

RUAPEHU DISTRICT COUNCIL

Confidential Reports Released into the Public Business

FROM THE MEETING OF RUAPEHU DISTRICT COUNCIL
ON WEDNESDAY 8 APRIL 2020

Item

C2 Update Report: Housing Options for Ruapehu District

C5 Supplementary Report: Housing Options for Ruapehu District (*redacted*)

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Update Report: Housing Options for Ruapehu District	s7(2)(b)(ii) It would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information s7(2)(i) To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	s48(1)(a) the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 7
Supplementary Report: Housing Options for Ruapehu District		

The reports titled *Update Report: Housing Options for Ruapehu District*, and *Supplementary Report: Housing Options for Ruapehu District* as submitted to Council on 8 April 2020 was referred to in the report titled *Proposed Teitei Drive Housing Development* at the Meeting of Council 27 September 2023.

The attachments to C5 have been redacted due to a high level confidential commercial assessment of Council land holdings within central Taumarunui.

Minutes

C2 Update Report: Housing Options for Ruapehu District

- 1 That the update report on Housing Options for Ruapehu District be received;
- 2 That this resolution is not recorded in the Public Business Minutes of this meeting;
- 3 That this report is not released as publicly available information

C5 Supplementary Report: Housing Options for Ruapehu District (*redacted*)

- 1 That the urgent supplementary report on Housing Options for Ruapehu District be received.
- 2 That the Chief Executive be authorised to progress Option 1 - Community/Affordable housing Taumarunui as one of the projects/programmes of work to be submitted to Crown Infrastructure Partners (CIP) as a potential "shovel ready" project for central government investment.
- 3 That Council be updated further on housing options at the 29 April 2020 meeting, including the outcome of the business case for Option 1.
- 4 That this resolution is not recorded in the Public Business Minutes of this meeting.
- 5 That this report is not released as publicly available information.

Report to: Council**Meeting Date:** 8 April 2020**Subject:** Update Report: Housing Options for Ruapehu District**Purpose of Report**

- 1.1 The purpose of this report is to provide a brief update on work being undertaken to assist Council in facilitating housing delivery in Ruapehu, in the first instance within Taumarunui.

Significance and Engagement**3.1 SIGNIFICANCE**

This report does not trigger the Significance and Engagement Policy. It is a progress report for information.

3.2 ENGAGEMENT

It is proposed, that once any specific Council landholdings that would contribute to creating a viable programme of housing development in partnership with others (such as developers, landowners, community housing providers, central government) have been identified, that the Council can use the process of an invitation to partner (ITP) as a means of engaging and partnering with potential providers or investors to activate housing using Council land holdings. This may require Council to collaborate with multiple parties. This can be formalised through a development agreement following the awarding of an ITP. The development agreement will need to meet the requirements of the Local Government Act 2002 sections 207 A-F

3.3 SOCIAL IMPACT ANALYSIS

Not applicable as this an update report only.

Background and Discussion

- 2.1 There are a number of housing challenges facing Ruapehu residents. In terms of housing affordability based on the median multiple measure which divides median house price by median household income, housing in Ruapehu is moderately or seriously unaffordable. (Based on estimates of median household income of \$46,700-\$57,300 + median house price of \$225,000 (April 2019 REINZ).
- 2.2 Additionally, a report by MEQ Property Ltd commissioned by Council (March 2020) highlights the following:
- (a) Taumarunui has seen strong growth in house prices, but from a low base level, so price growth in itself is insufficient to stimulate the market;
 - (b) Mis-match between demand and supply;
 - (c) New family homes would need to sell in the \$400,000-\$500,000 range to generate sufficient build margin;

- (d) Active rental market, yet values remain constrained by the age and quality of housing stock;
- (e) Airbnb potentially influencing prices;
- (f) Market lacks product diversity;
- (g) Is a clear commercial opportunity to facilitate construction of new housing formats, but commercial risk needs to be mitigated.

- 2.3 The Council has indicated that there is a preparedness to take a leadership role to facilitate specific housing initiatives within the district. Options may include using mechanisms ranging from rates relief, land ownership, partnerships, and an enabling culture to facilitate housing delivery. The writers of this report were asked to assist the Council to identify specific housing initiatives that will allow for key worker, affordable housing and social housing to be built and specifically identify potential housing initiatives that the Council may lead. The focus in the first instance is to assess options for Taumarunui following the discussion on housing at the elected representatives 11 March 2020 workshop. It is noted that any proposal would be subject to a business case and must be sound in terms of the Council being a guardian of public money.
- 2.4 It is acknowledged that the Council has initiated a range of work to contribute to the revitalisation of Taumarunui township and that a masterplan to guide these works was completed by Bespoke Landscape Architects in 2016. The investments in projects currently focused along Hakiaha St (SH4) are not insignificant. At same time, the masterplan acknowledged a need to create a depth to the town and build on the value created by heritage elements along Miriama St.
- 2.5 In terms of housing options, work is being undertaken to develop options for housing initiatives in Taumarunui, looking beyond the linear development along Hakiaha St and immediate CBD project area, which was the focus of the Bespoke Masterplan. In particular, a high-level commercial assessment of Council land holdings within central Taumarunui is being progressed, in consultation with Council staff to identify areas where it is considered that Ruapehu District Council land holdings can stimulate new home construction at scale and pace.
- 2.6 Mapping of Taumarunui is being undertaken, in consultation with Council staff to build a picture of the town and potential housing opportunities including:
- (a) Identifying potentially available non-reserve Council owned land (not subject to Treaty settlements/ infrastructure capacity/floodplain etc);
 - (b) Buildings subject to demolition (noting that buildings less than 3 storeys do not require a building consent);
 - (c) Site sizes, vacant and occupied land.
- 2.7 Site visits have been undertaken to assist the market assessment for development.
- 2.8 Liaison with Council's senior planner regarding District Plan provisions and their flexibility for mixed use (residential and commercial) and different housing options is being discussed. The advice received, to date, confirms that Council looks to achieve the outcomes sought by the District Plan and that resource consents are assessed in terms of achieving those outcomes rather than being limited by a rigid rule based prescription. There is a willingness

by staff to collaborate with developers and guide design to meet mutual objectives of quality, affordability, choice and amenity.

- 2.9 Additionally, a high-level commercial assessment of Council land holdings within central Taumarunui has been undertaken by MEQ Property Ltd to identify some potential areas from a commercial perspective where Council land holdings could stimulate new home construction at scale and pace. Further review of initial possibilities is underway with Council staff so that specific options can be reported to the next full Council meeting on 29 April 2020 for the Council's consideration.

Suggested Resolution(s)

- 1 That the update report on Housing Options for Ruapehu District be received;
- 2 That this resolution is not recorded in the Public Business Minutes of this meeting;
- 3 That this report is not released as publicly available information.

Authors: Ree Anderson, Strategy Consultant and Nicholas Chan, Principal, MEQ Property Ltd

Email address for point of contact: ree@reeanderson.co.nz

Urgent Supplementary Report to: Council

Meeting Date: 8 April 2020

Subject: **Supplementary Report: Housing Options for Ruapehu District**



Purpose of Report

- 1.1 The purpose of this report is to outline one option to use Council land holdings to facilitate and stimulate social/community and affordable housing delivery and the economy in Ruapehu, working in partnership with others and to benefit from Central Government's willingness to invest in post COVID-19 "shovel ready" projects through applications to Crown Infrastructure Partnerships (CIP).
- 1.2 This report is an urgent item as CIP has asked for applications for "shovel ready" projects to be submitted by 5:00pm 14 April 2020. The report is included as a confidential item pursuant to section 7 (2) (b) (ii) and (2) (i) of the Local Government Official Information and Meetings Act 1987 as making the information contained in this report public "(2) (b) (ii) would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information; and (2) (i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)."

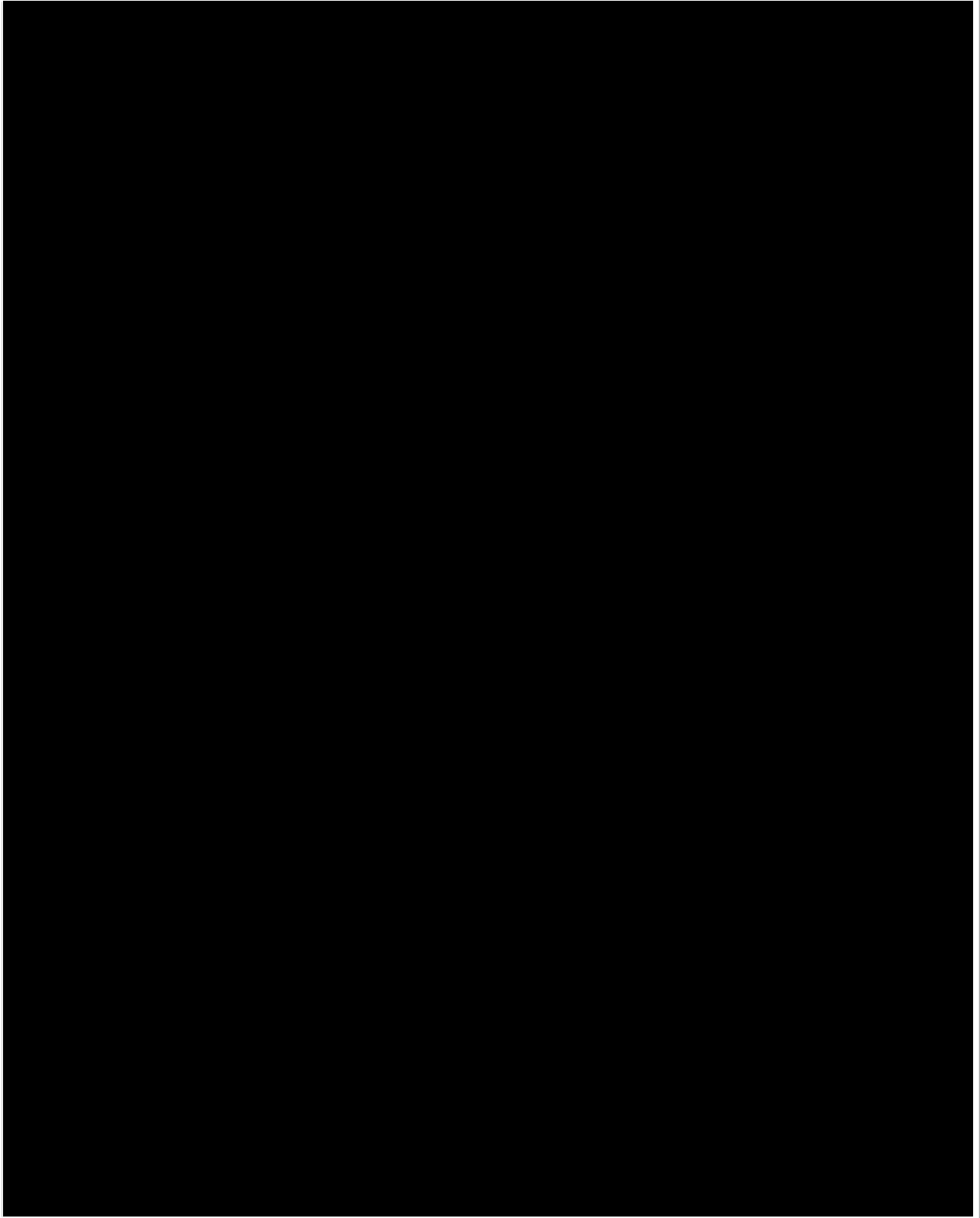
Executive Summary

- 2.1 Since the confidential "Update Report on Housing Options" was included in the Council's 8 April 2020 agenda, the following has occurred:
 - 2.1.1 First, a high level commercial assessment by MEQ Property Ltd of non-reserve Council owned land within central Taumarunui (see Attachment 1) has been undertaken with a view to assessing options to facilitate housing developments.
 - 2.1.2 The MEQ Report (see Attachment 2) proposes that an increase in quality and volume of community housing can be achieved in Taumarunui, in the first instance relatively quickly, by considering the Council land holdings at [REDACTED] as a group of landholdings for staged development/redevelopment and by partnering with other neighbouring landowners/housing providers, notably IHC/Accessible Properties - Option 1 below. (See Attachment 3 for map of landholdings).
- 2.2 At the same time, Crown Infrastructure Partners Ltd (CIP) has advised that it "*is assisting the Infrastructure Industry Reference Group to advise the Government on issues affecting the construction industry....(and that) as an initial task the Reference Group has been asked to prepare a list of infrastructure projects/programmes that are ready for construction and could, if the Government deemed it appropriate, be deployed as part of a stimulatory package.*"
- 2.3 The Government is seeking "shovel ready" projects that will have a public benefit to help stimulate the economy post COVID-19. CIP is now seeking both projects and programmes that have been affected by COVID-19 that may be suitable for Government support. Option 1 is considered to fall within the criteria: "Projects which could have been expected to

commence the construction phase within the next 12 months (by 30 May 2021), but are unlikely to do so due to COVID 19.”

- 2.4 The deadline to submit applications is 14 April 2020, hence this urgent report.
- 2.5 The criteria for “shovel ready” projects is outlined in the link below: <https://www.crowninfrastructure.govt.nz/wp-content/uploads/1.-Shovel-Ready-Project-Information-Guidelines.pdf>
- 2.6 In brief, the criteria identified by the Chair, Mark Binns, Industry Infrastructure Reference Group, include the following:
- Criteria 1: The extent to which the project is construction ready now or within a realistic 6 - 12 months - construction readiness;
 - Criteria 2: the project is of an infrastructure nature, either horizontal or vertical, and that the project is public or regional benefit infrastructure;
 - Criteria 3: Whether the project is of a size and has material employment benefits (i.e., \$10m+); and
 - Criteria 4: The overall benefits and risks of the project.
- 2.7 A draft business case proposal from MEQ Property Ltd has been received to assess the development of community/social housing for the group of landholdings at [REDACTED] as identified in paragraph 2.1.2 above. This business case is under preparation at a cost of \$6500 + GST to assess a comparative Net Present Value (NPV) of options to advance specific housing proposals with the grouping of land identified. This would include for example assessing the cost of maintaining existing stock versus its redevelopment and new stock on nearby vacant land to provide new homes for existing tenants of any redeveloped sites.
- 2.8 The Table below identifies the potential increase in social/community housing stock using Council land at Taumarunui, Miriama and Cherry Grove Road. This comparison has been prepared by [REDACTED]

Table 1: Comparison of current asset use versus potential future use and additional community housing – prepared by MEQ Properties Ltd



- 2.9 An approach to the CE Accessible Properties is being made to discuss its interest in a partnering arrangement and the Council will be updated at its meeting. Accessible Properties is a wholly-owned subsidiary of the IHC Group of Charities and is a social and disability housing provider. It is understood that they are keen to increase their portfolio and would be interested partnering arrangements.
- 2.10 The Council is asked to endorse the housing application (Option 1) being developed to be submitted to CIP to enable it to progress during the COVID-19 Level 4 Alert and subsequent COVID recovery period.

Significance and Engagement

3.1 SIGNIFICANCE

- 3.1.1 This report in itself does not trigger the Significance and Engagement Policy, however, following the completion of the business case which will identify the capital investment that may be the subject of an application for Central Government funding through the CIP process and the contribution that Council may make (e.g. by leasing its landholdings), it may well trigger the Significance and Engagement Policy.
- 3.1.2 Also, the Council's Group Manager Customer Services has advised that the change of use of housing stock would require consultation and would trigger the 'community interest' criteria. Any increase in a level of service also triggers the Significance and Engagement Policy. Consultation requirements with the community can be addressed once the outcome of the Business Case and further due diligence on Option 1 are complete.

3.2 ENGAGEMENT

Additionally, it is being proposed that Council can use the process of an invitation to partner (ITP) as a means of engaging and partnering with potential developers, landowners, community housing providers or investors to activate housing using Council land holdings. This may require Council to collaborate with multiple parties. This can be formalised through a development agreement following the awarding of an ITP. The development agreement will need to meet the requirements of the Local Government Act 2002 sections 207 A-F.

Background

- 4.1 Mapping of Taumarunui has been undertaken, in consultation with Council staff to build a picture of the town. This work is ongoing.
- 4.2 Site visits have been undertaken to assist the market assessment for development.
- 4.3 Liaison with Council's senior planner regarding District Plan provisions and their flexibility for mixed use (residential and commercial) and different housing options has been discussed. The advice received confirms that Council looks to achieve the outcomes sought by the District Plan and that resource consents are assessed in terms of achieving those outcomes rather than being limited by a rigid rule based prescription. There is a willingness by staff to collaborate with developers and guide design to meet mutual objectives of quality, affordability, choice and amenity.
- 4.4 Additionally, a high-level commercial assessment of Council land holdings within central Taumarunui has been undertaken by MEQ Property Ltd (see attachment 2). As an early example, three potential areas from a commercial perspective have been identified where

Council land holdings could stimulate new home construction at scale and pace. These 3 potential areas are discussed below.

4.5 It is noted that Option 1 below is considered one that could be advanced quickly and may enable access to central government funding and/or some form of partnership with Kainga Ora as there are HNZ homes adjoining the IHC/Accessible Properties and in close proximity to the Council land [REDACTED]

4.6 It is understood that the Ministry of Housing and Urban Development (MHUD) are open to proposals that include 'land on the table', is "shovel ready" – such as serviced brownfield (existing urban) land and includes HNZ opportunities for community housing providers. Option 1 below has the potential to meet such criteria.

4.7 **Option 1: Community/Affordable Housing – Taumarunui** [REDACTED]
[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

4.8 Option 2:

[REDACTED]

4.9 Option 3:

[REDACTED]

4.10 In order to engage with potential partnering landowners, community housing providers, investors and build capacity, as suggested in Option 1 above, it is recommended a generic document be developed and followed by project specific offers, such as an ITP (Invitation to Partner).

4.10.1 An ITP should cover the following elements:

- (a) Capture RDC vision and role in stimulating housing development in the Ruapehu District and activating place = WHAT
- (b) Develop a narrative of trust and substance in RDC executive and Council = WHO
- (c) Outline at a summary level the development roles and responsibilities and how RDC might activate and/or participate = HOW
- (d) Describe the opportunity presented in Taumarunui, features, landscape, diversity and flexibility, opportunities to live – work – learn – play = PLACE

4.11 In this instance, an ITP framework document is recommended to enable repeat use and multiple respondents, for example from those willing to bring developable land or repurposed buildings to the table, through to those willing to invest, build or take out product (buy or rent).

4.11.1 In this context, the ITP framework is likely to contain:

1. Core deliverables and timing
2. Format of response
3. Timeline
4. Vision and aspirations – framing of brief
 - Key principles
 - Scale and location
 - Integrated transport / walkability
 - Education and whole of life learning
 - RDC master-plan context and scope of responses sought

Location and market context of a new local centre – summary level
 What might the new local centre look like?
 Competing offerings

5. Respondent - snapshot

Specific elements interested in (insert into response template)
 Capability and core team relevant to above
 Ability to deliver a compelling investment paradigm (where relevant)
 An exemplar (if a potential delivery partner)
 Confidence and delivery reputation
 Approach - high level methodology and programme
 Respondent supporting information

Discussion

5.1 Social Impact Analysis (see comments in paragraph 3.1 above).

Suggested Resolution(s)

- 1 That the urgent supplementary report on Housing Options for Ruapehu District be received.
- 2 That the Chief Executive be authorised to progress Option 1- Community/Affordable housing Taumarunui as one of the projects/programmes of work to be submitted to Crown Infrastructure Partners (CIP) as a potential “shovel ready” project for central government investment.
- 3 That Council be updated further on housing options at the 29 April 2020 meeting, including the outcome of the business case for Option 1.
- 4 That this resolution is not recorded in the Public Business Minutes of this meeting.
- 5 That this report is not released as publicly available information.



Authors: Ree Anderson, Strategy Consultant and Sean Bignell, Director & Nicholas Chan, Principal, MEQ Property Ltd

Email address for point of contact: ree@reeanderson.co.nz

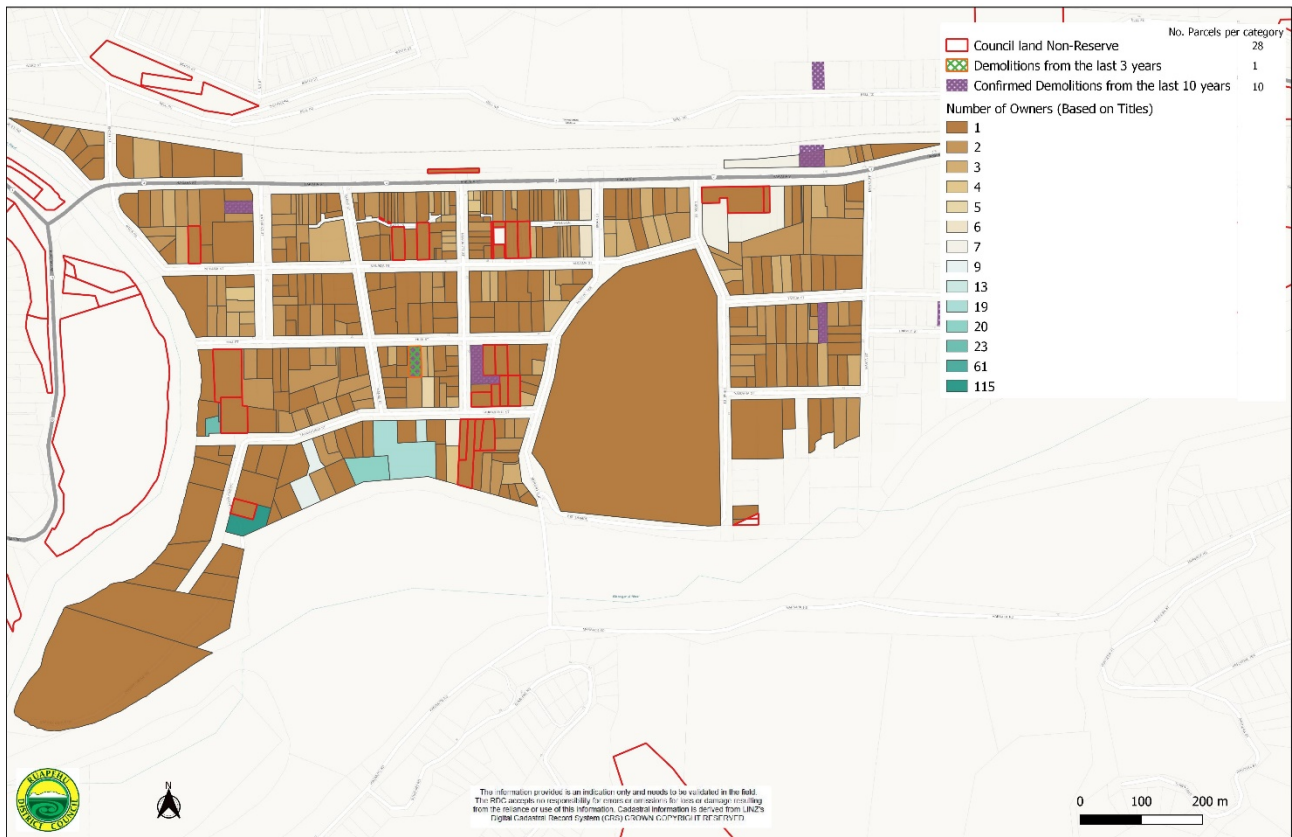
Attachments:

Attachment 1: Non reserve Council land holdings

Attachment 2: [REDACTED]

Attachment 3: Option 1 Landholdings

Taumarunui Central (Ownership distribution based on Title)



Option 1 Landholdings

