Western Bay of Plenty
District Council

Review of the Western Bay of Plenty District Council's

Elder Housing Activity

February 2021

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Western Bay of Plenty District Council

FINAL REPORT

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This document is the review of Western Bay of Plenty Council's Elder Housing Activity, undertaken under Section 17A of the Local Government Act 2002. The reports recommendations have informed Council's key proposal for elder housing included in the Long Term Plan 2021-2031 consultation document.

Project Status:

1. Executive Summary

This report reviews Western Bay of Plenty District Council's Elder housing activity, including its current cost-effectiveness, its operations, and alternative service delivery options. The review has been undertaken at the request of Council, and satisfies the requirements of Section 17A of the Local Government Act 2002.

Two key documents have informed this review:

- the Western Bay of Plenty Housing Demand and Need Assessment, completed in December 2017, and
- older people and the rental market in the Western Bay of Plenty Sub-region – A working paper prepared for the Population Ageing Technical Advisory Group, completed in November 2016.

Both reports highlight the growing need for affordable rental accommodation for those aged over 65 years, and the significant projected increases in this need over the next 30 years.

In recognition of this, Council identified a key driver for the review of its elder housing activity as being a need to increase the amount of affordable rental accommodation provided for those aged 65 years and over, and of limited means, in the district.

Other key factors identified for the review were:

- Providing a financially sustainable service (revenue covers costs),
- Maintaining affordability for tenants,
- Being able to provide accommodation that is fit for purpose for modern living needs, and
- Ensuring the accommodation continues to provide for people aged over 65 years, and of limited means.

A working group of elected members was established to progress the review. The process included:

- engagement with tenants via face to face meetings and newsletters
- wider public engagement through the development of the 2021-2031 Long Term Plan.
- Condition assessments of the units and analysis of the financial viability of the activity.
- Development and assessment of options, using weighted scoring.

Recommendation

Taking into account the research and analysis of options in this review, it is recommended that Council continue to provide elder housing, as an activity of Council, with the following conditions:

1. The activity is a 'ring fenced' activity of Council. This means the revenue (from rental income) covers the expenditure, including all interest costs, of providing the activity.
2. The activity is to provide elder housing for those aged 65 years and over (or the equivalent of the age of eligibility for New Zealand superannuation) and with limited financial means.
3. Sites are redeveloped over the next 30 years to ensure the units are fit for purpose for tenants needs. Redevelopment will be funded from the activity revenue, and external sources on a case-by-case basis where that is an option.
4. An operational policy is developed which sets out eligibility criteria and tenanting guidelines. The policy will include a clause that weekly rents are set to no more than

35% of the net weekly rate of NZ superannuation, minus the accommodation supplement.

2. Introduction

This report reviews the Western Bay of Plenty District Council's Elder Housing activity with respect to the current service delivery model, its cost effectiveness, and alternatives for future delivery options.

To satisfy the requirements of s17A of the Local Government Act 2002 (discussed in Section 4), this report must assess the cost effectiveness of the current arrangements of Council's Elder Housing activity, and to consider partnerships with other councils and/or entities to deliver services more efficiently. These requirements are viewed as a minimum. A wide range of service delivery options have been considered and assessed against the key driver and secondary drivers of the review, as determined by Council.

The key driver for this review is:

- a need to increase the amount of affordable rental accommodation provided for those aged 65 years and over, and of limited means, in the district.

The secondary drivers are:

- Providing a financially sustainable service (revenue covers costs),
- Maintaining affordability for tenants,
- Being able to provide accommodation that is fit for purpose for modern living needs, and
- Ensuring the accommodation continues to provide for people aged over 65 years, and of limited means.

3. Context

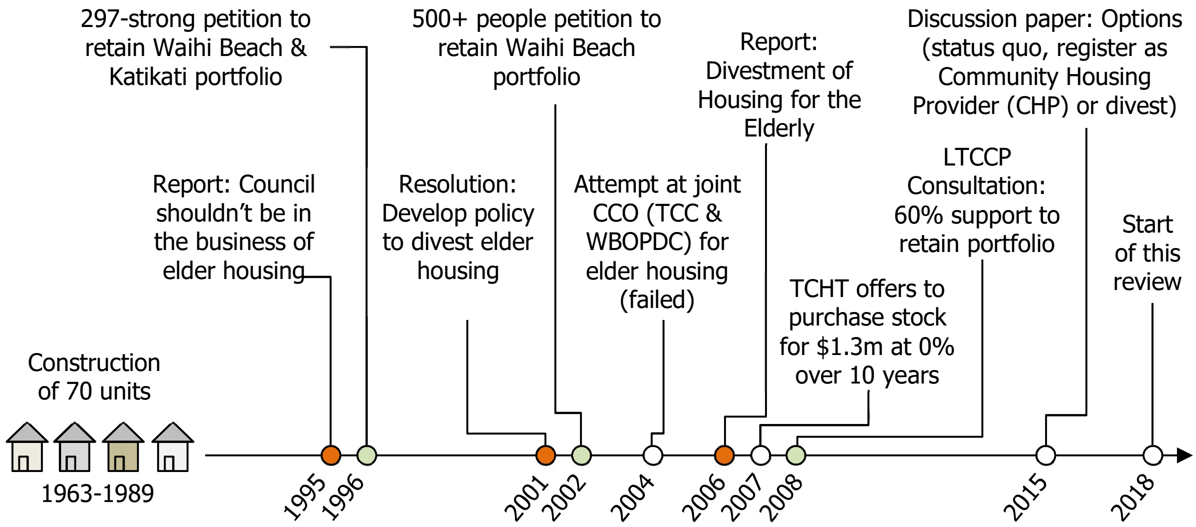
3.1 Background to Western Bay of Plenty District Council's elder housing

The Western Bay of Plenty District Council's housing stock of 70 elder housing units were constructed between 1963 and 1989. More detailed information on each village is provided in Section 4 of this report.

Units at Waihi Beach are located on land which is held "on trust" (similar to endowment land) that essentially restricts the use of the land to affordable accommodation for superannuates. Any sale or transfer of this land would be subject to sections 140 and 141 of the Local Government Act 2002, whereby such sale or transfer to a party (including a Community Housing Provider) would also mean transferring the restriction of land use. If transferring this land to another entity, a reasonable attempt must be made to notify the donor of the property (or their successor) that Council intends to sell the land, and provide them with a reasonable opportunity to comment on the intended sale. Council may instead lease the land without being subject to sections 140 and 141 of the Local Government Act 2002.

3.2 Previous decisions on the elder housing activity

Council first considered whether or not it should remain in the business of providing elder housing in 1995. It has reviewed its position on elder housing several times, with motions to retain the housing portfolio largely driven by public support. Notably, a petition was received in 2002 which contained over 500 signatures to retain the Waihi Beach units. The following timeline summarises Council's political history on elder housing:



Council's current position on elder housing

The Western Bay of Plenty District Council does not have a strategy or policy for the management of its elder housing portfolio. Instead, the activity is outlined in the Long Term Plan under the Community Facilities group of activities. The outline in the 2018 Long Term is as follows:

Local authorities have had a long standing role in providing housing for older people which enables those on low incomes to live in a safe, secure and well-maintained environment.

There has been a lot of discussion in recent years about whether Council should be in the business of providing housing for older people. Feedback from our communities signalled support for Council's ongoing involvement and we will continue to provide housing for older people while it remains a self-funding activity. However, we will investigate the implications of recent changes to legislation which excludes local government from subsidy funding arrangements.

Our District is seeing increasing numbers of older people living longer. At the same time, and largely as a consequence of population growth, there has been a decline in the affordability of housing across our District. As a result we are likely to see an increased demand for housing for older people on low incomes.

The challenges and opportunities that an ageing population present are being increasingly considered in planning for a sustainable future and we are actively considering ways to improve housing affordability (e.g. removing barriers to development/fast tracking development applications).

3.3 Western Bay of Plenty District Council Housing Action Plan

Council's Housing Action Plan (HAP) seeks that "all Western Bay of Plenty residents are well housed". The plan was adopted by Council on 18 October 2018 and includes a number of subsidiary projects, one of which is this review of the elder housing activity.

The agreed action in the HAP for elder housing is to review the cost effectiveness and service delivery of Council's elder housing activity, with a view to increasing the supply of elder housing across the district.

The action plan has an aspirational vision which sees all residents having access to homes that are:

Affordable: The right size house at the right price

Accessible: In the right location, and designed to meet my needs

Habitable: That's warm, dry and healthy

With security of tenure: For as long as I need it.

It is noted that this vision cannot be achieved by Council alone, however Council will position its activities and influence to contribute towards achieving the vision, within its resourcing capabilities.

These focus areas have been considered as part of the assessment of options for the elder housing service delivery.

4. Legal Requirements for this Review

This review has been carried out in accordance with Section 17A of the Local Government Act 2002 (LGA). Section 17A requires Council to review the cost-effectiveness of current arrangements for meeting the needs of communities within its district. The legislation is essentially designed to encourage councils to seek efficiencies and to encourage partnerships with other councils and/or entities to deliver services more efficiently, where that is identified as a worthwhile option.

Section 17A directs that such a review must consider options for the **governance, funding, and delivery of services** including but not limited to:

a) responsibility for governance, funding, and delivery is exercised by the local authority:
b) responsibility for governance and funding is exercised by the local authority, and responsibility for delivery is exercised by—
  (i) a council-controlled organisation of the local authority; or
  (ii) a council-controlled organisation in which the local authority is one of several shareholders; or
  (iii) another local authority; or
  (iv) another person or agency:
c) responsibility for governance and funding is delegated to a joint committee or other shared governance arrangement, and responsibility for delivery is exercised by an entity or a person listed in paragraph (b)(i) to (iv).

This review has considered Council's approach to elder housing within a wider context, taking into account Council's Housing Action Plan and the needs of the community.

4.1 Key driver and secondary drivers for this review

Through discussions with elected members at policy and planning workshops in 2018 and 2019, Council's general position on elder housing has been a desire to retain the portfolio, but only if the scheme can be self-funding. Further, the supply of elder housing should increase as the number of houses has been stagnant for a long time, while demand has increased.

The Housing Need and Demand assessment (discussed further in Section 5 of this report) indicates that demand will continue to increase in the future. This also reinforced Council's Housing Action Plan (HAP) vision that Western Bay of Plenty residents be well housed in terms of affordability, accessibility, habitable spaces, and with security of tenure.

The key driver for change, endorsed by the Policy Committee, is:

"That the supply of elder housing is increased in the Western Bay of Plenty."

This doesn't necessarily mean that Council would pay for and develop elder housing directly, rather that Council can assist other organisations and leverage the existing portfolio in order to ensure the supply of elder housing is increased in our district – irrespective of who manages that portfolio. The direction of Council was that different options for ownership and delivery could be explored through the Section 17A process.

Other drivers for change

The following are considered to be other drivers for change, which have fed into this review:

- Economic drivers:
  - Debt: To eliminate/reverse the increasing deficit in the elder housing current account balance
  - Upcoming renewals and maintenance costs may increase given the age of the stock, particularly with new Tenant Warrant of Fitness standards.
- Efficiency:
  - It may be more efficient for the operation as a whole to be managed by one group who specialise in elder housing / social housing services, especially in relation to support services for the elderly
- Increase/decrease current level of service:
  - Consideration for meeting an increased level of service for tenants if desired (such as maintenance, support services)
- Limitations of ownership, such as no current accessibility to Income Related Rent Subsidy (IRRS) scheme (to be explored).

4.2 Council Direction and key messages

At a workshop on 5 December 2018, the Policy Committee agreed on the drivers for the review, and that alternative service delivery options must not include selling the elder housing stock on the open market. At a subsequent workshop on 16 July 2019, the Committee endorsed a draft project plan, with the expectation that a more refined consultation approach be presented to Council in early 2020.

A project Working Group was established, consisting of four elected members, staff and an independent external facilitator.

At the workshop on 16 July 2019, the Policy Committee also reaffirmed the key messages which underpin the project. These are:

- Council is reviewing the cost effectiveness of its elder housing activity;
- Council is exploring alternative service delivery options for its elder housing activity;
- Elder housing provides affordable, accessible and habitable accommodation with security of tenure for tenants;
- The key driver for change is to increase the supply of elder housing in the Western Bay of Plenty, irrespective of who manages the portfolio; and
- The goal of the review is to achieve a higher standard of living for the existing and future tenants of our elder housing units.

These messages were used for interaction with the public, including tenants, and formed the foundation of the review insofar as they outlined Council's intentions for the review.

5. Housing demand and supply for people aged 65 years and over in the Western Bay of Plenty

5.1 Housing Need and Demand

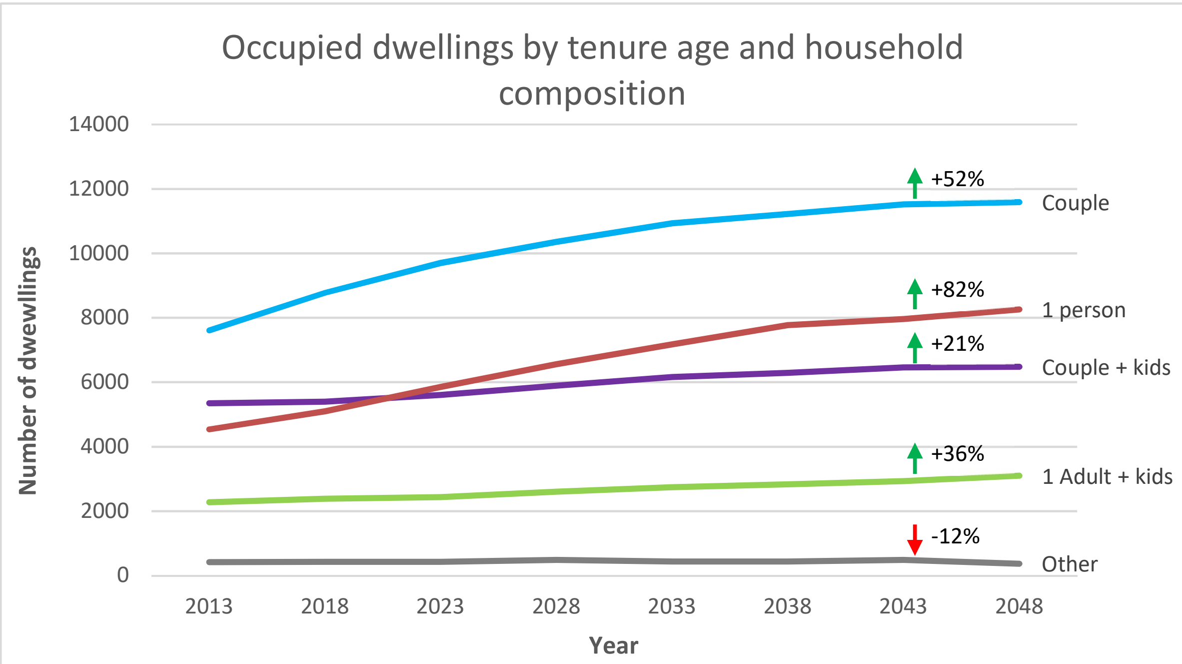
In 2017, Western Bay of Plenty District Council, Tauranga City Council, SmartGrowth and BayTrust commissioned a study on the housing demand and need of the sub-region, with a 30 year view. The report, published in December 2017, provides a forecast on housing supply and demand to the year 2047 including housing types, demographic distribution of housing demand and housing affordability. Modelling was based on a range of data sources from SmartGrowth, NIDEA and Statistics New Zealand (including Census data).

Overall the study found that the number of people aged 65 years and older who are renters is projected to increase by 182% in the Western Bay of Plenty over 30 years from 2017 to 2047. While the study calculated housing demand for all age groups and household types, it concluded that the projected increase in housing need from 2017 to 2047 was primarily "a reflection of the projected increase in the number of older one-person and couple-only renter households aged 65 years and older", given their proportion of all renter households increases over time.

The key findings of the report are as follows:

Demand:

- Renter occupied dwellings with people aged 65 years and older are projected to increase by 6,830 (or 222%) in Tauranga and 1,970 occupied dwellings (or 182%) in Western Bay of Plenty;
- An increase in households aged 65 years and older from 32% in 2017 to 43% in 2047.
- 8,200 more dwellings are required within the Western Bay (excluding Tauranga) by 2047, with an annual average demand between 430 and 220 dwellings;
- 3,460 households are experiencing "housing need" today;
- Demand for dwellings by family composition (owner-occupied and renters) forecast to 2048:



- By 2047 there will be an additional need for 2,580 dwellings with 2 bedrooms or less, and 5,400 dwellings with 3 bedrooms or more, compared with the year 2017.

Affordability:
- The number of couple-only (no children) renters is increasing.
- Unaffordability trend is increasing.
- House prices have been increasing by double the rate of income since 1991.
- Nearly 90% of renters cannot affordably purchase a home greater than $500,000.
- Median house price in March 2017 was $620,000 in Tauranga, and $550,000 in Western Bay of Plenty district.
- Lower quartile housing value was $450,000 in 2017 in the Western Bay of Plenty district.

Housing Types:
- 85% of new dwellings since 2001 were 3, 4 or 5 bedroom.
- 510 more 1 & 2-bedroom owner-occupied homes will be needed by 2047.
- 2,070 more 1 & 2-bedroom rental dwellings will be needed by 2047.
- Generally, there is projected increase in demand for multi-unit vs standalone dwellings, particularly for renters.

Overall, the forecast paints a relatively bleak future in terms of rising unaffordability, and the relatively high number of new dwellings needing to be constructed each year, as well as a discourse in housing typology where 85% of developments only catering to the 3+ bedroom housing typologies rather than the much higher need for 1-2 bedroom houses.

5.2 Affordable, independent rental options for people aged 65+ years

In November 2016, a report on Older People and the Rental Market in the Western Bay of Plenty Sub-region (Tauranga and Western Bay of Plenty combined areas) was released. The report was prepared for the SmartGrowth Population Ageing Technical Advisory Group, and was part of the Ageing Well National Science Challenge.

A subsequent research paper, released in April 2020, on the housing trade-offs of seniors, also provides useful insights.

The 2016 research paper identified that:
- 60.5% of older renters in the sub-region were aged between 65-74 years. Almost one third were aged 76 and older.
- Most older renters live in private rentals.
- Of those who live in Council accommodation (provided by both Tauranga City and Western Bay of Plenty District Councils), the age profile is higher. 56 percent are aged 75 and over.
- Rents in the private rental market are high if the older person is reliant on NZ superannuation or the veteran’s pension.
- There is a small amount of stock that caters specifically for older tenants, by providing accessible features – this is more likely to be provided by council and community housing providers, rather than the private market.
- Older renters are more likely to have a disability than other owner-occupiers, and those living in Council housing are more likely than those in private rentals to have a disability. This is also driven by the higher proportions of Council housing tenants who are over the age of 75 years.

- There is evidence that private rental stock is in poorer condition than Council or community housing provided stock.
- Retirement villages in the sub-region provide no rental accommodation.

The 2020 research paper identifies that:
- people living in rental accommodation derive wellbeing from that accommodation when they feel they have security of tenure.
- Older people want smaller and accessible accommodation that is warm and dry.

6. Western Bay of Plenty District Council's elder housing portfolio

Overview of portfolio

The Western Bay of Plenty District Council's housing stock of 70 elder housing units were constructed between 1963 and 1989. They are located across the district in Waihi Beach, Katikati, and Te Puke. All of the villages are well located in terms of their proximity to shops and public amenities.

The units are generally structurally sound, however some major repairs are needed in the next 10 years, such as roof replacements. The houses have not been modernised since their construction, and currently do not cater well for cars and mobility scooters. For most units, the kitchens, hot water cylinders, and electricity distribution boards have not been replaced since their original installation.

Collectively, the elder housing portfolio has a capital valuation (land and buildings) of $11,825,000 as at 1 July 2020. The land is valued at $3,875,000.

The data below includes information on the condition of the existing stock and the redevelopment potential of the sites.

Yeoman Flats, Katikati
17 Heron Crescent, Katikati
Built: 1982
Site: 946m^2 (1 lot)
Units: 4
Size of Units: Approx. 45m^2
Buildings Valuation: $443,000 (1 July 2020)
Land Value (combined with HJ Cooper Flats): $690,000.

Location: Very well located with shops and public facilities very close by and a park next door.

Current Condition: The units are in a fair-good condition. No urgent work is required. However, given the age of the units ongoing maintenance and replacements of components will be necessary.

Estimated costs of maintenance over 10 years: $178,841.25.

Redevelopment potential: There is significant scope to redevelop this site. The site is flat and well located. The units are standalone with significant space around them. They would also be relatively easy to move off the site.

H J Cooper Flats, Katikati
13 & 15 Heron Crescent
Built: Four units in 1977 and three units in 1979 and
Site: 1,560m^2 (2 lots)
Units: 7
Size of Units: Approx. 50m^2 (single), and Approx. 60m^2 (double)
Buildings Valuation: $770,000
Valuation: Combined with Yeoman Flats: $690,000 (1 July 2020)

Location: Very well located with shops and public facilities very close by and a park next door.

Current Condition: The units are in a fair-good condition. No urgent work is required. However, given the age of the units ongoing maintenance and replacements of components will be necessary.

Estimated costs of maintenance over 10 years: $302,364.30

Redevelopment potential: there is significant redevelopment potential, however it would mean demolition of the existing units. The site is flat and well located.

Ulster Flats, Katikati
5-7 Tui Place
Built: 1970s
Site: 1,346m^2 (2 lots)
Units: 6
Size of Units: Approx. 45m^2
Buildings Valuation: $944,000
Land Valuation: $395,000.

Location: Well located with shops public facilities close by and a public park next door including the Dave Hume pool.

Current Condition: The units are in a fair-good condition. There are some wall linings that contain asbestos, that require labelling. Floor coverings and bathroom facilities are dated. It is anticipated replacement and upgrades will be required within the next 10 years. This is included in the estimated costs of maintenance.

Estimated costs of maintenance over 10 years: $215,613.30.

Redevelopment potential: Space available for some additional units, would require relocation of existing units. Modernisation/upgrade potential as well.

Lee Street, Te Puke

Built: Nine in 1970, three in 1986 and two in 1987
Site: 2,234m^2 (3 lots)
Units: 14
Size of Units: Approx. 45m^2
Building Valuation: $1,723,000
Land Valuation: $390,000 (1 July 2020).

Location: Nestled in residential area. Short drive to shops and public amenities.

Current Condition: The units are in a fair-good condition. Floor coverings, bathroom and kitchen facilities are dated. It is anticipated replacement and upgrades will be required within the next 10 years. This is included in the estimated costs of maintenance.

Estimated costs of maintenance over 10 years: $419,517.

Redevelopment potential: No room on site for additional units. Modernisation/upgrade potential only.

Slater Place, Te Puke
9 Slater Place
Built: Approx. Six in 1970, six in 1974 and eight in 1986
Site: 3196m2 (4 lots)
Units: 20
Size of Units: Approx. 45m^2
Building Valuation: $1,970,000
Land Valuation: $750,000

Location: Shops nearby, public amenities a short drive away.

Current Condition: The units are in a fair-good condition. It is anticipated that on older units roofing, including gutter eaves and downpipes, will need replacement within the next 10 years. There is also some subfloor cracking to Unit 3. Aluminium joinery in Units 7-12 is anticipated to need full replacement within the next 10 years. These components have been included in the estimated costs of maintenance.

Estimated costs of maintenance over 10 years: $449,590.

Redevelopment potential: No room on site for additional units. Modernisation/upgrade potential only.

Stafford Clark Court, Waihi Beach

Built: 1974
Site: 4,029m^2 (2 lots)
Units: 19 (18 singles, 1 double)
Size of Units: Approx. 45m^2
Building Valuation: $2,100,000
Land Valuation: $1,650,000(1 July 2020)

Location: Shops and public amenities (including the beach) are a short drive away.

Current Condition: Units are in a fair-good condition. It is anticipated that the units will require repainting within the next 10 years. Floor coverings and bathrooms facilities will also require replacement within the next 10 years. These components have been included in the estimated costs of maintenance.

Estimated costs of maintenance over 10 years: $761,341.36.

Redevelopment potential: Available space is relatively steep and unsuitable for building on, so little opportunity for additional units. Modernisation/upgrade potential.

Tenancy management services

Two Property Services Officers manage the tenancy and maintenance of the units, as part of their role. The elder housing portfolio is split into two areas, being 'East' (Te Puke) and 'West' (Katikati and Waihi Beach). The property services officers are also responsible for management and maintenance of Council's other community facilities in those areas, such as libraries and service centres, and other project work as required.

Council has agreed criteria that is applied to tenancy applications. In considering these applications the property services officers also work to ensure that prospective tenants will be a good fit within the village.

The criteria for tenants are:
- Aged 65 years and over
- Receiving NZ superannuation or similar
- Have a medical doctor's certificate to verify the applicant is able to care for themselves and live independently
- Provide two written reference or details of two people willing to provide verbal references
- Demonstrate a genuine housing need, which is assessed on the basis of having assets with the value of no more than $20,000 (including motor vehicles).
- May earn up to $100 a week from any benefit, dividends, income (employment) beneficiary or trust, or interest.
- Preference currently given to applicants with a history of residency in the Western Bay of Plenty District.

Downers are contracted to undertake regular upkeep of lawns, clean gutters and paths, and an annual maintenance check of the portfolio. Their contract is sometimes varied to include miscellaneous maintenance issues such as repairing footpaths and pipes.

Endowment Land

A portion of the Stafford Clark Court units in Waihi Beach are located on land which is noted as "endowment land". The land is technically held "in trust" by WBOPDC, who inherited it from the former Ohinemuri County Council.

According to the Controller and Auditor General[1], endowment land or land held on trust can only be sold if:
- Council gives notice of its intention to sell in its draft LTP, and
- The notice of intention to sell includes the use of the proceeds of the sale, and
- The sale is not expressly prohibited by the terms of the endowment/trust, and
- Council uses the proceeds of the sale as set out in the terms of the endowment/trust.

Documents used in the original transfer on trust states that the land is to be used for:

"…the purpose of erecting and providing thereon residential flats for occupation by indigent persons comprising in particular (and without derogating from the generality of that description of persons) widows and/or widowers pensioners super-annuitants and/or other elderly needy persons or to use the said land in conjunction with or appurtenant to the use of

[1] From: "Local Government: Results of the 2003/04 Audits", Section 2.3: Sale of Endowment land (https://www.oag.govt.nz/2005/copy_of_2003-04/part2-3.htm)

adjoining land used or to be used by the Corporation or its successor for the purposes aforesaid and the Corporation doth hereby accept this transfer".

Legal advice

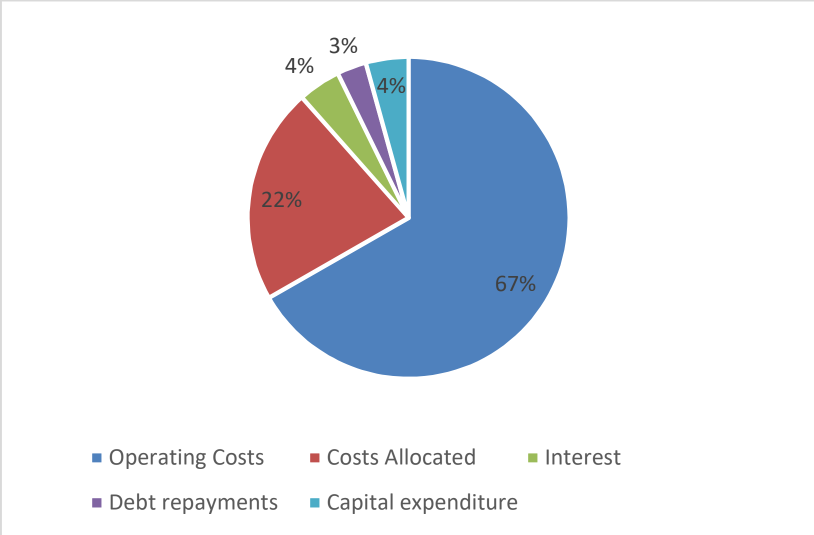
Council sought legal advice from Cooney Lees Morgan about the potential to transfer or lease ownership of this land to a Community Housing Provider (CHP), should such option be chosen. The advice is summarised as follows:

1. The village at Waihi Beach comprises two lots, being Lot 4 DPS13255 ("Lot 4") and Lot 8 Block VIII DP17197 ("Lot 8")
2. Neither lot is "endowment" land. Both lots were held "on trust".
3. Lot 4 remains as being held "on trust", however Lot 8 is no longer subject to the trust imposed because it was subject to a lease which has expired.
4. Council is able to transfer Lot 4 to a CHP, subject to sections 140 and 141 of the Local Government Act (land held as an endowment or on trust must be used for its purpose). Lot 8 is not subject to those sections.
5. In transferring Lot 4 to a CHP, a reasonable attempt must be made to notify the donor of the property (or their successor) that Council intends to sell the land, and provide them with a reasonable opportunity to comment on the intended sale. The donor of Lot 4 was Ralph Lewis Brown, Lindsay Brown and Stewart Raymond Brown.
6. While Lot 8 is not subject to the same legal restrictions, the legal advice suggests contacting the donor Cuthbert Stafford Wilson Clark or their successor(s) in any case, as they may take a different view of the leasehold interest being expired.
7. Council may take monetary payment if selling to a CHP (assuming the CHP continues to operate within the bounds of the trust agreement), however any proceeds would need to be applied in a manner consistent with the purpose of the trust. This is mandatory for Lot 4, and recommended for Lot 8 (the trust no longer exists, however a conservative approach would be to treat both lots equally).
8. If the land is sold to a CHP, there is nothing stopping the CHP from later selling the land on the open market; subsequent owners would not be obliged to continue to use the flats for elder housing. Given this, Council may register an encumbrance on the titles to ensure future use of the land is for elder housing only, or otherwise require the CHP to have to offer back the land to Council if the CHP wishes to sell
9. Leasing the land to a CHP would not trigger the sale restrictions of sections 140 and 141 as above, as Council would retain ownership of the land, where Council could continue to comply with the trusts for the land.

7. Current financial position

Rent is the only income stream for this activity. It is currently set at $129.50 per week for a single tenant, and $184 per week for a couple. Total income from rent has increased from $357,162 in 2011, to $457,141 in the 2020 financial year.

For the 2019/20 financial year, total expenditure was $532,444, which included:

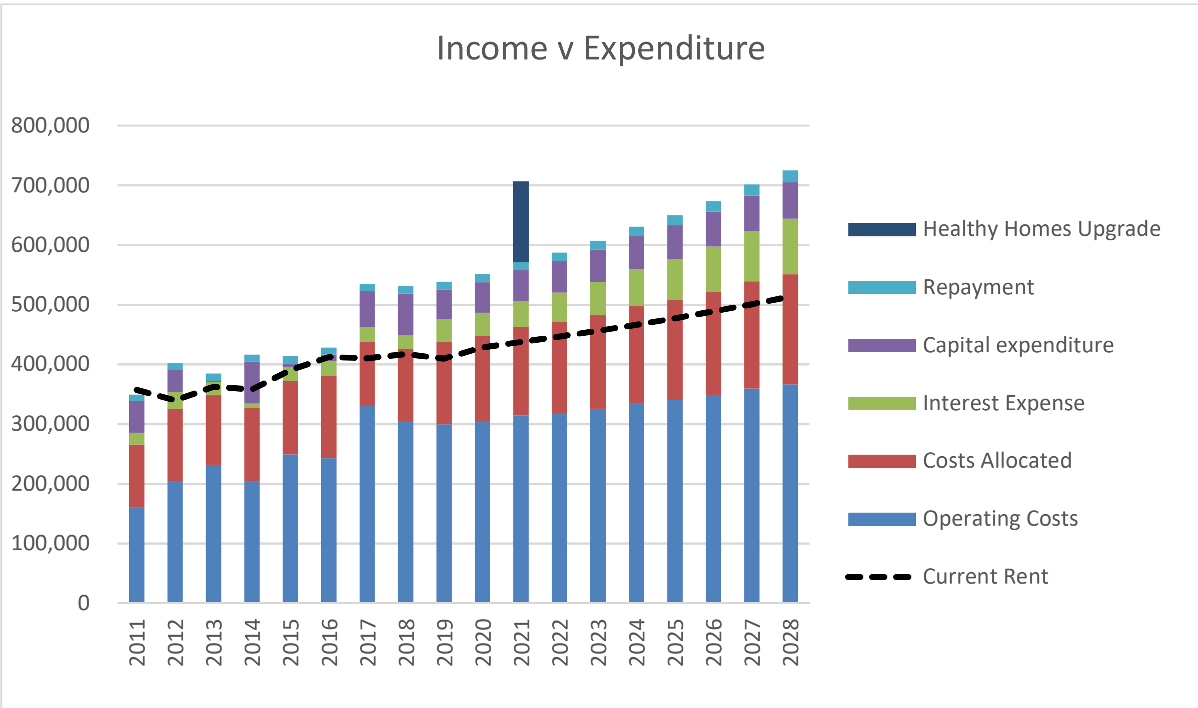


Operating Costs: $355,221 (67%)
Costs allocated (Council overheads): $115,772 (22%)
Interest expense: $22,842 (4%)
Debt repayments: $15,766 (3%)
Capital expenditure: $22,843 (4%)

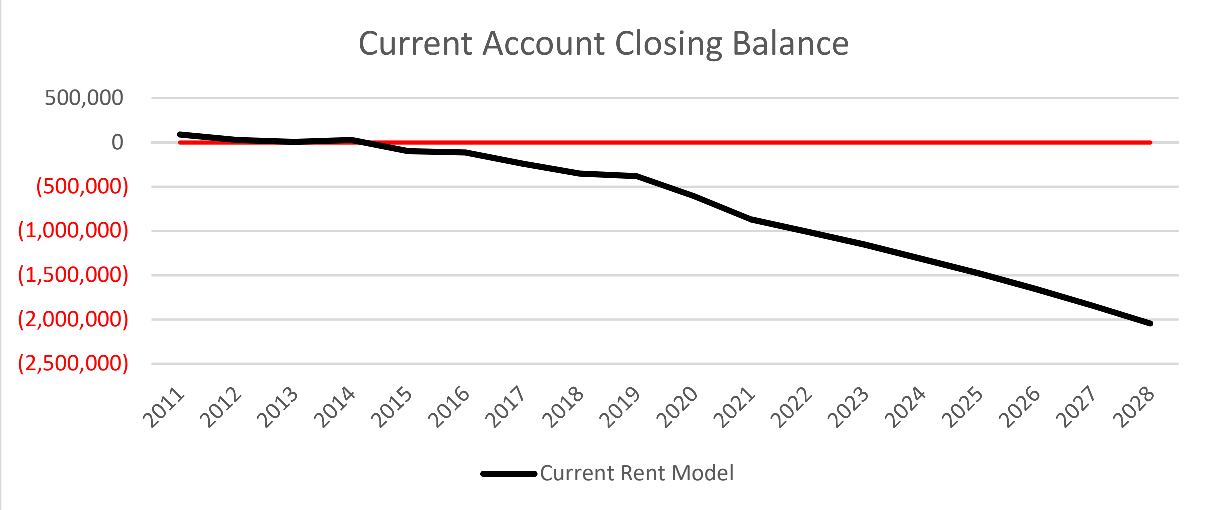
Depreciation of $115,772 was recorded, however this is not funded.

Condition assessments anticipate maintenance requirements of $2.33 million over the next 10 years.

The overall account balance for Council's elder housing activity is exponentially losing value over time. While the account balance in 2011 was recorded at $90,812, it is currently valued at -$380,699, and projected to be -$2,045,612 by 2028[2], taking into account inflation. Essentially, the activity's income (rent) is not keeping up with the increase in costs, at an exponential rate.



[2] This figure assumes rent increases of CPI only, and no other changes to service delivery.



A detailed table of income and expenditure from 2011 to 2028 is provided in **Appendix B**: Actual and forecast pensioner housing income/expenditure (forecast derived from LTP 2018; including inflation).

8. Current tenant income

For clarity, and to aid in affordability calculations, the following main benefits are available to Council's elder housing tenants (figures after tax, per week, as at 1 April 2020 [3]):

New Zealand Superannuation (single, living alone): $423.83

New Zealand Superannuation (couple, no children): $652.04

Winter Energy payments (single, living alone): $20.45 per week ($40.91 during COVID)

Winter Energy payments (couple, no children): $31.82 per week ($63.64 during COVID)

Winter Energy payments are enabled under the Social Security Act 2018. Payments run for 12 weeks (3 months) beginning 1 May, and for superannuation is paid on a fortnightly basis. The scheme is available to anyone currently receiving superannuation and is paid automatically (there is no sign up required).

Tenants may also be eligible for other benefits such as for disability support. Any income received by the tenant may impact the amount of these benefits.

9. Availability of rental subsidies

Access to the Income-Related Rent Subsidy (IRRS)

The Income Related Rent Subsidy (IRRS) is one method used by the Ministry of Housing and Urban Development to address housing affordability. It is provided to make accommodation more affordable for those on low incomes who are in social housing. The subsidy bridges the gap between market rent and an affordable rental rate for those on low incomes, which is

3 https://www.workandincome.govt.nz/map/deskfile/nz-superannuation-and-veterans-pension-tables/new-zealand-superannuation-and-veterans-pension-ra.html

considered to be 25% of the income of a tenant. The tenant pays 25% of their income as rent, and the Ministry of Social Development (MSD, who administer the IRRS) pay the difference between that rent and the market rent, directly to the housing provider. The IRRS is only available to those on the social housing register who meet a strict income and cash asset criteria.

The IRRS is currently only available to tenants of Kainga Ora and Community Housing Providers (CHPs). Local authorities are explicitly excluded from receiving the IRRS. This means that tenants in Council's current elder housing units are ineligible. To date there have been no signals from Central Government that this will change, and it is unlikely to be part of government's work programme in the near future.

Use of the IRRS was considered in the options assessment, for options where a community housing provider could in theory access the IRRS.

Based on the current rental charged by Council, the calculated income-related rent for existing tenants would be $105.96 (being 25% of their income), where MSD would pay the landlord an additional $144.04 to bridge the rent income up to $250. Couples would pay $163.01.

It must be noted the IRRS is currently only available for new tenants rather than existing tenants, with prospective tenants identified from the social housing register. The options assessment is based on this eligibility.

Accommodation Supplement

The Accommodation Supplement is a means tested rent-dependant subsidy provided directly to the tenant from MSD. It is available to low-income earners with cash assets of less than $8,100. Some of Council's existing tenants already receive the Accommodation Supplement, and the majority of those who don't currently receive it would qualify. *This needs to be confirmed.*

The Accommodation Supplement subsidises the rent by 70% (rounded up) above a particular threshold, which for a superannuitant or person on the veterans pension is $106 for single, living alone, or $163 for a couple (as at 1 April 2020 [4]). This means that for all rent above $106, a qualifying tenant will receive a subsidy of 70% of that rental cost. The amount of accommodation supplement received by single tenants is therefore calculated as follows:

$$\text{Accommodation Supplement} = \left(\text{Rent} - \underbrace{\$106}_{\textit{minimum rent}} \right) \times \underbrace{0.7}_{\textit{70\% subsidy, rounded up}}$$

The subsidy has a maximum level that will be paid, which varies across the country. For the Western Bay of Plenty, the maximum subsidy is $105 for a single person living alone, and $155 for a couple.

The following table illustrates how the accommodation supplement affects rent levels for a single tenant:

[4] https://www.workandincome.govt.nz/map/deskfile/extra-help-information/accommodation-supplement-tables/new-zealand-superannuation-and-veterans-pension-cu-01.html

	Current rent	Rent: $180	Rent: $200	Rent $220	Rent $250
Rent charged	$129.50	$180	$200	$220	$250
Accommodation Supplement	$16.45	$51.80	$65.80	$79.80	$100.80
Effective accommodation cost (rent minus subsidy)	$113.05	$128.20	$134.20	$140.20	$149.20
Rent as a %age of NZ Super ($423.83 a week after tax)	26.6%	30.2%	31.7%	33%	35%
Rent as a %age of NZ Super, including the winter energy payment, assessed at $431.69 a week after tax	26.2%	29.7%	31%	32.5%	34.5%

Overall the IRRS offers a better subsidy than the Accommodation Supplement. However, the IRRS is only available to social housing tenants of Kainga Ora and Community Housing Providers, whereas the Accommodation Supplement is available to Council's tenants.

10. Feedback received on the elder housing service

Tenant's Views

In March and June 2020 Council staff and elected members visited each tenant to hear first hand what they thought of Council's elder housing service, and any concerns or ideas they had for the future.

Overall, the level of satisfaction with the units and service from Council was high. Feedback was that Council's units are well managed. The tenants are comfortable in their units and feel that they can live comfortably, as the rent is affordable.

A specific point raised by some of the tenants was that Council's property staff do a good job of vetting prospective tenants, so that new tenants are a 'good fit' with the village. There was some feedback that the existing criteria for selecting tenants (over 65 years and with limited means) is appropriate.

The overall feedback is summarised below:

Key positive feedback:
- Great location
- Affordable
- Feel Safe

- Security of Tenure
- Villages are well managed.

<u>Suggested improvements</u>
- Parking safety
- Accessibility
- Lack of power points in the units (use of extension leads can be a hazard).

This feedback provides useful guidance for assessing options and considering the tenant's perspectives.

Community feedback received through Phase 2 LTP Engagement (Hello Future District)

The wider community provided feedback through the Phase 2 LTP engagement. This was via an online survey that was open from September 14 to 2nd October 2020. The questions and answers are set out here:

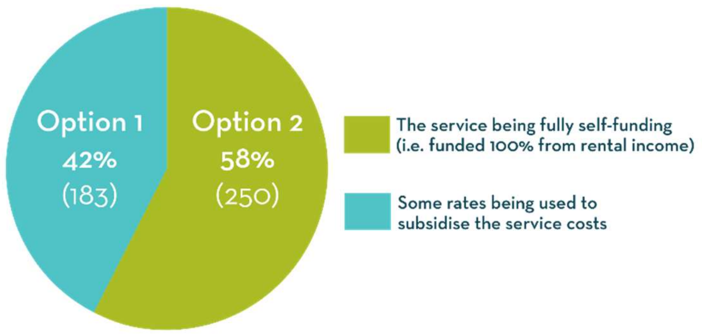
1. Should Council continue providing elder housing?

Should Council continue providing elder housing?

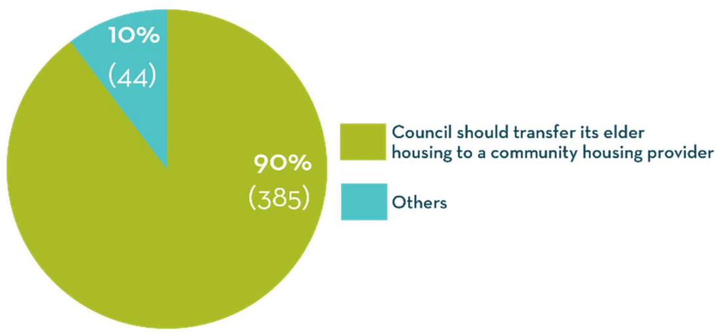
Yes 63% (328)
It should continue to be Council-run.

No 37% (196)
It should be run by someone else.

2. If Council does continue providing elder housing, then what do you prefer?



3. If Council doesn't continue providing elder housing, what do you think should happen?



Note: The numbers in brackets next to the %ages indicate the number of actual responses received.

50 comments were also received. The comments ranged from:

- those who believed it was critical for Council to continue to provide elder housing,
- those who thought Council should retain the land but lease the units and management of those to an external provider,
- those who felt the housing should be available for a wider range of people with needs.

A few comments were also made on different accommodation models such as Abbeyfield.

Some people commented that it may be better for others to provide elder housing if they can access more funding and provide a better service. Their comments included the proviso that rents needed to remain affordable.

Feedback from Bay of Plenty District Health Board on the elder housing service

Feedback was sought from staff from the Bay of Plenty District Health Board (DHB), to gain a better understanding of how to work with tenants who are becoming less able to live independently, and need to transition to a rest home.

The DHB staff confirmed Council's tenancy agreements are appropriate as they give the ability to work with tenants when they are no longer able to live independently.

It is worth noting the process to transition to a rest home is not straightforward. Spaces are limited. The DHB staff expressed the significant need for affordable elder housing units, and the positives they see from Council providing these units, if only at a limited number.

There was some clarity given on what it means to be able to live independently. Independent living does not mean that a person does not have any disabilities or need support to live in their own home. Independent living means someone can still manage their own lives and make decisions. They may need assistance with some tasks due to a disability (e.g. vision impairment). It's important to note that while modern health advances and lifestyle changes mean people are experiencing disabilities or illnesses later in life than previously, it may also mean they are living with a disability or illness for a longer period of time, as people are generally living longer.

The DHB staff make assessments on whether people are able to live independently or not. Council staff work with the district health board on this process where it is considered it is needed.

The engagement with the District Health Board was useful for understanding how services to older people, and the transition to a rest home is managed. It is intended the DHB will continue to provide input throughout the review process.

11. Options Assessment

Overview of options

As set out in Section 4, Council is required, as part of a Section 17A review, to consider the following options:

Options for the **governance, funding, and delivery of services** including but not limited to:

a) responsibility for governance, funding, and delivery is exercised by the local authority:
b) responsibility for governance and funding is exercised by the local authority, and responsibility for delivery is exercised by—
(i) a council-controlled organisation of the local authority; or
(ii) a council-controlled organisation in which the local authority is one of several shareholders; or
(iii) another local authority; or
(iv) another person or agency:
c) responsibility for governance and funding is delegated to a joint committee or other shared governance arrangement, and responsibility for delivery is exercised by an entity or a person listed in paragraph (b)(i) to (iv).

Note that clause b) separates **governance and funding** from **service delivery** – so the governance and funding remains with the Council, but the delivery of the elder housing activity is undertaken by another entity.

Under clause c), the difference is that the governance and funding is delegated to either a joint committee or a other shared governance arrangement of Council, and the delivery of the service is undertaken by either a council controlled organisation, another local authority, or another person or agency.

In considering these requirements, Council gave direction to consider the following options for the elder housing activity:

1. Maintain the status quo
2. Retain portfolio and increase rents to cover costs of maintenance and enable redevelopment of stock over time.
3. Divest the housing portfolio and activity to a Community Housing Provider (preferably local).
4. Gift the housing portfolio and activity to a Community Housing Provider (preferably local, with additional conditions of sale such as expansion of the portfolio).
5. Retain ownership of the land, and lease the portfolio to a Community Housing Provider.
6. Establish a Community Housing Provider entity of which Council retains a 49% share.

The following section explores the viability of each of these options, primarily from a cost efficiency perspective. Consideration should also be given to other matters such as access to pastoral care for tenants, and long-term security of tenure for existing tenants.

Options not progressed

Council has not progressed the following options:

Option	**Reason not progressed**
Delivery by a Council controlled organisation (CCO)	The activity is a relatively small activity of Council. The size of the portfolio (70 units) and current operational management arrangements (two internal staff property managers). The establishment, management and administration of a CCO is not considered cost effective given the size of the activity.

Delivery by a council controlled organisation in which Council is one of several shareholders	There are no existing local CCOs that could take over service delivery of the activity. For the same reasons above, becoming a shareholder in an existing CCO of another local authority is not considered cost effective or efficient. Establishing a CCO to do this is not considered cost effective. In addition, the local authority who Council would be in the best position to work with on this option is Tauranga City Council (TCC). TCC completed a review of their elder housing activity in 2018, and are progressing with divestment.
Delivery is carried out by another local authority	As above, TCC are the local authority that could take over service delivery. They have already made the decision to divest their portfolio.
Responsibility for governance and funding is delegated to a joint committee or other shared governance arrangement, and responsibility for delivery is carried out by either a CCO, a CCO in which Council is one of several stakeholders, another local authority, or another person or agency	Council could consider governance and funding being delegated to a joint committee or other shared governance arrangement. Given the size of the activity, however, and the size of Council, the additional administration required for this is not considered cost effective or efficient. The activity is currently managed effectively under existing committee delegations and terms of reference.

Assessment Process

As part of initiating this review, the Policy Committee endorsed the formation of a working party. The working party followed an options assessment process, using a weighted scoring sheet. This has informed the development of this paper for the wider Committee to consider. The working party's scoring sheet is attached as Appendix B to this paper.

A weighted scoring sheet was used to rank the options that are being considered. This involves

1. setting the criteria
2. weighting that criteria based on its importance
3. scoring each option against each criteria.
4. determining which option has come out as the preferred option.

Criteria

The following criteria were developed and agreed, based on the direction given by the Policy Committee through previous workshops:

Affordable: The option is able to be structured so that the effective rent for tenants is set at no more than 35% of net income. Income is assessed as being the equivalent of NZ

Superannuation, which is current $423 a week (after tax). So, the effective rent should be less than $148 a week.
Financially sustainable: The option is able to be structured so that it is covering its costs.
Administratively straightforward: The option needs to be straightforward to implement (not overly complex which would add costs).
Ability to redevelop so service is fit for purpose: the option would enable sites to be redeveloped so that fit for purpose housing, and more units, could be built.
Meets needs of tenants: ability to provide a high level of service and provide additional support services for tenants if required.

Assumptions

Some key assumptions were made for the options assessments:

- Income is assessed as being the New Zealand Superannuation.
- Tenants will be eligible for the accommodation supplement, which will enable their effective rent to remain below 35% of net income.
- Redevelopment costs can be funded from rental income, if the rent is increased. The rental increases can be maintained at a level that keeps tenants effective rent at less than 35% of their income (this is linked to the assumption above, that tenants will be eligible to receive the accommodation supplement).
- Existing tenants will not be able to access the Income Related Rent Subsidy (IRRS), if the units are transferred to a Community Housing Provider (CHP). This is based on advice received to date from Ministry of Housing and Urban Development (MHUD).
- Council as a provider is excluded from receiving the Income Related Rent Subsidy, and this will continue.
- Council will develop an elder housing policy to guide the setting of rents and tenant eligibility criteria, that aligns with the options assessment criteria and eligibility criteria for receiving government accommodation subsidies.
- The ‘cohort’ that accommodation is provided for remains those over the age of 65 years (or equivalent age for eligibility to receive NZ superannuation), with limited financial means, and who are able to live independently.

Outcome of options assessment

The working group did a 'weighted scoring' assessment of each option against the criteria. The full assessment table is attached as Appendix C to this report.

There were two options that scored highly:

Retain and loan fund redevelopment of the sites.

And

Divest to a community housing provider (CHP).

These options enable the existing level of service to be maintained, ensure the revenue can cover expenditure, and are straightforward to implement. Both would enable redevelopment of the sites to occur over a period of time.

The potential advantage of transferring to a CHP is the ability to access wrap-around support services. While the CHP would also be able to access the IRRS over time, this would not have an immediate impact, as existing tenants are not eligible.

The potential advantage of the service remaining with Council is the ability to continue the current level of service, including vetting prospective tenants. Council is not a social housing provider and so does not need to meet any other requirements to ensure tenants are receiving rental subsidies.

Risk Analysis

Given how closely the two options were scored, an analysis of the potential risks of each option was undertaken.

Risk	**Option 1: Council retain units, increase rent, redevelop units over time.**	**Option 2: Council divest units to a Community Housing Provider**
Service Delivery	Council will continue to provide its current level of service. There is a high level of satisfaction from tenants with the existing level of service. Risk assessment score: 1 *Note: The report includes recommendations for a policy to ensure this level of service continues over time.*	Community Housing Providers are well regulated to ensure they are providing a quality service. There is a risk that the service delivery is at the discretion of the CHP. While safeguards can be put in place through the sale and purchase agreement, these may be legally difficult to enforce. Risk Assessment score: 2
Financial Risk	Construction costs are difficult to predict. There is a risk project costs are underestimated, which could lead to redevelopment not	As with Council carrying out a redevelopment programme, the same risks exist.

	being viable (or rents needing to be increased to such an extent the objective of providing affordable rental accommodation is no longer met). Risk assessment score: 3	The risk to Council is however significantly reduced, as Council would not be involved. Risk assessment score: 1
Redevelopment does not progress *Explanation of risk:* *A key driver of the review is that the number of units available is increased over time. This is in response to the significant existing and projected demand for units that exists. If the redevelopment does not progress, this is a risk to the overall purpose of the review.*	Future Councils may decide the costs associated with redevelopment are too high, and these costs outweigh the benefits. It should be noted this is a risk that exists with any Council project. Risk Assessment score: 2	Community Housing Providers work closely with Central government agencies, to understand demand and supply of units and to support redevelopment projects. CHPs usually require third party investment to progress redevelopment, such as a guaranteed rental income stream from central government. There is a risk that once divested the CHP may not have the financial capability to redevelop the units, in particular if safeguards around existing tenants are locked in place through the sale and purchase agreement. Risk Assessment score: 3
Reputational risk	Public sentiment is in favour of Council continuing to provide elder housing. Continuing to provide the service means rents will need to increase. The public has also overall supported increases in rents to cover the cost of the service. There is a reputational risk if Council makes significant increases to rents, and the perceived impact this will have on tenants. Risk Assessment score: 2	Public sentiment is in favour of Council continuing to provide elder housing. A decision to divest to a community housing provider may not be well received by the community. Risk Assessment score: 4
Loss of operational knowledge	Risk Assessment score: 1	Risk Assessment score: 4
Total Risk Assessment score	**9** ***LOWEST RISK OPTION***	**14**

Risk Assessment score:

1: Low, 2: medium / low 3: Medium, 4: Medium / High, 5: High

Preferred Option

Based on the weighted scoring assessment and risk analysis, the preferred option is:

Option 2: Council retains its elder housing activity, and loan funds redevelopment.

The preferred option is proposed to be included in the Draft LTP 2021-2031 supporting information and Consultation Document, for formal consultation through Phase 3 LTP 2021-2031, in March / April 2021.

12. Recommendations

Option recommendation

Based on the outcomes of this report, it is recommended that Council continue to provide elder housing as an activity of Council, with the following conditions:

1. The activity is a 'ring fenced' activity of Council. This means the revenue (from rental income) covers the expenditure, including all interest costs, of providing the activity.
2. The activity is to provide elder housing for those aged 65 years and over (or the equivalent of the age of eligibility for New Zealand superannuation) and with limited financial means.
3. Sites are redeveloped over the next 30 years to ensure the units are fit for purpose for tenants needs. Redevelopment will be funded from the activity revenue, and external sources on a case-by-case basis where that is an option.
4. An operational policy is developed which sets out eligibility criteria and tenanting guidelines. The policy will include a clause that weekly rents are set to no more than 35% of the net weekly rate of NZ superannuation, minus the accommodation supplement.

13. Appendix A: Approaches taken by other Councils

Tauranga City Council (TCC): Divest

Tauranga City Council commissioned a section 17A review from the New Zealand Housing Foundation. This was published in June 2017, and through its Long Term Plan process in 2018 TCC resolved to divest their elder housing portfolio to one or more registered Community Housing Providers. They are currently seeking expressions of interest from CHPs.

TCC found that the elder housing portfolio was costing more than the income generated by residents, and that the ageing housing stock would require significant capital works in the near future, or $15 million to redevelop all houses over the next 10 years. TCC has stated that the primary consideration in deciding to divest was to ensure welfare protection of the tenants. While the stock is worth approximately $31 million, the sale of the housing stock would be impaired/restricted based on its required use and need for substantial redevelopment and modernization.

Proceeds from the sale will be set aside in a reserve for future elder or social housing related use.

Whakatāne District Council: Divest

On 26 June 2014, Whakatāne District Council Moved to transfer its 79 elder housing units (within 6 villages) to an approved Community Housing Provider, to be considered and recommended by a new Social Housing Sub-Committee.

In February 2015, the council sought expressions of interest from CHP's to purchase and operate the housing portfolio. The housing stock was divested to Tawanui Community Housing (formerly Tauranga Community Housing Trust) in October 2015.

Palmerston North City Council: Status quo (with redevelopment)

Palmerston North City Council (PNCC) has diversified its housing stock of approximately 400 units to provide for social housing as a whole (not just for the elderly). PNCC has a "Social Housing Working Group" which directs the future of the portfolio. Recently PNCC invested $6.5 million in redeveloping its holdings at Papaioea Place by demolishing the existing 44 units and replacing with 48 modern units.

Currently PNCC is looking to build additional new housing by 2021, and to review the delivery of housing by 2019. There are no plans as of yet to divest or sell their portfolio.

Hamilton City Council: Divest

Hamilton City Council (HCC) transferred its elder housing stock of 344 elder housing units to Accessible Properties New Zealand Ltd in March 2016. The sale took 16 months to initiate and complete (HCC resolved to sell its elder housing stock to a community housing provider on 27 November 2014). Conditions of the sale included that the existing tenants be able to remain within the portfolio indefinitely, and that the stock remain for social housing purposes for the next 10 years.

The review did not include Section 17A LGA as it was before section 17A was introduced, however there was a statement of proposal available for the 284 submitters involved. The key reason for selling the portfolio was to cut the ongoing financial loss of the elder housing operation, which at the time was losing $213,000 per year.

To aid the social housing provider, only 20% settlement was required up front, with a 3-year period to pay the remaining 80%. Most of the proceeds of the sale will go into repayment of council debt, and a portion (approximately 10%) will be used to pay back endowment funds.

Waipa District Council: Market rates + divest + increase stock

In 2014, Waipa District Council (WDC) decided to retain its 131 elder housing units and move to self-funding portfolio with rents set at market rates. As part of its commitment to increase elder housing supply, WDC sold 99 of its units in 2017 to Habitat for Humanity, using the proceeds to purchase 12 new units.

Christchurch City Council: "At arms length" 49% stake in CHP

In 2014, Christchurch City Council (CCC) decided (via the special consultative procedure) to retain ownership of its 2,306 elder housing units but lease it to a new trust called the Otautahi Community Housing Trust. TCC refers to this as the "at arms length" approach, whereby the council retains a 49% stake in the housing stock.

CCC transferred its $50 million worth of land and assets to the new trust, plus $0.5 million to finance its establishment. This allows access to the IRRS up to 80% of market rents, while the trust can then pay CCC annually for the maintenance, refurbishment and replacement of the houses (initially set at $12 million per year).

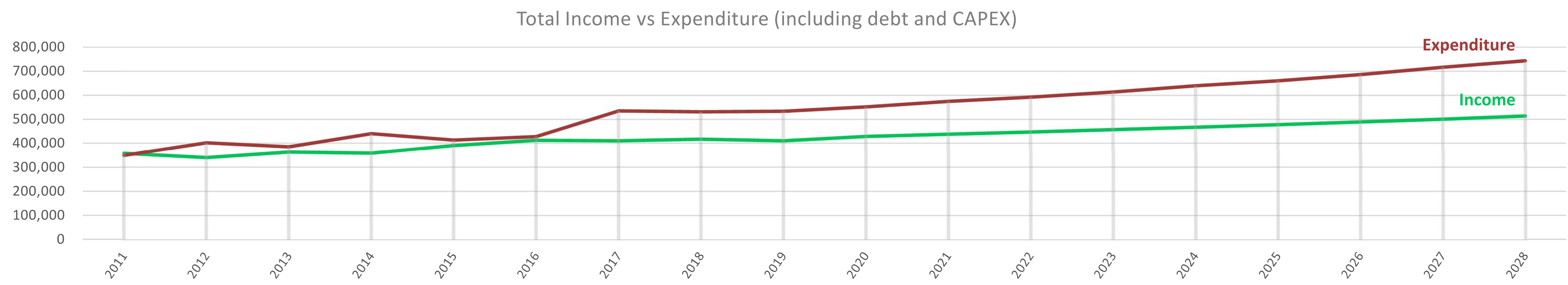
Auckland City Council: Council-controlled organisation

Auckland Council retains full ownership of its elder housing stock via Panuku Development Auckland (PDA), being a council-controlled organisation. Through consultation on its 2015 Long Term Plan, Council directed PDA to partner with a registered CHP in order to access IRRS. A mandate was passed in December 2016 to partner with the Selwyn Foundation.

Units in the existing portfolio deemed to be not fit-for-purpose will be sold, with proceeds being re-invested into the development of existing or new elder housing villages. PDA was set up with a $20 million loan from Auckland Council, as interim support to development until sales proceeds can be realized.

14. Appendix B: Actual and forecast pensioner housing income/expenditure (forecast derived from LTP 2018; including inflation)

	Actual 2011	*Actual* 2012	*Actual* 2013	*Actual* 2014	*Actual* 2015	*Actual* 2016	*Actual* 2017	*Actual* 2018	*Budget* 2019	*Forecast* 2020	*Forecast* 2021	*Forecast* 2022	*Forecast* 2023	*Forecast* 2024	*Forecast* 2025	*Forecast* 2026	*Forecast* 2027	*Forecast* 2028
Income																		
Rent	357,162	339,893	362,689	358,431	390,243	412,324	410,244	417,487	410,000	428,400	437,640	446,880	456,540	466,620	477,540	488,880	500,640	513,660
Expenditure																		
OPEX																		
Operating Costs	160,740	203,674	231,376	227,944	249,005	242,607	330,573	304,794	299,527	305,518	314,191	318,697	325,586	334,996	340,562	348,649	359,420	366,322
Costs Allocated	104,692	121,898	116,642	123,561	123,444	138,332	107,307	120,287	137,928	142,337	147,963	152,020	156,772	162,701	166,860	172,427	179,361	184,482
Interest Expense	20,131	28,275	22,645	6,914	22,258	24,563	24,115	24,067	33,906	40,453	46,966	54,231	61,947	70,305	79,542	89,327	99,910	111,555
CAPEX																		
Capital expenditure	53,038	37,888	950	70,098	6,027	10,977	60,919	69,401	50,000	51,000	52,100	53,200	54,350	55,550	56,850	58,200	59,600	61,150
Debt																		
Repayment (net)	10,395	10,164	13,133	11,868	12,608	11,262	11,688	12,382	11,684	12,385	13,129	13,916	14,751	15,636	16,574	17,569	18,623	19,740
Totals																		
Surplus/Deficit	71,599	(13,954)	(7,974)	11	(4,464)	6,822	(51,751)	(31,660)	(61,361)	(59,908)	(71,480)	(78,068)	(87,765)	(101,382)	(109,424)	(121,523)	(138,051)	(148,699)
Debt + CAPEX	63,433	48,052	14,083	81,965	18,635	22,239	72,607	81,783	61,684	63,385	65,229	67,116	69,101	71,186	73,424	75,769	78,223	80,890
Total gain/loss	8,165	(62,005)	(22,057)	(81,954)	(23,099)	(15,418)	(124,358)	(113,443)	(123,045)	(123,293)	(136,709)	(145,184)	(156,866)	(172,568)	(182,848)	(197,292)	(216,274)	(229,589)
Account Balance	90,812	28,807	6,750	(75,204)	(98,303)	(113,721)	(238,079)	(351,523)	(474,568)	(597,861)	(734,570)	(879,754)	(1,036,620)	(1,209,188)	(1,392,036)	(1,589,328)	(1,805,602)	(2,035,191)



Western Bay of Plenty District Council

15. Appendix C – Options Assessment Table

Purpose: To assess options for delivery of elder housing service.

Criteria (clearly spelled out as positive statements)	weight	Option 1 Status Quo		Option 3 Retain and loan fund redevelopment		Option 4 Divest to a CHP		Option 5 Retain land and lease to a CHP		Option 6 Gift land to a community housing provider		Option 7 Set up a separate entity where Council is 49% shareholder	
		rating	weighted score	rating	weighted score	rating	weighted score	rating	weighted score	rating	weighted score	rating	weighted score
Criteria 1: Rent at 35% or less of income (NZ super or equivalent).	250	100%	250	75%	187.5	75%	187.5	75%	187.5	75%	187.5	75%	187.5
Criteria 2: Financially viable (revenue covers expenses, including previous shortfalls).	250	0%	0	75%	187.5	100%	250	25%	62.5	0%	0	50%	125
Criteria 3: Option is administratively easy to set up and implement.	100	100%	100	100%	100	75%	75	75%	75	50%	50	0%	0
Criterion 4: The units are fit for purpose for the tenants (this means they are redeveloped to meet tenants' needs)	250	25%	62.5	100%	250	25%	62.5	25%	62.5	25%	62.5	50%	125
Criterion 5: Tenants are supported to access to wraparound support services.	150	25%	37.5	25%	37.5	75%	112.5	75%	112.5	75%	112.5	75%	112.5
Totals	1000		450		762.5		687.5		500		412.5		550

Rating: Excellent ★★★★★(100%); Good ★★★★(75%); satisfactory ★★★ (50%); mediocre ★★ (25%); poor ★ (0%)