



COUNCIL 25. 9. 2014

**HOUSING COMMITTEE
9. 9. 2014**

**A meeting of the Housing Committee
was held in Committee Room 1
on Tuesday 9 September 2014 at 1.07pm.**

PRESENT: Councillor Glenn Livingstone (Chairperson)
Councillors Vicki Buck, Phil Clearwater, Pauline Cotter, Yani Johanson and Ali Jones

APOLOGIES: Paul Lonsdale
Councillor Ali Jones for lateness, who arrived at 1.35pm

The Committee reports that:

PART A - MATTERS REQUIRING A COUNCIL DECISION

1. 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).

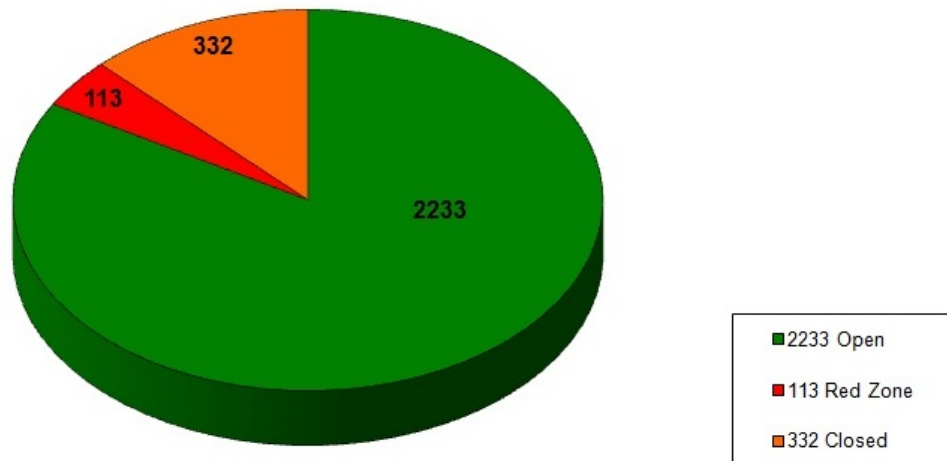


Figure 1: Social Housing Portfolio Status – 22 August 2014

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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

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.

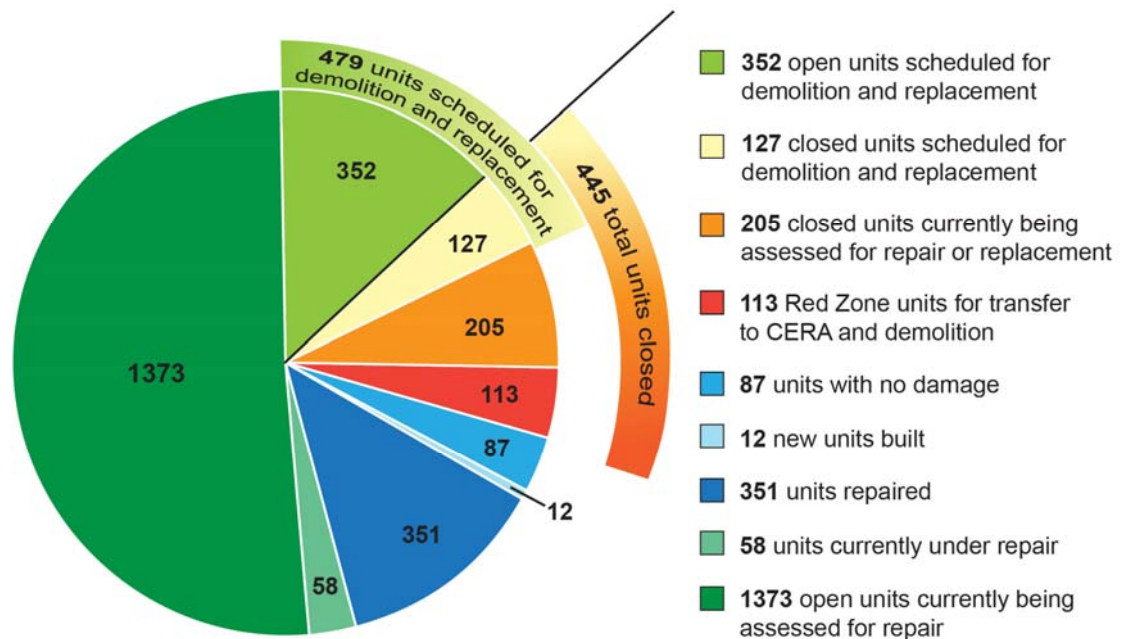


Figure 3: Social Housing Portfolio Current Status – 22 August 2014

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).

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	EQC Repairable Units	EQC Total Constructive	Demolish

	Totals	Classification		Loss Units Classification	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.

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.

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- 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

- 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

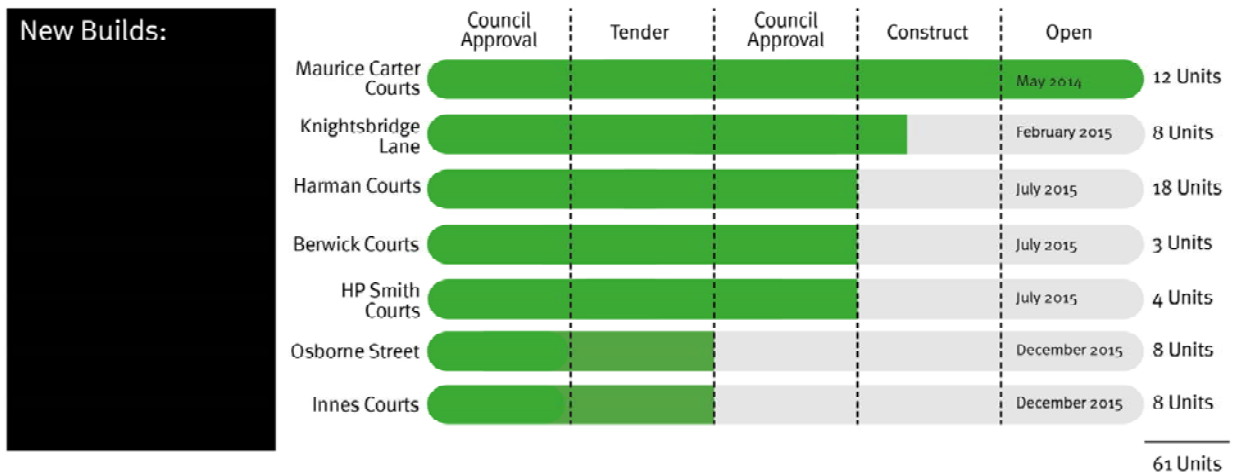


Figure 6: Social Housing Work Package 2 Progress – 22 August 2014

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 Housing Committee and the Council receive the report.

The Committee **decided** to receive the report and to recommend that the Council does also.

2. 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”.

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- 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).
- 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 Housing Committee and the Council receive the report.

The Committee **decided** to receive the report and to recommend that the Council does also.

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3. CHAIRPERSON'S REPORT - ACCOMMODATION SUPPLEMENT INCREASE FOR CHRISTCHURCH

1. PURPOSE AND ORIGIN OF REPORT

- 1.1 This report seeks a recommendation from the Housing Committee that the Council requests the Minister of Social Development to increase the Accommodation Supplement for Christchurch, in recognition of increasing rents following the 2010 and 2011 earthquakes.

2. EXECUTIVE SUMMARY

- 2.1 Rents in the Christchurch private rental market have increased by 47 percent following the Canterbury Earthquakes. The Accommodation Supplement for the Canterbury region (Area 3) has not increased concomitantly, particularly in comparison with Auckland (Area 1) where Christchurch rents are now quite comparable.

- 2.2 Currently the average rent in Christchurch is \$431 dollars per week, compared to a national average of \$374 dollars per week¹. Average Rents in Auckland and Christchurch for August 2014 are²:

Auckland

Mt. Roskill \$487
Titangi \$462
Papakura \$400

Christchurch

St Albans \$470
Addington \$438
Halswell \$502
Avonhead \$466.

3. BACKGROUND

- 3.1 The average weekly personal wage in Christchurch is \$573.10. Following the Canterbury earthquakes, approximately 12,462 homes were deemed uninhabitable³.

- 3.2 The consequent decrease in supply and increase in demand for private rental properties has served to push rental prices up.

- 3.3 There has been no increase in the Accommodation Supplement to take account of this.

- 3.4 Examples of the Accommodation Supplement for Area 1 and Area 3 are below⁴:

3.4.1 Area 1 (Auckland):

Married, De Facto or in a Civil Union, with one or more children, maximum rate is \$225.

3.4.2 Area 3 (Canterbury):

Married, De Facto or in a Civil Union, with one or more children, maximum rate is \$120.

¹ Department of Building and Housing, 2014.

² The following suburban comparisons were used by Press reporter Liz McDonald in 'Housing Supplement Comes Up Short' in The Press, 17 February 2014.

³ Canterbury Earthquake Recovery Authority, 2014.

⁴ Source: Ministry of Business, Innovation and Employment.

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4. COMMENT

- 4.1 There is a strong case for the Council to request that the Ministry of Social Development increases the Accommodation Supplement for Christchurch (as a sub-region of Canterbury, Area 3). Making such a recommendation to the Council falls within the Terms of Reference of the Housing Committee.
- 4.2 Recent data from the Canterbury District Health Board⁵, the Alright Campaign, the Residential Advisory Service and the Canterbury Insurance Assistance Service point to significant housing and social well-being stress in Canterbury.

5. FINANCIAL IMPLICATIONS

- 5.1 There are no financial implications for the Council.

6. CHAIRPERSON'S RECOMMENDATION

That the Committee recommend to the Council that it:

- 6.1 Write to the Minister of Social Development, requesting that she bring the Accommodation Supplement for Christchurch, as a sub-region of Area 3 (Canterbury), in line with Area 1 (Auckland), given the close proximity of Area 1 rental levels to those in Christchurch.

7. COMMITTEE RECOMMENDATION

That the Council:

- 7.1 Write to the Minister of Social Development, requesting that she bring the Accommodation Supplement for Christchurch, as a sub-region of Area 3 (Canterbury), in line with Area 1 (Auckland), given the close proximity of Area 1 rental levels to those in Christchurch.
- 7.2 Write to the Ministers of Social Development and Canterbury Earthquake Recovery to request a re-evaluation of the Canterbury Earthquake Temporary Accommodation Service (CETAS) subsidy.

PART B – REPORTS FOR INFORMATION

4. DECLARATION OF INTEREST

There were no declarations of interest.

5. DEPUTATIONS BY APPOINTMENT

5.1 AMY BURKE

Amy Burke and Andrew Back spoke to the Committee regarding the establishment of an East-side hub for the homeless.

The Committee **decided** to request a report to the October meeting of the Community, Housing and Economic Development Committee on the establishment of an East-side Hub for temporary and emergency accommodation, including land and funding options.

⁵ Housing Committee Meeting of 12 August 2014.

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On behalf of the Committee, the Chairperson thanked Ms Burke and Mr Back for their deputation.

6. BRIEFINGS –

6.1 COMMUNITY ENERGY ACTION

The Committee **received** a progress report from Caroline Shone, Chief Executive of the Community Energy Action, on the installation of insulation into Council social housing units.

On behalf of the Committee, the Chairperson thanked Ms Shone for the update.

PART C – DELEGATED DECISIONS

7. APOLOGIES

It **was** resolved that apologies for absence from Councillor Paul Lonsdale, and for lateness from Councillor Jones, be received and accepted.

8. RESOLUTION TO BE PASSED - SUPPLEMENTARY REPORTS

It was **resolved** to approve the addition of the following report to the Housing Committee meeting on 9 September 2014:

- Chairperson's Report – Accommodation Supplement Increase for Christchurch.

The reason, in terms of section 46(vii) of the Local Government Official Information and Meetings Act 1987, why the report was not included on the main agenda is that it was not available at the time the agenda was prepared.

The meeting concluded at 2.45pm

CONSIDERED THIS 25TH DAY OF SEPTEMBER 2014

MAYOR