

# ***Residential Conversion***

***In the Whangārei  
Town Centre 2021***

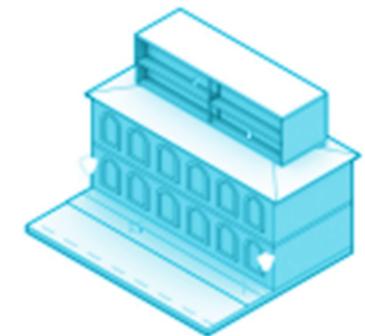
## This information guide has been prepared to support landowners in our city centre to navigate the planning and development process to successfully convert upstairs commercial spaces to residential apartments.

Converting commercial spaces to residential apartments can be done a number of ways:



### Creating Shoptop Apartments

Mixed use residential buildings best used in established centres that require active ground floors, usually ranging between 2 and 6 storeys.



### Adaptive Reuse of a Heritage Building

Additional development that is incorporated into refurbishment of an existing building, particular used in relation to heritage listed buildings or where character retention is important.

## Purpose of the Guide

The guide is a tool that can be used to help you make decisions about investing in a residential conversion project and plan for all the steps in the development process.

It aims to:

- gather the right information and determine the feasibility of your project before you start.
- understand the key steps in the development process and the different approvals you will need.
- find and engage the right consultants and contractors to help you.
- understand and plan for the risks and complexities in the process.
- access all relevant industry information sources.

## What is a Residential Conversion?

“Residential conversion” refers to changing the use of an existing building (or part of a building) from its current or previous use into a residential use. It often involves converting the internal upstairs space within a commercial building into an apartment or apartments. It does not include the construction of a new apartment building or significant alteration/modification to an existing building (these type of projects are not covered by this guide).

In the Whangārei town centre, residential conversion is permitted in the top floors of commercial buildings within the city centre zone – creating a mixed-use building.

## What are the benefits of developing an inner-city apartment?

Some of the benefits of undertaking a residential conversion project include:

- Increasing your income potential – developing an inner-city apartment provides you with an opportunity to generate income through renting this space.
- Meeting the growing demand – there is growing demand for both residential sales and rentals in the inner city, coupled with a move towards working from home.
- Creating a modern home – creating an inner-city apartment provides an opportunity to create a unique home with good access to the services and amenities that are provided in our city.
- Live where you work and play – avoid traffic congestion and save travel time an inner-city apartment?

## Design Guidance

This guide should be read alongside the Whangarei District Council Urban Design Guidelines for Residential Development. The Urban Design Guidelines provide detailed guidance on the design of residential apartments where as this guide walks you through the development process.

# STEP 01

## HOW DO I GET STARTED – IS MY PROJECT FEASIBLE?

### 01. Gather relevant information.

Before you start, it is important to gather relevant information that you will use through the design and development process. This should include:

- A Land Information Memorandum (LIM) report – a report that details relevant information held by Council about the property including any specific restrictions for the site. You can request this from Council via a form on the website for a fee.
- [Apply for a LIM](#) - Whangārei District Council
- Establish the buildings %NBS rating – this is a rating of the building’s performance over a range of earthquakes and will inform the design process.
- Details of infrastructure servicing to the building, including power and 3-Waters (water, stormwater, and sewer). This information should be included in the LIM report.
- Review the [Council GIS Map Service](#). You can search your property to find out more about boundaries, land hazards, locations of services and other important information.

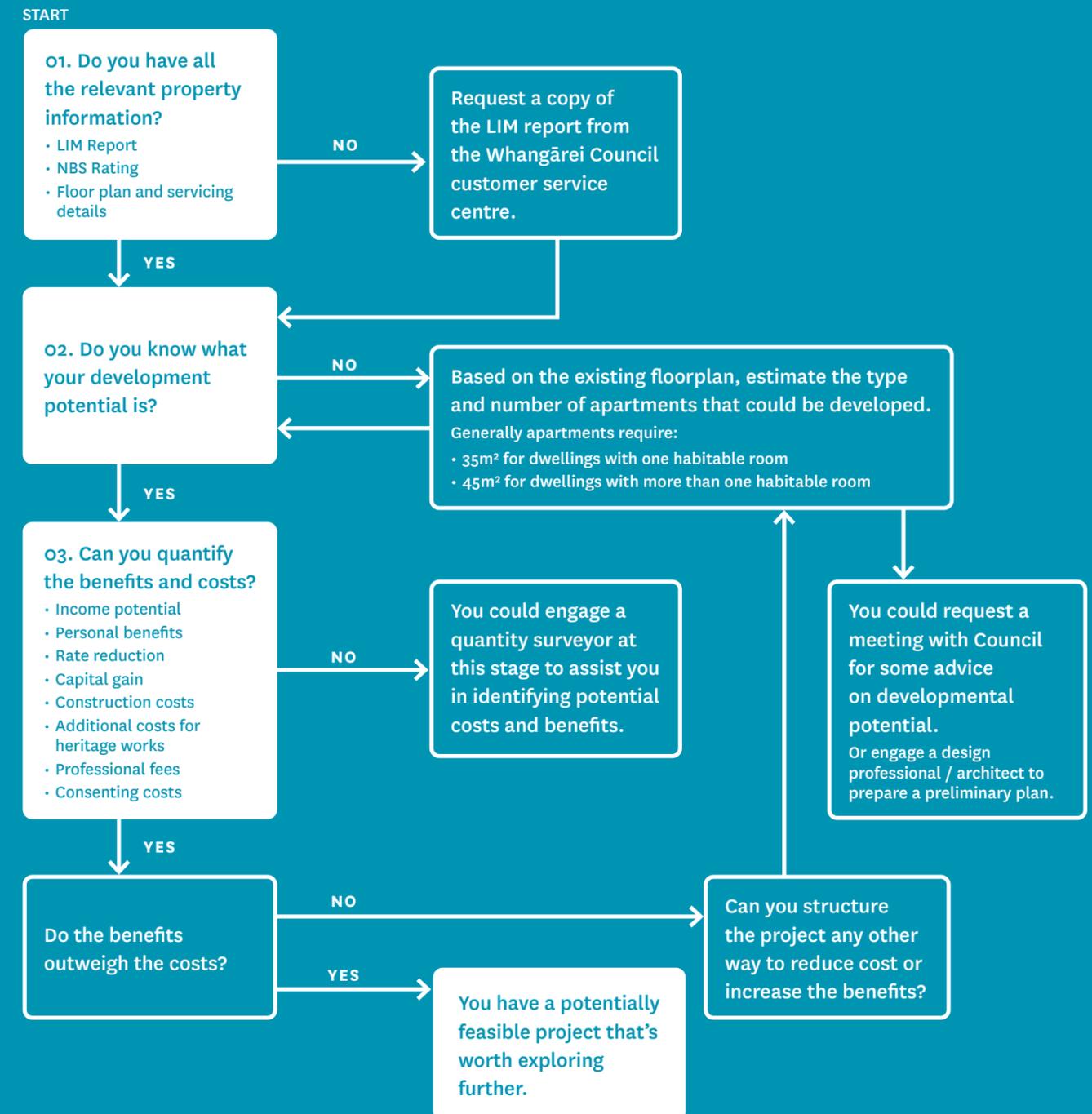
You can make an appointment at any stage with the Council Duty Planner to discuss your idea and the consenting requirements of your project. It is recommended that you do this early on to ensure you have all the information needed and are aware of what can be done before spending money on consultants. An appointment can be made by calling the information centre on **09 430 4200**.

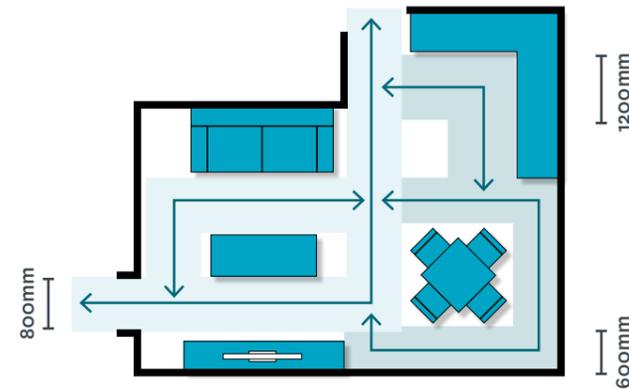
### 02. Determine the development potential

Depending on the size of the available space in the building you may be able to develop more than one apartment, taking into consideration the internal circulation and servicing space required. Generally, apartments range in size from 35m<sup>2</sup> for dwellings with one habitable room and 45m<sup>2</sup> or larger for dwellings with more than one habitable room.

Some guidance for apartment layout can be found in the [Whangārei District Council Urban Design Guidelines for Residential Development](#).

Before embarking on a development project, it is important to first understand whether it is a feasible project and sound investment. **Determining the feasibility of your project includes the following steps:**





**Urban Design Guidelines for Residential Development**

9.1 Internal Access & Layouts - Guideline 4 Image

Kitchen, dining room and living room circulation space. Open plan, regular shaped spaces with minimal corridors is often a good option to make spaces flexible and allow for more circulation space.

**03. Determine whether the costs outweigh the benefits**

**Construction costs** – based on industry standards (as at 2021) this could range from \$2,500 to \$4,000 per square metre + contingency.

**Additional construction costs** – if your building requires earthquake strengthening, or has existing issues to be addressed such as asbestos there will be additional construction costs.

**Professional fees** – as a general rule of thumb professional fees will add 25% on top of construction costs.

**Consent fees**– depending on the approvals required there will be a fee required at lodgement of the various applications. Relevant fees are detailed on Council’s website.

**Fees and Charges** - See the current [Whangārei District Council Fee and Charges](#).

**Potential benefits**

**Personal benefits** – what value do you place on creating an inner-city apartment. Is this a personal project or simply an investment?

**Income potential** - Inner city apartments in Whangārei generally achieve a higher rent than the average rent for commercial spaces. A review of current market rents will help determine your potential income from rent.

**Rate reduction** – the rates for residential properties in the city centre are lower than that for a commercial property.

**Capital gain** – you could receive capital gains on sale of the property by adding a residential unit.

**NOTE:** this is intended as a general guide of the range of costs that could be incurred to assist in the early decision-making process. A qualified quantity surveyor could be engaged to confirm the likely cost of development.



## STEP 02

# FIND THE RIGHT CONSULTANTS

Depending on the complexity of the project, you will need to engage a range of consultants to help you through the design and consenting process. Some development management companies will arrange this for you, whereas other independent consultants will often work together as a team led by an architect.

### The types of consultants you may need before entering the construction phase could include:

- **A designer** - to run the design process and provide all plans required to support relevant consent applications
  - If you don't have a local architect, you could find one via: [New Zealand Institute of Architects](#)
- **A planner** – to prepare a resource consent application if required
  - If you don't have a local planner, you could find one via: [New Zealand Planning Institute](#)
- **An engineer** – depending on the scale of your development there may be several engineers required. At a minimum it is likely you will require the services of a structural engineer, fire engineer and services engineer to assess capacity of services
  - If you don't have a local engineer, you could find one via: [Engineering New Zealand](#)

- **A quantity surveyor** – to provide a detailed estimate of construction costs if required
  - If you don't have a local QS, you could find one via: [NZIQS > Home](#)
- **A surveyor** – if you are planning on subdividing and creating an apartment on a separate title.

If you are unsure which consultants to use and when, you can refer to the [New Zealand Construction Industry Councils website](#) for further information.

#### TIPS:

- Have a clear brief and contract. Your consultants should have a standard form of consultancy contract they use. For more information you can have a look at example contracts [here](#).
- If you are not using a development management company, it is often best to find a designer who will have contacts of other consultants that they recommend and will work well with.
- Ensure you compare quotes and receive recommendations. You may choose to run a tender process and have 2 – 3 contractors provide pricing for the work. This process delivers the most competitive value from the marketplace.



# STEP 03

## UNDERSTAND WHAT CONSENTS AND APPROVALS WILL BE REQUIRED

### Change of Use

Before embarking on your project, you will need to give Council notice of the proposed change from a commercial use to a residential use.

**There is no form to complete but you must apply in writing with the following information:**

- your name and address, and address of the building (if different)
- description of the change proposed, even if it is only to part of the building
- the reason for the change
- the location of the building in relation to other buildings and natural hazards
- if the building is to be open to the public and how many people could be using the space at any given time.

This Change of Use process is outlined in more detail on Council's website [here](#).

### Building Consent

Prior to undertaking a residential conversion project, you will most likely need a building consent. You will be advised of this through the change of use process. A building consent is a formal approval granted by Council under the Building Act that allows a person to carry out building work. Council will issue a building consent only when it is satisfied the proposed building work will meet the requirements of the Building Code.

### Making an Application

The details of how to apply and what should be included in your building consent application is provided on Council's website [Apply for a Building Consent - Whangārei District Council](#).

**The following key things will need to be addressed in your building consent application for a residential conversion.** This should be led/co-ordinated by your designer for the project.

<b>Structural</b>	Structural drawings are to be provided with the application showing the structural changes to be made to the existing building or any new structure added. This will also include their calculations (provided by a structural engineer). Subject to the NBS rating of your building a detailed seismic assessment may be required. Check with your structural engineer as to whether this is required.
<b>Services and plumbing</b>	Drawings will be required for plumbing and drainage where additional sanitary fixtures are created.
<b>Electrical</b>	Electrical drawings will be required to show information on electrical fittings and power outlets, locations of switch/meter boards and extractor fans and any emergency lighting required.
<b>Acoustic insulation</b>	Acoustic insulation will be required to ensure the apartments provide an adequate living environment within the context of the city centre. When designing acoustic insulation, the rule requires certification from an acoustic engineer that the building design will achieve the required design sound level.
<b>Fire requirements</b>	It is recommended that you engage the services of a fire engineer who will provide you with a fire report for the building. This will be required should the occupancy of the building increase or the layout of the existing building change.

#### TIPS

### Safety and Accessibility Standards

When an alteration is planned for an existing building, Section 112 of the Building Act 2004 requires that it is also upgraded to ensure fire safety, and access and facilities for persons with disabilities. This is something your design team will incorporate into their plans.

As part of the assessment of the building consent application Council will require evidence to confirm that the building will comply, as reasonably practicable, with the provisions of the building code that relate to:

- a.** means of escape from fire; and
- b.** access and facilities for persons with disabilities (if this is a requirement in terms of section 118); and
- c.** Compliance with the other provisions of the building code to at least the same extent as before the alteration.

For more information refer to the [Building Code Compliance](#).

## Resource Consent

You will also require a resource consent where your proposed design does not meet one of the rules in the Whangārei District Plan. An introduction to these rules and the resource consent process can be found here, [About Resource Consents - Whangārei District Council](#).

Council will assess the impacts of the parts of the proposal that don't comply with rules in the the District Plan through the consent assessment process. In some cases where it is a minor non-compliance, it can be easier and more cost effective to obtain a resource consent than employ a costly design or engineering solution.

In general, resource consent requirements are a continuum from relatively straightforward (controlled and restricted discretionary activities) through to potentially more complicated (discretionary and non-complying activities). All resource consent considerations are context and site specific, therefore engaging with Council planning staff

early in the process around potential resource consent requirements for your development is highly recommended. Council offers a pre-application service where you can arrange to meet with a Council planner and discuss your proposal and any resource consent implications. An appointment with the Duty Planner can be made by calling Council on 09 430 4200.

## Common triggers for requiring a resource consent

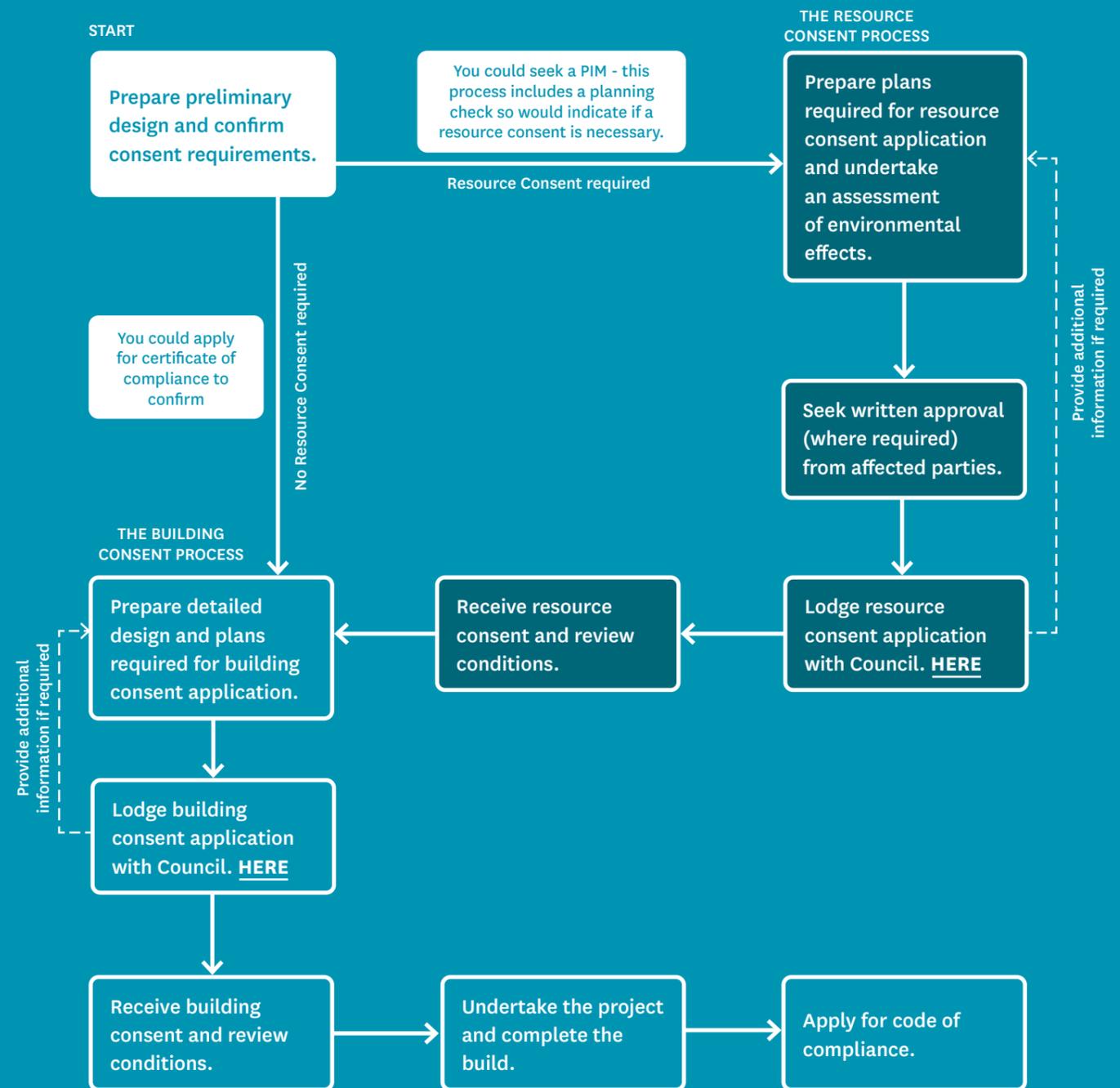
As a guide, the following are key triggers for requiring a resource consent for the conversion of upstairs commercial space into residential in the City Centre Zone. Where a resource consent is required, the design should be developed considering the Urban Design Guidelines for residential development as these provide guidance to our assessment of an application.

	Rule Or Standard	Resource Consent Requirements
<b>Bicycle parking</b>	1 per residential unit without a dedicated garage, for developments of 20 or more residential units.	Non-compliance with this rule requires resource consent for a restricted discretionary activity. Minor non-compliances may be acceptable to Council and able to be approved by resource consent.
<b>Access</b>	If vehicle access is proposed, it must be provided in accordance with the design requirements for access in the Transport Chapter of the District Plan.	Non-compliance with this rule requires resource consent for a restricted discretionary activity. Minor design non-compliances may be acceptable to Council and able to be approved by resource consent. No vehicle access proposed = no resource consent required.
<b>Residential net floor area</b>	Every residential unit shall provide a net floor area of at least: <ul style="list-style-type: none"> <li>• 35m<sup>2</sup> for dwellings with one habitable room</li> <li>• 45m<sup>2</sup> for dwellings with more than one habitable room</li> </ul>	Non-compliance with this rule requires resource consent for a restricted discretionary activity. Minor design non-compliances may be acceptable to Council and able to be approved by resource consent.

	Rule Or Standard	Resource Consent Requirements
<b>Outdoor living (balconies)</b>	Every residential unit is above the ground floor, and: <ul style="list-style-type: none"> <li>a. Every 1 brm unit contains an outdoor living court of at least 4m<sup>2</sup> and at least 1.5m depth.</li> <li>b. Every 2+ brm unit contains an outdoor living court of at least 8m<sup>2</sup> and at least 2.4m depth.</li> </ul>	Non-compliance with this rule requires resource consent for a restricted discretionary activity. Minor design non-compliances may be acceptable to Council and able to be approved by resource consent.
<b>Acoustic insulation</b>	Bedrooms and sleeping areas within units shall be designed and constructed to ensure the following internal design noise levels: <p><b>2200 hrs – 0700 hrs : 30 dB LAeq</b></p> <p>Other habitable spaces within units:</p> <p><b>2200 hrs – 0700 hrs : 40 dB LAeq</b></p>	Resource consent is required for a discretionary activity for non-compliance with this rule. Your design team should be aware of this rule and should be able to design bedrooms to comply with this rule.
<b>Heritage building alterations</b>	Heritage listed buildings are identified on the Resource Areas Maps, and Council will be able to assist in confirming if your building is a heritage building in a pre-application meeting.	In most cases, any external or internal alterations to heritage buildings will require a resource consent. Pre-application advice is highly recommended at an early stage of the design process to confirm (and potentially avoid or minimise) resource consent requirements in relation to heritage matters.
<b>Subdivision/titles</b>	All subdivision requires a resource consent and is subject to assessment against various standards which need to be considered on a site-by-site basis. Titles should also be checked in case of any interests that may affect your site and its potential development such as Consent Notices or Covenants.	Subdivision is only necessary if you wish to split a building/site into different titles, which may benefit your ability to sell a new unit while retaining other parts of the building. Otherwise you can convert upstairs space into apartments without obtaining a subdivision consent. If you wish to continue to hold all units in one title and rent them out for example, then a subdivision may not be necessary. Early pre-application advice from a surveyor and/or planner and with Council planning staff is recommended for any potential subdivision, as it is considered on a case by case basis with a number of site specific considerations.

**NOTE:** This is a summary of the common triggers for a resource consent. Consent requirements for each individual proposal should be confirmed with Council.

# GUIDE TO THE RESOURCE AND BUILDING CONSENT PROCESS



**TIPS**

- We recommend carrying out a simple desktop assessment against the Whangārei District Plan rules and contacting Council’s duty planner with any questions or basic advice needed in the initial planning stages.
- Once preliminary plans are drawn up, you can apply for a pre-application meeting with a Council planner who will advise what information is required to support an application.
- If a resource consent is required, it is recommended that you organise a pre-application meeting with the resource consents team before lodging an application to confirm the inputs needed for your application and/or discuss this with your consultant team.
- a resource consent under the NES for Assessing and Managing Contaminates in Soil to protect human health could be required to allow the site to be used for residential purposes (regardless of whether there is any physical works to the land) as the NES trigger is a ‘change in use’. A request can be made to Council for a Potentially Contaminated Site Search.

## The Building and Resource Consent Process

Details of how to apply for a building and resource consent are provided on Council’s website: [Property - Whangārei District Council](#), under ‘**planning**’ and ‘**building**’ and the necessary documents can be found here: [Property and building documents - Whangārei District Council](#).  
The steps in the process are summarised in video below.  
[Resource Consents - Whangārei District Council](#)  
[Building Consents - Whangārei District Council](#)

## STEP 04

# PLAN FOR WHAT COSTS YOU MAY INCUR AND WHEN

Working out the total estimated cost of the project and sequence of payments is very important. With most developments, the financial benefit is not realised until well after completion, but costs will need to be covered throughout the design and development process.

In terms of the sequence of payments, this will generally follow the development programme. For example:

### Design costs

- Consultants will generally expect to be paid monthly and are a significant portion of the total cost. These can include the design team (architects, engineers etc), quantity surveyors, lawyers, accountants and valuers. Any significant design changes requested may also incur additional costs.

### Consenting costs

- Council consent fees and other associated costs (for example Building and Resource Consent lodgement fees) are to be paid upfront. Note that any complication during the consenting process may incur additional costs. For example, where additional re-design work is required to address an issue identified through Council's assessment.

- Building Consent Calculator: For a high level review of the potential costs associated with a building consent, can refer here - [Building consent calculator - Whangārei District Council](#).
- Any conversion to residential would require payment of a Development Contribution. This is outlined in our [Policy and Calculation Guide](#).
- Any new service connections (for example power, water, wastewater) may require an application or connection fee to be paid to Council.

### Construction costs

- Builders will generally submit a payment claim each month for the work completed. Subject to you agreeing with the amount, you will be required to pay the amount (in full) on or before the due date for payment. These claims may include any variations incurred during that month.

### Risks

It is very important to include a contingency when preparing your budget. Generally, this is 15 – 20% of the total project cost. Cost overruns are very common and can be due to various factors, for example, design changes or unforeseen builders' work.

### Finance

We recommend you speak to a financial advisor regarding financing the project. It would be prudent to determine how much your bank or lender is willing to lend you at the beginning of the project, so you know what budget you are working with.

There are various ways to finance a new build, so it is important to speak to someone who is familiar with this process. With the new build process, drawdowns will be required throughout the project to pay progress payments to consultants and builders. Banks and lenders will require additional information along the way before agreeing to the payment.

## STEP 05

# PREPARE A PROGRAMME

**Concept and initial design phase**  
(1-3 months)

**Preparation of resource consent application and council processing**  
(3-6 months, depending on notification requirements)

**Detailed design and documentation**  
(3-6 months)

**Preparation of building consent application and council processing**  
(1-2 months)

**Procure contractor and undertake build**  
(9-12 months depending on complexity)

**The timeframes you can expect across the project are as shown above.**

**NOTE:** Indicative timing only. Actual programme will need to be prepared based on the complexity of your project and advice from council and your design team.

### TIP

Once a building consent has been issued building work must commence within twelve (12) months of the date of issue. A resource consent will also have a timeframe to give effect to the development. If no expiry date is specified, the standard term is five years after the commencement of the consent. If work does not commence within these timeframes the consents will lapse and new consents must be applied for unless an extension of time to commence work has been applied for and approved by Council.

# STEP 06

## THE DESIGN AND CONSENTING PHASE – WHAT TO EXPECT

Your design team will lead you through the design and consenting process. They should check in with you regularly and seek your approval at key stages. It is also recommended that there are cost checks completed along the design process. This is to ensure that the design team are designing to your prescribed budget.

### Plans that should be prepared include (but not limited to):

- Site plan, location plan, elevations
- Architectural drawings – technical drawing of the building and any specifications
- Structural drawings and calculations – generally engineering, including plans and details for how a building will be built
- HVAC and Mechanical drawings – these specify location and installation details of all heating, cooling and ventilation equipment
- Hydraulic drawings – plans showing any new plumbing or alterations within the building envelope

- Fire engineering (if required) – plan that describes the building project’s fire engineering design solution
- Acoustic plans – these specify installation details of acoustic insulation to ensure comfortable noise levels for residents.

**NOTE:** Where a resource consent is required the plans will need to demonstrate how there will be provision for outdoor living space as part of the development.

These plans will be required to support your applications for resource and building consents (refer to **Step 3** of this guide) as well as form the basis of the work plan for your construction team.

Council have also produced Urban Design for both residential and commercial developments to promote best-practice urban design guidelines in Whangārei. For mixed-use developments, both documents should be considered.



## STEP 07

# THE CONSTRUCTION PHASE – WHAT TO EXPECT

### 01 Procurement of a contractor to undertake the construction

You may choose to compare a range of quotes in order to obtain the best value for money or you may choose to direct source. Either way, carry out your due diligence on the contractor – ask for relevant experience and referees.

Ensure that whoever is pricing the work has ALL the relevant information (drawings, specifications etc) and can provide a fully inclusive price.

Most contractors will have a standard form of contract that you will enter into. Subject to the scale of the development we would recommend that this is reviewed by your legal representative.

It is important that the contractor and project manager has a copy of any resource consent decision, so conditions of consent are complied with. Any changes may also require a variation to any resource consent.

Ensure you obtain all the relevant and up to date Health and Safety information/documentation from the contractor. This information is important on any project. As developer, it is important that your consultants and contractors have the necessary Health and Safety plan which complies with the Health and Safety at Work Act 2015 and everyone adheres to this. Refer to [Building and Construction - Worksafe](#) for more information.

### 02 Managing the build

You could commission the services of a project manager to manage the contractor and to manage any variations along the way. Whether it be yourself or the development/project manager managing the build, it is always good to keep in regular contact with the main contractor to ensure they are on schedule and on budget.

### 03 Building Consent amendments (and minor variations)

Any changes required to plans approved in the Building Consent will need to be carefully considered to assess whether there is a requirement to apply for an amendment to the building consent, or whether it can be considered to be a “minor variation”. Contact can be made with the building regulatory team of Council to ascertain whether the desired changes are only a “minor variation”.

### 04 After the construction is complete

Once the build is complete, a Code of Compliance Certificate should be applied for. This will require a final inspection by Council. This must be applied for within two years of the building consent having been granted.



## GLOSSARY

<b>Building Consent</b>	A building consent is a formal approval granted by Council under the Building Act that allows a person to carry out building work. Council will issue a building consent only when it is satisfied the proposed building work will meet the requirements of the Building Code.	<b>NES National Environmental Standards</b>	National environment standard for assessing and managing contaminants in soil to protect human health (NES). A change in use of the site may trigger resource consent under the NES for assessing and managing contaminants in soil to protect human health.
<b>LIM Report</b>	A report that details relevant information held by Council about the property including any specific restrictions for the site. You can request this from Council via a form on the website for a fee.	<b>PIM Project Information Memorandum</b>	A PIM is a report issued by us under the Building Act to help you decide whether your building project is possible and practical. You can apply for a PIM here - <a href="#">Apply for a PIM</a> - Whangārei District Council
<b>Mixed Use Development</b>	A building that comprises of spaces suitable to a range of different uses. In this guide it refers to a building in the city centre that has non-residential uses (retail) on the ground floor and residential uses above	<b>Residential Conversion</b>	Changing the use of an existing building (or part of a building) from its current or previous use into a residential use.
<b>NBS New Building Standard</b>	This is a rating of a buildings performance over a range of earthquakes	<b>Resource Consent Requirements</b>	A resource consent is the formal approval Whangārei District Council gives for an activity that does not meet the applicable permitted standards in the Whangārei District Plan
		<b>Tender Process</b>	A process where quotes are sought from a range of suppliers, consultants and contractors and then compared against a set of criteria.

## INFORMATION SOURCES

<b>Whangārei District Plan (WDC) This includes the Operative and Appeals Plan</b>	<a href="#">Operative District Plan</a> - Whangārei District Council
<b>Whangārei Property Hazard Maps</b>	<a href="#">Whangārei Property Hazard Maps Property hazard reports and map</a> - Whangārei District Council <b>NOTE:</b> You can also request a potentially contaminated Site search from Council.
<b>Whangārei HAIL sites (contaminated land) register and maps</b>	<a href="#">Hazardous Activities and Industries List</a> - Northland Regional Council.
<b>Earthquake-prone Buildings (EPB) Register</b>	The EPB Register provides information about buildings that territorial authorities have determined to be earthquake prone. <a href="#">Register of earthquake-prone building.</a>
<b>General building advice</b>	<a href="#">Building Performance</a>
<b>The Building Act</b>	<a href="#">The Building Act 2004</a>
<b>Urban Design and Living Roof Guides</b>	<a href="#">Urban Design Guides</a>

