

8. GOWERTON PLACE HOUSING DEVELOPMENT

General Manager responsible:	General Manager Community Services
Officer responsible:	Community Support Manager
Author:	Kevin Bennett, City Housing Manager, DDI 941-8576

PURPOSE OF REPORT

1. The purpose of this report is to obtain the Council's necessary approvals to give effect to the Council's earlier decision to proceed with the Gowerton Place development.

EXECUTIVE SUMMARY

2. At its meeting of 22 June 2006 the Council resolved that the General Manager Community Services be authorised to sign the letter of offer received from Housing New Zealand Corporation including the acceptance of a suspensory loan for 20 years of \$2,442,488 for the construction of Council housing units at Gowerton Place, provided that the Council is satisfied with the conditions.
3. The Letter of Offer was subsequently signed by the General Manager, Community Services on 27 June 2006.
4. To enable the loan to be finalised it is now necessary for the actual loan documentation to be signed on behalf of the Council. Until this occurs it is not possible to draw down on the loan.
5. Under the terms of the agreement the initial draw down of the loan is required to commence by 23 December 2006.
6. The documents have been negotiated with Housing New Zealand Corporation and the final documentation reflects agreements reached during the negotiations.
7. Currently the title to the Gowerton Place site is held in the name of the Council pursuant to S601 of the Local Government Act 1974. This distinction refers to land being held essentially for recreation purposes. It is considered most appropriate that the land be recognised as being held by the Council for Housing Purposes.

FINANCIAL AND LEGAL CONSIDERATIONS

8. The Councils' contribution to this project is estimated at \$2,442,488 GST inclusive and funding is available from the Housing Development Fund. This cost has been provided for in the 2006/07 budget.
9. The legal issues associated with this report have been addressed by the Councils' Legal Services Unit and taken into account in the negotiations with Housing New Zealand Corporation.

STAFF RECOMMENDATION

It is recommended that the Council:

- (a) Approve in principle (subject to the General Manager, Community Services approving the final form of the documentation) the transaction contemplated by the following documents relating to the proposed Gowerton Place Council housing development and the documents themselves:
 - (i) Agreement between the Christchurch City Council and Housing New Zealand Corporation (incorporating the Schedule setting out the terms on which Housing New Zealand Corporation agrees to make a loan of up to \$2,442,488.00 available to the Council).
 - (ii) First Ranking registered mortgage from the Council to Housing New Zealand Corporation over the property.
 - (iii) Local Government Housing Fund Assistance Relationship Agreement.

- (b) Authorise execution of the above documents by or on behalf of the Council once the final form of them has been agreed to the satisfaction of the General Manager, Community Services ; and
- (c) Authorise the following persons to give any notices and other communications and take any other action required under or in connection with the Documents on behalf of the Council:
- Dr Lesley McTurk, Chief Executive, Christchurch City Council
 - Stephen McArthur, General Manager Community Services, Christchurch City Council
 - Peter Mitchell, General Manager Regulation and Democracy Services, Christchurch City Council; and
- (d) Approve the expenditure of up to an estimated maximum of \$2,442,488 (GST inclusive) on the construction of Council housing and associated work at the Gowerton Place site, via the Housing Development Fund in addition to the HNZA contribution of \$2,442,488 (GST inclusive); and
- (e) Resolve that the Gowerton Place site comprised in Certificate of Title 300449 be held for housing purposes.

BACKGROUND ON GOWERTON PLACE DEVELOPMENT

11. The proposal to construct an additional Council housing complex in Gowerton Place was in response to an identified need and presented as an opportunity to obtain partial funding from central government. It is intended to construct 21 units, the majority of which will be single storey which will facilitate greatest flexibility in terms of tenanting the units and enhance ease of access for older people.
12. Building consent has been issued and indications are the resource consent will be issued early in October 2006.
13. Registrations of Interest were sought from the construction industry for the construction of the development and tenders are awaited from those registrants who satisfied the selection process.
14. Consultation has occurred with existing Gowerton Place tenants, residential property owners and business owners in the neighbourhood. In addition other community agencies, including the Community Board and Councillors have been involved in the consultation process as considered appropriate. The response from the consultation has been highly supportive.

OPTIONS

15. As the Council has previously resolved to proceed with the development and authorised the signing of the Letter of Offer from Housing New Zealand Corporation, the recommendation contained in this report seeks to formalise the remaining documentation between Housing New Zealand Corporation and the Council and authorise expenditure against the Council's Housing Development Fund.

PREFERRED OPTION

16. That the Council adopt the staff recommendations included in this report relating to the execution of the Housing New Zealand Corporation Gowerton Place loan documentation and expenditure, via the Housing Development Fund, up to an estimated maximum of \$2,442,448 GST inclusive in addition to the HNZC loan contribution of \$2,442,448 GST inclusive.

ASSESSMENT OF OPTIONS

The Preferred Option: An assessment of options has not been completed as this report is concerned with formalities relating to a decision made by the Council to construct a Council housing development in Gowerton Place, utilising the Housing New Zealand Corporation Local Government Fund in conjunction with the Councils' Housing Development Fund.