

1. NEW LOCAL GOVERNMENT BILL: GOVERNMENT DECISION ON PENSIONER HOUSING

Officer responsible
City Manager

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The purpose of this report is to propose that the Council write to the Minister of Local Government and Local Government New Zealand to state its position on this important issue.

Last week the Government announced, with no prior consultation, that it was proposing to amend the Local Government Bill (currently going through the House) to provide that pensioner housing be a strategic asset. This would have the effect of meaning that any move by a Council to transfer or divest itself of pensioner housing would be regarded as a *significant proposal* and the Council would be required to use its special consultative procedure before undertaking any transfer or divestment.

This late change to the Bill has been greeted with a strong negative response by Local Government New Zealand also without consulting its membership. There has also been a negative response from other Councils, most prominently the Auckland City Council which has already announced its intention to, over time, sell down its pensioner housing stock. The alarm over this proposal has been raised because of two main considerations:

1. It has been seen as the Government's 'knee jerk' reaction to the Auckland City Council proposal referred to above.
2. It is seen to fly in the face of the principle of giving a power of general competence to local government which the sector sees as a critically important aspect of the new Local Government Bill.

The principle of general competence in the New Local Government Bill is a critical one. It certainly means that the Government should not be prescriptive as to what Councils can and cannot do, what services they should or should not deliver, unless there is a very strong case for doing so. In the instance of local authority housing there may be a very strong case because the stock of housing has been built up by Local Government with the aid of Central Government financial assistance in the form of low interest loans.

It does seem reasonable for Government to argue that the housing assets have been established through a financial partnership between the two branches of government and so Local Government should not be free to realise a capital gain by selling the housing stock.

We also have a concern over Local Government New Zealand and other reactions to the proposal being interpreted as saying that local authority owned pensioner housing is not a strategic asset. Any suggestion that providing pensioner housing is not a reasonable activity for a local authority to be engaged in or that a Council should not be concerned that its citizens have access to satisfactory housing is at odds with this Council's position and we should take the opportunity to say so at the same time emphasising the importance we place on the partnership between local authorities and the Government in providing community housing.

SUMMARY

It is important that Central Government consistently respects the principles of general competence on which the new Bill is founded. At the same time, Local Government must accept that when it operates services or puts in place assets with the assistance of significant Central Government financial assistance then the service in question has effectively been put in place through a partnership. In future the aims of such partnerships should be, where possible, protected by formal agreements between Central Government and a Council rather than by legislation.

Recommendation: That the Council write to the Minister of Local Government and Local Government New Zealand stating that:

1. The Council wishes to record that it agrees with Central Government that public housing is a key asset for achieving the shared goals of good social outcomes in our community and that Central Government has been a partner in its development;
2. That the Council considers the development of effective partnerships between the Government and local Councils with housing assets, is the best way of pursuing the adequate provision of quality public housing.
3. Where possible partnerships should be reflected in formal agreements rather than legislation.

Chair's

Recommendation: That the above recommendation be adopted.