
**ADDITIONAL INFORMATION RELATING TO THE
DEVELOPMENT CONTRIBUTION REMISSION
APPLICATION FOR MALVINA MAJOR RETIREMENT
VILLAGE (118 BURMA ROAD, JOHNSONVILLE)**

1. Purpose of Report

The purpose of this report is to provide additional information to the Development Contributions Subcommittee (“the Subcommittee”) on 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.

2. Executive Summary

The application for remission of the development contributions fee for the extension of Malvina Major Retirement Village was heard by the Subcommittee on the 17 March 2010. Following this, the Subcommittee requested that the Council’s officers (the officers) undertake further work on the issues raised by the applicant in respect of the remission application. This report sets out the officers’ response to this request. No change has been made to the recommendations as set out in the 17 March 2010 report to the Subcommittee.

Based on advice provided to the Subcommittee at the 17 March 2010, it is recommended that the development contribution fees payable could be remitted based on a lower demand (0.7 of an EHU) being placed on the Council’s infrastructure than a standard residential dwelling. A 75% reduction in the roading component of the original development contribution fee has already been remitted. The total recommended remission is \$77,418.75¹.

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 for the extension of the Malvina Major Retirement Village (118 Burma Road, Johnsonville).*

¹ Note that all monetary figures used in this report are inclusive of GST unless otherwise stated.

4. Discussion

4.1 Additional Information

The Subcommittee has asked for additional information relating to:

- 1) the initial development contribution assessment and previous remission;
- 2) what is now being sought by Ryman; and
- 3) the officers' response to the issues raised.

4.2 The Initial Development Contribution Assessment and Previous Remission

Assessment of Remissions Applications

The Development Contributions Policy (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 Policy also 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.

Development Contributions Calculation

The original development contribution assessment of the development was made against the 2005 Development Contributions Policy (the Policy) as follows:

<i>Development Contribution based on 28 June 2005 Policy</i>	<i>Total fee (GST incl.)</i>
DC Zone N Citywide - Reserves	\$23,287.50
DC Zone N Citywide – Roading	\$32,147.10
DC Zone N Citywide – Stormwater	\$7,897.50
DC Zone N Citywide – Wastewater	\$10,884.60
DC Zone N Citywide - Water Supply	\$10,883.75
DC Zone N Wastewater	\$59,990.85
Total	\$145,041.30

The development was assessed as 45 EHUs with a development contribution assessment of \$145,041.30.

On 28 August 2007, the Subcommittee heard a request by Ryman for remission of the entire development contribution. The Subcommittee rejected this request and granted no remission. This was consistent with the advice of the officers at the time.

Following this Subcommittee meeting, Ryman submitted a traffic assessment report from Traffic Design Group on 10 September 2007. This assessment showed that traffic generated by the site is 21% of what Council predicts for an average new residential site with a similar number of units. This was also supported by information on current usage that demonstrated there was only a marginal increase for delivery trips and services over current traffic activity. Therefore demand created by the proposal and restrictions on future use of the site and buildings is likely to remain the same or similar in the future. A 75% reduction in the roading component of the development contribution was therefore agreed to. Ryman were advised that there would be no reduction in the reserves, wastewater or water supply components of the development contribution. The reduction equated to a remission of \$24,110.33 (approximately 17% of the entire development contribution) and a new development contributions fee of \$120,930.46 (October 2007).

4.3 What is now being sought by Ryman

Council officers and Ryman representatives met on 1 December 2009 to resolve Ryman's remaining concerns about payment of the outstanding development contributions.

As outlined in section 5.2 of the remission report to the Subcommittee on 17 March 2010, further information was provided by Ryman outlining reasons why they considered the retirement village places a lower ongoing demand placed on the Council's infrastructure compared to standard residential dwellings. The reasons given are as follows:

- occupancy rates are 1.3 persons per unit on average which is lower than the 2.6 persons per EHU envisaged by the Policy;
- memorials have been registered on certificates of title (under section 22 of the Retirement Villages Act) which requires the site be used as a retirement village and therefore prevented from changing to a more intensive form of usage in the future;
- prohibitions on occupancy in Ryman's disclosure statement have the effect of limiting occupation of each unit to the retiree and their spouse; and
- there will be no commercial elements to the retirement village and will not be used as a rest home.

On the basis of this information it is agreed that the units will continue to have a lower intensity of use than a standard residential dwelling.

4.4 The Officers' Response to the Issues Raised

Water

Ryman's letter of 19 September 2007 stated that water usage per unit in the village would only be 6.4% of a typical household. Ryman's letter of 17 April 2009 (and included within the original agenda notes for 17 March, 2010) states that actual water usage per person per day at the Village used "*around 100 litres per person per day*" which is "*in comparison to the 300 litre/day standard referred to in the Policy*". This was based on water meter readings taken over the previous 12 months.

The network must have at least 600 litres per person per day of water storage to provide for:

- 1) everyday use (including peak demand),
- 2) emergency supply; and
- 3) fire fighting.

The Health (Drinking Water) Amendment Act 2007 requires territorial local authorities to ensure uninterrupted provision of drinking water to all points of supply at all times. The Council's Code of Practice for Land Development gives effect to this requirement by ensuring that there is at least 24 hours storage (that is, for the current day and the following day) to provide for 1-3 above.

Current usage information shows that the average consumption per person is 250 litres per day. The figure of 300 litres per person per day takes into account points 1-3 above. In a situation where there is a breakdown of supply to the reservoir or due to broken pipes in the network or pumps etc, the Council must be able to provide water at the same rate for 24 hours before the supply needs to be restored. In an emergency, the Council would likely ration the balance of stored water depending on the situation.

The Ryman development may at particular periods of time use less on a per person, per day basis than the Policy water-usage guideline of 780 litres per EHU (which equates to 300 litres per person per day). However, the most important standard is the requirement for 600 litres per day of water storage as stated above. Water storage is the main area of cost imposed on the provision of water infrastructure and services.

Furthermore, the recommendation to reduce the EHU standard from 1 to 0.7 (as outlined in this report and as contained in the report to the Subcommittee on the 17 March) recognises that this development will result in 30% less demand on the Council's infrastructure in terms of water, wastewater, stormwater and reserves. The previous decision to reduce the roading development contribution by 75% is also recognition of the lower impacts of this development on the roading and transport network.

Reserves

The Policy recognises that reserves are about "access to" rather than "use of" reserves. Reserves provide a range of ecological, landscape and recreation functions that benefit not just those people who access them but also those people who live in the locality and the wider City. Use of the 0.7 EHU standard also recognises up to 30% less demand for reserves by residents of the retirement village.

Intensity of use

The 2009 Policy allows for one-bedroom units to be assessed as 0.7 of an EHU. It is the view of the officers that the Ryman apartments have a similar impact on the Council's infrastructure as a one-bedroom unit given that there is only likely to be at most two people living in these 2-3 bedroom units. The 45 units have therefore been considered as being equivalent to 31.5 EHUs, and assessed for a development contribution of **\$77,418.75**. This fee has been calculated as follows:

- The original development contribution assessment of \$145,041.30 was multiplied by 0.7 to give \$101,529.08.
- The previous traffic remission of \$24,110.33 was then subtracted from \$101,529.08 to give a new development contribution of \$77,418.75.

Ryman consider the development contribution should be reduced further than recommended to \$28,652.31. This figure equates to 80% less than what would be charged for a standard single family residential development with the same number of units. Ryman state that this would reflect the average occupancy of 1.3 persons compared to the 2.6 persons anticipated by the Policy.

Whilst the residents will generally have lower impact on the Council's infrastructure than people living in standard dwellings (as agreed in section 4.3 of this report), there will be periods when there will be more intensive use of the site due to visits from family and friends, and when service people, workers, cleaners, and other support staff occupy the site. Any further reduction in the development contribution payable from what has been recommended by the officers cannot be supported on policy grounds.

5. Conclusion

The recommendation is that the development contribution fees payable could be remitted based on a lower demand (0.7 of an EHU) being placed on the Council's infrastructure than a standard residential dwelling. A 75% reduction in the roading component of the original development contribution fee has already been remitted. The total recommended remission is summarised as follows:

<i>Development Contribution based on 28 June 2005 Policy</i>	<i>Adjustment after all remissions</i>	<i>Current Development Contribution payable</i>
\$145,041.30	\$67,622.55	\$77,418.75 (incl. GST)

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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.