

## Notice of Meeting:

I hereby give notice that an ordinary meeting of the Hearings Committee will be held on:

**Date:** Tuesday 5 November 2019  
**Time:** 9.00 am  
**Venue:** Edinburgh Room, Municipal Chambers, The Octagon, Dunedin

Sue Bidrose  
Chief Executive Officer

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## Hearings Committee

### AGENDA – DEVELOPMENT CONTRIBUTIONS REMISSION

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#### MEMBERSHIP

**Chairperson** Commissioner Jinty MacTavish

**Senior Officer** Gavin Logie, Financial Controller

**Governance Support Officer** Wendy Collard

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Wendy Collard  
Governance Support Officer

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**Note:** Reports and recommendations contained in this agenda are not to be considered as Council policy until adopted.



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## **PART A REPORTS**

### **DEVELOPMENT CONTRIBUTIONS REMISSION - 21, 25 AND 27 FRYATT STREET, DUNEDIN**

Department: Planning

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#### **EXECUTIVE SUMMARY**

- 1 This report considers a request to the Dunedin City Council (the Council) for the remission of development contributions for the alteration and expansion of an existing building to accommodate commercial and residential/visitor accommodation activities at 21, 25 and 27 Fryatt Street, Dunedin.
- 2 The application has been considered under the six assessment matters for remissions in the Development Contributions Policy (the Policy).
- 3 The applicant, Loan and Mercantile 2000 Limited, was charged a development contribution of \$38,538.00 (excluding GST).
- 4 The Hearings Committee (the Committee) is asked to consider whether a remission should be granted, and if so to authorise the Financial Controller to remit a specified maximum amount.
- 5 The applicant wishes to be heard by the Committee.

#### **RECOMMENDATIONS**

That the Committee:

- a) **Considers** the application for a remission of development contributions levied to Loan and Mercantile 2000 Limited for the alteration and expansion of an existing building to accommodate commercial and residential/visitor accommodation activities at 21, 25 and 27 Fryatt Street, Dunedin.
- b) **Authorises** the Financial Controller to give the applicant a development contribution remission of a maximum of \$38,538.00 (excluding GST), should the Committee decide to grant the application.

#### **BACKGROUND**

##### **Purpose of Development Contributions**

- 6 The purpose of development contributions is to enable the Council to recover from those persons undertaking development a fair and equitable portion of the costs of capital

expenditure necessary to service growth over the long term (section 197AA Local Government Act 2002). If development contributions are not collected then the growth has to be funded from other sources including rates and/or debt.

- 7 Under Clause 12 of the Committee delegations, the Committee has the power *“to consider and determine applications for remission of a development contribution for an unusual development where the contribution is greater than \$5,000 and less than \$50,000”*.

### **Assessment of Development Contributions for 21, 25 and 27 Fryatt Street**

- 8 The assessment of development contributions payable in relation to 21, 25 and 27 Fryatt Street was made using the Policy, contained within the Long Term Plan 2015/16 - 2024/25.
- 9 The existing buildings, zoned ‘Port 2’ under the operative Dunedin City District Plan, are held within three titles, and have a combined land area of approximately 1,483m<sup>2</sup>. The current buildings are broken-down into the following:
- 21 Fryatt Street (held in Computer Freehold Register OT288/82), consists of a two storey (front) and single storey (rear) structure which is rated commercial, and has a Gross Floor Area (GFA) of 550m<sup>2</sup>, and Impermeable Surface Area (ISA) of 367m<sup>2</sup>. The ground floor of the building has been vacant for approximately 15 years, but the upper floor has been used more recently for an unconsented residential activity;
  - 25 and 27 Fryatt Street (held in Computer Freehold Registers OT19C/133 and OTB1/293) consist of a commercial operation, being a bar and restaurant trading as the ‘The Wharf Hotel’. Number 25 consists of two storey structure with a GFA of 707m<sup>2</sup>, and ISA of 653m<sup>2</sup>. The adjoining building at number 27, is single level, and contains the restaurant associated with the business. Both buildings are accessed internally. The building at number 27 has a GFA of 162m<sup>2</sup>, and ISA of 162m<sup>2</sup>.
- 10 The development proposed by the applicant alters and expands the existing buildings at 21 and 25 Fryatt Street, to accommodate commercial and residential/visitor accommodation (commercial residential) activities, which involves the following:
- The construction of an additional floor level (Second Floor), spanning the two buildings, with the additional floor having a GFA of 464m<sup>2</sup>;
  - Changing the use by converting the existing first floor into residential/commercial residential units;
  - On the ground floor of 21 Fryatt Street, creating a commercial retail and/or commercial office activity at the front, as well as a lobby to access the above units.
- 11 The ground floor of 25 and 27 Fryatt Street will continue to function as the public space of the Wharf Hotel.
- 12 The proposal is deemed to create an additional GFA of 464m<sup>2</sup>. This results in new Commercial GFA of 818m<sup>2</sup>, and ISA of 1045m<sup>2</sup>. In addition, there is a change of use of the existing first floor to visitor accommodation (which is deemed to be the appropriate use), with a GFA of 1126m<sup>2</sup>, and ISA of 137m<sup>2</sup>.

- 13 The development contribution is payable for the additional demand being created by Loan and Mercantile 2000 Limited over and above the previous land use. The development contribution was calculated as follows:

Water Supply	\$6,484.80
Wastewater	\$30,520.00
Stormwater	\$0.00
Transportation	\$0.00
Reserves	\$1,149.20
Community Infrastructure	\$384.00
<b>Total Development Contribution excluding GST</b>	<b>\$38,538.00</b>

- 14 This amount has not yet been invoiced.
- 15 The initial assessment for this development was \$30,823.40. This has been increased to reflect changes in the building layer as per a building consent applied for on the 10 January 2018. As of today, the development contribution of \$38,538.00 is payable for this development.

### Remission Request Summary

- 16 Loan and Mercantile 2000 Limited has requested a remission of the development contributions charged to alter and expand an existing building to accommodate commercial and visitor accommodation activities on the property at 21, 25 and 27 Fryatt Street, Dunedin.
- 17 A full copy of the remission application is attached for the Committee's reference. The applicant wishes to be heard in support of the remission request.
- 18 The remission request is summarised as follows:
- The development contribution assessment calculation is flawed;
  - The proposal should have been assessed as residential type accommodation, rather than a more intensive visitor accommodation when calculating the development contributions;
  - The capital expenditure outlined in the Policy's 'Detailed Supporting Document' for wastewater appears to be incorrect;
  - Development contributions should not be charged, as this proposal creates no increase or only a negligible increase in the demand on the Council's network (in particular for wastewater), when compared to a historical industrial use, and prior consents, and rates paid for the site;
  - Council should exercise its discretion and not charge development contributions for this project because of the positive benefits it brings to the waterfront area and the city.
- 19 The applicant wishes to be heard in support of the remission request.

## **DISCUSSION**

20 The Policy states that six assessment matters are to be considered when considering a request for remission:

- The Development Contributions Policy;
- The DCC's Funding and Financial Policy;
- The extent to which the value and nature of works proposed by the applicant reduces the need for works proposed by the DCC in its capital works programme;
- The level of existing development on the site. Where multiple existing and pre-existing uses can be established the DCC may have regard to the most intensive use(s) and the extent of time that has elapsed since those pre-existing uses existed;
- Development contributions paid and/or works undertaken and/or land set aside as a result of:
  - Development Contributions
  - Agreements with the DCC
  - Financial Contributions under the Resource Management Act, and;
- Any other matters the DCC considers relevant.

21 Each of these is considered below.

### **The Development Contributions Policy**

22 The remission argues that the Policy is flawed, and that the demands generated by this proposal are in fact nil or negligible. The request also states the new units better align with a residential unit of use, rather than a more intensive visitor accommodation.

23 To assist in determining the proposed land use of the development, the resource consent decision states:

- *'The applicant seeks consent for a mix of residential and commercial residential activities in the ten upstairs apartments'*

24 Under the Policy, the definition of a residential unit is as follows:

- *'A residential unit is defined as a residential activity which consists of a single self-contained household unit, whether of one or more persons, and includes accessory buildings and a family flat. For the purposes of this definition, residential activity means the use of land and buildings by a residential unit for the purpose of permanent living accommodation and includes emergency housing, refuge centres, halfway houses and papakaika housing if these are in the form of residential units'*

25 Furthermore, the definition of a visitor accommodation under the Policy is as follows:

- *‘Land or buildings used for the accommodation of people and which are or can be let on a commercial tariff, including boarding houses for six guests or more, and home stays for six (6) guests or more. This category includes backpacker accommodation, motels, hotels, tourist lodges, holiday flats, tourist cabins, camp grounds, motor inns, and accessory buildings or ancillary activities on the same site. Boarding houses for less than six guests and home stays for less than six guests will be treated as residential’*

26 The Planner in the Resource Consents Department who processed the resource consent assessed the proposal as a commercial and/or visitor accommodation (commercial residential) use. No conditions were imposed on the consent to limit the use of the new units to each activity. Therefore, the units may be fully occupied as a visitor accommodation.

27 Where a resource consent does not limit the use of an activity, the expectation is that the Council will levy the maximum possible use of a development, which recognises the peak demand on infrastructure of a proposal (in this case, particularly in relation to wastewater). Therefore, the proposal was assessed as a visitor accommodation activity when calculating the development contributions.

28 The Policy is based on averages for typical developments throughout the city. Development contributions pay off growth-related debt (previously incurred by the Council for capital works to service this site or the wider area generally), or pay for growth related capital works now or in the future (for this site or for the wider catchment). Even if no specific works are required to service a particular site, this does not mean that the levying of development contributions is inappropriate.

29 In this case, the potential additional demand is being created with the change in use from commercial to visitor accommodation and with the additional GFA to be constructed. The following table compares the additional Equivalent Household Units (EHUs) when using visitor accommodation compared to ten two-bedroom residential units:

	Visitor accommodation	10 x residential units (2 habitable rooms)
Water Supply	2.92 EHUs	4.23 EHUs
Wastewater	7.04 EHUs	5.24 EHUs
Stormwater	0.00 EHU	6.87 EHUs
Transportation	0.00 EHU	0.00 EHU
Reserves	2.82 EHUs	7.50 EHUs
Community Infrastructure	6.38 EHUs	7.21 EHUs

30 If the proposal was to be assessed as creating ten residential apartments (each with two habitable rooms), then the development contribution required to pay would be \$29,593.50 (excluding GST), compared to the \$38,538.00 (excluding GST) currently levied.

31 The Policy is based on theoretical demand because it is not practicable to calculate the actual demand of every single development. The Policy does provide for unusual developments to be individually assessed, but only where the development creates a significantly different demand on infrastructure. In principle, the remission process could be used in a similar way to reduce the development contributions based on the known actual demand of a development. However, the Committee would need to be satisfied that the actual demand was going to be less.



- 32 It is considered that the assessment of the proposed land use has been correctly made in accordance with the Policy in place at the time of the application.
- 33 The remission request suggested that there were errors within the 'Development Contributions Policy Detailed Supporting Document' (DCPDSD), particularly in relation to the 'Capital Expenditure' table for wastewater. These tables outline the growth related projects, which are then used to generate the development contributions levies. While they are not erroneous, it is acknowledged that the clarity of these tables could be improved.
- 34 As referred to earlier, development contributions pay off growth-related debt (previously incurred by the Council for capital works to service this site or the wider area generally), or pay for growth related capital works now or in the future (for this site or for the wider catchment). It is the writer's understanding that in the case of the Tahuna Wastewater Plant a lot of headworks upgrades have already been completed. Development contributions are currently collected in some degree, to pay for work that was budgeted and spent under previous Long Term Plans.
- 35 Development contributions include debt funding/interest considerations in addition to capital costs and capital expenditure. Large infrastructure assets (such as the Tahuna) can be funded over 20-40 years; these can incur significant interest costs over the funding lifetime.
- 36 It is considered that there are no errors in the DCPDSD in relation to wastewater, and hence there is not a justification for the remission of development contributions for this reason. If the Committee requires a more in-depth analysis of the DCPDSD and how it relates to this site, then it may wish to seek external advice on this matter.
- 37 There are no known changes to the capital projects being funded by development contributions that could change the amount payable. Consideration will need to be given as to whether the granting of a remission in this case would undermine the integrity of the Policy.

### **The Council's Funding and Financial Policy**

- 38 The role of development contributions in the Council's financial strategy is to fund the growth portion of capital projects. Should a remission of development contributions be granted for this development then the Council will require funding from rates or other sources for any shortfall in development contributions.

### **Contribution to Capital**

- 39 The applicant has not proposed any capital works as part of this development that would replace the Council's own capital works.

### **Demand Prior to Development**

- 40 A remission could be considered if the Policy did not adequately recognise the previous land uses on the site in terms of demand. The applicant has raised this as part of their remission request, stating that the proposed activity will have a much lower demand on the Council's infrastructure, when compared to the previous use, and consents. More specifically, it was argued that the first floor of the existing 'Wharf Hotel' should be given credits for visitor accommodation, with 21 Fryatt Street being treated as industrial to recognise its use as a factory and processing facility for 'Gregg's Coffee Club'.

- 41 In regards to whether the existing 'Wharf Hotel' at 25 Fryatt Street, should receive credits for the resource consent applied for in 2006 to establish commercial residential units on the first floor, the resource consent decision states:
- *The 2006 building consent was to give effect to resource consent RMA-2006-0441 (now renumbered RMA-2006-370226) which gave planning permission for the alterations of the hotel within a heritage precinct and for new signage. The alterations were to provide 14 commercial residential bedrooms with en-suites and a self-contained manager's flat. The consent had a lapse period of 26 July 2011. The lapse period of the consent was extended by LUC-2006-370226/A on 26 August 2011 for a further five years, resulting in a new lapse period of 26 July 2016. However, a site visit to the hotel has determined that the work has not been completed, and the consent is considered to have lapsed.*
- 42 Furthermore, the consent mentions that:
- *There is no current authorisation for 15 commercial residential rooms at this address despite the applicant's view. Likewise, there is no indication in Council records that the apartment with four bedrooms in the building of 21 Fryatt Street was lawfully established, and it has, in any case, been vacant for over 12 months, rendering any existing use rights that might have applied negated.*
- 43 The resource consent clearly states that resource consent LUC-2006-370226 has lapsed and hence there is no valid resource consent to which visitor accommodation credits could be applied.
- 44 It is acknowledged that the 'Wharf Hotel' once existed as a visitor accommodation on the first floor, however, it is understood that this activity ceased many years ago, and in particular, prior to 1 July 2014, when the revised Policy first became operative. However, the Committee could consider and give weight to this, and rates paid in the past for that use, if it so wishes.
- 45 The application refers to the historic use of 21 Fryatt Street being an industrial activity, operating as a factory and processing facility for 'Greg's Coffee Club'. This activity is understood to have ceased operation in 1925, where the factory moved to its current location on Forth Street, and well before 1 July 2014, when the revised Policy first became operative.
- 46 More recent uses of the building have been commercial in nature, being a car parts business, offices and storage. However, the building is currently vacant.
- 47 Whilst the subject site has a prior history as an industrial activity, the more recent activities are commercial in nature.
- 48 The site at 21 Fryatt Street has a current rating classification of Commercial, and land use description of 'Commercial: Offices'. This is deemed appropriate for carrying out a development contributions assessment under the Policy. However, the Committee could, through this remission process, consider and give weight to the historical industrial land uses and rates paid by those uses if it thought it was relevant.

### **Previous Historical Contributions**

- 49 Historical contributions on a site potentially could be used to offset a current development contribution assessment.

- 50 No historical contributions on this site have been identified. Rates paid in the past are not considered relevant to this matter.

### Other Matters

- 51 This criteria is broad and allows the Committee to consider any other matters relevant to the development and/or remission application.
- 52 It is a catchall and can be used to consider "other matters" raised by the applicant, evidence, submissions and staff reports and/or comments. This could include items not previously considered under the other criteria above.
- 53 It should be noted that any decision under this criteria (or any of the other criteria for that matter) must not be arbitrary and needs to be justified.
- 54 The applicant's remission application raised a matter which could be considered under this assessment criteria relating to economic development.
- 55 The applicant's remission application included discussion about the Councils intention to redevelop the waterfront area, and that this proposal is the *'only tangible evidence of anything actually being done in the area'*.
- 56 The sole purpose of the Policy is to recover from those undertaking development a fair, equitable, and proportionate portion of the costs of capital expenditure necessary to service growth, rather than being a tool for promoting and encouraging economic development

### OPTIONS

- 57 The Committee has three options. They could decline the remission request, grant a partial remission or grant a full remission. The advantages and disadvantages of each option are outlined in the body of this report.
- 58 The Committee now needs to decide which option it prefers.

### NEXT STEPS

- 59 The decision of the Hearing Committee will be communicated to the applicant, and staff will act upon the decision made.

### Signatories

Author:	Galina Usoltseva - Development Contributions Officer
Authoriser:	Alan Worthington - Resource Consents Manager Nicola Pinfold - Group Manager Community and Planning Gavin Logie - Financial Controller

### Attachments

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<a href="#">↓C</a>	Remission Request	26
<a href="#">↓D</a>	Development Contributions Assessment	33
<a href="#">↓E</a>	Development Contributions Policy Detailed Supporting Document	34

## SUMMARY OF CONSIDERATIONS

### ***Fit with purpose of Local Government***

This report relates to providing local services and infrastructure that it is considered good-quality and cost-effective and contributes to community well-being in the present and for the future.

### ***Fit with strategic framework***

	Contributes	Detracts	Not applicable
Social Wellbeing Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Economic Development Strategy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Environment Strategy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Arts and Culture Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3 Waters Strategy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Spatial Plan	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Integrated Transport Strategy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Parks and Recreation Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other strategic projects/policies/plans	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Within the Council's financial strategy, the role of development contributions is to fund the growth portion of capital projects.

### ***Māori Impact Statement***

There are no known impacts for tangata whenua.

### ***Sustainability***

Long term consequences of undermining the integrity of the Development Contributions Policy from not recouping fully from developers the cost of those developments.

### ***LTP/Annual Plan / Financial Strategy /Infrastructure Strategy***

The collection of development contributions is included as a revenue line item in the Long Term Plan and forms part of the overall financial strategy.

### ***Financial considerations***

The collection of development contributions is included as a revenue line item in the Long Term Plan and forms part of the overall financial strategy.

### ***Significance***

The decision is assessed as low under the Council's Significance and Engagement Policy.

### ***Engagement – external***

There has been external engagement with Utility NZ (Walter Clarke) in relation to application of the Policy.

### ***Engagement - internal***

There has been no internal engagement.

### ***Risks: Legal / Health and Safety etc.***

The decision could be challenged by judicial review.

**SUMMARY OF CONSIDERATIONS**

***Conflict of Interest***

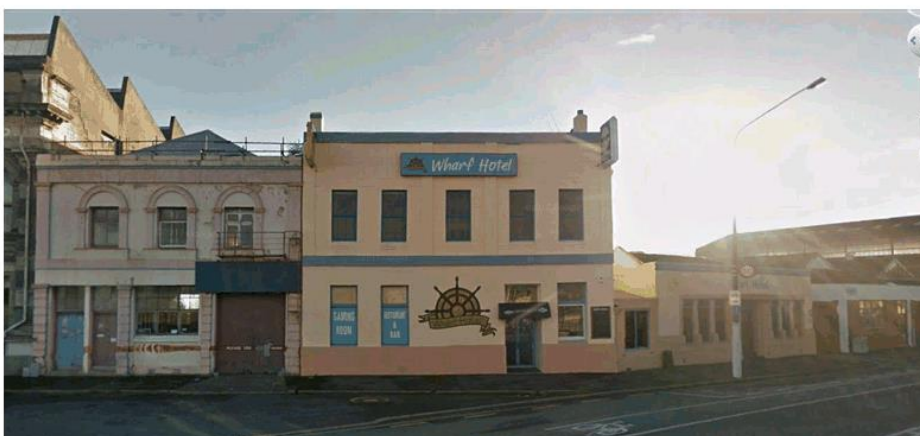
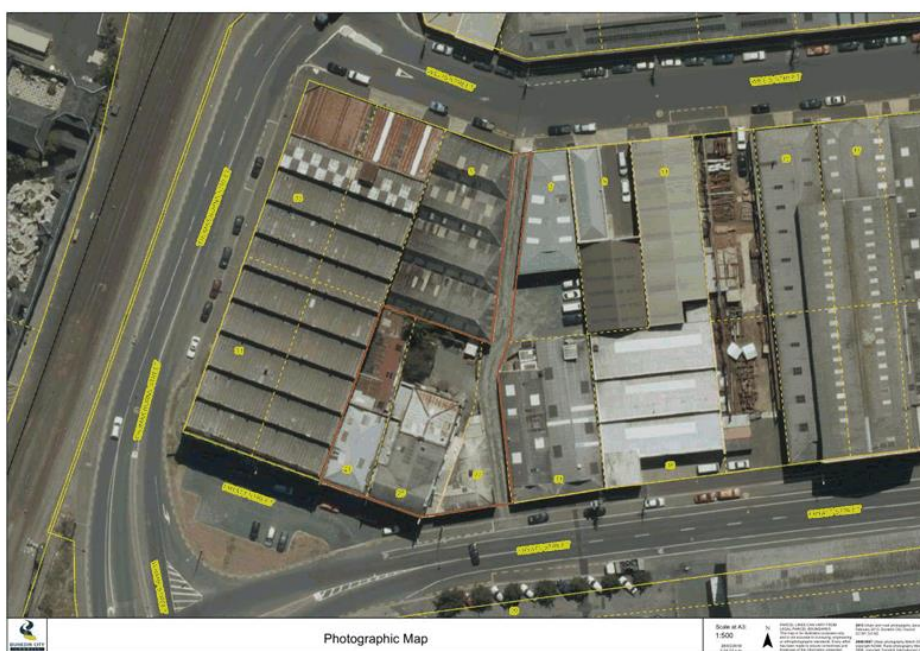
There are no known conflicts of interest.

***Community Boards***

There are no known implications for Community Boards.

**AERIAL PHOTO AND STREET VIEW**

Aerial Photo (2013)

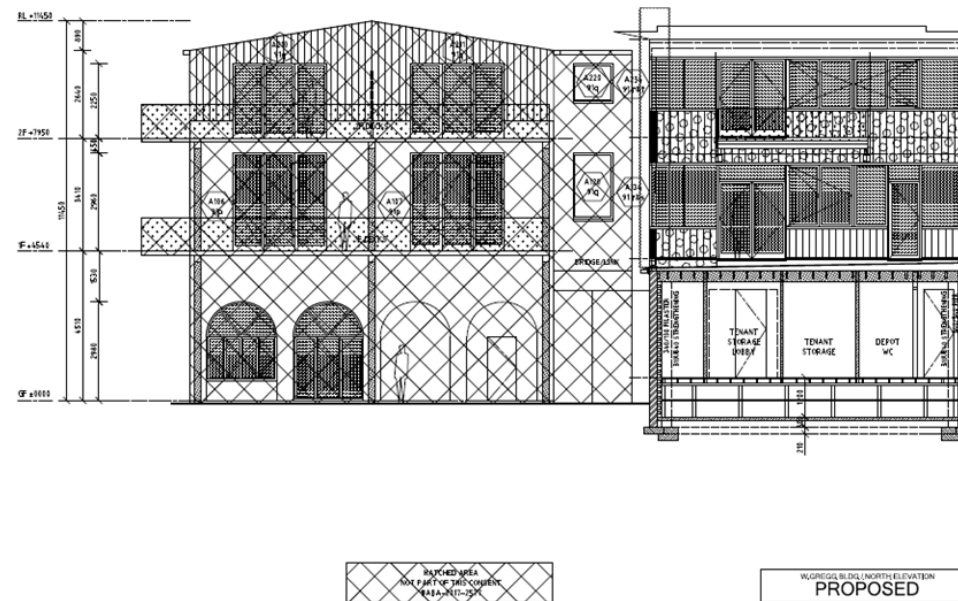


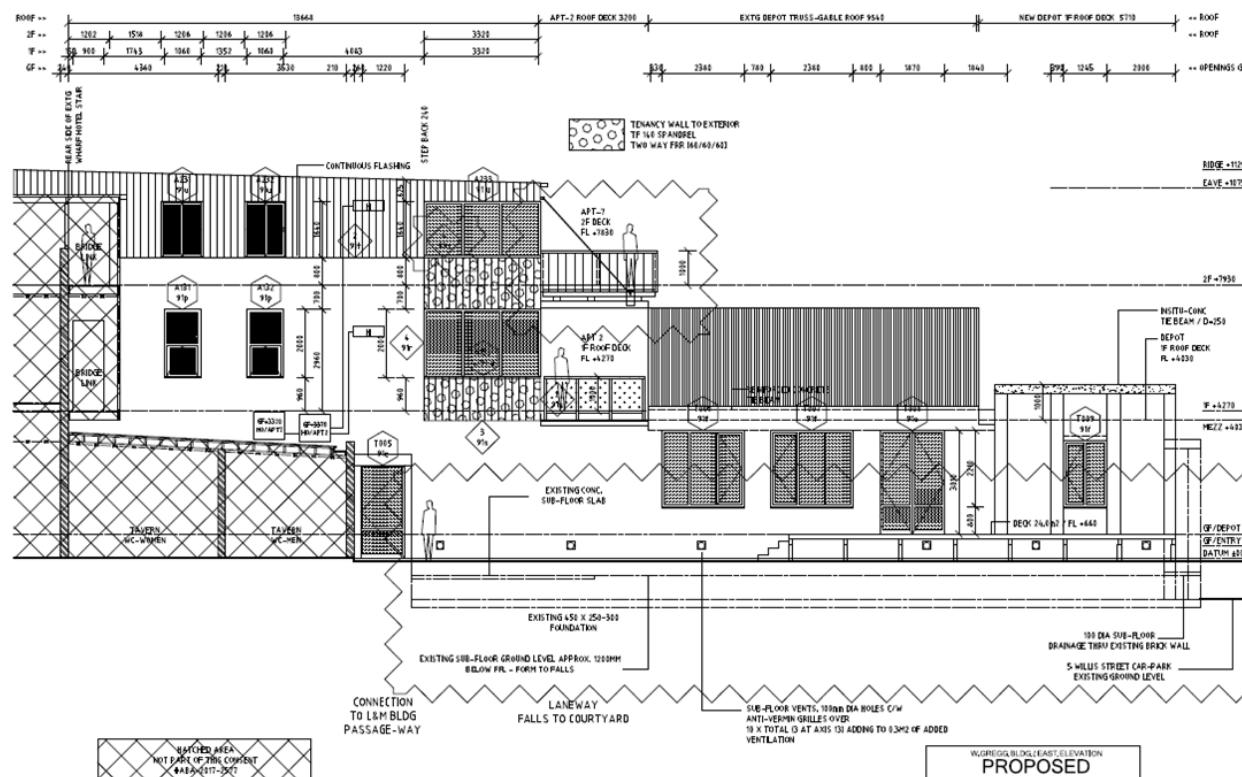
BUILDING PLANS

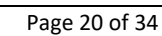


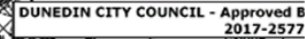




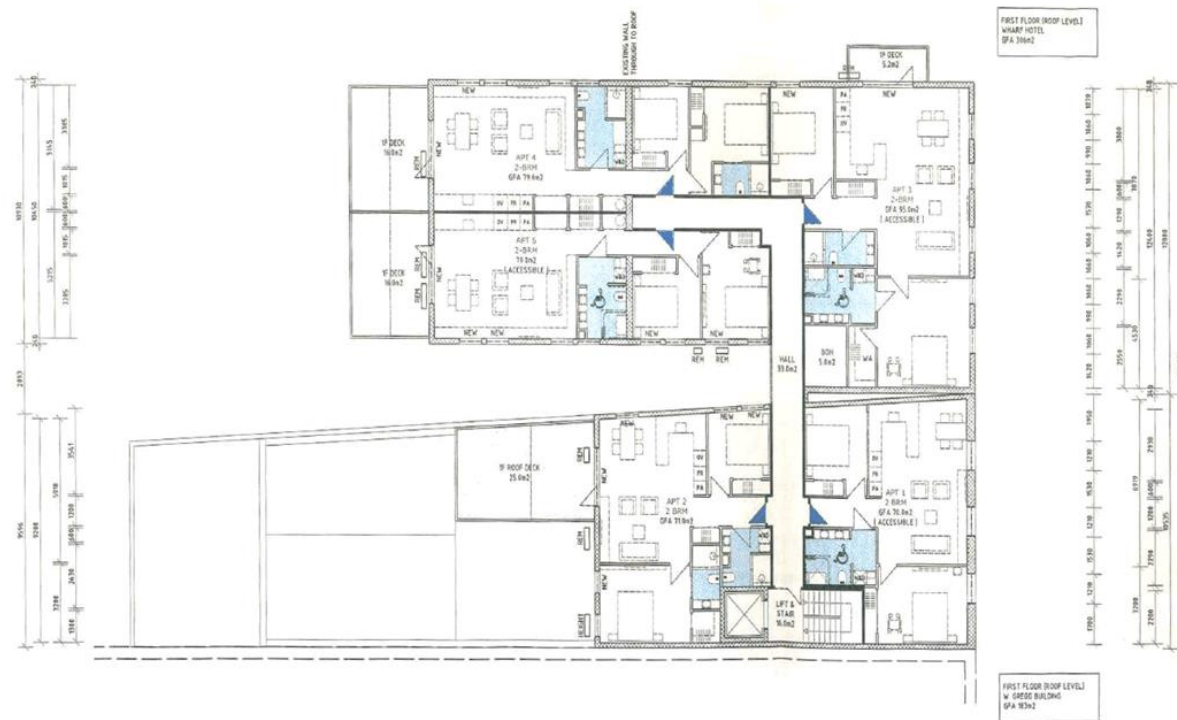


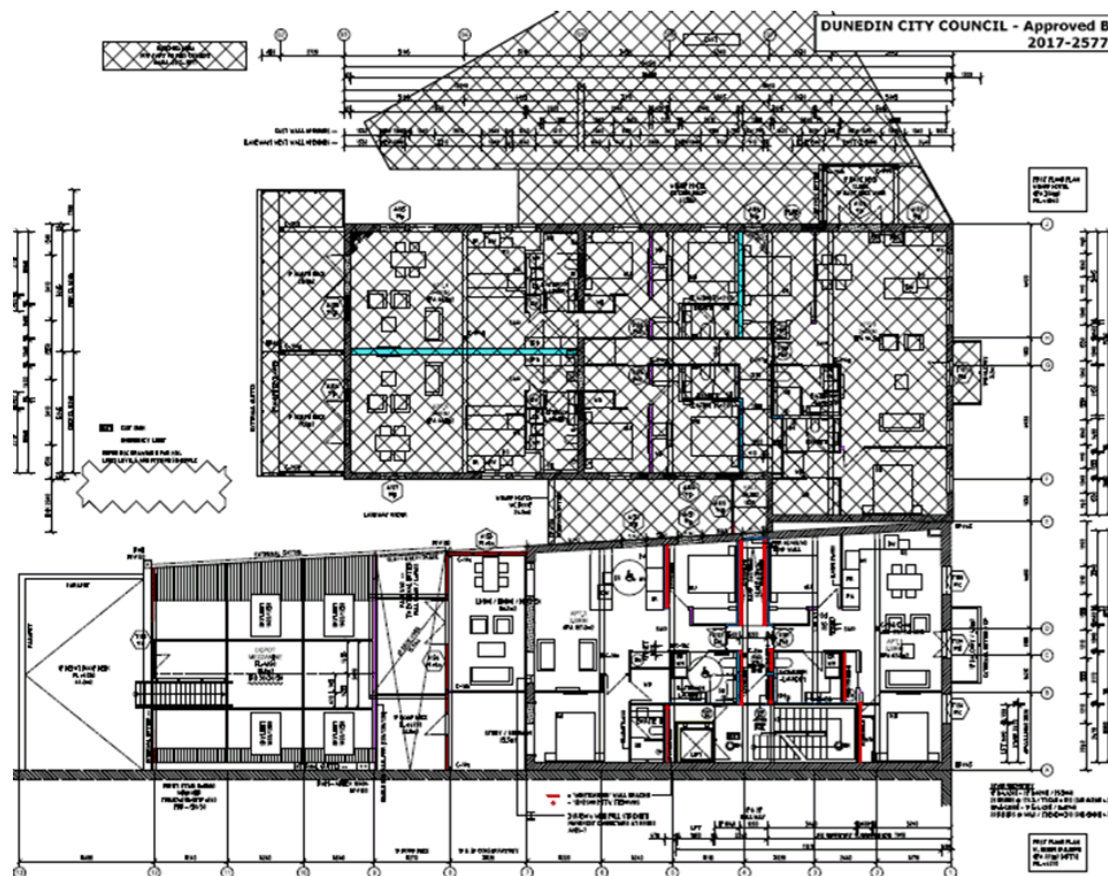






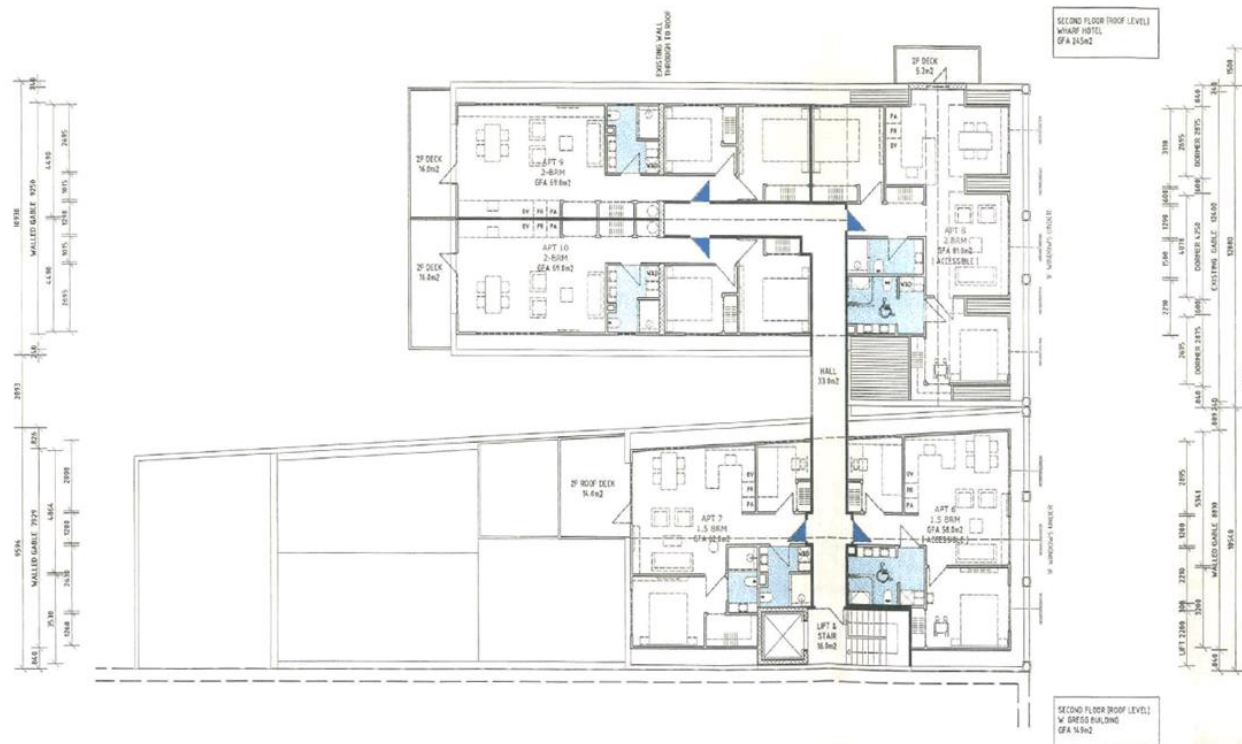
Proposed first floor



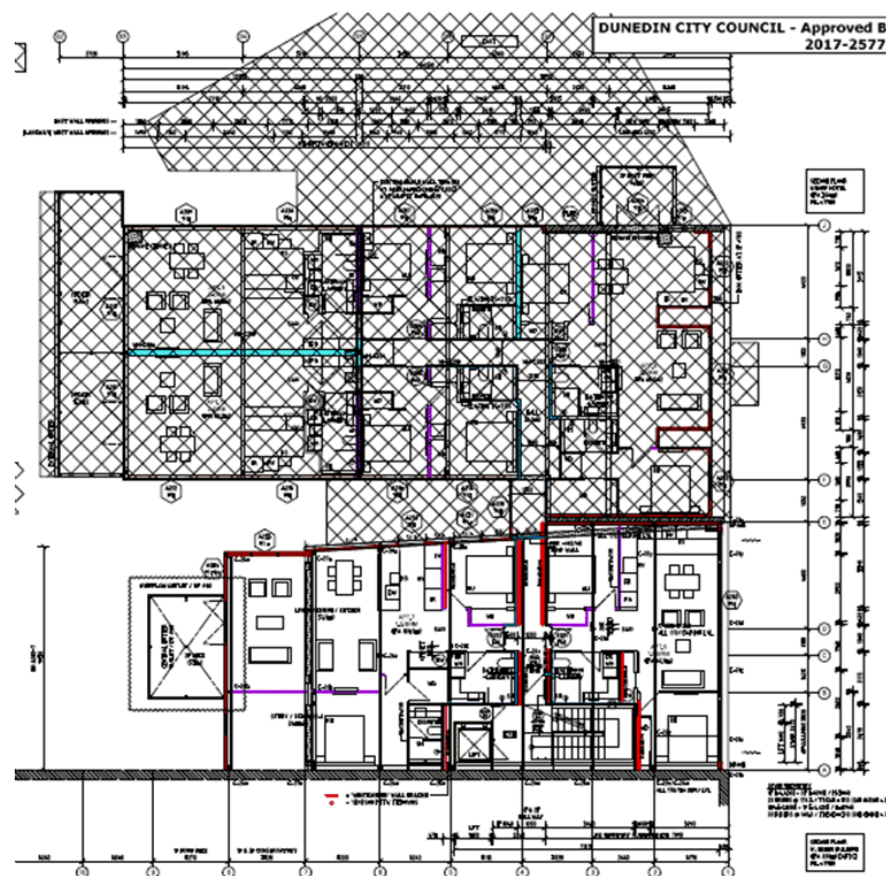




Proposed second floor (new)







## REMISSION REQUEST

November 2 2017

LUC 2017-178 : 21-25,27 FRYATT ST DEVELOPMENT CONTRIBUTIONS - REMISSION REQUEST

Dear Nick

Thanks for your letter of September 2017 showing the manner in which the development contributions were calculated. We believe that the calculation is flawed and in fact a negligible amount of extra capacity – 0.01 of an EHU is created by the scheme. We propose, all as below, that no development contributions be levied against this project.

We have specifically analysed only the wastewater component of the development contributions, as they are the vast majority by value of the development contributions.

Firstly, we note DCC in the online Development Contributions Policy of the DCC ("Purpose"), the stated purpose of the development contributions is that contributions for the "costs required for growth" are to be "*fair equitable and proportionate*" and funded in "*a fair and reasonable manner*".

Second, at the "Principles and Approach" section it is stated that contributions are for *new assets or increased capacity*, and there in fact is no increased capacity when comparing existing and original habitable rooms and EHU's (Equivalent Household Units Units) with the new consented scheme.

It cannot be considered fair and proportionate response by the DCC to propose that this development pay a contribution for 5 extra housing units, (EHU's) when it can be shown beyond question that when compared against the original uses of the buildings, (and the intensity of those uses) there is in fact no extra demand created.

However, before the specific circumstances around 21-25 Fryatt St development contributions are addressed, there appears to be a significant anomaly with the way the wastewater component of the contributions have been calculated.

### DEVELOPMENT CONTRIBUTIONS WASTEWATER CALCULATIONS APPEAR TO BE INCORRECT:

Page 54 of the DCC Development Contributions Policy Supporting Document Sets out the Capital Expenditure for Development Contributions for Wastewater. (Wastewater is 80 % of the proposed total Development Contributions charge). The amount of capital cost for the growth component for the Tahuna Wastewater Treatment Plant that serves Fryatt St over the 2015-2025 period is \$ 543,786. The total capital cost is \$ 16,212,483, but only the growth component can be considered for contributions. The table at page 54 confirms that 13 % of the total 2015-2025 capital costs are growth costs.

Inexplicably, there is a new column, called "Growth Costs Consumed 2015-2024", which does not appear in any other infrastructure section, which has an amount of \$4,659,242, which is of course far in excess of the actual growth costs of \$543,786 which is the correct basis for contributions.

One explanation for this \$4,659,242 figure is used instead of \$543,786 may well be that that Council have taken the view that some of the recent \$40M cost of the upgrade of the Tahuna Wastewater Plant that was budgeted for in full in previous Long Term Plans without Development Contributions, should be charged to "growth". This would not be fair, equitable or reasonable! It is difficult to conceive of any other explanation.

Further compounding the anomaly is that a further \$2,220,822 in interest that has been charged on the \$4,659,242. Added together these two figures are \$3,427 of the \$3,500 per EHU charged for wastewater development contributions.

If Council does intend to charge development contributions on this project, we will be challenging the way the wastewater amounts have been calculated.

#### EQUIVALENT HOUSEHOLD UNITS & THIS CONSENTED SCHEME

Thank you for the information showing how visitor accommodation is considered differently to actual household units. We note you have explained that the unit rating of 0.99 EHU per 100 m<sup>2</sup> of GFA for visitor accommodation was derived from a review of the city's hotels, motels and bed & breakfast facilities. These types of accommodation are more intense than the consented apartment accommodation, and our position is that rating of 0.99 is not appropriate and a more equitable way for development contributions is to consider the apartments as precisely that – apartments that can be lived in. All apartments have 2 bedrooms, a full kitchen, washing machine, dryer, and have an average size of 84 m<sup>2</sup> excluding decks. Applying a hotel /motel charge with a much higher ratio of habitable rooms per m<sup>2</sup> to an apartment proposal is not equitable. Hotels and motels also have a much higher wastewater component with high volume daily laundry, commercial food preparation and hospitality, and other related items.

The Development Contribution appears to assume an overall visitor habitable accommodation size including circulation, of 31 m<sup>2</sup>. On a comparable basis the apartment average size including circulation would be 3 times that, in the order of 90-100m<sup>2</sup>.

Turning now to the specific circumstances for each building, we note that the buildings at 21 Fryatt St and 25 Fryatt St have different histories and therefore have to be considered separately.

#### 25 FRYATT ST – WHARF HOTEL

The first operative point is that the hotel was built on or around 1888, then extended in 1903, with 14 hotel bedrooms and one 1 bedroom apartment. Refer 1903 Consent drawing and 2006 Consent drawing showing existing room layout. The consented development including the extra floor with 6 ea 2 bedroom apartments has in fact less bedrooms, (12) than the original building. This is due to the consented configuration into relatively generous apartments as opposed to small hotel rooms with greater occupant density. The hotel room layout remained largely unchanged from the 1903

addition until 2006. Refer sheet 4 of the Wharf Hotel 2006 alterations. In 2006 resource consent and building consent was given and work started on an alteration and expansion, with 15 bedrooms and 15 bathrooms. Using the 1903 Hotel configuration, there is a reduction of 3 habitable rooms for the consented scheme, which has 12 habitable rooms.

Therefore the Hotel has paid rates and charges on the existing water infrastructure for over a hundred years. In today's dollars at today's relevant rate charges, (\$3265.08 General Rate, \$495 Commercial Drainage and \$1,228.66 CV Drainage) the property has paid in excess of \$500,000 for rates, and \$200,000 for wastewater.

Under no reasonable definition could it be considered fair or equitable that alterations to a property that had paid rates for over 100 years that results in less demand to the wastewater system than the original could be made to bear development contributions.

Using the Development Contributions EHU Conversion Factors at Table 3, P267 Section 5 as a guide, and the consented scheme's 2 less habitable room's results in a credit is the equivalent of 0.75 EHU.

#### 21 FRYATT ST - GREGGS BUILDING

In the case of the Greggs Factory Building 4 ea 2 bedroom apartments are being constructed on the existing first floor and a new second floor. While there is an increase in the floor area of the building by way of an extra storey being added, there is not in fact any extra capacity ("growth") from the extra floor, the change of use at the ground floor or the 4 proposed apartments when the buildings original industrial use and Port Industrial zoning and rating charges are considered.

There is no doubt the building was constructed as a factory and processing facility, and it was used for this purpose for at least 50 years until 1925 when Greggs began to move operations to Forth St. (The Greggs website [www.greggs.co.nz](http://www.greggs.co.nz) sets out this history).

The operative point about the industrial use is that DCC acknowledges that industrial facilities have – and had – a higher demand on wastewater than commercial space, (0.58 EHU per 100 m<sup>2</sup> compared to 0.31 for commercial). Also important is that the original wastewater network was built during that period, and was clearly sized for the buildings then current industrial use. But most significant of all is that, to this day, the property is zoned "Port Industrial" and *as a result DCC have always rated the property on the basis it is an industrial site, not a commercial site.* It would be most inequitable for council to ignore this elemental point, and indeed to meet the logical and equitable threshold required by the policy under Section 5 it must be considered.

Here are applicable DCC allowances relating to Existing Housing Units:

DCC Development Contributions - Table 3 P267 Section 5 "Other Policies".				
3 Bedroom EHU :		1.00	EHU	
2 Bedroom EHU :		0.75	EHU	
1 Bedroom EHU :		0.50	EHU	
GFA of EHU		120.00	m2	
Visitor Accommodation		0.99	EHU / 100m2.	
Commercial		0.31	EHU / 100m2.	
Industrial		0.58	EHU / 100m2.	

Below is our proposed calculation showing the correct original industrial use for the Greggs Building, and a logical and equitable calculation with reference to the number of habitable rooms at the Wharf Hotel.

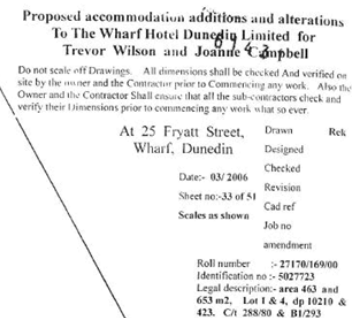
Proposed Calculation				
Greggs Existing : Existing credit calculated on original industrial use, not commercial.				
Upper Floors : all apartments, assessed at 0.75 EHU per 2 bedroom dwelling as DCC EHU guidelines.				
Greggs Building :				
Existing Credit, industrial L1	215.2	-0.0058	-1.24816	
Existing Credit, industrial GF	367	-0.0058	-2.1286	
New GF Commercial space.	367	0.0031	1.1377	
New 2 Bedroom EHU's, L1, L2	4	0.75	3	
Wharf Hotel				
Ground Floor - no change from original use				
Upper Floors :				
Original habitable rooms on Level 1 (bedrooms)	14			
New habitable rooms on Level 1 and new level (bedrooms).	12			
Shortfall from original habitable rooms.	-2			
EHU equivalent for 2 Habitable rooms				
			-0.75	
Extra EHU's for Development Contribution Calculation				
			0.01094	

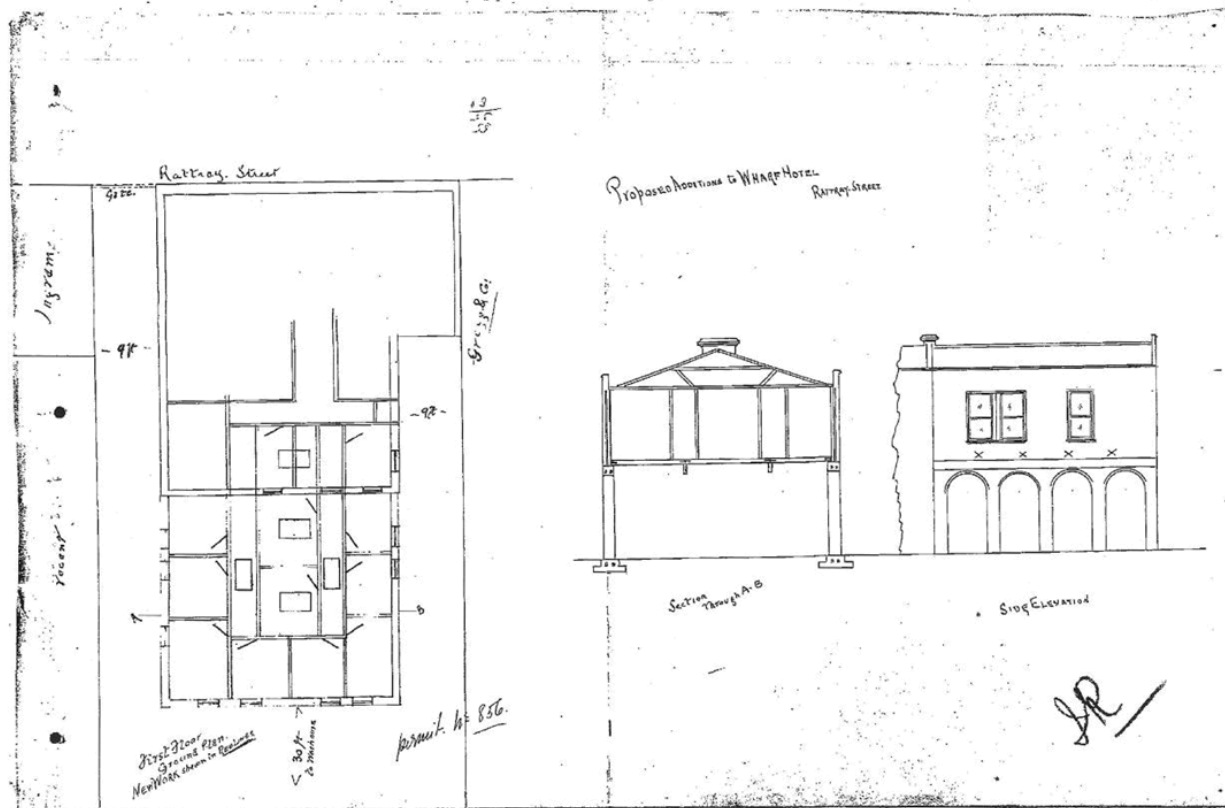
#### SUMMARY

Given the above, negligible increase in the increase in capacity, our proposal is that Council do not charge any development contributions for this project. In summary, we further note that the DCC Development Policy acknowledges that the Local Government *permits* the levying of contributions, *but does not require it, ie*, it is a discretionary matter for Council. It is notable that Council have re-affirmed the intention and desire to further develop the waterfront several times in recent months, yet Council plans remain vague *and this development is the only tangible evidence of anything actually being done in the area*. We would appreciate Council using discretion to put aside any contributions on the basis this project is an important first step, and it will further Council's wider interests and goals for the area.

Regards

Russell Lund  
0274 846 688







## DEVELOPMENT CONTRIBUTIONS ASSESSMENT



### Development Contributions Assessment Tool

#### Results: Development Contributions Summary Table

Area of Benefit: Dunedin Metro WS - Tahuna WW

Activity	Existing Demand - Credits (EHU)	Proposed Future Demand (EHU)	Additional Demand (EHU)	Standard Development Contribution -\$/EHU (Ex GST)	Development Contribution (Ex GST)	GST	Development Contribution (Inc GST)
Water Supply (TAH-1)	5.87	9.73	3.86	\$1,680.00	\$6,484.80	\$972.72	\$7,457.52
Wastewater (TAH-2)	4.97	13.69	8.72	\$3,500.00	\$30,520.00	\$4,578.00	\$35,098.00
Stormwater (TAH-3)	4.05	4.02	-0.03	\$180.00	\$0.00	\$0.00	\$0.00
Transportation (TAH-4)	96.40	52.65	-43.75	\$490.00	\$0.00	\$0.00	\$0.00
Reserves (TAH-5)	0.00	3.38	3.38	\$340.00	\$1,149.20	\$172.38	\$1,321.58
Community Infrastructure (TAH-6)	0.64	8.32	7.68	\$50.00	\$384.00	\$57.60	\$441.60
<b>Total Development Contribution</b>					<b>\$38,538.00</b>	<b>\$5,780.70</b>	<b>\$44,318.70</b>

**Disclaimer:** It should also be noted that the results do not apply if the development is in one of the Mosgiel Plan Change Areas.

This tool was built for simple single land use developments. More complicated developments with multiple land use categories must be assessed in stages.

Development contributions are required for the additional demand on reserves, network infrastructure, and/or community infrastructure created by a proposal over and above the demand from the existing land use. The additional demand is calculated by subtracting the existing demand from the proposed future demand. Refer Table 3 of the Development Contributions Policy to see how Equivalent Household Units are determined for each Land Use Category.

The existing demand from the current land use has been calculated using the following:

- Existing Land Use Category: Commercial
- Gross Floor Area (21 Fryatt Street): 550m<sup>2</sup>
- Gross Floor Area (25 Fryatt Street): 707m<sup>2</sup>
- Gross Floor Area (27 Fryatt Street): 162m<sup>2</sup>
- Impermeable Surface Area (21 Fryatt Street): 367m<sup>2</sup>
- Impermeable Surface Area (25 Fryatt Street): 653m<sup>2</sup>
- Impermeable Surface Area (27 Fryatt Street): 162m<sup>2</sup>

The proposed future demand resulting from the development has been calculated using the following:

- Service Connections: Water - Connecting; Wastewater - Connecting
- Proposed Land Use Category: Visitor Accommodation & Commercial
- Gross Floor Area (Visitor Accommodation): 1126m<sup>2</sup>
- Impermeable Surface Area (Visitor Accommodation): 137m<sup>2</sup>
- Gross Floor Area (Commercial): 818m<sup>2</sup>
- Impermeable Surface Area (Commercial): 1045m<sup>2</sup>

DEVELOPMENT CONTRIBUTIONS POLICY DETAILED SUPPORTING DOCUMENT

(Page 54)

Dunedin City Council  
Final

2015/2016 Development Contributions Policy  
Detailed Supporting Document

Table 48: Wastewater Capital Expenditure for Development Contributions by Work Type

Wastewater Area of Benefit	Total Capital Costs Considered	Total Growth Costs Considered	Growth Portion of Total Capital Costs Considered	2015/16- 2024/25 Long Term Plan Total Capital Cost	2015/16- 2024/25 Long Term Plan Growth Costs	2015/16- 2024/25 Long Term Plan Costs Funded by Other Sources	Growth Costs to be Funded by Development Contributions	Growth Costs Consumed 2015-2024	Weighted Average No. of EHU's 2015-2024	Standard Development Contribution Per EHU (\$)
<b>Tahuna WW Treatment Charge</b>										
Asset Management System	33,860	0	0%	0	0	0	100%	0	2,021	\$0
Decommissioning Works	0	0	0%	0	0	0	100%	0	2,021	\$0
Interest								2,220,822	2,021	\$1,099
Flood Protection	0	0	0%	0	0	0	100%	0	2,021	\$0
Forward Design	958,692	75,679	8%	0	0	0	100%	18,702	2,021	\$9
Management	70,887	0	0%	0	0	0	100%	0	2,021	\$0
Mechanical Electrical	105,462	0	0%	0	0	0	100%	0	2,021	\$0
Pump Station	359,655	0	0%	0	0	0	100%	0	2,021	\$0
Reticulation	1,368,506	149,823	11%	1,139,636	142,791	996,745	100%	28,689	2,021	\$14
Treatment Facility	125,747,182	16,119,715	13%	16,212,483	543,786	15,668,697	100%	4,659,242	2,021	\$2,305
Unspecified Expenditure	794,037	0	0%	0	0	0	100%	0	2,021	\$0
Wastewater Reticulation Upgrades	0	0	0%	0	0	0	100%	0	2,021	\$0
<b>Total Tahuna WW Treatment Charge</b>	<b>129,418,280</b>	<b>16,345,217</b>	<b>13%</b>	<b>17,352,019</b>	<b>686,577</b>	<b>16,665,442</b>		<b>6,927,454</b>	<b>2,021</b>	<b>\$3,427</b>
<b>Green Island WW Treatment Charge</b>										
Asset Management System	0	0	0%	0	0	0	100%	0	392	\$0
Decommissioning Works	0	0	0%	0	0	0	100%	0	392	\$0
Interest								330,432	392	\$842
Flood Protection	0	0	0%	0	0	0	100%	0	392	\$0
Forward Design	869,168	8,688	1%	0	0	0	100%	2,268	392	\$6
Management	173,550	0	0%	0	0	0	100%	0	392	\$0
Mechanical Electrical	35,716	0	0%	0	0	0	100%	0	392	\$0
Pump Station	37,536	0	0%	0	0	0	100%	0	392	\$0
Reticulation	233,504	47,276	20%	200,694	45,142	155,552	100%	6,256	392	\$16
Treatment Facility	22,871,848	2,392,269	10%	2,846,218	164,836	2,681,382	100%	553,918	392	\$1,412
Unspecified Expenditure	94,661	0	0%	0	0	0	100%	0	392	\$0
Wastewater Reticulation Upgrades	0	0	0%	0	0	0	100%	0	392	\$0
<b>Total Green Island WW Treatment Charge</b>	<b>24,315,983</b>	<b>2,448,232</b>	<b>10%</b>	<b>3,046,913</b>	<b>209,978</b>	<b>2,836,935</b>		<b>892,875</b>	<b>392</b>	<b>\$2,276</b>
<b>Mosgiel WW Treatment Charge</b>										
Asset Management System	0	0	0%	0	0	0	100%	0	539	\$0
Decommissioning Works	0	0	0%	0	0	0	100%	0	539	\$0

APPENDICES A

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