

Ashburton District Council

AGENDA

Notice of Meeting:

A meeting of the Ashburton District Council will be held on:

Date: Wednesday 3 March 2021

Time: 1.00pm

Venue: Council Chamber

Membership

Mayor	Neil Brown
Deputy Mayor	Liz McMillan
Members	Leen Braam Carolyn Cameron John Falloon Rodger Letham Lynette Lovett Angus McKay Diane Rawlinson Stuart Wilson

Meeting Timetable

Time	Item
1pm	Meeting commences
2.50pm	Welcome to new and long-serving staff
2.55pm	Ashburton Air Cadets presentation of Charter
3.30pm	ACL Quarterly Report

1 Apologies

2 Extraordinary Business

3 Declarations of Interest

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as an elected representative and any private or other external interest they might have.

Minutes

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13	Financial Variance Report – January 2021	<i>Circulated</i>

Business Transacted with the Public Excluded

14	Council – 17/02/20		PE 1
	• Freeholding Glasgow lease	Section 7(2)(h) Commercial activities	
	• Sale of land	Section 7(2)(h) Commercial activities	
15	Audit & Risk Committee – 10/02/20	Section 7(2)(h) Commercial activities	PE 3
16	Caring for Communities Welfare Recovery Group	Section 7(2)(a) Protection of privacy of natural persons	PE 4
17	Library & Civic Centre PCG – 16/02/20	Section 7(2)(h) Commercial activities	PE 10
18	NZTA organisation & budget update	Section 7(2)(h) Commercial activities	PE 13
19	Ashburton Contracting Ltd	Section 7(2)(h) Commercial activities	<i>Circulated</i>

4. Council Minutes – 17 February 2021

Minutes of the Council meeting held on Wednesday 17 February, commencing at 1.00pm, in the Council Chamber, 137 Havelock Street, Ashburton.

Present

His Worship the Mayor, Neil Brown; Councillors Leen Braam, Carolyn Cameron, John Falloon, Rodger Letham, Lynette Lovett, Angus McKay, Liz McMillan, Diane Rawlinson and Stuart Wilson.

In attendance

Hamish Riach (Chief Executive), Steve Fabish (GM Community Services), Jane Donaldson (GM Strategy & Compliance), Sarah Mosley (Manager People & Capability), Toni Durham (Strategy & Policy Manager) and Phillipa Clark (Governance Team Leader).

Staff present for the duration of their reports: Richard Mabon (Senior Policy Advisor), Andrew Guthrie (Assets Manager), Colin Windleborn (Commercial Manager), Michelle Hydes and Ann Smith (Property Officers).

Presentation

Ashburton Service Level Alliance (1.30pm-2.07pm)

1 Apologies

Nil.

2 Extraordinary Business

That pursuant to Section 46A(7) of the Local Government Official Information and Meetings Act 1987 the following items be introduced as extraordinary business:

- Street plaques to highlight history of Ashburton
- Buying local – procurement processes

Cameron/Falloon

Carried

3 Declarations of Interest

Item 18 – The Mayor declared an interest and gave notice that he will leave the meeting for this item and the Deputy Mayor will take the Chair.

4 Confirmation of Minutes – 3/02/21

That the minutes of the Council meeting held on 3 February 2021, be taken as read and confirmed.

Wilson/McMillan

Carried

5 Methven Community Board – 1/02/21

That the minutes of the Methven Community Board meeting held on 1 February 2021, be received.

McMillan/Letham

Carried

6 Ashburton District Road Safety Co-ordinating Committee – 2/02/21

That the minutes of the Road Safety Co-ordinating Committee meeting held on Tuesday 2 February 2021, be received.

Cameron/Lovett

Carried

7 Biodiversity Advisory Group – 2/02/21

That the minutes of the Biodiversity Advisory Group meeting held on Tuesday 2 February 2021, be received.

Rawlinson/Lovett

Carried

8 Review of Rates Remission Policy 2021

The Mayor reported that he has asked for this report to be revised after discussion with the Chief Executive.

That the matter lies on the table until the Council meeting on 3 March 2021.

Mayor/McKay

Carried

9 Review of Rates Postponement Policy 2018

1. That Council make no changes to the Rates Postponement Policy 2018.

2. That Council undertake no consultation on the Rates Postponement Policy 2018.

3. That Council review the Rates Postponement Policy 2018 in 2024.

Braam/McKay

Carried

10 Mid Year Performance Report

• **Local infrastructure**

Officers were asked to check whether tankered water is checked for compliance before being added to a water supply.

That Council receives the mid-year non-financial performance report.

Cameron/McKay

Carried

Presentation – Ashburton Service Level Alliance

The Mayor welcomed representatives of ASLA – Gordon Guthrie (Chair) and Jenny Gill, and the Canterbury Clinical Network (CCN) Service Level Alliance Co-ordinator, Jules Wilkie.

Jules presented information on the CCN work programme and outlined the Alliance’s partnership approach with its member organisations. A copy of the powerpoint presentation has been circulated.

ASLA would welcome feedback from Council and consumers about the health needs in the community.

[The Ashburton Service Level Alliance was established in 2015 to recommend how to best allocate Ashburton health services funding, systematise service provision across the district, and ensure access and service equity to the population within the funding available].

11 Water Services Bill Submission

1. That Council:

1.1 Receives the report;

1.2 Approves the submission to the Health Committee about the Water Services Bill attached as Appendix One.

Braam/Lovett

Carried

12 Financial Variance Report – December 2020

That Council receives the variance report for the period ending 31 December 2020.

Falloon/Rawlinson

Carried

13 Road Closure – Ashburton Car Club gravel sprint

That Council permits the following roads to be closed from 8.00am Saturday 6 March 2021 until 6.00pm the same day to allow the Gravel Sprint event to be held:

Lower Downs Road, from Quarry Road to approximately #518 Upper Downs Road.

McKay/Wilson

Carried

14 Mayor's Report

• Regional Land Transport Plan 2021-2031

Council supported the Mayor's recommendation that the submission will request that the second urban bridge remains in the plan as proposed, and that a four lane highway be put forward as Council's preferred approach for improving safety between Rolleston and Ashburton.

It was agreed that submissions should also be made for pedestrian-safe refuges on SH1 (Ashburton/Tinwald) and SH77 (Methven), along with improvements to pedestrian and cycle access on the existing Ashburton bridge.

The Group Manager Infrastructure Services reported that a draft submission will be presented to Council on 3 March. He explained that the pedestrian / cycle safety projects are a separate funding category and will be raised with NZTA separately. A further request for the speed limit to be lowered through Rakaia and on the Rakaia bridge will be included in this correspondence.

That Council's submission on the Regional Land Transport Plan 2021-2013 include the following points:

- Second urban Ashburton bridge – to remain in the Plan on the current timetable.
- Safe walkways – request that safe walkways be established on the existing Ashburton bridge cycle pedestrian lanes
- Pedestrian crossing points – request that safe crossing points be constructed at the following locations:
 - West Street, Ashburton (adjacent to the Art Gallery & Heritage Centre)
 - SH1 / Archibald Street, Tinwald
 - SH77, Methven – adjacent to the Methven skate/bike park
 - SH1, Rakaia
- SH1 (Rolleston-Ashburton) – request that the safety improvements being proposed be in the form of a four lane highway.

McKay/Falloon

Carried

• Councillor reports

Council briefly discussed the process for reporting back on their attendance at external / ad hoc meetings.

A recommendation that an item be included on Council agendas for Councillors to provide reports on meetings they are delegated to attend (McKay/Cameron) was lost. Notwithstanding that, Councillors will be reminded of reporting requirements following elected members' attendance at meetings, conferences, seminars and courses. There will be opportunity for this to be discussed in a workshop.

That the Mayor's report be received.

Mayor/McMillan

Carried

Council adjourned for afternoon tea from 2.53pm until 3.15pm.

The Mayor left the meeting from 2.53pm to 4pm.

Extraordinary Business

- **Street plaques highlighting the history of Ashburton**

An update was sought on the pre-scoping report (requested by Council in April 2020) to look at incorporating heritage street plaques into the CBD.

Council heard that the matter has been referred to the Community Services Group and the pre-scoping report will be provided to Council on 7 April 2021.

- **Procurement Policy**

An update was sought on the percentage of 'local buying' and whether there has been a change in procurement practices since Council reviewed the policy (April 2020) to include a 5% weighting on local suppliers.

Council heard that an update will be provided to the Activity Briefings meeting on 24 March 2021.

Business transacted with the public excluded – 3.21pm

That the public be excluded from the following parts of the proceedings of this meeting, namely – the general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48 (1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

Item No	General subject of each matter to be considered:	In accordance with Section 48(1) of the Act, the reason for passing this resolution in relation to each matter:	
15	Council 3/02/21 • Library & Civic Centre PCG 19/01/21	Section 7(2)(h)	Commercial activities
16	Extraordinary Council 23/12/20	Section 7(2)(h)	Commercial activities
17	Library & Civic Centre PCG	Section 7(2)(h)	Commercial activities
18	Freeholding Glasgow lease		

Lovett/Falloon

Carried

The meeting concluded at 4.14pm.

Confirmed 3 March 2021

MAYOR

5. Audit & Risk Committee Minutes

Minutes of the Audit & Risk Committee meeting held on Wednesday 10 February 2021, commencing at 1.30pm, in the Council Chamber, 137 Havelock Street, Ashburton.

Present

Mayor Neil Brown; Councillors Leen Braam (Chair), John Falloon and Stuart Wilson and Murray Harrington.

Also present:

Councillors Lynette Lovett, Angus McKay and Diane Rawlinson.

In attendance

Hamish Riach (Chief Executive), Sarah Mosely (Manager People & Capability), Steve Fabish (GM Community Services), Toni Durham (Manager Strategy and Policy) and Carol McAtamney (Governance Team - minutes).

1 Apologies

Crs Carolyn Cameron and Liz McMillian (absent on Council business)

Sustained

2 Extraordinary Business

Nil.

3 Declarations of Interest

Nil.

Retention of the Audit Committee

The Chief Executive was asked to explain the reason behind the retention of an Audit Committee following the recent Governance structure review.

The Chief Executive reminded the Committee that as a result of a review of the Governance structure for 2021 Council agreed to discharge the Audit, Risk & Finance, Bylaw and Policy, Community Services, Environmental Services and Infrastructure Services Committees effective 1 January 2021.

It was also agreed that the Audit, Risk & Finance Committee be reconstituted as an Audit and Risk Committee. The focus of this committee is on audit and risk and to keep Councillors fully informed on the risks councils face and have general finance matters reported direct to Council.

The majority of councils throughout New Zealand have an audit and risk standing committee with an independent member, as recommended by the Office of the Auditor General.

4 Playgrounds Compliance and Safety Audit

Park Central were engaged to undertake a compliance and safety audit on the 27 playground sites throughout the Ashburton district.

That the Committee receives the playgrounds compliance and safety audit report.

Mayor/Falloon

Carried

Business transacted with the public excluded – 1.30pm

That the public be excluded from the following parts of the proceedings of this meeting, namely – the general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48 (1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

Item No	General subject of each matter to be considered:	In accordance with Section 48(1) of the Act, the reason for passing this resolution in relation to each matter:	
9	Health & Safety	Section 7(2)(a)	Protection of privacy of natural persons

Brown/Wilson

Carried

The Committee resumed in open meeting and concluded at 2.00pm.

6. Youth Council Minutes

Minutes of a meeting of the **Ashburton Youth Council** held on Wednesday 3 February 2021, commencing at 4.00pm Mayors Reception Room, Ashburton District Council, 5 Baring Square West, Ashburton.

<p>Present Michael Baker Henry Goodes Lara Sheirlaw Maddie page Beatrice Bernarte Abbie Wilson-James Sophia Aguila John Magyaya Dom Rodgers-Cotter Easterlin Faamausili Alex Cojocar Janre Lim Anna Tu'amoheloa</p> <p>Visitor Peter Reveley</p>		
1	Apologies	
2	Team Building Activity Making the longest paper chain.	15 Minutes
3	Cr Lynette Lovett Introducton.	5 Minutes
4	Peter Reveley – Childrens day Volunteers Face painting, Costumes	35 Minutes
5	Individual and Group Photos Individual photos Group Photos	20 Minutes
6	Brainstorming Bite night Skate Jam Mountain Film Festival	15 Minutes
7	General Business	25 Minutes

	Meeting day – 2 nd Wednesday of the month. Executive appointments Article assignments Adding people to the Messenger	
8	Wrap Up	5 Minutes
9	Next Meeting Wednesday 10th February 2021, 4:00pm to 6.00pm, Ashburton District Council, Council Chambers Any apologies must be sent to Verity or AYC Secretary prior to the meeting commencing.	
The meeting closed at 5.45pm.		
Approved and adopted as a true and correct record on (date)		
..... Chairperson		

7. *Review of Rates Remission Policy 2021*

Author *Hamish Riach, Chief Executive*
Activity manager *Rachel Sparks, Finance Manager*
General manager *Paul Brake, General Manager Business Support*

Summary

- This report is to inform Council’s decision on content of a draft Rates Remission Policy 2021 for public consultation.
- Officers propose minor changes to wording to improve clarity.
- Officers recommend that:
 - the policy objectives statement be updated to align with current strategies
 - the policy on rates penalty remissions return to the pre-Covid settings as demand for remissions did not increase.
 - Council provide policy definition of one quarter’s excess usage due to water leaks, for consumers who are billed annually.

Recommendation

1. **That** Council adopt the draft Rates Remission Policy 2021 attached as Appendix One for public consultation.

Attachment

Appendix 1 Policy (Draft 4)

Background

The current situation

1. Council practice is to review the Rates Remission Policy (RRP) every three years alongside the long-term plan.
2. Council also needs to review the RRP in 2021 because:
 - the RRP objectives align poorly with strategies and plans;
 - the RRP contains provisions on rates penalty remissions that expire on 1 July 2021 and guidance for future rates penalty remissions is needed;
3. While reviewing the RRP, officers propose wording changes to improve clarity without changing the substance of the RRP.

Improving clarity and reducing duplication

4. The following changes are made in Appendix One to improve how the RRP is drafted:
 - Paragraphs 6, 7, 14, 15, 18 & 19 are deleted and inserted as paragraphs 28 & 29 to reduce repetition
 - Paragraph 8 – words added to clarify meaning
 - Paragraph 24 – words added to mirror the wording used in paragraph 25 to clarify meaning
 - Paragraph 32 – simpler words substituted for plain English
 - Paragraph 33 – word added to correct grammar
 - Paragraph 34 - simpler words substituted for plain English
 - Paragraph 35 – word substituted to clarify meaning
5. These changes, plus substantive changes, are highlighted in Appendix One.

RRP issue one – objectives statement

6. The first RRP issue is that the objectives statement has become out of date.
7. New wording is highlighted in Appendix One that:
 - states the purpose of this RRP under the Local Government Act 2002
 - aligns the RRP with the implementation of revenue and financing policy and other funding policies
 - aligns the RRP with the mandatory national drinking water service delivery measures and local targets.

RRP issue two – rates penalty remissions

8. The second RRP issue is a lack of guidance on future rates penalty remissions.

9. Prior to Covid-19, Councils policy on rates penalty remissions was to allow a remission for one quarterly rates instalment every two years. With the onset of Covid-19, lockdown, and associated economic uncertainty, Council agreed to allow ratepayers to apply for remissions every quarter, starting from Q4 in 2019/20 and extending that until the end of Q4 2020/21. The current RRP setting is time bound and will expire after 30 June 2021.
10. The economic impacts to date have not created increased demand for penalty remissions. It has been more a case of “business as usual”. For this reason, officers see no need to extend the change to penalty remissions and recommend Council revert back to the previous RRP settings.
11. This recommendation is reflected in the edits to paragraph 26 in Appendix One.

RRP issue three – water rates remissions

12. **The third RRP issue is alignment with the shift to annual billing of residential extraordinary consumers.**

Defining quarterly excess charges in an annual bill

13. As the current RRP was adopted in a context of quarterly billing, it doesn't provide guidance on which quarter should be remitted in the context of annual billing. Officers propose to address this in the RRP. Refer to paragraphs

Options analysis

Option one – Status quo

14. This option is where we stand today.
15. Officers do not favour this option because:
 - the objectives statement is out of date;
 - a decision is required on the rates penalty remissions question; and
 - ;the RRP does not define what a quarterly remission is for an annual bill
16. This option is **NOT RECOMMENDED**.

Option two – Approve draft rates remission policy for consultation

17. Under this Option, Council would consult on the draft Policy set out in Appendix One.
18. This option addresses the issues noted in paragraph 14.
19. This option is **RECOMMENDED**.

Legal/policy implications

20. These implications are addressed throughout the background and options analysis.

Financial implications

Requirement	Explanation
What is the cost?	Council currently budgets \$130,000 annually for rates remissions.
Is there budget available in LTP / AP?	Yes.
Where is the funding coming from?	The work of the Finance Team is funded from overheads allocated across activities which in turn are funded from a mixture of rates, debt, fees, charges and grants as set out in the Revenue & Financing policy.
Are there any future budget implications?	No. The recommendations proposed do not materially affect the overall sum of remissions.
Reviewed by Finance	Review not required

Significance and engagement assessment

Requirement	Explanation
Is the matter considered significant?	No
Level of significance	The matter is assessed as having medium significance.
Level of engagement selected	2. Consult – formal two-way consultation
Rationale for selecting level of engagement	Changes to the RRP require consultation that complies with section 82 of the Local Government Act 2002.
Reviewed by Strategy & Policy	Toni Durham; Strategy & Policy Manager

Next steps

21. This table describes governance actions that include and arise from the recommendations. Communications work to implement recommendation two will occur during the first half of calendar year 2021.

Date	Action / milestone	Comments
3 March 2021	Council adopts draft RRP 2021 for consultation.	Decisions made by Council
19 March 2021	Draft RRP 2021 publicly notified for consultation.	First day for public submissions
19 April 2021	Period for making submissions ends	Last day for public submissions
11-12 May 2021	Submission hearings	Submissions considered by Council
18-20 May 2021	Deliberations and decisions on policy	Decisions made by Council
30 June 2021	Adoption of RRP	Decisions made by Council

Policy (Draft 4)

RATES REMISSION

TEAM:	Finance
RESPONSIBILITY:	Finance Manager
ADOPTED:	30 June 2021
REVIEW:	Every three years
CONSULTATION:	Consultation under section 82 of the Local Government Act 2002
RELATED DOCUMENTS:	Local Government Act 2002 Local Government (Rating) Act 2002

Policy Objective

1. This policy aims to:
 - define the objectives sought to be achieved by the remission of rates;
 - set out the conditions and criteria to be met in order for rates to be remitted;
 - support the overall objectives of prudent financial management and Council's finance, funding and rating policies
 - promote the economic, social, cultural and environmental wellbeing of the Ashburton district by:
 - facilitating the provision of community services and recreational opportunities, including community and memorial halls;
 - encouraging the protection of land for natural, historic or cultural purposes;
 - providing an equitable rate impost on separately inhabited dwellings;
 - responding appropriately through the rating system to internal reticulation leaks affecting properties on water by meter charges; and
 - aligning where practicable, with other Council strategies, plans and policies.

Definitions

Council means Ashburton District Council.

Community facility is a facility which is open to and provided for the benefit of the public

Policy Statement

Community Facilities

2. Council provides for the remission of rates payable by qualifying community organisations if the property is used exclusively to provide community services, facilities and recreational opportunities for the residents of the Ashburton District.
3. To qualify for the remission of rates the property must be owned by one of the following:
 - Ashburton District Council
 - A registered charitable trust or incorporated society.
4. A remission of rates will not be granted to organisations operated for private pecuniary profit.
5. The maximum rate remission for qualifying community facilities will be 50% of total rates (including targeted rates such as water and sewerage, but excluding water by meter charges and stockwater rates).
- ~~6. Applications received during a rating year will apply to the following rating year. Applications will not be backdated.~~
- ~~7. Council will grant a maximum of one rates remission for any one rating unit, in any one financial year, unless there has been a Council error.~~

Separately Inhabited Dwellings

8. Council provides for the remission of rates payable on residential rating units which include a separately inhabited part that is occupied by a dependent family member **of the owner of the rating unit.**
9. The owner of the rating unit must complete and provide to Council a statutory declaration outlining the conditions above, and this declaration will be effective for three years or until the conditions cease, whichever is earlier. The owner must provide a fresh declaration after each three year period.
10. The remission will be for a maximum of the additional inhabited unit (the minor flat or other residential accommodation unit) and includes targeted rates such as water and sewerage.

Memorial and Community Halls

11. Memorial and community halls are considered non-rateable land by the Local Government (Rating) Act 2002, provided they fall within the categories of non-rateable land listed in Schedule 1 to the Local Government (Rating) Act 2002
12. Some memorial and community halls do not fall within those definitions. Council wishes to treat them on the same basis as other memorial and community halls.

13. Council will provide 100% remission of rates for all memorial and community halls including 100% remission of service rates (targeted rates such as water and sewerage but excluding water by meter charges and stockwater rates).

~~14. Applications received during a rating year will apply to the following rating year. Applications will not be backdated.~~

~~15. Council will grant a maximum of one rates remission for any one rating unit, in any one financial year, unless there has been a Council error.~~

Properties Protected for Natural, Historic or Cultural Conservation Purposes

16. Council provides for the remission of rates on land or buildings with cultural, natural or historic heritage that is recognised in the Ashburton District Plan or legally protected by:

- A heritage covenant under the Historic Places Act 1993
- A heritage order under the Resource Management Act 1991
- An open space covenant under the Queen Elizabeth the Second National Trust Act 1977
- A protected private land agreement or conservation covenant under the Reserves Act 1977
- Any other covenant or agreement entered into by the owner of the land with a public body for the preservation of existing features of land, or of buildings, where the conditions of the covenant or agreement are registered against the title to the land and are binding on subsequent owners of the land.

17. The maximum rate remission for qualifying properties will be 50% of the rates payable on the protected portion of the land only (including targeted rates such as water and sewerage, but excluding water by meter charges and stockwater rates).

~~18. Applications received during a rating year will apply to the following rating year. Applications will not be backdated.~~

~~19. Council will grant a maximum of one rates remission for any one rating unit, in any one financial year, unless there has been a Council error.~~

Remission and Postponement of Rates on Māori Freehold Land

20. Council does not provide for the remission or postponement of rates on Māori freehold land, unless the application qualifies under another remission provision detailed in this policy.

Remission of Water by Meter Charges

21. Council may agree to a remission or part remission of water by meter charges in situations where the amount due is clearly the result of a fault (leak) in the internal water reticulation serving the rating unit.

22. The ratepayer will remain liable for the full charge of their normal water consumption based on past water consumption.

23. A remission may be made on excess charges due to leakage for one meter-reading period only. That shall be the meter reading period preceding the date of the application for remission.

Remission of Rates Penalties

24. Council may agree to the remission of rates penalties (excluding annual penalties) where payment has been late due to significant family disruption, death, illness, accident or genuine mistake.

25. Rates penalties on single rates instalments (excluding annual penalties) may also be remitted as part of an agreed repayment plan for ratepayers with significant arrears as a result of financial hardship or difficulties.

~~26. Council will only consider one remission of rates penalties per applicant within a 24 month period, applicable to a single rates instalment (three-monthly). This restriction will be waived for penalty write-offs for instalments 1-4 of the 2020-21 rating year with write-offs meeting Council's criteria being available for all instalments.~~

27. Penalties resulting from Council error will be remitted.

Application and Consideration

28. Applications received during a rating year will apply to the following rating year. Applications will not be backdated.

29. Council will grant a maximum of one rates remission for any one rating unit, in any one financial year, unless there has been a Council error. This does not apply to remission of rates penalties.

30. Applications for the remission of rates must be made either in writing, via an online form, or over the phone. Evidence or additional documents may be required. Applications may require a statutory declaration.

31. Decisions on the remission of rates will be made by officers with the appropriate delegations. Applicants will be notified of any decision in writing within 30 days of application.

32. In granting remissions under this policy, Council may specify certain conditions before a remission will be granted. Applicants will be required to must pay any remitted rates if the applicable conditions are not adhered to met.

Monitoring and Review

33. Remissions granted under this policy will be reviewed at least **once** every three years as part of the Councils Long Term Plan.
34. Ratepayers receiving rates remission under this policy ~~are required to~~ **must** notify Council of any changes in their situation that may alter their eligibility for ongoing remission.
35. Council ~~may~~ **will** cancel a remission granted under this policy if it is found a property no longer qualifies for rates remission.

8. Community Engagement Policy (Significance and Engagement Policy)

Authors	<i>Mel Neumann; Graduate Policy Advisor Richard Mabon; Senior Policy Advisor</i>
Activity manager	<i>Toni Durham; Strategy and Policy Manager</i>
Group manager	<i>Jane Donaldson; Group Manager Strategy and Compliance</i>

Summary

- The purpose of this report is to recommend Council adopts the Draft Community Engagement Policy for consultation in March alongside the Long Term Plan 2021-31.
- The report proposes to
 - retitle the policy to make its purpose clearer to the general public
 - adjust the process for assessing significance to make it easier to use and better designed to reflect the significance of decisions
 - amend the list of strategic assets to reflect current thinking
 - reflect changes in the community which have occurred since the policy was last reviewed.
- Council is required to consult on this policy under s. 82 of the Local Government Act. The preferred option is to adopt the draft policy for consultation. Council has options to:
 - stick with the current policy from 2018
 - make amendments to the proposed draft before consulting on it.

Recommendation

- 1. That** Council adopts the Draft Community Engagement Policy 2021 for consultation.

Attachment

Appendix 1 Draft Community Engagement Policy

Background

Current situation

1. The Local Government Act 2002 requires all councils to adopt a 'Significance and Engagement Policy'.
2. The policy addresses matters which underpin Council's approach how we engage with the community. We propose to rename the policy as the 'Community Engagement Policy' to be clear about its purpose and to avoid the use of local government "jargon" like significance.
3. Council practice is to review the policy every three years. The review of this policy began in October 2020.

Issues

4. Officers identified the following issues:
 - The approach we take to assess significance has a tendency to be "over-sensitive" because:
 - a score of high in any single factor automatically makes a decision significant, even if all other factors score low;
 - treating each of the criteria as separate matters creates duplication and ignores the overall context.
 - The list of strategic assets would benefit from updating.
 - The policy would benefit from:
 - simplification, making the policy easier to apply for officers;
 - updating to reflect changes in the community and Council's relationship with tangata whenua.

Process for assessing significance

5. Officers propose adjustments to the current process that:
 - reduce the number of criteria from eleven down to seven
 - base the initial significance score on an "averaging" of the seven individual criteria scores
 - require Officers to review the decision "in the round" and (if required) present a final significance score that they believe is a more accurate representation of the significance of the decision than the initial score. In doing so, Officers must give reasons for their revised assessment.

Reduced number of criteria

6. The criteria have been reduced to seven by:
 - Combining two existing criteria – *Number of people affected* and *Level of impact on people affected* - into a criterion called “*Impact on the community*”
 - Combining two existing criteria – “*Overall assessment of risk*” and “*Overall assessment of health and safety considerations*” – into a criterion called “*Overall risk*”.
 - Combining two existing criteria – “*Cost of proposal*” and “*Impact on rates*” – into a criterion called “*Financial cost*” which also takes into account impacts on fees and charges, reserves and debt.
 - Combining two existing criteria – “*Level of current community interest*” and “*Level of potential community interest*” – into a criterion called “*Community interest*”.
7. None of these changes reduce the matters taken into consideration and they simplify the policy for users and reduce duplication.

“Averaging” to produce initial significance score

8. The “averaging” of the individual scores works as follows:
 - If four or more criteria score “High” the initial significance score is “High”
 - If five or more criteria score “Low”, the initial significance score is “Low”
 - If neither of those thresholds is met, the initial significance score is “Medium”

Deciding final significance score

9. Where an Officer considers that the initial significance score either overstates or understates the overall significance of the decision, they can propose a different final significance score, giving reasons for that decision.
10. All Officer decisions on significance are reviewed by the Strategy and Policy Team and the Executive Team, as a normal part of report and agenda preparation. Council may also come to its own conclusions on significance and if so, these should be minuted.

Strategic Assets

11. The Executive Team have reviewed the list of strategic assets and propose to add the following assets:
 - Ashburton Airport
 - Shareholding in Ashburton Contracting Limited
12. The Executive Team, also propose to clarify the thresholds which trigger consultation requirements in regard to strategic assets. These are listed in the schedule of strategic assets.

Community changes

13. Officers have proposed two minor changes that reflect changes which have occurred. The first change is in paragraphs which acknowledge the growing ethnic

diversity of the Ashburton District and our status as a Welcoming Community. The second is to record part of the text of the policy relating to our relationship with tangata whenua in both English and Te Reo, reflecting growth in our relationship with Arowhenua.

Options Analysis

Option one – approve the draft policy for consultation (recommended)

14. This is the recommended option. It provides a proposal for community feedback. Council can consider that input and make amendments that take it into account.

Option two – do not approve the draft policy for consultation (Not recommended)

15. This option is not recommended. This leaves the current policy in place. It does not address the issues noted earlier, namely:
 - The changes which are occurring in the community;
 - A simpler process for determining significance that is easier to apply;
 - A list of strategic assets that reflects the current views of the Executive Team.

Option three – approve the draft policy for consultation, including amendments from the Council meeting (Not recommended)

16. Council may wish to amend specific paragraphs in the policy before releasing the document for consultation. If these amendments are made by no later than 17 March meeting, timeframes can be met for adoption of the policy to occur before 1 July 2021.
17. If Council were to require a substantial rewrite of the draft policy, the deadline for completion would need to be pushed back, and the opportunity to consider submissions from all the parallel consultations together would be lost.
18. Officers will attempt to give oral advice on the advantages and disadvantages of any amendments raised at the meeting. Officers will be better placed to provide Councillors with advice on any amendments if they are given advance notice of such proposals.

Legal/policy implications

Local Government Act 2002

19. The draft Community Engagement Policy and this report meet the requirements of the Local Government Act 2002.

Financial implications

Requirement	Explanation
What is the cost?	Adopting the draft policy has no unbudgeted cost. There are costs involved with carrying out consultation. These are largely advertising and printing costs and staff time involved in the process.
Is there budget available in LTP / AP?	Yes
Where is the funding coming from?	The cost of consulting on this policy is met from within the Strategy & Policy operating budget
Are there any future budget implications?	No. It is not expected that Council will incur extra costs as a result of this policy.
Reviewed by Finance	Not required

Significance and engagement assessment

Requirement	Explanation
Is the matter considered significant?	Yes, this is considered significant under our current policy.
Level of significance	High
Level of engagement selected	Level 3 - Consult
Rationale for selecting level of engagement	Council must consult using a process that meets s. 82 of the local government Act 2002. We have engaged directly with Arowhenua in the preparation of this draft. Through a consultation process we will seek feedback from the wider community to ensure this policy enables Council to have the right conversations about the right matters at the right time
Reviewed by Strategy & Policy	Toni Durham; Strategy & Policy Manager

DRAFT Policy

COMMUNITY ENGAGEMENT POLICY

(This policy meets the legal requirements for a Significance and Engagement Policy)

TEAM:	Strategy and Policy
ADOPTED:	XXX
DATE EFFECTIVE:	1 July 2021
REVIEW:	Every three years, or as required
CONSULTATION:	Section 82, Local Government Act 2002
RELATED DOCUMENTS:	Civil Defence Emergency Management Act 2002 Local Government Act 2002 Reserves Act 1977 Resource Management Act 1991.

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Glossary and definitions

Arowhenua are mana whenua of Ashburton District.

Community engagement is any process of involving the community in Council decisions. This will involve providing and seeking information to inform and assist decision making.

Consultation is one form of community engagement. Consultation can involve the exchange of information or views between decision-makers and those affected/interested before a decision is made.

Council means Ashburton District Council.

Engagement Scale is a scale based on the International Association for Public Participation (IAP2) principles of public participation that sets out different types of engagement Council may utilise. This scale is described in section 5.

Kaitiaki means a guardian, steward or keeper.

Kaitiakitanga means guardianship or stewardship.

Mana whenua means a tribe who has the right to manage a particular area of land.

Mātauranga is Māori knowledge or wisdom.

Significance has the meaning described in s.5 of the Local Government Act 2002 (LGA).

Explanatory Note

Section 5 of the LGA describes '**significance**' as:

in relation to any issue, proposal, decision, or other matter that concerns or is before a local authority, means the degree of importance of the issue, proposal, decision, or matter, as assessed by the local authority, in terms of its likely impact on, and likely consequences for,—

(a) the current and future social, economic, environmental, or cultural well-being of the district or region:

(b) any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter:

(c) the capacity of the local authority to perform its role, and the financial and other costs of doing so

Significance Scale is a scale that identifies the point where an issue may be considered 'significant'. This scale is shown in section 5.

Significance Tool is a tool that Council officers can use to determine the level of significance for an issue. This tool is described in Appendix 1.

Significant has the meaning described in s.5 of the LGA.

Explanatory Note

Section 5 of the LGA describes '**significant**' as:

in relation to any issue, proposal, decision, or other matter, means that the issue, proposal, decision, or other matter has a high degree of significance.

Strategic Asset has the meaning described in s.5 of the LGA.

Explanatory Note

Section 5 of the LGA describes a '**strategic asset**' as:

an asset or group of assets that the local authority needs to retain if the local authority is to maintain the local authority's capacity to achieve or promote any outcome that the local authority determines to be important to the current or future well-being of the community; and includes—

- (a) any asset or group of assets listed in accordance with s.76AA(3) by the local authority; and
- (b) any land or building owned by the local authority and required to maintain the local authority's capacity to provide affordable housing as part of its social policy; and
- (c) any equity securities held by the local authority in—
 - (i) a port company within the meaning of the Port Companies Act 1988:
 - (ii) an airport company within the meaning of the Airport Authorities Act 1966

Rohe is a boundary, for example a district or a region.

Rūnanga is an iwi authority or council.

Tangata whenua are local people, hosts or indigenous people – people born of the whenua (Māori).

Taonga means something that is treasured or something that is culturally valuable. Taonga can be an object, resource, phenomenon, idea or technique.

Te Tiriti (o Waitangi) is the Treaty of Waitangi.

Wāhi tapu is a sacred place or site, for example a burial ground or a battle site where sacred objects were placed.

1. Introduction

1.1. Why do we have this policy?

- To help Council make well-informed decisions by having the right conversations, with the right people, about the right issues at the right time;
- to provide clarity around how and when Council will engage with communities;
- to support and promote community involvement in decision-making;
- to build positive relationships with all interested and affected parties, including but not limited to, Ngāi Tahu, stakeholders and the wider community;
- to encourage co-operation, respect and understanding of other points of view;
- to provide clarity about what significance is and how it affects the way we engage with the community;
- to establish a process for determining how significant a decision is and the corresponding level of resource required;
- to ensure that Council meets its legal duties under s.76AA of the LGA to adopt a significance and engagement policy; and
- to identify what Council deems to be 'significant assets'.

2. Community engagement and consultation

2.1. What do we mean by community?

A community can be defined in many ways. For example, a community can be people within a geographical area (e.g. Tinwald), people with the same interests (e.g. sports groups), people of a particular ethnicity (e.g. Ngai Tahu or other communities), or people of the same economic sector (e.g. construction).

In order to identify the communities to best engage with, it is important to look through the lens of the issue or issues being considered.

Our aim is to continue to enjoy a strong appreciation of groups that we have a good relationship with; and to grow better relationships with groups that we don't know so well.

2.2. What do we mean by engagement?

Engagement provides an opportunity for the community to present their views on a Council issue, decision or proposal. The aim is to talk with the right people at the right time about the right issues, for the right reasons. The community views expressed through an engagement process will be considered and discussed, along with other information, when decisions are made.

Engagement may not result in consensus between the community and Council. It should allow for an exchange and examination of information and views between the community and decision-makers, before a decision is made. Engagement ensures that decisions are informed and improved by the community's involvement. It will often be necessary to provide the community with access to information to enable them to bring an informed viewpoint. It will always be necessary for Council to keep an open mind for the different perspectives the community can bring.

2.3. When will Council engage?

Council will engage when any or all of the following apply:

- a matter is deemed significant (as explained in section 4);
- we need community input to ensure we make the right decision for the community;
- we want to build and maintain relationships; and/or
- when there is a statutory requirement.

2.4. When might Council not engage?

There is a time and financial cost required to explore options and obtain the views of the community. The level of engagement needs to be appropriate to the decision or action to be taken by Council. There will be rare occasions when a decision is so urgent that it is unreasonable to engage, or where the options are so limited that Council only has one reasonable and practicable option.

Examples of when we won't engage include:

- Organisational decisions that do not reduce level of service
- Emergency management activities during a state of emergency
- Decisions which are:
 - Urgent (managing an urgent issue)
 - Commercially sensitive
 - Made under approved policies
 - Made by delegation/sub-delegation to officers
 - Related to regulatory and enforcement activities
- Decisions where public consultation would cause a privacy breach
- Decisions to act where it is necessary to:
 - Comply with the law;
 - Save or protect life, health or amenity;
 - Prevent serious damage to property;
 - Avoid, remedy or mitigate an adverse effect on the environment.

2.5. How will Council engage with the community?

Council will undertake engagement in a variety of ways, through multiple channels. Identifying the significance of a proposal or decision via the procedure laid out in section 4.4 of this policy helps Council to determine the type of engagement required. The method of engagement will be dependent on the type of conversation needed, the community who we are engaging with, the time and cost allowed for the engagement, and any legislative requirements.

The type of engagement should correspond with the level of significance of the decision or proposal. Council has developed an engagement scale to clearly set this out (see section 5).

2.6. What is the Special Consultative Procedure?

The Special Consultative Procedure (SCP) is a formal consultation process that can be triggered when a decision is deemed significant. The LGA requires councils to use the SCP when:

- adopting and amending our Long-Term Plan;
- adopting and amending an Annual Plan (if it includes significant proposals not included in the Long-Term Plan);
- making, amending or revoking a bylaw of significant interest;

- transferring ownership or control of a significant strategic asset;
- constructing, replacing or abandoning a strategic asset.

When using the Special Consultative Procedure, Council must develop a statement of proposal and summary and make it widely available, allow a minimum feedback period of one month, and hold a hearing to ensure the community is given the opportunity to present their view to elected members.

For more information on the SCP please refer to the Local Government Act 2002.

2.7. What is section 82?

Section 82 of the LGA, refers to the principles of consultation. The Local Government Act 2002 requires Councils to consult in a manner that gives effect to s.82 when consulting on decisions to adopt certain policies or to make decisions on bylaws that are not considered significant enough to use the SCP. This allows Council to design a consultation process that is fit for purpose without initiating a full SCP.

Council must give effect to s.82 when adopting the following plans, policies or decisions, where the matters are not assessed to be significant:

- an annual plan
- a revenue and financing policy
- a policy on development contributions or financial contributions
- a policy on the remission and postponement of rates on Māori freehold land
- a rates remission policy
- a rates postponement policy
- prescribing fees
- making, amending or revoking bylaws
- allowing bylaws to continue without amendment

For more information on s.82, please refer to the LGA.

Council also notes that the LGA or other Acts may prescribe a minimum process for consultation that is not in proportion to the significance of the matter. Council may exceed, but cannot do less than the minimum.

2.8. What is the difference between consultation and engagement?

Consultation is a form of engagement, and involves obtaining feedback on proposals. Council will use consultation for significant decisions (under the LGA), and can also decide to consult on a decision where it considers appropriate. There are times when we must consult with the community, even if it is not required, as a result of the significance assessment laid out in section 4.5.

Engagement is a broader and ongoing process of sharing information with the community and seeking its feedback in order to involve the community in the process of decision making.

Legislation requires councils to consult and engage with communities on particular matters. Many Council decisions will be made through consultation and decision making procedures that are required by legislation. Key legislation includes (but is not limited to) the Local Government Act 2002, the Resource Management Act 1991, the Reserves Act 1977, and the Civil Defence Emergency Act 2002. We will consult when there is a legal requirement, even if there is no other reason.

2.9. What is pre-engagement?

Pre-engagement is another form of engagement that Council may sometimes use before a proposal is prepared. It is a way of engaging with the community before a plan or proposal is written, to ensure that our approach is consistent with the community's priorities. Pre-engagement can be in the form of a survey, an informal conversation with affected stakeholders, or with the whole community. There will generally be a formal engagement process undertaken after the plan or policy has been drafted.

One example of pre-engagement is the survey that we usually undertake before preparing the Long-Term Plan, to make sure that we understand what activities the community would like us to focus on.

2.10. How will Council engage with diverse communities?

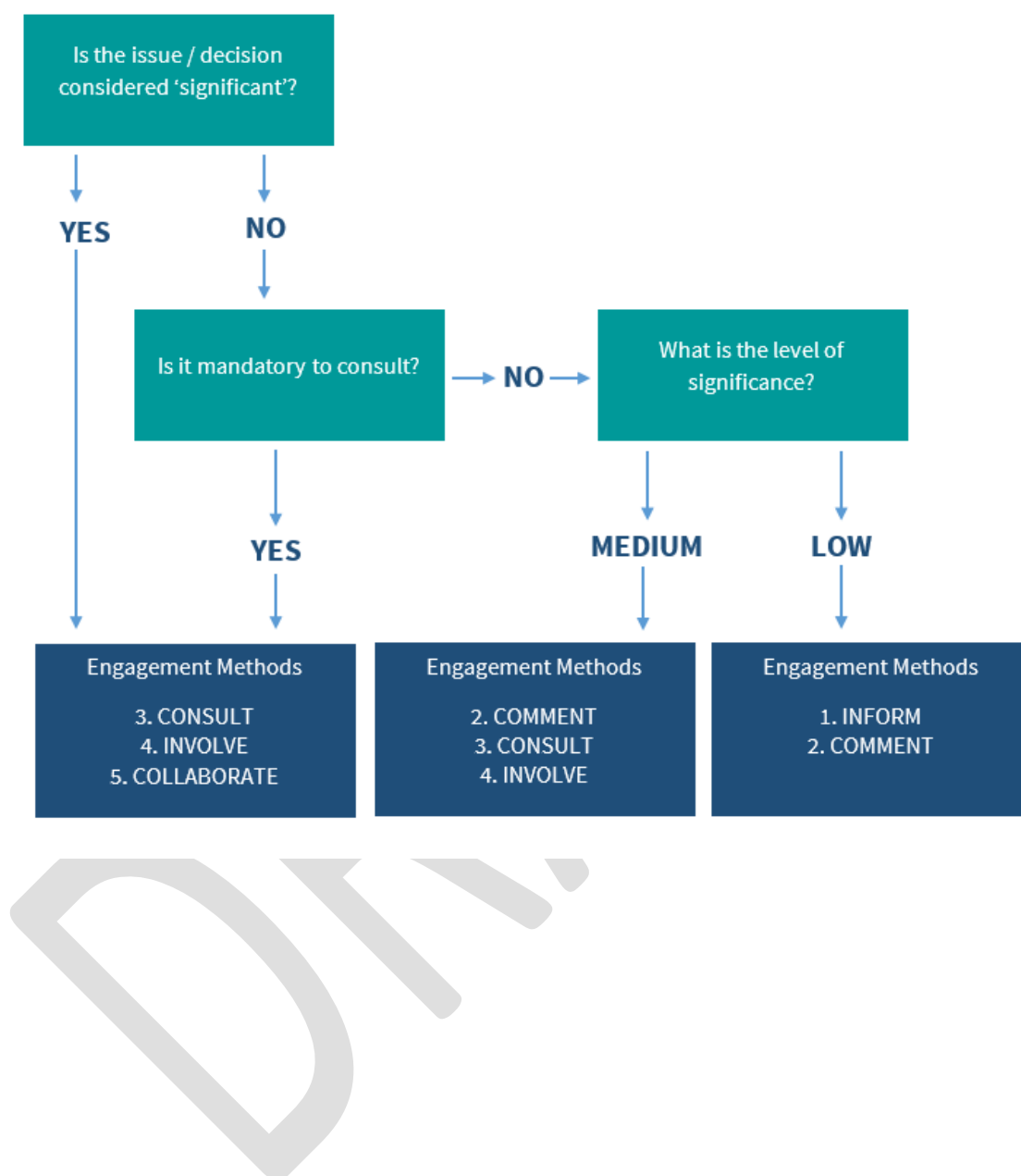
Social inclusion enriches the economic, social and civic wellbeing of everyone, and we recognise that it is important all people feel encouraged and welcome to participate in community engagement. Because of this, Council will ensure that all groups within the district are made aware of engagement opportunities.

Diversity is about what makes each person unique. This can be along the dimensions of race, ethnicity, gender, socio-economic status, age, physical abilities, religious beliefs and other factors. Because of our growing diversity, we need to constantly improve the ways we engage with our different communities. There may be times where specific engagement processes will be appropriate to recognise and enable different groups within the community to participate in engagement.

Although diversity can mean many different things, it is important to note the likelihood that Ashburton is more ethnically diverse now than at any time in its past. We are an accredited Welcoming Community and our ethnic and cultural diversity is continually growing.

Council will consider how to meet the needs of our communities in respect of language, accessibility and cultural expectations. Council will also ensure that multiple tools are used for engagement, in order to include those who speak English as a second language, as well as those with specific requirements and/or visual, hearing or literacy impairments.

Figure 2 – Selecting the type of engagement



3. How will Council engage with Ngāi Tahu and Mana Whenua?

Te Reo translation to be inserted here

Ngāi Tahu has a unique relationship with Council as partners through Te Tiriti o Waitangi (the Treaty of Waitangi) and supporting legislation. Council is committed to meeting our obligations under Te Tiriti and other legislation, and ensuring that engagement is meaningful and leads to positive outcomes for Māori.

The Local Government Act 2002 provides principles and requirements for local authorities that intends to recognise and respect the Crown's responsibility to take appropriate account of the principles of the Treaty of Waitangi, and to maintain and improve opportunities for Māori to participate in decision-making processes. While the LGA relates to all Māori, it is recognized that within the Canterbury region, Ngāi Tahu are the tangata whenua. Ashburton District falls within the rohe of Ngāi Tahu papatipu rūnanga – Te Rūnanga o Arowhenua, Te Ngāi Tūāhuriri Rūnanga and Te Taumutu Rūnanga.

In addition to the Local Government Act obligations, the Ngāi Tahu Claims Settlement Act 1998 includes confirmation of the ability for Ngāi Tahu to express its traditional kaitiaki relationship with the environment.

The Resource Management Act 1991 (RMA) recognises Ngāi Tahu interests in ancestral lands, water sites, wāhi tapu, flora and fauna and other taonga as matters of national importance. The RMA also requires the Council to have particular regard to kaitiakitanga and iwi environmental management plans and to take into account the principles of Te Tiriti. The RMA further recognises Māori interests in natural and physical resources, and contains specific requirements for consulting and working with tangata whenua.

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Council recognises Aoraki Environmental Consultancy (AEC) as the assigned organisation for Arowhenua Rūnanga, for matters relating to the natural environment. Council will engage with AEC in the first instance.

On matters of social wellbeing, the Council also engages with the Hakatere Marae Komiti which is the governing organisation for the maata waka marae located north of the Ashburton town.

Council is committed to having a successful and enduring partnership with Mana Whenua as we know that it is important to seek the expertise and wisdom of those with inherited kaitiaki responsibilities and mātauranga.

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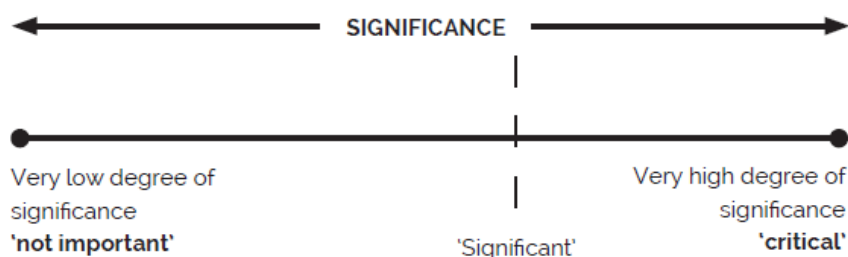
4. Significance

4.1. What do we mean by significance?

Significance is a measure of how important a decision is for the community.

As shown by figure one, *significance* for any decision will be a point on a scale from very low significance to very high significance. *Significant* is any matter at or beyond a point on the scale where there is a high degree of significance.

Figure one: Significance vs significant



The level of significance of the issue, proposal or decision will determine how much resources Council will invest in obtaining the views of the community and studying different options.

This helps Council to make sure we do not waste resources on less important decisions, and that we do not make bad decisions on important matters by failing to consider good alternative options or failing to take community views into account.

4.2. General approach to determining significance and making decisions

Council will comply with its decision-making duties under the LGA.

Council will apply the criteria and thresholds set out in section 4.5 to decide the overall level of significance for every decision.

Council will consider the significance of the issue and methods of engagement from the earliest possible stages of a proposal or process. If necessary, the significance and engagement will be reviewed as the proposal develops and as community views, and reasonably practicable options, become better known.

When making a decision, Council will:

- be clear about the issues involved and why it is making a decision;
- consider all reasonably practicable options for achieving the objective for which the decision is being made;
- invest appropriate time, money and effort into studying the issues and options, in proportion to the significance of the matter;
- have appropriate regard to community views in proportion to the significance of the matter; and
- comply with the LGA, RMA and Ngāi Tahu Claims Settlement Act 1998.

Before making any decision Council will ensure that it has sufficient information on the issues and options as well as the views of the community, and that these have been given adequate consideration.

The duty to explore options and obtain the views of the community in proportion to the significance of a matter, is not a duty to consult with the community for every decision Council makes.

Council decisions will consider a range of information sources, considerations and perspectives, including existing local, regional or national policy, technical information, legal requirements, financial costs and risks. Council will balance these factors in coming to an overall decision.

4.3. Other uses of significance – strategic assets

Under s.97 of the LGA, any decision to transfer the ownership or control of a strategic asset to or from Council, requires engagement. This requirement also relates to decisions to construct, replace or abandon a strategic asset. Any of these decisions, whether they are provided for in the Long-Term Plan or through an amendment to the Long-Term Plan, require engagement processes that comply with the SCP, at a minimum.

The strategic assets of Ashburton District Council are listed in Schedule 1 of this policy.

4.4. How will Council assess significance?

Where a decision is required, Council officers will use the Significance Tool (Appendix 1), to decide the level of significance.

Council officers will write a report to Council, a Committee, or Subcommittee proposing the decision. These reports will include:

- an outline of how Council has complied with its legal duties as a decision-maker;
- a statement of the overall significance of the matter, including whether the matter is significant; and
- a recommendation of further actions required, if any, to meet its legal duties.

While Council officers are responsible for assessing the significance of an issue, decision or proposal to meet duties under the LGA and this policy, elected members can make their own significance assessment and may resolve that any matter has a higher or lower level of significance.

4.5. Significance assessment criteria

Several criteria will be used to determine the level of significance of the issue, decision or proposal being considered by Council. All criteria are considered. In different circumstances, certain criteria may carry greater or lesser weight in the overall decision.

Where the significance of a proposal or decision is unclear against any of the below criterion, Council will assess the matter as being more rather than less significant.

When considering the significance of an issue, proposal or decision, Council officers will consider the following factors. Each criterion will be assessed by Council officers and will be assigned a significance level of low, medium or high.

Assessment criteria

Criteria	Factors to consider	High significance example	Medium significance example	Low significance example
1. Strategic assets	Does the proposal involve the sale or transfer of a strategic asset that is not covered in an LTP?	Sale or transfer of water supply networks	Transfer or sale of part of a strategic asset or all of a non-strategic asset of moderate to high value	Sale or transfer of low value assets that are not strategic
2. Impact on the community	What is the number of people affected? What is the level of impact?	More than 500 people. Peoples' daily lives are affected or they face a cost that is high relative to their means	Less than 500 people affected. Community is impacted to a medium degree	Less than 100 people. Minor cost, access to an activity or service is temporarily disrupted
3. Community interest	Is there current and / or potential community interest?	High and known community interest. Likely to attract regional or national news media attention. Social media interest is sustained and intense	Medium community interest. Likely to trigger community interest to a medium level. Local news media front page coverage. Short-term social media interest that may be intense	Low / no community interest. Not likely to trigger community interest or be on local news front page. No/low social media interest
4. Impact on Te Rūnanga o Arowhenua	Is the decision of interest of Te Rūnanga o Arowhenua as mana whenua? If so, what is the level of impact?	Yes /High Issue/proposal relates to land or a body of water	Of interest but not to a high degree. Issue/proposal does not relate to land or a body of water	No/Low Issue/proposal does not relate to land or a body of water
5. Financial cost	What is the unbudgeted cost of proposal? What will the impact on rates, fees and charges, reserves and/or debt be?	High unbudgeted cost, high impact on rates, fees, debts and/or reserves	Medium unbudgeted cost, medium impact on rates, fees, debts and/or reserves	Low unbudgeted cost, low impact on rates, fees, debts and/or reserves
6. Levels of service	What effect will the decision have on Council's levels of service?	High impact on levels of service. New service created or old service removed.	Medium impact on levels of service. Moderate change to level of service	Little to no impact on levels of service. Minor service level increase or decrease.

		High number of customers affected	increase or decrease. Medium number of people affected	Low number of customers affected
7. Overall risk	What is the overall risk of the proposal? (Including health and safety, reversibility, adverse impacts etc.)	High overall risk. Not reversible, significant effects, high / medium health and safety risk	Medium overall risk. Reversible, medium effects, medium/low health and safety risk	Low overall risk. Easily reversible, low impact / no adverse effects, no / low health and safety risk

Significance thresholds

This is a three-step process.

Step one: For each of the seven assessment criteria, Council officers will determine whether the significance of the proposal or decision is high, medium, or low. Where the issue sits on the cusp of two levels, the default position is to the higher level.

Step two: Council officers will then apply the following formula:

- The significance of decision or proposal will be deemed **high** when four or more criteria are determined to be highly significant;
- The significance of a decision or proposal will be deemed **low** when five or more criteria are determined to be of low significance.
- The overall significance of a decision or proposal will be deemed **medium** when the proposal or decision does not meet the threshold of either high or low significance.

Step three: Council officers should consider the assessment as a whole when determining the significance of the issue, proposal or decision. This consideration will include the matters outlined under s. 79 of the LGA. If, in the judgement of officers, the step two formula produces a result that seems a poor fit with officers' "assessment in the round", officers may submit an alternative assessment and must give reasons for their findings.

5. Significance and engagement scale

Once the level of significance has been determined, this scale can be used to identify which level of engagement is the most appropriate.

Level of significance					
	Low significance – methods 1 or 2		Medium significance – methods 2, 3 or 4	High significance – methods 3, 4 or 5	
Level of engagement	1. Inform	2. Comment	3. Consult	4. Involve	5. Collaborate
What does it involve?	<u>One-way communication</u> to provide the community with balanced, objective information to assist them in understanding problems, alternatives, opportunities and/or solutions.	<u>Informal two-way communication</u> to obtain selected feedback on alternatives. Asking the community for information to seek ideas, opinions and information in the development process.	<u>Formal two-way communication</u> to obtain public feedback on analysis, alternatives and/or decisions.	<u>A participatory process</u> to work with the community to ensure that public concerns and aspirations are consistently understood and considered.	<u>Working together to partner</u> with the community in each aspect of the decision including the development of alternatives and identifying the preferred solution.
When might Council use this?	<ul style="list-style-type: none"> Annual Report Changes to policy or bylaw schedules Low significance policies Decisions to award grants funding. 	<ul style="list-style-type: none"> Development of a timing schedule for a project, e.g. a 'Main Street upgrade' Annual Residents Survey. 	<ul style="list-style-type: none"> Long-Term Plan (LTP) Annual Plan (where there are significant changes from the LTP) New or amended bylaws High significance policies District plan changes Open spaces strategy Waste minimisation plan. 	<ul style="list-style-type: none"> Development of options for policy change for a significant issue Large capital projects (EG – new administration building) Stock water closures. 	<ul style="list-style-type: none"> Large community focussed capital project (EG – new stadium).
How might Council engage?	<ul style="list-style-type: none"> Media release Website Brochure/flyers Public notices Communication to key stakeholders. 	<ul style="list-style-type: none"> Informal meetings with affected groups Informal gatherings Telephone surveys. 	<ul style="list-style-type: none"> Formal submissions and hearings (Special Consultative Procedure, likely to incur cost) Social media Email Focus groups Phone surveys. 	<ul style="list-style-type: none"> Workshops Focus groups Interviews Targeted surveys. 	<ul style="list-style-type: none"> External working groups Open surveys Involving Mana Whenua in decision making processes.
When will the community be involved?	When a decision is made.	After the development of options but prior to the final decision by Council.	When a draft decision has been made, or 'adopted for consultation' by Council.	At the refining stage of options.	At the development stage of options.

Schedule 1 – Strategic assets

The strategic assets of Ashburton District Council are listed below. Decisions that involve the transfer of ownership or control of an element of a group strategic asset where the remaining assets of the group still enable the Council to meet its strategic outcome will not on their own be regarded as a strategic asset.

Activity / group of activity	Council assets	Trigger
Investments	<ul style="list-style-type: none"> • Shareholding in Electricity Ashburton • Shareholding in Transwaste Canterbury Ltd • Shareholding in Rangitata Diversion Race Management Ltd • Shareholding in Ashburton Contracting Ltd 	<ul style="list-style-type: none"> • Transfer of any portion of Council’s shareholding
Drinking Water	<ul style="list-style-type: none"> • Council’s water supply and reticulation networks as a whole 	<ul style="list-style-type: none"> • Transfer of control or ownership of the networks as a whole
Wastewater	<ul style="list-style-type: none"> • Council’s wastewater infrastructure as a whole 	<ul style="list-style-type: none"> • Transfer of control or ownership of wastewater infrastructure as a whole
Transportation	<ul style="list-style-type: none"> • Council’s road network as a whole 	<ul style="list-style-type: none"> • Transfer of control or ownership of the road network as a whole
Open Spaces	<ul style="list-style-type: none"> • Council cemeteries • The land comprising the inner of Baring Square Ashburton, including the Ashburton Town Clock and the Cenotaph. • Reserve lands as a whole including land held under the Reserves Act 1977 and land used for parks, gardens, sports field and recreation areas 	<ul style="list-style-type: none"> • Transfer of control or ownership
Community Services	<ul style="list-style-type: none"> • Council’s Elderly Persons Housing stock 	<ul style="list-style-type: none"> • An increase or decrease of 50% or more of elderly

		persons housing stock
Facilities	<ul style="list-style-type: none">• Ashburton Airport	<ul style="list-style-type: none">• Transfer of control or ownership of Ashburton Airport

Appendix 1 – Significance tool

Criteria	Factors to consider	High	Medium	Low	Assessment
Strategic assets	Does the proposal involve a strategic asset that is not covered in an LTP?	Sale or transfer of a strategic asset; e.g. water supply networks	Transfer or sale of part of a strategic asset or all of a non-strategic asset of moderate to high value e.g. sale of non-strategic property asset	Sale or transfer of low value assets that are not strategic; e.g. road stopping and associated transfer of closed road to adjoining owner	
Impact on the community	What is the number of people affected? What is the level of impact?	More than 500 people. Peoples' daily lives are affected or they face a cost that is high relative to their means; e.g. proposed Methven/Mt Somers/Montalto Water upgrade	Less than 500 people affected. Community is impacted to a medium degree e.g. extensions to the solid waste collection network	Less than 100 people. Minor cost, access to an activity or service is temporarily disrupted e.g. implementation of Smokefree Outdoor Areas Policy	
Community interest	Is there current and/or potential community interest? Is the issue likely to be on the front page of a newspaper?	High and known community interest. Likely to attract regional or national news media attention. Social media interest is sustained and intense. e.g. resource consents for water bottling	Medium community interest. Likely to trigger community interest to a medium level. Local news media front page coverage. Short-term social media interest that may be intense. E.g. Walking and Cycling Strategy	Low / no community interest. Not likely to trigger community interest or be on local news front page. No/low social media interest. E.g. technical changes to rates remission policy	
Impact on Te Rūnanga o Arowhenua	Is the issue of interest of Te Runanga o Arowhenua as mana whenua? If so, what is the level of impact? Does the issue or proposal relate to land or a body of water?	Yes /High Issue/proposal relates to land or a body of water e.g. water quality in Lake Clearwater	Of interest but not to a high degree. Issue/proposal does not relate to land or a body of water e.g. Council policy on climate change	No/Low Issue/proposal does not relate to land or a body of water e.g. Review of Dog Control Bylaw	
Financial cost	What is the unbudgeted cost of the proposal? What will the impact on rates, fees and charges, reserves, and/or debt be?	High unbudgeted cost, high impact on rates, fees, debts and/or reserves e.g. Library & Civic Centre consultation over extra \$30M in budget (LTP amendment)	Medium unbudgeted cost, medium impact on rates, fees, debts and/or reserves e.g. Review of development contributions policy	Low unbudgeted cost, low impact on rates, fees, debts and/or reserves e.g. any CPI-indexed fee increase	
Levels of service	What effect will the decision have on Council's levels of service?	High impact on levels of service. New service created or old service removed. High number of customers affected. E.g. large scale stockwater race closures	Medium impact on levels of service. Moderate change to level of service increase or decrease. Medium number of people affected. E.g. moderate scale stock water race closures	Little to no impact on levels of service. Minor service level increase or decrease. Low number of customers affected. E.g. 2021 Treasury Management Policy Review	

Overall risk	What is the overall risk of the proposal? (Including health and safety, reversibility, adverse impacts etc.)	High overall risk. Not reversible, significant effects, high / medium health and safety risk e.g. Capital works to meet NZ Drinking Water Standards.	Medium overall risk. Reversible, medium effects, medium/low health and safety risk e.g. Ashton Beach donga fencing	Low overall risk. Easily reversible, low impact / no adverse effects, no / low health and safety risk e.g. Review of Pole-Mounted Banners Policy	
<p>THRESHOLDS</p> <p>Four or more high = HIGH Five or more low = LOW Neither threshold met = MEDIUM</p> <p>HIGH = significant – consultation is required unless good reason exists under s.79 MEDIUM = not significant LOW = not significant</p>				Total HIGH	
				Total MEDIUM	
				Total LOW	
				Overall level of significance	
				SIGNIFICANT?	

9. Canterbury Regional Land Transport Plan 2021-31 - Submission

Author *Toni Durham; Strategy & Policy Manager*
GM Responsible *Neil McCann; GM Service Delivery*

Summary

- The purpose of this report is for Council to consider a submission to the Canterbury Regional Transport Committee on the draft Canterbury Regional Land Transport Plan 2021-31.
- The submission has focused on the key points that elected members consider missing from the current draft plan.
- The submission is due Friday 5 March 2021.

Recommendation

1. **That** Council:
 - 1.1 **Receives** the report.
 - 1.2 **Approves** the submission to the Canterbury Regional Transport Committee on the draft Canterbury Regional Land Transport Plan 2021-31.

Attachment

Appendix 1 Ashburton District Council draft submission

Background

1. The proposed Plan has been researched and drafted by the Regional Transport Committee, a collaborative forum of councils and Waka Kotahi NZ Transport Agency.
2. The draft Plan can be found here: [Regional Land Transport Plan 2021-31 | Have Your Say \(ecan.govt.nz\)](#)
3. At the Council meeting on 17 February 2021, Council resolved:

That Council's submission on the Regional Land Transport Plan 2021-2031 include the following points:

- Second urban Ashburton bridge – to remain in the Plan on the current timetable.
 - Safe walkways – request that safe walkways be established on the existing Ashburton bridge cycle pedestrian lanes
 - Pedestrian crossing points – request that safe crossing points be constructed at the following locations:
 - West Street, Ashburton (adjacent to the Art Gallery & Heritage Centre)
 - SH1 / Archibald Street, Tinwald
 - SH77, Methven – adjacent to the Methven skate/bike park
 - SH1, Rakaia
 - SH1 (Rolleston-Ashburton) – request that the safety improvements being proposed be in the form of a four lane highway.
4. Council's Roading Manager has suggested that requests for cycle and pedestrian lanes, pedestrian crossings and passing bays on the Ashburton river bridge rather be addressed through the "Low Cost Low Risk" funding mechanism, which is for local minor improvement projects. RLTP Projects are typically regionally focussed and greater than \$2m in value.
 5. The recommendation is therefore to only include the second urban bridge and the four lane highway project in the RLTP submission.
 6. The requests for "local" district projects can be addressed by consultation with appropriate NZTA/Council staff with input from the Road Safety Committee.

The current situation

7. The Plan outlines increased investment of \$5.5 billion over the next decade, up 10% from the previous 10-year plan, and sets new targets for road safety, transport emissions and rail freight.
8. In particular, it prioritises investment that will:
 - Reduce road deaths and serious injuries
 - Manage demand from growth in population, freight and tourism
 - Shift transport modes to reduce emissions from the transport network

- Increase resilience to extreme events.
9. In the first three years, it envisages that \$1.4 billion (or about \$1 in every five) would be spent on ‘business as usual’ activities and \$444 million on regionally-significant improvements. These ‘business as usual activities’ account for the lion’s share of investment into existing infrastructure and services, including the maintenance of local roads and low-cost, low-risk improvements in every district.

Options analysis

Option 1 – Do nothing

10. This is not the recommended option. Council may decide to stay silent and not make a submission on the Plan. This could result in Council missing an opportunity to advocate on behalf of the district.

Option 2 – Approve the submission as attached in Appendix One (recommended option)

11. This option would see Council officers lodge the appended submission to the Canterbury Regional Transport Committee.

Legal/policy implications

12. The lodging of a submission does not breach or trigger any statutory or legal duty of the Council.

Financial implications

13. There are no financial implications in making this submission.

Requirement	Explanation
What is the cost?	Officer resource in preparing the submission. This has been met from within existing operating budgets.
Is there budget available in LTP / AP?	Yes
Where is the funding coming from?	Strategy & Policy
Are there any future budget implications?	No
Finance review required?	No

Significance and engagement assessment

14. The overall significance level in regards to the preparation of this submission is considered low.

Requirement	Explanation
Is the matter considered <i>significant</i> ?	No
Level of significance	Low, not significant
Level of <i>engagement</i> selected	2. Comment – informal 2-way communication
Rationale for selecting level of engagement	The rationale for selecting the ‘comment’ level of engagement is because the draft submission was prepared following discussion with Council officers and the Mayor.
Reviewed by Strategy & Policy	Toni Durham; Strategy & Policy Manager

Submission

Draft Canterbury Regional Land Transport Plan 2021-31

PREPARED BY: Ashburton District Council
PO Box 94
ASHBURTON 7774

SUBMITTED TO: Canterbury Regional
Transport Committee

Mayor Neil Brown
mayor@adc.govt.nz

Introduction

1. Ashburton District Council (the Council) welcomes the opportunity to submit on the *draft Canterbury Regional Land Transport Plan 2021- 31* (the Plan).
2. Council notes Plan has been prepared by the Regional Transport Committee, a collaboration of the region's councils and Waka Kotahi NZ Transport Agency
3. Located an hour's drive south of Christchurch, more than 35,300¹ residents live in the district, with the main town of Ashburton accounting for over 50% of residents. The rest of our residents live rurally or in smaller towns or villages.
4. Ashburton district (the District) has experienced moderate and sustained population increase since the mid-1990s, increasing by 23% between 2006 and 2013 (a 3.3% increase per year). This growth, however, is now slowing, with an average growth of 1.3% per year since 2013. The expansion of irrigation and agricultural diversification on the Canterbury Plains have been major factors in this growth.
5. The Council notes that the Plan has been developed over a number of iterations and identifies the key transport-related outcomes, objectives and issues for the Canterbury region.

Key Points

6. In doing so, however, the Council is concerned that identifiable projects to respective district's are not clearly articulated to the wider community. It is from this perspective, that Council highlights the following projects of importance to the Committee:
7. Council continues to support a second urban Ashburton River bridge and notes that this remains a key project for Council through the draft Long-Term Plan 2021-31.
8. Council is concerned that the proposed road safety improvements on State Highway One will not achieve the desired safety outcomes and will increase travel times on what is a key route for the local economy.

¹ Source: Statistics New Zealand Population Estimates 30 June 2020

9. Instead, Council supports the development of a four-lane highway between Rolleston and Tinwald instead, including a four-lane bridge over the Ashburton River and requests that this is considered as a part of the Plan.
10. Council thanks the Canterbury Regional Transport Committee for the opportunity to submit on the draft Plan.

Neil Brown.

Mayor
Neil Brown

DRAFT

10. *Elderly Persons Housing – Section 17A review 2021*

Author	<i>Zane Adam; Property Officer</i>
Activity Manager	<i>Colin Windleborn; Commercial Manager</i>
General Manager	<i>Paul Brake; Group Manager Business Support</i>

Summary

- The purpose of this report is for Council to consider the funding and future delivery of the Elderly Persons Housing activity.
- The current management of Council’s Elderly Persons Housing (EPH) portfolio has resulted in income levels not remaining sustainable with the cost of delivering the activity. Shortfalls in income have been addressed by utilising funds from the Elderly Persons Housing property reserves fund. At the present rate of consumption these funds will be entirely depleted inside four years.
- Last year Council amended its Revenue and Financing Policy to allow Council to fund up to 30% of the EPH activity costs from the general rate. Council has indicated that this is not a long-term solution to the shortfalls.
- The solution to this problem is to commence a programme of incremental rent increases, which for some tenants will be subsidised through the Government accommodation supplement. Over time this will see total income reach a level where portfolio sustainability is achieved.
- This option has been recommended as it is relatively simple to implement and will eventually provide sufficient income to retain control and maintenance of this strategic asset.
- It will also place Council in a strong position to negotiate favourably with alternate service delivery providers at the time of the next service delivery review, if Council chooses to do so.

Recommendation

1. **That** Council receives the Section 17A Elderly Persons Housing review report.
2. **That** Council agrees to consult with the community through the Long-Term Plan 2021-31 on an increase of rents in year 1 of the LTP, to \$110 for a single and \$130 for a double unit, and thereafter \$10 per annum.

3. That Council directs officers to draft the Elderly Persons Housing Policy 2021 to reflect this proposal.

Attachments

Appendix 1 Significance & Engagement Assessment

Appendix 2 Service Delivery Review – Elderly Persons Housing 2021

Background

Current situation

1. Council provides 104 one bedroom units to eligible residents over the age of 65. The rent for these units is well below market rate.
2. Unlike registered Community Housing providers and Kāinga Ora who qualify for and receive a rent top up in the form of the Income related rent subsidy (IRRS), local authority housing providers do not.
3. This along with increased Government requirements to achieve healthy homes standards and ageing stock levels mean that the current funding model and policy is no longer fit for purpose and will eventually lead to a declining standard of accommodation.
4. One village of 16 units requires a significant amount of remedial works as the condition of these properties, if not rectified, will produce a vulnerability for Council.
5. A review of Elderly Housing portfolio has been undertaken, shown in **Appendix 2**.

Previous Council decisions

6. In March 2017 Council undertook a S 17A service delivery review of elderly housing to determine whether the existing means for delivering a service remains the most efficient, effective and appropriate means of delivering that service. The recommendation was that Council continue to provide affordable accommodation of the elderly with a recommendation that changes were needed following:
 - a) Have an independent and suitably qualified professional provide a rigorous assessment of the condition of units, particularly concerning Council's responsibilities under new changes to the Residential Tenancies Act 1986 and Building Act 2004.*
 - b) Consult with the community and interested stakeholders on any preferred options.*
 - c) Review the Elderly Persons Housing policy, including the rental charging scheme and eligibility criteria.*

It was decided that Council had the resources to provide the assessment with the review report attached to this report detailing the findings which is now the subject of this report.

2021 Section 17A Review findings

7. Council rents are significantly cheaper than almost all other local authorities.
8. The portfolio is currently operating unsustainably, with the only path to sustainability being increase income levels for the activity.
9. Tenant eligibility for accommodation supplement assistance from Ministry of Social Development has been confirmed for some tenants, but this is dependent on a range of eligibility criteria including asset levels.
10. The current rent charging clause in the 2018 Elderly Persons Housing Policy is no longer fit for purpose, as the policy states that any rental increase after 2020/21 will be as per the Consumer Price Index. This does not allow for any other increase.
11. Other housing providers have indicated interest in entering into partnership with Council in a possible service delivery agreement in the future.
12. A path to achieve portfolio sustainability has been identified and is contained within the recommendation of this report.

Options analysis

Section 17A Review Options Considered		
Option one – Status Quo, retain governance and service delivery with rent increases linked to CPI	Advantages <ul style="list-style-type: none"> • Minimal rent increase for existing tenants 	Disadvantages <ul style="list-style-type: none"> • Expenses remain higher than income indefinitely • Reserve funds completely exhausted by 2025-2026 year • Constant loan funding is required • No change to staff levels
	Risks <ul style="list-style-type: none"> • Legal risk - gradually declining standard of accommodation due to insufficient funding • Reputational risk with the general ratepayer population 	

Option two – Modified Status Quo, rent increases above CPI. A plan to fix 1-16 Friendship lane (Recommended Option)	Advantages	Disadvantages
	<ul style="list-style-type: none"> • Initial rent increase of up to \$20.00 per week then increases of \$10.00 per unit per year • Some tenants may be eligible for the accommodation supplement with the rental increase proposed • Net rent payable still remains under 30% of superannuation (affordable level) 	<ul style="list-style-type: none"> • Amendment to Council Elderly Persons Housing Policy will be required to amend the rent charging clauses • Requires some temporary rates funding until 2023/24 Some single residents who choose to live in double units may pay more than 30% of their income if they do not qualify for accommodation supplement.
Risks		
<ul style="list-style-type: none"> • Reputational risk - negative publicity is likely, as some tenants may face a weekly rental increase of 18% 		
Option two (a): Modified Status Quo, rent increases above CPI. Includes new housing stock to replace obsolete	Advantages	Disadvantages
	<ul style="list-style-type: none"> • Local building company offering no money down, balance on completion deal • This will allow obsolete stock to be cycled out of portfolio 	<ul style="list-style-type: none"> • May set a direction for Council that Council is not comfortable with at this point in time • Requires some temporary rates funding until 2023/24
Risks		
<ul style="list-style-type: none"> • Reputational risk - negative publicity is likely, as some tenants may face a weekly rental increase of 18%, could be positive public reaction to new housing stock to replace obsolete 		
Option three: Joint venture with community housing provider or other suitable provider	Advantages	Disadvantages
	<ul style="list-style-type: none"> • Community housing providers qualify for government funding • Popular choice with larger local authorities. Good long term option financially 	<ul style="list-style-type: none"> • Most likely scenario sees provider leasing housing assets with Lease income held for upgrades and maintenance.
Risks		
<ul style="list-style-type: none"> • Reputational Risk - This option likely to be unpopular with tenants as it may affect long-term security of tenure and result in incompatible placements. 		
Option four: Outsource day to day management	Advantages	Disadvantages
	<ul style="list-style-type: none"> • Some initial savings for Council 	<ul style="list-style-type: none"> • No wrap around or holistic services provided • Council would have a high cost of management • Rents will still need to be raised in order for portfolio to be sustainable • Other local authorities have tried this, only to end up with option 5 • Not seen as a good permanent solution

	Risks	
	<ul style="list-style-type: none"> • Reputational Risk - This option may have the associated public perception of Council not taking responsibility for its tenants 	
Option five: Sale of Portfolio to community housing provider or Kainga Ora	Advantages	Disadvantages
	<ul style="list-style-type: none"> • Injection of cash for property renewals / maintenance 	<ul style="list-style-type: none"> • Kainga Ora have modest goals for Ashburton so this option is unlikely
	Risks	
	<ul style="list-style-type: none"> • Reputational Risk - This option likely to be unpopular with tenants as it may view it as a threat to their long term security of tenure 	

Legal/policy implications

Elderly Persons Housing Policy

- The current EPH Policy stipulates that rent increases will be completed in accordance with the Consumer Price Index (CPI), therefore the recommended option in this report will require a change to the policy. The report recommending a change to this policy will be presented to Council on 17 March 2021.

Legal

- Section 24(1) (d) of the Residential Tenancies Amendment Act 2020 controls the frequency in which rents may be increased. “The rent may not be increased within 12 months after the date of the commencement of the tenancy and the rent may not be increased within 12 months after the date on which the last increase took effect.” This may delay the implementation of the recommended rent increases for a period of time. This effect will only have a short term effect on Council officers’ ability to increase revenue.

Financial implications

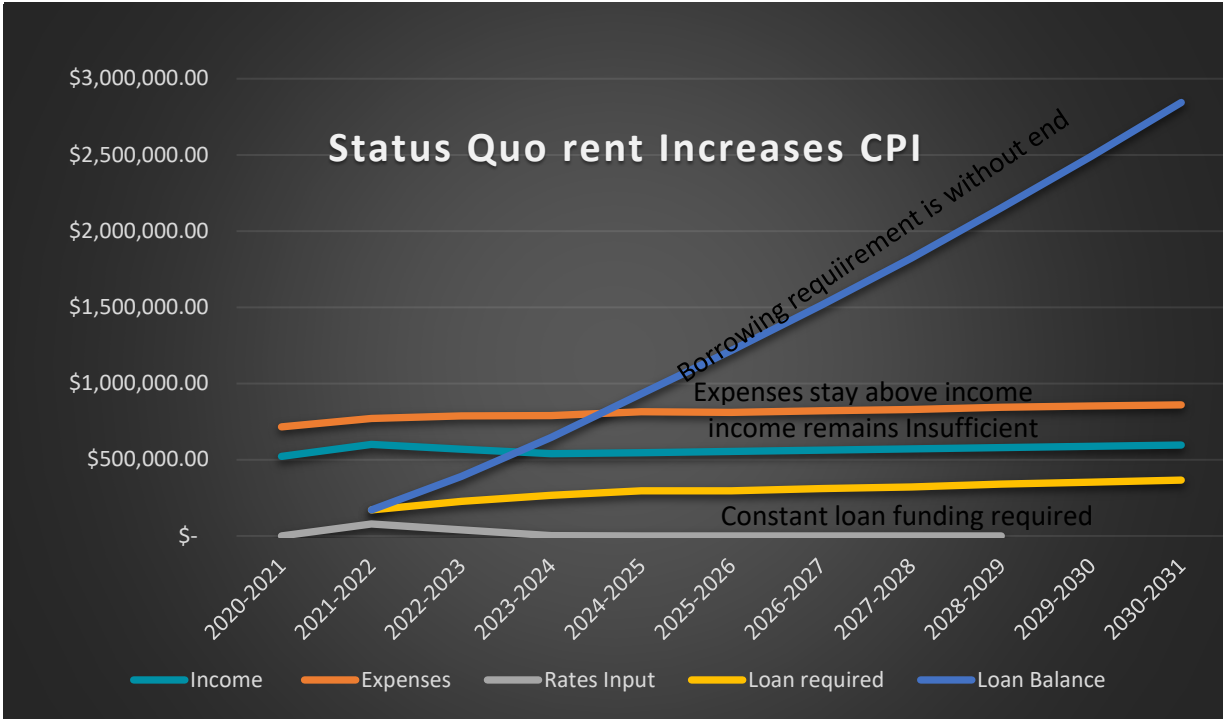
Requirement	Explanation
What is the cost?	\$118,000 of rates funding is required under the preferred option but the requirement ceases in 2023/24 (see graph below). This is on the basis that capital expenditure that cannot be met from depreciation is loan funded
Is there budget available in LTP / AP?	No funding available in current LTP for any new work. The 2021-31 LTP does include funding for the preferred option.
Where is the funding coming from?	Rates funding covers the shortfall between income and expenditure and contributions from the reserve fund.
Are there any future budget implications?	Yes - If the recommendation is not adopted then loan funding will continue to be required.
Effect on Revenue	Small regular rent increases combine to provide a significant increase in income. To the point where income will exceed expenses and the requirement for rates funding will cease.
Reviewed by Finance	Paul Brake

A full financial analysis of the option 2 modified status quo is the only option that has been fully costed on the basis that option 1 is not sustainable and the other options will be fully costed at the next review.

14. **Status Quo- Rent Increases align with CPI**

- Income remains less than expenses indefinitely
- Loan funding is required indefinitely
- Loan funding reaches \$2.84m by 2031
- Interest cost on loan becomes significant, despite low interest rates.

Total rates impact 2021 – 2024, \$118,788 as contained in Long Term Plan (LTP)

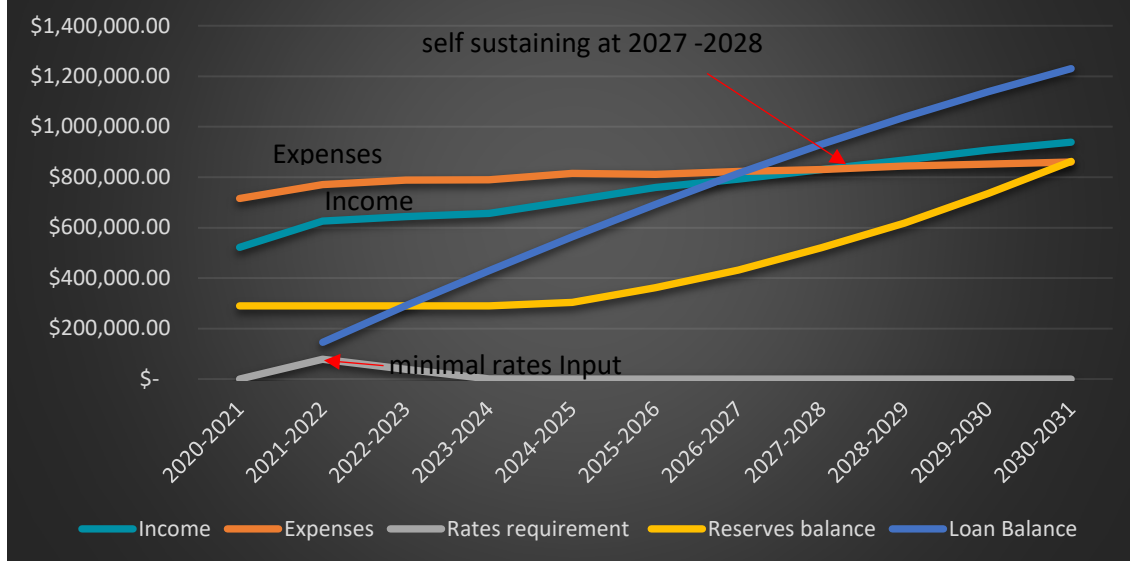


Year	Income	Expenses	Rates Input	Loan required	Loan Balance
2020-2021	\$ 521,897.00	\$ 715,584.00	\$ -		
2021-2022	\$ 600,601.30	\$ 771,232.00	\$ 78,533.00	\$ 170,630.71	\$ 170,630.71
2022-2023	\$ 569,177.32	\$ 788,619.00	\$ 39,278.00	\$ 226,266.91	\$ 390,072.39
2023-2024	\$ 538,824.81	\$ 789,583.00	\$ 977.00	\$ 266,634.10	\$ 647,655.80
2024-2025	\$ 545,915.53	\$ 815,344.00	\$ -	\$ 295,969.74	\$ 932,960.18
2025-2026	\$ 554,104.26	\$ 811,407.00	\$ -	\$ 295,682.80	\$ 1,216,804.19
2026-2027	\$ 562,415.82	\$ 822,242.00	\$ -	\$ 310,033.55	\$ 1,515,010.43
2027-2028	\$ 570,852.06	\$ 829,748.00	\$ -	\$ 321,504.65	\$ 1,824,113.74
2028-2029	\$ 579,414.84	\$ 844,744.00	\$ -	\$ 340,798.06	\$ 2,152,051.61
2029-2030	\$ 588,106.06	\$ 852,408.00	\$ -	\$ 353,402.76	\$ 2,491,822.44
2030-2031	\$ 596,927.65	\$ 860,055.00	\$ -	\$ 366,364.28	\$ 2,844,050.61

14. Modified Status Quo- Modified Status Quo, rent increases above CPI. A plan to fix 1-16 Friendship lane (Recommended Option)

- Total rates impact 2021 – 2024, \$118,788 as contained in Long Term Plan (LTP)
- Portfolio has ability to be self - sustaining 2027 – 2028 year.
- Effect on revenue as shown in below graph is that regular modest rent increases combine to provide significant increases in income which results in the portfolio achieving cost neutral or self-funding by year 2027 – 2028. In addition this enables ADC Commercial property team to adequately fund maintenance and capital upgrades.

Option 2 modified Status Quo \$20.00 Initial Increase then \$10.00 per year thereafter



	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031
Income	\$ 521,897.00	\$ 625,623.32	\$ 643,724.32	\$ 656,799.32	\$ 707,198.32	\$758,574.32	\$ 792,738.32	\$ 830,750.32	\$ 868,918.32	\$ 907,242.32	\$ 938,702.32
Expenses	\$ 715,584.00	\$ 771,232.00	\$ 788,619.00	\$ 789,583.00	\$ 815,344.00	\$811,407.00	\$ 822,242.00	\$ 829,748.00	\$ 844,744.00	\$ 852,408.00	\$ 860,055.00
Rates requirement	\$ -	\$ 78,533.00	\$ 39,278.00	\$ 977.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserves balance	\$ 290,000.00	\$ 290,000.00	\$ 290,000.00	\$ 290,000.00	\$ 304,308.28	\$362,593.60	\$ 432,286.92	\$ 520,161.24	\$ 618,636.56	\$ 735,072.88	\$ 862,482.20
Loan Balance		\$ 145,608.00	\$ 290,504.00	\$ 429,112.32	\$ 563,418.45	\$692,175.07	\$ 814,614.35	\$ 930,103.05	\$ 1,038,133.29	\$ 1,138,288.58	\$ 1,230,118.04

15. Partnering with an appropriate organisation to outsource Governance and delivery functions of the portfolio whilst retaining some strategic involvement.

This option would most likely see either a large national housing trust or a smaller local housing trust leasing units from ADC under a Joint venture provision and providing the service delivery function of the Elderly Persons Housing service. This would see Council receive regular lease payments for the portfolio whilst retaining some form of role within the governance function. Negotiation would decide the shape or form of any ongoing routine and capital maintenance liability for Council. Importantly 2 separate organisations have indicated they would be interested in entering into a discussion with Council if the decision is made to opt of out of providing this service. Community Housing Providers (CHP's) qualify for income related rent subsidy from the government which sees community housing providers receive close to market rents for its stock. This have a significantly positive effect on income levels and financial sustainability.

The other interested party has a different business model in which charges a rent of 85% - 90% of market rent which see tenants subsidised by the Accommodation Supplement. This option however may generate uncertainty amongst elderly venerable tenants concerned about future security of tenure and potential incompatibility with social housing register sourced tenants. This option will require Council to bring the units up to a minimum standard with the possibility that the recommended option of funding will achieve this and the next service delivery review could provide a Council with the opportunity to look at this.

16. Outsourcing the day to day management to a professional provider whilst retaining an interest in maintenance and capital upgrades utilizing existing service providers.

Research shows based on other local authority experience is that this option is no more than a temporary option and doesn't address the main issue facing local authorities in providing housing for the elderly. Local authority housing's inability to access government funding is its main barrier to providing well maintained fit for purpose housing in an increasingly regulated environment. Council will still be required to provide repair, maintenance, upgrade and governance services meaning Council are still heavily involved in the provision of the service with Council having to meet these costs through a sustainable funding model.

Therefore this option whilst having the potential to provide some benefit is not seen as a preferred option.

17. Sale of Portfolio to Community Housing Provider or Kāinga Ora

Whilst on face value this option appears worthy of consideration, discussions with both Kāinga Ora and the Ministry of Housing and Urban Development indicate that this type of arrangement may not be viewed by Kāinga Ora particularly favourably given that;

1. The Government's Public Housing Plan reflecting budget 2020's commitment to delivering a further 8000 public and Transitional housing placements, does so with the emphasis on new stock rather than existing.
2. The 2018 – 2022 Public Housing plan intended to deliver an additional 5 public housing places in Ashburton during that period. As at 30 September 2020, 10 had been delivered. This gives an indication of the scale that Kāinga Ora wish to pursue in terms of supplying new public housing places in Ashburton. They also indicated that there are currently 53 applicants on the Housing register for Ashburton.

The sale of the Ashburton District Council Elderly Housing Portfolio would require the least amount of financial input from Council and cease the requirement from further funding. It is likely however due to the condition of a selected number of the units that a potential purchaser would require a significant discount on purchase price to allow for cost of refurbishment. Offering a potential purchaser a significant discount on this strategic asset may not be in the best financial interest of Ashburton District ratepayers.

Significance and engagement assessment

18. The significance assessment has identified that the decision to increase rents by up to 18% is significant and of medium significance, as per Council’s Significance and Engagement Policy. As such, the community will be consulted through the Long-Term Plan 2021-31 on the proposed approach to shift the activity to become self-sustaining as the first stage in considering future delivery options.

Requirement	Explanation
Is the matter considered significant?	Yes
Level of significance	Medium
Level of engagement selected	Consult – Formal two way engagement
Rationale for selecting level of engagement	Consultation with the community will be undertaken through the LTP process. It will be a sensitive issue that has a high chance of becoming a front-page story. Tenants will be communicated with directly before the 3 March 2021.
Reviewed by Strategy & Policy	Toni Durham; Strategy & Policy Manager

Next steps

Date	Action / milestone
17/03/2021	Report to Council for Policy Review of Elderly Housing Policy

Appendix one – significance and engagement assessment tool

Significance and Engagement - Project Assessment Report: EPH - rent increase to become self-sustaining

Assessed by Toni Durham

Criteria	Explanation		Assessment Rating (L, M or H)	Comments		
1. Strategic asset?	LOW	No	Low	The decision is not about the strategic asset of the units as a whole, rather it is about the delivery of the service.		
	MEDIUM	No				
	HIGH	Yes				
2. Number of people affected	LOW	Less than 100	Low	~ 100 tenants		
	MEDIUM	Less than 500				
	HIGH	Greater than 500				
3. Level of impact on people affected			High	Proposed rental increase of ~20% CCC judicial review found the process to increase rent by 24% was quashed by the high court in 2008.		
4. Level of current community interest			Medium	This is an issue that people are interested in.		
5. Level of potential community interest			High	While the rent increase only directly affects EPH tenants, the broader view of Council's support vulnerable members of the community could result in negative front page news - therefore the reputational risk is high for Council.		
6. Of political interest to Te Runanga o Arowhenua as mana whenua?			Low	Māori may have an interest in Council's support of vulnerable members of the community.		
7. Cost of proposal			Low	Low cost project \$XXX		
8. Impact on rates			Low	The impact on general rates is low \$XXX		
9. Impact on levels of service			Low	This project will help Council to meet statutory duties to comply with consents and manage resources appropriately		
10. Overall assessment of risk			Risk level to be determined by Risk Management Policy as L, M or H		Low	
11. Overall assessment of health and safety considerations			Assesment to be determined by considering health and safety implications		Low	This is work that is carried out routinely, albeit this project involves a larger volume than normal. The work is not high-risk.
TOTAL	LOW		8			
	MEDIUM		1			
	HIGH		2			
Significant issue?	If the score for 'HIGH' is one or more then the issue is 'significant'		Yes			
Level of significance	LOW	Score of 33% or below	MEDIUM			
	MEDIUM	Score between 34% and 67%				
	HIGH	Score of 68% or above				
			48%			

Service Delivery Review Elderly Persons Housing 2021

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Document Control

Author	Change	Date of Issue	Version
Zane Adam	First Draft	November 2020	1.0
Michelle Hydes	Review & Edit	Nov / Dec 2020	2.0
Colin Windleborn	Final Approval	Jan 2021	3.0

Definitions

- **Accommodation Supplement** – A weekly Government payment which helps eligible people with their rent, board or the cost of owning a home.
- **Elderly Persons Housing** - Age specific and refers, as per Council’s Elderly Persons Housing Policy, to accommodation for persons 65 years and over with assets below an asset threshold. This is the only form of housing for the elderly that Council provides.
- **Funding arrangement** - Involves the manner in which the financial resources are provided to support a service, including both the mix of revenue and capital sources and any arrangement or agreement that governs the provision of these resources (contracts, trust deed, etc.).
- **Governance arrangement** – Revolves around who has the right to make binding decisions about the overall objectives for the provision of the service, and set the strategic framework in which the service operates. In the local authority context, governance options fit into two broad categories – political, or arms-length.
- **IRRS** - Refers to the income-related rent subsidy, which is available to Housing New Zealand and approved Community Housing Providers. It is the subsidy paid by the government representing the difference between the market rent and the rent payable by the social housing tenant. Local authorities are not eligible for this rent subsidy.
- **Service delivery arrangement** - Describes the body and agreement between agencies for service provision.
- **SHU** - Refers to the Social Housing Unit, which was set up by the government to provide capital grants to approved public housing providers. Local authorities are not eligible for this funding.
- **Social Housing / Public Housing** - A term used for housing provided for people on low incomes and/or special needs by government agencies or non-profit organisations that qualify for government subsidies. The Council does not currently provide social housing. In 2017 the term “Social Housing” was replaced by the term “Public Housing”.
- **Social Housing Register** - Is where Community Housing Providers source their tenants from. Rather than each Community Housing Provider managing their own waiting list they advise staff who administer the social housing register that they have a property becoming available.

A list of possible applicants is then sent to the housing provider for consideration.

Acronyms

ADC – Ashburton District Council

CHP – Community Housing Provider

EPH – Elderly Persons Housing

HDU – Housing Development Unit

HUD – Ministry of Housing and Urban Development

IRRS – Income Related Rent Subsidy

LGA – Local Government Act 2002

LGNZ – Local Government New Zealand

MSD – Ministry of Social Development

RMA – Resource Management Act 1991

SOLGM – Society of Local Government Managers

TA – Territorial Authority

Executive Summary

Council provides 104 affordable housing units within the Ashburton district for eligible elderly people. Council is the landlord for all tenants, currently responsible for funding, governance and service delivery. Since its inception, this activity has operated as a cost-neutral activity, with rental income and retained earnings covering all operational and the capital renewal expenditure.

A lack of a strategic plan has led to the current situation of income levels becoming insufficient to combat accumulated obsolescence and maintain the portfolio to a compliant and acceptable standard. The portfolio has become heavily reliant on funds from the Elderly Persons Housing property reserve in order to meet its normal operating, maintenance and upgrade expenditure. At the present rate of consumption the Elderly Persons Housing property reserve fund will be entirely depleted inside a four year time frame.

Targeted Government funding has created an uneven playing field for housing providers engaged in the business of providing Elderly Persons Housing with only Kāinga Ora and registered community housing providers qualifying for Government funding. This Government funding subsidises the cost of providing income related rent or partial market rents for low income vulnerable tenants by providing the landlord with a payment top up. This top up takes into account the difference between the low rent paid by the tenant and the likely market rent if the property was let on the open market.

Local Authority housing providers with their aging stock, constantly rising costs and requirement to conform to increasingly prescribed Government building standards have had to assess the feasibility of continuing to provide this service, or seek alternative service delivery models.

In the case of our Elderly Persons Housing, the rapid depletion of reserve funds has necessitated Council to approve rates funding in order to financially support the portfolio. This ongoing financial support is not acceptable to Council as a permanent solution, therefore this report seeks to identify suitable alternatives.

Recommendation

That Council adopt a modified version of the Status Quo consisting of subsidised above CPI rent increases in order to raise income levels and utilise targeted rates and reserves funding in order to address historical obsolescence issues in poorly maintained areas of the portfolio.

Conversely, it also provides a path to self-funding after a period of between 5 and 7 years, depending on the approach to rectifying the accumulated obsolescence at units 1-16 Friendship Lane that is chosen. This option can maintain the Elderly Persons Housing Portfolio in a good state of repair and see ADC well placed to retain control of this important strategic asset, or engage in discussions with other possible potential partners who have indicated interest in a future partnership agreement. Above all this will see ADC negotiating with potential partners from a favourable position.

This will see ADC continuing to provide a quality EPH service and to enhance the quality of its existing stock.

1.0 Introduction

1.1 Why is Council reviewing this service?

The purpose of a Section 17A service delivery review is to periodically assess “the cost-effectiveness of current arrangements for meeting the needs of communities within its district or region for good-quality local infrastructure, local public services, and performance of regulatory functions.”

The Act also defines *good-quality* as meaning “in relation to local infrastructure, local public services, and performance of regulatory functions, means infrastructure, services, and performance that are

(a) efficient; and

(b) effective; and

(c) appropriate to present and anticipated future circumstances”.

The Local Government Act 2002 specifies “triggers” that mandate review. In this case, a review has been warranted because there has been considerable time since the last review (specifically, more than three years).

1.2 What might Council gain from carrying out this review?

The potential benefits of undertaking a service delivery review are:

Efficiency gains - In reviewing the funding, governance and service delivery arrangements for a particular service, Council may identify cost savings or a reduction in resource requirements, improving the cost-efficiency of the service.

Improvements in services - Council may identify ways to improve the service delivered to the community. In this case, a review may identify better ways to meet the needs of residents.

Improving relationships - Considering other options for service delivery will likely require engagement with alternative service providers.

Better understanding of available options - Improving our understanding of the options for this service is a valuable exercise even if Council decides not to make any changes, guarding against complacency.

1.3 Scope of the Review / Some history

This review progresses from the last service delivery review which was conducted three years ago.

That review saw a first pass analysis on a number of different options as per SOLGM (Society of Local Government Managers) guidelines. Options which were deemed as not being feasible were eliminated with some guidance provided on potential alternative delivery options.

The option chosen was the “Status Quo” which saw Council retain the ownership governance and management of its strategic housing assets. In consulting with the staff involved in that review it was discovered that due to the overall condition of the portfolio the best course of action was to commence a programmed plan of gradual improvements and refurbishments utilising capital set aside in the reserve fund. This has led to the current situation of the majority of the portfolio being in good condition and largely complying with Government Healthy homes requirements. One village of sixteen units however still requires a significant amount of work to bring it up to standard and a plan for completing this is provided in this report. This village is located at 1-16 Friendship Lane, Ashburton.

It is worth noting that the proposed work to bring this village up to a similar standard with other ADC EPH properties will significantly deplete the remaining capital in the reserve fund, and require a rates top up so see it through to completion.

This report follows on from the previous work by presenting a plan to lift the portfolio to an acceptable overall standard. It will provide options and differing time frames in which to achieve this aim. In addition, consultation with other local and national housing providers has provided useful insight into the possible options for future collaboration with organisations able to access Government funding or utilise a different funding model. This report provides fewer alternate options than previous reports but due to the consultation having been conducted with organisations already conducting the business of providing either public or Elderly Persons Housing, the options presented are already working successfully for these parties to consultation.

This report lays the foundation to ensure the future viability of the Councils elderly housing portfolio. It ensures that regardless of the future governance direction taken, the assets themselves will be at a standard that ensures users are able to live comfortably without suffering any undue physical or financial hardship.

Research conducted during the construction of this report has shown that when a local authority has not allocated sufficient resources to maintain its Elderly Persons Housing portfolio the cumulative effect of this over time results in an group of assets that must be disposed of at a significant discount in order for it to be a viable proposition for any potential new operator who must then deal with the accumulated obsolescence of these assets.

Selling or disposing of strategic property assets at a significant discount may not represent prudent financial management and be in the best interest of local authority ratepayers.

A potential example of this is the Whakatane District Council which sold a total of 79 units for \$2.5m.

This equates to just over \$31,500 per unit.

Whichever option within this report is preferred, further work will be required to define the exact detail of the course of action undertaken.

This may require the following:

1. A special consultative procedure to understand community views and preferences.
2. Further engagement with other service providers who have already expressed an interest in additional consultation and possible involvement in service delivery functions.
3. Further engagement with the social sector to enhance relationships already formed and proactively seeking new relationships to enhance service provision.
4. A Council Elderly Persons Housing policy review that would clarify Councils objectives in providing Elderly Persons Housing.

1.4 Approach

This review has been undertaken in-house by the Commercial Property team on behalf of the respective activities of Council. The following process has been used:

Compilation of Key Information including:

- Examination of previous Council reports
- Analysis and scoping of subject properties
- Interviews with council staff delivering the service being reviewed
- Compiling cost estimates and repair strategies

- Interviews with Policy Staff
- Conversations and Interviews with EPH tenants
- Meetings with elderly service providers
- Interviews with maintenance staff
- Critical reflection sessions with management staff
- Research into activities conducted by other local authorities
- Financial modelling for different scenarios

Meetings with Local and National Housing Trusts / Kāinga Ora

- Understanding the back story / history
- Learning about the benefits effects of an alternate delivery system on ADC
- Understanding the close relationship between the CHP and the HDU
- Assessing the level of interest in the possibility of further collaboration with other housing providers.
- Assessing differences in organisational structure of these providers
- Assessing differences in service delivery models

Draft Report Written – based on the key information gathered during the research phase and the construction of an action plan to raise the standard of housing to an acceptable level portfolio wide. Financial modelling to assess the viability of various courses of action. An analysis of the cost effectiveness of current arrangements as required by s17A of the LGA02.

Feedback sought from Activity and Group Managers – the initial report was then peer-reviewed to refine the analysis and correct any factual inaccuracies.

Final Report Developed – Following the review, changes will be incorporated and the report will be finalised.

Final Report to Council

1.5 Evaluating the Options

The following options will be looked at in further detail in this report.

1. Maintaining the Status Quo
2. A modified Status Quo with accelerated rent increases subsidised by accommodation supplement to achieve cost neutrality and achieve portfolio sustainability.
- 2a. Modified Status Quo incorporating the provision of some new fit for purpose housing stock funded with debt and a partial staged disposal program of selected obsolete properties.
3. Entering into a joint venture with an existing provider.
4. Outsourcing of the day to day management to minimize financial inefficiency whilst retaining current maintenance and capital requirement responsibilities. (Note this model will only be able to be implemented subsequent to option 2) which raises income to a sustainable level.
5. Sell portfolio to a large Community or Public Housing provider.

2.0 Background Information

2.1 Present Arrangements / History

When Council first provided this service, there was an identified need for affordable housing for low-income elderly people. Central government provided loan funding to support Council in the provision of elderly housing. In addition low interest loans were provided from other sources.

Unlike public housing provided by Kāinga Ora or registered community housing providers which qualify for income related rent subsidies, Council housing receives no such government assistance, and is unlikely to in the foreseeable future.

This report examines the present arrangements for Elderly Persons Housing, the potential impact of legislative changes and provides a review of alternative potential funding, governance and service delivery arrangements within the Local Government Act 2002 s17A framework.

This framework includes analysis of options including governance and funding by Council, joint committee or other shared arrangement, as well as service delivery arrangements by Council, a CCO, another local authority or other party. Disestablishing or transferring responsibility for this service is also considered.

The objective of a section 17A review is to determine whether the existing means for delivering a service remains the most efficient, effective and appropriate means of delivering that service. With this in mind, all options have been assessed against the following key factors:

- Technical feasibility
- Current and future costs
- Tenant welfare
- Alignment with legislative change and central government reform
- Impact on the wider community, and community views
- Affordability
- Quality of Housing

Status Quo – Governance, funding and service delivery by ADC

Currently, Council is solely responsible for providing all governance, funding and service delivery of this service. Issues presented by the status quo include:

1. Council has adopted a conservative approach to adjusting rent levels in line with its 2017 Elderly Persons Housing policy and this has had a significant flow on effect, limiting Councils ability to continue to conduct required upgrades and maintenance of the existing stock without using significant property reserve funds. Comparisons between ADC and other organisations are covered later in this report.
2. There are currently no standard operating procedures to identify and provide additional support with health, social services, budgeting or other areas; however Council officers can and do assist with assisting tenants in accessing the services of occupational therapists, or contacting doctors or emergency services if a tenant is unwell. Council officers have progressively embarked on a programme of establishing points of contact with relevant organisations in order to enhance its future capability adding to the suite of contacts that staff have already established. A recent example of this saw Council property officers meeting with Ashburton age concern staff to discuss issues of relevance with regard to the Covid-19 response and other matters relevant to housing the elderly and identifying the warning signs of when tenants need assistance.

3. Since the last service delivery review in 2017 Council staff have adopted a proactive approach in making a raft of necessary maintenance improvements to the portfolio in accordance with the requirements of the Government healthy homes standards which became law on 1 July 2019. This sees all of Council housing units complying with the heating standard given that all living rooms have been fitted with an energy efficient heat pump unit. Conversely almost all properties that allow the installation of ceiling and underfloor insulation have had this installed. Proving more difficult is the Governments ventilation standards which in practice can be difficult to comply with where units have no ceiling cavity or soffits for example. These efforts towards compliance are ongoing.
4. The absence of a clear strategy in dealing with historical maintenance issues at units 1 – 16 Friendship Lane have resulted in a period of inaction which has exacerbated the issues within this village. A plan to deal with these issues is contained within this report. This is proposed to be funded by a combination of existing income, rates funding and continuing contributions from the reserve fund.

Alternative options

The alternatives explored in this report all contain their own set of advantages and disadvantages.

Option 1: The Status Quo or steady as she goes approach with future rent increases linked to (CPI) will provide insufficient income for a sustainable portfolio and will eventually exhaust the remaining amount of EPH housing reserve funds and will manifest itself in a steadily declining standard of accommodation, as required maintenance and capital works go uncompleted. As legislative requirements change the standard of provided accommodation, units would have to be left vacate in order not to breach the requirements of the Residential Tenancies Act 1986 and subsequent Amendments. Lastly this option will see no end date for general rate contributions.

Option 2: A modified type of Status Quo which has been recommended in this report involves incremental rent increases that are above the rate of inflation. These gradual increases are largely funded by Government income supplementary payments that tenants under certain asset and income thresholds qualify for. This approach requires careful management however, as tenants who are unaware of the rules surrounding government accommodation supplementary payment entitlements, may view this approach as being unfair or heavy handed. That said, this recommendation provides a pathway for Council to retain the governance and day to day management of a portfolio of properties that will be adequately resourced and eventually self -funding.

Option 2a: Which runs concurrently with option 2 examines the feasibility of the provision of a limited stock of new -fit for purpose housing whilst concurrently targeting the most obsolete properties for disposal. The result is a net gain in stock numbers and a reduction in aged, obsolete housing units.

Option 3: Involves entering into a joint venture with an existing housing provider who will provide the day to day operation of housing service delivery. This would most likely involve the long term leasing of Council housing assets to the chosen provider. Expressions of interest have been received from both a small local housing trust and a large Christchurch based housing trust. This option however may generate uncertainty amongst elderly venerable tenants concerned about future security of tenure and potential incompatibility with social housing register sourced tenants. As with the Christchurch example this option would provide cost neutrality to Council with lease payments to Council being ring fenced and retained for maintenance and improvements.

Option 4: Involves the outsourcing of the day to day management of the portfolio whilst utilising existing Council resources to manage the maintenance and capital works. This approach attempts to remove the financial inefficiencies that exist in the current service delivery model.

Option 5. Sale of portfolio to a large community or private housing provider.

Community Viewpoints

Community viewpoints have been gained from a number of sources:

1. Interviews with existing ADC Tenants on the future provision of EPH.
2. Research into analysis conducted by other local authorities in order analyse responses on similar issues.
3. Consultation with other housing providers both local and national.
4. Consultation with supporting agencies to discuss future cooperation.
5. Detailed discussions with ADC staff delivering EPH services.

Interviews with current tenants on the future provision of EPH

A number of informal interviews were conducted with tenants across the portfolio covering topics such as enjoyment, length of tenure, value for money, and any concerns that tenants had around the way they were housed and whether they felt they were managed fairly and their needs taken into consideration. The issues of key importance which need to be taken into account during a service delivery review, if tenant welfare is to be the primary objective are as follows:

- a. Security of tenure:** This is identified as a very important aspect to elderly vulnerable tenants who may have very little family support, limited ability to access to possible alternative accommodation and scarce financial resources. Any future change in service delivery model needs to reassure tenants that their home will be secure for as long as they need it.
- b. Value for money:** Most elderly tenants access Council housing because they find the cost of accessing the private rental market prohibitive. Due to their limited resources they are very sensitive to any price fluctuations and are likely to view any significant increases in their rent charges as unfair and heavy handed.
- c. Timely maintenance and reacting to problems:** Elderly tenants expect a reasonable level of service and to be treated fairly and with dignity. They have the expectation that any request will be dealt with in a reasonable timeframe. Tenants spoken to were generally positive about the level of service they received and the timeliness of responses when there was a problem. In order to verify this information the most recent Elderly Persons Housing survey was examined and reports as follows:
 - 84.48% of tenants were satisfied or very satisfied with the standard of day to day maintenance of their unit.
 - 83.05% of Tenants were satisfied with the maintenance of grounds surrounding their unit.
 - 81.67% of Tenants had contacted Council with a service request over the past 12 months. Of those 82% were either satisfied or very satisfied with the service received.
 - 84% of Tenants were satisfied or very satisfied with the service they receive from Council
 - 91% of Tenants were satisfied or very satisfied with the standard of accommodation their unit provides.
- d. Getting along with neighbors / sense of community:** This is a very important aspect in the overall wellbeing of elderly people. Tenants are very sensitive and aware of people who may be engaging in antisocial behavior. Ashburton District Council EPH staff attach a high degree of importance whilst housing new tenants into achieving cohesion with existing tenants, whilst retaining compatibility with elderly housing guidelines and policy. Providing a safe option for otherwise vulnerable members of the Ashburton Community is also of primary concern.

Research into Analysis conducted by other Local Authorities into Alternate Service Provision

Hauraki District Councils 2020 Elderly Persons Housing Situation Analysis report stated "The majority of local governments social housing tenants – as senior citizens look to Councils to provide security of tenure until they shift into supported accommodation, such as a rest home", (APR Consultants LTD, 2020, p. 32).

The report also identified "Councils face numerous challenges in providing affordable pensioner housing", Local Councils mostly struggle to act responsively and proactively to market needs, especially in the case of elderly tenants. The crucial challenges in this regard are:

1. To meet the growing changing needs of affordable social housing in a financially sustainable way.
2. The age and quality of current housing portfolios.

Tauranga City Councils 2017 report into Elderly Persons Housing recognises the importance that security of tenure plays when negotiating the sale of their properties to the Accessible Properties Housing Trust. "The transfer does not undermine the rights of existing tenants in properties that will be transferred as they will continue to be housed for the duration of their need". New Zealand Housing Foundation, (2017). Review of Tauranga City Councils Elderly Housing 2017, pg. 10.

The same report outlines the difference in income between a tenant in receipt of an Income related rent (IRRS) and a tenant who is in receipt of the Accommodation Supplement. From the point of view of the landlord this provides a stark insight as to why an increasing number of Council housing providers have adopted or are investigating an alternate governance and funding model. The figures below have been adjusted to reflect current rent and benefit rates.

Weekly rate of Superannuation \$423.83 (Single Person)

Average rent for 1 bedroom Unit Ashburton (MBIE Market rent) \$210.00pw (Open Market)

	Current Rent	Market rent	Accommodation Supplement (AS) or Income Related rent Subsidy (IRRS) (What Govt. Pays)	What Tenant pays	What Housing Provider receives
Council Tenant	\$123.67 (Double)	\$210.00	\$16.00 (AS)	\$109.00	\$123.67
CHP Tenant (IRRS)	\$105.95 25% of Gross income	\$210.00	\$104.05 (IRRS)	\$105.95	\$210.00

This example shows an income discrepancy of \$86.33 per week amounting to \$4489.16 per year for one unit. Applied to a portfolio of 104 units the overall income differential is \$466,872.64 p.a.

It needs to be pointed out however, IRRS cannot be applied to existing tenants as it applies only to eligible new tenants from the MSD waiting list. The term "Grand Parented Tenancy" refers to an existing tenancy taken on board by a Community Housing Provider as the governance and management structure changes from a Council Housing Provider to a Community Housing Provider.

It takes a lengthy period of time for existing “Grand parented” tenancies to end and be replaced by tenants from the MSD waiting list who attract the income related rent subsidy, (IRRS). As an example if tenant turnover of 8% per annum is expected it would take approximately 13 years or longer to transition from existing Grand Parented Tenancies to mostly (IRRS) tenants.

However the long term financial benefits for both the tenant, asset owner and tenancy manager are considerable and a reason this is a significant factor that has been taken into account by other Councils reviewing their service (New Zealand housing Foundation, 2017, p. 10)

Consultation with Other Housing Providers

Detailed discussions have been conducted with both Large National Housing Trust CEO’s and key staff from Auckland and Christchurch as well as key members from a local Ashburton based housing trust.

The objectives of these discussions were fourfold:

1. To gain an understanding of the benefits of adopting an alternate service delivery model
By engaging with people who are actually doing the delivery.
2. Gain an understanding of the path to becoming a community housing provider (CHP).
3. Understanding the governance and organisational structure of these organisations.
4. Gauge the likely interest of such organisations in potentially entering into discussions or negotiations with ADC for the purpose of determining feasibility of establishing an alternate service delivery model.

Consultation with Supporting Agencies to discuss Future Cooperation

ADC Elderly Persons Housing officers currently interact with supporting agencies on an ad hoc or as required basis. Whilst it is accepted that ADC staff are not a Public Housing Service they none the less provide liaison with support services or family members where necessary. In order to establish lines of communication with a leading provider of assistance to the elderly ADC EPH staff met with Staff from Age Concern to discuss issues of concern with a focus on the COVID -19 response, and furthermore to open lines of communication on other matters pertaining to the housing and care of elderly residents. The establishment of this relationship and maintenance of relationships already formed with organisations such as Presbyterian Support should expedite any future cooperation that needs to occur between ADC EPH tenants and those organisations supporting the elderly.

It is also possible to formalise a support arrangement with an organisation such as Age Concern to provide biannual welfare checks on elderly vulnerable tenants. This is done by some other local authorities for a modest fee.

Next Steps

In order for the Ashburton District Council Elderly Housing portfolio to be best positioned to serve its residents in the future it is recommended that Council:

1. Allow ADC property staff to continue its work on the upgrading of its remaining units to achieve Government healthy homes standards and continue to enhance the overall standard of its properties by adopting one of the suggested funding models.
2. Review the Elderly Persons Housing policy, including the rental charging scheme and eligibility criteria to ensure it remains fair and fit for purpose, whilst being aligned to the selected option in this report.

3. Become familiar with the changing nature of Government support for the provision of public housing, including Elderly Persons Housing.
4. Become familiar with MSD funding available to tenants in the form of the accommodation supplement, which will become a vital component in achieving income levels which achieve financial sustainability for the landlord, and remain affordable for the tenant.
5. Consult with the community and interested stakeholders on attitudes to any preferred options.
6. Remain open minded to exploring options involving the provision of new fit for purpose stock.
7. Continue to pursue potential opportunities to partner with other likeminded organisations committed to the provision of the new stock of warm dry housing in the Ashburton District.

Service and Scope

- Council currently owns 104 units across the district, (96 in Ashburton, 6 in Methven and 2 in Rakaia) which are used to provide the Ashburton District Council Elderly Housing Service.
- All units have one bedroom, with a mix of 52 single bedroom and 52 double bedroom. Units at 1-16 Friendship Lane have shared laundry facilities.
- Tenants pay below market rent, as an example the current market rent for a 1 bedroom apartment in Ashburton is \$210.00 per week. (No information from MBIE for 1 bedroom flats in Ashburton exists).
- Current incoming tenants who are renting a single bedroom unit pay \$97.91 per week and tenants or couples who rent a double bedroom unit pay \$123.67 per week. See below table to compare ADC charges to those of other Councils or providers.

This shows that Ashburton District Council Elderly Persons Housing rents range from being 19% - 90% less than other District Councils or alternate providers with comparable stock.

Comparison Rentals Per week

District	Price Single Unit	Price Double Unit
Ashburton District Council	\$97.91	\$123.67
Hauraki District Council	\$187.00	\$187.00
Timaru District Council	\$120.50 - \$150.50	\$140.00 – \$160.50
Dunedin District Council	\$117.00 - \$121.00	\$160.00 - \$165.00
Waitaki District Council	\$145.00	\$145.00
Westland District Council (Management Outsourced)	\$120.00	\$150.00
Ashburton Housing and Support Trust (Modern unit Price)	\$185.00	\$185.00

How are elderly pensioners able to afford rent of \$185.00 per week?

A single person in receipt of superannuation without additional income and with cash assets of less than \$8100 is potentially eligible for between \$56 and \$61 per week in accommodation supplement. (Accommodation Supplement, 2020) $\$185.00 - \$56.00 = (\$129.00 / \$423.83) = 30.4\%$ of superannuation.

An internationally adopted standard for defining affordability in housing is that residents should spend no more than 30% of their gross household income on housing costs, (Communityhousing.org.nz, 2017).

Accommodation Supplement entitlements as rent increases

Information sourced from: (check.msd.govt.nz/services, 2020)

Rent level per wk.	Accommodation Supplement	Net rent payable	Net % of Superannuation
\$100.00	Nil	\$100.00	23.59%
\$110.00	\$3.00 - \$9.00	\$107.00	25.24%
\$120.00	\$10.00 - \$16.00	\$110.00	25.95%
\$130.00	\$17.00 - \$23.00	\$113.00	26.66%
\$140.00	\$24.00 - \$30.00	\$116.00	27.36%
\$150.00	\$31.00 - \$37.00	\$119.00	28.07%
\$160.00	\$38.00 - \$44.00	\$122.00	28.78%
\$170.00	\$45.00 - \$51.00	\$125.00	29.49%
\$180.00	\$52.00 - \$58.00	\$128.00	30.20%
\$190.00	\$59.00 - \$62.00	\$131.00	30.90%

30% Affordability level

Current Level of Superannuation = \$423.83 Single)

Current Rents as % of Income

	Superannuation (net) 1 April 2020	Current EPH rental % of Income
Single (Living Alone)	\$423.83	\$97.91 (Single) 23.1% of Super \$123.67 (Double) 29.18% of Super
Couple	\$652.04	\$123.67 (Double) 18.9% of Super

Tenants must meet the age, asset and income testing criteria of the ADC Elderly Persons Housing policy at the time of application.

Council consults with tenants annually via the Elderly Persons Housing survey on the levels of service provided, possible improvements to the service and costs associated with any changes.

As landlord, Council carries out reactive maintenance on these buildings with more comprehensive redecoration and upgrades occurring upon tenants vacating a unit. In isolated cases Council has relocated tenants to other vacant units in order to perform required important maintenance or upgrades.

There is no formal social wellbeing element to this service however Council Officers adopt a proactive approach in assisting tenants if it is required. This might take the shape of organising an appointment with an occupational therapist or calling a doctor or ambulance if some urgent medical attention is required. Council officers have established relationships with age concern and other support services in an attempt to be prepared to react quickly to a situation if required.

In the provision of this informal wrap around service Council officers walk a fine line between Landlord and Social Housing provider at all times attempting to operate in the best interests of our venerable elderly tenants.

No additional compensation is sought for these additional services and Council needs to consider whether this over and above approach would continue under any alternate service delivery provider. And if not, what the resulting effect on our most vulnerable tenants would be.

The units have an average age of 40-45 years which is well past half way through their design life.

Most units have received Heating and Insulation upgrades and exterior maintenance in the form of exterior wall and roof repaints in the last 5 years.



Units 5, 6 and 7 Elizabeth St Ashburton received a full exterior repaint 1 years ago



Units 1-4 Suffolk Street

Despite their age these units are in good condition with the interiors also in tidy condition.

Council Elderly Persons Housing operates with a high occupancy rate of above 95%. At the time of writing this report there were a total of 20 parties being either single people or couples on the waiting list waiting to be housed. In interviewing current ADC EPH staff this number does not represent a large increase on what would be considered normal. This suggests demand for Ashburton District Council Elderly Persons Housing is steady and gradually increasing.

As an average it is expected that at any point in time there will be one or two units being renovated, redecorated or being prepared for re-letting. Vacant days between lettings vary due to the time the previous tenant has been in place and the level of redecoration or renovation required. Generally a simple re-letting can take as little as a few days but a property requiring extensive renovation and redecoration may be out of the stock for six weeks or more.

With an ageing population, reduced home ownership and elderly people being encouraged to remain in independent living for longer, it is extremely likely that demand for affordable Elderly Persons Housing will increase over time.

In order to present an accurate picture of demand it is necessary to not only state the waiting list numbers which represent people who meet the current criteria, but also to take into account those applications declined for various reasons relating to present criteria requirements. A lot of the declined applicants demonstrate on their application that they have a significant housing need that is currently not being met. Reasons demonstrating significant housing need may include overcrowding, inability to access or afford the private rental market and living in unhealthy or unsuitable premises and even exposure to physical or mental abuse.

See below table for an analysis of declined applications over the past 12 month period. A total of 11 were declined in the year to November 2020. Note that some applications were declined for more than one reason. Applications declined listed as other, are generally due to applicants not being suitable for inclusion in the close knit community of Ashburton Elderly Persons Housing.

Not captured in this analysis is the amount of phone and front counter enquiry that ADC staff receive

What is the Criteria to Qualify for ADC Elderly Persons Housing?

1. Be eligible for NZ Government Superannuation.
2. Not be in full time employment / business – ie: more than 15 hours per week multiplied by the rate of minimum wage at the time.
3. Be able to care for themselves independently, the use of home-based services does not mean applicants are automatically excluded.
4. Show a housing need that cannot be met adequately elsewhere.
5. Total assets, including cash, investments, house and other property but not including a car, furniture and personal effects should not exceed \$20,000 (single) or \$30,000 (couple)

11 ADC Elderly Persons Housing Declined Applications for the Year to Nov 2020

Reason Declined	Income too High	Not Independent	Assets Value to High	Not 65 years of Age	Other
Numbers	1	1	4	6	3

*Note, some applications were declined for more than one reason.

(ADC EPH declined applications folder, 2020)

Supply and demand analysis including demographic trends / and home ownership rates

The demographics of Ashburton District are changing and they are expected to change further in the future. Like the rest of New Zealand, the district's population is ageing and this is expected to continue. About 60% of the projected growth outlined above (2011-31) is expected to occur in the 65+ age group, under the high growth scenario. Under a low growth scenario, 100% of the projected growth (2011-31) is expected to occur in the 65+ age group. The median age is increasing (currently 40 years, increasing to about 44 years by 2031). The urban population is typically older than the rural population (Ashburton currently 44 years compared to 36 years in the rural area).

In terms of home ownership rates these rates continue to trend downwards meaning more people are reaching retiring age without owning a home. Having access to a reasonably priced rental home in retirement that is insulated from market rental rates can make a significant difference to an elderly persons' quality of life and financial wellbeing. Affordable and appropriate housing protects people from hazards and promotes good health and well-being. (World health organisation, 1989). Covid – 19 has reinforced the important role that Council Officers presently play in the protecting our most vulnerable tenants. This involved Council staff stepping in to conduct welfare checks, deliver meals on wheels services and medicine deliveries.

The Ministry of Housing and Urban Development states, "Housing in general is in short supply and rental prices are rising. New Zealand's most vulnerable individuals and families are among those most affected. Public housing is a vital part of New Zealand's social support system. It provides individuals and families with a warm, dry, safe place to live".

How this look in terms of numbers is as follows

Ashburton District Census info: **Number of Social Housing Rental Units**

Year	Social Housing Units	Annual Percentage Change
2018	354	2.7%
2013	312	2.6%

Information Sourced from (Stats.govt.nz, 2020).

The above table shows in the five years between 2013 and 2018 the stock of Public Housing rental units in Ashburton Increased by 42. This may explain why there has not been a significant increase in waiting list numbers, due to the increase in stock absorbing some of the demand.

Future additions to Supply of Elderly Persons Housing Stock in Ashburton

Ashburton District Council has approved a cooperative agreement between itself and the Ashburton Housing and Support Trust which will see the Trust conduct a staged development which will eventually consist of 17 brand new Elderly Persons Housing units on Council Land leased to the Trust for a 50 year term. The Trust was formed with assistance from Presbyterian Support and is a local organisation that recognises the struggles faced by persons over 60 years of age when finding affordable rental accommodation. Its business model differs significantly to Ashburton District Council in that its units are more modern and a rent closer to market rent is charged. A rent of \$185.00 which is charged by the Trust for its modern units is still affordable for tenants, given the applicable accommodation supplement to an eligible person is \$56.00 -\$61.00per week. During the construction of this report the author attended a meeting of Trust members displaying a cooperative and collaborative approach by a diverse group of property managers, design and build professionals and other professionals.

This collaboration shows what is possible when skilled people work together with the goal of providing new warm dry housing for our most vulnerable residents.

This development will also have the effect of absorbing some of the future additional demand for Elderly Persons Housing in Ashburton. At the time of writing this report Ashburton Housing and Support Trust had a total of six people on their waiting list waiting to be housed.

The possibility of future further collaboration exists between the Ashburton District Council and the Ashburton Housing and Support Trust.

At present Ashburton District Council has no plans to pursue the provision of additional Elderly Persons Housing stock. An option to allow for this is provided in this report given that the situation exists where debt funding costs are low, user demand is high and a financially sustainable model is available. One large local building company with a National Network has indicated it would possibly assist Ashburton District Council in adding to its Elderly Persons Housing stock through funding construction during the entire build process with payment upon completion. This option also allows for the disposal of obsolete stock and repurposing the land that might otherwise not be put to its highest and best use for Council.

In addition it does remain open minded to entering into appropriate partnerships with 3rd party housing support organisations and possibly assisting them by providing suitable land on favourable terms, that may allow them to overcome a significant financial hurdle and enable mutually beneficial development to occur. These partnerships provide beneficial outcomes for our vulnerable elderly residents.

When requested for information Kāinga Ora stated via E Mail they were required to deliver five more public housing places by June 2022.

This target has already been met. The 2020 budget the Ministry of Housing and Urban Development HUD secured new national funding for 6000 public housing places and Ashburton is expected to get a share of this housing over the next four to five years.

More specifically, local Kāinga Ora staff have reported via E Mail they are working to an internal placeholder assumption delivering up to 10 more state homes in Ashburton over the next 4-5 years.

In terms of comparing this to current demand please see below table to compare demand figures

From the June 2020 public housing register.

Territorial Authority	Bedrooms required						Total
	1	2	3	4	5+	Unknown	
Ashburton District	23	12	S	S	0	0	41

Boxes marked with “S” mean five or fewer applicants.

As shown in the above table the majority of demand is on for one bedroom units. The Ministry for Housing and Urban Development have reported that less than five of the people on the waiting list for a 1 bedroom unit are aged 65 or over.

The above information shows that there is already sufficient demand to completely absorb all of the proposed new Elderly Persons Housing stock in the next 3-5 years that will be coming into the market

Ashburton District Census Info: **Population Information Ashburton District**

Information provided by Stats NZ: historical and projected population.

Year	Population	Annual Percentage Change
2033	39200	0.8%
2028	37700	0.8%
2023	36300	0.9%
2018	34800	1.5%
2013	32300	2.9%

Ashburton District Census Info: **Population Information over 65's Ashburton District**

Information Provided by Stats NZ: historical and projected population

Year	Population	Annual Percentage Change
2033	8400	2.0%
2028	7600	2.2%
2023	6800	2.2%
2018	6100	2.8%
2013	5300	2.9%

The previous table clearly shows the growth in numbers of those people aged 65 and over
 Is projected to grow at more than twice the rate of the general population.

Home Ownership Information

Sourced from: superseniors.msdc.govt.nz

Older people are currently more likely than any other age group to own their own home, but this is dropping for those aged 50-64

Year	Home Ownership Rate NZ %
2001	74%
2006	73%
2013	68%

These figures show a steadily declining number of the mature population owning their own homes. It is therefore reasonable to expect a higher number of people aged 65 and over reaching retiring age without a freehold interest or significant equity in a home.

A very telling statistic sourced from Stats NZ Household Economic Survey 2017 – 2018 shows:

Homeowners typically twenty – times wealthier

Median household net worth 2018, by tenure	
Own	\$845,000
Own, with mortgage	\$408,000
Not Owned	\$39,000

Shown above is the massive difference in accumulated wealth between people who own their own homes and those who do not. Even people who still have a mortgage are more than 10 times better off due to equity accumulation.

Asset Management Information

The below table shows the rateable values of Council owned Elderly Persons Housing stock.

The below values are unlikely to represent market value given current favourable market conditions, a buoyant property market and poor returns on alternate investments. Therefore it is Important that any future decision on the continuing provision of this service or potential alternate delivery option carefully considers current and future asset values and the associated amenity provided to Ashburton district rate payers.

Address	Number of units	Land Value	Improvements Value	Capital Value
5-11 Elizabeth Place 1-4 / 93 Elizabeth Street	11	\$345,000	\$545,000	\$890,000
1-16 Friendship Lane	16	\$320,000	\$1,180,000	\$1,500,000
17-51 Friendship Lane	35	\$450,000	\$2,410,000	\$2,860,000
11a-11b Kitchener Street	2	\$114,000	\$121,000	\$235,000
1-16 McKee Place 1-4/7 Suffolk St	16 4	\$335,000	\$1,225,000	\$1,560,000
7a-7d Chapman Street 9a-9b Chapman Street	6	\$240,000	\$420,000	\$660,000
1-4/28 Willow Street	4	\$119,000	\$236,000	\$355,000
22,24,26,28,30,32,34,36 Mona Square	8	\$210,000	\$560,000	\$770,000
1-37, 2-37 Elizabeth Street Rakaia	2	\$146,000	\$149,000	\$295,000
	104	\$2,279,000	\$6,846,000	\$9,125,000

Likely Value of properties if taken to the Market and sold to private investors.

One of the options listed in this report involves the provision of new fit for purpose units on Council owned land paid for by a combination of debt funding and partial sale of selected Council owned EPH properties. It is possible to approximate the value for such a sale using the income approach to valuation method. This method estimates the market rent payable for the property and derives value by applying an applicable capitalisation rate, this rate being the rate of return that a prudent investor would require from the investment taking into account such things as current economic conditions, supply and demand, property condition, location, construction, likely tenant profile, financing costs and risk. It is also possible to derive a capitalisation rate by comparing sales of similar investment properties where rent levels and sales prices

are known and using these as a method of comparison. It is likely in this situation that few comparable sales would be available to enable the use of the sales comparison approach.

Using a 4 unit block of units as an example a derived approximate value would be

1. Expected Market Rent \$210.00 per week x 4 = \$840.00 per week or \$43,680 per year.
2. Capitalisation Rate (Gross) estimate range of 7.5% - 8.5%

Estimated market Value = $\$43,680 / 7.5\% = \$582,400$

$\$43,680 / 8.5\% = \$513,882$

Estimated Market Value Say: \$545,000

This option also is a popular method utilised by large New Zealand Property trusts to control obsolescence and ensure that stock remains relevant and fit for purpose. Older properties are placed on the market for sale and are replaced with newer fit for purpose stock. This occurs long before the end of the properties useful life to ensure that it still holds some value and returns some financial benefit to the vendor rather than gifting or leasing land to other organisations on very favourable terms for little financial benefit to rate payers.

Condition Assessment of properties in the EPH portfolio

Attached photos will show the difference in condition of some of the more recently redecorated and updated units versus some units which require redecoration and upgrading in the future.

The condition of interiors of properties is more subjective and is not assessed in detail due to the following:

1. Full interior redecorations are generally only conducted when a property is vacated.
2. Normal maintenance eg: plumbing or electrical work is conducted promptly on an as needed basis.
3. The scope of the redecorations can vary largely due to the way in which tenancies are conducted, and whether properties are respected by their users. Tenant A may leave a property immaculate after a 10 year tenure, whereas Tenant B may be less respectful with high levels of wear and tear and more comprehensive repairs, remodelling and redecoration required at much greater cost.

Units 9 - 12 Elizabeth Place have been recently redecorated and will not require further significant exterior redecoration for approximately 10 years. Due to the proactive work by ADC staff many of the ADC Elderly Persons Housing units are in a similar state of exterior condition.



1-16 Friendship Lane: What are the Issues?

As previously mentioned, conducting extensive maintenance or improvements on this village of 16 units has been largely avoided due to the significant injection of funds required. Reactive maintenance during tenant turnovers has been conducted on an as required basis. Some of the tidier units within this village have had maintenance and upkeep work done by the tenants themselves.

Exterior:

Roof: These Decramastic tile roofs also known as pressed metal tile, Decrabond or Stone Chip roof were popular in the 1970's and 1980's. They are constructed of galvanised steel with a bitumen overlay. These have been tested and are found to contain asbestos. These roofs are present on unit's 1-16 Friendship Lane which consists of 8 duplex properties.

These roofs have received no significant maintenance since construction and in some cases the bitumen coating is wearing off badly leaving the galvanised steel exposed.

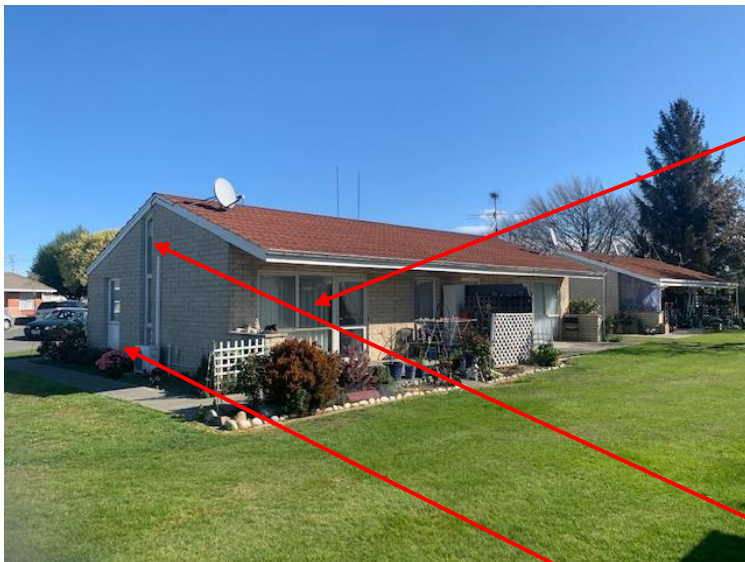
Given that these roofs are at the end of their useful life Council staff have been unwilling to expend significant funds on improving other elements of the units until a decision is made whether to inject significant funds on replacing or upgrading these roofs.

What are the options?

- 1. Roof replacement:** Replacing these roofs with a long run corrugated steel roof will significantly extend the life of these units. In addition it will provide the opportunity to install ceiling insulation which will reduce heat loss making the units easier to heat and therefore make them more comfortable for their inhabitants. It also means they will require very little maintenance for an extended period of time. According to quotes received the installation of R3.6 Ceiling Insulation is possible once new purlins have been installed. The cost per duplex to replace and insulate each of the roofs is approximately \$18,000.00 Inclusive of GST. This option whilst being most costly provides the best long term option in minimising future maintenance requirements and provides the ability to insulate the ceiling.
- 2. Roof tile asbestos removal:** The cost to remove and dispose of the decramastic tile roof per duplex is \$7400.00 + GST plus a fee of \$550.00 + GST for monitoring and testing by an approved 3rd Party contractor. If the same contractor receives the contract to do all of the removals the cost per unit will be \$6375.00 + GST per unit.
- 3. Roof Painting:** It is possible to paint over the bitumen covered tiles with a weatherproof elastomeric paint after a moss treatment, which would extend the life of the roof for a further period of 10 years. Obviously this provides no ability to insulate the ceiling if this option is chosen. Also roof repaints will be required on a 10 year cycle. The cost of a moss treatment and a repaint of the roof is \$3750.00 Inclusive of GST. Extreme care needs to be taken not to disturb the bitumen coating whilst performing this work however and confirmation that it was safe to perform this work would be required.
- 4. Covering High single glazed oddly shaped windows:** Quotes have been optioned to frame in and insulate the high oddly shaped windows on both the eastern and western side of the units to minimise heat loss.
- 5. Replace remaining Single glazed front door and window units with new double glazed units:** Installing these large double glazed units to the north facing living rooms has been proven to increase the comfort of residents. These can be made with either a ranch slider or hinged 800mm door. There are 3 remaining duplexes that have yet to have these units installed. Cost per duplex is \$11,000.00 + GST.

- 6. **Repair rotten porches, window sills and barge boards:** Quotes have been received to repair all of the rotten timber work that once painted will return the units to a good standard of appearance and weather tightness.
- 7. **Spouting repairs and replacement:** most of the stainless steel spouting merely requires stripping and repainting however some isolated sections will require to be replaced with new continuous spouting. Quotes for this work have been received.

1-16 Friendship Lane Exterior



A duplex unit at 1-16 Friendship Lane. Note this example has had the main door and north facing window replaced with a new double glazed unit. Despite their skillion roof and lack of a ceiling cavity residents interviewed reported the installed heat-pump unit was able to heat the unit to a comfortable temperature on the coldest of winter nights. Note also the high glazed units on the east and west sides which contribute to heat loss. It is proposed to cover and insulate the high windows on both sides of the unit. Additionally below the bedroom window a single piece of uninsulated wallboard is all that is currently provided. Plans are in place to replace this with an insulated cavity system. The maximum monthly power bill reported by tenants interviewed was \$150.00 per month meaning the Governments winter energy payment of \$40.91 per week during the months of May to October fully covers the winter power bills of those interviewed.



An aerial view of some of the 1-16 friendship Lane units show the significant deterioration of the bitumen coating on one duplex.

Interestingly despite the maintenance issues faced by these units the residents interviewed spoke highly of the sunny aspect, tidy surrounding grounds and general amenity that these units



This picture highlights significant exterior issues which occur on the southern side of 1-16 Friendship Lane units. These include, rotting porches, barge boards and window frames. Despite its unattractive appearance the spouting is constructed of stainless steel and whilst some of it requires replacement, a good proportion can be resurrected by stripping and painting. This maintenance has been delayed until a decision on the best repair strategy for the roofs is made.



With some remedial maintenance on timberwork and spouting these units do present quite well.

1-16 Friendship Lane



This picture shows one of the three duplex properties which still retains the **old timber** single glazed **joinery** front door and window unit. In speaking with tenants who have experienced living in the unit both pre and post installation of a new double glazed unit report a significant improvement in heat retention and overall comfort once the double glazed unit is installed.

Despite the poor design of these units, analysis conducted as part of a healthy homes heating standard assessment uncovered a living room heating requirement of 3.4kw.

Given that the installed Heat pump provided provides 3.9kw of heat the heating provided in these units is more than adequate.



This picture shows one of the five out of eight duplex units that **have had** the new double glazed front door and glazing unit installed.

The Cost of installing 2 of these double glazed units for one duplex including labour is \$11,000.00 inclusive of GST.

1-16 Friendship Lane



It is proposed to cover up and insulate the odd shaped top window. This window is contained within the living area. Note the difficulty in fitting a blind to increase thermal resistance to minimise heat loss. The cost to cover, frame and insulate the two top windows in each duplex is \$690.00 + GST.

The same is proposed for the single sheet of uninsulated wall board that is used underneath the bedroom window.

Interior:



Top window from the interior showing a large area of single glazed glass that due to its shape is very difficult to insulate with a blind.

Note: these units are well orientated to capture both morning and afternoon sun.

During the installation of the vented extraction units reflective foil was found to be installed between the Steel tile and a ceiling board. This material was common in the 70's and is designed to reflect heat back towards its source.

It may provide some explanation however as to why

Tenants have reported the units are relatively easy to heat during winter, coupled with the relatively small size of the room and effective heating source.

1-16 friendship Lane



This photo shows the difficulty faced with complying with Government Healthy homes standards as is the case with this newly repainted kitchen that has no space for a range hood and no ceiling cavity in which to install a ventilation unit. An opening and securable window is handily placed however. On the following page a creative solution to solve this issue is shown.



An example of an electrically powered ventilation unit that is suitable for installation on a skillion roof. It contains a fan that can be linked to a switch, moisture sensor or movement sensor. Bathroom fans must have a minimum ducted diameter of 120mm and be capable of an exhaust capacity of 25 litres per second. Kitchen fans must have a minimum diameter including ducting of 150mm or an exhaust capacity of at least 50 litres per second.

<https://www.tenancy.govt.nz/healthy-homes/ventilation-standard/>

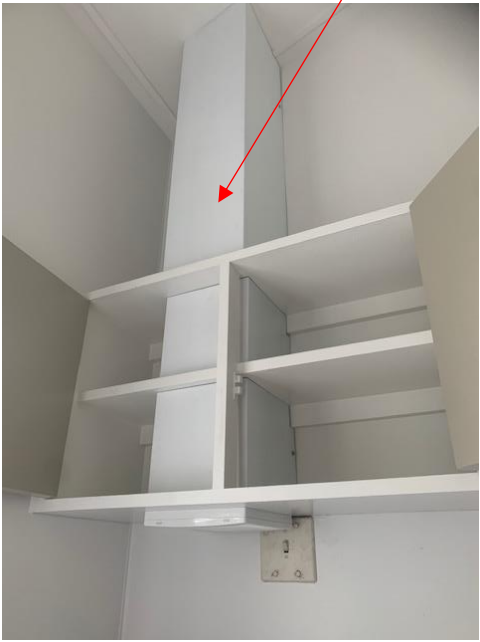
The Cost to install 2 of these units into one unit is approximately \$1000.00 +GST

Ventilation Solutions 1-16 Friendship Lane



This picture shows an extractor fan set up on a raking ceiling. The circuit is linked to the light switch.
A creative solution to achieve the kitchen ventilation standard.

The below picture shows the kitchen vent through the roof with a hand fabricated metal flashing / cover plate



Problematic Past Solution 1-16 Friendship Lane



This photo shows the poor design of this shower install meaning water collects on the window sill which is unable to drain away.

The long term result of this is pictured below, resulting in the eventual rotting of the window frame. See picture below.

A possible solution is to block off and seal the window with a waterproof hardies type product.



The results of significant water pooling on a window sill.

The rotting of the adjacent window frame.

Schedule of Costs associated with 1-16 Friendship Lane (Including roof replacement option)

Unit Number Duplex	Roof + Asbestos Removal (AR)	Joinery Entry units	Spouting	Close in Insulate Windows	Porches Barges Carpentry Repairs	Painting	Ventilation	Total
1&2	\$14,793.00 \$7,400.00	\$11,000.00	\$567.90	\$1191.00	\$910.00	\$ 5400.00	\$ 2000.00	\$43,261.90
3&4	\$14,793.00 \$ 7,400.00		\$1,079.60	\$690.00	\$1950.05	\$ 5400.00	\$ 2000.00	\$43,261.90
5&6	\$14,793.00 \$7,400.00	\$11,000.00	\$1647.50	\$690.00	\$907.50	\$ 5400.00	\$ 2000.00	\$43,838.00
7&8	\$14,793.00 \$7,400.00		\$ 609.90	\$690.00	\$910.00	\$ 5400.00	\$ 2000.00	\$31,802.90
9&10	\$14,793.00 \$7,400.00	\$11,000.00		\$690.00		\$ 5400.00	\$ 2000.00	\$41,283.00
11&12	\$14,793.00 \$7,400.00			\$690.00	\$1000.00	\$ 5400.00	\$1000.00	\$30,283.00
13&14	\$14,793.00 \$7,400.00			\$690.00	\$224.00	\$ 5400.00	\$ 2000.00	\$30,507.00
15&16	\$14,793.00 \$7,400.00		\$567.90	\$690.00	\$427.50	\$ 5400.00	\$ 2000.00	\$31,278.40
							Total	\$295,516.10
							GST	\$44,327.41
							Total	\$339,843.51

Schedule of Costs associated with 1-16 Friendship Lane (Roof painting option)

Unit Number Duplex	Roof Recoating	Joinery Entry units	Spouting	Close in Insulate Windows	Porches Barges Carpentry Repairs	Painting	Ventilation	Total
1&2	\$3250.00	\$ 11,000.00	\$ 567.90	\$1191.00	\$ 910.00	\$ 5400.00	\$ 2000.00	\$24,318.90
3&4	\$3250.00		\$1,079.60	\$690.00	\$1950.05	\$ 5400.00	\$ 2000.00	\$14,369.65
5&6	\$3250.00	\$ 11,000.00	\$1647.50	\$690.00	\$907.50	\$ 5400.00	\$ 2000.00	\$24,895.00
7&8	\$3250.00		\$609.90	\$690.00	\$910.00	\$ 5400.00	\$ 2000.00	\$12,859.90
9&10	\$3250.00	\$ 11,000.00		\$690.00		\$ 5400.00	\$ 2000.00	\$22,340.00
11&12	\$3250.00			\$690.00	\$1000.00	\$ 5400.00	\$1000.00	\$11,340.00
13&14	\$3250.00			\$690.00	\$224.00	\$ 5400.00	\$ 2000.00	\$11,564.00
15&16	\$3250.00		\$ 567.90	\$ 690.00	\$ 427.50	\$ 5400.00	\$ 2000.00	\$12,335.40
							Total	\$134,022.95
							GST	\$20,103.42
							Total	\$154,126.37

Considering which repair strategy to adopt

The first strategy which involves roof replacement enables the properties to have their ceilings insulated which would provide a significant improvement to comfort levels to tenants.

It would also enable ADC to as far as practicable comply with the Healthy Homes standard for insulation. It would also mean not having to conduct roof maintenance or roof repaints for a lengthy period of time. It also removes the potentially problematic decramastic tiles that contain asbestos. It is the best scenario if Council intends retaining these strategic assets over the long term.

The second strategy provides a minimal cost approach that will put a halt to the exterior decline that has been happening for an extended period of time. It includes the replacement of the remaining three properties that still require new main front door glazed units. This replacement has been reported to increase comfort levels for tenants. It is also possible to effectively heat the units during winter due to the effective heat pump in the main living area and the discovery of reflective foil in the roof.

An analysis on the financial implications of adopting the roof replacement strategy is contained within this report.

ADC Elderly Housing Portfolio Condition Description

Address	Number of units	Condition Description	Time before next Maintenance required
5-12 Elizabeth Place 1-4 / 93 Elizabeth Street	11	These units have all received recent redecoration in the last 12 months and are in good condition.	Approximately 10 years before Significant redecoration will be required.
1-16 Friendship Lane	16	These units are in poor overall condition and are in need of some remedial carpentry work on sills, barges and spouting. 3 Duplex's require double glazing units for main entry. 5 properties have already had double glazed entry units already completed. Interior conditions vary from some units being of a good standard and being nicely maintained to some which require updating. Decision required on whether to replace and insulate roofs. Top windows to be boarded and insulated to reduce heat loss. All units require ventilation units in Kitchens and bathrooms.	These units are in need of remedial updating and redecoration now. Plans and budgets are contained in this report to address the significant issues requiring remedial work within this village of units.

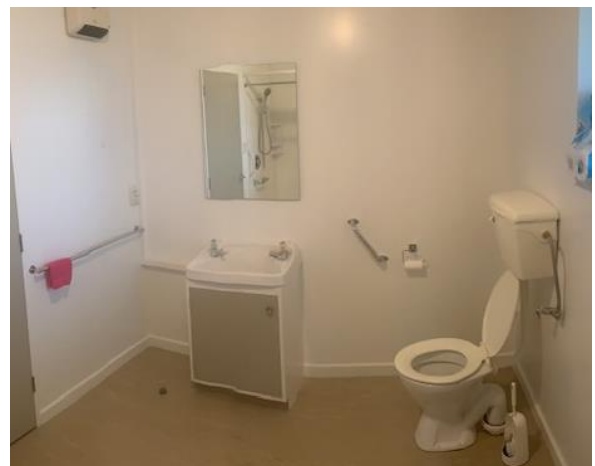
Address	Number of units	Condition Description	Time before next Maintenance required
17-51 Friendship Lane	35	Units 17-20 have had exterior redecoration recently excluding the rooves which are still required to be completed at a cost of around \$1250.00 per unit.	Roof repaint required next 1-2 years. Exteriors are complete and will not require significant redecoration for another 10 years.
		Units 21-31 Have recently had exteriors and roofs completed.	Approximately 10 years before significant redecoration will be required.
		Units 32-43 Are currently reasonably tidy but are programmed for redecoration in approximately 2-3 years	2-3 Years for exterior and roof repaint.
		Units 44-51 are in need of redecoration to the timber areas and rooves.	This work is currently being planned and quote received for \$6,700.00 + GST.
11a-11b Kitchener Street	2	These units are in poor condition. A plan for the redevelopment or disposal of this site is required.	Some remedial redecoration on the timber areas on these concrete block units would be beneficial in now if these units are to be retained.
1-16 McKee Place	16	Good Condition. Exteriors were redecorated 3-4 years ago. Roofs also in tidy condition.	Approximately 6 years before any additional redecoration will be required.
1-4/7 Suffolk St	4		
7a-7d Chapman Street 9a-9b Chapman Street	6	Good condition. Exteriors were completed 2-3 years ago. Rooves to be painted next 5 years.	7 years until next exterior redecoration. Roof repaint may be required sooner.
1-4/28 Willow Street	4	Reasonable Condition	Programmed for Exterior redecoration in the next 2-3 years at a cost of

Address	Number of units	Condition Description	Time before next Maintenance required
			approximately \$10k + GST.
22,24,26,28,30,32,34,36 Mona Square	8	Good condition. Exteriors and rooves were repainted 2 years ago at a cost of \$30K.	These units will not require significant redecoration for another 8 years.
1-37, 2-37 Elizabeth Street Rakaia	2	Good condition. Exteriors and roofs recently completed.	These new units will not require significant maintenance for another 9-10 years.
	104		



44 Friendship Lane showing a relatively modern tidy unit in good condition. The yellow porches have recently been repainted with a more modern colour scheme.

23 Friendship Lane showing a redecorated bathroom at the commencement of a new tenancy.



Maintenance plans (Capital / Operational)

Interior maintenance is largely reactionary with significant maintenance generally occurring only when a property is vacated at the end of a tenancy. There are exceptions to this when urgent maintenance is required.

There are generally 3 scenarios when a property becomes vacant and they all have different timeframes and costs associated with them.

Scenario 1:

Property left tidy and requiring minimal work, (Minor): Under this scenario this property can be checked, cleaned and be prepared for re letting in approximately a week taking into account conducting viewings for potential tenants and new tenancy documentation etc. The Average cost for conducting this type of re letting is under \$1000.00.

Scenario 2:

Property left tidy but tired and in need of some minor redecoration with some carpet replacement, repainting and replacement of some electrical fittings, (Normal): Under this scenario the time to get the property back up to letting standard will be approximately 3-4 weeks. Taking into account some interior painting, some carpet and floor coverings renewal and perhaps an update of some electrical fittings the cost for this type of re letting can be between \$7,500 and \$10,000.

Scenario 3:

Long term tenant major redecoration and updating required, (Major): Under this scenario the time taken to get the property updated and back up to standard can be 4-6 weeks. It will involve carpet and floor coverings removal, possibly an oven and other electrical fittings replacement, and a full interior redecoration. The cost for this type of re letting can be \$15,000.

Estimating the annual cost of tenant churn and cyclic renewals

It is difficult to accurately estimate the annual cost of tenant turnover and cyclic renewals however

Research shows that the annual tenant turnover rate in the portfolio is generally between 7.5% - 10% per annum. In addition it is assumed that the types of Tenancy turnover will be evenly distributed between minor, normal and major.

Therefore based on 100 units and assuming a mid-point between 7.5% and 10.0% it is estimated that there will be approximately nine tenancy turnovers across the portfolio next year. With three minor, three normal and three major refurbishments taking place and factoring in the cost of bringing all properties into compliance with the Healthy homes standard for insulation the approximate cost of this would be:

$$(3 \times \$1000.000) + (3 \times \$8750) + (3 \times \$15,000) + (9 \times \$2000) = \$92,250$$

It is possible to do a similar estimate of exterior works by taking a most recent quote of \$5,500 to paint a duplex property and an additional \$3750 to paint its roof. Then multiply by the amount of units and then by the expected lifespan of the job.

Lifespan = 10 years

$$\text{Cost Exterior and roof (per unit)} = \$2750.00 + \$1875.00 = \$4625.00 + \text{GST}$$

$$(100 / 10) = (10 \times \$4625) = \$46250 \text{ per annum}$$

Comparing stock with healthy homes requirements Insulation

Address	Number of units	Condition Description	Comment
5-11 Elizabeth Place 1-4 / 93 Elizabeth Street	11	Ceiling Insulation Fitted Underfloor Insulation fitted Moisture Vapour Barrier fitted.	Compliant
1-16 Friendship Lane	16	Skillion Roof / No ceiling Cavity Only reflective foil present. Insufficient Subfloor Access for underfloor insulation.	Exemption Certificate issued by Energy Smart.
17-51 Friendship Lane	27	Units 17-43 Ceiling Insulation Installed. Concrete Floors.	Compliant
44-51 Friendship Lane	8	Ceiling Insulation Fitted Underfloor Insulation fitted Underfloor Moisture Barrier Fitted	Compliant
11a-11b Kitchener Street	2	Ceiling Insulation Fitted Underfloor Insulation fitted	No underfloor Moisture Vapour Barrier fitted.
1-16 McKee Place 1-4/7 Suffolk St	16 4	Ceiling Insulation fitted Underfloor insulation and vapour barrier fitted.	Insufficient floor clearance on unit 4.
7a-7d Chapman Street 9a-9b Chapman Street	6	Ceiling, Underfloor and vapour barrier. Only in roof as it is a concrete floor	
1-4/28 Willow Street	4	Underfloor Insulation fitted Underfloor Moisture Barrier Fitted	No Ceiling Cavity
22,24,26,28,30,32,34,36 Mona Square	8	Ceiling Insulation fitted Concrete Floors	Compliant

Address	Number of units	Condition Description	Comment
1-37, 2-37 Elizabeth Street Rakaia	2	Ceiling Insulation fitted Concrete Floors	Compliant

3.0 Review of the Service

Decision to Review

Why is the review required?

S17A Triggers

Council needs to consider a change to service levels, due to legislative changes impacting the delivery of this service.

Key issues

1. Legislative change

- **Local Government Act 2002 – Amendment Act 2010**

The local Government Act 2002 Amendment Act 2010 included the insertion of section 11A (Core Services to be considered in performing role). This section requires a local authority to have particular regard to the contribution that specific core services including network infrastructure, public transport, solid waste services, natural hazard prevention, libraries, museums, reserves and recreational facilities) make to its communities.

Elderly Persons Housing is not a core service, as per the definition of the Act. Therefore, Council must review its continued involvement in this activity.

- **Local Government Act 2002 – Amendment Act 2014**

The local Government Act 2002 Amendment Act 2014 inserted section 17A (Delivery of Services). This section requires local authorities to review the cost effectiveness of current arrangements for the delivery of core services. Reviews should consider options for the governance, funding and delivery of services.

Elderly Persons Housing received a passing review in 2017, resulting in a recommendation to continue to operate Elderly Persons Housing but enhance the service delivery through a revised policy, review of the maintenance programme and better resourcing for the ongoing management of resident needs. These recommendations were incorporated into daily operations, the goals of the recommendations were largely achieved.

- **Residential Tenancies Act 1986**

The government has introduced an amendment to the Residential Tenancies Act to improve rental standards and tenancy services. The supporting Residential Tenancies (Smoke Alarms and Insulation) Regulations 2016 have been released.

The changes include a new requirement for smoke alarms and ceiling and underfloor insulation in all residential rental properties by July 2019. The Government has also introduced the Healthy Homes ventilation standard which sees all kitchens and bathrooms requiring an extractor fan vented to the exterior. To comply with the new standard any tenancy commencing after 1 July 2021 has 90 days from the start of the tenancy to comply with the standard. All Housing New Zealand properties and Community Housing providers must qualify by 1 July 2023.

Some units within the portfolio contain no ceiling cavity and only contain reflective foil. These units have received exemption certificates. These are granted where it is impractical to retrofit due to limitations on the properties physical design. Regardless of this Council property Officers still seek to achieve the installation of R3.6 – R3.8 Ceiling insulation as part of a proposal to replace roofs which have reached the end of their useful life.

Changes in the rules in which govern rent increases also came into force on the 12th of August 2020 mean that rent increases are only able to occur every 12 months. Whilst it has always been Council policy to

review rents on an annual basis, the added complexity resulting from Covid – 19 Lockdowns has meant that some tenants may not have had a rent increase during this period. The current ADC Elderly Persons Housing policy which was written in 2017 also stipulates rent levies will increase on an annual basis as per the consumer price index. The Modified Status Quo plan to return the EPH portfolio to a level of financial independence relies on a staged plan of incremental rent increases of \$10.00 per week, per unit per annum. Therefore some public consultation or policy changes will be required in order to proceed with the plan recommended in this report.

- **Health and Safety at Work Act 2016**

The act will have implications for both landlords and tenants. Landlords have become a person conducting a business or undertaking, (PCBU). As a PCBU, a landlord must ensure, so far as reasonably practicable, that the workplace, the entry and exit to the workplace, the fixtures, fittings and plant and anything arising from the workplace do not put a person’s health and safety at risk. The duty to provide a safe workplace extends to persons beyond employees, owed to all workers who carry out work in any capacity at a workplace under the control of a PCBU.

Under the Act, additional responsibilities will be placed on officers of PCBUs (most commonly chief executives, company directors and board members). For Councils, this will include elected members. Officers will be required to exercise due diligence to ensure that the PCBU complies with its health and safety duties.

The Government believes that this obligation places a positive duty of people at the governance level of an organisation to actively engage in health and safety matters, reinforcing the concept that improvements in the health and safety culture of an organisation must be led by its governors and executive management.

These health and safety obligations on officers may place elected members at risk of prosecution because they are not aware of the day to day use and operation of their tenanted buildings.

- **Building Act 2004**

Sections 112 and 118 of the building Act 2004 may impact any Council improvements to Elderly Persons Housing units that will require a building consent. These sections of the Act increase the minimum requirements for fire egress and disabled access, which the units are unlikely to currently meet due to their age. An exemption may be granted under section 112 (2) c which states, “The improvements referred to in paragraph (b) outweigh any detriment that is likely to arise as a result of the building not complying with the relevant provisions of the building code”. (Legislation.govt.nz, 2004).

2. Future Maintenance and renewal requirements

The 2017 Elderly Persons Housing survey revealed the majority of tenants, over 80% were either satisfied or very satisfied with Councils maintenance and renewals programme and the level of service received. Since the last Service delivery review in 2017 Council Officers have taken a proactive approach in remedying outstanding maintenance in the majority of the portfolios properties. This has however meant a significant decline in the amount of funds held in the EPH reserve fund that has largely been used to conduct these maintenance tasks and renewals. Future maintenance and renewal requirements will be funded from a combination of rental income, EPH reserve fund contributions and rates contributions. This report attempts to provide a path to the portfolio becoming self- sustaining, halting the need for rates input and seeking to diminish the reliance on funding from the EPH reserve fund.

3. Central Government social housing reforms

The government has made significant changes to the way social housing is delivered across New Zealand, following the 2010 recommendations by the Housing Shareholders Advisory Group. The Social Housing Reform Act became law in late 2013.

Local authorities have been specifically excluded from these social housing reforms, as the government seeks to develop social housing ownership and service delivery by the third sector. The consequences of this are that Council can no longer access government capital funding, and cannot access the income related rent subsidies.

The two key changes included in the Act are:

- The Ministry of Social Development replaces Housing New Zealand in assessing housing needs and eligibility.
- Approved community housing providers (CHP's) will be eligible to receive a government subsidy which means they will be able to provide income-related rents (IRRS) to high needs tenants and their families. Subsidised rents have previously only been available to Housing New Zealand tenants. IRRS will not be available to any existing tenants commonly known as a "Grand parented tenancy", or anyone who is on the ADC waiting list if the housing stock is transferred to a CHP. IRRS will only be available to new tenants, or HNZ waiting list tenants. This means that it may be many years until the full financial benefit of establishing a Community Housing Provider, (CHP) organisation is realised.

These reforms have resulted in a number of councils, including Christchurch City Council, reviewing their ownership and service delivery arrangements for social housing and in some cases delegating or entering into Joint Ventures with other parties in order to deliver social housing services as a Community Housing Provider.

4.0 Detailed Options Analysis

The following options are available to Council when deciding on the future provision of Elderly Persons Housing in Ashburton.

1. Maintaining the Status Quo
2. A modified Status Quo with rent increases of \$10.00 per week, per unit, per year, largely subsidised by accommodation supplement paid to tenants to achieve cost neutrality and achieve future financial sustainability and independence.
- 2a. The above modified status quo but in addition exploring the option of providing some additional warm dry housing whilst cycling obsolete properties out of the portfolio.
3. A Joint venture with an appropriate organisation to deliver the governance and delivery functions of the portfolio whilst retaining some strategic involvement.
4. Outsource the day to day management to reduce financial inefficiency whilst retaining existing maintenance and capital functions.
5. Selling the entire Portfolio to a large CHP, Kāinga Ora or private organisation.

Options 2, 2a, 3, 4 and 5 all recognise that the only feasible manner in which a housing provider will have the ability to remain financially sustainable is to either;

1. Increase rents substantially.
2. Harness a registered (CHP) or government provider able to access IRRS Funding.
3. Harness a provider who charges close to market rent for its Elderly Housing units.

1. Maintaining the Status Quo

Consideration	Analysis
Financially Viable / Sustainable	Increasing rents by CPI only will not provide sufficient income to achieve portfolio sustainability. It will require continued rates funding without an end date. It will deplete the remaining funds in the EPH property reserve inside 4 years . Council Elderly Persons Housing has high cost of management that is out of proportion to the size of its portfolio.
Ability to meet future demand	Ability to meet current and future demand will erode over time with a declining standard of accommodation as expensive maintenance, upgrades and retrofits are delayed or suspended. No ability to provide for additional stock as there is limited ability to adequately maintain existing stock.
Access to Government Funding	Nil access to IRRS (Income related rent subsidy) funding.
Likely Tenant Satisfaction	Reasonable in the short term as there will be little if any change. Likely to decline over time as budget for repairs, maintenance and upgrades becomes limited.

Consideration	Analysis
Service delivery	No change initially, but will steadily decline as reserve funds are exhausted limiting future service provision initiatives.
Staff Impacts	No change initially, but tighter fiscal controls will become necessary resulting in a likely reallocation of staff available to perform this function in order for service delivery to remain viable.
Implementation Plan	No immediate change required however a plan to reduce spending and rationalise the operation will be immediately necessary if no additional funding becomes available.
Risks / Issues	The risk of this course of action revolves around depleting the remaining reserve fund balance and the resulting declining standard of accommodation that will result as only minimal funds will be available for renewals and maintenance. A declining standard of accommodation will become a risk for Council as tenants begin to complain about their declining standard of accommodation. The search for a financially sustainable model will intensify but Council will be in a weaker position than it is presently to consult with alternate service providers in the search for a financially feasible service delivery alternative.
Future Flexibility	A reduction in future flexibility will result from remaining with the status quo. Council may be forced into a future sale / disposal or leasing situation which is less than favourable.
Governance and Funding	No change to governance. The present plan to contribute rates funding to EPH will be without a finite end point. This will be a continual drain on Council budgets.
Summary Assessment	This option whilst being feasible in the short term with create more challenges than it solves in terms of more stock becoming obsolete sooner. A proactive approach to dealing with the portfolio is required and the status quo will not deliver that.

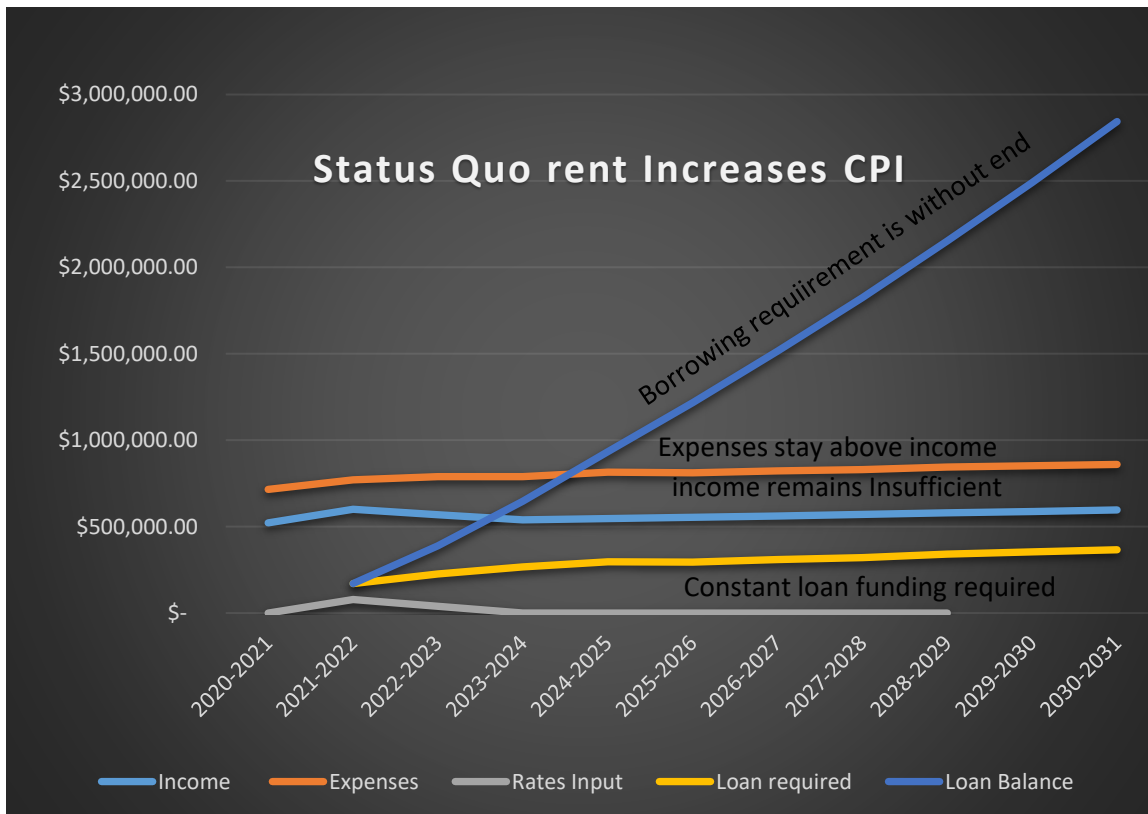
Advantages:

- Council will still be employed in the engagement of the service.
- Employees engaged in service provision will remain employed.
- No change means no short term uncertainty for tenants concerned about their tenure.
- Rent increases for tenants remain small therefore are unlikely to generate significant negative publicity. They will remain at around 23% of National Superannuation.

Disadvantages:

- With current low rent levels, income will remain insufficient to effectively operate and maintain the Elderly Housing Portfolio.
- Insufficient income will mean continuing draw down and eventual exhaustion of the EPH property reserve fund.

- Required outstanding capital works will remain incomplete meaning a gradual decline of overall quality standards.
- The reducing overall standard in the portfolio will necessitate further future planning to rectify accumulated obsolescence from a less favourable position than at present.
- Any future discussions about joint venture cooperation or possible outsourcing of the service will be negotiated from a less favourable position than what would be possible under the modified Status Quo example.
- Councils cost of management is high relative to other property management benchmarks.



Graph Key Points:

1. **Expenses** rise faster than CPI Inflation
2. Income never achieves **self-funding** level
3. The requirement to keep borrowing is without end

Year	Income	Expenses	Rates Input	Loan required	Loan Balance
2020-2021	\$ 521,897.00	\$ 715,584.00	\$ -		
2021-2022	\$ 600,601.30	\$ 771,232.00	\$ 78,533.00	\$ 170,630.71	\$ 170,630.71
2022-2023	\$ 569,177.32	\$ 788,619.00	\$ 39,278.00	\$ 226,266.91	\$ 390,072.39
2023-2024	\$ 538,824.81	\$ 789,583.00	\$ 977.00	\$ 266,634.10	\$ 647,655.80
2024-2025	\$ 545,915.53	\$ 815,344.00	\$ -	\$ 295,969.74	\$ 932,960.18
2025-2026	\$ 554,104.26	\$ 811,407.00	\$ -	\$ 295,682.80	\$ 1,216,804.19
2026-2027	\$ 562,415.82	\$ 822,242.00	\$ -	\$ 310,033.55	\$ 1,515,010.43
2027-2028	\$ 570,852.06	\$ 829,748.00	\$ -	\$ 321,504.65	\$ 1,824,113.74
2028-2029	\$ 579,414.84	\$ 844,744.00	\$ -	\$ 340,798.06	\$ 2,152,051.61
2029-2030	\$ 588,106.06	\$ 852,408.00	\$ -	\$ 353,402.76	\$ 2,491,822.44
2030-2031	\$ 596,927.65	\$ 860,055.00	\$ -	\$ 366,364.28	\$ 2,844,050.61

2. Modified Status Quo with accelerated rent increases (Recommended Option)

Consideration	Analysis
Financially Viable Sustainable	This option provides a path for the Elderly Housing Portfolio becoming financially self - supporting after a period of between 5 to 7 years, depending on the roof repair / replacement option for units 1-16 Friendship Lane that is adopted. Council housing does have high costs of management due to the requirement to support non income producing functions of Council.
Ability to meet future demand	This option does not specifically target the provision of new warm dry fit for purpose housing but will provide a better foundation in order to do so if the decision to pursue this is made in the future.
Access to Government Funding	Nil access to IRRS (Income related rent subsidy) funding. Individual (single) tenants become eligible to receive the Accommodation Supplement (AS) if they possess less than \$8100.00 in savings and rent payable is more than \$110.00 per week.
Likely Tenant Satisfaction	Minimal change to tenant satisfaction in the short term. Rent increases above CPI will need to be carefully managed in order to educate tenants regarding their entitlements to Government support. Some dissatisfaction about this approach however can be anticipated. With good results from most recent EPH satisfaction survey, continued effort from EPH staff should see continued good levels of client satisfaction.
Service delivery	Very little change to the already good levels of service that tenants receive but with increasing income levels ADC staff will be better resourced to provide a better level of service including more reactive maintenance and cyclic renewals / upgrades.
Staff Impacts	Minimal staff impacts expected some additional time may need to be set aside in assisting tenants with requests for information and informing them of how this option affects them.
Implementation Plan	<p>Policy Staff to initiate the discussion by supplying information on the proposed changes. Property Team staff have engaged with Work and Income in order to ensure accurate information is being given to tenants to assist them to apply to receive Accommodation Supplement (AS). ADC staff already provide an annual letter to tenants that provides the relevant information that Work and Income will require.</p> <p>Most client interaction with Work and Income is now done online therefore this needs to be considered when advising tenants on navigating the changes.</p>
Future Flexibility	This option provides a solid platform for delivering the EPH service into the future given the steady increase in operational funding it will deliver.

Consideration	Analysis
	With increased income the ADC will have more options in terms of service delivery, maintenance, capital upgrades and perhaps even the provision of new warm dry fit for purpose housing.
Governance and Funding	Increasing rents at a faster rate than inflation is the only way in which the EPH portfolio will return to a self - funded service. ADC will be in the best possible position to decide on the best fit in terms of a service delivery model when the service is reviewed again in 3 years.
Summary Assessment	<p>This option provides a path to a self - funded service that will eventually not be reliant on funding from additional sources. Council will need to decide how close to market rent they are prepared to go. This option is not without its challenges however, with public perception of above CPI rent increases likely to be viewed unfavourably by some members of the public. In addition, for this option to be successful Council staff need to complete the necessary rent reviews in an efficient, complete and timely manner.</p> <p>Overall this option provides a path to retaining the service with assets maintained to a good standard.</p>

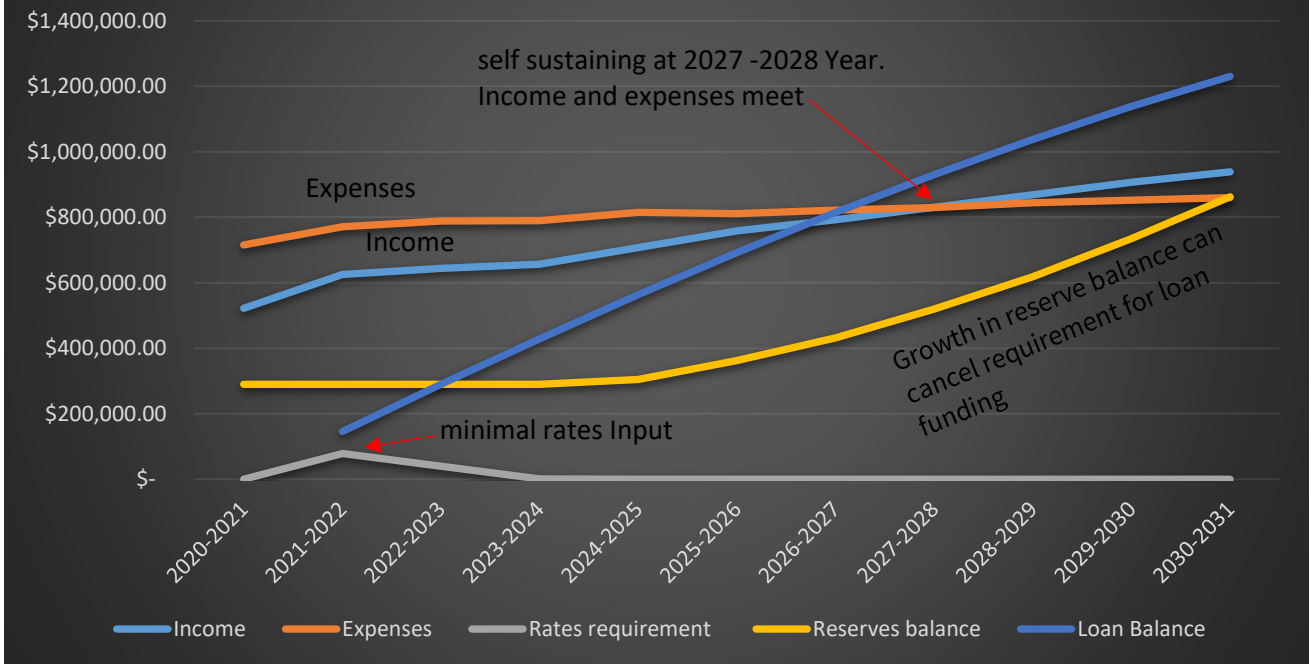
Advantages:

- This option provides a clear path to a self - funded model in which the EPH portfolio eventually becomes financially self – sufficient, with \$290,000 remaining in the EPH reserve fund.
- It is a simple model and will be relatively simple to implement.
- It may deliver surplus income in future that may potentially be directed into new warm dry housing or other suitable initiatives.
- Small increases in rent across the portfolio combine to deliver large gains in annual operating income.

Disadvantages:

- This option may be viewed by some as being unreasonable and targeting our most vulnerable residents unfairly if they are not fully aware of how the accommodation supplement works.
- A comprehensive public information campaign will be required in order to educate tenants onto the reasons for the change and what the impacts on them will be. It will also require a change of Policy as the present rent charging policy stipulates CPI related rent increases.
- Whilst this method does provide a path to self – funding, it still requires a significant rates and reserve fund input for number of years as the portfolio is upgraded.
- It will require a persistent implementation programme by committed staff for a number of years in order for it to be successful.
- Councils cost of management is high relative to other property industry benchmarks.

Option 2 modified Status Quo \$20.00 Initial Increase then \$10.00 per year thereafter



Graph Key Points:

1. **Reserve funds** are not utilised and actually start increasing in 2025
2. **Rates input** is minimal and ceases completely, mid - way through 2024
3. **Income** increases at a slightly higher rate than expenses and eventually achieves **self- funding** in a 1 year shorter timeframe than with a \$10.00 initial increase.
4. Option to cease loan funding in 2028.

	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031
Income	\$ 521,897.00	\$625,623.32	\$ 643,724.32	\$ 656,799.32	\$ 707,198.32	\$758,574.32	\$ 792,738.32	\$ 830,750.32	\$ 868,918.32	\$ 907,242.32	\$ 938,702.32
Expenses	\$ 715,584.00	\$771,232.00	\$ 788,619.00	\$ 789,583.00	\$ 815,344.00	\$811,407.00	\$ 822,242.00	\$ 829,748.00	\$ 844,744.00	\$ 852,408.00	\$ 860,055.00
Rates requirement	\$ -	\$ 78,533.00	\$ 39,278.00	\$ 977.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserves balance	\$ 290,000.00	\$290,000.00	\$ 290,000.00	\$ 290,000.00	\$ 304,308.28	\$362,593.60	\$ 432,286.92	\$ 520,161.24	\$ 618,636.56	\$ 735,072.88	\$ 862,482.20
Loan Balance		\$145,608.00	\$ 290,504.00	\$ 429,112.32	\$ 563,418.45	\$692,175.07	\$ 814,614.35	\$ 930,103.05	\$ 1,038,133.29	\$ 1,138,288.58	\$ 1,230,118.04

2a: Provision of a Limited stock of new warm Dry Housing whilst targeting the most obsolete properties or excess land for disposal.

Consideration	Analysis
Financially Viable and Sustainable	With current low financing costs and growing demand for warm dry housing and the ability to charge near market rents for new stock this option is worthy of consideration. Based on a rent of \$185.00 per week and a completed build price of \$2900.00 - \$3000.00m2 for a 52m2 unit these units can be built for approx. \$155,000.00. (Financing cost of approximately \$90.00 per week). A local building company as part of a Nationwide brand has indicated they may be prepared to finance any future build during construction with payment on completion. Council does however have a high cost of management compared to other property management benchmarks.
Ability to meet future demand	With analysis clearly showing demand is growing, it is unlikely that any small addition to the Elderly Persons Housing stock will satisfy future demand. That said this type of development would likely be in strong demand due to its quality and limited quantity.
Access to Government Funding	Under current governance arrangements there is no Government funding available for Council housing providers. Only Community Housing Providers, Or Kāinga Ora.
Likely Tenant Satisfaction	Likely tenant satisfaction would be high given the brand new nature of the accommodation provided.
Service delivery	No change to service delivery.
Staff Impacts	Little change to impact on staff, however less time will need to be spent arranging for maintenance for newer stock.
Implementation Plan	The small scale of this option means it will be straightforward to implement without the need for additional staff or resources.
Risks / Issues	Significant movement with interest rates / financing costs could pose a risk to the long term financing of this project. An initial rent of \$185.00 per week, whilst affordable for a super annuitant tenant in receipt of the Accommodation Supplement is significantly higher than what other Ashburton District Council tenants would be paying. Under this option rents for other Council Properties will be rising at \$10.00 per unit per year therefore the gap in rents charged will close which some tenants may see as unfair given the difference in amenity offered between old and new units.
Future Flexibility	This type of development due to its small scale would be very flexible if a future service delivery model was chosen in the future eg: lease, sale or joint venture partnership.
Governance and Funding	No change to Governance model under this option. Debt funded with possible contribution from some property disposals or other entrepreneurial activities undertaken by ADC property team.

Consideration	Analysis
Summary Assessment	Whilst unlikely to be done on a scale which will make a meaningful difference to the supply of Elderly Persons Housing in Ashburton, it is nonetheless a worthwhile and financially feasible project which would reflect well on Council showing a commitment to catering for elderly vulnerable people in the district.

Advantages:

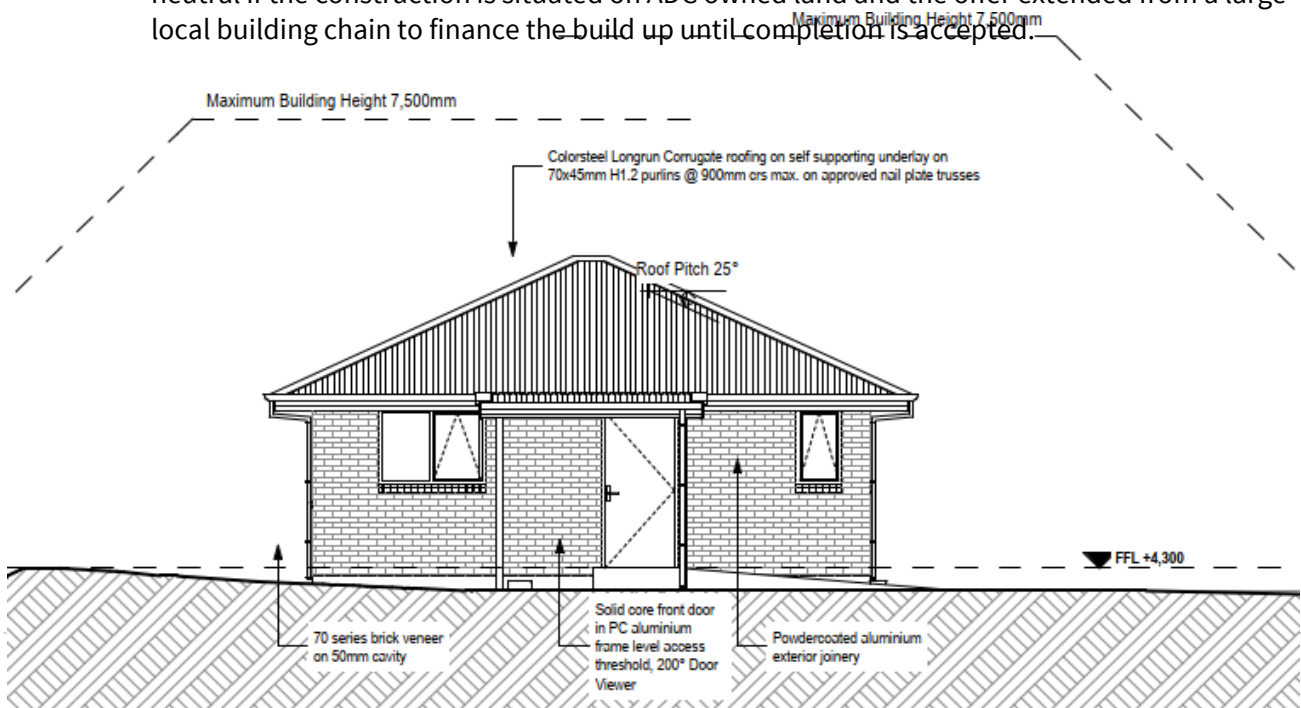
- This project is able to be conducted with a minimal financial outlay and will be financially self-supporting from the outset.
- The public perception of this project would be positive seeing Council providing high quality housing for our most vulnerable elderly residents.
- It makes good commercial sense to cycle obsolete properties from the portfolio and to replace with new fit for purpose stock when it is financially feasible to do so.
- This option may act as an initiator for future developments of a similar nature.
- If the future situation changes a development of this nature should be easily saleable onto the open market or to another community housing provider or private buyer.

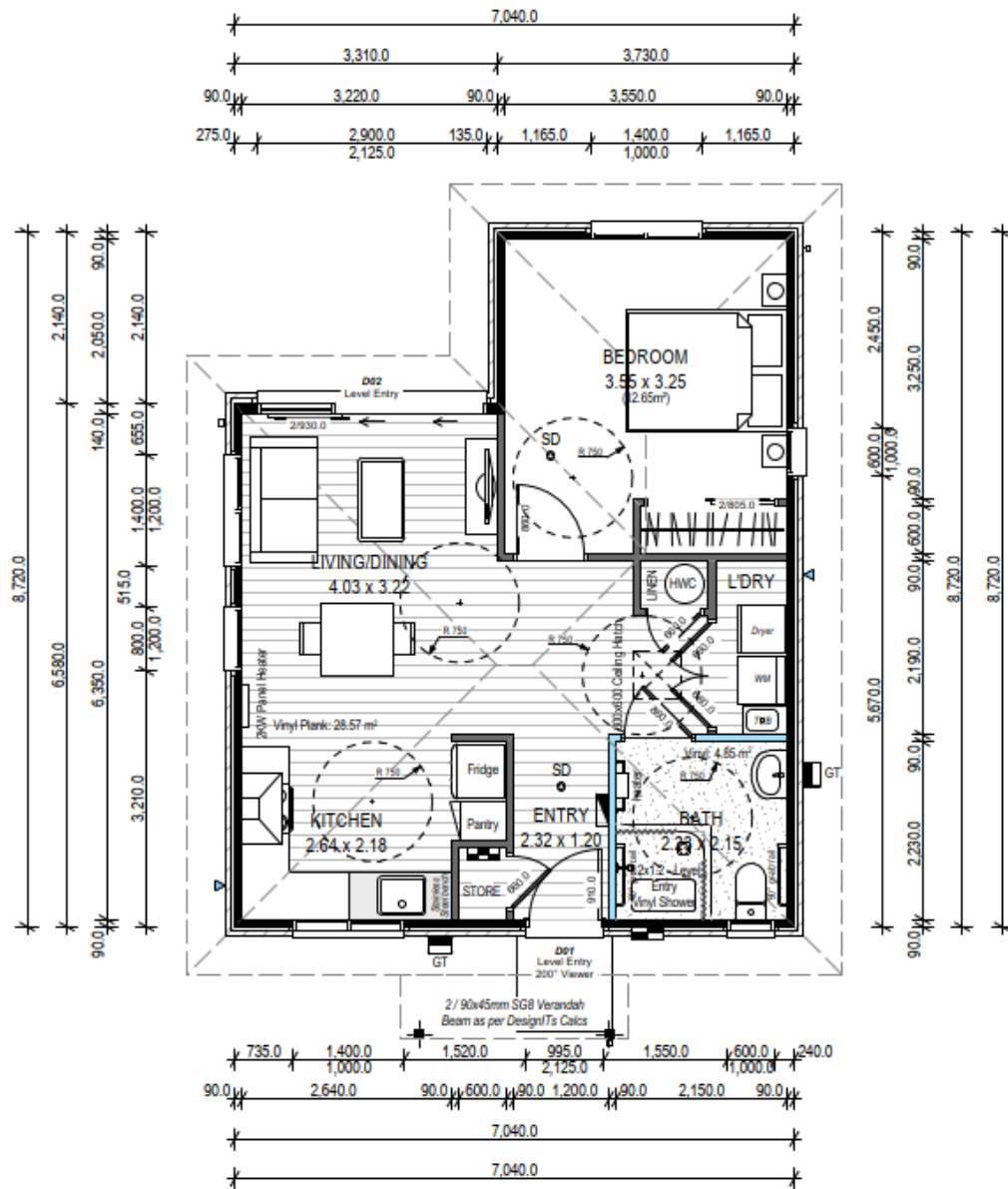
Disadvantages:

- This option may potentially direct resources away from other badly needed competing projects or the upgrading and maintenance of existing stock.
- This option may signify a long term commitment to delivering the EPH service. Council may be unwilling to signify a lengthy commitment at this time.
- This will create 2 separate grades of stock which may create issues of fairness when setting rents.

This would need to be carefully managed.

Please Note: Detailed financial analysis on this option is not required as this activity will be largely cost neutral if the construction is situated on ADC owned land and the offer extended from a large local building chain to finance the build up until completion is accepted.





Example 52m² Single bedroom unit built for Housing New Zealand by Mike Greer Homes Ashburton

3. Partnering with an appropriate organisation to outsource the Governance and delivery functions of the portfolio whilst retaining some strategic involvement.

Consideration	Analysis
Financially Viable and Sustainable	This option would most likely see either a large national housing trust or a smaller local housing trust leasing units from ADC under a Joint venture provision and providing the service delivery function of the Elderly Persons Housing service. This would see Council receive regular lease payments for the portfolio whilst retaining some form of role within the governance function. Negotiation would decide the shape or form of any ongoing routine and capital maintenance liability for Council. Importantly 2 separate organisations have indicated they would be interested in entering into a discussion with Council if the decision is made to opt of out of providing this service. As discussed previously in this report community housing providers (CHP's) qualify for income related rent subsidy from the government which sees community housing providers receive close to market rents for its stock. This have a significantly positive effect on income levels and financial sustainability. The other interested party has a different business model in which charges a rent of 85% - 90% of market rent which see tenants subsidised by the Accommodation Supplement.
Ability to meet future demand	Both of the organisations who have indicated an interest in discussing a potential partnership or collaboration with ADC Elderly Persons Housing are currently involved in the development of new warm dry fit for purpose stock. Though differing in scale both organisations demonstrate an ability to plan, fund and manage the construction of new Elderly Persons Housing stock or normal public housing stock in Ashburton and Christchurch.
Access to Government Funding	The large Christchurch Based Housing Trust has access to Government Income related Rent subsidy funding. This funding is available for tenants sourced from the social housing register. It must be pointed out however that Government need to approve the funding of new IRRs tenancies and other parts of New Zealand with higher levels of deprivation and demand may receive a higher priority for the available funding.
Likely Tenant Satisfaction	Initially it is likely that there will be a settling in period during any change to service delivery of the Elderly Persons Housing Service. This is likely to result in some apprehension from existing tenants who may have built relationships with existing providers. With Council remaining in some degree of Governance or over seeing role it is likely any new service provider will be aiming to deliver a degree or standard of service comparable or superior to what was available previously.
Service delivery	Initially some teething problems would be expected, however over time the better resourced community housing provider or trust should be in a better position to deliver a high degree of service.
Staff Impacts	This change would see the disestablishment of the Elderly Persons Housing service in Ashburton District Council. This would most likely result in the re -

Consideration	Analysis
	assigning of staff within the Property Team or the larger Council staff as roles opened up via natural attrition.
Implementation Plan	Would need to be carefully handled with a detailed plan for notifying tenants of potential service delivery changes. It is likely this would initiate significant stress and uncertainty on vulnerable tenants whose primary concerns would be their future security of tenure and quality of life. Council retaining some governance related function would provide some reassurance to concerned tenants.
Risks / Issues	That the selected organisation does a poor job of the service delivery and Council is called upon to investigate and provide solutions as part of the governance function.
Future Flexibility	Flexibility would be limited under the terms of the partnership agreement.
Governance and Funding	Council would remain holding a role in the governance function providing an advocacy for EPH tenants if required. Depending on the organisation chosen e.g.: Community Housing provider, Government funding would commence being available for new tenants sourced from the housing register. In the case of a local housing trust a rent closer to market would be charged therefore more income funding would be available for service delivery, repairs and updates.
Summary Assessment	<p>From a funding perspective this is one of the best long term options for Council.</p> <p>With a Community Housing Provider able to claim Government funding they will be in the strongest financial position to deliver a quality service.</p> <p>In addition, regular lease payments would be paid to Council for the Lease of the housing assets. If a similar agreement to the Christchurch example was adopted, this would see lease payments retained by Council in order to provide funding for maintenance and CAPEX. Amounts greater than that received by lease payments are not able to be claimed by the lessee.</p> <p>There is no guarantee however that the Government would agree to deliver the 104 new IRRS placements that this method would require over time. This would be discussed at the time of initial discussions with the chosen service provider.</p>

Advantages

- This is a proven and increasingly popular method used by other local authorities to ensure the sustainable future delivery of Elderly Persons Housing services and to minimize their own liability in providing this service, through the new provider access to government funding.
- Government funding isn't only limited to the provision of funded IRRS places, it can also be used to encourage the provision of new warm dry housing stock where it is needed most.
- Additional funding creates opportunities to deliver a higher level of service.

- Passive income to Council generated by lease payments. Although these are retained for maintenance and CAPEX.

Disadvantages

- This significant change would be the source of uncertainty for many of our elderly tenants.
- There is likely to be negative publicity as people voice their concerns and fears publicly.
- To qualify for IRRS (Income Related Rent Subsidy) funding, tenants are sourced from the public housing register which may result in incompatible tenants being placed alongside elderly and vulnerable tenants.

4. Outsourcing the day to day management to a professional provider whilst retaining an interest in maintenance and capital upgrades utilizing existing service providers.

Condition	Analysis
Financially Viable and Sustainable	<p>This option would deliver a saving to Council due to the nature of some of the current expenditure which is excessive in relation to the size of the portfolio. These Include:</p> <ol style="list-style-type: none"> 1. \$150,000 on property recoveries. (Staff time and salaries delivering the service). 2. \$20,000 on Treasury. (A contribution toward the financial accounting functions of Council). 3. \$20,000 on Community Relations. (A contribution toward Policy and Community relations functions of Council). 4. \$2,000 on Business support. (A Contribution toward the business support function of Council). <p>If the above recoveries were no longer chargeable to the Elderly Housing budget they would need to be charged elsewhere within Council operational budgets.</p> <p>To be sustainable rents would need to be increased yearly in accordance with option 2 of this report, (\$10.00 per week, per unit, per year). This option whilst delivering a cost saving initially would likely be minimal in that a service above that of a normal property manager / tenant is required and would therefore require a higher management fee. If a standard management fee at the rate of 7.5% + GST was adopted and the income level was \$600,000 per annum the applicable fee would be \$51,750.00 per annum.</p>
Ability to meet future demand	If the portfolio was to grow then the management function would be able to adapt accordingly.
Access to Government Funding	No access to government funding. Individual tenants can access Accommodation Supplement (AS) as certain rent thresholds are met.

Condition	Analysis
Likely Tenant Satisfaction	Tenants are likely to be initially pessimistic regarding any change in service delivery model. But this would likely change if the new provider delivers good service.
Service delivery	This would depend on the agreement with the new service delivery provider on the level of service expected. If a purely tenancy management model is adopted then a Pastoral Care element may be contracted to an applicable organisation. As an example Waitaki District Council contract the Dunedin and Oamaru branches of Age Concern to conduct Bi annual welfare checks on all of its elderly tenants and providing a report to the Property Manager. Where issues are identified with elderly tenants these branches of Age concern initiate the relevant assistance requests to the relevant organisations. The applicable cost the Ashburton District Council to conduct a similar service would be \$5,000.00 - \$7,000.00 per annum.
Staff Impacts	This option would see staff involved in the provision of this service re- assigned to other duties. Staff involved in the maintenance and other associated tasks would continue as normal.
Implementation Plan	A public information campaign would be necessary in order to educate tenants on the service delivery changes.
Risks / Issues	Any service delivery provider offering a standard tenancy management service might expose Council to some poor publicity if the service delivery falls short of tenant expectations.
Future Flexibility	Depending on contract arrangements but able to be terminated in a reasonable timeframe if a better alternate option does become available. As an example Nelson District Council had a contract with OPUS to deliver their EPH service for a total of 9 years. This was followed by the Nelson Tasman Housing Trust who took over the contract in 2017. They have now recently sold their entire portfolio to Kāinga Ora.
Governance and Funding	In this situation The Commercial Property team would maintain visibility over the portfolio with Council involved in key decision making. The key decision on whether to increase rents by CPI or to make meaningful increases in line with option 2 in this report will have major impacts on the financial feasibility of this and most other options discussed.
Summary Assessment	Research shows based on other local authority experience is that this option is no more than a temporary option and doesn't address the main issue facing local authorities in providing housing for the elderly. Local authority housing's inability to access government funding is its main barrier to providing well maintained fit for purpose housing in an increasingly regulated environment. Therefore this option whilst having the potential to provide some benefit is not seen as the preferred option.

Advantages:

- This option may deliver a saving in management costs over the current Council service delivery model.
- Savings may be directed into maintenance or upgrading of units who require them over time.
- This option does have the flexibility to be changed if it does not provide the benefits that were anticipated at the time of review.

Disadvantages:

- Savings made may be negligible given that providers who are required to provide a service over and above what is required of a normal tenancy manager will need to charge for that additional service accordingly.
- Council will still be required to provide repair, maintenance, upgrade and governance services meaning Council are still heavily involved in the provision of the service.
- Council staff currently involved in the Tenancy management function of this service would require to be reassigned.

5. Sale of Portfolio to Community Housing Provider or Kāinga Ora

Condition	Analysis
Financially Viable and Sustainable	This option would provide an immediate injection of cash to Council that could be used for other projects or additional housing. In a similar deal to this option Nelson City Council sold its portfolio of 142 community housing units to Kāinga Ora for \$20.0m. \$12.0m from the proceeds of that sale to be held in a Housing reserve to support affordable and social housing projects in Nelson. The remainder of the money will be held back for retrofits, renewals and rent top ups. This example shows a commitment from Nelson City Council to ensure that equity released from the sale of their Elderly Persons Housing Assets continue to benefit the public. The Purchaser, as a Community Housing provider qualifies for the Income related rent subsidy (IRRS) which sees the Housing provider paid a rent close to market rent for tenants who are sourced through the MSD waiting list. Over time operating income will increase for the new provider as existing grand parented tenancies end and new MSD sourced (IRRS) tenants. This level of annual operating income will eventually be far in excess of what a local authority housing provider would be able to generate.
Ability to meet future demand	Under this option there is a higher likelihood of the addition of new warm dry fit for purpose housing stock, than the current status quo example. One of the key factors used by Kāinga Ora in determining the suitability of an existing housing portfolio for acquisition is its redevelopment potential. A ratio of 3:1 is preferred in terms of possible density on an existing site.
Access to Government Funding	As a Community Housing provider or Kāinga Ora these organisation qualify for government funding, not just for (IRRS) but also grants for new fit for purpose stock in areas where it most needed.

Condition	Analysis
Likely Tenant Satisfaction	This option would generate some negative feedback from worried tenants about their future security of tenure and the potential for sensitivity issues as clients from the MSD waiting list commence being housed amongst existing Council EPH tenants. With priority for housing going to clients demonstrating the highest need the chances of incompatibility among new IRRS placements and existing EPH tenants is high. An education campaign to educate tenants on potential service delivery changes would be required but may be viewed with some scepticism.
Service delivery	With a significant presence in Ashburton, Kāinga Ora Housing managers should be in a position to deliver a reasonable degree of service to existing EPH and new IRRS tenants. It would be reasonable to expect some teething issues however during the transition period between one provider and another.
Staff Impacts	ADC staff currently involved in the provision of the EPH service would require to be reassigned.
Implementation Plan	A significant public information campaign would be required over a period of time. A collaborative approach between ADC and Kāinga Ora Staff would be required to manage and reassure current tenants that they will not be adversely affected by future service delivery changes.
Risks / Issues	This option would most likely result in some adverse publicity for Council due to preconceived ideas about what a service delivery provider change to Kāinga Ora will mean for existing tenants.
Future Flexibility	Once sold to an alternate provider, limited flexibility exists.
Governance and Funding	The Governance function would no longer belong to ADC however funds gained from the sale of the assets may be used to explore the option of providing more warm dry fit for purpose housing stock.
Summary Assessment	<p>Whilst on face value this option appears worthy of consideration, discussions with both Kāinga Ora and the Ministry of Housing and Urban Development indicate that this type of arrangement may not be viewed by Kāinga Ora particularly favourably given that;</p> <ol style="list-style-type: none"> 1. The Governments Public Housing Plan reflecting budget 2020's commitment to delivering a further 8000 public and Transitional housing placements, does so with the emphasis on new stock rather than existing. 2. The 2018 – 2022 Public Housing plan intended to deliver an additional 5 public housing places in Ashburton during that period. <p>As at 30 September 2020, 10 had been delivered. This gives an indication of the scale that Kāinga Ora wish to pursue in terms of supplying new public housing places in Ashburton.</p>

Condition	Analysis
	They also indicated that there are currently 53 applicants on the Housing register for Ashburton.

Conclusion

Which of the above options is most cost effective?

Option 5: The sale of the Ashburton District Council Elderly Housing Portfolio would require the least amount of financial input from Council and cease the requirement from further funding. It is likely however due to the condition of a selected number of the units that a potential purchaser would require a significant discount on purchase price to allow for cost of refurbishment. Offering a potential purchaser a significant discount on this strategic asset may not be in the best financial interest of Ashburton District ratepayers.

Option 3: Partnering with an appropriate organisation to outsource the Governance and delivery functions of the portfolio whilst retaining some strategic involvement may deliver savings initially on the recommended option within this report. Particularly if the organisation was a Community Housing Provider (CHP). Any agreement is likely to require ADC to retain some or all received lease payments to be utilised for routine and capital maintenance. Under this option upgrades and routine maintenance outlined in this report are likely to be still attributable to ADC.

Recommendation of this Service Delivery Review

Option 2: A modified version of the Status Quo which will gradually increase income levels to a sustainable level and allow for required upgrades and maintenance. This option does require a period of general rates input and some further drawing of property reserve funds however. The majority of the increase in rental charges will be subsidised by tenants now being entitled to the Government Accommodation Supplement. The benefits of this method are twofold:

1. It allows for the ADC Elderly housing portfolio to achieve a level of sustainability that will enable it to continue to provide vulnerable residents with a home if they cannot provide one for themselves. It will be able to eventually do so with adequate resources whilst not requiring continuous input from ADC ratepayers.
2. It will remove a lot of uncertainty of Elderly vulnerable tenants who will view any service delivery change as a potential threat to their security of tenure and quality of life. They will continue to receive a good quality service that will be adequately resourced to meet their needs.

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11. Library & Civic Centre Project Control Group – revised terms of reference

Author *Phillipa Clark, Governance Team Leader*
GM Responsible *Hamish Riach; Chief Executive*

Summary

- The purpose of this report is for Council to adopt revised terms of reference for the Ashburton Library & Civic Centre Project Control Group (PCG) to include governance oversight of the Baring Square East upgrade.

Recommendation

- 1. That** Council adopts the amended Library & Civic Centre Project Control Group Terms of Reference (2021), attached as Appendix 1.

Attachment

Appendix 1: Ashburton Library & Civic Centre Project Control Group terms of reference

Background

Current situation

1. The PCG was established to administer and oversee the new library and civic centre project. More recently, the upgrade of Baring Square East (BSE) has become aligned to the building project with detailed design for the Baring Square Masterplan being progressed.
2. BSE sits opposite the new library and civic centre. Due to significant coordination and overlap with the main building works, Council wishes to include the project governance of the BSE upgrade within the Terms of Reference for the Library & Civic Centre Project Control Group.
3. Council has contracted Athfield Architects as the lead designer for the building project and also for the Baring Square Master Planning. The detailed design and construction is moving forward and more formal reporting on the BSE project is required.
4. The functions and responsibilities will remain the same. The PCG will be responsible for monitoring the strategic direction of both projects and will ensure that the BSE upgrade is aligned with the Library and Civic Centre project.
5. The PCG has limited delegated authority. In carrying out its governance responsibilities the PCG will continue to have particular regard to evaluating and recommending preferred suppliers for key roles, having input into design, and ensuring any variations within the budget and contingency provisions are reported to Council.
6. The revised Terms of Reference are set out in Appendix 1.

Options analysis

7. It is recommended that Council adopts the revised Terms of Reference. There are clear synergies between the building and BSE projects and a benefit to the PCG having governance oversight of both.
8. Council could further review or choose not to adopt the revised terms of reference. The PCG has limited delegated authority and would not be prevented from undertaking its oversight role and making recommendations to Council without terms of reference.

Legal/policy implications

9. The PCG will operate in accordance with the requirements of the Local Government Official Information & Meetings Act 1987. As its membership includes staff, it is technically a subcommittee.
10. The PCG reports directly to Council. Council's delegations manual sets out the expectations of subcommittees, and the PCG fulfils the primary purpose of investigating and reporting, with recommendations if appropriate, on matters referred from Council.

Financial implications

11. The Project Management financial reports will distinguish between the two projects. Council has budgeted the new building costs within the Commercial Property activity area and the Baring Square East upgrade is currently budgeted in the Open Spaces activity area.

Requirement	Explanation
What is the cost?	There is no cost for this review as it has been conducted internally within existing work programmes
Is there budget available in LTP / AP?	Yes
Where is the funding coming from?	Operational costs are met from the Governance budget.
Are there any future budget implications?	No
Finance review required?	No – there are no financial implications

Significance and engagement assessment

Requirement	Explanation
Is the matter considered <i>significant</i> ?	No
Level of significance	Low
Level of <i>engagement</i> selected	Inform – the community will be informed of the changes through this report
Rationale for selecting level of engagement	Community input is not required.
Reviewed by Strategy & Policy	Richard Mabon, Senior Policy Advisor

Library & Civic Centre – Project Control Group

Terms of Reference

DRAFT REVISED (Baring Sq East project)

Purpose and Scopes

The purpose of the Project Control Group is to provide oversight and direction to the Library and Civic Centre project and the Baring Square East upgrade for all phases of these projects.

Membership

Membership of the Project Control Group comprises:

- Mayor, Neil Brown
- Deputy Mayor Liz McMillan
- Cr Leen Braam
- Cr Diane Rawlinson
- Hamish Riach (Chair)
- Paul Brake (Deputy Chair)
- Colin Windleborn (ADC Property Manager)
- Shaun Pont (Development Project Manager)

The quorum is two Councillor members and two Council staff.

Responsibilities

The responsibilities are as follows:

- Monitor the strategic direction of the two projects and ensure alignment with the Project Execution Plan and Objectives.
- Provide governance for the Projects and provide assurance to Council. Ensure that Council approval is sought where required.
- Ensure the approach and project are well understood across the organisation and ensure integration between the projects and with other areas of Council.
- Review the status and progress of the projects including monitoring of the financial status against agreed budgets.
- Monitor issues and risks with the projects and ensure these are being actively managed and resolved. Provide a forum where escalated issues can be discussed.
- Ensure the Baring Square East Upgrade project is co-ordinated effectively and efficiently with the Library and Civic Centre project.

Delegations

The Project Control Group is delegated to:

- Carry out the evaluation and recommendation of a preferred supplier for key roles within the projects - Development Project Manager, Library Specialist, Architect/Design/Engineering Consultant, Construction Contractor.
- Input into the design; and management of wider Councillor input into design during the design phase.
- Recommend the final design to Council.
- Prepare and recommend total budget provision breakdown.
- Approve any variations within the budget and contingency provisions, to be reported to Council.
- Establish a stakeholder relationship with the Methodist Church to ensure their project timelines and obligations are met.

Meeting Frequency

The Project Control Group will meet on a monthly basis. This may get extended, subject to PCG approval, to every two months during agreed periods.

Meetings shall be booked at least a month in advance. The meeting agenda shall be prepared by the Project Lead and distributed at least 5 days in advance of the meeting. Minutes of the meeting will be issued within one week of the meeting.

The Project Control Group may invite additional persons or parties to meetings as necessary to discuss matters of relevance to that person or party's expertise.

Reporting

The Project Control Group will report to full Council. Key reporting requirements will be:

- Status updates, including financial projections, on the projects. ~~at three monthly intervals~~
- Recommend to Council the awarding of contracts for the roles of Development Project Manager, Library Specialist, Architect/Design/Engineering Consultant, Construction Contractor
- In addition, the Project Control Group will manage the input of full Council into the early design phase through a design workshop (or similar) and then sign off the agreed design prior to the construction phase.

Term

The Project Control Group will continue in its role until three months after the delivery of the Phase 2 work.

Date Adopted:

January 2020

Revised TOR to be adopted by Council on 3 March 2021

12. Mayor's Report

1. Canterbury Mayoral Forum/Regional Transport Committee Freight Tour

Myself and CE Hamish Riach, along with the Canterbury Mayors and the Chair and Deputy of the Regional Transport Committee, attended a two day freight tour of Canterbury on 18/19 February. A field day held on the first day looked at the infrastructure at Christchurch International Airport, Lyttelton Port Company and Sorted Logistics located at the Rolleston inland hub. We then travelled to the Timaru Port and looked at their facilities.

A very interesting tour explaining the logistics and how it could be done better. The ideas will feed back into the Regional Land Transport Committee to see where they can help facilitate improvements with the movement of freight through air, rail, sea and road efficiencies and the saving of carbon being pumped into the atmosphere.

Mayoral Forum topics:

- A Mayoral workshop to look into the future of local government is scheduled for 19 March.
- If 3-Waters is removed from councils – what will the future of Local Government look like?
- 3-Waters review – there is not enough information for councils to make informed decisions. There is uncertainty and visions are unclear around Council.
- Ngāi Tahu presented to the forum and we are exploring ways on how we can work together on the water review. Good progress is being made in this space.
- I presented on the National Policy Freshwater statement and what Council is doing in this space. Waimate Council have also commissioned a report on the impact in their community and will share the report once it is complete. Christchurch City Council are investigating the possibility of commissioning ChristchurchNZ to prepare a report showing the impact for the city.

2. 2020 John Grigg Scholarship

Ashburton College has advised that at their 2020 Year 13 Graduation Ceremony the John Grigg Scholarship was awarded to Penny Stilgoe. Penny is studying at Lincoln University undertaking a Bachelor of Agricultural Science degree.

3. No. 24 Ashburton Squadron, Air Training Corps

Members of the No. 24 Ashburton squadron, Air Training Corps will join the meeting to be presented with the District of Ashburton Charter. The Charter, while mostly symbolic give the squadron the right to parade the streets on occasions such as Anzac Day and Armistice Day.

4. Rural and Provincial Sector

The next Rural and Provincial sector meeting is scheduled to be held in Wellington 5/6 March and will be attended by myself, Deputy Mayor Liz McMillan and CE Hamish Riach. A report from the meeting will be provided at the 17 March Council meeting.

5. Meetings

- **Mayoral calendar**

February 2021

- 18 February: Regional Transport Committee Freight Tour, Christchurch with CE Hamish Riach
- 19 February: Canterbury Mayoral Forum with CE Hamish Riach
- 19 February: Hokonui radio interview
- 19 February: Regional Transport Committee Freight Tour, Timaru with CE Hamish Riach
- 22 February: Lower Rakaia River Rating District Liaison Committee
- 23 February: ADC/ECan Liaison Meeting
- 23 February: Ashburton Water Management Zone Committee
- 24 February: Council Agencies six monthly reports
- 24 February: Council Workshop
- 24 February: Methven residents meeting
- 25 February: Alister Lilley
- 25 February: Covid-19 Economic Recovery Advisory Group
- 26 February: Dave Harrison – Beef + Lamb NZ
- 26 February: CECC – Lunch with Reserve Bank of NZ Governor with Councillors John Falloon, Angus McKay and Stuart Wilson.

Recommendation

That Council receives the Mayor's report.
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Neil Brown

Mayor