
ORDINARY MEETING

OF

LONG-TERM AND ANNUAL PLAN COMMITTEE

MINUTE ITEM ATTACHMENTS

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

Business

Page No.

Arlington Housing Redevelopment – results of consultation

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To the reader

Independent auditor's report on Wellington City Council's amended 2018–28 long-term plan

I am the Auditor-General's appointed auditor for Wellington City Council (the Council).

The Council adopted its 2018–28 long-term plan (the plan) on 27 June 2018.

A long-term plan must contain a report from the auditor on:

- whether the plan gives effect to the purpose set out in section 93(6) of the Local Government Act 2002; and
- the quality of the information and assumptions underlying the forecast information in the plan.

We issued an unmodified opinion on the plan in our report dated 27 June 2018.

The Council has since consulted on a proposed amendment to the plan. The amendment to the plan is set out in page 96 of Volume One of the plan (incorporating 2019 Amendment) (the amended plan).

Following the consultation process, the Council has decided to amend its plan. The amended plan replaces the previously adopted plan.

The amended plan must contain a report from the auditor that either confirms or amends the previous audit report issued when the plan was adopted.

My report is below.

I carried out the work for this report using the staff and resources of Audit New Zealand. This work was completed on 26 June 2019.

Report confirming our previous opinion

Our work for this report focused only on the amendment and its effect on the plan. We did not repeat the audit work we did on the plan when it was originally adopted.

As a result of this work, we do not consider it necessary to amend our previous opinion which was included in our report on the plan as originally adopted.

I confirm that our previous audit opinion on the plan as originally adopted issued on 27 June 2018 is not affected by the amendment to the plan.

As for our opinion on the plan prior to it being amended, this report does not provide assurance that the forecasts in the amended plan will be achieved, because events do not always occur as expected and variations may be material. Nor does it guarantee complete accuracy of the information in the amended plan.

Basis of this report

We carried out our work in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. In meeting the requirements of this standard, we took into account particular elements of the Auditor-General’s Auditing Standards and the International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information that were consistent with those requirements.

We did not evaluate the security and controls over the electronic publication of the amended plan.

Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements affecting its procedures, decisions, consultation, disclosures and other actions relating to amending the plan;
- presenting forecast financial information in accordance with generally accepted accounting practice in New Zealand; and
- having systems and processes in place to enable the amended plan to be free from material misstatement.

I am responsible for reporting on whether the amendment to the plan affects my previous audit report on the plan as originally adopted. I do not express an opinion on the merits of the plan’s policy content.

Independence and quality control

In carrying out our work, we complied with the Auditor-General’s:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 (Revised); and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended).

In addition to this report on the Council’s amended 2018–28 long term plan and all legally required external audits, we provided an assurance report on certain matters in respect of the Council’s Debenture Trust Deed and performed a review of the revenue and expenditure of the Clifton Terrace car park managed by the Council on behalf of the New Zealand Transport Agency. These assignments

are compatible with those independence requirements. Other than these assignments. We have no relationship with or interest in the Council.

Karen Young, Audit New Zealand
On behalf of the Auditor-General, Wellington, New Zealand

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

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| <ul style="list-style-type: none">5.2.1 Libraries5.2.2 Access support (Leisure Card)5.2.3 Community advocacy5.2.4 Grants (social and recreation)5.2.5 Social housing5.2.6 Community centres and halls | <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. |
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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.