
REPORT 4
(1215/52/05/IM)

**DEVELOPMENT CONTRIBUTION REMISSION - RYMAN
HEALTHCARE – MALVINA MAJOR RETIREMENT
VILLAGE – 118 BURMA ROAD**

1. Purpose of Report

The purpose of this report is to evaluate the development contribution fee remission application received by the Wellington City Council (“the Council”) from Ryman Healthcare (“Ryman”) for the extension of the Malvina Major Retirement Village and provide a recommendation to the Development Contributions Subcommittee (“the Subcommittee”).

2. Executive Summary

The development contributions fee for the extension of Malvina Major Retirement Village has been assessed by the Council at \$120,930.46¹. This includes a previous reduction in the ‘roading’ component of the development contributions fee that Ryman were granted 23 October 2007 through a self assessment process. Ryman disagree with the Council’s assessment and are seeking to pay a development contribution fee of \$28,652.31. Therefore, the case has progressed to a Subcommittee remissions process.

The Council’s officers consider that there are grounds to consider the application for remission under the remission provisions in the Development Contributions Policy (“the Policy”). The recommendation is that the 45 apartments involved with the extension of Malvina Major Retirement Village are assessed as being equivalent to 31.5 EHUs, and that Ryman is invoiced a revised development contributions fee of \$77,418.75.

3. Recommendations

It is recommended that the Subcommittee:

1. *Receives the information.*
2. *Agrees to a partial remission of the development contribution fees and invoices Ryman a revised and final fee of \$77,418.75.*

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.

¹ All monetary figures used in this report are **inclusive** of GST.

4. Background

4.1 Proposal

This remission application relates to the construction of a six-level building containing two and three bedroom apartments and a basement car-park. The remission applicant is Ryman Healthcare Limited. Ryman are seeking to pay a development contribution fee of \$28,652.31. The Council has calculated a revised assessment of the development at \$77,418.75. The original application for self assessment was received by the Council on 17 April 2009. Based on further information supplied by Ryman relating to the development's demand on the Council's infrastructure, it was decided on 1 December 2009 that the case would progress to the Subcommittee remission process.

4.2 The Policy

The Policy allows for the Subcommittee to remit or postpone payment of development contribution fees at its complete discretion. The Subcommittee will only consider exercising its discretion in exceptional circumstances upon receipt of a remission application.

As the application for resource consent was received by the Council on 22 November 2005, the development has been assessed under the version of the Policy that the Council adopted on 28 June 2005. 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.

Under the Policy, residential development is assessed on the basis of the number of EHUs created by any development. The Policy allows for one-bedroom units to be assessed as 0.7 of an EHU, and it is considered that the Ryman units have a similar impact on the Council's infrastructure. Therefore, the development has been assessed as creating 31.5 EHUs.

5. Discussion

5.1 Remission Application

The remission application is based on further information that Ryman have provided (attached as Appendix 2). This information illustrates that there is a lower demand placed on the Council's infrastructure by the apartments involved with the extension of Malvina Major Retirement Village when compared to standard residential dwellings.

5.2 Assessment

Ryman have provided further information as part of this remission process which guarantees that there will be lower demand placed on the Council's infrastructure when compared to standard residential dwellings. The justification Ryman has provided is discussed in turn below.

The first reason for remission that Ryman has supplied is that occupancy rates are lower than the 2.6 persons per EHU in the Policy and is more approximate to being 1.3 persons per unit in reality. The Council officers acknowledge this, and observe that demand on the Council's infrastructure from the development would be less than the Policy anticipates.

The second argument for remission that Ryman have provided is the affect of memorials being registered on titles under section 22 of the Retirement Villages Act. Council officers recognise that the affect of this is that Malvina Major Retirement Village will remain operating in the capacity of a retirement village and will not change to another more intensive form of usage in the future.

The third point Ryman make in their further information is that there are prohibitions on occupancy referred to in Ryman's disclosure statement. The affect of this is that occupancy rights are limited to the retiree and their spouse and that no additional family, carers, house-sitters or the like are allowed to live permanently in the units. Council officers consider that this will ensure that usage of the units and demand on the Council's infrastructure will stay constant over time.

The fourth justification that Ryman offer for remission is that there are no commercial elements in the retirement village and that a 'resthome' is not included as part of the development. Council officers accept that as there is no commercial use of the units as well as continued low intensity of residential use, the demand on the Council's infrastructure will be lower than standard levels.

Ryman have asserted that the development contribution should be reduced by 50% to reflect occupancy being 1.3 persons compared to the 2.6 persons anticipated by the Policy. The Policy allows for one-bedroom units to be assessed as 0.7 of an EHU, and it is the view of the Council's officers that the Ryman apartments have a similar impact on the Council's infrastructure as a one-bedroom unit. The 45 units have therefore been considered as being equivalent to 31.5 EHUs, and assessed for a development contribution of **\$77,418.75**.

6. Conclusion

The Policy requires that remissions of development contribution 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 contribution fees payable could be remitted based on a lower demand being placed on the Council's infrastructure than a standard residential dwelling in the following way:

Development contribution based on 2005 Policy	Original fee	Adjustment after any remission	Revised fee
Total amount payable	\$120,930.46	\$43,511.71	\$77,418.75

The recommendation is that the Subcommittee invoices Ryman a revised and final development contribution fee of **\$77,418.75** for Malvina Major Retirement Village.

Contact Officer: *Tim Fletcher – Manager Customer Services and Business Support.*

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

This is not a significant decision.

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. However, previous discussions with legal counsel have been undertaken in relation to this case.

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

Appendix 3: Copy of email with Ryman's further information for remissions process