NAPIER
CITY COUNCIL
Te Kaunihera o Ahuriri

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ORDINARY MEETING OF COUNCIL

Open Minutes Attachments

Meeting Date:	Thursday 10 March 2022
Time:	9.00am-4.20pm
Venue:	Zoom (Audio Visual Link)

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AHURIRI ROCK POOLS DEVELOPMENT TRUST
Napier NZ

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FUNDING APPLICATION – NAPIER CITY COUNCIL
Community Strategies
SUMMARY OF KEY ACTIVITIES

23rd February 2022

- **Ahuriri Rock Pools Development Trust** – Project Initiation
  Concept developments over 3.5 years – Research carried out within wider Hawke's Bay, throughout NZ and Overseas.
- **Development Presentations to NCC** – 4.09.2020 – To Mayor Kirsten Wise & Keith Marshall Interim CEO – Councillor representation – Tania Wright & Richard McGrath. Subsequent Presentations to Mayor and Steph Rotarangi – CEO.
- **Establishment of new Trust Board.**
  - New Board of Trustees established and appointments ratified ✓
  - New Trust Deed Registered – Certificate 2.07.2021 ✓
  - Charitable Trust Deed – dated 15.06.2021 ✓
  - Accountant – Peter Twigg – appointed 'Special Trust Advisor'. ✓
- **LTP (Long Term Plan) Submission** – June/July 2021
  - 22 July 2021 – Letter of acknowledgement from Mayor Kirsten Wise – section quotation outcome – "Council may be able to make a contribution for the Feasibility Study & Business Plan, and reassess the Councils ability to support as you progress the project and confirm up on funding from other sources.

  A member of our Community Strategies Team will be in touch to discuss support for Feasibility Study.
  + 30th July 2021 – Trust Board Chairman response to Mayor & CEO. Content required to be revised by Councillors.
- **Ahuriri Current Coastal Hazard Risk Profile.**
  - High Level Commentary from Coastal Engineers Tonkin & Taylor Ltd – report dated 29.06.2021 – Full details included in Funding Application Attachment. (Important Doc)
- **NCC Maori Committee Presentation** – 23 July 2021 – Graham Duncan, Stephen Daysh & Paul Bailey Trustee. An expectation of establishing two new members from Committee to become Board Representatives on the Ahuriri Rock Pools Development Trust – (NB) This has not yet eventuated.
- **Napier Port Management** – CEO Todd Dawson- Board Chairman Alasdair MacLeod.
  - Dialogue commenced – prospect of establishing a Partnership between Rock Pools Trust and Napier Port – Support Funding and other mutual benefits to be explored. Any future developments will only be advanced once the NCC have confirmed their support for the Rock Pools Project, interim funding for the Feasibility Study & Business Plan have been agreed.
- **Ahuriri Estuary & Coastal Edge – 'Master Plan'** - Report presented to NCC 28 July 2020 - "Activities & Enhancement" notes for consideration – presentation from Graham Duncan – Issues and Concerns for the NCC are addressed with remedies forming part of the Ahuriri Rock Pools Development Trust.
- **FUTURE PROJECT FUNDING -**
  - Funding Application sets out clearly the makeup of the shared funding proposal. The one significant factor that will provide the "KEY" to unlocking major community and other funding sources, is the written commitment from the NCC to support the Ahuriri Rock Pools Development Trust plans for our region. This action will signal a genuine pathway forward for serious Pledges for funding to be realized.
  - Important: Given the recent and ongoing publicity of the Water Health and Safety issues within our region, the proposal for the Ahuriri Rock Pools Development, is by far the Best Value – "Bang for your buck" for the Napier Community to move forward.

  A projected total cost of $15m with the greatest portion 2/3rds coming from the Community. A massive cost saving by comparison with other pending pool projects now being revisited for the Community consideration. (reference media report 22nd February 2022 – Onekawa Swimming Pools Complex - projections for additional capital cost for temporary repairs for the ageing facility $8,626,435 and the ongoing costs for operational expenditure $80,000 pa.

- **PUBLIC AWARENESS OF ROCK POOLS PROJECT:**
  A News Paper Feature 10th June 2020 - Napier's Proposed Rock Pools Development, generated significant strong support within the wider H/Bay Region and throughout the Country.
  We continue to receive very positive enquiry and people were very keen for the project to become a long term attraction for Napier City.

Doc Id 1442318

Napier Aquatic Centre redevelopment: Q&A

Question: What is the preferred facility design, what is in it and what makes it right for Napier's needs?

Council approved the scope of the design for tender March 2019

The approved detailed concept design includes the following features:

- A large 25m x 25m lane pool with a floating floor to enable the depth to range from 40cm to 2m
- Large hydrotherapy pool to cater for rehabilitation, warm water exercise and mobility and a space suited for people with disabilities
- A large learn to swim pool with sufficient depth to handle any structured lane swimming as required.
- A large and feature-filled leisure and play area, featuring two hydroslides, zero-depth play features and a deeper and flexible body of water for aquatic fun of different types and for different ages
- High universal accessibility standards
- Modern efficient plant operations technology, and a thermal envelope to minimise energy costs and the environmental footprint
- A large outdoor area to enable families to picnic and BBQ while enjoying the facility
- A café, gym, group fitness studio, spin room and birthday party room.

While the design used Christchurch City Council's Taiora QEII as its basis, it featured many changes as informed by the community, stakeholders and councillors. These changes to make the design fit for Napier's specific needs included:

- The outdoor area is significantly increased in size to take advantage of the size of the site, provide additional customer usage and take advantage of Napier's climate and sunshine hours.
- The size of the learn to swim pool has been increased
- Seating capacity around the main pool has been added
- The specific configuration of the leisure play area has been changed to reflect needs and learnings from QEII Taiora
- The configuration and function of the outdoor space
- The size and facilities in the birthday party room
- The café seating area
- The facilities in the community meeting room
- The screening of the plant and equipment on the roof
- The ability to expand the facility to include a 50m pool or other configuration should it be needed in future.

Question: Have we asked if there are there any lessons learnt from the Christchurch pool build, and if yes have we been able to include that in our design?

Officers have been in regular contact with our counterparts in Christchurch City Council and have had input from design, to construction to operating the facility. This input has been factored into the design, and should we proceed, we will continue to benefit from an operational life-sized model.

Question: Which of the following are/ are not catered for in our pool? And what of those activities are covered at the Mitre 10 Park? (Understanding that we can't be everything to everybody)

- Water polo - YES for NCC and YES for Mitre 10 Sports Park
- Canoe polo - YES for NCC and YES for Mitre 10 Sports Park
- Aqua aerobics - YES for NCC and YES for Mitre 10 Sports Park

- Synchronised diving – NO for NCC and NO for Mitre 10 Sports Park, insufficient depth
- Synchronised swimming - NO for NCC and NO for Mitre 10 Sports Park, insufficient depth
- Underwater hockey - YES for NCC and YES for Mitre 10 Sports Park

Question: How long before we have an indication of what the Onekawa Park Master Plan will include? Does the process allow for a prioritisation of the decision on if Alan's pool and the splash pad are to be kept?

The process that was developed for the Onekawa Reserve should the aquatic facility move offsite was about developing a master plan for the area through needs analysis and community consultation. A high level plan was developed and then put on hold subject to Council direction on the future of the pool. The Master Plan would be part of the next steps if the Onekawa site is the preferred site.

Question: If we're expecting it to take at least 2 years to spend the ~$8.5mil do we have an indication of how much of that time will be disruptions to the level of service at the pool?

High level project plan and costings have been developed for 10 March meeting as requested by council. This level of detail does not provide for scheduled outages to perform work and any supply chain issues as a result of Covid. A guiding principle of the project will be to minimise outages as much as possible, but there will be impacts to service provision for the works included in the programme.

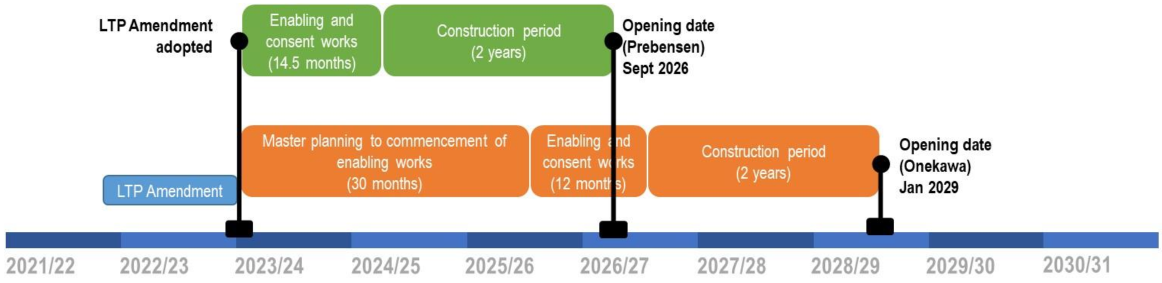
Question: What are the costs/risks involved with consulting to close the pool before the new pool is constructed?

NCC has a legislative obligation to enhance the social, cultural, economic and environmental wellbeing of the community

The Napier Aquatic Centre is one way Council has chosen to do this

If we chose to close the Napier Aquatic Centre, Council has an obligation under the Local Government Act to consult with the community on any changes in levels of service. Depending on when this consultation would occur, an LTP amendment may be required if the pool was to close as a result of a reduction in the level of service if done outside the traditional LTP timeframes.

Question: What does the shortest timeline/fast track process look like to build the pool? E.g. rough dates for Consultation, tendering, construction phase etc.



Question: "It is unlikely that the Mitre 10 Sports Park facility" (which has a learn to swim pool)" will have an impact of Napier's Learn to swim demand". One can assume most if not all of those who can afford these lessons have transport; and if their options are limited, surely one would expect they would be able to make their way to the Mitre 10 pool.

The Napier aquatic redevelopment is intended to be a community pool serving its local community. While the Mitre 10 Sports Park facility will be a significant regional asset providing benefit to many, the reality of an additional 30-40 minutes travel time for a round trip for parents that are already juggling work commitments and the extra-curricular activities of their children will be prohibitive for many. Location and accessibility are key considerations for users. Experiences around New Zealand for 'catchment areas' or distance to travel support this assertion.

Site assessment

Question: Why are the two options scored the same when the Onekawa site already is on existing routes, the Prebensen one not.

The Prebensen option is serviced by an existing bus route bus route. The nearest bus stop is 670m from the Prebensen site (ROUTE 13, Stop N80, 145 Westminster Ave) compared to 500m for the Onekawa site (Route 12H, N54, 301 Kennedy Road). This same Route 13 goes along Taradale Road, with the closest bus stop to NAC (Route 13, Stop N72, 125 Taradale Road) – 600 metres. The new design has provided for the ability to have a bus stop and turning circle within the facility itself.

It is typical for bus routes to be amended as a city landscape changes and develops. With the construction of a new aquatic centre attracting a predicted 300,000+ visits per year this would qualify as a major change. Factoring in the city development occurring in Poriati, Parklands, and the Mission development (as per the Heretaunga Plains Urban Development Strategy) then this provides strong rationale for amending bus routes and stops to cater for a changing city.

The Taradale Feasibility Demand Study Assessment identified less than 1% took public transport to the facility out of a sample size of 402. The in-centre survey of every customer over a normal week we did to check the validity of these results reinforced that less than 1% took public transport from a sample of 455 respondents.

TARADALE FEASIBILITY DEMAND STUDY ASSESSMENT (n = 402)

Car	91%
Walk	6%
Cycle	2%
Public transport	<1%
Motor bike/scooter	<1%

NAC IN-CENTER SURVEY (n=455)

Car	93%
Walk	3.4%
Cycle	3.2%
Public transport	<1%

Question: The Prebensen site is on the fringe of the city, whereas the Onekawa site has a shopping centre, Omni gym, kindergarten and netball courts virtually onsite.

The Prebensen/Tamatea Drive site is located within the fastest growing suburb of Napier (Parklands), as well as a main arterial route for many travelling to and from work or other destinations. Future city development is important to consider, as this is a 50 year facility that needs to cater for not just our city as it is, but our city as it will be.

The Prebensen/Tamatea Drive site is also adjacent to the large Onekawa Industrial area – an area in which a significant number of people work within. This location provides easy accessibility before work, after work and during lunch breaks for the workers in Onekawa. The existing Onekawa site provides a comparable proximity to this area.

The Tamatea Shopping Centre is 2.8km or 4 minutes' drive from the site. This shopping centre has the large Pak n Save, a Pharmacy, a laundromat and takeaway options. There is also a service station, bar and bottle store within very close proximity.

The Expressway is a main arterial route for Napier, as is Prebensen Drive. As also pointed out in another question, servicing the growing populations of Eskdale, Bay View and Whirinaki need to be considered in terms of proximity and accessibility.

With the existing recreational asset in Park Island, the Hawke's Bay Rugby facility, the cycleways and the regional park, and to a lesser degree the blowcarts, this area is and will continue to be a significant hub for recreation.

Question: With current and future budget constraints, I would like to see a more basic design considered, without the full gym facilities for example - local gyms are already struggling with Covid restrictions and an overabundance of competition.

Council can request for an alternative design be developed for consideration. Should the dry side areas should not be included, this will require additional costs to enable a redesign of the facility. The original scope was approved by Council on 19th March 2019 based on a needs assessment/requirements and consultation with the community.

Best-practice design feature guidelines for a community of this size show that for community affordability and offsetting operational costs, for providing a holistic health and wellbeing service to our community and for supporting community groups to enhance their ability to deliver benefits to their respective communities, that a complementary dry facility be included in design. Financial projections show annual revenue of $400,000 from dry side operations.

The capital costs associated with an aquatic facility are hugely weighted towards the construction of the wet areas, with the tanks, plant, infrastructure and features costing a lot more than a large dry space. The capital offset of excluding dry facilities will not save a large part of the capital costs, and would impact on the whole of life costs and increasing the rate-payer contribution to annual operating costs (noting that the forecasted revenue is $400k per annum).

Intended use of the gym space is not intended to compete with commercial gyms. Having multi-purpose spaces that can be used for different activities (e.g. seniors' activity classes, people with disabilities, pre-school movement classes) as well as providing dry health and fitness activities to complement water-based activity, there is an anticipated increase in overall utilisation of the facility, increasing the health and wellbeing of our community and provide a customer value proposition that meets expectations. The multi-purpose nature enables the facility to cater to changing demands in this space, as it is anticipated that health and wellbeing in the longer term (e.g. in 40 years' time may look very different from what it does today.

Question: Is it only the heavy weight part of the pools/water area that need all the excavation work and foundation work? Does say a cafe and gym area need the same comprehensive foundation work?

In order to minimise risk of differential settlement and provide solid foundations, it would be prudent for excavation of uncontrolled fill and foundations designed to mitigate the geotechnical conditions required across the entire facility footprint.

Question: How were the headings in the Site Assessment selected for scoring?

The critical success factors from Napier City Council's approved Aquatic Strategic Framework provided five of the seven headings – the other two are 'NCC strategic alignment' and 'Best Practice Design'.

Question: Contamination/landfill tends to score in more than one category, how does that work?

The known site conditions (geotechnical and contamination information) affecting multiple elements was necessary as the soil and ground conditions described within various technical and professional reports provided to council merge across more than one domain. These conditions impact Napier City Council Strategic Drivers, value for money and best practice design i.e. cost to remediate vs green fields, health and wellbeing of surrounding houses through removal and transportation, safety and visuals.

Question: Onekawa has 5 schools and five child care centres within 1.5km some of these are missing on the maps shown on page 110,111.

The maps within the appendices of the site assessment was provided to Council. The map that has been used to show schools was sourced from educationcounts.govt.nz. This is a Ministry of Education website.

This map has an unusual way of displaying schools noting that more detail is provided as you zoom in or out, and displays 'clusters' of schools that are not separated sufficiently as a number in an orange circle. So the map correctly shows the number of schools. It is important to note that the assessment scores themselves were informed by the correct number of schools.

The location of both facilities in the original version of the document was updated and the revised version is included within the documents for the 10 March Council meeting, noting an error in the original information.

Question: Does the pool meet FINA regulations for swim meets?

Yes, it also meets requirements for Underwater Hockey games (UWHNZ), Canoe Polo (ICF/NZCPA) games as well as FINA water polo.

Question: Have any other councils replicated the QE11 design since it was built?

Parts of the design has been utilised by other councils, however not in it its entirety. Each council prepares a needs assessment defining its aquatic needs and informs its specific design requirements. Napier undertook a needs assessment process, noting that the requirements were well aligned to those of the QEII Taiora facility, as identified by contacts within Sport NZ. It is important to note that Napier has also not 'replicated' the design, but taken the base and adapted it to suit the specific community needs.

Question: How does this design cater for youth age 13-20 as this is a group who say they have nothing to do?

This age group nationwide is the most difficult segment of our population to cater to, as has been discussed with council by Sport NZ Spaces and Places. The design features includes hydroslides, dry side fitness, community rooms, and bombing platforms, rope swings and other features that are desirable to cater to the needs of rangatahi.

Question: Councillors were told that the QE11 pool was designed for a population of 60,000 people. Napier's population is 66,000 plus we have the residents of Whirinaki, Puketapu and the Esk Hills who are all closer to Napier. Napier's population is increasing faster than planned. How is this design going to meet our current and future needs? What is the expected lifespan of the pool and how much growth should be built in at the start?

The catchment area for QEII Taiora is 60,000 – 65,000 population.

During the first year of operation QEII Taiora experienced 731,934 visitors. This was far in excess of predictions and due to the novelty factor and the fact that the Parakiore Facility (Metro) was not yet complete. Business case projections for Napier are in the vicinity of 300,000 – 320,000 visits per year, meaning that the QEII Taiora facility catered for in excess of double these projections.

This does not factor in the improvements made to the Napier design, including a larger learn to swim facility and significantly improved seating for events that will assist in managing the needs of a larger catchment.

Question: Currently there are 3 learn to swim pools ranging in different depths and lengths, how will we replicate that in the QE11 design what is the shallowest the new LTS will be?

The New facility will have a dedicated LTS pool with a side to side depth variation. The play pool will have a graduated beach entry to a play depth that will also be usable for LTS. The LTS pool will equivalent in size to the Ivan Wilson.

The design of the LTS pool was on advice from the LTS teachers. The tender documents called for a LTS tank with a side to side variation in depth rather than end to end.

The tender documents called for a shallow side at 900mm and a deeper side at 1100mm with one side of the pool having a sitting ledge 350mm below water level provided along the full length of the side. The entry to the pool is via steps or a ramp.

The final design is still open to amendment. Some consideration was being made as to having the deeper side at 1400m although no decision on this had been made.

The old pool at Onekawa is 1200mm deep and Alan's Pool is 850mm deep.

The tender called for the LTS pool to be 25x14m 8 lanes. Note that this is sized tank is larger than the Ivan Wilson lane pool in the existing facility.

Question: What determines a pool is at end of life

The end of life of an aquatic facility is determined by a number of different factors, including age, quality of original design and construction, condition, quality of asset management, number of significant renovations to extend the life and upgrade plant and equipment.

Question: With the upgrade to the BMS and walls, a building that is 100% seismically strengthened and all the safety issues brought up to date have any options been considered that would integrate the current pools with a new design at Onekawa, such as using the Ivan Wilson pool as a gym or cafe reception area or the old pool building as a gym or indoor playground?

An option to build around Ivan Wilson is similar to one of the options developed for pre-engagement in September 2017. This option wasn't supported by our community during pre-engagement (7.2% of respondents from 339 total responses). Officers were asked by council to investigate Option 1 at Onekawa (over the exiting tennis courts) and have included Option 3 to mitigate planning risks.

Decisions on repurposing the existing buildings are yet to be made. Integrating old with new with no heritage value is not a desirable option due to cost of build and differential in lifespan. Depending on the age and condition of the asset it is often desirable to build new in a whole of life context.

Question: Could you ascertain whether there would be any financial policy implications/requirements that would prevent council from initiating a LTP amendment and fast tracking the Aquatic development to avoid further escalation of costs.

We can only "alter significantly the intended level of service provision for any significant activity" if that decision is explicitly provided for in our Long Term Plan (s97 of the LGA). A new pool would require significant investment, which will result in an increased cost to the ratepayer. Council can initiate an LTP Amendment at any time.

So what are the options?

- Undertake LTP amendment process, or wait until the next LTP (June 2024)
- An LTP amendment, based on advice from Audit NZ, either needs to be wrapped up before the election, or left until afterwards.

It's ***not advisable*** to span an LTP amendment process across trienniums

Question: What would the risks of taking this action be and its flow on effect to rates?

The estimated impact on rates of the two options (Prebensen/Tamatea Drive and Onekawa) over two different loan terms (50 years and 25 years) is included in the following tables.

50 year loan term	$75 million (Prebensen/ Tamatea Drive)	$110 million (Onekawa)
Annual principle & interest repayment	$2.9m	$4.3m
Annual rates impact	3.7%	5.5%

25 year loan term	$75 million (Prebensen/ Tamatea Drive)	$110 million (Onekawa)
Annual principle & interest repayment	$4.3m	$6.3m
Annual rates impact	5.5%	8.0%

Question: There is budget included in Onekawa for roading changes which will be required but nothing in Prebensen - are there no roading changes required for Prebensen? What about the entrance off Tamatea Drive?

There are minor road changes required for Prebensen, including include the entry and exit crossovers and associated turning lanes.

A traffic assessment was performed as part of the Resource Consent preparation. This identified nothing further is required in terms of roading changes

Costs for these are included in the RLB estimate and is also present therefore in the Onekawa estimates.

The additional works and associated costs estimated for the Onekawa options are specific to what is required at Onekawa Park.

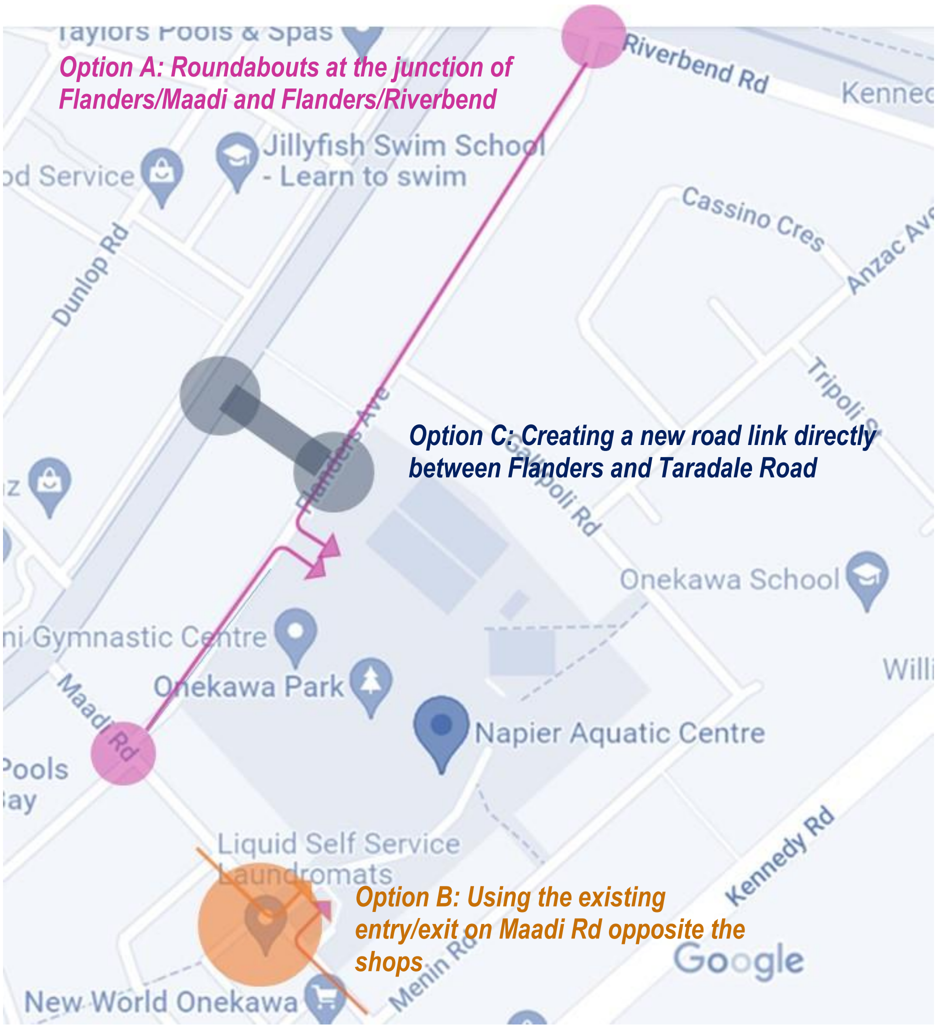
$1.5m was included as a provisional sum. Further work with our roading team has:

- Applied traffic numbers from the Abley traffic assessment report prepared for Prebensen Drive resource consent application
- Agreed on three realistic options to provide a solution to the traffic management requirements should Option 1 or 3 be pursued at Onekawa Park.

These options were as follows;

- **Option A: Roundabouts at the junction of Flanders/Maadi and Flanders/Riverbend**
    - existing road widths and offsets are not sufficient, requiring a widening of the roads
    - to gain the additional width, purchase of land from adjoining properties would be required.
    - having a roundabout so close to the traffic lights at the corner of Maadi/Taradale is not desirable
- **Option B: Using the existing entry/exit on Maadi Rd opposite the shops**
    - A redesign of the driveways crossing the park would be required.
    - This would likely require traversing close to existing buildings and across an area known to have high levels of contamination
    - The entry/exit point would also require the installation of a roundabout.
    - This roundabout would need the removal/relocation of the existing public toilets, and a redesign of the road layout and parking area outside the shopping precinct.
- **Option C: Creating a new road link directly between Flanders and Taradale Road (somewhere between 51 and 31 Flanders Ave)**
    - Creating a direct road link between Flanders Ave and Taradale Road was identified as the most favoured from a road engineering perspective.
    - This would require the purchase of the adjoining properties backing on to each other on Taradale and Flanders Roads, their demolition and the construction of a road in their place.
    - It would also require the construction of a junction between the new roadway and Taradale Road and the new road and Flanders Ave.
    - Would require Waka Kotahi approval as Taradale Road is s state highway

The provisional amount of $1.5m was examined as a budget against the works required for a, b and c. The budget was regarded as too low and recommendation was made that a budget of $3-3.5m would be more appropriate.



Question: The reports refer to the possibility of stockpiling landfill material onsite on the Onekawa Reserve. What are the implications of this?

Storage of uncontrolled fill on the site itself, rather than disposal at an approved landfill was identified by Tonkin & Taylor as a potential method to avoid the costs of disposal of uncontrolled fill and the contaminants within. This is through the creation of bunds or mounds of uncontrolled fill that can then be covered with clean topsoil.

The maximum amount of material that can be accommodated on the Onekawa site has been calculated. This approach is not recommended by Officers due to:

- Not eliminating the risk of contaminated materials, but simply moving them from one place to another
- The perception of surrounding neighbours and reserve tenants to having the potentially contaminated uncontrolled fill relocated and covered on the site
- The longer-term risk of the topsoil on the mounds eroding over time, exposing the potentially contamination fill material
- The consenting risks and conditions for storing the uncontrolled fill on the site.

This option however is on the table for discussion by Council. The additional costs for cartage and disposal of the uncontrolled fill quantities should Council decide to dispose at a landfill are included in the provisional items.

Element	Prebensen/ Tamatea Drive	Onekawa Option 1	Onekawa Option 3
Potential additional cost if stockpiling on site not viable	N/A	3,920,000	6,632,000

Question: There appears to be an inconsistency in the way the contract contingencies have been calculated. If you refer to the detailed Prebensen costings it states that 8% contingency has been included in the RLB estimate and an additional 5% has been included due to the current economic climate. Both of the Onekawa options have no reference in the notes to the 8% in the RLB estimate and an additional 15% has been included. I would assume that the 8% in the RLB estimate would apply to all three options which means that the Prebensen option has a total contingency of 13% and the two Onekawa options are 23%.

Contingency budget, in the context of project management, is an amount of money that is included to cover potential events that are not specifically accounted for in a cost estimate. The purpose is to compensate for the uncertainty inherent in cost and time estimates, as well as unpredictable risk exposure.

A contingency is something that may or may not occur but that must be dealt with if it does. The word ***contingency*** implies that the potential of an event is foreseeable.

The table below shows the amount of contingency applied to the Onekawa options. Included in the original Rider Lovett Bucknor (RLB) estimate is an 8% contingency in the base estimate of $51,238,800 that was used for each option. Note that for the sake of comparison this was the estimate applied to the Prebensen/Tamatea Drive option, which therefore reflects a greenfields site without the ground works mitigation required to deal with the specific geotechnical and contamination challenges of the Onekawa site. The 8% applied is considered insufficient to cater for the specific geotechnical and ground conditions that have been documented through external investigations and reports. Dean & Quane as the Quantity Surveyors engaged to produce these costings have applied an additional 15% contingency to the costings for Onekawa. This has resulted in a 23% (15% + 8%) contingency applied to the original RLB estimate, and 15% applied to the remainder of the line items in the table below. This approach has resulted in a contingency percentage across the entire adjusted cost of approximately 20% (23% of $51 million and 15% of $38 million, or the total of the additional items below. Please note that contingency has not been applied to the provisional items, so dependent on the inclusion or otherwise of these additional costs, the amount for project contingency will need to be increased.

Napier City Council have engaged RLB to peer review the cost estimates produced by Dean & Quane. RLB consider the overall allowance given known site conditions to be reasonable.

Element	Onekawa Option 1	Onekawa Option 3		
New aquatic centre as per RLB estimate Aug 2021	51,238,800	51,238,800	8%	15%

Construction cost increases (Aug 2021 to estimated project start date of mid 2024)	7,455,245	7,455,245	15%
Construction cost increases – (Master planning to commencement of enabling works)	7,336,756	7,336,756	15%
Construction cost increases - Enabling and consent works	3,301,540	3,301,540	15%
Cost escalation during construction period	6,933,234	6,933,234	15%
Demolition (as per note to costings below)	-13,300	-344,500	15%
Site Preparation	10,043,480	8,752,500	15%
Additional Site Works	2,743,625	2,064,750	15%
Sundries	-	-	
SUB TOTAL	**89,039,380**	**86,393,325**	
Preliminaries	-	-	
Margins	-	-	
Contract Contingencies	13,355,907	12,958,999	
TOTAL CONSTRUCTION COST (excluding GST)	**$102,395,287**	**$99,352,324**	
Other Development Costs			
Provisional items	5,610,000	8,855,000	
TOTAL PROJECT COSTS (including provisions items (excluding GST)	**$108,005,287**	**$108,207,324**	

Question: If the works suggested ~$8m are undertaken, what is the likely lifespan range this will buy from Onekawa, and in particular I am interested in scrutinising the view that the whole facility will be close to new / have a long operational life if invested in to this level

The investment of $8.6 million will provide mitigation of known risks for a period of 5-7 years. This does not reflect any improvements to level of service but a focus on health and safety and service continuity to manage the asset through to its closure. This is not a full refresh or upgrade that will significantly extend the life of the asset, but will mitigate the known risks identified to date.

Question: What degree of redesign is required for the preferred design at Prebensen/Tamatea Drive to situate this at Onekawa?

As per Council direction to 'conduct design work to make the Prebensen/Tamatea Drive facility and features right for the specific site', a review of the specific site conditions, alignment and environmental conditions was performed. This assessment identified that alignment of the facility on the Onekawa site was similar to the alignment at the Prebensen/Tamatea Drive and would provide similar advantages in terms of aspect, wind and sun. The proposed positioning of the facility on the Onekawa site is as similar as possible to that at Prebensen/Tamatea Drive. This has resulted in no revisions or amendments to the preferred design will be required to locate at Onekawa.

'Fine-tuning' of alignment, location, ground levels, landscaping, and car parking and access can be performed at a later stage should Onekawa be the site of the new development.

Question: What is the cost of the roading amendments within the Prebensen costings?

$142,000 was included in the RLB Aug 2021 cost estimates for 'Site entry and intersection'

Question: What are the true costs to completion for the three options given that investment has already been expended?

Already completed for Prebensen/Tamatea Drive is:

- The pre-loading of the site
- Design of the concept, engineering and landscaping
- Stormwater detention design and construction
- Technical reports as part of the resource consent process (light, noise, traffic, visual assessment, acoustics)

These costs are included in the RLB base estimate, and therefore to provide 'true costs to completion' will need to subtracted from the total project cost.

Assuming that the same design is to be used for the options at Onekawa, then the design costs for the concept and the engineering can similarly be subtracted from the final total.

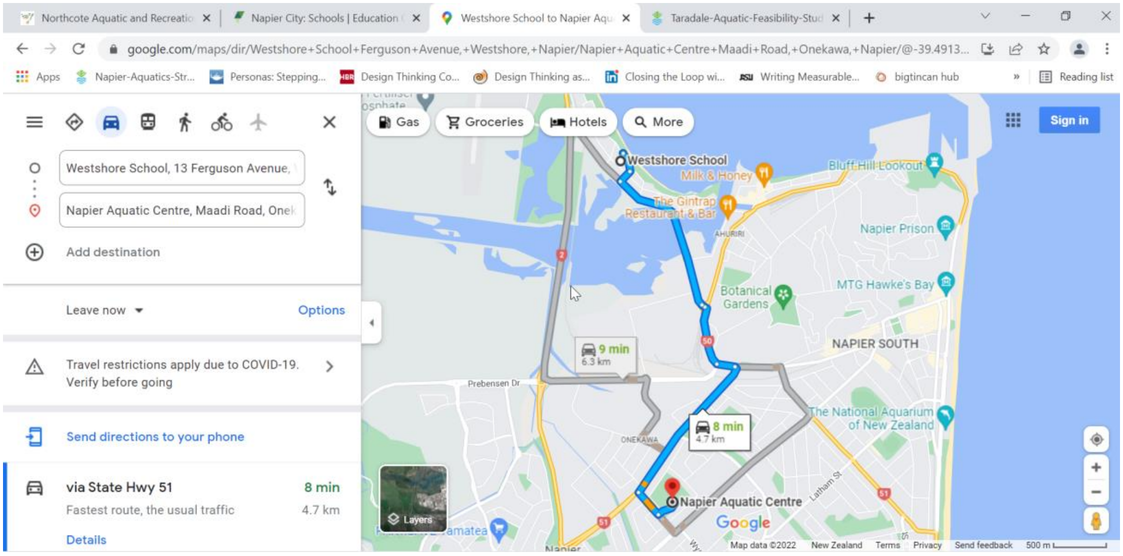
The incurred costs for the technical assessments can also be applied partly to reduce the costs of the reports for the Onekawa site, though as this is a different site additional costs will be incurred to contextualise. A reduction of 40% has been assumed through the completion of the reports for Prebensen

TOTAL PROJECT COSTS (including provisions items (excluding GST)	**71,557,204**	**108,005,287**	**108,207,324**	
Additional roading amendments		2,000,000	2,000,000	*As per information provided by NCC roading team*
Sunk costs				
Design	-358,208	-350,408	-350,408	*Landscaping design not included for Onekawa*
Resource consent	-45,500	-18,200	-18,200	*Offset of 40% from reuse of elements of technical reports*
Site preparation (pre-loading and stormwater)	-799,476			
	-1,203,184	**-368,608**	**-368,608**	
AMENDED TOTALS	**$70,354,020**	**$109,636,679**	**$109,838,716**	

Question: There appears to be a difference in the proximity to schools between the two options, with Onekawa more centrally located and easier for schools to access.

An analysis of time and distance to both Prebensen/Tamatea Drive and the existing Onekawa site has been performed. With this analysis:

- All 35 schools in Napier were identified (from educationcounts.govt.nz).
- Google maps was then used to calculate time and distance to each site – using Napier Aquatic Centre (Maadi Road) and 398 Prebensen Drive as the destinations (see image below)
- All assessments were performed at the same time of day (around 10am on a Monday morning)
- The fastest recommended route returned by Google Maps at that time was used for all trips.
- The time and distance data for all 35 schools was then analysed using a pivot table, with the average time and distance from each school to both sites used to calculate the differential between the two sites



Results – all schools in Napier

Average of Time to Prebensen (min)	6.46		
Average of Time to Onekawa (min)	6.74		
Time differential	**-0.29**	**-17.14**	**seconds**

Average of Distance to Prebensen (km)	4.72		
Average of Distance to Onekawa (km)	4.14		
Distance differential	**0.58**	**578.57**	**metres**

Results – Primary schools only

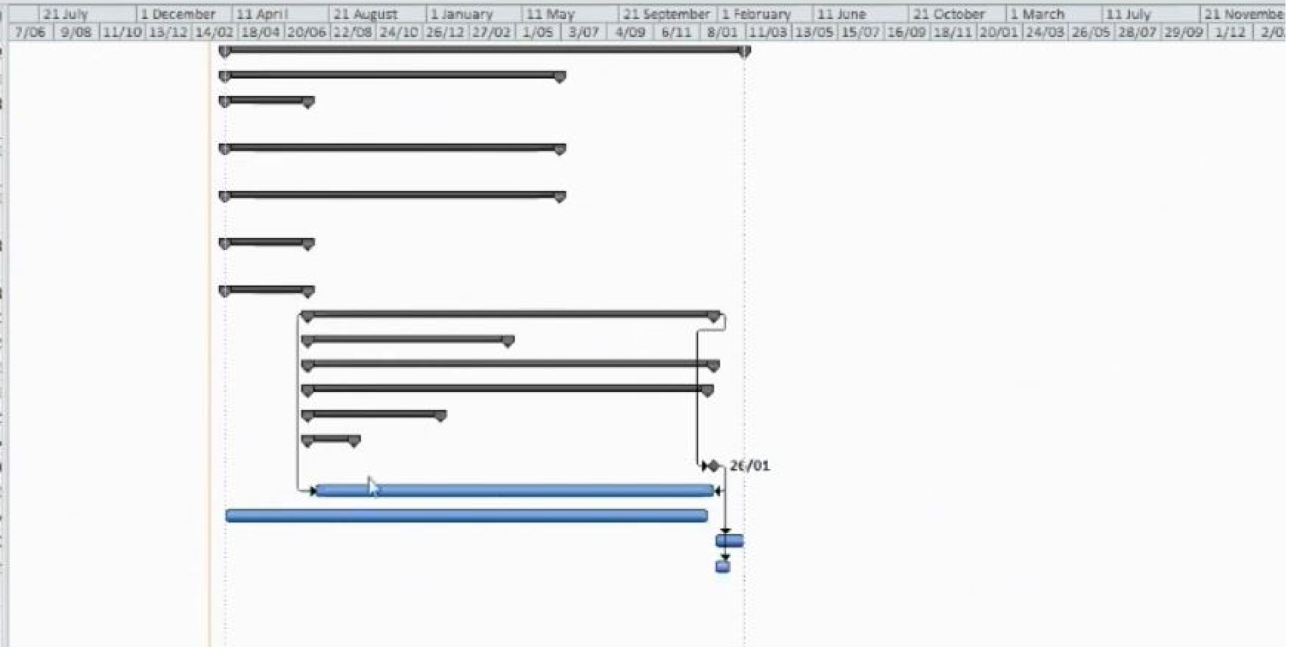
Average of Time to Prebensen (min)	6.54		
Average of Time to Onekawa (min)	6.75		
Time differential	**-0.21**	**-12.50**	**seconds**

Average of Distance to Prebensen (km)	4.85		
Average of Distance to Onekawa (km)	4.23		
Distance differential	**0.62**	**618.75**	**metres**

The above results show that the time and distance differential between the two sites, both for all Napier schools and primary schools only, is minimal. The average time taken to travel to the Prebensen/Tamatea Drive site is less than to the Onekawa site (by 17.1 seconds and 12.5 seconds), though the distance is further by about 600 metres.

1/04/22

	WBS	Task Mode	Task Name
	1		Onekawa Aquatic Centre Projects
	1.1		Procurement period
	1.1.1		Specialised Work - (includes inspection of brackets and installation of hold-down bolts and hoist brackets)
[redacted]	1.1.2		MEP Works - (includes electrical, plumbing, HVAC and building management systems)
	1.1.3		Building Works - (includes remediation works on roof, steel structures, and walls)
	1.1.4		Civil Works - (includes small building type work, install of access ramps and alterations to reception area)
	1.1.5		Consultant Services - (includes inspections and reviews)
	1.2		Construction Period
	1.2.1		Specialised Work
	1.2.2		MEP Works
	1.2.3		Building Works
	1.2.4		Civil Works
	1.2.5		Consultant Services
	1.3		Construction Finish
	1.4		Contingency
	1.5		Project Management
	1.6		Compile as-built & O & M
	1.7		Safety recommendations - Priority B and C



NAC Remediation Prioritised Recommendations Cashflow

2022	April	$58,049.61
	May	$61,779.60
	June	$61,779.60
	TOTAL	**$181,608.81**
2022/23	July	$233,264.62
	August	$755,144.76
	September	$702,613.16
	October	$666,920.22
	November	$668,504.47
	December	$526,162.91
	January	$511,223.71
	February	$455,403.55
	March	$524,285.02
	April	$452,238.54
	May	$518,387.26
	June	$494,941.38
	TOTAL	**$6,509,089.60**
2023/24	July	$445,008.09
	August	$287,162.06
	September	$260,975.79
	October	$271,525.72
	November	$260,217.30
	December	$237,422.02
	January	$173,425.61
	February	
	March	
	April	
	May	
	June	
	TOTAL	**$1,935,736.59**

Costings

There is budget included in Onekawa for roading changes which will be required but nothing in Prebensen - are there no roading changes required for Prebensen? What about the entrance off Tamatea Drive? (Drew) road frontages, entryways etc in RLB – additional for junction

- *There are minor road changes required for Prebensen, including include the entry and exit crossovers and associated turning lanes.*
- *A traffic assessment was performed as part of the Resource Consent preparation. This identified nothing further is required in terms of roading changes*
- *Costs for these are included in the RLB estimate and is also present therefore in the Onekawa estimates.*
- *The additional works and associated costs estimated for the Onekawa options are specific to what is required at Onekawa Park.*
- *$1.5m was included as a provisional sum. Further work with our roading team has identified:*

Costings

- *Applied traffic numbers from the Abley traffic assessment report prepared for Prebensen Drive resource consent application*
- *Agreed on three realistic options to provide a solution to the traffic management requirements should Option 1 or 3 be pursued at Onekawa Park.*
- *These options were as follows;*

a. Roundabouts at the junction of Flanders/Maadi and Flanders/Riverbend

- existing road widths and offsets are not sufficient, requiring a widening of the roads
- to gain the additional width, purchase of land from adjoining properties would be required.
- having a roundabout so close to the traffic lights at the corner of Maadi/Taradale is not desirable

b. Using the existing entry/exit on Maadi Rd opposite the shops

- A redesign of the driveways crossing the park would be required.
- This would likely require traversing close to existing buildings and across an area known to have high levels of contamination
- The entry/exit point would also require the installation of a roundabout.
- This roundabout would need the removal/relocation of the existing public toilets, and a redesign of the road layout and parking area outside the shopping precinct.

Costings

c. ***Creating a new road link directly between Flanders and Taradale Road (somewhere between 51 and 31 Flanders Ave)***

- Creating a direct road link between Flanders Ave and Taradale Road was identified as the most favoured from a road engineering perspective.
- This would require the purchase of the adjoining properties backing on to each other on Taradale and Flanders Roads, their demolition and the construction of a road in their place.
- It would also require the construction of a junction between the new roadway and Taradale Road and the new road and Flanders Ave.
- Would require Waka Kotahi approval as Taradale Road is s state highway

- *The provisional amount of $1.5m was examined as a budget against the works required for a, b and c. The budget was regarded as too low and recommendation was made that a budget of $3-3.5m would be more appropriate.*


Costings
Option a: Roundabouts at the junction of Flanders/Maadi and Flanders/Riverbend
Option c: Creating a new road link directly between Flanders and Taradale Road
Option b: Using the existing entry/exit on Maadi Rd opposite the shops
Riverbend Rd
Jillyfish Swim School - Learn to swim
Cassino Cres
Anzac Ave
Tripoli St
Flanders Ave
Onekawa School
Onekawa Park
Napier Aquatic Centre
Maadi Rd
Liquid Self Service Laundromats
New World Onekawa
Kennedy Rd
Menin Rd
Google

SITE ANALYSIS

LOCATION PLAN

Not To Scale

N

Item 1 - Attachment 4

Item 2 Attachment 1

SPEED LIMITS *Bylaw*

2022

NAPIER CITY COUNCIL
Te Kaunihera o Ahuriri

www.napier.govt.nz

Contents

Napier City Speed Limits Bylaw 2022

1. Introduction

Pursuant to Section 684(1)(13) of the Local Government Act 1974, the Local Government Act 2002 and Land Transport Rule: Setting of Speed Limits 2003, the Napier City Council makes this bylaw to set speed limits as specified in the schedules below.

2. Title

The title of this bylaw is the "Napier City Council Speed Limits Bylaw 2022".

3. Date the Speed Limits Come into Force

The speed limits described in the schedules come into force on the date specified in the schedules.

4. Interpretation

Road means the same as in Land Transport Rule: Setting of Speed Limits 2017.

Speed limit means the same as in Land Transport Rule: Setting of Speed Limits 2017.

Urban traffic area means the same as in Land Transport Rule: Setting of Speed Limits 2017.

5. Revocation

This bylaw revokes and replaces the Napier City Speed Limit Bylaw 2021.

All matters and proceedings commenced under this bylaw and pending or in progress on the coming into operation of this bylaw may be continued, completed and enforced under this bylaw.

All bylaws previously made by Council relating to speed limits or any matter addressed within this bylaw or otherwise inconsistent with this bylaw are hereby revoked.

6. Purpose

The purpose of this bylaw is to allow Council to set speed limits by resolution on roads within its jurisdiction. It excludes State Highways which are controlled by New Zealand Transport Agency.

7. Scope

This bylaw applies to all roads under the control of the Council

The roads or areas detailed on the maps appended to this bylaw are declared to be subject to the speed limits specified.

8. Offences

Every person commits an offence against this Bylaw who operates a vehicle in excess of the bylaw speed limits set by this bylaw.

The enforcement of this bylaw is undertaken by the Police in accordance with the Land Transport Act 1998, the Land Transport (Road User) Rule 2004 and the Land Transport (Offences and Penalties) Regulations 1999.

9. Speed Limits

The roads or areas described in the schedules specified in section 6 or as shown on the maps referenced in the schedules are declared to have the speed limits specified in the schedules and maps, which are part of this bylaw.

10. Schedules

Schedule 1:

Roads that have a Speed Limit of 20 km/h.

Schedule 2:

Roads that have a speed limit of 30 km/h

Schedule 3:

Roads that have a speed limit of 40 km/h

Schedule 4:

Urban traffic areas - roads that have a speed limit of 50 km/h.

Schedule 5:

Roads that have a speed limit of 60 km/h

Schedule 6:

Roads that have a speed limit of 70 km/h.

Schedule 7:

Roads that have a speed limit of 80 km/h

Schedule 8:

Rural areas - roads that have a speed limit of 100 km/h.

Schedule 9:

Roads that have a holiday speed limit (Schedule 9 is not used in this bylaw).

Schedule 10:

Roads that have a variable speed limit.

Schedule 11:

Roads that have a minimum speed limit (Schedule 11 is not used in this bylaw).

11. Description of Speed Limit Locations

The speed limits for all roads shall be as shown on the Bylaw plans numbered 1 to 4. These speed limits come into force at 00.01am on the 1 April 2022 under the legal instrument of the Napier City Council of the speed limit sign and the speed limit boundary as shown on the plans included in this bylaw; or the speed limit signs show a different speed to those detailed herein, the bylaw and its plans shall take precedent for purposes of enforcement.

12. Date Bylaw Made

This bylaw was made by the Napier City Council at a meeting of the Council on 10 March 2022

Sealed with the Common Seal Of the Napier City Council In the presence of:

Mayor:

Chief Executive:

Date:

Schedule 1 Roads that have a speed limit of 20 km/h

The roads or areas described in this schedule or as shown on a map referenced in this schedule are declared to have a speed limit of 20 km/h.

Speed Limit	Description	Date Speed Limit Comes into Force	Legal Instrument	Previous Legal Instrument
20 km/h	All the roads within the area marked on the maps entitled "Napier City Council Speed Limits Bylaw Plan", numbered 1-4 and identified in the legend as having a speed limit of 20km/h.	1 April 2022	Napier City Council Speed Limits Bylaw 2022	Napier City Council Speed Limits Bylaw 2021

Schedule 2 Roads that have a speed limit of 30 km/h

The roads or areas described in this schedule or as shown on a map referenced in this schedule are declared to have a speed limit of 30 km/h.

Speed Limit	Description	Date Speed Limit Comes into Force	Legal Instrument	Previous Legal Instrument
30 km/h	All the roads within the area marked on the maps entitled "Napier City Council Speed Limits Bylaw Plan", numbered 1-4 and identified in the legend as an urban traffic area having a speed limit of 30km/h.	1 April 2022	Napier City Council Speed Limits Bylaw 2022	Napier City Council Speed Limits Bylaw 2021

Schedule 4 Urban traffic areas - roads that have a speed limit of 50 km/h

The roads or areas described in this schedule or as shown on a map referenced in this schedule are declared to be urban traffic areas that have a speed limit of 50 km/h, except for those roads or areas that are:

(a) described as having a different speed limit in the appropriate schedule of this bylaw; or

(b) shown on a map as having a different speed limit, as referenced in the appropriate schedule of this bylaw.

Speed Limit	Description	Date Speed Limit Comes into Force	Legal Instrument	Previous Legal Instrument
50 km/h	All the roads within the area marked on the maps entitled "Napier City Council Speed Limits Bylaw Plan", numbered 1-4 and identified in the legend as an urban traffic area having a speed limit of 50km/h.	1 April 2022	Napier City Council Speed Limits Bylaw 2022	Napier City Council Speed Limits Bylaw 2021

Schedule 5 Roads that have a speed limit of 60 km/h

The roads or areas described in this schedule or as shown on a map referenced in this schedule are declared to have a speed limit of 60 km/h.

Speed Limit	Description	Date Speed Limit Comes into Force	Legal Instrument	Previous Legal Instrument
60 km/h	All the roads within the area marked on the maps entitled "Napier City Council Speed Limits Bylaw Plan", numbered 1-4 and identified in the legend as having a speed limit of 60km/h.	1 April 2022	Napier City Council Speed Limits Bylaw 2022	Napier City Council Speed Limits Bylaw 2021

Schedule 6 Roads that have a speed limit of 70 km/h

The roads or areas described in this schedule or as shown on a map referenced in this schedule are declared to have a speed limit of 70 km/h.

Speed Limit	Description	Date Speed Limit Comes into Force	Legal Instrument	Previous Legal Instrument
70 km/h	All the roads within the area marked on the maps entitled "Napier City Council Speed Limits Bylaw Plan", numbered 1-4 and identified in the legend as having a speed limit of 70km/h.	1 April 2022	Napier City Council Speed Limits Bylaw 2022	Napier City Council Speed Limits Bylaw 2021

Schedule 7 Roads that have a speed limit of 80 km/h

The roads or areas described in this schedule or as shown on a map referenced in this schedule are declared to have a speed limit of 80 km/h.

Speed Limit	Description	Date Speed Limit Comes into Force	Legal Instrument	Previous Legal Instrument
80 km/h	All the roads within the area marked on the maps entitled "Napier City Council Speed Limits Bylaw Plan", numbered 1-4 and identified in the legend as having a speed limit of 80km/h.	1 April 2022	Napier City Council Speed Limits Bylaw 2022	Napier City Council Speed Limits Bylaw 2021

Schedule 8 Rural areas - roads that have a speed limit of 100 km/h

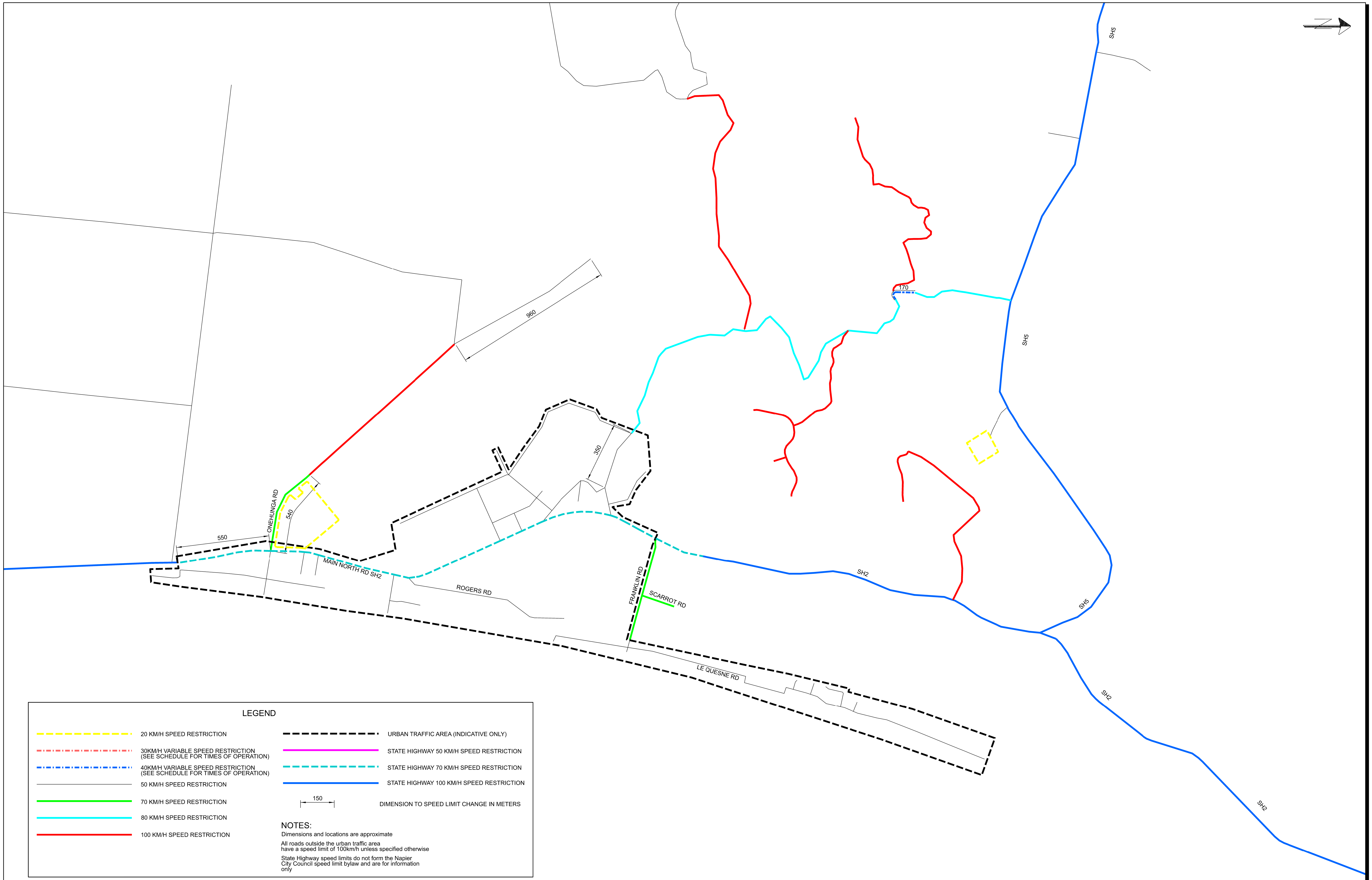
The roads or areas described in this schedule or as shown on a map referenced in this schedule are declared to have a speed limit of 100 km/h.

Speed Limit	Description	Date Speed Limit Comes into Force	Legal Instrument	Previous Legal Instrument
100 km/h	All the roads within the area marked on the maps entitled "Napier City Council Speed Limits Bylaw Plan", numbered 1-4 and identified in the legend as having a speed limit of 100km/h.	1 April 2022	Napier City Council Speed Limits Bylaw 2022	Napier City Council Speed Limits Bylaw 2021

Schedule 10 Roads that have a variable speed limit

The roads or areas described in this schedule or as shown on a map referenced in this schedule are declared to have a variable speed limit

Speed Limit	Description	Date Speed Limit Comes into Force	Legal Instrument	Previous Legal Instrument
30 km/h	All the roads within the area marked on the map entitled "Napier City Council Speed Limits Bylaw Plan", Sheet 2 and identified in the legend as having a variable speed limit of 30km/h. Times of operation: for a maximum period of 35 minutes before the start of school until the start of school, and 20 minutes at the end of school commencing no earlier than 5 minutes before the end of school	1 April 2022	Napier City Council Speed Limits Bylaw 2022	Napier City Council Speed Limits Bylaw 2021
40 km/h	All the roads within the area marked on the map entitled "Napier City Council Speed Limits Bylaw Plan", Sheet 2 and identified in the legend as having a variable speed limit of 40km/h. Times of operation: for a maximum period of 35 minutes before the start of school until the start of school, and 20 minutes at the end of school commencing no earlier than 5 minutes before the end of school	1 April 2022	Napier City Council Speed Limits Bylaw 2022	Napier City Council Speed Limits Bylaw 2021



REVISIONS	No.	BY	DESCRIPTION	APP'D	DATE

NAPIER CITY COUNCIL
Te Kaunihera o Ahuriri

NAPIER CITY COUNCIL INFRASTRUCTURE SERVICES DESIGN & DRAUGHTING

	BY	SIGNATURE	DATE	SCALE	1:10 000 (A1)
DESIGN	K. MOSSICK		23/09/21	ASSET TYPE	ROADING
DRAWN	K. MOSSICK		23/09/21	GL No.	-
CHECKED	T. MILLS		23/09/21	EA No.	-
APPROVED	R. MALLEY		23/09/21	CONTRACT No.	-

SHEET TITLE: BAYVIEW, ESKDALE AREAS

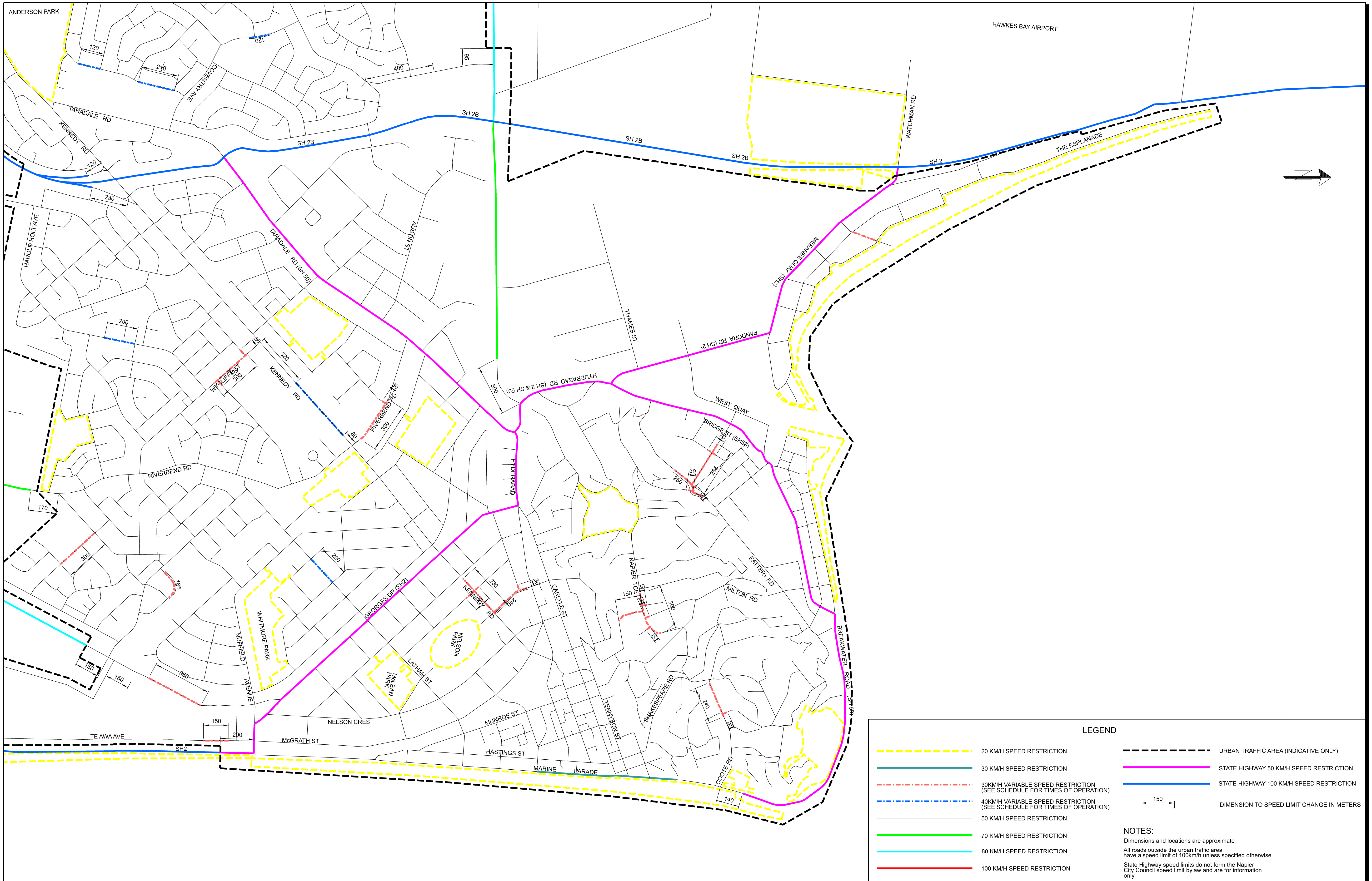
DRAWING No.: -

PROJECT TITLE: NAPIER CITY COUNCIL SPEED LIMIT BYLAW 2021

PLAN ISSUE DATE: 17/02/2022

REVISION No.: R0

SHEET No.: 01 OF 04



REVISIONS No.	BY	DESCRIPTION	APP'D	DATE

NAPIER CITY COUNCIL
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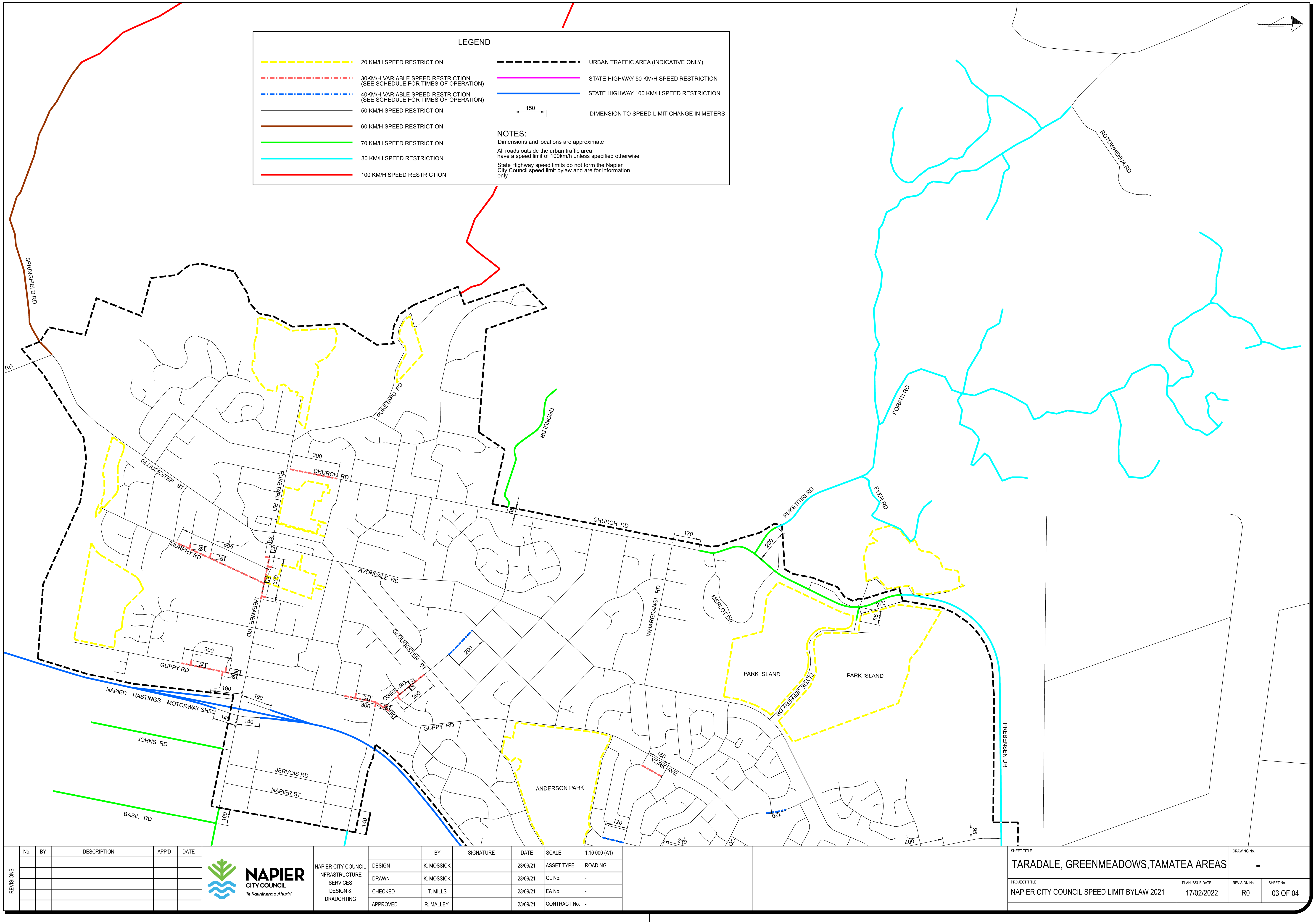
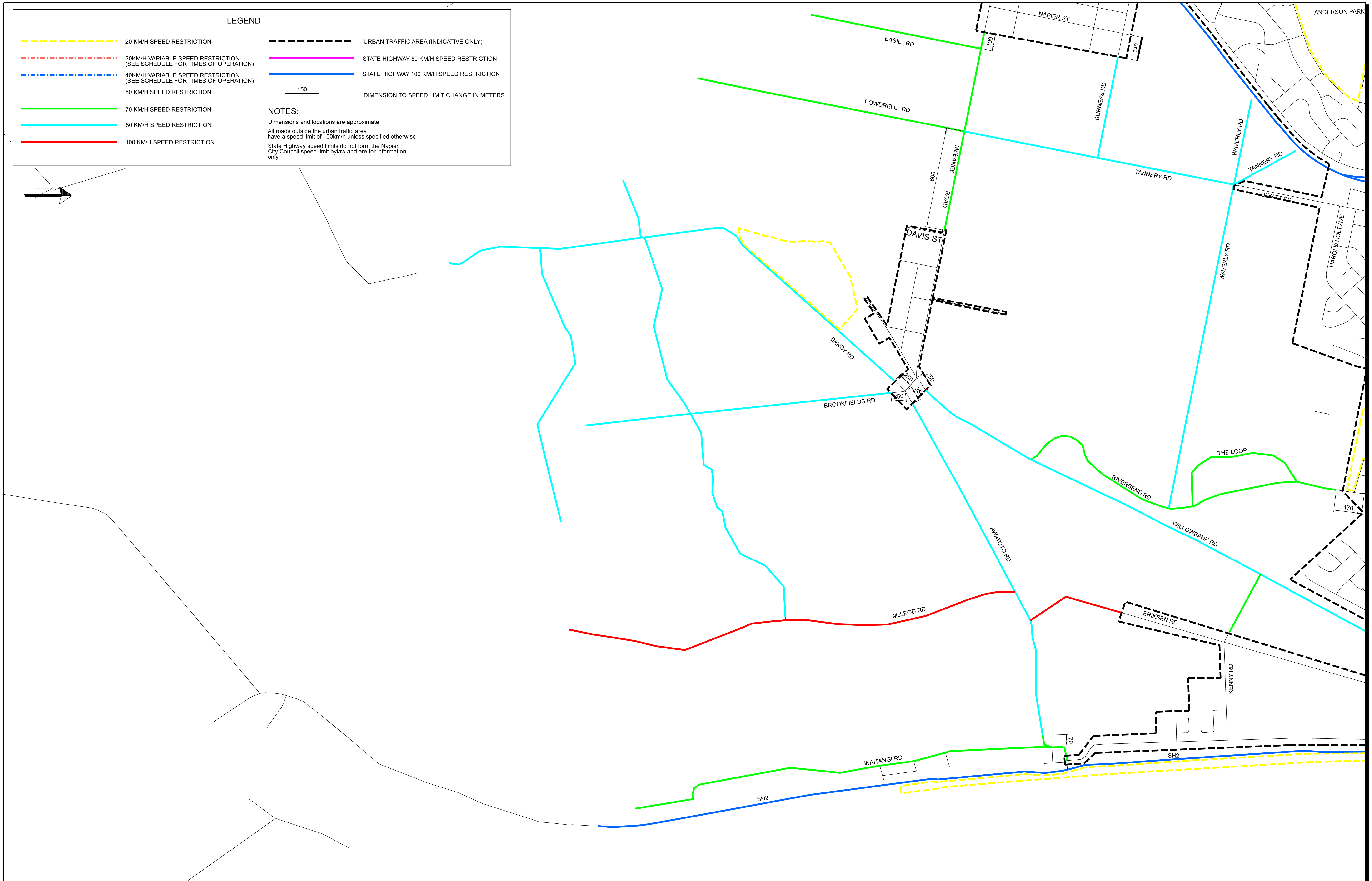
APPROVED	R. MALLEY		23/09/21	EA No.	-
				CONTRACT No.	-

SHEET TITLE	DRAWING No.
PANDORA, WESTSHORE, NAPIER SOUTH, NAPIER HILL, PIRIMAI, ONEKAWA, MAREWA, MARAENUI AREAS	-

PROJECT TITLE	PLAN ISSUE DATE	REVISION No.	SHEET No.
NAPIER CITY COUNCIL SPEED LIMIT BYLAW 2021	17/02/2022	R0	02 OF 04

Item 2 Attachment 1





No.	BY	DESCRIPTION	APP'D	DATE

REVISIONS

NAPIER CITY COUNCIL
Te Kaunihera o Ahuriri

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APPROVED	R. MALLEY		23/09/21	EA No.	-
				CONTRACT No.	-

SHEET TITLE	DRAWING No.	
TE AWA, AWATOTO, MEEANEE AREAS	-	

PROJECT TITLE	PLAN ISSUE DATE	REVISION No.	SHEET No.
NAPIER CITY COUNCIL SPEED LIMIT BYLAW 2021	17/02/2022	R0	04 OF 04

Item 2 Attachment 1

COUNCIL HOUSING PROVISION

STATEMENT OF PROPOSAL

NAPIER CITY COUNCIL
Te Kaunihera o Ahuriri

Statement of Proposal

Council Housing Provision

This Statement of Proposal is prepared in accordance with Section 83 of the Local Government Act 2002.

Have your Say

Before making any final decision, we would like to understand your views and option preference(s).

You can make an online submission at sayitnapier.nz or by completing a hardcopy submission form.

Submissions must be received by 5pm, 20 April 2022.

We also invite you to present your submission directly to the Council by attending the Council Housing Provision Hearing on 18 May 2022, in person or via video link.

Further information

Information including the following reports is available at sayitnapier.nz :

PwC – Strategic Housing Review 1 & 2

Council Paper – Strategic Housing Review

Background

Napier City Council started providing community housing over 50 years ago when, like many councils around the country, we received government low cost loans to build housing units. Of the 377 units we now have, 80% are for retirees or people with a disability. Council housing is for people who need affordable homes and who are able to live independently. The 377 units are spread over 12 villages across the city on a total of 10.7 hectares.

Council supports tenants by providing subsidised rents based on income (set at a maximum of 30% of household income). A team within Council manages tenancies including administering tenancy agreements and arranging repairs and maintenance to the units. Asset management and capital projects are also managed in-house.

Our housing units are now up to 60 years old and costing more and more to maintain. Significant work is required in the near future to address deferred maintenance issues. Added to this are new costs for us to meet healthy homes standards.

Up until 2021/22, we required all of the housing costs to be funded by the rents received from tenants. However, we identified in 2018 that the income from rents was not going to be enough to cover the growing costs. In April 2021, we consulted with the community on how we could cover the shortfall while we completed an in-depth review on the future of housing provision. In June 2021, supported by the community feedback, Council decided to temporarily fund the shortfall by using a loan.

Key issue

We can't continue to provide housing as we are now. We have a projected average annual shortfall of $2.2m which would reach $70m after 25 years. We are unable to continue to loan fund on an ongoing basis as loan repayments compound each year while deficits also increase, this would mean a significant increase rates year on year without addressing the underlying problem.

Considerations in decision-making

Councils have a part to play to increase community wellbeing. Secure and affordable housing is considered a key driver of wellbeing. Poor housing is linked to reduced health, education and associated outcomes. In addition to the tangible effects related to the physical home, improved wellbeing is also related to sense of belonging, connection and autonomy. Secure housing allows whānau to establish a home, a base from which to establish social supports and networks and to improve social and economic mobility.

Inadequate housing has ripple effects across our community from higher levels of homelessness, increased demands on health and education systems and higher prevalence of social issues.

We understand housing supply is considerably stretched in the public housing, private rental and affordable home ownership sectors. Our waiting list of over 100 people/households has been closed to new applicants since June 2019. Our occupancy rates remain high with very low turnover. The retirement housing provided by Council is one of the few options available in Napier to those whose income is limited to Superannuation and who have no asset base. This cohort is set to grow as more and more working age people are unable to enter the housing market and either rent through the private market or are supported through public housing.

In Napier, over the next twenty years, this could be as many as 2,430 people. These are the people currently aged 40-64 years of age who rent in the private market and who earn $30,000 or less. Of those who earn $30,000 or less in this age group, 72% are renting in the private market and 25% are in public housing with 1.9% in Council housing. At this level of income and the current rent prices, this group is likely to seek the type of rental housing currently provided by Council.

Demand for public housing is high in Napier with 753 on the Housing Register, with 732 of those being in the high priority Category A (as at September 2021). Napier's numbers on the register are the second highest for a provincial city.

Given these factors, the Council has been clear that, ideally it prefers to keep its housing units in community ownership and available for those in need of affordable rental accommodation and, if possible, to see an increase in the supply of this type of housing, albeit potentially by an alternative provider (e.g. Community Housing Provider or CHP).

Provision of residential accommodation has changed significantly in the last decade. The Government supports CHPs to provide social housing and support services and has increased its resourcing for the provision of public housing. Recent legislation has increased costs of compliance and complexity to tenancy management. Councils have been excluded from receiving support (e.g. Income Related Rent Subsidies[1]) and dispensations available to CHPs and Kāinga Ora. This includes the inability to terminate tenancies when households no longer meet the eligibility criteria e.g. income exceeds eligibility maximums.

Delays in dealing with the sustainability issues pose a risk for current and future Councils and will have an effect on achieving a balanced budget and Council's financial viability overall. Delays will also ultimately result in a deterioration of the housing stock to the point where some units may not comply with standards and will not be able to be tenanted.

There is a review underway about the future of Local Government, this may impact the future functions that councils deliver. A draft report on the reform for public consultation is due in September 2022. This should provide information on the direction the government may take with the reform and allows for adequate time to adjust any decision Council makes (May / June 2022) before implementation becomes irreversible.

Council needs to consider impacts to current tenants as well as impacts to ratepayers and the wider community.

When considering how an activity is funded, i.e. through rates or user pays or a combination of these, Council must consider the proportion of benefit received from the activity and therefore how the cost should be fairly split.

Options

Since 2018, two reviews have been undertaken. A Section 17A review (Morrison Low) and a subsequent two phase review by PwC. Details on the review process are attached.

We present three options for community feedback:

1.Status Quo	2.Part Retain / Part Sell	3.Transfer (Sell) to an entity in the social housing sector
Deficit funded by: (a) Rates only (b) Subsidised rents only (c) Combination - Rates and subsidised rents	Deficit funded by: (a) Rates only (b) Subsidised rents only (c) Combination - Rates and subsidised rents	

Each option is outlined below and includes a brief description, pros and cons, and financial impacts for tenants and ratepayers.

[1] Income Related Rent Subsidy allows the 'landlord' to receive an agreed market rent through a combination of charging eligible tenants 25% of their income as rent with the balance to top up to market rent paid by the Government

1.Status Quo

Description:

The Status Quo option sees Council continuing to provide housing at current levels of service. Changes in the Residential Tenancy Act have meant the complexity of providing tenancy management services has increased. Should Council retain the service, additional staff resourcing is required.

This option generates an average annual deficit of $2.2 million and without any rates or increased rent adjustments the shortfall would reach $70 million after 25 years (2046).

In order to cover this deficit, income from rates or rents (or a combination) is required. The table below shows *examples* of rates / rents splits. Should a combination of funding sources be preferred a Section 101A review is required – this would determine the actual splits based on benefit and impacts to each party.

Status Quo – 377 units - $2.2 million deficit pa			
Contribution Level to meet deficit	Ratepayer pays* (rates increase)	Tenant Retirement Pays (305 tenants) (rent increase pw) ** Current rent is $127 45% market rent	Tenant Social Pays (72 tenants) (rent increase pw)*** Current rent $151 39% market rent
100%	3.1% or $85per annum	Deficit split by tenant type – ' to break even'	
		78% market rent	63% market rent
		70% or $88pw increase ($215 rent pw) (51% of tenant income)	61% or $92pw increase ($243 rent pw) (32% of tenant income)
		Increase to 92% market rent	
		100% or $126pw increase ($253 rent pw) (58% of tenant income)	136% or $205pw increase ($356 rent pw) (47% of tenant income)
		Deficit split equally across all tenants	
		88% or $112 increase ($239 rent pw) 85% of market rent (56% of tenant income)	74% or $112 increase ($263 rent pw) 93% of market rent (35% of tenant income)
50/50	1.6% or $43pa	44% or $56pw increase ($183 rent pw) 66% of market rent (43% of tenant income)	37% or $56pw increase ($207 rent pw) 73% of market rent (27% of tenant income)
60/40	1.9% or $51pa	35% or $45pw increase ($172 rent pw) 62% of market rent (41% of tenant income)	30% or $45pw increase ($196 rent pw) 69% of market rent (26% of tenant income)
40/60	1.3% or $34pa	53% or $67 increase ($194 rent pw) 70% of market rent (46% of tenant income)	45% or $67 increase ($218 rent pw) 77% of market rent (29% of tenant income)

*Average annual rates increase per rateable property
**Based on a single person in a one bedroom unit
***Based on an average of the market rent for 1,2,3 bedroom units

A change to the current rent setting formula is required.

The current formula has two rent types:

- tenants receiving Superannuation or Supported Living Benefits – rent is set at 30% of income
- other tenants (in the three social villages) – rent is set at 92% of market rent for the unit or 30% of the tenants income, whichever was lowest.

Annual reviews of income are required in order to ensure rents reflect the ‘affordability’ (30% income) policy. This process is onerous for tenants as well as staff.

Proposed rent setting formula – Subsidised Market Rent

Move to a subsidised market rent model (% of full market rent) with market rent valuations reviewed on a regular basis (e.g. every two years) and applied with CPI[2] adjustments made in the alternate year. A 92% of market rent setting for all units, creates a consistent and easily administered approach. It is recommended the resulting rent increases be phased in over two years. Full rent increases would then be effective from April 2024. Deficits could continue to be funded through loans until the full rent increase is applied, as outlined in the Long Term Plan 2021-31.

Retirement housing tenants receive an increase in income with annual Superannuation increases (with average wage increases) and are able to apply for an increase in accommodation supplement if rents increase. Other tenants on low incomes are able to also apply for increases to accommodation supplement as rents increase. Council rentals, even applying a market rental formula, is still significantly lower that the private rental market (e.g. Council 1 bedroom unit - $283 per week versus Private 1 bedroom unit - $345 to $390 per week – source Trademe 21/12/21). Note: the these amounts and relativities may change with updated market rental information.

Pros:

Key benefits of this option include the relative ease of implementation, retention of housing and land in Council ownership and a higher level of certainty for tenants. It allows full control of the asset and tenancy policies to remain with Council. Moving to a subsidised market rent policy will provide predictable income and reduce the administrative requirements that income related rent settings cause. In the case of tenants funding the full costs, financial impact to the ratepayer could be low in the medium term.

Retaining the housing portfolio places Council in a position to take advantage of potential opportunities any Local Government reform may provide.

Cons:

This option does not provide for additional housing to meet growing demand, or upgrades to existing housing to meet modern living standards or accessibility. This option does not address the issue of the deteriorating condition of the units, and while replacing componentry will extend the life and buys some time, ultimately decisions on full replacement may still be needed in the future. In addition, the actual capital expenditure may vary from the forecasts,

[2] CPI – Consumer Price Index or inflation rate

and should they arise earlier will be challenging given the lack of cash reserves and the time needed to build these up.

While rent increases may potentially be unpopular with current tenants, and in some cases unaffordable, the opportunity for the housing to remain with Council may outweigh these concerns.

In the case of ratepayer contribution increasing, the financial impact on ratepayers could be significant on an ongoing basis.

2. Part Retain / Part Sell

Description:

This option retains 300 retirement units in 8 villages. It proposes to transfer the three social villages to another entity with sale proceeds to contribute to the development of 49 new units. The new development would take place on existing sites.

The four units at the Hastings/Munroe village would be demolished and 11 new units would be built that would be rented at full market rent, thereby generating an ongoing income to contribute to the costs associated with the remaining housing. The second site, Greenmeadows East, with land already set aside for additional Council housing, would see the development of 38 new units. This option loses 76 houses and builds 49 new units. The 72 houses in the three social villages would ideally transfer to a CHP and therefore retain them as affordable rentals for the city. However, with the lack of ability to add new units on these sites, CHPs may not find these villages attractive given the delays in receiving IRRS and the inability to attract the government support available for additionality (building new supply). The sale of the Carlyle Village has added complexity due to its inclusion in the Endowment Act.

The Hastings/Munroe village sits in a wider 'Site of Significance' area, Te Ahi o Te Waru (the fires of Te Waru). Engagement with mana whenua is vital to understand any implications for development, there are opportunities for cultural expression and a potential partnership approach to any development on this site. The site has been significantly modified already but will likely require archaeology oversight during any development process.

While the new units will attract a higher asset value, with the sale of 72 units, the overall asset value for the total portfolio is either likely to decrease or maintain current value. It is unlikely to increase the asset value significantly (e.g. sell at value of $16.2m, new builds with a conservative value of $21.96m (costs to construct) - positive balance of $5.76m).

This option generates an average annual deficit of $2.3 million and without any rates or increased rent adjustments the shortfall would reach $65.9 million after 25 years (2046).

Note: this option has a higher average annual deficit but lower overall shortfall (after 25 years) than the Status Quo option because in the earlier years there are significant costs to redevelop (not fully offset by the sale proceeds of the three villages) and lower rental income (until the new housing is completed). The shortfall reduces, although not to breakeven, in the latter part of the 25 year period as the new housing is complete and the income increases due to the combination of a near return to the numbers of units overall and the addition of the market rental properties.

In order to cover this deficit, income from rates or rents (or a combination) is required. Initially the number of tenants would be lower than the Status Quo option meaning the individual tenant share of the deficit would be higher. The same factors apply to this option as the Status Quo option in terms of tenancy management issues, rent setting formula changes, phased in rent increases (and temporary loan funding) and financial policy reviews.

The following table shows the impact on rates and/or rents depending on the contribution settings. Note that the social village tenants are not included in this table. The splits are provided as examples only.

Part Retain / Part Sell – retains 8 ‘retirement’ villages, develops 45 new units, sells 3 ‘social’ villages - $2.3 million deficit pa

Contribution level to meet deficit	Ratepayer Pays* (rates increase)	Tenant Pays **
100%	3.3% + $89pa	115% or $145pw increase ($272 rent pw) 96% of market rent (65% of tenant income)
50/50	1.6% or $44pa	57% or $73 increase ($200 rent pw) 71% of market rent (47% of tenant income)
60/40	2% or $53pa	46% or $58 increase ($185 rent pw) 65% of market rent (44% of tenant income)
40/60	1.3% or $36 pa	69% or $87 increase ($214 rent pw) 76% of market rent (51% of tenant income)

*Average annual rates increase per rateable property

**Based on a single person in a one bedroom unit

Based on 304 units (will vary according to development stage)

Pros:

Key benefits of this option include the refocus of the portfolio to be providing for retirees or those with a disability only, it retains the majority of housing and land in Council ownership with a higher level of certainty for retirement tenants and it adds new fit for purpose housing to the portfolio. It allows full control of the asset and tenancy policies to remain with Council.

In the case of tenants funding the full costs, financial impact to the ratepayer could be low in the medium term.

The development at Hastings/Munroe creates a higher level income source in the longer term. Moving to a subsidised market rent policy will provide predictable income and reduce the administrative requirements that income related rent settings cause. The development of the two sites offer potential partnership (and possibly co-funding opportunities) with PSGEs, Iwi and/or Kāinga Ora.

Retaining the housing portfolio places Council in a position to take advantage of potential opportunities any Local Government reform may provide.

The sale of the three villages would impact the current tenants in these villages, and depending on the buyer could either have a positive or a negative impact. The preference to retain the housing for community housing would likely result in a positive impact.

Cons:

This option does not provide for any additional housing to be built to meet growing demand, or any upgrades to existing housing to meet modern living standards or accessibility. It does not address the issue of the deteriorating condition of the units, and while replacing componentry will extend the life and buys some time, ultimately decisions on full replacement may still be needed in the future. In addition, the actual capital expenditure may vary from the forecasts, and should they arise earlier will be challenging given the lack of cash reserves and the time needed to build these up.

Council currently does not have the resources in-house to implement the development aspect of the option, with the cost of sourcing this function being relatively unknown. The ability to secure consultants and construction contractors is challenging in the current market conditions. Availability of building materials is affecting the supply chain creating project delays and increasing costs.

While rent increases may potentially be unpopular with current tenants, and in some cases unaffordable, the opportunity for the housing to remain with Council may outweigh these concerns.

In the case of ratepayer contribution increasing, the financial impact on ratepayers could be significant on an ongoing basis.

A key challenge with this option is the added complexity and uncertainty regarding both the sale of the three villages and the development aspect. Complexity and uncertainty increase the risk.

Note:

Retaining retirement villages and selling the three ‘social’ villages to fund the deficits was considered but not investigated further. While it provides a short term fix, it does not provide a medium to long term solution. This option would reduce income from rents (reduction of 73 tenancies). The remaining villages will still generate a short fall once the sale proceeds are used and the position would end up the same as the current situation with fewer units.

3. Transfer (Sell) option

Description:

This option would see all 377 units transferred (sold) to another entity within the social housing sector.

Council direction during the review process has been to focus on ensuring the housing remains as affordable rental housing. As part of the review, at a workshop in October 2020, Council selected a sale or lease option to a Community Housing Provider (CHP) to be evaluated in detail as the favoured option for transfer. The protection of tenants and the special character of the retirement villages was identified as important and therefore any transfer contract would need to contain the following covenants:

- Ensure existing tenancies, under the current (or better) terms and conditions, remain in place,
- The portfolio can only ever (in perpetuity) be used to provide housing to retirement or community tenants, and
- The Council retains the right of first refusal (on the same sale conditions) if the buyer was to sell the portfolio.

A market sounding process identified that the option to lease out the portfolio would not be attractive. Leasing the portfolio would also not achieve any financial benefit, and would likely exacerbate the current financially unsustainable position.

The opportunities for redevelopment of the two villages identified in in the Part Retain / Part Sell option, and the potential to demolish and intensify other currently under-optimised sites allow for additionality which is a key driver to access government funding for CHPs and is a key focus for Kāinga Ora. This could make the portfolio attractive to potential buyers.

The time it may take for a transaction to be completed could be at least 12 months and should, ideally, be timed to coincide with the beginning of a financial year. Interim funding is required to fund the deficit during the transaction period. The long term plan confirmed funding through loans to account for this deficit in the short term.

The asset will be removed from Council's balance sheet. Council has assets valued at $2 billion (includes $0.5b water assets). While $65 million book value would be removed with the sale of the portfolio, this is not material in of itself to affect council's ability to raise loans and would still not be an issue should the 3 waters assets also be removed.

While direct operational costs would be eliminated, e.g. labour costs, there will be residual internal costs (stranded overheads) that will need to be spread across the remaining business units (departments) requiring a rates contribution. However, if the sale proceeds are invested, there will be no impact as the table below shows.

Transfer – Social Housing Sector	Ratepayer*
Residual costs	0.6%
Return on investment of sale proceeds (based on $40m and 2% interest rates)	-1%
Reduced interest rates (paying off loans)	-1%
Net rates saving	-0.4%

There are three types of entities that best align to Councils objectives as potential housing providers for a sale or to vest to, in the case of a regional or local trust.

Transfer to a CHP

The portfolio would most likely be valued on a discounted cashflow (DCF) basis. It is understood CHPs are unable to access IRRS for existing eligible tenants, affecting the cashflow initially. In addition any covenants affect the overall value. PwC have estimated the portfolio value on this basis as $34.5 – 47.6 million, which is 53 – 73% of current book value. There are examples of councils successfully selling their housing to CHPs with covenants including Hamilton City Council.

Transfer to Kāinga Ora

Kāinga Ora are potentially in a better position regarding cashflow as we understand they are able to access the IRRS (full market rent) for existing eligible tenants. This may result in a higher purchase price, although there is no guarantee of this given the limited market for this stock.

Transfer to a Regional Housing Trust

There is a potential for the region's councils to 'pool' their portfolios and form a Regional Housing Trust and there is an intention to discuss this further with the other councils to understand the shape of a possible Trust. Alternatively, a local housing trust could be established by Council and become a CHP.

There are examples of councils establishing CHPS. Under current legislation, councils and Council Controlled Organisations (CCOs) are excluded from registering as a CHP and securing access to the IRRS. In order to be successful, any Trust would need to be completely independent of Council once established, however Council would be able to influence the purpose and objects of any such Trust. The transfer of housing into this type of Trust would require councils to 'vest' the assets into the Trust, whereby there would be no sale proceeds back to Council. Council could impose the covenants above on such a transfer. The transfer options identified above allow the portfolio to continue to support an affordable rental housing approach.

Pros:

These potential options enable the portfolio to be retained in ‘community ownership’, noting that the majority of CHPs are charitable trusts.

Advantages of a transfer option ultimately are financial for both tenants and Council (ratepayers). CHPs provide wrap around support services in addition to tenancy management and are able to apply the IRRS discount rent rate (rent set at 25% of income) to new eligible tenants. Under a transfer to Kāinga Ora, all eligible tenants (existing and new) would be able to access the subsidised rent. Should the covenants be put in place, there would be no negative impact on current tenants. A full transfer would remove all liabilities (forecast costs and deficits). Sale proceeds received (noting that transfer to a council formed regional or local housing trust would not provide any sale proceeds) would be available for any of the following, in consultation with the community:

- Repay debt
- Invest to generate income
- Pay for current / future loan funded projects
- Implement new or deferred projects

All of the above have a positive impact for the ratepayer.

Cons:

While the Council is clear it would want to provide protections for current tenants, a change of ownership could create anxieties for tenants.

The transfer of ownership option, once entered into, is irreversible (apart from a future buy-back), and would see the loss of Council ownership of the land. Removing this activity from Council may compromise our position should potential opportunities arise through Local Government reforms or any future government change of policy (that might provide support for Council housing).

The market value of the portfolio sits at $65 million. However, the transfer options that best align with Council’s criteria (selling to a CHP) would attract a ‘discounted cashflow’ price based on future forecasted cashflows of the portfolio by any given buyer. This would be materially lower than the market value. Any sale price would be impacted should any covenants be placed on the transfer e.g. retention of current tenants and the retirement criteria.

Sell through the open market

This transfer pathway is not favoured by Council as it does not align with the review objectives and may result in a loss of affordable rental housing for the city. Selling through the open market would most likely provide a higher sale price more aligned with the current book value of $65 million. A sale through the open market may not afford any protections to current tenants, which is a key concern for Council. Sale through the open market is not being considered by Council.

Next Steps

Consultation Opens	16 March 2022
Consultation Closes	20 April 2022
Hearings and Deliberations (Decision)	18 May 2022
Implementation Each option differs in terms on implementation steps and timeframes from implementation within 60 days (Status Quo rents rises) to one year (Status Quo rates rises – informed through Annual Plan consultation). Any sale (part or full) would need to be included in the next Long Term Plan Consultation (2024) or earlier through an amendment to the current Long Term Plan (with consultation). Implementation timeframes for Part Retain / Part Sell would need to account for comprehensive engagement with mana whenua due to the 'Sites of Significance' status.	

Review Process

In 2018, Morrison Low completed a Section 17a (of the Local Government Act) review of the activity. Councils are required under the LGA to complete S17a reviews of their activities. Alongside a sample-based condition assessment, the review identified ongoing sustainability issues with the current delivery model and identified two options for Council to consider. These options were to:

a) Divest a number of villages in order to reinvest in the remaining units, or
b) Partner with a Community Housing Provider (CHP) who could receive market rent through the Government's Income Related Rent Subsidy (IRRS) which is not available to councils.

Following this report, a more detailed assessment of options to retain the housing was undertaken by PwC. This review identified a potential option to sell part of the portfolio to help fund development of two sites that could generate additional income to fund the remaining units along with a rent increase. This option introduced a high level of complexity, and therefore risk, to managing the portfolio. Another option identified was to continue as is with the deficits being funded through a ratepayer contribution. Both of these options could include an increase to rents. PwC also identified a transfer of the portfolio (full sale) as the alternative option.

In late 2019, the rent policy was reviewed and rents were increased, but capped at 30% of tenant income. This percentage is a generally accepted level for housing affordability.

With continued forecast deficits, a detailed phase two review was initiated on two options, transfer of the portfolio and a part retain / part sell option and compared with the new status quo (with new rent policy). This review is complete and this Statement of Proposal presents three options for consultation.

YOUR SUBMISSION ON
The Future Of Council Housing Provision

Have your say before
5pm, 20 April 2022
say it!

We encourage you to complete the form online at **sayitnapier.nz** or return it to **Napier City Council Customer Service Centre, Napier Library or Taradale Library** or post this form for free to: **FreePost Authority Number 772273, Housing Submissions, Napier City Council, Private Bag 6010, Napier 4142.** You can use extra paper if you need to or you can attach a document.

By submitting this form to us, you agree to the information in it being shared with an external company assisting us in analysing the submissions. The company will keep this information confidential and it will not be used for any other purpose. Your name and submission will be published, but your contact details will be kept private. Your submission form will be treated in accordance with the Privacy Act 2020. To view our privacy statement, visit sayitnapier.nz

Your details			
Full Name:			
Daytime Phone no:			
Email Address:			
Street Name:		Suburb:	
Are you a Council housing tenant? Yes ◯ No ◯			
If submitting on behalf of a group/organisation, please name it here:			
Do you want to speak in person to support your feedback? Yes ◯ No ◯ We will contact you about a suitable time and any support requirements			

Which option do you think Council should proceed with? Please tick one		
◯ **Status Quo** Council continues to own and operate all Council housing. Estimated annual $2.2 million shortfall **How should the shortfall be funded?** ◯ 100% rates ◯ 100% rent ◯ Combination of rates & rent	◯ **Part Retain / Part Sell** Council sells three villages to the social housing sector and continues to provide housing to retirees and people with a disability. It builds new housing on two sites. Estimate annual $2.3 million shortfall **How should the shortfall be funded?** ◯ 100% rates ◯ 100% rent ◯ Combination of rates & rent	◯ **Transfer / Sell** Council sells all of its housing to an entity in the social housing sector No rates or rent increase
Comments:	Comments:	Comments:

YOUR SUBMISSION ON
The Future Of Council Housing Provision

Have your say before
5pm, 20 April 2022

say it!

Status Quo	Part Retain / Part Sell	Transfer
Comments:	Comments:	Comments:

Do you have any other feedback about the future of Council's housing provision?
Comments: