

6. STRATEGIC OVERVIEW OF THE CHRISTCHURCH CITY COUNCIL HOUSING PORTFOLIO

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The purpose of this report is to advise the committee of a strategic overview of the Christchurch City Council social housing portfolio, undertaken by the Housing Working Party and to place before the committee that Working Party's recommendations.

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, starting in 1938, and with a portfolio now exceeding 2,650 units with a capital value of \$115M.

Until the mid 1980s, 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 direct 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 involvement to meet the identified needs of elderly and disadvantaged sectors of society.

These needs (or goals) agreed 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 the 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 and has entered into a number of housing partnerships.

ON-GOING EVALUATION AND COMMITMENT

In 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.

Contemporaneously 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.

WHERE TO FROM HERE

Given the results of the research (attached as Appendices 5 & 6), it is appropriate for the Council to make sure strategic decisions with regard to its social housing involvement.

The issues that require consideration and covered in this report are:

- (a) demand
- (b) funding
- (c) level of service
- (d) policy development

DEMAND

Both the independent and joint research indicate that there is sufficient housing infrastructure in Christchurch to meet the current/foreseeable needs of the city. However, some of that housing is either functionally obsolete, inappropriate or not affordable. There is also a demand for affordable housing to meet niche market needs.

The joint research goes on to recommend that the Council/HNZ work collaboratively in exploring innovative solutions to the areas of need identified in the research.

It is recommended that the Council should refrain from further large housing developments in a residential property market that is not buoyant and with a population that is currently not growing, and instead address special housing needs.

The draft capital expenditure plan for the 2001/2002 financial year reflects this advice, allowing funding to cover the upgrading of some bedsits and for the purchase of property for possible niche accommodation partnerships.

The joint committee of the Council's Housing Working Party and HNZ officials has also recently recommended a course of collaborative action.

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 80% below 'market' currently producing approximately \$1.8M 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 \$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. There has been no "rates" contribution.

Care must be exercised to ensure that through this action, the Council does not compromise its ability to actually fund the functionally obsolete portions of the housing portfolio, when the notional depreciation for existing assets funded those new developments. The current status of HDF is shown as Appendix 7. The Council's Principal Accountant comments further as follows:

Appendix 7 shows that if the \$1.4M budgeted for Inner City Initiatives in the 2000/01 year is **not** spent, then the Housing Development Fund will increase from an estimated \$6.3M at 30 June 2000 to an estimated \$9.6M at 30 June 2004. If the \$1.4M budgeted for Inner City Initiatives in the 2000/01 year **is** spent, then the Housing Development Fund will increase to an estimated \$8.2M 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.

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.

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 2,600 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 to 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 will 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: -

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

A detailed breakdown of the tasks required to implement a basic asset management plan and then the improvement plan is attached at Appendix 8 to this report.

Tenancy Level of Service

In 1998, the structure of the Housing Section of the Property Unit was modified with the housing asset management function transferring to the asset management section of the Property Unit, 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. It is in fact likely that Housing Officers will be spending in excess of 50% of their time in the field.

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 three permanent and two 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.

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 Tenant Charter. The principle of a Tenant Charter is to create a level of tenant empowerment leading to higher levels of self-esteem and quality of life which could be compared with (to a lesser degree) the principles of empowerment brought about by home ownership. Tenant Charters 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 a Tenant Charter could include:

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

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.

A number of other policy issues were identified in the 1996 review and these will be quietly progressed following completion of the above task.

The Housing Working Party **resolved** that the following recommendations be placed before the Committee:

- 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 2001/02 financial year on:
 - (a) Meeting the accommodation needs of special groups in partnership with other social agencies, including Housing New Zealand Ltd.
 - (b) 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 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".
 4. That the existing levels of service of the assets be maintained so as to ensure a sustainable delivery of housing in perpetuity.
 5. That the draft housing asset management plan be progressed with a target implementation date of 31 December 2001.
 6. That the delivery of the Tenant Support Policy be monitored on an annual basis.
 7. That an information leaflet for tenants be prepared for consideration by the Housing Working Party.

8. That the Property Manager be requested to bring forward a report for consideration by the Council, as and when advantageous purchase opportunities arise.
9. That this report be forwarded to Community Boards for their information.