

Long Term Plan 2018-28 Service Plan for Assisted Housing

As at February 2018

Approvals		
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What does the overall Group of Activities do and why do we do it?

Housing is vital. It keeps us warm and dry, contributing to health, economic, environmental and social outcomes. Provision exists on a continuum, reflecting the community's different capacity to access adequate housing needs. Delivery is by a range of actors, each with valid, active and valuable parts to play across the public, private and community sectors.

The spread of housing activities and challenges can be portrayed as a continuum (Figure 1). At one end is social housing. This includes including emergency housing such as for the homeless and others in need as much as supported/assisted social housing rental. Social housing can be defined as not-for-profit housing programmes that are supported and/or delivered by government, or community housing providers, to help a range of disadvantaged groups to access appropriate, secure and affordable housing.



Figure 1 Housing Continuum

Low or even middle income households can find it difficult to access housing, especially close to employment opportunities. For these households governments and other actors use policy and other drivers to provide affordable housing. Affordable housing can be defined in terms of low to middle income households (i.e. those households earning up to 120% of median household income) spending no more than 30% of their gross income on rent or mortgage costs.

Market housing is private housing bought, sold or rented under prevailing open market conditions, largely without any direct assistance. In any given area there may be a mixture of housing types, as well as housing tenure groups within them across a range of household incomes.

Council, with government and other actors, has a role at assisted end of the continuum. Its role is as a provider of social housing and, an emerging role in shared equity schemes. Council is still involved at the market end of the continuum, albeit its role is more supply side focused through land use planning and infrastructure provision.

In its various roles Council focuses on trying to achieve the vision:

*“That all people in Christchurch have access to housing that is secure, safe, affordable, warm and dry.
We want a city where anyone who wants to be housed can be. As a basic human right, we recognise that good, adequate housing is the building block of individual wellbeing and strong communities, ensuring that all our citizens can be all that they wish to be”*

Housing Policy, 2016

This service plan addresses the assisted end of the social housing continuum. The market end sits within other service plans as the activities have broader outcomes than housing alone.

Major elements of Council’s “assisted” housing activities include

- Social Housing Asset Management (including managing leases with Community Housing Providers)
- Policy and Strategy development including research to support policy
- Advocacy
- Development of funding and facilitation initiatives (eg Housing First investigations)

1. What does this activity deliver?

This service provides the following sub-activities:

- Social Housing Asset Management (including managing leases with Community Housing Providers)
 - Planning for the delivery of Council's social housing goals in perpetuity including monitoring the condition of assets, devising management strategies to achieve financially sustainable outcomes, and planning for the replacement of units at the end of their useful life;
 - Managing renewal and major maintenance projects. This includes the design and physical works and managing the temporary relocation and rehousing of tenants; and
 - Undertaking legislatively required and / or policy mandated asset upgrades such as insulation installation or energy efficiency measures.
- Policy and Strategy development
 - Undertaking research to support policy;
 - Contributing to, developing and reviewing Council policy documents applicable to housing such as the Housing Policy or Social Housing Strategy
 - Providing support to the Christchurch Housing Accord Steering Group
- Advocacy
 - Advocating to central government for funding and policy outcomes
- Development of funding and facilitation initiatives
 - e.g. Housing First investigations in the emergency housing space
 - e.g. a shared equity scheme in the affordable housing space

2. Why do we deliver this activity?

Council has a vision for housing in Christchurch:

“That all people in Christchurch have access to housing that is secure, safe, affordable, warm and dry. We want a city where anyone who wants to be housed can be. As a basic human right, we recognise that good, adequate housing is the building block of individual wellbeing and strong communities, ensuring that all our citizens can be all that they wish to be”

Housing Policy, 2016

The activity in this service plan addresses one of Council's roles – the provision of assisted housing. Plans for the delivery of Council's other roles in supporting housing activities across the district sit in other service plans.

Assisted housing can be defined as housing programmes that are supported and/or delivered by a range of agencies to help low income households and other disadvantaged groups to access appropriate, secure and affordable housing.

Council has been providing affordable accommodation to low-income residents of Christchurch for almost 80 years, being a pioneer of social housing in New Zealand. The first units were built in 1938 – 16 pensioner units in Sydenham. Today it owns 2478 units, located across the city and on Banks Peninsula, which makes it one of New Zealand's largest owners of social housing.

While there is no legislative requirements for providing assisted housing, Council's role in provision is justified as it enables community outcomes, is consistent with its strategic directions, and is supported by appropriate policy validation.

Table 1 shows the community outcomes enabled by social housing. Table 2 shows how social housing supports Council's emerging strategic directions.

Community Outcome		Justification
Strong Communities	Strong sense of community	Having access to housing is a major key to a sense of community as it enables people to take part in the community and access services and facilities.
	Active participation in civic life	Not having a home inhibits participation in civic life. Not having a home address can make it difficult to take part in or use basic services in the community such as enrolling to vote, getting a bank account or even a library card.
	Safe and healthy communities	Having a home is the first step to keeping a person safe and healthy. Providing homes to those in need helps keep both them and the public feeling safe.
Liveable City	Sufficient supply of, and access to, a range of housing	By providing social housing, Council contributes to the supply of housing for those in need and those who would otherwise find it hard to access housing.
Healthy Environment	Sustainable use of resources	Council's social housing is built, maintained and renewed in a way which promotes sustainability and energy efficiency.
Prosperous Economy	An inclusive, equitable economy with broad-based prosperity for all	Housing is a key area through which social and economic well-being is influenced. Adequate housing is strongly linked to economic performance.

Table 1 Community Outcomes enabled by Social Housing

Strategic Direction	Justification
Enabling active citizenship and connected communities	Providing housing to those in need enables them to access essential services such as enrolling to vote. Having a home is also a corner stone of participation in the community as a person usually would need to feel safe, secure and healthy in order to do so.
Maximising opportunities to develop a vibrant, prosperous and sustainable 21 st Century city	Mixed tenure and typology ventures are being explored as opportunities arise. The energy efficiency and accessibility of a unit or complex also underpins this strategic direction.
Informed and proactive approaches to natural hazard and risks	The location and maintenance of social housing is being considered in regards to flooding and other natural hazards.
Increasing active, public and shared transport opportunities and use	Locating new social housing units in close proximity to public transport links enables the use of these by the tenants.

Table 2 Strategic Directions enabled by Social Housing

Council's broader direction for housing, including assisted housing, is set out in the Housing Policy 2016. Other direction setting documents including the amended Christchurch Housing Accord 2017 and the Council's Social Housing Strategy 2007.

The Housing Policy 2016 contains several goals that impact on the delivery of Council's social housing portfolio. Pertinent goals include:

- Retaining affordable housing - Develop a range of creative, collaborative and innovative ways to ensure the co-ordinated long term promotion, provision and retention of both social and affordable housing.
- Housing quality - Improve the standards, regulations and monitoring on housing design and quality to achieve healthier housing for households irrespective of their income.

The Accord's ongoing goal is to support a well-functioning, private-sector led housing market in Christchurch, including sufficient supply at the lower end of the market to ensure adequate access to housing for those with lower incomes. Initiatives relevant to Council's social housing portfolio include:

- Establish a housing entity or entities capable of meeting the requirements of being registered as a Community Housing Provider, to redevelop Council owned social housing assets and to develop social and/or affordable housing to better meet future housing needs of the city.
- Crown to fund the Council to purchase 42 units at Linwood Village and undertake future remediation. Council to use units for earthquake-related temporary social and affordable housing and ultimately transfer units to the Otautahi Community Housing Trust for relocation and reuse.

The current Accord is amended to reflect current circumstances. The original Accord, ratified in 2014, set targets related to additional social housing units. Specifically it contained a target to add 700 net additional social housing units to the total housing stock by December 2016. This target is no longer in the amended Accord because at December 2016, it had been successfully achieved with 854 units completed.

The Social Housing Strategy recognises that the Council has a leadership role in the provision and facilitation of social housing in Christchurch and contains seven goals (Table 3).

Strategic Principle	Goal	Key Objectives	Delivery Agency
Partnership	Developing and sustaining partnerships and relationships which contribute to social housing provision in Christchurch, fostering opportunities for tenant well-being and community integration.	To continue to develop increased understanding of the roles and responsibilities of other housing services providers.	Council / Community Housing Providers
		Foster sustainable tenancies and tenant well-being by linking tenants with community support services.	Community Housing Providers
		Further develop partnerships around appropriate housing for people with disabilities and emergency housing.	Council / Community Housing Providers
		Enter into funding partnerships with other providers, including central government, NGOs and private sector.	Council
		Identify and address gaps and trends in housing by working with key stakeholders.	Council
Managing Demand	Identifying and managing the demand for social housing in Christchurch.	To forecast the likely demand and geographic locations for social housing in the Christchurch area for the next 20 years.	Council
		Increase understanding of where housing needs are likely to occur.	Council
		Council will maintain, upgrade and where appropriate increase its supply of social housing.	Council / Community Housing Providers
		Collaboratively develop policies and plans to manage housing demand in Christchurch.	Council
Location	Locate provision near community hubs and social services, such	To locate social housing developments, where practical, close to community hubs.	Council

Strategic Principle	Goal	Key Objectives	Delivery Agency
	as community centres, shopping centres, transport links and health services where possible so as to foster community connections and tenancy stability.	Support the location of emergency and transitional housing near community services.	Council
		Seek to provide social housing where the need is recognised.	Council
Brokerage and Advocacy	Council acts as a broker and advocate for the availability of social housing	Advocating to government, charitable trusts, non-profit organisations and private sector for the provision of social housing.	Council
		Develop processes to measure and quantify the demand for social housing.	Council
		Investigate the benefits of developing, implementing and maintaining a central register of social housing agencies in Christchurch.	Council
Compatibility and Integration	Giving priority to the compatibility and safety of Council tenants both within housing complexes and the community.	To continue to develop and implement processes which assess tenant needs and provide healthy living environments for tenants.	Community Housing Providers
		Continue to identify and facilitate links to support services to enhance tenant well-being.	Community Housing Providers
		Make available housing placements appropriate to need.	Community Housing Providers
		Work with others to promote shared responsibility for harmonious community relationships.	Community Housing Providers
Facilitation and Resourcing	Council promotes and facilitates the provision of social housing that is recognised as a	To encourage developers to provide affordable and/or social housing in residential and mixed use developments.	Council / Community Housing Providers
		Promote good urban design of social housing, including universal design principles that maximise physical accessibility, mobility and	Council / Community Housing Providers

Strategic Principle	Goal	Key Objectives	Delivery Agency
	high quality service which is socially and environmentally sustainable.	independence.	
		Support best practice for warm, dry and safe housing.	Council / Community Housing Providers
		Continue to ensure appropriate resources are available to manage complex tenancy needs and partnerships.	Council / Community Housing Providers
		Be the leader in quality social housing service provision.	Council / Community Housing Providers
Service Sustainability	Council operates a social housing service that is both financially sustainable for Council and financially affordable for tenants.	To set rentals that provide for the sustainable operation of, and investment in, Council's social housing portfolio.	Council / Community Housing Providers
		Rents are set at affordable levels for tenants ³ .	Community Housing Providers
		The Council's social housing operation is rates neutral ¹² .	Council / Community Housing Providers

Table 3 Housing Responsibility Matrix

3. Levels of Service

The levels of service for the provision and maintenance of social housing is presented in the table below.

Performance Standards of Service (we provide)	Levels	Results (Activities will contribute to these results, strategies and legislation)	Method of Measurement (We will know we are meeting the level of service)	Current Performance	Benchmarks	Future Performance (targets)			Future Performance (targets) by Year 10 2028/29
						Year 1	Year 2	Year 3	
						2018/19	2019/20	2020/21	
1.0.1	<i>Council makes a contribution to the social housing supply in Christchurch</i>	Council contributes to housing supply for those in need and who would otherwise find it hard to access housing.	Number of social housing units in Council's portfolio	2,478 units	Wellington City Council has 2,184 rental units (note not all are social housing units) Dunedin City Council has 941 rental units	2,052 units.	2,052 units	2,052 units	2,052 units
1.0.2	Council makes a contribution to the social housing supply in Christchurch	Council owned units are available for use	Number of operable Council-owned social housing units that are available for lease.	2,306 units 93% utilisation rate	Not assessed	1,972 units 96% utilisation rate	1,972 units	1,972 units	1,972 units

LOS 1.01.1 shows a reduction in the number of social units in Council's portfolio between the current performance and the proposed targets. Table 4 indicates the reasons for reduced numbers of units. The majority of units contributing to this change will still be available for social housing purposes albeit through a new owner, the Otautahi Community Housing Trust.

Table 4 Reasons for Reduced Numbers of Social Housing Units

Number of Units Calculation	
Current number	2,478
Less demolitions	-81
Add new builds	5
Less units transferred as part of the \$50M capitalization of the Otautahi Community Housing Trust	-350
Number of units in portfolio	2,052

Council established the Ōtautahi Community Housing Trust in 2016 to manage its social housing tenancies. The Council owns its social housing buildings and land but leases these assets to the Trust. The Trust is responsible for tenancy management, rent-setting and the day-to-day maintenance of units (from 1 July 2017), while major repairs and renewals remain the Council's responsibility. Over time, Council's expectations are that the Trust will also develop its own social housing for Christchurch.

During the setup phase, Council approved the use of \$50m of social housing assets to capitalise the Trust. Capitalisation will take place through the gifting or "loan" of land, buildings and other social housing assets. While only \$5m of the total \$50 m is gifted, the remaining \$45m worth of properties (350 units) is effectively no longer controlled by Council, leading to its removal from the level of service.

The units identified for demolition were damaged during the 2010 / 2011 Canterbury earthquake sequence and deemed uneconomic to repair.

No change is forecast to the LOS across the life of the LTP due to existing policy settings and funding constraints. Council's policy prioritises operations and maintenance over new builds, and requires that social housing be rates neutral. Council has established a Social Housing Fund to guarantee rates neutrality. At present the fund does not contain sufficient cash to fund new or to replace demolished social housing units.

In LOS 1.0.2 "operable units" are defined as those that are capable of being utilised for the purposes of housing tenants. This includes property that is not currently tenanted, but could be tenanted in the future (eg minor maintenance, vacancy). Council aims to have 96% of units let or available for letting at any time. The remaining 4% are considered "unavailable" due to major repairs (eg methamphetamine or asbestos decontamination, fire damage - up to 30 units), proactive renewals. (eg internal redecorations - up to 25 units) and 25 "motel" units to house tenants while their "normal" units are unavailable because of works.

In addition to the Long Term Plan measures above, there are several internal management measures used by Council to assess performance against its policy objectives. These are shown in the tables below.

Performance Standards Levels of Service (we provide)	Results (Activities will contribute to these results, strategies and legislation)	Method of Measurement (We will know we are meeting the level of service if.....)	Current Performance	Benchmarks	Future Performance (targets)			Future Performance (targets) by Year 10 2028/29	
					Year 1	Year 2	Year 3		
					2018/19	2019/20	2020/21		
Social Housing Asset Management									
2.0.1	<p>Council maintains Social Housing as a rates-neutral service</p> <p><i>A principle of its Social Housing Strategy 2007 is that Council's social housing provision is self-funding. This is further reinforced in the goals, where provision is to be "rates neutral".</i></p>	No rates subsidy is required to provide and maintain Council's social housing portfolio	<p>The Social Housing fund is solvent (ie >\$0 and able to meet all budgeted costs on an annual basis)</p> <p>The Social Housing fund is solvent (i.e. >\$0 and able to meet all budgeted costs over the life of the Long Term Plan (10 years)) including allowances for future renewal needs.</p>	\$31M	<p>Deloitte Model June 2016</p> <p>Yr1 – 18/19 - \$8.1M</p> <p>Yr2 – 19/20 - \$0.34M</p> <p>Yr3 – 20/21 - \$0.72M</p> <p>Yr10- 28/29 - \$32.3M</p> <p>Modelling shows that the fund will remain solvent and, after 2021, start growing to meet future renewal needs.</p> <p>Following review of the Deloitte model the expenditure profile has been changed to avoid the predicted high risk period in 19/20 and 20/21. These changes are reflected in the future performance targets</p>	\$9.3M	\$5.3M	\$2.8M	\$24.8M

Performance Standards Levels of Service (we provide)		Results (Activities will contribute to these results, strategies and legislation)	Method of Measurement (We will know we are meeting the level of service if.....)	Current Performance	Benchmarks	Future Performance (targets)			Future Performance (targets) by Year 10 2028/29
						Year 1	Year 2	Year 3	
						2018/19	2019/20	2020/21	
2.0.2	Tenants of Council owned housing complexes are well housed	Tenant wellbeing and effective management of Council owned assets	Proportion of tenants satisfied or very satisfied with condition of unit This Method of Measurement will change from the CCC tenant survey to the CHP tenant survey to account for the transition of tenancy and minor maintenance responsibilities to CHP.	64%	Wellington City has a target of 85 %	≥65%	≥65%	≥70%	≥85%
2.0.3	Tenants of Council owned housing complexes are well housed	Tenant wellbeing and effective management of Council owned assets	Proportion of units with interior condition of ≤4 The scale is 1: Very High condition to 5: Very Low condition	83%	Due to the disparity in method and scales of condition assessments there are no benchmarks for this performance measure	85%	90%	90%	90%

Performance Standards Levels of Service (we provide)		Results (Activities will contribute to these results, strategies and legislation)	Method of Measurement (We will know we are meeting the level of service if.....)	Current Performance	Benchmarks	Future Performance (targets)			Future Performance (targets) by Year 10 2028/29
						Year 1	Year 2	Year 3	
						2018/19	2019/20	2020/21	
2.0.4	Tenants of Council owned housing complexes are well housed	Tenant wellbeing and effective management of Council owned assets	Proportion of building exteriors with a condition of ≤4 The scale is 1: Very High condition to 5: Very Low condition	74%	Due to the disparity in method and scales of condition assessments there are no benchmarks for this performance measure	80%	80%	85%	90%
2.0.5	Tenants of Council owned housing complexes are well housed	Tenant wellbeing and effective management of Council owned assets	Proportion of units, where it is practically possible, that have had physical insulation installed. Property assessed against minimum insulation requirements.	57%	Requirements under sections 45 and 138B of the RTA. This requires landlords to install insulation in all units that are practically possible to do so by July 2019. Where the tenant receives IRRS, this timeframe is reduced to 90 days from the date the Tenancy Agreement is signed.	100% Applicable Units	100%	100%	100%

To achieve its policy and measure 2.01, Council maintains a social housing fund. All social housing lease payments (base rents) are paid into, and all costs are met from, the fund. Financial modelling shows that over the long term, Council's goal, and the level of services derived from

this, can be met if the Social Housing Fund is only used for operations, maintenance, renewals and upgrades. The fund currently contains insurance claim proceeds, which distort the underlying position. These proceeds will be spent after the planned completion of earthquake repairs, and this is reflected in measure 2.0.1. The underlying position would have the target at risk, however external modelling shows an improvement from year 3 onwards as the impacts of the change in delivery model (tenancy management by a community housing provider) take effect.

Performance Standards of Service (we provide)		Results (Activities will contribute to these results, strategies and legislation)	Method of Measurement (We will know we are meeting the level of service if.....)	Current Performance	Benchmarks	Future Performance (targets)			Future Performance (targets) by Year 10 2028/29
Development of funding and facilitation initiatives									
3.0.0	Generate housing options for vulnerable sectors of community through partnerships	Implement initiatives as they are approved	Successful implementation of approved initiatives. Success is defined on a case by case basis in the specific project plan.	NA	NA	Successful implementation of approved initiatives. Success is defined on a case by case basis in the specific project plan.	Successful implementation of approved initiatives. Success is defined on a case by case basis in the specific project plan.	Successful implementation of approved initiatives. Success is defined on a case by case basis in the specific project plan.	Successful implementation of approved initiatives. Success is defined on a case by case basis in the specific project plan.

The major initiative being considered at the time of writing (February 2018) is the possibility of delivering a Housing First program in Christchurch. Housing First aims to quickly move people into appropriate housing and then immediately provide wrap-around services to support their success. The goal of Housing First is to end homelessness - not to manage it.

4. What levels of service do we propose to change from the current LTP and why?

The following is a summary of prepared appendices of level of service changes.

Amended LTP 2016-25			LTP 2018-28			Rationale
LOS ID	LOS Description	Target (FY17/18)	LOS ID	LOS Description	Target (FY18/19)	
18.0.2 Non-LTP	Deliver a rebuild programme to improve housing quality	<p>Repair and rebuild of facilities undertaken as per the agreed Community Facilities Rebuild programme (schedule subject to contractor availability and Council rebuild priorities)</p> <p>Incorporate Council Owner Occupier units into Council social housing stock as the units become available.</p> <p>Future exemplar and partnership programme to be agreed with Council</p>	N/A	N/A	N/A	<p>The work set-out in the previous LOS has largely been completed. While there are remaining earthquake repairs these will form part of normal operations for Council.</p> <p>Owner- occupier stock will continue to be incorporated into Council's stock, with 6 units still remaining for purchase.</p>
18.0.11 LTP	Support the development of affordable housing	Deliver Council 's Housing Accord responsibilities that will achieve a 10% reduction in the number of households at the 40th percentile of household income paying more than 30% of household	N/A	N/A	N/A	<p>This target was removed from the Accord in 2017, as affordability has improved considerably from the deterioration seen in the post-earthquake period. Affordability will continue to be monitored in Accord reporting.</p>

Amended LTP 2016-25			LTP 2018-28			Rationale
LOS ID	LOS Description	Target (FY17/18)	LOS ID	LOS Description	Target (FY18/19)	
		income on housing by the conclusion of the accord				
18.0.12 LTP	Identify options for Council to support the development of more emergency housing	Facilitate at least 60 additional home spaces are provided in Christchurch over the first three years of the 2015/25 LTP	N/A	N/A	N/A	The level of service is now reflected in the management measure 2.0.6 Generate housing options for vulnerable sectors of community through partnerships
18.0.13 Non-LTP	Identify options for Council to facilitate the development of Youth Housing	Outcome targets achieved as approved by Council	N/A	N/A	N/A	The level of service is now reflected in the management measure 2.0.6 Generate housing options for vulnerable sectors of community through partnerships).
18.0.1 LTP	Provide a portfolio of Social Housing rental units that are fit for purpose	Maintain at least 2,363 units in Council Housing Portfolio and increase to at least 2,366 by year end (schedule subject to contractor availability, Council rebuild priorities and timing of owner occupier unit acquisitions)	1.0.1 LTP	Council makes a contribution to the social housing supply in Christchurch	Number of social housing units in Council's portfolio: 2,052 units.	<p>LOS 1.01.1 shows a reduction in the number of social units in Council's portfolio between the current performance and the proposed targets. Table 4 indicates the reasons for reduced numbers of units. The majority of units will still be available for social housing purposes, with ownership changing from Council to the Otautahi Community Housing Trust.</p> <p>This LOS has been amended to reflect the number of Social Housing units within Council's current portfolio. Section 3 of this Service Plan explains the number and rationale for the targets including unit ownership transfer to the Community Housing Provider and current rates-neutral policy settings for funding new unit builds.</p>
18.0.5 LTP	Tenants of Council housing are satisfied with quality of tenancy service provided	(Not measured in 2017/18)	2.0.2 non-LTP	Tenants of Council owned housing complexes are well housed	≥65%	<p>Council no longer delivers the tenancy management service, so this measure is no longer appropriate. Tenancy satisfaction with the tenancy service provided is now a key focus of Community Housing Providers that the Council leases units to</p> <p>Council does monitor the Otautahi Community Housing Trust's tenancy management performance.</p>

Amended LTP 2016-25			LTP 2018-28			Rationale
LOS ID	LOS Description	Target (FY17/18)	LOS ID	LOS Description	Target (FY18/19)	
18.0.9 Non-LTP	Deliver the Council's responsibility within the Housing Accord	Deliver Councils responsibilities as agreed within and through the Accord	N/A	N/A	N/A	Council's specific responsibilities are complete or well advanced. These responsibilities are likely to be complete by the time the LTP is operative or soon after. As such, this measure is no longer relevant.
N/A	N/A	N/A	1.0.3 Non-LTP	Generate housing options for vulnerable sectors of community through partnerships	Successful implementation of approved initiatives. Success is defined on a case by case basis in the specific project plan.	The main initiative proposed is Housing First. Measure 3.0.0 allows the monitoring of this initiative so a separate measure is not required. (Changes described in section 3 and 4 of Service Plan)
N/A	N/A	N/A	2.0.3 Non-LTP	Tenants of Council owned housing complexes are well housed	85%	This measure is no longer appropriate as Council is no longer the tenancy manager. (Changes described in section 3 and 4 of Service Plan)
N/A	N/A	N/A	2.0.4 Non-LTP	Tenants of Council owned housing complexes are well housed	80%	
N/A	N/A	N/A	1.0.4 Non-LTP	Tenants of Council owned housing complexes are well housed	Proportion of units, where it is practically possible, that have had physical insulation installed: 100% Applicable Units	Measure 2.0.5 replaces this measure. (Changes described in section 3 and 4 of Service Plan)
N/A	N/A	N/A	1.0.2 LTP	Council makes a contribution to the social housing supply in Christchurch	Number of operable Council-owned social housing units that are available for lease: 1,972 units 96% utilisation rate	Council aims to have 96% of units let or available for letting at any time. The remaining 4% unavailable would be due to major repairs (eg methamphetamine or asbestos decontamination, fire damage - up to 30 units), proactive renewals. (eg internal redecorations - up to 25 units) and 25 "motel" units to house tenants while their units are redecorated.
N/A	N/A	N/A	2.0.1 Non-LTP	Council maintains Social Housing as a rates-neutral service A principle of its Social Housing Strategy 2007 is	\$9.3M	To achieve its policy and Measure 2.01, Council maintains a social housing fund. All social housing lease payments (base rents) are paid into, and all costs are met from, the fund. Financial modelling shows that over the long term, Council's goal, and the level of services derived from this, can be met if the

Amended LTP 2016-25			LTP 2018-28			Rationale
LOS ID	LOS Description	Target (FY17/18)	LOS ID	LOS Description	Target (FY18/19)	
				that Council's social housing provision is self-funding. This is further reinforced in the goals, where provision is to be "rates neutral".		Social Housing Fund is only used for operations, maintenance, renewals and upgrades. The fund currently contains insurance claim proceeds, which distort the underlying position. These proceeds will be spent after the planned completion of earthquake repairs, and this is reflected in Measure 2.0.1. The underlying position would have the target at risk, however external modelling shows an improvement from year 3 onwards as the impacts of the change in delivery model (tenancy management by a community housing provider) take effect.

Due to the change in service delivery, there have been significant changes to the levels of service from the previous LTP. All levels of service relating to tenancy management have been removed as this is no longer provided by Council. The levels of service are thus less and purely asset and strategy focused. The performance measures and their relating levels have been reviewed and updated as follows:

18.0.1 Provide a portfolio of Social Housing units that are fit for purpose – This LOS has been amended to reflect the number of Social Housing units within Council's current portfolio. Section 3 of this Service Plan explains the number and rationale for the targets including unit ownership transfer to the Community Housing Provider and current rates-neutral policy settings for funding new unit builds.

18.0.2 Deliver a rebuild programme to improve housing quality - This LOS has been removed. The work set-out in the previous LOS has largely been completed. The remaining work will form part of normal operations for Council as identified in section 5 of this Service Plan and is reported bimonthly to the Social, Community Development and Housing subcommittee.

18.0.3 Identify options for Council to implement a National Rental Housing WOF programme – This LOS has been removed. The programme has not been pursued by Government. A change in Government policy may require Council revisiting this LOS in future plans.

18.0.4 Ensure tenants of Council housing complexes are well housed – This LOS has been amended to reflect utilisation of Social Housing units now that occupancy rates and community activities will now be a focus for the Community Housing Providers that the Council leases units to.

18.0.5 Tenants of Council housing are satisfied with quality of tenancy service provision – This LOS has been removed. Tenancy management is now a key focus of Community Housing Providers that the Council leases units to.

18.0.6 Generate housing options for vulnerable sectors of community through partnerships - This LOS has been removed. The activity will still be delivered through either the Strategy and Transformation and/or Community Governance work programme e.g. Housing First initiative

18.0.7 Maintain Council housing rentals at an affordable level and continue to be rates neutral – This LOS has been removed. The rent-setting function is now a key focus of Community Housing Providers who lease Council's social housing. Council stills maintains it current policy settings for the operation of Council's Social housing portfolio being rates neutral.

18.0.8 Minimise arrears from Council social housing tenancies – This LOS has been removed. The arrears function is now a key focus of Community Housing Providers that the Council leases units to.

18.0.9 Deliver Council's responsibilities within the Housing Accord – This LOS has been removed. The work of the Housing Accord has been completed.

18.0.10 Establish a Housing Management Board that will establish, manage and operate collaboratively with new Housing Entities – This LOS has been removed. The Otautahi Community Housing Trust has been established to provide services on behalf of Council.

18.0.11 Support the development of affordable housing – This LOS has been removed. The activity will still be delivered through the Strategy and Transformation work programme e.g. Affordable Housing Ownership/ Shared Equity initiative. The activity will still be delivered through a shared equity initiative that is currently under development.

18.0.12 Identify options for Council to support the development of more emergency housing – This LOS has been removed. The activity will still be delivered through the Community Governance work programme e.g. Housing First initiative

18.0.13 Identify options for Council to facilitate the development of Youth Housing – This LOS has been removed. The activity will still be delivered through the Community Governance work programme e.g. Housing First initiative

5. How will the assets be managed to deliver the services?

The maintenance and renewal of the social housing portfolio is guided by the 2018 Social Housing Asset Management Plan (. Key policy and management settings, and assumptions that underpin this plan include:

- Council wishes to provide a social housing service in perpetuity;
- The provision of social housing provision is self-funding.
- Buildings have a “useful life” of 90 years, and are subject to major “mid-life” spend at 30 to 50 year intervals;
- Council must meet its legislative requirements
- Council must capitalise the Otautahi Community Housing Trust to the value of \$50 million. This will require the transfer of up to 350 units to the Trust, reducing the value and size of Council’s social housing portfolio.

Four major activities are used to manage social housing assets:

- Monitoring and planning (including lease management)
- Minor Maintenance
- Major maintenance and renewals (including EQ repairs and end of life replacement)
- New Builds (Growth and EQ Replacement)

Monitoring and planning is undertaken in house. Key activities include condition monitoring, Asset management planning and lease management.

As of 3 July 2017 the Otautahi Community Housing Trust is responsible for the minor maintenance of the majority of Council owned units which they lease from Council. This will mean a significant reduction in the amount of minor maintenance provided by Council for the majority of the social housing portfolio. The “savings” for minor maintenance will be offset by reduced revenue.

Currently, FY17/18 to FY18/19 of the repair and renewal (R&R) programme have been scoped and the scoping of FY19/20 to FY20/21 is underway. The R&R programme for the remaining years of this LTP is designed to deal with mid-life refurbishments as well as the ongoing maintenance of the portfolio. A mid-life refurbishment programme is required due to over 50% of the portfolio reaching its mid-life in the next 10 years. There is no projected change to the resources required to deliver the R&R programme. Additionally there is a significant number of units set to reach the end of their useful life over the next 20 to 50 years and Council needs to build a significant fund to pay for their replacement.

No new (growth or EQ replacement) housing stock has been planned to be built over the next 10 years. The social housing fund is self-funded from tenant rent and does not contain sufficient fund to allow for maintenance, renewals and growth. An additional funding source would be required to grow or replace lost units.

6. What financial resources are needed?

Financial resources required for the Housing Group of Activities are as follows:

- 1) Social Housing deliverables under this LOS will be funded through the existing Social Housing Fund. This is separated from Rates and is solely funded through tenant rents associated with Operable units leased to Trusts.
- 2) Strategic and Policy deliverables will be funded through a separate operational budget within other service plans.

HOUSING- HOUSING				
	2017/18	2018/19	2019/20	2020/21
	Annual Plan			
	000's			
Social Housing Asset Management	9,500	11,359	14,556	14,971
EQ - Housing	9,411	7,139	-	-
Activity Costs before Overheads	18,911	18,498	14,556	14,971
Corporate Overhead	758	867	1,038	885
Depreciation	7,312	7,700	7,968	6,386
Interest	-	-	-	-
Total Activity Cost	26,981	27,064	23,562	22,241
Funded By:				
Fees and Charges	11,976	14,371	15,949	18,038
Grants and Subsidies	-	-	-	-
Total Operational Revenue	11,976	14,371	15,949	18,038
Net Cost of Service	15,005	12,693	7,613	4,203
Funding Percentages:				
Housing Fund	20.7%	20.5%	32.3%	18.9%
Housing- EQ Fund	34.9%	26.4%	0.0%	0.0%
Fees and Charges	44.4%	53.1%	67.7%	81.1%
Grants and Subsidies	0.0%	0.0%	0.0%	0.0%
Capital Expenditure				
Renewals and Replacements	6,148	2,577	3,773	3,902
Total Activity Capital	6,148	2,577	3,773	3,902

Assisted housing activities require two funding streams. Firstly, reflecting Council's policy position that provision of social housing is self-funding, housing asset management is funded through the surplus rental returns from the units. This revenue is kept with a separate fund – the social housing fund – which can only be used for housing asset management activities including personnel and overhead costs for staff directly involved in social housing activity.

All other non-social housing, assisted housing activities, such as Council's contribution to the Christchurch Housing (Shared Equity) initiative, staff costs associated with policy and strategy or a contribution to possible Housing First initiative are funded from other sources. The funding requirements for these initiatives include:

- \$1 million per annum for three years as Council's contribution to the Christchurch Housing (Shared Equity) initiative (Council 24 August 2017)
- \$0.267 million per annum for 3 years as Council's contribution to the Housing First Initiative (not yet considered by Council)

Under Council's current policy settings, the balance and projected future balance of the social housing fund is insufficient to pay for replacing units lost during the Canterbury earthquakes or meeting growth. Even reflecting different financing models, there is insufficient revenue to fund both existing needs and earthquake replacements / growth. It is foreseeable that the community may wish to replace units lost in the earthquakes, which will require alternative funding sources.

7. How much capital expenditure will be spent, on what category of asset, and what are the key capital projects for this activity?

As described in section 5 the capital delivery will mainly be incorporated in the R&R programme. The programmes contain capital expenditure on the replacement of roofs, windows, services, etc. There is also capital expenditure incorporated in semi-reactive maintenance of the portfolio which includes replacement of stoves, carpet, vinyl, etc. It is referred to as semi-reactive due to it not being incorporated in a programme but rather the capital items are replaced when they reach failure.

The FY18/19 R&R programme split between OPEX and CAPEX is roughly 50%. As the scopes for the remaining years are still to be completed it is assumed that this trend will continue. The projected capital expenditure FY18/19 to FY20/21 is presented in the table below (inflated).

FY	Programme	Semi-Reactive	Total
18/19	\$ 1,414,360	\$ 1,052,190	\$2,466,550
19/20	\$ 2,552,500	\$ 1,108,680	\$3,661,180
20/21	\$ 2,611,250	\$ 1,175,520	\$3,786,770

Capital expenditure from FY21/22 through to FY27/28 is projected to be **\$7,208,037** annually (uninflated). This will be delivered through semi-reactive maintenance and the R&R programme. Capital smoothing has been applied in order to create a programme size that is deliverable in regards to both financial resources as well as other resources such as staff and temporary accommodation.

Owner occupier units are being purchased back to the portfolio as they become available and this makes it difficult to project which year the fund will incur costs.

FY	Owner Occupier Purchase
18/19	\$ 110,000
19/20	\$ 112,310
20/21	\$ 114,900
21/22	\$ 117,540
22/23	\$ 120,240
23/24	\$ 123,120

8. Are there any significant negative effects that this activity will create?

The significant negative effects of this activity are presented in the table below.

Effect	Mitigation
Potential neighbourhood discomfort with proposed changes to housing type, density and community mix	Complete effective consultative processes with neighbourhoods and key stakeholders
Neighbouring properties house values may be negatively affected	Blind mixed tenure, where the housing type is not obvious
Anti-social behaviour	Small complex sizes or mixed tenure sites would mitigate some of the issues

9. Does this Service Plan need to change as a result of a service delivery review?

In recent years there has been a significant amount of analysis undertaken investigating different options and their implications for Council's social housing portfolio. 20 options were presented in a consultation document which also outlined the preferred option which was the recent creation of a Community Housing Provider to take over the tenancy services, with Council remaining as the asset owner. This was also the option that went ahead after the consultation and is the way the service is currently being provided. There is therefore no need for a new section 17A review. The full consultation document 'Statement Proposal that the Council Restructures its Social Housing Portfolio' is located on the public website www.ccc.govt.nz