

16. **CANTERBURY COMMUNITY TRUST –
SOCIAL HOUSING PARTNERSHIP PROPOSAL**

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

1. The purpose of this report is to:
 - (i) Seek the Council's authorisation for a Partnership Agreement to be entered into with the Canterbury Community Trust in accordance with the principles detailed in this report; and
 - (ii) Seek the Council's agreement to the authority to conclude and sign a social housing Partnership Agreement, and all other associated documentation, with the Canterbury Community Trust, consistent with this proposal, being delegated to the Chief Executive Officer of the Council.

EXECUTIVE SUMMARY

2. To celebrate the 20th anniversary of the Canterbury Community Trust, Trustees have approved that an amount of \$20 million (\$1 million for each year of the Trust's life) be applied towards community housing initiatives. The amount will be allocated across the Trust's region, with the Canterbury area receiving \$15.1 million.
3. The Canterbury Trustees have resolved to allocate at least 20 per cent of this sum to special needs housing. A portion will also be allocated to the Selwyn, Waimakariri, and Hurunui District Councils. It is the wish of the Canterbury Trustees to allocate the remaining sum (up to \$10 million) to a joint venture with the Christchurch City Council for social housing in Christchurch.
4. Meetings have occurred between Canterbury Community Trust representatives and Council staff in order to develop the proposal to the stage where a substantive report could be prepared for the Council's consideration. A number of principles have been negotiated, subject to the Council's approval, and these are detailed in this report. The Canterbury Community Trust has also met with the Housing Working Party to clarify the objectives, terms and conditions at a governance level.
5. Partnership Principles:
 - The Trust and the Council enter into a partnership to provide a number of social/affordable housing units.
 - The parties will agree on a project by project basis on the scale, design and specifications of a project.
 - Both parties shall contribute financially to the project by way of land or funding.
 - The Council will contribute land to any partnership project and also manage the planning and construction of the units.
 - It is envisaged that:
 - (i) the Council will, in most cases, provide the land as their contribution to the project;
 - (ii) the Trust will in most cases provide funding for the building related costs;
 - (iii) projects will generally comprise the construction of new units;
 - (iv) in certain cases, a project may involve the purchase of existing units, with funding to be shared as set out in (i) and (ii) , or as otherwise agreed;
 - (v) either party may, by agreement, contribute in any other way to a project.

- The formal partnership between the Trust and the Council will allow for additional partners being brought in for specific projects with the agreement of both the Trust and the Council.
- The Trust will have naming rights to developments constructed or purchased through the Partnership in agreement with Council and any other partners that may be involved.
- The partnership will continue as long as the Trust has capital invested in a housing project with the Council.
- The Council will manage the planning and construction of the new units.
- The Council will receive the rental income and manage all aspects of tenancy and property management, including maintenance, associated with properties provided through this partnership in accordance with the Council's Social Housing Strategy, relevant Council policies and legislation.
- The Council will pay the Trust a fixed annual return of 2 per cent on the capital contributed by the Trust, this amount being payable on 30 June of each year.
- Each party shall retain ownership of the assets it contributes to the partnership.
- On a project by project basis the parties will establish and agree on rents such that the project is sustainable into the long term and the costs of both parties are met.
- At any time after 20 years, either party will have the right to sell any or all of the assets it has contributed to the partnership, the other party to have the first right of refusal to purchase the assets at an agreed market value.
- If the Council does not accept the first right of refusal to purchase, the Council will agree to sell the land upon which the Trust's assets sit at market value to either the Trust or the purchaser of the Trust's assets.
- The Council, on an annual basis, will provide a report to the Trust on the financial affairs of the partnership. The report to include, but not be limited to, a statement of financial performance for the year under review.
- The parties will maintain good communication and negotiate in good faith to resolve any issues that arise from time to time.

FINANCIAL IMPLICATIONS

6. Financial implications for the Council are concerned with the requirement for the Council to contribute land or other funding to any development occurring under this partnership with the Canterbury Community Trust. Where the Council already owns land that has been acquired for housing, that land can be used. In order to ensure developments are constructed in appropriate locations it is likely that some land may need to be purchased. The purchase of land will be most likely be funded through new borrowings, the cost of which will be recovered through the rentals of the units.

Do the Recommendations of this Report Align with 2006-16 LTCCP budgets?

7. No. This is a new proposal which was unknown at the time of preparation of the LTCCP.

LEGAL CONSIDERATIONS

8. All documentation and conditions in the final negotiated partnership agreement will be referred to the Council's legal advisers.

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

9. Yes – see paragraph 9 above.

ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

10. This proposal aligns with the provision of Social Housing as detailed on page 49 of the LTCCP.

Do the recommendations of this report support a level of service or project in the 2006-16 LTCCP?

11. This proposal is consistent.

ALIGNMENT WITH STRATEGIES

12. This proposal aligns with the Council's Social Housing Strategy, in particular Goal 1 – Partnership. An objective under this Goal states :

“Enter into funding partnerships with other providers, including central government, NGOs, and the private sector, to maintain and where possible expand the supply of social housing.”

Do the recommendations align with the Council’s strategies?

13. Yes – see paragraph 11 above.

CONSULTATION FULFILMENT

14. Not applicable.

STAFF RECOMMENDATION

It is recommended that the Council:

- (a) Authorise a social housing Partnership Agreement being entered into with the Canterbury Community Trust in accordance with the partnership principles detailed in this report.
- (b) Delegate to the Chief Executive Officer of the Council the authority to conclude and sign a social housing Partnership Agreement, and all other associated documentation, with the Canterbury Community Trust consistent with the principles detailed in this report.