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CASE STUDY

Social Housing Partnership

Christchurch City Council and
Housing New Zealand Corporation

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Social Housing Partnership

Executive Summary

Housing New Zealand Corporation ('the Corporation') and the Christchurch City Council ('the Council') have entered into a partnership arrangement to construct a 20 unit social housing development in the suburb of Richmond, Christchurch.

This partnership is a response to an identified need for additional social housing in Christchurch, and the potential for funding assistance through the Corporation's Local Government Fund.

The application by the Council for funding assistance through the Fund was approved in 2006. Construction is underway and the development is expected to be completed and fully occupied by November this year (2007).

Considerable discussion occurred between the Corporation and the Council before the application for funding assistance was made. This enabled both parties to obtain a clear understanding of each others objectives and any constraints which may apply in pursuing the project. Communication with the Corporation occurred at both Regional and National Office levels - this provided the additional benefit of enhancing the already-positive working relationship between the Corporation and the Council.

Initial Environment

From information gathered in 2004, the Council believed that a need existed for additional social housing in Christchurch. Currently the Corporation manages over 5500 tenancies in Christchurch and the Council manages 2651 tenancies. Between the two organisations, there is a waiting list at present in excess of 1200.

The decision by the Council to partner with the Corporation for the construction of a new housing development illustrates the commitment of both organisations to ensuring the citizens of Christchurch are able to access appropriate housing. In addition, it illustrates the willingness of both parties to work together in an approach which maximises resources available. The partnership evolved but the catalyst in this instance was the introduction by Central Govt of the Housing Innovation/Local Government Fund. The announcement of this funding lead the Council to enter into formal discussions with the Corporation.

In order to give effect to the Loan, a Local Government Housing Fund Assistance Relationship Agreement and Local Government Housing Fund Loan Agreement were signed by both parties in December 2006.

Project

Initial Planning

Before entering into any commitment to develop a partnership, the project had to first gain approval from the full Council. The project was initially considered by the Council's then Housing Sub Committee, of which the Corporation's Regional Manager was an honorary member. With the endorsement of the Sub Committee, a report was presented to the full Council for consideration and was adopted. Since then further reports concerning this project have been considered and adopted by the Council.

The project is included in the Councils' 2004/2014 Long Term Council Community Plan (LTCCP).

The Councils housing policy is referred to in the LTCCP which includes the statements " Low – cost rental housing is available to individuals and families who would have difficulty finding or affording suitable accommodation in the private sector. The principal group is the elderly, but accommodation is also available to other persons on low incomes. The service is self- funding and does not draw on rates to continue operating."

For some years the Council and the Corporation have been progressively working in a close relationship with the result that both parties have a clear understanding of each others visions and policies in relation to social housing need and provision in Christchurch. As a result of this no significant differences of opinion emerged in the proposals consideration process and consequently agreement to proceed to the planning stage occurred without any significant delays.

During the planning process, the Corporation was consulted extensively and represented in the Project Control Group (see over for details). The plans were signed off by the Corporation prior to tenders for the construction being called. During the planning process some issues were extensively debated with the Councils' concern being that the development reflected the local Christchurch need. A critical factor was around the intensity of the development with the Council and Christchurch office of the Corporation not wishing to develop the site to the maximum potential as that would have created significant tenancy management issues and would have impacted on the tenants' peaceful enjoyment of their homes. This concern was successfully negotiated with a 20 unit development being approved.

Policy

The proposal to construct a new social housing development is consistent with the Corporation's overarching outcome – "All New Zealanders have access to affordable, sustainable, good quality housing appropriate to their needs" – and three contributing outcomes:

- New Zealanders in the greatest housing need receive appropriate assistance and support
- The social housing sector is effectively supported to deliver affordable, sustainable, good quality homes
- The wider housing sector is effectively supported to provide appropriate housing.

The Council's housing policy includes the following statements:

- "To contribute to the Community's social well being by ensuring safe, accessible and affordable housing is available to people on low incomes including elderly persons, and people with disabilities."
- "That the Council in fulfilling its role as a housing provider seek to identify and explore additional policies and projects to assist in the achievement of its housing objective."
- "That the Council identify potential sites for development by the Council for joint ventures with social service providers."

The Corporation's outcomes together with the Council's housing policy statements provide an ideal platform for partnership development.

Partnership

The structure of this partnership revolves to a significant extent around the conditions applicable to the funding made available to the Council from the Corporation's Local Government Fund. Funding is in the form of a suspensory loan which will be written off upon the expiry of twenty years provided the conditions attached to the loan are fulfilled. (Aside from this however, if the loan facility had not been available it is most likely the Council would have explored other means of partnering with the Corporation around this particular development). The suspensory loan is to the value of 50% of the cost of construction; the land being utilised for this project is owned by the Council.

Early in the process, before the loan was approved, a Project Control Group was established which included representatives from both the Corporation and the Council. This group again assessed the viability of the project and as part of this process commissioned a sustainability analysis of the project (triple bottom line – environmental, economic and social). This analysis confirmed the proposed development to be sustainable with neutral effect on the environment.

The development comprises a total of 20 units ranging from 1.5 to 2 bedrooms. Two of the units have been specifically designed to cater for the needs of people with a physical disability. In developing the design, the Corporation and the Council worked closely together as a component of the partnership.

A comprehensive communication plan was developed by the Council in close liaison with the Corporation to ensure all parties in the community - including Councillors, the local Community Board, neighbours, city housing tenants in the neighbouring complex and local businesses - were consulted as much as practicable. This consultation process included an 'Open Day' at the site with explanations and discussions about the development and the draft concept plans. Input was invited from attendees and some ideas put forward were adopted e.g. landscaping, colour schemes, internal design features and access to the neighbouring supermarket. The resultant communication / consultation has been contributed to by the Corporation and the Council and will continue until the development is completed. At that time, the Council will assume the management of the complex but with provision for the Corporation to suggest applicants from its housing lists who appear suited to the complex.

During the formation of the partnership and the subsequent processes there has been ample evidence of a very successful working relationship. The attributes that contributed to the success of the relationship include the willingness of both the Corporation and the Council to listen to the points of view of each other and the community; the inclusion of Corporation representatives on the Project Control Group from the beginning; and both parties commitment to the provision of adequate and appropriate social housing in Christchurch. Any concerns experienced by either party have been resolved satisfactorily through discussion.

The conditions of the loan oblige the Council to use the development for social housing purposes for a period of twenty years irrespective of whether or not the Council shall repay the loan. This obligation initially caused some concern to the Council but as the Council has a strong commitment to the provision / facilitation of social housing in Christchurch, it is considered to be a manageable risk.

Results

The most significant result of this partnership has been the development of additional social housing for Christchurch consistent with the objectives of Central and local government in this urban area. In addition to this though is the assistance that the partnership has provided to the Council in the development of new social housing at a reduced cost to the Council by way of a 20 year suspensory loan.

The development cost of \$4.8 million being shared on a 50 / 50 basis has meant that the Council is better placed to afford to construct more social housing in the future. The development (land and buildings) will be owned and managed by the Council but the Corporation will be able to refer clients to the Council for consideration as appropriate.

Benefits also include enabling targeted groups of people to enjoy a peaceful living environment of an appropriate standard. This will be measured more accurately after the development has been tenanted for 12 months.

The selection of appropriate building materials will also impact on the tenants and the Council. Tenants will have warm, dry homes and the Council will accrue the benefit of reduced maintenance costs due to materials selection.

Prospects

Experience to date supports the belief that the partnership between the Corporation and the Council is working well. Both parties have demonstrated a willingness and determination to make the partnership work resulting in a positive environment. Further opportunities for partnership will be explored and two possibilities have already been identified. These potential partnerships would be likely to involve other parties in addition to the Corporation and the Council. However until the Council adopts its Social Housing Strategy in May - currently in draft form, and has been out for consultation - these proposals are on hold.

Aside from this particular type of partnership, the Corporation and the Council are keen to work closely together. It is anticipated the links between the two organisations will continue to strengthen with a beneficial result for the people of Christchurch.

There is very little we would have done differently as we were already working closely with HNZA and had a good relationship. This obviously made it much easier in terms of getting buy-in at the local level which translated into strong support from the Regional Office of the Corporation through to the National Office over our application.

Transferability

This partnership model is available to all local authorities in New Zealand and it is understood some other local authorities may have entered into this type of partnership with the Corporation. There will be some differences in proposals developed by other local authorities in order to reflect the specific policies of the partners.

Conclusion

In exploring partnerships such as this, it is important not to enter into negotiations with a set of pre-conceived ideas but rather to have an open mind. Consultation and communication are vital components of a partnership as is the ability to actually hear what people are saying and the capability to demonstrate a 'can do' attitude.

Critical success factors include components such as

- knowledge of the community and its social housing needs;
- development of strong working relationships with the Corporation at a local level;
- commitment on the part of the Council elected representatives;
- ability to contribute financially to the project;

- willingness of all partners to establish clear boundaries and develop realistic project plans; and
- being realistic about the availability of resources to enable the project to continue through to fruition.

Contacts for further information

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