

5. COUNCIL HOUSING POLICY AND WAIT LIST MANAGEMENT SYSTEM

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The purpose of this report is to facilitate clarification of Council housing policy and obtain ratification of the proposed wait-list management system.

Current Council Housing Policy provides the framework within which City Housing operates. However, it is now appropriate that some critical aspects of the policy be further developed in order to assist with the tenant selection management process. Tenant selection management has become a more intricate process in recent years due in large part to an increasing number of applications from immigrants and people who may have previously been eligible for some form of residential care.

By addressing this issue now, the Council will be better placed to clearly demonstrate that it has a consistent and transparent tenant selection process.

BACKGROUND

Traditionally, the prime function of Christchurch City Council Housing was to provide accommodation for elderly persons. Over time, this focus developed to include other persons on low incomes with an established housing need. This developed into a two-tier rental system of Elderly Persons Housing and Public Rental Housing. The distinction between Elderly Persons Housing and Public Rental Housing, insofar as rental levels are concerned, was discontinued as part of the 2003 rental review. There is now no Elderly Persons/Public Housing distinction when renting Council property; rather the rental charged reflects the asset type and the cost to maintain/replace that asset.

City Housing is working through a reorganisation process which involves a change of direction and refocusing for staff on housing outcomes and the development of new, and the enhancement of existing, administrative systems and processes. This reorganisation is close to completion but in order for it to be sustainable, it is necessary for the Council housing policy to be clarified and the proposed wait-list management system ratified.

POLICY CLARIFICATION

The Welfare Services section of the Council Housing Policy requires that the Council continues its role as a provider of rental housing and that priority be given to those with an identified housing need. The term "Housing Need" is defined in existing policy terms on the basis of the following factors:

- Age
- Income
- Level of assets
- Quality of existing accommodation
- Access to services
- Ability to cope
- Surrounding
- Safety

All the factors identified have been taken into account in the development of this report and resulting recommendations.

ELIGIBILITY

Age – with changing demographics, lifestyles and greater integration of health services clients into the community, it is timely to review the City Housing eligibility criteria at the same time as the wait-list system is being refined.

It is notable that a trend has been developing where the bulk of applicants are less than 60 years of age. This is illustrated in the following table:

Quarter Ended	Age not given	Up to 21 yrs	21-30 years	31-40 years	41-50 years	51-60 years	Over 60 Years	
31/03/02	0	21	66	80	49	42	62	320
30/06/02	0	20	43	51	39	47	60	260
30/09/02	6	18	41	51	48	49	72	285
30/12/02	5	6	53	49	55	39	61	268
03/03/03	5	15	43	60	50	34	64	271
30/06/03	0	3	38	42	41	32	52	208
30/09/03	1	7	39	35	44	37	52	215
	17	90	323	368	326	280	423	

There are currently limitations on our ability to house younger people, ie those below 55 years of age, as a significant percentage of the housing stock was built specifically for elderly people, the definition of which included younger people on an invalid benefit.

Currently, we are attempting to research Council records to determine those units built with the elderly persons constraint attached but this is proving difficult to complete due to the majority of housing being built prior to the amalgamation of local bodies and the consequent "loss" of records during the amalgamation process. Some records were destroyed or archived without trace. However, where we do know that certain units were built specifically for the elderly, every endeavour is made to restrict incoming tenants to those who match this criteria, bearing in mind that the definition of "elderly" for this purpose includes those people on an invalids benefit.

Quarter Ended	Invalid Benefit	55+ Transitional	Superannuation	Other	Total Application
31/03/02	69	3	43	205	320
30/06/02	63	2	44	151	260
30/09/02	65	2	51	167	285
31/12/02	60	1	38	169	268
31/03/03	64	2	45	160	271
30/06/03	37	2	30	139	208
30/09/03	56	2	35	122	215

There appear to be two options available in terms of managing the age criteria:

- (i) Continue to research the complexes built specifically for the elderly and maintain the practice of tenanting with elderly people only (including those on invalids benefits); or if a need is demonstrated apply for resource consent, publicly advertised for each complex.
- (ii) Apply for resource consent, publicly advertised for each complex to enable occupancy by any person regardless of age.

A further complicating factor is that we do not seem to be attracting the number of applications from elderly people as in the past. This statement is anecdotal only, based on Housing Officers' observations, as it is only in recent times that reliable statistics have been kept. The reasons for the lessening number of applications from older persons are difficult to gather but some apparent factors are: the proliferation of retirement villages; housing complexes located in inappropriate areas eg considerable distance from shops, services, medical, bus stops etc. There may be other reasons also and this would constitute a useful research project.

In the meantime, as a preliminary positive move, it is considered appropriate that the age limits currently being observed continue to apply ie 55 years and over including people on an invalids benefit – meaning those on an invalids benefit are not required to be 55 years of age or over, for those complexes identified as being built with this restriction imposed; and those units previously shown as public rental, continue to be available for tenanting without any age restriction.

RESIDENCY STATUS

Consideration has been given to the aspect of a qualifying Christchurch residency requirement in view of the Council (Christchurch citizens) ownership of the housing portfolio. This would recognise the contribution made to the Christchurch community by the applicant. However, as this would require exceptions to cater for people returning to Christchurch, elderly people moving to Christchurch to be near other family members and people moving to Christchurch to participate in recovery programmes such a restriction would be problematic in terms of management. It is suggested that in terms of waiting list priority, the waiting list priority system take account of whether or not an applicant has a demonstrated relationship with Christchurch City and/or its citizenry.

With regard to immigrants to New Zealand, there is a need to ensure our housing eligibility criteria in relation to residency status is clear, transparent and easily understood by applicants, support agencies, Councillors and staff. The most transparent and sustainable policy would seem to be to link our New Zealand residency requirement to the New Zealand Immigration Services' Resident Status which establishes an immigrant's entitlement to access government services including income support and housing through Housing New Zealand. By adopting this criterion, the following classes of immigrants would qualify for City Housing:

- Immigrants granted Refugee Status
 - Immigrants in possession of a NZ Residence Visa
 - Immigrants in possession of a NZ Residence Permit
 - Immigrants in possession of a Returning Residence Visa
- } With most recent date of entry stamps in passport more than 2 years old.

By applying the above criteria, those immigrants utilising Residence Visas, Permits or Returning Residence Visas whose most recent date of entry stamp in their passport is LESS than two years old, and those who are utilising Work/Student/Temporary/Visiting Visas or Permits would be excluded from eligibility for City Housing accommodation.

The adoption of the criteria detailed above would ensure our residency criteria is transparent and sustainable with the added advantage of ease of amendment in keeping with future changes to the Government's immigration policy; it also mirrors the current policy of Housing New Zealand Corporation.

INCOME

As City Housing basically targets people on low incomes, it is essential that there be an appropriate qualifying income level established. Currently the income level is blurred and requires redefining to ensure consistency, transparency and sustainability. In developing an income level criterion it would be appropriate to develop a linkage to an acknowledged base level. In this case, a reasonable linkage may be to the gross weekly rates of New Zealand Superannuation which are based on individual circumstances as per the following table:

Single Person - living alone	\$245.30 each (net)	\$12,755.60 (net)
Single person – sharing	\$226.43 (net)	\$11,774 (net)
Married Person (each)	\$188.69 (net)	\$9,812 (net)
Married Couple - both partners qualify (each)	\$188.69 (net)	\$9,812 each (net)
Married Couple – only one partner qualifies	\$179.91 (net)	\$9,355 each (net)

The policy of Housing New Zealand Corporation (HNZC) is primarily aimed at assisting people on low income; Housing New Zealand Corporation definition of low income is:

“For a single tenant with no dependent children, low income means up to the single living alone rate of New Zealand Superannuation, after tax. For all other tenants, it means up to the married couple rate of New Zealand Superannuation, after tax.”

The New Zealand Superannuation rates referred to are detailed in the above table.

As a comparison, the role of the City Housing business unit of the Wellington City Council is to provide housing to low income families and individuals whose needs are not met by the private sector housing market. The income eligibility threshold used by the Wellington City Council is detailed in the following table:

Family Type	Weekly Income (Net)	Annual Income (Net)
1 Adult	\$418	\$21,736
1 Adult & 1 Child	\$512	\$26,624
1 Adult & 2 Children	\$592	\$30,784
1 Adult & 3 Children	\$681	\$35,412
1 Adult & 4 Children	\$708	\$36,816
2 Adults	\$445	\$23,140
2 Adults & 1 Child	\$538	\$27,976
2 Adults & 2 Children	\$619	\$32,188
2 Adults & 3 Children	\$708	\$36,816
2 Adults & 4 Children	\$750	\$39,000
3 Adults	\$708	\$36,816

As an explanation of the Wellington City Council income eligibility threshold it is noted that the income threshold for a two adult household is set at 60% of the median household income for Wellington City, and adjusted for family size and composition according to the Lazear scale.

As a further comparison, rates for the Unemployment Benefit are shown in the following table:

Single 18 to 19 – at home	\$107.76	\$5,604 pa
Single 18 to 24	\$134.70	\$7,004 pa
Single 25 plus	\$161.65	\$8,406 pa
Single plus 1 child	\$231.53	\$12,040 pa
Single plus 2 children	\$252.60	\$13,135 pa
Married Couple	\$269.40	\$14,009 pa

With the idea in mind of utilising an income eligibility test which is transparent, sustainable and easily adjusted it would seem that the low income test applied by HNZC may be appropriate as it is linked to an established base i.e. National Superannuation.

However, the National Superannuation base alone does not make provision for those older persons who receive New Zealand Superannuation and have also managed to accrue some investments, paying interest/dividends. To account for this, it is suggested the income limit be calculated at 1.5 times the rates detailed at paragraph 6.1. This method of calculation is consistent with that used by HNZC which would raise the income limit to the levels demonstrated in the following table:

Family Type	Weekly NZ Super	Annual NZ Super	Weekly NZ Super @ 1.5	Annual NZ Super @ 1.5
Single Person - living alone	\$245.30	\$12,756	\$367.95	\$19,133
Single Person - sharing	\$226.43	\$11,774	\$339.64	\$17,661
Married Couple - joint	\$377.38	\$19,623	\$566.07	\$29,436

Note: ① The income levels are net (after tax).
 ② Annual figures quoted have been rounded to the nearest dollar

ASSETS

Currently, within Christchurch City Housing, asset levels of \$25,000 for a single person and \$35,000 for a couple apply albeit without policy guidelines. These levels include, but are not limited to, cash in hand, bank deposits, real estate, private superannuation schemes, bonus bonds, family trusts, motor vehicles (other than personal motor vehicle), boats, etc. Assets, however, do not include furniture or personal effects.

The single/couple distinction does not fit particularly well with the revised rental structure whereby rentals are now assessed on a unit (flat) basis other than single/dual occupancy (effective from July 2003). In keeping with this, it would be appropriate to account for assets in the same manner. With this in mind, it is proposed that the asset levels be adjusted as follows:

Couple – Maximum \$30,000 per unit, Single Person - \$20,000. Applicants other than New Zealand Superannuation Recipients – Maximum \$20,000 per unit.

These limits do not include furniture or personal effects but do include personal motor vehicles.

These limits will be reviewed annually based on the annual rate of inflation.

The ownership or previous recent ownership (ie within five years) of real estate is tested as part of the asset assessment process. In some instances, applicants present as owning property but contend they are unable to utilise it as it is subject to marriage/partnership dissolution settlement. It is proposed that the City Housing Manager/Team Leader have the discretion to consider such cases on their merits but subject to solicitor's confirmation of the applicants' contention and the statutory declaration process.

For comparative purposes the asset levels utilised by HNZC and Wellington City Council are:

HNZC: \$19,732 per household. This level is linked to 10% of the national average house price.

An applicant's first motor vehicle is not included in this asset level.

Wellington City Council: Applicants under 50 years of age must not have cash and investments exceeding \$35,000.

Applicants over 50 years of age must not have cash and investments exceeding \$50,000.

Motor vehicles are not included in this asset level.

Once it is established that the applicant meets the age, residency status, income and asset level eligibility criteria, the next step is to assess the applicant's actual housing need.

HOUSING NEED

In assessing the applicant's housing need, once eligibility has been established, the following factors are to be considered:

- Quality of existing accommodation
- Access to Services
- Ability to cope
- Overcrowding
- Safety

In developing the housing need criteria, the above factors, identified in the welfare services section of the Council's housing policy, have been subsumed into the following categories, which are consistent with criteria utilised by HNZC although the definitions surrounding this criteria are not an exact duplication of HNZC definitions.

- Affordability, Adequacy, Suitability, Accessibility and Sustainability.

These categories are defined to include:

(i) **Affordability**

Inability to afford housing in the private market. Ability to afford City Housing rental on a sustained basis.

In assessing affordability, the following checks and balances will be applied:

- Net Income = After deduction of lawful expenses eg Court orders/IRD etc.
- Income of all household members to be housed to be taken into account.
- Boarders and subleasing not permitted.
- Credit checks will be required of all applicants to determine if there are high debt levels which may mitigate against the ability to afford the rent and to determine if there is a significant history of rental arrears.

(ii) **Adequacy**

This takes into account the physical condition/structure of present accommodation.

(iii) **Suitability**

- Suitability of City Housing accommodation to meet applicant's needs.
- Ability of applicant to function appropriately in an intensive housing environment.
- Social compatibility with existing tenants in specific complex.

(iv) **Accessibility**

- Ease of application/allocation process.
- Location including ability to access transport services, shops, medical and other support services, and proximity to friends/relatives/care-givers.
- Design features for applicants with special needs.

(v) **Sustainability**

- Ability to afford rent on a long-term basis.
- Ability to live harmoniously and independently (in some instances Management Plans will be required from recognised caregivers).
- Security of tenure – has a proven need for housing.
- Suitability of City Housing accommodation for foreseen future needs eg age, medical conditions etc.

WAIT-LIST MANAGEMENT

Once the eligibility of an applicant has been determined, the next step will be to interview the applicant in order to assess suitability for City Housing accommodation and to prioritise for waiting list purposes.

Interviews will be arranged on an appointment basis and it is intended that at the conclusion of the interview applicants will be informed of their category rating. It will not be practicable to inform an applicant of his/her specific position on the waiting list, as the allocation of a unit will depend to a large extent on the prospective tenant's suitability for specific complexes. Also, other applicants may present at a later date with a more pressing housing need.

It is proposed that there be four categories into which applicants will be sorted:

- Category A: Immediate housing needs assessed around factors of homelessness, current accommodation unsuitable/substandard, pending tenancy termination in less than 30 days.
- Category B: Moderate housing need; assessed around factors of current housing overcrowded, pending tenancy termination in 30–90 days.
- Category C: Low level housing need; applies to applicants who are eligible but do not meet the Category A or B criteria.
- Category D: Not eligible; this is an administrative requirement for data base purposes and will normally be determined without an interview being required. However, it is possible some applicants may prove eligibility on paper but when interviewed present in such a manner that it is considered they constitute too great a risk to other tenants' wellbeing.

A points system is required to facilitate the successful management of the waiting list. This point system will automatically place applicants in the appropriate A, B, C, and D category and prioritise within these categories.

In developing the A, B, C categories, it is important to ensure that the system recognises the differing levels of need. To this end, it is necessary to ensure the points system is sufficiently robust to withstand scrutiny and is capable of ensuring Category A does not automatically become the most populous. The ideal would be to have a maximum of 10% of eligible applicants categorised into Category A with say 70% Category B and 20% Category C. However, such rigidity may be difficult to explain and be at variance with the aim of achieving a transparent, fair and sustainable system of prioritisation. The answer lies in ensuring our interview techniques are robust, consistent and objective. The 10%, 70%, 20% allocation should be considered to be a guide only and we should not attempt to adhere rigidly to them. Should monitoring prove that there is a disproportionate percentage of applicants classified as Category A priority, the points system may then require a review and adjustment.

A points system is an operational tool and this will be developed with urgency upon acceptance of this report.

PERSONAL RENTAL REVIEWS

It is acknowledged that some City Housing tenants' financial circumstances do change over a period of time. An applicant may qualify in terms of income level for a City Housing flat and during the tenancy obtain employment, receive income from an inheritance etc to the extent that if then applying for Council accommodation would not meet the eligibility criteria.

As part of the re-organisation of City Housing responsibilities, the Housing Officers will be annually interviewing all tenants on a formal basis. Part of this interview process will involve checking tenants' incomes and asset levels. It is proposed that when this check determines that a tenant no longer meets the income/asset test, the tenant be informed that the rent will increase to market rent at the effective date of the next rent review. However, due to the constraints imposed by the Residential Tenancies Act 1986 it may be that in some instance the rent cannot be increased for a period of twelve months.

Recommendation: 1. It is recommended that:

- (i) (a) That an age limit of 55 years and a requirement for applicants to be on an invalids benefit continue to apply to those complexes where a requirement for such conditions was imposed at the time the complexes were built.
 - (b) That those units previously known as 'Public Rental', continue to be available for tenancing without any age restriction.
 - (ii) An application for resource consent be made where necessary to facilitate occupancy by any person of units at complexes constructed for the 'Elderly'.
 - (iii) The following Residency Status criteria be applied in defining eligibility of City Housing accommodation:
 - Immigrants granted Refugee Status
 - Immigrants in possession of a NZ Residence Visa
 - Immigrants in possession of a NZ Residence Permit
 - Immigrants in possession of a Returning Residence Visa
- } With most recent date of entry stamps in passport more than 2 years old
- (iv) Income levels for eligibility purposes be established at the level of National superannuation x 1.5; from 1 December 2003 this will be:

Family Type	Annual Income
Single Person - living alone	\$19,133
Single person – sharing	\$17,661
Married Couple (combined income)	\$29,436
Partners (2 x combined income)	\$29,436

These levels to be adjusted periodically in accordance with movements in the rates of National Superannuation.

- (v) Asset levels for eligibility purposes be established from 1 December 2003, at:

Single person living alone	\$20,000
Married couple or a couple in a relationship in the nature of a marriage	\$30,000

These levels to be adjusted annually in accordance with the rate of inflation, linked to income levels in this policy.

Assets include:

- All motor vehicles
- Prepaid funeral expenses in excess of \$10,000
- Cash-in-hand
- Bank deposits
- Private Superannuation schemes
- Bonus Bonds
- Family Trusts
- Other investments
- Boats
- Other items of value in excess of \$1,000.
- Real estate. However, Team Leader/Manager to have discretion to apply full or limited dispensation where the applicant is unable to utilise real estate due to marriage/partnership dissolution settlement subject to solicitor's confirmation and statutory declaration process; in instances of this type a six month fixed contract to apply.

Assets do not include furniture or personal effects.

(vi) The following housing need criteria be adopted:

(i) **Affordability**

Inability to afford housing in the private market. Ability to afford City Housing rental on a sustained basis.

In assessing affordability, the following checks and balances will be applied:

- Net Income = After deduction of lawful expenses e.g. Court Orders/IRD etc.
- Income of all household members to be housed to be taken into account.
- Boarders and subleasing not permitted.
- Credit checks will be required of all applicants to determine if there are high debt levels, which may mitigate against the ability to afford the rent and to determine if there is a significant history of rental arrears.

(ii) **Adequacy**

This takes into account the physical condition/structure of present accommodation.

(iii) **Suitability**

- Suitability of City Housing accommodation to meet applicants' needs.
- Ability of applicant to function appropriately in an intensive housing environment.
- Social compatibility with existing tenants in specific complex.

(iv) **Accessibility**

- Ease of application/allocation process.
- Location including ability to access transport services, shops, medical and other support services, and proximity to friends/relatives/care-givers.
- Design features for applicants with special needs.

(v) **Sustainability**

- Ability to afford rent on a long-term basis.
- Ability to live harmoniously and independently (in some instances Management Plans will be required from recognised care-givers).
- Security of tenure – has a proven need for housing.
- Suitability of City Housing accommodation for foreseen future needs e.g. age, medical conditions etc.

(vii) The wait-list categorisation based on the following be adopted:

- **Category A:** Immediate housing needs assessed around factors of homelessness, current accommodation unsuitable/substandard, pending tenancy termination in less than 30 days.
- **Category B:** Moderate housing need; assessed around factors of current housing overcrowded, pending tenancy termination in 30-90 days.
- **Category C:** Low level housing need; applies to applicants who are eligible but do not meet the Category A or B criteria.
- **Category D:** Not eligible; this is an administrative requirement for database purposes and will normally be determined without an interview being required. However, it is possible some applicants may prove eligibility on paper but when interviewed present in such a manner that it is considered they constitute too great a risk to other tenants' wellbeing.

(viii) Tenants income/assets be reviewed annually and where a tenant's income and/or asset level exceeds the approved limits the rent increase to market rent at a date which is in accordance with the provisions of the Residential Tenancies Act 1986.

2. That the following current policy statement be rescinded as subsections (i), (iv), (v) and (vi) take account of these factors:

"COUNCIL HOUSING POLICY – WELFARE SERVICES

That housing needs be defined on the basis of the following factors:

Age

Income

Level of Assets

Quality of existing accommodation

Access to services

Ability to cope

Overcrowding

Safety"