

SHELLY BAY

Councillor question and answers

Funding

1. Has the Council put aside funding in the Long-term Plan (LTP) for the Shelly Bay development which, if we didn't go forward could be released for other priorities?
Yes - however, this is noting the significant costs that would be required of Council to repair and/or demolish the buildings and seawalls as outlined in the Council paper.
2. Infrastructure costs: Can the rate payer be assured that we will be paying maximum \$10m on infrastructure costs? Why/why not?
Yes - it is a term of the Key Commercial Terms (KCTs) and will become a contractual requirement of any development agreement.
3. Who would pay for the road infrastructure upkeep? Is that key infrastructure?
The Council is the owner of the road and is responsible for its repair and maintenance, as is the standard practice for all Council roads.
4. If we go ahead, assuming this investment of \$10 million be part of the next Long-term Plan (LTP)? And we will need to consider along with other costs?
The \$10m funding cap has been provided for in the 2018 – 2028 LTP. Any further funding will be at Councillors discretion, following engagement on any roading upgrade beyond what is required under the developments resource consent.
5. One of the outcomes is – “Unlocking the potential value of council land” – what does this mean?
The Council would receive market value for the land which is sold or leased.
6. What does Wellington stand to gain in rates? And when is this estimated to commence?
The 2017 paper estimated the development would contribute an additional \$2m per annum, once the development is complete.
7. To confirm, would the Council pay for the public / community spaces? Or is this part of the \$10 million funding which is capped?
This is covered within the Council's \$10m funding cap.

Implications for Council if KCTs are not approved

8. Have the buildings that need either strengthening or demolishing been subject to a depreciation and/or renewables programme? This means, has funding been put aside already for repairs/demolition?
No funding has been set aside for the buildings, only reactive maintenance has been budgeted for. This reflects the intention of the 2017 Council decision to (in principle) transfer these assets which includes the long-term lease of the Shed 8 and Shipwrights buildings to the developer. Under the KCTs the developer is responsible for the maintenance of these buildings.

9. Does the Council have to repair the sea wall and demolish or upgrade the buildings on the leased land if this does not go ahead? Is doing nothing an option for the next 30 years?

The Shipwright and Shed 8 buildings have been classified as earthquake prone buildings and have recently been assessed as 15% of NBS. The Earthquake Prone Building notices require the buildings to be repaired within eight and nine years respectively. Assessments for the Seawalls indicate they will need to be addressed within the next three years.

Key Commercial Terms

10. It looks as though approving the KCTs has the same cost to Council as the lowest cost (Option 1 at page 12 of the report) being roughly \$10 million either way - is this correct?

No, as Option 1 does not account for the \$7.85 million Council would receive for the sale and lease of Council land if the KCTs were approved.

11. What is the "heritage retention" that applies here? Is it simply the buildings on the leased land?

The heritage retention primarily refers to the Shipwrights and Shed 8 buildings which, while not listed, have heritage value.

The KCTs and the Resource Consent (RC) will require the developer to reuse or adapt three other buildings not owned by the Council, which have been identified as having heritage value.

12. When is it expected that 'substantive development' will occur?

Under the resource consent, there are development milestones. For example: 50 housing units to be built within the first four years of the granting of the RC in October 2019. Beyond what's required in the resource consent, it is a matter for the developer to sequence the programme of works.

13. What are the practicalities of enforcement against an unwilling party?

Council officers are confident that the current regulatory regime under the Resource Management Act 1991 and Council's position under the KCTs and development agreement are the most appropriate means for dealing with any associated risks.

14. Could an explanation be offered as to why the sale structure was used for the area that will include apartments. Was a development lease considered so that the land would revert to back to the Council in time?

The leasehold land (seaward parcel) is consistent with Council's strategy to not sell absolute waterfront land. The area to the landward side of the road was negotiated as freehold, which would suit the use of apartments. The private residential market is generally averse to a leasehold title structure.

15. Do you know how many apartments would be on the WCC land? Am I right that most would be green space?

There are 28 terraced houses on the Council land being sold, and (up to) 18 on the land being leased.

Approximately 3,500sqm of the land which the Council owns is being retained for the

purposes of a park. Much of the public open space and the village will be situated on the land that the Council will sell or lease and will provide commercial and community activities.

16. Is it standard to include the Council costs to be incurred as the WCC duty, rather than just the value of the commercial premises?

Officers have negotiated what they consider to be the best commercial terms available for the Council. The Council could have separated the infrastructure costs to the developer and carried out the building strengthening, contamination remediation and seawall repairs at our cost. The approach to the commercial arrangement has been treated as an “agreement in the round” and this was reflected in the 2017 Council decision.

17. Who is responsible for maintenance of the leased buildings throughout the term of the lease and how enforceable is this over the 125-year period?

Under the KCTs the developer is responsible for carrying out maintenance of the buildings and keeping them in good repair for the term of the lease. This requirement will be incorporated into the ground lease which is legally binding on the developer.

18. How can the Council enforce say for example a failure to complete the work on the sea walls?

As per any contract Council enters there are clauses to ensure we can enforce any failures or breaches of the agreement.

19. How enforceable is the indemnity from the developer if the titles have changed hands?

The indemnity is from the developer and is not linked to the land titles.

20. Where is this Memorandum of Understanding (MOU) for affordable housing at? Is there a draft? What does it include? Will this be approved by SPC?

The current proposal is not to bring the MOU to Council. The substantive detail of the MOU will be developed after the Development Agreement (DA) as a condition precedent to any DA.

21. How would future budgets be affected by the granting of the Sale and Lease Agreement? This relates to projections on the Shelly Bay road, the seawalls, the three waters, and any other infrastructure outside of the scope of the Sale and Lease Agreement.

The \$10m has been provided for in the Long-term Plan (LTP). Any further funding will be at Councillors direction, following engagement on the roading development. There is a further \$2.2m funding provided for in the LTP if required for the roading development, beyond what is required under the RC. The \$5.6m as required by resolution ix of the 2019 September paper has also being budgeted for future upgrades for Miramar Peninsula.

22. Is it the requirement for sea level rise, and protection for the development from both ends, outside of the development area that really needs to be considered i.e. North of North Bay, and South of South Bay?

This is an issue the Council will be facing across the entire city and will form an important part of our Planning for Growth decisions.

The “Sea Level Rise Modelling for the Wellington Region” is available at the link below: <https://mapping1.gw.govt.nz/GW/SLR/>

We currently factor the MfE guidance for sea level rise into our management of our coastal assets.

23. What assurances do we have that Shelly Bay Ltd is advocating and using to market on its Web page, with includes payments to The Wellington City Mission re apartment sales over \$800,000?

This has not been proposed to be included in the KCTs.

24. Council asked that officers come back to the Council with advice on the risks as a result of development in this low-lying coastal area. This will include advice on how to indemnify the Council against future claims for infrastructure costs due to sea level rise on private land.

- a) What happened to this request? Did we action it? If so, can we see a copy?
- b) What responsibilities do we as a council have regarding the sea level rise on the lease of the land- if it is affected by sea level rise- which according to this report it will be

The resolution requested officers to reinforce and encourage stronger mitigation and adaptation measures to respond to the effects of climate change. We believe this was achieved through the amended consent where the developer increased its datum by 0.5m. Following discussions with Council the developer has provided additional mitigations in the design within the reissued resource consent. This includes having non-habitable spaces (e.g. parking) on the ground floor to mitigate the flooding of housing alongside the increased height of the datum.

As with all consenting authorities there is no current legal precedent for a Council's duty of care in relation to the impact of sea level rise on private land.

25. There was no option given for holding a decision on the KCTs. What will the impact be if we lay this paper on the table until the judicial reviews are completed?

This is an option available to the Council. However, in these circumstances and given the scope of the decision proposed, officers do not support this option.

This is because the Council has already resolved to sell and lease the land in 2017. In addition, the developer has an existing resource consent which requires certain milestones to be met, including delivery of 50 housing units by October 2023. The developer could apply for an extension of the relevant timeframes within the resource consent, although this would need to be approved by Council (as regulator).

Further the outcome of the two matters currently subject to litigation is not expected until mid - late 2021. These outcomes may then be subject to further litigation, meaning that the Council can be no more certain about when the final outcome of any proceedings will be known.

For this reason, officers have included “off ramps” within the KCTs which allow Council to exit from the development agreement in the event of a successful claim in relation to the development.

If the paper was laid on the table until the outcome of the litigation is known, this could potentially open the Council up to legal challenges.

This is why officers recommend that the decision on the proposed KCTs be made now.

26. Why does Council grant 100-year leases, which are unusual in commercial circles? In the public private partnership environment, 30-35 years is normal.

This provides a level of commercial certainty for the developer while protecting the Council's ability to remain in control of the land for the long term.

27. Port Nicholson Block Settlement Trust (PNBST) are not listed as partners of the Shelly Bay Taikuru company as was thought when the last councillors signed the 2017 document? So, are we only dealing with The Wellington Company (TWC)?

Wellington City Council has required PNBST to be party to the agreement, which is outlined in the November 2020 Council paper. The extent of the commercial relationship between PNBST and TWC outside of the KCTs is a matter for those parties.

28. Is there anything to prevent the Wellington Company from on-selling the land?

Through the negotiations, officers have sought provisions to tie the developer to delivering the infrastructure and the public realm, before any sale or disposals would be considered. The developer would not be able to assign the Council land parcels until completion of the shared infrastructure works, without obtaining Council approval.

29. Is there a statutory or regulatory definition of greenfield/brownfield development?

No.

30. Have we ever had any analysis on alternative scales of the development - given that the size is a concern?

We are unable to respond to this question within the timeframe. Noting that this information is outside the scope of the decision being made on 11 November.

31. How does WHAM model work and how does it assess affordable housing?

Affordability for the Te Kainga programme is calculated using the Wellington Housing Affordability Model (WHAM) rather than a % to rental calculation. The WHAM looks at answering three questions in respect of Affordability:

1. Who is a defined house price/rent affordable for?
2. What is affordable for a defined household (income and make-up)? and
3. How affordable is a particular rent or purchase price for a particular household type?

32. How many houses are we short of in Wellington currently?

This a complex matter, however, a 2019 Infometrics report modelled the current Wellington housing shortage at around 2000 dwellings. Using medium and high population projections for Wellington, on current settings the city is estimated to be short of between 4,600 and 12,000 dwellings by 2047.

33. Have the economic benefits of the sale of the development been tested?
An economic impact assessment was completed in 2017 prior to the decision and informed the September 2017 paper.

34. What does the Council know and what is enforceable about the nature of the leased land in terms of its accessibility to the public?
The KCTs will ensure public access to the wharf areas or water's edge are maintained through appropriate easements. We have also retained a portion of land referred to as Lot 905 that will ensure there is sufficient access to Military Road.

Mana Whenua

35. Who has the mandate to address partnership issues with Wellington City Council in relation to representing Taranaki Whānui?
Taranaki Whānui ki Te Upoko o Te Ika (Taranaki Whānui) and the Crown completed their Treaty settlement process in 2009 with the Port Nicholson Block Settlement Trust (PNBST). PNBST are mandated by iwi as the primary entity responsible for representing Taranaki Whānui in its relationships with local authorities.

36. How are Iwi benefiting from this development / if land is already sold how do Iwi get more profits?
Mana whenua will be coming to the meeting on Wednesday – so it would be appropriate to ask them directly at this point.

37. How will this impact on our MOU with Mana whenua?
Under the MOU the parties recognise the importance of working together to ensure a wider strategic vision for the Miramar peninsula is achieved for all citizens. The MOU also requires Council to work with Taranaki Whānui to protect and / or grow their interest and investment where Council has a means to do so

Roading

38. What is the road width standard? Have we left enough room for a cycle lane?
There is a judicial review currently being taken in relation to the resource consent which focuses on transportation effects and roading infrastructure associated with the development. Given this, it would not be appropriate for us to comment further at this time.

39. What is planned for cycling and walking within the development itself?
Please refer to the Stantec Traffic Assessment Report, provided as part of the resource consent and available on the Council website (appendix 5 - <https://wellington.govt.nz/your-council/projects/shelly-bay-development>)

40. Some claim that the Council as a road controlling authority is looking to do a road that we know would be dangerous and even be liable for injury or death in these circumstances, are officers aware of any such concerns about risk to public safety and liability? Please provide details.

There is a judicial review currently being taken in relation to the resource consent focuses on transportation effects and roading infrastructure associated with the development. Given this, it would not be appropriate for us to comment further at this time.

41. What impacts does this have on our own insurance status of the road and seawalls and water infrastructure if we knowingly build here?

This is an issue the Council will be facing across the entire city; it's a broad adaptation issue and incremental change will happen over time. As is the case across the city, the Council holds insurance for infrastructure and self-insures the road sealing.

42. If there are any future costs to upgrade the road or (park and ride stations at the end of the cutting for example) that are a result of the consultation and judicial reviews - what is the process for gaining this extra budget?

We would bring a paper on the options for Council / Committee to consider.

43. If there is money needed to invest in the road- would it make sense to use the funding gained from the sale as opposed to putting this toward debt? Can the revenue and finance policy be challenged?

We would determine the funding approach as part of the recommendation/s provided in a paper to Council / Committee.

44. Specifications of the road: what safeguards are in place to ensure against a cheap job being done or the downgrading of the civil infrastructure

Under the KCTs it is proposed that Council undertakes this work in order to accommodate the requirements for engagement and a future council decision around any upgrades to the road (over and above the level required in the resource consent).

45. What is NZTA's guidance on the width of cycleways?

NZTA guidance is available on their website - <https://www.nzta.govt.nz/walking-cycling-and-public-transport/cycling/cycling-standards-and-guidance/>

There is a judicial review currently being taken in relation to the resource consent focuses on transportation effects and roading infrastructure associated with the development. Given this, it would not be appropriate for us to comment further at this time.

46. What are the traffic volumes on Onslow Road?

Onslow Road – between Benares Street and Mandalay Terrace from 14th May 2019 to 20th May 2019 the average vehicles per day over 7 days was 5705 (Northbound was 2704 and Southbound was 3001).

47. Has Council carried out any modelling on the traffic (5,500 -6,000 cars predicted) effects from this development at Mount Victoria and Basin?

The judicial review currently being taken in relation to the resource consent focuses on transportation effects and roading infrastructure associated with the development. Given this, it would not be appropriate for us to comment further at this time.

48. Is there possibility to change the angle parking where there are narrow points?

We could discuss this with the developer as part of the WCC approval process of the infrastructure design.

Accessibility

49. Do we have any information about accessibility of housing at Shelly Bay (with regards to physical access for those with mobility issues)?

Yes, in principle. The development design guide sets out the urban design principles which the developer will adhere to. One of the key principles of the design guide is that the developer will create a development ensuring diversity and access for all.

50. And do we have any information about the accessibility of affordable housing offsite?

Not at this stage.

Cycling

51. Where are we at with the Great Harbour Way (GHW)?

There is a general acknowledgement that where possible the GHW is the standard to be aspired to. This will be considered by any work Council officers do in relation to any upgrade to Shelly Bay Road.

52. Great Harbour Way - what are the conditions and our obligations?

The 2017 Council resolution provides that on Shelly Bay Rd this aspiration would be acknowledged through engagement with key stakeholders. Council's cycling policy from Nov 2008 provides that WCC will provide conceptual support for the GHW concept, while noting that its development would be challenging and expensive. Further consideration will be given to these points as part of the assessment of any future upgrade options.

53. Does our commitment to the Shelly Bay development comply with what is expected of us?

The 2017 resolution resolves that on Shelly Bay Rd this aspiration would be acknowledged through engagement with key stakeholders.

Judicial Review

54. What's the judicial review being brought by the Miramar BID?

An application has been made by Enterprise Miramar Peninsula Incorporated for judicial review of the decision by independent commissioners to grant a resource consent to the developer in October 2019. The judicial review application is focussed on the assessment of transportation effects and roading infrastructure in respect of the proposed development.

Public Transport

55. Do we have a way to work with GWRC on the Ferry and shuttle/ bus options to make sure that there will have long term support? Or is there another way we can make sure that these services are part of the development?

The developer has considered options for public transport which are yet to be developed further. WCC will work with GWRC in relation to any public transport opportunities which arise or are presented by the developer.

Resource Consent

56. Are there any carparks on site? What is the council doing to prevent this being a car dependent suburb?

The development will contain the following carparking volumes: Garaged (165) Residential uncovered (87) Aged care uncovered (51) Hotel (8) Visitor Public (128) Car Stacker (60). WCC will work with GWRC in relation to any public transport opportunities which arise or are presented by the developer.

57. What is the traffic management plan for construction? When will council receive a copy of this? Can we ensure that surrounding roads - notably those around schools have care given to children crossing etc?

Yes there will be a traffic management plan. The plan will be provided to the relevant compliance and monitoring teams as a part of the regulatory process before construction can start.

58. In not planning for appropriate public transport, council is in effect requiring this to be a car dependent suburb?

The [Stantec Traffic Assessment Report](#) notes that there would be an option to extend the Scorching Bay route #30, subject to Greater Wellington Regional Council (GRWC) planning and funding. It notes that it would be prudent to accommodate bus stops in the design to accommodate this possibility. The developer has also indicated it will provide a ferry service though this is not a requirement of the consent. Council will work with GWRC in relation to any public transport opportunities which arise or are presented by the developer.

59. What are the public parking provisions?

These are outlined in the [Stantec Traffic Assessment Report](#) in the current resource consent. This report has been circulated to Councillors.

60. What is planned for the signals at the cutting?

The [Stantec Traffic Assessment Report](#) in the current resource consent notes that changes at the Miramar Avenue and Shelly Bay road will be implemented as a response to cycle improvements and will likely take the form of signals. This will be confirmed through further detailed design.

61. Have we considered MFE guidelines or those that are coming for advice on how to build infrastructure close to the sea?

The independent commissioners were satisfied that the design minimum floor levels provide an appropriate means of protecting the properties from inundation, with a suitable allowance for possible future sea level rise.

62. Are we certain that any new agreement or any variation to the existing resource consent would go back under the HASHAA terms and conditions?

If the resource consent holder applied for an entirely new consent, that consent would be considered under the RMA.

If the RC is quashed, we would expect the Court to direct that the decision be reconsidered under HASHAA, consistent with the Court's direction in the first judicial review.

If the resource consent holder was required to apply for a variation of the resource consent, any variation would be considered by the Council as a Consenting Authority according to usual process. We expect that any variation would likely be considered under HASHAA (notwithstanding that HASHAA expires on 16 September 2021), but note that this area of law is not clear and there is no current legal precedent on this point. If the variation was not considered under HASHAA, it would be considered under the RMA.

63. If a Resource Consent has been issued, and it has milestones, are those milestones able to be varied by way of a regulatory process, under certain circumstances? Can the consenting timing for a consent also be extended? If a consent milestone can be varied and timeline extended or changed is the process for achieving those changes?

The resource consent holder may apply for an extension of time under the resource consent (including its milestones) if the developer has made substantial progress or effort towards giving effect to the consent. Any application would be assessed by the Council as Consenting Authority in accordance with the statutory framework.

64. What are the key milestones contained in the resource consent?

It is a condition of the resource consent that the developer meets the construction timeframes as below:

Construction Timeframe:

2. That the development of the site must meet the following construction timeframe:
 - a) Construction of 50 residential units must be completed within 4 years of date of issue of this consent.
 - b) Construction of 150 residential units must be completed within 6 years of date of issue of this consent.
 - c) Construction of 200 residential units must be completed within 8 years of date of issue of this consent.
 - d) Construction of 250 residential units must be completed within 9 years of date of issue of this consent.
 - e) Construction of 300 residential units must be completed within 11 years of date of issue of this consent.
 - f) Construction of the remaining units must be completed within 13 years of date of issue of this consent.

Review

65. Has the Council identified any changes or lessons in how the Council would approach such developments, sales or arrangements in the future and if so, what are these?
Officers acknowledge that the HASHAA legislation was controversial and has since been repealed by central government. As such there will be no more developments carried out under new special housing areas.

Otherwise these matters are out of scope for the Council decision on Wednesday, but officers consider that these points would likely be covered in the proposed review. The review was laid on the table by Councillors on 22 August 2019.

Te Motu Kairangi

66. Is there an overall plan for Te Motu Kairangi? I.e. where is the regional park at? What is happening with the land at Mt. Crawford prison etc. It might help us to understand this development in the context of the vision for the peninsula.

We are still waiting for LINZ to transfer the defence land to DOC so the Te Motu Kairangi work can progress. We are actively pursuing this.

Timeframe

67. How can we be certain that we are ready to vote on the paper if we only have four days to consider the full KCTs?

Council officers have held three substantial briefings and a full question and answer session with Elected Members this year as the KCTs have been developed. This included three hours focused specifically on the KCTs on 3 November.

Land Parcels

68. What is the exact proportion of Council land which is proposed to be sold and leased as part of the development?

The Council land proposed to be sold and leased makes up approximately ~11% of the total developable area covered by the resource consent (not including the road) as detailed below.

Developer Land Holdings		
Description	Owner	Area
LOTS 2-5 900 DP 515825 - SUBJ TO & INT IN ROW, SUBJ TO ESMTS	Shelly Bay Taikuru Limited	17,716
LOT 6 DP 515825 - INT IN ROW, SUBJ TO ESMTS	Shelly Bay Taikuru Limited	2,980
LOT 7 DP 515825 - INT IN ROW, SUBJ TO ESMTS	Shelly Bay Taikuru Limited	5,322
LOT 8 DP 515825 - SUBJ TO ESMTS	Shelly Bay Taikuru Limited	1,282
LOT 100 DP 515825 - SUBJ TO ESMTS	Shelly Bay Taikuru Limited	8,088
Pt Lot 3 DP 3020	Shelly Bay Taikuru Limited	10,300
Pt Section 20 Watts Peninsula	Shelly Bay Taikuru Limited	22,600
		68,288
WCC Land Holdings		
Description	Owner	Area
SECS 3-6 10 SO 339948	WCC	16,829.00
Seaward Parcel	WCC	5,870.10
Landward Parcel	WCC	3,661.79
Park	WCC	3,497.29
Lot 905	WCC	351.67
Road	WCC	3,448.15
		16829.00
Developer Areas		68,288.00
WCC development areas (including park)		13,380.85
Total Developable Area		81,668.85
WCC transaction parcels as % of Developpable land		11.67%