
ORDINARY MEETING

OF

LONG-TERM AND ANNUAL PLAN COMMITTEE

AGENDA

Time: 9:30am
Date: Wednesday, 26 June 2019
Venue: Ngake (16.09)
Level 16, Tahiwī
113 The Terrace
Wellington

MEMBERSHIP

Mayor Lester
Councillor Calvert
Councillor Calvi-Freeman
Councillor Dawson
Councillor Day (Chair)
Councillor Fitzsimons
Councillor Foster
Councillor Free
Councillor Gilbert
Councillor Lee
Councillor Marsh
Councillor Pannett
Councillor Sparrow
Councillor Woolf
Councillor Young

Have your say!

You can make a short presentation to the Councillors at this meeting. Please let us know by noon the working day before the meeting. You can do this either by phoning 04-803-8334, emailing public.participation@wcc.govt.nz or writing to Democracy Services, Wellington City Council, PO Box 2199, Wellington, giving your name, phone number, and the issue you would like to talk about.

AREA OF FOCUS

The Committee is responsible for developing the draft and final Long-term Plan and Annual Plans for the Council. The Long-term Plan and Annual Plan give effect to the strategic direction and outcomes set by the Strategy Committee by setting levels of service and budgets.

The Committee is responsible for developing the draft Annual and Long term Plan for consultation – including agreeing levels of service, the phasing of work, priorities across the seven strategic areas, the performance measurement framework, and budgets to be consulted on with the community as part of the Annual and Long-term Plan processes. It also recommends the Consultation Document for adoption by the Council.

The Committee also determines the nature and scope of any consultation and engagement required to support the Annual and Long-term plan process, considers community and stakeholder feedback, and is responsible for oral hearings where required.

Quorum: 8 members

TABLE OF CONTENTS
26 JUNE 2019

Business	Page No.
1. Meeting Conduct	5
1.1 Apologies	5
1.2 Conflict of Interest Declarations	5
1.3 Confirmation of Minutes	5
1.4 Items not on the Agenda	5
1.5 Public Participation	5
2. General Business	7
2.1 Arlington Redevelopment Project - Results of consultation	7

1. Meeting Conduct

1.1 Apologies

The Chairperson invites notice from members of apologies, including apologies for lateness and early departure from the meeting, where leave of absence has not previously been granted.

1.2 Conflict of Interest Declarations

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have.

1.3 Confirmation of Minutes

The minutes of the meeting held on 6 June 2019 will be put to the Long-term and Annual Plan Committee for confirmation.

1.4 Items not on the Agenda

The Chairperson will give notice of items not on the agenda as follows.

Matters Requiring Urgent Attention as Determined by Resolution of the Long-term and Annual Plan Committee.

The Chairperson shall state to the meeting:

1. The reason why the item is not on the agenda; and
2. The reason why discussion of the item cannot be delayed until a subsequent meeting.

The item may be allowed onto the agenda by resolution of the Long-term and Annual Plan Committee.

Minor Matters relating to the General Business of the Long-term and Annual Plan Committee.

The Chairperson shall state to the meeting that the item will be discussed, but no resolution, decision, or recommendation may be made in respect of the item except to refer it to a subsequent meeting of the Long-term and Annual Plan Committee for further discussion.

1.5 Public Participation

A maximum of 60 minutes is set aside for public participation at the commencement of any meeting of the Council or committee that is open to the public. Under Standing Order 3.23.3 a written, oral or electronic application to address the meeting setting forth the subject, is required to be lodged with the Chief Executive by 12.00 noon of the working day prior to the meeting concerned, and subsequently approved by the Chairperson.

**LONG-TERM AND ANNUAL PLAN
COMMITTEE**
26 JUNE 2019

Requests for public participation can be sent by email to public.participation@wcc.govt.nz, by post to Democracy Services, Wellington City Council, PO Box 2199, Wellington, or by phone at 04 803 8334, giving the requester's name, phone number and the issue to be raised.

ARLINGTON REDEVELOPMENT PROJECT - RESULTS OF CONSULTATION

Purpose

1. The purpose of this report is to present community and stakeholder feedback on the public consultation that took place between 29 April and 29 May 2019 and to inform final decisions on the Arlington Redevelopment Project.
2. The report also makes recommendations to committee that Council is asked to authorise the Chief Executive to conclude all matters in relation to the Housing New Zealand Corporation proposal and to adopt an amendment to the Long Term Plan 2018–2028.

Summary

3. On 21 March 2019 the City Strategy Committee were advised that key terms of a proposed partnership deal with Central Government have been negotiated to redevelop Arlington Sites One and Three to deliver social and affordable housing for the city.
4. An agreement on the proposal can not be concluded until Council has considered the outcome of the public consultation process.
5. In order to progress with the proposal, it is also necessary to amend the latest Long Term Plan (*Our 10-year Plan 2018-28*), which was adopted by Council in June 2018.
6. A Special Consultative Procedure was used to ensure all affected stakeholders are appropriately consulted, and to meet our legislative requirements. This approach is also in line with the Council's Significance and Engagement Policy.
7. A Consultation Document was prepared as part of the Special Consultative Procedure and approved by Council on 18 March 2019 and a period of public consultation took place between 29 April and 29 May 2019. 72 responses were received.
8. 17 Submitters elected to speak to their views and were given an opportunity to do so at oral hearings on 4 June 2019. 15 attended.

Recommendation/s

That the Long-term and Annual Plan Committee:

1. Receives the information.
2. Notes that the Long-Term and Annual Plan Committee received submissions on the Arlington Redevelopment project consultation on 4 June 2019.
3. Notes that the City Strategy Committee directed officers to progress negotiations with Housing New Zealand Corporation (HNZC) to develop a proposed partnership deal to redevelop Arlington Sites One and Three.

LONG-TERM AND ANNUAL PLAN COMMITTEE

26 JUNE 2019

4. Notes that the Arlington Redevelopment Project requires an amendment to the Long Term Plan 2018–2028.
5. Notes that consultation was carried out on the Arlington Redevelopment Project and Long Term Plan Amendment using the Special Consultative Procedure from 29 April to 29 May 2019 and has been subject to external audit by Audit New Zealand.
6. Notes the summary of consultation and key submission themes as outlined in this report.
7. Notes the key terms of the partnership agreement between Wellington City Council and HNZC as outlined in section 12 of this report.
8. Recommends to Council that it:
 - a. Agrees to progress the proposal with Housing New Zealand Corporation.
 - b. Authorises the Chief Executive to conclude all matters in relation to the project including the execution of the agreement to lease and lease on behalf of Council.
 - c. Adopts the amendment to the 2018 Long Term Plan (Attachment 1).

Background

9. Arlington Apartments consists of three sites that are being developed in a phased approach. Site Two (now named Te Māra) was completed in 2018, doubling the previous capacity to 104 good quality social housing apartments. These apartments are now leased to Housing New Zealand Corporation (HNZC) for seven years.
10. This report relates to the redevelopment of Arlington Sites One and Three, now known as the Arlington Redevelopment Project. The 192 units on Site One are currently vacant and the aging buildings are ready to be demolished so the site can be redeveloped. The tenants housed in the 20 units on Site Three have been advised that Site Three will be part of the redevelopment of the wider Arlington site.
11. A proposed masterplan to inform the redevelopment of the site was completed by Council on 25 May 2018. It considered how the site could be optimised and how it could integrate with the wider community, particularly Te Māra. It did not focus on more detailed design elements or specific costings as this could vary depending on further value engineering, specific delivery options, and any design guidelines developed as part of the next phases of work.
12. On 21 March 2019, City Strategy Committee were advised of the key terms of the proposal from HNZC and a Consultation Document was prepared as part of the Special Consultative Procedure.
13. These key terms were:
 - That HNZC expect to build between 230 and 300 modern, warm, dry homes which will be a mix of social and affordable housing. Up to 40 of these homes are expected to be supported living units where tenants experiencing complex issues can receive the support and help they need.
 - Arlington Sites One and Three would be leased to the Crown on a long-term basis of 125 years.
 - HNZC will retain an option to transfer ownership of up to 30% of Arlington Sites One and Three to enable a proportion of the site to be developed as affordable homes.

- The Crown, through HNZC, would be responsible for the redevelopment (including detailed design), social housing service management, funding and maintenance of the sites.
 - The Council's masterplan will be used to inform the detailed design and development of the site to help ensure good urban design and community outcomes, and appropriate density optimisation.
 - The Council will receive \$1 million, which will be reinvested into the Council's social housing portfolio.
 - That the Council will not be in breach of their obligations under the Deed of Grant.
14. The Consultation Document was approved by Council on 18 March 2019 and a period of public consultation took place between 29 April and 29 May 2019.
 15. 72 responses were received with 17 Submitters electing to speak to their views. Oral hearings took place on 4 June 2019 and 15 submitters attended.
 16. The proposal is consistent with the Council's Housing Strategy, and the Strategic Housing Investment Plan. It is important to note that Central Government, rather than Council, social housing policy settings will apply.

Summary of Consultation

17. 72 submissions were received as part of the public consultation process and were analysed by officers to identify key themes and issues.
18. Submissions were wide ranging in terms of response however there was clear overall support for the provision of social housing to continue on the site.
19. Of the 72 submissions, 33 were generally in support of the proposal with 3 submissions not in favour.
20. Approximately 23 were supportive in general of Affordable Housing being provided on the site with 22 submitters noting they were not in favour. Affordable Housing was a consistent theme from submitters. The following table illustrates some of the comments received.

Favourable	<ul style="list-style-type: none"> • "Personally I would like to see 30% of the site going to affordable homes for sale- ie Kiwibuild. It's important to have young people represented and bringing energy to the central city, and for them to be able to afford to live where they work." • "These Kiwibuild homeowners could be a very good addition to the mix, however, with very little control over what happens to Kiwibuild homes after 3 years of ownership, these "affordable homes" could all end up owned by investors who would not provide the same care for the home as either an owner-occupier or HNZ! Instead, you should require HNZ to sell off 50% of the land to community housing providers. CHPs can build high quality homes and offer them to those not on the
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**LONG-TERM AND ANNUAL PLAN
COMMITTEE**
26 JUNE 2019

	<p>Social Housing Register - to families that still can't afford market rent, or are made vulnerable by the whims of private landlords.”</p> <ul style="list-style-type: none"> • “Do it. Affordable and HEALTHY housing FTW, mouldy old crappily built housing, BOO.” • “The provision for 30% of the site being used to build affordable homes is excellent and is consistent with WCC Housing Strategy commitment in The 10-Year Plan.”
Favourable with Concerns	<ul style="list-style-type: none"> • I would like the council to narrow down the meaning of ‘affordable homes’ to minimise any abuse of this clause by future governments.” • “This could be done by leasing the land with private ownership of the houses built on it - a mechanism which has been used extensively in the past for various reasons.” • “While the current proposal makes some gestures towards these with the option for HNZ to purchase land for affordable housing and by giving reference to the Master Plan, it is not clear that the final development would actually deliver on these and consequently on the LTP goals. Please amend the proposal to ensure that: - there are affordable housing outcomes from the development (e.g. by requiring this as part of the arrangements with HNZ)” • “We see the opportunity for Council to negotiate for both affordable rental and assisted ownership homes that can be delivered by local community housing organisations.”
Unfavourable	<ul style="list-style-type: none"> • “I Strongly oppose this point. Firstly what is affordable now will not stay affordable on future sales. Unless there are clauses in place which tie resale to inflation, sale by ballot and the land should remain leasehold.” • “The option for HCNZ to buy 30% will severely restrict the number of homes available for social housing - could be as little as 160 homes - is this acceptable on such a large site”

21. Some of the other key themes included;

- Support for the site being developed with reference to the the existing masterplan
- Support for the provision of supported living units on site
- Length of lease term
- Support

22. 17 Submitters elected to speak to their views and were given an opportunity to do so at oral hearings on 4 June 2019. 15 attended.

Next Actions

23. Subject to committee and Council approving recommendation 8, officers will seek to conclude and execute an agreement.

Attachments

Attachment 1. Proposed amendment to the Long-Term Plan 2018-2028 [↓](#)  Page 13

Author	John McDonald, Housing Development Manager
Authoriser	Moana Mackey, Acting Chief City Planner

SUPPORTING INFORMATION

Engagement and Consultation

A consultation programme was followed and results are included in this report.

Treaty of Waitangi considerations

Arlington Sites One and Three have been identified by Taranaki Whānui ki te Upoko o te Ika iwi mana whenua entities as within the wider Te Aro Pā environs and cultivations. As such, iwi have been identified as a key stakeholder to be engaged with during consultation on any matter regarding the site.

Financial implications

The proposed option of partnering with Central Government to deliver Sites 1 and 3 would transfer the financial risk of funding the development to HNZC.

Additional information regarding the financial implications of the proposal was included in the draft consultation document.

Policy and legislative implications

Legal advice was sought in relation to the options to deliver Sites 1 and 3. This included consideration of any implications relating to the Public Works Act 1981, the Local Government Act 2002, the Deed of Grant, and the Council's Significance and Engagement Policy. All options have also been assessed to identify the extent to which they are able to contribute to the Council's Housing Strategy and Action Plan.

Risks / legal

Legal advice was sought and considered in relation to consultation requirements for the proposed deal to be progressed. This has informed the view of officers that the proposed partnership deal would likely trigger Section 97 of the Local Government Act 2002 (that certain decisions can only be taken if provided for in a Long Term Plan).

Climate Change impact and considerations

The development of sites within the existing urban footprint and/or on sites zoned for residential development supports the Council's policy of urban containment. Promoting a compact urban form reduces the consumption of fossil fuels and harmful greenhouse gas emissions which result in negative climate change impacts.

Communications Plan

A communications plan is in place for the Arlington Redevelopment Project consultation.

Health and Safety Impact considered

N/A

Appendix 1: Proposed Arlington Amendment of the 2018-28 Long-term Plan

The proposed amendment of the 2018-28 long-term Plan (LTP) consists of the insertion of a paragraph into Volume 1 Section 5.3 of the LTP for the development of the Arlington sites 1 and 3. The inserted paragraph is in **bold italics** in the following. This paragraph will appear on page 96 of Volume 1 of the 2018-28 LTP. Volume two of the LTP is unaltered. On approval of the amendment the LTP document and website will be updated.

5.2 Tautoko Hāpori | Community support

By providing libraries, community centres and social housing we foster diverse and inclusive communities and enable people to connect with information and each other.

We provide a wide range of facilities forming part of the city's 'hard' social infrastructure that support community wellbeing. These include libraries, community spaces and social housing.

Activities in this group

Rationale

- | | |
|--------------------------------------|--|
| 5.2.1 Libraries | <ul style="list-style-type: none">• <i>To foster diverse and inclusive communities.</i> Our community facilities are places for groups to come together – strengthening social cohesion, celebrating diversity and making the city a more appealing and welcoming place to live.• <i>To enable people to connect with information and with each other.</i> Our community facilities are places of discovery and learning that allow people to connect with others and exchange knowledge through events and other activities. |
| 5.2.2 Access support (Leisure Card) | |
| 5.2.3 Community advocacy | |
| 5.2.4 Grants (social and recreation) | |
| 5.2.5 Social housing | |
| 5.2.6 Community centres and halls | |

Services we provide

- Access for all Wellingtonians to a wide array of books, magazines, DVD, e-books, e-audio, online journals and e-music tracks through 12 libraries around Wellington
- Access to community spaces, including a citywide network of 25 community centres
- Ensuring residents have the opportunity to participate in communities of choice, accessing support through a variety of mechanisms, including community grants
- Support for community groups, ensuring Wellington's diverse population is supported and embraced by a tolerant, caring and welcoming community
- Subsidised rental for low-income Wellingtonians whose housing is not met by the private sector – we currently house over 4000 people in 2200 units

Key projects/programmes

Housing supply

- *Housing Strategy.* We have developed a Housing Strategy that sets a framework for all housing in Wellington. The broad aim of the strategy is for all Wellingtonians to be well housed. The

strategy covers the full spectrum of housing – from emergency housing, social housing, assisted rental, private rental and assisted ownership through to private ownership. It sets four goals to be achieved over a 10-year period:

- Wellington has a well-functioning housing system
- Homes in Wellington are of good quality and are resilient
- Homes meet the needs of Wellingtonians
- The housing system supports sustainable, resilient and connected communities

The strategy provides a framework for the strategic housing investment plan, as discussed below, as well as housing development initiatives, as discussed in the urban development chapter. The full strategy can be found online at <https://wellington.govt.nz/your-council/plans-policies-and-bylaws/policies/housing-strategy>

- *The Strategic Housing Investment Plan (SHIP)*. This programme of work includes the redevelopment and intensification of Council-owned land or existing social housing sites to increase the supply and quality of affordable and social housing in Wellington. This work will deliver towards our goal of providing 750 new social and affordable housing units over the next 10 years.
 - We have a programme to upgrade existing Council social housing throughout the city. We are approximately halfway through this programme of work and have \$146 million of capital expenditure in the budget over the next 10 years to upgrade our remaining social housing units. As we progress this work, we propose to leverage a proportion of those land/sites we own – either through lease arrangements or disposal – to attract investment from other housing providers, central government and developers to deliver affordable housing (in conjunction with the Council’s social housing).
 - ***During 2019 we will enter into an agreement with Housing New Zealand Corporation (HNZC) for the development of Arlington sites 1 and 3. HNZC expects to build between 230 and 300 homes on the site – a mix of social and affordable housing, including up to 40 supported living units for tenants with complex issues. The site would be leased to the Crown for 125 years. HNZC will retain an option to buy up to 30% of Arlington sites 1 and 3 so part of the site can be developed as affordable homes for sale. HNZC will be responsible for the design, redevelopment, social housing service management, funding and maintenance of the site. HNZC will develop the site with reference to the existing Council’s masterplan for the redevelopment of the site. The Council will receive \$1 million, which will be reinvested into the Council’s social housing portfolio. There will be little or no additional cost to ratepayers and it is proposed that progress milestones will be jointly monitored by the Council and HNZ.***
 - We have budgeted an additional \$22 million of capital expenditure and \$10.7 million of operational expenditure over the next 10 years to catalyse SHIP’s development programme. Funding will be used for master planning, geotechnical work, developing partnership proposals and preparing sites ready for development. The overall objective will be to recover some of this through increasing land value prior to disposal and/or by maximising the land for optimal development.
 - Construction of the Council’s *social* housing units will be funded through the existing Social Housing Upgrade Programme (and revenue from any disposal / lease of surplus land). The assumption is that construction of *affordable* housing units will be funded and delivered by development partners.