

TO: Council

FROM: Team Leader Community Development

MEETING DATE: 15 December 2008

SUBJECT: **DRAFT SOCIAL HOUSING STRATEGY**

SUMMARY

The Social Housing Strategy Review Working Party has developed a draft Social Housing Strategy and seeks approval from the Council to release the Strategy for public consultation.

POLICY IMPLICATIONS: The adoption of a Dunedin City Council Social Housing Strategy will provide direction for the Council's future involvement in Social Housing.

OTHER IMPLICATIONS:

- (i) **Approved Annual Budget:** No
- (ii) **LTCCP/ Funding Policy:** No – it is possible to carry out the strategy within existing LTCCP budgets.
- (iii) **Activity Management Plans:** No
- (iv) **Community Boards:** No

RECOMMENDATIONS

That the Council;

- 1 Approve the Draft Social Housing Strategy, set out in attachment one, for release for public consultation; and
- 2 Appoint two Councillors to sit on the Hearings Subcommittee to hear submissions on the draft strategy.

INTRODUCTION

At its meeting held on 10 December 2007, the Council reconstituted the Social Housing Strategy Working Party, to build on the work undertaken by the 2006 Social Housing Working Party. The principle aim of the Working Party was to assist officers to develop a new draft Social Housing Strategy.

DISCUSSION

The Social Housing Strategy Review Working Party has met on a number of occasions over the past twelve months and has developed a draft Strategy for the Council to consider for public release.

The Working Party would normally report to the Community Development Committee, however, timing of the final Working Party meeting was such that the November Community Development Committee agenda was not possible and so this report is presented to the full Council.

The conclusion reached in the draft Strategy is that there is a need to increase the number of one and two bedroom units available in the City and that a cash injection is required for that to occur. The Strategy suggests that the Dunedin City Council works with Central Government to source the funds required.

The Strategy also calls for a more co-ordinated approach to Social Housing across the community and with Government Agencies and further suggests that the density rules in the District Plan be looked at.

With regard to the consultation period, the Working Party suggests that the closing date for submissions be extended to the end of February (Friday 27 February 2009) to compensate for the intervening holiday period.

As instructed by the Councillors' Workshops held earlier in the year, the Long Term Council Community Plan (LTCCP) that the Council will consider in January excludes the capital expenditure of \$1,036,500 identified in the evaluation table as the status quo of option D. This will essentially promote option E as the status quo, which is for the Council not to build any additional units in the future.

CONCLUSION

The Council is asked to consider the draft Social Housing Strategy and approve its release for public consultation.

Prepared by:

Approved for submission by:

Rebecca Parata
**Team Leader Community
Development**

Fliss Butcher
Chair, Working Party

Approved by: Graeme Hall
General Manager Community Life

Date report prepared: 8 December 2008

Policy Manual details that will apply if adopted:	
Title of the position, which is the key contact for the administration and review of this Policy or Policy Statement	<i>Team Leader Community Development</i>
Outcome(s) to which this Policy or Policy Statement contributes	<i>Supportive Community</i>
Sub-outcomes to which this Policy or Policy Statement contributes	<i>To provide affordable accommodation for the elderly and fixed or low-income people in Dunedin residents at no cost to the ratepayer.</i>
KRA(s) to which this Policy or Policy Statement contributes	
Review date	<i>2018</i>
Office Use Only: New Policy Number, if applicable. Committee Code /mm/yy/Agenda Item No. (Codes: PE, CDC, ISCOM, EDC,FS, CL)	____/____/____/____

Attachments

- 1 Draft Social Housing Strategy

Dunedin City Council's Draft Social Housing Strategy

Dunedin City Council Mission Statement

I am Dunedin – a prosperous, accessible city of well-educated people engaged in creative industries that lead the world; with freedom to celebrate a distinctive blend of cultural heritage, architectural character and lifestyle choice; in a city with a thriving central business heart and vibrant suburban communities, and a strong and sustainable connection to a uniquely beautiful harbour, peninsula and hinterland.

Links to Dunedin City Council's Long Term Council Community Plan

The strategy is linked to the Dunedin City Council's Long Term Council Community Plan (LTCCP) in the activity of Supportive City. In particular the LTCCP states that the Council will provide affordable accommodation for the elderly and fixed or low-income people in Dunedin at no cost to the ratepayer.

The Vision – What do we want in terms of Social Housing for Dunedin

The Dunedin City Council would like those residents that need it to have:

- 1 Access to suitable, adequate and affordable housing options
- 2 Access to financial assistance to meet accommodation needs for those requiring support

Objectives

To attain this vision the following objectives are proposed:

- 1 To improve the quality of social housing accommodation in Dunedin, including Dunedin City Council's own community housing
- 2 To increase access to social housing options for all residents requiring assistance
- 3 To ensure that there are adequate levels of financial support that address housing needs
- 4 To ensure there is adequate emergency housing provision

NB *It is recognised that suitable performance measures to evaluate progress against these objectives are yet to be developed.*

These policies can be achieved only through long-term, funded, partnerships with Central Government, replacement and expansion of social housing stock and key partnerships between the Council, health and community organisations to deliver accommodation options and services.

The Council can afford to replace the number of existing housing units at a rate of only five to seven per year. This does not address the current situation experienced by many requiring social housing. Estimates indicate a replacement/increase rate of 15 - 20 units per year is required to maintain current service levels and cater for future demand, based on current policy.

Definitions

Social housing is defined as the provision of accommodation assistance for individuals and families whose housing needs or circumstances are not adequately provided for by the private sector. 'Housing need' is defined as an inability to access or sustain housing that is suitable, adequate and affordable. The term *Community Housing* has been used to describe Council's current housing stock and *Public Housing* is Council housing stock that is available to all ages at market rents.

Context

After several attempts dating back to 1901, the Council's forerunner, the Dunedin City Corporation first got significantly involved in social housing in 1946, in response to "an acute housing shortage". At that time transit housing for returned servicemen and their families was provided; the Corporation also developed and sold 56 acres as allotments, but it was chiefly concerned with providing dwellings in blocks of three to four units for elderly people with low incomes. By 1965 the corporation had 90 double and 114 single units at a total cost of £359,000 of which £125,000 came from the Government.

Today the Dunedin City Council is a substantial provider of rental accommodation in Dunedin, primarily leasing single bedroom units to those over 55 years of age. As at June 2008 the Dunedin City Council Housing Portfolio consisted of 985 units which, when it was last valued in June 2006, had an estimated market value of \$64.5 million. The units are managed on a no cost to the ratepayer basis, which includes maintenance and depreciation costs. Since the criteria was amended in 2004, the numbers on the waiting lists have remained static at between 140 - 160.

Included in the total number of units above are 62 one/two bedroom units and bedsits that fall outside the community housing definition and are leased to tenants on a market basis. There is currently a waiting list of around 50 for these properties.

The table below sets out the Dunedin City Council's current priority criteria for community housing:

INCOME & ASSET CRITERIA - COMMUNITY HOUSING

July 2006

PRIORITY	PEOPLE #	AGE	INCOME LIMIT ¹	ASSET LIMIT ²	RENT
1	1	55 and over	\$30,628	\$117,500	Breakeven
	2	55 and over	\$41,340	\$117,500	Breakeven
2	1	55 and over	N/A	N/A	Market
	2	55 and over	N/A	N/A	Market
3	1	54 and under	\$30,628	\$117,500	Breakeven
	2	54 and under	\$41,340	\$117,500	Breakeven
4	1	54 and under	N/A	N/A	Market
	2	54 and under	N/A	N/A	Market

¹ Income Limit = Accommodation Supplement income threshold for single/married rate with no children (WINZ Working for Families booklet)

² Asset limit = 50% of median Dunedin Sale Price as at June 2006

The next table illustrates the make up of the Dunedin rental property market from the 2001 Census. The 2006 Census indicates a slight drop in rental properties to 11,763 but does not provide the level of detail provided below.

Landlord Sector	Number of Units	Percentage
Private Person	7824	66%
Private Trust	564	5%
Total Private	8388	71%
Local Authority or City Council	807	7%
Housing New Zealand	1437	12%
Other State-Owned Corporation or State-Owned Enterprise or Government Department or Ministry	84	1%
Business or Other Organisation	486	4%
Not Elsewhere Included	603	5%
Total	11808	100%

Table 1.1 - Sector of Landlord and Dwelling Type, for Households in Rented Private Occupied Dwellings, 2001

The Council has partnerships with community organisations such as Abbeyfield Dunedin Incorporated and Just Housing Otepoti. As at June 2008 there was no formal partnership between the Dunedin City Council and Housing New Zealand.

In June 2008 Housing New Zealand had 1,689 units available in the Dunedin City / Otago area, which includes Queenstown and Wanaka. These are generally larger three to four bedroom units. The waiting list for these has also remained static for the past few years at around 245. However there has been an increase in the number of A and B priority clients (52) on the waiting list, in the second quarter of 2008. For a description of the HNZ categories see page 5 Increased Hardship

When the local authority first got involved in Social Housing in 1946 the number of dwelling units in the city was 17,227. Today it stands at 44,808¹ and this has been projected to grow to 52,800 by 2021. It is interesting to note that in 1946 comment was made about the reduced size of the average family contributing to the housing shortage of the time. This is still pertinent today.

Recent changes to demographics and social attitudes and policies housing affordability have led to an increasing number of other groups needing social housing, such as:

- People with physical or intellectual disabilities
- People with mental health illnesses
- Older people
- Those on low incomes

Dunedin City Council's community housing is recognised by social services agencies as ideal for their clients. Focus groups and customer surveys have indicated that this is due to size, levels of maintenance, affordability, location and support from the Dunedin City Council housing officers. Through this and other research, these agencies have also identified an increase to the Dunedin City Council's housing stock as desirable.

It has been identified that there is a shortfall in the provision of Emergency Housing. There are few options in Dunedin of suitable short-term emergency accommodation. Provision of emergency housing for women (except those eligible for the Women's Refuge), youth and mental health consumers is not available and few suitable options exist for transients. Options that do exist are generally not suitable for the clientele.

Dunedin has relatively older housing stock. Proportionately, Dunedin has four times more dwellings built before 1920 than the national average. It also lacks diversity; 79% of Dunedin permanent privately occupied dwellings comprise of separate houses. More dwellings in Dunedin have three bedrooms than any other size (42%). This data is expanded on in **Appendix One**.

The older nature of Dunedin's housing means it is less likely to be insulated, retrofitted or outfitted to suit those with physical disabilities, the aged or even young families. Dunedin's hilly topography also means that a number of houses are located on hills or in shade, complicating issues in winter for those who are aged or have a disability. Recent studies have also indicated that older people, low-income individuals and families, those with physical and sensory disabilities, mental health consumers and their families are facing issues such as housing affordability and supply of appropriate housing, including access to emergency accommodation options.

¹ From the 2006 census

The Dunedin City Council's role and function in terms of Social Housing is varied. An outline of these is set out below:

- **lead agency** – being largely responsible for action in a particular area.
- **joint lead agency** – managing a programme in conjunction with other organisations.
- **supporting** – providing support to leading agencies.
- **monitoring or influencing** – looking to influence other players.
- **no direct influence** – being aware of the programme.

When the Dunedin City Council takes on a role, it can also be involved in a number of different ways:

- **provider** – carrying out the programme using its own resources. This is most common when the DCC is the lead agency.
- **funder** – making a financial investment in the programme.
- **regulator** – developing and enforcing rules as appropriate.
- **promoter and facilitator** – encouraging progress by organising interested parties or securing financial support from other sources.
- **advocate** – publicly expressing support.

In some cases, the Dunedin City Council may be involved in more than one way for an individual programme. It should be noted however that in terms of Social Housing the Council is primarily involved in providing the asset, rather than the programmes to support people to live independently.

Issues

In 2003, Ruth Houghton completed a draft policy discussion document for the Dunedin City Council that reported on key housing issues facing 'disadvantaged groups' in Dunedin. Information was compiled from census data, surveys and literature reviews. The issues identified by Houghton include:

Affordability

Issues of quality, affordability and location were factors for all disadvantaged groups – these factors influence the cost of renting; transport and energy (heating).

Location

Location was a factor for all – access to services, schools, transport is crucial for all groups. In addition older people and those with physical or sensor disability require flat and mobility accessible accommodation.

Supply

Unsatisfactory levels of provision shown, and lack of choice noted, as significant concern for most groups which is reflected in the increasing demand for rentals both in private and social housing markets. Housing New Zealand (HNZ) and Dunedin City Council have a limited number of properties and are competing with the open market to purchase and build new properties. It was noted that there is a satisfactory level of housing provision for disadvantaged older people.

Flexibility of tenure

An additional complication for mental health service consumers, people with physical and sensory disabilities and older people (e.g. for when moving from hospital care or supported to independent living).

Availability of emergency housing

Women's Refuge provides for women escaping domestic violence situations but in 2008, there was no provision for young people, men, mental health consumers; and the few options for transients were deemed mostly unsuitable.

Allocation policies

Allocation policies (DCC's and private landlord's in particular) restrict who is able to access social housing options. This is complicated by lack of supply available to HNZ, DCC and other social housing providers.

Monitoring and co-ordination of social housing providers

Responsibility for this role had not been clarified at the time of writing Houghton's report, nor since.

Other issues have been identified or expanded upon since the 2003 Houghton report as follows.

Facilitative Role

The DCC recognises that it has a facilitative role to work with HNZ, other government departments, social agencies and the private sector to ensure all members of the community have access to housing that is suited to their needs.

HNZ is the major provider of social housing in Dunedin and the lead agency in the implementation of the Strategy. Their vision is for all New Zealanders to have access to affordable, sustainable, good quality housing appropriate to their needs. This aligns directly with the DCC's vision.

There are other non-government organisations operating in Dunedin who provide rental accommodation and who are advocates for improved quality accommodation and relationships that reduce housing inequalities and improve standards of rental.

Partnership Needed

The DCC submits that due to funding restraints, first and foremost there is a need for a partnership agreement with Housing New Zealand/central government to maintain the Council position of its community housing being financially self-sufficient. The DCC will seek a similar approach from central government to that which has been afforded to other major centres.

Increasing Hardship

Low-income residents and families, mental health consumers and those requiring emergency accommodation are increasingly experiencing hardship in accessing suitable accommodation that satisfies their personal situations and financial constraints. The nature of the increasing hardship is explained shortly. These issues highlight an urgent and increasing need for investment in social housing in Dunedin.

As stated in the context section, there are waiting lists for both HNZ and DCC housing units in the City. Whilst the overall numbers on the waiting lists have remained static for the last couple of years there has been an increase in the number of A and B priority clients on the lists, these clients are those with the highest needs.

An *A-priority* household has severe and persistent housing needs that must be addressed immediately. The household's well-being is severely affected or seriously at risk by housing circumstances that are unsuitable, inadequate or unsustainable and there is an immediate need for action. The household is unable to access or afford suitable, adequate and sustainable housing without state intervention.

A *B-priority* household has a significant and persistent housing need. The household's well-being is affected in a significant and persistent way by housing circumstances that are unsuitable, inadequate or unsustainable. The household is unlikely in the near future, to be able to access or afford suitable, adequate and sustainable housing without state intervention.

A matrix is used to determine the household's priority fits. It assesses the level of risk each household faces, based on the following criteria:

Criteria	Description
Affordability	The relationship between income and current housing costs.
Adequacy	The house's physical condition and structure.
Suitability	House size in terms of occupants and overcrowding.
Accessibility	The applicant's ability to access housing in the private sector market, taking discrimination into account.
Sustainability	The ability to sustain housing in the private sector market ² .

<http://www.hnzc.co.nz>

Ability to Adjust Rentals

It has been suggested that the DCC could fund an increase to its number of housing units by charging tenants market rents, the rationale being that any increase in rent would be matched by an increase in the Accommodation Benefit available to the tenants. A brief investigation of the eligibility for the Accommodation Benefit has shown that, even in the most advantageous scenario, only 70% of any increase in rental would be met by the accommodation benefit, resulting in a net increase to tenants

Low Income Private Rental Issues

The Presbyterian Support Services (PSS) 2004 report *'Old, Cold and Costly'* focused on provision of low-income private rentals in Dunedin and reinforced many of the findings in Houghton's study. The research undertaken by PSS consisted of surveys and interviews that assessed standards of rental housing made available in the low-income rental market. Issues highlighted in the study include:

- Lack of maintenance being undertaken by landlords leading to substandard housing
- Cold housing – houses insufficiently insulated, ventilated and/or heated
- Cost of rental – percentage of income being spent on accommodation
- Inability of regulations / legislation to ensure reasonable standard of housing, particularly those built before 1976

A large number of Dunedin's rental properties are owned by small portfolio ('Mum and Dad') landlords with only one or two rental properties. It is often the case that smaller portfolio

² Examples of matters that might be considered under these criteria are financial management issues, changes in household circumstances, social functioning, lack of certain skills, security of tenure, medical issues, and other personal circumstances that make sustaining housing in the private sector market difficult.

owners lack the capital to retrofit, outfit and/or maintain rental housing to current level of need or expectation. State and local government properties can in some instances lack basic provisions (such as curtains) that could begin to address heating issues for those on limited incomes. Also central and local government policies mean that people in rental accommodation are often unable, or reluctant, to access improvement schemes or adequate provision of facilities (e.g. Healthy Homes retrofitting programme; ACC refitting).

Health Considerations

A further issue with Dunedin's old housing stock is that it needs to be greatly modified to reduce health problems and to ensure energy efficiency. Since much of Dunedin's rental housing falls into this category, ways should be explored to encourage home owners and private landlords to upgrade their rental stock to the benefit of themselves, and their tenants. Council seeks to identify means in which privately owned rental stock can be improved and enhanced.

It should be noted that the Council is also involved with Central Government and other agencies in existing programmes to address these issues for all housing stock.

Demographics Change and Social Housing

The increase in ageing population will create more people in the community reliant on fixed Social Welfare incomes. Changing lifestyles has increased the number of those living in smaller households and there are more people living in rental accommodation due to a number of issues including the cost of buying property in relation to income levels.

Statistics New Zealand projections indicate that Dunedin will have 6,300 more households from 2001 to 2021. In the light of forecast demographic changes (for example, the ageing population and decreasing average household sizes) it is likely that a more diverse range of dwelling types will be needed to accommodate this growth. Table 1.2 shows the extent of projected age-related population changes. In particular, the significant increase in the 65+ age group will have a considerable impact on the future of housing in Dunedin.

Table 1.2: Dunedin population projections by age

Year at 30 June	Population by age group (years)							Total
	0-17	18-24	25-34	35-44	45-54	55-64	65+	
2001	26,350	19,890	15,230	17,050	15,210	10,100	15,470	119,300
2006	25,170	22,350	14,760	16,240	16,100	11,990	16,090	122,700
2011	23,780	21,880	15,970	14,810	16,580	13,960	17,020	124,000
2016	22,810	21,030	16,930	13,980	15,810	14,880	19,460	124,900
2021	22,080	20,310	16,050	15,200	14,430	15,400	22,130	125,600
2026	21,430	20,020	14,930	16,180	13,640	14,710	25,090	126,000
% change	-18.7	+0.7	-2.0	-5.1	-10.3	+45.6	+62.2	+5.6

Source: Statistics New Zealand, Subnational Population Projections 2001(base)-2026, medium series

Rather than being a short-term trend as a result of the baby boom generation moving into retirement, this trend towards an ageing population looks set to continue, with projections showing over a quarter of New Zealand's population being 65 years or older in 2051.

Decreasing household sizes are reflected in family and household projections for Dunedin from 2001 to 2021, which forecast an additional 3,500 single person households, an additional 4,500 couple-only households and a decrease of 2,200 two-parent families.

As stated above, it is projected that there will be an increase of 14 percent, or 6,300, households to 2021. In terms of household and family type, however, there are notable differences between groups (Tables 1.3 and 1.4). In particular, the number of households comprising couples with no children, and single person households, are expected to increase considerably. In contrast, it is expected that there will be 2,200 fewer two-parent families in 2021, while there will be an additional 500 one-parent families.

Table 1.3: Dunedin household type projections

Year at 30 June	Household type				Average household size
	Family*	Other multiperson**	One-person	Total	
2001	29,800	4,200	12,400	46,500	2.5
2006	30,800	4,600	13,200	48,500	2.4
2011	31,400	4,600	14,000	50,100	2.4
2016	32,100	4,500	14,900	51,500	2.3
2021	32,500	4,400	15,900	52,800	2.3
Change	+2,700	+200	+3,500	+6,300	-0.2
% Change	+9.1%	+4.8%	+28.2%	+13.5%	

Source: Statistics New Zealand Subnational Family & Household Projections, 2001(base)–2021, medium series. Owing to rounding, individual figures may not sum to give the stated totals.

* A household containing two or more people usually living together, with at least one couple and/or parent-child relationship, with or without other people

** A household containing two or more people usually living together, but not in couple or parent-child relationships with each other.

Table 1.4: Dunedin family type projections

Year at 30 June	Family type				Total*
	Couple children	without children	Two-parent	One-parent	
2001	12,600	12,100	5,500	30,200	
2006	13,700	11,700	5,700	31,200	
2011	15,000	11,100	5,900	31,900	
2016	16,200	10,500	5,900	32,600	
2021	17,100	9,900	6,000	33,000	
Change	+4,500	-2,200	+500	+2,800	
% Change	+35.7%	-18.2%	+9.1%	+9.3%	

Source: Statistics New Zealand Subnational Family & Household Projections, 2001(base)–2021, medium series. Owing to rounding, individual figures may not sum to give the stated totals.

* The differing family totals in Tables 1.3 and 1.4 reflect the number of families living in multi-family households.

Such demographic changes are occurring for a variety of reasons, including the following:

- the ageing population is resulting in a greater number of couple and single person households;
- compared to previous generations, more couples are either delaying family formation to later ages or choosing not to have children;
- increased rates of separation and divorce are resulting in more single person and single-parent households; and
- as a result of increased life expectancies and trends toward fewer children, people are spending a smaller proportion of their lives as couples with children.

Overall, these projections can be expected to result in a greater number of smaller households in future.

By 2021 it could be argued that an increase in social housing stock of at least 9.3% will be required if social housing needs remain static and population projections are correct. This does not account for the ageing population which is likely to increase the need further.

Emergency Housing

The lack of availability of emergency housing has been highlighted in the context section above. Specifically the populations of recently released prisoners, mental health consumers, young people, males and females all experience difficulties in finding suitable short-term

emergency accommodation. This results in people being housed inappropriately, for example placed in alternative accommodation such as backpackers, hotels or motels.

Social Housing Issues Summary

The move towards smaller families, an aging population and development in more expensive areas of the city means that older people, those on a low-income and families, and people with physical and sensory disabilities, mental health consumers and their families will increasingly face issues related to:

- Inadequate supply of appropriate housing
- Housing affordability (including housing related costs)
- Suitable location and access

Evaluation

The following Objectives have been identified in the strategy document;

- 1 Improvement in the quality of social housing accommodation in Dunedin, including Dunedin City Council's own community housing
- 2 Increased access to social housing options for all residents requiring assistance
- 3 Ensuring that there are adequate levels of financial support that address housing needs
- 4 Ensuring there is adequate emergency housing provision

The table below explores different options available to the Council and the possible effects these would have on the identified issues.

	A Council only governmental supplier of social housing. Taking over role of central government	B Council increases supply of one & two bed units to meet projected demand, 15 to 20 new units a year	C Council enters into partnership with public, NGO, private sector for the provision of extra units	D Council keeps the status quo, building 5 to 7 new units a year	E Council does not build any additional units	F Council transfers all social housing to central government	G Council sells existing units and invests money and provides a subsidy to low income earners	H Council sells existing units leaving the provision of social housing to market forces
1 Affordability	<p>Council would have a greater influence over the market and be able to offer lower rents to those in need.</p> <p>Cash injection required, not currently budgeted for.</p> <p>No precedent for this in New Zealand.</p>	<p>Council would have greater influence over the market and be able to offer lower rents to those who are eligible.</p> <p>Cash injection required, not currently budgeted for.</p>	<p>Council would have some influence over the market to ensure those eligible are housed.</p> <p>No increase in number of units without a cash injection.</p>	<p>Council continues to offer lower rents to existing tenants.</p> <p>Limited influence over the market rents.</p>	<p>Influence over the market rents diminishes as demand for 2 bed units increases.</p> <p>Rents to existing Council tenants have potential to reduce as depreciation would need to be re-evaluated.</p>	<p>Rents would be determined by central government.</p>	<p>It is theorised that subsidies raise the market rent by the amount of the subsidy.</p> <p>May provide assistance to more residents.</p> <p>No precedent for this in New Zealand.</p>	<p>No influence over the affordability of housing.</p>

	A Council only governmental supplier of social housing. Taking over role of central government	B Council increases supply of one & two bed units to meet projected demand, 15 to 20 new units a year	C Council enters into partnership with public, NGO, private sector for the provision of extra units	D Council keeps the status quo, building 5 to 7 new units a year	E Council does not build any additional units	F Council transfers all social housing to central government	G Council sells existing units and invests money and provides a subsidy to low income earners	H Council sells existing units leaving the provision of social housing to market forces
2 Location	<p>Council would have complete control over the location of new units, subject to the rules of the District Plan and land availability.</p> <p>Some of the existing stock would remain in less desirable locations.</p>	<p>Council would have complete control over the location of new units, subject to the rules of the District Plan and land availability.</p> <p>Some of the existing stock would remain in less desirable locations.</p>	<p>Council would have some control over the location of new units, subject to the rules of the District Plan, land availability and negotiations with the partners.</p> <p>Some of the existing stock would remain in less desirable locations.</p>	<p>Council would have complete control over the location of new units, subject to the rules of the District Plan and land availability.</p> <p>Some of the existing stock would remain in less desirable locations.</p>	<p>Location of current housing stock remains static with some being in less desirable areas</p>	<p>The Council would have less control over new development relying on the District Plan as its means to influence location of social housing.</p>	<p>The only control Council would have over the location of new development would be through the District Plan.</p>	<p>The only control Council would have over the location of new development would be through the District Plan.</p>
3 Supply	<p>To increase supply a cash injection would be required. At present there is no budget to either purchase the existing HNZ stock or to increase the supply.</p>	<p>This would meet the projected demand for smaller units. However, to increase supply a cash injection would be required which is not currently budgeted for.</p>	<p>This could meet projected demand.</p> <p>A cash injection would be required to increase number of units.</p>	<p>Supply would remain an issue. Demand is outstripping supply.</p> <p>Currently funded through depreciation from existing rents.</p>	<p>Supply issues would multiply as the population increased.</p>	<p>Would not increase supply unless a capital injection from central government was forthcoming.</p>	<p>Issues of supply would be left to market forces.</p>	<p>Issues of supply would be left to market forces.</p>

	A Council only governmental supplier of social housing. Taking over role of central government	B Council increases supply of one & two bed units to meet projected demand, 15 to 20 new units a year	C Council enters into partnership with public, NGO, private sector for the provision of extra units	D Council keeps the status quo, building 5 to 7 new units a year	E Council does not build any additional units	F Council transfers all social housing to central government	G Council sells existing units and invests money and provides a subsidy to low income earners	H Council sells existing units leaving the provision of social housing to market forces
4 Flexibility of tenure	If the Council was the only supplier it would be able to set policy to accommodate a range of needs.	Demand would ease, creating the potential to re-examine the policy around tenure. New units are being built to ensure that they are accessible.	Demand would ease, creating the potential to re-examine the policy around tenure. New units are being built to ensure that they are accessible.	There would be little incentive to change the existing policy therefore issues around tenure would remain. New units are being built to ensure that they are accessible.	Those requiring flexible tenure would have increased difficulty accessing suitable accommodation as demand grew.	Flexibility of tenure would depend on Central Government policy. The role of the Council would be as an advocate.	While not a direct influence on flexibility of tenure this could give those requiring it more buying power. This is qualified by the theory that subsidies increase the base cost.	As market forces are not currently meeting this need it is unlikely that it would do so without intervention.
5 Availability of emergency housing -	If the Council was the only supplier it would be able to set policy to accommodate a range of needs.	The Council waiting list would reduce thereby creating an opportunity for emergency housing to be provided.	The issue of providing emergency housing would depend on the partnership entered into.	The needs of those requiring emergency housing would remain unmet.	The needs of those requiring emergency housing could potentially increase.	Provision of emergency housing would depend on Central Government policy. The role of the Council would be as an advocate.	Those requiring emergency housing would have difficulty accessing subsidies on a short-term basis.	Market forces are unlikely to provide suitable options for those requiring emergency housing.
6 Allocation policies	It is unlikely that the existing Dunedin City Council policy will change while demand outstrips supply.	If demand for older persons housing was met the Council would be in a better position to widen its allocation	Council has the ability to enter into partnership arrangement that could cater for groups other than those currently	Demand for DCC housing stock would remain unmet therefore any changes to existing policy would be	Demand for DCC housing stock would increase therefore any changes to existing policy would be	Central Government would determine how its housing stock was allocated. The role of the	Eligibility criteria set for the subsidy would determine how the fund was allocated.	Not applicable - market forces would determine.

	A Council only governmental supplier of social housing. Taking over role of central government	B Council increases supply of one & two bed units to meet projected demand, 15 to 20 new units a year	C Council enters into partnership with public, NGO, private sector for the provision of extra units	D Council keeps the status quo, building 5 to 7 new units a year	E Council does not build any additional units	F Council transfers all social housing to central government	G Council sells existing units and invests money and provides a subsidy to low income earners	H Council sells existing units leaving the provision of social housing to market forces
		policies to better cater for others in need.	targeted.	unlikely.	unlikely.	Council would be one of advocacy.		
7 Monitoring and co-ordination of social housing providers.	There is a lack of co-ordination of social housing in the city. Regardless of who provides there is merit in co-ordinating the providers of social housing in the city.							
8 Improving the quality of housing stock.	Without a cash injection Council could only afford to incrementally improve its housing stock. This has a limited effect on the quality of other older housing stock in the city.	By meeting projected demand and the continuation of the maintenance programme, the quality of Council's own housing stock would be significantly improved therefore putting pressure on the market.	Increase in the quality of units would be dependant on the level of new building taking place.	Without a cash injection Council could afford to incrementally improve its housing stock. This would have little effect on the quality of other older housing stock in the city.	If Council no longer built new units its existing housing stock would eventually deteriorate. This could have a detrimental effect on the quality of housing stock in the city.	For this to improve the quality of housing stock in the city supply would need to meet demand.	In an ideal world this could have a positive effect on the quality of housing stock. However, certain areas of the city would remain more popular than others and as a result quality could be variable and rents could increase to offset the subsidy.	There would be little incentive for the private market to improve the quality of its housing stock.

The effects on the ratepayer of the options identified in the table above are explored below:

The Council's current policy is 'to provide affordable accommodation for the elderly and other low-income persons in Dunedin at no cost to the ratepayers.' Because of this, the effect on the ratepayer of the above options would in theory be nil, as rents would increase to cover any debt servicing costs incurred to implement **options A and B**. **Option C** would depend on the nature of the partnership, but again would need to be funded by rents.

In the 07/08 financial year, capital expenditure of \$1,036,500 has been allocated to the status quo of building 5 – 7 new units (**option D**). This expenditure comes from depreciation which is fully funded from rental income. Therefore there is no effect on the ratepayer.

If **option E** was pursued and the policy on rentals was retained, a positive cash flow of about \$1 million per year would arise. This cash could be used to reduce debt in other parts of the Council or to fund other projects. If the policy on rentals was changed a third option would be to reduce rentals further, to a level sufficient to leave enough cash to carry out routine renewals and upgrade capital expenditure.

Option F could result in a cash injection, if Central Government were prepared to pay for the assets. This could then be used to offset other Council expenditure.

Option G would have no effect on the ratepayer as the funds generated would be used to provide the subsidy.

Option H would result in a cash injection which the Council could use to offset other expenditure.

Conclusion

There is a need to meet the current and projected demand for Social Housing by increasing the number of units available in the city. An increase in the number of units would address issues of affordability, quality, location, flexibility and the lack of certain types of accommodation to one degree or another. It is clear that a cash injection is required for this to occur. The Council should work with central government on this issue with a view to obtaining the funds required.

Once funding has been sourced, work would be then required on who would be best to manage the process, i.e. local or central government, with or without partnerships with NGOs.

There is a need to have a more co-ordinated approach to Social Housing. The Council alone cannot satisfy all of the diverse needs identified but is willing to be the facilitator of this process, as well as being a provider who meets some of the needs.

The Council needs to re-examine the current density rules in the District Plan and their effect on the ability to develop smaller housing units.

The Council will continue to work in partnership with central government and other agencies on house improvement programmes, such as home insulation projects.

Appendix One

Data from the Council's ratings database reveals that 79.4 percent of Dunedin's permanent privately occupied dwellings comprise separate houses. Townhouses, apartments, flats and mixed properties (for example properties containing both residential and commercial activities) comprise the remaining 20.6 percent. It is noted that compared to other cities, both in New Zealand and internationally, Dunedin has a limited variety in housing types.

This lack of diversity in housing types may be explained to a degree by the age of Dunedin's housing stock (Figure 1.1). One in five Dunedin dwellings was built prior to 1920, while another peak of building activity occurred from the 1950s through to the 1970s. This peak coincided with the post-war 'baby boom' decades, and marked a high point in central government support for new housing. This was centred primarily on provision for the traditional nuclear family. Dwelling construction for the 1980s, 1990s and 2000s to date has fallen back to previously low levels as Dunedin has experienced similarly low levels of population growth.

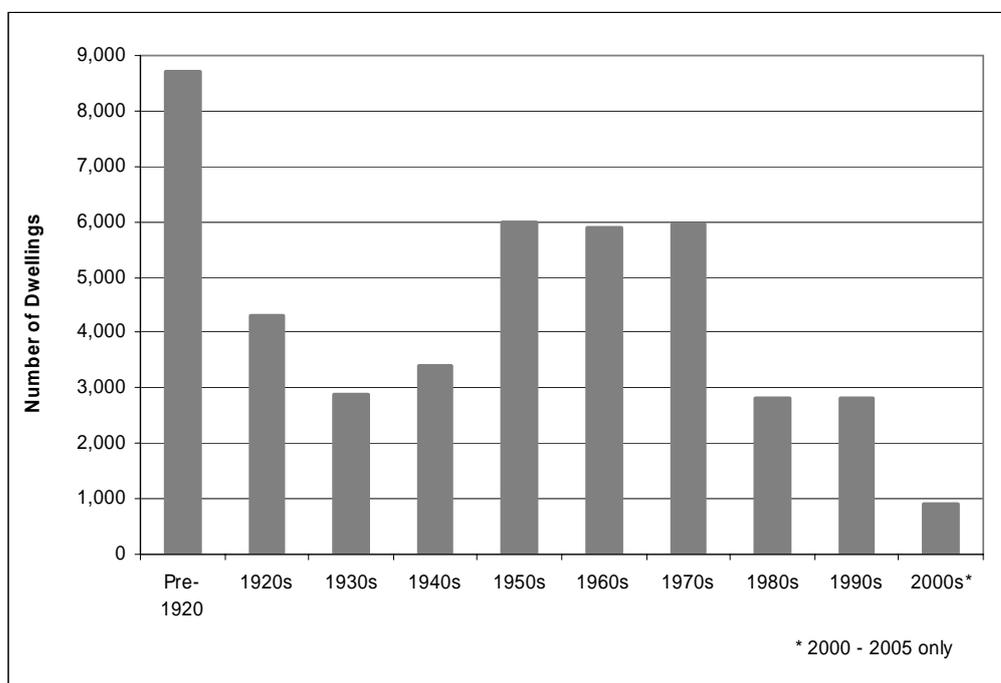
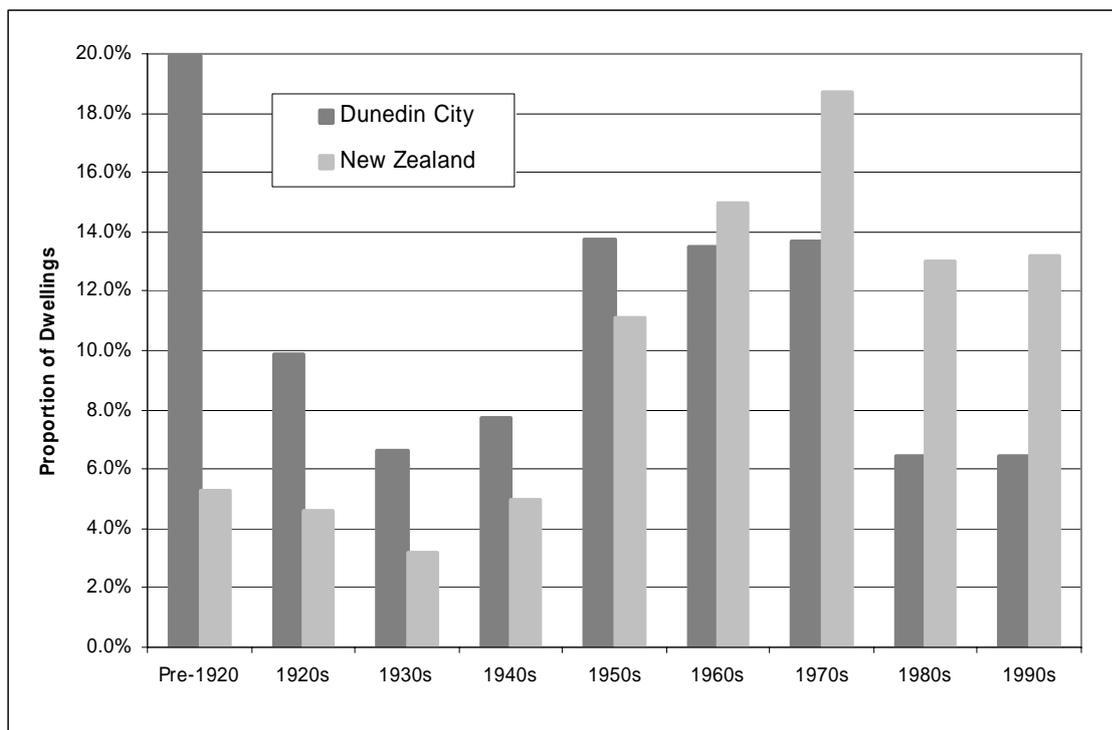


Figure 1.1: Age of dwellings for Dunedin

Further, compared to other New Zealand cities Dunedin has a relatively old housing stock (Figure 1.2). Proportionately, Dunedin has four times more dwellings built before 1920 than the national average, while it has fewer dwellings than the national average built from the

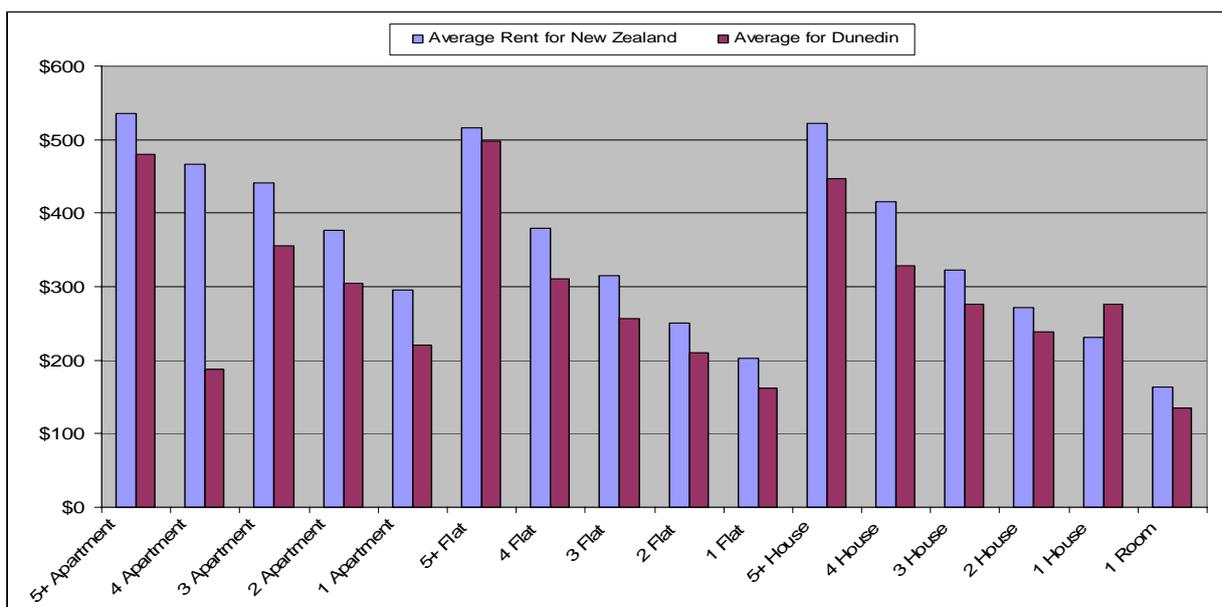


1960s onwards. Data from this century is not yet available to make such comparisons.

Figure 1.2: Age of dwellings for Dunedin and other large New Zealand cities

The dominance of the stand-alone house may also reflect the relative affordability of residential land in Dunedin compared to other centres. Further, this lack of diversity may reflect a predominant preference of Dunedin residents for a stand-alone house. Such a preference may be due to a number of factors, including:

- the perceived superior quality of detached dwellings;
- the perception of greater intrinsic value of this type of dwelling (and therefore greater investment potential);
- greater willingness by banks and other financial institutions to provide mortgage finance for these types of dwellings;
- perceived problems with other forms of housing (for example, less privacy or space, or more noise);
- the desire for the same type of housing as predominantly occupied by others;
- the desirability or aspiration to occupy a similar dwelling to that of the parental home; and
- The widespread familiarity with this type of dwelling and inherent lack of familiarity with alternative forms of accommodation.



Source: Department of Building and Housing, Market Rentals May 2008

Figure 1.3: Average Housing Rentals as compared to National Figures

More dwellings in Dunedin have three bedrooms than any other size (42%) (Table 1.4). A good proportion of dwellings are consist of either two or four bedrooms (22% and 19% respectively), while a smaller number of dwellings are of one bedroom or five or more bedrooms.

Table 1.4: Change in Occupied Dwellings by Number of Bedrooms, 1991 to 2006

Number of Bedrooms	1991	2006	Change	% Change
One	2,805	2,739	-66	-2.4%
Two	10,818	9,933	-885	-8.2%
Three	19,104	18,906	-198	-1.0%
Four	6,243	8,418	2,175	34.8%
Five or more	1,890	3,387	1,497	79.2%
Not specified	282	1,425	1,143	-
Total Occupied Dwellings	41,142	44,808	3,666	8.9%

Source: Statistics New Zealand Census of Population and Dwellings 2006

Note: These figures do not include non-private dwellings such as university halls of residences, rest homes, hotels, motels, prisons or boarding houses.