

26. **SUBMISSION TO CENTRAL GOVERNMENT RE FUNDING THE REPLACEMENT OF COUNCIL SOCIAL HOUSING**

General Manager responsible:	General Manager Community Services, DDI 941-8607
Officer responsible:	Community Support Unit Manager
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PURPOSE OF REPORT

1. The purpose of this report is to seek approval of the attached submission to Central Government, through the Minister of Housing, seeking funding towards the replacement of the Council's Social Housing portfolio.

EXECUTIVE SUMMARY

2. At its meeting of 23 April 2009 the Council resolved that the Council seek financial assistance from the Government for the future replacement of the Council's social housing portfolio.
3. In consultation with the Council's Housing Working Party the attached draft submission (**Appendix B**) has been prepared for the Council's consideration.
4. An indicative basic draft timeline of approach to the Government is attached as **Appendix A**.

FINANCIAL IMPLICATIONS

5. Nil.

Do the Recommendations of this Report Align with 2009-19 LTCCP budgets?

6. Should Central Government make funding available, budgets would require adjustment during the appropriate Annual Plan process.

LEGAL CONSIDERATIONS

7. Nil.

Have you considered the legal implications of the issue under consideration?

8. Not applicable.

ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

9. Aligns with page 174 LTCCP (Maintain portfolio of rental units).

Do the recommendations of this report support a level of service or project in the 2009-19 LTCCP?

10. As above.

ALIGNMENT WITH STRATEGIES

11. Aligns with the Council's Social Housing Strategy.

Do the recommendations align with the Council's strategies?

12. As above.

CONSULTATION FULFILMENT

13. Consultation occurred during 2009 through a Special Consultative Procedure and through a meeting with key stakeholders.

STAFF RECOMMENDATION

It is recommended that the Council approve the attached submission to Central Government, through the Minister of Housing, seeking funding towards the replacement of the Council's social housing portfolio.

BACKGROUND (THE ISSUES)

14. The Council's social housing rental portfolio comprises 2,649 units in 117 complexes throughout the City and Banks Peninsula. The eligibility criteria ensure this accommodation is accessible only by those from the lower socio economic sector of the community.
15. The Council, through the provision of social housing, accommodates many people who would otherwise struggle to obtain affordable accommodation. It is only since 1996 that the Council moved from providing accommodation predominantly for older people to include other people from the lower socio economic sector. At the moment approximately 42 per cent of tenants are under 60 years of age.
16. In the 2009 rental review the Council provided for the planned replacement of its social housing accommodation through rental increases. In making this decision the Council also undertook to apply a reduction in the increases agreed for 2010/14 if an alternative source of funding the replacement of the portfolio is realised.
17. The replacement programme is based on a 90 year asset life span and, in accordance with the Asset Management Plan, it is scheduled to commence in 2026.
18. If no alternate source of funding is realised the rental increase agreed in April 2009 will remain in force with a further review occurring in 2014.
19. In endeavouring to identify alternate sources of funding the replacement of the portfolio the Council met with key stakeholders on 1 September 2009. Although a wide ranging discussion took place, no options which would satisfy the desired outcome without impacting on tenants, other than receiving grants or selling assets to release funds, were identified.
20. Through the Council's LTCCP and Social Housing Strategy the Council has demonstrated its commitment to continuing to provide social rental housing at a minimum of the current number of units; it would be contrary to this commitment if some complexes were to be sold to release funds for the replacement of other complexes.
21. A further commitment of the Council is to continue to provide social housing on a financially sustainable basis without funding through general rates.

THE OBJECTIVES

22. The objective of the submission to Central Government is to seek funding of \$84.175m to replace a number of existing Council owned social housing complexes. A proposed indicative replacement programme is detailed in tables 5 and 6 in the attached submission.

THE OPTIONS

23. The options are :
 - (a) Proceed with the submission to Central Government, through the Minister of Housing, seeking funding of \$84.175 million to assist with the replacement of the Council's social housing portfolio, or
 - (b) Decline to proceed with the submission to Central Government seeking funding of \$84.175 million to assist with the replacement of the Council's social housing portfolio.

THE PREFERRED OPTION

24. The preferred option is to proceed with the submission to Central Government, through the Minister of Housing, seeking funding of \$84.175 million to assist with the replacement of the Council's social housing portfolio.

ASSESSMENT OF OPTIONS

The Preferred Option

25. Make submission to Central Government, through the Minister of Housing, seeking funding of \$84.175 million to assist with the replacement of the Council's social housing portfolio.

	Benefits (current and future)	Costs (current and future)
Social	Assist to ensure sustainability of the Council's social housing service.	Injection of \$84.175m sought from Central Government.
Cultural	Assist in maintaining the Council's capacity to house people from the lower socio economic sector.	
Environmental	Good quality warm and healthy housing provided appropriate to the needs of the customer.	
Economic	Housing which is affordable is available. Financial impact on tenants of replacement minimised. Economic stimulus through increased building activity. Potential increased employment opportunities.	

Extent to which community outcomes are achieved:

Assist the Council to continue to maintain its social housing portfolio at a minimum of 2,649 units ; consistent with 2009-19 LTCCP.

Impact on the Council's capacity and responsibilities:

Assist in maintaining the Council's role as a social housing provider.

Effects on Maori:

Social housing continues to be available to eligible people including Maori.

Consistency with existing Council policies:

Advances the programmed replacement (Asset Management Plan) of a number of complexes.

Views and preferences of persons affected or likely to have an interest:

Consistent with views obtained during the special consultative procedure.

Other relevant matters:

Maintain the Status Quo

26. Decline to proceed with the submission to Central Government seeking funding of \$84.175 million to assist with the replacement of the Council's social housing portfolio.

	Benefits (current and future)	Costs (current and future)
Social	Nil.	Cost of replacement will fall on the tenants.
Cultural	Nil.	
Environmental	Nil.	Significant delay in addressing warm and dry homes issues.
Economic	Cost to tenants through rents being required to be sufficient to enable replacement.	
Extent to which community outcomes are achieved: Nil.		
Impact on the Council's capacity and responsibilities: Criticism at delays in addressing issues with current stock.		
Effects on Maori: Same as for other tenants.		
Consistency with existing Council policies: Inconsistent with Council decision to seek financial assistance from the Government for the future replacement of the Council's social housing portfolio.		
Views and preferences of persons affected or likely to have an interest: Inconsistent with views expressed during special consultative procedure.		
Other relevant matters:		

At Least one Other Option (or an explanation of why another option has not been considered)

27. There are no other options available.