

REPORT 5
(1215/52/05/IM)

DEVELOPMENT CONTRIBUTION REMISSION REPORT FOR 1 FEATHERSTON STREET

1. Purpose of Report

The purpose of this report is to evaluate the development contribution fee remission application received from Robert Fisher Associates Limited for the construction of a large office building at 1 Featherston Street.

2. Executive Summary

The Development Contributions Policy (The Policy) allows for Council to remit development contributions in exceptional circumstances upon receipt of a remission application. Robert Fisher Associates Limited has made an application for remission in respect of the development contributions assessment of \$1,704,584 for a large office development at 1 Featherston Street.

Council officers consider that there are no grounds to consider the application under the remission provisions in the Policy.

3. Recommendations

It is recommended that the Subcommittee:

- 1. Receive the information.*
- 2. Agree not to grant the development contributions remission fee on 1 Featherston Street.*
- 3. Note that the Policy's remission provision provides that any decision of the Council will not create a precedent or expectations.*

4. Background

4.1 The Policy

The Council adopted the Development Contributions Policy on 28 June 2005.

The Policy provided that any proposal associated with an application for building consent, resource consent or service connection lodged on or after 1 July 2005, will be required to pay a contribution under the Policy (see clause 1.4.2 of the Policy). In terms of the Policy non-residential development is assessed on the basis of new gross floor area created by any development. Residential development is assessed on the basis of the number of equivalent household units created by any development.

4.2 Proposal

Applicant:	Robert Fisher Associates Limited
Proposal:	Construction of a large office building
Date application lodged:	The building consent application has not yet been received

The development contribution fees for this proposal were calculated under the 2007/08 Policy.

5. Discussion

5.1 Provisions of the Policy

The relevant provisions of the Policy relating to remissions are as follows:

2.6 Remission and postponement

- 2.6.1 The Council may remit or postpone payment of a development contribution at its complete discretion. The Council will only consider exercising its discretion in exceptional circumstances. Applications made under this part will be considered on their own merits and any previous decisions of the Council will not be regarded as creating precedent or expectations.***
- 2.6.2 Remissions will only be granted by resolution of the Council (or a Committee or Subcommittee acting under delegated authority).***
- 2.6.3 An application for remission must be applied for before a development contribution payment is made to the Council. The Council will not allow remissions retrospectively.***
- 2.6.4 An application must be made in writing, and set out the reasons for the request.***

5.2 Reasons for remission application

The applicant is seeking a remission from the requirement to pay all the development contribution fees due. The reasons are attached and summarised below:

Reasons	Officer's Comments
<p>The applicant was required to replace a main Council storm water drain and a neighbours' sewer pipe which will result in an upgrade of a major sewer run. This only partially benefits his project. The cost of the storm water replacement was \$420,000 and the work on the sewer is estimated to cost \$115,000. Therefore the combined cost of the infrastructure contribution to the city is \$535,000 plus GST.</p>	<p>The sewer and stormwater were both shifted to allow the development to progress. The new sewer and stormwater pipes are the same size as the original pipes.</p> <p>If existing infrastructure is modified to allow the developer to proceed, the developer is responsible for funding the work at no cost to Council.</p>
<p>The plans for the building have achieved a 5-star rating against Green Star New Zealand's Environmental Rating System. The building will have measures such as double glazing, sensor lighting, all lifts will be 'destination controlled', all toilets, urinals and hand basins will have valves and/or sensors to restrict water flow to a minimum, up to 70% of water for flushing the toilets in the building will be supplied from water harvested from the roof, air conditioning will be 'chilled beams' which use 50% less energy.</p>	<p>These are very positive elements which the Council supports. However, the development will still impact on overall citywide infrastructure capacity. Also, the Council has no current policy to financially support "green building" initiatives.</p>
<p>The development will occupy a long standing vacant site that has been an eyesore at the 'gateway' to the CBD for some 30 years.</p>	<p>This is a positive point but not relevant as "exceptional" under the Policy.</p>
<p>The building will provide substantial office accommodation immediately opposite the railway station and main bus depot, thus reducing the need for additional transport costs – with a positive outcome on CO2 emissions.</p>	<p>A positive point, but not relevant as "exceptional" under the Policy.</p>
<p>The building will add to the 'commercial' rates base.</p>	<p>The Council will not receive additional rates revenue; the benefits will accrue to other ratepayers.</p>

During construction the project will provide work for many hundreds of trades people and a number of professionals.	A positive point, but not relevant as “exceptional” under the Policy.
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6. Conclusion

The Policy requires that remissions are only granted in exceptional circumstances. There is no definition of what might comprise such circumstances.

If the sub-committee was to reach a view that the circumstances are exceptional, it is open to the sub-committee to remit the application in full or in part.

It is recommended that the development contributions payable are remitted in the following way:

Development Contributions based on 2007/08 Policy	Original fee (GST excl.)	Adjustment (GST excl.)	Revised fee (GST excl.)
Reserves	141,217.00	0	141,217.00
Waste water	591,315.00	0	443,486.25
City wide water supply	159,181.00	0	119,385.75
City wide storm water	98,303.00	0	73,727.25
City wide waste water	133,732.00	0	100,299.00
City wide roading	358,282.00	0	358,282.00
City wide reserves	222,554.00	0	222,554.00
Total	1,704,584.00	0	1,704,584.00

Contact Officer: *Catherine MacFarlane, Business Performance Manager, Planning and Urban Design*

Supporting Information

1) Strategic Fit / Strategic Outcome

The Development Contributions Policy supports Council's infrastructure-related activities, by ensuring those responsible for increased demand through growth contribute to the cost of services.

2) LTCCP/Annual Plan reference and long term financial impact

The sub-committee decision has implications for the LTCCP and financial impacts where the cost of the growth related portion of infrastructure development is paid for by those generating the additional demand.

3) Treaty of Waitangi considerations

This report has no direct impact on iwi.

4) Decision-Making

This is not a significant decision.

5) Consultation

a) General Consultation

As part of the remission process developed for Development Contributions the applicant has been provided with a copy of this report for their information.

b) Consultation with Maori

This report has no direct impact on iwi so consultation was not conducted.

6) Legal Implications

Council's lawyers have not been consulted during the development of this report.

7) Consistency with existing policy

These are no inconsistencies with other existing WCC policies.

Appendix A

Map showing location of development.

Appendix B

Extracts from the consent application.

Appendix C

Copy of application for remission.