

HOUSING COMMITTEE AGENDA

9 SEPTEMBER 2014

AT 1PM

IN COMMITTEE ROOM 1, SECOND FLOOR, CIVIC OFFICES, 53 HEREFORD STREET

Committee: Councillor Glenn Livingstone (Chairperson)
Councillors Vicki Buck, Phil Clearwater, Pauline Cotter, Yani Johanson, Ali Jones, Paul Lonsdale

Principal Advisor
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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

2. DECLARATION 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 a member and any private or other external interest they might have.

3. DEPUTATIONS BY APPOINTMENT

4. BRIEFING - CHRISTCHURCH ENERGY ACTION GROUP

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5. FACILITIES REBUILD PROGRAMME SOCIAL HOUSING STATUS UPDATE

		Contact	Contact Details
Executive Leadership Team Member responsible::	Director Council Facilities and Infrastructure	N	
Officer responsible:	Unit Manager Community Support	N	
Author:	Scott Bennett – Facilities Rebuild Social Housing Programme Manager	Y	DDI 941 8114

1. PURPOSE AND ORIGIN OF REPORT

1.1 This report provides a status update on the Facilities Rebuild Social Housing Programme.

2. EXECUTIVE SUMMARY

2.1 The Social Housing Programme has a total portfolio of 2678 units. It also includes 113 units closed in the Residential Red Zone (located across 5 housing complexes).

As at 22 August 2014, 2233 (84%) units are open (refer Figure 1).

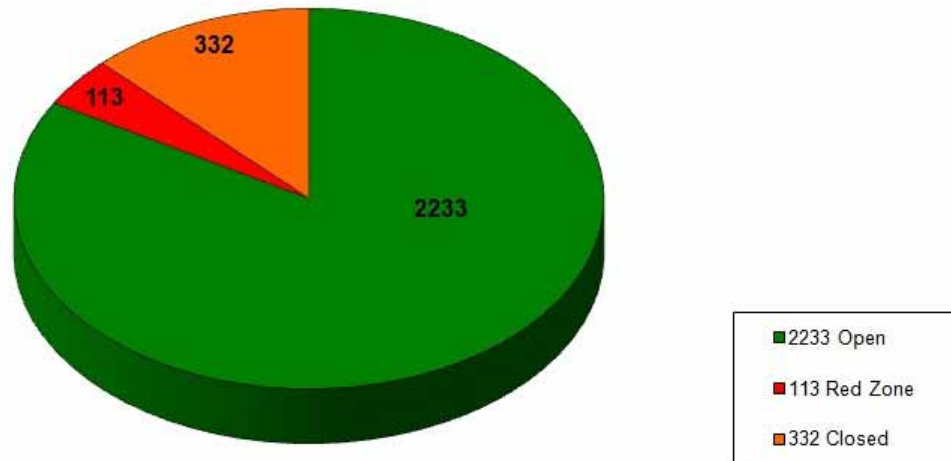


Figure 1: Social Housing Portfolio Status – 22 August 2014

2.2 Closed units total 332 subject to repair or rebuild under the Facilities Rebuild Programme and consist of the following:

2.2.1 269 units closed due to varying degrees of structural damage and design weakness, which includes 144 units closed due to failing a Detailed Engineering Evaluation assessment.

2.2.2 63 units closed due to health and safety (from Civil Defence Yellow Placard).

2.3 The accommodation type breakdown of the 445 closed units (inclusive of the red zone units) is shown in Figure 2.

	Portfolio Totals	Red Zone Closed	Remaining Closed	Total Closed
Bedsits	214	1	9	10
Studios	673	59	77	136
1 Bedroom	1529	44	154	198
2 Bedroom	240	8	88	96
3 Bedroom	16	1	4	5
4 Bedroom	6	0	0	0
Totals	2678	113	332	445

Figure 2: Social Housing Closed Units by Accommodation Type – 22 August 2014

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2.4 Housing Wait List Status:

2.4.1 As at 19 August 2014, there are 215 applicants on our waiting list consisting of 215 single applicants, 21 couples and 39 others. Seventeen of these applications have been assessed as having urgent, immediate need.

3. BACKGROUND

3.1 The Social Housing Portfolio has been currently divided into three streams of work with current metrics as follows:

3.1.1 Stream 1: Repair and Replacement: 1636 Units (1431 Open Units and 205 Closed Units).

3.1.2 Stream 2: Red Zone: 113 Units being replaced through intensification of existing sites.

3.1.3 Stream 3: Partnership Programme: Replacement of 479 Units (352 Open Units and 127 Closed Units) across 17 complexes that were previously identified in 2009 to be poor performers and planned for early replacement subject to funding.

3.2 The current status of the Social Housing Portfolio is shown in Figure 3.

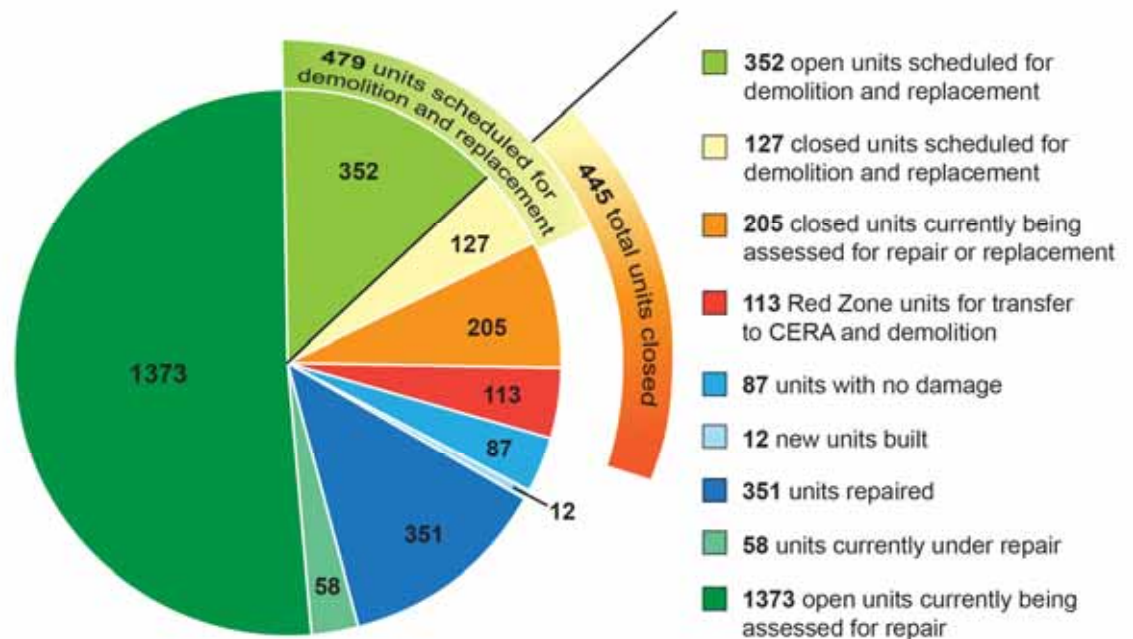


Figure 3: Social Housing Portfolio Current Status – 22 August 2014

3.3 Social Housing Work Packages:

The delivery of the Facilities Rebuild Social Housing Programme streams of work has been allocated within five Work Packages spanning the following dates in alignment with the overall Facilities Rebuild Programme:

3.1.1 Work Package 1 (1 year duration: January 2013 to December 2013).

3.1.2 Work Package 2 (1.5 year duration: January 2014 to June 2015).

3.1.3 Work Package 3 (1 year duration: July 2015 to June 2016).

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3.1.4 Work Package 4 (1 year duration: July 2016 to June 2017).

3.1.5 Work Package 5 (1 year duration: July 2017 to June 2018).

- 3.4 Refer to **Attachment 1** for the Social Housing Asset Repair Programme Delivery Strategy.
- 3.5 The Facilities Rebuild Programme is striving to repair or replace the remaining 205 closed units on or before the end of Work Package 3 (June 2016) and complete the open unit repairs in Work Package 5 by December 2017. The speed of the open unit repairs programme is limited by the rate of which tenants can be temporarily relocated while repairs are carried out.

4. COMMENT

4.1 Closed Units Status:

A summary of the current damage assessment position on the social housing portfolio closed units is shown in Figure 4.

	Closed Units Totals	EQC Repairable Units Classification		EQC Total Constructive Loss Units Classification	Demolish Only Units
		Economic to Repair	Uneconomic to Repair		
Stream 1: Partnership Programme (Demolition & Replacement) Units	127	8	33	86	0
Stream 2: Closed Units for Repair or Replacement	205	67	50	64	24
Stream 3: Red Zone Units	113	0	0	0	113
Closed Unit Totals	445	75	83	150	137

Figure 4: Social Housing Portfolio Closed Unit Damage Assessment Status – 22 August 2014

4.1.1 Of the repairable units in Streams 1 and 2 in Figure 4, current data indicates 24 units are straight-forward repairs, which includes 4 units under repair, 11 units seeking approval to proceed with repairs and nine units undergoing damage assessment cost analysis. An additional 39 units have been identified as containing reasonable structural repairs and are being progressed for approval to proceed. A further 12 closed units have been identified with significant structural repairs and are undergoing further assessment to determine if repair is economically viable. In total, there are currently 75 closed unit repairs being developed for Work Package 2.

4.1.2 In addition to the closed units, there are also 38 open units deemed by EQC to be total constructive losses which are deemed to safe to occupy but will require a rebuild.

4.2 Work Package 2 Summary:

Work Package 2 progress summary is shown in Figure 6. Subsequent to the last July 2014 report, monthly progress is summarised as follows:

4.2.1 Repairs are currently underway on the remaining five open units at Harman Courts, 15 open units at Gloucester Courts, 19 open units at Innes Courts, 16 open units at Torrens Place along with a number of vacant unit redecorations.

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- 4.2.2 Repairs are currently underway on the four closed units at Boyd Cottages in Lyttelton with procurement of materials with completion forecast to be December 2014.
- 4.2.3 Significant work is underway on the Earthquake Commission (EQC) Global Settlement Claim for the Social Housing portfolio to speed up the repair and rebuild process. It is now a year since EQC suspended the joint assessment process and commenced the global settlement process, which has had significant implications on the quantity of repairs delivered. The Council Technical Advisory Group has developed and continues to further refine the model for quantifying the total claim damage assessment. All required information has been submitted to EQC in anticipation of both teams commencing the formal negotiation process.
- 4.2.4 Tenders from the Council Demolition Panel for the demolition of Airedale Courts Block B (24 units) closed on 1 August 2014. In order to avoid the high cost of a "dirty" demolition, additional testing is being performed to confirm whether any Asbestos Containing Materials (ACMs) are present. In parallel, minor strengthening is being investigated to remove the brittle failure mechanism sufficiently to enable the least cost demolition option of a standard soft strip out. These actions have impacted on the schedule and it now anticipated that demolition will commence late September 2014.
- 4.2.5 The Council approved the tender recommendation for the intensification of 25 new units at Harman Courts, Berwick Courts and HP Smith Courts on 7 August 2014 at the Earthquake Recovery Committee of the Whole. Contract award is being targeted by 5 September 2014. Completion is currently forecast to be July 2015.
- 4.2.6 Site construction of eight new units at Knightsbridge Lane is progressing to programme with both foundations poured and steel framing erection underway. Completion is targeted for February 2015.



Figure 5: Knightsbridge Lane (8 x New Units) Foundations poured and framework under erection

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4.2.7 Tenders closed for the intensification of 16 new units at Osborne Street (four two-bed and one-bed units) and Innes Courts (eight one-bed elderly persons housing units) on 30 July 2014 and are currently under evaluation. Subject to approval to proceed, completion is currently forecast to be December 2015.

4.2.8 The Facilities Rebuild Project Team are continuing to assist City Housing in delivering the feasibility studies for the 17 'old and cold' complexes identified in 2009 for early replacement through Partnership.

Social Housing - Work Package 2: Jan 2014-Jun 2015

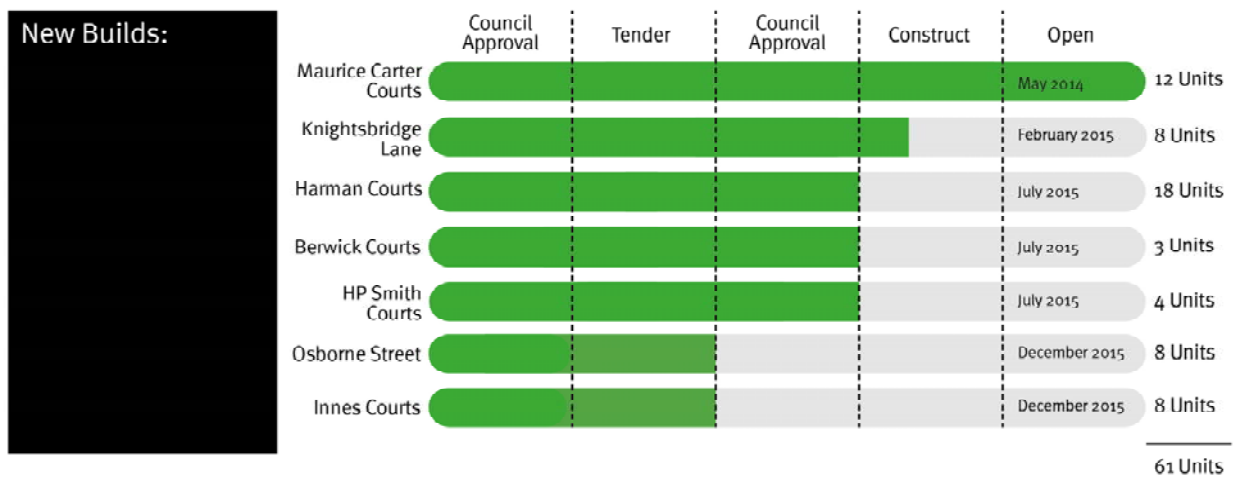


Figure 6: Social Housing Work Package 2 Progress – 22 August 2014

5. FINANCIAL IMPLICATIONS

5.1 The \$21 million EQC Interim payment has been fully committed to housing unit repairs, new unit builds on existing sites, demolitions and the trial relocation of residential red zone houses. An additional \$15 million interim payment has been received from EQC.

5.2 The resulting insurance settlement for earthquake damage to the housing portfolio will be insufficient to repair and/or replace all of the earthquake damage housing stock. This is primarily due to both the forecast unit rebuild costs along with the unit repair costs for significant structural damage (including strengthening) being greatly in excess of the unit block insurance cap limits. Staff are preparing a report to prioritise the unit repair and rebuilds programme to ensure that maximum value is derived from the assets with the available funds. This report will be used to determine how the additional \$15 million interim payment from EQC is committed.

6. STAFF RECOMMENDATION

6.1 That the Committee recommend to the Council that receive the report.

ATTACHMENTS

ATTACHMENT 1 : SOCIAL HOUSING ASSET REPAIR PROGRAMME DELIVERY STRATEGY

Year	New Units Intensification	New Units Partnership	New Units Rebuild	Open Unit Repairs	Closed Unit Repairs
2014/15 (WP2)					
Airedale Courts				31 Units	21 Units
Aldwins Courts				1 Unit	11 Units
Aorangi Courts				20 Units (Done)	3 Units (Done)
Biddick Courts					4 Units
Boyd Cottages					4 Units
Briggs Row				4 Units	
Cecil Courts				12 Units	8 Units
Clent Lane				19 Units	
Concord Place				43 Units	8 Units
Gloucester Courts				15 Units	
Glue Place/Sparks Road					2 Units
Greenhurst Courts				20 Units (Done)	
Haast Courts				31 Units	
Halswell Courts				2 Units	1 Unit
Harman Courts				20 Units	
Hornby Courts				22 Units (Done)	
Innes Courts				28 Units	
Knightsbridge Lane	8 Units				
Lancewood Courts				11 Units	
Lyn Christie Place				25 Units (Done)	1 Unit (Done)
Margaret Murray Courts				13 Units (Done)	
Mary McLean Place				39 Units	1 Unit
Maurice Carter Courts	12 Units (Done)			25 Units	
Pickering Courts				13 Units	
Sandilands				22 Units	2 Units
Tommy Taylor Courts				13 Units	12 Units
Torrens Road				16 Units	
Treddenick Place				5 Units	
Veronica Place				2 Units	1 Unit
Waltham Courts				24 Units	
TOTALS	20 Units	0 Units	0 Units	474 Units	78 Units

Figure 7 : Social Housing Work Packages Delivery Strategy – Work Package 2 (January 2014 – June 2015)

Year	New Units Intensification	New Units Partnership	New Units Rebuild	Open Unit Repairs	Closed Unit Repairs
2015/16 (WP3)					
Aberfoyle Place			6 Units	8 Units	
Airedale Courts				8 Units	
Allison Courts				7 Units	
Andrews Crescent		86 Units			
Berwick Courts	3 Units				
Bruce Terrace Cottages			3 Units		
Avonheath Courts			11 Units	6 Units	
Biddick Courts			7 Units	5 Units	
Bridgewater Courts				21 Units	
Brougham Street		89 Units			
Bryndwr Courts				31 Units	
Cedar Park				20 Units	
Charles Street			4 Units		
Cresselly Place		30 Units			
Division Street				19 Units	
Dover Courts				23 Units	
Elm Grove		12 Units			
Fred Price Courts			17 Units	20 units	
Gayhurst Road				4 Units	
GF Allan Courts				7 Units	
Guise Lane Courts				20 Units	
Guthreys Courts		32 Units			
Hadfield Courts				20 Units	
Halswell Courts			2 Units	10 Units	
Harman Courts	18 Units				
HP Smith Courts	4 Units		6 Units	11 Units	
Innes Courts	8 Units				
Jennifer/Manor/Torquay PI				14 Units	
Kaumatua Place				8 Units	
Manse Place				25 Units	
Marwick Place				26 Units	
Mooray Ave				4 Units	
Nayland Street				5 Units	
Nelson Street/Picton Ave				14 Units	
Norman Kirk Courts				56 Units	
Osborne Street	8 Units				
Palliser Place				15 Units	
Phillipstown Courts				15 Units	
Poulton Courts				11 Units	
Raleigh/Newmark Streets				9 Units	
Reg Adams Courts				12 Units	
Reg Stillwell Place			28 Units		
Resolution Courts				18 Units	
Veronica Place				32 Units	
Vincent Courts				17 Units	
Whakahoa Village			5 Units	10 Units	5 Units
William Massey Courts				14 Units	
Walsall Street				25 Units	
Willard Street		50 Units			
TOTALS	41 Units	299 Units	89 Units	570 Units	5 Units

Figure 8 : Social Housing Work Packages Delivery Strategy – Work Package 3 (July 2015 - June 2016)

Year	New Units Intensification	New Units Partnership	New Units Rebuild	Open Unit Repairs	Closed Unit Repairs
2016/17 (WP4)					
Alma Place				23 Units	
Airedale Courts		24 Units			
Angus Courts				14 Units	
Arran Courts				13 Units	
Bartlett Street				9 Units	
Cleland Street				7 Units	
Fletcher Place				55 Units	
Forfar Courts				19 Units	
Gowerton Place		30 Units			
Harold Denton Place				14 Units	
Jecks Place				41 Units	
Jura Courts				27 Units	
Louisson Courts			13 Units		
Mabel Howard Place				51 Units	
Mackenzie Courts				24 Units	
Martindales Road				11 Units	
Maurice Hayes Place				17 Units	
Roimata Place				21 Units	
Rue Viard Cottages				3 Units	
Santa Cruz Lane		24 Units			
St Johns Courts				10 Units	
Templeton Courts				4 Units	
Thames Courts				10 Units	
Tyrone Street				12 Units	
Weaver Courts				34 Units	
Wycola Courts				26 Units	
TOTALS	0 Units	78 Units	13 Units	445 Units	0 Units

Figure 9 : Social Housing Work Packages Delivery Strategy – Work Package 4 (July 2016 - June 2017)

Year	New Units Intensification	New Units Partnership	New Units Rebuild	Open Unit Repairs	Closed Unit Repairs
2017/18 (WP5)					
Barnett Avenue				24 Units	
Carey Street				31 Units	
Charles Gallagher Place			7 Units		
Coles Place				19 Units	
Glue Place/Sparks Road				30 Units	
Hennessey Place				10 Units	
Huggins Place				28 Units	
Feast Place/Poulson Street				23 Units	
MacGibbon Place				25 Units	
TOTALS	0 Units	0 Units	7 Units	190 Units	0 Units

Figure 10 : Social Housing Work Packages Delivery Strategy – Work Package 5 (July 2017 – June 2018)

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6. SOCIAL HOUSING – FINANCIAL STATUS UPDATE

		Contact	Contact Details
Executive Leadership Team Member responsible::	Chief Financial Officer	N	
Officer responsible:	Finance Manager Community Services	Y	
Author:	Jason Rivett, Finance Manager Community Services	Y	DDI 941 8539

1. PURPOSE AND ORIGIN OF REPORT

- 1.1 At its meeting on 26 June 2014 the Council resolved “that written financial reports be included in the agenda of every monthly Housing Committee meeting”.
- 1.2 This report provides a written status update on the Social Housing’s financial position as at 31 July 2014.

2. EXECUTIVE SUMMARY

- 2.1 **Attachment 1** shows the current balance of the Housing Fund as at 31 July 2014, along with current commitments and approved Council decisions shown to get to the balance of un-committed Housing Funds.
- 2.2 **Attachment 1** shows that the balance of the Housing Fund – Business as Usual (BAU) as at 31 July 2014 was \$10 million. This also shows the Housing Fund - Earthquake (EQ Funds) that have been received and how those funds have been spent. The balance of this as at 31 July 2014 was \$26.8 million.
- 2.3 The combined Housing Fund has a balance of \$36.8 million, as at 31 July 2014. The balance as at 30 June 2014 was \$36.3 million.
- 2.4 The reason for the movement from June is as a result of there being no City Care Scheduled Maintenance Plan (SMP’s) payments made during July, this will be corrected during August.
- 2.5 Staff are preparing a report to prioritise the unit repair and rebuilds programme to ensure that maximum value is derived from the assets with the available funds. This report will be used to determine how the additional interim payment from EQC is committed.

3. FINANCIAL SUMMARY

- 3.1 The Housing Fund BAU has a balance of \$10 million as noted (\$9.5 million as at 30 June 2014), however this is forecast to be reduced to negative \$1.2 million over the course of the next 12 to 18 months. The BAU fund is required to cover maintenance, renewals and upgrades. The BAU capital programme for 2014/15 has been shown this month and in addition, the Depreciation budget of \$6 million for 2014/15 has been shown this month to illustrate the level that the fund should be growing by. It needs to be noted that Depreciation is a non cash allowance, but what it shows is that the Housing Fund BAU is not covering the Depreciation allowance.
- 3.2 The Housing Fund EQ Funds has a balance of \$26.8 million as noted (\$26.8 million as at 30 June 2014) however this is forecast to be reduced to \$3.2 million over the course of the next 12 to 18 months. The reason for the decrease is \$10 million of Council approved Intensification/Rebuild projects at Knightsbridge Lane, Harmon Courts, H P Smith Courts, Berwick Courts, Osborne Courts and Innes Courts. Also included is proposed expenditure of \$2 million on 10 Red Zone units currently proposed for Opawa. All rebuild projects are tendered and the resulting costs may require further review and prioritisation prior to proceeding. In addition, forecast operational commitments for Facilities Rebuild for 2014/15 are \$10.1 million (largely for Closed Unit Repairs).

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3.3 As noted, staff are preparing a report to prioritise the unit repair and rebuilds programme to ensure that maximum value is derived from the assets with the available funds. This report will be used to determine how the additional interim payment from EQC is committed.

4. STAFF RECOMMENDATION

4.1 That the Committee recommend to the Council that it receive the report.

Housing Fund - 31 July 2014	Earthquake	BAU	Total
Opening Balance (1 July 2013) EQ	21,425,812		21,425,812
Opening Balance (1 July 2014) BAU		9,474,711	9,474,711
Interest Earned	1,569,488	27,635	1,597,123
EQC Partial settlement June 2014	17,250,000		17,250,000
BAU Expenditure & Revenues 14/15			
- operational		-568,729	-568,729
- capital		36,764	36,764
		-559,600	-559,600
Earthquake Expenditure			
- 2012/13 Capital	562,948		562,948
- 2013/14 Capital	2,495,138		2,495,138
- 2014/15 Capital	-82,091		-82,091
- Earthquake Operational	10,497,859		10,497,859
	-5,345,634		-5,345,634
31 July 2014 Balance	26,771,446	10,034,311	36,805,757
LESS			
Forecast EQ Opex Facilities Rebuild - balance of 2014/15	10,139,570		10,139,570
Current BAU Operational Commitments 2014/15		584,412	584,412
Current BAU Capital Balance 2014/15		3,546,992	3,546,992
Current EQ Capital Balance 2014/15	963,016		963,016
Current Earthquake Capital Commitments			
Kingsbridge Lane	1,359,655		1,359,655
Harman Courts, HP Smith, Berwick	5,276,190		5,276,190
Total EQ Commitments	6,635,845		6,635,845
Approved - Intensification/Rebuild Sites			
Innes and Osborn Courts	3,830,139		3,830,139
Total Approved Intensifications	3,830,139	0	3,830,139
Other			
Red Zone Houses	2,000,000		2,000,000
Owner Occupier Purchases		740,000	740,000
Legal fees (Entity)		400,000	400,000
	2,000,000	1,140,000	3,140,000
Depreciation 2014/15 (NON CASH)		6,012,189	6,012,189
Balance of uncommitted Housing Funds	3,202,876	-1,249,282	1,953,594

7. CHAIRPERSON'S REPORT

Report to be separately circulated.