site required to connect the new development to the existing municipal water network. • The proportionate cost of the existing distribution pipelines, reservoirs, water towers, pump stations and control valves required for the new development, and/or the proportionate cost of creating additional capacity for the mentioned respective infrastructure components, downstream of the bulk water meter. • The proportionate cost of a share in the capacity of the existing dams (where owned by the Municipality), water treatment works, bulk distribution pipelines and bulk reservoirs, and/or the proportionate cost of creating additional capacity at such a facility, where these are owned by the Municipality.
Sewerage	<p>The proportionate share of capacity and/or increase in capacity of the municipal sanitation infrastructure to accommodate the needs of the new development, including:</p> <ul style="list-style-type: none"> • Link infrastructure outside the development site required to connect the new development to the existing municipal sewer network. • The proportionate cost of the existing collector and outfall sewer pipelines, pump stations and diversion structures required for the new development, and/or the proportionate cost of creating additional capacity for the mentioned respective infrastructure components, downstream of the new development. • The proportionate cost of a share in the capacity of the existing wastewater treatment works, and/or the proportionate cost of creating additional capacity at such a facility, where these are owned by the Municipality.
Electricity (to the extent provided by the Municipality)	Refer to Electricity Development Capital Tariff Policy
Roads (to the extent provided by the Municipality)	<p>Contributions to ‘basic road infrastructure’ are based on providing for the required road space which is needed on external municipal roads (of all classes) for trips on external roads by customers in the new development (or visitors) in order to maintain the existing minimum standard of service, including:</p> <ul style="list-style-type: none"> • Link infrastructure to connect the new development to the existing municipal infrastructure, unless this is required in terms of a traffic impact assessment. • The proportionate share of existing external road capacity or increase in length or capacity of external roads due to the generalised (non-local) impact of the development. • Road structures, minor stormwater facilities, sidewalks, furniture, controls and signage associated with the above roads. • The proportionate share of existing capacity at, or new junctions and interchanges.
Transport (to the extent provided by the Municipality)	<p>The proportionate share of capacity or increase in size of the municipal public transport infrastructure not associated with road infrastructure, to accommodate the needs of the new development and maintain acceptable minimum levels of service, including:</p> <ul style="list-style-type: none"> • Public transport interchanges • Non-scheduled service facilities • Street-to-street pedestrian access • Class 1 cycle lanes <p>But <i>excluding</i> any portion of this infrastructure funded from national government grants, including the costs of integrated rapid transit systems and facilities for scheduled services.</p>

Sector	Extent of costs
Stormwater	<p>The proportionate share of existing capacity or increase in size of the external stormwater infrastructure associated with communal conveyance, to accommodate the needs of the new development, including:</p> <ul style="list-style-type: none"> • Link infrastructure outside the development site required to connect the new development to the existing municipal stormwater network. • Piped networks (excluding provision for minor drainage system associated with road provision) • Culverts • Open channels, lined and unlined • Detention and retention facilities • Energy dissipation structures • Water quality management facilities • Outfalls to watercourses
Solid waste (to the extent provided by the Municipality)	<p>The proportionate share of existing capacity or new facilities, to accommodate the needs of the new development, including:</p> <ul style="list-style-type: none"> • Disposal facilities (landfill, transfer stations, alternative treatment technologies) • Specialised vehicles used for landfill operations • Drop-off facilities • Specialised collection vehicles • Material recovery facilities
All services (to the extent provided by the Municipality)	<p>The proportionate cost of land or servitudes of existing infrastructure or the cost thereof to establish new infrastructure as a result of the development.</p>

Annexure B: Development Charges Categories