
ORDINARY MEETING

OF

CITY STRATEGY COMMITTEE

MINUTE ITEM ATTACHMENTS

Time: 9:30 am
Date: Thursday, 2 February 2017
Venue: Committee Room 2
Ground Floor, Council Offices
101 Wakefield Street
Wellington

Business

Page No.

1.1 Items not on the Agenda

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| 1. Report 2.1 Earthquake Recovery: Initiative to Strengthen Unreinforced Masonry Facades and Parapets. | 2 |
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EARTHQUAKE RECOVERY: INITIATIVE TO STRENGTHEN UNREINFORCED MASONRY FACADES AND PARAPETS

Purpose

1. To seek approval of the City Strategy Committee (the Committee) to allocate \$1 million as a part-contribution to the Government's initiative to improve the seismic performance of unreinforced masonry building parapets and facades.

Summary

2. On 25 January 2017 the Government announced a \$3 million funding package for mandatory strengthening of the street facing unreinforced masonry (URM) of buildings on key routes with high foot or vehicular traffic.
3. The intention is to increase public safety on these key routes by reducing the vulnerability of URM parapets and facades in the event of a future earthquake. The combined Government and Council funding will pay for up to half the cost of securing work to a maximum of \$15,000 for a URM façade, and/or \$10,000 for a URM parapet. The Government funding 2/6, the Council paying 1/6 and the building owner paying half.
4. This initiative will be proposed as an Order in Council made under *Hurunui/Kaikoura Earthquakes Recovery Act 2016*
5. Officers have been advised that \$2 million of the funding will be allocated to Wellington City Council. This requires a \$1 million allocation from the Council.
6. The Government funding is contingent on the Council also allocating funding. If the Council decides not to allocate funding, the mandatory strengthening requirement remains but no public funding will be available to the building owner.
7. Work covered by the Order in Council will be exempt from the requirement to obtain Building Consents and Resource Consents. The proposal does not allow the partial or full demolition of buildings.
8. The initiative is focused on securing URM parapets and facades rather than strengthening. However owners of URM buildings subject to this requirement may opt to strengthen rather than secure these elements. They will still be eligible for funding support for work fitting the initiative criteria as long as the work is completed within the timeframe required to access the fund. Council officers will be working closely with owners to encourage them to take a long term view with a permanent strengthening solution where possible rather than a temporary securing solution.
9. Initial analysis shows there are 244 URM buildings citywide, including potentially URM buildings. Of these, 81 are heritage-listed or contributing to listed heritage areas.
10. The final number of URM buildings implicated will depend on whether they lie on a key route with high foot or vehicular traffic. Officers are currently compiling the list of streets to be included for Wellington.
11. The proposed Order in Council is expected to include that list of the streets, types of buildings needing to be secured and the timeframe for that work. The timeframe is expected to be 1 year.

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12. Council officers are closely involved in the development of the technical matters underpinning the initiative. Officers are working with MBIE in the development of the processes for application and implementation and are working to ensure that heritage values are protected.
13. The proposed Order in Council will be considered by the independent Hurunui/Kaikōura Earthquakes Recovery Review Panel before taking effect.
14. If the Order in Council is made, it is likely to come into force in mid to late February 2017. After the Order in Council takes effect, councils will issue notices to certain building owners who will then have 12 months to complete the work.
15. Ministry for Business, Innovation and Employment guidance on securing facades and parapets will be available from late February 2017.

Recommendations

That the City Strategy Committee:

1. Receives the information.
2. Notes that the Government announced on 25 January 2017 a \$3 million funding package for mandatory strengthening within 12 months of the street facing unreinforced masonry (URM) of buildings on key routes with high pedestrian or vehicular traffic.
3. Notes this is intended to be a joint funding initiative, with central government contributing 1/3 of the cost, Council providing 1/6 and the building owner contributing 1/2.
4. Notes the combined Government and Council funding will pay for half the cost of securing work up to \$15,000 for a unreinforced masonry (URM) façade, and/or \$10,000 for a URM parapet.
5. Notes qualifying work will be exempt from obtaining Building Consents and Resource Consents.
6. Notes qualifying work does not include partial or full demolition of heritage buildings or permanent alterations to heritage buildings.
7. Notes that if the Council does not allocate funding, the mandatory strengthening requirement will remain but no public funding will be available.
8. Agrees to recommend to Council to allocate \$1 million as part of the joint funding arrangement with the Government to strengthen street facing unreinforced masonry (URMs) of buildings on key routes with high pedestrian or vehicular traffic by reprioritising \$300,000 from the 2016/17 Built Heritage Incentive Fund (BHIF) allocation and allocating \$700,000 of the BHIF Fund for the 2017/18 financial year.
9. Agrees to prioritise the remaining \$300,000 of the 2017/18 Built Heritage Incentive Fund (BHIF) allocation along Courtenay Place and on the Newtown and Cuba heritage areas while still maintaining the current focus on strengthening outcomes.
10. Agrees to consider continuation of the Built Heritage Incentive Fund (BHIF) alongside other projects and priorities in the 2018/19 Long Term Plan process.
11. Notes that further analysis on resourcing for Council to facilitate and manage this initiative within the Council area will be presented during current budgetary discussions once the details of the initiative are finalised with Ministry Business Innovation and Employment (MBIE).

Background

13. The initiative is a response to the heightened seismic risk in areas such as Wellington, Lower Hutt, Marlborough and Hurunui following the 7.8 magnitude earthquake on the 14 November 2016.
14. This initiative will be proposed as an Order in Council made under *Hurunui/Kaikoura Earthquakes Recovery Act 2016* passed in response to the 14 November earthquake. The purpose of the Act is:

“to assist the earthquake-affected area and its councils and communities to respond to, and recover from, the impacts of the Hurunui/Kaikōura earthquakes and, in particular, to—

 - (a) provide for economic recovery; and*
 - (b) provide for the planning, rebuilding, and recovery of affected communities and persons, including—*
 - (i) the repair and rebuilding of land, infrastructure, and other property of affected communities or of any affected persons; and*
 - (ii) safety enhancements to, and improvements to the resilience of, that land, infrastructure, or other property; and*
 - (iii) facilitating co-ordinated efforts and processes for short-term, medium-term, and long-term recovery; and*
 - (iv) facilitating the restoration and improvement of the economic, social, and cultural well-being, and the resilience, of affected communities or of any affected persons; and*
 - (v) facilitating the restoration of the environment.*

Risks and issues future consideration

15. The initiative exempts qualifying work from obtaining a Resource Consent, the normal regulatory mechanism for protecting heritage from inappropriate development. Without this process in place there is a risk of work being carried out which causes a loss of heritage values. However, we understand that draft MBIE guidance helps to minimise this risk as it includes specific heritage building methodologies. Further, as part of Councils role in implementing the initiative, the heritage team will provide targeted guidance and advocacy as required.
16. If the Government decides to allocate additional funding, for example if demand exceeded the current funding available, based on the current co-funding criteria the Council would need to consider approving additional funding.
17. The Council will need to consider how costs involved in implementing the initiative are managed, for example the costs of Traffic Management Plans, and the issuing and signing-off of notices. Officers are working with MBIE on the other costs associated with this initiative and will be working with owners collectively to manage costs.
18. This initiative addresses one aspect of strengthening required for earthquake-prone buildings. Government legislation passed in 2016 is due to come into force this year introducing a risk based framework to enforce national time frames and procedures for addressing earthquake-prone buildings.

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Absolutely Positively
Wellington City Council
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- This will shorten strengthening timeframes for priority buildings. The majority of earthquake-prone buildings will need to have their strengthening completed within the next 10 years.
- The Council may wish to consider options to incentivise and assist building owners to meet these requirements.
- Officers note that the Built Heritage Incentive Fund (BHIF) is only committed to until the end of the 2017/18 financial year.

Discussion

19. Payment will be made to building owners after the strengthening has occurred and been signed-off.
20. Options for funding:

Option 1 Allocate \$1 million to the fund as a new initiative in the 2017/18 financial year

Comment

21. This proposed allocation of funding arises from an unexpected event and the heightened seismic risk in Wellington following the 14 November 2016 earthquake.
22. It is forward looking.
23. Most of the work is expected to occur in the 2017/18 financial year.
24. This ensures that dedicated funds within the BHIF for permanent comprehensive strengthening solutions remain unaffected.
25. It retains the ability to use the BHIF as an incentive to strengthen to a higher level than the minimum 34% NBS (New Building Standard) and to fund permanent solutions.
26. Retaining funding in the BHIF will enable the Council to fund work to strengthen to a higher NBS percentage. Strengthening to a higher NBS percentage is likely to be required in order to preserve the heritage features of a building. Doing this could well exceed the caps in this URM fund.
27. This option would likely require a rates increase. It would be the equivalent of a 0.4% rates increase.

Option 2 Reprioritise \$300,000 from the 2016/17 Built Heritage Incentive Fund (BHIF) allocation and allocate \$700,000 of the BHIF Fund for the 2017/18 financial year;

To prioritise the remaining \$300,000 of the 2017/18 BHIF allocation along Courtenay Place and on the Newtown and Cuba heritage areas while still maintaining the current focus on strengthening outcomes;

To consider continuation of the Built Heritage Incentive Fund alongside other projects and priorities in the 2018/19 Long Term Plan process;

That further analysis on resourcing for Council to facilitate and manage this initiative within the Council area will be presented during current budgetary discussions once the details of the initiative are finalised with MBIE.

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28. The Council's Built Heritage Incentive Fund offers funding to heritage building owners for the conservation or comprehensive earthquake strengthening of their buildings in order to maintain or enhance the heritage value of the building. The fund is assisting in having heritage buildings removed from Councils Earthquake Prone Buildings List.
29. The existing BHIF funds strengthening of heritage buildings focused on permanent strengthening of the entire building. Typically buildings that are strengthening in this manner have a resulting NBS % that well exceeds the government's current earthquake prone threshold of 34%.
30. After the completion of two funding allocations the fund contains \$635,000 which is set aside for the third and final allocation which will be made in April 2017.
31. In preparation for the final round of allocations, letters to all building owners eligible for the fund were sent out in January 2017 urging them to avail themselves of this funding.
32. This option enables the Council to meet existing commitments and addresses the risk that by taking more funding from the BHIF the Council could inadvertently penalise building owners already in the advanced stages of preparing bids for the third and final round of the BHIF allocation.
33. Retaining \$300,000 in the BHIF in the 2016/17 and 2017/18 financial years would retain the ability to fund repairs to heritage buildings caused by the Kaikoura Earthquake albeit there is likely to be increased competition because of the overall reduced amount of funding available.
34. Retaining approximately \$300,000 in the BHIF in the 2016/17 and 2017/18 financial years enables the Council to continue to incentivise building owners to strengthen to a level that would minimise damage to a building's heritage features in an earthquake – a greater degree than the minimum 34% NBS which is focused on life preservation. Strengthening to this greater degree could well exceed the caps in this URM fund.
35. Most of the work and subsequent payments are expected to occur in the 2017/18 financial year therefore a greater proportion of the funding is proposed to come from the 2017/18 budget.
36. The initiative exempts qualifying work from obtaining a Resource Consent. However, we note that draft MBIE guidance does include advice on building methodologies that are sympathetic to heritage values.
37. Officers recognise the importance of the Cuba, Courtenay and Newtown heritage areas from an economic perspective and will be working with building owners to plan how the safety requirements here can be met while limiting the economic impact of it.
38. Officers recommend the four parts of option 2 be agreed.

Next Actions

22. If this Committee approves funding, this will proceed to the 22 February 2017 Council meeting for approval.
23. Officers will continue to develop the information and processes required for implementation. An update will be provided at the 22 February 2017 Council meeting.

Attachments

Nil

Author	Carolyn Dick, Senior Advisor
Authoriser	Steve Cody, Seismic & Weathertight Manager David Chick, Chief City Planner

SUPPORTING INFORMATION

Engagement and Consultation

The Mayor and Chief Executive talked to the Minister and MBIE about this initiative as it was developed.

Staff from the Council and MBIE have been working closely together in developing it and preparing for implementation.

The Council will be working closely with building owners to help them meet these requirements and timeframes. Officers are working on proposals, processes and information to assist building owners and will provide an update to Councillors.

Treaty of Waitangi considerations

There are no Treaty considerations in this paper.

Financial implications

The financial implications are outlined in the paper. Allocation as part of the 2017/18 budget would require incorporation in the 2017/18 Annual Plan.

Policy and legislative implications

Officers are currently working on detail

Risks / legal

Risks and issues for future consideration by Councillors are included in paragraphs 15 to 18.

Climate Change impact and considerations

There are no climate change considerations in this paper.

Communications Plan

Communication and engagement are critical to meeting the requirements and deadlines of this initiative. As mentioned above, officers are working on proposals, processes and information to assist building owners and will provide an update to Councillors.

Health and Safety Impact considered

Health and safety must be a consideration for any actions proposed. The exemptions in the funding initiative apply to Resource Consents and Building Consents.