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**REPORT 2**  
(1215/52/05/IM)

## **DEVELOPMENT CONTRIBUTION REMISSION REPORT FOR 78 – 84 FAIRLIE TERRACE**

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### **1. Purpose of Report**

The purpose of this report is to evaluate the development contribution fee remission application received from Victoria University of Wellington for a student accommodation building.

### **2. Executive Summary**

This remission case was 'left to lie on the table' under standing order 116.5 at the August 2007 DC Subcommittee meeting. The same report and recommendation is now reactivated under this hearing.

The Development Contributions Policy (The Policy) allows for Council to remit development contributions in exceptional circumstances upon receipt of a remission application. Victoria University of Wellington (VUW) has made an application for remission in respect of the development contributions assessment of \$557,738.00 (excl GST) for a student accommodation building at 78-84 Fairlie Terrace. Council officers consider that there are grounds to consider the application under the remission provisions in the Policy. It is recommended that part of the roading fees be remitted.

### **3. Recommendations**

Officers recommend that the Subcommittee:

1. *Receive the information and to reactivate the case that was 'left to lie on the table' under standing order 116.5 at the August 2007 Development Contribution Subcommittee meeting (024/07DC).*

2. *Agree to remit the development contribution on 78-84 Fairlie Terrace to \$526,372.45 (excl GST).*

*Note:*

*The applicant has indicated that they are willing to pay this amount as the final and full development contribution for this project.*

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

**District Plan Zoning:** Institutional Precinct.

**Applicant:** Victoria University of Wellington.

**Proposal:** Construction of a student accommodation facility comprising of single bed dormitory rooms, studio apartments and two bedroom apartments to house 389 students.

**Date application lodged:** A building consent application for this proposal was lodged with the Council on 28 September 2007. Construction has commenced on the site. The development contribution fees for this proposal were calculated under the 2007 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**

Objection Reasons	Officers’ Comments
<p>Growth at VUW is of significant benefit to the city in terms of economic growth, thought leadership, general “buzz” and cultural diversity.</p> <p>VUW is endeavoring to take a responsible and sustainable approach to development, incorporating seismic enhancements and environmental initiatives where feasible.</p> <p>VUW’s direction, particularly in the scientific, creative, public policy and technology fields are consistent with Council’s aspirations for the city.</p>	<p>These are positive points but similar benefits could be ascribed to most developments in the city.</p> <p>Seismic and environmental considerations make economic and wellbeing sense and this is considered to be the norm for most developments.</p> <p>Remission is not recommended as these arguments do not constitute exceptional circumstances.</p>
<p>Stormwater – the site already accommodates a number of existing buildings and it is envisioned that the stormwater collection area in the new development would be similar to that which exists today.</p>	<p>Applicants can increase hard landscaping at any time without consent. Therefore we have no certainty about percentage of hard surfacing in the future. This means that using site coverage to calculate the contribution for stormwater is not appropriate.</p> <p>This would require a fundamental change to the policy which would reduce revenue unless a new unit of demand is determined, shifting the funding burden to others.</p>

<p>Water supply and wastewater – students, particularly first year students, spend very little time at the facility during the day. These students typically spend their day at lectures and then in the library and city, returning to the facility for their evening meal and to sleep. Occupancy tends to be low outside of the main university term (which is approximately 38 weeks) and even during this period students often spend weekends and other holidays away from the hostel. The effective occupation is expected to be approximately 24 weeks per year.</p>	<p>Infrastructure is provided to accommodate peak flows and fire fighting water supply, and periods of fluctuation in use do not reduce the need for capacity development.</p> <p>Students can be very social, and attract many visitors which are likely to increase water usage (toilet flushing etc).</p> <p>Remission is not recommended for the storm water levy.</p>
<p>Traffic and roading - These students typically do not travel by car and therefore they have limited impact on local roading networks. Cars will not be permitted at the facility nor will the University, as landlord, support applications for residents' parking permits.</p>	<p>The impact on footpaths, and use of public transport and service vehicles would remain significant. Students can be very social, make strong use of entertainment and sporting opportunities, and may have many visiting friends and family. The extreme limits placed on access to cars are however considered “exceptional” and a partial remission on these grounds is supported. The restricted use is assessed to be 75% of the normal activity on the road network. Therefore, a remission of approximately 25% of the normal fee is recommended.</p>
<p>Reserves - The students place very little demand on city reserves as VUW has a number of special green spaces for students to enjoy.</p>	<p>The Policy is based on access to, rather than use of, reserves. Remission is not recommended for reserves levy.</p>

## 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 reaches a view that the circumstances are exceptional, it may agree to remit the application in full or in part.

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

<b>Development Contributions based on 2007/2009 policy</b>	<b>Original Fee (GST excl.)</b>	<b>Adjustment (GST excl.)</b>	<b>Revised Fee (GST excl.)</b>
Citywide reserves	74,241.85	0	74,241.85
Citywide roading	119,519.38	(31,365.55)	88,153.83
Citywide storm water	32,792.92	0	32,792.92
Citywide waste water	44,611.69	0	44,611.69
Citywide water supply	53,101.23	0	53,101.23
Zone waste water	197,256.92	0	197,256.92
Community infrastructure	36,214.00	0	36,214.00
<b>TOTAL</b>	<b>557,738.00</b>	<b>(31,365.55)</b>	<b>526,372.45</b>

Contact Officer: *Jeffrey Loo - Planning Manager: Customer Service  
Urban Development and Transport*

Attachments enclosed:  
Consent Holder remission application and correspondence.

## **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 implications for the Treaty of Waitangi.*

### **4) Decision-Making**

*This is not a significant decision.*

### **5) Consultation**

#### **a) General Consultation**

*This was undertaken 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**

*There are no legal implications for this report.*

### **7) Consistency with existing policy**

*There are no inconsistencies with other existing Council policies. The advice given in this report is consistent with Council's Development Contribution Policy 2007.*