

25 June 2015

Victoria University of Wellington
PO Box 600
Wellington 6140

Attention: Simon Johnson, General Counsel

By email: Simon.Johnson@vuw.ac.nz

Dear Sir

Gordon Wilson Flats, 320 The Terrace, Wellington

Victoria University of Wellington ("Victoria University") has requested a response on two questions:

1. Why did HNZC sell the Gordon Wilson Flats property; and
2. Would HNZC support Victoria University's proposal for the removal of the Gordon Wilson Flats from the Wellington City Council Heritage listing and for the ultimate demolition of the building, as part of the application for a Plan Change for the site?

We understand that the Wellington City Council refers to the Gordon Wilson Flats property as 320 The Terrace and the McLeans Flat property as 320A The Terrace.

Addressing these questions in turn:

Why did HNZC sell the Gordon Wilson Flats property?

HNZC's mission is to provide "*high quality, subsidised rental homes to people in the greatest need for the duration of their need*". In 2013, the building was determined as being unable to satisfy this mission, even if significantly refurbished.

HNZC first identified issues with the building in 2011 when it was found the building required significant maintenance work, including a requirement to remove and remediate the failing facade. During a further assessment completed in 2012, it was determined that the concrete facade could fall off in an earthquake or strong wind. Due to the significant safety risk this posed, all HNZC's tenants were subsequently vacated from the building in May 2012.

HNZC undertook an extensive upgrade feasibility; however, ultimately this proved that the building was both uneconomic, and unable to be upgraded to the modern standards of HNZC's design guide. The building's dated design, and potential for ongoing façade safety issues that could not be fully remediated, were fundamental to the decision making process. Furthermore, the estimated costs to upgrade the building reflected the cost of a modern new building.

In September 2014 HNZC sold the property to Victoria University. The decision to sell was not made lightly as HNZC's preference is to upgrade within its portfolio, as can be evidenced at the Centennial Flats property on Adelaide Road, Newtown, and a number of properties in Auckland and New Zealand wide.

Would HNZC support Victoria University's proposal for the removal of the Gordon Wilson Flats from the Wellington City Council Heritage listing and for the ultimate demolition of the building, as part of the application for a Plan Change for the site?

If the building remains in its current state, it will continue to:

- pose a safety risk to anyone entering the site;
- attract vagrants and vandals; and
- remain a general eyesore to the neighbourhood and city.

HNZC is currently planning a significant new residential development at the adjacent McLean's Flats site, 320A The Terrace. The Gordon Wilson building severely impinges on the outlook and natural light provided to HNZC's proposed development. Accordingly, HNZC supports a decision, as part of Victoria University's application for a Plan Change for the site and for the removal and ultimately demolition of the Gordon Wilson Flats.

Yours faithfully



Rose Anne MacLeod
Chief Financial Officer