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

## **DEVELOPMENT CONTRIBUTION REMISSION REPORT FOR WESTMOUNT SCHOOL – 170 FRASER AVENUE, JOHNSONVILLE**

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

This report assesses the development contribution remission application by the Wellington Education Trust (“the Trust”) for six new classrooms at Westmount School.

### **2. Executive Summary**

Westmount is a private school located at 170 Fraser Avenue, Johnsonville.

The Development Contributions Policy (“the Policy”) allows the Council to remit development contributions in exceptional circumstances. The Trust has made an application for remission in respect of the development contributions assessment of \$16,166.34 (excl GST) for the addition of six new classrooms on the site.

Council officers recommend that no remission be granted, on the basis that the new classrooms will create a requirement for additional infrastructure capacity based on the most intensive non-residential use likely to become established in the development over a ten year period. Council Policy is that the growth related cost of additional infrastructure capacity should be met by development contributions.

### **3. Recommendations**

It is recommended that the Subcommittee:

- 1. Receive the information.*
- 2. Agree to decline the application for a remission of development contribution fees and invoice Wellington Education Trust for \$16,166.34 (excl GST).*
- 3. Agree to delegate to the Chair and the Chief Executive Officer the authority to sign a letter advising Wellington Education Trust of the reasons for the Subcommittee’s decision.*

## **4. Background**

### **4.1 Proposal**

The remission applicant is the Wellington Education Trust (the Trust), which is the board of trustees responsible for Westmount School. Private schools are not exempt from paying development contributions, whereas public schools owned by the Crown are.

The Trust is seeking to have the entire \$16,166.34 development contribution remitted. The remission application relates to the construction and placement of six new classrooms on the Westmount School site at 170 Fraser Avenue, Johnsonville (See Appendix one). The development comprises two separate classroom blocks with three classrooms per block. The combined floor area of the two classroom blocks will be 340m<sup>2</sup>. The school site currently has two classroom blocks and a hall. The location of these existing buildings are also shown on the plan in Appendix one.

The Council received a self-assessment from the Trust on 5 March 2010. Officers sent a formal response to the Trust on 21 May 2010 advising that council officers (representing infrastructure areas of Council) did not agree with the self-assessment and therefore all of the development contributions would need to be paid. On 16 June 2010 the Trust requested that the self-assessment decision be referred to the Development Contribution Subcommittee for a remission decision.

### **4.2 The Policy**

The application for building consent was received by the Council on 28 August 2007 and the development was assessed under the 2007 Policy, in accordance with the schedule of development contribution fees in section 2.4.2.

Under the Policy officers have assessed the Westmount School development as creating 5.16 additional EHUs, based on the standard non-residential assessment of 1 EHU per 65m<sup>2</sup> of gross floor area.

The Policy allows the Subcommittee to remit or postpone payment of development contributions at its complete discretion. The Subcommittee can consider exercising its discretion in exceptional circumstances, as outlined under section 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.*

The Policy requires that remissions of development contributions 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 seeks to recover the growth-related capital expenditure (infrastructure) costs arising from increased demand (ie demand created by the most intensive non residential use(s) likely to become established in the development within ten years).

Development contributions may be required if the effect of the development is to require new or additional assets of increased capacity and, as a consequence, the Council incurs capital expenditure, or has already incurred expenditure in anticipation of growth.<sup>1</sup>

The Policy quantifies the growth-related financial impacts in each catchment, utilising standard EHU measures for both residential and non-residential developments. This only includes capital expenditure that has been specifically identified as growth-related.

## **5. Discussion**

### **5.1 The remission application (appendix two)**

The Trust suggests that the proposal places no additional impost on infrastructure demand relative to the pre-existing site infrastructure. This is due to the claim that the previous uses of the site placed greater demand than is currently being proposed.

In summary, the Trust asserts that the intensity of use will not increase as a result of the proposed additional buildings for the following reasons:

- The new classrooms do not have sanitary facilities and are not connected up to the sewerage network
- The roll will not increase and in fact will decrease
- The school would be willing to re-locate if the roll actually increased.

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<sup>1</sup> Network infrastructure, reserves or community infrastructure

## 5.2 Assessment

The following section addresses the matters raised by the Trust in turn.

### *“No additional impact” argument*

The DC Policy requires consideration of the capacity of a development to accommodate anticipated growth, based on any increase in the most intensive likely use over a ten year period arising from a development and the implications that has for Council capital investment in qualifying infrastructure or the recovery of capital investment already made in anticipation of growth.

The intensity of actual use of a particular development may change over time without triggering any re-assessment of impact on Council infrastructure. The Trust has added six new classrooms to the eight that already exist on the site, with existing classrooms converted to a boardroom, common rooms, two audio-visual suites, a library and a hall. The Trust has stated that they would abandon the site if the roll increased. This illustrates that the most intensive likely non-residential use over a ten year period could well be higher than the Trust anticipates (in the event that a subsequent owner elects to use the site to its full capacity).

Based on the current roll, the seven classrooms which are currently being used only need to accommodate 15 students on average. The average size of each new classroom is 53 square metres which would allow for 20 or more students per classroom. This potential maximum number of students per classroom is supported by the “Fire Safety Strategy Report” within the building consent which states:

*“the school roll is set at approximately 110 students and at the completion of work there will be 14 classrooms, giving an average occupant load of 8 students. The school however has informed us that the typical classroom size is 14, but to design for 20 students.”*

The school is designed to accommodate up to 140 students (7 classrooms of 20 students) which is well in excess of the current roll of 109. This figure could increase further if the school was to convert rooms such as the audio-visual suites, library, hall or even the board room back into teaching areas. At full use of the increased classroom capacity, the school operation would create the requirement for additional public infrastructure capacity.

### *“No connections to water or waste water services” argument*

The Trust has stated that because the new classrooms have no sanitary facilities and are not connected to water or sewerage services that development contributions should not be levied. The DC policy states that for self-assessment purposes the applicant must address the issue of “actual increased demand” which is defined in the policy as:

*“the demand created by the most intensive non residential use(s) likely to become established in the development within 10 years from the date of the application.”*

The increased potential use of this site discussed above will be reflected in water and wastewater use regardless of whether connections are made to the new classrooms or elsewhere on the site.

*“Conversion of a derelict site” argument*

The Trust has stated that prior to them cleaning up the site it was used as a dumping area for cars and general refuse. Further, that the Trust’s efforts have transformed the site into one that is now environmentally friendly.

A key funding principle of the DC policy is that development contributions shall fund 100% of growth related capital expenditure. The DC policy does not, therefore, take such non-growth related factors into account.

*Stormwater*

Although the Trust did not specifically address stormwater issues, the Subcommittee should note that there was no reduction provided for the stormwater component in the self-assessment process because the six new classrooms have been built on ground that was neither previously hard standing, nor occupied by buildings. Accordingly, the new structures will collect and require discharge of stormwater. This in turn places increased demand on public stormwater infrastructure.

## **6. Conclusion**

Officers consider that the matters put forward by the Trust do not warrant remission of DCs because the further development of the site will increase the potential capacity of the school. Consequently there can be greater demand for infrastructure capacity, and the Policy requires that this should be met by the developer.

Officers recommend that the application to remit development contribution fees be declined and that the Wellington Education Trust be invoiced a final development contribution fee of \$16, 166.34.

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.*

# Appendix one: Map showing location of development



## Appendix two: Applicant's remission application



5 March 2010

Ref: GW/tb

Development contributions on building consent SR 168271

Site address: 170 Fraser Avenue Johnsonville

Lot 1 DP89275

Wellington Education Trust  
170 Fraser Avenue  
Johnsonville  
Wellington  
P.O. Box 13 146  
Johnsonville

Dear Tim

Thank you for your considerate email/letter. The Trustees of the Wellington Education Trust request a waiver of this development contribution on the following grounds:

1. The new classrooms in question required no water supply or sewerage connections.
2. The new classrooms are not to provide for an increased school roll, but to provide better facilities for existing students by year and subject. No new sanitary facilities have been installed in conjunction with the new classrooms.
3. The Trustees to the best of their knowledge, can state that the school's roll will be static or declining for the next ten years. The site is currently close to capacity, especially for playing field area. In the event that rolls were to be increased, a different site would be sought, in all possibility in a less convenient location.
4. The site, prior to its purchase by W.E.T. in the 1990's, although in a derelict state\* already had water, drainage and sewerage provision adequate for the school without new connections being needed. Some old pipes have been renewed. It is possible that previous uses of this site placed much higher demand on the city's infrastructure resources.
5. \*See photos. The site prior to W.E.T buying it was used as a dumping ground for old cars and general illegal refuse disposal along with it being an area used for drug dealing. We have dramatically transformed the landscape from what was an eyesore to an environmentally friendly and useful property also available for use as a civil defense base. Along with that the general security of the area is greatly improved for the benefit of the wider community. All this cost has been met by the parents of the students and their friends.

We would like to thank you in advance for your favourable consideration of our application to have the fee waived.

Yours faithfully

A handwritten signature in black ink, appearing to read "Geoff Wallace".

Geoff Wallace

On behalf of all W.E.T. Trustees.