

Draft Long Term Plan 2021-31
Activity Plan
Community Housing
(formerly Assisted Housing)

Adopted 4 March 2021

Approvals

Role	Position	Name	For Draft LTP	
			Signature	Date of sign-off
General Manager	General Manager Corporate Services	Leonie Rae		05 February 2021
Finance Business Partner	Finance Business Partner	David Leighton		05 February 2021
Activity Manager	Head of Facilities, Property & Planning	Bruce Rendall		03 February 2021

Table of Contents

- 1. What does this activity deliver?4
- 2. Community Outcomes – why do we deliver this activity?8
- 3. Strategic Priorities – how does this activity support progress on our priorities ?8
- 4. Increasing Resilience 10
- 5. Specify Levels of Service 11
- 6. Does this Activity Plan need to change as a result of a Service Delivery Review (S17A)?..... 14
- 7. What levels of service are we proposing to change from the LTP 2018-28 and why? 14
- 8. How will the assets be managed to deliver the services?..... 16
- 9. What financial resources are needed?..... 18
- 10.How much capital expenditure will be spent, on what category of asset, and what are the key capital projects for this activity? 21
- 11.Does this activity have any significant negative effects on social, economic, environmental or cultural wellbeing, now or in the future? 24
- 12.What risks are identified and what controls and mitigations are planned?..... 25

1. What does this activity deliver?

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. While there is no legislative requirements for providing social 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 such as the Housing Policy 2017 and Social Housing Strategy 2007 (currently under review).

This activity provides the following services:

1. 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.
 - Lease management (note that tenancy management is undertaken by others, notably the Ōtautahi Community Housing Trust (OCHT))
2. Advocacy, 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
 - Liaising with the Te Waipounamu Community Housing Providers Network
 - Advocating to central government for partnership and urban regeneration investment opportunities to achieve housing outcomes
3. Facilitate community sector and other housing initiatives
 - e.g. Housing First investigations in the emergency housing space
 - e.g. a shared equity scheme in the affordable housing space
 - e.g. financing options for growing community housing
 - e.g. co-ordinating consenting advice and assistance to community housing providers

Snapshot of Provision & Use for 2019/20

- 1,944 Social Housing units after all transfers are completed – includes 71 units requiring redevelopment
- Since April 2019 we have completed EQ repairs to 9 complexes (total 158 units).
- One complex has been rebuilt replacing 3 earthquake damaged properties with 5 new units built to Lifemark 6 standards
- Insulation programme completed – all properties now meet the legislative requirements
- Continued planned programme of works including exterior paints, paths and driveways and tree maintenance
- The Warm and Dry programme is currently being undertaken with the first phase to be completed by May 2020 aim of meeting the Healthy Home requirements by March 2021 (before legislated deadline of June 2023)

The Council and Ōtautahi Community Housing Trust (OCHT)

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.

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 is effectively no longer controlled by Council, leading to its removal from the level of service.

Besides the units “loaned”, the Trust has started to develop or acquire units that it owns outright. These new units add to the supply of social housing in Christchurch. While Council has facilitated many of these new units, through the gift of land and the provision of finance, these new units are not counted within Council's level of service. The support for the Trust reflects a change in focus from delivery of social housing services to facilitating others delivery of the services.

The Housing Development Fund

Council current policy is for social housing operations to be rates neutral. To achieve its policy, 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. Activities such as grants to other agencies and the development of new social housing cannot be achieved under current financial parameters.

Demand and New Builds

Demand for public housing in New Zealand is growing (see Figure 1). The Housing Register shows applicants not currently in public housing who have been assessed as eligible, and who are ready to be matched to a suitable property. Nearly one thousand of those on the register were in Christchurch City. Council has also reviewed other modelling, and established a potential demand for 1500 additional units in Christchurch by 2030. Traditionally Council and the community sector have met a third of this demand.

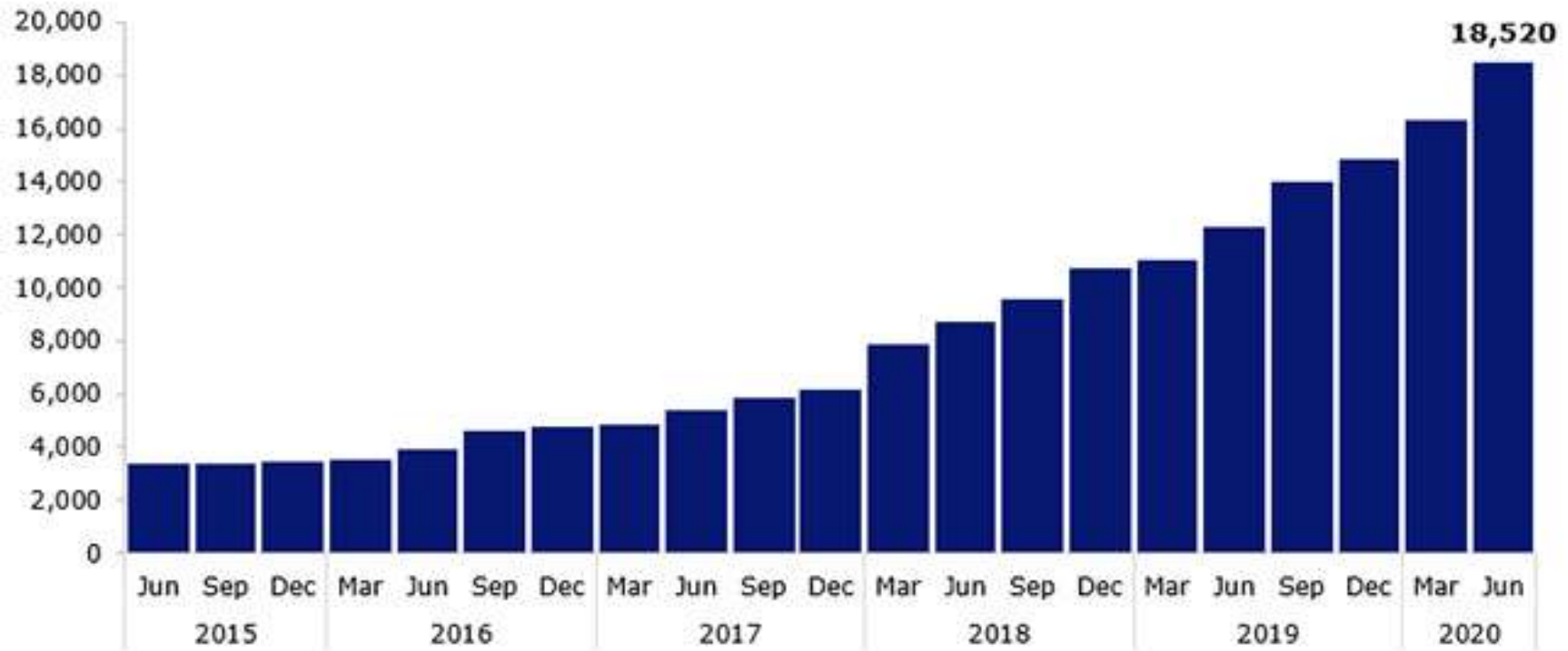


Figure 1 Ministry of Social Development Housing Register at 30 June 2020 (Source: www.msd.govt.nz)

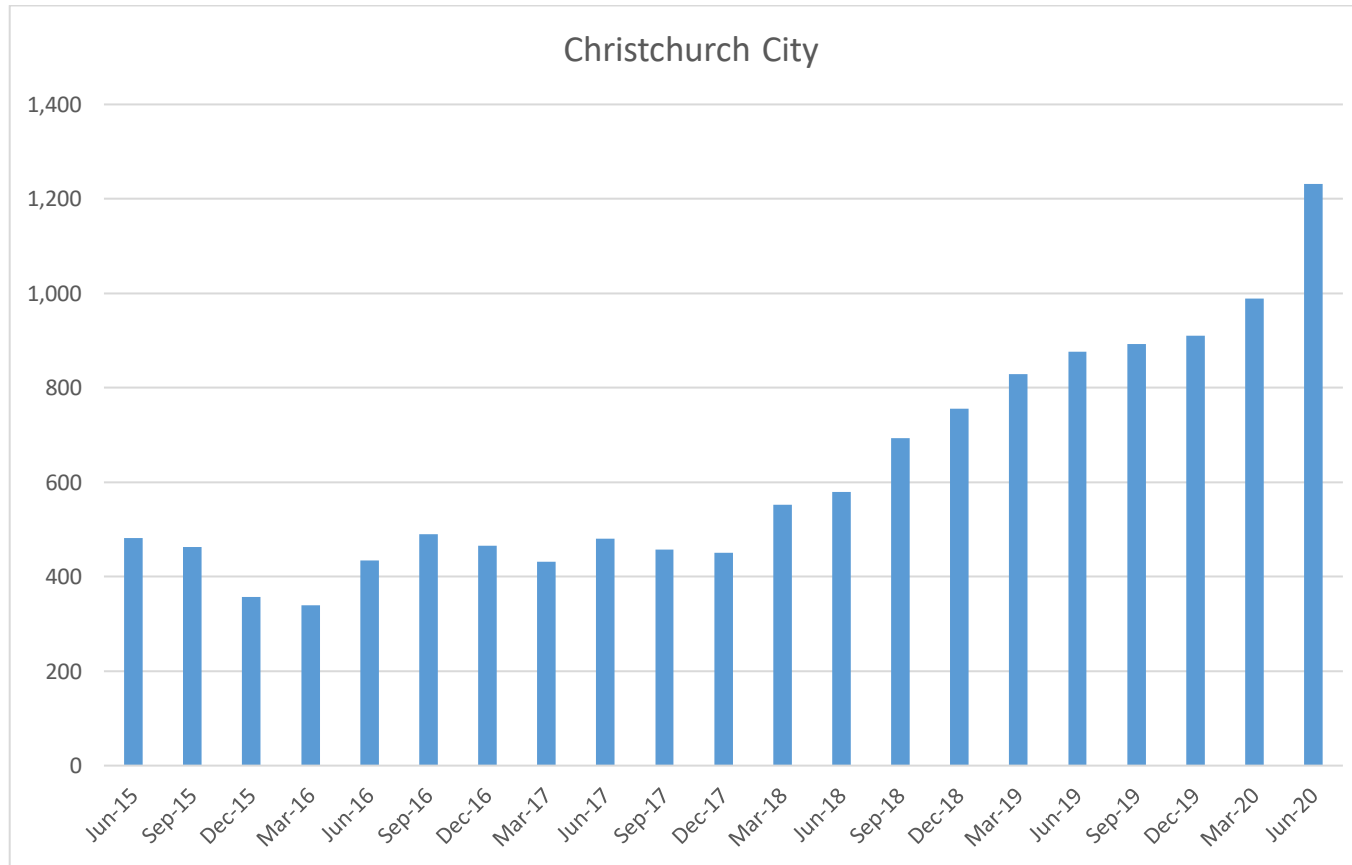


Figure 2 Ministry of Social Development Housing Register for Christchurch City at 30 June 2020 (Source: www.msd.govt.nz)

At present Council is not able to contribute directly to meeting this demand. It has, however, been able to indirectly contribute through financing developments by the Ōtautahi Community Housing Trust.

2. Community Outcomes – why do we deliver this activity?

	Community Outcomes	Describe in 2-3 sentences how the activity effects the Community Outcome
Primary Outcome 1	Sufficient supply of, and access to, a range of housing:	Sufficient supply of, and access to, a range of housing: By providing social housing, and supporting the efforts of other providers, Council contributes to the supply of housing for those in need and those who would otherwise find it hard to access housing. This activity will help meet identified community housing need as noted in the Greater Christchurch Settlement Pattern Update.
Primary Outcome 2	Safe and healthy communities	Our social housing is designed, built and located so as to contribute to safe neighbourhoods and communities. Our social housing is built and located to take into account the impacts of climate change and the risk of natural hazards.
Secondary Outcome 1	Strong sense of community:	Having access to secure 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. Community housing provides stable long term benefits to both the people it houses and the surrounding community.
Secondary Outcome 2	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.

3. Strategic Priorities – how does this activity support progress on our priorities ?

Strategic Priorities	Activity Responses
Enabling active and connected communities to own their future	<p>Providing stable housing to those in need enables them to access essential citizenship activities such as enrolling to vote. Having a home is also a cornerstone of participation in the community as a person usually would need to feel safe, secure and healthy in order to do so.</p> <p>Location of Social Housing determined with location and accessibility to community infrastructure including transport, shopping, recreation, and where applicable schools and education.</p> <p>Ōtautahi Community Housing Trust (OCHT) is responsible for tenant management. Views are canvassed through OCHT satisfaction survey and Council led consultation as applicable.</p>

<p>Meeting the challenge of climate change through every means available</p>	<p>Rising groundwater is a consideration for the maintenance of housing assets. Mitigation strategies are investigated in line with the age and type of build, the tenant demographic and accessibility structure of the property. This may include introduction of swale, foundation tanking, placement of moisture barriers underfloor (where possible) and elevated paths and driveways.</p> <p>Future location planning for social housing will take into account flooding and sea level rise when determining suitability of sites for development and the height and type of foundation build. Maintenance plans would be put in place accordingly.</p> <p>The installation of Thin Tanks for collection of rain water has been trialled in two new build complexes and future consideration should be given for installation to existing and development projects.</p> <p>Transport is a key component of housing provision with an expectation to provide car parking at all complexes. # of carparks available is limited with the inclusion of bicycle parking and storage; motorised scooter plug ports. When designing and building of complexes consideration is given to sites that are located near services and amenities reducing the necessity to have vehicles but to utilise public transport.</p> <p>Locating new social housing units in close proximity to public transport links enables the use of these by tenants.</p> <p>Active transport also relevant for good social housing provision, meaning this Activity links to the Active Travel Activity Plan.</p> <p>Transport is a key component of housing provision with an expectation to provide car parking at all complexes. The number of carparks available is limited with the inclusion of bicycle parking and storage, and motorised scooter plug ports.</p>
<p>Ensuring a high quality drinking water supply that is safe and sustainable</p>	<p>Not applicable</p>
<p>Accelerating the momentum the city needs</p>	<p>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.</p> <p>Secure housing also provides a basis for potential participation in education and/or employment.</p>
<p>Ensuring rates are affordable and sustainable</p>	<p>Community housing is delivered as a rates neutral service</p>

4. Increasing Resilience

Assisted Housing contributes towards community resilience by addressing the housing/social equity stress identified in the Resilient Greater Christchurch Plan. Many people are struggling (due to very low incomes or poor physical or mental health) including young families, to afford mortgages towards buying their own home or to pay market rents. This activity establishes the foundation for a more affordable and secure life for these people. A secure home is a priority for everyone and essential for anyone hoping to maintain a job.

Assisted Housing contributes a resilience dividend by improving resident's capacity to contribute to the social and cultural life of the City, helping to reduce their anxiety and alienation. A future resilience dividend will be delivered by developing more mixed assisted housing types and tenures i.e. mixed communities means more mixed incomes, mixed cultural and ethnic backgrounds, and mixed ages living in neighbourhoods - improving the community ability to absorb future shocks or disruptions.

There are plans in place to mitigate impacts on its own economic resilience so that it will be better able to respond quickly to increased demand (e.g. a jump in the elderly demographic needing assisted housing or to legislative requirements to improve the quality and performance of the homes).

In 2018 the cost of servicing a mortgage was around 28% of younger families household take home pay, and 27% of Christchurch respondents disagreed or strongly disagreed that their housing costs were affordable.

5. Specify Levels of Service

LOS number	C/M ¹	Performance Measures Levels of Service (LOS)	Historic Performance Trends	Benchmarks	Future Performance Targets				Method of Measurement	Community Outcome
					Year 1 2021/22	Year 2 2022/23	Year 3 2023/24	Year 10 2030/31		
Social Housing Asset Management										
18.0.1	C	Council makes a contribution to the social housing supply in Christchurch	2019/20: 1,964 Units in Council Portfolio: 2018/19: 2,241 2017/18: 2,478 2016/17: 2,478		Council facilitates and/or funds at least 2,500 units	Council facilitates and/or funds at least # units The number of units will be dependent on Council's decisions about funding and facilitating additional units	Council facilitates and/or funds at least # units	Council facilitates and/or funds at least 2650 units	Annual contribution total includes units owned by Council or its subsidiaries, Units transferred to OCHT, new units facilitated by Council.	Sufficient supply of, and access to, a range of housing / An inclusive, equitable economy with broad-based prosperity for all
18.0.4	C	Council makes a contribution to the social housing supply in Christchurch - Council owned units are available for use	2019/20: 1,857 2018/19: 2,045 units with 97.87% utilisation rate 2017 Assisted Housing Unit Baseline: 2,306 units, 93% utilisation rate	Not assessed	1,798 units ²	1,798 units	1,798 units	1,798 units	Number of operable Council-owned social housing units that are available for lease. This only relates to units owned by Council or its subsidiaries. It does not apply to units facilitated by Council and owned by community housing providers.	Sufficient supply of, and access to, a range of housing / An inclusive, equitable economy with broad-based prosperity for all

¹ C/M – Community or Management level of service (LOS)

Community LOS - Previously known as LTP LOS. These are LOS that are community facing and will be published in our Statement of Service Provision.

Management LOS - Previously known as Non-LTP LOS. These are LOS that are measured in the organisation to ensure service delivery.

² In LOS 18.0.4 “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), proactive renewals or temporary accommodation units to house tenants while their “normal” units are unavailable because of works. The target does not include 71 units that have been taken offline for redevelopment purposes.

LOS number	C/M ¹	Performance Measures Levels of Service (LOS)	Historic Performance Trends	Benchmarks	Future Performance Targets				Method of Measurement	Community Outcome
					Year 1 2021/22	Year 2 2022/23	Year 3 2023/24	Year 10 2030/31		
18.0.2.1	M	Council makes a contribution to the social housing supply in Christchurch	2020 Unit Baseline: New LOS		Achieve council approval and funding to facilitate the replacement of 366 earthquake damaged units.	Implement Year 1 of replacement plan.	Implement Year 2 of replacement plan.	All 366 units damaged in the 2010 and 2011 earthquakes have been replaced,	All new units facilitated by Council towards the replacement of 366 earthquake damaged units will be counted.	Sufficient supply of, and access to, a range of housing / An inclusive, equitable economy with broad-based prosperity for all
18.0.7	C	Council maintains Social Housing as a rates-neutral service	2019/20: \$8.9 M 2018/19: \$23.9M 2017 Assisted Housing Unit Baseline: \$31M Modelling shows that the fund will remain solvent and, after 2021, start growing to meet future renewal needs.	Model November 2019 Yr1 – 19/20 - \$7.9M Yr2 – 20/21 - \$3.9m Yr3 – 21/22 \$3.9m Yr4 – 28 \$3.6m	The Social Housing fund is solvent (ie >\$0 and able to meet all budgeted costs on an annual basis)	The Social Housing fund is solvent (ie >\$0 and able to meet all budgeted costs on an annual basis)	The Social Housing fund is solvent (ie >\$0 and able to meet all budgeted costs on an annual basis)	The Social Housing fund is solvent (ie >\$0 and able to meet all budgeted costs on an annual basis)	The Social Housing fund is solvent (ie >\$0 and able to meet all budgeted costs on an annual basis) 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".	Sufficient supply of, and access to, a range of housing
18.0.5.1	C	Tenants of Council owned housing complexes are well housed – tenant satisfaction.	2019/20: 61% 2018/19: 65% 2017 Assisted Housing Unit Baseline: 64%		≥70% tenants satisfied with condition of unit	≥70% tenants satisfied with condition of unit	≥70% tenants satisfied with condition of unit	≥70% tenants satisfied with condition of unit	(N) Proportion of tenants satisfied or very satisfied with condition of unit, based on OCHT tenant satisfaction survey.	Sufficient supply of, and access to, a range of housing / Safe & Healthy Communities / An inclusive, equitable economy with broad-based prosperity for all
18.0.5.3	M	Tenants of Council owned housing complexes are well housed – interior/exterior condition	2019 combined Baseline: 91.3% Interior 2019/20: 87.65% 2018/19: 89%		At least 85% of building interiors & exteriors have a condition of ≤4	At least 86% of building interiors & exteriors have a condition of ≤4	At least 87% of building interiors & exteriors have a condition of ≤4	At least 88% of building interiors & exteriors have a condition of ≤4	Proportion of building exteriors with a condition of ≤4 The scale is 1: Very High condition to 5: Very Low condition (representative	Safe & Healthy Communities / Sufficient supply of, and access to, a range of housing / An inclusive,

LOS number	C/M ¹	Performance Measures Levels of Service (LOS)	Historic Performance Trends	Benchmarks	Future Performance Targets				Method of Measurement	Community Outcome
					Year 1 2021/22	Year 2 2022/23	Year 3 2023/24	Year 10 2030/31		
			2017 Baseline: 83% Exterior 2019/20: 95% 2018/19: 96.7% 2017 Baseline: 74%						sample of at least 25% of units)	equitable economy with broad-based prosperity for all
18.0.4.5	C	Tenants of Council owned housing complexes are well housed according to the Healthy Homes Guarantee Act 2017, and the Residential Tenancies (Healthy Homes Standards) Regulations 2019.	2020 Unit Baseline: New LOS		Annual programme of work completed on time.	100% Council owned units comply with regulations.	100% Council owned units comply with regulations.	100% Council owned units comply with regulations.	Maintain compliance with the Healthy Homes Guarantee Act 2017, and the Residential Tenancies (Healthy Homes Standards) Regulations 2019	Safe & Healthy Communities / Sufficient supply of, and access to, a range of housing / An inclusive, equitable economy with broad-based prosperity for all
18.0.14.1	M	Council actively manages lease with Ōtautahi Community Housing Trust.	2020 Unit Baseline: New LOS		Lease terms and conditions are managed by Council – lease events are actioned and completed in a timely manner.	Lease terms and conditions are managed – lease events are actioned and completed in a timely manner.	Lease terms and conditions are managed – lease events are actioned and completed in a timely manner.	Lease terms and conditions are managed – lease events are actioned and completed in a timely manner.	Lease events are defined in the lease and Service Level Agreement. Monthly Management Meetings Held / Monthly Management Meetings Planned Quarterly Governance Meetings Held / Quarterly Governance Meetings Planned	Safe & Healthy Communities / Sufficient supply of, and access to, a range of housing / An inclusive, equitable economy with broad-based prosperity for all

6. Does this Activity Plan need to change as a result of a Service Delivery Review (S17A)?

No S17A Service Delivery Review in this planning period.

7. What levels of service are we proposing to change from the LTP 2018-28 and why?

Activity/ Level of Service	Change from 2018-28 LTP	Reason	Options for consultation
DELETIONS			
18.0.5.5 Tenants of Council owned housing complexes are well housed Target: 100%	Goal deleted.	This LOS related to “Proportion of units, where it is practically possible, that have had physical insulation installed. - Property assessed against minimum insulation requirements.” Has been replaced by a new LOS relating to the Healthy Homes Guarantee Act 2017, and the Residential Tenancies (Healthy Homes Standards) Regulations 2019.	Management measure. Consultation not required
18.0.5.4 Tenants of Council owned housing complexes are well housed – exterior condition. Target: At least 90% of building exteriors have a condition of ≤4	Merged into a single measure with 18.0.5.3 (interior and exterior condition now reported as a single, instead of separate measures)	Governance guidance to reduce the numbers of Levels of Service	Management measure. Consultation not required
18.0.6 Generate housing options for vulnerable sectors of community through partnerships. Target: Council has a financing facility that allows for growth of at least 50 units per annum in place.	Goal deleted	Level of service 18.0.1 addresses funding and facilitation of units.	Consultation not required
NEW			
18.0.14.1 Council actively manages lease with Ōtautahi Community Housing Trust. Target: Lease terms and conditions are managed by Council – lease events are actioned and completed in a timely manner.	New	A new LoS has been added to capture the active management of the lease to OCHT. This LoS is to demonstrate that Council is meeting its lease requirements.	Management measure. Consultation not required
18.0.2.1 - Council makes a contribution to the social housing supply in Christchurch	New target	This new goal reflects a direction that Council has resolved to consider but has not yet made a decision on. It has been	Management measure.

Activity/ Level of Service	Change from 2018-28 LTP	Reason	Options for consultation
Target: Achieve council approval and funding to facilitate the replacement of 366 earthquake damaged units.)		included in anticipation that Council will consider this matter during the LTP process	Consultation not required
18.0.4.5 - Tenants of Council owned housing complexes are well housed according to the Healthy Homes Guarantee Act 2017, and the Residential Tenancies (Healthy Homes Standards) Regulations 2019. Target: Annual programme of work completed on time.	New target	Replaces 18.0.5.5 with a LOS referencing relevant regulation and legislation.	Consultation not required
AMENDMENTS			
18.0.4 Council makes a contribution to the social housing supply in Christchurch - Council owned units are available for use Target: 1,798 Units	Target revised from 1,972 units to 1,798 units.	Target is revised to reflect demolitions for redevelopment and units transferred to Ōtautahi Community Housing Trust.	Consultation not required
18.0.7 Council maintains Social Housing as a rates-neutral service Target: The Social Housing fund is solvent (ie >\$0 and able to meet all budgeted costs on an annual basis)	Targets updated.	Targets have been updated to reflect solvency.	Consultation not required
18.0.5.3 Tenants of Council owned housing complexes are well housed – interior/exterior condition Target: At least 85% of building interiors & exteriors have a condition of ≤4	18.0.5.3 and 18.0.5.4 have been merged into a single measure to address interior and exterior condition of housing units. Merged target reflects historic performance levels. Merged target factors in historic performance.	Governance guidance to reduce quantity of Levels of Service	Management measure. Consultation not required.
18.0.1 Council makes a contribution to the social housing supply in Christchurch Target: Council facilitates and/or funds at least 2,500 units	New target	This reflects the change in role from Council being a provider of social housing to it using its assets to facilitate the delivery of the service. This change in role has been required because direct service provision is financially unsustainable under current Council and Government policies.	Awaiting Council direction on future year targets.

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

As at April 2020 Council is the owner of 87 Social Housing complexes, totalling 1964 units. CCC is also in several partnership arrangements with third party organisations to provide a further 29 units. Almost half of the housing stock was developed during the 1970s and a quarter during the 1960s. Only 9% of the stock has been developed since 1990. Complexes built in the 70s and before are due for their midlife refurbishments in the next few years. Almost 75% of the portfolio is built during this time, which means large capital expenditure requirements over the next 2 decades.

A number of complexes are no longer operable or functionally obsolete in the portfolio. These units are at or well past mid- life and on assessment of their condition it was considered uneconomical to repair to the required standards due to long term deferred maintenance, earthquake damage, asbestos and legislative requirements. The components of a building require different maintenance cycles, depending on the condition and materials used. A so called 'midlife spend' where major maintenance work is carried out is assumed to take place at 30-50 year intervals. This aligns with many major components' lifecycles (such as roofs, bathrooms, kitchens, windows, etc.).

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 levels of service that are delivered, can be met if the Social Housing Fund is only used for operations, maintenance, renewals and upgrades.

A combination of factors has combined to create pressure on the housing fund that provides for operational and capital expenditure. These factors include:

- A trend for lower than market rents
- An aging portfolio
- Functional obsolescence
- The earthquakes of the last decade
- Deferred maintenance

Over the period of 2018-2021 Long Term Plan, the focus of asset management has been on

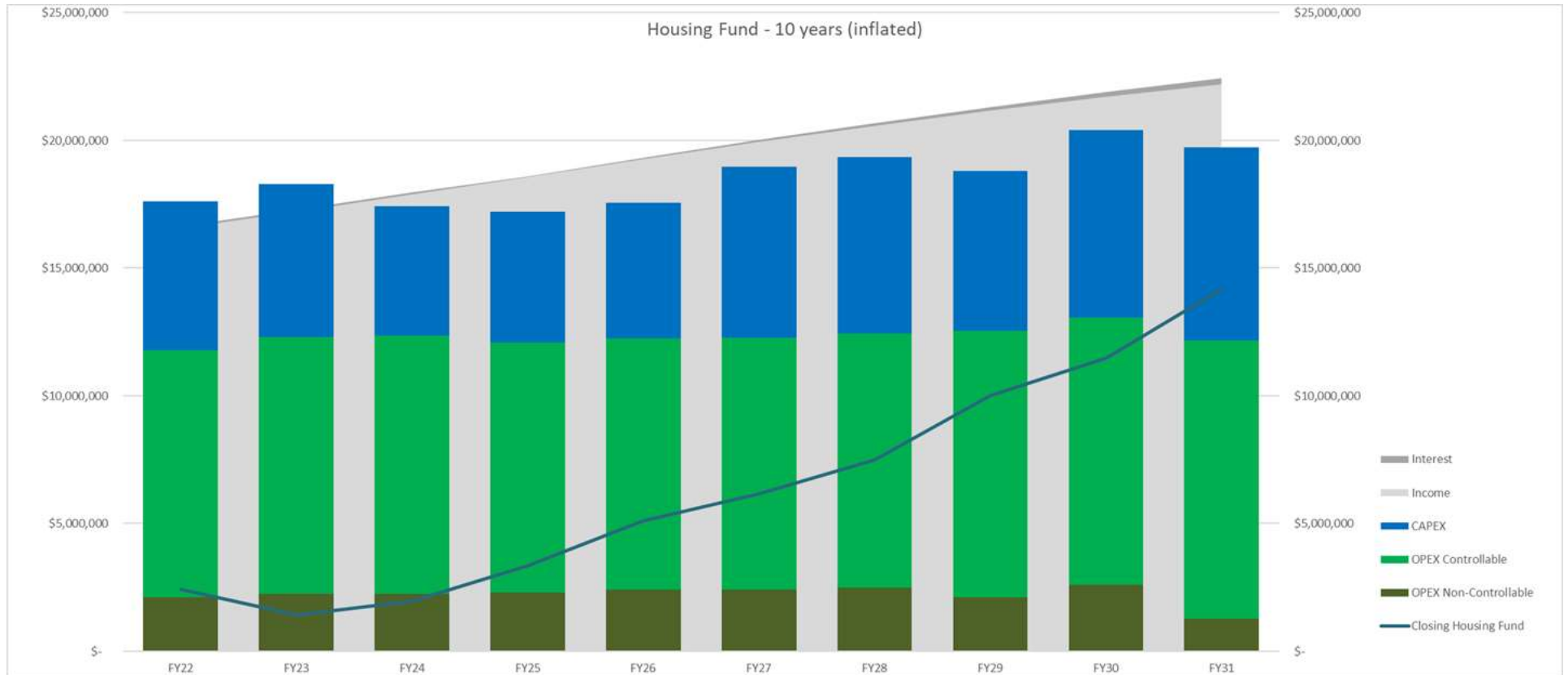
- earthquake repair and rebuild,
- meeting the insulation and other requirements of the Residential Tenancies (Smoke Alarms and Insulation) Regulations 2016,
- assessing the feasibility or carrying out major repairs and legislative upgrades to some complexes, and
- accelerated compliance with the heating, ventilation and other requirements of the Residential Tenancies (Healthy Homes Standards) Regulations 2019.

As we head towards the end of the period, all planned earthquake repairs are complete and all units comply with the Residential Tenancies (Smoke Alarms and Insulation) Regulations 2016 (either through meeting the standards or by allowed exemption). All units have had heating upgrade, while ventilation, draught stopping, major insulation installation and other works are underway and expected to be completed in the first half of 2021, two years ahead of requirements. With some of the major programmes coming to an end, more focus is being paid to renewals and major maintenance works including painting, roof replacements and grounds renewals.

Over the life of 2021-31 Long Term Plan, the Council, together with Ōtautahi Community Housing Trust (OCHT), will focus on the continued planned programme of works to lift the quality of existing units. While interior redecoration is required, this programme will be delayed due to the impact of borrowings for the accelerated

warm and dry programme. More focus on interior redecorations will take place from 2025 onwards. Other foci will be determining the future of three “hard choices” complexes that require major works and finding ways to use Council’s assets to facilitate others to develop new social housing in Christchurch. A key constraint during this period is the Housing Development Fund, which is anticipated to be in an expenditure phase until 2022/23 before starting to accumulate from 2023/24 on.

Please refer to the [Social Housing Asset Management Plan](#) for more details.



9. What financial resources are needed?

Community Housing											
000's	Annual Plan										
	2020/21	LTP 2021/22	LTP 2022/23	LTP 2023/24	LTP 2024/25	LTP 2025/26	LTP 2026/27	LTP 2027/28	LTP 2028/29	LTP 2029/30	LTP 2030/31
<i>Activity Costs before Overheads by Service</i>											
Social Housing Asset Management	10,472	5,298	5,444	5,569	5,697	5,833	5,973	6,123	6,288	6,458	6,626
	10,472	5,298	5,444	5,569	5,697	5,833	5,973	6,123	6,288	6,458	6,626
<i>Activity Costs by Cost type</i>											
Direct Operating Costs	433	351	359	367	375	384	393	403	414	425	436
Direct Maintenance Costs	9,504	4,716	4,856	4,962	5,076	5,198	5,323	5,456	5,603	5,755	5,904
Staff and Contract Personnel Costs	523	223	221	231	237	242	248	254	261	268	275
Other Activity Costs	12	8	7	8	9	9	9	9	10	10	10
	10,472	5,298	5,444	5,569	5,697	5,833	5,973	6,123	6,288	6,458	6,626
Activity Costs before Overheads	10,472	5,298	5,444	5,569	5,697	5,833	5,973	6,123	6,288	6,458	6,626
Overheads, Indirect and Other Costs	4,653	4,354	4,570	4,735	4,856	5,041	5,133	5,283	5,473	5,581	5,739
Depreciation	6,543	5,966	6,224	6,488	6,752	7,025	7,324	7,659	8,009	8,373	8,749
Debt Servicing and Interest	-	-	-	-	-	-	-	-	-	-	-
Total Activity Cost	21,668	15,618	16,238	16,791	17,304	17,899	18,431	19,064	19,770	20,412	21,113
Funded By:											
Fees and Charges	15,339	15,755	16,385	17,079	17,766	18,510	19,229	19,931	20,644	21,326	21,933
Cost Recoveries	42	43	43	44	45	46	48	49	50	51	53
Total Operational Revenue	15,381	15,798	16,429	17,123	17,811	18,557	19,276	19,980	20,694	21,378	21,985
Net Cost of Service	6,287	(180)	(191)	(332)	(507)	(657)	(846)	(916)	(924)	(966)	(872)
Funding Percentages:											
Housing Fund	29.0%	-1.2%	-1.2%	-2.0%	-2.9%	-3.7%	-4.6%	-4.8%	-4.7%	-4.7%	-4.1%
Fees and Charges	70.8%	100.9%	100.9%	101.7%	102.7%	103.4%	104.3%	104.5%	104.4%	104.5%	103.9%
Grants and Subsidies	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cost Recoveries	0.2%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.2%
Capital Expenditure											
Replace Existing Assets	11,527	5,890	5,960	4,995	5,076	5,278	6,629	6,903	6,118	7,253	7,532
Total Activity Capital	11,527	5,890	5,960	4,995	5,076	5,278	6,629	6,903	6,118	7,253	7,532

Funding Consideration

Local Government Act 2002 Section 101 Funding Consideration. The following tables are based on the financials from the previous page.

Funding Policy

Funding Principles

User-Pays	Exacerbator-Pays	Inter-Generational Equity	Separate Funding?
High	Low	Medium	High

The table above shows how Council has considered funding in relation to the Activity, using a simple high / medium / low scale:

- User-pays – the degree to which the Activity can be attributed to individuals or identifiable groups rather than the community as a whole;
- Exacerbator-pays – the degree to which the Activity is required as a result of the action (or inaction) of individuals or identifiable groups;
- Inter-generational equity – the degree to which benefits can be attributed to future periods; and
- Separate funding – the degree to which the costs and benefits justify separate funding for the Activity.

Where an Activity is paid for through a number of funding mechanisms, Council’s practice is to meet its operating costs in the first instance from fees & charges and grants & subsidies (subject to the considerations outlined above). If the Activity requires further operational funding, this remainder is funded through rates.

This capital programme will be funded in accordance with the following principles:

Investment type	Initial funding	Serviced and/or repaid by:
• Social Housing	• Debt	• Rent

Operating Cost Funding Policy

This table below shows Council’s broad funding target for the Activity (i.e. how much is paid for by individuals / groups, and how much by the community as a whole), and the associated funding mechanism used (i.e. general rates, targeted rates, user charges, etc.). As the precise balance between individual / group and community funding may vary in practice (particularly for volumetric fees and charges), the funding target for each of the below tables is expressed in broad terms rather than specific percentages:

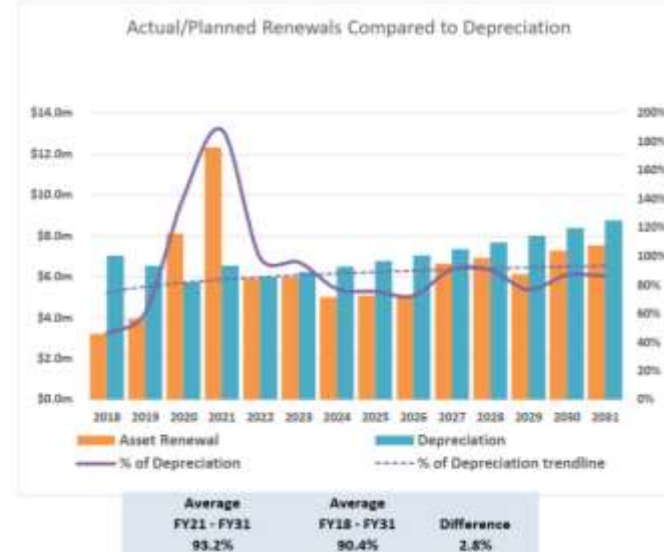
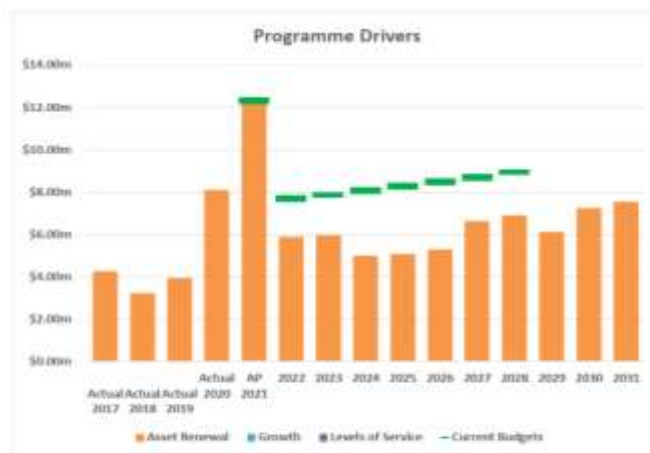
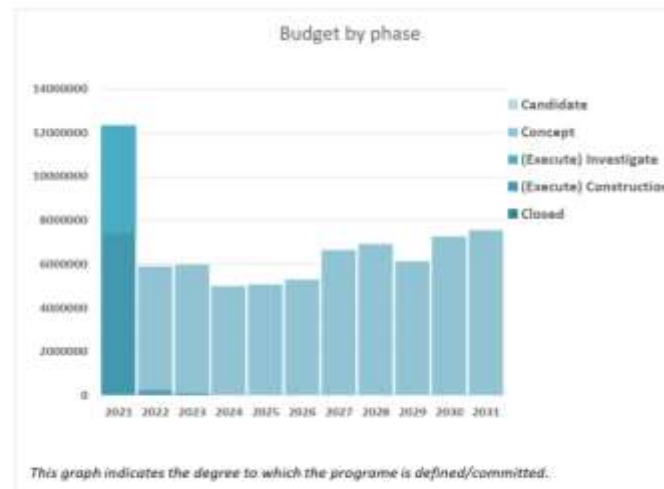
- Low = this source provides 0%-25% of the funding for this Activity;
- Medium = this source provides 25%-75% of the funding for this Activity; and
- High = this source provides 75%-100% of the funding for this Activity.

Funding Target		Funding mechanism	
Individual / Group	Community	Individual / Group	Community
High	Low	• Fees & Charges (High)	• Grants & Other (Low)

Capital Cost Funding Policy

Rates	Borrowing	DC s	Grants and Other
-	-	-	High

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



The proposed capital spend for community housing is shown in Table 1. The majority of future spend is on renewals of existing stock, with the aim of lifting the quality of this housing. There is a small allocation in the first two years for purchasing owner-occupier units within Council complexes should these become available.

Table 1 Proposed Capital Spend 2021 -2031

Programme / Project	Amended Current Year (\$000)	Proposed 2022 (\$000)	Proposed 2023 (\$000)	Proposed 2024 (\$000)	Proposed 2025 (\$000)	Proposed 2026 (\$000)	Proposed 2027 (\$000)	Proposed 2028 (\$000)	Proposed 2029 (\$000)	Proposed 2030 (\$000)	Proposed 2031 (\$000)	Proposed Total LTP (\$000)
Housing BAU renewals - Programme		5,650	5,837	4,995	5,076	5,278	6,629	6,903	6,100	7,204	7,467	61,139
Owner- Occupier housing - purchase back project	273	240	123									363
Social Housing Warm and Dry - Electrical Upgrades	40											
Social Housing Warm and Dry - Insulation	1,760											
Social Housing Warm and Dry - Heat Pumps	2,970											
Social Housing Warm and Dry - Mechanical Ventilation	1,902											
Social Housing Warm and Dry - Draught Stopping	1,760											
Housing BAU renewals - 1 (Capex)	235											
Housing BAU renewals - 2 (Capex)	3,354											
Total	12,294	5,890	5,960	4,995	5,076	5,278	6,629	6,903	6,118	7,254	7,533	61,636

The types of renewal work undertaken is shown in Table 2. Over the first three years of the 2021-31 LTP the priority areas are shown shaded in the table.

Table 2 Types of renewal works

Driveway/Parking/Footpath Renewals	Roof and Rain Goods Replacement	Fence Replacement
Proactive Equipment Renewal - Hot Water Cylinder Replacement Program, Stoves; Heat Pumps, Ventilation	Services Renewals – Water supply, waste water, storm water	Interior Renewals – Floor coverings, painting, kitchen remodelling, bathroom remodelling etc (from Year 3 onwards)
Window and Door Replacement Program	Exterior Lighting Renewals and Upgrades	Asbestos Remediation
Reactive Allowance (eg Hot Water Cylinders; Stoves)	Corrective capital	

The complexes or units for work will be identified through work being undertaken as a part of the asset planning improvement and legislative compliance programmes. Specific activities include:

- Prepare an initial Portfolio Optimisation Review by August 2021 – refresh with additional data by December 2022. This involves ranking the portfolio by performance and expenditure to guide decision making.
- Undertake condition assessments and baseline data collection by June 2022. Council is updating the base level data it holds on its portfolio, including condition ratings. Every unit will be inspected by June 2022.
- Undertake Natural and Climate Change Hazards Assessment on a complex by complex basis by June 2022. As well as tenancy performance and physical condition, we need to understand the hazards that could impact on complexes before making decisions on their future. This exercise involves assessing the impacts of hazards on complexes including (but not limited to) storm events, riverine flooding, sea level rise, rock fall, and earthquakes.

There are several complexes where the cost of repairs and upgrades is close to the cost of knocking down and rebuilding, however, there is insufficient accumulated funds to do either. Known as the Hard Choices programme, this has resulted in the decision to dispose of the Cecil Courts complex, releasing funds for reinvestment and interim works at Gloucester Courts. Staff are currently investigating the future of Sandilands and are planning to present this to Council for decisions by June 2021. During the first year of the 2021-31 LTP staff will investigate and make recommendations of three complexes.

Draft LTP 2021/31 Capital Programme
Proposed Budget Detail
data as of 10/02/2021 1:52:34 PM

\$000

Funding Programme	Group of Activities	Activity Driver	ID	Title	Current Year Budget*	Proposed 2022	Proposed 2023	Proposed 2024	Proposed 2025	Proposed 2026	Proposed 2027	Proposed 2028	Proposed 2029	Proposed 2030	Proposed 2031	Proposed Total LTP
Core																
Core funding																
Housing																
Community Housing																
Asset Renewal																
			56886	Programme - Housing	-	5,650	5,837	4,995	5,076	5,278	6,629	6,904	6,119	7,254	7,533	61,274
			452	Owner Occupier Housing - Purchase Back	273	240	123	-	-	-	-	-	-	-	-	363
			59045	Social Housing Warm & Dry (Electrical Upgrades)	40	-	-	-	-	-	-	-	-	-	-	-
			59043	Social Housing Warm & Dry (Insulation)	1,760	-	-	-	-	-	-	-	-	-	-	-
			59041	Social Housing Warm & Dry (Heat Pumps)	2,970	-	-	-	-	-	-	-	-	-	-	-
			59042	Social Housing Warm & Dry (Mechanical Ventilation)	1,909	-	-	-	-	-	-	-	-	-	-	-
			29860	Housing Reactive Renewals (2)	235	-	-	-	-	-	-	-	-	-	-	-
			454	Housing Reactive Renewals (1)	3,354	-	-	-	-	-	-	-	-	-	-	-
			59044	Social Housing Warm & Dry (Draught Stopping)	1,760	-	-	-	-	-	-	-	-	-	-	-
				Asset Renewal Total	12,300	5,890	5,960	4,995	5,076	5,278	6,629	6,904	6,119	7,254	7,533	61,637
				Community Housing Total	12,300	5,890	5,960	4,995	5,076	5,278	6,629	6,904	6,119	7,254	7,533	61,637
				Housing Total	12,300	5,890	5,960	4,995	5,076	5,278	6,629	6,904	6,119	7,254	7,533	61,637
				Core funding Total	12,300	5,890	5,960	4,995	5,076	5,278	6,629	6,904	6,119	7,254	7,533	61,637
				Core Total	12,300	5,890	5,960	4,995	5,076	5,278	6,629	6,904	6,119	7,254	7,533	61,637
				Grand Total	12,300	5,890	5,960	4,995	5,076	5,278	6,629	6,904	6,119	7,254	7,533	61,637

* The Current Year Budget in the capital schedules may differ from the Annual Plan 2020/21 total capital in the financial summaries in section 9 above. The Current Year Budget includes any funding carried forward from the prior year-end and other changes approved since the Annual Plan was published.

11. Does this activity have any significant negative effects on social, economic, environmental or cultural wellbeing, now or in the future?

Negative Effect	Mitigation
Social	
1. Potential neighbourhood discomfort with proposed changes to housing type, density and community mix	Complete effective consultative processes with neighbourhoods and key stakeholders
2. Anti-social behaviour	Small complex sizes or mixed tenure sites would mitigate some of the issues
Economic	
3. Neighbouring properties house values may be negatively affected	Blind mixed tenure, where the housing type is not obvious
4. The provision of assisted housing can become a liability if the costs of providing the service are greater than the revenue received	Council has taken steps to address this through setting up, and leasing its portfolio to, the OCHT. The OCHT are eligible for central government funding. Models show that the central government funding will allow the ongoing financial viability of the portfolio, however, the benefits of this will take time to accumulate
5. Under investment in the maintenance of housing, caused by the costs of service being lower than then the level of revenue received, can result in negative health impacts.	Council has agreed to borrow against the future additional revenue that the new OCHT model is forecast to generate to finance “warm and dry” upgrades.
Environmental	
Cultural	

12. What risks are identified and what controls and mitigations are planned?

Risk	Planned Controls and Mitigation
<p>Impact of Covid-19 response</p>	<p>Under current operational policies and parameters, there are no material impacts of Covid-19 response</p> <p>Should there be a significant increase in demand for social housing arising from the economic impacts of the Covid 19 response, Council may need to consider increasing its advocacy efforts.</p>
<p>Social housing activity funding The Housing Development Fund is sometimes required to fund broader housing outcomes as well as the outcomes for Council's social housing portfolio.</p> <p>Fund revenues have traditionally been drawn from social housing rents. In recent times the Fund has received one off revenue from Christchurch earthquake insurance claims. From 1 October 2016, revenue will be derived from interest, the rent payment from the OCHT lease, and a share of any profits that that the OCHT may generate. Importantly, the fund does not receive any rates or other supplementary revenue.</p> <p>There is a risk that Council's Social Housing Fund goes into deficit and has insufficient resources to fund Council's social housing requirements. Financial modelling indicated that the Housing Development Fund will be drawn through until FY27 before starting to</p>	<p>Financial management</p> <ul style="list-style-type: none"> • Development of a financial model • Active monitoring of performance against the model • Adjustment of the model to reflect changing circumstances • Development of improved reporting tool • Adjustment of work programme to allow for more buffer <p>Maintenance management</p> <ul style="list-style-type: none"> • Restrict repairs and maintenance to essential items only • Review planned periodic maintenance. Undertake where this will lead to improved tenant satisfaction or reduce reactive spend. • Review discretionary maintenance requests and decline where this will not reduce future reactive spend or improve warmth, dryness and energy efficiency of units. • Seek contributions from other parties for discretionary activities. <p>Capital management</p> <ul style="list-style-type: none"> • Prioritise legislative, safety and weather tightness renewals and upgrades (eg warm and dry; footpaths) • Identify alternate sources of funding and innovative financing mechanisms for new builds <p>Asset management</p> <ul style="list-style-type: none"> • develop mechanism to exit higher cost / less sustainable complexes

Risk	Planned Controls and Mitigation
<p>accumulate.</p> <p>The risk is caused by:</p> <ul style="list-style-type: none"> • lower revenue than projected or required in the financial model; and / or • Change in Government policy removing subsidies for community providers; and / or • servicing, maintenance or capital expenditure on the social housing portfolio greater than projected in the financial model; and / or • legislated or policy driven improvements in quality standards; and / or • expenditure on broader social housing outcomes that are not included in the financial model <p>This will result in:</p> <ul style="list-style-type: none"> • failure to meet outcomes or LOS for the social housing activity; • negative community sentiment; • increased future costs; • asset failure (eg units or multiple units deteriorating to the point that they are not tenable) • health or safety impacts (eg units become cold or damp leading to illness) and/ or • legislative noncompliance (eg units do not meet minimum standards as defined in Residential Tenancies Act.) 	
<p>Financial Implications of Lending to Community Housing Provider for New Social Houses</p> <p>There is a risk that the CHPs will not be able meet all Council's costs caused by costs being greater than the expected, revenue being less</p>	<p>Prior review of proposals to test assumptions and modelling. Review to be carried out by Council's asset management and financial staff, as well as an independent review.</p> <p>Include other hurdles such as a target maximum average cost per dwelling.</p> <p>Feasibility to test appropriate sensitivities</p>

Risk	Planned Controls and Mitigation
<p>than they expected or Council's costs being greater than expected.</p> <p>This may result in rates funding being required to meet the shortfall or Council to exercise its rights under mortgages.</p>	<p>Ongoing oversight of construction including review of site due diligence, plans, specifications and contracts; monitoring of variations and project milestones</p>
	<p>On-going monitoring of operations including compliance with Government contract requirements, operational costs, rents (and level of arrears)</p>
	<p>As a precondition of entering into a loan agreement, CHPs must hold a long term contract with the Government for the supply of the places. This should have the same term as the loan</p>
	<p>The loan should be protected by appropriate documentation and security</p>