



NOTICE OF MEETING

**Notice is hereby given of an
Extraordinary Meeting of the
Infrastructural Services Committee
to be held in the Council Chamber,
First Floor, Civic Administration Building,
101 Esk Street, Invercargill on
Tuesday 16 February 2021 at 3.00 pm**

Cr I R Pottinger (Chair)
Cr A H Crackett (Deputy Chair)
Sir T R Shadbolt, KNZM JP
Cr R L Abbott
Cr R R Amundsen
Cr A J Arnold
Cr W S Clark
Cr P W Kett
Cr G D Lewis
Cr D J Ludlow
Cr N D Skelt
Cr L F Soper

CLARE HADLEY
CHIEF EXECUTIVE

AGENDA

2. **APOLOGIES**
3. **PUBLIC FORUM**
4. **INTEREST REGISTER**
A2279220
5. **SUBMISSIONS TO THE CONSULTATION ON PROPOSED INCREASES TO HOUSING RENTAL FEES**
A3330249
 - 5.1 [Housing Consultation Submission Anonymous - Appendix 1](#)
A3331287
 - 5.2 [Housing Care Activity - Appendix 2](#)
A3242883
6. **URGENT BUSINESS**

**INVERCARGILL CITY COUNCIL ELECTED MEMBERS
INTEREST REGISTER**

A2279220

ELECTED MEMBERS			
NAME	ENTITY	INTERESTS	PROPERTY
RONALD LINDSAY ABBOTT	Invercargill City Council Kiwi-Pie Radio 88FM Invercargill	Councillor Director / Broadcaster	
REBECCA RAE AMUNDSEN	Invercargill City Council Arch Draught Ltd BP Orr Ltd Task Ltd Arts Murihiku Dan Davin Literary Foundation Heritage South Glengarry Community Action Group SMAG Board	Councillor Director Director Director Trustee Trustee/Chair Contractor Events Co-ordinator (Volunteer) Council Representative	

**INVERCARGILL CITY COUNCIL ELECTED MEMBERS
INTEREST REGISTER**

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ALLAN JAMES ARNOLD	Invercargill City Council Ziff's Café Bar Ltd Buster Crabb Ltd Ziff's HR Ltd Ziff's Trust Southland Aero Club Invercargill Club Invercargill East Rotary	Councillor Executive Director Executive Director Executive Director Trustee Administrator Member Member Member	
WILLIAM STUART CLARK	Invercargill City Council Invercargill Ratepayers Advocacy Group	Councillor Member	
ALEX HOLLY CRACKETT	Invercargill City Council Sport Southland McIntyre Dick Zone 6 - National LGNZ Young Elected Members Committee	Councillor Trustee Marketing Manager Representative	High Street Invercargill

**INVERCARGILL CITY COUNCIL ELECTED MEMBERS
INTEREST REGISTER**

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PETER WARREN KETT	Invercargill City Council Age Concern Southland Kite Investments Limited Invercargill Harness Racing Club Board Member Ascot Consortium	Councillor Board Member Director Vice President and Life Member Member	
GRAHAM DAVID LEWIS	Invercargill City Council Bluff 2024 Rejuvenation Hospice Southland City Centre Heritage Steering Group Southland Regional Heritage Trust Invercargill Public Art Gallery	Councillor Officer Trustee Member Member Member	
DARREN JAMES LUDLOW	Invercargill City Council Radio Southland Healthy Families Invercargill Murihiku Maori Wardens Southland Community Law Centre Thrive Community Trust Environment Southland	Councillor Manager Board Member Board Member Board Member Trustee Lyndal Ludlow (wife) – Councillor	770 Queens Drive Invercargill

**INVERCARGILL CITY COUNCIL ELECTED MEMBERS
INTEREST REGISTER**

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IAN REAY POTTINGER	Invercargill City Council Southland Electronics Limited Santa Parade Organiser	Councillor Director Alice Pottinger (Wife)	171 Terrace Street Invercargill 9810
TIMOTHY RICHARD SHADBOLT	Invercargill City Council Kiwi Speakers Limited SIT Ambassador	Mayor Director Member	
NIGEL DEAN SKELT	Invercargill City Council Badminton New Zealand Badminton Oceania Badminton World Federation ILT Stadium Southland Judicial Control Authority NZ Racing	Councillor Board Member Vice President Council Member (Chair of Communications and Media) General Manager Member	

**INVERCARGILL CITY COUNCIL ELECTED MEMBERS
INTEREST REGISTER**

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LESLEY FRANCES SOPER	Invercargill City Council	Councillor	137 Morton Street
	Breathing Space Southland Trust (Emergency Housing)	Chair	Strathern
	Omaui Tracks Trust	Director	Invercargill
	National Council of Women (NCW)	Secretary / Treasurer	24 Margaret Street
	Citizens Advice Bureau	Member	Glengarry
	Southland ACC Advocacy Trust	Board Member	Invercargill
	Southern District Health Board	Employee	
	Southland Warm Homes Trust	Member	
	Southland Food Rescue Trust	Member	

**INVERCARGILL CITY COUNCIL ELECTED MEMBERS
INTEREST REGISTER**

A2279220

EXECUTIVE STAFF			
NAME	ENTITY	INTERESTS	PROPERTY
CLARE HADLEY	Invercargill City Council Hadley Family Trust	Chief Executive Trustee	
DARREN EDWARDS	Invercargill City Council	Group Manager – Customer and Environment	
MICHAEL DAY	Invercargill City Council	Group Manager - Finance and Assurance	
STEVE GIBLING	Invercargill City Council	Group Manager – Leisure and Recreation	
ERIN MOOGAN	Invercargill City Council	Group Manager – Infrastructural Services	
JANE PARFITT	Invercargill City Council Dementia Canterbury Charitable Trust	Advisor – Office of the Chief Executive Board Member	
PETER THOMPSON	Invercargill City Council Southland Charitable Broadcasters Community Trust TOA Fighting Systems Southland Incorporated	Executive Manager - Office of the Chief Executive Chairman President	

TO: EXTRAORDINARY INFRASTRUCTURAL SERVICES COMMITTEE

FROM: RHIANNON SUTER, MANAGER – STRATEGY AND POLICY

AUTHORISED BY: ERIN MOOGAN, GROUP MANAGER - INFRASTRUCTURE

MEETING DATE: 16 FEBRUARY 2021

SUBMISSIONS TO THE CONSULTATION ON PROPOSED INCREASES TO HOUSING RENTAL FEES

SUMMARY

Council has consulted tenants, as well as agencies with an interest in housing, on proposed increases to housing rental fees. Submissions need to be heard and considered prior to Council making a decision.

RECOMMENDATIONS

That the Infrastructural Services Committee:

1. Receive the report “Submissions to the consultation on proposed increases to housing rental fees”
2. Note the report received in November which is now made available to the public (A3242883 / A3124091)
3. Receive and consider the submissions to the proposal (A3331287)

IMPLICATIONS

1.	<i>Has this been provided for in the Long Term Plan/Annual Plan?</i> The proposed increased investment to housing has been included in the draft budgets for the 2021 – 2031 Long-term Plan.
2.	<i>Is a budget amendment required?</i> No
3.	<i>Is this matter significant in terms of Council’s Policy on Significance?</i> N/A
4.	<i>Implications in terms of other Council Strategic Documents or Council Policy?</i> N/A
5.	<i>Have the views of affected or interested persons been obtained and is any further public consultation required?</i> Yes this report details the results of consultation. Further consultation is not

	recommended.
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FINANCIAL IMPLICATIONS

The increases to the housing rental fees are proposed in order to cover the cost of meeting healthy homes standards and to enable increased investment in housing stock which requires improvement.

BACKGROUND

In November 2020 the Infrastructural Services Committee received a report on Council's Housing Care activity. The review identified a number of existing barriers to the long term sustainability of the service the primary item being for Housing Care to continue to be provided at current levels rents needed to rise. The increase identified was approximately 35%.

SUBMISSIONS TO THE PROPOSAL

The consultation was a closed consultation involving those people directly impacted by the decision – the tenants. In addition the views of organisations with an interest in housing were sought. This included Awarua Whanau Services, Bluff Community Board, Emerge Aotearoa, Habitat for Humanity, Kainga Ora, Nga Kete Matauranga Pounamu Charitable Trust, Presbyterian Support, Salvation Army, Southland Action Housing Forum and Work and Income New Zealand. Age Concern also requested information and were notified on how to submit.

Submissions to the proposal need to be heard and considered prior to Council making a decision on whether to increase rental fees on housing.

It is proposed that deliberations will take place at the Infrastructural Services Committee on 2 March 2021.

Consultation

Tenants were alerted of the proposal and that a submission process would take place on 15 December. Each tenant received a letter and then a follow up phone call to check whether they had any questions prior to Christmas. Submission forms were then delivered in January and further follow up phone calls were made. Tenants could submit their form via post or email and were also able to share their views over the phone.

The period of consultation was 11 January 2021 to 9 February 2021. (Note that it was realised that the 8 February was given in error as a deadline for submissions as this was the day Waitangi Day was observed. Tenants were updated to let them know that submissions would in fact close on 9 February 2021.)

A meeting with a tenant who had particular concerns was held.

Submissions

Names and addresses of submitters have been removed to protect the privacy of those submitting.

Twenty-five submissions were received. Twenty-three were from tenants and two were from organisations with an interest in housing. Fourteen submissions were in opposition to the proposal, ten were in support and one did not support or oppose.

This equates to 12% of current tenants completing submissions.

In addition, a further nine tenants shared their views with the housing officer over the phone but did not wish to make a submission. Seven were in support, one was opposed and one did not specify.

Six submitters have requested to be heard in support of their submission. A timetable based on an allocation of ten minutes for each submission has been developed

Hearing schedule

3.10pm	Raymond Heads
3.20pm	Christine Te Moanaui
3.30pm	Alistair Webb
3.40pm	Bontetaake (Bon) Kaiteie
3.50pm	Southland Beneficiaries and Community Rights Centre
4.00pm	Jin Gleadall

Housing Consultation Submissions

No.	Support or Oppose	Wish to be heard	Submission	Officer Comments
1	Oppose	YES	Submission in Full I'm concerned about the rent increase as I'm only getting one income and now I'm facing a rent increase of all things. I need to evaluate because of this decision.	
2	Oppose	No	Summary Submits this is a big increase which will lead to having to go without more. Hopes when repairs are needed they are fixed straight away. Submission in full This is a big increase which means we will have to go without more as every cents counts when on age pension even with help from income NZ. I hope when repairs are needed they are fixed straight away and we don't have to wait as we do now. Just remember you will be in this position yourself one day.	There has been no increase in rents for two years as a result of Covid. This impacted on the recommendation to increase rent in one instalment rather than a staggered approach.
3	Support	No	Submission in Full I agree for rental increase	
4	Oppose	No	Submission in Full I am 43 years old. I have medical problems and I find if the rent goes up lots more I don't know if I can afford it. I have already cut down on my grocery money. I used to have \$50 a week now I'm at \$40 a week. The older people get different allowance – why not me!?	
5	Support	No	Submission in Full The rental I live is old and difficult to heat. Needs a heat pump. This would help offset the steep rise in rental.	

6	Oppose	No	<p>Summary Believes the proposal is excessive. As well as rent, there are other bills to consider, such as vehicles, medical bills, power bills and groceries. Would expect to have a new stove for this kind of rent.</p> <p>Submission in Full I think the increase in rent is excessive. We get no increase in benefit as the groceries go up, which they do all the time including during lockdown. We have to run our cars to appointments and maintain them. I would expect to have a new stove for that kind of rent. There is the cost of travel to go to family funerals, or to see them after years of separation because of work and distance. Power is already expensive and we have to accept increase whenever it happens. Younger people coming behind us into pensioner flats will have to pay exorbitant rent also in view of Covid-19 and potential ongoing lockdowns how will they save for their retirement if ill health is a factor they have nothing to look forward to but exorbitant rent and medical bills after working all their lives.</p>	
7	Oppose	YES	<p>Submission in Full This unreasonable hike in rent is ridiculous. I know I will have to seek other accommodation. I have been trying to get new carpet for about three years without success. Be realistic.</p>	Wear and tear has been noted in this tenant's carpet. It was agreed to review this at the next inspection.
8	Support	No	<p>Submission in Full It had to happen! I always thought rent was too low. You have made it rather painful all the same! It's a big hike for some of us. Super is great in winter! You might see tenants not showering (men). I have been at number 12 for 20 years. Life is coming to a close for me. 10 years or so? End of the line in my family. Four brothers plus parents gone. City council staff have been great! Mrs Faye Officer. Keith O'Donnell. Debbie also.</p>	
9	Oppose	YES	<p>Submission in Full After payment of rental I have little to meet my living and personal needs in fact I only have \$50 per week to pay for food, electricity, telephone and my</p>	

			personal needs. I receive \$347.91 from government super so \$174.73 income per week minus \$124 rent is \$50.73 left to pay for all my needs.	
10	Support	No	No comment. After speaking with this tenant they said they are not bothered about the increase.	
11	Neither support nor oppose	No	No comment. After speaking with this tenant, they are not too concerned about the increase as long as the Council carries out what they say they will do.	
12	Oppose	No	<p>Summary One tenant is on an oxygen pump 24/7 and this produces high costs in power as well as having to purchase new filters for the portable pump. Another tenant has had amputations. They rely on their daughter to transport them to appointments and do groceries. This increase will result in a drastic change to their wellbeing. They also comment that their door handle needs repairing.</p> <p>Submission in Full I am hoping this increase does not happen as my wife and I are already dealing with huge costs, she is on a large oxygen machine which runs 24 hours a day and our power has increased hugely. I also have to purchase filters for her portable oxygen machine should she go away anywhere which is \$220 cost a year. My wife suffers illnesses as well as myself and we both have ongoing costs. I have recently had two amputations, so things have been even more costly with travel and getting my daughter to get our groceries, prepare meals and take us to appointments. This increase could result in drastic change to our wellbeing and living I hope it is reconsidered as it is a huge increase and don't know where this extra cost will come from being on a pension. Also while there is a discussion being held we had to ring the council the other day as we could not get out of our flat the door handle kept spinning. My daughter recommend to mention this as she said it is a fire hazard.</p>	The door handle was immediately repaired on notification of the issue.
13	Support	No	Submission in full	

			I kindly request if the rental increase happened gradually for example first six months 20 percent, second half six months 30 percent, one year after 35 percent.	
14	Support	No	Submission in Full Have no issue regarding increase of rental.	
15	Oppose	No	<p>Summary This tenant's rent will increase from \$108 to \$146. This tenant is 63 years of age and will be a pensioner in two years. This tenant would rather double glazing over a heat pump as this would be more practical if the power went out. There will be less money for food, medication, hospital visits.</p> <p>Submission in Full Why does the rent have to go up by 35%? Why such a jump? Why cant it be 5% to 10%, This is a huge jump, I live at 2/132 Princes Street, Sue Collie is my name, my rent will go up from \$108 to \$146, I 'know I'm only 63 but il be a pensioner in 2 years! I also no that I can apply for Accommodation supplement but what if im at the limit for this supplement! An cant get an increase? I understand that heat pumps are going to be installed, I was not asked if i wanted one, this is the first time Ive heard of these being installed, Please this increase is to much we need to have public meeting about this? Id rather have Double glazed windows than a heat pump, an what happens if power goes off? The heat pumps don't work! There will be less money for food, Medications, Hospital visits, This is not right! Public Meeting is needed!</p>	Upgrades to heating need to be made to the rental properties as per the new legislation. Therefore, tenants were not asked if they wanted a heat pump.
16	Support	No	No comment. Unable to contact this tenant via phone.	
17		No	Submission in Full. For all sort of reasons (social and financial obligations and commitments), people are stricken from and by life background (history) and life	

			<p>development. That 40 pensioner are on the waiting list shows to me that they actually are only able to pay the rent amount of the moment plus on [illegible], equal increase like it has been in the last years of 2018 and 2019. I suggest to look into possibility of government-funding (they must welcome your good activity). Another possibilities like you done in case of the Chinese garden if there's beside fixed contracts, savings in "style" of design and dimensions [illegible] possible? By the way, I welcome the inner city development to public friendly outcome. Your tenants come from minimum wage and WINZ payment and benefits and super annulation payment, they lived from what they get from week to week, so bigger savings and live in life insurance etc had not been possible. In the case of myself, to save something or spend a bit more for necessities I waited for quite a number of years. The financial freedom [illegible] WINZ payment and super will be after your payment just \$119 per fortnight more without the financial reasons [illegible] of my comment. I want not for more onto common or general knowledge of how low incomes are measured which is obvious from statistic and societies problem which reach far back in history of societies development. I heard those facts over now Radio NZ. 17 years also how future community model existing on it to exclude this heritage. Now with it I can be instantly called of from the anchor of Radio NZ. I as a volunteer of South Alive and everybody in social work and community. Councillors, housing office can experience a choice to some responsibility for all of us.</p>	
18	Support	No	<p>Summary This tenant does not mind the rent increase. However, this tenant has an issue with other people taking up car spaces. They end up having to park on the grass. If we are to increase the rent then this person wants a car park of his own. Their cars are their life line.</p> <p>Submission in Full Don't mind increase but do mind that we have to put up with cars and a truck (owned by a person living in flats) with a large trailer taking up 5 car spaces please we need our own park, our cars are our life line. The papers sent out have had no effect on the amount of cars coming in and using the parks. At time some of us have to park on the grass. There is one man</p>	<p>A letter was previously sent to all tenants reminding them of their parking obligations.</p>

			who leaves his van in the car park who is not living here and collects it the next day. I am told he works at New World South City. You want extra money off us all down here in return we want a car park of our own. White Truck ECS504	
19	Support	No	Submission in Full The propose increase rent in my opinion is needed as advocated by parliament, that all homes be warm and comfortable living for tenants. I have no problems with the increase rental fees as proposed.	
20	Support	No	Submission in Full I do support the rent increase BUT I think the size of the increase I think a increase of 10 percent over the next three years would be better suited also I feel the percentage increase could be bought forward by two months to the 1 st May.	
21	Oppose	No	Submission in Full We all have to accept rent increases. It's the size of it and how you're trying to vindicate it. As per market rent and what have the present tenants got to do with you building new flats. No landlord anywhere can justify charging extra rent for building or buying property. The future tenant will be paying for that. Where and what time frame for these flats as the council gave away property that was supposedly for that. Re Kew Bowl. Present tenants will have paid for the heat pumps within one year for the benefit of all future tenants. Not all are able to access accommodation allowance. I'm sure you are aware of the allowable assets. If Ms Moogan would like us to believe her propaganda she should get the facts right. Re dollar and percent increases.	The Kew Bowl property was sold for community housing to a registered community housing provider.
22	Oppose	No	No comment was made on the submission form. After speaking with this tenant on the phone, they said did not want to make a submission because they feel it doesn't matter what they say, the rent will go up anyway. They said if it gets too expensive, they will have to move out and live in their car.	

23	Oppose	Yes	<p>Submission in Full Current rent \$216 fortnightly. Proposed increase in rent \$292 fortnightly. An increase of \$76 per fortnight. Suggestion for accommodation supplement. WINZ stated "not eligible". Rent must be (\$155 at least per week) \$310 per fortnight in order to be considered for. Current concern, \$76 per fortnight out of fortnightly benefit, no increase in benefit. Financial struggle heightens.</p>	
24	Oppose	Yes	<p>Summary</p> <ul style="list-style-type: none"> • The process of how ICC informed tenants and the consultation period was disrespectful. • Assurance to tenants that they could apply for a Work and Income supplement was cursory and deficient. • It is unfair to shift the entire cost of upgrading the units on to current tenants. • Strong objection to cover the cost of future construction from current tenants • Wellington City Council receives subsidies from central government for providing community housing • It is recommended ICC become a registered community housing provider and receive government subsidies. <p>Submission in Full See Annexure "A"</p>	<p>The submission process timetable was required in order to enable notice to be given of proposed increases. Additional notice was given prior to the consultation starting.</p> <p>This submission reflects the tenants comments as interpreted by the submitter. The reporting of the communications which took place is not accurate in all aspects in the view of the Housing Officer.</p> <p>Options for spreading the cost of the required upgrades between current and future tenants will be prepared for the deliberations process.</p>

				ICC is not a registered community housing provider; it provides aged housing. The criteria would change for this housing if its status changed.
25	Oppose	No	<p>Summary PSS are concerned not all social agencies were offered to provide a submission such as Age Concern, iwi and church groups.</p> <p>The increase will negatively impact on many already existing mental and physical health conditions.</p> <p>Using existing social housing rental income as a mechanism to fund new housing is not a sustainable model. PSS recommend that ICC utilise central government funding or dedicated annual budget to support future development.</p> <p>Proposed rent increase could mean the heatpumps won't be used as tenants will not be able to afford the power as well as additional rent.</p> <p>Has ICC considered on-going cost of cleaning, maintenance and replacements of heat pumps in 8-10 years?</p> <p>Heatpumps should be met by annual ICC budget.</p> <p>Healthy Homes Standard in other areas such as ventilation, moisture ingress and drainage and draught and insulation standards should be met without additional costs to residents.</p> <p>The ICC houses should be valued by a proper valuer rather than comparing them with market rentals. The ICC houses are "social" housing so are not comparable with market rents.</p>	<p>ICC has considered the on-going costs of cleaning, maintenance and replacement of the heat pumps and this is reflected in the overall proposed increase price.</p> <p>ICC has determined the heatpumps should be a self-funded activity and therefore will not meet the cost of the heatpumps in its annual budget.</p> <p>The choice of installing heatpumps is to assist with more efficient heating. Each tenant will receive assistance in learning how to use the heat pump to receive the most efficient and cost effective heating.</p>

			<p>35 percent increase is not affordable. An increase in a single increment is not an unacceptable hardship on vulnerable people.</p> <p>Residents on low income rarely have disposable income and will struggle to find an extra \$40 a week for rental increase.</p> <p>Residents are being punished for ICC's lack of prior policy development for sustainable rent increases, maintenance and development planning.</p> <p>Recommendations:</p> <ul style="list-style-type: none"> - develop a long term asset development plan for social housing - ICC housing valued by appropriately qualified valuer - Undertake wider consultation - Ensure it is complying with Healthy Homes Standard NZ - Create a policy that mandates equitable and reasonable (fair) rental increases and includes consultation and advocacy support - ICC creates an avenue whereby residents hardship needs can be included in any rental increase decision making - That ICC consults and considers future increases being limited to CPI or increases in National Superannuation - Upgrades, maintenance and new development are not funded from rental surplus - ICC considers establishing a mayoral housing taskforce consisting of Community Housing NZ, iwi and other community stakeholders to look at the wider housing needs and pressures in Invercargill in a similar way to the Dunedin City Council <p>Submission in Full See Annexure "B"</p>	<p>A long term asset development plan is in the Long Term Plan.</p> <p>The properties have been valued by a qualified valuer.</p> <p>Those directly impacted by this proposed rental increase were directly contact and consulted with.</p> <p>The proposed rental increase is to ensure the rental properties are complying with the Healthy Homes Standard NZ.</p> <p>A housing policy is recommended to be developed.</p>
26	Support	No	Would like double glazing instead of a heat pump	
27	Support	No	Gone to Government hate the old people wants the feedback wants to know where money goes.	
28	Support	No	Doesn't really like heat pumps	

29	Oppose	Yes	Not happy how much the increase is she will be submitting. No submission was received. Spoke with this tenant and they wish to speak to Councillors	
30	Not specified	Yes	No comment. No answer when attempting to ring to set up hearing time	
31	Support	No	Thinks it's great very supportive	
32	Support	No	Very supportive thinks it's great	
33	Support	No	Very supportive thinks it's great	
34	Support	No	The letter just before Christmas wasn't very nice.	

APPENDIX A

Introduction

1. This report is in response to widespread public concern from, but not limited to, tenants of Invercargill City Council's¹ community housing units, following notification and media reports² of Council's intention to increase rents by 35% from 1 July 2021.
2. Southland Beneficiaries and Community Rights Centre Inc³ is a publicly-funded, non-governmental organisation with a purpose of representing matters of individual and community wellbeing, such as the right to housing.
3. Our concerns with Council's actions in the matter of its community housing may be grouped under the following headings:
 - Process
 - Justification
 - Solutions
 - The Right to Housing

Process

4. Council notified tenants of its community housing units of its intention to increase their weekly rent by 35% on 15 December 2021. Tenants received their notices only a few days before Christmas.
5. To say Council's communication was insensitive is to put it mildly. As councillors and Council staff are well aware, its community housing tenants are either elderly, disabled or both. They are vulnerable people.
6. Naturally, the tenants were shocked and upset to receive Council's notice, expressed in such blunt and uncompromising terms, when they did.
7. SBCRC believes Council failed to respect the dignity of its tenants in its communication of 15 December 2020.
8. Matters were not improved by Council's second letter to its tenants, dated 11 January 2021, which reiterated its intention to increase their rents by 35% and notified them of the amount of the increase.
9. Council's letter informed the tenants that they had until 8 February 2021 to make "submissions" on its proposal, for which a standard form letter was attached.

1 "the Council".

2 See: Thursday, 21 January 2021 <https://www.odt.co.nz/regions/southland/i-went-crook-rent-rise-means-hardship-tenants>.

3 "SBCRC".

10. As Councillors and staff are aware, 8 February 2021 is a public holiday because Waitangi Day falls on a Saturday this year. As such, the closing date for submissions on Council's proposed rent increases is not a "working day", as the term is defined in Council's governing statute⁴.
11. We were informed that some tenants asked Council staff for an extension to the deadline but were refused.
12. SBCRC believes the timetable for submissions and the deadline falling on a public holiday is further evidence of the Council's insensitivity towards its tenants⁵.
13. Council's letter informed its tenants that they could apply to Work and Income, a subsidiary of the Ministry of Social Development, for entitlement to Accommodation Supplement. However, Council made no effort to ascertain whether its tenants are entitled to Accommodation Supplement; neither did it offer them any assistance to deal with Work and Income in the matter.
14. SBCRC believes Council's assurance to its tenants that they are entitled to Accommodation Supplement was cursory and deficient. The entitlement is not available to "public housing" tenants. While we understand that Council's community housing tenants are not "public housing" tenants and, thus, may be entitled to Accommodation Supplement, Work and Income's law and policy concerning it is both complex and highly conditional⁶.
15. Even if Council's tenants are entitled to Accommodation Supplement, the effect of abatement regimes and other conditions is likely to result in most, if not all tenants, receiving very little in the way of financial support from Work and Income, certainly not enough to offset increased rent of the magnitude proposed by Council.
16. Some tenants asked to meet Council staff to discuss their rent increases. SBCRC understands that a meeting took place in late January 2021, with Erin Moogan and Debbie Little representing Council.
17. According to SBRC's understanding, this meeting did not go well and left the tenants feeling even more upset and oppressed than before. We were told that Council's representatives reiterated earlier statements that the rent increases were needed to fund the costs of modifications to the units under the Healthy Homes policy, which includes the installation of heat pumps in every unit, regardless of the unit's size or suitability.

4 Local Government Act 2002, s5.

5 And another instance of its poor governance practices, as noted by the Chief Ombudsman. See: <https://www.rnz.co.nz/news/national/435734/despite-improvements-invercargill-city-council-fails-on-obligations-ombudsman-says>.

6 A theme of Māmarī Stephens' comprehensive study, *Social Security and Welfare law in Aotearoa New Zealand* (2019, Thomson Reuters). Ms Stephens' conclusion is affirmed by our own experience with welfare law over many years.

18. We were also told that Council's representatives insisted, repeatedly, that the increases were required to fund the construction costs of new community housing units that Council intends to build, even though its current Plan contains no mention of any such intention.
19. We were told that Council's representatives were emphatic that no individual circumstances would be considered as sufficient reason for not imposing a 35% rent increases and that, throughout the meeting, described as increasingly one-sided and shrill, the tenants were told that their rents, even after the increase, would still be much cheaper than "market" rents.
20. SBCRC is unaware of any comparable units offered by the private sector, noting the small size of the Council units and the absence of individual facilities, such as laundries.
21. According to the tenants who approached SBCRC those who attended the meeting with Council's representatives were told to move out of their units if they did not like the terms of their tenancy, including the rent increases.
22. We also heard that, in recent years, Council regularly has increased rents on its housing units immediately after annual adjustments to rates of New Zealand Superannuation and that the increases were either always, or sometimes, greater than the increase to tenants' weekly income. If this account is correct, SBCRC believes it reveals a degree of callous cynicism on Council's part.
23. SBCRC believes these accounts establish a picture of high-handed, domineering behaviour towards vulnerable people by Council staff. We do not know whether this behaviour is authorised by senior Council staff, or Councillors, but we express our serious concern about the matter.

Justification

24. According to Council's written and verbal statements to tenants and media, it needs to increase rents on its housing units by 35% in order to fund modifications required by the Healthy Homes programme⁷.
25. SBCRC notes a complete absence of any supporting evidence for this assertion from Council and believes it is inequitable and unfair for it to shift the entire cost of upgrading the units on to current tenants, when Council reaps the benefit of increased capital value.
26. We have read the Local Government Act any cannot find any express provision obliging Council to fund the cost of maintaining or upgrading its community housing units directly from its tenants in one increment⁸. Indeed, we think such an action conflicts with Council's statutory obligation to be a responsible provider of community housing.

⁷ Monday, 25 January 2021 <https://www.odt.co.nz/regions/southland/council-defends-proposed-rent-rise>

⁸ Local Government Act, ss 3, 10, 14.

27. If the account we received from tenants, concerning Council's wish to recover the cost of future construction of community housing units directly from current tenants of existing units, is true, SBCRC objects in the strongest possible terms. We believe the wider community, already unhappy with the proposed increases, will share our objection. Such a step seems completely unwarranted and disproportionate, especially noting Council's generosity towards private interests undertaking commercial building around the city.
28. SBCRC notes media statements from Council staff to the effect that the city's ratepayers oppose any form of subsidy towards its community housing tenants. We understand that staff who met tenants last week reiterated this statement and handed them a document⁹, purporting to support this assertion.
29. We have read this document carefully and, with respect, find no evidence whatsoever to support Council's statement. SBCRC expresses its concern that Council staff made such misleading statements to the news media and tenants and we call on Council to issue an immediate clarification.
30. We understand that the land and the units on the Murphy St site was originally gifted to Council in 1952, or thereabouts, by a Mr Lee. If our understanding is correct Council incurred no acquisition costs at all for this complex. We are unsure whether other community housing complexes were acquired in similar circumstances and call on Council to clarify the matter.

Solutions

31. SBCRC notes that, although Council is a "community housing provider", as defined by section 2 of the Public and Community Housing Management Act 1992, it is not a "registered community housing provider", as defined in the same provision.
32. Council will be aware that other local government bodies, including Wellington City Council, are registered community housing providers. As such these bodies receive subsidies from central government, allowing them to charge income-related rents to their tenants. We understand that income-related rents are fixed at no more than 25% of tenants' weekly income¹⁰.
33. We note that the Ministry of Housing and Urban Development has considerable information on community housing partnerships and funding on its website¹¹. As far as we know, Council has not bothered to avail itself of the assistance provided by central government under this category.
34. SBCRC recommends that Council investigates becoming a registered community housing provider under the partnership scheme and makes an informed decision on whether to proceed.

⁹ Research First, *Invercargill City Council Levels of Service Research Report* (August 2020).

¹⁰ Under Part 8 of the Community Housing Restructuring and Tenancy Matters Act 1992 and Part 8 of the Public and Community Housing management Act 1992.

¹¹ <https://www.hud.govt.nz/community-and-public-housing/partnerships-and-funding/partner-with-us/>. See too: MHUD, *Annual Report 2019/2020* (October 2020), Report presented to the House of Representatives pursuant to section 44 of the Public Finance Act 1989.

35. We note the contents of the *Southland Community Housing Strategy Report*¹², of May 2017, written by Alison Broad and Tina Von Pein. In particular this comment, on page 11 of the Strategy Report, which we endorse:

"There was widespread support amongst those consulted for the ongoing provision of these units, which are generally seen to meet a housing need in the local community."

36. There are a number of other findings and observations in the same vein throughout Strategy Report. SBCRC urges Council to take notice of the Strategy Report and give effect to its recommendations as they related to community housing¹³.

The Right to Housing

37. As we noted above, Council is a community housing provider, both as a matter of law and of well-established fact, even if it is not registered as such.
38. As a result, Council assumes legal and moral obligations to its community housing tenants to respect and protect their fundamental human right to adequate shelter.
39. Article 25 of the Universal Declaration of Human Rights, for example, states that:
- "[E]veryone has the right to a standard of living adequate for the health and wellbeing of himself and of his family, including ... housing ..."*
40. The Universal Declaration, by itself, does not constitute binding international law. That function is, however, provided by the International Covenant on Economic, Social and Cultural Rights¹⁴, which New Zealand signed in 1968, ratified in 1978 and which came into force in New Zealand in 1979.
41. Article 11 of the ICESCR obliges the New Zealand government to protect, respect and fulfil the right of everyone living within the country's jurisdiction to an adequate standard of housing.

12 "the Strategy Report".

13 We note very recent published research which affirms the Strategy Report's thrust: Stephen Batterbsy, Veronique Ezratty and David Ormandy, *Housing, Health and Well-Being* (2020, Routledge).

14 "The ICESCR".

42. Of the right to housing, Peter Hosking writes¹⁵:

*"The right to housing is the right not just to the shelter of a roof and four walls but also to live somewhere with security, peace and dignity. As with the right to an adequate standard of living, the right to **adequate** housing is interpreted broadly. It includes such elements as security of tenure; housing, land and property restitution; equal and non-discriminatory access to adequate housing; and participation in housing-related decision making at the national and community levels."*

43. The United Nations Committee on Economic, Social and Cultural Rights¹⁶ is the body responsible for monitoring the New Zealand government's compliance with its obligation to provide its citizens with adequate shelter.
44. In recent years the Committee has criticised the New Zealand government's ongoing failure to properly respect and protect the right to an adequate standard of living generally.¹⁷
45. Of the right to housing, in particular, both the UN High Commissioner for Human Rights¹⁸ and the Committee have issued expert statements, in the form of a fact sheet from the OHCHR in 2009¹⁹, and *General Comments* from the Committee, that of 1991 being the most significant.

15 Peter Hosking, "Freedom from Poverty: The Right to an Adequate Standard of Living", in Margaret Bedggood and Kris Gledhill (eds), *Law into Action: Economic, Social and Cultural Rights in Aotearoa New Zealand* (Human Rights Foundation of Aotearoa New Zealand, Auckland, 2011), Ch 6, 112 at 117-122. Hosking is Executive Director of the Human Rights Foundation and a barrister. See too: A Eide, "Adequate Standard of Living", in Moeckli et al (eds), *International Human Rights Law*, (2nd ed, Oup, Oxford, 2014), Ch 15, 195; P Alston and R Goodman, *International Human Rights*, (OUP, Oxford, 2013), Ch 4, "Economic and Social Rights", 277.

16 "The Committee".

17 See: the Committee, *Concluding Observations: New Zealand*, UN Doc E/C.12/1/Add.88 (2003) at [21], [32]. See too: the UN Human Rights Council, *Report of the Working Group on the Universal Periodic Review: New Zealand*, A/HRC/12/8 (2009). The UNHRC Report of its 2014 UPR of New Zealand, to which NBACG made a submission, is not considered in this Paper but it, too, criticised our government's failures to comply with its obligations to provide an adequate standard of living for all its citizens. Article 2(1) of the ICESCR requires the New Zealand government to immediately to "take steps ... to the maximum of its available resources [for] ... achieving progressively the full realisation" of the right to shelter. The steps taken by the state must be "deliberate, concrete and targeted", moving "as expeditiously and effectively as possible towards the realisation of the right to adequate shelter. The state must be able to justify its choice of steps by reference to evidence, which confirms the strategies most likely to be successful. In taking steps under Art 2(1), it is generally understood that the state must "respect", "protect" and "fulfil" the right to shelter. These and other concepts are explicated in reports and comments of the Committee and other UN bodies responsible for human rights matters.

18 Represented by the Office of the High Commissioner for Human Rights ("the OHCHR").

19 The Committee, *General Comment No 7: the Right to Adequate Housing (Art 11.1 of the ICESCR): Forced Evictions*, E/1998/22 (1997), at [7]; *General Comment No 4: The Right to Adequate Housing (Art 11(1) of the ICESCR)*, E/1992/23 (1991).

46. In its 1991 comment the Committee concluded that the right to adequate shelter encompasses²⁰:
- security of tenure, including legal protection from arbitrary eviction²¹;
 - availability of services, such as potable water, sanitation and emergency services;
 - affordability, often expressed as housing costs as a ratio of household income;
 - habitability, including sound physical structures and absence of dampness and crowding;
 - accessibility, including for all ethnic, racial and national minorities, together with other social groups such as people with disabilities;
 - location, including in relation to employment and schools; and
 - cultural adequacy, including traditional housing patterns.
47. The New Zealand Human Rights Commission addressed the right to housing in a 2004 report, *Human Rights in New Zealand Today*²², claiming that "overall new Zealand is falling well short of international human rights standards around the right to housing"²³. Specific matters raised by the NZHRC were:
- The universal right to adequate housing was not explicitly included in any domestic legislation, with the result that decision makers acting under that legislation were not required, explicitly, to recognise the right;
 - Levels of commitment to social housing provision by central and local government housing providers, together with community providers, did not adequately meet the range of identified needs;
 - Living standards were compromised in households paying more than 30 percent of their income on housing, with many paying "well in excess" of that level;
 - High levels of household crowding, particularly in South Auckland and among Pacific communities;
 - The measures of affordability, accessibility and habitability that underpin the right to housing showed that Māori, Pacific people and people with disabilities continued to be disadvantaged.

20 The Committee, *General Comment No 4*, *ibid*, at [8]. See too: Hosking, *op cit*, at 118.

21 The Committee's *General Comment No 7*, *ibid*, is also relevant as it concerns forced evictions.

22 NZHRC, *Human Rights in New Zealand Today* (NZHRC, Auckland, 2004), >www.nzhrc.co.nz> See too: Hosking, *op cit*, 121-122. See too: The New Zealand Human Rights Commission, *The Right to an Adequate Standard of Living – Focus on the Right to Housing: Draft for Discussion* (NZHRC, Wellington, 2010), at 9.

23 Hosking, *op cit*, 122; NZHRC, *op cit*, at 2-3.

48. The NZHRC identified three discrete areas for action²⁴:
- Homelessness, including: developing and implementing regional and national strategies to reduce homelessness; and the collection and monitoring of official data on homelessness;
 - Social housing, including: increasing the supply and diversity of social housing through enhanced direct provision by central and local government and community housing providers;
 - Housing affordability, including: enhancing housing affordability by extending measures to support first-home ownership and to improve rental affordability; and housing design, including developing and implementing universal design standards to improve housing habitability, accessibility, cultural adequacy and safety.
49. In November 2020, the NZHRC issued a consultation document, *Guidelines on the right to a decent home in Aotearoa*²⁵. Although the *Guidelines* do not refer, expressly to community housing provided by local government bodies, such as Council, SBCRC notes its contents and the applicability of domestic and international legal norms to community housing.
50. SBCRC believes Council's proposed rent increase of its community housing units will violate New Zealand's international human rights law obligations as they concern the right to housing. Under the Optional Protocol to ICESCR, which New Zealand agreed to in, individual may make complaints concerning violations of the Convention directly to the Committee in Geneva. In turn the Committee has jurisdiction to investigate such complaints, issue determinations holding State Parties in breach of ICESCR's provisions and make other recommendations as may be necessary.
51. In addition, recent amendments to the Residential Tenancies Act 1986 provide tenants with the right to approach the Chief Executive of the Ministry of Housing and Urban Development in cases where they believe their rights are in breach and ask that official to take proceedings on their behalf against their landlord in the Tenancy Tribunal²⁶.
52. If Council goes ahead with its proposed rent increases, SBCRC will actively assist Council's community housing tenants to pursue their full range of legal and political remedies against it.

Michael Gibson

²⁴ NZHRC, op cit, at 18; Hosking, op cit, 122.

²⁵ "the *Guidelines*". NZHRC, November 2020.

²⁶ Residential Tenancies Act 1986, s86(1A).

APPENDIX B

29 January 2021

Invercargill City Council
email: Policy@icc.govt.nz



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Presbyterian Support Southland Submission on Document – Consultation on Proposal to Increase Rental Fees on ICC Housing Units

Thank you for inviting PSS to submit on the proposed rent increase for ICC Housing.

About Presbyterian Support Southland (PSS):

Presbyterian Support Southland is a significant locally owned and operated Social Services Charity with over 400 staff and assets of \$60million who work across Southland. PSS has been working with vulnerable people in Southland for over 100 years. We are well-placed to submit to this proposal as our client group fall into the category of those who seek supported living from the ICC Social Housing Units. In addition PSS also operate supported living housing for older people in its rental accommodation at Peacehaven in Invercargill.

1. Firstly, we would like to include an extract from the Aratohu tika tangata kit e whai whare rawaka I Aotearoa (Guidelines on the right to a decent home in Aotearoa - Consultation document 12-11-2020) repeating the United Nations (UN) 'decent' housing principles: *"Since 1951 the UN has repeatedly highlighted seven principles which must be considered when determining when housing is 'adequate' or in this context 'decent'.*
 - *Habitable – NZ Healthy Homes Standards compliant.*
 - *Affordable – Housing costs should not be at a level that compromises the satisfaction of other reasonable needs. Tenants should be protected by appropriate means against **unreasonable rent levels and increases.***
 - *Accessible – A decent home must be accessible to **Everyone.** This is not happening in NZ today.*
 - *Services, Facilities and Infrastructure*
 - *Location*
 - *Respect for Cultural Diversity*
 - *Security of Tenure – Everyone should have security of tenure which guarantees legal protection, including due process in relation to eviction, discrimination, harassment and other unfair treatment.*
2. We voice our extreme concern at the process the ICC has employed for consultation on the proposed 35% rent increase and its timing for its 215 social housing units. From the documentation received it appears that tenants have been sent a letter outlining the increase and rationale for the increase and a phone call will be made to each, but no wider consultation has been undertaken. The lack of opportunity for the wider community advocacy groups to submit to this process is disappointing. As an example, we approached Aged Concern Invercargill who were unaware of the ICC proposal, likewise Iwi and Church groups have also not been notified. We are grateful that Presbyterian Support has been given the opportunity to submit to the proposal.



Making a difference together

3. We would convey our concerns that the people who live in these ICC units are some of our society's most vulnerable, a point acknowledged by you in your cover letter, and many come from an age group where complaining is not part of the psyche of the staunch southern man or woman who in many cases have been through a hard life and just 'got on with things'. This group of the population are unlikely to engage overtly, but will worry about whether they will still have a home that they can afford in July if this rent increase goes ahead. This will negatively impact on many already existing mental and physical health conditions. The need for wider advocacy and consultation is essential prior to any final decision-making.
4. While we applaud ICC for recognizing the need for additional social housing development, we have significant concerns about the justification for an increase of this size in one event. Using existing social housing rental income as a mechanism to fund new housing is not a sustainable model. We would recommend that ICC utilize central government funding or dedicated annual capital budget funding to support future development as part of a long term asset development plan for social housing.
5. We submit that the proposal to fund heat pump installation from the increase is counterintuitive. The additional cost in rent will mean that the ability of residents to pay the increased cost of power for a heat pump will be prohibitive and they won't be used. We also wonder whether ICC has considered the on-going cost of cleaning (as resident won't be able to do this), maintenance and replacement. It would be very undesirable if 215 new heat pumps are required in 8-10 years time and are not budgeted. We believe that adequate heating is a basic requirement under the central government Healthy Homes Standards and should be met by ICC from its annual budget round. We would also expect that ICC has conducted its compliance with the other Healthy Homes Standards including ventilation standard, Moisture ingress and drainage and draught and insulation standards without additional cost to residents.
6. We believe that the rationale for using commercial market rental data and Trade Me 'comparative rental properties' for rent comparisons is not a valid method of assessing rents for social housing. Firstly, the ICC Housing units are designated as social housing, not market rental housing and secondly we are unsure how a valid comparison of the size, fit out and standard of the properties can be compared based on tenancy.govt.nz data, 'on-line 'photo's and information. We would recommend a valuation of ICC properties by a suitably qualified social housing rental Valuer.
7. We strongly submit that the size of the proposed 35% rent increase is unaffordable. The majority, if not all tenants in these units will be on a low fixed income, a point you acknowledge, and we estimate that generally they will be in the bottom 5% quartile for income in NZ based on national superannuation or benefit. To simply mandate an increase of 35% to occur in a single increment is an unacceptable hardship for these vulnerable people. As mentioned above in section 4, we are concerned that it could be viewed that these vulnerable tenants are being punished for ICC's lack of prior policy development for sustainable rent increases, maintenance and development planning. While ICC may state that current rentals are too low (and they could be but until valued, this is unknown) people on low incomes do not often, if ever, have any disposable weekly income left and therefore for them to find another potentially \$40 or more p/week from a national superannuation pension is not achievable. This increase would place considerable pressure on food, electricity, medication, and basic essential daily living needs.

8. Our final comment is a quote from Gandhi: 'the true **measure** of any **society** can be found in how it **treats its most vulnerable** members'.

Recommendations

- We would recommend ICC develop a long term asset development plan for social housing (if one does not already exist).
- That current ICC housing rents are valued by an appropriately qualified Valuer.
- That ICC undertake public consultation on the rent increase proposal and consult widely.
- ICC ensures compliance of its properties with the Healthy Homes Standards NZ.
- ICC creates a policy that mandates equitable and reasonable (fair) rental increases and includes consultation and advocacy support.
- ICC creates an avenue whereby resident hardship needs can be included in any rental increase decision making.
- That ICC consults and considers future rental increases being limited to CPI or increases in National Superannuation.
- Upgrades, maintenance and new development are not funded from rental surplus, but rather from an appropriate capital/maintenance fund as part of ICC's annual budget process or through central government funding.
- ICC considers establishing a mayoral housing taskforce consisting of Community Housing NZ, Iwi and other community stakeholders to look at the wider housing needs and pressures in Invercargill in a similar way to the Dunedin City Council.

Thank you for the opportunity to submit. We are available to discuss this further by request.

Yours sincerely



Michael Parker
Chief Executive Officer

TO: INFRASTRUCTURAL SERVICES COMMITTEE
FROM: DAVE FOSTER – INTERIM GROUP MANAGER FINANCE
MEETING DATE: MONDAY 16 NOVEMBER 2020

IN COMMITTEE

Reason for Exclusion:

Local Government Information and Meetings Act 1987 –

(7) *Other reasons for withholding official information:*

(2) (i) *Enable any local authority holding the information to carry out, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).*

HOUSING CARE ACTIVITY

SUMMARY

<p>Staff have been reviewing the Housing Care Activity as requested by Council. The review has been undertaken to identify the issues and barriers to long term sustainability of the service.</p> <p>Community views from the latest survey show significant support for council involvement in the activity, but for many that support is on the basis that it is at no cost to ratepayers.</p>

RECOMMENDATIONS

That the Committee:

1. Receive the report “Housing Care Activity”.
2. Confirm that rents will rise over one, two or three years (*select option*);
3. That revenue from Housing Care continues to be used only for the costs and capital requirements for the activity’s sustainability;
4. That the capital work programme to achieve sustainability is included in the LTP as a matter for engagement;
5. Confirm that rent increases should be publicly notified in time for increases to take effect from 1 July 2021;
6. Confirm that this report should be proactively released to the public once tenants have been written to.

IMPLICATIONS

1.	<i>Has this been provided for in the Long Term Plan/Annual Plan?</i> No
2.	<i>Is a budget amendment required?</i> No it will be an item for the LTP.

3.	<i>Is this matter significant in terms of Council's Policy on Significance?</i> Yes. A decision to increase rents will impact on a small portion of the community.
4.	<i>Implications in terms of other Council Strategic Documents or Council Policy?</i> Yes – the investment will be incorporated into the Long-term Plan
5.	<i>Have the views of affected or interested persons been obtained and is any further public consultation required?</i> Some comment from existing tenants from the Community views survey. Also the community views survey has been a consideration in the plan.

BACKGROUND

As part of the LTP 2021-2031 the housing care activity plan is being reviewed. Council provides 215 elderly housing units on 21 properties. The following table shows more detail of the holdings:

Location	Units	Approx Const.year	Age (Years)	Ave. Unit size sq.M
Miller Street	4	1950	70	42.5
Auroa Place	8	1953	67	46.3
Elston Lea	41	1958	62	47.3
Kelly Court	7	1971	49	34.3
Strathpine Flats	7	1971	49	34.3
Niven Place	7	1971	49	34.3
Pateke Place	8	1975	45	35.0
Nevill Place	16	1976	44	35.6
Laurel Court	8	1978	42	36.8
Korimako Place	10	1979	41	37.0
Cairnsmore	12	1981	39	38.7
Aidan Place	8	1982	38	43.8
Kinross Flats	6	1982	38	43.3
Thorndale Flats	6	1983	37	41.0
Stirling Flats	6	1985	35	43.8
Clarendon Court	14	1986	34	39.3
Willowbank Park	10	1986	34	37.5
Powell Court	6	1986	34	38.3
Otarewa Village	22	1989	31	40.2
Anzac Court	5	1991	29	52.6
Jim Brass Place	4	1992	28	49.5

The properties were developed as part of successive Government's responses to housing needs for elderly persons. Typically the properties were funded at no cost to rates with construction being funded from a combination of low interest loans and government grants.

COMMUNITY VIEWS SURVEY

Community surveys show strong support for Council involvement in social housing provision for elderly persons with limited income.

Results from the latest survey undertaken as part of the 2021 LTP preparation includes the following comments on Housing Care:

- ICC has a mandate to continue provision of housing though most felt it should not do this through rates.
- Housing should meet the needs of vulnerable and needy residents, especially the elderly and disabled.
- The quality of housing is important, and some identified the need for ICC to increase the provision of housing.

The report by Research First states:

"Given that respondents felt affordable housing was very important, but half rated ICC's performance in this area as fair or poor, this could be a focus for ICC in the future".

That same report highlighted the following statistics:

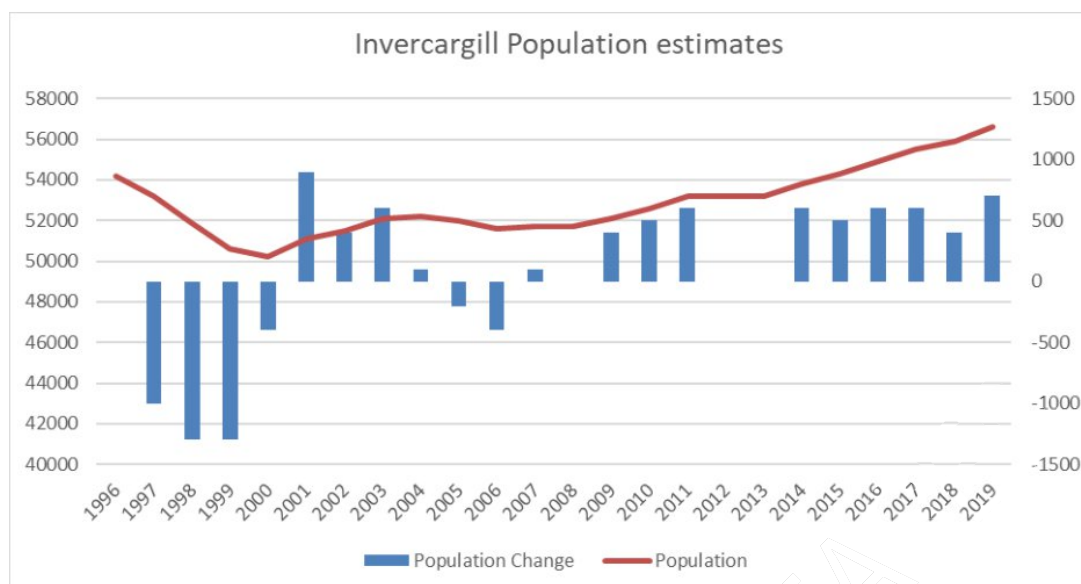
Issue	Number of respondents	Percentage of respondents
ICC should continue to provide low cost housing for the elderly/disabled	378	97%
ICC should continue to provide housing without drawing money from Rates	289	74%

In qualitative findings, the report states:

"The housing staff at ICC were viewed as delivering great service. It was felt that ICC's priorities and processes get in the way of great service being delivered to an acceptable level"

ANALYSIS OF POPULATION GROWTH

Information from Statistics NZ shows that while Invercargill had a significant reduction in population between 1996 and 2001, since that time there has been a steady increase. In 8 of the last 11 years the population has risen by on average more than 500 people.



Information from various sources support that population growth is having an impact on property prices and the availability and cost of housing. This increase tends to put most pressure on the people most in need. This occurs through the following pattern:

- House prices rise.
- Investors sell property to owner occupiers.

This leads to more people looking for rentals also raise rent and fewer properties for rent increases rents.

BARRIERS TO SUSTAINABILITY OF HOUSING CARE

There are a number of elements that create barriers to sustainability of the Housing Care Activity however the primary item is that the rents are too low.

If the key points of the community views are accepted, the community view supports the following premises:

1. Council should be involved in Housing care for the elderly for the long term.
2. The properties will need to be replaced at the end of their life.
3. Rates funding should not be used to deliver the activity.
4. Therefore rents are the income source to ensure the service is sustainable.
5. Therefore rents must be set at a level to ensure the activity is sustainable.

ACTIVITY PLAN

The activity plan attached proposes the following strategic principles:

1. Council will be involved as a social housing provider for elderly and disabled low-income persons.
2. Council involvement in the service will not be at any cost to ratepayers measured by:
 - a. There will be no subsidy of costs.
 - b. Rents will be set to ensure all cash costs are met while retaining balance sheet capacity for more units and replacement of current units.
 - c. Any deficit from the Housing Care Activity will be reviewed to ensure it is valid, and any associated deficit will be accepted as a factor in the "balanced budget" consideration.

3. Rents will be established based on a sustainable balance sheet capacity for the service established by:
 - a. An activity debt capacity of 1.5 times revenue.
 - b. All costs for the service except depreciation being fully covered.
 - c. Depreciation will be included in the costs but may be funded at a lower level if 3a is true for a 15-year projection of funding needs.

Financial modelling within the Activity Plan shows that the rent level required for this is 35% higher than the current level.

The plan has an appendix that shows how the effect of the increased rent is moderated by financial support provided through Accommodation supplement.

CONCLUSION

For Housing care to continue to be provided at current levels rents need to rise. The level of increase is approximately 35%. An increase at this level still retains rents below the target of 30% of the Government superannuation.

An increase in rent at this level will be contentious in the community, as it is a high increase and regardless of the fact that it is off a low and unsustainable level. A communication plan will need to be developed to ensure the community and the tenants are aware of the reason for the rent increase and to assure people that the increased revenue will only go to the maintenance of the Activity.