



# AGENDA

**Ordinary meeting of the**

**Nelson City Council**

**Wednesday 27 March 2019**

**Commencing at 09:00am**

**Council Chamber**

**Civic House**

**110 Trafalgar Street, Nelson**

**Pat Dougherty  
Chief Executive**

Membership: Her Worship the Mayor Rachel Reese (Chairperson), Councillors Luke Acland, Ian Barker, Mel Courtney, Bill Dahlberg, Kate Fulton, Matt Lawrey, Paul Matheson, Brian McGurk, Gaile Noonan, Mike Rutledge, Tim Skinner and Stuart Walker

Quorum: 7

Nelson City Council Disclaimer

Please note that the contents of these Council and Committee Agendas have yet to be considered by Council and officer recommendations may be altered or changed by the Council in the process of making the formal Council decision.

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**Opening Prayer****1. Apologies**

Nil

**2. Confirmation of Order of Business****3. Interests**

3.1 Updates to the Interests Register

3.2 Identify any conflicts of interest in the agenda

**4. Public Forum****5. Adoption of the Consultation Document for the  
2019/20 Annual Plan /Community Housing****7 - 59**

Document number R10054

Recommendation

***That the Council***

***1. Receives the report Adoption of the Consultation Document for the 2019/20 Annual Plan /Community Housing (R10054) and its attachments (A2160794 and A2121185); and***

***2. Agrees to consult on a proposal to divest some or all of Council's community housing through an amendment to the Long Term Plan 2018-28 at the same time as it consults on the Annual Plan 2019/20; and***

***3. Agrees that the Consultation Document for the Annual Plan meets the requirements of the Local Government Act 2002 including the purpose and content of consultation documents as set out in Section 93(B) and 95(A); and***

4. **Adopts the Consultation Document for the Annual Plan 2019/20 and the proposed amendment to the Long Term Plan 2018 – 28 (A2160794), amended as necessary; and**
5. **Agrees that the Mayor, Deputy Mayor and Chief Executive be delegated to approve any minor amendments required to the supporting information or the Consultation Document prior to the start of the special consultative procedure; and**
6. **Notes that the documents listed in paragraph 5.13 of this report (R10054) will be published on Council's website; and**
7. **Approves the consultation approach (set out in paragraph 5.14 of this report(R10054)) and agrees that the plan:**
  - (a) ***meets the requirements of sections 82 and 83(1)(b) and (c) of the Local Government Act 2002;***
  - (b) ***includes sufficient steps to ensure the Consultation Document will be reasonably accessible to the public and will be publicised in a manner appropriate to its purpose and significance; and***
  - (c) ***will result in the Consultation Document being as widely publicised as is reasonably practicable as a basis for consultation.***

## **6. Wakatu Square: Potential Sale of Land**

**60 - 83**

Document number R9967

Recommendation

### ***That the Council***

1. **Receives the report Wakatu Square: Potential Sale of Land (R9967) and its attachment (A2145385); and**

2. **Agrees to consult on the proposal to dispose of land at Wakatu Square using the special consultative procedure; and**
3. **Agrees that the Statement of Proposal - Potential Sale of Land for Commercial Development meets the requirements of the Local Government Act 2002; and**
4. **Adopts the Statement of Proposal – Potential Sale of land for Commercial Development (A2145385), amended as necessary; and**
5. **Agrees that the Mayor, Deputy Mayor and Chief Executive be delegated to approve any minor amendments required to the Statement of Proposal prior to start of the consultation process; and**
6. **Approves the consultation approach (set out in section 5 of this report R9967) and agrees:**
  - (a) ***the approach includes sufficient steps to ensure the Statement of Proposal will be reasonably accessible to the public and will be publicised in a manner appropriate to its purpose and significance; and***
  - (b) ***that a summary of the Statement of Proposal is not necessary to enable public understanding of the proposal; and***
  - (c) ***the approach will result in the Statement of Proposal being as widely publicised as is reasonably practicable as a basis for consultation.***

## **7. Nelson Tasman Future Development Strategy - Consultation Documents**

**84 - 91**

Document number R10056

Recommendation

### ***That the Council***

1. **Receives the report Nelson Tasman Future Development Strategy - Consultation Documents (R10056) and its attachments (A2158751, A2158752 and A2158753); and**



2. ***Approves the Nelson Tasman Future Development Strategy consultation document (A2158751), feedback survey (A2158753) and web map (A2158752) for release on 8 April 2019 for public feedback under the Local Government Act 2002.***

**8. Notice of Motion from Councillor Rutledge:  
Submission on the Reform of Vocational Education  
Consultation**

**92 - 95**

Document number R10070

Recommendation

***That the Council***

1. ***Receives the report Notice of Motion from Councillor Rutledge: Submission on the Reform of Vocational Education Consultation (R10070) and its attachment (A2160455); and***
2. ***Makes a submission to the Tertiary Education Commission on the Government's proposal for the Reform of Vocational Education supporting aspects of the proposal relating to improved funding models and Centres of Vocational Excellence, but emphasising the need for our regional tertiary provider, the Nelson Marlborough Institute of Technology, to retain its autonomy, regional governance, and responsiveness to local needs; and***
3. ***Notes, in particular, Council's concerns regarding the proposal to create a centralised "New Zealand Institute of Skills and Technology" for its potential impact on local jobs, course provision, control of assets, and the connectedness of the Nelson Marlborough Institute of Technology to local industries and the community; and***
4. ***Notes the community's longstanding support for the Nelson Marlborough Institute of Technology, which included an initial gift of land upon which the campus was built, made by the Nelson City Council in 1903; and***

5. ***Encourages an approach that supports the strengths and unique character of the Nelson Marlborough Institute of Technology and ensures high quality educational outcomes.***

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**REPORT R10054**

**Adoption of the Consultation Document for the 2019/20  
Annual Plan /Community Housing**

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**1. Purpose of Report**

- 1.1 To adopt the Consultation Document for the Annual Plan 2019/20 including the proposed amendment to the Long Term Plan 2018 – 28 for community housing.

**2. Summary**

- 2.1 Council is proposing to amend the Long Term Plan 2018 – 28 (LTP) to allow divesting of its community housing portfolio.
- 2.2 The community housing proposal is to be included in the Consultation Document for the Annual Plan 2019/20 and the proposed amendment to the Long Term Plan 2018 – 28 (Consultation Document).

**3. Recommendation**

***That the Council***

- 1. Receives the report Adoption of the Consultation Document for the 2019/20 Annual Plan /Community Housing (R10054) and its attachments (A2160794 and A2121185); and***
- 2. Agrees to consult on a proposal to divest some or all of Council's community housing through an amendment to the Long Term Plan 2018-28 at the same time as it consults on the Annual Plan 2019/20; and***
- 3. Agrees that the Consultation Document for the Annual Plan meets the requirements of the Local Government Act 2002 including the purpose and content of consultation***

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/Community Housing

***documents as set out in Section 93(B) and 95(A); and***

- 4. Adopts the Consultation Document for the Annual Plan 2019/20 and the proposed amendment to the Long Term Plan 2018 – 28 (A2160794), amended as necessary; and***
- 5. Agrees that the Mayor, Deputy Mayor and Chief Executive be delegated to approve any minor amendments required to the supporting information or the Consultation Document prior to the start of the special consultative procedure; and***
- 6. Notes that the documents listed in paragraph 5.13 of this report (R10054) will be published on Council’s website; and***
- 7. Approves the consultation approach (set out in paragraph 5.14 of this report(R10054)) and agrees that the plan:***
  - (a) meets the requirements of sections 82 and 83(1)(b) and (c) of the Local Government Act 2002;***
  - (b) includes sufficient steps to ensure the Consultation Document will be reasonably accessible to the public and will be publicised in a manner appropriate to its purpose and significance; and***
  - (c) will result in the Consultation Document being as widely publicised as is reasonably practicable as a basis for consultation.***

#### **4. Background**

- 4.1 On 13 December 2018, Council resolved as follows:

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Resolved CL/2018/001

*Approves development of a consultation document on the proposal to divest Council's community housing as part of the draft Annual Plan 2019-20 community consultation.*

- 4.2 On 19 February 2019, Council resolved as follows:

Resolved CL/2019/005

*Approves the draft Community Housing Consultation Document (A2099570) for audit, noting there will be subsequent amendments;*

- 4.3 On 21 March 2019, the draft Consultation Document for the Annual Plan 2019/20 was before Council with a recommendation that the document be adopted in principle, subject to the outcome of today's meeting regarding the proposal on community housing. The proposed consultation process was also included in the report to the 21 March Council meeting. (If required, officers can provide a verbal update on the outcome of that meeting).
- 4.4 The community housing proposal has now been included in the Consultation Document (Attachment 1 A2160794). The next step is for Council to adopt the full Consultation Document.

## **5. Discussion**

### **Section of Consultation Document relating to community housing and amendment of the LTP**

- 5.1 The Consultation Document includes the proposal to divest some or all of Council's 142 community housing units. The aim is to leverage off Council's community housing asset to achieve an increase in social housing in Nelson, recognising the growing need. The proposal is to divest the housing to a provider or providers that specialise in delivering subsidised housing to people in need and who has the opportunity to access government and other funding that Council is not eligible for. This will also help to address the equity and affordability issues that the current situation with Council's community housing presents.
- 5.2 The other options that Council has considered in relation to community housing and their respective advantages and disadvantages are also set out in the Consultation Document.

### **Local Government Act 2002 (LGA) requirements for amendments to the LTP**

- 5.3 As community housing is a strategic asset in Council's Significance and Engagement Policy, the proposal to divest triggers an LTP amendment process, including an audit by Audit New Zealand, and the requirement to use a special consultative procedure.

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- 5.4 The proposed LTP amendment is being undertaken at the same time as the annual plan consultation process, and therefore the Consultation Document must include the content required for both consultation processes.

**Audit of the Consultation Document**

- 5.5 Council approved the draft community housing consultation information for Audit on 19 February 2019 and noted that subsequent amendments would be made.
- 5.6 Following Council's approval on 19 February 2019, officers have been corresponding with Audit New Zealand to finalise the proposal in order for them to issue their Audit Opinion.
- 5.7 Audit New Zealand's opinion on the LTP amendment will be tabled at the meeting and will be included in the Consultation Document before it is published.

**Legislative requirements**

- 5.8 Previous reports have outlined the Public Works 1981 requirements in relations to the properties and no barriers were found that would constrain sale of the portfolio. Likewise no barriers to sale were found in terms of the LGA. One outstanding matter remained from previous reports, which related to LGA Section 141.
- 5.9 Section 141(1)(a) of the LGA states that the Council cannot sell or exchange trust or endowment land unless the proposed use of proceeds is consistent with the purpose of the endowment and Council has, in accordance with section 141(1)(d), made reasonable efforts to notify the donor of the property (including successors) of the proposal and provided the donor with a reasonable opportunity to comment.
- 5.10 Section 141 applies to two properties, Examiner Street and St Francis Way. The property at Examiner Street was transferred to Council in 1973 on the basis that Council would build new units for the aged or needy. St Francis Way was acquired from the Roman Catholic Archdiocese in 1997 for pensioner housing.
- 5.11 To meet the requirement set out in section 141(1)(a), the use of proceeds from any sale of these properties would need to be consistent with the purpose of the endowment. Officers consider the proposed use for social housing generally is sufficiently consistent with both the earlier endowments to meet this requirement.
- 5.12 The requirement set out in section 141(1)(d) has been met. In relation to Examiner Street, the Public Trust, which held the property under the will of the original donor from 1882 until it was transferred to Council, has confirmed that it holds no records of any successors for the property. In relation to St Francis Way, the Roman Catholic Archdiocese of Wellington has confirmed it has no concerns with Council's proposal to divest.

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**Additional information**

5.13 To provide the community with further information about the community housing proposal, the following documents will be published on Council's website:

- Redacted Council report 13 December 2018. This report was included in the public excluded section of the 13 December 2018 meeting. Information has been redacted for the following reasons: Making it available is likely unreasonably to prejudice the commercial position of the person who supplied it or who is the subject of the information; to maintain legal professional privilege; to enable Council to carry on negotiations without prejudice or disadvantage. (Sections 7(2)(b)(ii), 7(2)(g) and 7(2)(i) of the Local Government Information and Meetings Act 1987).
- Redacted Council report 19 February 2019. This report was included in the public excluded section of the 19 February 2019 meeting. Information has been redacted for the reasons outlined above and to maintain the effective conduct of public affairs through the free and frank expression of opinions by Council officers. (Sections 7(2)(b)(ii), 7(2)(f), 7(2)(g), 7(2)(i) of the Local Government Information and Meetings Act 1987).
- Redacted Stimpson and Co report "*Nelson City Council Community Housing Options*" November 2017. Information has been redacted as making it available is likely unreasonably to prejudice the commercial position of the person who supplied it or who is the subject of the information. (Section 7(2)(b)(ii) of the Local Government Information and Meetings Act 1987).
- Change log showing the proposed LTP amendments relating to community housing (Attachment 2).

**Consultation**

5.14 The following are the key methods proposed to raise public awareness of the consultation process, but these may be amended as the consultation process progresses:

- A special edition of Our Nelson to be delivered to households. This is the main means of publicising the Consultation Document.
- Hard copies of the Consultation Document to be available from the Customer Services Centre and Council libraries. The Consultation Document and supporting information will also be available on the Council website.
- Opportunities will be provided for the public to discuss the Consultation Document with councillors and staff, for example stalls at the Saturday Market and Isel Night Market.

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- Copies of the Consultation Document are available for councillors to take to any community meetings that they attend during the consultation period.
- Advertisements will be placed in local newspapers.
- Social media and media releases about the Annual Plan and community housing consultation will also be used to publicise the consultation.

### 6. Options

- 6.1 Council can either adopt or amend the Consultation Document. Substantive changes, particularly financial changes, will require amendments to the timetable for consultation and decision making. In this case Council may not meet the statutory deadlines for adoption of the final Annual Plan.

<b>Option 1: Adopt the Consultation Document</b>	
Advantages	<ul style="list-style-type: none"><li>• Meets the requirements of the LGA</li><li>• Community feedback would be sought, and as a result of this feedback changes can be made before the final decision is made by Council</li></ul>
Risks and Disadvantages	<ul style="list-style-type: none"><li>• None</li></ul>
<b>Option 2: Amend the Consultation Document</b>	
Advantages	<ul style="list-style-type: none"><li>• If Council considers that the Consultation Document does not meet its needs or the needs of the community, Council can direct officers to make further changes before releasing it for consultation.</li></ul>
Risks and Disadvantages	<ul style="list-style-type: none"><li>• Financial changes would have an impact on the rates rise and financial information included in the supporting information.</li><li>• Any changes to the community housing information would need to be reviewed by Audit New Zealand and could result in a delay to the start of consultation.</li><li>• Substantive changes to the Annual Plan information may mean the final Annual Plan could not be adopted by 30 June, as required under the LGA.</li></ul>



Item 5: Adoption of the Consultation Document for the 2019/20 Annual Plan  
/Community Housing

## **7. Conclusion**

7.1 It is recommended that the Consultation Document be adopted.

**Author: Nicky McDonald, Group Manager Strategy and Communications**

### **Attachments**

Attachment 1: A2160794 - Consultation Document for Annual Plan 2019/20  
and LTP Amendment [↓](#)

Attachment 2: A2121185 - Change log showing proposed LTP amendments [↓](#)

<b>Important considerations for decision making</b>
<b>1. Fit with Purpose of Local Government</b>  Decisions in this report are necessary to allow Council to consult with the community on whether the current and future needs of the Nelson community for community housing can be more efficiently and effectively met by divesting the assets to an appropriate provider(s).
<b>2. Consistency with Community Outcomes and Council Policy</b>  The recommendations in this report fit with the community outcomes: <ul style="list-style-type: none"><li>• Our urban and rural environments are people friendly, well planned and sustainable managed</li><li>• Our communities are healthy, safe, inclusive and resilient</li></ul>
<b>3. Risk</b>  Adopting the supporting information and the Consultation Document is low risk as undertaking consultation on the proposed changes, and the proposed amendment to the LTP, are in line with the requirements of the LGA. There is a risk that some members of the public might object to the final decisions that Council makes. Ensuring a robust consultation process and explaining the reasons for decisions will help mitigate this risk.
<b>4. Financial impact</b>  The financial impact of Council's proposal is reflected in the resulting proposed rates change, debt levels and intended use of proceeds as set out in the Consultation Document.
<b>5. Degree of significance and level of engagement</b>  The proposals in the Consultation Document will have varying degrees of significance to different residents and businesses. Some of these proposals (such as the proposal to divest Council's community housing portfolio) trigger the need to use the special consultative procedure.  Legislation requires Council to carry out a combined consultation using the special consultative procedure, which provides for wide publicity of the Consultation Document, written submissions and hearings.
<b>6. Inclusion of Māori in the decision making process</b>  Local iwi have been informed of the proposal to divest Council's community housing through the Iwi Leaders Forum on 1 March 2019.

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**7. Delegations**

The Community Services Committee delegated its mandate for decisions relating to the future of Council's community housing to Council at its meeting on 27 November 2018.

The Council has the responsibility to adopt the Consultation Document and to consult with the public on the proposals as set out in the document.

**NELSON CITY COUNCIL**  
**Consultation Document on the**  
**Annual Plan 2019/20**  
Variations to Year Two of the Long Term Plan  
2018-28.  
  
Including a proposed amendment to the Long  
Term Plan 2018-28 for Community Housing.



## Mayor's Message

E ngā mana, e ngā reo

E ngā rau rangatira mā

Tēnā koutou katoa

Our Long Term Plan set four key priorities to guide us over the next ten years. These are: future-proofing core infrastructure, protecting and enhancing our natural environment, developing our city centre, and lifting Council performance. This Annual Plan Consultation Document outlines our continued commitment to delivering a balanced programme of projects that support these priorities

The Long Term Plan also focussed on the importance of working in partnership. Throughout the last year we have continued to work together to strengthen our relationship with iwi and the marae. The Council is committed to continue working with the eight iwi of Te Tau Ihu to progress and strengthen this partnership through collaborative engagement and decision making throughout this next year and beyond.

The Annual Plan also maintains the financial strategy that we consulted on through the Long Term Plan. This includes our commitment to carefully manage rate increases and debt levels within capped levels. These caps were set at a conservative level while ensuring that we can continue to invest in our city. Our Long Term Plan projection for 2019/20 was 3.9% rates increase and \$121.5 million Total Net Debt. Caps were set at 4.3% for rates and \$173.4 million Total Net Debt for this financial year.

This draft Annual Plan proposes an average rates rise of 4.2%, which is 0.3% higher than projected, however remains within the rates cap. Total Net Debt is forecast to be \$91.9 million, which is \$29.6 million less than projected in the Long Term Plan.

A strong area of focus for our draft Annual Plan 2019/20 is climate change. Council recognises that climate change mitigation and adaptation present key challenges for our region, country and the globe. We need to build our resilience and harness innovation to ensure we can plan and act in a responsive and responsible way. Given the immediacy and scale of the challenge, we propose to deliver some new climate change initiatives this year. This includes work to better understand Council's and the community's emissions profile in order to establish a benchmark and identify opportunities to reduce emissions. We are also building resilience to climate-related hazards in the coastal margin where many of us live and work. Regular dialogue with the community, including business, will enable us to build partnerships that advance our mitigation and adaptation aims.

We also continue our focus on the city centre. This year we will design and scope a range of projects to support and develop existing precincts and link them to Nelson's outstanding natural and cultural environment. We are also working to improve walkability and liveability, and encourage high quality development and investment. Building on the success of the Trafalgar Street Summer closure, a series of trials will be undertaken to use laneways, and promote hospitality and events. This will contribute to the city centre being an exciting and attractive place to enjoy throughout the year. It will also build momentum as we work towards a refreshed City Centre Plan.

## Item 5: Adoption of the Consultation Document for the 2019/20 Annual Plan /Community Housing: Attachment 1

Outside of the city centre, we are continuing to invest in the wide range of parks and recreation facilities that offer so much enjoyment to the community. This includes ongoing weed control in the Grampians Reserve, and investigation of an all-weather artificial turf.

Council recognises we need to support all of our citizens, including the most vulnerable, so a \$50,000 increase in our funds allocation is proposed to support social development partnerships in Nelson.

Many Nelson residents face difficult circumstances because they can't find appropriate housing. Council has participated in two well-attended housing forums to discuss what can be done by a wide range of organisations and businesses to tackle this issue. Alongside this, Council has been considering the best way to achieve much needed investment in our own community housing portfolio. You'll see there is an opportunity to give your views on the future of our community housing on page 26.

Council's ability to deliver a range of high-quality amenities and services to our community relies on a well-resourced and capable Council. The Chief Executive's foreword outlines his advice on how we can achieve this. This proposal is included in the draft Annual Plan.

I encourage you to have your say on the proposals outlined in this document and to put forward your ideas to help us support a thriving Nelson Whakatū. Your views are essential as we arrive at the right balance of projects to meet the interests and aspirations of our residents.

Our region continues to deliver outstanding opportunities to live well but in recent times we have also faced some big challenges. I am looking to the year ahead with renewed confidence and optimism that we are up to the challenges. That optimism is based on the incredible spirit demonstrated by the community in drawing together and supporting each other during last year's storm event and this year's fires and water shortage. That sense of whanaungatanga (connection and working together) bodes very well as we look to deliver on this year's Annual Plan, tackle the climate change challenge, and maintain our long term aspirations for this special corner of the world - Nelson the smart little city - **he tāone tōrire a Whakatū**

Nō reira,

Tēnā koutou, tēnā koutou, tēnā koutou katoa

**Rachel Reese**

MAYOR OF NELSON

## **Chief Executive's message**

For some time prior to the development of the Long Term Plan Council had been concerned that, although very committed, our staff were facing unsustainable volumes of work. This had significant implications for their ability to deliver for the community and, in many cases, also for their individual wellbeing. Internal surveys told us that, while staff were proud of Nelson and want to serve the community, too many were dissatisfied with the Nelson City Council as a place to work. Staff turnover rates were consequently high, at 18.7% per annum. Something needed to change.

To address this, Council identified lifting performance as one of four top priorities in our Long Term Plan. We have already set about appointing new staff in critical roles, addressing pay disparities, and improving systems to ensure greater delivery and accountability. However, the process is not yet complete. The Long Term Plan proposed a three year period to address staffing issues, but this Annual Plan is proposing that this work be accelerated.

Investing in the retention of existing staff and recruitment of additional staff is essential if Council is to fulfil its commitments to Nelson and position our city effectively now and into the future. On behalf of our community, we want to fully capitalise on opportunities to maintain and enhance Nelson as a first rate place to live, work, and visit. We seek your support in enabling us to do so.

**Pat Dougherty**

CHIEF EXECUTIVE

## **The Annual Plan Consultation Document 2019/20 is open for submissions**

Council's Annual Plan Consultation Document outlines the main changes to Council plans for 2019/20, compared to what was approved in the Long Term Plan 2018-28.

Supporting information for the Annual Plan Consultation Document is available on our website.

### **How can you let us know what you think?**

**Submissions** on the Annual Plan 2019/20 Consultation Document can be made online, or using the submission form at the back of this document. Submissions must be received by **5.00pm on 2 May 2019**.

All submitters may speak to their submissions at the public hearings on 14 – 16 May 2019. Council will then write to submitters and provide feedback on any suggested changes.

## **Annual Plan 2019/20 timeline**

- Consultation opens: 29 March 2019
- **Consultation closes: 5.00pm, 2 May 2019**
- Hearings: 14, 15 and 16 May 2019
- Council deliberations: 4 and 6 June 2019
- Council adopts Annual Plan: 27 June 2019
- Annual Plan comes into effect: 1 July 2019

## **Delivering on our Long Term Plan 2018-28**

When the Long Term Plan 2018-28 was developed and consulted on, Council identified four priorities for the ten year period that contribute towards Council's vision of: **Nelson is the Smart Little City - he tāone tōrire a Whakatū**.

### **The four priorities**

- Infrastructure - Ko ngā Tūāpapa
- Environment - Ko te Taiao
- City Centre Development - Whakahou tāone
- Lifting Council Performance - Whakapikinga pūkenga

The Annual Plan 2019/20 section of this document includes two features, Climate Change and the City Centre Programme. Both these areas have significant new information since the Long Term Plan was approved.

**(All numbers in this document exclude GST unless otherwise stated)**

**(All references to the 'Long Term Plan' refer to the Long Term Plan 2018-28)**



## Concurrent Consultation

### Community Housing Consultation

This document also includes a proposal to amend Council's Long Term Plan to provide for divesting Council's 142 community housing units to a provider who can upgrade and expand the housing.

We recognise the need for social housing continues to grow and is still a very important issue to Council. We have looked at how we can enable more social housing and wellbeing in our community, and think the best option is to work with organisations that bring specialist housing expertise and have opportunities to access government and other funding sources not available to Council.

This proposal also reflects the Council's desire to work with partners to tackle the big issues facing us and leverage available resources to strengthen the city's position. For these reasons, Council is consulting on the proposal to divest some or all of its community housing units and the public is invited to submit on the proposal. Details of the proposal can be found on pages 29 to 40 of this document.

### Wakatū Square Consultation

Council has received an approach from a developer interested in purchasing a section of the eastern end of Wakatū Square and Wakatū Lane for the development of an integrated shopping precinct.

Separate consultation on this proposal is being undertaken over the same period as the submissions are being sought on the Annual Plan 2019/20 process and community housing. The Statement of Proposal for the Wakatū Square consultation is available from Council's website and the customer service centre. Members of the public are invited to make submissions on any or all of the consultation processes. For details of the hearings, please refer to page 26.

### Iwi and Council Partnership

Council and iwi are committed to working together. In 2019/20, the Iwi-Council Partnership Group will meet quarterly to discuss the review of the joint Memorandum of Understanding between Tangata Whenua o Whakatū and Council, as well as to develop an Iwi Engagement and Partnership Strategy. The Iwi-Council Partnership Group includes representatives of each of the eight Te Tau Ihu (top of the south) iwi (Ngāti Kuia, Rangitāne, Ngāti Apa, Ngāti Koata, Ngāti Rārua, Ngāti Toa, Ngāti Tama and Te Āti Awa), the Mayor, and three Council elected members.

A work programme that iwi and the Nelson, Marlborough and Tasman Councils have started to develop for 2019/20, is economic strategies and applications for funding from the government Provincial Growth Fund.

A key objective for our work together is to improve the relationship between iwi and Council, support communication, and implement a genuine partnership between iwi and Council.

## **Themes for your input in 2019/20**

### **Climate Change and our Environment**

#### Regional mitigation, adaptation, innovation and resilience in the face of climate change

Council recognises that climate change presents key challenges for our region, and will drive a need for greater mitigation (reducing net greenhouse gas emissions), adaptation (adjusting to the effects of climate change), innovation and resilience. This year's high temperatures, drought and fires, as well as last year's extreme storm events, have brought into sharper relief the need to accelerate our work to cut emissions and enhance resilience to the impacts of climate change. In the Long Term Plan we budgeted \$58,000 for resilience and sustainability initiatives in 2019/20. We propose to add an additional \$42,000 for new climate change initiatives that will commence this year.

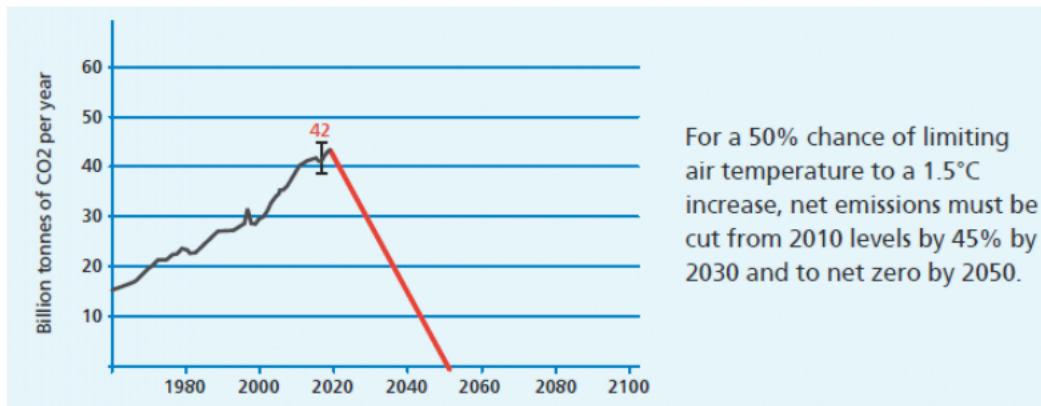
The case for a stronger focus on climate change is supported not only by recent experience, but by a range of external sources outlining the significance and scale of the issue. This includes Local Government New Zealand's 2019 report on the economic impacts of sea level rise, which makes it clear climate change needs to be a top priority and should not be left for future generations to manage. The report identified Nelson as one of the South Island's priority areas in terms of the financial implications of sea level rise on water management and on buildings and facilities.

In addition, the Ministry for the Environment has identified climate change as the leading environmental challenge of our time. Projections suggest that in our lifetime Nelson will experience effects across climate, oceans, agriculture, native ecosystems, infrastructure, health and biosecurity. These include sea level rise, more severe and frequent weather events including both extreme rain and drought, an increase in summer water-borne and food-borne diseases, a potential increase in tropical diseases, greater spread of pests and weeds, and a more challenging environment for agricultural and horticultural production.

Addressing climate change now, urgently, gives us the greatest potential to manage risks and harness economic opportunities for innovation and diversification. Research by the Intergovernmental Panel for Climate Change (IPCC) shows that it is still technically possible to keep average global temperatures to 1.5C° above pre-industrial levels (the temperature at which the most damaging aspects of climate change can be minimised). However, this would require net emission reductions of 45% from 2010 levels by 2030, then reducing to net zero emissions by 2050. Achieving this will require changes in all aspects of society in order to reduce our net emissions (referred to as "mitigation"). We also need to adapt to the impacts of climate change (referred to as "adaptation").

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### Keeping Global Warming to an increase of 1.5%



### Climate science in a nutshell

The earth's atmosphere is made up of oxygen, a large amount of nitrogen and certain other gases, including a small percentage of greenhouse gases. Greenhouse gases act like a blanket around the earth. When the balance is right, they trap warmth from the sun and make life on earth possible. However, increasing the concentration of greenhouse gases in the atmosphere traps too much heat and causes the climate to change. Increases in concentrations of greenhouse gases, such as carbon dioxide, methane and nitrous oxide, are largely a result of human activities such as burning fossil fuels, deforestation and agriculture.

Although the climate changes as a result of natural processes and we have always experienced periods of extreme weather, the increase in greenhouse gases is generating changes in global, national and local climate at unprecedented rates, resulting in:

- Sea level rise
- Acidification and warming of the oceans
- More heavy rainfall and flooding events
- More frequent and more severe droughts with greater fire risk
- Stronger winds
- More extreme temperatures, more often.

### Addressing climate change: joining worldwide and society-wide efforts

We don't need to tackle this alone. Efforts to address climate change are underway worldwide and at all levels of society. They involve international organisations, national and local governments, and a wide range of other stakeholders such as businesses, schools, and community groups. These efforts are generating a range of useful scientific research and data that will help us to understand where we can be effective in reducing greenhouse gas emissions, as well as a range of policies, partnerships, and innovations that Council will be able to draw on in the years ahead. Examples include:

- International science reporting, modelling and data (e.g. the IPCC), and international commitments to reduce greenhouse gas emissions (e.g. the Paris Agreement)
- Central government initiatives (e.g. the One Billion Trees Programme, the Zero Carbon Bill, and the Climate Commission)

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- Advice (e.g. guidance from the Ministry for the Environment for local government on how to manage and adapt to coastal hazards and climate change)
- Partnerships with other councils (e.g. the Local Government Leaders Climate Change Declaration, and Local Government New Zealand's extensive climate change work programme) and collaboration with neighbouring councils.

### A whole of community response to climate change

Partnerships with Nelson businesses and the wider community will be essential for achieving substantial reductions in net greenhouse gas emissions and becoming more resilient to the effects of climate change. However, Council recognises that we will only be credible asking others to take significant actions if we have our own house in order. Nelson City Council is therefore committed to pursuing the following principles:

- Taking the lead in responding to climate change, and working together with other local leaders and the community to coordinate a region-wide response
- Reducing our net greenhouse gas emissions as an organisation, including through an audited approach to measuring and reducing emissions
- Being fully informed about the expected effects of climate change including severe weather events, sea level rise, economic impacts and biosecurity risks, and helping to raise awareness of these issues amongst the public
- Demonstrating, encouraging and supporting best practice for mitigation across all sectors in the region

What we are proposing for the next 12 months for Climate Change (including ongoing work and new initiatives):

1. *Infrastructure investments*  
The use of extensive computer modelling to help determine the nature and extent of flood hazard events and sea level rise and adopting a climate change framework to guide investment decision-making so that projects are prioritised appropriately and solutions fit for purpose. This will be reflected in reports to Council on specific issues, as well as in the 2021–2051 Infrastructure Strategy, associated asset management plans, and in the 2021–2031 Long Term Plan.
2. *Measuring and reducing Council's greenhouse gas emissions*  
Measuring Council's greenhouse gas emissions from its own activities using the Certified Emissions Measurement and Reduction Scheme (CEMARS). These results will be used to identify the most effective opportunities to reduce emissions, and to then take action. The initial focus will be investigating opportunities to reduce emissions in the longer term, as well as low-cost but effective actions ('low-hanging fruit'). We will also focus on actions which have important co-benefits such as to our health, energy resilience and local ecosystems. An additional \$22,000 is budgeted in 2019/20 for expert advice to help investigate options and develop business cases to significantly reduce carbon emissions.
3. *Investigating community emissions*  
Initial investigation of how to effectively work with the wider community to measure and reduce Nelson's greenhouse gas emissions, with an additional \$20,000 budgeted for this work in 2019/20.
4. *Partnerships with the community (including businesses) and community survey*

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Facilitating discussions with the community on how Nelson can both adapt to climate change, and reduce Nelson's net greenhouse gas emissions. We will seek feedback through a community survey in 2019/20.

### 5. *Adapting to coastal hazards*

Engaging with the public on coastal hazards. We started this process in February 2019, outlining step one of a 10-step decision-making framework for managing coastal areas which are potentially or already affected by coastal hazards and climate change effects.

### 6. *Environmental and urban planning*

Factoring the need for both climate change adaptation and mitigation into key planning documents, including the Nelson Plan and the Future Development Strategy.

### 7. *Transport*

Continuing to diversify and enhance transport options by enabling, promoting and supporting active transport (in particular cycling), as well as ridesharing, use of public transport, and investigating the adoption of new transport technologies, where safe and effective.

### 8. *Biodiversity and Healthy Streams*

Providing ongoing support to Nelson Nature to protect and enhance biodiversity. This includes factoring the need for climate change mitigation and adaptation into planning and implementation of biodiversity protection and restoration. Planting for biodiversity restoration and to mitigate hill country erosion will contribute to carbon sequestration. Under the Healthy Streams programme, we will also pilot riparian carbon forestry models that reduce the number of grazing animals and sequester carbon, in addition to improving outcomes for freshwater.

### 9. *Council Controlled (Trading) Organisations*

Using Statements of Expectation to Council Controlled Organisations to encourage climate change responsiveness, including risk resilience, mitigation and adaptation.

### Your feedback

- Do you think that putting resources into helping our region deal with climate change is important? (This includes direct actions taken by Council, as well as collaboration with the community on adapting to climate change impacts and reducing our region's greenhouse gas emissions).
- The overall increase in budget for this work in 2019/20 is \$42,000 (in addition to the \$58,000 outlined in the Long Term Plan) to investigate how Council and the community can measure and reduce greenhouse gas emissions. Do you support this additional level of investment?
- If you have other ideas about how Council can help our region respond to climate change, please let us know.

Further information

If you would like further information on climate change and the action we are currently taking, you can go to our website where we have included links to other internet sites which have national and international information on climate change.

<http://www.nelson.govt.nz/environment/climate-change>

## **City Centre Development**

Nelson city is a major centre of employment for the region and is also a popular destination for visitors. In the past year, we have also hosted four major events that each attracted over 20,000 attendees.

Our proposed plans include central activation and an urban park to bring people to the City Centre for longer periods of time and therefore support local businesses, including cafes, restaurants and retail.

Our City Centre is relatively compact so it makes sense to focus on how people move around the city, ensuring that people can get where they need to go easily on foot. These projects will be considered alongside improved mobility and walking spaces around the city and public transport options. Our work programme will focus on the following six themes:

These key focus areas are:

- 1. Destination Nelson** – A people-focused City Centre expressing its unique identity hosting major events, and supporting and growing existing precincts including The Haven/Waterfront, Riverside, Civic, Justice, Medical/Professional, Arts, Learning, Shopping/Hospitality.
- 2. Walkable Nelson** – Well designed areas and laneway links in order to easily move about the City Centre on foot (Upper Trafalgar, Church Street, Laneway Circuit and amenity standards).
- 3. Blue Green Heart** – Integrating frameworks linking Nelson's City Centre to its iconic natural environment in order to deliver meaningful social spaces with areas that appeal to all ages (City Centre Urban Park, Marina link, River walk and street trees).

### **City Centre Park / Rutherford Park**

The Long Term Plan included a development in Rutherford Park. As part of the City Centre Programme, we are proposing to transfer the funding from this project to incorporate a park in the City Centre.

As enhancement of the City Centre is considered a higher priority, Council is proposing to reallocate \$20,000 from Rutherford Park to the City Centre Programme for 2019/20.

- 4. Smart Development** – Attract and enable high quality development that supports our vision and positively contributes to the City Centre.

**5. Liveable Centre** – Trends across New Zealand show a desire by some to live in close proximity to safe urban centres that offer a diverse selection of amenities including retail, restaurants and bars, and cultural and arts facilities.

**6. Clever Business** – Supporting local businesses that contribute to Nelson's identity and sense of place to attract customers and visitors to the City Centre. This year, we are proposing to launch Meanwhile Spaces, a concept of using temporarily vacant buildings to house arts organisations, start-ups, community organisations and charities. An additional \$50,000 is proposed as part of the delivery of this project in 2019/20.

These themes will be brought together in a City Centre Vision and City Centre Plan. This will serve as a framework to help prioritise projects in the City Centre.

Building on the success of the Upper Trafalgar Street summer closure, we will roll out a series of trials over the next couple of years to engage the City Centre community, use laneways, promote hospitality and events, celebrate winter, and build momentum for future developments.

### **Variations to the 2019/20 Work Programme – By Activity**

The following sections cover the significant or material changes in activity areas from what was stated in Year Two (2019/20) of the Long Term Plan 2018-28. The amounts mentioned in this section are mostly capital expenditure, and are normally funded by borrowings. Where the expenditure is operational expenditure, and funded from rates or charges, this is mentioned.

#### Capital and operating costs

Capital expenditure is generally expenditure on assets that are expected to last more than one year. An increase in capital expenditure of \$1 million increases rates by between \$100,000 and \$250,000 per annum. This covers interest, depreciation, maintenance and running costs for the asset. The reason for the range of increased costs is that depreciation and running costs vary between different assets, for example library books wear out much faster than pipes in the ground, which can last for over 80 years before they need to be replaced.

Operating costs include expenditure for items such as staff costs and overheads, asset maintenance, running costs and depreciation, interest on borrowings, and grants made by Council. An increase of \$100,000 in operating costs increases rates by 0.14%, or to put it another way, 1% of rates is \$736,000. So, by considering the impact of increasing or decreasing Council expenditure you can estimate what effect any changes to our work programme will have on rates.

As part of the process of developing budgets for 2019/20, Council discussed the option of using some or all of the special dividend of \$750,000 received from Port Nelson in 2018/19. This would reduce rates for one or two years, but then rates would need to increase to continue funding expenditure. Council's policy is to use special dividends for debt reduction. Council decided the best option was not to use the special dividend to reduce the 2019/20 rates.

#### Transport

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The figures below are the cost, before New Zealand Transport Agency subsidies of up to 51% are applied:

- Cross-Town Links - a cycle link from the Brook and Nelson East to Nelson Intermediate will make it easier to get on your bike. In 2019/20 we propose budgeting \$150,000 in order to identify the best options, and carry out related public consultation and business case work.
- Waimea Road/Hampden Street Intersection - As part of the cycle safety initiative, this project will be considered alongside the cross-town links project. For 2019/20, we propose spending \$20,000 to identify a preferred solution to address the site safety issues. The balance of the \$255,500 included in the Long Term Plan will be allocated once this has occurred.
- Main Road Stoke Cycleway – Saxton Creek to Champion Road  
Design work for the cycleway from Saxton Creek to Champion Road is scheduled for completion in the 2018/19 year, with construction work to follow in 2019/20 and 2020/21. The budget has been altered from the Long Term Plan, with \$18,000 of additional funding in 2019/20, bringing the total 2019/20 budget to \$100,000.

### **Water supply**

#### Water renewals

Some of Nelson's pipework dates from the 1950s, and is almost 70 years old. It's therefore time to continue with upgrading some of the older cement pipes before they start to fail. We will be undertaking a number of upgrades each year, with work in the 2019/20 year to include:

- Completion of Hardy Street
- Tui Glen Road
- Annesbrook (Manchester – Maire Street)

The pipe renewal budgets proposed for 2019/20 total \$2,092,000, which compares to \$2,038,000 budgeted in the Long Term Plan.

### **Wastewater**

#### Wastewater renewals

Relining wastewater pipes has proved effective in reducing infiltration of groundwater. This is designed to improve the effectiveness of our wastewater system and lower the risk of faults while supporting new growth areas. Priority projects for the 2019/20 year include:

- Saint Vincent Street
- Bronte Street and Collingwood Street
- Stansell and Princes Drive
- Halifax Street and Halstead Street

The wastewater pipeline renewal budgets proposed for 2019/20 total \$1,018,000, which compares to \$1,034,000 budgeted in the Long Term Plan.

#### The wastewater model calibration



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Calibration and flow monitoring is required with an additional proposed budget of \$260,000 in capital expenditure in 2019/20, being partially funded by a reduction in the wastewater renewals budget. This model is an important tool to help improve decision making around inflow and infiltration, growth, and effects from climate change.

### **Stormwater and Flood Protection**

#### Little Go Stream upgrade - Rutherford Street

Investigations into upgrading the Rutherford Street / Little Go Stream stormwater system have been re-phased to allow more time for the design and easement negotiations and will cost \$100,000 in 2019/20. The remaining Long Term Plan budget of \$1,433,000 for 2019/20 will be re-phased over future years.

### **Solid Waste**

#### Landfill Charges – Consultation

The fees and charges for the York Valley regional landfill facility are set by the Nelson/Tasman Regional Landfill Business Unit. The Business Unit takes into account the local disposal levy required by each individual Council, to undertake their individual solid waste activities.

In Nelson, this local disposal levy is used to manage the Pascoe Street Transfer Station undertake waste minimisation initiatives, green waste disposal, and recycling at a cost of \$2.4 Million for each Council. In setting the fees and charges, other important factors are taken into account, such as the costs to run the landfill and increased costs for the Emission Trading Scheme (ETS).

The current issue with international commodity markets has had an impact on recycling, not only for Nelson, but for the rest of New Zealand, and many countries worldwide. We have made the decision to continue to recycle in the 2019/20 year, recognising the strong commitment from our community.

Taking all of these factors into account, the fees and charges for 2019/20 is proposed to be set at \$163/tonne (including GST). The cost in 2018/19 was \$141/tonne (including GST) giving an increase of \$22/tonne.

### **Environment**

Our amazing environment, including our hills, rivers, coastlines, and flora and fauna all contribute to making Nelson a unique and special place for residents and visitors. However, the maintenance and enhancement of our environment doesn't happen by itself but is a combination of care, aroha (care, love), and time and money from individuals, groups, businesses, Council and iwi engagement as kaitiaki (guardians) of the environment.

#### Biosecurity and Regional Pest Management Plan implementation

As part of our work as a regional council, we undertake an extensive environmental monitoring and enhancement work programme. The main changes to our work programme in 2019/20 include a proposed funding increase for eradication and control of two pests, Taiwan Cherry and Sabella (Mediterranean fanworm).

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The cost of effectively controlling Taiwan Cherry in Nelson is expected to be around \$20,000 per year for up to 15 years, starting in 2019/20. The cost for Sabella in Nelson is expected to be \$20,000 per year on an ongoing basis. Therefore, an additional \$40,000 is proposed in the biosecurity budget for 2019/20.

### **Social**

Council works together with the community to deliver facilities and services that support the wellbeing of Nelson residents. Expenditure to support social outcomes is classified as operating expenditure. A note on the effect on rates of operating expenditure, compared to capital expenditure, is on page 17.

#### **Community Partnership Projects**

There are opportunities for Council to partner with and support the work of community groups to focus on community wellbeing. Council values working in partnership with the community and is proposing to set aside \$50,000 in 2019/20 to assist with funding social development projects.

#### **Council and Civic Events**

In recent years, Nelson's profile has significantly increased and we have been fortunate to host overseas delegations, diplomats and sporting events in the city. In addition, there have been requests to support civic events. Council is proposing to continue to support these activities and has therefore set aside funding of \$50,000 in 2019/20.

### **Parks and active recreation**

#### **Artificial Turf**

Feedback from sporting clubs has emphasised the benefits of artificial turf and called for this to be provided at Nelson sporting grounds. This would enable more all-weather play and training for sporting teams, including those involved in national competitions.

To enable a detailed feasibility study and examination of options and locations for the turf, \$50,000 is proposed to be spent in 2019/20.

#### **Grampians weed control**

Grass and weed control work in the Grampians Reserve is continuing with the help of some sheep. They moved into their new home in November 2018 and we are proposing to keep them there for 2019/20, at a cost of \$50,000 of capital expenditure for improved fencing and additional stock.

#### **Queen's Gardens toilet**

The Queen's Gardens will receive a much needed upgrade in the form of a permanent toilet facility. This will be a welcome addition for visitors to the Queen's Gardens and will be located adjacent to the Suter Gallery. An additional \$140,000 for 2019/20 will be required, subject to tender, to complete construction. The total cost of this project is now expected to be \$413,000.

#### **Trafalgar Park – Lights and accessible ramp**

An upgrade of the flood lighting at Trafalgar Park is required to seal any gaps and ensure they are waterproof. In 2019/20, \$50,000 is proposed to be spent to complete the required maintenance. This would enable Council to meet the needs of people using the

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grounds, including for sporting and cultural events. We are also proposing to spend an additional \$15,000 in 2019/20 for an accessible ramp from Trafalgar Pavilion to the Trafalgar Park main field.

### Natureland

In the Long Term Plan 2018-28, it was agreed that Council would continue to support Natureland with an operating grant of \$248,000 in 2018/19 and an annual grant of \$170,000 per year after this, for 2019/20 and 2020/21. We have recently received a letter from Natureland, raising their concerns that \$170,000 would not be sufficient to continue current operations as they are currently delivered and requesting further funding from Council.

If the funding of \$170,000 per annum is insufficient for Natureland, the following options could be considered:

1. Council increases funding by \$78,000 from \$170,000 to \$248,000 per annum. This would be funded from general rates and increase rates by 0.1% per annum.
2. Natureland reduces the services that it provides. For this option, the funding would remain at \$170,000, and therefore there would be no impact on rates.
3. Council confirms the outcomes it is seeking from Natureland then seeks expressions of interest or tenders from other parties for the operating of the facility. For this option, the funding would not be more than \$170,000 (and could be less depending on the outcomes sought), and therefore there would be no impact on rates.
4. Natureland will close down its facility. If this is the option that is decided, the \$170,000 would still be required in 2019/20 to fund costs associated with closing down.

Council is seeking public feedback on these four options.

### Riverside Pool water heating system

The Riverside Pool requires an upgrade to the water heating system to replace the existing heating system and increase the heating capacity. The cost of this will be additional capital expenditure of \$300,000 within the 2019/20 year.

### Water sports building at the Marina

A proposed new water sports building at the marina could be used by a wide range of water sports such as kayaking, waka ama, sea scouts, rowing, and as a place to store equipment and operate from. We will be working alongside the Water Sports Group to agree on the scope of the project, its timeframes and the funding partnership.

The water sports building at the marina had a budget of \$600,000 in 2018/19, with Council agreeing earlier in the year to carry forward \$555,000 to 2019/20. The 2019/20 Annual Plan budget has been reduced to \$150,000, to allow for comprehensive design work and consideration of options to be completed prior to decisions being made on this project.

### Stoke Community Youth Facility

Council has been considering a youth facility for Stoke for a number of years. Recent consultation has identified the need for a facility that appeals to a broader range of young people in Stoke. A consultant was commissioned to review previous consultation carried out by Council and other groups.

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This review concluded there is a clear demand for a youth-centred facility for young people to meet and socialise. Consistent with Long Term Plan funding, we have allocated \$51,000 in 2019/20 for detailed design and consultation and \$501,000 in 2020/21 for construction.

### **Corporate**

#### **Lifting Council Performance**

In the Long Term Plan, one of Council's four priorities was to lift council performance. To enable this, we have increased staffing in critical areas and implemented new systems of monitoring and reporting on programmes and projects.

A total of 23.2 FTEs were agreed in the Long Term Plan for 2018/19 and 2019/20. Most of those have been recruited, with the remainder anticipated to commence before 30 June 2019. In addition, critical staff shortages, particularly in capital project management, utilities management and transport and roading have been addressed through the recruitment of a small number of staff to support the development and maintenance of key infrastructure.

We have also started to address the disparities between our pay structures and those of the wider market. This Annual Plan has also had to address the problem that the allowance for the annual wage/salary movement in the Long Term Plan for the 2019/20 year is too low compared to the latest forecasts.

The investment in people has resulted in higher level of resources available to deliver programmed work and improved Council's ability to attract and retain staff. Increased numbers in key areas and higher staff retention across the organisation directly improves our ability to deliver the projects planned over the coming years. Those changes have added approximately \$1.169 million per annum to council expenditure in 2019/20, with approximately \$882,000 of that to be funded from rates.

These additional costs are being largely offset by savings in lower interest and depreciation costs forecast for the 2019/20 year. We will of course continue to seek to further offset these additional costs through prudent financial management and through pursuing efficiency gains wherever possible.

The changes have improved our ability to employ staff in hard-to-fill vacancies and has reduced staff turnover. At the start of 2018, 27% of vacancies under active recruitment had been vacant for four or more months. However, by the end of 2018, the proportion of positions vacant for four or more months had dropped to 12% of active vacancies. Turnover of permanent employees has nearly halved – from 18.7% for the 12 months to December 2017, to 10.2% for the 12 months to December 2018.

We are already seeing the benefits from these changes, with improvements to the services that we provide to businesses and residents, better meeting project timelines, and providing greater accountability to Council and committees.

### **The Financials - what has changed?**

#### **How we plan to fund the 2019/20 Work Programme**

This section of the Annual Plan outlines Nelson City Council's Financial Strategy for the next year. Council must, under the Local Government Act 2002, manage its assets, expenses, revenues, investments, liabilities and general financial dealings prudently. It

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must manage these in a manner that sustainably promotes the community's current and future interests.

### Keeping within the limits set out in our Financial Strategy

A key priority for Council is to keep within the rating and debt limits that were set as part of last year's Long Term Plan. The following table summarises the Annual Plan 2019/20 values against those agreed in the Long Term Plan. An explanation of those benchmarks can be found in the supporting information on our website.

Benchmark	Long Term Plan Limit	2019/20 Annual Plan	Met
Rates affordability benchmark:			
• income	\$105m	\$77m	Yes
• increase	4.3%	4.2%	Yes
Debt affordability benchmark	<150%	78%	Yes
Balanced budget benchmark	>100%	104%	Yes
Essential services benchmark	>100%	154%	Yes
Debt servicing benchmark	<10%	3.4%	Yes

Updated information on some of the key drivers of our operating expenditure for 2019/20 have resulted in the proposed rates increase being 4.2%, (compared to the 3.9% projected in the Long Term Plan) and total net debt is forecast to be \$91.9 million (compared to the \$121.5 million projected in the Long Term Plan) at the end of June 2020. The lower proposed debt forecast reflects proposed sales of assets, including community housing, as well as lower opening debt levels anticipated at 30 June 2019 compared to the Long Term Plan.

Movements in a number of significant operating costs to Council have resulted in proposed rates being 0.3% higher than anticipated in the Long Term Plan. This includes an increase in staff costs and a slower rate of growth in rating units than predicted. These have been offset by lower interest rates and depreciation costs. Some of the factors to affect the rates increase are as follows:

- Due to the 2017/18 revaluation of fixed assets, funded depreciation was higher than expected in the Long Term Plan with an increase of \$411,000. This amount was offset by a reduction in the rate funding of roading assets depreciation revaluation of \$1.3 million.
- The interest rate is lower than anticipated in the Long Term Plan and our total debt is also considerably lower. This combination has led to a reduction in interest expenditure by \$563,000.
- Reduction in natural increment – based on the latest information, we have reassessed the expected number of new rating units to be completed in 2019/20.
- Recruiting and filling new positions earlier than anticipated in the Long Term Plan has led to an increase of \$882,000. This amount also factors in increased provisions for staff progression and the 2019/20 annual salary review.

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Council had to carefully consider the mix of projects and programmes that it intends to provide in 2019/20. Total operating expenditure is forecast to be \$113.6 million in 2019/20, compared to \$111.9 million in the Long Term Plan for 2019/20. However total revenue has also increased, from \$128 million in the 2019/20 Long Term Plan to \$130.3 million. Capital expenditure is forecast to be \$46.8 million, which is slightly higher than the Long Term Plan forecast of \$46 million.

Because of our financial limits Council will need to carefully consider any requests for additional services or expenditure. If new expenditure is included as a result of in the final Annual Plan, savings will need to be made in other areas.

### Commercial differential

The commercial differential recognises the additional Council services that businesses receive, such as extra rubbish collection, street sweeping, and events to attract visitors. In the Long Term Plan, Council consulted on reducing the commercial differential by 0.5% each year for 5 years, to be reviewed annually.

Reducing the commercial differential reduces the rates collected from the City Centre and Stoke and allows a re-balancing of the relative rating contributions from commercial and residential properties. It also keeps our Central Business District competitive relative to other centres that do not have such a charge.

In the Long Term Plan, Council reduced the commercial differential for 2018/19 for the City Centre and Stoke commercial areas by 0.5%, subject to reassessing this at each Annual Plan. Council is proposing to implement the 0.5% reduction again this year. This will mean that the City Centre and Stoke City Centre rates will increase by less than they would have without this change. Residential rates will increase slightly more as a result of this change.

Council proposes that in 2019/20, 24.1% of total rates are collected from commercial rates (0.5% reduction). With less rates collected from those commercial ratepayers in 2019/20, there will be an increase to residential rates, of 0.4% to 0.8%, depending on land value.

	<b>Long Term Plan 2018/19(\$000)</b>	<b>Long Term Plan 2019/20 (\$000)</b>	<b>Annual Plan 2019/20 (\$000)</b>	<b>Difference to Long Term Plan 2019/20 (\$000)</b>
Total Revenue	122,080	127,980	130,322	2,342
Total Operating Expenditure	108,987	111,880	113,562	1,681
Total Capital expenditure	44,494	45,973	46,830	857

## What will my new rates be?

Council proposes the overall increase in rates required for 2019/20 to be 4.2%, plus an allowance for growth.

Following a community consultation period, Council will make decisions about the final Annual Plan 2019/20. Any changes resulting from consultation may affect the final rates and charges. Further information on how Council has calculated the proposed rates is

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available in the draft Funding Impact Statement and financial information section of the supporting information on Council's website.

The three yearly revaluation of properties was undertaken on behalf of Council in September 2018 by Quotable Value Limited. The revaluation is required under the Ratings Valuation Act 1998.

The new values will be used as the basis for assessing rates as from 1 July 2019. The revaluation does not, of itself, generate any additional revenue for Council. The updated base amount means that rates will be spread between ratepayers in different proportions than they were previously.

Generally if the land value for a property has increased by more than the average for the city, the rates on that property will increase by more than the average.

If you'd like to know what the rates change is for your property, you can find out at [www.nelson.govt.nz/rates-search/](http://www.nelson.govt.nz/rates-search/)

For the full set of financial statements, including the Funding Impact Statement, please refer to the Supporting Information, which can be found at [www.nelson.govt.nz/annual-plan-2019-20](http://www.nelson.govt.nz/annual-plan-2019-20)

### **Examples of proposed rates for 2019/20**

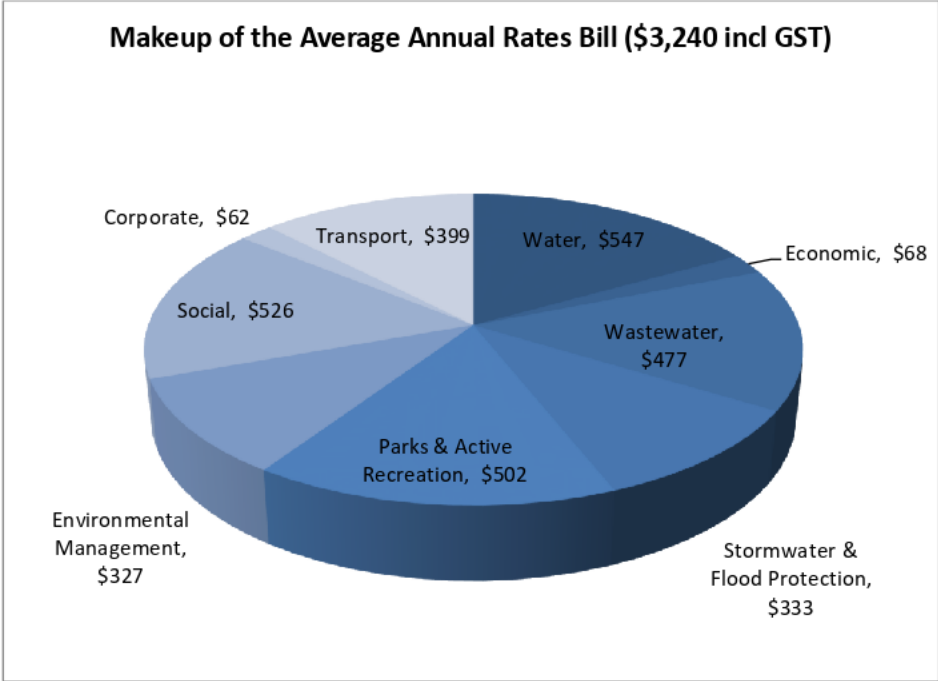
To further clarify the rates changes from 2018/19 to those for the 2019/20 rating year a selection of properties have been shown to provide a guide. The following table is GST inclusive.

Examples of Total Impact of General and Targeted Rates on Different Land Uses and Values (GST Inclusive)												
Property Type (Examples of Actual Properties)	2015 Land Value	2018/19 Rates	2019/20 Rates									
			2018 Land Value	% Land Value Increase	General Rate	UAGC	Stormwater/ Flood Protection	Waste water	Water Annual Charge	Total Rates	% increase on 2018/19	\$ increase on 2018/19
Residential (Average LV Change 48.3%)	\$90,000	\$2,018	\$147,000	63.3	\$757	\$435	\$332	\$475	\$202	\$2,201	9.05	\$182
	\$105,000	\$2,127	\$160,000	52.4	\$824	\$435	\$332	\$475	\$202	\$2,268	6.61	\$140
	\$125,000	\$2,272	\$175,000	40.0	\$901	\$435	\$332	\$475	\$202	\$2,345	3.19	\$72
	\$147,000	\$2,432	\$220,000	49.7	\$1,133	\$435	\$332	\$475	\$202	\$2,577	5.93	\$144
	\$200,000	\$2,818	\$275,000	37.5	\$1,416	\$435	\$332	\$475	\$202	\$2,860	1.49	\$43
	\$210,000	\$2,890	\$315,000	50.0	\$1,622	\$435	\$332	\$475	\$202	\$3,066	6.07	\$176
	\$230,000	\$3,036	\$370,000	60.9	\$1,906	\$435	\$332	\$475	\$202	\$3,349	10.32	\$313
	\$255,000	\$3,218	\$400,000	56.9	\$2,060	\$435	\$332	\$475	\$202	\$3,504	8.89	\$286
	\$315,000	\$3,654	\$435,000	38.1	\$2,240	\$435	\$332	\$475	\$202	\$3,684	0.82	\$30
	\$330,000	\$3,763	\$495,000	50.0	\$2,549	\$435	\$332	\$475	\$202	\$3,993	6.11	\$230
	\$445,000	\$4,599	\$650,000	46.1	\$3,348	\$435	\$332	\$475	\$202	\$4,791	4.17	\$192
	\$580,000	\$5,581	\$800,000	37.9	\$4,120	\$435	\$332	\$475	\$202	\$5,564	-0.31	-\$17
Multi Residential (Two flats - Two UAGC & Wastewater Charges)	\$220,000	\$4,169	\$320,000	45.5	\$1,813	\$870	\$332	\$950	\$404	\$4,368	4.78	\$199
	\$800,000	\$8,610	\$1,100,000	37.5	\$6,232	\$870	\$332	\$950	\$202	\$8,585	-0.29	-\$25
Empty Residential Section (Water annual charge included if water meter is installed)	\$82,000	\$1,330	\$113,000	37.8	\$582	\$435	\$332			\$1,349	1.42	\$19
	\$220,000	\$2,531	\$295,000	34.1	\$1,519	\$435	\$332		\$202	\$2,488	-1.70	-\$43
	\$405,000	\$3,876	\$560,000	38.3	\$2,884	\$435	\$332		\$202	\$3,853	-0.60	-\$23
Small Holding (Water annual charge included if water meter installed) (Average LV Change - 35.85)	\$280,000	\$2,566	\$370,000	32.1	\$1,715	\$435	\$332			\$2,482	-3.28	-\$84
	\$385,000	\$3,451	\$520,000	35.1	\$2,410	\$435	\$332		\$202	\$3,379	-2.08	-\$72
Rural (Water annual charge included if water meter installed) (Average LV Change 12.2%)	\$790,000	\$4,150	\$920,000	16.5	\$3,080	\$435				\$3,515	-15.30	-\$635
	\$1,940,000	\$9,783	\$2,140,000	10.3	\$7,164	\$435			\$202	\$7,801	-20.26	-\$1,982



Commercial - Outside Inner City / Stoke - 1 Unit	\$365,000	\$7,719	\$475,000	30.1	\$6,695	\$435	\$332	\$119	\$202	\$7,782	0.81	\$63
Commercial - Outside Inner City / Stoke - 1 Unit	\$355,000	\$8,258	\$495,000	39.4	\$6,976	\$870	\$332	\$238	\$404	\$8,820	6.80	\$562
Commercial - Outside Inner City / Stoke - 1 Unit	\$335,000	\$7,170	\$470,000	40.3	\$6,624	\$435	\$332	\$119	\$202	\$7,711	7.55	\$541
Commercial - Stoke - 1 Unit	\$35,000	\$1,670	\$44,000	25.7	\$797	\$435	\$332	\$119	\$0	\$1,682	0.73	\$12
Commercial - Inner City - 2 Units	\$290,000	\$8,699	\$365,000	25.9	\$6,816	\$870	\$332	\$238	\$202	\$8,457	-2.78	-\$242
Commercial - Inner City - 2 Units	\$330,000	\$9,683	\$415,000	25.8	\$7,750	\$870	\$332	\$238	\$202	\$9,391	-3.02	-\$292
Commercial - Inner City - 1 Unit	\$1,160,000	\$29,582	\$1,450,000	25.0	\$27,078	\$435	\$332	\$119	\$202	\$28,165	-4.79	-\$1,417
Average Residential Property			\$280,000		\$1,442	\$435	\$332	\$475	\$202	\$2,886		
This table does not include water charges based on consumption. This is charged at \$2.156 per cubic meter and an average residential ratepayer uses 160 m <sup>3</sup> costing \$344.96 (GST Included)												

Make-up of the average annual rates bill



## **So what happens now?**

### **Annual Plan 2019/20 timeline**

- Consultation opens: **Friday 29 March 2019**
- Consultation closes: **5.00pm Thursday 2 May 2019**
- Hearings: **14, 15 and 16 May 2019**
- Council deliberations: **4 and 6 June 2019**
- Council adopts Annual Plan 2019/20: **27 June 2019**
- Annual Plan 2019/20 comes into effect: **1 July 2019**

### **Giving us your feedback**

It's easy to give us your feedback.

Submit online at [nelson.govt.nz](http://nelson.govt.nz) or use the submission form included in this document or in the special edition of Our Nelson on 3 April 2019. Submissions must be received by 5.00pm on Thursday 2 May 2019.

Submissions can be made:

- Online at [nelson.govt.nz](http://nelson.govt.nz)
- By post to PO Box 645 Nelson 7010
- By dropping off to Civic House, 110 Trafalgar Street

### **Note, Council is also seeking feedback on some other matters at this time that you might also be interested in**

- Community Housing (included as part of this consultation document)
- Wakatu Square (this is being consulted on as a separate proposal and information is available on our website).

Information about all of these consultations can be found on Council's website, at the Customer Service Centre or at Council's public libraries.

You can keep informed of all of Council's consultations by visiting [nelson.govt.nz/council/consultations](http://nelson.govt.nz/council/consultations)



## **Consultation Document**

### **Proposal on the future of Council's community housing**

**Nelson City Council**

## **1. Nelson City Council's proposed divestment of community housing**

- 1.1 With rising house prices putting increasing pressure on the community and an unprecedented demand for subsidised housing, Council is looking for practical ways it can make a difference. A number of social housing<sup>1</sup> providers are interested in developing Council's nine community housing<sup>2</sup> locations to provide more housing for low-income tenants. Such providers have opportunities to access government and other funding sources that are not available to councils, which could be rental subsidies or capital grants for example.
- 1.2 In addition Council is facing significant upgrade costs to bring the community housing units up to modern living standards that tenants would expect. It has also recently started to subsidise community housing costs from rates.
- 1.3 Through any divestment of Council's community housing, protection of the wellbeing of the current tenants would be prioritised. Tenants would also benefit from increased investment in upgrading units.
- 1.4 This consultation document outlines the proposal by Council to divest some or all of its community housing portfolio to address the above issues.
- 1.5 The public is invited to submit on this proposal. You can make a submission online at [nelson.govt.nz](http://nelson.govt.nz) or in writing by using the submission form at the end of this document. Submissions must be received by 5pm 2 May 2019.

## **2. Introduction**

- 2.1 Council houses around 152 people in its 142 community housing units at nine locations around Nelson (see map in Appendix 1). The units were built mainly during the 1960s and 70s using low interest loans from central government. This was a time when the government was encouraging councils to establish community housing for low-income older people, and close to 90% of councils took up loans. Over 14,000 community housing rental units were built around the country and generally operated on a cost-recovery basis whereby rents covered the cost of maintaining the housing with no subsidy from ratepayers. Community housing is a discretionary activity for Council, not required by legislation or considered a core activity. However, Council's community housing portfolio is identified as a strategic asset in Council's Significance

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<sup>1</sup> For the purposes of this proposal social housing is defined as housing provided at a reduced (subsidised) rental for people on low incomes or with particular needs.

<sup>2</sup> For the purposes of this proposal community housing is defined as a type of social housing provided by local authorities at a reduced (subsidised) rental for people on low incomes or with particular needs, most often older adults.

- and Engagement Policy.
- 2.2 As with most other councils, Nelson is now finding that its community housing no longer meets modern expectations in a number of areas, for example around size (many of the units are bedsits); accessible entrances, showers and interiors; affordable heating etc. Most of the units are over 40 years old and the original low cost building materials, coupled with the age of the units, means that maintenance demands are increasing over time.
- 2.3 Also of concern are the future costs that ratepayers face. Advice from external consultants provided to Council last year estimated the upgrade costs spread over the next 20 to 25 years to be around \$20 million. The majority of the upgrade cost would be needed for demolition and replacement of older units, but also includes more general improvement work. Routine maintenance costs are also increasing due to the age of the units.
- 2.4 Council is aware of increasing demand for subsidised housing. Over the last 12 months the waiting list for Council units has reached all-time highs (up to 60) when there are usually about 12 vacancies a year. Numbers on the Ministry of Social Development's Public Housing Register (from which it sources tenants for its social housing) show close to a tripling in demand in Nelson over the last two years (from 46 to 123). The Nelson Tasman Housing Trust (which provides housing for those on low incomes and with particular needs) has been receiving five requests for help a week, but averages only five vacancies a year.
- 2.5 Costs associated with Council's community housing have in the past been covered by rents. Increased costs mean community housing is now subsidised from rates (at around \$160,000 per year or about \$8 per household each year).
- 2.6 Council is concerned that there are likely to be residents in difficult financial situations who are now indirectly subsidising the living costs of the small number who can access Council's community housing. While there is a general community good that comes from supporting subsidised housing for those in need, the size of the investment required (\$20 million for upgrades and substantial funding for new units) may not be a reasonable or affordable amount to take from rates.
- 2.7 Having considered these challenges and knowing that central government was prioritising social housing, Council started talking with government officials to see what could be done. After much discussion it was agreed to explore the option of Housing New Zealand buying all 142 units. The Nelson Tasman Housing Trust subsequently also made a proposal to purchase the units.
- 2.8 Other local providers such as Abbeyfield and Habitat for Humanity Nelson are interested in being partners in a solution. This could, for example, involve Council selling the bulk of the portfolio but subdividing a portion for smaller partners to develop.

- 2.9 Council believes that the willingness of such experienced and well-regarded providers to address these issues presents a unique opportunity to achieve a sustainable future for Nelson's community housing. The aim is an outcome which will bring the units up to modern living standards and increase the amount of community housing available in Nelson.

### **3. Background**

- 3.1 Council's community housing was established to provide housing for older residents with limited financial means. The first priority has been superannuitants aged 65 plus, and the second priority beneficiaries aged 55 plus. Applicants for tenancies have to provide an assurance that their assets do not exceed \$40,000 for a couple or \$25,000 for a single person, although Council does not verify financial circumstances or require tenants to advise if their circumstances change. The past practice has been to take applicants from a waiting list on a first come, first served basis rather than prioritising according to need.
- 3.2 Tenants' rents are fixed at the equivalent of 25% of New Zealand Superannuation – which means \$100 per week for a single person in a bedsit or \$154 for a couple in a one bedroom unit. This means that the majority of tenants, being single, are currently paying below 50% of Nelson market rents (lower quartile) rather than the 70-80% that is the norm for council-owned community housing nationally. This puts Nelson community housing rents amongst the lowest in the country. Council has previously proposed increasing rents to 30% of superannuation but due to strong community opposition this was not pursued.
- 3.3 In November 2017 a contract for management of the units was awarded to the Nelson Tasman Housing Trust. Council wanted to ensure that adequate social support was provided for tenants and this meant the new contract came at a significantly higher cost. This has led to community housing moving from being a cost-recovery activity to being subsidised by ratepayers at a level of \$160,000 in most years of the current ten year plan. As a result of this subsidy Council again discussed the possibility of increasing tenant rents, which could go towards both eliminating the subsidy and meeting upgrade costs<sup>3</sup>. Although it did not pursue a rent increase at the time this option is outlined below at 5e. It also considered the option of selling some locations to fund the upgrades of other sites but as this would lead to a reduction in the number of units Council did not pursue this option further.

### **4. Council's preferred option**

- 4.1 Council is proposing to divest some or all of its community housing to one or more providers. It considers this will allow the upgrading and expansion of the community housing by groups that can access government and other funding that Council is not eligible for. The objective of this proposal is to improve the wellbeing of existing tenants

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<sup>3</sup> For example, an average rental increase of \$21.67 per unit per week would eliminate the \$160,000 subsidy and a further increase of between \$170 and \$298 per unit per week would be required to cover the interest and depreciation on the \$20 million upgrade.

and increase the amount of subsidised housing, available in Nelson.

- 4.2 The provider will be either a government agency or a community housing provider registered with the government. To ensure they have a good understanding of the Nelson community and local context, Council will only divest to a provider that has a local presence (noting that they may have partners, including from outside Nelson, who bring other advantages such as investment capital to redevelop the community housing).
- 4.3 It is likely, if the housing is divested, that current tenants may need to be assessed by the new provider for eligibility. It is expected that all current tenants will be able to continue their tenancy with the new provider.
- 4.4 Council is not proposing to require that the purchaser restrict access to the community housing to people 55 and over, as is the case with Council's current policy. Council believes it is fairer for a future provider to make the subsidised housing available to residents based on need, not on age. Council is, however, very mindful of the existing communities at each of the nine locations and has had discussions with potential purchasers about the importance of the established, stable environments that tenants currently live in.
- 4.5 Council will aim to achieve the highest possible price in any divesting of the assets while looking to secure the wellbeing of current and future tenants. However, the restrictions on the type of purchasers and expectations around how the properties will be used, will impact the income Council can achieve.
- 4.6 Council intends that the net proceeds from any divesting of community housing assets, up to the book value (i.e. \$8.382 million), would be used to fund future work on housing in Nelson (with any remainder being used to pay down debt). The aim would be to work with partners who have the ability to deliver housing solutions for the community and support their efforts. This could include an investment of capital by Council into other social housing projects but would not include Council owning social housing or being a social housing landlord. The price achieved will determine the funds available for future investment in housing related projects.
- 4.7 Council will make it a condition of any potential divestment that the purchaser(s) agrees to negotiate with Council to develop a mutually agreed Memorandum of Understanding (MOU) to cover a number of elements in relation to community housing. Council expects the MOU to outline the purchaser's plans, including timelines, for upgrading the community housing and developing new units, noting this will depend on funding availability, ability to relocate tenants during works, and detailed assessments of priority locations for redevelopment.
- 4.8 The MOU will also document expectations around the continued provision of at least the same number of units of social housing in the Nelson district into the future. It will also encourage the purchaser to use



sustainable and energy efficient approaches when upgrading existing or building new units and to consider the wellbeing of tenants in all aspects of the design.

- 4.9 The reason Council is proposing to use an MOU to outline expectations is because valuation advice is that using an encumbrance or covenant in gross on the title could result in a significant decrease in the price that could otherwise be achieved.
- 4.10 Council considers that this proposal will have a number of advantages as set out above. One disadvantage of this proposal is that Council will no longer own community housing assets. Council considers that the safeguards proposed above will help to minimise this disadvantage. Another disadvantage is that an MOU is not legally binding (meaning Council could not necessarily require the purchaser to meet the expectations outlined above). However, Council considers that the risk of a provider not following the MOU will be minimised by restricting the class of providers to those who have a demonstrable commitment to providing community housing.
- 4.11 Legislation requires Council, when considering the divestment of a strategic asset (such as Council's community housing portfolio) to any person, to describe any accountability or monitoring arrangements to be used to assess the performance of any person in relation to that asset; and consider any conflicts of interest that might arise with the proposed divestment. Council does not propose to undertake any monitoring or assessment of the asset following divestment. However, as outlined above, Council proposes to negotiate a MOU with the purchaser that will outline the future intentions of the purchaser and how they will manage and develop the community housing.
- 4.12 No conflicts of interest have been identified in relation to any of options above.

#### **Financial implications**

- 4.12 If it was decided to divest some or all of Council's community housing portfolio, ratepayer funding currently allocated for community housing could be used elsewhere or rates may be reduced (achieving savings of around \$160,000 uninflated in most years of the ten year plan). It would also mean that future funding (approximately \$20 million spread over 20 to 25 years) for renovating the units, or any funding to build new units, would not need to be borrowed or rated for.
- 4.13 The housing portfolio has a current net book value of \$8,382,000 which includes the value of its land, approximately 3.1 hectares. The net book value takes into account the historical cost of the housing asset plus any revaluations of land<sup>4</sup> but minus depreciation. This is different to the rateable value of the portfolio provided by Quotable Value Ltd (and used to calculate rates) which is \$16,500,000 as at 1 September 2018. Neither of these values

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<sup>4</sup> Under Council policy, the land is revalued, but not the buildings.

is indicative of the current market value so the final price might be more or less than the book value or rateable value.

- 4.14 The net proceeds will reduce debt and associated interest costs until such a time as the reserve is utilised. As an indication, if the net proceeds were equal to the net book value of \$8.382 million, then debt would reduce by \$ 8.382 million, and interest costs (and thereby rates) would reduce by approximately \$361,000 per annum. Council funding for the operation of the activity of \$160,000 per annum would also cease, in total saving \$521,000 in rates.
- 4.15 Over time, as the reserve is used to fund future work on housing, debt will increase up to a maximum of \$8.382 million (in this example) and the associated interest will need to be funded from rates.
- 4.16 Council's Orchard Street Flats were partially upgraded in 2011 using a 20 year Housing New Zealand suspensory loan of \$1.17 million. The terms of the loan are such that Council will need to apply to Housing New Zealand for approval to sell the property and if approval is not given, to repay the loan as well as interest to the full term of 20 years. There is also a clause requiring Council, if selling this property, to offer it first to Housing New Zealand or a housing provider approved by Housing New Zealand, at market value.
- 4.17 Council's proposal would not lead to a change to the levels of service based on the assumption that the new provider would continue to maintain current service.

## 5. Other options also considered by Council

- 5.1 In addition to the proposal outlined above, Council has also identified the following options that are reasonably available to it in relation to its community housing portfolio. Council has assessed each of these options (including the proposal) in terms of their advantages and disadvantages. It considers that none of the alternative options identified below offer the advantages of the proposal outlined above. However, if you believe any of these alternatives are preferable, Council would welcome hearing your views.

<b>a) Council continues to own community housing</b>	
This option would see the Council continuing to provide community housing. It could choose to outsource the management contract (as it does now) or deliver that in-house. Funding from rates to partially subsidise the management of the units would continue. This option does not include renovating or expanding the housing as these have different implications on rates and debt.	
Advantages	<ul style="list-style-type: none"> <li>Provides more certainty for Council and the community about the future of the community housing.</li> <li>Continues to provide subsidised housing for residents 55 and over in small communities with peers of a similar age.</li> </ul>

Item 5: Adoption of the Consultation Document for the 2019/20 Annual Plan /Community Housing: Attachment 1

Disadvantages	<ul style="list-style-type: none"> <li>Continued rates subsidy of the management contract costs.</li> <li>Inequity for other ratepayers, in effect, subsidising tenants in community housing through rates.</li> <li>Likely that the quality of the housing would decline without the additional rates funding required to undertake upgrades.</li> </ul>
Financial implications	<ul style="list-style-type: none"> <li><b>Rates:</b> This option would not require any changes to Council's Long Term Plan budgets. The rates subsidy of \$160,000 (approximately \$8 per household) per annum would continue.</li> <li><b>Debt:</b> This option would not require any changes to Council's Long Term Plan budgets.</li> <li><b>Level of Service:</b> This option would not lead to any changes to current levels of service.</li> </ul>
<b>b) Council continues to own community housing and commits to renovating the asset</b> This option would see Council commit to additional borrowings and rates funding to bring the portfolio up to a modern living standard.	
Advantages	<ul style="list-style-type: none"> <li>Provides more certainty for Council and the community about the future of the community housing.</li> <li>Continues to provide subsidised housing for residents 55 and over in small communities with peers of a similar age.</li> </ul>
Disadvantages	<ul style="list-style-type: none"> <li>Would require additional borrowings of approximately \$20 million spread over the next 20 to 25 years with interest and depreciation subsidised by rates over subsequent years.</li> <li>Continued rates subsidy of the management contract costs of \$160,000 (approximately \$8 per household) per annum.</li> <li>Inequity of other ratepayers, in effect, subsidising tenants in community housing through rates.</li> <li>May require selling some complexes to generate funding for upgrades, resulting in less housing available for tenants.</li> </ul>
Financial implications	<ul style="list-style-type: none"> <li><b>Rates:</b> Under this option the rates subsidy of the management contract of \$160,000 (approximately \$8 per household) per annum would continue. It would also require additional funding over time of between \$1.3 million to \$2.2 million per annum to fund interest on borrowings of \$20 million and additional depreciation. Community housing rents, the Council subsidy or a combination of both of these might need to increase to offset these costs.</li> <li><b>Debt:</b> This option would lead to an increase in borrowings of \$20 million to fund upgrade costs.</li> <li><b>Level of Service:</b> This option would not lead to any change to the current level of service.</li> </ul>

<b>c) Council continues to own community housing and commits to expanding the asset</b> This option would see Council keep the community housing and commit extra rates funding to provide additional community housing.	
Advantages	<ul style="list-style-type: none"> <li>Provides more certainty for Council and the community about the future of the community housing.</li> <li>Continues to provide subsidised housing for residents 55 and over in small communities with peers of a similar age.</li> <li>Increases the amount of community housing to help meet growing demand.</li> </ul>
Disadvantages	<ul style="list-style-type: none"> <li>Additional borrowings and subsequent cost to rates to build new units, in addition to meeting upgrade costs for the portfolio of approximately \$20 million spread over the next 20 to 25 years. Continued rates subsidy of the management contract costs of \$160,000 (approximately \$8 per household) per annum.</li> <li>Inequity of other ratepayers, in effect, subsidising tenants in community housing through rates.</li> <li>Cost of building new units would significantly increase debt, and rates, and displace other Council projects.</li> </ul>
Financial implications	<ul style="list-style-type: none"> <li><b>Rates:</b> Under this option the rates subsidy of the management contract of \$160,000 (approximately \$8 per household) per annum would continue but may well increase as new units are added. It would also require additional funding over time of between \$1.3 million to \$2.2 million per annum to fund interest on borrowings of \$20 million and additional depreciation relating to the upgraded units. There would be further additional interest, depreciation and maintenance costs in future years for the additional new units. For every \$1 million borrowed to expand the housing asset a rates impact (interest and depreciation) would be expected of between \$66,000 and \$113,000 per annum plus any maintenance costs. The Council subsidy would be expected to increase to offset these costs.</li> <li><b>Debt:</b> This option would lead to an increase in borrowings of \$20 million to fund upgrade costs. Further borrowings would be required to fund additional new units.</li> <li><b>Level of Service:</b> This option would not lead to any change to the current level of service.</li> </ul>
<b>d) Council continues to own the community housing but leases the housing units to another provider</b> This option would see an accredited provider or government agency lease the housing and be responsible for all operating costs such as day-to-day maintenance.	



Item 5: Adoption of the Consultation Document for the 2019/20 Annual Plan /Community Housing: Attachment 1

Advantages	<ul style="list-style-type: none"> <li>Provides more certainty for Council and the community about the future of the community housing.</li> <li>Funding for maintaining the current units to be met by lease and would not be a cost to ratepayers.</li> <li>Housing New Zealand or an accredited provider expected to be able to access funding from sources not available to Council.</li> <li>Goes some way to reducing the inequity for other ratepayers, as there would no longer be a community housing rental subsidy of \$160,000.</li> </ul>
Disadvantages	<ul style="list-style-type: none"> <li>Under a lease scenario Council would remain responsible for the upgrade costs estimated at \$20 million spread over the next 20 to 25 years.</li> <li>Inequity for other ratepayers in respect of the additional rates funding required to fund housing upgrades of \$20 million spread over the next 20 to 25 years for interest and depreciation of borrowings as well as additional maintenance costs in future years for the additional new units, if these proceeded.</li> </ul>
Financial implications	<ul style="list-style-type: none"> <li><b>Rates:</b> Under this option additional funding would be required over time of between \$1.3 million to \$2.2 million per annum to fund interest on borrowings of \$20 million and additional depreciation relating to the upgraded units. There would be further additional interest, depreciation and maintenance costs in future years for the additional new units, if these proceeded.</li> <li><b>Debt:</b> Council would retain ownership of the community housing and accordingly not reduce debt from proceeds. This option would lead to an increase to borrowings of \$20 million to fund upgrade costs. Further borrowings would be required to fund additional new units, if these proceeded.</li> <li><b>Level of Service:</b> This option would not lead to a change to the levels of service based on the assumption that the new provider would continue to maintain current service.</li> </ul>
<b>e) Council continues to own community housing but increases rents to cover costs</b> Council could retain the community housing and increase rent for tenants to the standard 80% of market.	
Advantages	<ul style="list-style-type: none"> <li>Provides more certainty for Council and the community about the future of the community housing.</li> <li>Continues to provide subsidised housing for residents 55 and over in small communities with peers of a similar age.</li> </ul>

Disadvantages	<ul style="list-style-type: none"> <li>While 80% of market rates would generate sufficient income to cover the \$160,000 subsidy the additional income would not be sufficient to renovate existing units as well as cover the provision of new community housing units.</li> <li>Current tenants may be disadvantaged by this option especially if they are not entitled to financial assistance.</li> </ul>
Financial implications	<ul style="list-style-type: none"> <li><b>Rates:</b> The rates subsidy of \$160,000 per annum would no longer be required and could be used for other work. However additional funding of between \$1.3 million to \$2.2 million per annum would be required to fund interest on borrowings of \$20 million and additional depreciation relating to upgrading the units. As well as the increase in community housing rents, the Council subsidy would be expected to increase further to offset the costs of upgrades.</li> <li><b>Debt:</b> This option would lead to an increase of borrowings of \$20 million to fund upgrade costs.</li> <li><b>Level of Service:</b> This option would not lead to any change to the current level of service.</li> </ul>
<b>f) Mixed ownership of community housing</b> Under this option Council would divest part of the portfolio to a CCO, Trust or joint venture.	
Advantages	<ul style="list-style-type: none"> <li>Council would continue to own a share of its community housing and therefore continue to have some control of the provision of community housing. The value of the share, (and control) would be determined by the nature of the ownership agreement.</li> </ul>
Disadvantages	<ul style="list-style-type: none"> <li>Likely to attract one-off establishment costs and ongoing governance and management costs for little additional benefit.</li> <li>Depending on government policy, it may not be possible to access government funding as Council still has a level of ownership.</li> <li>For a CCO or joint venture there would be ongoing governance and management costs as well as potential income tax liability.</li> </ul>
Financial implications	<ul style="list-style-type: none"> <li><b>Rates:</b> There would be initial establishment cost and ongoing governance and management costs that would need to be met by rates. Depending on the form of the arrangement it is likely that a share of the \$1.3 million to \$2.2 million additional funding for interest and depreciation relating to upgrading the units would have to be borne by Council. Community housing rent increases, a Council subsidy or a combination of both of these might be needed to offset these costs.</li> </ul>

	<ul style="list-style-type: none"> <li>• <b>Debt:</b> Although Council would receive some income (through net proceeds) it would still have financial commitments through ongoing ownership, including an increase in borrowings for its share of \$20 million for upgrade costs. The Housing New Zealand loan (\$1.17 million plus interest) may also need to be repaid.</li> <li>• <b>Level of Service:</b> This option would not lead to a change to the levels of service based on the assumption that the new provider would continue to maintain current service.</li> </ul>
<b>g) Council sells its community housing on the open market by private sale</b> This option would see Council dispose of the housing on the open market	
Advantages	<ul style="list-style-type: none"> <li>• Maximises potential value and return to ratepayers.</li> <li>• Would avoid any rates funding for upgrade or for the potential expansion of the housing portfolio.</li> </ul>
Disadvantages	<ul style="list-style-type: none"> <li>• Loss of control over the future of the community housing asset.</li> <li>• May reduce subsidised housing for those in need at a time when demand is increasing significantly.</li> <li>• Council would be required to repay in full the suspensory loan of \$1.17 million from Housing New Zealand on Orchard Street units (plus interest) if these were divested.</li> </ul>
Financial implications	<ul style="list-style-type: none"> <li>• <b>Rates:</b> Saves \$160,000 rates subsidy per annum as well as interest savings from any debt reduction, if all units were divested.</li> <li>• <b>Debt:</b> Net proceeds from the divestment would be used to repay the loan debt to Housing New Zealand of \$1.17 million along with the associated interest due, and the remainder (up to the book value of \$8.382 million) would be available for Council to support partners working to deliver housing solutions for the community.</li> <li>• <b>Level of Service:</b> Likely that the levels of service would change as there would be no guarantee that community housing would continue to be provided.</li> </ul>

## 6. Assumptions

- 6.1 The calculations for this proposal have assumed that the divestment will be at net book value, calculated at December 2018. Net book value is not indicative of the current market value so the final price might be more or less than the book value of \$8,382,000 used in this proposal.

## 7. Submission

- 7.1 A submission form is included at the end of this document. Anyone may make a submission about any aspect of Council's proposal, the alternatives and issues that have been considered. Council, in making its final decision, will take account of all matters raised in submissions and

may, as a result, decide to pursue one, or a combination of, the alternatives above instead of its proposal. Copies of the text that will be amended in the current Long Term Plan if a divestment goes ahead can be found at [nelson.govt.nz/community-housing](http://nelson.govt.nz/community-housing).

- 7.2 All submissions (including the names and contact details of submitters) are public information and will be available to the public and media in various reports and formats including on the Nelson City Council website. Personal information will also be used for administration relating to the subject matter of submissions. Submitters have the right to access and correct any personal information included in any reports, information or submissions.

Submissions can be made:

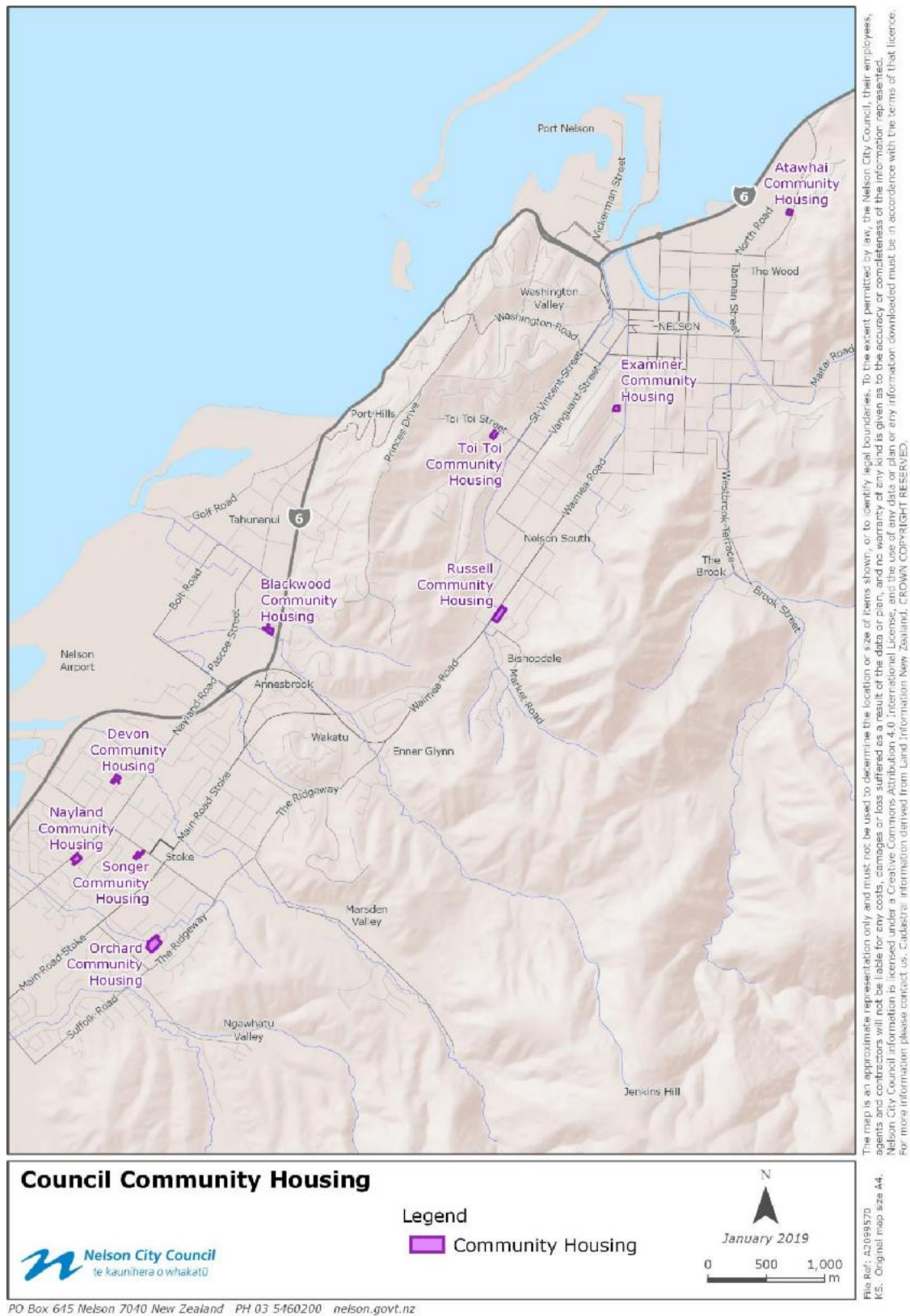
- Online at [nelson.govt.nz](http://nelson.govt.nz)
- By post to Community Housing, PO Box 645, Nelson 7010
- By dropping off to Civic House, 110 Trafalgar Street, Nelson

**Submissions must be received no later than 5pm 2 May 2019.**

- 7.3 Any person who wishes to speak to the Council in support of their submission will be given the opportunity to address the Council at hearings on 14 and 15 May 2019.



Item 5: Adoption of the Consultation Document for the 2019/20 Annual Plan /Community Housing: Attachment 1



# WHAKAHOKI KORERO: FEEDBACK



We want to hear what you think about what we have proposed in the Consultation Document. Get involved! The Consultation period runs from 29 March to 2 May (closing 5pm). We welcome early feedback.

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Daytime phone: \_\_\_\_\_ Organisation: \_\_\_\_\_

Email: \_\_\_\_\_

Do you wish to speak at a Council hearing? YES / NO

# ANNUAL PLAN 2019/20

My feedback is (please print clearly in blue or black pen, with headings):

[illegible]

Feel free to attach additional named and numbered sheets if needed.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

*More information and Community Housing overleaf*

## COMMUNITY HOUSING

Do you support Council's proposal to sell its community housing?

- ☐ Yes, I support Council's proposal to sell its community housing
- ☐ No, I do not support Council's proposal to sell its community housing

If no, please advise which of the following options you support.

(For further details on each option, please refer to pages 32 - 35 of the Consultation Document).

- |  |   |
|--|---|
| <input type="checkbox"/> a) Council continues to own community housing | <input type="checkbox"/> e) increase rents          |
| <input type="checkbox"/> b) renovate the asset                         | <input type="checkbox"/> f) mixed ownership         |
| <input type="checkbox"/> c) expand the asset                           | <input type="checkbox"/> g) sell on the open market |
| <input type="checkbox"/> d) lease to another provider                  | <input type="checkbox"/> h) other                   |

If other, please provide an explanation in the comments area below.

My feedback is (please print clearly in blue or black pen, with headings):

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Feel free to attach additional named and numbered sheets if needed.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

 **Nelson City Council**  
te kaunihera o whakatū



Drop your feedback form to Council's Customer Service Centre, Civic House, corner Trafalgar and Halifax Streets, Nelson



Post your feedback to Nelson City Council, PO Box 645, Nelson 7040



Online at [nelson.govt.nz](https://nelson.govt.nz)

**Public information:** All submissions (including the names and contact details of submitters) are public information and will be available to the public and media in various reports and formats including on the Nelson City Council website. Personal information will also be used for administration relating to the subject matter of submissions. Submitters have the right to access and correct any personal information included in any reports, information or submissions.

OFFICE USE:

**Nelson City Council Long Term Plan 2018 -28 text amendments relating to the proposed divestment of community housing.**

**Please note that changes will only be made if Council decides to sell the community housing. If following consultation a different decision is made, these changes will not apply.**

<b>LTP Page #</b>	<b>Current reference - Heading</b>	<b>Current reference – Body text</b>	<b>Proposed Changes (draft text)</b>
121	Drivers of Capital Expenditure <i>Second bullet point</i>	Ageing community housing infrastructure requiring increased maintenance and renewals and eventually replacement	<del>Delete bullet point.</del> <del>Ageing community housing infrastructure requiring increased maintenance and renewals and eventually replacement</del>
124	Summary of Capital Expenditure over \$100,000 in any one year	<b>Community Housing</b> Community Housing Renewals Forecast 2017/18 -71,572 2018/19 – 290,000 2019/20 - 296,380 2020/21 – 302,899	<del>Delete expenditure for all ten years and recalculate totals.</del>
122-125	Social -Funding Impact Statement / Reconciliation / Summary of capital Expenditure		In June 2019 Council decided to sell its Community Housing. The details of the sale have not yet been finalised, accordingly the financial statements on pages 122-125 have not been adjusted. The proceeds from the sale are intended to be used to support partners in the delivery of affordable housing solutions in Nelson. The sale will enable Council to cease the current financial support of \$160,000 p.a. from rates. It would also mean that funding for maintaining and renovating the units has been removed.
186	Financial Reserves Estimates <i>First paragraph</i>	Self-funded activities such as dog control, parking and community housing are also managed through reserve funds for each of those specified purposes	Self-funded activities such as dog control and parking <del>and community housing</del> are also managed through reserve funds for each of those specified purposes

187	Pensioner Housing Reserve	<p><b>Pensioner Housing Reserve</b>  Community Housing  Self-funded activity balance  Balance at July 2018 – 235,475  Deposits – 0  Withdrawals – 235,475  Balance at June 2028 - 0</p>	<p><i>Delete text</i>  <b><del>Pensioner Housing Reserve</del></b>  Community Housing  Self-funded activity balance  Balance at July 2018 – 235,475  Deposits – 0  Withdrawals – 235,475  Balance at June 2028 – 0</p>
202	Summary of Rates and Charges	<p>2017/18 – 23,845  2018/19 – 25,907  2019/20 – 26,127  2020/21 – 26,648</p>	<p><i>Recalculate totals</i></p>
220	Activity Community Housing	<p><b>Who benefits</b>  Individual tenants are the primary beneficiaries. These reasonable quality low-cost housing units are targeted at older residents with the least wealth. Rental levels are set below market rates. The assets have considerable value and the benefits are received by a small percentage of the community.  The community as a whole benefits from having appropriate affordable housing available to senior residents.  <b>Period of benefits</b>  Long term.  Each housing unit will last at least 50 years.  <b>Whose actions or inactions contribute</b>  Mature residents who are unable to provide for their long term accommodation needs.  <b>Costs and benefits of separate funding</b>  Fees and charges as set by Council policy determine income. Funding needs are</p>	<p><i>Delete text</i>  <b><del>Who benefits</del></b>  Individual tenants are the primary beneficiaries. These reasonable quality low-cost housing units are targeted at older residents with the least wealth. Rental levels are set below market rates. The assets have considerable value and the benefits are received by a small percentage of the community.  The community as a whole benefits from having appropriate affordable housing available to senior residents.  <b><del>Period of benefits</del></b>  Long term.  Each housing unit will last at least 50 years.  <b><del>Whose actions or inactions contribute</del></b>  Mature residents who are unable to provide for their long term accommodation needs.  <b><del>Costs and benefits of separate funding</del></b>  Fees and charges as set by Council policy determine income. Funding needs are</p>

		separately identified to clearly show the amount of subsidy. <b>Funding sources</b> Fees and charges Borrowing <b>Funding rationale</b> The Community housing activity was started in the 1950's in a partnership with government. Council has a Policy setting rental charges 25% of national superannuation level. As the benefits are largely private the activity is self-funding through fees and charges. The ability to fund future renewals of the housing units may require changes to this policy. <b>Funding targets adjusted for community affordability</b> Private 100% Public 0%	<del>separately identified to clearly show the amount of subsidy.</del> <del><b>Funding sources</b></del> <del>Fees and charges</del> <del>Borrowing</del> <del><b>Funding rationale</b></del> <del>The Community housing activity was started in the 1950's in a partnership with government. Council has a Policy setting rental charges 25% of national superannuation level. As the benefits are largely private the activity is self-funding through fees and charges.</del> <del>The ability to fund future renewals of the housing units may require changes to this policy.</del> <del><b>Funding targets adjusted for community affordability</b></del> <del>Private 100%</del> <del>Public 0%</del>
227	Summary of Funding Targets Funding Source Proportions For Operating Costs	<b>Social</b> – Community Housing General rates – Targeted rates – Fees and charges – 100% Grants and other revenue -	<del>Delete text</del> <del>Social – Community Housing</del> <del>General rates –</del> <del>Targeted rates –</del> <del>Fees and charges – 100%</del> <del>Grants and other revenue –</del>
228	Rates Remission Policy	Rates remission for community, sporting and groups delivering affordable social and community housing	No change
229		Or to achieve the following social housing objectives: Facilitate the ongoing provision of social housing in Nelson by registered Community Housing Providers	No change
352	Schedule two: List of Strategic Assets	Ownership of community housing	<del>Delete text</del> <del>Ownership of community housing</del>

176 - 185	Financial statements	Financial tables	<i>Recalculate totals</i>
4A. New page	Community Housing	New text	<p>In March – May 2019 Council consulted with the public on a proposal to sell its Community Housing. xxx submissions were received, and hearings were held in May 2019. Following consideration of submissions Council decided on xxxxxx to .....</p> <p>This Long Term Plan has been amended to reflect this decision.....<i>(to be completed once a decision has been made).</i></p>

Significant and Engagement Policy			
	Current reference - Heading	Current reference – Body text	Proposed Changes
	Schedule Two: List of Strategic Assets	Ownership of community housing	<p><i>Delete text</i></p> <p><del>Ownership of community housing</del></p>

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**REPORT R9967**

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## **Wakatu Square: Potential Sale of Land**

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### **1. Purpose of Report**

- 1.1 To adopt the Statement of Proposal – Potential Sale of Land for Commercial Development, to be used for consultation on options for Wakatu Square.

### **2. Recommendation**

***That the Council***

- 1. Receives the report Wakatu Square: Potential Sale of Land (R9967) and its attachment (A2145385); and***
- 2. Agrees to consult on the proposal to dispose of land at Wakatu Square using the special consultative procedure; and***
- 3. Agrees that the Statement of Proposal - Potential Sale of Land for Commercial Development meets the requirements of the Local Government Act 2002; and***
- 4. Adopts the Statement of Proposal – Potential Sale of land for Commercial Development (A2145385), amended as necessary; and***
- 5. Agrees that the Mayor, Deputy Mayor and Chief Executive be delegated to approve any minor amendments required to the Statement of Proposal prior to start of the consultation process; and***
- 6. Approves the consultation approach (set out in section 5 of this report R9967) and agrees:***
  - (a) the approach includes sufficient steps to ensure the Statement of Proposal will be reasonably accessible to the public and will be***



***publicised in a manner appropriate to its purpose and significance; and***

***(b) that a summary of the Statement of Proposal is not necessary to enable public understanding of the proposal; and***

***(c) the approach will result in the Statement of Proposal being as widely publicised as is reasonably practicable as a basis for consultation.***

### **3. Background**

- 3.1 In the past, the Council has purchased land in stages to form Wakatu Square for the purpose of car parking. It has also acquired land and buildings at the western/Rutherford Street end of Wakatu Square to expand the carpark and for other strategic purposes, such as a future large scale retail development for the central city. There have been subsequent proposals to redevelop part of Wakatu Square that have not progressed.
- 3.2 In the later months of 2018, Council was presented with a development proposal from Cephas Property (Nelson) Limited and as a consequence of this interest, Council is considering whether to dispose of part of Wakatu Square.
- 3.3 At its meeting on 29 November 2018, the Governance Committee resolved to refer to Council all its powers relating to matters referred to in Report R9742. At its meeting on 13 December 2018, Council approved the development of consultation material to support community consultation on the sale of Council land at Wakatu Square.
- 3.4 A statement of proposal has been prepared to seek public submissions as part of a special consultative procedure on the potential sale of land and detail the process for consultation.

### **4. Discussion**

- 4.1 The proposal for development of part of Wakatu Square provides an opportunity to realise a redevelopment of Wakatu Square in a planned and timely manner. To achieve this, a portion of Wakatu Square and Wakatu Lane is proposed to be sold and public amenity, such as car parks and bus services amongst others, will be affected.
- 4.2 Due to the high significance of the proposed development for Nelson, officers consider it is appropriate to carry out consultation using the special consultative procedure. The areas of expected public interest relate to the

## Item 6: Wakatu Square: Potential Sale of Land

provision of car parking and bus services, road stopping, utilities and services, hazards, urban design and sale price.

### **Car parking and Bus Services**

- 4.3 The current level of public car parks and bus services can continue to be accommodated in Wakatu Square with the demolition of the Council owned building at 81 Achilles Avenue (ex-Hunting and Fishing Building) and redesign of the overall car park layout. The actual number of car parks provided in the subsequent redesign will be determined after consultation, but at a minimum the existing public car park numbers will be maintained.
- 4.4 Cephas has expressed interest in an increase in car parks, which could be met by adding a car park building in Wakatu Square. However, very preliminary cost estimates obtained by officers indicate that this would be prohibitively expensive at this time.
- 4.5 Further, it is noted that the requirement for car parking and buses for the wider Nelson City may be reviewed in the near future and so flexibility of the solution in Wakatu Square is required. A recommendation on the number of car parks that will be provided in Wakatu Square will be made after the consultation.

### **Road Stopping**

- 4.6 The process of road stopping is covered in section 342 and Schedule 10 of the Local Government Act 1974, with a notification period allowing for submissions from the public. A provision in this Schedule gives Council the opportunity to have a hearing to consider any objections. If Council accepts the objections, then the road stopping process ceases. If Council does not accept the objections, then the matter is referred to the Environment Court for determination. If no objections are received, Council can proceed to stop the road.
- 4.7 If the Council decides to stop the road in order to dispose of part of Wakatu Lane, then the Council has effectively also decided to not accept any objections and so the matter could be directly referred to the Environment Court for its decision without a Council hearing, if objections are received. That is, when Council deliberates on the decision to sell land in Wakatu Square, part of the decision to sell should include the decision to directly refer any objections to the Environment Court.

### **Utilities and Services**

- 4.8 A review of Council utilities in the existing carpark area and Wakatu Lane suggests that only stormwater reticulation and overland flood flows control would be affected by the construction of a building on the land proposed to be acquired.
- 4.9 This proposal provides Council with the opportunity to re-designate some or all of the existing services as private or common private drains if they

## Item 6: Wakatu Square: Potential Sale of Land

will no longer serve a public purpose, although the water supply pipe and wastewater drain will need some further investigation.

- 4.10 The stormwater reticulation is not as straightforward, as the property on the corner of Trafalgar and Bridge Street occupied by Westpac Bank is under separate ownership and its carpark area discharges stormwater to the Wakatu Lane reticulation. Options to respond to this would be either re-directing the stormwater pipes to Trafalgar Street if possible or establishing the existing drain as a common private drain across the portion of Wakatu Lane that has been stopped. The solution for this issue would be addressed in the sale and purchase agreement with Cephas.
- 4.11 Another issue to be addressed would appear to be overland flood flows from high intensity rain events that overwhelm the stormwater pipe capacity in Trafalgar Street and adjoining properties. Initial investigations indicate that overland flooding could be mitigated by the redevelopment of the car parking area, with strategic placement of sumps and profiling to optimise drainage. Further modelling of this issue will be completed to identify flow volumes, depths, alternative secondary flow paths. The solutions and liability for cost to remedy any potential flooding risk will be confirmed through the sale and purchase agreement.
- 4.12 The impact of the proposal on private utilities attached to existing buildings will also need to be investigated as part of any site investigation works by Cephas and then addressed as part of design considerations.

### **Hazards**

- 4.13 Wakatu Square is subject to inundation from very high tides and flood events affecting the Matai River. Further, parts of the Wakatu Carpark, Wakatu Lane, Achilles Avenue and adjacent buildings are identified on the Hazardous Activities and Industries List, as a consequence of the previous use of the sites.
- 4.14 The impact of these hazards will need to be investigated by any purchaser and will be regulated by the Building Code and Resource Management Act. The mitigation of these hazards may be addressed as part of the sale and purchase agreement.

### **Urban Design**

- 4.15 Council will work with Cephas to ensure that any development that occurs on land Council sells is of a high quality urban design, with a proposed provision within the sale and purchase agreement requiring a review of the initial design development.
- 4.16 A successful Cephas proposal has the ability to signal to the wider development community that Council welcomes and enables high quality developments into the City Centre that supports our vision and positively contributes through intensification, diverse offer and mixed-use.

## Item 6: Wakatu Square: Potential Sale of Land

### **Sale Price**

- 4.17 The price of the parcel of land proposed to be disposed to Cephas has yet to be agreed although preliminary value discussions have occurred as the parties have explored what key value issues should be considered to determine the price.
- 4.18 To provide context for the public an indicative price range of \$600/m<sup>2</sup> to \$800/m<sup>2</sup> has been included in the Statement of Proposal.

### **Iwi Interest**

- 4.19 Research completed by Council officers and discussions with Wakatu Incorporated have not revealed any current or past claim by iwi to any part of Wakatu Square.

### **Public Works Act 1981**

- 4.20 While Wakatu Square is held for a public work, it is considered reasonable for Council to decide that the exceptions to the offer back obligation provided under the Public Works Act 1981 are relevant, as it appears it would be unreasonable or unfair to offer the land back because:
  - 4.20.1 There was no threat of compulsion on acquisition;
  - 4.20.2 The vendor had put the properties on the open market;
  - 4.20.3 The price was not assessed on a Public Works Act basis; and,
  - 4.20.4 There has been significant change in the character of the land (demolition of buildings, amalgamation of titles and creation of a carpark).
- 4.21 As an initial step in the disposal of land it advisable to consider if it is required for another public work. Officers are unaware of any other public work that may require this land.

## **5. Consultation**

- 5.1 An update on the proposal was given at the Iwi Leaders Forum workshop on 1 March 2019. Additionally, immediately adjoining owners have been contacted and the indicative proposal has been outlined for their initial review and feedback. Surrounding land owners have also been advised of the potential consultation on the proposal to ensure that they are aware of it.
- 5.2 Upon adoption of the statement of proposal, the consultation process will proceed with indicative dates being:
  - 5.2.1 Consultation opens – 29 March 2019
  - 5.2.2 Consultation closes – 2 May 2019

## Item 6: Wakatu Square: Potential Sale of Land

### 5.2.3 Hearings by Council – 15 May 2019

### 5.2.4 Deliberations by Council – 4-6 June 2019

- 5.3 As part of the deliberations/decision on any sale of land, the impacts and timings of the next steps will be considered.
- 5.4 Section 83 of the Local Government Act 2002 requires Council to consider whether a summary of the Statement of Proposal is necessary to enable public understanding of the proposal.
- 5.5 Officers recommend that a summary of information not be prepared. The full Statement of Proposal is only 10 pages long and a summary of information would probably be half this length. Furthermore, the consultation process includes an article on the proposal in Our Nelson, which is distributed throughout Nelson. The Our Nelson article, supported by the additional proposed consultation processes set out below, are considered the best means of providing information to the public on the major matters in the Statement of Proposal.
- 5.6 The following are the key methods proposed to raise public awareness of the consultation process, but these may be amended as the consultation process progresses:
- A special edition of Our Nelson to be delivered to households. This is the main means of publicising the Statement of Proposal.
  - Copies of the Statement of Proposal will be available from the Customer Services Centre and Council libraries and also available on the Council website.
  - Copies of the Statement of Proposal are available for councillors to take to any community meetings that they attend during the consultation period.
  - Advertisements will be placed in local newspapers.
  - Social media and media releases also be used to publicise the consultation.

## 6. Options

6.1 There are two options for Council to consider:

<b>Option 1: Adopt the Statement of Proposal – Potential Sale of land for Commercial Development (recommended option)</b>	
Advantages	<ul style="list-style-type: none"> <li>Meets requirements of the Local Government Act.</li> <li>Community feedback would be sought, and as a result of this feedback changes can be made before a final decision.</li> </ul>
Risks and Disadvantages	<ul style="list-style-type: none"> <li>Consultation diverts Council resources away from other activities.</li> </ul>
<b>Option 2: Do Not Consult and Status Quo Remains</b>	
Advantages	<ul style="list-style-type: none"> <li>Council retains ownership of all of its current landholdings in Wakatu Square. This preserves the availability of this land for a range of potential future activities.</li> <li>No disruption to current vehicle use of Wakatu Square.</li> </ul>
Risks and Disadvantages	<ul style="list-style-type: none"> <li>Council will not obtain public views on the proposal.</li> <li>Council will forego receipt of the purchase monies.</li> <li>Council may be perceived to be unsupportive of city redevelopment.</li> <li>Some retailers may leave the City Centre thereby affecting the retail viability of the City Centre and negating the substantial investment of public money that has occurred to enhance the viability of the City Centre.</li> </ul>

## 7. Conclusion

Council is requested to adopt the Statement of Proposal and initiate the consultation process.

<b>Important considerations for decision making</b>
<b>1. Fit with Purpose of Local Government</b> <p>Consideration of these development proposals allows Council to pursue opportunities that have the potential to provide good quality local infrastructure and services and bring economic benefits to Nelson.</p>
<b>2. Consistency with Community Outcomes and Council Policy</b> <p>This report aligns with the following Community Outcomes:</p> <ul style="list-style-type: none"><li>• Our urban and rural environments are people friendly, well planned and sustainably managed</li><li>• Our infrastructure is efficient, cost effective and meets current and future needs</li><li>• Our Council provides leadership and fosters partnerships, a regional perspective and community engagement</li><li>• Our region is supported by an innovative and sustainable economy</li></ul> <p>Further, City Centre development was one of the priorities of the 2018 Long Term Plan.</p>
<b>3. Risk</b> <p>There is low risk associated with the consultation, although it does divert staff resources from other scheduled projects and work streams.</p> <p>There is a risk that the investors decide not to proceed with the development, which would mean staff have spent unnecessary time on consultation. An outcome of the non-development of the urban shopping precinct is the potential loss of large format retail from the City Centre.</p> <p>There is financial risk to Council to fund any shortfall of infrastructure and amenity development costs, which may not be covered from sales proceeds or investor contributions.</p> <p>A reputational risk may arise from public dissatisfaction through a lack of opportunity to bid for the purchase of any disposed land.</p> <p>Seeking further input from the community enables Council to understand community views and fulfils Council's obligations under the Local Government Act 2002.</p>
<b>4. Financial impact</b>

## Item 6: Wakatu Square: Potential Sale of Land

<p>The decision to carry out the consultation has a relatively limited financial impact that will be carried out within existing budgets. Any decision relating to sale, or otherwise, of the land will have a financial impact and this impact will be considered in the deliberations report.</p>
<p><b>5. Degree of significance and level of engagement</b></p> <p>This matter is of high significance, given the expected level of public interest, and therefore a special consultative process is being undertaken.</p>
<p><b>6. Inclusion of Māori in the decision making process</b></p> <p>Iwi have been updated on the project at the Iwi Leaders Forum and will continue to be informed of the progress of the consultation and decision on disposal.</p>
<p><b>7. Delegations</b></p> <p>Council has had the power to decide on this matter referred to it by the Governance Committee on 29 November 2018.</p>

**Author:** Antony Hobbs, Strategic Property Adviser

### Attachments

Attachment 1: A2145385 - Wakatu Square - Statement of Proposal [↓](#)





## **Statement of Proposal**

### **Potential Sale of Land for Commercial Development**

#### **Wakatu Square – Nelson City**

**29 March 2019**

**This document constitutes a  
Statement of Proposal under Section 87(1)(b) of the  
Local Government Act 2002.**

A2145385

## **1. Introduction**

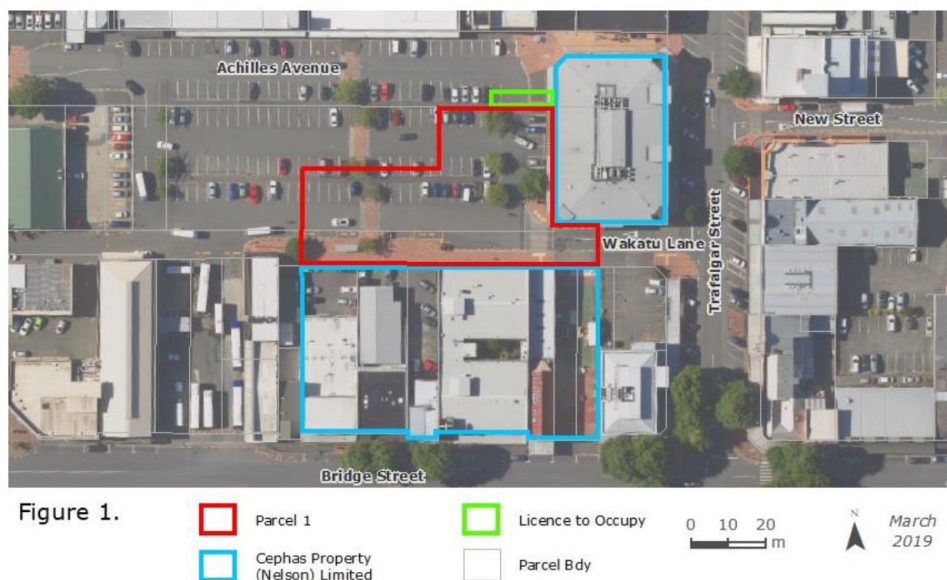
- 1.1 This is a statement of proposal by Council to sell land in Wakatu Square to allow a commercial development to occur. The purpose of this proposal is to inform the public and seek feedback. Any decision to implement the proposal will, however, be subject to Council finalising the details of any sale and purchase agreement with the proposed investor Cephas Property (Nelson) Limited (Cephas).
- 1.2 Over the years Council has purchased land in stages to create the Wakatu Square car park. It has also acquired land and buildings at the western/Rutherford Street end of Wakatu Square to expand the carpark and for other strategic purposes. Subsequently, Council has considered a number of proposals to redevelop the land, none of which progressed further.
- 1.3 Council has now received an approach from Cephas, an investor interested in purchasing a section of the eastern end of Wakatu Square and Wakatu Lane for the development of an integrated shopping precinct.
- 1.4 Having carefully considered the integrated shopping precinct proposal, Council believes it offers an important and timely opportunity to develop the Square in an integrated way, bringing much needed life and activity to the City.

## **2. Background**

- 2.1 In common with retail centres around New Zealand and internationally, Nelson's CBD has been facing challenges in recent times. There are many reasons for this but essentially the nature of retail is changing and impacting our city centres. The convenience of online shopping shipped to your door, the growth of big box format stores on cheaper land outside the CBD, the appeal of malls, the cost of earthquake strengthening of city buildings – all these things are impacting on Nelson's City Centre.
- 2.2 Council wants to support Nelson to continue as the commercial hub of the Top of the South and see it prosper as a bustling, dynamic centre that attracts visitors and locals alike. To do that will require significant investment and effort from Council but also from private investors who believe in the strong proposition that Nelson's CBD offers.
- 2.3 This statement of proposal outlines an opportunity to comprehensively develop part of the Wakatu Square area to provide a significant area of new retail focused around an anchor tenant.
- 2.4 Council is also aware of the potential to redevelop the western end of Wakatu Square into a mixed use building that would provide an opportunity to enhance the integrated development of Wakatu Square and contribute to Council's city development objectives. At this time, there are no specific plans for this end of the site, however this potential needs to be taken into account when considering the redevelopment of Wakatu Square.

### 3. Proposal

- 3.1 Council is consulting on a proposal to sell part of the land it owns in Wakatu Square to Cephas, an investor, in order to develop an integrated shopping precinct. Attachment 1 – Bridge Street – Night View illustrates an initial concept of the Bridge Street façade to give an indication of the anticipated quality of the proposed development (noting that the design may change at detailed design stage).
- 3.2 In August 2018, Nelson City Council was presented with a proposal from Cephas to develop an integrated shopping precinct on land it owns and a portion of the eastern Trafalgar Street end of Wakatu Square and part of Wakatu Lane, which Council owns.
- 3.3 As such, the development proposal requires Council to consider selling a parcel of land within Wakatu Square that is an area of approximately 2,425m<sup>2</sup>, being part of Lot 3 Deposited Plan 17892, as currently contained in Certificate of Title NL12A/408 and part of SO 15356.
- 3.4 The aggregation of Council owned land (red in Figure 1. below) and the adjoining Cephas land (blue) into a larger parcel is a key consideration for Council as it allows a more intensive and integrated development of part of Wakatu Square than would be achievable if the Council land was offered to the open market. There is also proposed to be an area that may be used for outdoor entertainment, which would be secured by a Licence to Occupy (green).



- 3.5 This development is proposed to provide retail, food and office accommodation supported by an anchor tenant as well as other new local and nationally branded food and beverage operations. The development will be completed in stages, see Attachment 2 – Precinct Key Plan. Cephas will be responsible for obtaining all necessary building and resource consents to enable the proposal to proceed and to undertake all construction works required within the development.
- 3.6 If, following consultation, Council decides to sell the land to Cephas, a further consultation process will be carried out in relation to the proposed road stopping of Wakatu Lane that will be necessary for the development, with the subdivision of the parcel and settlement to be subsequently completed.
- 3.7 A conditional contract for sale and purchase will be agreed that will require confirmation of key details. If Cephas for any reason fails to secure a key department store or an equivalent operator, as the key anchor tenant, or proposes an unacceptable alternative development, or Council is unable to provide a title for the proposed site, the sale would not proceed and the land would remain in Council ownership.
- 3.8 After the parcel is created, the transfer of ownership would occur once Cephas provides evidence that:
- a. An anchor tenant is committed to a lease within the site.
  - b. The design of the development aligns with high quality urban design.
  - c. The necessary regulatory consents to complete its development have been granted.

#### **Car Parking**

- 3.9 The development of Cephas' integrated shopping precinct will result in a relocation of parking spaces in the Wakatu Square car park that can be achieved by redesigning the overall parking layout and demolishing the Council owned building at 81 Achilles Avenue. The car park planning for Wakatu Square is still being considered, however, as a minimum, there will be no reduction in the number of public car parks in Wakatu Square as a result of the development.
- 3.10 The cost to re-level and realign the carpark to allow this development to occur is estimated to cost \$570,000 to \$730,000 plus GST. However, a significant portion of this is to address the existing flooding issue within the carpark, as noted later, and offers an improved service to the wider community. A further cost to demolish 81 Achilles Avenue is estimated at \$100,000 to \$150,000 plus GST.

### Bus Operations

- 3.11 The sale of land for the proposal will impact on the current NBus operations including both the routes and bus stops of 3 local routes that use Wakatu Lane. The bus stops and routes can be relocated within a redesigned car park and/or in adjacent roads once the timing and extent of the redevelopment of Wakatu Square is understood in more detail.

### Road stopping

- 3.12 The disposal of land as proposed would require part of Wakatu Lane to be stopped, which is a process where a legal road is changed to freehold land, under section 342 and Schedule 10 of the Local Government Act 1974 (LGA). Council is not consulting on this part of the proposal at this time. If the decision to dispose of the land is made, then Council will follow the road stopping process set out on the LGA, which will include further public notification of the proposed road stopping.



Figure 2.

- 3.13 The risk of not being able to stop the road, either in a timely way or at all, has been highlighted to Cephas as an obstacle to the proposed development. Cephas has made it clear that without the road stopping, the development as proposed will not proceed.

### Utilities and Services

- 3.14 A review of Council utilities in the existing carpark area and Wakatu Lane suggests that only stormwater reticulation and overland flood flows control would be affected by the construction of a building on the land proposed to be acquired.

- 3.15 This proposal provides Council with the opportunity to re-designate some or all of the existing services as private or common private drains if they will no longer serve a public purpose. The water supply pipe and wastewater drain will need some further investigation. Assuming that Cephas as the potential investor will own all properties connected to these services and some works are carried out to delineate the point where the public drain and water supply terminate, the process should be relatively straightforward. The water and wastewater pipes in the land to be disposed of will be transferred to Cephas as part of the sale and purchase agreement.
- 3.16 The stormwater reticulation drain is not as straightforward as the property on the corner of Trafalgar and Bridge Street occupied by Westpac Bank is under separate ownership and its carpark area discharges stormwater to the Wakatu Lane reticulation. The solution for this issue will also be addressed in the sale and purchase agreement with Cephas. Initial cost estimates suggest the solution could be achieved at a cost within the range \$60,000 to \$140,000 plus GST.
- 3.17 Another issue to be addressed would appear to be overland flood flows from high intensity rain events that overwhelm the stormwater pipe capacity in Trafalgar Street and adjoining properties. Currently these flows follow the lowest contours from Trafalgar Street along Wakatu Lane and into Wakatu Square across the raised walkway. As the carpark for the Westpac Bank is also below the level of Trafalgar Street the re-directing of overland flood flows from this area will need to be carefully considered once indicative designs have been produced for the Cephas development.
- 3.18 Initial investigations indicate that overland flooding could be mitigated by the redevelopment of the car parking area, with strategic placement of sumps and profiling to optimise drainage, at an initial cost estimate of \$320,000 plus GST. Further modelling of this issue will be completed to identify flow volumes, depths, alternative secondary flow paths and the solutions and liability for cost to remedy any potential flooding risk will be confirmed through the sale and purchase agreement.
- 3.19 The impact of the proposal on private utilities attached to existing buildings will also need to be investigated as part of any site investigation works by Cephas and then addressed as part of design considerations.

### **Hazards**

- 3.20 Wakatu Square is subject to inundation from very high tides and flood events affecting the Matai River. The flood modelling also shows this carpark and adjacent areas in the central city are subject to flooding during large storm events. Recent flood modelling has shown this issue will become progressively worse under climate change scenarios that lead to increased sea levels.
- 3.21 Additionally, parts of Wakatu Square, Wakatu Lane, Achilles Avenue and adjacent buildings are identified on the Hazardous Activities and Industries List, as a consequence of the previous use of the sites.



- 3.22 The impact of these hazards will need to be investigated by any purchaser and will be regulated by the Building Code and Resource Management Act. Further any mitigation of these hazards will be addressed as part of the sale and purchase agreement.

**Regulatory processes**

- 3.23 The above information on road stopping, utilities and services and hazards is provided as background on the proposal, and any decisions around consenting and other regulatory requirements will be made by Council in accordance with relevant statutory processes.

**Urban Design Requirements**

- 3.24 Nelson City Centre is admired for its strong character with a distinct look and feel that includes our open-air street environment and many heritage buildings. Council will work with Cephas to ensure that any development that occurs on land Council sells is of a high quality urban design.

**Cephas Statement**

- 3.25 As part of its submission, Cephas has provided the following commentary on how the development will benefit the Nelson economy:
- 3.26 *One of the barriers to Nelson City being redeveloped has been the diverse ownership structures of small lots. Cephas has already acquired a large block of adjoining properties on Bridge Street and the purchase of the Council land will provide a sufficiently large land holding for a viable proposal.*
- 3.27 *Cephas has been operating in the Nelson CBD for more than 30 years and our observations are that Nelson is now suffering a higher level of vacancy than has ever previously been observed and there is general discontent from many remaining stores as to their trading levels. At the same time, from our industry knowledge, retail sales recorded out of Nelson by Nelson residents continue to rise. Cephas proposes to reverse those trends by creating a shopping environment that will attract retailers and shoppers with a customer experience and offer not currently available in Nelson City. We will seek to attract retail brands into the precinct not currently in Nelson as part of any leasing campaign.*
- 3.28 *The Cephas proposal will create a significant number of jobs during the construction phase and once open for trade. Once trading successfully, more shoppers will be drawn into the City and more shoppers will draw more retailers to set up. Cephas considers that the creation of its Precinct on the northern end of the retail strip of Trafalgar Street will strengthen the whole of the strip to the Church Steps by acting as a book end and encourage further investment in the CBD zone for the overall benefit of the whole. This proposal could provide the energy and impetus to regenerate Nelson City.*

**Sale Price**

- 3.29 As yet the sale price for this parcel of land has not been determined as all factors affecting value have not been agreed between parties. However, both Cephas and Council have sought independent valuations and are continuing discussions to agree a fair and reasonable price based on good faith negotiation. Based on valuation advice Council expects the sale to be in the range of \$600/m<sup>2</sup> and \$800/m<sup>2</sup>.

### **Financial Impact**

- 3.30 If it were decided to dispose of part of Wakatu Square, the financial impact to Council is expected to be minimal, with the net sales proceeds (being the sale price less costs for carpark resurfacing and realignment, stormwater issues, road stopping, subdivision and legal costs) expected to be used to pay off debt.
- 3.31 There is anticipated to be no or limited loss of income from parking revenues and no level of service impacts on bus services or other public amenities currently being provided.

## **4. Reasons for the Proposal**

- 4.1 The proposal from Cephas enables Council to achieve the goal of retaining a key large format retail activity, and adding to the retail options, in the central city while still maintaining public car parking and other public amenity. Council considers this to be an important opportunity to support the Nelson economy with a significant area of new retail and enhance the City's position as the key commercial hub in the Top of the South.
- 4.2 The land that is the current Wakatu Square was purchased in stages by Council from 1990 through to 2008 and Council has publicly signaled at various times that the parking square could include a substantial built development, possibly of a retail nature and/or a parking building. Public statements to this effect were included in the Inner City Strategy 1995, the Long Term Council Community Plan 2006, through calling for Expressions of Interest for a development proposal in 2007, and through the Heart of Nelson Strategy 2009.
- 4.3 The Heart of Nelson Strategy stated there was a *"significant opportunity to retain or attract key retailers in the City Centre, which could otherwise be forced to relocate due to a lack of available expansion space"*. The Strategy identified Wakatu Square as the preferred site for such a store. This was in support of the Heart of Nelson Vision that *"The central city will be a vibrant, attractive place in which people can live, work and play, and in which businesses can operate...The central city will remain – and thrive – as the commercial and cultural heart of the wider region"*.
- 4.4 There have been numerous proposals for the potential use and development of the site for street front development, multiple use buildings and parking. This includes a number of Council resolutions to seek expressions of interest for the development of the site, as well as development proposals that have been considered but have not gone ahead.



- 4.5 There have also been a number of Council strategies and formal planning documents that have signaled the development potential of the site and the need to provide the opportunity for large key anchor retailers to remain/establish in the City Centre.

## 5. Options

- 5.1 In evaluating the sale of land within Wakatu Square, Council has considered that there are three reasonably practicable options. They are:

- |                                   |   |
|-----------------------------------|---|
| Option 1: Sell to Cephas          | Sell the land required in the current proposal from Cephas.                                   |
| Option 2: Expressions of interest | Call for expressions of interest to purchase the land to complete an alternative development. |
| Option 3: Status Quo              | Retain the land in Council ownership.   |

- 5.2 Each of the options are assessed as follows:

<b>Option 1:</b> Sell the land required in the current proposal from Cephas.	
Advantages	<p>Keep a key anchor retail activity within the City Centre, including its flow on benefits for other fashion, retail and food development.</p> <p>Gives certainty to Council of what is developed on the site and potentially allows it to extract the highest value from that redevelopment through an adjoining owner purchase.</p> <p>Potential for additional nationally recognised retail activity to be attracted to the City Centre.</p> <p>Sales proceeds could be used to address current flooding issues within Wakatu Square.</p>
Disadvantages	<p>Other investors/developers are not given the opportunity to competitively bid for the land.</p> <p>Disruption to current carpark users.</p> <p>Dissatisfaction from adjoining property owners around Wakatu Square.</p>

<b>Option 2:</b> Call for expressions of interest to purchase the land to complete an alternative development.	
Advantages	<p>Opportunity for a new development proposal to be considered and potential for a higher purchase price</p>

	to be obtained through a competitive sale and evaluation process.
Disadvantages	<p>No certainty that acceptable proposals will be forthcoming. Greater uncertainty over costs, timing and an acceptable proposal being received.</p> <p>Unlikely that another party could develop the land in the same way as the Cephas proposal.</p> <p>Potential loss of Cephas proposal.</p>

<b>Option 3:</b> Retain the land in Council ownership.	
Benefits and Costs	<p>Council retains ownership of all of its current landholding in Wakatu Square. This preserves the availability of this land for a range of potential future activities.</p> <p>No disruption to current use of Wakatu Square.</p>
Disadvantages	<p>Council will forego receipt of the purchase monies.</p> <p>Council is perceived to be unsupportive of city redevelopment.</p> <p>Loss of additional retail and other activity that could have been attracted to the City Centre.</p> <p>Council has to raise to correct existing flooding issues in Wakatu Square.</p>

## 6. Submissions

- 6.1 A submission form is included at the end of this document. Anyone may make a submission about any aspect of Council's proposal and the alternatives and issues that have been considered. Council, in making its final decision, will take account of all matters raised in submissions and may, as a result, decide to pursue one of the alternatives above instead of its proposal.
- 6.2 All submissions, including the name and contact details of the submitter, will be made available to the public and media on Council's website, unless you specifically request that your contact details be kept private and explain why it is

## Item 6: Wakatu Square: Potential Sale of Land: Attachment 1

necessary to protect your privacy. Council will not accept any anonymous submissions.

### 6.3 Submissions can be made:

- Online at [nelson.govt.nz](http://nelson.govt.nz)
- By post to Community Housing, PO Box 645, Nelson 7010
- By dropping off to Civic House, 110 Trafalgar Street, Nelson

### 6.4 Submissions must be received no later than **2 May 2019**.

### 6.5 Any person who wishes to speak to the Council in support of their submission will be given the opportunity to address the Council at hearings on **15 May 2019**.

**ATTACHMENTS**

Attachment 1: Bridge Street – Night View [A2160138]

Attachment 2: Precinct Key Plan [A2160139]

**Name:** .....

**Organisation represented: (if applicable).....**

**Address:** .....

**Email:** ..... **Tel:** .....

**Hearings are scheduled for 15 May 2019.** *If you do not circle either, we will assume you do not wish to be heard. If you wish to present your submission at the hearing in Te Reo Māori or New Zealand sign language please include this information in your submission.*

**Public Information:** All submissions (including the names and contact details of submitters) are public information and will be available to the public and media in various reports and formats including on the Nelson City Council website. Personal information will also be used for administration relating to the subject matter of submissions. Submitters have the right to access and correct any personal information included in any reports, information or submissions.

[illegible]

*Please attach additional sheets if needed.*

Submissions can be made:

- Online at **nelson.govt.nz**  
By post to: **Potential Sale of Land for Commercial Development Wakatu Square – Nelson City, PO Box 645, Nelson 7010**  
By dropping off to **Civic House, 110 Trafalgar Street, Nelson**

Attachment 1

Renders

Concept Design  
14 March 2019

Cephias  
917049

issue\_number E



Bridge Street / Night view

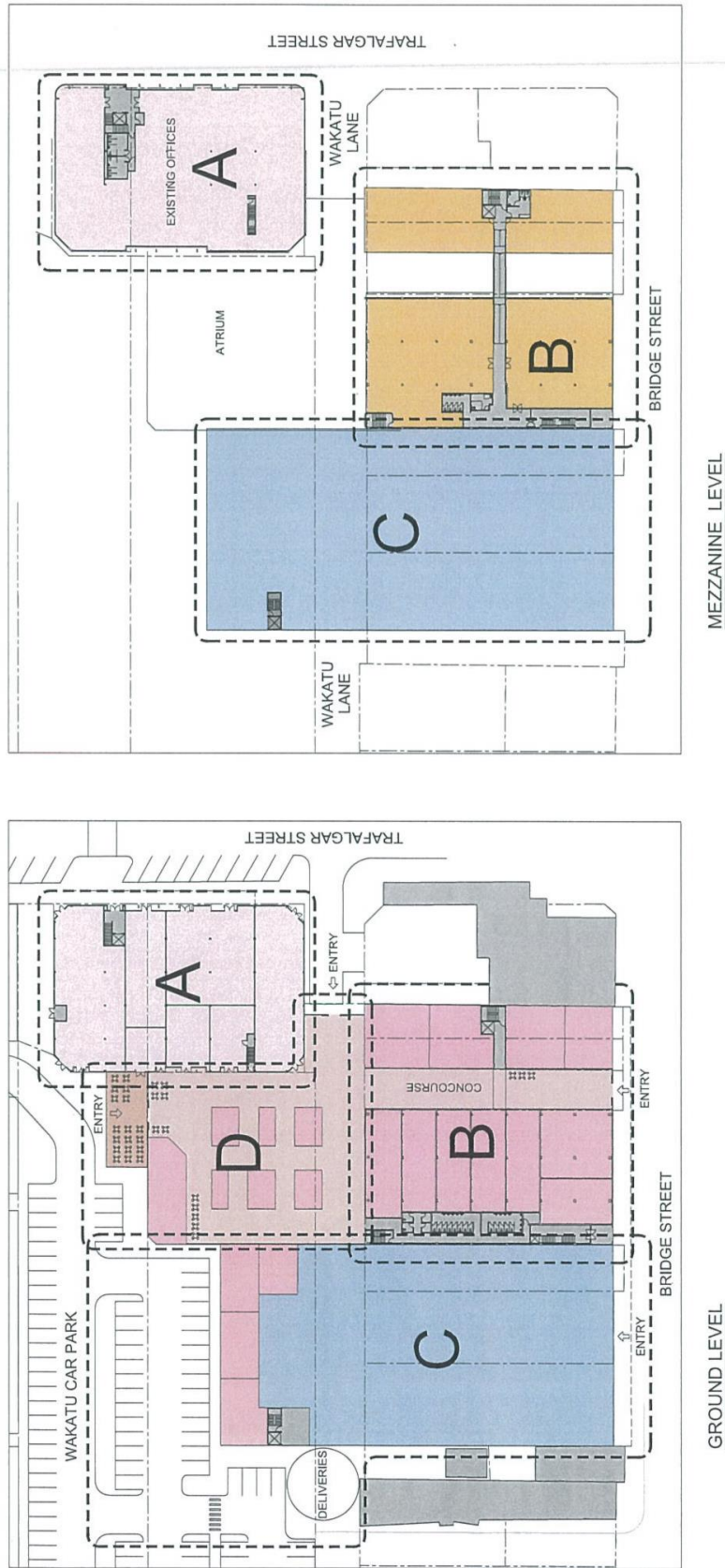
Auckland Studio  
Architecture

**BUCHAN**

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Attachment 2



PRECINCT KEY PLAN  
SCALE 1:750 @ A3

BUCHAN

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**REPORT R10056**

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**Nelson Tasman Future Development Strategy -  
Consultation Documents**

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**1. Purpose of Report**

- 1.1 To seek approval for the draft Nelson Tasman Future Development Strategy (NTFDS) to be provided to the public, statutory stakeholders and iwi partners for feedback under the Local Government Act 2002 (LGA).
- 1.2 A similar report with the same recommendation is being presented to Tasman District Council on 28 March 2019 as alignment in decision making is required to support the consultation, consideration and adoption process across both Councils.
- 1.3 All attachments will be tabled at the meeting.

**2. Recommendation**

***That the Council***

- 1. Receives the report Nelson Tasman Future Development Strategy - Consultation Documents (R10056) and its attachments (A2158751, A2158752 and A2158753); and***
- 2. Approves the Nelson Tasman Future Development Strategy consultation document (A2158751), feedback survey (A2158753) and web map (A2158752) for release on 8 April 2019 for public feedback under the Local Government Act 2002.***

**3. Background**

- 3.1 The Government introduced The National Policy Statement on Urban Development Capacity (NPS-UDC) in 2016 with the aim of ensuring that Councils plan for, and enable the supply of sufficient housing and business land needed to meet demand.



## Item 7: Nelson Tasman Future Development Strategy - Consultation Documents

- 3.2 The NPS-UDC applies to all local authorities, but particularly those that have part, or all, of either a medium or high growth urban area within their district or region.
- 3.3 The Nelson and Tasman Main Urban Area is defined in the NPS-UDC and includes both Richmond and Nelson. The area is classified as a medium growth urban area, falling just below the ten percent threshold (9.95%) that defines a high growth urban area.
- 3.4 The NPS-UDC encourages (but does not require) that local authorities that have part or all of a medium growth urban area within their district or region to prepare a future development strategy (FDS).
- 3.5 On 9 August 2018 Council resolved that the Council:

*Approves the preparation of a Nelson Tasman Future Development Strategy - Consultation Documents for the Nelson and Tasman Regions in partnership with Tasman District Council.*

### *Purpose of a FDS*

- 3.6 The purpose of a FDS is to demonstrate there will be sufficient, feasible development capacity (residential and business) in the medium and long terms and that minimum targets will be met.
- 3.7 National guidance states that a FDS shall identify the broad location, timing and sequencing of future development capacity. The FDS is a high level strategy document that is to be used to inform resource management plans, infrastructure strategies and long term plans where further testing and evaluation of growth options through cost benefit analysis, business cases and Resource management Act 1991 (RMA) and LGA public consultation processes.
- 3.8 The preparation of a FDS for Nelson and Tasman presents an opportunity for both Councils to take a strategic look at where and how growth can be managed over the next 30 years, particular focusing on years 11 to 30. Current Long Term Plans and Resource Management Plans provide housing and business capacity for years 1 to 10. The FDS provides the opportunity for both Councils to work together to confirm a vision to sequence growth including infrastructure investment, servicing and release of land in a coordinated way.

### *Contents of a FDS*

- 3.9 Both Councils provided direction on the content of a FDS for Nelson and Tasman through a number of workshops, and through the report considered on 9 August 2018. This direction is that the NTFDS shall:
  - 3.9.1 Be a non-statutory document, apply to both the Nelson and Tasman Regions and be signed off by both Councils;
  - 3.9.2 Be governed by a working party comprised of Mayors, the chairs of the respective Planning and Regulatory and Environment and

## Item 7: Nelson Tasman Future Development Strategy - Consultation Documents

Engineering/Infrastructure Committees, with attendance by other Councillors at meetings being optional;

- 3.9.3 Provide a clear vision which provides both Councils with a decision making framework going forward that would enable both Councils to make consistent and aligned decisions;
- 3.9.4 Be informed by the growth planning of other organisations, including but not limited to iwi, the Nelson Marlborough District Health Board, Port Nelson Ltd, the Department of Conservation, and the Ministry of Education.
- 3.9.5 Be linked to the regional development programme and economic development strategy of the Nelson Regional Development Agency (NRDA);
- 3.9.6 Balance certainty about future urban development with responsiveness to demand;
- 3.9.7 Inform Councils' asset management plans and long term plans 2021-2031;
- 3.9.8 Include recommendations for changes to Regional Policy Statements and combined regional and district plans;
- 3.9.9 Be used as a platform to support infrastructure funding applications and other economic development bids;
- 3.9.10 Include a spatial map and/or an online interface;
- 3.9.11 Be produced using existing data and resources and where possible be based on work already planned and underway;
- 3.9.12 Be finalised prior to July 2019 in order to be available to the community to inform their feedback on the 2021-31 Long Term Plan (LTP).

## **4. Discussion**

- 4.1 Officers completed and reported to their respective Councils on 13 December 2018 their Residential and Business Capacity Assessments required under the NPS UDC. These documents have formed the basis of the demand analysis of the NTFDS.
- 4.2 Since the 9 August 2018 Council resolutions, Officers from both Nelson and Tasman Councils have been working to the tight timeframe to develop a draft NTFDS with stakeholders from the development, housing, and business sectors and government agencies, iwi partners and both Councils. This has involved the following workshops and consultation opportunities to date:

Item 7: Nelson Tasman Future Development Strategy - Consultation Documents

<b>Council, Stakeholder, Partner and Public Consultation on Draft FDS</b>		
<b>Date</b>	<b>Party</b>	<b>Purpose</b>
31 October 2018	Iwi Working Group	Project initiation
13 December 2018	Iwi Working Group	Scoping options and constraints
18 December 2018	Stakeholder workshop	Scoping options and constraints
23 January 2019 – 11 February 2019	Public consultation	High level scenarios for growth
13 February 2019	Iwi working Group	Criteria development and feedback, identification of Iwi development capacity
25 February to 5 March 2019	Individual meetings with Iwi Trust Chairs and General managers	Overview of FDS and opportunities for involvement
27 February 2019	Developer and Business Stakeholders	Scoping options and business demand
4 March 2019	Stakeholder workshop	Summary public and stakeholder feedback presented, feedback on criteria and scoping options to be assessed.
5 March 2019	Joint Council Workshop	Summary public and stakeholder feedback presented, feedback on high level growth scenarios and criteria options analysis
8 March 2019	NZTA workshop	Summary public and stakeholder feedback presented, feedback on high level growth scenarios and transport criteria options analysis
14 March	Iwi Working Group	Options analysis to inform draft strategy

- 4.3 Prior to the Council receiving this report, a Joint Council workshop was also held on 19 March 2019 to provide both Councils with an opportunity to discuss the draft NTFDS. Officers will provide an update at the meeting on any changes to the NTFDS that have been made in response to issues raised at the workshop.
- 4.4 The NPS UDC requires that Council undertake a consultation process on their future development strategy that complies with the consultation process requirements from either Part 6 of the Local Government Act or Schedule 1 of the RMA.

## Item 7: Nelson Tasman Future Development Strategy - Consultation Documents

- 4.5 Council is required under section 31 of the RMA to ensure there is sufficient development capacity in respect of housing and business land to meet expected demands.
- 4.6 The future development strategy is a vehicle for Council to have an informed conversation with communities on how to accommodate future growth demands. Officers recommend that the draft strategy be released to the community of Nelson and Tasman regions for feedback, using the process in Part 6 of the Local Government Act 2002. The draft NTFDS is proposed to be released for public feedback from 8 April 2019 to 6 May 2019. All feedback will be presented to a Joint Council workshop where officers will seek direction from Council on changes as a result of feedback received.
- 4.7 Council decided on 9 August 2018 that the NTFDS would not be adopted as a statutory document under the respective resource management plans and therefore an RMA consultation process is not required. In the future the NTFDS will however provide guidance for both Councils Regional Policy Statements and District Plans on growth and development.

### 5. Options

- 5.1 Council has the option of seeking public feedback on the draft NTFDS as the next step in its development.

<b>Option 1: Seek public feedback on the draft NTFDS</b>	
Advantages	<p>Provides the public with an informal opportunity to provide feedback and have it considered by the Council.</p> <p>Generally considered good practice to consult those who might be affected by or have a view on Council decisions. While not a special consultative procedure Council has obligations under section 78 of the Local Government Act to seek and consider feedback on policies and standards to be adopted.</p> <p>Provides the opportunity for officers to respond to feedback and make amendments under the direction of both Councils.</p>
Risks and Disadvantages	<p>Providing a draft for feedback, considering that feedback and making appropriate amendments reduces risks that the community does not support the proposed NTFDS, but adds time to the process.</p>
<b>Option 2: Do not seek public feedback on draft NTFDS</b>	
Advantages	<p>May reduce the time taken to adopt the NTFDS.</p>

Item 7: Nelson Tasman Future Development Strategy - Consultation Documents

Risks and Disadvantages	<p>Does not meet the requirements of section 78 of the Local Government Act creating a risk of legal challenge because the views of those who may be affected have not been sought.</p> <p>Does not meet the requirements of the NPS-UDC which requires that Council undertake a consultation process under either Part 6 of the LGA2002 or the RMA1991.</p> <p>The community may not support all or part of the NTFDS which may make it difficult to implement through subsequent processes requiring consultation (i.e. plan changes).</p>
<b>Option 3: Do nothing – abandon the draft NTFDS process</b>	
Advantages	Frees up officer resource
Risks and Disadvantages	<p>The NPS-UDC strongly recommends that medium growth urban areas undertake a Future Development Strategy. Ignoring Government guidance may affect our regions ability to demonstrate prudent planning and eligibility for any national funding or tools to assist to manage growth issues.</p> <p>The Nelson and Tasman regions are unable to provide sufficient feasible development capacity over the next 30 years.</p> <p>The Nelson and Tasman areas are currently under significant growth pressure, including a housing shortage. The FDS is a tool to guide regulatory and financial planning documents seeking to address those issues over the next 30 years. Without that guidance growth areas and infrastructure capacity may not be enabled in a timely or efficient manner.</p> <p>Development occurs in an ad hoc manner creating infrastructure inefficiencies and potentially affecting the cohesiveness of the community.</p> <p>Lack of certainty to public and private investors may affect the perception of Nelson being open to growth, and may increase investment risks that disincentivises development.</p>

## 6. Conclusion

- 6.1 The draft NTFDS is proposed to be released for public feedback from 8 April 2019 to 6 May 2019 under the Local Government Act 2002.

## Item 7: Nelson Tasman Future Development Strategy - Consultation Documents

Officers will seek direction from a Joint Council Workshop on the feedback received and changes required to the draft before reporting it to Council.

**Author:**           **Lisa Gibellini, Team Leader City Development**

### **Attachments**

Attachment 1: Attachments will be circulated separately (*Circulated separately*)

<p><b>Important considerations for decision making</b></p>
<p><b>1. Fit with Purpose of Local Government</b></p> <p>The NTFDS provides options for growth and infrastructure provision over the next 30 years to ensure that sufficed capacity is provided to enable statutory compliance, health safety and wellbeing of the Nelson and Tasman community.</p>
<p><b>2. Consistency with Community Outcomes and Council Policy</b></p> <p>The NTFDS is consistent with the community outcomes and will assist Council to achieve them, particularly "Our urban and rural environments are people friendly, well planned and sustainably managed" and "Our infrastructure is efficient, cost effective and meets current and future needs".</p>
<p><b>3. Risk</b></p> <p>The recommendation seek to release a draft NTFDS for public feedback. This process reduces risk by ensuring the Council gives consideration to the views and preferences of persons likely to be affected by, or to have an interest in, the matter as required under the Local Government Act 2002.</p>
<p><b>4. Financial impact</b></p> <p>There is no financial impact of release a draft for public feedback, all costs are covered within existing budgets.</p>
<p><b>5. Degree of significance and level of engagement</b></p> <p>This matter is of low to medium significance because it is a draft high level document that identifies broad options for growth which all have to pass through the RMA plan change and LTP infrastructure funding consultative procedures subsequent to the adoption of this document. Officers consider that releasing the draft NTFDS for public feedback is commensurate with the nature and statutory significance of the document and allows the public to provide their feedback in an informal manner.</p>
<p><b>6. Inclusion of Māori in the decision making process</b></p> <p>No engagement with Māori has been undertaken in preparing this report, consultation with Iwi in preparing the draft FDS has been outlined in section 2.</p>
<p><b>7. Delegations</b></p> <p>The previous report of 9 August 2018 on the Future Development Strategy went to full Council because it was considered to be across committee matter due to its infrastructure and planning considerations.</p>

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## **Notice of Motion from Councillor Rutledge: Submission on the Reform of Vocational Education Consultation**

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### **1. Purpose of Report**

- 1.1 To consider the notice of motion from Councillor Mike Rutledge requesting a submission be made by Nelson City Council to the Tertiary Education Commission on the Government's proposal for the Reform of Vocational Education, noting that the consultation period closes on 27 March 2019.

### **2. Recommendation from Councillor Rutledge**

***That the Council***

- 1. Receives the report Notice of Motion from Councillor Rutledge: Submission on the Reform of Vocational Education Consultation (R10070) and its attachment (A2160455); and***
- 2. Makes a submission to the Tertiary Education Commission on the Government's proposal for the Reform of Vocational Education supporting aspects of the proposal relating to improved funding models and Centres of Vocational Excellence, but emphasising the need for our regional tertiary provider, the Nelson Marlborough Institute of Technology, to retain its autonomy, regional governance, and responsiveness to local needs; and***
- 3. Notes, in particular, Council's concerns regarding the proposal to create a centralised "New Zealand Institute of Skills and Technology" for its potential impact on local jobs, course provision, control of***



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***assets, and the connectedness of the Nelson Marlborough Institute of Technology to local industries and the community; and***

- 4. Notes the community's longstanding support for the Nelson Marlborough Institute of Technology, which included an initial gift of land upon which the campus was built, made by the Nelson City Council in 1903; and***
- 5. Encourages an approach that supports the strengths and unique character of the Nelson Marlborough Institute of Technology and ensures high quality educational outcomes.***

## **2. Background**

- 2.1 The procedure for a Notice of Motion is dealt with in Council's Standing Orders. The relevant portions of the Standing Orders relating to this Notice of Motion are set out below:

### **"Standing Order 25.1 Notices of Intended Motion to be in writing**

- 2.2 Notices of motion must be in writing signed by the mover, stating the meeting at which it is proposed that the notice of motion be considered, and must be delivered to the Chief Executive at least 5 clear working days before such meeting."
- 2.3 A copy of the Notice of Motion received by the Chief Executive from Councillor Rutledge is attached.
- 2.4 The deadline for submissions has been extended until 5 April 2019. This is out of respect for the shock experienced by New Zealanders, and in particular the Muslim community, in the wake of the attacks in Christchurch on 15 March."
- 2.5 Link to the Tertiary Education Commission document:

<https://www.tec.govt.nz/focus/our-focus/reform-of-vocational-education/>

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**Author:**        **Jasmin Brandt, Governance Adviser**

**Attachments**

Attachment 1:    A2160455 Notice of Motion - Councillor Rutledge 27Mar2019 [↓](#)

**Notice of Motion for 27 March 2019 Council Meeting**

That the Council

1. Makes a submission to the Tertiary Education Commission on the Government's proposal for the Reform of Vocational Education supporting aspects of the proposal relating to improved funding models and Centres of Vocational Excellence, but emphasising the need for our regional tertiary provider, the Nelson Marlborough Institute of Technology, to retain its autonomy, regional governance, and responsiveness to local needs; and
2. Notes, in particular, Council's concerns regarding the proposal to create a centralised "New Zealand Institute of Skills and Technology" for its potential impact on local jobs, course provision, control of assets, and the connectedness of the Nelson Marlborough Institute of Technology to local industries and the community; and
3. Notes the community's longstanding support for the Nelson Marlborough Institute of Technology, which included an initial gift of land upon which the campus was built, made by the Nelson City Council in 1903; and
4. Encourages an approach that supports the strengths and unique character of the Nelson Marlborough Institute of Technology and ensures high quality educational outcomes.

Moved by:

Councillor Mike Rutledge



Seconded by:

Councillor Paul Matheson



Date: 20/3/19