



CHRISTCHURCH CITY COUNCIL AGENDA

THURSDAY 6 APRIL 2006

AT 9.30AM

IN THE COUNCIL CHAMBER, CIVIC OFFICES

Council: The Mayor, Garry Moore (Chairperson).
Councillors Helen Broughton, Sally Buck, Graham Condon, Barry Corbett, David Cox, Anna Crighton,
Carole Evans, Pat Harrow, Bob Parker, Bob Shearing, Gail Sheriff, Sue Wells and Norm Withers.

ITEM NO	DESCRIPTION
1.	APOLOGIES
2.	CONFIRMATION OF MINUTES - COUNCIL MEETING OF 30.3.2006
3.	DEPUTATIONS BY APPOINTMENT
4.	PRESENTATION OF PETITIONS
5.	CORRESPONDENCE
6.	HOUSING PORTFOLIO - 2006 RENT REVIEW
7.	VARIABLE SPEED LIMITS
8.	BERTELSMANN AWARD FUND - PROGRAMMES FOR COUNCILLORS AND STAFF
9.	REPORT OF THE HAGLEY/FERRYMEAD COMMUNITY BOARD - MEETING OF 8 MARCH 2006
10.	REPORT OF THE CHAIR OF THE HAGLEY/FERRYMEAD COMMUNITY BOARD
11.	REPORT OF THE SPREYDON/HEATHCOTE COMMUNITY BOARD - MEETING OF 7 MARCH 2006
12.	REPORT OF THE CHAIR OF THE SPREYDON/HEATHCOTE COMMUNITY BOARD
13.	NOTICES OF MOTION
14.	QUESTIONS
15.	RESOLUTION TO EXCLUDE THE PUBLIC

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- 1. APOLOGIES**

- 2. CONFIRMATION OF MINUTES - COUNCIL MEETING OF 30.3.2006**
Attached.

- 3. DEPUTATIONS BY APPOINTMENT**

- 4. PRESENTATION OF PETITIONS**

- 5. CORRESPONDENCE**

6. HOUSING PORTFOLIO - 2006 RENT REVIEW

General Manager responsible:	General Manager Community Services DDI 941 8534
Officer responsible:	Acting Unit Manager, Community Support
Author:	Rob Steel, Strategic Property Analyst, DDI 941 8168 Kevin Bennett, City Housing Manager, DDI 941 8576

PURPOSE OF REPORT

1. The purpose of this report is to assess the housing portfolio rents for the 2006/07 financial year, and to seek Council approval for rent adjustments.
2. The report also recommends adjusting garage rents.

EXECUTIVE SUMMARY

3. The 2006 rent review has been undertaken to ensure that all future maintenance, renewal and capital requirements are met in a sustainable way ie without rates subsidisation. Rents are set in relation to the cost of consumption methodology (the rent level needed to meet future maintenance, renewal and capital costs). The rents are then assessed for tenants' affordability and finally compared with market rents to calculate how much of a discount City Housing rents are below market levels.
4. A rent review mechanism and policy was approved by the Council in 2003, whereby rents are to be reviewed annually and adjusted in accordance with cost of consumption methodology. Any Council approved changes to levels of service also affect rent levels through the cost of consumption methodology.
5. The recommendation of this report is to apply an adjustment to rentals (to levels set out below) based on the Council's previously resolved policy to annually review rentals in line with the cost of consumption methodology. It also acknowledges that future costs are likely to rise faster than inflation (Consumer Price Index - CPI), and therefore future rent assessments should follow these costs in order to maintain the housing portfolios long term financial viability.
6. Rents for the garages and car ports, which are let separately to tenants, have not been adjusted since 1987. There is no Council policy reason why garages should be let at below market levels. This report recommends adjusting garage rents upwards by \$5 per week based upon a report from independent consultants.

FINANCIAL AND LEGAL CONSIDERATIONS

7. The City Housing portfolio is a self funded standalone portfolio, and has no impact on rates as set by the Council. The Housing Development Fund (HDF) is designed to assist replacement costs and maintain agreed upon levels of service. Ongoing renewal costs are predominately supported by rental charges, while replacement costs are funded through a combination of cash flows and drawdowns from the HDF.
8. The land and buildings, as a whole, owned by the Council for its public housing provision have been identified and listed by the Council as a strategic asset. Its Community Services is a significant activity in terms of the Councils' policy on significance. However, it is the view of the Legal Services unit that the proposed rent review is not such that it needs to be explicitly provided for in the Councils' Long-Term Council Community Plan, and a special consultative procedure adopted.
9. Council staff have, in identifying all practicable options for achieving the objective of reviewing its housing rentals and giving consideration to the views of those people affected by or having an interest in the matter, complied with the procedures set out in the Local Government Act 2002.

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Relevant Current Policy

10. *"The asset management policy requires the Council to ensure that the housing fund is financially self supporting, (allowing for all costs including depreciation, loan servicing, administration and maintenance).*
11. The Housing Tenancy Services Policy states:
- "(a) That the Council, in fulfilling its role as housing provider, seek to offer security of tenure to tenants, as appropriate.*
- (b) That, from July 1991, equivalent properties attract the same level of rent for the same level of occupancy.*
- (c) That differential rents between single and double occupancy remain.*
- (d) That the annual rent review date for all tenancies be the first rental period in July."*
12. The Council Housing Portfolio - Strategic Overview states:
- "That the Housing Development Fund be carefully managed in conjunction with the housing asset management plan so as to ensure sustainability of the Council housing portfolio in perpetuity, based on an "affordable" rental policy averaging approximately 80% of "market" rents."*
13. The Council, as a landlord, is required to supply tenants with a 60 day notification of rent adjustment under the Residential Tenancies Act 1986. Therefore it is necessary for written confirmation of any rental adjustment to be received by tenants by the end of April 2006 in order for it to be effective for the first rental period in July 2006. The effective date of the first rental period in July is specified in the council's residential tenancy agreements.
14. The majority of City Housing tenants are entitled to the accommodation supplement through WINZ. This subsidy pays 70 cents in every dollar of rent in excess of the entry threshold, which is based upon 25% of the tenants' assessed gross income, thereby mitigating the actual rent increase to the tenant. It has been assumed, in accordance with the last five year trend, that both benefits and the entry threshold for the accommodation supplement will increase with inflation (Statistics New Zealand - December 2005).

STAFF RECOMMENDATIONS

It is recommended that the Council adopt:

- (a) The following gross rents for the Housing portfolio from 1 July 2006, and thereafter future adjustments be in line with the assessed costs of maintaining the housing portfolios long term financial viability.

Accommodation type	A Grade	B Grade	C Grade
Flattng units		\$64.10	
Bedsits		\$85.40	
Studios		\$90.30	
1 Bedroom	\$122.00	\$101.90	\$92.70
2 Bedroom	\$154.90	\$139.70	\$122.00
3 Bedroom	\$205.00	\$169.60	\$143.40
4 Bedroom	\$226.30	-	-

- (b) A rent of \$15 per week for garages and \$12 per week for car ports from 1 July 2006.

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BACKGROUND ON RENTALS

15. The Christchurch City Council is one of the largest landlords in Christchurch with approximately 2,600 units. The Council's policy is set out in its strategic policy statement for housing:

The Christchurch City Council contributes to the community's social well-being by ensuring safe, accessible and affordable housing is available to people on low incomes including elderly persons and people with disabilities.

16. A breakdown of the housing stock by property type is shown below:

City Housing - Property type

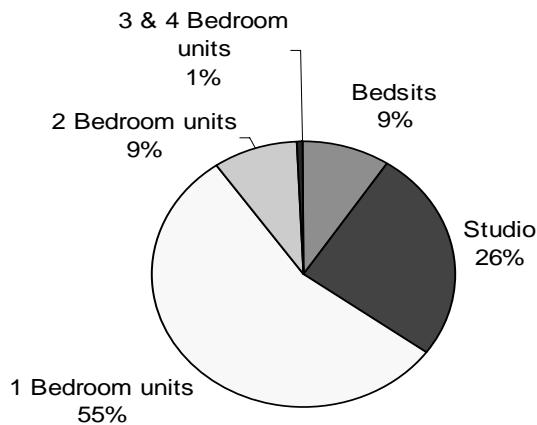


Chart 1

17. A study on "Mortality of New Zealand Housing stock", identified that 50% of buildings built will need to be replaced or demolished by the time they reach 90 years of age. Most of the housing portfolio was constructed during the 1970's as illustrated below. As a result the Council's housing stock is likely to require substantial replacement between 2060 to 2075.

Age profile of housing stock

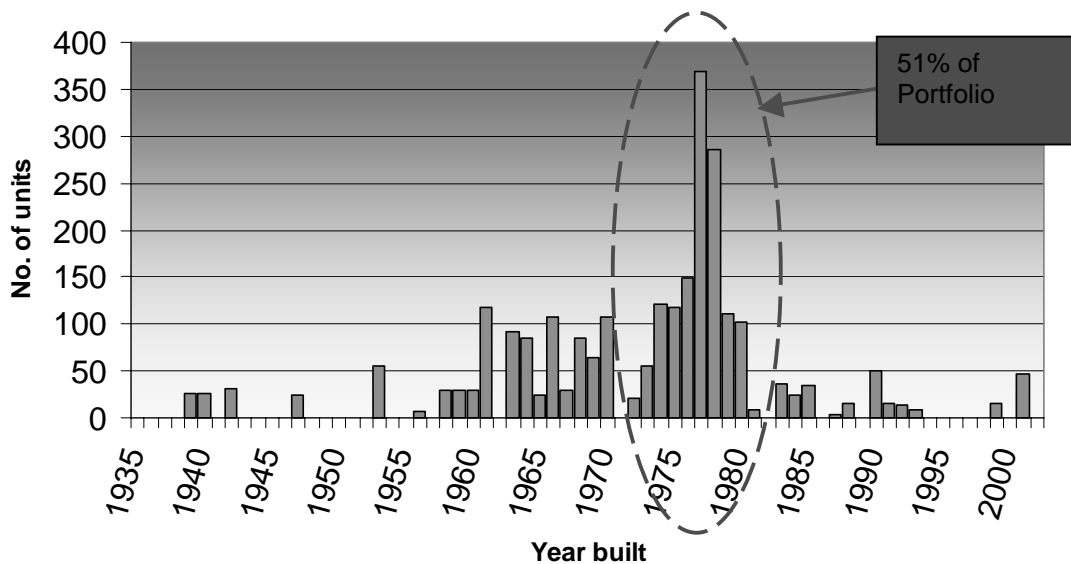


Chart 2

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18. As the City Housing portfolio is entirely self funded and does not receive any support from rates, the Council established a Housing Development Fund (HDF), which will, accumulate over the next 55 years to fund this future replacement programme, some of which will take place prior to 2060. The HDF is funded by depreciation and surpluses from the operating budget. The balance on the HDF currently stands at \$9.68 million (10 February 2006), with outstanding loans of \$7.35 million.
19. In 2003 the Council agreed, following a period of no rent increases, to adjust the rents across the different property types, and introduce a uniform rent policy across Christchurch. The effects were to categorise the accommodation based on the number of bedrooms and unit quality. This unit quality was based on A, B and C classifications, with units classed as A providing the best quality accommodation and C units a basic level of accommodation, with most units being graded B. The process of implementing the uniform rent policy was for some tenants spread over two years to moderate the impact. The Council also resolved that future adjustments will be in line with inflation.
20. In 2004 and 2005 the Council agreed to adjust the rents in line with inflation (Consumer Price Index (CPI) - December 2003/2004), being 1.6% and 3% respectively. With both of these rent reviews staff identified risk associated with construction based costs rising above normal CPI levels.
21. This report identifies a need to adjust the rents at a rate higher than current inflation in order to meet the present and future operating costs of the housing stock based on existing agreed levels of service, plus to continue accumulating a HDF to meet the long term replacement programme.
22. A number of assumptions are adopted in this process to ensure that the Housing portfolio is managed on a sustainable basis over a 90-year life cycle of the average dwelling. The key assumptions are as follows:
 - Annual adjustment of rentals to allow for increased costs.
 - Inflationary adjustments to costs.
 - Annual surpluses accrue to grow the HDF to levels required to sustain the housing stock at current agreed upon levels of service.

OPTIONS - HOUSING RENTS

23. The cost of consumption methodology identifies the need to adjust rents faster than inflation (CPI). This is based on the assumption that City Housing's costs are more sensitive to changes to specific components of CPI eg construction costs, compared with CPI as a whole, which is based on a wider range of goods and services.
24. The cost of consumption methodology results are then assessed to see the impact on tenants' affordability. Affordability is considered to be the ability to rent a property whilst leaving sufficient income to maintain an acceptable standard of living. The Royal Commission on Social Policy has adopted an affordability threshold being based on 25% to 30% of gross income.
25. Finally the results are compared to calculate the gap between City Housing rents compared with market rents.
26. From these three options have been identified for the Council's consideration:
27. **Option 1 - To adjust net rents by an average of \$7.00 per week and thereafter maintain future increases at CPI.**
28. This option allows some catch up and thereafter increasing rents at CPI, as in line with previous policy. Whilst this enables City Housing to remain financially viable over a 95 year period, this declines to a point where future adjustments above inflation will be required. This is owing to the housing portfolio costs rising, as a result of construction and labour costs increasing faster than the CPI.

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29. Set out below is a table showing how the rent adjustment affects tenants after deducting the accommodation supplement.

Benefits	Accommodation	2005	2006	Market Rent	2006 net	2006 net
		net rent (pw)	net rent (pw)		increase (pw)	increase (per day)
Superannuitants	Studio	\$67.00	\$73.32	\$149.20	\$6.32	\$0.90
	1 Bedroom	\$69.85	\$76.79	\$158.35	\$6.94	\$0.99
	2 Bedroom	\$102.95	\$112.70	\$213.57	\$9.75	\$1.39
	3 Bedroom	\$110.30	\$121.67	\$266.59	\$11.37	\$1.62
Invalids	Studio	\$60.49	\$66.60	\$149.20	\$6.11	\$0.87
	1 Bedroom	\$63.34	\$70.07	\$158.35	\$6.74	\$0.96
	2 Bedroom	\$95.25	\$104.76	\$213.57	\$9.51	\$1.35
	3 Bedroom	\$102.60	\$113.72	\$266.59	\$11.12	\$1.58
Unemployment and sickness	Studio	\$51.60	\$57.42	\$149.20	\$5.82	\$0.83
	1 Bedroom	\$54.45	\$60.90	\$158.35	\$6.45	\$0.92
	2 Bedroom	\$88.95	\$98.25	\$213.57	\$9.30	\$1.33
	3 Bedroom	\$96.30	\$107.22	\$266.59	\$10.92	\$1.56

Recommended

30. Option 1 is identified by staff as the recommended course of action.
31. **Option 2 - Adjust net rents by an average of \$5.20 per week and thereafter adjust rents in line with operating expenditure.**
32. Option 2 enables some catch up but maintains future adjustments in line with operating expenditure, which is expected to increase faster than inflation owing to its sensitivity to changes in construction and labour costs. This option maintains the housing portfolios long term financial viability.

Benefits	Accommodation	2005	2006	Market Rent	2006 net	2006 net
		net rent (pw)	net rent (pw)		increase (pw)	increase (per day)
Superannuitants	Studio	\$67.00	\$71.76	\$149.20	\$4.76	\$0.68
	1 Bedroom	\$69.85	\$75.04	\$158.35	\$5.19	\$0.74
	2 Bedroom	\$102.95	\$110.30	\$213.57	\$7.35	\$1.05
	3 Bedroom	\$110.30	\$118.75	\$266.59	\$8.45	\$1.20
Invalids	Studio	\$60.49	\$65.04	\$149.20	\$4.56	\$0.65
	1 Bedroom	\$63.34	\$68.32	\$158.35	\$4.98	\$0.71
	2 Bedroom	\$95.25	\$102.35	\$213.57	\$7.10	\$1.01
	3 Bedroom	\$102.60	\$110.80	\$266.59	\$8.20	\$1.17
Unemployment and sickness	Studio	\$51.60	\$55.87	\$149.20	\$4.27	\$0.61
	1 Bedroom	\$54.45	\$59.15	\$158.35	\$4.70	\$0.67
	2 Bedroom	\$88.95	\$95.85	\$213.57	\$6.90	\$0.98
	3 Bedroom	\$96.30	\$104.30	\$266.59	\$8.00	\$1.14

33. As this option assumes rent adjustments will be above CPI, we have assessed the long term impact of increasing rents above CPI. This shows that initially there is a reduction of affordability for most tenants but over a ten year period most tenants will be paying about 30% of their gross income on rent.
34. Option 2 is not identified by staff as the recommended course of action.

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35. **Option 3 - To adjust net rents by an average of \$3.30 per week and thereafter rents reviewed by CPI plus 0.5% every year.**
36. This option allows some catch up but spreads most of the required adjustment, to maintain financial viability, over 95 years. This means the HDF grows at a slower rate and during the period of greatest expenditure will lead to the highest level of borrowings. Consequently this option is clearly the most risky and therefore any subsequent changes could jeopardise City Housing's financial viability.

Benefits	Accommodation	2005 net rent (pw)	2006 net rent (pw)	Market Rent	2006 net increase (pw)	2006 net increase (per day)
Superannuitants	Studio	\$67.00	\$70.21	\$149.20	\$3.21	\$0.46
	1 Bedroom	\$69.85	\$73.29	\$158.35	\$3.44	\$0.49
	2 Bedroom	\$102.95	\$107.89	\$213.57	\$4.94	\$0.70
	3 Bedroom	\$110.30	\$115.83	\$266.59	\$5.53	\$0.79
Invalids	Studio	\$60.49	\$63.49	\$149.20	\$3.00	\$0.43
	1 Bedroom	\$63.34	\$66.57	\$158.35	\$3.23	\$0.46
	2 Bedroom	\$95.25	\$99.95	\$213.57	\$4.70	\$0.67
	3 Bedroom	\$102.60	\$107.88	\$266.59	\$5.28	\$0.75
Unemployment and sickness	Studio	\$51.60	\$54.32	\$149.20	\$2.72	\$0.39
	1 Bedroom	\$54.45	\$57.39	\$158.35	\$2.94	\$0.42
	2 Bedroom	\$88.95	\$93.45	\$213.57	\$4.50	\$0.64
	3 Bedroom	\$96.30	\$101.38	\$266.59	\$5.08	\$0.72

37. This option, initially, has the lowest impact on tenants affordability. However, long term tenants affordability declines at a rate of 1% every 10 years. Therefore most tenants will be spending over 30% of their gross income on rents within 40 years.
38. Option 3 is not identified by staff as the recommended course of action.

OPTIONS - GARAGE RENTS

39. An independent report prepared by Simes Ltd assessed the market rents for garages between \$20 to \$25 per week depending on quality and location. There are effectively three options available to the Council.

40. **Option 1 - No rent adjustment**

This in effect postpones a decision to adjust rents for another year, whilst ignoring market evidence showing rents are between \$10 to \$15 per week above City Housing garage rents.

Option 1 is not identified by staff as the recommended course of action.

41. **Option 2 - Adjust garage rents by \$5 per week and car ports by \$4 per week**

Option 2 is for the Council to adjust rents from \$10 per week to \$15 per week and car ports from \$8 to \$12 per week, in order to bring rents closer to market levels. This option still provides a \$5 to \$10 per week discount from assessed market rents.

Option 2 is identified by staff as the recommended course of action.

42. **Option 3 - Adjust garage rents by \$10 per week and car ports by \$8 per week**

This option proposes adjusting rent to or close to market levels. This may be beyond some tenants' ability to pay and could lead to tenants terminating their garage tenancies. The knock on effect would be higher vacancies and possible loss of garage income.

Option 3 is not identified by staff as the recommended course of action.

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PREFERRED OPTION

43. It is recommended that Option 1 (Housing rents) be adopted by the Council, with tenants paying on average an additional \$7.00 per week effective from 1 July 2006, and with future adjustments in line with operating expenditure.
44. It is recommended that Option 2 be adopted by the Council, with tenants advised of a rental adjustment (garage rents) of \$5 per week for garages and \$4 per week for car ports effective from 1 July 2006.

ASSESSMENT OF OPTIONS - HOUSING RENTS**The preferred option - Option 1**

45. To adjust net rents by an average of \$7.00 per week and thereafter maintain future adjustments at CPI.

	Benefits (current and future)	Costs (current and future)
Social	<ul style="list-style-type: none"> • An adequate standard of housing is met. • Allows agreed upon levels of service for the housing portfolio to be met. • Maintenance requirements are met and units are looked after to an acceptable standard. 	It would be more difficult for tenants to absorb this rental adjustment.
Cultural	As above.	As above.
Environmental	There are no identified environmental impacts.	There are no identified environmental impacts.
Economic	The Housing Development Fund grows quickly ensuring long term viability with no borrowings.	Costs continue to increase faster than CPI.
<p>Extent to which community outcomes are achieved: Primary alignment with community outcome Healthy and Active People Also contributes to A Liveable City and A Safe City</p> <p>Impact on Council's capacity and responsibilities: As the Housing Portfolio is a self funding activity there is no impact on rates. This option recommends an adjustment to ensure the long term viability of the Housing Development Fund. This fund ensures the housing stock is maintained in a sustainable manner.</p> <p>Effects on Maori: There are no specific impacts on Maori that are different to those to be experienced by other ethnic groups.</p> <p>Consistency with existing Council policies: The Council has resolved that the housing fund is financially self supporting. This option is consistent with Council policy.</p> <p>Views and preferences of persons affected or likely to have an interest: This report has been prepared based on Council Policy, along with information from previous rent reviews, and detail provided by City Housing.</p> <p>Other relevant matters: There are no other relevant matters identified.</p>		

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Option 2 - Housing Rents

46. Adjust net rents by an average of \$5.20 per week and thereafter adjust rents in line with operating expenditure.

	Benefits (current and future)	Costs (current and future)
Social	<ul style="list-style-type: none"> • An adequate standard of housing is met. • Allows agreed upon levels of service for the housing portfolio to be met. • Maintenance requirements are met and units are looked after to an acceptable standard. • Long term affordability is maintained. 	It may be difficult for some tenants to absorb this rental adjustment.
Cultural	As above.	As above.
Environmental	There are no identified environmental impacts.	There are no identified environmental impacts.
Economic	Ensures the long term viability of the Housing Development fund is protected.	Some borrowing may be required from 2060.
<p>Extent to which community outcomes are achieved: Primary alignment with community outcome Healthy and Active People Also contributes to A Liveable City and A Safe City</p> <p>Impact on Council's capacity and responsibilities: As the Housing Portfolio is a self funding activity there is no impact on rates. This option acknowledges future rent adjustments will have to be linked to operating and capital cost inflation to ensure the long term viability of the Housing Development Fund. This fund ensures the housing stock is maintained in a sustainable manner.</p> <p>Effects on Maori: There are no specific impacts on Maori that are different to those to be experienced by other ethnic groups.</p> <p>Consistency with existing Council policies: The Council has resolved that the housing fund is financially self supporting. This option is consistent with Council policy.</p> <p>Views and preferences of persons affected or likely to have an interest: This report has been prepared based on Council Policy, along with information from previous rent reviews, and detail provided by City Housing.</p> <p>Other relevant matters: There are no other relevant matters identified.</p>		

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Option 3 - Housing Rents

47. To adjust net rents by an average of \$3.30 per week with future rent increases of CPI plus 0.5%.

	Benefits (current and future)	Costs (current and future)
Social	<ul style="list-style-type: none"> • An adequate standard of housing is met. • Allows agreed upon levels of service for the housing portfolio to be met. • Maintenance requirements are met and units are looked after to an acceptable standard. • Low initial impact on tenants affordability. 	Long term affordability is put at risk.
Cultural	As above.	As above.
Environmental	There are no identified environmental impacts.	There are no identified environmental impacts.
Economic	The long term viability of the Housing Development fund is assured.	Substantial borrowings will be required from 2060.
<p>Extent to which community outcomes are achieved: Primary alignment with community outcome Healthy and Active People Also contributes to A Liveable City and A Safe City</p> <p>Impact on Council's capacity and responsibilities: As the Housing Portfolio is a self funding activity there is no impact on rates. This option recommends future rent adjustments of CPI plus 0.5% to ensure the long term viability of the Housing Development Fund. This fund ensures the housing stock is maintained in a sustainable manner.</p> <p>Effects on Maori: There are no specific impacts on Maori that are different to those to be experienced by other ethnic groups.</p> <p>Consistency with existing Council policies: The Council has resolved that the housing fund is financially self supporting. This option is consistent with Council policy.</p> <p>Views and preferences of persons affected or likely to have an interest: This report has been prepared based on Council Policy, along with information from previous rent reviews, and detail provided by City Housing.</p> <p>Other relevant matters: There are no other relevant matters identified.</p>		

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ASSESSMENT OF OPTIONS - GARAGE RENTS

Option 1 - Garage Rents

48. No rent adjustment.

	Benefits (current and future)	Costs (current and future)
Social	City Housing continue to provide a service below market rents.	None.
Cultural	As above.	As above.
Environmental	There are no identified environmental impacts.	There are no identified environmental impacts.
Economic	None.	Long term viability of the Housing Development Fund is put at risk as rent does not reflect market levels.
<p>Extent to which community outcomes are achieved: Primary alignment with community outcome Healthy and Active People Also contributes to A Liveable City and A Safe City</p> <p>Impact on Council's capacity and responsibilities: As the housing portfolio is a self funding activity there is no impact on rates. This option puts at risk the long term viability of the Housing Development Fund. This fund does not ensure the housing portfolio is maintained in a sustainable manner.</p> <p>Effects on Maori: There are no specific impacts on Maori that are different to those to be experienced by other ethnic groups.</p> <p>Consistency with existing Council policies: The Council has resolved that the housing fund is financially self supporting. This option is inconsistent with Council policy.</p> <p>Views and preferences of persons affected or likely to have an interest: This report has been prepared based on Council Policy, along with information from previous rent reviews, and detail provided by City Housing.</p> <p>Other relevant matters: There are no other relevant matters identified.</p>		

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The Preferred Option - Garage Rents

49. Garage rents adjusted by \$5 per week and car port rents by \$4 per week.

	Benefits (current and future)	Costs (current and future)
Social	<ul style="list-style-type: none"> • City Housing continue to provide a service below market rents. • Maintenance requirements are met and facilities are looked after to an acceptable standard. 	Tenants pay adjusted rental from existing income with no subsidy.
Cultural	As above.	As above.
Environmental	There are no identified environmental impacts.	There are no identified environmental impacts.
Economic	Ensures the long term viability of the Housing Development fund is protected.	Adjusted rental will be chargeable to tenants.
<p>Extent to which community outcomes are achieved: Primary alignment with community outcome Healthy and Active People Also contributes to A Liveable City and A Safe City</p> <p>Impact on Council's capacity and responsibilities: As the housing portfolio is a self funding activity there is no impact on rates. This option recommends a \$5 per week adjustment of garage rents, the first since 1987, to ensure the long term viability of the Housing Development Fund. This fund ensures the housing portfolio is maintained in a sustainable manner.</p> <p>Effects on Maori: There are no specific impacts on Maori that are different to those to be experienced by other ethnic groups.</p> <p>Consistency with existing Council policies: The Council has resolved that the housing fund is financially self supporting. This option is consistent with Council policy.</p> <p>Views and preferences of persons affected or likely to have an interest: This report has been prepared based on Council Policy, along with information from previous rent reviews, and detail provided by City Housing.</p> <p>Other relevant matters: There are no other relevant matters identified.</p>		

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Option 3 - Garage Rents

50. Adjust garage rents by \$10 per week and car port rents by \$8 per week.

	Benefits (current and future)	Costs (current and future)
Social	Maintenance requirements are met and facilities are looked after to an acceptable standard.	Tenants pay adjusted rental from existing income with no subsidy.
Cultural	As above.	As above.
Environmental	There are no identified environmental impacts.	There are no identified environmental impacts.
Economic	Ensures the long term viability of the Housing Development fund is protected.	Risk of higher voids and loss of garage income as rents are set at market levels.
<p>Extent to which community outcomes are achieved: Primary alignment with community outcome Healthy and Active People Also contributes to A Liveable City and A Safe City</p> <p>Impact on Council's capacity and responsibilities: As the housing portfolio is a self funding activity there is no impact on rates. This option recommends a \$10 per week rent adjustment to ensure the long term viability of the Housing Development Fund. This fund ensures the housing portfolio is maintained in a sustainable manner.</p> <p>Effects on Maori: There are no specific impacts on Maori that are different to those to be experienced by other ethnic groups.</p> <p>Consistency with existing Council policies: The Council has resolved that the housing fund is financially self supporting. This option is consistent with Council policy.</p> <p>Views and preferences of persons affected or likely to have an interest: This report has been prepared based on Council Policy, along with information from previous rent reviews, and detail provided by City Housing.</p> <p>Other relevant matters: There are no other relevant matters identified.</p>		

7. VARIABLE SPEED LIMITS

General Manager responsible:	General Manager City Environment, DDI 941 8656
Officer responsible:	Transport and City Streets Manager
Author:	Joy Kingsbury-Aitken, Schools Co-ordinator

PURPOSE OF REPORT

1. The purpose of this report is to recommend that the Council approve four new variable speed limits and include them in the Christchurch City Speed Limits Register.

EXECUTIVE SUMMARY

2. The Council has a programme of installing 40 km/h variable speed limits (known as “school zones”) outside schools according to a prioritisation process. To date 19 schools have benefited from this treatment. A further two schools, Manning Intermediate on Hoon Hay Road and Mathers Road, and Ilam School on Ilam Road and Kirkwood Avenue, have been selected as schools that would benefit from having 40 km/h variable speed limits installed. Two “schools zones” per school will be required for each school to cover all entrances to the schools. The “schools zones” will operate on schools days, for no more than forty-five minutes in the morning at a time between 8.00 am and 9.00 am and for no more than forty-five minutes in the afternoon at a time between 2.30 pm and 3.30 pm.
3. Now that the Council has formalised the Christchurch City Council Speed Limits Bylaw 2005, it can resolve to make these new variable speed limits. Accordingly infrastructure for these variable speed limits cannot be commissioned until they have been formally approved by the Council.

FINANCIAL AND LEGAL CONSIDERATIONS

4. The funding, for the current round of school zones will effectively be managed from a combination of the residual 2005/06 budget and part of the 2006/07 budget. Estimated costs currently stand at \$47,272 for two new school zones.
5. Before the Council can set a variable speed limit pursuant to Clause 5(1) of the Christchurch City Speed Limits Bylaw 2005, the public consultation requirements set out in Section 7.1 of the Land Transport Rule Setting of Speed Limits 2003 Rule 54001 must be complied with. Section 7.1(2) provides that the persons that must be consulted before the Council sets a speed limit are:
 - (a) *road controlling authorities that are responsible for roads that join, or are near, the road on which the speed limit is to be set or changed; and*
 - (b) *a territorial authority that is affected by the existing or proposed speed limit; and*
 - (c) *any local community that the road controlling authority considers to be affected by the proposed speed limit;*
 - (d) *and the Commissioner of Police, and*
 - (e) *the Chief Executive Officer of the New Zealand Automobile Association Incorporated, and*
 - (f) *the Chief Executive Officer of the Road Transport Forum New Zealand; and*
 - (g) *and other organisation or road user group that the road controlling authority considers to be affected by the proposed speed limit; and*
 - (h) *the Director of Land Transport New Zealand.”*
6. Section 7.1(3) of the Rule provides:

“A road controlling authority must consult by writing to the persons in 7.1(2) advising them of the proposed speed limit and giving them a reasonable time, which must be specified in the letter, to make submissions on the proposal.”
7. In terms of Section 7.1(2)(a) and 7.1(2)(b) there are no road controlling authorities or territorial authorities that are required to be consulted in respect of any of the proposed variable speed limits.

7 Cont'd

8. "Any local community that the road controlling authority considers to be affected by the proposed speed limit", has been identified as referring to the two schools affected, and to property owners who will have signs outside their properties, and to local residents within and in the vicinity of the proposed variable speed limit. Each school's board of trustees have been informed in writing of the proposed variable speed limits and have expressed support in writing of the installation of variable speed limits at their school. Information leaflets have been distributed to all the families of children attending the schools. Property owners have received written advice about the signage to be installed outside their properties and given a minimum of 14 days to make submissions about these. Three hundred residents in the area of each proposed variable speed limit have received an information leaflet and were given a minimum of 14 days from the time of delivery to make submissions. The distribution areas of this householder leaflet drop is shown in Attachment 1. The submissions received from property owners and residents in respect of each proposed variable speed limit are set out in Attachment 2. No submissions requiring actions needing to be addressed were received.
9. The representatives of the Commissioner of Police, the Director of Land Transport New Zealand, the Chief Executive Officer of the New Zealand Automobile Association Incorporated and the Chief Executive Officer of the Road Transport Forum of New Zealand have received written advice of the proposed new variable speed limits in accordance with Section 7.1(2)(d), (e), (f) and (h). No other organisation or road user group is considered affected by the proposed speed limits. No neighbouring road controlling authority is affected. Support for the proposed variable speed limits has been received in writing from the New Zealand Police and from Land Transport New Zealand. Land Transport New Zealand's support of the proposed school zone for Ilam School was conditional on electronic signage being installed in Kirkwood Avenue. This condition will be met.
10. The proposed variable speed limits comply with the conditions specified and published by the Director of Land Transport New Zealand in the *New Zealand Gazette* (2/6/2005, No. 86, p. 2051) approving a variable speed limit of 40 km/h in school zones and setting out conditions for those speed limits. A copy of that notice is attached (Attachment 3).

STAFF RECOMMENDATIONS

It is recommended that the Council resolve:

- (a) That it is satisfied that the consultation undertaken by the Council in respect of the proposals to set the four new variable speed limits of 40 km/h specified below meets the requirements of Section 7.1 of the Land Transport Setting of Speed Limits Rule 2003.
- (b) That pursuant of Clause 5(1) of the Christchurch City Speed Limits Bylaw 2005 a variable speed limit of 40 km/h apply on:
 - (i) Hoon Hay Road, outside Manning Intermediate School for a distance of 480 metres commencing at a point 40 metres east from the intersection of Coppell Place and extending in a south-easterly direction to a point 30 metres east from the intersection of Mathers Road, and on Mathers Road for a distance of 280 metres commencing from the intersection with Hoon Hay Road and extending in a north-westerly direction to a point 80 metres west from the intersection with Cedars Street.
 - (ii) Ilam Road, outside Ilam School for a distance of 290 metres commencing at a point 150 metres north from the intersection of Rountree Street and extending in a southerly direction to a point 50 metres north from the intersection with Hanrahan Street, and on Kirkwood Avenue for a distance of 510 metres commencing from the intersection with Ilam Road and extending in an easterly direction to a point 150 metres south from the intersection with Clyde Road.

when the steady state LED display 40 km/h legend in the variable speed limit sign is illuminated on any school day during the following times:

- (i) 35 minutes before the start of school until the start of school, and

7 Cont'd

- (ii) 20 minutes at the end of school, beginning no earlier than five minutes before the end of school; and
 - (iii) 10 minutes at any other time when at least 50 children cross the road or enter or leave vehicles at the roadside.
- (c) That the abovementioned variable speed limits shall come into force on the date of adoption of this resolution.

7 Cont'd

BACKGROUND ON VARIABLE SPEED LIMITS

11. In 2003 pedestrian and cycle facilities were installed in Hoon Hay Road, and the addition of 40 km/h variable speed limits is part of a suite of measures intended to reduce the speed of traffic outside Manning Intermediate for the benefit of pupils attending this school. Upland Road, a short no-exit street from which Hillmorton High has an entrance, intersects with Hoon Hay Road, and will in be included in the school zone. Secondary school students crossing Hoon Hay Road to get to this entrance off Upland Street may also benefit from the variable speed limit on Hoon Hay Road.
12. Ilam School is located adjacent to the University of Canterbury. The University generates a high volume of traffic that coincides with school arrival and departure times. As well as reducing the posted speed limit to 40 km/h before and after school, the flashing electronic signage will remind drivers of the presence of school children from the nearby primary school. Ilam School has an entrance off Kirkwood Avenue, and just beyond this is an entrance to Kirkwood Intermediate. It is intended to extend the Kirkwood Avenue school zone to east of this entrance so that the pupils from Kirkwood Intermediate using the Kirkwood Avenue entrance may benefit from the variable speed limit on Kirkwood Avenue.

8. BERTELSMANN AWARD FUND - PROGRAMMES FOR COUNCILLORS AND STAFF

General Manager responsible:	General Manager Human Resources, DDI 941 8548 and Director of Strategic Investment, DDI 941 8411
Officer responsible:	General Manager Human Resources and Director of Strategic Investment
Author:	Philippa Jones, General Manager Human Resources

PURPOSE OF REPORT

1. In August 2004 the Council resolved that *“the incoming Council convene a small committee of elected members and staff to review the Bertelsmann Fund and recommend a scheme that will utilise those funds in the most beneficial way for both staff and elected members with a strategic focus on professional development for the recipients.”*
2. In July 2005 the Director of Strategic Investment and General Manager Human Resources reported to the Council seeking approval for the appointment of a committee comprising Councillors Evans and Withers with Bob Lineham and Philippa Jones to prepare a recommendation to the Council on the use of the Bertelsmann Fund.
3. This report now seeks the Council's approval of the recommendations of the committee on proposed training programmes for staff and Councillors utilising the Bertelsmann Fund.

EXECUTIVE SUMMARY

4. In 1993 the Christchurch City Council was awarded the Bertelsmann Foundation Award for 'Excellence in Local Government'. The Bertelsmann Foundation is funded by a publishing conglomerate in Germany and each year focuses on good practice in a different area of business or industry. In 1993 the overall purpose of the Bertelsmann Prize was summed up in the following statement:

“for exemplary achievements and efficient, effective management of municipal duties.”

5. The prize included funds which have been invested and over the last ten years the fund has been used to recognise individual effort, by staff and Councillors, by assisting in study directed to facilitating improvement in the Council's processes. It should be noted therefore that this is not ratepayer funded training but is utilising funds awarded to the Council and staff.
6. The committee was tasked with sourcing suitable providers to deliver a programme which is beneficial for Councillors as well as an appropriate programme for staff. The committee held the view that both programmes should focus on leadership development.
7. For the Councillors' programme, several facilitators/trainers were considered and three were shortlisted for interview. Of these, two were selected to submit a proposal, the suggestion being that they work together each providing complementary skills and experience. These are Graeme Nahkies (BoardWorks International NZ Ltd) and Karen Martyn (Yankiwi Ltd), both of whom are based in Wellington. Both Graeme and Karen impressed the committee with their enthusiasm and knowledge of effective team and leadership building training programmes. Both have extensive experience working with boards, and in particular local government.
8. The Council has developed a leadership programme for both senior leaders and team leaders within the organisation. This programme will be delivered to approximately 200 staff. The programme has already been developed and is being implemented through-out 2006. Attached as Appendix A is the outline of the two programmes.

The Proposed Programme For Councillors

9. The proposed programme, described below, will be jointly developed and delivered by Karen Martyn and Graeme Nahkies. Together they have many years of experience in successfully guiding the development of governing boards in a wide range of organisations, including local government, in New Zealand and overseas. This programme is tailored specifically to the needs of the Christchurch City Council.

8 Cont'd

10. The programme addresses the formation of an effective leadership team that will realise the potential contribution of each individual member. The intended programme will provide professional development opportunities for individual Council members that will be transferable into other governance environments that they operate in now or may wish to experience in the future.
11. It is suggested that initially there are three workshops and the Council keep open the option of further workshops which could build on this initial programme. Throughout the programme Graeme and Karen will work with the Council to understand the type of governance culture members wish to create and the types of further skills development that will best support the establishment of that culture, both in the short and longer term. The purpose is to assist the Council not only to be effective and efficient in its governance practices but also to gain increased personal satisfaction from what can be achieved together and as individuals.
12. The content is titled 'Effective Group Decision Making' with the goal of 'making the most effective decisions possible'. It would include three half-day modules - these would cover:
 - The five phases of negotiation and decision making.
 - Skills, principles and practice in behaviours and communication methods that build respect and strengthen relationships.
13. As a result of these modules, it is expected that the Council and individual members will experience:
 - Greater impact on important decisions.
 - Increased self-confidence (group and individual).
 - Enriched relationships.
 - More effective decision outputs.
 - Greater ability and desire to work together more effectively with each successive interaction.

The Proposed Programme For Staff

14. See Appendix A attached.

FINANCIAL AND LEGAL CONSIDERATIONS

15. The fund currently has \$120,000 invested.

COMMITTEE RECOMMENDATIONS

It is recommended that the Council resolve:

- (a) That the fund be split by using one third for staff training and two thirds for Councillor training.
- (b) To approve the use of the Nahkies/Martyn training proposal, with the timeframe to be approved by the committee at a convenient time for the Council.

9. REPORT OF THE HAGLEY/FERRYMEAD COMMUNITY BOARD - MEETING OF 8 MARCH 2006

Attached.

10. REPORT OF THE CHAIR OF THE HAGLEY/FERRYMEAD COMMUNITY BOARD

Attached.

11. REPORT OF THE SPREYDON/HEATHCOTE COMMUNITY BOARD - MEETING OF 7 MARCH 2006

Attached.

12. REPORT OF THE CHAIR OF THE SPREYDON/HEATHCOTE COMMUNITY BOARD

Attached.

13. NOTICES OF MOTION

Attached.

14. QUESTIONS

15. RESOLUTION TO EXCLUDE THE PUBLIC

Attached.