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**REPORT 4**  
(1215/52/IM)

## **REVIEW OF SOCIAL HOUSING POLICY**

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### **1. Purpose of Report**

To present a draft Social Housing Policy to the Strategy and Policy Committee to consider for public consultation.

### **2. Executive Summary**

The Wellington City Council, in conjunction with Housing New Zealand, has reviewed its social housing policies as they relate to the Council's housing portfolio. The review is attached as Appendix B.

The Deed of Agreement with the Crown divides the areas requiring review into three components - rent setting; tenancy management policy; and tenant allocation practices and policy.

The draft Social Housing Policy sets out:

- 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.

### **3. Recommendations**

It is recommended that the Committee:

1. *Receive the information.*
2. *Note the requirement for the policy review to meet the covenants in the Deed of Grant between Housing New Zealand Corporation and Wellington City Council.*
3. *Note that the policy review has been carried out in conjunction with Housing New Zealand Corporation and must be completed before 30 June 2010.*

4. *Agree the draft Social Housing Policy for public consultation and report back in April 2010 with a final draft policy for the Strategy and Policy Committee to consider for adoption.*
5. *Delegate to the Chief Executive and Social Portfolio Leader the authority to approve minor editorial changes and to give effect to any changes agreed by the Committee, prior to notification.*

## **4. Background**

### **4.1 Crown and Council Agreement**

The Wellington City Council and the Crown have entered into a Memorandum of Understanding (dated 19 July 2007) and a Deed of Grant (dated 26 August 2008) in which the Crown has agreed to grant the Council \$220 million over a 10 to 15 year period. The grant is to assist the Council to upgrade its social housing portfolio to ensure it is safe, secure and of a good standard for modern living.

A work programme and investment plan for the Housing Upgrade Project (HUP) over the next twenty years was agreed to on 26 August 2008.

The Deed requires the Council to:

1. Remain in social housing at approximately the same level for at least 30 years.
2. Use all gross income received from the housing portfolio for reinvestment in social housing from 1 July 2008 to 30 June 2037.
3. Commence and complete a review of tenancy management; rent setting; and tenancy allocation practices and policy by 30 June 2010 in conjunction with Housing New Zealand.

This paper presents the review and a draft Social Housing Policy to meet the requirements of (3) above.

### **4.2 The Review Process**

In September 2008, SPC agreed to a terms of reference for the policy review. In accordance with the terms of reference, a policy working group was established which included representatives from:

- Tenant Representative/Advocate
- WCC Policy Team,
- WCC Finance Team,
- WCC Housing Team, and,
- Housing New Zealand Corporation.

That group has met regularly to discuss the policy direction and emerging issues. Meetings have been held with key stakeholder groups including some tenants, two workshops have been held with Councillors, research has been undertaken to identify issues and best practice, officers have looked at the policies and provisions of other local authorities and tenancy satisfaction surveys have been analysed. In addition data concerned with waiting lists, need, demographics, performance information and financial modelling have informed the review.

## **5. Discussion**

The review examines the Council's current policies around rent setting, tenancy allocation and tenancy management. It identifies and analyses options for change and proposes future policy directions.

The draft Social Housing Policy sets out:

- 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.

It proposes:

- rent is set annually at 70% of market value;
- rent relief is available to those who pay more than 35% of their income in rent;
- annual rent increases are no more than \$20 per week for single adults and \$30 for two or more adults and that these rent caps are reviewed every three years in line with inflation;
- no rent increases for tenants over 80 years of age;
- applicants for social housing are assessed based on housing need;
- priority groups are identified, but not ranked;
- income and asset eligibility thresholds are reviewed every three years in line with inflation;
- lower rent increases for those earning up to 20% above the income threshold than those earning over 20% above the income threshold; and
- tenancy management continues to focus on administration of tenancy agreements, tenant support and community development.

Key components of this review have been balancing affordability of the Council's housing for tenants with the ability to sustain the housing to a good standard for modern living over the next 30 years and matching demand for housing with the limited type of housing available. These parameters have largely determined the outcomes of this review.

## 6. Timeline

It is recommended that SPC agree that officers consult the public on the draft policy attached as Appendix 1.

The following table summarises the key dates:

<b>Milestone</b>	<b>Date</b>
SPC consider the draft policy for consultation	17 Nov 2009
Consultation period	24 Nov – 26 Feb 2010
Oral submissions	18 March 2010
Final draft report to SPC	15 April 2010

The consultation process will include a public notice in the Dominion Post, the preparation of an information sheet (to be provided with the draft policy), interviews with some key stakeholders such as the Wellington Housing Association of Tenants, other social housing providers, the Disability Reference Group and other advocacy groups, and further meetings with tenants. All information will be available on the website. Oral submissions will be scheduled for 18 March 2010 with a further report and finalised paper to be presented to SPC on 15 April 2010.

## 6. Conclusion

This draft Social housing Policy is a requirement of the Deed of Grant between Housing New Zealand Corporation and Wellington City council. It meets all of the covenants set out in the Deed.

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## **Supporting Information**

### **1) Strategic Fit / Strategic Outcome**

*The provision of social housing assistance supports outcome 2.6 Access to resources – All residents are able to access community resources and public services. In particular objective 2.6.1 is supported – to ensure that all residents have access to basic requirements of housing, health care and other services.*

### **2) LTCCP/Annual Plan reference and long term financial impact**

*The Crown has agreed to provide the Council with a grant of \$220 million (through Housing New Zealand Corporation as agent of the Crown) over a 10 to 15 year period.*

### **3) Treaty of Waitangi considerations**

*n/a*

### **4) Decision-Making**

*This is not a significant decision. The report sets out the Draft Social Housing Policy.*

### **5) Consultation**

*SPC is asked to agree that consultation is undertaken on the draft policy.*

### **6) Legal Implications**

*Legal issues are limited to implementation processes that will be handled as part of normal business.*

### **7) Consistency with existing policy**

*This report is consistent with existing policy.*

**Attachments:**

**Appendix A: Wellington City Council's Draft Social Housing Policy**

**Appendix B: Wellington City Council's Social Housing Policy Review**