

Subject: Annual Plan 2010/11 Activity Report - Community & Staff Housing

Prepared by: Terry McMillan

Meeting Date: 5/6 May 2010

Report to COUNCIL for decision

SUMMARY

Three submissions to the draft 2010/11 Annual Plan contained comments relating to the Community & Staff Housing activity. Detailed officer responses and recommendations to these submissions are attached. The issues covered by these submissions were grouped into the following areas:

- Financial (1)
- Affordable Housing Structure (1)
- Accessibility (1).

The following overarching issues/themes have emerged from the submissions:

- Council's role in the provision of affordable, safe and accessible housing. How best to fulfil that role and associated costs.

RECOMMENDATIONS

That Council

1. receives the report
2. approves the officer responses contained in Attachment 1: Community and Staff Housing submissions and responses
3. makes no changes to the draft Annual Plan 2010/11 in relation to this activity.
4. requests that the Economic Development Team Leader raise Kapai Kaiti's submission at the next housing affordability forum.

Terry McMillan
Activity Manager

Peter Higgs
Department Manager

1. BACKGROUND

Council's housing assets are to provide housing facilities for appropriately qualified senior citizens of the district, and for staff engaged in specific activities on behalf of the Gisborne District Council. Council does not provide social welfare services for its tenants but works with other agencies to ensure that these services are provided to tenants who might benefit from them. Community Housing is planned to be self-funding within a few years with incremental rent increases to bring all rents up to 90% of the market rents. Renewal work is planned so that the facilities better meet the needs of tenants. Currently Council has a relatively small role in the provision of affordable housing for the community.

2. DISCUSSION AND OPTIONS

Council's role in the provision of affordable housing for our district and how that could be delivered are the main issues for discussion. Should Council decide to increase its involvement then there may be other ways of achieving these outcomes. This could represent a major change in Council services and could be the subject of a separate report to the Community Development Committee for further consideration.

3. SIGNIFICANCE

This activity is considered towards the Less Significant end of the scale. Any changes to the scope of Council's involvement in "Affordable Housing" or the way in which services are delivered would require a high level of consultation. This could be done in the next Ten Year Plan if other options were considered appropriate.

4. CONSULTATION

Community & Staff Housing activities tend to be sensitive and require a level of local consultation where changes are proposed. This provides a positive opportunity for the community to shape and influence their immediate and wider environment.

5. COMMUNITY OUTCOMES

The contribution to community outcomes by the Community & Staff Housing activities remains unchanged.

6. LEVELS OF SERVICE

Upgrading the access to units is an increase in level of service. However, for units catering for the elderly sector of our community the current standard of access is considered inadequate by industry standards.

7. FINANCIAL

Rent increases have been consulted on and will be introduced in a staged and affordable manner for existing tenants from 1 July 2010. Rents will increase by annual increments over three to five years until all rents are at 90% of the market rates. All new tenants are going into the units at the higher 90% market rate rentals.

The increase in rents has not affected demand for the units. These rent increases combined with cost containment measures will reduce the activity operating deficit over the next two to three years until the activity is once again fully self-funding. Due to the timing of payments for capital works and the funding of depreciation charges the activity will not run a cash deficit. For this reason no direct ratepayer funding will be required.

Upgrading units to all ability assess is currently part of a planned renewals programme and no additional funding is required. Transferring Council's housing assets (valued in 2008 at \$9.7M) to another entity would have significant financial effects. Any transfer of community housing assets would require the special consultative procedure to be followed.

8. LEGAL

There are no legal implications for these issues. Should the ownership or delivery of services be considered then legal advice will be required.

9. POLICY

There are no policy implications at this time although some issues may influence future Council planning and policy development.

Summary and Response by Issue

For: Annual Plan 2010/11 - COMMUNITY & STAFF HOUSING

Issue	Submitter
Community Housing	
42	Radomske, Clare Andrew
<p>Suggests that community housing statements in the plan are entirely misleading as they state that "community housing is financially self supporting".</p> <p><i>Officer Response: The Community housing activity is budgeted to make an accounting deficit of \$143K in the 2010/11 year. Current incremental rent increases are addressing the underlying financial performance, assisted by new tenants going into the units at the 90% market rental rate. The deficits have been met from the Community Housing reserve. The deficit balance in the reserve will be repaid in future years from the small financial surpluses planned for this activity. Due to the timing of payments for capital works and the funding of depreciation charges the activity will not run a cash deficit. For this reason no ratepayer funding will be required. Officer Recommendation: That there be no change to the draft Annual Plan</i></p>	
60	Kapai Kaiti
<p>This submission sets out why and how the Gisborne District Council (GDC) should consider how to best promote affordable and safe housing in the district. As part of this, we set out why and how GDC should explore transferring its community housing into a community housing trust. (See full submission). We recommend that GDC does two things. First, in order to better ensure the wellbeing of Gisborne district residents, GDC needs to better understand these needs and explore the best ways to help address them. We believe that we need answers to the following questions: 1. What is a reasonable definition of housing affordability for the district? 2. Based on a locally agreed definition of affordable, adequate, safe and healthy housing, what proportion of residents are currently living in housing arrangements that are affordable and how many are living in unaffordable, inadequate, unsafe and unhealthy housing? 3. What are the realistic options for Gisborne residents who are living in unaffordable, inadequate, unsafe and unhealthy housing? 4. Which organisations provide what kind of housing-related services to which clients? 5. What kinds of changes would be helpful for providers of housing services to make and are they willing and able to make those changes? 6. What levels of affordability, adequacy, safety and healthy homes should Gisborne district be aiming for? Second, the Council should seriously explore transferring its community housing assets into a community housing trust. The rationale for this action is that: 1. There is a growing body of research that provides evidence that this kind of structure can have substantial benefits for a community housing, social, and economic outcomes. 2. GDC may be able to better help the districts housing needs by transferring its assets to another entity that specialises in social housing if the current approach to community housing is not a priority for Council and subsequently available resources are not meeting the districts housing needs as well as they could under different circumstances. 3. GDC wants to demonstrate a commitment to the social and economic wellbeing of the most vulnerable residents, but has other priorities it would prefer to focus on. In view of the answers to questions posed in our first recommendation, GDC should (based on proper investigation and deliberation) be able to decide: how GDC can best ensure affordable, healthy and safe housing is accessible to every resident in the district and what kind of structure/s would best facilitate this; where the most significant gaps exist in current housing services and which parts of the population would benefit most from supported accommodation and under what circumstances that should be provided; and, which options are available to GDC that will keep a stock of housing in public ownership to help meet the gaps in housing for vulnerable residents for whom other housing is not a viable option. (More detail is included in submission).</p>	

Summary and Response by Issue

For: Annual Plan 2010/11 - COMMUNITY & STAFF HOUSING

Issue	Submitter
<p><i>Officer Response: Many questions are raised in this submission about the provision of affordable housing in our district. Council's community housing is only a very small component in the overall housing provision. Council currently views the provision of affordable housing as a largely central government function but recognises a local role and responsibility. Council would welcome further research being undertaken on the issue of housing affordability in the district and considers Housing New Zealand the most appropriate agency to lead and fund such research. Council could contribute through its membership on the Housing Affordability Advisory Group. The current housing stock represents considerable asset value and would require significant consultation before any decision regarding any possible transfer to a community housing trust could be made. Officer Recommendation: That the Economic Development Team Leader raise Kapai Kaiti's submission at the next housing affordability forum.</i></p>	
68	Gisborne District Council Disability Advisory Group

Recommend that council develop a standard of accessibility for council housing.

Officer Response: Accessibility to community units has been audited and will be graded against industry standards. This will establish a benchmark and determine future levels of service. The community housing units do not appear to have been designed for access by elderly residents. GDC is currently preparing plans for two of the larger blocks of units to improve access. Planned improvements will commence this year as part of budgeted capital improvements. Officer Recommendation: That there be no change to the draft Annual Plan.