



## Campus Services

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21 November 2012

Peter Garty  
Wellington City Council  
P O Box 2199  
Wellington 6140

Dear Peter,

### **Victoria University of Wellington, AMB and Hub Buildings – Self assessment for development contributions**

I refer to previous correspondence in respect of development contributions relating to the Alan MacDiarmid building and the Campus Hub building at Victoria University's Kelburn campus. You have advised that Council officers consider that the information I previously provided is of sufficient detail to enable a self-assessment calculation. I therefore write to request a self-assessment in respect of the development contributions for those two buildings. This letter provides an overview of the position and the reasons for requesting self-assessment.

Accompanying this letter are:

- a report prepared by Beca Carter Hollings and Ferner Limited (Beca) dated November 2012, which provides a calculation for the proposed development contributions, and
- a discussion document prepared by the same firm dated August 2012.

The AMB and Hub buildings are 'non residential' within the meaning of the Development Contributions Policy, and would therefore be assessed for development contributions using a calculation of one equivalent household unit (EHU) for every 55m<sup>2</sup> of gross floor area (GFA) in the ordinary course of events.

However, the Development Contributions Policy provides that VUW may apply for a self assessment if the actual increased demand created by the development differs from the level of demand assumed by applying a calculation of 1 EHU per 55m<sup>2</sup> GFA. Actual increased demand is expressly defined in policy 2.5.5.1(c) as the demand created by the most intensive non-residential use likely to become established in the development within 10 years from the date of application.

VUW is in a rare position, as there are a number of factors that enable the University to forecast levels of use over a long (i.e., at least 10-year) term, to a high degree of probability.

First, VUW has a history of stability in the population size on its Kelburn campus. As the August 2012 Beca report discloses, the current population is on par with the 2003 population.

Second, there are two external constraints that will preclude any significant growth in the campus population over the next 10 years:

- Declining secondary school rolls. Ministry of Education statistics indicate that secondary school rolls in 2011 were around 1,000 students less than in 2010. Those rolls are expected to continue to decline until 2018. Larger increases start around 2020 due to higher birth rates from 2004 – 2011. The continued decline of secondary school rolls through to 2018 – 2020 has obvious consequences for the number of students seeking tertiary education during that period, and beyond.
- Capped Government funding. VUW receives a set amount of funding from the Tertiary Education Commission based on specified numbers of equivalent full time students (EFTS) in various areas of study. As some areas and levels of study have different dollar values, a challenge for VUW is to match the dollar allocation, as well as the EFTS totals in a way that fosters strategic goals. An approved Investment Plan is required in order to obtain Government funding. Over the period of its current Investment Plan (2011-13) the University will show an increase in postgraduate provision over 2010 EFTS, and a reduction in undergraduate provision, with a net reduction of Government funded EFTS over the current Investment Plan period. The provisional forecasts for the 2013-15 Investment Plan will show variations of 50 to 150 EFTS, indicating no material growth in EFTS over the period.

The third, and arguably most relevant factor constraining growth in the population at VUW's Kelburn campus, is an internal policy constraint. VUW has identified that in order to remain competitive – both on a domestic and international scale - it needs to increase its ratio of floor area per student. VUW's current ratio sits well below the national average, and international benchmarks. The University would need to increase its stock of buildings by 25% to reach a position comparable to those benchmarks. VUW's recent development programme (of which the AMB and Hub buildings are part) has not therefore sought to increase GFA so that there can be a corresponding increase in staff or student numbers. Rather, the programme aspires to increase GFA available to the existing staff and student population.

In other words, the development of AMB and the Campus Hub will enable the existing campus population to be spread across a larger GFA, so as to improve the overall quality of the education and research facilities on campus. It is axiomatic that a student or staff member who takes up space in the AMB or The Hub does so by decreasing his or her occupation of some other part of the existing campus facilities – and this re-allocation of the population does not alter the size of the population across campus, or the total level of demand for services.

There are a number of ways this could be related back to the Development Contributions Policy. Foremost is the observation that the development of the AMB and the Campus Hub do not give rise to 'growth' and associated infrastructural demand in the way that typical new GFA might.

More explicitly, the position might be considered relative to policy 9.3.2, which expressly states that development contributions cannot be levied for the costs of maintaining or improving levels of service to the existing population. Given the occupants of the AMB and the Campus Hub are members of the existing population on Kelburn campus, who would – in the absence of the AMB or the Campus Hub – continue to occupy other GFA on campus; with no resultant effect on the infrastructure or services required.

Alternatively, it could be considered that this situation gives rise to the type of ‘credits’ situation described in policy 2.3.2 of the Policy. That provision enables credits to be given in situations where existing structures on a site or uses on a site mean that the development being assessed will not contribute to growth to the extent that the assessed number of units of demand implies. In this instance, due to the relatively rare circumstances of VUW’s landholding and nature of its operations, there are existing structures on the site that are already used by those students or staff who will come to occupy the AMB or Campus Hub buildings. The uses that are undertaken by those students or staff in the existing structures will simply be transposed into the AMB or Campus Hub buildings in such a way that they will not contribute to growth to the extent that the assessed number of units of demand (based on a rough approximation of 1 EHUs at 55m<sup>2</sup> GFA) implies. Indeed the University’s view is that if a full credit were applied, contributions would be reduced to zero (which seems to have been contemplated as a possibility in the wording of the credits section in the policy.) Despite this, the University is prepared to proceed on the basis of the self-assessment calculations summarised in the November 2012 Beca report, which would result in payment of some contributions. If self-assessment on that basis is not accepted, the University will reconsider whether it wishes to pursue a zero contributions outcome on the basis of the credits policy.

Whichever of these approaches is taken, the outcome is fundamentally that the development of the AMB and the Campus Hub will not give rise to actual demand on infrastructure in the manner that the basic contributions calculation predicts.

The attached assessment by Beca dated November 2012 assesses what the actual water supply and wastewater usage of the AMB and the Campus Hub will be. In the case of the AMB this is based on actual usage figures; and in the case of the Campus Hub an estimate is made relying on the actual usage data obtained from the AMB. The Beca report calculates development contributions figures based on that actual anticipated usage. While it is not stated in the Beca report, the factors I have outlined in this letter that constrain campus population growth for at least the next 10 years enable the figures used by Beca in respect of water supply and wastewater to be treated as representative for the foreseeable future.

Demand on other network infrastructure (stormwater and transport) has been addressed in the earlier Beca report dated August 2012. In summary:

- The areas now occupied by the AMB and the Campus Hub were previously hardstand or roofed areas, whose runoff was captured and connected into the stormwater network; so the development of the AMB and the Campus Hub results in no actual increase in stormwater. In fact, it results in a decrease, as a significant proportion of stormwater is captured from the roofs and used in grey-water facilities in the buildings.

# APPENDIX ONE

- The lack of change in actual population size signifies that there will be no change (resulting from the AMB or the Campus Hub development) to the transport and roading usage from the Kelburn campus.

Further, in respect of reserves, it is considered that the University is self-sufficient; and in any event the lack of any population growth associated with the AMB or the Campus Hub also signifies that the development of those buildings does not give rise to any additional demand for reserves.

Accordingly, VUW wishes to apply for assessment that takes into account all the above factors, and the matters set out in the supporting documents attached; and seeks that development contributions be calculated as

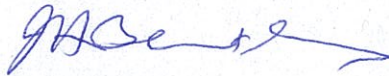
AMB	\$10,257.50
Campus Hub	<u>\$6,564.80</u>
	\$16,822.30

on the basis set out in Beca's November 2012 report.

Finally, I observe that the Development Contributions Policy also provides for private development agreements to be entered into in appropriate circumstances. The University would be open to having further discussions about the potential use of a private development agreement to achieve the outcomes described in this letter if that is an option preferred (by Council) over the proposed self-assessment.

Should you require further information, or wish to discuss these matters directly with me, please call.

Yours faithfully,



Jenny Bentley  
Director, Campus Services  
Victoria University of Wellington

cc – Corwin Wallens