

# WELLINGTON HOUSING ACTION COALITION

## Submission on the Future of Wellington City Council Housing

As a body responsible for contributing to social wellbeing, the Wellington Housing Action Coalition believes that the Wellington City Council should make housing its citizens in need a priority.

We oppose any transfer of Council housing to any other organisation, including a trust.

Housing not just for the very needy but also on higher incomes, who can pay higher rents to subsidise those on lower incomes. This will help provide the money needed to pay off any loans for upgrading and expanding Council housing stock.

If Vienna can do it, why can't Wellington? Vienna provides housing to a wide range of people at income-related rents.

We think that the Council should build sufficient housing such that its housing stock constitutes at least 10% of rental housing units in Wellington City.

We support any bid by the Council to central government for funding for this purpose.

All newly-built housing must be physically accessible to all tenants or potential tenants.

Tenants should be given good and consistent information about their future under each option.

Council should not be doing guesswork in estimating the costs of each option

Under a Community Housing Provider there will be uncertainty about future of tenants, both in terms of continuing tenancy in the case of units that are to be redeveloped, and rents.

Central government needs to have a bigger role in local government. For example Income-Related Rent Subsidy

City Housing operations should include helping those sleeping rough.

\* emergency shelter might be defined through tiers.

1/. shelter from direct elements - thus opening disused car parks as approved emergency shelters. Street sleeping may be actively discouraged (decently, without recourse to punishments, rather through inducements). Old school policing, but now, with a place to park sleeper cars, tents, in a controlled environment, while better options are developed.

2/. obviously, the better hoped for result of fully compliant permanent accommodation

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Submission on Annual Plan 2022 15May 2022

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**Respondent No:** 660

**Login:** Registered

**Responded At:** May 15, 2022 10:24:08 am

**Last Seen:** May 14, 2022 09:15:43 am

- Q1. **Full name:** Carolyn Scaddan
- 
- Q2. **Phone number:** [REDACTED]
- Q3. **Are you making this submission as an individual or on behalf of an organisation?** Organisation
- Q4. **Please name your organisation** Group Submission Against Proposed 100% Increase in Encroachment Fees
- Q5. **Are you a City Housing tenant?** No
- Q6. **What is your connection to Wellington? (tick all that apply)** I am a Wellington City Council ratepayer  
I live in Wellington  
I work in Wellington
- Q7. **Do you wish to speak to Councillors about your submission at an Oral Forum?** Yes
- Q8. **Would you prefer the Council to retain City Housing through increasing rates and borrowing or by establishing a Community Housing Provider** not answered
- Q9. **If the Council did establish a Community Housing Provider, which option do you support?** not answered
- Q10. **If the council established a Community Housing Provider, do you agree with the council's preference for a community trust, rather than a company or limited partnership?** not answered
- Q11. **Are there comments you would like to make about the changes to city housing options?**  
not answered
- Q12. **The council's preference is for a new landfill on top of the existing landfill (piggyback option), rather than waste to energy incineration or having no residual waste facility in Wellington City. Which option do you prefer?** not answered
- Q13. **Are there comments you would like to make about the landfill options?**  
not answered

Q14. Rescheduling of the timing of some projects to recognise market and supplier constraints	not answered
Q15. Not proceeding with previous plans of extending on street paid parking time limits on Friday and Saturday evenings.	not answered
Q16. A \$20m Environmental and Accessibility Performance Fund that provides financial support for those building energy efficient or sustainable homes and buildings in Wellington.	not answered
Q17. Increasing encroachment licence fees to better reflect their value	Do not support
Q18. Additional funding for a full upgrade to Khandallah summer pool	not answered
Q19. Removal of all library charges to remove barriers to accessing council libraries	not answered
Q20. Overall, do you support the proposed budget?	not answered
Q21. Do you have any comments about the upcoming decisions, fees and user charges changes, other plans or any other general feedback on our annual plan and budget?  not answered	
Q22. You can attach any other document supporting your submission here. (Please ensure that the information is on the Annual Plan 2022/23)	<div style="background-color: black; height: 15px; width: 100%;"></div> <div style="background-color: black; height: 15px; width: 100%;"></div> <div style="background-color: black; height: 15px; width: 100%;"></div> <div style="background-color: black; height: 15px; width: 100%;"></div>

We thank you for the opportunity to submit feedback to the Council proposal to increase encroachment fees by 100% under the 2022/23 annual plan.

**We also wish to make an oral submission to support our submission.**

**This submission is on behalf of a group of 61 residents across Wadestown, Khandallah, Karori, Ngaio, Northland and Wilton.**

We have also created an [online petition](#)<sup>1</sup> which has been signed by almost 500 people in the last week.

We have twice met as a group to discuss the Council proposal and have **met with Councillor Matthews**.

**We object to the proposal and in response make the following points: -**

**No Additional Services But Additional Fees** – The proposal is a significant change in contract. There is no change in the service provided, only a disproportionate increase in cost. Where is the reciprocity? What extra service is the Council providing for this additional fee? This is an arbitrary increase, and it is not in line with the other, more acceptable, increases applied in the WCC Fees and Charges Schedule; the encroachment increase is significantly out of line with these other increases.

**Contractual Imbalance** – Encroachment land is not, as the proposal suggests, equivalent to other lease hold land, as these contracts would normally have a long duration and clear terms for future payments and increases. Encroachments have no security of tenure. The Council can terminate the agreement at a month's notice or increase fees at will.

**Cost of Living Crisis** - This is a large and unexpected increase in cost at a time when most households can least afford it.

- This is compounded by the increase in rates, and the proposed increase in encroachment fees
- Rates increased by 13.5% last year and are set to increase by a further 9% this year
- Mortgage rates continue to increase, resulting in large increases in mortgage payments
- Rents are rising
- The general cost of living and is increasing alarmingly
- Fuel prices have risen
- People with businesses are struggling after the effects of Covid lockdowns
- The Government have issued a pay freeze for the three years
- Pensioners, in many cases, have limited resources.

This additional cost will seriously impact many people's lives and the benefit to the Council is relatively small (estimated \$1.5M) compared to its entire budget.

Doubling the fee in a single year, with less than three months' notice, is unfair and unreasonable, especially when only having an annual payment option.

*1 - petition URL -<https://www.change.org/p/object-to-the-100-increase-proposed-by-wcc-for-encroachment-rent>*

**Land Which is Otherwise Unusable** - We believe that these spaces are in most cases unusable for other purposes and are therefore not, in monetary terms, valuable land. They are often small sections of land, sometimes steep or with difficult access. There is no potential for housing development on most of these plots.

**Additional Costs Borne by Fee Holders** - The owners of the licence already spend time and money maintaining the land, in addition to the rent paid. In some cases, older or disabled people need to pay for the upkeep of the land. There are no costs borne by the Council.

**Loss of Rent** - If fees increase dramatically, a percentage of people may stop renting and the Council will not only lose the rent, but they will have the overhead of maintaining the land.

**Annual CPI Increases are Fair** - Residents support the current increases in line with CPI, but **we strongly object** to the Council's interim fee increase and the long-term options proposed.

**Disproportionate Increase** - The proposed changes under the long-term plan (option 4) suggest a charge of \$1200 per annum for 20M<sup>2</sup> which would be a rental increase of approximately **450%** (currently fee is \$14/M<sup>2</sup> = \$280 for 20M<sup>2</sup> In the example in the LTP states \$1200/ 20M<sup>2</sup>). This adds a disproportionate increase to an already large rate bill, for a relatively small section of land.

**Green Spaces** - In addition to being used for parking and garages, some encroachments are used as garden areas which improve the neighbourhood for everyone and sometimes serve as havens for wildlife. Please see below a couple of examples of small gardens on encroachment land. If the Council wants to make the city greener it should include affordable encroachment land. People are unlikely to pay the amounts suggested to keep these small gardens.

**Supporting Council's Climate Change** - A garage on encroachment land allows us to store bicycles, charge electric bicycles and electric vehicles, which helps support the Council's climate change action plan. Encroachments are important where there is no realistic alternative.

**Garages & Car Pads** – Having less cars parked on the streets means less street parking and therefore it makes it safer for cycling, for pedestrians and for emergency vehicles to get down the narrow roads.

**Lack of Clarity** - We believe that the information provided in the Proposal letter is not transparent, particularly on the long-term proposal and only after in-depth searching of the WCC website are the more detailed proposals and costs found. This should have been clearly conveyed to residents in the letter. Parts of the LTP document seem rushed and badly thought through.



**Respondent No:** 266

**Login:** Admin

**Responded At:** Apr 29, 2022 11:06:47 am

**Last Seen:** May 15, 2022 10:49:41 am

Q1. <b>Full name:</b>	Debbie Fort
Q2. <b>Phone number:</b>	██████████
Q3. <b>Are you making this submission as an individual or on behalf of an organisation?</b>	Individual
Q4. <b>Please name your organisation</b>	not answered
Q5. <b>Are you a City Housing tenant?</b>	Yes
Q6. <b>What is your connection to Wellington? (tick all that apply)</b>	I live in Wellington
Q7. <b>Do you wish to speak to Councillors about your submission at an Oral Forum?</b>	Yes
Q8. <b>Would you prefer the Council to retain City Housing through increasing rates and borrowing or by establishing a Community Housing Provider</b>	Establish a Community Housing Provider
Q9. <b>If the Council did establish a Community Housing Provider, which option do you support?</b>	Option B: Leasehold CHP with broad responsibilities
Q10. <b>If the council established a Community Housing Provider, do you agree with the council's preference for a community trust, rather than a company or limited partnership?</b>	Community Trust
Q11. <b>Are there comments you would like to make about the changes to city housing options?</b>	<p>MSD has stated that if the Wellington City Council becomes a Community Housing Provider some existing tenants such as those on the SLP benefit and pension may qualify for the IRRS as long as they meet the other criteria as per a 91 day exemption</p>
Q12. <b>The council's preference is for a new landfill on top of the existing landfill (piggyback option), rather than waste to energy incineration or having no residual waste facility in Wellington City. Which option do you prefer?</b>	Waste to energy incineration
Q13. <b>Are there comments you would like to make about the landfill options?</b>	not answered

Q14. Rescheduling of the timing of some projects to recognise market and supplier constraints	Neutral don't know
Q15. Not proceeding with previous plans of extending on street paid parking time limits on Friday and Saturday evenings.	Do not support
Q16. A \$20m Environmental and Accessibility Performance Fund that provides financial support for those building energy efficient or sustainable homes and buildings in Wellington.	Support
Q17. Increasing encroachment licence fees to better reflect their value	Neutral don't know
Q18. Additional funding for a full upgrade to Khandallah summer pool	Support
Q19. Removal of all library charges to remove barriers to accessing council libraries	Support
Q20. Overall, do you support the proposed budget?	I support the proposed budget
Q21. Do you have any comments about the upcoming decisions, fees and user charges changes, other plans or any other general feedback on our annual plan and budget?	not answered
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**SUBMISSION ON**

# Mahere ā-tau Annual Plan 2022/23

**SUBMITTED TO:**

Wellington City Council  
113 The Terrace  
Wellington 6142

**VIA EMAIL:**

annualplan@wcc.govt.nz

**DATE:**

13/05/2022



# Submission Outline



## Wellington Chamber of Commerce

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## OVERVIEW

The Chamber would like to thank the Wellington City Council (WCC) for the opportunity to submit on this plan.

The Chamber supports the goals of the Long Term Plan 2021–31 work programme (LTP) for the next 9 years focusing on fixing the city’s ageing infrastructure, response to climate change, minimising sewage sludge and waste, and improving transport connections and networks. We have made previous comments on the LTP itself, which can be found in our 2021 submission and is available [here](#)<sup>1</sup>.



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This submission makes comments on the 2022/23 Annual Plan, which makes amendments to the LTP. Core to the funding of the 2022/2023 Annual Plan is the change of the commercial rates differential “the differential” from 3.25 to 3.7. The change in the differential is due to the valuations of residential properties significantly outpacing those of commercial properties in Wellington. To maintain the 44% share of city rates paid by the commercial sector, the council is raising the differential – equalling \$8.5 million paid in commercial rates, compared to otherwise.

This is, in the view of the Chamber, an unfair and unreasonable increase on business – out of line with the services businesses use, the economic environment they face, and their national peers. The differential is already one of the highest in the country and the highest in our region. So too is the share of city rates paid by Wellington businesses compared to Auckland and Christchurch.

It is an out-of-date system. When the rates differential was first introduced in the 1980s, Wellington commercial ratepayers owned 85% of Wellington’s capital value. Today, it is the reverse – with commercial ratepayers holding just 15% of the city’s capital value, but still paying close to half the share.

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<sup>1</sup> [https://www.wecc.org.nz/\\_\\_data/assets/pdf\\_file/0004/217651/Wellington-Chamber-Long-term-Plan-submission-10May2021-5.pdf](https://www.wecc.org.nz/__data/assets/pdf_file/0004/217651/Wellington-Chamber-Long-term-Plan-submission-10May2021-5.pdf)



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What this means is that the highest commercial ratepayers in New Zealand will continue to pay even more and take on proportionately more of the rating stress than their counterparts in other main centres of New Zealand.

We also make several other recommendations to the Annual Plan throughout this submission. Under **Section One:** We recommend the establishment of an independent Community Housing Provider which owns the Council's Housing assets and has broad operational independence. This would limit the rates burden placed on businesses, and prevent the assets from being used for broader, less cost-efficient purposes.

We also endorse the Council's preferred option of continuing landfill use on top of the existing landfill – which is the sensible approach.

Our submission also makes comments on Parking Time Limits, Environmental Accessibility and Performance Fund, and the Pandemic Response Package in further detail.

The Chamber would welcome the opportunity to discuss this submission with the Council and wishes to take part in an oral submission.

## ABOUT THE CHAMBER

The Wellington Chamber of Commerce and Business Central (the Chamber) is a business membership association, representing around 3,600 members throughout Central New Zealand (Gisborne to Taranaki and down to Nelson). We have represented business in the Wellington Region for 165 years, and advocates for the interest of business, and the development of our region's economy.

The Chamber works closely with the Wellington City Council (WCC) to ensure Wellington's business community is consulted on the changes that impact them. Our advocacy remains consistent, and we continue to play a constructive role in the future development of our city.

# KEY ISSUES

## Revaluations and Rates

### *Annual Rates Increase*



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The Chamber wishes to note its concern about the 8.8% rate increase taking place in the annual plan. This increase is an excessive increase in cost for the city's ratepayers and businesses. It even exceeds the 30-year high rate of inflation currently being experienced and exceeds the Local Government Cost Index produced by BERL.

Following a 16.5% rates increase in 2021, and in the context of a rates differential increase and other rising cost pressures on business, this continued excessively high rating policy will have the effect to drive commercial activity away from our city, rather than attract.

Previous figures the Chamber relied upon in examining the 2021 LTP Funding Impact Statement, revealed that the total general rates revenue take was set to increase from \$196,282,000 to \$368,449,000 by 2030. That is an 87 per cent increase in rates revenue over the ten years. Even after adjusting for any growth in the ratepayer base, this remains unacceptably too high.

The Chamber acknowledges the Council's efforts to minimise the rates increase compared to last year's double digits annual increase especially. However, our organisation must point out that given the current economic situation and with many businesses already struggling, any increase in the general rates will hit businesses where it matters most – that's their cash flow.

Wellington businesses already pay some of the highest rates in New Zealand due to a combination of the following charges rated: an exceedingly high (current) 3.25 general rates multiplier; an additional targeted commercial sector rate; for CBD located businesses, the downtown levy; and for some local areas a BID levy.

The budget pressures facing the current Council are understandable. Budgetary pressures reinforce the need for the Council to go back and rethink some assumptions about their previous ways of doing things. We urge the council to look for means of reducing the burden on the city's business ratepayers – through limiting spending to essential council projects, divestment opportunities, and the strategic importance of the Council embracing appropriate private investment, all to limit the rates increase on business and household ratepayers alike.



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### ***Commercial Differential Increase***

The Chamber opposes the increase in the commercial rates differential (the differential) from 3.25 to 3.7. The increase to the multiplier pushes what is an already high increase to our already high rates, to unacceptable levels – and while we understand this is without added year one increases to forecasts, the Chamber is concerned at the precedent this sets for the many reasons set out below.

### ***Wellington Business Pays More than Nationwide Counterparts***

As mentioned earlier in the submission, Wellington's commercial rates are some of the highest in New Zealand. Research recently undertaken by the Local Government Business Forum reveals that of Aotearoa New Zealand's twelve city councils, Wellington Commercial ratepayers pay the highest proportion of the total general rates. In Auckland, commercial ratepayers pay 2.7:1 times their residential peers. That's about 25.8% of the total rates take. Christchurch sees multiplies of just 1.69:1 - or just 32.35% of the total rates take.

Meanwhile, Wellingtonian businesses are paying 44% of our city's rates, while making up just 15% of our city's capital value. On a commercial building of the same value building, a Wellington commercial ratepayer will pay 2.2 times an Auckland property, and 2.6 times one in Christchurch.

We are concerned to hear that the other reason for the proportionality, although yet to be fully evidenced, may be due to the regional nature of the use of city facilities, and the belief that the commercial sector should

be responsible for the community who are not city-based. If this is the intention, we would like a specific statement in writing to this end.

Given there has been a significant decrease over the past two years in both commuters and tourists in Wellington, we would expect this to factor into your methodology for apportionment. This would suggest the need to reduce, rather than increase or maintain, the current rating approach.



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Businesses are subsidising services for the city and regional households disproportionately compared to the benefit they receive.

Through Regional Council, businesses already significantly subsidise the region's transport use. When a passenger catches a bus from Carterton to Masterton, CBD businesses pay for it. This is not within the City Council's remit to change, but we urge the Council to consider that our regional hub status is not a windfall gain for business, but instead an additional cost.

Regardless of the preferred differential settings, it should be acknowledged that Wellington businesses face a rates burden above and beyond their counterparts in Auckland and Christchurch. High rates serve as a disincentive for businesses to move here, create jobs, ease inflation, and make Wellington a better place to live.

*'Rates Proportionality' as a Policy Rationale*

The changes to the rates are based on a policy approach that has been described as 'proportionality' in a wide range of Council statements subsequent to the publication of the Long-Term Plan. We refer you to the Council's 'Revenue and Financing Policy' and specifically the section entitled 'The general rates differential.'

Council policy on the differential appears to indicate that all other settings must adapt to this figure, and the proportionality must be maintained at any cost. Ratepayers have a legitimate expectation of transparent and clear policy setting. No policy grounds or rationale underpinning 'proportionality' are discussed in the Long-Term Plan and

nor is any evidential material provided to support this policy or explanation why a 44% must be pursued. For example, the term proportionality does not appear in the long-term plan.

The Chamber believes the proportionality argument is not fairly calculated and lacks methodological rigour. It is not based on ratepayers' capital value, nor on who benefits most from council services. It appears to be an arbitrary figure yet has underpinned the decision to shift \$8.5 million in rates onto our city's businesses, rather than placing the impost elsewhere.



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### *The Commercial Sector is Struggling*

Many residential and commercial ratepayers face real difficulty and financial distress at present and our view is that Council must propose further concrete measures to decrease expenditure. An 8.8% increase has the potential for a very real negative impact on businesses navigating several crises including COVID variants and the recent Parliament protests.

It's a step in the wrong direction for Wellington at a time when businesses are pressured by Omicron, traffic light settings, the recent protest blockade and inflating production costs.

These compounding crises are part of the reasons the relative value of commercial property has fallen – and why the additional \$8.5 million raised by the differential change will hurt even more than under normal circumstances.

To be clear - the differential change is not just happening at a time when business is struggling – it is happening because business is struggling. The change in property valuations that led to the differential shift was caused by a post-Covid downturn for business.

For example, a new study has found that working from home was responsible for 25% of house price increases post-pandemic.<sup>2</sup> Such an

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<sup>2</sup> [https://johanneswieland.github.io/Papers/house\\_prices\\_rw\\_draft.pdf](https://johanneswieland.github.io/Papers/house_prices_rw_draft.pdf)

increase is worth noting, as it demonstrates why the property prices have changed the way they have over the past two years.

Post-pandemic, people have moved away from the city, and customers are more reluctant to engage with CBD businesses. Working from home is more common, and therefore office space less valuable.

The market has signalled the impact – while all property has gone up in price, due to a combination of low-interest rates and restrictive planning laws – residential property prices have accelerated much faster than their commercial counterparts. Consequently, Commercial ratepayers now hold just 15% of the city’s rateable value.

The value of having the rates differential in the first place is to allow the market to signal this change, and adjust rates accordingly.

The multiplier will naturally fluctuate, especially over a short period. This year’s change in the relative value of commercial property is a signal that businesses are struggling and need support from Council, not higher rates.

#### *A Benefits Principle*

The case has not been made by the council for why Wellington businesses should be paying higher rates than their national counterparts. As mentioned above the figure of 44%/56% is arbitrary, based on neither the city’s capital value nor the benefits of Council services.

The rationale of the current approach also confuses benefit with ability-to-pay principles. Given the previously outlined economic strains on business in the capital, the Council must properly demonstrate it has considered the ability to pay criteria, economic well-being, and reasonableness considerations.

The Chamber would like to see more evidence of the inputs to this decision, including data from unprecedented business conditions, that Council took into account when making its decisions.



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We understand a given reason for the change in the multiplier is that commercial property is relatively less valuable than residential when the assessment was made and at a time when commercial ratepayers have seen drops in earnings revenue and cash flow.

This calls into question some observations in the media that commercial ratepayers can afford increases because commercial ratepayers earn revenue from their business, and this gives them a greater ability to pay rates than residential ratepayers. An obvious example is hospitality businesses that have accessed personal capital through their home mortgages to continue trading.

Throughout the pandemic, businesses have made sacrifices to keep their doors open, and staff employed. For many smaller business owners, their business is often their main source of income and primary asset for retirement. Therefore, we are concerned that commercial rates are being kept arbitrarily high based on inaccurate estimates of businesses' ability to pay.

This appears to have fed through into the differential decision. An increase in residential valuations – relative to commercial valuations – signals that residential properties are getting more from their city, yet effectively their cost is reduced by \$8.5 million due to the differential decision. Instead, businesses face an additional increase in cost compared to and despite the loss of value in their property.

The Chamber urges the council to set rates based on the principle of who benefits from council services.

The increase in the rates differential, and with it, the burden of what the change in the differential amounts to, an additional \$8.5 million of rates, is unfairly calculated and puts an unnecessary cost on business. The differential change is based on a relative fall in commercial property values, and a commitment to a 44% proportion of rates paid by the commercial sector that has not been specified elsewhere in the council strategy.

The Chamber opposes the differential shift and calls on Council to consider the current business environment – signalled by the same valuation shift that prompted the differential increase – by reversing the change.

## The Future of Wellington’s Council Housing



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The Council has provided social housing in Wellington since the 1950s and wants to continue to do so. City Housing has a long-standing financial sustainability issue that is now critical. Action to address this crisis is vital.

As we set out in our 2021 submission on the LTP, the Chamber still maintains that social housing ought to be the responsibility of central government rather than local – and has become yet another ‘unfunded mandate’ of WCC. The options available under this consultation do seek to mitigate this risk to some extent.

The Chamber still believes that social housing tenants are best served by having dedicated social agencies wrapping services around them, so as we proposed in our 2021 submission, transferring the social housing portfolio to existing community housing providers funded by the central government rather than establishing its own CHP ought to have been consulted on as another option.

### *Question One:*

The Chamber supports Option B – the establishment of the Community Housing Provider (CHP). The creation of a CHP would enable independence from the council from both a governance and day-to-day management perspective.

Wellington’s businesses fund the ongoing costs of city housing through the 44% share of city rates they pay. Therefore, the 6.6 percent year on year increase, implied under Option A (the increased rates and borrowing option) should be avoided, and lower-cost options, such as the creation of a CHP should be encouraged.

### *Question Two:*

For the same reasons, were the council to set up an independent community housing provider, the Chamber supports Option A: an Asset owning CHP with broad responsibilities.

Such an entity would be more independent and allow the CHP to maintain its operational independence.

We disagree with the reasoning in the Annual Plan consultation document that an argument against Option A is that it represents the biggest change to the status quo.

On the contrary – that is one of its greatest strengths. The financial uncertainty around the Council’s housing assets is a mark against the status quo, and an independent, asset-owning CHP is the best chance to solve the impending crisis.

The limitations it would introduce on council borrowing could be offset by expanded fiscal discipline.

## **The Future of the Southern Landfill**

The Chamber supports the Council’s preferred Option A – of a new landfill on top of the existing landfill.

Given the 44% share of Wellington’s rates burden, mentioned above, we advise seeking lower-cost options where possible, to ease the cost burden passed on to business.

We appreciate that the Council has selected the lower operating cost option for this project, to help save money for the city’s commercial ratepayers.

While having no residual waste facility in Wellington (Option C) would save on capital costs, it is undoubtedly inefficient to spend money, and



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emit carbon by moving waste out of the city. Option A avoids this while averting the elevated operating costs of the waste to the energy incineration model (Option B).

We support the Council's course of action on this issue.

### *Lessons from Canberra*



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We would also direct the Council to our sister city Canberra, whose low waste model has slashed city waste by nearly 90% since the 1990s.<sup>3</sup> Canberra is similar to Wellington in population, demography, and as a home of public sector workers – and as such represents a useful example.

With businesses shouldering the cost of waste management in our city, a long-term approach to reducing waste will save our city money and keep our rates down. We urge the council to examine the Canberra model as a way to reduce our city's waste output, keep waste management costs down for business, and meet our city's environmental goals.

## **Other Changes to the Long-Term Plan**

### ***Governance***

We welcome expanded efforts from the Council to include and consult Māori residents in Wellington, and mana Whenua partners. As part of this process, we encourage the Council to consider the perspectives and priorities of Māori business owners, to achieve a full picture of what our city's Māori residents need.

Having recently entered into a collaboration agreement with Te Awe Wellington Māori Business Association, and the Wellington Pasifika Business Network, the Chamber is happy to make connections, and help

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<sup>3</sup> [https://www.environment.act.gov.au/\\_\\_data/assets/pdf\\_file/0007/576916/ACT-Waste-Strategy-Policy\\_access.pdf](https://www.environment.act.gov.au/__data/assets/pdf_file/0007/576916/ACT-Waste-Strategy-Policy_access.pdf)

facilitate an indigenous business perspective for the Council through our networks.

### ***Parking Time Limits***

The Chamber strongly endorses the decision by the Council to not go ahead with the plan to extend on-street paid parking time limits on Friday and Saturday evenings or to extend charging for on-street parking through to 10pm on Friday and Saturday.



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The change of policy will offer a vital boost to Wellington's nightlife, just as we need it most, avoiding a significant disincentive to come into the city during the weekend.

We appreciate that the difficult experiences of the hospitality industry through the pandemic have been taken into account for this decision and thank the council for adapting to the difficult circumstances.

We encourage the Council to go further – opening other parking and transport opportunities, so that Wellington's central city is accessible to everyone, and to turbocharge our city's hospitality recovery.

### ***Environmental Accessibility & Performance Fund***

The Chamber is concerned about the debt funding of this aspect of the plan and urges further consultation on the topic before decisions are made.

We support the Property Council's Submission on this, which urges the Council to keep the current environmental development contribution remission until further policy consultation and analysis can occur on the proposed Environmental and Accessibility Performance Fund.

The Council should provide transparent, and concise information explaining what the overall rate increases will mean for different sectors within Wellington and outline the direction and indirect benefits each sector receives.

## ***Pandemic Response Package***

The Chamber celebrates the success we have had in collaborating with the Council to achieve this package. We welcome the Council's prompt action to support businesses through this response package, and their willingness to take on business feedback.



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Something that has been made clear to us is the value of several pieces of this programme to the everyday operations of Wellington businesses. In particular, \$1 parking on weekends has been a significant help to the retail and hospitality sector and has helped our city come alive on weekends.

We advise that making this change permanent could have excellent effects on our city's business sector and would help make our CBD more accessible, and more prosperous.

## **CONCLUSION**

The increase in the rates differential, and with it, the burden of \$8.5 million more in rates for our city's businesses, rather than placing the impost elsewhere. The change is unfairly calculated and puts an unnecessary cost on business. The differential change is based on a relative fall in commercial property values, and a commitment to a 44% proportion of rates paid by the commercial sector that has not been specified elsewhere in the council strategy. It continues to drive up Wellington's rates relative to our national peers and makes our city a less attractive place to do business.

In the context of the 2022-2023 Annual Plan, while the Chamber believes the business differential is the incorrect policy approach, we recognise it is one tool of many for the council to secure the funding agreed in the 2021-2031 Long Term Plan.

Therefore, while we would like to see the reduction and removal of the differential, we are not asking for that here. We are asking for Wellington's current and very high differential to remain in place and not face the proposed further increase.

The Chamber opposes the differential multiplier increase and calls on Council to consider the current business environment – signalled by the same valuation shift that prompted the differential increase – by reversing the change.



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Ngā mihi nui,

A handwritten signature in black ink, appearing to read 'Simon Arcus'.

**Simon Arcus**

*Chief Executive*

*Wellington Chamber of Commerce*

For queries or more information, contact Joseph Pagani.

E: [Joseph.Pagani@wecc.org.nz](mailto:Joseph.Pagani@wecc.org.nz)

**Full name:**

Rosalina Ngakopu

---

**Phone number:**

██████████

---

**Are you making this submission as an individual or on behalf of an organisation?**

Individual

---

**Are you a City Housing tenant?**

Yes

---

**What is your connection to Wellington? (*tick all that apply*)**

I am a Wellington City Council ratepayer

---

**Do you wish to speak to Councillors about your submission at an Oral Forum?**

Yes

---

**Would you prefer the Council to retain City Housing through increasing rates and borrowing or by establishing a Community Housing Provider**

Retain Council's City Housing through increasing rates and borrowing

---

**Are there comments you would like to make about the changes to city housing options?**

Obtion B & Community trust selected Put our housing in a community trust ti protect our assets.  
Lower our rents please.

---



**The council's preference is for a new landfill on top of the existing landfill (piggyback option), rather than waste to energy incineration or having no residual waste facility in Wellington City. Which option do you prefer?**

Waste to energy incineration

---

**Rescheduling of the timing of some projects to recognise market and supplier constraints**

Support

---

**Not proceeding with previous plans of extending on street paid parking time limits on Friday and Saturday evenings.**

Support

---

**A \$20m Environmental and Accessibility Performance Fund that provides financial support for those building energy efficient or sustainable homes and buildings in Wellington.**

Support

---

**Increasing encroachment licence fees to better reflect their value**

Do not support

---

**Additional funding for a full upgrade to Khandallah summer pool**

Support

---

**Removal of all library charges to remove barriers to accessing council libraries**

Support

---

**Overall, do you support the proposed budget?**

I support the proposed budget

**Full name**

Warwick Taylor

---

**Phone number:**



---

**Are you making this submission as an individual or on behalf of an organisation?**

Organisation

---

**Please name your organisation**

Wellington Residents' Coalition

---

**Do you wish to speak to Councillors about your submission at an Oral Forum?**

Yes

---

**Are there comments you would like to make about the changes to city housing options?**

See attached

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**You can attach any other document supporting your submission here. (Please ensure that the information is on the Annual Plan 2022/23)**

# **Submission of Wellington Residents' Coalition on Future of Wellington City Council's Housing Operations**

## **1. Introduction**

The Wellington Residents' Coalition, which was formed in 1997, has the aim of protecting and promoting the concerns, rights, assets and services of and for the residents of Wellington City.

The Coalition feels that the thinking behind the changes proposed totally ignores the whole idea of Council housing, which was to provide housing to those who needed it at cost. Council housing should be no different from libraries or parks and other public access facilities. It is a public good, not a business.

## **2. Principles**

Our submission is based on:

- providing housing for those who need it;
- preserving the asset for future generations;
- public accountability and control of public assets;
- a desire for more convincing information.

## **3. The Need for Council Housing**

The Council has a responsibility for social wellbeing. Central to this is decent housing for the people of Wellington. It is irresponsible for the Council to get rid of its responsibility for providing housing in the middle of a housing crisis.

Furthermore, most working people are likely to need a Council flat or house if they lose their jobs.

## **4. The Current System and How it Could Change**

Council housing should be no different in the way it is regarded from other facilities such as libraries and parks. It should not be considered as a business.

It is our position that the Council should keep the current system but change it. The Council should provide housing to those of its citizens who want it, catering for those who have the most need first, and charge income-related rents. This would mean that if the Council increased its housing stock enough, it could accommodate those on higher incomes as well and use the higher level of rent collected from those to pay off debt.

Retaining direct control of its housing assets will mean the Council will be better able to manage the assets for future generations.

## **5. Is There a Case for Community Housing Provider?**

There is insufficient information to make a business case for transferring the management of the Council's housing operations to a trust. We are puzzled how the Council's housing operations are running at a deficit of \$21.9 million. There is no information in the consultation document on the total rent collected, interest on capital, maintenance and repairs, energy, insurance, shadow rates and tenancy management.

## 5a. Options for a Community Housing Provider

Funding for the current system may not be much greater than Options A, or C as most of the alternative funding will depend on how many new tenants there are and whether they are eligible for the Income-Related Rent Subsidy.

All options will almost certainly involve increased rates and borrowing as all of them will require the Council to borrow.

## 6. Community Housing Provider

Below is a list of consequences we believe will result if one of themselves Community Housing Provider options is chosen.

- **Funding Uncertainty.** The organisation may receive money as a result of the Income-Related Rent Subsidy but it is uncertain that be sufficient to complete the upgrade.
- **Less Public Accountability and control.** Rules regarding rents and eligibility for tenancy, especially for those not on the “social housing register will be under the control of a non-elected board.
- **Uncertainty for Tenants** When tenants are moved on to make way for upgrades, the incentive will be for the tenants who occupy the upgraded flats to be eligible for Income-Related Rent Subsidy (those on the “social housing register”). Other tenants may find themselves homeless. For existing tenants there is no guarantee that they will receive the income-related rent subsidy under a Community Housing Provider. The example of Christchurch showed that current Council tenants received no benefit from their tenancies being transferred to a Community Housing Provider.
- **Increased expenses.** The organisation will have to pay for the salary of Chief Executive and directors' fees, on top of staffing and other costs.
- **Uncertainty for Some Council Staff.** The whole proposal must be causing stress among staff of Wellington City Housing, who have no guarantee of retaining their jobs and conditions of employment if the management of Council housing stock transfers to a trust.
- **The Possibility of Offloading Council Housing.** Setting up a Community Housing Provider even under a trust whose responsibility is only to manage the assets and tenancies may make it easy for a future Council to off-load the Community Housing Provide to another organisation.

To dispose of the flats to a trust, especially if the assets are transferred to that trust, is like a slum-lord offloading derelict flats after collecting decades worth of rent.

## 7. Notes on Decisionmaking

Meetings regarding future housing should be in public because the housing is a public asset.



**Respondent No:** 712

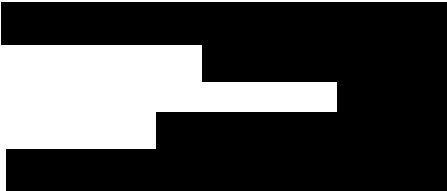
**Login:** Registered

**Responded At:** May 15, 2022 16:57:11 pm

**Last Seen:** May 15, 2022 04:40:07 am

- Q1. **Full name:** Stephen Underwood
- 
- Q2. **Phone number:** [REDACTED]
- Q3. **Are you making this submission as an individual or on behalf of an organisation?** Organisation
- Q4. **Please name your organisation** Kelburn Road Reserve Encroachment Action Group
- Q5. **Are you a City Housing tenant?** No
- Q6. **What is your connection to Wellington? (tick all that apply)**  
I am a Wellington City Council ratepayer  
I live in Wellington  
I work in Wellington  
I own a business in Wellington
- Q7. **Do you wish to speak to Councillors about your submission at an Oral Forum?** Yes
- Q8. **Would you prefer the Council to retain City Housing through increasing rates and borrowing or by establishing a Community Housing Provider** Establish a Community Housing Provider
- Q9. **If the Council did establish a Community Housing Provider, which option do you support?** Option A: Asset-owning CHP with broad responsibilities
- Q10. **If the council established a Community Housing Provider, do you agree with the council's preference for a community trust, rather than a company or limited partnership?** Community Trust
- Q11. **Are there comments you would like to make about the changes to city housing options?**  
not answered
- Q12. **The council's preference is for a new landfill on top of the existing landfill (piggyback option), rather than waste to energy incineration or having no residual waste facility in Wellington City. Which option do you prefer?** Waste to energy incineration
- Q13. **Are there comments you would like to make about the landfill options?**  
Get it sorted and quickly.





15 May 2022



Dear Sirs

This submission is made by us as a representative of the following:



The above parties wish to make a submission concerning the above policy and to make oral submissions at any hearing by the Council concerning this policy.

We wish to make the following points concerning the policy.

**General Comment**

The general tone of the review document is one of revenue raising. Fairness is a secondary consideration. The objective seems to be to squeeze as much as possible from affected citizens in the simplest and less onerous manner as possible for Council Officers.

We believe that the Council must always keep in mind that very few, if any, landowners with a road reserve encroachment had any involvement in either the creation of the encroachment or the way they gain access to their properties. For most of us we had to accept what was in place at the time we purchased our properties.

Therefore, the current owners should not be cast in the role of villains who have somehow managed to gain some sort of advantage over the balance of unsuspecting citizens of Wellington. We should not be seen as a group that should be punished or be subject to price gouging or monopolistic pricing to extract as much money as possible from us because the Council has the upper

hand with the power to cancel our encroachments with a one month notice period.

### **Immediate 100% increase in encroachment fees**

In 2010 the encroachment fee was set at \$11.25 per square meter. It is now \$13.33 per square meter. Clearly this fee has not moved in line with the general costs of running the city, even if it is in line, more or less, with the CPI for the same period.

The failure of Council Officers to address the rate, regardless of how the baseline was set, does not reflect well on the financial management capabilities of these Council Officers.

In most cases the increase is probably justifiable when compared with the increases in general rates over the same period, but an immediate increase of 100% will come as a shock to many encroachment holders.

Regardless of the outcome, we consider that it is important that future increases in any Council fees are not at this level of magnitude.

### **Market Value**

The review document states that the current encroachment fees do not reflect the value of the land owned by the Council.

There is an inherent assumption that all land is equal. That is clearly not the case as many of the road reserve encroachments are banks or very narrow strips of land that have little, if any, use to the property owner.

An area of flat lawn clearly has a greater value to the property owner than a strip of land less than a meter wide that runs along a boundary. It could also be argued that any piece of land that is on a slope above 15 degrees is of little or no value. In fact, it is often a liability that must be maintained or, as is often the case, left in a semi natural state with very occasional trimming. This is usually done by the adjoining landowner at no cost to the Council.

Many encroachments have limitations on their use as a condition of the encroachment. Many do not allow the building of any structure. The value of a piece of land that cannot be built upon has to be substantially less than a piece of land without such a restriction.

Road reserve encroachments must be maintained by the encroachment holder, but the Council imposes other restrictions on maintenance. The removal of trees is not permitted generally, especially native trees. Often these trees block the sun, views and drains, including Council drains.

The review document also assumes that the Council could obtain a higher value from a third party as a justification of a higher fee for use. The reality is that there is no such value of much of the land covered by road reserves. Who is likely to



place any value on odd pieces of land where access may be difficult, and the land cannot not be used from any practical purpose?

It should also be noted that any value for rating purposes of properties with a structure such as a garage located on road reserve is reflected in the rating value of that property. The Council receives a benefit in the form of the higher rates than would otherwise be payable if the property did not include such a structure. To charge an additional fee based on an alleged 'market value' is tantamount to double dipping.

Reference is made in the review document to the benefits that private owners having garaging or car pads on road reserve. While that may be true the Council, as a representative of all citizens in the city, also receives a benefit through the removal of vehicles from the city's streets.

Therefore, as a matter of principle it is not appropriate to apply a market valuation to all land encroachments without consideration of the nature and use of the land.

### **Unintended Consequences**

We also note that the law of unintended consequences may manifest itself if any cost imposed on a landowner by the proposed changes is unreasonable. This may occur in the case of car pads, which must represent a significant percentage of structures on road reserves.

It may be cheaper for a property owner to remove a car pad and apply for a resident parking permit and park a vehicle, or vehicles, on the road rather than on the car pad. This is likely to add to the already dire parking situation in many inner-city areas. In this case the Council will receive less revenue and be contributing to the parking congestion.

### **Sale of Road Reserve**

Paras 17 to 21 note the difficulty and cost of selling road reserve land. These costs are all borne by the purchaser. We know of encroachment holders who have tried to buy road reserve, but the costs far exceed the value of the land to be purchased. The review notes that the Council has not generate much income from the sale of road reserves and the implication is that it would like to see more sales. The implication of para 21 is that if the encroachment fees are increased substantially, it may incentivise property owners to go ahead with an expensive and time-consuming purchase process to end the payment of fees to the Council.

If the council is keen to see more sales of road reserve, then it should simplify and remove costs from the process as an incentive, not increase the fees until purchase is the only option.

## **Is there really public exclusion?**

We note also that many car pads and garages have been built over land that is otherwise unusable. It is often steep and unkempt and has no practical value. Certainly, no member of the public would ever use such land. While the construction of a car pad or garage creates a private benefit it is not at the expense of public access.

## **Reduced Street Appeal**

We also note that generally the Council does little if anything to maintain areas of road reserve and leaves it to the adjoining property owner to maintain the road reserve. Some do and some do not. We believe that this policy of benign neglect is a major factor in the untidy and uneven nature of many streets in Wellington. While some may argue that this natural state contributes to the 'charm' of Wellington it definitely detracts from the street appeal of many properties.

A Kelburn example is a comparison between Central Terrace and the streets in The Glen. In one (The Glen) the property boundaries are well maintained and orderly. In the other (Central Terrace) they are not, and general street appeal of the properties is diminished and reflects poorly on the city.

## **Subsoil Encroachments**

We consider that subsoil encroachments should be treated differently from surface encroachments. While the subsoil encroachment gives a private benefit, usually in the form of a garage, it does not usually affect the right of the public to use the surface area.

It is not plausible to argue that the public suffers any loss if a subsoil encroachment occurs as the public would not be able to use the subsoil if the encroachment was not present. Similarly, the existence of the subsoil encroachment provides off street parking which is a benefit to all residents and the public.

While recognising the private value of subsoil encroachments we submit that any charge should be discounted heavily, say 75%, from any charge for a surface encroachment.

## **Balconies**

While we do not have a balcony, we are of the view that care must be taken to ensure that affected property owners are not exploited by the Council. Balconies can be difficult to remove, especially in modern apartment buildings, and therefore the owner is left with only one option – to pay whatever the Council charges.

At some time in the past the Council gave the original owner of the property the right to erect the balcony and it is unreasonable for the Council to then turn into an aggressive revenue raiser when the property owner does not have any choice without spending a significant and probably impractical sum to remove the offending balcony.

The parties to this submission look forward to receiving additional information and participating future meetings and wider consultation on this issue.

Yours faithfully

A handwritten signature in blue ink that reads "Stephen Underwood". The signature is written in a cursive style with a large initial 'S'.

Stephen Underwood