

**Absolutely Positively
Wellington City Council**

Me Heke Ki Pōneke

Ordinary Meeting of Kōrau Mātinitini | Social, Cultural, and Economic Committee Ngā Meneti | Minutes

9:30 am Rāpare, 17 Pāenga-whāwhā 2025

9:30 am Thursday, 17 April 2025

Ngake (16.09), Level 16, Tahiwī

113 The Terrace

Pōneke | Wellington



PRESENT

Councillor Abdurahman
Councillor Apanowicz
Councillor Brown
Councillor Calvert
Councillor Chung
Deputy Mayor Foon
Councillor Free
Pouiwi Hohaia
Pouiwi Kelly
Councillor Matthews
Councillor McNulty
Councillor O'Neill
Councillor Pannett
Councillor Randle
Councillor Rogers
Mayor Whanau
Councillor Wi Neera
Councillor Young

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1. Meeting Conduct

1.1 Karakia

The Chairperson declared the meeting (hui) open at 9:30am and read the following karakia to open the hui.

**Whakataka te hau ki te uru,
Whakataka te hau ki te tonga.
Kia mākinakina ki uta,
Kia mātaratara ki tai.
E hī ake ana te atākura.
He tio, he huka, he hauhū.
Tihei Mauri Ora!**

Cease oh winds of the west
and of the south
Let the bracing breezes flow,
over the land and the sea.
Let the red-tipped dawn come
with a sharpened edge, a touch of frost,
a promise of a glorious day

1.2 Apologies

Moved Councillor O'Neill, seconded Councillor Matthews

Resolved

That the Kōrau Mātinitini | Social, Cultural, and Economic Committee:

1. Accept the apologies received from Councillor Free, Councillor Apanowicz, Pouiwi Hohaia for absence and Councillor Young for lateness.

Carried

(Councillor Young joined the hui at 9:32am.)

1.3 Conflict of Interest Declarations

No conflicts of interest were declared.

1.4 Confirmation of Minutes

Moved Councillor O'Neill, seconded Councillor Abdurahman

Resolved

That the Kōrau Mātinitini | Social, Cultural, and Economic Committee:

1. Approves the minutes of the Kōrau Mātinitini | Social, Cultural, and Economic Committee Meeting held on 6 March 2025, having been circulated, that they be taken as read and confirmed as an accurate record of that meeting.

Carried

1.5 Items not on the Agenda

There were no items not on the agenda.

1.6 Public Participation

1.6.1 Don McDonald

Don McDonald addressed the hui.

1.6.2 Bernard O'Shaughnessy

Bernard O'Shaughnessy addressed the hui regarding item 2.1 Housing Upgrade Programme Phase 2 Business Case (HUP2).

The hui adjourned at 10:34am and returned at 10:53am with the following members present: Councillor Abdurahman, Councillor Brown, Councillor Calvert, Councillor Chung, Deputy Mayor Foon, Pouwi Kelly, Councillor Matthews, Councillor McNulty, Councillor O'Neill, Councillor Pannett, Councillor Randle, Councillor Rogers, Mayor Whanau, Councillor Wi Neera, and Councillor Young.

2. General Business

2.1 Housing Upgrade Programme Phase 2 Business Case (HUP2)

Moved Councillor Abdurahman, seconded Councillor O'Neill

Resolved

That the Kōrau Mātinitini | Social, Cultural, and Economic Committee:

- 1. Receive the information**
- Approve the preferred programme Option 4 – Hybrid Optimised, as the most effective approach to achieving the Council's social housing upgrade goals and Deed of Grant commitments.
- Approve the use of Net Present Value (NPV) analysis to assess and prioritise projects within the programme, ensuring the most cost-effective long-term solutions are selected.
- Approve the baseline programme scope, **as set out in the Programme Business Case, associated with the recommended option (Option 4 – Hybrid Optimised).** ~~of 825 upgraded housing units primarily through the refurbishment of existing buildings, alongside one new multi-unit development and the reconfiguration/infill of one site. This baseline comprises 52 individual upgrade projects: 49 HUP2 upgrades, three projects addressing the seismic remediation of nine earthquake-prone buildings previously upgraded HUP1, plus the return of the Granville Flats site to the Tenth Trust, with these core projects supported by a range of other key activities that will facilitate delivery across the programme.~~
- Approve the 2024/34 Long-Term Plan (LTP) budget allocation of \$437.85 million for the delivery of the preferred programme option, recognising that the LTP annual forecast will be revised to reflect updated programme spending forecasts. Subject to approval of the recommendations, revised cashflows will be incorporated into the May LTP decision papers.
- Note that officers will engage with the Ministry of Housing and Urban Development (MHUD) on the Work Programme for Phase 2 of the Housing Upgrade Programme.
- ~~Note that quarterly updates on programme status and progress will be provided to the Kōrau Tūāpapa | Environment and Infrastructure Committee to ensure ongoing oversight and accountability.~~

7. Request that officers create a progress report for the HUP2 Programme to be presented quarterly to the Kōrau Tūāpapa | Environment & Infrastructure Committee. This report, recognising Council's role as the investor, would show:
 - 7.1 The cost of work completed and contracted, how that relates to the programme's milestones, budget (including utilisation of contingencies), scope, and other KPIs. This report would also note the NPV impact of work undertaken to incorporate expected maintenance costs/savings associated with the work being undertaken.
 - 7.2 Details of tenant disruption and resulting costs.
 - 7.3 Any changes to the targeted mix and location of Council's housing estate relative to the original programme.
 - 7.4 Information about proposals received from external parties, where the information provided is at a level that is sufficient to enable Committee members to know that such discussions are occurring.
- 8 Request that officers facilitate an annual committee workshop to provide a more in-depth update on progress to provide assurance to committee members across the implementation of the HUP2 programme.

Carried

Secretarial note: The motion moved differed from the recommendations in the officer's report, the changes are marked in red and crossed out.

A division was called for, voting on which was as follows:

For:

Councillor Abdurahman, Councillor Brown, Councillor Calvert, Deputy Mayor Foon, Pouivi Kelly, Councillor Matthews, Councillor McNulty, Councillor O'Neill, Councillor Pannett, Councillor Rogers, Councillor Wi Neera, Mayor Whanau

Against:

Councillor Chung, Councillor Randle, Councillor Young

Absent:

Councillor Apanowicz, Councillor Free, Pouivi Hohaia

Majority Vote: 12:3

Carried

The hui adjourned at 11:45am and returned at 11:54am with the following members presents: Councillor Abdurahman, Councillor Brown, Councillor Calvert, Councillor Chung, Deputy Mayor Foon, Pouivi Kelly, Councillor Matthews, Councillor McNulty, Councillor O'Neill, Councillor Pannett, Councillor Randle, Councillor Rogers, Mayor Whanau, and Councillor Young.

(Councillor Wi Neera rejoined the hui at 11:56am.)

2.2 Proposed submission to the Water Services Authority - Taumata Arowai on proposed wastewater environmental performance standards

Moved Pouiwi Kelly, seconded Deputy Mayor Foon

Resolved

That the Kōrau Mātinitini | Social, Cultural, and Economic Committee:

1. Receive the information
2. Approve the submission to be provided to the Water Services Authority – Taumata Arowai **with the following changes:**
 - 2.1 Include a point that it should be made explicit that the national standards are the minimum to achieve the stated outcomes and that local areas can exceed the standard where it is appropriate to do so.
 - 2.2 Include a point that it is important that cumulative effects should be included in the Standard.
 - 2.3 Include a point that the approach to establishing a response to climate change should be science based, given high priority with a special emphasis on protecting wastewater system from the impacts of climate changes.
 - 2.4 Note within the submission that there should be audit and review processes throughout consent terms to ensure improvements can be accommodated over time, considering climate change, population growth, and impacts of the activities on the environment (including cumulative impacts).
 - 2.5 List mana whenua and hapori Māori at the top of suggested groups for the Authority to work with.
 - 2.6 Add the following statement to the Mayor's letter: 'of key importance to the Council is that mana whenua, iwi and hapū must be appropriately involved in wastewater decisions, and that mana whenua values and areas of significance are considerations across all four standards.'
 - 2.7 Add to the first bullet point on page 3 of the submission 'A recent example of the Council working in partnership with mana whenua is the signing of Te Wai Ora o Parirua – The Porirua Harbour Accord at Takapūwāhia Marae on Waitangi Day. This agreement represents a shared commitment to restoring the ecological, cultural, and environmental integrity of the harbour. The Accord brings together Te Rūnanga o Toa Rangatira (acting on behalf of Ngāti Toa Rangatira), Porirua City Council, Wellington City Council, Greater Wellington Regional Council and Wellington Water alongside stakeholders, community groups, and organisations dedicated to improving the harbour's health. It reflects a unified vision and approach to improving the health and mauri (life force) of the harbour.'
 - 2.8 Strengthen the response to question one under 'discharge to water' to include the following: 'Areas used for recreation, food gathering, or valued for environmental, ecological or cultural significance should be given particular attention, with the aim of protection. Serious consideration should be given to potential cumulative impacts at a catchment level of discharges from more than one source. Taking a catchment-based approach is a preference shared with the Council by mana whenua partners as part of conversations in relation to Local Water Done Well.'
 - 2.9 Add to the second bullet point on page 4 of submission: 'Te Whare Wai Para Nuku sludge minimisation facility is an example of the Council going to new lengths to avoid discharge to the sea, considering mana whenua values, recreation, and environmental wellbeing for future generations.'

2.10 Within the submission, request consideration of a time limit and other limits on overflows and bypasses as the long-term goal should be to stop this practice and note that the Council does not support construction or enabling of new (not replacement of existing) overflow points.

3. Agree to delegate authority to the Chief Executive to make amendments to the proposed submission to reflect any feedback of the Kōrau Mātinitini | Social, Cultural and Economic Committee.

Carried

Attachments

- 1 Tabled document - Councillor Randle - Q&A

Secretarial note: The motion moved differed from the recommendations in the officer's report, the changes are marked in red.

The hui adjourned at 12:22pm and returned at 12:54pm with the following members present: Councillor Brown, Councillor Calvert, Councillor Chung, Deputy Mayor Foon, Pouwi Kelly, Councillor Matthews, Councillor O'Neill, Councillor Pannett, Councillor Randle, Councillor Rogers, Mayor Whanau, Councillor Wi Neera, and Councillor Young.

(Councillor Calvert rejoined the hui at 12:55pm.)

(Councillor Abdurahman rejoined the hui at 12:58pm.)

(Deputy Mayor Foon rejoined the hui at 1:00pm.)

(Councillor Wi Neera left the hui at 1:00pm.)

(Councillor Wi Neera rejoined the hui at 1:02pm.)

The hui adjourned at 1:07pm and returned at 1:14pm with the following members present: Councillor Abdurahman, Councillor Brown, Councillor Calvert, Councillor Chung, Deputy Mayor Foon, Pouwi Kelly, Councillor Matthews, Councillor O'Neill, Councillor Pannett, Councillor Randle, Councillor Rogers, Mayor Whanau, Councillor Wi Neera, and Councillor Young.

2.3 Council's submission to Kōrau Mātinitini | Social, Cultural, and Economic Committee on the Land Transport Management (Time of Use Charging) Amendment Bill

Moved Councillor O'Neill, seconded Councillor Pannett

That the Kōrau Mātinitini | Social, Cultural, and Economic Committee:

1. Receive the information
2. Approve the attached submission on the Land Transport Management (Time of Use Charging) Amendment Bill (Attachment 1).
3. Authorise the Chair of the Kōrau Mātinitini | Social, Cultural, and Economic Committee to sign and make minor alterations to the submission.
4. Note that the closing date for receiving Wellington City Council's submission is 27 April 2025.

Moved Councillor Brown, seconded Pouiwi Kelly the following amendment:

Resolved

2. Approve the attached submission on the Land Transport Management (Time of Use Charging) Amendment Bill (Attachment 1) **with the following changes:**

2.1 Amend paragraph 3 to include “recommends that charging schemes contain criteria to ensure they do not disproportionately impact people of lesser means who also have few transport options beyond private cars”.

Carried

Moved Councillor O'Neill, seconded Councillor Pannett, the substantive motion

Resolved

That the Kōrau Mātinitini | Social, Cultural, and Economic Committee:

1. Receive the information
2. Approve the attached submission on the Land Transport Management (Time of Use Charging) Amendment Bill (Attachment 1) **with the following changes:**

2.1 Amend paragraph 3 to include “recommends that charging schemes contain criteria to ensure they do not disproportionately impact people of lesser means who also have few transport options beyond private cars”.

3. Authorise the Chair of the Kōrau Mātinitini | Social, Cultural, and Economic Committee to sign and make minor alterations to the submission.
4. Note that the closing date for receiving Wellington City Council's submission is 27 April 2025.

Carried

A division was called for, voting was taken in part and was as follows:

Clauses 1, 3, and 4:

For:

Councillor Abdurahman, Councillor Brown, Councillor Calvert, Councillor Chung, Deputy Mayor Foon, Pouiwi Kelly, Councillor Matthews, Councillor O'Neill, Councillor Pannett, Councillor Randle, Councillor Rogers, Councillor Wi Neera, Councillor Young, Mayor Whanau

Against:

Absent:

Councillor Apanowicz, Councillor Free, Pouiwi Hohaia, Councillor McNulty

Majority Vote: 14:0

Carried

Clauses 2 and 2.1:

For:

Councillor Brown, Councillor Chung, Deputy Mayor Foon, Pouwi Kelly, Councillor Matthews, Councillor O'Neill, Councillor Pannett, Councillor Randle, Councillor Rogers, Councillor Wi Neera, Mayor Whanau

Against:

Councillor Abdurahman, Councillor Calvert, Councillor Young

Absent:

Councillor Apanowicz, Councillor Free, Pouwi Hohaia, Councillor McNulty

Majority Vote: 11:3

Carried

2.4 Proposed disposal - 64 Tasman Street, Mt Cook

Moved Councillor Rogers, seconded Councillor Matthews

Resolved

That the Kōrau Mātinitini | Social, Cultural, and Economic Committee:

1. Receive the information.
2. Recommend that Te Kaunihera o Pōneke | Council:
 - 2.1 Declare the 306m² of fee simple, Council-owned land at 64 Tasman Street, Mt Cook (legally described as Lot 15 Deposited Plan 855, held in RT WN24B/533), is not required for a public work and is surplus to Council's operational requirements.
 - 2.2 Agree to dispose of the Land.
 - 2.3. Delegate to the Chief Executive Officer the power to conclude all matters in relation to the disposal of the Land, including all legislative matters, issuing relevant public notices, negotiating the terms of the sale, imposing any reasonable covenant, and anything else necessary.

Carried

2.5 Decision register updates and upcoming reports

Moved Councillor O'Neill, seconded Deputy Mayor Foon

Resolved

That the Kōrau Mātinitini | Social, Cultural, and Economic Committee:

1. Receive the information.

Carried

3. Committee Reports

3.1 Report of the Pītau Pūmanawa | Grants Subcommittee Meeting of 19 March 2025

Moved Councillor Wi Neera, seconded Councillor Young

Resolved

That the Kōrau Mātinitini | Social, Cultural, and Economic Committee:

- 2.1. Approve the funding framework for the Community Outcomes Fund as set out in Attachment #2
- 2.2. Approve the funding allocation as 55% for Priority 1 (Safety and Wellbeing) and 45% for Priority 2 (Community resilience)
- 2.3. Agree that delegated authority be given to the relevant Business Unit Manager and Chair of the Pītau Pūmanawa | Grants Subcommittee to approve Grants under \$5,000 with grants over \$5,000 approved or recommended to the relevant committee of the whole by the Pītau Pūmanawa | Grants Subcommittee as per delegations.

Carried

Secretarial note: An administrative correction was made to the substantive motion to accurately reflect the recommendations carried at the Pītau Pūmanawa | Grants Subcommittee meeting of 19 March 2025.

The hui concluded at 1:37pm with the reading of the following karakia:

| | |
|--|--|
| Unuhia, unuhia, unuhia ki te uru tapu nui | Draw on, draw on |
| Kia wātea, kia mā mā, te ngākau, te tinana, te wairua | Draw on the supreme sacredness To clear, to free the heart, the body and the spirit of mankind |
| I te ara takatū | |
| Koia rā e Rongo, whakairia ake ki runga | Oh Rongo, above (symbol of peace) |
| Kia wātea, kia wātea | Let this all be done in unity |
| Āe rā, kua wātea! | |

Authenticated: _____

Chair

Questions & Answers

Kōrau Mātinitini | Social, Cultural, and Economic Committee

17 April 2025 (17 Pāenga-whāwhā 2025)

2.1 Housing Upgrade Programme Phase 2 Business Case (HUP2)

1. Is there a resolution to *receive the information*?

Officers will add this to the resolution.

2. Resolution 3 is quite lengthy, if selecting this option is intended to encompass all the detail listed, could we just say something like “approve the baseline __ as councils preferred option”? Alternatively, if you’d prefer to keep it all explicitly stated in the paper, could we bullet point out what Resolution 3 includes?

Proposed that resolution 3 be amended to: *Approve the baseline scope, as set out in the Programme Business Case, associated with the recommended option (Option 4 – Hybrid Optimised).*

3. The paper also recommends that the CE is delegated the authority to approve the Work Programme (para 48) but then it isn’t present in the recommendations?

Correction required, the point made in the body of the paper should note that officers will engage with the Ministry of Housing and Urban Development (MHUD) on the Work Programme for Phase 2 of the Housing Upgrade Programme.

4. What is the reason for not upgrading the Earthquake-prone buildings as the priority?

Occupancy risk assessments have been undertaken in accordance with MBIE’s seismic risk guidance which indicates that those Earthquake Prone Building are suitable for continued occupation. Targeted remediation works is planned to be prioritised to address seismic deficiencies at the earliest possible time (e.g. remediation of Pukehinau Link bridge ahead of main upgrade works). However, the logistical challenges of rehousing tenants to fully address remains a significant constraint. These include the significant number of temporary (leased) properties required, the need to match tenant needs with temporary accommodation (e.g. geographical, accessibility, etc), and commercial complexities involved in sourcing appropriate housing.

5. When will they be completed?

Seismic remediation will be completed in 2034 in advance of the 2040 statutory deadlines.

6. In terms of development opportunities, is there any way we can work with Te Toi Mahana on developing more housing where there is an opportunity to do so?

There are two opportunities for development, and we would look to work with Te Toi Mahana on both, where it was appropriate to do so:

- Firstly, when the Council set up Te Toi Mahana, a key objective was that it would build its own balance sheet over time and become a developer of new social housing supply. In order to enable that, the Council gifted \$10m of property and has provided \$23m development funding which Te Toi Mahana can draw down subject to preparing a business case. By providing this initial funding, this is a key way in which the Trust and the Council are seeking to develop more housing
- Secondly, there are opportunities within the HUP2 programme to add to supply. We are doing this through our plans on the Nairn St and Strathmore Court sites.

7. What other opportunities have been/ will be explored to enable more affordable homes where there is the opportunity to do so?

Where the programme can enable more affordable homes within its objectives and parameters, those opportunities will be identified and explored. The options process has highlighted that there is potential to increase housing supply beyond the recommended option. Similarly, the planned divestment of sites toward the conclusion of the programme may present further opportunities to support affordable housing through a targeted and strategic approach.

8. Consultation on this decision- do we have a legal view to assure us that we do not need to engage on this?

Yes, this is documented within the Committee Paper under the 'Engagement and Consultation' section.

9. Procurement processes - how can we be assured that our tenders and procurement processes let contractors know that we have preferences - ie Living Wage- the circular economy. Are our values explicit through our procurement processes?

The Council's Procurement Strategy describes how procurement and commercial activities will support the achievement of the Council's strategic objectives in ways that align with its values. This includes consideration that tangible social, economic, cultural, environmental, and public wellbeing outcomes are achieved through procurement that go beyond the immediate purchase of goods, services, and infrastructure. 'Broader Outcomes' are also embedded in procurement templates.

10. How will building waste be treated and managed through these procurement and tender processes?

This will vary from project to project; however, where it is practicable to divert building waste from landfill, this will be undertaken. Waste minimisation requirements will be embedded within project specifications and considered as part of the procurement and tender processes, to ensure alignment with Council's sustainability objectives and support responsible construction practices.

11. What is the current status of Arlington and what influence would WCC have to help get this site developed.

The vacant Arlington site is leased by Wellington City Council to Kāinga Ora, with the lease expiring in May 2145. We understand that some preparatory activities have been undertaken on the site, such as civil and foundations works. However, the final scope of the project is currently under review. As the vacant Arlington site is considered to be outside the scope of HUP2, no specific consideration has been given to Kāinga Ora's development plans or to influencing outcomes. There are specific terms with the Deed of Lease with the Crown that can be discussed with Councillors separately.

12. If the Committee approves the officer recommendations, does that mean members:

- a. Have given approval for the HUP2 Programme to spend \$437.85 million based on the scope and schedule outlined in the business case but any change to the scope or schedule will be subject to a further approval by council or
- b. Have given approval for the HUP2 Programme to spend \$437.85 million and the HUP2 Programme is also authorised to change the scope and/or schedule of the project implementation or
- c. Have given approval in principle to commit \$437.85 million to the HUP2 Programme but further approval of actual spending at the project level will be sought in the future
- d. Have approved something else in which case what have we approved?

The approval reflects 'item a'. By endorsing the officer recommendations, the Committee is approving the programme to proceed within the total funding envelope of \$437.85 million, based on the scope and schedule outlined in the programme business case. The business case establishes a baseline for individual project scopes, as noted in Appendix 2, with further detail provided through the case studies in Appendix 3. Should the programme face significant risks—such as anticipated major delays, projected overspend, or planned amendments to scope—these would trigger the need for further Council consideration and approval based on agreed tolerances which are to be developed. This approach ensures that Council, as the investor retains oversight of any material deviations from the approved programme parameters.

13. Is any capital funding for the HUP2 Programme to be provided by the government or any other party apart from the WCC?

No further funding will be provided through the government or other third party.

14. Are the "Case Studies" attached to the business case the finalised designs for the projects and is approving the business case also approving these designs?

The "Case Studies" set out in Appendix 3 of the Programme Business Case detail the full range of project options explored during the options development process. Appendix 2 then identifies the specific option within each case study that is planned to be adopted. This selection effectively sets the project brief, including key parameters such as budget, number of units, bed spaces, and high-level scope. However, these are not finalised detailed designs.

Approving the Programme Business Case does not equate to approving detailed design drawings. Instead, it confirms the strategic intent, investment approach, and broad parameters for delivery. To support consistency and efficiency across the Programme, a set of Programme Design Standards and assurance processes will be developed. These will guide design development for each project as it progresses into implementation.

15. Given the commitment to spend \$437.85 million is deemed a “Significance Decision”, why is approval not being sought from Council?

The Kōrau Mātinitini | Social, Cultural, and Economic Committee has authority to approve business cases where funding has been factored within the LTP.

16. Is the S, C & E Committee delegated the power to make a Significant Decision on this Business Case given some of the options in the Business Case include the selling of council assets?

The Kōrau Mātinitini | Social, Cultural, and Economic Committee holds the delegated authority to make the decisions currently being sought. Where specific approvals are required during programme delivery, such as those involving divestment or other matters beyond existing delegations, these will be brought back for consideration to the appropriate committee or Council for approval at the appropriate time.

17. Given the commitment to spend \$437.85 million is deemed a “Significance Decision”, when and how will the public be consulted on this decision?

The Council has consulted the public on the Programme through several key processes over time. This includes consultation as part of the 2007 Annual Plan prior to the original signing of the Deed of Grant, and again during the 2022 consultation on the establishment of Te Toi Mahana, which outlined the requirements of the Deed and signalled the increasing cost to Council.

Furthermore, the full Programme cost of approximately \$446 million was consulted on through the 2024–34 Long-Term Plan (LTP), with no substantive community feedback received on this aspect to date.

While the \$437.85 million commitment is considered significant under the Council’s Significance and Engagement Policy due to its scale, we have assessed that there is no statutory obligation to undertake further consultation as detailed within the ‘Engagement and Consultation’ section of the Committee paper.

18. Can a copy of the programme NPV analysis calculations be provided?

Yes, this will be provided under a separate email noting that the information contained is commercially sensitive, therefore not for further distribution.

19. Can you confirm how many units/beds Council is contractually obliged to provide?

a. HUP1 covered 940 units / 2,490 beds. Is Council's ownership of these properties required under the Deed?

Council is contractually obliged under the Deed of Grant to retain the capacity of its social housing portfolio at a defined level until 2038. Capacity is measured in bedspaces, using the following formula: $\text{Bedspaces (BS)} = 1 \times S + 2 \times (B1 + B2 + \dots + Bn)$ where S represents the number of studio units, and B1, B2, ..., Bn represent the number of one-bedroom, two-bedroom, and larger units (each contributing two bedspaces).

The current agreed obligation is to maintain a total of 4,763 bedspaces. Of these, 2,490 bedspaces were upgraded through HUP1, therefore HUP2 is planned upgrades to assets containing 2,273 bedspaces ($4,763 - 2,490 = 2,273$).

b. It is stated that the Deed requires that Council upgrade 815 units / 2,273 beds. It is also noted that Council has extinguished obligations in respect of:

- i. Arlington lease 208 units / 615 beds**
- ii. Granville 107 units / 286 beds**
- iii. TTM gifted properties 34 units / 78 beds**

Correct

c. Does this mean that the original obligation was 1,164 units / 3,252 beds? If not why not?

Prior to the commencement of the Housing Upgrade Programme (HUP), the portfolio comprised 5,751 bedspaces across 2,352 units. In 2008, the agreed 'Work Programme' defining the expected programme scope between the Crown and Wellington City Council defined that, upon completion of the upgrades, the portfolio would consist of 5,804 bedspaces across 2,144 units.

Since then, the following agreed reductions have occurred:

- Arlington Sites (1 and 3): 208 units / 615 bedspaces
- Granville Flats: 107 units / 286 bedspaces
- Batchelor Street Flats (excluded from the Deed as these are Council buildings on leased land): 32 units / 34 bedspaces
- Te Toi Mahana Gift Properties: 34 units / 78 bedspaces
- Other minor changes/clarifications resulting from changes during the implementation of HUP1: 8 units / 28 bedspaces

In summary:

- Total reductions since agreement of the original Work Programme: 389 units / 1,041 bedspaces
- Total reductions since initial establishment of the Deed: 597 units / 988 bedspaces

d. It is noted that Council plans to redevelop 91 units, upgrade 734 units and sell 10 units. Giving a total of 815 units net. But elsewhere it states that Council will end up with 825 units / 2,308 beds. However, on pages 68/69 where the whole list of projects are set out the numbers show 47 units divested/discontinued, 95 units built, and 747 units upgraded, which gives a net 795 units. Can you confirm the correct figures

There are currently 815 units hosting 2273 'un-upgraded' bedspaces within the portfolio.

20. Assuming that Council plans to end up with 825 units / 2,308 beds, that is 10 units / 35 beds more than the Deed requires. Why is it planned to expand the estate beyond what is contracted?

The difference largely arises from the 'ranked approach' used for project selection of the recommended programme option. Under this scenario, projects are chosen based on predefined scenarios that naturally result in varying unit and bed space quantities.

Consequently, it is difficult to hit the exact numbers. The additional capacity also provides flexibility to account for any loss of units that may occur if condition issues emerge, rendering certain upgrades uneconomic. Furthermore, it ensures that overall bed numbers remain at levels agreed with MHUD, if minor adjustments are required during programme delivery.

21. It is noted that the total cost is \$390m capex and \$50m opex, and that these costs are apportioned:

- a. Seismic HUP1 7% \$31m**
- b. Programme 3% \$13m**
- c. Granville 2% \$9m**
- d. Rehousing 10% \$44m**
- e. HUP2 78% \$343m**

The specific figures based on above apportionments:

- Programme - \$15.7m,
- HUP2 -\$340.9m,
- HUP1 Seismic - \$33.0m,
- Re-Housing - \$42.8m,
- Granville - \$7.1m

22. It is also noted that the net cost per HUP2 upgrade is \$374k/unit excluding escalation

- a. 825 units x \$374k = \$309m. Is the \$34m discrepancy with the \$343m noted above escalation?**

Yes, the difference noted relates to escalation. Refer to figures above for escalated totals.

23. What are the contingencies for the project. Preferably broken down as per the apportionments noted in 3#.

Based on P90:

- Programme \$1.9m,
- HUP2 -\$156.8m,
- HUP1 Seismic - \$10.2m,
- Re-Housing - \$9.3m,
- Granville - \$1.6m

Based on P50:

- Programme - \$1.6m,
- HUP2 - \$23.8m,
- HUP1 Seismic - \$2.2m,
- Re-Housing - \$5.6m,
- Granville - \$0.8m

24. With the NPV calculations are any revenue items factored in?

Yes, the revenue associated with leasing the properties and also the divestment proceeds of properties is factored.

25. How is the projected cost of \$440m to be met? How much comes from rates income, how much from debt, and how much from lease income?

The projected cost of \$440m is planned to be met entirely through debt raised via the Maintenance and Development Fund (MMDF). Established under the lease agreement between Wellington City Council and Te Toi Mahana, the MMDF is a ringfenced, debt-funded mechanism.

The debt servicing is entirely supported by revenue from the social housing portfolio, primarily generated through lease income and rental revenue. Consequently, no general rates funding is used to support the Programme.

26. If 815 units have to be vacated and the budgeted cost is \$44m, that is \$54,000 per decant. Can you explain what this cost comprises?

The total number of units that will need to be vacated has been estimated in the order of 950, which is inclusive of both HUP1 EQP upgrades and HUP2 upgrades.

The costs budgeted factor: anticipated costs to lease property to accommodate tenants whilst upgrades are underway, physical moving costs, and Te Toi Mahana management costs / overheads

27. How can you mitigate the concern of “lump sum” for HUP2 upgrades and are there any touch points to give confidence around the reporting of the project's progress?

The Programme Business Case outlines several mechanisms to mitigate concerns and to ensure robust oversight and reporting throughout the delivery of HUP2 upgrades.

Quarterly reporting to Councillors will provide regular visibility of programme progress, including updates on delivery status, costs, risks, and benefits realisation. These reports will also highlight any planned or emerging deviations from the approved scope or schedule, acting as an early warning system to support timely governance responses.

In addition, the programme's forward scope will be revisited through the three-yearly Long-Term Plan (LTP) process. This provides formal touchpoints to reassess priorities and adjust the programme in response to performance or shifts in strategic direction.

Each individual upgrade project is governed by a clearly defined project brief and budget, with the recommended investment approach summarised in Appendix 2 (Project Listing and Upgrade Summary) and supported/defined by case studies in Appendix 3.

To further strengthen oversight, a targeted investment review will be commissioned one year following the approval of the programme business case. Officers also propose that a Councillor advisory process be used to provide visibility of significant contracts prior to award, further reinforcing governance confidence.

28. Can we limit the approved funding up to a specific tranche, then come back to councillors for the next stage? What would be the implications of this for our procurement of contracts

The tranches within the programme are not structured as sequential stages but are instead grouped to support the achievement of specific objectives and benefits. As a result, delivery activity will occur concurrently across multiple tranches. Supporting this approach are cross-tranche enablers such as sourcing re-housing capacity that are essential for delivering projects across the programme. These enablers depend on a degree of funding certainty and continuity to secure cost-effective, longer-term arrangements that underpin successful delivery, and to provide certainty to tenants.

Constraining the programme also limits the ability to take advantage of emerging opportunities, for example, if a unit becomes available and could be upgraded immediately, but the project is not scheduled to commence until a later stage due to introduced programme constraints.

29. When the decision is rated of high significance in line with our significance and engagement policy - Why haven't we consulted with the public on the 5 options available to councillors?

The Council has consulted the public on the Programme through several key processes over time. This includes consultation as part of the 2007 Annual Plan prior to the original signing of the Deed of Grant, and again during the 2022 consultation on the establishment of Te Toi Mahana, which outlined the requirements of the Deed and signalled the increasing cost to Council. Further, the full Programme cost of approximately \$446 million was consulted on through the 2024–34 Long-Term Plan (LTP), with no substantive community feedback received on this aspect to date. While the \$437.85 million commitment is considered significant under the Council's Significance and Engagement Policy due to its scale, there is no statutory obligation to undertake further consultation.

30. If we were to stop and delay a decision at committee this Thursday, in favor of more consultation with the public, what would be the implications to the costs of the project, the impact on tenants and the deed of grant?

A delay in decision-making would lead to increased programme costs. This would include inflationary increases in construction costs, extended programme management costs. Specifically, in the circumstance that substantial programme commencement is delayed a year for consultation, the expected programme cost impact is expected to be in the order \$10m as a result of inflationary pressures.

Moreover, a delay would extend uncertainty for tenants, particularly those in properties already identified for upgrade or divestment. It may also defer the delivery of much-needed improvements to housing quality and accessibility, which could affect tenant wellbeing and safety.

Additionally, extended timeframes may undermine trust in the process and create further stress among residents. The Council has committed to maintaining current housing levels and ensuring timely reinvestment into social housing. Delaying a decision to allow for further consultation does not adhere to these commitments. Furthermore, prolonged or open-ended consultation may undermine the Crown's confidence and result in reputational damage.

31. Given this involves a strategic asset, will full Council formally determine the approval of the programme scope and funding envelope?

The Kōrau Mātinitini | Social, Cultural, and Economic Committee has authority to approve this business case.

32. What mechanisms are in place to ensure future oversight if a full 10-year programme is approved now?

Refer to response to question 27 above.

33. Has there been a recent assessment of the Council's overall financial capacity to undertake HUP2 alongside other capital and operational commitments?

Forecast programme costs sit within current LTP provisions. Subject to approval of the recommendations, revised cashflows will be incorporated into the May LTP decision papers. This will support further detailed review of HUP2 in consideration / relative to other financial commitments being considered as part of LTP processes.

34. What is the projected impact on Council's debt-to-revenue ratios, and will this affect headroom or flexibility?

As above.

35. Why is the Council proposing to exceed the 2,273-bed-space requirement under the Deed?

The difference largely arises from the 'ranked approach' used for project selection of the recommended programme option. Under this scenario, projects are chosen based on predefined scenarios that naturally result in varying unit and bed space quantities. Consequently, it is difficult to hit the exact numbers. The additional capacity also provides flexibility to account for any loss of units that may occur if condition issues emerge, rendering certain upgrades uneconomic. Furthermore, it ensures that overall bed numbers remain at levels agreed with MHUD, if minor adjustments are required during programme delivery.

36. What is the additional cost associated with this increase, and how does it compare to need/demand data?

The average cost to provide an upgraded unit is ~\$374k, therefore the associated increase ~\$3.74m.

37. Has formal advocacy occurred at ministerial level to request central government co-funding for Phase 2, as was the case for Phase 1?

No formal advocacy has occurred at ministerial level.

38. Is there scope for cost-sharing or renegotiation of the Deed to reflect current fiscal constraints?

Recent indications suggest that the Crown has no interest in renegotiating the terms of the Deed. Several amendments have been made since its inception, with the most recent confirming the Crown's expectations regarding its requirements under the Deed of Grant. While renegotiation or cost-sharing may be considered in specific circumstances, any such discussions would need to be approached with clear justification and in consideration of previous commitments made.

39. Why was the public not explicitly consulted on the cost and scope of the programme, given its scale and significance?

The Council has consulted the public on the Programme through several key processes over time. This includes consultation as part of the 2007 Annual Plan prior to the original signing of the Deed of Grant, and again during the 2022 consultation on the establishment of Te Toi Mahana, which outlined the requirements of the Deed and signalled the increasing cost to Council. Further, the full Programme cost of approximately \$446 million was consulted on through the 2024–34 Long-Term Plan (LTP), with no substantive community feedback received on this aspect to date. While the \$437.85 million commitment is considered significant under the Council's Significance and Engagement Policy due to its scale, there is no statutory obligation to undertake further consultation.

40. Would Council consider engagement on future tranches or phases of the programme before full implementation?

Council retains discretion to undertake further engagement with the community on the future of the Programme. However, any decision to do so must be weighed against the commitments already agreed with the Crown, as well as the potential implications of delay. These include risks to delivery timeframes, increased costs, and impacts on tenants. Council would need to consider the purpose and scope of any proposed engagement and whether it would provide meaningful value relative to the associated risks and obligations under the Deed of Grant, and Council's strategic direction.

41. Does a conflict of interest exist for those Councillors who are also Board Members of Te Toi Mahana

Councillors Matthews and Brown and Pouiwi Kelly are each Council-Appointed Trustees for the Wellington Community Housing Trust (Te Toi Mahana). They do not have a financial interest in the Trust as trustees – they are not permitted to profit from trusteeship of the Trust. There is therefore no pecuniary conflict.

Te Toi Mahana is a charitable trust, which manages and operates Council's social housing portfolio. The trustees have a duty to act to further the charitable purposes of Te Toi Mahana.

Te Toi Mahana's charitable purposes are relieving poverty and providing benefits to the community by way of providing community housing, social housing, public housing, affordable housing or any other similar housing including, relevantly, through the activities of acquiring, developing and leasing such housing and providing associated housing services. The activities of Te Toi Mahana are to be carried out for the benefit of the wider community with a focus on those who qualify for the housing described.

Council has entered into a deed with the Crown, which includes obligations on Council to upgrade its social housing stock and maintain its social housing capacity through to around 2037. One of Council's strategic priorities is "Social Wellbeing: A city of healthy and thriving whānau and communities", which includes increasing access to good, affordable housing to improve the wellbeing of our communities.

Council and Te Toi Mahana's interests in maintaining and making upgrades to social housing are aligned. To the extent there may be a question around the level of upgrades required.

Council and Te Toi Mahana both share an interest in a decision that is fiscally responsible and not 'gold-plated'. In that respect, I note that the upgrades proposed will be debt funded with debt paid off by revenue generated from within the social housing portfolio (i.e. rent). Rents charged to social housing tenants will need to be increased to help pay this debt. In that respect the interests of Te Toi Mahana would be to keep potential debt at a reasonable level so that any rent increases can still ensure its charitable purposes are met.

2.5 Decision Register Updates and Upcoming Reports

31. What are the criteria for the updating the Waste minimisation seed fund?

This question is regarding a future item scheduled to be brought to the Committee and the content of this paper is not yet confirmed. Committee members will have the opportunity to ask questions of this paper, following publication of that agenda, through the standard Q&A process. In the meantime, this question is best directed to the relevant ELT member.