

NAPIER PEOPLE AND PLACES COMMITTEE

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Open Minutes Attachments

Meeting Date: Thursday 3 February 2022

Time: 9.00am

Venue: Via Zoom (Audiovisual Link)

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Attachment B	Hawke's Bay Alert System - Dr Leonard (Doc Id: 1430238)21

Strategic Housing Review 3 February 2022



Review Journey

2018

2019

2020

2021

December 2021











Morrison Low Section 17A Review

- Actively
 manage sell
 high value
 assets/recycle
 capital
- 2. Partner with a CHP

PwC Report strategic review of Community Housing issued 25 July 2019 Options reviewed included:

- 1. Step-up rents
- 2. Divest social villages
- 3. Divest underperforming villages
- 4. Significant reconfiguration

Pathways to be explored in detail decided

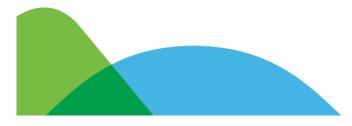
- 1. Status Quo
- 2. Part retain / Part sell
- 3. Transfer portfolio

Financial Analysis

Market Sounding PwC Report Issued

SPM undertake detailed condition & asset lifecycle budgets

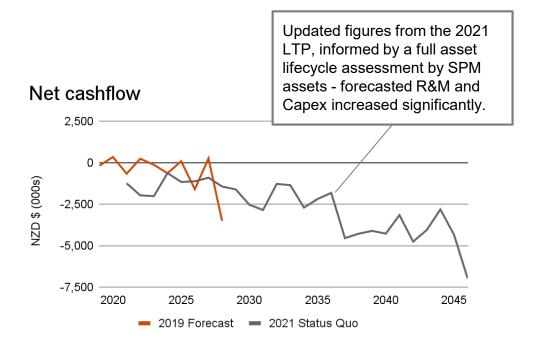
Concepts Designs to re-develop/ improve portfolio





Current State

- Forecast cash outflows are on a steady downward trend, as the amount of capital required to maintain the aging portfolio increases and the Council's current rent setting policy, aimed to maintain 'affordable' housing, limits its ability to charge market rents.
- Over the period to 2046 we have estimated the annualised shortfall will be circa \$2.2m (excluding financing) and a predicted nominal accumulated cash shortfall of circa \$10.5m by 2028 increasing to \$70.0m by 2046.





How other housing providers do it

- 1. Increasing rents (to market); or
- 2. Increasing ratepayer contribution; or
- 3. Accessing Crown Funding Streams (IRRS and Operating supplements)

Crown funding streams (IRRS and Operating supplements) are accessible to Community Housing Providers (CHPs) who have developed sustainable commercial models that can grow social housing stock and renew the portfolio without creating a burden for ratepayers

IRRS is **NOT** available to councils



The Options

Status Quo;

- All Social and Retirement villages remain & managed in-house;
- Rental subsidies and rent setting policy remain unchanged. No additional income streams are added.
- Transfer to CHP via sale or lease (subject to covenants that);
 - ensure existing tenancies, under the current terms and conditions, remain in place;
 - the portfolio can only ever (into perpetuity) be used to provide housing to Retirement or Community tenants; and
 - NCC retains the right of first refusal (on the same DCF basis) if the buyer was to sell the portfolio.

Part retain/part sell (active management)

- 3 Social villages divested & sale proceeds reinvested;
- All Retirement villages remain & managed in-house;
- Rental subsidies and rent setting policy remain unchanged. No additional income streams are added;
- Greenmeadows East Village's vacant land (~circa 9,300m2) is intensified with additional Retirement housing; and
- The existing four houses on Hastings/Munroe site are demolished and redeveloped with new units for market rent to subsidise the Community Housing portfolio.





Methodology

- Detailed asset condition assessment & life cycle budgets completed;
- Market Valuations undertaken (20/03/20 – Telfer Young);
- Concepts to re-develop/ improve portfolio designed & Costed (in conjunction with NCC urban planners, Young + Richards architects & Rider Levett Bucknall (quantity surveyors);
 - Greenmeadows East net increase 38 units / 56 beds (retirement)
 - Hastings Munroe net increase 7 units / 22 beds (market)

Market Sounding

- to understand the market's appetite for the portfolio in its current state with covenants in place.
- shortlisted parties approached primarily with CHP status to enable access to IRRS - local lwi, charitable trusts, CHPs and Kāinga Ora - parties who share common goals with NCC in regard to community housing.
- Information Memorandum comprising the purpose and key facts about the portfolio created and issued to interested parties (in strict confidence).

Financial Analysis

- focused on the 'Net cashflow position' Net operating income after R&M and after planned CAPEX (excluding depreciation and interest charges).
- Direct and overhead costs derived from the 2021-2031 LTP (except for CAPEX - SPM's outputs were used);
- Revenue modelled on actual rates (accurate as of April 2021)



Te Kaunihera o Ahuriri

Key Findings

		Retain portfolio		Transfer Portfolio		
		Status Quo	Part retain/sell	Wider Market (without constraint)	СНР	Kāinga Ora
%	Achieving City and Community Goals	X	✓/X	X	~	~
	Quality Fit for Purpose Housing	X	✓/X	X	~	~
	Protecting Tenants' Interests	~	~	X	~	~
\$	Sustainable Financial Outlook	X	X	~	~	~
	Tenant impact			Less affordable housing for tenants	Slow transfer to IRRS eligibility. Rent contribution reduces from 30% to 25% of income.	IRRS granted immediately for those eligible (as we understand it). Rent contribution reduces from 30% to 25% of income.
	Ratepayer impact	Annualised ratepayer contribution of circa ~\$2.2m to fund Status Quo	Annualised ratepayer contribution of circa ~\$2.3m to fund Part retain/Part sell	Return on invested sale proceeds @ ~ 4 – 6% p.a.	Return on invested sale proceeds @ ~ 4 – 6% p.a	Return on invested sale proceeds @ ~ 4 – 6% p.a
				PLUS avoid annual ratepayer contributions of between ~2.2 and \$2.3m by retaining the portfolio		

Transfer via
sale will
provide either
income
returns from
reinvestment
or a positive
impact from
recycling of
the capital
AND avoid
annual
ratepayer
contribution of
~2.2 - \$2.3m



 Parties most likely to base value on a DCF due to covenants and below market rents to be retained – likely to result in a





Consultation Options

1.Status Quo

Deficit funded by:

- Rates only Subsidised rents only
- Combination Rates and subsidised rents

2.Part Retain / Part Sell

Deficit funded by:

- Rates only
- Subsidised rents only
- Combination Rates and subsidised rents

3.Transfer (Sell)

Potential buyer:

- CHP
- Kāinga Ora
- **Regional Housing Trust**
- Open market





Key Considerations

- Community Wellbeing
- Housing demand
- Central government policies and legislation
- Council service delivery
- Tenant welfare
- Financial sustainability
- Community feedback

Consultation Process

- Special consultative procedure
- Affected parties
- Period 16 March 20 April
- Hearings and decision May

Implementation Pathways

OPTION			POTENTIAL IMPLEMENTATION DATE (EARLIEST)
Staus Quo	Part Retain / Part Sell	Transfer	
Rent Funded	Rent Funded		1 September 2022
Rates Funded	Rates Funded		1 July 2023*
Combo	Combo		1 September 2022 (rent increase) 1 July 2023* (rates increase)
	Sale of 3 Villages	Sale of All Villages	1 July 2023* (LTP amendment) Or 1 July 2024* (next LTP)

Napier Siren System Future

- Overview of System
- Issues
- Options
- Recommendation

n Macdonald

Overview and Background

- Established 1960s 1960 Chilean EQ (4.5m)
- Various locations (17) across City but some gaps
- Last public test 2018 flick tests to end of 2019
- Ability to use FENZ sirens removed 2019
- NZ Standard Tsunami Sirens July 2020
- Dependent on power and VHF radio system
- System owned by NCC with the testing and maintenance delivered by HB CDEM Group staff

Issues

- Lack of understanding of sirens purpose consistent issue over time
- Cannot deliver information on what to do inappropriate actions (volcanic ash example)
- Dependent on power and VHF radio system
- Other organisations in Hawke's Bay use the same tone sirens for on-site emergencies
 - FENZ, Port, Whakatu Coolstores
 - False alarms and reduced effectiveness

Issues

NZ Standard – wrong tone but also:

"Sirens (signal-only or PA capable) are not regarded as effective or reliable alerting mechanisms in local source tsunami events the use of fixed coastal sirens for tsunami warning is not advised"

- New hardware required to meet NZ Standard
- Reduces community resilience dependence
 - Japanese experience

WHY NO SIRENS? LESSONS FROM JAPAN

On March 11, 2011, a massive earthquake triggered a tsunami that devastated many areas of Japan's Pacific coast.

Planning ahead saves lives

Survival rates were higher among communities where people evacuated as soon as possible after the earthquake. Education and practice drills were significant factors.

Waiting is costly

People who waited for official warnings were more likely to lose their lives because they left it too late to start evacuating, or they did not evacuate at all.

Sirens are not reliable

Many sirens were knocked out by the earthquake or they did not sound because the people responsible for activating them were unable to do so.

If you wait for sirens or text messages before you evacuate, you will lose essential lifesaving minutes. That is why the earthquake is still the most reliable warning sign. Longer distance tsunami that are generated across the Pacific can take up to 12 hours toarrive, so there is more time to issue official warnings in those situations.

Issues

- Old technology not easily supported anymore
- Emergency Mobile Alerts
 - National system (administered & funded)
 - Full coverage in Napier
 - Redundancy National/Regional Groups/ FENZ Coms Centre
 - Resilient
 - Last test over 70% of phones received alert
 - Can tell people what the problem is and what to do



EMERGENCY ALERTS

Emergency Alert

TSUNAMI: Leave evacuation zones NOW to high ground or inland.

@@www.civildefence.govt.nz@@



! EMERGENCY ALERTS

Emergency Alert

CIVIL DEFENCE TSUNAMI WARNING: The evacuation following the 8.0 magnitude earthquake near Kermadec Islands remains in place.

Please continue to stay out of all evacuation zones throughout Northland. Latest information confirms inundation (flooding) of land is expected. DO NOT RETURN until Civil Defence gives the allclear message.

We will continue to provide updates please share these with others.

- Initial evacuation messages are issued by NEMA
- Subsequent detailed messages can be issued by CDEM Groups



EMERGENCY ALERTS

Emergency Alert

CIVIL DEFENCE TSUNAMI WARNING: This is a beach and marine tsunami threat for all Auckland coastal areas. Due to the 8.0M earthquake near Kermadec Islands strong and unusual currents and unpredictable surges near the shore are expected for Auckland. This means a threat to beach, harbour, estuary and small boat activities. People in coastal areas should:

- 1. Listen to the radio and/or TV for updates, or check www.civildefence.govt.nz
- 2. Listen to local Civil Defence authorities and follow any instructions regarding evacuation of your area
- 3. Stay out of the water (sea, rivers and estuaries, this includes boats)
- 4. Stay off beaches and shore areas
- 5. Do not go sightseeing
- 6. Share this information with family, neighbours and friends

This warning is for the West Coast of Auckland, Manukau Harbour, the East Coast of Auckland and Hauraki Gulf Islands.

www.nema.govt.nz. Issued 11:35am Friday 5 March 2021.

Options

- 1. Make system compliant, resilient and effective
 - Replace hardware
 - New sirens to fill physical gaps
 - Generators (additional \$50k per siren)
 - Informing (PA system?)
 - Education/testing/maintenance
 - Would require detailed site by site assessment
 - At least \$1.5m capital (conservative)

Options

- 2. Disestablish system
 - Public information/media on why and what next
 - Continue/improve public education
 - Signage/blue lines/evacuation routes
 - Emergency Mobile Alerts (EMA)
 - Long or Strong Get Gone messaging
 - Evacuation practices

Recommendation

- Disestablish existing siren system
 - Support the use of EMA system
 - Support public information/education campaign
 - Support public education (long or strong get gone & know your zone)







Hawke's Bay Regional Alerting Systems Review



pint Centre for Disaster Research - Massey University - GNS Science arion Tan, Graham Leonard, David Johnston

Overview

- This was a gap analysis and critical review of the Hawkes Bay suite of warning public alerting tools
- To assess the suitability of other alerting tool options for use across the region.
- Considers international best practice and effective warnings research
- In the context of the latest national alerting developments
- Recommends prioritised actions

Method

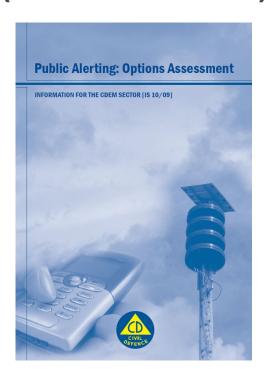
- International and domestic systems review
- Effectiveness scoring (25 criteria)
- 4 critical criteria: Heads-up, Instruction, Opt-in need, Time to reach all
- Warnable hazards (fast onset compared to others)
- Geographic variability of hazards and population
- System coverage (e.g. mobile networks)
- Back bone options and in-fill needs (pockets and groups)
- Indicative solution costing

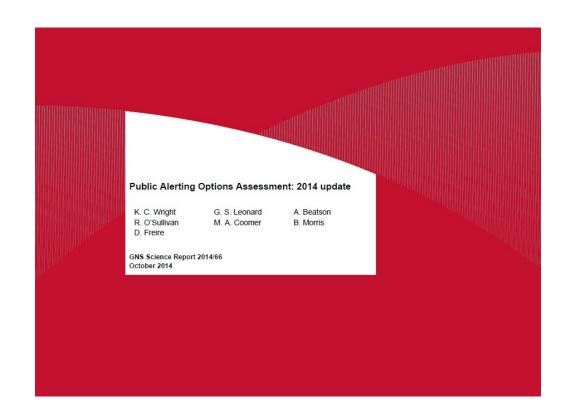
Methodology basis

 Applies Wright et al. 2014 NZ Public Alerting Options Assessment & decision-support tool

Builds on regional reviews for BOP and Waikato

(2017 and 2015)



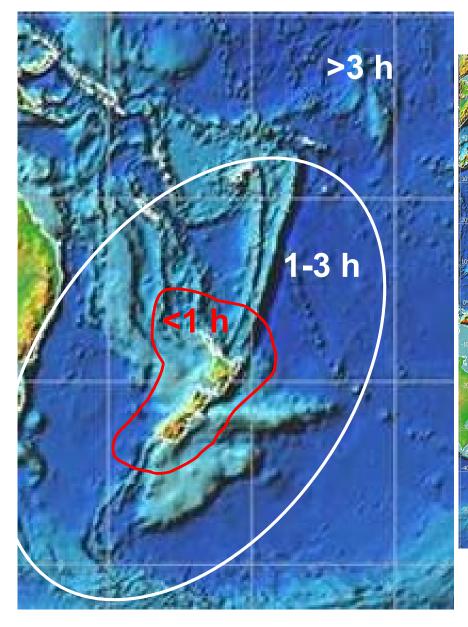


Warnable hazards

Hazards requiring rapid warnings for life

safety	Hazards NOT requiring rapid warnings for life safety but still appropriate for alerting	Hazards which currently cannot be warned for	
(short-onset, less than 3 hours)			
Tsunami – local source ¹	River flooding	Earthquakes	
Tsunami – regional source	Tsunami – distal source	Extreme geothermal events ⁵ or unheralded	
Serious Hazchem incident	Coastal storm	small volcanic eruptions	
Heavy rainfall (Severe Thunderstorm/Flash	Volcanic eruption with precursor (local or distal)	Landslides	
flooding/debris flow)	Animal disease epidemic	Localised subsidence	
Stormwater surface flooding	Human disease pandemic		
Wildfire/Rural fire	Biological pests and new organisms		
Large-scale lifelines failure (Major air accident,	Drought		
electrical failure, telecommunications failure, dam	Coastal erosion		
break, etc.)	Windstorms		
Urban fire multiple	Snow		
	Hail		
	Pollution over unconfined aquifer		

Tsunami Sources





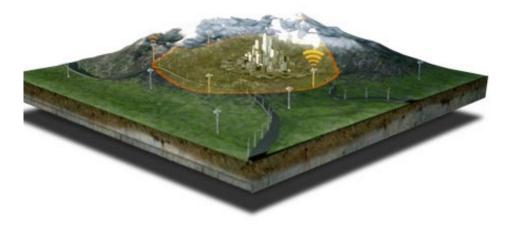
Fundamentals of warning for rapid-onset hazards – most importantly local-source tsunami

- Public alerting systems should deliver the best timely information so that people can make an informed decision during a warning with as much time as possible for protective action.
- Two of the critical considerations for alerting are providing (1) heads-up and (2) instructions. Heads-up is the ability to inform people ahead of the threat. Instruction is the ability to provide details: what is happening, where, when, and what action is required to respond to the threat.

National systems

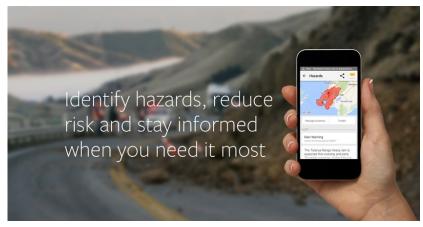
EMA - Cell Broadcast

- December 2017
 live
- All compatible phones at once >77%
- Geotargeted



Red Cross Hazard App

- In operation
- Works over wifi
- Includes preparedness info



Summary of recommendations

- Emphasis on natural warning as fastest
- Backbone Emergency Mobile Alerts and mobile apps. Napier has ubiquitous mobile coverage
- Infill options mostly for other areas of the region with gaps in mobile coverage. Mobile coverage mapping is needed.
- Multi-end-point platform and one-stop-shop
- Napier siren system (following slide)
- Staff resourcing increase to enhance education, engagement and exercising for response.

Siren recommendations

- The current signal-only siren system in Napier is not fit-for-purpose in the context of current-day alerting. Although it provides a heads-up, it cannot provide detailed instructions.
- The rise-and-fall signal intends to communicate the need to seek more information.
- Upgrading the current system to a PA loudspeaker system can be considered, so instructions can also be provided. However, a PA loudspeaker system has a high start-up cost and will have substantial ongoing maintenance costs. Its coverage is also restricted to narrow geographical areas. Therefore, the costs may not outweigh effectiveness in areas with already existing or alternative alerting options.
- Napier City, as an urban area, already has good coverage with EMA and mobile apps. Costs for siren maintenance or upgrade are likely to be better spent on public education on natural warnings, increasing network coverage, and strengthening the backbone.

Thank you!

Additional topic slides below

Community preparedness for warnings

- As part of rapid response to all warnings, including not delaying in natural warning
- Supports wider community preparedness activities
- Requires regular, sustained, widespread engagement at neighbourhood/township level
- Needs regular (annual) exercising
- For high (e.g. 95% such as Japan 2011) evacuation effectiveness estimated to need one FTE per 25,000 people

Alerting end-point platform

- May include autodialler which can reach people over copper/fibre
- Originate alert once, reach social media, email, SMS, web
- Maintains contact lists
- Integrate with public-facing warning one-stop-shop



Evaluation criteria used for determining effectiveness

Evaluation Criteria	Explanation, implications
Activation time -Fast or nothing	Alerting and action time available
For fast onset, localised	Hazard, Alerting and action time available
For fast onset, widespread	Hazard, Alerting and action time, cost
For slow onset, localised	Hazard, Alerting and action time available
For slow onset, widespread	Hazard, Alerting and action time available, cost
Heads-up	Reach people whatever they are doing
Hearing impaired	Vulnerable groups, receipt of message
High pop density	Cost, economy of scale, reach of system
Immobile	Vulnerable groups, action esp. evacuation
Institutions	Vulnerable groups, dependent
Instruction	Provides appropriate action information
Language	Vulnerable groups, understanding of message
Low pop density	Cost, economy of scale, reach of system
Mental capacity	Vulnerable groups, understanding of message
On-going effect (ability to update message)	Change in at-risk area or required action
Opt-in required	At risk population must subscribe
Relies on (landline) telephony	Potential point of failure
Relies on electricity	Potential point of failure
Relies on internet connection	Potential point of failure
Robustness / resilience	Maintenance required, hazard resistant
Sight impaired	Vulnerable groups, receipt of message
Terrain	Topographic constraints on alert delivery
Time to reach all	Congestion, travel time
Transients/ Visitors	Unfamiliar with local hazards, alerting systems and required actions

Options and scoring

Rapid Widespread Coverage:	Score
EMA Cell Broadcast	84%
Mobile device apps	82%
Fixed PA loud-speakers	68%
Can reach 70%	
High effectiveness:	
Radio announcements	82%
Route alert(door-to-door)	71%
Natural warnings	66%
-	
Moderate effectiveness:	
Power mains messaging	66%
Natural warnings	66%
Telephone trees	65%
Telephone auto-dialler	64%
SMS-PP text messaging	63%
Pager s(triggering 200 people)	62%
Lower effectiveness:	
Call-in telephone line	47%
Sirens(signal-only)-Fixed	44%
,	

Cannot reach 70%:

Mobile PA loud-speakers	74%
Television announcements	73%
Website banners	66%
Independent self-maint networks	66%
Mobile PA loudspeaker(Police/Fire)	66%
E-mails	59%
Newspaper content	58%
GPS receiver messaging*	57%
Websites	56%
Marine radio	53%
Tourist/Iwi radio	49%
Billboards-static	47%
Billboards-electronic telemetered	45%