
MINUTES

THURSDAY 7 JUNE 2007

9.18AM

**Committee Room 1
Ground Floor, Council Offices
101 Wakefield Street
Wellington**

PRESENT:

Mayor Prendergast
Councillor Armstrong (Chair)
Councillor Ahipene-Mercer (9.18am – 4.54pm)
Councillor Cook (9.18am – 2.28pm)
Councillor Foster (9.18am – 4.55pm)
Councillor Goulden (9.18 – 10.22m, 10.48am – 12.30pm, 1.07 – 2.26pm)
Councillor McKinnon (9.18am – 12.20pm, 2.00 – 4.55pm)
Councillor Morrison (9.18am – 12.30pm, 1.08 – 4.55pm)
Councillor Pepperell
Councillor Ritchie (9.18am – 2.33pm, 2.44 – 4.51pm)
Councillor Ruben (9.18am – 2.57pm, 3.13 – 4.55pm)
Councillor Shaw (9.18 – 11.36am, 11.42am – 4.38pm)
Councillor Wade-Brown (9.18am – 4.39pm)
Councillor Wain

APOLOGIES:

Councillor Gill
Graeme Hastilow (Ngati Toa)

110/07P **APOLOGIES**
(1215/52/IM)

RESOLVED:

THAT the Strategy and Policy Committee:

- 1. Accept apologies for absence from Councillor Gill and Graeme Hastilow from Ngati Toa.*

111/07P **CONFLICT OF INTEREST DECLARATIONS**
(1215/52/IM)

NOTED:

There were no conflicts of interest declared.

112/07P **CONFIRMATION OF MINUTES**
(1215/52/IM)

RESOLVED:

THAT the Strategy and Policy Committee:

1. *Approve the minutes of the meetings held on Thursday 1 March 2007, Wednesday 7 March 2007, Thursday 5 April 2007, Thursday 12 April 2007, Thursday 19 April 2007, Thursday 26 April 2007 (extraordinary), Thursday 3 May 2007 and Thursday 10 May 2007, having been circulated, be taken as read and confirmed as an accurate record of those meetings.*

(Councillor Foster joined the meeting at 9.20am.)

113/07P **PUBLIC PARTICIPATION**
(1215/52/IM)

NOTED:

1. Chris Thomas representing Falun Gong addressed the meeting regarding Report 5 “Events and Parades”.
2. Stan Andis representing the Moa Point Community Liaison Group addressed the meeting regarding Report 3 “Moa Point Wastewater Treatment Plan – Resource Consent Application.

114/07P **LIQUOR CONTROL BYLAW ORAL HEARINGS**
(1215/52/IM)

NOTED:

1. Colin Blair (submission number 20) representing the Oriental Bay Residents’ Association addressed the meeting on the proposed extension to the Liquor Control Bylaw. He endorsed the written submission.

Two oral submitters advised prior to the meeting that they were not able to make it to the meeting. It was noted that another oral submitter was to be heard. The meeting agreed that they were not available at this time and would be heard later in the meeting.

- 115/07P **TOWARDS CARBON NEUTRALITY – A CLIMATE CHANGE VISION FOR WELLINGTON**
 Report of Ken Bowater – Senior Policy Adviser, Policy Unit and Jim Ebenhoh – Senior Strategic Adviser, Strategy and Partnerships.
 (1215/52/IM) (REPORT 2)

Moved Mayor Prendergast, seconded Councillor Wade-Brown the substantive motion with the following amendments (new clauses i, ii and iii).

- i. Agree that the Hearings Committee for proposed District Plan Change 48 - Central Area Review, consider options for incorporating regulatory incentives for environmentally sustainable buildings into the District Plan in light of submissions received.
- ii. Ask the working party to consider opportunities and report back on ways to fast track the resource consent processes for renewable energy projects.
- iii. Agree that Wellington City Council with the support of other interested parties, strongly advocate to the Government for the cessation of the importation of used cars.

Moved Councillor Ahipene-Mercer, seconded Councillor Cook the following amendment.

New clause 5

- "5. **agree** that officers prepare a terms of reference for an elected members Working Party on Climate Change, for consideration and approval by Council."

NOTED:

Please see 117/07P for the final decision of the Committee.

116/07P **LIQUOR CONTROL BYLAW ORAL HEARINGS (CONTINUED)**
(1215/52/IM)

NOTED:

1. Jessica Closson (submission number 5) addressed the meeting on the proposed extension to the Liquor Control Bylaw. Ms Closson supported her written submission. She is concerned that the ban in Oriental Bay and at the top of Mount Victoria will mean that the behaviour will move to other areas. She has a young son who she takes to the Pirie Street Park at which time is spent by her cleaning the area up.

(The meeting adjourned for morning tea at 10.22am and reconvened at 10.44am.)

117/07P **TOWARDS CARBON NEUTRALITY – A CLIMATE CHANGE VISION FOR WELLINGTON (CONTINUED)**

Report of Ken Bowater – Senior Policy Adviser, Policy Unit and Jim Ebenhoh – Senior Strategic Adviser, Strategy and Partnerships.

(1215/52/IM)

(REPORT 2)

(Councillor Goulden returned to the meeting at 10.45am.)

The amendment moved by Councillor Ahipene-Mercer was put and declared CARRIED.

Moved Councillor McKinnon, seconded Councillor Ruben the following amendment as a new clause 6.

“Request that the Working Party consider the following issues arising from the officers’ report as outlined below:

4.8 Imperatives (page 11 of the report on the agenda)

Aside from the impacts of the climate change itself, there are likely to be impacts resulting from the following policy and market responses to climate change

- **price signals** likely to emerge from central government policy. A price on carbon through carbon trading, for example, would increase the cost of using carbon-based fossil fuels such as oil and coal, as well as electricity derived from those sources, with consequent increases in the cost of some products businesses and consumers.

5.1.3 The current and proposed work programme (page 15 of the report on the agenda)

To build on this work it will be critical for the Council to prioritise any additional activities. This prioritisation will be based on a cost-benefit

analysis so that investments are targeted to achieve the most cost-effective response. That is, activities will be ranked by their level of contribution to reductions in relation to their cost. Potential impacts including those on employment, businesses, residents, visitors and Council will all need to be considered. Both benefits and costs will need to be examined over the long-term as well as the short-term.”

The amendment was accepted by the meeting.

(The meeting adjourned at 11.36am and reconvened at 11.39am.)

(Councillor Shaw was not present when the meeting reconvened.)

(Councillor Shaw returned to the meeting at 11.42am.)

Moved Councillor Ritchie, seconded Councillor Pepperell the following amendment to recommendation 4.

- “4. Agree that an officer working group will be formed to report back to the Committee by September 2007 on a set of options for carbon reduction targets and carbon offsetting measures, including
- a preliminary cost-benefit analysis of the types of projects
 - initiatives that could support these options and
 - **Additional annual accountability measures developed for the Wellington City Council Annual Plan, Long Term Council Community Plan and Annual Report which measure and report on environmental sustainability and climate change.”**

The amendment was accepted by the meeting.

(The meeting adjourned at 12.30pm for lunch and reconvened at 1.05pm.)

(Councillor Goulden returned to the meeting at 1.07pm.)

(Councillor Morrison returned to the meeting at 1.08pm.)

Moved Councillor Shaw, seconded Councillor Foster, the procedural motion under standing order 8 that standing order 157 be suspended regarding new clauses i and iii introduced with the substantive motion moved with amendments to allow for further amendments.

The procedural motion was put and declared CARRIED as there was a ¾ majority.

Moved Councillor Shaw, seconded Councillor Foster, the following amendments to new clauses i and iii introduced with the substantive motion moved with amendments.

- “7. **“Note that the Hearings Committee for proposed District Plan Change 48 - Central Area Review, will be considering options for**

incorporating regulatory incentives for environmentally sustainable buildings into the District Plan in light of submissions received.

9. Agree that Wellington City Council with the support of other interested parties, strongly advocate to the Government **for the improvement of emission standards of imported used cars.**"

The amendment to new clause i introduced with the substantive motions was put and a DIVISION called.

Voting for: Mayor Prendergast, Councillors Ahipene-Mercer, Cook, Foster, McKinnon, Morrison, Pepperell, Ruben, Shaw, Wade-Brown and Wain.

Voting against: Councillors Armstrong, Goulden and Ritchie.

Majority vote: 11:3

The amendment to new clause i introduced with the substantive motions was put and declared CARRIED.

The amendment to new clause iii introduced with the substantive motions was put and a DIVISION called.

Voting for: Mayor Prendergast, Councillors Ahipene-Mercer, Armstrong, Cook, Foster, Goulden McKinnon, Morrison, Pepperell, Ritchie, Ruben, Shaw, Wade-Brown and Wain.

Voting against: Nil

Majority vote: 14:0

The amendment to new clause iii introduced with the substantive motions was put and declared CARRIED.

The substantive motion recommendations 1 – 3 were put and declared CARRIED.

The substantive motion recommendations 4 (as amended), new 5 and new 6 were put and declared CARRIED.

The substantive motion new clause i (to be clause 7) as amended was put and a DIVISION called.

Voting for: Mayor Prendergast, Councillors Ahipene-Mercer, Cook, Foster, McKinnon, Pepperell, Shaw, Wade-Brown and Wain.

Voting against: Councillors Armstrong, Goulden, Morrison, Ritchie and Ruben.

Majority vote: 9:5

The substantive motion new i (to be clause 7) as amended was declared CARRIED.

The substantive motion new ii (to be clause 8) was put and declared CARRIED.

The substantive motion new clause iii (to be clause 9 as amended was put and a DIVISION called.

Voting for: Mayor Prendergast, Councillors Ahipene-Mercer, Cook, Foster, Goulden, McKinnon, Ritchie, Shaw, Wade-Brown and Wain.

Voting against: Councillors Armstrong, Morrison, Pepperell and Ruben.

Majority vote: 10:4

The substantive motion new iii (to be clause 9) as amended was declared CARRIED.

The substantive motion clause 5 renumbered clause 10 was put and declared CARRIED.

The substantive motion clause 6 renumbered clause 11 was put and a DIVISION called.

Voting for: Mayor Prendergast, Councillors Ahipene-Mercer, Cook, Foster, Goulden, McKinnon, Morrison, Pepperell, Ritchie, Ruben, Shaw, Wade-Brown and Wain.

Voting against: Councillor Armstrong.

Majority vote: 13:1

The substantive motion 6 renumbered clause 11 as amended was declared CARRIED.

RESOLVED AND RECOMMENDED TO COUNCIL:

THAT the Strategy and Policy Committee:

1. *Receive the information.*
2. *Note that the Management Board has agreed to a Local Action Plan for the effective and efficient management of the Council corporate energy consumption, and to the necessary steps the Council must take to minimise its greenhouse gas emissions.*
3. *Note that the imperatives for a clear, strong Council response to climate change include increased awareness and understanding of climate change issues, combined with mounting evidence that business-as-usual is likely to result in serious environmental, economic and social impacts.*
4. ***Agree that officers will report back to the Committee by September 2007 on a set of options for carbon reduction targets and carbon offsetting measures, including***
 - *a preliminary cost-benefit analysis of the types of projects*
 - *initiatives that could support these options and*
 - ***Additional annual accountability measures developed for the Wellington City Council Annual Plan, Long Term Council Community Plan and Annual Report which measure and report on environmental sustainability and climate change.***
5. ***Agree that officers prepare a terms of reference for a Working Party on Climate Change, for consideration and approval by Council at its meeting on 27 June 2007.***
6. ***“Request that the Working Party consider the following issues arising from the officers’ report as outlined below:***

4.8 Imperatives

Aside from the impacts of the climate change itself, there are likely to be impacts resulting from the following policy and market responses to climate change

- ***price signals likely to emerge from central government policy. A price on carbon through carbon trading, for example, would increase the cost of using carbon-based fossil fuels such as oil and coal, as well as electricity derived from those sources, with consequent increases in the cost of some products businesses and consumers.***

5.1.3 The current and proposed work programme

To build on this work it will be critical for the Council to prioritise any additional activities. This prioritisation will be based on a cost-benefit analysis so that investments are targeted to achieve the most cost-effective response. That is, activities will be ranked by their level of contribution to reductions in relation to their cost. Potential impacts including those on employment, businesses, residents, visitors and Council will all need to be considered. Both benefits and costs will need to be examined over the long-term as well as the short-term.”

7. *Note that the Hearings Committee for proposed District Plan Change 48 - Central Area Review, will be considering options for incorporating regulatory incentives for environmentally sustainable buildings into the District Plan in light of submissions received.*
8. *Ask the working party to consider opportunities and report back on ways to fast track the resource consent processes for renewable energy projects.*
9. *Agree that Wellington City Council with the support of other interested parties, strongly advocate to the Government for the improvement of emission standards of imported used cars.*
10. *Agree that officers enter a memorandum of understanding with ICLEI's New Zealand office to establish Wellington as its base location and Wellington City Council as its key council partner for New Zealand, and that the consequent costs to Council be met from within existing financial baselines.*
11. *Recommend to Council that it agree to the aspirational vision of carbon neutrality for Wellington City Council and the city as a whole.*

NOTED:

The resolution differs from the recommendations in the officer's report as follows:

The Committee added the text in **bold**.

(Councillor Goulden left the meeting at 2.26pm.)

118/07P **MOA POINT WASTEWATER TREATMENT PLANT – RESOURCE CONSENT APPLICATION**

Report of Kevin Robertson – Strategic Projects Manager, Capacity and Nicholas Kildare, Policy Analyst, Capacity.

(1215/52/IM)

(REPORT 3)

Moved Councillor Wade-Brown, seconded Councillor Armstrong the substantive motion with a new clause 2j (as follows):

“2j. Agree that the Assessment of Environmental Effects include the undertaking that Council will carry out a Monitoring and Technology Review every 10 years.”

(Councillor Cook left the meeting at 2.28pm.)

Moved Councillor Foster, seconded Councillor Goulden the following amendment to clauses 2d and 2e.

- 2d. Agree that option 4 (UV treatment) be implemented subject to the pilot plant verifying the proposal is effective in improving the quality of bypassed wastewater **and subject to obtaining a resource consent for a satisfactory period.**
- 2e. Instruct officers to explore option 5 (Storage) **as a contingent alternative** to option 4, and investigate securing potential sites for a storage facility.

The amendment was accepted by the meeting.

(Councillor Ritchie left the meeting at 2.33pm.)

(Councillor Ritchie returned to the meeting at 2.44pm.)

The substantive motion as amended was put and declared CARRIED.

RESOLVED AND RECOMMENDED TO COUNCIL:

THAT the Strategy and Policy Committee:

1. *Receive the information.*
2. *Recommend to Council that it:*
 - a. *Agree to implement option 2 (Inlet pump station improvements) in 2007/08 using existing funding and, if necessary, by reprioritising existing works.*
 - b. *Instruct Council officers to investigate and develop policies for options 3 (Inflow and infiltration policy changes) and present these to the Committee for consideration in 2008.*
 - c. *Instruct Council officers to implement a pilot plant to determine the effectiveness of option 4 (UV treatment) in improving the quality of bypassed wastewater.*
 - d. *Agree that option 4 (UV treatment) be implemented subject to the pilot plant verifying the proposal is effective in improving the quality of bypassed wastewater **and subject to obtaining a resource consent for a satisfactory period.***

- e. *Instruct officers to explore option 5 (Storage) as a **contingent alternative** to option 4, and investigate securing potential sites for a storage facility.*
- f. *Agree that option 6 (Eastern suburbs inflow and infiltration reduction) will not be pursued.*
- g. *Instruct Council officers to implement necessary works to provide greater capacity in the inlet pump station (Option 7).*
- h. *Agree that funding for the above initiatives be included in the wastewater asset management plan for consideration through the 2008/09 annual plan budgeting process.*
- i. *Agree that a term of 35 years for the resource consent is included in the Assessment of Environmental Effects.*
- j. ***Agree that the Assessment of Environmental Effects include the undertaking that Council will carry out a Monitoring and Technology Review every 10 years.***

NOTED:

The resolution differs from the recommendations in the officer's report as follows:

The Committee added the text in **bold**.

119/07P **EVENTS CENTRE (TSB BANK ARENA) REDEVELOPMENT**
 Report of Neville Brown – General Manager, Wellington Convention Centre and Derek Fry – Director, Recreation and Events.
 (1215/52/IM) (REPORT 4)

Moved Councillor Morrison, seconded Councillor Ruben the substantive motion.

Moved Councillor Foster, seconded Councillor Armstrong, the following amendment to clause 2.

- 2. *Approve the Stage 2b redevelopment plan for the TSB Bank Arena **up to \$2.1million.***

The amendment was accepted by the meeting.

The substantive motion as amended was declared CARRIED.

RESOLVED:

THAT the Strategy and Policy Committee:

- 1. *Receive the information.*

2. *Approve the Stage 2b redevelopment plan for the TSB Bank Arena **up to \$2.1million.***
3. *Note that this work is budgeted in 2007/8 within CAPEX Project CX481.*

NOTED:

The resolution differs from the recommendations in the officer's report as follows:

The Committee added the text in **bold**.

(The meeting adjourned for afternoon tea at 2.57pm and reconvened at 3.12pm.)

120/07P

EVENTS AND PARADES

Report of Derek Fry – Director, Recreation and Events.
(1215/52/IM)

(REPORT 5)

Moved Councillor Morrison, seconded Councillor Shaw the substantive motion.

(Councillor Ruben returned to the meeting at 3.13pm.)

Moved Councillor Ritchie, seconded Councillor Pepperell the following amendment:

“THAT the Strategy and Policy Committee:

Remove all reference in contractual agreements to requirements that the events will not bring the Wellington City Council into disrepute and will be non political.”

Moved Mayor Prendergast, seconded Councillor McKinnon the procedural motion that the amendment be put.

The procedural motion was put and a DIVISION was called.

Voting for: Councillors Pepperell, Ritchie, and Wade-Brown.

Voting against: Mayor Prendergast, Councillors Ahipene-Mercer, Armstrong, Foster, McKinnon, Morrison, Ruben, Shaw and Wain.

Majority vote: 3:9

The substantive motion was declared LOST.

Moved Councillor Wade-Brown, seconded Councillor Foster, the following amendment

“THAT officers work with Falun Dafa and events organisers to facilitate Falun Dafa’s appropriate participation in council sponsored events and parades.”

Moved Councillor Armstrong, seconded Councillor Wain the procedural motion that the amendment be put.

The procedural motion that the amendment be put was put and declared LOST.

The amendment was put and a DIVISION called.

Voting for: Councillors Foster, Pepperell, Ritchie, and Wade-Brown.

Voting against: Mayor Prendergast, Councillors Ahipene-Mercer, Armstrong, McKinnon, Morrison, Ruben, Shaw and Wain.

Majority vote: 4:8

The amendment was declared LOST.

The substantive motion was put.

Voting lost: Mayor Prendergast, Councillors Ahipene-Mercer, Armstrong, McKinnon, Morrison, Ruben, Shaw, Wade-Brown and Wain.

Voting against: Councillors Foster, Pepperell and Ritchie.

Majority vote: 9:3

The substantive motion was declared CARRIED.**RESOLVED:**

THAT the Strategy and Policy Committee:

1. *Receive the information.*

(Councillor Shaw left the meeting at 4.38pm.)

121/07P **HOUSING AFFORDABILITY – SUBMISSION TO SELECT COMMITTEE**

Report of Wayne Maxwell – Director, Strategy and Partnerships.

(1215/52/IM)

(REPORT 6)

Moved Councillor Morrison, seconded Councillor Ahipene-Mercer the substantive motion.

(Councillor Wade-Brown left the meeting at 4.39pm.)

Moved Councillor Foster, seconded Mayor Prendergast the following amendments to clause 2 (the submission).

No	Councillor comment	Officers' response.
1	Need to note the wide range of issues/the wider context that impact on the affordability of housing.	Officers have deliberately confined the submission to the three areas of direct relevance to the Council: land supply; planning processes; and fees and charges. Section 1 of the submission demonstrates the breadth of the issue and the wider drivers that are likely to affect or be affected by the housing market in Wellington. The broader social and demographic changes in society are assumed to

		<p>be known by the select committee.</p> <p>Nevertheless <u>officers recommend</u> that the following paragraph be inserted at the end of section 3 - <i>the situation in Wellington city</i>:</p> <p><i>“Wellington city’s population is estimated to grow by 33,000 people over the next 20 years. Lifestyles are also changing – for example people are keen to live closer to where they work – and the population is aging. This is affecting housing preferences. A greater number of single and two bedroom dwellings are likely to be required over the next couple of decades.”</i></p>
2	<p>Need to place greater emphasis on the fact that green-fields is not desirable and that it has consequential impact on the cost of living.</p>	<p><u>Officers recommend</u> adding the following summation at the end of section 6 – <i>land use planning</i>:</p> <p><i>“Land supply is not an issue in the Wellington context - there is sufficient land available in Wellington to meet overall housing demand. What is at issue is the demand for dwellings close to CBD.</i></p> <p><i>The Council’s Urban Development Strategy aims to meet this demand through the implementation of a ‘growth spine’ concept along which more intensive development is encouraged. This will see most new growth directed to areas that are already well connected, offer high levels of amenity, and have some or all of the supporting infrastructure. Thus reducing the costs that would fall to households either through rates increases (to cover the cost of additional infrastructure) or privately due to for example transport costs if green-field options on the outskirts of the city were preferred.”</i></p>
3	<p>Provide comment on ‘seed funding’ as an option to be</p>	<p>Housing NZ runs an innovation fund that provides grants for</p>

	considered.	organisations whose initiatives meet its criteria for good quality sustainable housing. Giving the existence of this programme <u>officers do not believe it is necessary to comment</u> on this specific option.
4	<p>Seek a clearer process for the disposal of road reserve.</p> <p>(Note that the disposal of other non-strategic land is governed by Council process).</p>	<p>Officers recommend the insertion of the following to section 6.7.</p> <p><i>“The Council would welcome statutory amendment to allow for the more efficient disposal of unformed legal road (where we deem this surplus).”</i></p>
5	<p>Question whether section 14 is consistent with existing policy.</p> <p>Re: specific mention of the use of development levies and making affordable housing a relevant matter under part of the RMA.</p>	<p>This section does not aim to comment on Council’s current policy. It simply aims to provide the Council with the option to utilise development levies or other mechanisms if it chooses to – it does not seek to make this mandatory.</p> <p>The options would provide the Council with greater flexibility in the way that we can respond to development pressure (and to respond more quickly).</p> <p>The ability to use financial contributions currently is limited as it would be difficult to establish that a contribution 'fairly relates to the development in question' as required under the RMA (as housing affordability is a citywide concern not the condition of each development). The similar constraint exists for development contributions.</p> <p><u>An alternative approach to this section</u> of the submission is for the Council to comment that the select committee has a range of options open to it and to note the Council’s interest. For example the following could replace the existing text in section 14:</p> <p><i>“The Council would welcome any</i></p>

		<p><i>central government initiatives that extend the range of tools that can be drawn on to respond to development pressures more quickly.</i></p> <p><i>In doing so the Council offers the cautionary note that:</i></p> <ul style="list-style-type: none"> • <i>solutions must be based on robust analysis including clarification from government of local authorities powers to act in relation to affordable housing within the current legislative framework.</i> • <i>any regulatory and legislative framework that enables Councils (who choose to) to apply relevant tools to address housing affordability must be enabling not mandatory.</i> • <i>support and assistance for councils in implementing any framework is clear. This includes clarification of how the implementation costs of any new framework would be funded.”</i> <p>The following text remains unchanged: <i>“The Council would welcome the opportunity to comment on any specific interventions that are considered by central government.”</i></p>
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The amendments 1, 3, 4 and 5 to clause 2 were put and declared CARRIED.

The amendment 2 to clause 2 was put and declared CARRIED.

The substantive motion clause 1 was put and declared CARRIED.

The substantive motion clause 2 as amended was put and declared **CARRIED**.

The substantive motion clause 3 was put and declared **CARRIED**.

RESOLVED:

THAT the Strategy and Policy Committee:

1. *Note that officers are continuing to monitor and research options in relation to housing affordability in Wellington.*
2. *Agree to the submission as amended attached in appendix one to these minutes.*
3. *Agree to delegate to the Mayor and Chief Executive the authority to make any drafting changes before forwarding the submission.*

122/07P

HERITAGE GRANTS

Report of Alexandra Teague – Urban Designer, Heritage.
(1215/52/IM)

(REPORT 7)

Moved Councillor Foster, seconded Councillor McKinnon the substantive motion.

The substantive motion was put and was declared **CARRIED**.

RESOLVED:

THAT the Strategy and Policy Committee:

1. *Receive the information.*
2. *Agree to the allocation of grants to applicants in the March 2007 round of the Built Heritage Incentive Fund, as assessed by Council officers as follows:*

<i>Project</i>	<i>Amount Granted</i>
<i>Erskine College, 25-31 Avon St, Island Bay: Save Erskine College Trust Inc.</i>	<i>\$3,426</i>
<i>41 Palmer Street, Aro Valley Wellington: Hamish Dahya</i>	<i>\$2,450</i>
<i>Mount Street Cemetery Wellington: Roman Catholic Archbishop of the Archdiocese of Wellington</i>	<i>\$8,248.75</i>
<i>19 Simla Crescent: Amanda Rider</i>	<i>\$1,000</i>
<i>288 Cuba Street: Keith Powell</i>	<i>\$27,915.19</i>

<i>26 Stoke St, Newtown: Simon Bachler</i>	<i>\$20,000</i>
<i>Sai Centre, 8 Daniell St, Newtown: Sathya Sai Service Organisation of Wellington</i>	<i>\$10,000</i>
<i>Total</i>	<i>\$73039.94</i>

123/07P **ADVISORY GROUPS REVIEW: STAGE 1**
 Report of Adele Gibson – Senior Policy Adviser, Policy Unit.
 (1215/52/IM) (REPORT 8)

Moved Councillor Shaw, seconded Councillor Wain the substantive motion.

The substantive motion was put and was declared CARRIED.

RESOLVED AND RECOMMENDED TO COUNCIL:

THAT the Strategy and Policy Committee:

1. *Receive the information.*
2. *Recommend to Council that it agree to:*
 - a) *retain the Pacific Advisory Group as one mechanism for engaging with Pacific nation groups*
 - b) *adopt the new Terms of Reference for the Pacific Advisory Group (Appendix 2 of the officer's report).*
3. *Recommend to Council that it adopt the new Terms of Reference for the Youth Council (Appendix 3 of the officer's report).*
4. *Recommend to Council that it agree to the minor amendments to the Disability Reference Group's Terms of Reference (Appendix 4 of the officer's report).*
5. *Agree that reviews of the Environment Reference Group and the Road Safety Reference Group be undertaken after the October 2007 elections.*

124/07P **QUARTERLY REPORT (JANUARY TO MARCH 2007)**
 Report of Frances McCarthy – Business Adviser, Planning, Performance and Research.
 (1215/52/IM) (REPORT 9)

Moved Councillor Armstrong, seconded Councillor Ruben the substantive motion.

(Councillor Ritchie left the meeting at 4.51pm.)

(Councillor Ahipene-Mercer left the meeting at 4.54pm.)

The substantive motion was put and was declared CARRIED.

RESOLVED:

THAT the Strategy and Policy Committee:

- 1. Receive the information.*

The meeting concluded at 4.55pm.

Confirmed: _____

Chair
/ /

Submission to the Commerce Select Committee
On its inquiry into affordable housing
By Wellington City Council
12 June 2007

The Council welcomes the select committee's inquiry into affordable housing. As your terms of reference indicate this is a broad and complex area that is influenced by many factors and parties. We have confined our submission to the three areas of particular relevance to the Council: land supply; planning processes; and levies and charges.

These three areas are consistently raised as having a detrimental impact on the cost of housing. It is our submission that the Council's policies and processes are not a significant factor impacting on housing affordability in the Wellington context:

- land is available
- processes are generally executed proficiently (most costs arise when applicants seek to go beyond permitted policy or planning activities and incur mitigation costs)
- regulatory fees and charges have increased, reflecting the need to assure quality, but elements of this work remain subsidised by rate payers.

Executive summary

The affordability of housing is of concern to the Council. The gap between the cost of housing and incomes is widening in Wellington at rate comparable to other areas of the country. The current market led approach will not necessarily meet an increasing need for affordable housing and at best may offer a partial solution.

The Council is also clear that it has limited capacity to effect solutions on its own. For example regulatory tools (such as zoning) can be problematic as they have detrimental impacts on other outcomes, and the many dimensions of labour markets that impact on housing markets are not confined to local territorial boundaries.

The complexity of the issue suggests there is no single solution and a mixed approach is most likely to have a positive outcome. The Council believes that the government is best placed to draw on the variety of solutions available to address the issue and welcomes the opportunity to comment on any specific interventions that are considered.

The Council is eager to work with others to find solutions that are sustainable and flexible enough to meet changing needs over time.

The Council's goal is to offer residents quality choices about where they live — in apartments, townhouses or traditional stand-alone dwellings. Providing choices for an increasingly diverse community will be important if Wellington is to attract and retain a creative and dynamic workforce. Affordability of housing plays an important role in this regard.

Background

1. The Council views housing as a critical component of a viable community. A lack of affordable housing can have unfavourable impacts on social cohesion, health, educational attainment, urban amenity, economic development and employment.
 - 1.1. Housing affordability is an important contributing factor to Wellington's economic and social sustainability because:
 - limited availability can restrict access to labour markets particularly in the service sector which is significant in Wellington
 - innovation can be undermined if early in their careers creative workers are alienated because of the struggle to access housing
 - along with other infrastructure it helps companies to decide whether or not to locate and/or remain in the city
 - limited availability will require some households to trade-off one or more aspects of housing adequacy (including moving away)
 - it provides people greater choice over their discretionary spending – allowing for new or alternate markets to emerge.
2. The Council defines affordable housing as the ability to rent or purchase and sustain adequate housing at a cost that doesn't unduly impact on people's quality of life.

The situation in Wellington city

3. The affordability of housing is a deepening issue in Wellington. Despite comparatively high incomes and a reasonably constant work force the conditions in Wellington are as acute as other areas in New Zealand. This assessment is based on the following indicators:
 - 3.1 The average value of the properties sold is increasing month on month at a rate that is out of step with wages. They have grown by 13 percent over the past 12 months.¹
 - 3.2. The median household sale price is now \$487,000. An increase of 12 percent on the same period a year ago.²
 - 3.3 It now takes more than three quarters (77.8 percent) of take-home pay to afford a standard mortgage payment for a median priced house in Wellington. This is up from 66.6 percent a year ago and 43.9 percent in April 2003.³

¹ This is based on a division of the total value of properties sold by the number of properties. The total percentage increase of 13 compares to: 14 percent Wellington region; 10 percent Auckland; 10 percent Christchurch; and 11 percent national average increase.

² REINZ median sale prices of the combined Wellington city suburbs for April 2007 and April 2006.

³ Source and methodology outlined www.interest.co.nz monthly survey April 2007.

- 3.3.1 The number of average incomes required in a household to afford a standard mortgage for a median-priced house is 1.95. This is up from 1.66 a year ago and 1.10 four years ago.⁴
- 3.4. An assessment of the social housing sector has concluded that over 1,450 additional dwellings will be required to meet the needs in this sector alone over the next decade.⁵
- 3.5. Household ownership rates are falling. The rate of home ownership in the wider Wellington region is down 5 percent from ten years ago to 66 percent. This follows the national trend. The decline is even greater in Wellington city (down to 63 percent from 70).
- 3.6. Of the 8,997 housing units created in Wellington city over the last five years 7,929 (88 percent) are rental properties.⁶
- 3.7. Using an indicator of housing cost (in this case the city median weekly rent of \$360) as a proportion of gross median household income, renting accommodation is more affordable than buying by a margin of 30 percent. Against the commonly accepted unaffordability definition proportion of gross household income accounted for by rent, Wellington city is 25 percent on average. However, working against this favourable result is the probability that households at the lower end of the income scale largely populate the rented accommodation market.
- 3.7.1. For any household in Wellington city earning less than \$62,400 (gross) per annum, a median rent property becomes unaffordable. According to 2006 census figures at least 24,000 households in Wellington fall into this category. For a household living on an annual gross income of \$44,520, which represents the low income threshold for the city (i.e. 60 percent of city median), rent would need to be no more than \$257 per week to be deemed affordable. In Wellington the availability, let alone the quality, of accommodation at this price suitable for a 2+2 family is likely to be poor. To put this into context, it is estimated some 17,500 households in Wellington city could fall into the low income category.
4. Wellington city's population is estimated to grow by 33,000 people over the next 20 years. Lifestyles are also changing – for example people are keen to live closer to where they work – and the population is aging. This is affecting housing preferences. A greater number of single and two bedroom dwellings are likely to be required over the next couple of decades.

⁴ Based on a standard that 40 percent of household income would be spent on a mortgage, renting accommodation is more affordable than buying.

⁵ Wellington City Housing Needs Assessment August 2006.

⁶ Source: Statistics NZ

The role of Council

5. The Council's practice to date has been to provide an environment where the housing needs of its community have been primarily provided by the private market. Beyond this the Council intervenes in three distinct ways:
 - 5.1 The Council directly provides 2,300 social housing units for people who meet the Council-set criteria related to income, age, housing need, disability and refugee status.
 - 5.2. Through the District Plan and associated regulatory processes the Council provides a framework for the protection of character areas and identifies those areas suitable for residential dwellings.
 - 5.3. The Council assess applications, issues and monitors building consents to ensure they are safe by complying with the Building Code and other regulations.
6. In addition to these interventions the Council invests in the city's network and social infrastructure and actively promotes the city as a desirable destination to live and to do business.

Land use planning

The limited availability of land has been cited as an impediment to growth and a contributing factor to the increase cost of land. Local authorities in particular have been accused of poor land use planning – limiting the supply of land for development. This is not the case in Wellington city.

7. There is sufficient green-field residential land available in Wellington city and the region to meet expected demand to 2026 and beyond.
 - 7.1. There is sufficient capacity to meet demand for high density living and 'backyard' infill to 2026 and beyond.
 - 7.2. The greatest challenge for Wellington city is meeting demand for medium density living close to the CBD, town centres and coast⁷.
 - 7.3. The Council has a long established policy of urban containment. The objective of the policy is to limit the negative effects of urban sprawl and reduce the costs associated with providing additional infrastructure.

⁷ By comparison to other metropolitan areas there is significant scope for increased density in Wellington city. The following provides an indication of the level of density that exist elsewhere: Sydney (city) 4,900 people/km²; Auckland (city) 635/km²; New York 12,293/km²; Wellington (city) 619/km².

7.3.1. For Wellington city this means:

- focusing and encouraging growth along a ‘spine’ (in the central area, around key suburban centres and on key transport routes) where mixed land-use can provide the services, shops, jobs and most of the homes for a growing population
- increasing the density of development in these areas so that there are sufficient people and activities to support passenger transport
- encouraging infill development to occur in and around suburban centres and key transport nodes, in a careful and considered manner, taking account of local sense of place values and the potential effects on neighbouring property owners. (This may result in some areas, particularly areas with valued suburban character, having future infill capacity constrained.)

7.3.2. There are considerable opportunities for ‘backyard’ infill development in Wellington city, particularly in outer residential areas where conservative estimates indicate capacity exists for approximately 13,000 new dwellings. In addition, there is significant opportunity and demand for apartment living in the central area where height limits allow for multi storey developments.

7.3.3. While the uptake of the opportunity to ‘backyard’ infill is not certain. It is clear that a market exist for smaller homes. The number of 1-2 people households is expected to continue to grow due to the population aging and changes in lifestyle.

7.3.4. The greater intensification that accompanies ‘backyard’ infill housing should result in slightly more affordable housing. This is because intensive development would off-set the high land values - more units on a given area of land would help to drive down the value of each unit.

7.4. They city’s primary green-field sites (on private land) have been identified in the northern part of the city. The area is developing relatively slowly and is expected to house 10,000 people and 3,500 dwellings over a 20 year period. The majority of this land is in single ownership.

7.4.1. The slow release appears to be a result of vertical integration – landowners are maximising their returns by releasing land selectively and controlling all phases of the development process from land subdivision to the sale of the building.

7.4.2. This has resulted in the majority of houses being constructed for the upper-end of the market.

7.5. Significant opportunities for green-field developments exist in the wider region.

7.6. The Council has significant amounts of land that it uses to provide strategic assets. These range from town belts and reserves through to roads and recreational facilities. By definition these assets are an essential component

of a modern city. It is not considered appropriate that they be freed for alternate uses (such as housing) while other land options are available.

- 7.7. The Council has a programme for identifying and disposing of non-strategic land that it owns, though it does not hold a lot of vacant or undeveloped land suitable for residential development.

7.7.1 The Council would welcome statutory amendment to allow for the more efficient disposal of unformed legal road (where the Council deem this surplus).

- 7.8. Despite the current situation in Wellington (where sufficient land is deemed to be available) the Council acknowledges that planning mechanisms are generally relatively slow to put in place. And this may in certain conditions aggravate a housing shortage. Any steps that allow the Council to respond to development pressure more quickly would be welcomed.

In summary, land supply is not an issue in the Wellington context - there is sufficient land available in Wellington to meet overall housing demand. What is at issue is the demand for dwellings close to CBD.

The Council's Urban Development Strategy aims to meet this demand through the implementation of a 'growth spine' concept along which more intensive development is encouraged. This will see most new growth directed to areas that are already well connected, offer high levels of amenity, and have some or all of the supporting infrastructure. Thus reducing the costs that would fall to households either through rates increases (to cover the cost of additional infrastructure) or privately due to, for example, transport costs if green-field options on the outskirts of the city were preferred.

Building regulation and facilitation: fees

The Council has a statutory responsibility under the Building Act to control building developments. This includes ensuring buildings are safe and sanitary, and do not threaten environmental quality or public health.

8. The Council aims to secure all of the costs it incurs in relation to building regulation from users but due to its associated 'facilitation' role only recoups 60 percent of the total costs for this activity.

- 8.1 The Council has determined (through its Revenue and Financing Policy) that despite the fact that this regulatory activity benefits private individuals – the people and companies that build or redevelop homes and other buildings which, in almost all cases, are for private and exclusive use – the Council will part fund the activity. This decision relates to:
- a public good component: the work provides some safe guard as buildings can be on-sold
 - the need to avoid setting charges at a level that could create an incentive for homeowners to avoid the consent process and carry out illegal building work
 - the fact that some of the work relates to enquires of a general nature that cannot be attributed to specific building projects
 - the application of fees in some areas is constrained by regulations.
9. Some of the Council’s regulatory costs associated with building have increased over the past decade and where appropriate these have been passed on to applicants.
- 9.1. The increased costs associated with building consents are a result of national initiatives and beyond the control of Council (for example the cost associated with securing building accreditation status).
- 9.1.1. All work valued at \$20,000 or above now attracts the BRANZ and Department of Building and Housing levies.⁸
- 9.1.2. The detail of the work now required by the new Building Act and Codes require more scrutiny of the plans during the checking process and more intense checking of the work during the construction phase.
- 9.2. The Council has worked hard to reduce the administration and support costs associated with these additional functions with a view to limit the impact of these increases on applicants.
- 9.3. The Council aims to process all building consents and code of compliances within statutory timeframes.
- 9.3.1. The complexity of the new Building Act, a national shortage of skilled building officers available to processes complex consents, and significant changes to the building code, have all created ongoing challenges in maintaining timeframes. Improvements continue to be made in processing times. For the year to date, over 90 percent of building consents and codes of compliance were issued within the timeframes. The majority of consents that were not issued on time were provided within a working day.

Development control and fees

⁸ The BRANZ levy is currently \$1.00 per \$1,000 and the Department of Building and Housing levy is \$1.97 per \$1,000. The total levy payable per \$1,000 is to be assessed on the total project value, where the consent is staged.

The Council has a responsibility under the Resource Management Act to ensure land and other resources are used sustainably. We administer the District Plan, regulating developments to ensure they are safe, sustainable and meet public expectations. Specific activities include issuing resource consents, monitoring compliance and dealing with complaints about environmental matters.

10. Only 40 percent of the costs of the Council's regulatory work in relation to development control and facilitation are recouped through fees and charges.
 - 10.1. The Council has determined (through its Revenue and Financing Policy) that, while there is a public benefit, the main beneficiaries of this work are the individual people and businesses involved in land subdivision and development or use of other resources.
 - 10.1.1. The Council's ability to recover costs from those individuals is limited. User charges for some activities are set by law or regulation or are not permitted. And in relation to compliance, it is not always possible to identify individuals causing damage.
 - 10.1.2. The Council is also cognisant that the fees not be set at a level that could create a disincentive for growth and development of the city.
 - 10.1.3. These factors mean that, historically, the Council has been able to recover only about a third of the cost of this regulatory activity through user charges. The current target is to recoup 40 percent of the costs through user charges – effectively providing a 60 percent subsidy to developments.
11. The Council aims to process all resource consent applications within the statutory deadlines.
 - 11.1. For the year to date, 91 percent of consents have been processed on time. The Council continues to explore ways to improve processing speeds. Offering pre-application meetings to identify and reduce potential issues is an example. (These are offered at no charge to the applicant.)

Constraints on the Council

12. The issue of housing affordability is complex. A vast number of variables impact on the housing market. The ability of the Council to affect solutions on its own is limited:
 - the many dimensions of labour markets and population changes that impact on the housing market are not confined to local territorial boundaries
 - development levies are either inappropriate or cannot be used currently to require the private market to provide affordable housing
 - re-zoning (were it desirable) is a prolonged process and exposes the Council and applicants to the expense of legal challenge
 - the direct provision of affordable housing by the Council would likely impact on its ability to deliver aspects of the core infrastructure that contributes to the city's wellbeing. The direct provision by Council would in effect transfer one element of housing affordability (construction / purchase) to another area of household expenditure (rates).
13. The complexity of the issue suggests there is no single solution and a mixed approach is most likely to have a positive outcome.

Finding solutions

14. The Council continues to explore options that it can support to ensure the availability of affordable housing in Wellington. In particular, we are eager to work with others to find solutions that are sustainable and flexible enough to meet changing needs over time.
15. The Council would welcome any central government initiatives that extend the range of tools that can be drawn on to respond to development pressures more quickly.

In doing so the Council offers the cautionary note that:

- solutions must be based on robust analysis including clarification from central government of local authorities powers to act in relation to affordable housing within the current legislative framework.
 - any regulatory and legislative framework that enables Councils (who choose to) to apply relevant tools to address housing affordability must be enabling not mandatory.
 - support and assistance for councils in implementing any framework is clear. This includes clarification of how the implementation costs of any new framework would be funded.
16. The Council would welcome the opportunity to comment on any specific interventions that are considered by central government.

The Council will be continuing to research and monitor the situation in Wellington and looks forward to the findings of the select committee's inquiry.

The Council would like to take up the opportunity to present to the select committee.

On behalf of Wellington City Council:

*Kerry Prendergast
Mayor
12 June 2007*