

COMMUNITY, RECREATION AND CULTURE COMMITTEE AGENDA

FRIDAY 15 MARCH 2013

AT 1PM

IN COMMITTEE ROOM 1, CIVIC OFFICES, 53 HEREFORD STREET

Committee: Councillor Yani Johanson (Chairperson),
Councillors Peter Beck, Helen Broughton, Tim Carter, Barry Corbett, Jimmy Chen, Jamie Gough,
and Glenn Livingstone (Deputy Chairperson).

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- PART A - MATTERS REQUIRING A COUNCIL DECISION**
- PART B - REPORTS FOR INFORMATION**
- PART C - DELEGATED DECISIONS**

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1. APOLOGIES

Councillor Peter Beck.

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2. FACILITIES REBUILD PROGRAMME SOCIAL HOUSING ACCELERATED PROGRAMME

General Manager responsible:	General Manager Community Services, DDI 941-8534
Officer responsible:	Unit Manager Community Support
Author:	Scott Bennett, Programme Manager – Facilities Rebuild Social Housing

PURPOSE OF REPORT

1. The purpose of this report is to advise the Council on its request to increase the scope of the Facilities Rebuild Social Housing Programme Works Package 1 from 194 units to 300 units in the calendar year 2013. In addition, it will define the partnership opportunities and process along with a description of the Strategic Asset Management Filter.

EXECUTIVE SUMMARY

2. The key challenges and opportunities associated with the Facilities Rebuild Social Housing Programme are as follows:
 - Work Package 1 Increased Scope of Work targets, opportunities and constraints
 - Social Housing Partnerships
 - Strategic Asset Management Filter
 - Delegation Constraints.

Work Package 1 Increased Scope of Work targets, opportunities & constraints

3. During the Social Housing Workshop of Friday 15 February 2013, Councillors requested staff to investigate the challenges and opportunities of increasing the Work Package 1 deliverables to 300 social housing units. Work Package 1 as defined in the Community, Recreation and Culture Committee Report dated 14 February 2013 commits to the following deliverables by 21 December 2013:
 - 70 Closed Unit Repairs
 - 102 Open Unit Repairs
 - 22 New Units via Intensification of existing Housing Complexes.

Additional Closed Unit Repairs Assessment

4. The 70 closed unit repairs of the complexes identified represent a stretch target particularly with Airedale Courts (44 units) and Whakahoa Village (five units) in reaching a timely settlement on the agreed engineering repair methodology and costing with Earthquake Commission and the insurer before seeking approval to proceed with repairs from the Council.
5. The remaining 48 closed unit repairs outside those in Work Package 1 require significant engineering investigation of structural repair options. As many of these units are on TC3 land, they will take a significant amount of time to resolve. While additional closed unit repairs are not feasible within the Work Package 1 timeframes, staff will be seeking to reach an agreed position with EQC/insurers on damage assessments of all these remaining complexes by calendar year end 2013.

Open Unit Repairs

6. The key constraint for open unit repairs is the costs and timing of moving tenants and their contents temporarily out of units to undertake the earthquake repairs. EQC does not cover the costs associated with this process. The costs would normally be covered from the tenant's contents insurance but in the absence of this, it will be an Opex cost to the Council. In addition the process, including tenant notification, is being refined to maximise the repair rates but the agreed 102 open unit repairs represents a realistic interim target.

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7. The other limiting constraint is around the ability of the repairs contractor, City Care to resource up for the open unit repair programme. Historically under the Facilities Management contract, City Care had been performing 120-140 unit redecorations (redecs) per year following unit vacancy but immediately prior to the earthquakes were gearing up for 250-260 redecs per year. On this basis, City Care is confident to target an additional 100 open unit repairs on top of the committed 102 unit repairs.

New Build Units through Site Intensification

8. Work Package 1 includes the building of 22 new units at Maurice Carter Courts (Dundee Place) and Knightsbridge Lane. Approval to proceed is the subject of a separate Council report. Subject to the approval of these units proceeding, it is anticipated similar schemes at Harman Courts (eight units) and Berwick Street (four units) would be brought to Council for approval for construction by year end with targeted completion early in 2014.
9. The real opportunities that yield both a timely and substantive number of replacement units will be from the formation of social housing public/private partnerships.

Summary

10. In summary, staff consider that there is limited ability to exceed the currently planned 70 closed unit repairs by the end of the calendar year but will be targeting to reach a damage settlement with EQC and insurers on the remaining closed units. Staff will be targeting to complete an additional 100 open unit repairs in addition to the 102 unit repairs. Furthermore staff will be targeting to have another 12 new intensification site units under construction by year end in addition to the 22 new planned units.

	Agreed WP 1 Programme	Additional Scope	Total for 2013 Year
Closed Unit Repairs	70	0	70
Open Unit Repairs	102	100	202
New Build Completed	22	0	22
Totals	194	112	294

Social Housing Partnerships

11. As at 28 February 2013, City Housing has 448 closed Social Housing units, 113 of these are within the red zone.
12. The Council have approved staff to develop options around two social housing sites, which when intensified could produce 22 new units back into the portfolio before the end of 2013. Currently staff are exploring a number of other intensification options within the existing portfolio in order to increase this number. Nevertheless site intensification alone is not going to allow the portfolio to return to pre-earthquake levels of service and alternative new build development options available to the Council need to be considered.
13. Through the Facilities Rebuild Programme, City Housing wishes to explore using Public / Private partnerships as an option to rebuild some of the Council's social housing stock. Public / Private partnerships within the Social Housing sector can provide the capacity to achieve what may not otherwise be achieved, in some cases due to a lack of funding or available land.
14. Internationally these types of partnerships are also able to provide a number of housing solutions, such as social, affordable housing, youth housing and market. These types of partnerships may accelerate the Council rebuild process and in conjunction with the Facilities Rebuild Programme (new units from site intensification, repair and rebuild of existing units) restore levels of service in a quicker timeframe with a reduced financial burden on the Council.

2 Cont'd

15. Public / private partnerships can achieve:
- additional Council social housing with reduced Council outlay
 - long term partnerships with similar visions and goals
 - better utilisation of existing land
 - improved scales of economy
 - opportunities for private finance to become involved
 - opportunities to re-develop poorly performing stock
 - create 'Win Win' situations between Council and Public/Private sector
 - greater collaboration
 - promote innovation
 - promote sustainability over the long term
 - opportunities to enable a variety of companies and organisation to assist CCC
 - create affordable housing and other housing types where feasible.
16. The most efficient mechanism for the Council to enter into public / private partnerships that ensures that the necessary level of probity is maintained is to select potential partners via an Expression of Interest (EOI) process. It is intended that the Council would then enter into a Memorandum of Understanding (MoU) with the successful parties identified.

Strategic Asset Management Filter

17. The Strategic Asset Management Filter (SAMF) has been developed as a strategic decision making process for the repair, and rebuilding of the City Housing and Community Facilities Assets.
18. SAMF with respect to City Housing provides a decision making tool on each housing complex where it is rated according to its socio-economic viability (i.e. proximity to services, remaining asset life, accessibility, re-development potential, land zoning, Technical Classification (TC) and contour factors, complex size, standard of housing (including energy efficiency), and cost of consumption/financial performance) as well as its alignment to social housing strategy goals.
19. SAMF has been designed to ensure that decisions made are robust, accountable and provide a clear trail of decision making for audit purposes.
20. Under SAMF there are two clear work streams:
- (a) Social Housing Asset Renewal and Repair Programme
 - (b) Community Facilities Asset Renewal and Repair Programme
21. The SAMF decision making process aligns with the goals of both the Social Housing Strategy 2007 and the Strengthening Communities Strategy 2007. Specifically, the Social Housing Strategy goals of Partnerships (Goal 1), Brokerage and Advocacy (Goal 4) and Managing Demand (Goal 2) all support the concept of working with other entities to share resources and information. This will enable the renewal of ageing stock utilising external resources whilst also adding capacity. Facilitation and resourcing (Goal 6) and service sustainability (Goal 7) relate to SAMF by ensuring robust decision making occurs in respect to levels of service and the subsequent effect on maintaining affordable rental levels/fees. The goal around location (Goal 3) is relevant in that asset retention strategies must allow for future population shift and change, future proofing service provision for years to come. The Strengthening Communities Strategy Goal 5 "Ensuring that communities have access to community facilities that meet their needs" aligns with SAMF decision making processes in that the rebuild and repair decisions provide for choice around proximity, design and type of facilities.

2 Cont'd

Authorisation of Repairs Delegation Constraints

22. The Delegations Register currently delegates to the General Manager Corporate Services and General Manager Community Services, jointly, the authority to:
- (a) repair an existing facility/structure within insurance proceeds where the work will cost less than \$1 million and the cost of the work is less than 50 per cent of a building's total insured value and to accept the insurance settlement for the work completed at least 48 hours before any proposed work starts.
23. Each Social Housing complex is insured on a block by block basis. In a high proportion of the closed unit repairs, the cost of undertaking the repairs will be in excess of 50 per cent of the total insured value due to the repairs typically being of a structural engineering nature. This requires a report to be written to council seeking approval for the repairs which is adding six to eight weeks to the approval process before repairs can be initiated.
24. For the complexes with closed units, there are increasing delays in obtaining engineering resource to evaluate structural damage repairs and in conjunction with the timing of the current council elections, this is placing a significant risk in obtaining approval to proceed with repairs to meet the end of year delivery.
25. To facilitate a faster repair process and reduce delivery risk, it is recommended that the delegation is changed to 100 per cent of a building's total insured value.
25. In addition, all units within a housing block (i.e. the structure) require damage assessment costing before repairs can be undertaken to an individual unit (i.e. because current delegation only applies to the whole block), whereas it would be advantageous to change the delegation such that it could be applied on a pro-rata basis to each unit within a housing complex (i.e. 4 unit block insured at \$400,000, therefore each unit insured at \$100,000).
27. It is recommended that the Delegations Register is therefore modified (as per the following text in italics) for General Manager Community Services Item 15 (approved on 15 December 2011) as follows:

GENERAL MANAGER COMMUNITY SERVICES

15. Delegates to the General Manager Corporate Services and General Manager Community Services, jointly, the authority to:
- (ii) repair an existing facility/structure (*excluding Social Housing complexes*) within insurance proceeds where the work will cost less than \$1 million and the cost of the work is less than 50 per cent of a building's total insured value and to accept the insurance settlement for the work completed at least 48 hours before any proposed work starts.

NEW

- (iv) repair an existing social housing facility block or individual unit within a block, subject to receipt of insurance funds or written confirmation from EQC/Insurer of insurance settlement, where the repairs will cost less than or equal to the insurance funds received for the block or the individual unit within the block when calculated on a pro rata basis.***

FINANCIAL IMPLICATIONS

28. The accelerated programme for increasing 194 units to 294 units will be met through the proceeds from the EQC damage settlements and partnership opportunities.

LEGAL CONSIDERATIONS

29. Legal Services Unit has not had an opportunity to consider the issues arising from the Report but has reviewed the new Delegation wording.

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ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

30. The report aligns with the LTCCP and Activity Management Plans.

ALIGNMENT WITH STRATEGIES

31. The report aligns with the Social Housing Strategy (2007) and the Strengthening Communities Strategy (2007).

CONSULTATION FULFILMENT

32. Not applicable.

STAFF RECOMMENDATION

33. It is recommended that the Council:
- (a) Accelerate the Social Housing Works Package 1 from 192 units to 294 units through the additional completion of repairs to 100 open units.
 - (b) Facilitate a faster repair process by amending Delegations Register (as per the following text in italics) for General Manager Community Services Item 15 (approved on 15 December 2011) as follows:

GENERAL MANAGER COMMUNITY SERVICES

- 15. Delegates to the General Manager Corporate Services and General Manager Community Services, jointly, the authority to:
 - (ii) repair an existing facility/structure (*excluding Social Housing complexes*) within insurance proceeds where the work will cost less than \$1 million and the cost of the work is less than 50 per cent of a building's total insured value and to accept the insurance settlement for the work completed at least 48 hours before any proposed work starts.
 - NEW*
 - (iv) *repair an existing social housing facility block or individual unit within a block, subject to receipt of insurance funds or written confirmation from EQC/Insurer of insurance settlement, where the repairs will cost less than or equal to the insurance funds received for the block or the individual unit within the block when calculated on a pro rata basis.*

COMMUNITY, RECREATION AND CULTURE COMMITTEE 15. 3. 2013

3. SOCIAL HOUSING INTENSIFICATION (PART ONE)

General Manager responsible:	General Manager Community Services, DDI 941-8534
Officer responsible:	Unit Manager Community Support
Author:	Lee Sampson, Project Manager – Facilities Rebuild

PURPOSE OF REPORT

1. The purpose of this report is to seek approval to proceed with the proposed design and build of 16- 22 new Christchurch City Council social housing units. These new one bedroom units will be built through infill development on vacant Council City Housing land located within existing complexes, as outlined through Works Package 1. Subject to approval to proceed, completion is scheduled for the final quarter of 2013.

EXECUTIVE SUMMARY

2. This programme is part of a greater strategy to repair or replace social housing stock which was either severely earthquake damaged following the September 2010 and February 2011 earthquakes or red zoned. The social housing DEE (Detailed Engineering Evaluation) process has also seen further closures which have compounded the existing supply shortage.
3. These new one bed units to be built on vacant Council City Housing land and are planned for delivery in the final quarter of 2013 taking into consideration build times of a approximately 14 - 16 weeks (following the design and consenting periods).
4. A list of sites where the potential exists for infill development was drafted through collaboration of City Housing, Strategy and Planning, the Property Consultancy Team and Facilities Rebuild Programme Team. Several sites are currently undergoing feasibility studies and will be presented to Council in due course. Works Package 1 identifies the follows sites as suitable to proceed at this time (refer to **Attachment 1** for site location plans):
 - (a) Maurice Carter Courts (Dundee Place), Spreydon (8-12 Units); and
 - (b) Knightsbridge Lane, Aranui (8-10 Units).

The above complexes were master planned accordingly (at inception) to receive further units by the Council at a later date.

5. In accordance with the procurement plan, the recommendation is now to proceed directly to tender for these two schemes. Contractors with previous and relevant experience will be requested to tender (noted as a minimum of three) for the design and build of these units. A number of specialist construction companies exist in the local market with the resource and capability to complete this project scope within the required time, cost and quality parameters.
6. Design and build is considered to offer condensed project delivery duration in lieu of more traditional routes coupled with a single line of accountability. Furthermore in approaching the market, we are ensuring the latest technological and innovative solutions are incorporated into the design including off site pre-fabrication methods. In meeting the requirements of the design brief, these units will be permanent solutions.
7. The tender submissions will be assessed to ensure the total cost of ownership is financially viable (i.e. initial capital and forecast lifecycle cost over 90 years will be assessed, based on the current rent setting model for an A Grade One Bedroom unit as of 1 July 2013). Key non price attributes measured in the tender evaluations will include; design merits and innovation, conformity to the Lifemark standard, full accessibility and an assessment against the council's sustainability Policy. The Council is therefore actively encouraging designs that deliver good sustainable outcomes for Social Housing in a financially viable way.

3 Cont'd

FINANCIAL IMPLICATIONS

8. The initial expenditure will be financed from the existing Housing Development Fund which has a current balance of \$30,195,000. (including the balance of the \$21 million received from EQC). Following the 2009 rent review the Council has committed to upgrading the standard of its existing housing stock and substantial funds will be required to meet these obligations. With insurance funds applied to the rebuild the above development is a stand alone investment, and is financially sustainable at a rental of approximately \$140.60 per week (the current charge for an A Grade One Bedroom Unit as of 1 July 2013).
9. Details of the financial analysis are outlined in the Public Excluded part of the meeting as they are commercially sensitive.

Do the Recommendations of this Report Align with 2009-19 LTCCP budgets?

10. Yes. This expenditure meets the Level of Service ("Maintain portfolio of rental units and owner/occupier units) in order to return to ("2649 rental units").

LEGAL CONSIDERATIONS**Have you considered the legal implications of the issue under consideration?**

11. Resource consent will be required to progress these developments and confirm the total permissible site density. This will be a discretionary activity under the plan; however Clause (a) of the City Plan removes the minimum specified site density for EPH (Elderly Persons Housing) units of less than 80m² gross floor area.

ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

12. As the recommendations are a consequence of the earthquake events, this issue is not addressed within the LTCCP.

ALIGNMENT WITH STRATEGIES

13. This report aligns with current strategy in maintaining Social Housing stock levels.

Do the recommendations align with the Council's strategies?

14. As above.

CONSULTATION FULFILMENT

15. Consultation will occur through the Resource Consent process.

STAFF RECOMMENDATION

It is recommended that the Council:

- (a) Proceeds to tender for Dundee Place, Spreydon (8 Units – 12 units) and Knightsbridge Lane, Aranui (8 Units – 10 Units) and;
- (b) Authorises the General Manager of Community Services and one other General Manager to accept a tender where it is within the range (plus/minus 10 percent) detailed in the additional report in Public Excluded and;
- (c) Notes that these units on completion will be classified as A Grade One Bedroom Units and charged the appropriate rental for that level.

Knightsbridge Lane, Aranui (off Pages Rd)

Area as highlighted circa 1267m², this Social Housing site was master planned to receive further units.

Zone L1

TC2 (Surrounding)



4. RESOLUTION TO EXCLUDE THE PUBLIC

Attached.

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COMMUNITY, RECREATION AND CULTURE COMMITTEE
RESOLUTION TO EXCLUDE THE PUBLIC

Section 48, Local Government Official Information and Meetings Act 1987.

I move that the public be excluded from the following parts of the proceedings of this meeting, namely items 3.

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	REASON FOR PASSING THIS RESOLUTION IN RELATION TO EACH MATTER	GROUND(S) UNDER SECTION 48(1) FOR THE PASSING OF THIS RESOLUTION
' "	SOCIAL HOUSING INTENSIFICATION (PART TWO)) GOOD REASON TO) WITHHOLD EXISTS) UNDER SECTION 7	SECTION 48(1)(a)

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public are as follows:

ITEM NO.	REASON UNDER ACT	SECTION	PLAIN ENGLISH REASON	WHEN REPORT CAN BE RELEASED
3.	Would prejudice commercial procurement.	7(2)(b)(ii)	Contains information on works to go to tender.	On completion of procurement process.

Chairperson's

Recommendation: That the foregoing motion be adopted.

Note

Section 48(4) of the Local Government Official Information and Meetings Act 1987 provides as follows:

- “(4) Every resolution to exclude the public shall be put at a time when the meeting is open to the public, and the text of that resolution (or copies thereof):
- (a) Shall be available to any member of the public who is present; and
 - (b) Shall form part of the minutes of the local authority.”