
Project title: Inner City Accommodation for Community Groups
Strategy area: Social and Recreation

1. The Proposal

A review of Council's support for key community agencies operating in the inner city has highlighted some required changes. In essence these comprise:

- A staged exit from the Betty Campbell Centre (exiting May 2007)
- Aggregating the Betty Campbell costs into the Accommodation Assistance Fund from 2007-08 for distribution on a contestable basis
- Further investment in the Accommodation Assistance Fund for 1 year (2006-07) of \$100,000 providing a contestable pool to meet the demand from organisations in the inner city. This is bridging assistance only.

This new initiative proposal provides for a one off increase of funds in 2007/08 of \$100,000, increasing the fund from \$150,000 to \$250,000. From 2008 on this increase will be funded from savings from the Betty Campbell Centre closure.

Alongside this new initiative, further work will be completed within current budgets to:

- review the Accommodation Assistance policy to provide stronger operational and strategic alignment – the current policy is an effective tool but requires some refinement
- develop a stronger facilitation and enabling role within the reconfigured City Communities business unit to work with some natural groupings of agencies. The four groups that have been identified are:
 - groups working with the elderly
 - national organisations
 - emerging organisations with part-time office needs
 - cultural/ethnic organisations with office and meeting requirements

2. Strategic Fit

This project supports achievement of the Council's strategic priority of building community capacity and capability. It is also aligned with draft outcomes; more liveable, more inclusive, more actively engaged and better connected.

3. Relationship to Existing Activities

The community and voluntary sector are critical providers alongside Council and central government of key social infrastructure for our city. They are also key players within the wider economic life of Wellington.

4. Proposal Costs

<i>Outline project costs per year</i>										
Project Component	Operating expenses \$000									
	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14
<i>Accommodation grants fund</i>			100							
<i>Total</i>			100							

This figure is a best estimate of costs that may arise from the following –

- Shortfall in rent recovery as groups exit Betty Campbell (BC) prior to end of lease period (temporary spaces will be hard to fill)
- Assistance in relocating ‘priority groups’ from BC to other premises
- Increase in accommodation grants pool arising from increased awareness and criteria adjustment.

5. Project Outline

Background

The Council has supported key community agencies with accommodation costs in the inner city for many years. This has been achieved through three main strategies:

- Subsidised support for Betty Campbell Centre (firstly in the James Smith Building and currently in the Harbour City Building)
- The Accommodation Assistance Fund – this provides a subsidy for community agencies within the CBD and was a policy initiative principally driven by the sale of the Victoria/ Willis St Buildings in 2004. This fund is currently \$150,000 per year.
- One off budget provision for particular solutions – e.g. the \$250,000 grant to the Night Shelter Trust to refurbish their building

These arrangements were reviewed recently because of a number of factors. These were:

- the expiry of both the Betty Campbell head lease and the Press House (also known as Community House) leases due in 2007 and the likely cost escalation at that point,
- the risk of Community House in Willis Street being developed in the short to medium term thereby displacing some key agencies
- Poor strategic fit for most of those groups accommodated in the Betty Campbell complex (factors here are the inappropriate nature of the accommodation, the historic nature of the tenancies and the need to maintain some income albeit with organisations with poor strategic alignment). The conclusion of officers is that the subsidy is too high for the benefits being realised and that providing support through a lease arrangement is an inflexible method of support.
- The Council also became aware of a possible partnership arrangement with the Wesley Church in Taranaki Street who have some land available as well as some underutilised buildings and were considering accommodation of community agencies. This was seen as an opportunity that should be explored in the light of the above issues.

Result of Review

The preliminary assessment of Council's current accommodation support to assist these groups has been carried out, including some consultation with community agencies housed in the inner city. In broad terms this work identified that accommodation assistance through a grant process was the most effective Council intervention.

This was because it:

- is flexible, and enables Council to decide on a regular basis which priority groups it wants to fund. It provides a means to compare the needs of all groups and then make strategic funding decisions
- encourages agency independence by supporting community groups to make their own strategic accommodation decisions
- supports the Accommodation Assistance policy by giving groups the choice to form/join clusters
- does not lock Council into supporting groups that are no longer a priority.
- does not involve a large amount of staff time to administer, thus freeing staff for more productive capacity and relationship building work.

Our findings under each of the three issues were:

Current Betty Campbell Facility - The review recommends the closure of the existing Betty Campbell Centre and the subsequent ending of Council subsidies from the Accommodation Assistance fund for those low priority community groups currently housed there. Savings can be redirected to assisting the key social service groups whose success is necessary to achieve Council's strategic priorities. Within this complex are two groupings which need separate attention – National non-Governmental Organisations and older persons' agencies (Council has a policy direction under its Older Person's Policy to investigate the establishment of a Senior Centre).

Community House (Old Press House Willis Street)

This building currently accommodates a number of organisations who re-located from the Victoria-Willis Street buildings when these were sold by the Council. It is a privately owned building and each tenant has a separate lease agreement with the landlord. A preliminary review found that the landlord has no immediate plans to develop the site but if development did occur the Council would face strong pressure from tenants to help them accommodate elsewhere. Funding assistance is a flexible option capable of being utilised if this were to occur.

Council investment in a city building (e.g. Wesley site)

The review found that most central city agencies preferred to remain in their current location, and preferred that Council assistance be directed to that end rather than establishing a new centre. Community group needs have changed since Wesley first received calls from community groups to assist (including the development of Council's funding arrangements). There is not sufficient community support at this stage to take this proposal further. In addition the development costs are high (estimated at between \$4-5million for a 4 storey building on the site). While the church was prepared to

consider a partnership arrangement with the Council the comparative costs are too high when the same objectives can be achieved with an increase in funding for 1 year and some re-alignment of the existing support.

Policy Review

In addition the work undertaken has highlighted some problems with the existing policy:

- As it only applies to the inner city there are perverse incentives for groups currently accommodated outside the CBD to move into the CBD, or for groups that may otherwise move out to remain in the inner city to gain the subsidy.
- The current policy also means that some organisations are inclined to over estimate their floor space needs as they look at the net costs.
- The current targeting is no longer the most appropriate and is increasingly difficult to implement. The policy was developed as a response to the urgent accommodation needs of Victoria St tenants. The Council now needs a more strategically aligned approach.
- The study found 81 inner city agencies that seem to fit the assistance criteria, yet we are currently assisting only 28 in this target group. Many first time applications are expected in future.
- Some ambiguity around Council's role in accommodation assistance e.g. funder, enabler, property adviser, facility manager
- Many groups are also funded by central government but the different funding roles of local and central government are not clear
- Some organisations are receiving an accommodation subsidy when their hours of operation do not seem to justify permanent accommodation being available.

A review will be placed on the policy work programme to overcome these issues.

Increased facilitation role

The review of the Community Services business unit emphasised the need for greater facilitation and leadership by the Council to support community groups, in particular those that were critical to Wellington's social infrastructure. It is intended that City Communities will have a closer more proactive relationship with groups and investigate opportunities for capacity and capability building along with supporting social infrastructure.

Costs in out years

The Betty Campbell Centre is costing around \$100,000 a year in subsidising the rents of many low priority organisations. Ending the lease will allow this money to be re-diverted to the Accommodation Assistance Fund from 2007-08.

Costs in the out years will rise if inner city rentals increase but this will be assessed on an annual basis and will be developed as a new initiative proposal as required.

In addition as the facilitation role of City Communities improves there may be options developed that require some resourcing (such as a shared meeting and office space for emerging groups, an office in a box concept). These will be developed either as options requiring no investment from Council or will be considered as part of next year's budget round.

6. Conclusion

Council has a role in assisting key social service agencies (a key part of our cities social infrastructure) to remain in the inner city. The current policy is some way from achieving its aim of funding the key agencies. Many agencies are receiving no funding and some low priority groups are receiving substantial help.

Rising rents and increasing awareness of the availability of accommodation assistance means that more groups are likely to turn to Council for assistance and more and better targeted funding is required to assist.

The new initiative will allow Council to assist in accommodating groups that meet key social criteria aligned with Council's strategic goals. It will also mean that Council will no longer subsidise groups simply because they are in Council leased space but can regularly assess needs, and the contribution each group is making to Council's own strategic goals. It can then allocate the total funding available to achieve the best result.