Nelson City Council
Te Kaunihera o Whakatū

Notice of the Ordinary meeting of

Nelson City Council
Te Kaunihera o Whakatū

Date:	Wednesday 23 March 2022
Time:	11.00a.m.
Location:	via Zoom

Agenda

Rārangi take

Chairperson	Her Worship the Mayor Rachel Reese
Deputy Mayor	Cr Judene Edgar
Members	Cr Yvonne Bowater
	Cr Trudie Brand
	Cr Mel Courtney
	Cr Kate Fulton
	Cr Matt Lawrey
	Cr Rohan O'Neill-Stevens
	Cr Brian McGurk
	Cr Gaile Noonan
	Cr Pete Rainey
	Cr Rachel Sanson
	Cr Tim Skinner

Quorum   7

Pat Dougherty
Chief Executive

Council Values

Following are the values agreed during the 2019 – 2022 term:

A. Whakautetanga: respect

B. Kōrero Pono: integrity

C. Māiatanga: courage

D. Whakamanatanga: effectiveness

E. Whakamōwaitanga: humility

F. Kaitiakitanga: stewardship

G. Manaakitanga: generosity of spirit

Page No.

Karakia and Mihi Timatanga

1. Apologies

An apology has been received from Councillor G Noonan

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

4.1 The Nelson Accommodation Sector and Hospitality NZ

4.2 Bev Webster - Airbnb host

5. Mayor's Report

6. Central Library Development - Community Engagement Strategy

Document number R26717

Recommendation

> *That the Council*
>
> *1. <u>Receives</u> the report Central Library Development - Community Engagement Strategy (R26717) and its attachment (A2853918); and*
>
> *2. <u>Approves</u> the Central Library Development Community Engagement Strategy as set out in report (R26717) and its attachment (A2853918); and*
>
> *3. <u>Delegates</u> any minor amendments to the Chair, Her Worship the Mayor, and Group Manager Community Services.*

M19326

Document number R26576

Recommendation

> *That the Council*
>
> *1.   <u>Receives</u> the report On-Line Accommodation Providers (R26576) and its attachment (A2615399); and*
>
> *2.   <u>Agrees</u> not to pursue a different rating charge for On-Line Accommodation Providers; and*
>
> *3.   <u>Agrees</u> to correspond with the Minister for Business, Innovation and Employment and request Central Government provide a consistent nationwide approach to regulation (including building regulation) and charging/taxing for On-Line Accommodation Providers.*

CONFIDENTIAL BUSINESS

8.   Exclusion of the Public

Recommendation

> *That the Council*
>
> *1.   <u>Excludes</u> the public from the following parts of the proceedings of this meeting.*
>
> *2.   The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:*

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
2	**Restraint of trade approval**	Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of	The withholding of the information is necessary: • Section 7(2)(i)

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
		information for which good reason exists under section 7	To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
3	**Māori Representation - nominations**	Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7	The withholding of the information is necessary: • Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person

Karakia Whakamutanga

Nelson City Council
Te Kaunihera o Whakatū

Council

23 March 2022

Central Library Development - Community Engagement Strategy

1. Purpose of Report

1.1 To approve the community engagement strategy for the Central Library Development Project.

2. Summary

2.1 At the 18 May 2021 Long Term Plan (LTP) 2021-31 meeting, Council directed officers to develop a community engagement process for the Central Library Development project for their approval. Given the scale and public interest in the project, officers have sought professional, independent advice to develop a bespoke community engagement strategy (Attachment 1).

3. Recommendation

> *That the Council*
>
> 1. *Receives the report Central Library Development - Community Engagement Strategy (R26717) and its attachment (A2853918); and*
>
> 2. *Approves the Central Library Development Community Engagement Strategy as set out in report (R26717) and its attachment (A2853918); and*
>
> 3. *Delegates any minor amendments to the Chair, Her Worship the Mayor, and Group Manager Community Services.*

4. Background

4.1 During the LTP deliberations on 18 May 2021, Council reconfirmed that its preferred option is to build a new library building on the corner of Halifax Street and Trafalgar Street, within the Riverside Precinct.

4.2 As part of the discussions Council directed officers to develop a community engagement process (including a communication strategy) for their approval.

5. Discussion

5.1 Crestani Limited (Crestani) has been contracted by Council to develop the engagement strategy, and the subsequent detailed engagement plan. The high-level draft engagement strategy is attached for Council's consideration. Once approved, the Council's Communications Adviser will work with Crestani and the Nelson Central Library Project Director to develop a communication plan that supports the engagement process.

5.2 This communication plan will go beyond the engagement process and will also outline the approach to communication with key stakeholders and the wider community throughout the duration of the project.

5.3 The communication plan will be a live document that is updated and refreshed as the project moves through its various phases. This ensures the communication plan and approach is responsive and effective in engaging the community throughout the exciting journey of the Central Library development.

6. Options

6.1 Option 1: Approve the proposed community engagement strategy - officers recommend this option; or

6.2 Option 2: Does not approve the proposed community engagement strategy and refers it back to officers for changes.

Option 1: Approve the proposed community engagement strategy (recommended)	
Advantages	• Allows planning for the community engagement programme to proceed, with the engagement process able to commence by 1 April 2022, in line with the high-level project timeline.
Risks and Disadvantages	• Since the community engagement process is on the critical path for the project, delays in proceeding will delay the project overall.
Option 2: Not approve the proposed community engagement strategy	

Advantages	• Allows any concerns identified by Councillors to be fully explored and addressed.
Risks and Disadvantages	• Delays the overall project timeline.

7.   Next Steps

7.1   Detailed community engagement plan and the project's communication plan will be developed following approval of the community engagement strategy.

7.2   The community engagement process for the Central Library Development project will commence on 1 April 2022 and conclude by the end of June 2022.

Author: Alice Heather, Library Redevelopment Project Manager

Attachments

Attachment 1:   A2853918 - Nelson Central Library Development Project Engagement Strategy - 16 March 2022 ⇩

Important considerations for decision making

1. Fit with Purpose of Local Government

Libraries are a core function of Council and contribute to the social, economic, environmental and cultural wellbeing of the Nelson community in the present and for the future.

2. Consistency with Community Outcomes and Council Policy

The recommendation is consistent with the LTP and supports the community outcome that our communities have access to a range of social, educational and recreational facilities and activities.

3. Risk

The risk in approving the engagement strategy is low. While there are a number of risks in implementing the engagement programme, these will be identified and mitigated as part of the process.

4. Financial impact

Budget for the recommended option is included in the LTP.

5. Degree of significance and level of engagement

The library development project is of high significance. The engagement process is one of the key tools in minimising associated risks.

6. Climate Impact

There is no climate impact from this decision.

7. Inclusion of Māori in the decision making process

No engagement with Māori has been undertaken in preparing this report.

8. Delegations

Council retains all responsibilities, powers, functions and duties in relation to governance matters for the following items:

- *Elma Turner Library redevelopment, and Riverside precinct*

For items listed at 5.1.1 above, irrespective of whether any fall within the areas of responsibility for any committee, subcommittee or subordinate decision-making body, Council will consider and make all decisions required in fulfilment of its responsibilities, powers, functions and duties in relation to governance matters.

Nelson Central Library Development project

Phase 1 – engagement strategy for Nelson Whakatū.
Miharo – Beyond the ordinary.

16 March 2022

Background

The Nelson Central Library Development project (the library) envisions a new library in the heart of Nelson Whakatū delivering a multi-use community facility that is inclusive, welcoming and invigorates how all Nelsonians live, work, innovate and play. The new library will transform the lives of the people it serves, for generations to come.

Currently the vision for the new library has been articulated as supporting:

- The knowledge economy – supporting social and economic development through the collection of human knowledge and providing access for all
- Nelson's culture and heritage – helping the community learn about and connect with our cultural heritage in Nelson Whakatū
- Connection and learning – a place where people from across our community come together to share their ideas and interests and to learn from each other
- Sustainability and resilience – the library can act as a catalyst for communities to respond to climate change and other impacts that call for a collective response.

This vision will be updated and refined based on the community feedback received as part of the community engagement process.

A2853918

Four key pillars:

Kotahitanga	Mātauranga	Miharo	Manaakitanga
Responding to our place in the world	A place that encourages and enables growth	Beyond the ordinary	Encouraging one another, extending compassion

"What Public Libraries offer is far more than a transactional service. A library is social infrastructure, a place to be connected, a platform for our communities to build a better future for themselves, both in-person and online. To be successful in staking our claim to a new relevance in a post-COVID society...we must learn to speak with a singular identity and coherence".
Nick Poole, A New Future for Public Libraries

Purpose of this document

This document recommends a proactive community engagement strategy including tactics and ideas, for phase 1 of the project, scheduled to take place between April – June 2022 (see engagement phases below*).

The feedback and ideas received from the community will help inform the development of the library design brief in the first instance, but importantly, this first tranche of engagement is the opportunity to build a longer-term connection between the community and their library, grounded in trust and confidence.

Phases of engagement in the project lifestyle

The future library belongs to the people of Nelson Whakatū and so local perspectives need to inform each stage of the project. To begin with, the focus of engagement is blue skies in nature, narrowing to specific detail closer to the construction stage. Engagement continues once the new library is completed and in use. That way, we can ensure it continues to deliver the experiences and services that locals value.

Phase 1: Engagement on the process and the idea *

- The vision for a contemporary library that delivers an experience beyond the ordinary.
- Why we are doing it and the benefits it will deliver for individuals, whānau, communities and Nelson Whakatū.
- Where and when you will have the opportunity to have input.

- Blue skies – what sort of things would you like to see in a next generation library such as this? Where have you seen something similar? What sort of things would you like to experience in a future library?

Phase 2: Engagement on concept design

- We have listened to your ideas and taken people's feedback on board. We have also looked at similar overseas innovations. This is the sort of services / experiences it could deliver. What do you think? Have we got it right? Is there anything we've missed?

Phase 3: Community update on preliminary design

- Share the latest design and what services and experiences it would deliver. Inform as to what we can actually afford and achieve. Explain the choices that needed to be made, and how they were landed.

Phase 4: Engagement with user groups on developed design.

- This is the specifics of what we are proposing – will the layout and functionality work for users? Will it attract people who haven't been library users before?

Construction phase

- Keep the dialogue going to maintain goodwill for the project and constructive relationships with those more directly impacted. Keep people interested in the services and experience they will be able to enjoy when it is finished.

Completed living library

- Keep the dialogue going to deepen the connection between Nelsonians and their library and to maintain their appreciation of it being a "living library". Which elements of it have you tried/used? Which haven't you used, why not? Are you getting what you need/want? Is there something else you would like to see?

Engagement objective for phase 1 *

To deliver a robust and defensible engagement process that encourages full participation of everyone with a stake in the city's liveability and future:

- so people know a new library is planned, why it is needed and the vision for it
- to inform the design brief /scope
- to build and maintain strong community relationships and goodwill throughout the life of the project, and beyond
- to positively impact the reputation of the project and Nelson City Council.

Considerations

- Nelsonians are not used to the scale and cost of this infrastructure project so will need to be reassured that it will deliver value for them and their community.

- They may be sceptical about the ability of Council to deliver based on previous projects and will need reassurance the right experts are in charge.

- Investment in a new library will be contentious. People in favour are unified and have very high expectations. People against the new library are more fragmented in their concerns and less unified in their opposition. This means there are a range of issues to address in the messaging. People will also have divided views on how a library stacks up in comparison to other civic priorities.

- Libraries are not necessarily readily accepted and understood as a contemporary asset. Modern-day libraries are less about books and more about knowledge, experiences, and technology. It can be challenging to engage people on a concept so different to what they currently understand or experience.

- The library and its team have a reputation for being a safe, welcoming and helpful place for those in the community who find it challenging to access support and services. Through the change process, it is crucial people know the new library will be an inclusive experience for everyone.

- COVID restrictions are a now a fact of life so engagement activities need to plan for this with appropriate channels. Currently, there are people actively opposed to the vaccine pass requirement for entry to the library. Efforts need to be made to ensure this issue does not prevent the community from hearing about and participating in the engagement process, and/or the vision and project details.

- Local body elections will be held in October 2022. Library engagement to inform the design brief needs to be concluded prior to the election period which begins approximately six weeks prior to polling.

What are our opportunities?

- We can achieve an inclusive, transparent conversation with every member of the community that resets their experience of public engagement on issues that matter to their way of life and their experience of their city services. We get to hear from people who usually remain quiet.

- We can build excitement and pride in a facility that will reflect the diversity of Nelson's communities, enhance people's quality of life, and that people outside the region will want to visit. It's about a very human experience, not a building.

- Building trust and confidence will take everyone on the project journey and reassure them they can have a say at all stages in the process (taking care to manage expectations about their ability to influence at each phase). It will also set the precedent for continued connection and engagement once the new library is up and running.

- The opportunity for Council to form a closer relationship with the wider community – not just those who inevitably and always participate in civic matters. Council staff and councillors need to be armed with key messages about **why** we are doing this project, **what** we are doing and **how** we are making sure the community is involved.

Recommended engagement approach for phase 1

A robust and defensible engagement process is needed to encourage full participation of everyone with a stake in the city's future. This project is not business-as-usual, but transformational and the engagement effort should reinforce that:

- **Build excitement** by sharing the vision for a multi-use community facility that invigorates how locals live, work, innovate and play. This is to encourage awareness of and participation in the engagement process.

- **Provide good quality information** about the project and make it easy for them to find out what they want and need to know.

- **Make it easy for people to take part** in the process where, when and in a way that suits them.

Audiences

Partnering with mana whenua

Having our Treaty Partners collaborate with us is crucial, and we need to work with mana whenua to confirm how they want to do this, throughout the lifecycle of the project and beyond. They are not stakeholders, they are project partners.

We will also seek their advice on the best way to engage with local Māori living in Nelson Whakatū throughout the public engagement process and ensure they are encouraged and supported to lead that process.

Wakatū Incorporation are developing a cultural narrative for the precinct where the library could potentially be housed. A close working relationship is critical to ensure the library is consistent with and reflects this narrative.

1) **Key stakeholders**

- People, organisations and groups with particular influence over and/or interest in the success of the project

2) **All those living in Nelson City and further afield in the Nelson Tasman region**

- Current library users
- Future and potential library users

Engagement methodology

In any engagement exercise, some stakeholders will have more interest and/or influence than others, depending on the project and its impact on them. That's why engagement needs to correspond with the level of impact the project will have on people. People who will experience major change as a result of a project have a higher interest in its progress. The higher the interest level – the higher and deeper the level of engagement needs to be.

The model below sets out the approach local government uses to engage communities. "Empower" is rarely and only used where final decision-making is placed in the hands of the community. It is not generally appropriate for infrastructure projects where decision-makers understandably need to take a range of technical, social and economic factors into account, alongside community feedback.
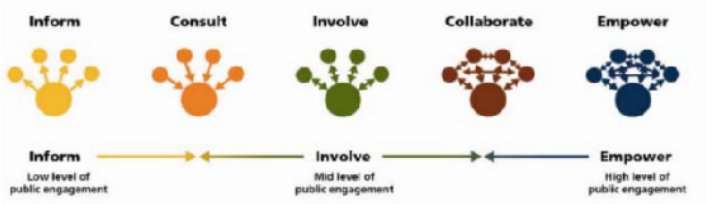
Figure 1: IAP2 Public Participation spectrum

Table 1: Summary of IAP2 spectrum levels

INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
Provide the audience with balanced and objective information to assist them in understanding the problem, preferred options, opportunities and/or solutions.	Obtain public / stakeholder feedback on analysis, alternatives and/or decisions.	Work directly with the public / stakeholder throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	Partner with the public/ stakeholder in each aspect of the decision including the identification of the preferred solution.	Place final decision-making in the hands of the public / stakeholder.

1. **Pre-engagement April 2022**

Key stakeholders

Task

- Raise awareness of the engagement process
- Understand what the project means for them
- Have a range of channels for asking questions about the engagement process
- Encourage key stakeholders to use their positive influence to raise community awareness of and participation in the engagement process

How to engage

- Offer lots of face to face/zoom meetings as appropriate.
- Plan for a series of webinars for special groups / areas of interest should COVID restrictions change.
- Set up a regular e-newsletter with engagement updates with community activities and latest response numbers. Encourage people to subscribe.
- Feedback mechanic: Follow up and encourage them to make a formal or informal written submission (for stakeholders who feel that the public feedback mechanism is not appropriate).
- Give them a quick guide to key project information they can use to 'spread the word' accurately and use their influence to encourage wider community participation.
- Provide them with a project team contact for queries.
- Utilise all existing Council channels and forums such as rates bills, emails, social.

Stakeholder reference group

- Stakeholder Group advises the project of community concerns and perspectives. This increases trust in and transparency of the project and means the stakeholder group share responsibility for understanding community sentiment.
- The project team use the Reference Group as a sounding-board and information source.
- Terms of Reference and recruitment approach would need to be drafted.

2. Public engagement May – June 2022

All people who call Nelson home.

Task: Raise awareness, ensure understanding, encourage full participation

- Making it easy for all members of the community to connect with the vision and find out what they need to know. We want to hear from everyone, especially people who tend to remain quiet.
- Make it easy for people to give feedback how, where and when they prefer. This includes both digital and non-digital channels.

How to engage

A. Building excitement & encouraging participation

A combination of owned, earned and paid media should be used to raise awareness of the vision, the project and the engagement process, and to encourage people to give their feedback however they prefer, online, in person, in print, or call the 0800 and have someone talk them through some quick user-friendly questions.

Owned media

- Shape Nelson must be repurposed into the central destination ('single source of truth') for all information and the engagement survey. It should be mobile-friendly, engaging, and highly visual; in plain English and Te Reo. It should also direct people to a service that offers other language translations on request.
- A short, visual-heavy brochure with a tear-out freepost feedback form, with quick questions.
- The council 0800 should be adapted to enable people to call up and work through some simple questions with the help of a customer service person. This enables the participation of people without computer/internet access and people uncomfortable with online environments.
- Utilise all existing Council channels and forums such as rates bills, emails, social channels to connect people to the project and drive people to the online/print/0800 feedback mechanism.

Paid advertising

- This will reach the most people quickly to promote the project and the phase 1 opportunity to get involved/have a say and explain how and where people can participate.
- Media channels: Digital and social channels to encourage participation and drive traffic to where people can give feedback. Out of home – billboards, street posters, radio, regional and community newspapers.

Earned media

- Proactive and reactive media management including briefings, opinion pieces etc
- Encouraging opinion leaders to join public discussions, encourage their circles of influence to get involved and help shape the narrative

B. **Providing good information and making it easy to participate**

- **Face to face and public drop ins** Invite people to smaller, welcoming and informal events with a good range of times and locations – must be COVID appropriate. Could also have pop ups at existing forums and at places people gather (online or places such as the farmers market, retirement villages, other public amenities like swimming pools, etc).
- **Short brochure with tear-out freepost form** for those who prefer non-digital feedback mechanisms
- **0800 customer service centre** to enable the tech-vulnerable to participate via a phone call.
- **Vulnerable library users** Liaise with library staff and other local experts to identify the harder to reach audiences who rely on the library for a safe place to access services, so we can identify the best way to invite their involvement and capture their feedback and perspectives. Create a (safe) presence in places where they meet, don't expect them to come to us.
- **'Always on / always changing' experiential display for phase 1 to construction** This would reflect the role of the library as place synonymous with new experiences and a launchpad for innovation. Could use the current library as a 'hub' for engagement on the future library. Collaborate with local experts in the arts, innovation and technology sectors to create "Your future library" using VR, AR, Lighting / projections / spatial design technologies so that people understand the concept and how it would work for them. Approach local lego clubs to create a model of the new library for some involving fun. Display their creations in the current library. Add a competitive element and allow public voting for the best Lego creation. As well, this builds the relationship with the people already working in the library and draws them into the project as ambassadors.
- **Virtual events** Make use of the different technologies and tools available that have mainstreamed as a result of COVID. These range from Facebook Live sessions, simple webinars / zoom presentations, facilitated questions and answer formats, through to remote brainstorming tools such as Miro.
- **Social media surveys** (Facebook / Insta) as a feedback mechanic opening up participation for those who prefer this channel over the website. Also allows us to be agile and respond to any issues that arise during the consultation period.

Outcomes

What does engagement success look like?

- We have high participation levels from broad demographics (age, ethnicity), including those who rely on the library for services they can't or don't feel comfortable to access elsewhere.
- We receive rich feedback at phase 1 to inform the initial design brief, as well as the direction for further and future engagement. We excite people to be involved in having a say in their library (of the future) and the experience it delivers them.

- The development of the design brief (and future experience) is more robust because it is informed by community insight and feedback.

- We build trust and confidence in the engagement process – people are positive about the process and feel heard, regardless of the outcome.

- This reflects positively on the reputation of the project, and Nelson City Council.

Considerations for future phases

- The new library is an opportunity to dig deeper into what makes Nelson a desirable place to live. The insights and feedback from this project should inform the Council's wider efforts to attract and retain people and businesses to the city.

- This project is about helping people reimagine what a library is and how it can enrich and improve their quality of life, and their sense of connection to the place they live, work and play. That means from the beginning, this project needs to establish for Nelsonians that their future library is not just a building, but a place of belonging. For the engagement approach, this means that establishing a strong and enduring sense of connection is critical from the outset. Where the people of Nelson, no matter their circumstances their age or their perspective, feel an emotional connection to and involvement in the future of their library.

Next Steps

Council approval of high-level engagement strategy 23 March 2022

Detailed engagement implementation plan developed.

Phase 1 Pre engagement commences – April

Phase 1 Public engagement commences – mid April / May / June

Council

23 March 2022

Nelson City Council
Te Kaunihera o Whakatū

REPORT R26576

On-Line Accommodation Providers

1.   Purpose of Report

1.1   To consider actions to further regulate on-line accommodation providers (OAPs) to respond to issues raised by Hospitality NZ.

2.   Summary

2.1   Hospitality NZ has raised concerns that OAPs in Nelson, are not subject to the same standards and rating charges as other accommodation providers, i.e. motels and hotels. They seek that Council more actively enforce the rules in the Nelson Resource Management Plan and rate these providers in line with commercial hospitality premises (e.g. bed and breakfast providers).

2.2   This report traverses the issues and in summary, finds:

2.2.1   There is a rule in the current Nelson Resource Management Plan (NRMP) that requires resource consent for short term guest accommodation for more than four travellers visiting at any one time and where there is no permanent resident on site. The rule will only capture a smaller sub-set than the total number of on-line accommodation providers in Nelson.

2.2.2   More proactive enforcement of the rule, rather than responding to complaints, will require a dedicated additional officer.

2.2.3   Rates for OAPs are currently set at a residential rate level. Any change to the rates levied would require a special consultative process which would be by way of an amendment to the Long-Term Plan. Preparing the required reports and undertaking consultation and then amending the rating provisions will add to existing officer workloads. If rating changes are made separate to more proactive rule enforcement, an officer resource would be required to do the investigation work required to identify the OAPs.

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2.2.4 Without additional unbudgeted expenditure being approved by the Council, for the position and work programmes, other Council work will be unable to be delivered.

2.2.5 The process for rating and more proactive enforcement of the rule, will result in negative feedback from OAPs. This needs to be anticipated and prepared for, e.g. it is likely there will be opposition to any changes to rating through the Annual Plan/ Long Term Plan process from OAPs. This will require communications input and may require legal input.

2.2.6 If the end outcome is to put OAPs on the same platform as other commercial accommodation providers, in terms of the areas Council can control, then that involves more proactive enforcement and rating changes. Simply only enforcing the rules more proactively will not alter the competition concerns raised by Hospitality NZ, i.e. unfair starting points for costs etc as trade competition is not a matter that can be considered under the Resource Management Act.

2.2.7 The matters raised by Hospitality NZ, are in the officer's opinion, best addressed nationally by Central Government.

3. Recommendation

That the Council

1. *Receives the report On-Line Accommodation Providers (R26576) and its attachment (A2615399); and*

2. *Agrees not to pursue a different rating charge for On-Line Accommodation Providers; and*

3. *Agrees to correspond with the Minister for Business, Innovation and Employment and request Central Government provide a consistent nationwide approach to regulation (including building regulation) and charging/taxing for On-Line Accommodation Providers.*

4. Background

4.1 Hospitality NZ (submission 27202 – Attachment 1) spoke to the Hearings on the Long Term Plan (LTP) 2021-31 and highlighted the difficulty of finding affordable accommodation for workers, particularly given competition with AirBnB and other holiday rentals. The response to the submission, sent in October 2021, acknowledged the concerns and that work on options and possible rating solutions would be undertaken by the end of 2021.

4.2 At the Council meeting on 17 December 2020 the Council resolved as follows:

Resolved CL/2020/001

> *"Requests officers report to Council in 2021 on various regulatory options and subsequent rating solutions for whole house AirBnB-type accommodation providers."*

4.3   Work commenced on the options and these were workshopped with Elected Members on 9 November 2021. After the workshop, officers were tasked with undertaking consultation with OAPs and the public more broadly to elicit further information. This engagement work stalled prior to Christmas, as the Group Manager Environmental Management (GM EM) was on leave.

4.4   The Environmental Management Strategic Adviser role has been vacant since September 2021 and so the work has progressed sporadically to fit around other priorities.

5.   Discussion

Who are On-Line Accommodation Providers?

5.1   OAPs advertise through a range of on-line platforms including: Bookabach; Stayz; Bachcare; Airbnb; Holiday houses; Booking.com; holidaylettings; vrbo; HomeWay; Expedia; HometoGo; Luxury Lodges; and Flipkey.

5.2   An OAP in Nelson requires resource consent where they are providing short term guest accommodation for more than four travellers at any one time and there is no permanent resident on site. Where there are fewer than four travellers at any one time or there is a permanent resident on site, no resource consent is required.

How many On-Line Accommodation Providers are there in Nelson?

5.3   AirDNA data for the 2020-2021 year showed 427 active rentals in Nelson with 76% of these renting out the entire site (i.e. no resident on site). This means that at the time of the data sample, approximately 325 OAPs could potentially require resource consent for undertaking the activity. However, there would need to be further interrogation to find out how many travellers are staying at any one time, e.g. more than four (resource consent triggered) or fewer than four (resource consent not triggered). This is not a simple task and is discussed further later in the report. All that can be said is it will be a number fewer than 325 (based on the 2020-21 data).

5.4   Hospitality NZ noted in its LTP submission presentation that there are 38 commercial accommodation providers in Nelson (788 beds). They also noted that in January to March 2020, AirBnB providers had 87% occupancy compared to commercial premises with 54% occupancy. The data for January 2021 shows 76% occupancy for AirBnB. It is noted that some commercial premises do not list on the on-line platforms.

5.5   The average occupancy rate shown in the Ministry of Business, Innovation and Employment Accommodation Data Programme for commercial accommodation was 39% in the year to January 2022. The AirBnB occupancy rate was 36%.

5.6   It is anticipated that Hospitality NZ will provide further data at the Council meeting, in their public forum presentation, showing that the number of active rentals has increased. The numbers are indicative only as the numbers will fluctuate.

The Pros and Cons

5.7   Use of houses for short term rentals can affect the sense of community compared to homes being occupied by permanent tenants who then get to know their neighbours and add to the local community.

5.8   Counter to that, having options for where visitors can stay adds to the local economy through spend.

5.9   The Nelson Regional Development Agency estimates (crude estimation) that AirBnB visitors contribute up to a third of the regional visitor spend. For the year to the end of January 2022 total spend was $147m which would mean AirBnB visitors contribute up to $49m of existing visitor spend. Based on a Deloitte report from 2017 quoting GDP and AirBnB visitor nights across New Zealand, it is estimated the GDP generated from that $49m spend would be about a further $41m of added value, bringing the total to $90m GDP created for the region.

5.10   It is unknown whether this spend would still occur if AirBnB was not available and their customers would go to other commercial providers. It is not possible to say absolutely that AirBnB is responsible for this contribution to spend and GDP, only that the contribution is made by AirBnB customers.

NZ-Wide Issues Requiring Government Input

5.11   Data prepared by Parliamentary Library, Research and Information has compared (date unknown but the information was collated over the last six months) AirBnB accommodation vs long term rental properties after a search through Trademe for rentals and the AirBnB website. The comparison is:

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Table One

Place	AirBnB	Trademe Rental
Queenstown	300 plus	27
Tauranga	300 plus	74
Rotorua	300 plus	45
Taupo	300 plus	9
New Plymouth	300 plus	36
Nelson	466 (364 entire home)	42
Tasman	881 (713 entire home)	28

5.12   What the table shows is that the proliferation of OAPs and the low number of rental properties in comparison, is an issue not unique to Nelson.

5.13   Holiday rentals are not covered by the Residential Tenancies Act 1986 and are therefore not covered by Healthy Homes Standards. In addition, there is no requirement for mobility access or to meet the same fire regulations as commercial operators. These are issues raised by Hospitality NZ as needing addressing to provide a more level playing field. These issues are not able to be resolved by the Council and need to be resolved at a Central Government level.

Will regulation of On-Line Accommodation Providers result in more properties becoming available on the rental market?

5.14   If resource consents are required (bearing in mind this is only for OAPs that have more than four travellers at a time and where there is no resident on site) and the properties are rated at a higher amount, would some owners choose to make their properties available to longer term rentals? Possibly but there are some points to consider that may mean this does not occur:

a) According to Auckland Council, the tipping point where an OAP receives more revenue from short-term accommodation than full-time rental is 135 nights (four and a half months). The owner of an OAP can earn the same income per year as a long-term rental and have the property available for friends and whanau for the rest of the year.

b) There are new healthy home requirements for rental homes, e.g. insulation, extractor fans and fixed heating. Owners that do not meet their obligations under the Healthy Home Standards are in breach of the Residential Tenancies Act 1986 and may be liable for exemplary damages of up to $7,200. This may put some owners off from making the home then available for long-term rental.

5.15   Any property owner is going to consider these factors in terms of the cost of improvement and availability of the property for their own use before deciding whether to turn the property into a long-term rental. There is no guarantee that homeowners will make the decision to release their property for long term rental to the extent that it will make a difference to the rental market.

5.16   It is unknown how many of the OAPs in Nelson offer accommodation to more than four travellers at any one time and where there is no resident on site. It is difficult then to gauge how many of the 76% renting out the entire site (from the 427 active rentals in Nelson outlined in paragraph 5.3 above) could then potentially be available to rent long-term. Suffice to say it will be a smaller number. Note: the NRMP rules were introduced many years ago and were not designed to directly deal with the current situation regarding more OAPs in the market today. Any change to these rules would require a plan change process.

What are other Councils doing?

5.17   Only a few councils have introduced requirements to manage OAPs.

5.18   **Thames-Coromandel District Council** proposed a targeted rate of $200 plus GST per year to go towards the Economic Development activity. They have about 50% non-resident ratepayers. It did not progress as a result of community response.

5.19   **Queenstown Lakes District Council** proposed a requirement for resource consent as a Controlled Activity (meaning it must be granted). The rules are under appeal. The consent process was to be used as a trigger for charging a rate that was 25% business and 75% residential.

5.20   **Rotorua** introduced a business rate where the property was being used for more than 100 nights as an OAP.

5.21   **Both Tauranga and Tasman** have historically considered charging and controls, but they did not progress.

5.22   **Christchurch's** Plan Change 4 was subject to a Hearing in October 2021. The notified Plan Change proposed Controlled Activity status for un-hosted visitor accommodation up to 60 days, Discretionary Activity status for between 60 and 180 days and Non-Complying Activity status beyond that. Council's position has altered since notification and has now proposed that anything more than 60 days in a Residential Zone, will be Discretionary, i.e. no control below 60 days and no Non-Complying Activity status.   Submissions from OAPs are seeking a more permissive approach and the hospitality sector generally seeks greater restriction. The submissions from residents raise concern that a commercial activity is occurring without appropriate controls.

5.23   **Christchurch's** existing funding impact statement sets a general rate differential for businesses of 1.697 and this includes for traveller's accommodation. In practice however, they find that only a small number of properties are rated as businesses as it is difficult to identify the

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properties. The comment made is that typically accommodation websites do not reveal the address of a property until a booking occurs. Council staff have avoided the strategy of making and then cancelling bookings, both because of the staff time required to identify all the properties and because of concerns about the ethics of that approach. Instead, they will look to rate any that apply for a resource consent.

What do the On-Line Accommodation Providers say?

5.24   The GM EM spoke with representatives of Bookabach and Airbnb in Australia on 17 February.

5.25   In summary, the comments made were:

(a)   Any approach should be led by Central Government. OAP internet platform providers were involved in work commenced by the Ministry of Business, Innovation and Employment on a national approach to OAPs, but the work has not been progressed by MBIE since late 2020.

(b)   There is support by these providers for the visitor levy proposed by Queenstown that would capture all tourism providers (e.g. car hire companies) and be used to pay for things associated with tourist activities e.g. increased rubbish collection. They consider this is something that could be worked through further by Central Government.

(c)   Before Local Government takes any step the questions to be asked are: What impact do the OAPs have on Local Government and how should they be regulated?

(d)   They consider that OAPs are not the same as Bed and Breakfast providers who provide for a greater number of nights of accommodation and charge additional charges for food and beverages, i.e. running a business. In comparison OAPs generally are not businesses in the same way, but rather the owners are looking to defray some costs by letting for part of the year and have a home they can continue to use.

(e)   Market demand is unlikely to be met e.g. during major events. It is noted that during civil defence emergencies some homes have been let at no cost to FENZ and others.

Regulatory Compliance Issues

5.26   Resource consents are required for those OAP that do not live on the premises and there are more than four travellers coming through the premises at any one time. The resource consent is for a Discretionary Activity meaning it can be declined, affected parties need to be considered and it could be notified. If there are fewer than four travellers and/or the owner is on site, then no resource consent is required.

5.27   The rule structure was not set up to manage anything other than potential effects on neighbours, e.g. associated with traffic movement. The rules are not intended to manage potential unlevel playing fields for other accommodation providers.

5.28   The Resource Management Act does not allow a territorial authority to have regard to trade competition or the effects of trade competition in regional policy statements, plans, deciding on the level of adverse effects or deciding a resource consent application (sections 61(3), 66(3), 74(3), 95D(d) and 104(3)(a)(i)).

5.29   There is therefore not the ability to require resource consent for all OAPs and indeed it may be less than 50% of OAPs (assuming we know 76% had no owner on site based on 2020-21 data) and so those able to and actually accommodating more than four travellers at any one time, will be a percentage less than that.

5.30   The approach that has been taken to date regarding compliance with the rule, is to act on complaints. Acting on those complaints has resulted in ten resource consents being received over five years. The average resource consent cost across those ten is $4,700 noting that one was over $11,000 due to complex issues with affected parties.

5.31   If more proactive enforcement was undertaken, rather than relying on complaints, then the following would be necessary:

5.31.1   Interrogation of Air DNA data to confirm the exact addresses and the property owners. Interrogation steps would include data capture and analysis (noting the comments made by staff at Christchurch Council in paragraph 5.23 around ethics); site visits to confirm locations; confirming owners and addresses through the rates database; confirming if existing use rights applied to any of the properties; writing to confirm numbers of travellers at any one time and then follow up with those that need to apply for resource consent i.e. those with no owner on site and letting to more than four travellers at a time (assuming these factors can be confirmed as some OAP may say their numbers are fewer than four). All of this work will not be cost recoverable. There will be some income generated from processing the resource consents but it is difficult to gauge the income without knowing the number that require resource consent.

5.31.2   Follow up would be required and this would involve: one on one conversations; understanding each owner's particular situation; giving guidance on what is required for the resource consent; determining if there are affected parties and getting the owner to obtain any approvals; processing the consent (on a notified or non-notified basis); and issuing the decision. Any conditions of consent would need to be monitored.

5.31.3   There would also need to be further follow up with those that do not make a resource consent application. If they say they are no

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longer going to operate, then further follow up, within a time period, would be required to see if they have permanently removed themselves from multiple on-line platforms and do not re-list. Where someone continues to operate, then a decision would have to be made around enforcement. At some point, if there is continued refusal to apply for resource consent, then prosecution would be the result. The costs of undertaking the prosecution would be met by the Council.

5.31.4 This process would need to occur on an ongoing basis as on-line accommodation providers cease operating or new providers come on-line.

5.32 This means an additional person resource, with planning and compliance skills, will be required to undertake these tasks. Given the ongoing nature of listings and checking listings this would be an ongoing role. It may be over time that the numbers reduce at which point the role can undertake other planning and compliance duties but it is not possible to say when this would be.

Rating

5.33 There are two potential approaches regarding rating being:

5.33.1 Rating is triggered where a resource consent is issued (for those OAPs having more than four travellers and with no owner on site). If rating follows the resource consent, then the rating component would be added to the existing workload of rating officers.

5.33.2 Rating occurs for all known OAPs. If rating was to occur separately to the resource consent then an additional officer resource is still required to undertake all the tasks outlined above in paragraph 5.31.1.

5.34 Appropriate rating solutions have not been considered in detail but the initial thinking on an approach could be to levy a mix of residential and commercial rates similar to Bed and Breakfasts. To provide for administrative simplicity this could be a levy of 75% residential and 25% commercial per year that the house is operated as a OAP.

5.35 Bed and Breakfast providers pay a mix of commercial and residential rates depending on the number of guests the business can host:

Maximum guests	Residential rate	Commercial rate
1-4	100	0
5-8	75	25
9-12	50	50
13 -16	25	75
17+	0	100

5.36   To change the rating requirements for OAP's requires a Long Term Plan amendment, including consultation with the public. The most appropriate time to undertake that consultation process would be through the 2023 Annual Plan as this would allow time to prepare the necessary consultation material and consider rating options.

Steps to change Rates

5.37   In terms of the rating aspects the following would be required:

5.37.1 Preparation of the necessary documentation for a Special Consultative Process under the Local Government Act including reports to the Council; and preparation of material for public engagement.

5.37.2 Assuming confirmation of a rating change, mechanisms would be put in place to rate those properties at a different amount.

Other costs and risks

5.38   In addition to staff resource, there will be the need for communications input and possibly legal advice. To provide for the required steps to undertake this work it is anticipated one additional staff resource and additional expenses equating to approximately $100,00 opex for the first year and $80,000 per annum thereafter, will be required.

Timing of change

5.39   The work on finding the properties and requiring them to go through a resource consent process could occur ahead of any rating changes being in place by 1 July 2023. If rating only were to occur then work on finding the properties is still required.

5.40   Simply undertaking more proactive enforcement of the rules will not alter the competition concerns raised by Hospitality NZ, i.e. unfair starting points for costs etc as trade competition is not a matter that can be considered under the Resource Management Act. Given the discussion outlined in paragraph 5.16 it is also difficult to gauge how many on-line accommodation providers would trigger the requirement for resource

consent and those that could continue without the need for resource consent, meaning not all OAPs are captured.

6.   Options

6.1   An analysis of the options is contained in the table below. For completeness a bylaw has been considered as an option, however, regulating OAPs through a bylaw is unlikely to meet the threshold, under the Local Government Act, of protecting from nuisance or protecting/promoting/maintaining public health or minimising the potential for offensive behaviour and therefore is not included.

6.2   There are four options considered below which are: the status quo; more proactively enforcing the NRMP and rate; or proactively enforce the NRMP only or rate only. Officers recommend the status quo – Option One.

Option 1: Status Quo – Continue to Reactively Enforce the NRMP and do not Apply a Higher Rate to the Property	
Advantages	• There is enforcement albeit on a complaint basis. • No additional unbudgeted expenditure that will add to rates charges. • Minimises negative reaction from OAPs.
Risks and Disadvantages	• There will be a negative reaction from Hospitality NZ and commercial providers. • Questions may be raised about why Council is not being more proactive about enforcement.
Option 2: Proactively Enforce the NRMP and Apply a Higher Rate to the Property	
Advantages	• Provides for a more level playing field as sought by Hospitality NZ. • More active enforcement of the rule occurs.
Risks and Disadvantages	• Requires a Special Consultative Process for a change to rates. • Adds $100,000 for the first year and $80,000 per annum thereafter to unbudgeted expenditure. • Will attract complaint from OAPs.
Option 3: Proactively Enforce the NRMP only	
Advantages	• The rules are already in place to enable resource consents to be required albeit it is uncertain how many would trigger the rule.

	• Avoids the need to undertake a Special Consultative Process for a change to rates.
Risks and Disadvantages	• Does not provide the level playing field sought by Hospitality NZ. • Additional unbudgeted expenditure required. • Will attract complaint from OAPs.
Option 4: Rate only	
Advantages	• Provides some what more of a level playing field as sought by Hospitality NZ as would be charged to all identified OAPs.
Risks and Disadvantages	• A Special Consultative Process is required. • Additional unbudgeted expenditure required. • Will attract complaint from OAPs.

7. Conclusion

7.1 Proactively pursuing enforcement of resource consents and/or rating OAPs differently will require an additional officer resource to achieve. Only undertaking proactive enforcement without rating will not achieve the change as sought by Hospitality NZ, i.e. unfair starting points for costs etc as trade competition is not a matter that can be considered under the Resource Management Act.

7.2 There needs to be a clear understanding that any changes to the rating provisions will attract opposition. In the absence of Government direction or control of OAPs, Nelson would be a leader in changing provisions regarding rating. If rating changes were introduced, these would not have effect until 1 July 2023.

7.3 There is no definitive evidence to support the contention that OAPs will release their properties to the rental market.

7.4 For these reasons officers do not support any change from the status quo and note the additional unbudgeted expenditure that would be required to deliver change, should the elected members decide to bring in change.

Author: **Clare Barton, Group Manager Environmental Management**

Attachments

Attachment 1:   Long Term Plan 2021-2031 Submission - 27202-1 - Kim Odendaal - Hospitality NZ Nelson Branch - A2615399 ⇩

Important considerations for decision making

1. *Fit with Purpose of Local Government*
Decisions about unbudgeted expenditure, resource requirements and rate setting, fit with the purpose of local government as Council's ability to promote community well-being and deliver infrastructure, regulatory functions and other services, is linked to revenue from rates and the prudent use of resources.

2. Consistency with Community Outcomes and Council Policy
The decision aligns with the ratings decisions made through the Long Term Plan 2021-2031.

3. Risk
There is a risk that Hospitality NZ will be dissatisfied with this decision.

4. Financial impact
There is no financial impact from the report recommendation.
However, a decision to proactively enforce the NRMP and/or to change the rates requirement for OAPs would require additional officer resource and add approximately $100,000 for the first year and $80,000 per annum thereafter as unbudgeted expenditure.

5. Degree of significance and level of engagement
While there is a high degree of interest in this decision from Hospitality NZ, the decision has been assessed against Council's Significance and Engagement Policy as being of low significance overall and therefore consultation is not required.

6. Climate Impact
This decision will have no impact on the ability of the Council to proactively respond to the impacts of climate change now or in the future.

7. Inclusion of Māori in the decision making process
No engagement with Māori has been undertaken in preparing this report.

8. Delegations
Decisions relating to the setting of rates are matters for Council.

27202-1

Hospitality New Zealand

TO NELSON CITY COUNCIL

SUBMISSION ON
LONG TERM PLANS 2021-31

MARCH 2021

CONTACT DETAILS: **Hospitality New Zealand**
Contact: Kim Odendaal
Phone: 0800 500 503
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A2615399

About Hospitality New Zealand:

1. Hospitality New Zealand ("Hospitality NZ") is a member-led, not-for-profit organisation representing approximately 3,000 businesses, including cafés, restaurants, bars, nightclubs, commercial accommodation, country hotels and off-licences.

2. Hospitality NZ has a 119-year history of advocating on behalf of the hospitality and tourism sector and is led by Chief Executive Julie White. We have a team of seven Regional Managers located around the country, and a National Office in Wellington to service our members.

3. Hospitality NZ has a Board of Management, made up of elected members from across the sectors of the industry, and an Accommodation Advisory Council, made up of elected members from the accommodation sector.

4. We also have 20 local Branches covering the entire country, representing at a local level all those member businesses which are located within the region. Any current financial member of Hospitality NZ is automatically a member of the local Branch.

5. This submission relates to the Long-Term Plan 2021-31 ("the Plan").

6. Enquiries relating to this submission should be referred to Kim Odendaal, Regional Manager - Upper South Island at kim@hospitality.org.nz and 0800 500 503.

GENERAL COMMENT:

7. Hospitality New Zealand welcomes the opportunity to comment on the Nelson City Councils Long-Term Plan 2021-31 (LTP).

COVID-19 AND ECONOMIC RECOVERY AND REGENERATION

8. The tourism and hospitality industries are among the hardest hit sectors by the Covid - 19 pandemic and are still struggling to survive. Hospitality and commercial accommodation venues are closing throughout the region, due to the uncertainty of the ongoing situation, and have the stress to try and keep people employed sitting squarely on their shoulders.

9. While Project Kokiri 2.0 is a fantastic project, not much detail is giving on when and how it will regenerate our economy, and the budget allocation of $350 000. is insignificant when talking about business survival and the jobs they represent, especially when the Council is considering a $46.3m invest towards a new library.

10. Hospitality New Zealand members would like to see more support going towards Project Kokiri 2.0 and small business in general.

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<u>DEBT V RATES</u>

11. Page 26 of the LTP, the council mentions that it *"will have to increase the revenue it generates to achieve everything…"*

12. We do understand the importance of revenue to Council, which enables service delivery, community projects, planned programmes and daily operations. We recommend that instead of increasing rates and placing burdens on the already struggling rate payers, why does the council not look at other possible revenue sources and cost cutting?

13. The significant growth in short-term rental accommodation (STRA) through providers such as AirBnB or Bookabach, operate in a highly commercial way, yet these properties pay residential rates.

14. Hospitality NZ contends that in the interests of fairness, equity and user pays, that Airbnb hosts, or similar, who are operating in the District should be rated accordingly, and also be subject to regulatory requirements.

15. STRA operators do not require the same building and operational compliance as commercial accommodation providers do, and therefore do not attract the associated costs that commercial accommodation providers do. **By placing the relevant compliance costs and rates upon STRA would generate additional revenue for Nelson City Council.**

16. STRA operators also have an impact on the communities they operate in, contributing to housing shortages, noise impacts and loss of community.

17. We propose that where premises are operating as a business they should be treated as such

18. Many councils around the country have already identified these issues and are imposing appropriate rates on STRA providers, or at the very minimum, inserting an online registration fees on these businesses.

<u>HOUSING</u>

19. As previously mentioned, the significant growth in short-term rental accommodation (STRA) providers, through platforms such as AirBnB or Bookabach is resulting in a lack of available long-term rental accommodation for workers and families. There are currently 543 active AirBnB listings in Nelson, with 406 of those being entire homes available for STRA.

20. The scenario of a person occasionally sharing a room in their house, has developed into to whole houses and apartments dedicated to the business of STRA. In effect, New Zealanders are locked out of the housing market.

21. Additionally, our members are well aware of the difficulties facing potential and current employees with regard to finding suitable accommodation and many have examples of these challenges. This is particularly prevalent for workers who are pushed out of the long-term rental market by the increasing number of properties

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being put into the STRA market, because currently they do not have to pay commercial rates or abide by any regulations.

22. There are further concerns that some STRA providers may not be meeting their health and safety obligations. Under the Health and Safety Act 2015, businesses have obligations to ensure risks to health and safety are managed as far as reasonably practicable. This duty extends to staff, customers, and volunteers. Regulation of the STRA industry is appropriate to ensure that the health and safety of guests, and the wider public, is made a priority and operators are taking appropriate steps to mitigate risk. At present, STRA providers are not obligated to have fire escapes and other fire safety measures that are compulsory for commercial operators or under the Residential Tenancies Act. The 2017 fire incident at a Christchurch Airbnb, which saw 6 of 10 Malaysian tourists hospitalised, is a cautionary tale of an unregulated peer-to-peer accommodation sector.

23. We suggest that any residence that operates STRA should at a minimum requirement, have to apply for and hold a current Resource Consent and Building Warrant of Fitness, to ensure that their property, location, and the activity is fit for purpose and will not disrupt the neighbour, or natural resources.
Resource Consent and Building Warrant of Fitness is required by all hospitality providers and traditional commercial accommodation operators, so there should be no reason why this should not apply to online accommodation providers of private rooms, or entire residences.

Recommendation:

24. **We recommend that the Council:**

   a) **Better support for small business and a definitive economic recovery plan**
   b) **STRA's operating as business to be classed as business and paying the correct rates and compliance costs.**

Conclusion:

25. We thank the Nelson City Council for the opportunity to provide input into the consultation.

26. We would be happy to discuss any parts of this submission in more detail, and to provide any assistance that may be required.

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