

DEVELOPMENT CONTRIBUTIONS SUBCOMMITTEE

25 JUNE 2013



REPORT 1
(12 15/52/05IM)

DEVELOPMENT CONTRIBUTIONS – REMISSION FOR MASSEY UNIVERSITY OF WELLINGTON, COLLEGE OF CREATIVE ARTS BUILDING

1. Purpose of report

This paper provides advice on a request from Massey University (Massey) for a remission of development contribution fees for its College of Creative Arts Building (CoCA).

2. Executive summary

In May 2013, this Subcommittee considered a presentation and request from Massey University (Massey) for a ten year private Campus wide development contribution agreement with Council. While the Subcommittee agreed with the logic behind Massey's request it was noted that the Subcommittee does not have the delegated authority to approve this type of agreement. To progress Massey's request it was decided that officers and Massey work together to present a development contributions agreement to the Strategy and Policy Committee for their consideration in September 2013.

In the interim it was agreed that Massey would seek a remission of the development contributions for its new College of Creative Arts Building (CoCA) based on the logic presented to the Subcommittee in May.

The Council assessed Massey's development contribution for its new College of Creative Arts Building (CoCA) at \$258,661.

Massey has now formally requested a remission for its CoCA building based on the premise that, with the exception of storm water run off, it is people not buildings that create demand on infrastructure. They argue that as staff and student numbers are at lower levels than in 2005 when the Council's Development Contributions Policy came into effect, that the only increase in demand on Council's infrastructure will be from storm water run off. Consequently, Massey has assessed their contribution payment at \$3,110.33 plus GST.

Officers have reviewed Massey's remission application and agree with their assessment.

However, as the new CoCA building has capacity to accommodate additional students and staff in the future, officers recommend that the remission be approved subject to an agreement with Massey that:

- should student and staff numbers on Campus increase beyond 2005 levels, contribution charges will be triggered
- the contributions charged will be determined based on a methodology to be agreed by both parties
- a mechanism be put in place to monitor Massey to ensure compliance with the agreement.

3. Recommendations

Officers recommend that the Development Contributions Subcommittee:

1. *Receive the information.*
2. *Note that development contributions can only be charged to fund infrastructure growth required for increased demand on Council infrastructure resulting from a development.*
3. *Note that based on the floor area of the College of Arts Building the Council assessed Massey University's development contribution at \$258,611.*
4. *Note that Massey University consider, with the exception of storm water run off, that it is people not buildings that create infrastructure demand. Consequently, as the number of people on Campus has not increased there has been no increase in demand on Council's infrastructure from the newly constructed College of Arts Building.*
5. *Note that Massey University has undertaken a self assessment of demand and have assessed their contribution for storm water run off to be \$3,110.33 plus GST. Officers agree with this assessment.*
6. *Approve the remission request and the offer of \$3,110.33 plus GST from Massey University.*
7. *Agree that approval of the remission be subject to an agreement with Massey University that contributions will be paid (based on an agreed methodology) should student/staff numbers increase, and that the Council will monitor compliance with the agreement on an ongoing basis.*
8. *Note that if you decline the remission, Massey University is likely to seek other options.*
9. *Note that officers will continue to work with Massey University to develop a Campus Wide Development Agreement for consideration by the Strategy and Policy Committee. A Campus Wide Development Agreement will seek to determine a methodology to calculate future contributions from Massey that accurately reflect demand on infrastructure.*

4. Background

On 15 May 2013, this Subcommittee considered a request from Massey University (Massey) for a private campus wide development contributions agreement with the Council. The agreement sought was to develop a ten year strategic Campus wide agreement for calculating development contributions.

It was noted that the Subcommittee did not have the delegated authority to approve the type of long term strategic development agreement that Massey was seeking. Consequently, it was agreed that officers would work with Massey and provide advice on a development contributions agreement to the Strategy and Policy Committee for their consideration by September 2013.

In the meantime it was also agreed that Massey would seek a remission of development contributions for their recently built College of Creative Arts Building (CoCA).

The Council provided Massey with a development contributions assessment of \$ 258,661 for the CoCA building based on the buildings floor area. In response Massey undertook a self-assessment of the actual increase in demand on Council infrastructure resulting from the addition of the CoCA building. The self-assessment was completed on Massey's behalf by an independent consultant. The assessment concludes that a contribution of \$3,110.33 would be appropriate.

5. Discussion

5.1 Development Contributions Policy

Development contributions are charged to fund infrastructure required as a result of a development. Developers have the right to challenge the Council's assessment of contributions due through a self-assessment process. Council officers have the delegated authority to agree and approve a contribution based on the self-assessment provided.

However, the self assessment process can only consider buildings on an individual basis. Alternatively, developers can apply for a remission of contribution from the Council (or subcommittee acting under delegated authority). Remissions are granted at the complete discretion of the Council or delegated authority.

5.2 Massey University's Remission Argument Overview

The CoCA building is described as a state of the art facility that adheres to Massey's Environment Policy with low infrastructure usage.

The Council's development contribution assessment of \$258,661 for the new CoCA building is based on floor area and the premise that for every 55m² of floor area there will be additional 2.6 people creating demand on the Council's infrastructure. The Council has therefore assumed that there will be additional 146 people on Campus due to the development of the new building.

MU argues that, with the exception of storm water run off, it is people not buildings that increase demand on infrastructure. Given that Massey's

equivalent full time student and staff numbers on Campus are currently less than when the Council's development contributions came into effect in 2005, Massey consider that there will be no additional demand on the Council's infrastructure with the exception of storm water run off.

Further, Massey argues that the Council's assessment should take into account that two buildings were demolished to make way for the new building. The footprint of the CoCA building is 1,055m², the two demolished buildings had combined footprint of 1,659 m².

Massey has therefore assessed the development contribution due at \$3,110.33 based on storm water run off from the new building.

5.3 Officer assessment

Officers agree with Massey's assessment of development contributions at \$3,110.33 plus GST for increased demand on storm water run off infrastructure from its new CoCA building.

This agreement is based on the premise that there has been no increase in student and staff numbers or water usage beyond 2005 levels and therefore the CoCA building has not increased demand on infrastructure other than that attributed to storm water.

Consequently, officers consider that granting a remission to Massey would be in accordance with the Development Contributions Policy and the principle underpinning the Policy that contributions be paid for infrastructure growth (increased demand).

However, the new building does have capacity to accommodate additional staff and students in the future. Therefore, officers recommend that Massey's remission request be approved subject to an agreement with Massey that:

- should student and staff numbers on Campus increase beyond 2005 levels, contribution charges will be triggered
- the contributions charged will be determined based on a methodology to be agreed by both parties
- a mechanism be put in place to monitor Massey to ensure compliance with the agreement.

6. Financial considerations

The contributions were assessed for the CoCA building at \$258,661 plus GST. Should the Subcommittee agree to Massey's remission request contributions will be invoiced at \$3,110.33 plus GST. This represents a shortfall in assessed revenue of \$255,550.67 plus GST.

7. Conclusion

Officers recommend that Massey University's request for a remission be approved.

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