

Councillor Questions and Answers

Pūroro Rangaranga | Social, Cultural and Economic Committee meeting of 2 December 2021

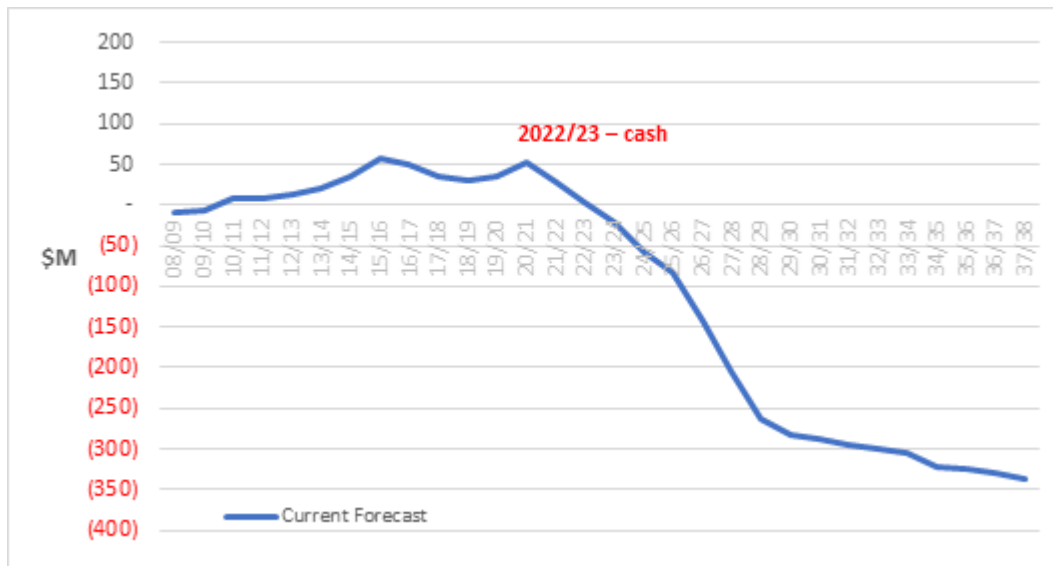
The following questions were received from Councillors regarding items on the agenda of the Pūroro Rangaranga | Social, Cultural and Economic Committee meeting of 2 December 2021.

Item 2.1 Notice of Motion - City Housing

Would you please itemise what is under each option and the cost of each line under each option:

NOM Area	Officer Recommendation	Rationale	Cost
Amend ARL Criteria	No	Fit for purpose	
Rates fund ARL	No	R&F Policy implications	\$822K additional lost revenue
Create Hardship Fund	No	Alternate Central Govt support mechanisms exist	
Rent Freeze	N/A	Impact on CH revenue & R&F Policy implications	\$1.6M lost revenue
Translate resources	No – suggested alternative	Existing service provided by WCC	\$908 + GST for proposed alternative (one off cost)

Would you also provide the graph showing the current and future operating deficit for city housing (for context)



The majority of this NOM has budget implications. Why was this not presented to Finance & Performance (and ruled out of scope for this committee meeting)? Should the mover of the Notice also act as Chair of the meeting when this paper is discussed?

The Notice of Motion specified (in accordance with Standing Orders) that the motion would be moved at the meeting of the Social, Cultural and Economic Committee Pūroro Rangaranga on 2nd December 2021. This is within scope of the Committee’s terms of reference. If the Notice of Motion passed results in a budget overspend that cannot be met from savings and efficiencies within the Activity Group then the Committee must either (a) Recommend to Council that additional funding is approved outside the Annual Plan or Long Term Plan process or (b) Recommend to the Annual Plan / Long-Term Plan Committee that the funding is considered for inclusion in the next Long Term Plan or Annual Plan.

There is nothing in Standing Orders that prevents a Chairperson being a mover of a Notice of Motion.

Is there a limit on the amount of income a tenant earns to become eligible for ARLS?

Yes. Tenants must meet the income and asset thresholds to be eligible for City Housing and the subsidy. The levels are publicly available [here](#).

We would note that we house a number of tenants who no longer meet the eligibility criteria and who are not eligible to receive a rent discount or the ARL. Changes to the Residential Tenancies Act that took effect on 11 February 2021 prohibit us from ending these tenancies.

If we consider 80-85% of our tenants would be eligible for IRRS, why are there much less tenants eligible for ARLS ie only 670?

The differences are due to the ways that the two systems work.

IRRS is a ‘subsidy’ that is granted to the landlord, while the City Housing Rent ‘discount’ is applied once eligibility is established. IRRS tenants do not receive the Accommodation supplement, while City Housing tenants may be eligible.

Tenants who receive the ARL in effect are receiving a reverse-calculated, further discount (lost revenue) on top of an already discounted rent (up to 30%), while IRRS is set as a percentage of income up-front.

The Income Related Rent Subsidy (underlined for effect) is just that – a subsidy paid by the government that “tops up” the rent to the landlord to 100%. A basic demonstration of the IRRS system follows:

Example:	Weekly rent:	\$300.00
	Tenant income:	\$300.00
	Tenant rent contribution:	\$75.00
	Crown subsidy payment:	\$225.00
	Landlord receives:	\$300.00

Tenant has \$225.00 left per week to live on (before other entitlements)

Tenant is not eligible for Accommodation supplement but may be eligible for other MSD or Crown assistance.

The City Housing Rent setting policy provides a 30% discount (underlined for effect) on the rent payable to eligible tenants. Tenants can then apply for an accommodation supplement via MSD. It must be remembered that any discount applied is lost revenue to City Housing that is not recovered or topped up.

Example:	Weekly Rent:	\$300.00
	Discounted Rent payable:	\$210.00
	Landlord receives:	\$210.00 (\$90 lost revenue)
	Tenant income:	\$300.00

Tenant has \$90.00 left per week to live on (before other entitlements).

Tenant can apply for the Accommodation supplement (up to \$105 per week) plus other entitlements/assistance from MSD.

If after receiving the Accommodation supplement, a tenants rent is more than 35% of their income, they can apply for the ARL.

Is the payment of ARL already factored into the costs of running City Housing ie the operating budget?

No. Any payment of ARL will have the direct impact of reducing the income received by the business unit.

Why hasn't there previously been an active campaign to ensure eligible tenants applied for the ARL? Has this been raised before?

Officers have accepted that this subsidy can be better promoted and have recommended steps that it can take to promote ARL more widely but note the financial impact of this.

Tenancy Advisors have had the ability to discuss the ARL with tenants who are suffering hardship and also support tenants to access MSD entitlements.

There have been 417 tenancies who have received the ARL over the last 10 years. We currently have 42 tenancies currently in receiving the ARL at a total cost of \$24,500 in additional lost revenue. Many current recipients of the ARL have received the subsidy on a number of occasions.

Officers also note that any ARL received from City Housing will likely have an impact on the assistance currently provide by Central Government (through the Accommodation Supplement or

Temporary Additional Support products). This effectively results in Council both losing income and fulfilling the role of Central Government.

Discretionary Hardship Funds- what are such funds made available by govt in terms of normal hardship etc. Can such funds be set up under the Local Govt Act. Do any other councils have such funds that target individuals and what is the criteria?

Tenants can access a range of financial assistance to assist with housing costs or other hardship through Central Government via products such as the Accommodation Supplement or Temporary Additional Support products.

WCC has the Mayoral Relief Fund but this fund is unlikely to be responsive enough or appropriate in the case of ongoing tenant hardship as fund applications are only considered bi-annually.

Para 13- Does this figure include the over 80s?

Yes. Officers note that tenants over the age of 80 can apply for the ARL

If IRRS was received, would this negate the need to fund the ARLS?

Yes. Under a IRRS scenario the current rent settings policies would only apply to existing tenants (assuming IRRS was only available to new tenants).

What is the breakdown of nationality/languages of our tenants ie What approx. numbers do we have in the named languages in the NOM?

Below is a table that indicates the number of people living in City Housing Properties by 10 languages listed (including children) by ethnicity.

Language	Number of tenants
Arabic	118
Cambodian	10
Farsi (Iran)	18
Hindi (India)	41
Mandarin/Cantonese	108
Maori	14
Russian	21
Samoan	80
Spanish	51
Tamil (Sri Lanka)	20

Below is a list of the top 10 languages spoken (other than English) as identified by tenants at the date of application:

Language & number of tenants

Language	Number of tenants
Arabic	118
Mandarin/Cantonese	108
Somali	91
Samoan	80
Amharic (Ethiopia)	66
Assyrian (Iraqi)	61
Myanmar (Burmese)	60
Spanish	51
Hindi (India)	41
Russian	21

With CHPs, do they, and if so how, offer rental subsidies/rebates for their non IRRS tenants?

Wellington City Council is the largest Council provider of accommodation in New Zealand. Our scale sets us apart from other Local Government providers of housing.

The Ōtautahi Community Housing Trust (ŌCHT) is a CHP of a similar size to WCC and have a number of tenancies remaining that were transferred to ŌCHT from the Christchurch City Council on October 2, 2016.

ŌCHT subsidises these rentals. These tenants are not expected to pay more than 85% of the annually assessed market rent and will not have more than a net 5% rent increase a year. Note that this is higher than the 30% discount we can apply.

We are not aware of any further subsidies/rebates offered by ŌCHT apart from the assistance available via Central Government via the Accommodation Supplement and other support.

If we were successful with getting IRRS, how long would it take for the decision to be implemented? I understand that there would need to be a change to the legislation, if Council were to get it directly, so how long would that take? If we have to establish a CHP, how long would that take?

If the Government made the decision to grant Councils IRRS this would require a legislative change. We are unable to determine or estimate the timeframes associated with this process as this depends on the level of priority the government puts on the legislation in the parliamentary programme.

If it was via a CHP model, we know that it took the ŌCHT approx. 18 months to establish its CHP in 2016 but we have begun the necessary work on the CHP design already so have taken steps down that path. If the Council decided to progress with a CHP following public consultation, we think a

CHP service could be stood up within 12 months as we have built strong relationships with the sector and other partners and have a robust understanding of the processes involved.

What is the uptake of the Ezispeak service? How do we know that people are effectively connecting with the service when needed?

Information provided by the Contact Centre and Service indicates that the EziSpeak service was accessed seven times since in the 2-month period from September 2021. We do not have records from before that date. As noted in the NOM paper we are committed to ensuring that all of our tenants are aware of the services available to them and we will be including information on the service in our next newsletter, and will be updating our website with information on how to access translation services as well.