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**REPORT 3**  
(1215/52/05/IM)

## **DEVELOPMENT CONTRIBUTION REMISSION - 'WILLIS CENTRAL' (44-52 WILLIS STREET, WELLINGTON CENTRAL)**

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

The purpose of this report is to evaluate the development contributions remission application received by the Wellington City Council ("the Council") from Gill Consultants Limited ("Gill Consultants") and Aurecon New Zealand Limited ("Aurecon") on behalf of Boulcott Land Limited for the development known as Willis Central and provide a recommendation to the Development Contributions Subcommittee ("the Subcommittee").

### **2. Executive Summary**

The remission application relates to the development known as Willis Central. The development contributions fee for Willis Central was originally assessed by the Council at \$1,174,420.80<sup>1</sup>. In their initial application for self assessment, Boulcott Land Limited sought to pay a development contributions fee of \$156,695.62. During the self assessment process, Council officers agreed to remit the stormwater component of the development contributions fee, resulting in a revised assessment of \$1,106,692.20. Boulcott Land Limited disagree with this assessment, therefore the case has progressed to a Subcommittee remissions process.

The Council's officers consider that there are no grounds to consider the application for remission under the remission provisions in the Development Contributions Policy ("the Policy").

### **3. Recommendations**

Officers recommend that the Subcommittee:

- 1. Receive the information.*
- 2. Agree not to grant a remission of the development contributions fee to Gill Consultants and Aurecon.*

Note: The Policy states that applications for remission of development contributions fees will be considered on their own merits and that any decision of the Subcommittee will not be regarded as creating precedent or expectations.

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<sup>1</sup> Note that all monetary figures used in this report are inclusive of GST.

## **4. Background**

### **4.1 Proposal**

This remission application relates to the construction and use of a 14 storey commercial building, involving the partial demolition of a listed heritage building and associated servicing and earthworks. The remission applicant is Gill Consultants Limited and Aurecon New Zealand Limited on behalf of Boulcott Land Limited. The development contributions fee for Willis Central was originally assessed at \$1,043,929.60. Gill Consultants and Aurecon are seeking to make a final development contributions payment of \$139,285.00. Following a self assessment process, Council officers agreed to remit the stormwater component of the development contributions fee resulting in a final assessment of \$983,726.40. The original application for self assessment was received by the Council on 11 August 2009. The Council's response to the application for self assessment was provided to the applicant on 23 December 2009. The request for a remission process was received 23 December 2009 via email.

### **4.2 The Policy**

The Policy allows for the Subcommittee to remit or postpone payment of development contributions fees at its complete discretion. The Subcommittee will only consider exercising its discretion in exceptional circumstances.

As the application for resource consent for Willis Central was received on 24 July 2008, the development has been assessed under the version of the Policy that the Council adopted on 1 July 2007. The Policy provides that any proposal associated with an application for subdivision of land, building consent, land-use consent or unit title development, or a service connection on or after 1 July 2005 will be required to pay a development contribution (see clause 1.4.2 and clauses 3.2.1-3.2.10 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.*

Section 8.1 of the Policy is also relevant as it states that growth projections for Wellington City over the next ten years (which is related to the Long Term Council Community Plan) are based on a 10% growth in the residential population and an 11% increase in full-time employment. The growth assumptions underpin considerations relating to the provision of network and community infrastructure.

Under the Policy, any non-residential development is assessed for a development contribution on the basis of new gross floor (GFA) area created by the development. Paragraph 2.2.1 of the Policy states that development contributions are payable for the number of equivalent household units (EHUs) created by a development. For a non-residential development, an EHU assessment is based on 65m<sup>2</sup> of GFA being equal to 1 EHU (note that amendments to the Policy in 2009 have reduced this to 55m<sup>2</sup>).

## 5. Discussion

### 5.1 The Remission Application

The applicant's remission application is primarily based on a departure from the standard GFA and EHU measures of the Policy. In place of these measures, the applicant has proposed new measures and justifications which they state more accurately reflect the actual demand that Willis Central will have on the Council's services and infrastructure.

The remission application is largely based on the view that the development will be a 'green building' and as such will have a reduced level of demand on the Council's infrastructure. The application highlights a range of water management techniques, including the utilisation of rain water for non-potable uses as well as more efficient water fixtures and fittings to reduce demand on water supply and on wastewater services. The application also questions the standardised approach of the Policy, and asserts that the development will place reduced levels of demand on the Council's infrastructure that that anticipated by the Policy.

#### *Note on Self Assessment Application*

In their self-assessment application, the applicant incorrectly calculated the amount of EHUs relating to Willis Central as being 232 EHUs. As a result of this, the applicant incorrectly calculated the development contributions fee. The correct method for calculating the amount of EHUs and the correct development contributions fee due is outlined below.

<i>Existing developments</i>	<i>Existing gross floor area (m<sup>2</sup>)</i>	<i>Retained gross floor area (m<sup>2</sup>)</i>
Airways Building	5,193	4,788
McCarthy Building	979	598
Boulcott Street Townhouses	1,266	0
<b>Total</b>	<b>7,438</b>	<b>5,386</b>

	<i>Gross floor area (m<sup>2</sup>)</i>
Total existing	7,438
Total retained	5,386
Total demolished	2,052

A total GFA of 27,466m<sup>2</sup> was provided in the applicant's self-assessment application. An existing credit of 6,172m<sup>2</sup> is subtracted from this to give a GFA of 21,294m<sup>2</sup>: this is the GFA that is assessable for a development contribution. The figure of 6,172m<sup>2</sup> is calculated from the total existing GFA of the Airways (5,193m<sup>2</sup>) and McCarthy (979m<sup>2</sup>) Buildings. The Boulcott Street Townhouses are not included in this figure as they are residential units, as opposed to non-residential developments, as are the Airways and McCarthy Buildings. The GFA of 21,294m<sup>2</sup> is then divided by 65 (65m<sup>2</sup> being the GFA for a non-residential EHU) which equals 327.6 EHUs. The 22 EHUs for the Boulcott Street Townhouses (as the Boulcott Street Townhouses contain 22 residential units) are then subtracted to give a final assessable EHU figure of 305.6 EHUs. Using the non-residential development contributions fee for Zone K (Inner City) of \$3,416 per EHU in the 1 July 2007 Policy, a figure of \$1,174,420.80 can be calculated.

## **5.2 Assessment**

### *Increased intensity of usage at the 'Willis Central' development*

Paragraph 8.2.4 of the Policy states that "for a non-residential development, the Council has assumed that an employee requires approximately 25m<sup>2</sup> of GFA and that 2.6 employees, being the equivalent average household occupancy, would require 65m<sup>2</sup>". The self assessment application states that the employee capacity of the building would be 2,300. Based on the current GFA figure provided, there could be approximately one employee per 12m<sup>2</sup> which is less than half the GFA anticipated by the Policy. Therefore, the development has a potential density of use that is more than twice that anticipated by the Policy.

### *Water Supply*

The Council must design and construct infrastructure as provided for in the Code of Practice for Land Development and in the District Plan. Furthermore, infrastructure should be able to cater for peak demands, including fire fighting water, and it should have storage facilities to store water for up to 24 hours use. There is also the potential for the Willis Central's increased demand on water supply to be much greater than the Policy anticipates because of the potentially intensive use of the building. It is recommended that no reduction should be offered in this component of the development contribution fee.

### *Stormwater*

The Council's officers have already granted a full reduction to the applicant in this component of the development contributions fee during the self assessment process. This is because the site was previously covered in hard-surfaces, such as buildings and car-parking areas. Therefore, no additional stormwater will be generated when the development is completed.

### *Traffic and Rooding*

The development will result in the creation of a substantial amount of new non-residential floor area and there will be increased demand on traffic and rooding services resulting from the development. The applicant's argument that there will only be a relocation of existing traffic and rooding demand rather than an increase in demand on the wider traffic network is not supported as buildings vacated by those moving to Willis Central are likely to be 'backfilled' by other commercial users in time. This will lead to an overall increase in traffic and rooding demand. This view is supported by an expected increase in full-time employment in Wellington of 11% from 2009-2019. The Council must cater for peak traffic demands; therefore, it is recommended that no reduction should be offered in this component of the development contributions fee.

### *Wastewater*

There will be increased demand on wastewater services resulting from the development. Furthermore, there is the potential for this increased demand to be much greater than the Policy anticipates because of the intensive use of Willis Central. The Council must design its infrastructure and services to be able to cater for the disposal of wastewater at peak demand; therefore, it is recommended that no reduction should be offered in this component of the development contributions fee.

### *Reserves*

There will be increased demand on reserves resulting from the development, and not just a relocation of existing demand. There is also the potential for this increased demand to be much greater than the Policy anticipates because of the intensive use of the building. Furthermore, the Policy is based on the public being able to access reserves, rather than the use of reserves. It is recommended that no reduction should be offered in this component of the development contributions fee.

## **6. Conclusion**

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

If the Subcommittee was to reach a view that the circumstances are exceptional, the Subcommittee is able to remit the application in full or in part.

The recommendation is that the development contributions fees payable are remitted in the following way:

Development Contribution based on 1 July 2007 Policy	Original fee (GST excl.)	Adjustment after any remission (GST excl.)	Revised fee (GST excl.)
DC Zone K - Reserves	\$86,484.80	\$86,484.80	\$86,484.80
DC Zone K - Wastewater	\$362,136.00	\$362,136.00	\$362,136.00
Citywide - Traffic and Roding	\$219,420.80	\$219,420.80	\$219,420.80
Citywide - Reserves	\$136,297.60	\$136,297.60	\$136,297.60
Citywide - Water Supply	\$97,486.40	\$97,486.40	\$97,486.40
Citywide - Wastewater	\$81,900.80	\$81,900.80	\$81,900.80
Citywide - Stormwater	\$0.00	\$0.00	\$0.00
<b>Total</b>	<b>\$983,726.40</b>	<b>\$983,726.40</b>	<b>\$983,726.40</b>

The recommendation is that the Subcommittee agrees not to grant a remission of the development contributions fee to Gill Consultants and Aurecon. The final development contributions fee payable should be \$1,106,692.20.

Contact Officer: *Tim Wild – Planning Technician, Development Planning*

## Supporting Information

### **1) Strategic Fit / Strategic Outcome**

*The Policy supports the Council's infrastructure-related activities, by ensuring those responsible for increased demand through growth contribute to the cost of providing infrastructure to service that demand.*

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

*The Subcommittee 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 on infrastructure. There is an expectation that development contributions will fund infrastructure.*

### **3) Treaty of Waitangi considerations**

*This report has no direct impact on iwi.*

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

*Whilst the monetary figure involved with this decision is substantial, this is not a significant decision. The Policy has no scope for considering the applicant's departures from the standardised GFA and EHU measures that the Policy is based on. Furthermore, the applicant's proposed measures and justifications and their new development contributions fee calculation, which they believe is reasonable and which more accurately reflects the actual demand Willis Central will have on services and infrastructure, should be rejected. Lastly, the recommendation is that there should be no reduction in the amounts charged for those components of the development contributions fee that the applicant is agreeable to paying, with the exception of stormwater.*

### **5) Consultation**

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

*As part of the remission process, 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**

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

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

*This report is consistent with the Development Contributions Policy and with all other existing policies of the Council.*

## **Appendix 1: Map showing location of development**



**Appendix 2: Copy of the application for remission  
of development contribution fees**