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**REPORT 1**  
*(1215/52/05/IM)*

## **DEVELOPMENT CONTRIBUTION REMISSION REPORT FOR 5 EVA STREET, TE ARO**

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

This report assesses the development contribution remission application from Elizabeth McLeay (owner) of 5 Eva Street, Te Aro, for the conversion of a six bedroom apartment into two units (a four bedroom unit and a one bedroom unit). The applicant has said that the original six bedroom apartment was built circa 1920's.

Although originally built as a six bedroom apartment, the household unit is currently operating as a four bedroom apartment and a two room office area. The office is physically separated and rented out, but has not been formalised for commercial use (i.e. fire separation and water metering) by the granting of a building consent. There is no change proposed to the existing four bedroom apartment.

The two room office will be converted to a one bedroom apartment. The office structure will be removed. A kitchen and bathroom will be added, with one toilet being retained.

This is a residential development as defined under the Development Contributions Policy ("the Policy").

### **2. Executive Summary**

The Policy allows for the Council to remit development contributions in exceptional circumstances.

The owner has made an application for remission on the basis that there is no increase in the maximum likely use as a result of the re-development.

Officers reject this argument on the basis that the two distinct household units will allow for more potential use of infrastructure.

Officers however, do consider that a partial remission could be granted on the basis that:

- the additional unit is a single bedroom dwelling which will have a relatively smaller impact on Council infrastructure than the standard equivalent household units (EHUs) assessment and
- the stormwater component should be remitted as the development has not created additional floor area.

### **3. Recommendations**

It is recommended that the Subcommittee:

1. *Receive the information.*
2. *Agree to grant a partial remission from development contributions that reflects the relatively lower impact of a single bedroom unit (0.7 EHU) and that there will be no additional capacity impact created by the development on stormwater infrastructure and to invoice the applicant a revised and final fee of \$4,308.50 (excl GST).*
3. *Agree to delegate to the Chair and Chief Executive Officer the authority to sign a letter advising Ms McLeay of the reasons for the Subcommittee's decision.*

### **4. Background**

#### **4.1 Proposal**

The existing floor plans for the apartment show that this was originally built as a six bedroom unit. More recently it has been used as a four bedroom house with an associated office. There are no kitchen and laundry facilities connected to the office, however there are two existing toilets in this area.

The proposal is to convert the existing office area into a one bedroom self-contained apartment. This would involve cladding the internal wall to provide fire separation between the two units, as well as installation of two fire rated doors, a new kitchen and a laundry. The area currently operating as a four bedroom apartment would remain unchanged. Access to each household unit would be via a common foyer with separate entries created for each apartment. This represents no substantive change from the access arrangements to the existing "office" and "apartment" areas.

The total floor area of the building would be unchanged by the proposal.

## **4.2 The Policy**

The building consent was lodged with the Council on 4 November 2008. The remission application has, therefore, been assessed under the 2007 Development Contributions Policy.

As the development contribution self-assessment process does not apply to residential developments this application for a remission has been referred directly to the DC Subcommittee for a decision.

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 as described under 2.6 below.

### *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 developments are assessed on the basis of the number of EHUs created. Under application of the 2007 Policy the current built infrastructure would attract a single EHU credit.

Alternatively, if the assessment was made on the basis of its actual current use as a four bedroom apartment and separately rented office, the current built infrastructure would be regarded as two EHUs and no DCs would be payable. Officers do not support this approach, however, as the current use has not been legitimately established and is operating outside Council fire and water requirements, therefore has not been accurately assessed against the Policy. Consequently, officers have assessed this development based on the original lawfully constructed six bedroom unit.

## 5. Discussion

### 5.1 The Remission Application

The owner's argument for a remission of development contributions is that the additional household unit has been created by partitioning two rooms within the existing dwelling to create a new unit, and that this will reduce the overall number of bedrooms from six to five. The owner argues that a maximum of 12 persons could use the existing dwelling whereas the conversion will mean that only 10 people will be able to use both proposed units.

Officers do not support this argument because:

- In theory, the building, as currently configured, could support up to twelve adults. However having only a single kitchen and bathroom, this is very unlikely to be the case. If we assume that the numbers of kitchens/bathrooms acts as a practical constraint on intensive use, then the development is likely to sustain more people (to an acceptable living standard) than existed there previously.
- Officers consider that an additional demand for infrastructure will be created by this development, but that the impact of the new single bedroom apartment should be assessed as 0.7 EHU, based on analysis conducted in the 2009 Policy Review. Officers recommend that the stormwater be remitted on the basis that the internal alterations will not increase create more infrastructure demand on the stormwater network.

### 5.2 Assessment

The 2007 version of Development Contributions Policy allows for officers to give credit for the existing use of the site. This is relevant to this development. Section 2.3.2 of the Policy states:

*2.3.2 A credit is given for the number of EHUs assessed for the development or use existing on the site at the time the application is assessed for the development contribution payable, to recognise situations where existing structures on the site or uses on the site mean that the development being assessed **will not contribute to growth to the extent that the assessed number of units of demand implies.***

Officers consider that 0.7 of an additional EHU will be created by this development and recommend that the Subcommittee apply the calculation of 0.7 of an EHU to it. Officers also recommend that the amount of \$197 be remitted to reflect that there will be no additional capacity created by the development on stormwater infrastructure.

## 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.

Officers recommend that the Subcommittee remit part of the development contributions payable in relation to 5 Eva Street to reflect the lower impact of the new single bedroom unit (0.7 EHU) and that there will be no additional capacity impact created by the development on stormwater infrastructure.

The revised and final development contribution due would be \$4,308.50 (excl GST).

Contact officer: *Tim Fletcher – Manager, Customer Service 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.*

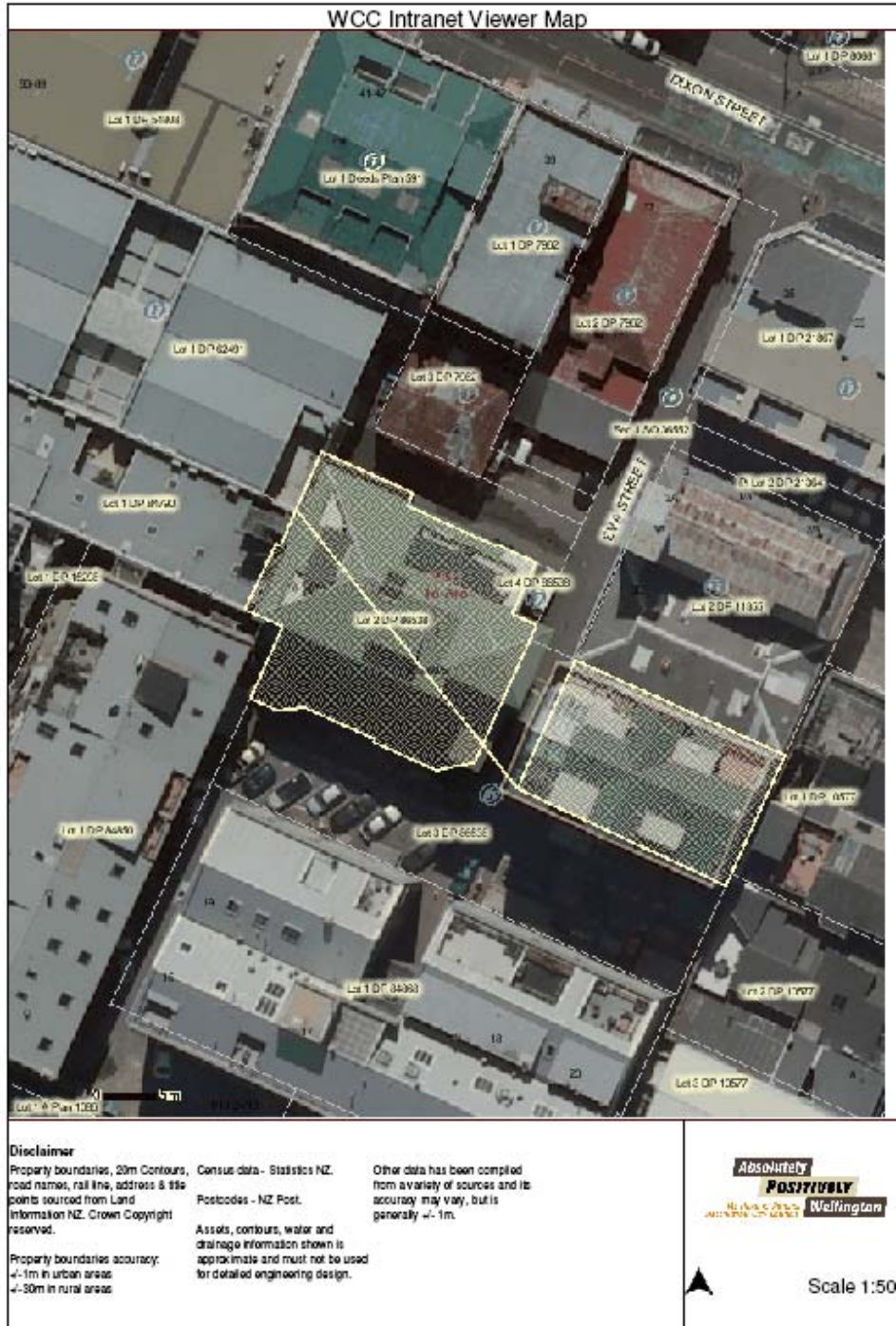
### **6) Legal Implications**

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

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

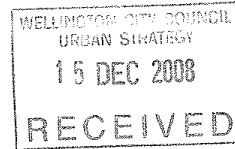
*This report is consistent with the Development Contributions Policy and with all other existing policies of the Council.*

# Map showing location of 5 Eva Street



## Applicant's remission application

Mr Jeffrey Loo,  
Manager, Development Contributions,  
Wellington City Council,  
101 Wakefield Street,  
Wellington.



11 December 2008

Dear Mr Loo,

Re: Service Request 187056  
Property ID 1170137  
Building Consent SR 187056

Last week I received the Council's assessment of the development contribution for the apartment development at 36/5 Eva Street (LOT 2 DP 86538). The total payable is assessed at \$7146.02.

I am writing to request that the development contribution be reassessed and reduced. I do not of course object to contributing to the development costs of our city, but I do think that the sum required exaggerates the new services that will be required as a consequence of the 36/5 Eva Street changes.

The actual increased demand created by the development is different from that assessed by the Council. The development involves partitioning two rooms from within the existing dwelling to create a self-contained apartment. This change will indeed create two apartments from the existing one. However, this development will reduce the potential number of bedrooms in 36/5 Eva Street from the existing total of six to a new total of five: four bedrooms in the residual apartment (where I live) and one in the new apartment. In other words, with six double-bedrooms, twelve people could be housed comfortably in the existing apartment, while this total will go down to ten after the development is completed. This means that the infrastructural demands created by the development are not increased. Indeed, on the balance of probabilities they are likely in the future to be decreased.

Thus, although two households will be created out of the former one household, the net impact on infrastructural demand will be minimal.

I hope that you will consider my request,

Yours sincerely,

A handwritten signature in cursive script that reads "Elizabeth McLeay".

Elizabeth McLeay (Owner)  
36/5 Eva Street,  
Wellington 6011