

9. STRATEGIC OVERVIEW OF THE CHRISTCHURCH CITY COUNCIL HOUSING PORTFOLIO

Officer responsible Property Manager	Author Rob Dally, Property Manager
--	--

The purpose of this report is:

1. To disseminate information collected by the Housing Working Party of the Community Services Committee.
2. To outline changes in need/demand for the Council's social housing.
3. To consider the level of funds in the Housing Development Fund and how levels of service of the asset including redevelopment/new development will impact on the fund.
4. To consider policy issues and whether or not Council policy needs to change to meet changing housing needs.
5. To consider and agree a short/medium-term direction.

BACKGROUND

The Christchurch City Council has the second largest portfolio of affordable social housing in New Zealand behind Housing New Zealand (H.N.Z.); it was also the first local authority in New Zealand to provide this service, commencing in 1938, and with a portfolio now in excess of 2,650 units with a capital value of \$115m.

Until the early 1990s, Central Government assisted local authorities in the provision of housing services through the provision of low interest loans; these loans have been discontinued and there is currently no particular Governmental support for local authority housing.

In 1996, the Council undertook a significant review of its involvement in social housing and resolved to continue that involvement and indeed to expand its operation to meet several needs confirmed during the review. These needs reflected a change in demand for traditional Elderly Persons' Housing (EPH) to a more a "rounded" societal need for social housing (including EPH).

This involvement needs (or goals) were:

- Goal 1** *The provision of affordable housing which is sustainable in perpetuity, and which is not at cost to ratepayers.*
- Goal 2** *The provision of additional accommodation for single men and women with one child.*
- Goal 3** *The provision of inner city accommodation for mature single men and mature single women displaced from boarding house accommodation.*
- Goal 4** *To facilitate the provision of additional "home" care for the semi dependent elderly in Council housing so as to extend their independent living.*
- Goal 5** *The provision or facilitation of accommodation for those deinstitutionalised or otherwise affected by changes in health system.*
- Goal 6** *To ensure that the Council's social objectives with regard to affordable housing are clearly articulated to Government and other social service agencies.*

In support of these goals, the Council adopted a new vision statement:

To contribute 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.

Supporting the vision statement and goals were a significant number of "action points", many of which have been achieved.

As a result of the 1996 Council resolution, goals and action points, the Council has built four new housing complexes at a total cost of approximately \$10m over four years.

Other important "action points" achieved since 1996 and which assist the Council to achieve its goals and deliver on its vision include:

- To immediately rename EPH and public rental housing to "City Housing" so as to better reflect current practices and to remove the perceived stigma created by the former titles.
- To network with Income Support so as to ensure appropriate access by "City Housing" tenants and all other eligible Christchurch City residents to the Government funded accommodation supplement.
- To enter a joint venture arrangement with the YWCA for the purchase of a suitable residential type property to be operated by the YWCA as a "Women's Refuge", by March 1997. Estimated cost \$0.6m.
- To identify potential sites for development by the Council for joint ventures with social service providers, by September 1997.
- To enter a partnership (lease) arrangement with initially Richmond Fellowship New Zealand and possibly later with other appropriate agencies whereby they will be head lessee of part or whole of a Council housing complex, providing supervised accommodation for persons with psychiatric or other disabilities.

ON-GOING EVALUATION AND COMMITMENT

In September 2000, the Council signed a Memorandum of Agreement and Understanding with Housing New Zealand to work more closely in delivering social housing in Christchurch.

The joint committee of Council's Housing Working Party and Housing New Zealand officials have agreed to work collaboratively on three projects, as follows:

- (1) Joint research on "Housing Demand and Need in Christchurch".
- (2) A Tenant Charter.
- (3) An Aranui Community Renewal Project.

Along with (1) above, the Council also commissioned some independent research into the need for emergency accommodation for youth and accommodation for solo fathers including men released from prison.

This report includes comment on the outcome of both the joint and independent research.

THE CHANGING NATURE OF DEMAND

As previously mentioned, the Council, in 1996, acknowledged a need to better cater for the housing needs of a growing group in society who were not elderly but who has a disability (or multiple disabilities). This included those returning to the community following institutional care/supervision.

Accordingly, City Housing has evolved from its previous division into Elderly Persons' Housing and Public Rental Housing, developed in the days where Central Government funding existed and tenancy criteria were determined (to a large degree) by Government.

With the removal of Government support (and at the same time certain directives) City Housing has changed to meet and reflect the changing demands from the community for affordable well maintained accommodation managed by a supportive landlord.

The recent introduction of improved computer software systems will enable City Housing to better gather the important information that tracks changes in need trends and will enable better monitoring/reporting leading to quantifying intervention necessary.

A review of application for the 18 month period January 2000 through June 2001 has identified the following:

In the 18 months from 1 January 2000 to 30 June 2001, City Housing received 1463 applications for housing. Of this number and based on a 14% turnover of the portfolio over the same period (previous year 14.8%) it is estimated that we housed 555 people, leaving 908 on the waiting list as at 30 June 2001.

Staff have recently purged the waiting list (an exercise done at least annually) and although the purge is not fully completed, City Housing has confirmed 300 people as at 21 July 2001. It can also be noted that this year the applicants have been asked to complete a simple questionnaire to bring our older applications in line with the new information required. This may have caused some applicants not to reaffirm their applications.

An interesting feature of the applications is the very clear trend away from elderly applicants (55 years and over). In fact only 32.4% of applicants were over 55 years of age.

Application Structure					
Single Person		Single Parents		Couple - No Children	Couple with Children
M	F	M	F		
627	593	22	62	114	45
Total applications 1463 (1622 adults plus 189 children)					

Applicant Age Breakdown										
Adult								Children		
Up to 20 yrs		21-40 yrs		41-54 yrs		55 yrs & over		Under 5 yrs	6-12 yrs	13-18 yrs
M	F	M	F	M	F	M	F			
34	72	381	307	187	162	208	271	95	67	27
1622								189		

DEMAND

Council housing caters for a small percentage (approximately 10%) of the overall Christchurch rental property market. No analysis has been undertaken with regard to the percentage of the "social housing market" that the Council provides for, ie those with an income under say \$20,000 p.a. Conceivably, the Council's share of this market will be greater than 10%. We actually need to analyse this area further and extrapolate this sort of information out 10 years to match up with projected population demographics for Christchurch.

As a precursor to this analysis, the Council has undertaken some housing demand/need research in Christchurch both independently and jointly with Housing New Zealand.

Professor David Thorns and researcher Simon Campbell (Canterbury University) have summarised the key points of their research as follows:

- If the economy remains healthy, the housing market (both buying and renting) will probably improve in terms of demand.
- Oversupply of new sections/houses on the city's periphery.
- An improving property market will not necessarily be the best news for people with specific housing needs. This would particularly affect people with disabilities.
- Christchurch is experiencing limited population growth.
- Changing age profile
- Trend towards smaller households and later household formation and childbirth would suggest a growing demand for smaller housing.
- Recent housing construction favouring larger stand-alone dwellings and a decline in the building of units.
- Tenure profile changing with increase in renting rather than owning.
- Affordability remains the major barrier. If/when the property market improves, this problem will be exacerbated.
- De-institutionalisation of people with disability about to reach a plateau, but these people will continue to need support and access to suitable housing. Support services appear to be working well but there is a shortage of suitable one bedroom housing and accommodation.

- The on-going loss of inner-city bedsits reduced the available stock of affordable housing and dislocation of the occupants creates further housing need.
- Young people require emergency housing and supported transition accommodation to meet their housing needs.
- There is increasing concern about the physical standard of Christchurch's rental stock.
- Rather than building new rental housing, central and local government could look at buying and renovating existing housing that is inappropriate for households with specific housing needs.
- Alternatively central/local government may be able to better assist low income people into more appropriate (but affordable) accommodation through developing programmes which could include subsidised mortgages or an underwriting of mortgage finance.
- There is likely to be an increase over the next 10-15 years, of low income/asset elderly with a need for one bedroom affordable accommodation.
- There is a real need to take a holistic/inclusive approach to collaboratively meeting social housing needs into the future.
- A need for on-going research.

FUNDING

The Council's housing portfolio is managed in accordance with the following Council policy statement:

“That the Council continue its role as a provider of rental housing and that priority be given to those with an identified “housing need”. 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”

Accordingly, the Council's Housing portfolio has been managed on a proactive basis of providing affordable housing at average rents 20% below 'market' (and ranging from 58% of market to the low end of market) currently producing approximately \$1.5m p.a. of operational surpluses and depreciation. These surpluses have for some time accrued to the Council's Housing Development fund (HDF) which is a sinking fund to replace the existing housing portfolio as it is worn out/ becomes functionally obsolete. The surpluses above break even also allow the Council to engage in partnerships/special initiatives.

The \$10m spent over the last four years on new complexes has been funded from the HDF and is in effect the early replacement of existing infrastructure.

Care must be exercised to ensure that through this action, the Council does not compromise its ability to improve levels of service from an asset perspective or to actually fund the functionally obsolete portions of the housing portfolio, when the notional depreciation for existing assets has part funded new developments. The current status of HDF is attached as Appendix 1. The Council's Principal Accountant comments further as follows:

*“Appendix 1 shows that if the \$1.4 million budgeted for Inner City Initiatives in the 2000/01 year is **not** spent then the Housing Development Fund will increase from an estimated \$6.3 million at 30 June 2000 to an estimated \$9.6 million at 30 June 2004. If the \$1.4 million budgeted for Inner City Initiatives in the 2000/01 year **is** spent then the Housing Development Fund will increase to an estimated \$8.2 million at 30 June 2004.*

Therefore there is some flexibility for the Council to 'borrow' from the Fund to finance additional new initiatives but this would need to be repaid through planned surpluses in future years. If this is not done then there will be insufficient funds available to replace the functionally obsolete portions of the housing portfolio when they are due for replacement”.

Closely linked in with the availability of funds in the Housing Development Fund. to carry out options to either buy/lease property or to/upgrade existing housing infrastructure or to build new purpose built housing is the need to consider the status/sustainability of the existing asset portfolio and the variable levels of service from an asset perspective currently provided across the portfolio.

LEVEL OF SERVICE

The level of service comprises two elements:

- (1) Asset level of service
- (2) Tenancy level of service

Asset Level of Service

The Council has a requirement under the Local Government Act, to ensure that its built assets are maintained at a level which protects the investment of the ratepayers (in the housing infrastructure) in perpetuity.

In brief, that means that the Council needs to ensure that its assets are repaired/maintained (both reactive and scheduled maintenance) so as to ensure that the value of the assets are held at a constant and agreed level of service. That agreed level of service needs to be driven by industry practice(s) and elected representative agreement.

A formal asset management plan covering the rental housing portfolio is a prerequisite in agreeing levels of service, and this matter is being progressed currently. The basic asset management plan will be available by 31 December 2001.

Mr John Miles, Asset Planning Officer advises in summary form, the detail of what is happening in this important area, as follows:

“Implementation of an Asset Management Plan

The Property Asset Management Team is progressing towards the implementation of an Asset Management Plan for the Housing Portfolio. It is intended to progress this matter by producing a basic asset management plan and once this document is established to implement an improvement plan that will be the key to implementing sound asset management techniques to the portfolio.

In order to produce this basic plan the following tasks need to be completed:-

- Develop a comprehensive Asset Register.*
- Implement Levels of Service based on current practice or industry defined standards.*
- Carryout a condition assessment of the housing stock.*
- Develop Maintenance Plans.*
- Compilation of a basic asset management plan.*

At the present time a project has been established to collect the relevant data to complete a comprehensive asset register. It is anticipated that this project will be completed by the end of July 2001.

It is intended to adopt the “Levels of Service” as derived by the Local Authority Property Managers Group for the Housing Portfolio where applicable and/or the current levels that we are operating under. As part of the improvement plan one of the key tasks will be to establish relevant “Levels of Service” and these will need to be developed in consultation with a variety of interested parties including the Housing Working Party and the Community Services Committee with final adoption by the Council.

Following on from the creation of the asset register a project will be implemented to carryout a condition assessment of the housing stock to enable the production of relevant maintenance plans based on the condition of the assets. This project cannot be commenced until we have the asset register in place. It is anticipated that this task will take until the end of September to complete given that the Council has in excess of 2600 residential units.

The creation of the asset register and the condition assessment is a major factor on the time required to implement a basic asset management plan. The Property Asset Management Team will be endeavouring to get this basic plan in place as quickly as possible so that we can move onto the improvement plan.

In the opinion of the Property Asset Management Team it is vital that a basic asset management plan is put in place and then develop an improvement plan that will be an ongoing process to ensure that the portfolio is being managed in a way that is relevant at the time. As such, it is imperative that any improvement plans are developed in consultation with all interested parties and that any policies that are developed are continually reviewed from time to time.

It is anticipated that the following tasks will be completed as follows:

Asset Register Data Collection Project	Completed by end July 2001
Define Levels of Service	Completed by end of September 2001
Condition Assessment	Completed by the end September 2001
Develop Maintenance Plans	Completed by end of October 2001
Develop an Improvement Plan	Completed by the end of October 2001
Prepare Basic Asset Management Plan Document	Completed by end of November 2001
Implement Basic Asset Management Plan	Implemented by end of December 2001
Development of Policies / Implementation of Improvement Plan	On going after the implementation of Basic Asset Management Plan.

A detailed breakdown of the tasks required to implement a basic asset management plan and then the improvement plan is attached as Appendix 2 to this report".

The implications of varying/improving asset levels of service has the potential to have a significant impact on the HDF and its ability to fund new initiatives. As an example, if the Council were to bring its entire portfolio up to a similar level of service to that at its newly opened Tommy Taylor Courts, funding would be needed to progressively provide carpets, drapes, fridges, double glazing and perhaps even sprinkler systems. Carpets and double glazing for 2600 units is likely to cost in the order of \$8m for instance.

The capital budget for 2001/2002 allows for a total of \$1.724m of expenditure on housing, the major components of that being as follows:¹

Range replacements	\$120,000
Remodelling of units	\$600,000
New partnership initiative	\$300,000
Garden sheds	\$ 9,000
Off street parking	\$ 77,000
Landscape improvements	\$ 35,000
Heaters/extracts	\$ 9,000
Security upgrades	\$ 30,000
Extension resident's lounge	\$140,000
Land purchase	\$200,000
Garages	\$120,000

At the end of the financial year, the fund is estimated to be at \$7.2m. This does leave some scope for additional (non budgeted) partnerships, and upgrades brought about by level of service improvements which will be reviewed as part of the Asset management plan process.

Tenancy Levels of Service

In 1998, the structure of the Housing Section of the Property Unit was changed with the housing asset management function transferring to the asset management section of the Property Unit, with the intention of allowing the remainder of the team to give a higher level of focus/attention to tenancy/people related issues.

With the recent application of new computer software products, this tenant focus is to be strengthened through the transfer of reactive maintenance management from tenancy to the Council's L.A.T.E., City Care, through a facilities maintenance contract. This will enable Housing Officers to spend more time "in the field" dealing proactively with tenancy issues and giving effect to the Council's Tenant Support Policy.

This is a positive approach given the increasing trend over the past five years to house people who have come out of institutional care and who would benefit from a higher level of tenant support/Council visibility. A recent analysis of applications has shown that 25% are from people with psychiatric or addiction problems, 3% have been recently released from prison and 8% have English as a second language. Many of these applicants present complex mental health issues, drug/alcohol problems, offending issues, social interaction/life skill/budgeting difficulties. It is in fact likely that Housing Officers will be spending in excess of 50% of their time in the field and this will enable a higher level of tenant support to balance the changing tenant profile.

The Council has already resolved to provide additional resources in the activities area of Council housing with the employment of an additional activities co-ordinator (total of 3 permanent and 2 temporary) and the leasing of an additional mini van. Costs for these resources are from the Housing operational budget and are not a cost on rates.

In November 1999 the Council resolved to adopt a new Tenant Support Policy, the key elements being:

- Interviewing all prospective tenants (previously E.P.H. only).
- Visiting tenants at least once per year, and more frequently as necessary.
- Maintaining networks with, and an up-to-date knowledge of the wider support system in the city.

It is clear that the Council is not fully meeting its objectives in the area of Tenant support at the current time, but with the evolution of the new reactive maintenance processes, delivery will be reinforced over the next six months.

A recent independent assessment of the benefits of providing this enhanced level of tenant support, carried out by a researcher from the University of Birmingham, has confirmed significant quality of life benefits to tenants.

The other tenancy issues that are currently being reviewed are the costs and benefits of establishing a process which sets out levels of service/obligations with regard to the tenant/landlord relationship. The Property Manager is undertaking this research as part of some Massey University extra mural studies. Guidelines of this nature have been around in the UK for some time and are now becoming established in Australia. It is anticipated that levels of service to be incorporated in some form of agreement could include:

- satisfaction with application process
- response times for reactive maintenance
- response times/process for dispute resolution
- process for tenant input into unit redecoration

The other exciting area of tenancy service levels is the application of new computer software which will facilitate better tracking of prospective tenants/tenants and the ability to ascertain tenancy statistics and trends which will enable the Council to respond more quickly in a dynamic social housing environment.

POLICY DEVELOPMENT

The Council has an existing policy statement outlining criteria for eligibility for Council Housing; the criteria are fairly broad. The Council's Social Policy Analyst is working on putting some guidelines around these policy criteria which will provide a higher level of consistency in the assessment of prospective tenants and will indeed assist through a self prioritising process.

Better prioritisation of housing need and new computer tracking of prospective tenants will enable the Council to more fairly/equitably manage its significant housing waiting list in a pro-active and objective manner which did not always happen previously.

IS THE COUNCIL'S POLICY STILL RELEVANT?

The Council has a collection of policy statements. The most recent Housing policy resolutions of Council are those developed in 1996, which are articulated in this report.

Quite clearly the Council is delivering/meeting its objectives in terms of delivery against goals 1, 2, 3, 5 and 6, Goal 4 could be seen as being partially met through our (1999) Tenant Support Policy initiatives and through “activities” provided/facilitated by five Housing Activities Co-ordinators. The level of provision/support is clearly determined by policy directives which require the Housing service to be at no cost to ratepayers, to be affordable to tenants, and to be fiscally sustainable.

What is very clear, is that the social housing “market” is very complex, that little research and hard data is available to support the decision making processes, and that the Council has many alternatives or options open to it.

What is not clear, is how the Council should best structure its ongoing commitment (Policy) given that the housing asset management plan will not be in place until 31 December 2001, that the local property “market” is sluggish and with adequate rental capacity at the lower end, and that Council’s “level of service” in terms of infrastructure are extremely variable.

- Recommendation:**
1. That the Council reconfirm its commitment to the facilitation/delivery of affordable social housing in support of its vision statement.
 2. That the Council concentrate its short-term housing focus over the 2001/2002 financial year on meeting the accommodation needs of special groups, in partnership with other social agencies including Housing New Zealand. At the same time the Council will continue to upgrade/remodel existing accommodation to meet proven existing needs/trends.
 3. 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 a “affordable” rental policy averaging approximating 80% of “market” rents.
 4. That the existing “levels of service” of the assets be reviewed with a view to creating a more equitable “level of service” across the portfolio.
 5. That the draft housing asset management plan be progressed with a target implementation date of 31 December 2001.
 6. That the Tenant Support Policy of the Council be delivered and its effectiveness monitored on an annual basis.
 7. That this report be forwarded to Community Boards for their information.

**Chairman’s
Recommendation:**

1. That the above recommendation be adopted.
2. That it be noted that a report is now being prepared on the relative benefits of (Council resolution 26 July 2001):
 - (a) Improving levels of service across the housing portfolio (removing existing anomalies) and including energy efficiency initiatives.
 - (b) Meeting demand by reducing the waiting list through provision of additional accommodation such as purchasing existing housing stock while house prices are low.
3. That the Committee note that the verified waiting list for Council housing has now reduced significantly, to in the order of 300.