

A Policy for Wellington City Council's

SOCIAL HOUSING SERVICE

May 2010

1. Introduction

Wellington City Council is committed to the provision of social housing at below market rents for those households who experience barriers to accessing appropriate housing.

Wellington City Council will work in partnership with the Government to deliver on this commitment. The Council signed a Deed of Grant with the Crown in 2007 which outlines a programme of funding to upgrade the Council's housing stock in exchange for an on-going commitment from the Council to provide social housing at a good standard for at least 30 years. The rents will both be affordable for tenants on low incomes as well as being at a sufficient level to generate enough revenue to maintain the homes to a good standard for modern living.

In light of the requirements in the Deed of Grant, the Council agreed to review its policies around social housing. This Social Housing Policy focuses on how we allocate homes to potential tenants, how we set rents and how we manage the tenancies.

The policy provides:

- the Council's vision for social housing – including purpose, objectives and principles
- the context for social housing in Wellington and its key challenges
- the principles in action – how the Council will implement those principles.

2. Our vision

Wellington City Council's vision is for Wellington to be a vibrant, internationally competitive and affordable city. Our community have told us their aspirations for the city which are outlined in the Long-Term Council Community Plan 2009-19. These include social services, especially health and housing, being affordable, available and accessible to all Wellingtonians.

The Council has responded to this aspiration within the Social and Recreation strategic area which aims to build strong, safe and healthy communities. The Council's ambition is for all Wellingtonians to have access to accommodation that is fit for purpose. One of the Council's roles in contributing to this aim is to provide some social housing for people who otherwise have barriers to accessing appropriate and affordable accommodation.

Purpose

The purpose of the Council's housing provision is to provide social housing for a minimum of 30 years to Wellington residents.

Objectives for social housing

The Wellington City Council aims to provide:

- appropriate and affordable housing to low-income households who otherwise have barriers to accessing housing
- safe and secure housing to a good standard
- communities where people feel safe, have a sense of belonging and are proud to call home
- support for Council tenants to improve their quality of life and well-being and to contribute to and benefit from living in Wellington

To achieve these objectives, the following principles will guide our decision-making and the way we work.

Principles

- Work in partnership to improve the lives of tenants
- Ensure the housing portfolio is financially sustainable into the future and affordable for tenants
- Respond to demand for social housing equitably and efficiently
- Commitment to resilient and cohesive communities
- Provide a high quality service to tenants

3. Context

Wellington City Council is the largest social housing provider in the city with 2,352 units. This represents 3.4% of all the residential dwellings and 8.3% of all rental dwellings in Wellington. This means the Council is a major player in the city's housing market. Housing New Zealand Corporation (HNZC) is the other major provider of social housing in Wellington with 1896 dwellings. A further 104 units are provided by non-profit community based initiatives focusing on targeted accommodation for people with mental health disabilities, emergency and respite.

The Council's housing stock is predominantly comprised of bedsits and one bedroom units (71.3%). HNZC however provides mostly two and three bedroom accommodation (78.8%). Consequently the Council houses mostly single people and couples without children. About 20% of the Council's stock houses children which amounts to about 900 children overall. After the housing upgrade is complete in 20 years, it is expected the number of bedsits and one bedroom units will decrease slightly, however they will still comprise a significant portion of the stock.

Wellington City Council in partnership with Housing New Zealand are implementing a 20 year programme to upgrade all of the Council's housing stock to a good condition. After this programme is complete there will be significantly less bedsits but many more one and two bedroom units and a few more three and four bedroom units. The number of units overall will decrease slightly, but the stock will better reflect modern living standards.

See Appendix A for more information about the social housing stock, demographics and housing need in Wellington.

4. Challenges we face

In providing social housing, Wellington City Council faces the following challenges:

- **Affordability:** Less people are owning their own homes in Wellington because house prices are becoming increasingly unaffordable. At the same time the population is growing and most of the growth in the Wellington region will occur in Central Wellington. Therefore the majority of growth will be in the rental market.
- **Increasing numbers of households in housing need** – In Wellington the main causes of need are affordability, sustainability of tenancies in the private sector and accessibility barriers tied to discrimination. This growth is primarily expected in over 45s and one parent and one person households.
- **Limited type of stock** – While Wellington City Council’s ambition is to house all households in need, the reality is that the Council’s stock is predominantly made up of bedsits and one bedroom units (71.3%). This limits the types of households the Council can assist with their housing needs.
- **Aging population** – While Wellington has a relatively young age profile, the number of older people is expected to increase. It is likely there will be increasing numbers of older people experiencing difficulty accessing housing.

5. Working in partnership

There are many agencies with a role that contributes to affordable housing in Wellington and to support Council tenants. Wellington City Council does not wish to duplicate services but rather, work in partnership with other agencies. Working in partnership is critical in assisting those who need help, building strong and safe communities and improving the well-being of tenants.

Wellington City Council will foster and promote partnerships with the following organisations and individuals in order to achieve its objectives around social housing:

- **Housing New Zealand Corporation** – provides 1896 social housing units in Wellington and has a strategic role in the provision of social housing. Many of the households in housing need that cannot be helped by the Council will be suitable for Housing New Zealand assistance because of the different types of stock available.
- **Other social housing providers** – other non-profit organisations specialise in providing housing for those with high support needs and emergencies.
- **Work and Income New Zealand** – over 80% of the Council’s tenants receives benefits from the Government. The Council will work with WINZ to ensure tenants receive all of the benefits they are entitled to.
- **Support services** – The Council houses some tenants with various support needs. The Council will make sure people who require assistance

and support are connected with the relevant agencies and government departments.

- **Wellington Housing Forum** – the purpose of the forum is to bring organisations together to improve housing situations for people with unmet housing needs in Wellington. The forum is made up of a mixture of groups representing a variety of interests relating to social housing in the Wellington City area.
- **Community Action** – a grant funded programme which aims to address the social needs of tenant communities by encouraging and developing a sense of place and enhancing community and individual wellbeing.
- **Tenants** the Wellington Housing Association of Tenants (WHAT) has a formal agreement with the Council to be the joint voice of tenants. The Council will also consult directly with tenants on matters that are relevant to them.

6. Financially sustainable and affordable

Wellington City Council is committed to providing approximately 2,300 social housing units that are both affordable for tenants as well as safe, secure and to a good standard. The Council is funding an upgrade of all of its housing stock to meet this standard with a grant from the Government. After this upgrade work is complete, the Council will continue to invest in the stock to maintain it at a good standard. This on-going upgrade work will be funded from income generated from rents which will be ring fenced for the purpose of funding the housing portfolio. This means the Council needs to generate enough income from rents to sustain all of the homes to a good standard.

Rent setting

Rents will be set at 70% of market rent and will be reviewed annually. This means the Council's social housing will remain affordable for tenants as well as enabling the Council to continue to provide social housing in a reasonable condition at current levels for at least 30 years.

Rent relief provisions

Affordable rents are a critical feature of social housing. As a safety net, the Council uses the following mechanisms to ensure rents remain affordable:

- Following the annual rent review, there is a maximum rent increase of \$20 per week for a single tenant and \$30 for two or more adult tenants. These caps stay in place until the next rent review
- affordable rent limit - consideration of a rent reduction for any tenant whose rent exceeds 35% of net household income (not including the disability allowance) after tax and after Accommodation Supplement entitlement has been received
- no rent increases for tenants over 80 years of age

In effect all tenants will either be paying 70% of the market value of their property or 35% of their income, whichever is lower.

The Council will adjust the maximum rent increases in line with inflation and average incomes every three years. The income of most Council tenants increases each year at the rate of inflation. Carrying out these reviews every three years means that the caps do not lag to any great extent (particularly while inflation is low).

7. Responding to demand

Wellington City Council is not able to house all households who require social housing because the stock is limited. The social housing portfolio is for people who face barriers in accessing housing in the private sector, particularly on the basis of affordability. Consequently, the following households are eligible:

- have an income of less than 60% of the Wellington median income
- have less than \$35,000 worth of assets if aged under 50
- have less than \$50,000 worth of assets if aged over 50.

These thresholds will be reviewed every three years in line with inflation to reflect the changing incomes of tenants. Raising the income and asset thresholds will make more people eligible for social housing. Therefore, these reviews need to take into account the impact on demand for social housing given the limited stock available.

Also, for legal reasons, the Council will only consider applicants where the primary tenant:

- is at least 18 years of age
- has permanent resident status or has lodged an application for such status

All eligible applicants will undergo a needs assessment to determine their relative housing need. The following factors are considered in this assessment:

- current tenancy or living arrangement – does the applicant have a short, fixed term, long term or no tenancy? Is their current home affordable?
- adequacy of current housing – is the applicant living in a home in poor physical condition or one that doesn't meet their needs?

- suitability of current housing – is the applicant’s house size big enough for the number of occupants?
- accessibility – can the applicant access housing in the private market in the face of discrimination?
- location - is the applicant able to access social infrastructure such as community centres, shopping centres, transport links, health and education services?
- special housing needs – does the applicant have any special needs including physical disability, homelessness, substance abuse, chronic illness and domestic violence?

The assessment tool determines the level of needs of all applicants who are then placed on the housing register and are assigned a relative priority. When a housing unit becomes available, housing officers determine which household’s needs are best met by that house in terms of its size, location, physical layout and proximity to support services. The housing officers consider the following factors when determining whether a home meets the needs of a particular applicant:

- household characteristics (number of people, children, older people)
- social support considerations
- special housing needs (location, access)
- tenant preferences

This means applicants are offered the best possible dwelling to meet their needs. Housing officers attempt to house the highest priority applicants first, but sometimes the available housing is not suitable for these applicants. In those cases, the homes are offered to lower priority applicants. Consideration will be given to the particular community. For example, older people often want to live in quiet neighbourhoods without families with young children nearby. Decisions are made on a case by case basis taking into account the specific needs of each potential tenant and community. The Council will not house applicants if they are a risk to themselves or to others.

Wellington City Council’s housing stock is limited in type and location. Most of the dwellings are bedsits and one bedroom. Consequently most of the current tenants are single people living alone and couples without children. Housing New Zealand Corporation on the other hand has mostly two and three bedroom dwellings, as well as lower income and asset thresholds and cheaper rents. This means that Housing New Zealand Corporation is better able to assist larger households with different housing needs. These factors limit the type of households the Council can assist with their housing.

Given these constraints, Wellington City Council is best suited to house single people and small families particularly from the following groups:

- The fit elderly: Those able to maintain an independent lifestyle at the time of application
- Refugees and migrants: Recently arrived either through the quota or asylum seekers accepted by the immigration service as refugees and people entering the country under the humanitarian or family reunification categories

- Low level psychiatric: Those people able to maintain an independent lifestyle with minimum supervision and support
- Multiple disadvantaged: Households with a number of problems that make them vulnerable in the housing market
- People with physical disabilities: People with specific accommodation needs arising from a disability

The Wellington City Council recognises that applicants often have preferences as to where they wish to live. The Council aims to satisfy these preferences, however the availability of suitable stock will determine the extent to which those preferences can be met.

8. Resilient and cohesive communities

Resilient and cohesive communities are places where those who live there feel safe and secure and contribute to and benefit from a rich and varied life. Resilience requires stability in the community. While the Council's social housing is not intended as a permanent solution to the problems many people experience accessing housing, the Council recognises that it is in the best interest of the community if some tenants are living in our homes long-term.

Moving on from social housing

Wellington City Council's goal is to create communities that are safe and secure and contribute to a rich and varied life for those who live there. The Council's social housing is intended for those who cannot afford a home in the private housing market. Many tenants will stay in our homes long-term. The average tenancy is 6.6 years with many tenants staying only one to two years and others staying twenty plus years. This level of turnover allows stability in many communities as well as ensuring enough dwellings become available for new tenants.

When tenants' circumstances change and their income or assets go above the Council's thresholds, they will no longer be eligible for Council housing. It is the tenants' obligation to advise the Council if their circumstances change. Each year the Council will ask tenants to provide information about their income and asset levels. When tenants are earning above the threshold, they will be given one year to find alternative accommodation. During this time, the tenant's circumstances may well change again. In these cases where a change means a tenant is once again below the income and asset thresholds, they will once again become eligible and will not be required to leave their home.

During this one year period rent will be increased as follows:

- to 90 per cent of market value for those exceeding the income and/or asset thresholds by up to and including 20 per cent
- to 100 per cent of market value for those exceeding the income and/or asset thresholds by more than 20 per cent.

After this period tenants will be given 90 days notice to vacate their dwelling.

Each year the Council will review the income thresholds to ensure they remain at 60% of median income (using census data when it becomes available every five years and inflation every other year). Those tenants that have been assessed as earning above the old income threshold will be reassessed against the new

threshold. Some tenants will become eligible once again for social housing and will not have to leave their home.

The Council will help tenants to find alternative accommodation by facilitating access to services that will provide tenants with support to identify advice and options around future steps.

Up to 5 per cent of the Council's housing portfolio may be made available at market rental to allow for the provisions outlined above.

9. Providing a high quality service to tenants

Wellington City Council is committed to delivering its housing services in a way that:

- treats all customers fairly and equally
- treats all information given to us confidentially
- deals with enquiries quickly
- involves tenants in making decisions about how their place is managed
- recognise and involve the expertise of community and government agencies.

Tenancy management deals with three areas:

- **Administration of tenancy agreements** –includes the management and termination of tenancies within the provisions of the Residential Tenancies Act 1986, tasks and activities associated with processing applications, establishing a tenancy agreement and ensuring the conditions of the tenancy agreement are adhered to. The latter includes such activities as maintenance, ensuring the rent is paid, annual inspections and resolving disputes.
- **Tenant support** – refers to meeting the needs of individual tenants, both in terms of housing need and other support needs.
- **Community development** – is concerned with addressing the social needs of tenant communities by encouraging and developing a sense of place and enhancing community and individual well-being.

To support these aspirations, Wellington City Council has implemented the Housing Plus and Community Action programmes.

Housing Plus

Housing Plus aims to develop tenancy management by:

- increasing the presence of tenancy managers onsite
- developing effective communications between tenancy managers and tenants
- fostering agency partnerships
- providing case management for high risk/needs tenancies.

Community Action

Community Action goals have been identified that will provide opportunities for tenants to:

- improve their physical environment and develop pride in where they live
- create and participate in a wide range of activities and initiatives
- increase their sense of safety and wellbeing
- meet others and participate in community celebrations
- develop leadership skills
- access to social and recreational programmes
- develop creative expression through a wide range of artistic endeavours
- build confidence, self reliance and a positive sense of identity
- access primary health and wellness services and information
- contribute to the regeneration of communities
- access training and employment opportunities.

Tenant Representation

Wellington City Council recognises that it is critical that all tenants are able to contribute to and participate in decision making that effects them.

The Wellington Housing Association of Tenants (WHAT) which was established to:

- represent tenants in Council housing;
- be recognised by the Council as the formal joint voice of the tenants to the Council;
- negotiate with the Council on behalf of tenants on matters of concern;
- promote communication among tenant groups;
- support the work of tenant groups whose aims are compatible with WHAT's aims;
- work towards the tenants having control of their housing; and
- promote processes which would allow all tenants to have a say in decision making.

10. Review

This policy will be reviewed every five years. These reviews will need to consider the on-going sustainability of the housing portfolio, affordability for tenants, demand for social housing and satisfaction with the service provided by the Council.

Appendix A: The stock, tenants and housing need in Wellington

The housing stock

Wellington City Council is the largest social housing provider in the city with 2,352 units. This represents 3.4 per cent of all the private dwellings and 8.3 per cent of all rental dwellings in Wellington. This means the Council is a major player in the city's housing market. Housing New Zealand Corporation (HNZC) is the other major provider of social housing in Wellington with 1896 dwellings. A further 104 units are provided by non-profit community based initiatives focusing on targeted accommodation for people with mental health disabilities, emergency and respite.

The Council's housing stock is predominantly comprised of bedsits and one bedroom units (71.3 per cent). HNZC however provides mostly two and three bedroom accommodation (78.8 per cent). The following table shows that the Wellington City Council and HNZC stock compliment each other by ensuring there is a broad range of social housing types available overall.

Wellington social housing dwelling type – January 2008

Number of Bedrooms	Wellington City Council		Housing Corporation New Zealand		Combined	
	No. Dwellings	% of stock	No. Dwellings	% of stock	No. Dwellings	% of stock
Bedsit	961	40.9%	41	2.2%	1002	23.6%
1	714	30.4%	304	16.0%	1018	24.0%
2	400	17.0%	933	49.2%	1333	31.4%
3	239	10.2%	562	29.6%	801	18.9%
4	28	1.2%	49	2.6%	77	1.8%
5	8	0.3%	6	0.3%	14	0.3%
6	2	0.1%	1	0.1%	3	0.1%
Total	2352	100%	1896	100%	4248	100%

Following Wellington City Council's Housing Upgrade Programme (HUP) there will be less bedsits but many more one and two bedroom units and a few more three and four bedroom units. The number of units overall will decrease slightly, but the stock will better cater to the housing needs of Wellington. The move away from bedsits to one bedroom flats reflects changes in modern living standards whereby it is not always considered appropriate to live in a bedsit. The Council will however retain some bedsits because many tenants prefer them (usually because they are cheaper) and they are more space efficient. The upgrade will take 20 years to complete.

Wellington City Council's housing type – current and post Housing Upgrade Programme (HUP)

Housing type	No. dwellings		% of stock		Bed spaces	
	Current	Post HUP	Current	Post HUP	Current	Post HUP
Bedsit	961	556-643	40.9%	26%-30%	961	556-643
1 bedroom	714	750-788	30.4%	36%	1428	1500-1576
2 bedrooms	400	492-439	17.0%	24%-20%	1600	1968-1756
3 bedrooms	239	261-258	10.2%	12%	1434	1566-1548
4 bedrooms	28	37-33	1.2%	2%	224	296-264
5 bedrooms	8	5	0.3%	-	80	50
6 bedrooms	2	3	0.1%	-	24	36
Total	2352	2104-2169	100%	100%	5751	5972-5873

An analysis of the waiting list shows that the demand for Council housing is roughly proportional to the profile of the housing stock – that is, highest demand is for the stock in greatest supply. The following table shows that 70.1% of applicants are seeking bedsit or one bedroom properties which comprise 71.3% of the stock (the higher demand for bedsits is likely to reflect the lower cost of this accommodation). 28.8% of applicants are seeking two or three bedroom dwellings which comprise 27.2% of the stock.

Analysis of waiting list at 1 July 2009

Property Type	Number on waiting list	Percentage	Portfolio Profile	
			No. Dwellings	% of stock
Bedsit	260	62.4%	961	40.9%
One Bedroom	32	7.7%	714	30.4%
Two Bedroom	91	21.8%	400	17.0%
Three Bedroom	29	7.0%	239	10.2%
Four Bedroom	5	1.2%	28	1.2%
Five Bedroom	0	0.0%	8	0.3%
Six Bedroom	0	0.0%	2	0.1%
Total	417	100%	2352	100%

Who currently lives in Council homes?

Wellington City Council has targeted its housing at a number of priority groups. The following table outlines the percentage of housing units occupied by each priority group.

Household by priority group

Group	% of stock
Fit Elderly	10.0%
Refugee	9.7%
Low Level Psychiatric	14.7%
Multiple Disadvantaged	38.0%
Rent less than 50% of income	8.6%
Migrant	7.4%
Physical Disability	0.9%
No Priority Group	10.7%
Total	100%

The largest group is the multiple disadvantaged at 38%. Refugees and migrants comprise 17.1%.

Household type by gender

Household Type	% Overall	% Female	% Male
Single Adult	65.6%	34.5%	65.5%
Two Adults	9.7%	52.7%	47.3%
Three+ Adults	3.2%	36.1%	63.9%
Single Adult + Children	8.0%	80.9%	19.1%
Two Adults + Children	10.3%	48.7%	51.3%
Three+ Adults + Children	3.3%	56.6%	43.4%
Total	100%	100%	100%

Nearly two thirds of Council tenants are single adults living alone (65.6%), the majority of whom are male (65.5%). Just over one fifth (21.6%) of dwellings are occupied by adults with children. 80.9% of single adults with children are female.

Percentage of households by ethnicity of head tenant

Ethnic group	Percentage of households
African (other)	1.4%
Asian (other)	7.6%
Chinese	10.9%
Ethiopian	3.6%
Indian	4.1%
Maori	13.8%
Middle Eastern	7.9%
Pacific Island	10.0%
Pakeha/European	35.3%
Russian	1.1%
Somali	4.2%

There is a diverse range of ethnic groups in our social housing. No one group represents a majority.

The average length of tenancy in the Council's homes is 6.6 years. Most applicants are housed within 6 months of being placed on the housing register.

Housing need in Wellington

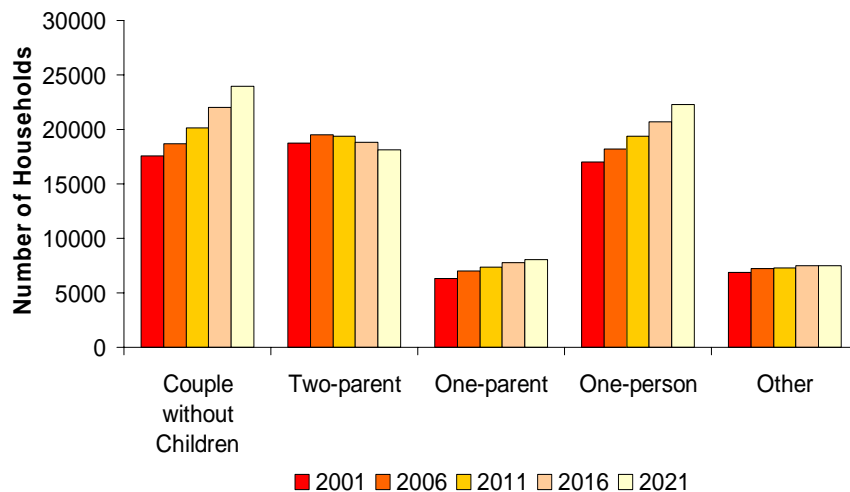
Demographic profile

Wellington City's average household income is higher than the New Zealand average. Wellington also has a relatively young age profile however the number of older people is expected to increase.

Most of the population growth in the Wellington region is predicted to occur in Wellington City, although the rate of growth will decrease over time. In Wellington people are tending to own their own homes later in life and overall there is projected to be a decline in the number of people who own their own homes. This means the majority of growth in the number of households will be in rented accommodation rather than owned.

The following graph shows the number of households broken down by composition and any change expected over the next 10 years. It shows that the number of 'couple with out children' and 'one-person' households is expected to increase quite significantly whereas the number of two parent households is predicted to decrease slightly. The number of one parent households is predicted to increase slightly.

Wellington City household composition



Source: Statistics New Zealand and DTZ (2007)

Market trends

The number of consents issued for new dwellings tells us that most new homes in the Wellington region will be built in Wellington City. Wellington is seeing a higher concentration of multi-unit dwellings and apartments, particularly in the central city.

Affordability

There are an estimated 6840 households paying more than 30% of their gross household income on rent in Wellington. The majority of these households are one parent or one person families and earn less than \$50,000 per year.

Special housing need

Special housing need applies to those who experience more than affordability issues and financial stress. Other factors include adequacy, suitability, accessibility and sustainability. In Wellington the main causes of need are poverty/affordability, sustainability of tenancies in the private sector and accessibility barriers tied to discrimination. Overcrowding and inadequacy in terms of the physical condition of homes tend to be limited to refugee and migrant, people with physical disabilities and Pacific people households.

In Wellington there are estimated to be about 627 households in special housing need. By far the majority of these are beneficiaries. Those with the most pressing special housing need generally have other significant support needs and will gravitate to Wellington City because of the number and range of social support agencies operating in the inner city.

Total housing need

Total housing need is an attempt to quantify the total number of households who are in need for a variety of reasons and includes those households who pay more than 30% of their gross income on housing, households living in Housing New Zealand Corporation accommodation, households living in Wellington City Council accommodation who are not receiving the accommodation supplement, those living in emergency and third sector housing (including those on their waiting lists) and the homeless.

The total number of households in housing need is estimated to be 10,188. This level is expected to increase over the next 20 years due to the moderate growth expected in population and the expected growth in house prices (at a much slower rate than in the recent past). Most of this growth will occur in those aged 45 and over and in one parent and one person households.