

## Notice of Meeting:

I hereby give notice that an ordinary meeting of the Community and Environment Committee will be held on:

**Date:** Wednesday 8 June 2016  
**Time:** 1.00 pm  
**Venue:** Edinburgh Room, Municipal Chambers, The Octagon, Dunedin

Sue Bidrose  
Chief Executive Officer

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## Community and Environment Committee SUPPLEMENTARY AGENDA

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### MEMBERSHIP

<b>Chairperson</b>	Cr Jinty MacTavish	
<b>Deputy Chairperson</b>	Cr Neville Peat	
<b>Members</b>	Cr David Benson-Pope	Cr John Bezett
	Cr Hilary Calvert	Mayor Dave Cull
	Cr Doug Hall	Cr Aaron Hawkins
	Cr Mike Lord	Cr Andrew Noone
	Cr Chris Staynes	Cr Richard Thomson
	Cr Lee Vandervis	Cr Andrew Whiley
	Cr Kate Wilson	
<b>Senior Officer</b>	Simon Pickford, General Manager Services and Development	
<b>Governance Support Officer</b>	Pam Jordan	

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Pam Jordan  
Governance Support Officer

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**Note:** Reports and recommendations contained in this agenda are not to be considered as Council policy until adopted.







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## PART A REPORTS

### LOCAL GOVERNMENT NEW ZEALAND SOCIAL HOUSING FORUM

Department: Corporate Services

#### EXECUTIVE SUMMARY

- 1 Attached is a report from Councillor Jinty MacTavish regarding the Local Government New Zealand Social Housing Forum, held in Wellington on 16 March 2016.

#### RECOMMENDATIONS

That the Community and Environment Committee:

- a) **Notes** the report from Councillor Jinty MacTavish regarding the Local Government New Zealand Social Housing Forum dated.

#### Signatories

Authoriser:	Simon Pickford - General Manager Services and Development
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#### Attachments

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A	Report on Local Government New Zealand Social Housing Forum	6



## SUMMARY OF CONSIDERATIONS

### ***Fit with purpose of Local Government***

This decision/report/proposal enables democratic local decision making and action by, and on behalf of communities.

### ***Fit with strategic framework***

	Contributes	Detracts	Not applicable
Social Wellbeing Strategy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Economic Development Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Environment Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Arts and Culture Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3 Waters Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Spatial Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Integrated Transport Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Parks and Recreation Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other strategic projects/policies/plans	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

This information in the attached report contributes to the Social Wellbeing strategy in particular as it reports back on the Local Government New Zealand Social Housing Forum.

### ***Māori Impact Statement***

There are no known impacts for tangata whenua.

### ***Sustainability***

There are no known implications for sustainability.

### ***LTP/Annual Plan / Financial Strategy /Infrastructure Strategy***

There are no known implications.

### ***Financial considerations***

Not applicable – reporting only.

### ***Significance***

Not applicable – reporting only.

### ***Engagement – external***

There has been no external engagement.

### ***Engagement - internal***

There has been no internal engagement.

### ***Risks: Legal / Health and Safety etc.***

There are no known risks.

### ***Conflict of Interest***

There are no conflicts of interest.

### ***Community Boards***

There are no implications for Community Boards.



**Local Government New Zealand Social Housing Forum****Wellington, Wednesday 16 March****Attendees**

60 participants from a 15 councils, both staff and elected members.

Of the 15 councils represented:

- 12 currently intend to continue to provide social housing into the future
- three are considering whether to continue
- five are investigating partnership options
- at least one is delivering social housing through a CCO
- at least five are actively looking to increase their social housing provision.

Key themes in the feedback from the councils represented included:

- Age and style of housing stock (a lot of it older bedsits – many Council's seeking to modernize through upgrades, via sales and investment in new stock)
- Partnerships (some contemplating this, particularly in context of SHRP)
- Complementary tools/policy approaches (e.g. enabling rules in District Plans around granny flats)
- Financing (most council's have a self-funding policy, but rents are struggling to fund depreciation, worries about financial sustainability of model)
- Rental policies/alignment with central government (many councils supporting tenants that would not qualify for IRRS, have variable rent structures for tenants whose situations vary, frustrations with lack of access to IRRS and a desire for closer alignment with central government, difficulties supporting with complex needs).

**Presentations from Government agencies**

**Richard Braae, Director of Social Housing, The Treasury** outlined the overall Government direction for social housing and the Social Housing Reform Programme (SHRP).

The stated objectives of the Government's SHRP are to:

- Ensure people who need housing support can get it and receive social services that meet their needs.
- Ensure social housing is the right design and size and is in the right places for people who need it.
- Help social housing tenants to independence, as appropriate.
- Encourage and develop more diverse ownership of social housing, with more innovation and responsiveness to tenants and communities.
- Increase affordable housing supply, especially in Auckland.

The Government cites a number of reasons for initiating their SHRP:

- The Government has identified that 3,600 people assessed as in high need are waiting on the social housing register<sup>1</sup> and another 1,300 HNZ tenants have applied for a transfer.
- The Government has identified that one third of the \$18.7 billion HNZ portfolio is in the 'wrong place' or of the 'wrong type' to meet this need. For example, 30% of people waiting for social housing require a one-bedroom place, but these make up only 9% of HNZ properties.

<sup>1</sup> There is a limited supply of IRRS housing – many people that would qualify currently get the Government's Accommodation Supplement instead, which is currently funded at \$1.2B/annum.



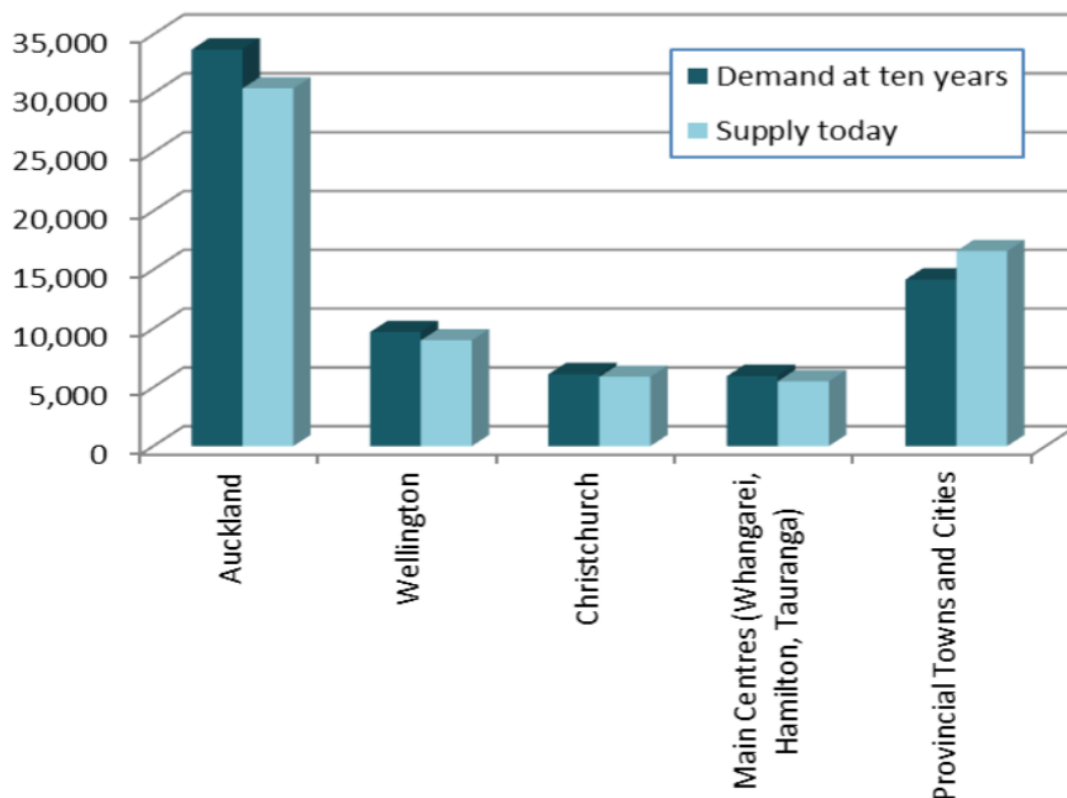


Figure 1: Social housing location (source: MSD)

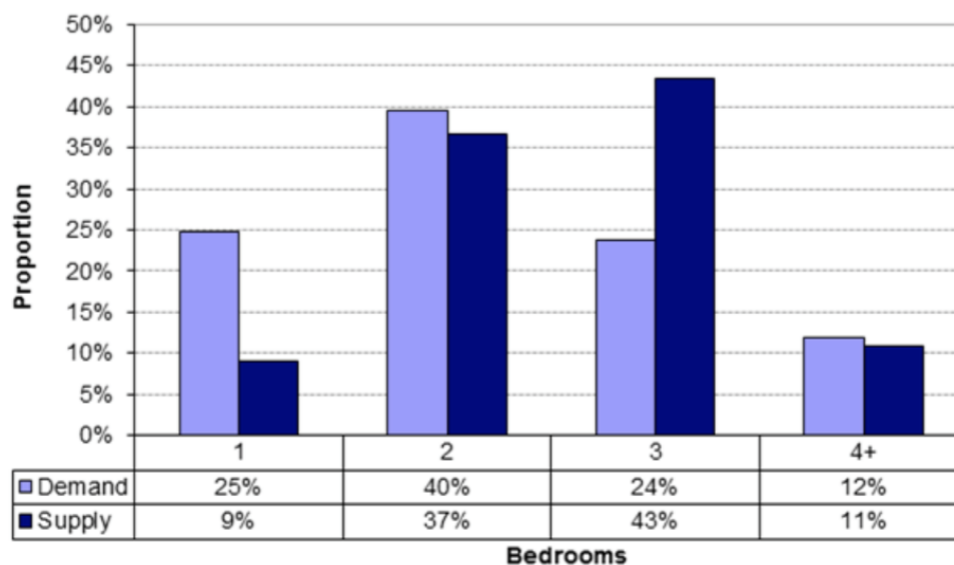


Figure 2: Social housing type (source: MSD)

- The Government feels there are 'poor incentives' for people to move into housing independence when they are 'capable of making this transition' and/or for providers to help tenants to move.
- Given the changing housing needs of tenants – and the needs they often have beyond housing itself – the Government feel there is a need to 'find better ways' of meeting those needs.



The SHRP has a number of elements. Amongst them are:

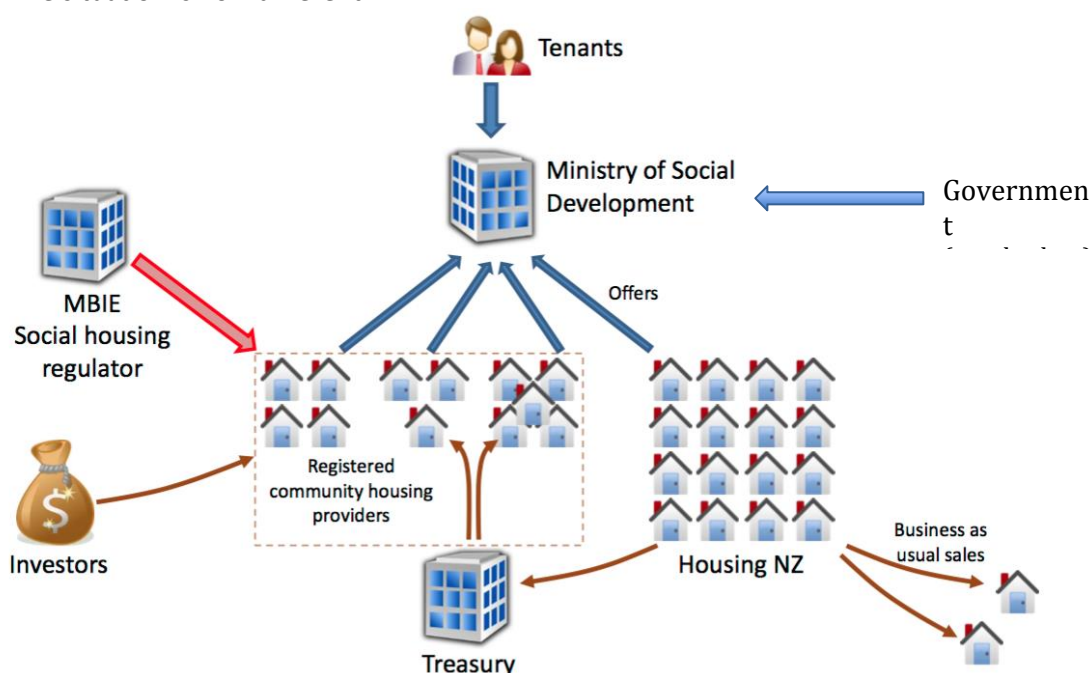
- A move away from a focus on 'state housing' to 'social housing', reflecting the fact that it may no longer be provided directly by the state through Housing New Zealand (HNZ), but also by Community Housing Providers (CHPs, either public or private).
- Growing the role of CHPs in the provision of social housing (through transfers of social housing units from HNZ, Treasury funding and MSD contracts to facilitate investment in more social housing, and purchasing of tenancies via Income Related Rent Subsidies).
- A restructure of the role of various government agencies involved in the provision of social housing, to separate out purchasing and assessment from provision, and provision from regulation.
- Increased services that support tenants' 'transition to independence'.
- Tenancy reviews, resulting in some long term tenants moving into the private housing market.

Terminology:

- 'Social housing' is the term now Government now uses to refer to approx. 62,000 tenancies provided via an Income Related Rent Subsidy (IRRS) from the Ministry for Social Development (MSD). These 62,000 tenancies cater for the needs of approx. 190,000 people. The tenants are very diverse. The main eligibility criteria is that they are unlikely to maintain a tenancy in the private housing market.
- 'Income Related Rent Subsidy' is a Government subsidy (historically through HNZ, now through MSD) which tops up eligible tenants' rent payments to market rental rates, over and above the 25% of their income that tenants contribute themselves.

How things have changed:

- Previously, HNZ assessed tenant eligibility, maintained the waiting list, and placed tenants in its houses. This made the tenant eligible for the IRRS. Only tenants in HNZ houses could get the IRRS.
- The situation is now different:



**Figure 3: Roles of Government agencies and other players under the SHRP (source: MSD)**

1. The Government sets the MSD budget for IRRS.



2. MSD assess need and inform Housing NZ and registered CHPs of IRRS purchasing intentions (where/how many social housing tenancies). They purchase social housing tenancies in response, contracting HNZ and CHPs to provide the tenancies via IRRS.
3. On the tenant side, MSD assesses prospective tenant eligibility and maintain a Social Housing Register of eligible prospective tenants. They also conduct reviews of social housing tenancies, and provide services that 'assist tenants' transition to independence.'
4. The Community Housing Regulatory Authority (CHRA, based within the Ministry of Business, Innovation and Employment) registers CHPs and monitors their performance as housing providers.
  - At the same time, HNZ houses (starting with an initial 1000-2000 in Invercargill and Tauranga) are being sold through the Treasury in a competitive tender process, to Community Housing Providers. There are also business-as-usual sales of HNZ houses (approx. 500 per annum).

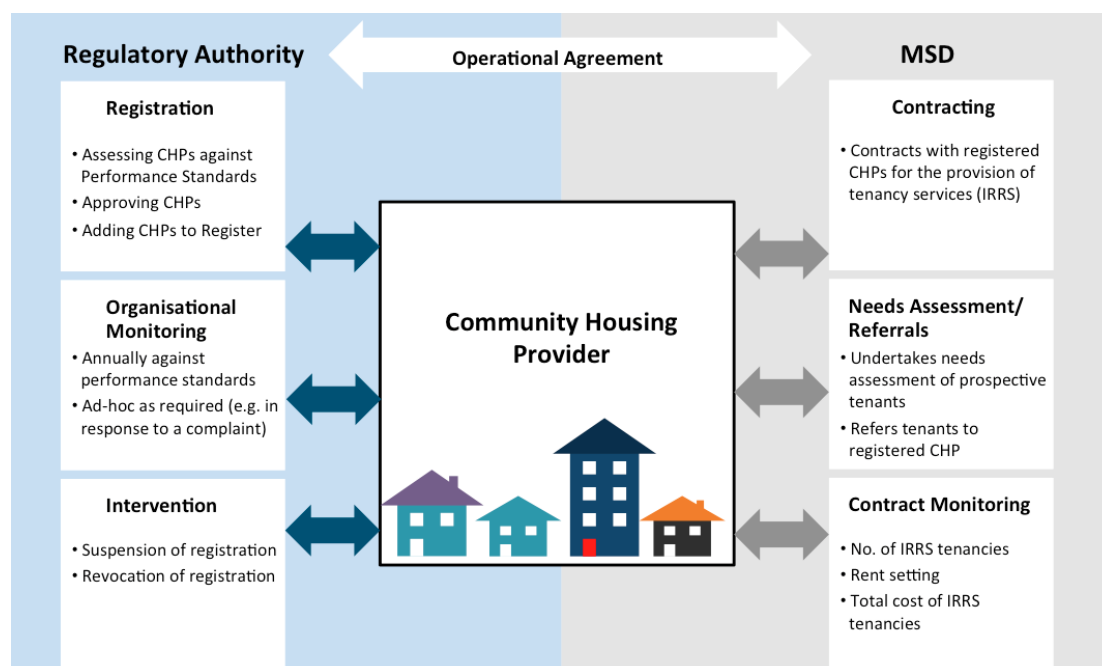
Looking to the future:

- The budget for IRRS is currently anticipated to grow from \$718 million in 2014/15 to \$880 million in 2017/18. It is unclear yet how many tenancies this will purchase.

The role of local government in the new system:

- Under the Government definition, councils are not considered to provide 'social housing'. This is because the legislation does not CHPs to be controlled by councils, which in turn means council-owned housing is ineligible to providing for tenancies that receive IRRS unless it is leased to a CHP that is not council controlled (see next section).
- This does not change the fact that there are approximately 12,000 housing units currently provided by councils around the country, generally at below market rates, to provide for people in need of low cost housing.

**Kelvin Moffat from the Ministry of Social Development and Fiona Fitzgerald, the Manager of the Community Housing Regulatory Authority**, spoke about the roles of their respective agencies, and the process for registering and operating as a CHP, with a focus on councils.

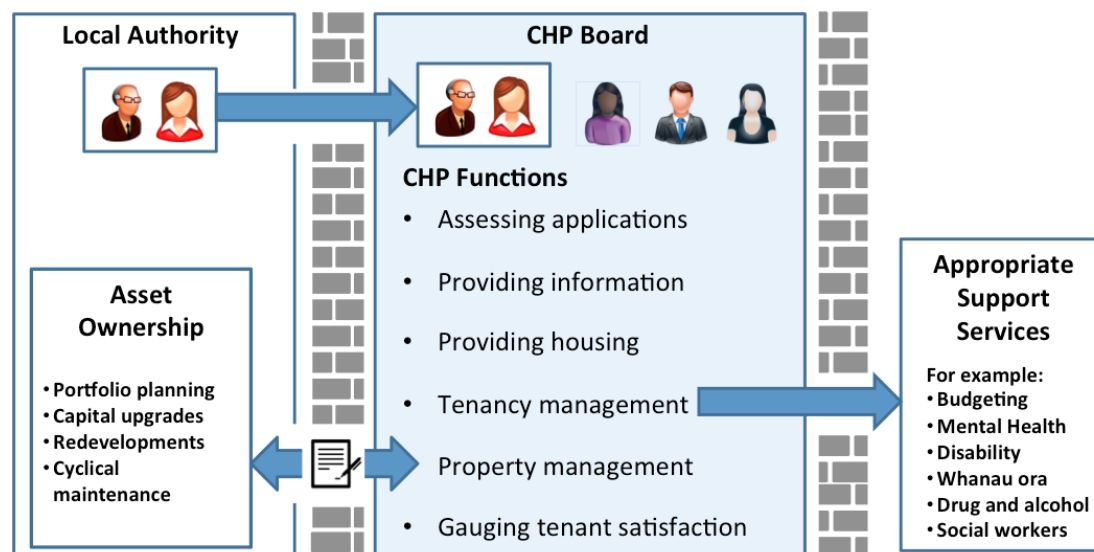


**Figure 4: Roles of MSD and the CHRA** (source: CHRA)

Registering as a CHP:



- To be able to operate as a landlord for IRRS-eligible tenants on the MSD Social Housing Register, a CHP must successfully apply with the CHRA to be a Class 1 Social Landlord.
- A CHP applicant must not be a local authority; or a council-controlled organisation; or a subsidiary of a local authority or council-controlled organisation unless the subsidiary is operating at arm's length from the local authority or council-controlled organisation.
- Some councils have decided to investigate (**Auckland** – 14,000 units) or proceed with (**Christchurch** – 2,300 units) the arms-length model.
- Key to this approach is that council-appointed representatives on the CHP board must be in the minority, though asset ownership can stay with council



**Figure 5: Arms-length model for councils wishing to operate social housing under a CHP**  
(source: CHRA)

- Some other councils (**Whakatane, Hamilton**) have simply sold their housing to CHPs.
- Others have retained both ownership and management in-house and are currently providing low cost housing to a range of clients, albeit without access to IRRS (e.g. **Wellington**).

#### Operating as a CHP:

- In tenancy-by-tenancy contracts CHPs are only paid IRRS for social housing units that are tenanted with someone from the Social Housing Register at any given time.
- Can in this way lease any empty tenancies in a given social housing complex to a CHP, without compromising the ability to maintain other units for longer term, non-IRRS tenants.
- MSD benchmarks 'market rent' against lower quartile market rent (adjusted for any warm/safe/dry attributes typically not found in lower quartile housing e.g. insulation, double glazing) – refer [www.dbh.govt.nz/market-rent](http://www.dbh.govt.nz/market-rent)
- Longer-term contracts with MSD are less flexible.
- The MSD IRRS standard contract and provider guidelines available from MSD's housing assessment website – refer [www.housing.msd.govt.nz/information-for-housing-providers/providers/index.html](http://www.housing.msd.govt.nz/information-for-housing-providers/providers/index.html)

#### Process for receiving tenancies when operating as a CHP:

- CHP advises MSD of a vacant property – enters property details in Business Online Services (BOS)



- MSD checks demand for the property on the social housing register and checks market rent
- MSD accepts property – and generates a shortlist of 10 prospective households (property/tenant characteristics matched) and sends to CHP (via BOS)
- CHP matches most suitable tenant to property
- CHP and tenant sign tenancy agreement and provider advises MSD of tenancy start date (via BOS)
- BOS calculates provider's fortnightly IRRS payment, tenant's income-related rent and the market rent of the property
- CHP reconciles the report and invoices MSD for payment

**Regulation of CHPs:**

- The CHRA has a role in assessing CHPs against performance standards both at the point of registration, and subsequently in a regular annual monitoring capacity.
- CHRA Performance Standards relate to Governance, Management, Financial Viability, Tenancy Management and Property & Asset Management.
- Financial Viability must be proven based on rentals alone (must not be reliant on IRRS).
- Housing quality standards for CHPs are no more rigorous than for private landlords at this stage (just compliance with Residential Tenancy Act and the Building Code) but CHPs will need to comply with the new rental housing standards currently under development, when they are implemented.
- CHRA wants to see clear separation of CHP functions from any additional social services offered by a registered CHP.

**Presentations from other councils**

**Christchurch City Council** originally decided to proceed on the understanding that all current tenants would be able to stay on as IRRS-eligible clients. This is not the case. As a result the first few years of the new organization will be very tight, with expenditure limited to essential repairs and maintenance whilst they are trying to stay afloat on existing rents only.

**Auckland Council** are investigating a partnership approach following the development of a Housing Action Plan which identifies the need to substantially grow supply of both affordable and social housing in the city. They started with an open RFP process based on an interactive dialogue process and have now progressed to an EoI with The Selwyn Foundation.

Both Auckland and Christchurch reiterated that exploring a partnership approach with the aim of placing their housing in a CHP is neither a quick process nor a cheap one. Christchurch's representative urged those present to focus on the problem that needs addressing in any given city, reiterating that there are other ways to deliver those outcomes.

Rather than going down the CHP route, **Wellington City Council** is currently work with MSD to improve their up front assessment system, to ensure that prospective clients are provided with information about the range of options available to them (e.g. going on the Social Housing Register if they are IRRS-eligible).

**Presentation from Community Housing Aotearoa**



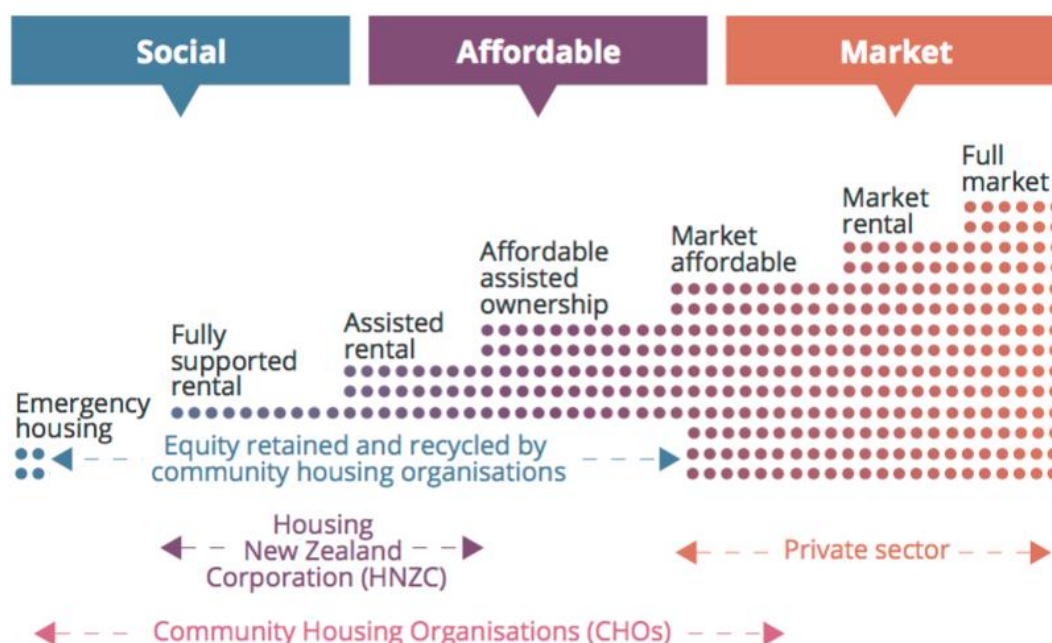
**Scott Figenshow, CEO of Community Housing Aotearoa** (the community housing sector's umbrella organization) outlined the proposed sector strategy.

Community Housing Aotearoa represents not-for-profit organisations who deliver community housing solutions, including local government<sup>2</sup>.

The sector's Vision is that 'all New Zealanders are well housed' recognising permanent, secure, appropriate and safe housing as a basic human right. It has set a goal of providing homes for 50,000 people by 2020, and three objectives:

- **Positive outcomes for communities, families and individuals:** mixed tenure, mixed income communities where community housing organisations work across the housing continuum.
- **Local responses to delivery:** an increase in local partnerships that meet community needs among iwi, the private sector, service providers and community housing organisations, each playing to their natural strengths.
- **Long-term certainty of the operating environment:** including enabling status; regulations; contracting; investing and purchasing frameworks; tax and charitable status; pipeline; funding tools; transaction structures; development; capacity and capability; research and development.

CHA promotes a focus on a Housing Continuum. CHA reports that community housing organisations deliver across the full continuum, from emergency housing solutions to pathways towards home ownership for low-income families.



**Figure 6: The Housing Continuum** (source: Community Housing Aotearoa)

CHA is of the view that the diversity in the sector is a strength, as it provides people with housing choice, and cites international evidence that it costs less to provide "appropriate, secure housing and in-home support" than "sporadic, ongoing emergency housing and institutional assistance".

The CHA have adopted a work programme based around five key areas of work:

- Housing policy: leadership from a sector perspective

<sup>2</sup> The Dunedin City Council is not currently a member.



- Sector expertise: assist the government to align its work programmes
- Strong providers: build the capacity and capability of diverse housing providers
- Grow supply: of social and affordable housing in mixed-tenure, mixed-income communities. Deliver adequate housing that meets the seven UN standards (Security of Tenure, Habitability, Accessibility, Affordability, Access to Services, Location and Cultural Adequacy).
- Measure achievements: evaluate social outcomes and demonstrate our value

### **The Dunedin context**

Council owns and manages approx. 950 social housing units (non-IRRS-eligible). Housing New Zealand also has a portfolio in Dunedin that sits at just under 1500 units. These are 'by default' eligible to house IRRS-eligible residents. There are two registered CHPs operating in Dunedin – Pact and Just Housing Otepoti. There are also range of other community housing providers in Dunedin that are not registered as CHPs (e.g. Abbeyfield) – the 2011 Dunedin Social Housing Needs Assessment identified 24 community housing providers managing a total of 345 social housing units comprising more than 800 bed spaces. The social housing portfolio is heavily geared towards smaller units, with over 70% of all units being two bedrooms or less. Only 6% of all units contain four bedrooms or more.

In their 2013 Social Housing Purchasing Intentions, MSD signaled that it wished to purchase an additional 30 social housing units in Dunedin.

The Council's 2011 Housing Needs Assessment looked at housing affordability across the housing continuum. It estimated "there are about 3,500 renting households either facing serious housing stress in the private market or already housed by the social housing sector. It identified that market rent levels in Dunedin are still low by main centre standards, but have moved up over the past decade to a point where the City is no longer the "low rent capital" of New Zealand. The largest rental price increases have occurred in traditional low-cost rental areas where the emerging intermediate housing market is competing with traditional low-income renters for available stock. This is particularly the case for smaller one and two-bedroom rental stock, for which weekly rentals have increased by more than 100% in some areas over the past five years. "

It further established that "Dunedin's Social Housing asset pool currently comprises almost 2,800 housing units owned by 26 housing providers. The sector currently houses about 80% of those broadly identified as being social housing consumers - the balance being housed in private sector housing either at market rates or via informal subsidy arrangements."

"Although details of total social housing demand is sketchy, our analysis suggests that social housing providers have managed to absorb most cases of serious housing need in the city. As a broad estimate of unmet demand, there are up to 200 individuals and households on various wait lists who could be construed as having serious and immediate housing need. Low income single people and sole parent families are most at risk, in particular those with support housing needs or at the severe housing stress end of the affordability spectrum."

The Assessment concluded that "our overall impression is that the Dunedin social housing sector lacks role clarity. HNZA and City Council, for instance, are both significant providers of housing for older people, but have yet to coordinate their waiting lists."

The Assessment sought to identify the size of future demand:



Market Segment	Demand Drivers	Current Provision (approx. units)	Current Unmet Demand	Net New Demand 2011-2031
Affordability	Working age households 15-65 years	1,400 in HNZN	A's B's & C's	Any future rise in demand offset by reduction in overall no. of working age households?  Key issue is stock reconfiguration
	- Lowest income couple family households	200 in DCC		
	- Sole parent family households	32 units		
	- Growing number of singles and couples with serious affordability issues			
Older People	65+ Renters	200 in HNZN	Approx 100	800
	- Existing HNZN tenants getting older	500 in DCC		
	- Existing DCC tenants getting older			
	- Other low income non-family households unable to sustain market rents			
	80+ renters capable of living in a non-rest home environment	70 in HNZN	0-10	200
	- Existing HNZN tenants	150 in DCC		
	- Existing DCC tenants			
- Low income single and couple renters				
	Aging older people with Intellectual disabilities	Unknown	20	Unknown
Market Segment	Demand Drivers	Current Provision (approx. units)	Current Unmet Demand	Net New Demand 2011-2031
Mental Health & Addiction	Current provision just underdone?	102 units	Varies	10 new individual housing solutions
	No population-based rationale for increasing numbers?	220 beds		
Intellectual disability	No population-based rationale for increasing numbers?	114 units	About 20	20-40 new individual housing solutions
	Market gap - Supported living for people never before institutionalised	375 beds		
	Key issue - quality of private sector housing			
Physical Disability	Key issue – shortage of modified housing	9 units	DHB not sure	5-10 new individual housing solutions
	Market gap – young people in rest homes	54 beds		
	Not a Social housing supply issue?			
Emergency and Transitional Housing	Market gap Young people on youth benefit	9 units	7 units	3-4 units?
	Young women and children	38 beds		
	Homeless women – emerging/identifiable			
	Increasing prison population			

**Figure 7: Unmet and future demand for social housing in Dunedin** (source: Dunedin Social Housing Needs Assessment 2011)

- "About 1,000 new "social housing solutions" will be required to meet the needs of older social housing consumers, including a significant increase in independent living units, and supported housing for 80+ households.
- The overall quantum of working age households needing social housing assistance is likely to decline, although there will be an increase in sole parent households (2-300) and single people (500+) seeking assistance. This supports a case for reconfiguring the existing portfolio.
- Population and benefit trends suggest that Dunedin is unlikely to face a significant surge in demand for health and disability-related housing. Third sector providers have, however, identified a number areas of unmet demand, and some provision should be made for population-based growth.
- Emergency/transitional housing in Dunedin is currently restricted to ex-offender housing, refugees and the night shelter. Sector respondents believe that additional provision is immediately required for young people at risk, young women and children



with addiction and other complex needs and homeless women. Longer term, more transitional housing will be required to cater for New Zealand's growing prison population."

The full Social Housing Needs Assessment, which includes a suggested cross-sector approach to meeting the need for growth, is at

[http://www.dunedin.govt.nz/\\_data/assets/pdf\\_file/0018/251541/Social-Housing-Needs-Assessment-Dunedin-CC-Jan-2012v2.pdf](http://www.dunedin.govt.nz/_data/assets/pdf_file/0018/251541/Social-Housing-Needs-Assessment-Dunedin-CC-Jan-2012v2.pdf)

**Key questions for the Council:**

Given the regulatory and social housing provision landscape described above, what needs to be done to satisfactorily meet Dunedin's future social housing needs?

What role should the Council play to

- ensure current needs across the housing continuum are being met?
- maximise the chance of growing demand being met?

Under business-as-usual, is there stronger collaboration that could happen between Council and MSD in the first instance, and with all sector providers more generally, to ensure that people in need are being connected with options that will best meet their needs?

Is there any merit in exploring options to register Council's social housing under a CHP, or will this just risk freeing up Housing New Zealand stock for sale and achieving overall net reduction in social housing provision in Dunedin across the continuum?

Are the figures in the 2011 Social Housing Needs Assessment still likely to be accurate? Is there merit in updating the Assessment?

What might the city's new status as a Refugee Resettlement location mean for demand for Housing New Zealand housing stock?

What does best practice social housing provision look like, and how can we ensure any new Council units are in line with this?