

13. LAND SALE AND SOCIAL HOUSING DEVELOPMENT, HORNBY

<b>General Manager responsible:</b>	General Manager Community Services, DDI: 941-8607
<b>Officer responsible:</b>	Community Support Unit Manager
<b>Author:</b>	City Housing and Community Facilities Manager (Kevin Bennett)

**PURPOSE OF REPORT**

1. The purpose of this report is for the Council to:
  - (a) Consider a purchase offer for the block of land at 2 Goulding Avenue (now known as 36 Shands Road), Hornby; and
  - (b) Consider the Council proposal to develop social housing units on the Council owned site at 2 Goulding Avenue (now known as 36 Shands Road), Hornby.

**EXECUTIVE SUMMARY**

2. The Council owns a block of land fronting onto the Main South Road, Goulding Avenue and Shands Road, Hornby. This block of land comprises 18,930 square metres (1.8930 hectares) of which approximately 4,000 square metres has been developed for social housing purposes (Hornby Courts).
3. The remaining undeveloped land is currently utilised for passive recreation purposes; it was purchased by the then Paparua County Council for cultural and recreation purposes. In 1982 the cultural and recreation designation was revoked and the land vested in the Council in Fee Simple for the Council to deal with in such a manner as it determined.
4. In 2009 the Council resolved to sell this block of land to the Housing New Zealand Corporation or other agencies committed to the provision of social or affordable housing as the land was deemed as surplus to needs at that time. The property was marketed and a NZ Housing Foundation consortium proposal identified as best aligning with the Council's vision for the land. This proposal was developed to the stage that a final report was considered by the Council in June 2011.
5. At its meeting of 23 June 2011 the Council resolved:

*“ That the offer for purchase of the site by the NZ Housing Foundation be declined and the process commenced as a result of the February 2009 resolution for sale and development of the site for social or affordable housing be terminated “.*
6. All parties to this tender were notified accordingly and the process terminated.
7. The Consortium Partners comprising the New Zealand Housing Foundation, Abbeyfield, Housing Plus Charitable Foundation and The Salvation Army (similar to the original New Zealand Housing Foundation group) submitted a revised proposal to purchase the land and develop it for Affordable and Social Housing purposes to the Council Housing and Community Facilities Committee on 11 May 2012. The Consortium Partners are described as:
  - The New Zealand Housing Foundation – utilises innovative home ownership programmes for first home buyers and would extend this to earthquake affected homeowners
  - Abbeyfield NZ - independent socially isolated people flat together in a family household style environment
  - Housing Plus Charitable Foundation – an extension of the Beckenham Community Housing Trust which, currently in partnership with the Council, provides safe, quality housing in a supported environment
  - The Salvation Army – a faith based social service provider that will provide rental housing to earthquake affected families.

## COUNCIL 7. 6. 2012

### 13 Cont'd

8. The Consortium proposal consists of 42 units catering for low to medium income residents. The rental levels cited were those stated during the presentation from the Consortium. The proposed mix is:
  - The New Zealand Housing Foundation : 9 x Affordable Ownership Homes
  - Abbeyfield NZ: 11 x Units Supported Group Housing, plus one unit for housekeeper. (Rental of \$275-\$330 per week)
  - Housing Plus : 11x units Supported Social Housing (Rentals at approximately 80 per cent of market)
  - The Salvation Army: 10 x Social Housing Rental Units. (Rentals at 85-90 per cent of market).
9. The Housing and Community Facilities Committee decided to ask staff to report to the Council on the Consortium proposal and the Council's own proposal for the use of the land , as soon as feasible. The Committee noted that this report would be reported direct to the Council for discussion.
10. A concept plan of the current proposal is attached at **Attachment 1**.
11. The Council Development Proposal: Since the original decision of the Council to dispose of the land the situation has changed. The land is no longer surplus to requirements and the Council has a specific housing need for the land to allow the replacement of lost housing stock and the decanting of current tenants from damaged units to allow repairs.
12. The Council's social housing assets have received significant damage as a result of the earthquake events. Currently there are 380 units uninhabitable and although a repair/replacement programme is being developed and the focus will be on returning currently untenable properties to a tenable status, it will be some time yet before this gathers momentum. The Council has recently received priced scopes of work from the Earthquake Commission (EQC) and these need to be analysed to ensure EQC's scopes compare with the actual damage sustained. It is likely some units will be written off and require replacement rather than repair, while complexes such as, Bowie Place (32 units), Calbourne Courts (26 units) and Shoreham Courts (28 units) are in the Red Zone and cannot be rebuilt there.
13. As of 28 May 2012, the City Housing wait list is 227 of which 88 are considered urgent in that they have an immediate to moderate housing need. It is expected that this will increase as more people are displaced from their homes, including the potential need to reaccommodate current City Housing tenants while their units are being repaired and/or redecorated and if complexes should fail their Detailed Engineering Evaluations expected to be conducted over the next 18 months.
14. Recognising this critical need, staff have developed a concept proposal to utilise the Goulding Avenue site for the Council's social housing purposes. This proposal provides for the construction of 35 units, being a mix of one and two bedroom units, a resident's lounge and a village green. This development will assist towards the Council's housing unit replacements and meeting the rental housing need for people from the lower socio-economic sector, the key target group for the Council's Social Housing. Further concept proposals involving the intensification of existing Council housing sites are being developed, and will be submitted to the Housing and Community Facilities Committee for consideration in the near future.
15. This proposed Council development will assist with the replacement of the Bowie Place, Calbourne Courts and Shoreham Courts complexes. It is anticipated the Council development would be available for occupation by September 2013.
16. Rentals in the Council's housing units average 50 per cent of market rate. In our newest units (Whakahoa Village) the rentals are between 53 per cent and 74 per cent of market rate.
17. A concept plan of this proposal is attached at **Attachment 2**.

**13 Cont'd**

**FINANCIAL IMPLICATIONS**

**Consortium Development**

18. The proposal submitted to the Housing and Community Facilities Committee on 11 May 2012 states that the cost to the Council is limited to the discounted sale price of the land and an interest free loan to the Consortium. The purchase price offered is \$525,000 (inclusive of GST, if any) and will be zero rated for GST purposes. The purchaser proposal requires the Council to contemporaneously lend to the purchaser \$420,000, interest free, in the form of a fixed sum mortgage. This loan is to be repaid within five years by 22 equal instalments when the sale of each of the lots proposed to be created settles.
19. The financial implication of the Council granting a \$420,000 interest free loan over five years is \$142,000 additional interest costs.
20. The cost of land purchase, land development and construction is estimated at \$9,500,000 which the NZ Housing Foundation states is sourced and committed, some funding coming from the partners, some from the Government's Housing Innovation Fund and some from the Canterbury Community Trust.
21. In September 2009 the Council commissioned a market valuation of this land based on the L2 zoning and not taking account of limiting development to social or affordable housing. This valuation was assessed at \$1,160,000, exclusive of GST.
22. In August 2011 the NZ Housing Foundation commissioned a market valuation which assessed the market value at \$870,000 exclusive of GST. This valuation did not take account of limiting development to social or affordable housing.
23. The Council commissioned a new market valuation in May 2012 which assessed the value at \$1,323,000, exclusive of GST.
24. The Consortium proposal asks the Council to sell its land asset at a \$798,000 discount to current market valuation and in addition incur \$142,000 of interest costs, a net discount to market value of \$940,000.

**Council Development**

25. The estimated cost of the Council proposal is \$6,570,119. This funding is able to be sourced through the Council's EQC and insurance settlement for housing as the project is replacing a number of units damaged beyond repair. The formal processes for this, and for the Council's approvals, will be through the Facilities Rebuild Programme.

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

26. No, as the need is occasioned by earthquake damage.

**LEGAL CONSIDERATIONS**

**Consortium**

27. Should the Council elect to proceed with the Consortium's proposal the sale and purchase agreement and mortgage instrument will be referred to the Legal Services Unit for advice.

**Christchurch City Council Development**

28. Should the Council elect to proceed with the proposed Council development there are no known legal implications. The land is vested in the Council in Fee Simple for the Council to deal with in such manner as it determined.

**COUNCIL 7. 6. 2012**

**13 Cont'd**

29. The Council proposal aligns with the LTP and Activity Management plans as it provides for the commencement of restoring the number of social housing units to the number which applied prior to the earthquake events.

**ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS**

30. See above.

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

31. See above

**ALIGNMENT WITH STRATEGIES**

- 32.

<b>Strategy Goals</b>	<b>Consortium</b>	<b>Council Proposal</b>
Partnership	Sale of land to Consortium with no ongoing Christchurch City Council involvement. Consortium not interested in leasing the land.	Christchurch City Council only.
Demand Management	Provides additional social and affordable housing to low to middle income earners and tenants.	Replaces lost social housing for low income tenants.
Location and Distribution	Near community hub and social services.	Near community hub and social services.
Brokerage and Advocacy	The Council seen to be supporting non-Council housing initiatives with Government and Community Trust backing.	The Council can deliver social housing within its own financial constraints.
Compatibility and Integration	Mixed usage model with potential for conflict.	Social housing only model with separate areas for aged and general tenants.
Service Sustainability	Affordable housing for low to middle income owners. Group housing for low to middle income residents. Social housing for low income tenants.	Social housing for low income tenants.

**Do the recommendations align with the Council's strategies?**

33. See above.

**CONSULTATION FULFILMENT**

34. When the proposal to sell this block of land to Housing New Zealand Corporation or other agencies committed to the provision of social or affordable housing was first considered by the Council in 2009, consultation occurred with the Hornby community. Four written submissions were received; three in favour of the proposal and one against. The objection related to the impact on green space in the area, potential impact on car parking, impact of tenants from the lower socio-economic sector on elderly people in the area (in particular the Council's Hornby Courts complex) and a family link with Goulding Avenue. This objection was considered insufficient to justify a Hearings Panel and the objection was dismissed.

## COUNCIL 7. 6. 2012

### 13 Cont'd

#### STAFF RECOMMENDATION

It is recommended that the Council:

- (a) Decline the proposal received from the Consortium to purchase the Council owned block at 2 Goulding Avenue (now known as 36 Shands Road), Hornby; and
- (b) Resolve that the Christchurch City Council proposal to develop social housing units on the Council's owned land at 2 Goulding Avenue (now known as 36 Shands Road), Hornby proceed.

digitalCONSTRUCTION  
COMPUTER GENERATED IMAGERY FOR THE BUILDING INDUSTRY

UNITS 1-6  
TWO BEDROOM  
(GROUND FLOOR)

UNITS 7-12  
TWO BEDROOM  
(FIRST FLOOR)

UNITS 13-18  
TWO BEDROOM

E.P.H. UNITS 19-35  
ONE BEDROOM

DETACHED GARAGE  
UNITS 25 & 33



# Shands Village Green

S O C I A L H O U S I N G D E V E L O P M E N T

