

14: Rental Housing



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14 Rental Housing

14.1 Service Description

Selwyn District Council owns and manages a number of rental houses in various parts of the district including a small Elderly Persons Housing (EPH) facility in Darfield. This service encompasses the planning, management, landlord responsibilities and maintenance of the rental housing portfolio. In total there are 23 rental houses and 3 EPH on the schedule.

Houses Included in Farm Lease	Houses on 2017/18 disposal list	Houses for disposal or alternative use over the next 5 years	Houses retained in the Medium Term (10 years+)
<ul style="list-style-type: none">• 354 Creyke Rd (Raeburn Farm)• Te Pirita House	<ul style="list-style-type: none">• 3,7,9,11,13 Ritso St• 44 Taumutu Rd• 3 Anzac Lane	<ul style="list-style-type: none">• 238 Bethels Rd• 80 Moffat Drive• 2 Moore St• 27 Hamptons Rd• 1092 Goulds Rd• 11 and 11A West Belt• 11A Gerald St• 1 and 3 Ritso St	<ul style="list-style-type: none">• 2538 Bealey Rd• 668 Springs Rd• 94 North Terrace• 697 Weedons Rd• 57,59,61 North Terrace (EPH)

The majority of properties that now comprise the Council's rental housing portfolio are dwellings that were purchased strategically to enable other Council or Holding Company activities to be developed or expanded. It is likely that over the 10 year planning period additional houses will be acquired for strategic purposes (town centre development etc.) which may be managed for short term rental use until such time as the land is developed for the intended purpose. In this instance the Council may rent the properties to obtain a financial return until the development work occurs, at which time they are either removed or on-sold.

A small number of properties were originally provided for Council staff accommodation at a time when most services were undertaken on an "in house basis" and are typically located adjacent to or on former Council depot sites or other facilities such as stock pounds.

The pensioner cottages were an initiative of the former Malvern County Council and came under the ownership of Selwyn District Council as part of the 1989 local body amalgamation process.

14.1.1 Rationale for Council's Involvement

The ownership and management of SDC's rental housing portfolio is mainly founded on the historic inheritance of a number of dwellings provided for previous Council activities. Over time, with changes in management and service delivery approaches, the houses are no longer required for their intended purpose. Where these cannot be readily sold (on reserves) the Council has decided to obtain a financial return by offering them for rent.

In order to attract staff to the district and because of the distances from main population centres, houses are required from time to time for staff accommodation either on a temporary or semi-permanent basis.

Short term rental of houses that have been acquired for other strategic purposes associated with Council activities is sound business practice and provides a financial return that helps to offset holding costs.

The Council does not generally view its role in social housing as a direct provider but as an advocate and facilitator with other agencies. The minor involvement in the provision of elderly persons housing is a legacy of previous management approaches.

Rental Housing contributes to the wellbeing of the district community in the following way:

- Provides an economic benefit by obtaining a return on the investment in properties
- Provides a mechanism to assist with staff recruitment in providing accommodation options
- Enables a financial return on properties that have restrictions on sale (located on reserves)

- Enables a financial return on houses acquired for an alternative strategic use until the land is developed for the intended purpose
- Contributes to the housing availability in townships
- Contributes to social wellbeing through the provision of elderly persons housing

14.2 Strategic Direction

The Council has a portfolio of rental houses that is largely the legacy of previous Council operational approaches. The houses were, in many cases, provided as accommodation for Council workers (e.g. Water Race Rangers). With most operational services now provided via contractors there has been no reason to retain the houses for their original purpose and a programme of disposal has been implemented. The remaining rental housing stock is, in most cases, acquired when procuring land for future strategic development. These houses are rented at market rates to generate income to cover ownership costs until the houses are subdivided from the land Council requires and sold, or demolished.

For those houses located on strategic land that is leased for farming, the house is incorporated into the farm lease and is maintained by the tenant. There are a few houses located on reserve land and cannot be readily sold. However, there is potential to initiate reserve exchanges or revocation processes to achieve the freehold status for the land where this is viable or to consider if demolition is the more cost effective method of disposal. In general, the present management strategy is to rent these properties on the open market.

The use of an external property manager to look after Council houses has been trialled and proven to be cost effective and delivers an improved service for Council and tenants. It is proposed to broaden this approach with the remaining rental houses. The cost is reflected in a slightly reduced rental (the management fee is 6.5% of the rent) but is offset by lower costs associated with reduced asset maintenance and repairs and less risk of poor tenancies.

The Council does not view involvement in rental housing as a core service and will continue to work on proposals to divest ownership of remaining houses where these are not required and where this can be successfully achieved. The viability of this service reduces overtime as a result of the portfolio decrease (reduced rental) compared with the compliance, operations and maintenance requirements. This situation may accelerate decisions and implementation of retention or disposal options.

Houses purchased for strategic reasons can be used as short term rentals for staff or other tenants until such time as the property is required for its intended purpose. Council has initiated purchases in both Rolleston and Lincoln of properties for town centre development. In some cases the properties may include a house which would generally be rented until required for development purposes. In such cases the house rental would be managed under the Rental Houses service. Given the uncertainty of these acquisitions no allowance has currently been provided in this plan for cost and revenues that may result from future ownership.

The small portfolio of Elderly Persons Housing Units in Darfield contributes to the social wellbeing of the district although it has generally been Council's policy to promote this type of housing through other agencies rather than act as the direct provider. The Council has signalled the need to review future involvement in this service and this matter will be investigated during the next three years.

14.3 Levels of Service

This section defines the levels of service (LOS) for Rental Housing and sets out the performance targets identified for each LOS to enable achievement to be measured.

14.3.1 Customers and Stakeholders

Customers and stakeholders with an interest in rental housing include the following:

- Selwyn District residents
- Tenants of Council properties
- Neighbours of Council rental properties
- Tenancy Services Office
- Tenants Protection Association
- Housing NZ
- Community and social agencies
- Council staff
- Department of Conservation
- Local building maintenance contractors

14.3.2 Contribution to Community Outcomes

The following table sets out the community outcomes that are relevant to rental housing and describes how the service contributes to outcomes.

Community Outcome	How Rental Housing Contributes
A Healthy Community <i>Selwyn people have access to appropriate health, social and community services</i>	<ul style="list-style-type: none">• Provision of Elderly Persons Housing helps to meet the social needs of the district• Council properties offered for rent provide a level of affordable housing opportunities for people to reside in rural communities and townships

Table 14-1: Rental Housing Contribution to Community Outcomes

14.3.3 Service Drivers

The key service drivers specific to rental housing include the following:

- Manage the rental housing portfolio to achieve the best possible return
- Act as a good landlord in dealing with tenants and resolving issues
- Provide a comfortable, hygienic and habitable living environment for tenants
- Respond to maintenance and repairs in an efficient and timely manner
- Maintain houses to a condition that protects the community's investment
- Ensure the health and safety of tenants and contractors
- External influences such as changes to legislation or central government policy
- Ensure the management of rental properties complies with all legal requirements, New Zealand Standards, Selwyn District Council Policies and Bylaws

Legislation, Standards and Policies

Specific legislation, standards and planning documents that apply to rental housing are described in the tables below. This also explains the implications for levels of service.

Legislation/Standard	LOS Implications
Building Act 2004	Building standards and requirements to obtain consents for specific works
Building Regulations	Requires a building to achieve the performance criteria set out in the New Zealand Building Code (NZBC)
NZ Building Code 1992	Sets out the building performance standards required to be achieved
Property Law Act 2007	Covers matters related to property including transfer, ownership, conveyance, leasing and tenancies, covenants, easements
The Residential Tenancies Act 1986	Covers legal requirements relating to residential tenancies, and defines the rights and obligations of landlords and tenants of residential properties and the means for settling disputes
Residential Tenancies (Smoke Alarms and Insulation) Regulations 2016	Covers legal requirements for Landlords' responsibilities for provision of smoke alarms and insulation in buildings
Health and Safety at Work (Asbestos) Regulations 2016	Covers the duty required to create an asbestos management plan to manage asbestos and ACM on Council property.
New Zealand Standard NZS 4246:2016 Energy efficiency – Installing bulk thermal insulation in residential buildings	Covers legal requirements relating to Landlords abilities to retrofit insulation into existing rental residential housing.
New Zealand Standard NZS 1547:2012: 'On-site Domestic Wastewater Management'	Compliance requirements when not serviced by a reticulated sewerage scheme

Table 14-2: Rental Housing Legislation & Standards

Plan/Policies	LOS Implications
Selwyn District Council District Plan (RMA)	Zone rules related to buildings
Land and Water Regional Plan (RMA)	Rules on protecting ground and surface water from contamination Requirements to obtain discharge permits for septic tanks
Selwyn District Council Policy Manual	Allocation of rental housing with property offered to staff in the first instance (H101) Council to seek market rent from all properties (H103) Market rent applied to staff rentals unless other activities associated with the accommodation (H104) Staff payments for rental to be by way of automatic deduction from pay (H105) The Council shall seek the maximum bond permissible with discretion for pensioner tenants (H106)

Table 14-3: Rental Housing Plans & Policies

14.3.4 Customer Expectations

Council's knowledge of customer expectations for rental housing is based on:

- Information, complaints and feedback from tenants of Council rental houses provided on an informal basis or as part of annual property inspections
- Enquiries and complaints received via Service Request System
- Feedback from elected members, general public, community boards and township committees
- Consultation via the LTP/Annual Plan process
- Feedback from maintenance contractors

The level of involvement in this activity by Council means that it does not have significant impacts on the wider district community. There has been no indication from customers that Council should be more actively involved in the direct provision of rental housing for community or social purposes.

14.3.5 *Present and Future Levels of Service and Performance*

The levels of service for this activity are primarily focused on achieving a suitable financial return, acting as a good landlord, providing a limited housing stock mainly for staff accommodation and managing the assets to the benefit of the community.

The small portfolio of Elderly Persons Housing Units in Darfield contributes, in a minor way, to the social wellbeing of the district.

IP: 11-201 Review Tenancy Agreements to compile a basic Level of Service with technical requirements that can be used by the asset manager. Carry out Property Quality Surveys of rental properties.

Timeframe for Provision of Rental Housing

The Council does not view the provision of rental housing as a core function and has a policy to, overtime, dispose of the housing stock where it is no longer required for staff purposes. It may retain a small number of houses to provide transitional accommodation for employees who may be moving into the district. It is likely that Council will progressively divest ownership of the majority of these assets over the course of the planning period. The housing assets will be required to support this service until such time as Council decides to divest itself of part or all rental houses. It is likely that Council will continue to acquire housing stock as part of strategic land purchases and may make these available for rental until such time as they are required for the strategic purpose. The overall reduction in investment in rental housing is reflected in the absence of growth or level of service projects within the financials for this activity.

Community Outcomes	Objectives/ Rationale	Core Value	Current LOS	Planned LOS Yrs 1-3	Indicative LOS Yrs 4-10	Performance Measures	Current Performance	Target Performance			Indicative Performance Yrs 4-10
								Yr 1	Yr 2	Yr 3	
A Healthy Community <i>Selwyn people have access to appropriate health, social and community services</i>	The Council has a limited role facilitating access to community health services such as social housing Rental housing provides a financial return on assets	Primary									
		Availability	The Council provides access to a small number of permanent rental housing opportunities	The Council provides access to a small number of permanent rental housing opportunities	The Council provides a limited number of permanent rental housing opportunities	Number of properties available for rent	22	14	11	9	<7
		Customer									
		Quality	Rental housing is maintained to a standard that meets the expectations of tenants	Rental housing is maintained to a standard that meets the expectations of tenants	Rental housing is maintained to a standard that meets the expectations of tenants	Number of complaints from tenants regarding the condition of housing	Not measured	≤ 3	≤ 3	≤ 3	≤ 2
		Technical									
		Affordability	A satisfactory return on investment is achieved through rental revenue	A satisfactory return on investment is achieved through rental revenue	A satisfactory return on investment is achieved through rental revenue	% gross return on investment	3.7%	≥4.5%	≥4.5%	≥4.5%	≥4.5%
		Affordability	The houses are occupied to a level that sustains positive rental returns	The houses are occupied to a level that sustains positive rental returns	The houses are occupied to a level that sustains positive rental returns	Overall occupancy rate per annum	83%	>90%	>90%	>90%	>90%
		Legal Compliance	Council acts as a responsible landlord and meets statutory obligations	Council acts as a responsible landlord and meets statutory obligations	Council acts as a responsible landlord and meets statutory obligations	Number of legal proceedings taken against Council.	Nil	Nil	Nil	Nil	Nil

Table 14-4: Rental Housing Present & Future LOS

14.3.6 Asset Performance

The service standard provided to users is determined, to a significant extent, by the quality and location of the assets employed. This section explains these aspects of asset performance. Reliability (frequency of faults) is also a performance factor, but since it is determined by the maintenance and renewal plans, reliability is covered in the lifecycle management section 14.5.5.

Historical Level of Service Performance

Specific performance related to level of service targets is disclosed in the following table.

Target LOS	Performance Measures	Target 2014/15	Actual 2014/15	Target 2015/16	Actual 2015/16	Target 2016/17	Actual 2016/17
The Council provides access to a moderate number of permanent rental housing opportunities	Number of properties available for rent	22	24	12	24	9	22
Rental housing is maintained to a standard that meets the expectations of tenants	% of tenants satisfied with the standard of house & service as measured by annual survey	80%	Not measured	80%	Not measured	>80%	Not measured
A satisfactory return on investment is achieved through rental revenue	% return on investment	>4.5%	Not measured	>4.5%	Not measured	>4.5%	3.7%
The houses are occupied to a level that sustains positive rental returns	Overall occupancy rate per annum	>90%	90%	>90%	93%	>90%	86%
Council acts as a responsible landlord and meets statutory obligations	Number of legal proceedings taken against Council.	Nil	Nil	Nil	Nil	Nil	Nil

Table 14-5: Rental Housing LOS Historical Performance

The Council has acquired an additional number of houses for various strategic purposes, and in conjunction with rental houses not being disposed within anticipated timeframes, Council has a higher number of rental houses than initially anticipated and did not meet the number of properties available target (which was planned to reduce in accordance with Council's divestment strategy).

During 2016/17 the rental occupancy was lower than target due to the tenants of the Ritso St properties vacating the properties after being served notification of intention to sell the properties. Two Ritso St properties were also unavailable for rent due to methamphetamine contamination and associated decontamination and building repairs. This has affected the ability to achieve occupancy performance targets.

An annual survey of tenants has not been undertaken as yet but is intended to be in place for 2017/18. Most other performance targets have been met or were close to being met.

Level of Service Issues

A number of level of service issues are evident with rental housing. These are set out in the following Table 14-6:

LOS Issues/Gaps	SDC Response	Timing
The return on investment is relatively low	<ul style="list-style-type: none"> • Overtime the Council will divest itself of properties no longer required • Ensure market rents are applied and updated on a regular basis 	<ul style="list-style-type: none"> • 4 houses planned for disposal in 2018-20 • 2 houses potentially to demolish • Rents reviewed on annual basis
The financial return on the EPH units does not cover expenses	<ul style="list-style-type: none"> • Review rentals in consideration of ability to pay and social impact • Investigate potential to dispose of properties to occupiers or when vacated 	<ul style="list-style-type: none"> • Rents have been adjusted to market rates as properties have changes tenants • Report to Property Sub-committee in 2018/19
Some of the houses are in deteriorating condition and require internal and external upgrading	<ul style="list-style-type: none"> • Implement redecoration and planned maintenance and renewals programmes for houses that will be retained • Consider demolition of houses that are uneconomic to repair 	<ul style="list-style-type: none"> • Continue planned maintenance & renewal programmes from 2018 • Undertake economic review of housing stock remaining that cannot be readily sold (on reserve land) in 2018/19
The level of comfort in some houses is low particularly in relation to heating	<ul style="list-style-type: none"> • Initial insulation programme implemented via Central Government's "Warm Up NZ Heat Smart Programme". Further insulation inspections and potential upgrades currently being assessed. • Installation of improved heating appliances (generally heat pumps) has been carried out • Heat pumps have been installed in EPH units 	<ul style="list-style-type: none"> • Heating upgrades as part of renewals 2021-26 • Compliance with the Residential Tenancies Act 2016 amendment in respect to insulation and smoke alarms. Compliance required by 1st July 2019.

Table 14-6: Rental Housing LOS Issues & Gaps

14.3.7 Changes in Levels of Service

The main change in levels of service for rental housing relates to the reduction in availability of permanent rental housing stock overtime as Council disposes of assets no longer required.

The Council does not consider that it has a role as a significant provider of rental housing for the community and is only involved in this activity as a result of earlier management approaches. The rental housing available to the wider community is only as a result of being surplus to Council needs and sale, in some cases, is restricted by the underlying land status.

The performance measure for determining if Council rental housing maintained standard, meets the expectations of the tenant will change from 2018/19. Due to annual tenants survey's not being completed, the new measure for this will be the number of complaints received from tenants as recorded in the service request system.

14.4 Growth and Demand

This section covers the growth and demand implications for Council provision of rental housing. This includes an assessment of the demand influences and how these will impact on the future provision of rental housing bearing in mind that this is an activity that Council considers to be discretionary rather than a core service.

14.4.1 Demand Influences and Impacts

The key factors influencing demand for provision of rental housing are:

- On-going population growth in the district
- Changes in demographics particularly with the projected ageing population
- Property market and supply of rental housing
- Economic factors including the general state of the economy and fluctuating fuel prices
- Internal demand
- Increasing social needs in the district
- Customer expectations for accommodation standards
- Legislative changes

Population Growth

Selwyn District's population is predicted to continually increase over the planning period, similar to that experienced over the past ten years, with concentration in growth occurring in the areas allocated growth through the Land Use Recovery Plan (LURP) and identified in the Selwyn Growth Model. Growth will be focused in Rolleston and the Eastern Selwyn area, with moderate rates elsewhere. Some more remote communities will only experience limited growth. The influencing factors of population growth are described fully in Chapter 4, Managing Growth.

Changes in Demographics

Changes in the age structure of the population are occurring, with the most important trend being the general ageing of the population, represented by an increasing number and share in the older age groups. The population aged 65 years and over is likely to grow fastest in the future. Similarly the population in the older working ages (40–64 years) is also likely to increase in the short-term. Conversely, the number of children (0–14 years) and the younger working age population (15–39 years) are expected to remain stable or decline.

This scenario may provide increasing demand in the district for housing options suitable for the older age groups, particularly if there is a desire for people to remain within the district. It is expected this demand will be met through the private sector and social housing providers.

Property Market and Rental House Supply

Following a period of volatility in the housing market resulting from the rebuilding activity after the 2010-11 earthquake events there is now an over-supply of rental houses which has seen rents reduce in the Canterbury Region. Infometrics data indicates that Selwyn District has the most expensive housing prices in Canterbury which may impact on the rental housing market in terms of renting being a more affordable option although this may be offset by higher rents.

Overall housing affordability has seen an increase in the number of people renting compared with home ownership. If prices do not fall markedly this trend is likely to continue into the future and will affect demand for rental housing stock. There is generally a higher level of home ownership in Selwyn District (78.5%) compared with the rest of New Zealand.

Economic Factors

Factors such as the general state of the economy, the level of business activity and fuel prices can influence demand for rental properties in the district. Business activities such as the increase in dairying that has occurred in the district generate demand for worker accommodation. Two Council rental houses are included in the farm lease.

If fuel prices rise this may affect demand for housing in townships that are a significant travelling distance from main centres. Although rents may be less expensive than the city the cost of travel to work from outlying townships may not be economically viable for some people.

Internal Demand

There are currently no houses that are provided for Council staff as an employment requirement. Demand for rental housing from Council staff has been intermittent and has generally been provided to meet a short term need when new staff have moved to the district. This situation is unlikely to change in the foreseeable future and is not viewed as a key driver for this activity.

Increasing Social Needs

The New Zealand Deprivation Index does not indicate significant social issues within the district (Areas are shown from 1 to 4 in the NZ Dep 2013 Index of Deprivation Report prepared by the Department of Public Health). However the ageing population and other factors may lead to increased demand for social support.

Council has resolved to dispose of the houses in Ritso Street, Darfield to a charitable organisation with the intention that these may be available for social housing. If the houses do not sell to a charitable organisation they will be offered for sale on the open market.

Accommodation Standards

Customer expectations are that accommodation is warm, comfortable and healthy to live in. The current standard of some of the houses is below what customers would generally expect mainly in terms of the age and condition. In order to present the houses in a condition that will ensure continued occupancy some improvement works are required. There are a few houses that are aged and in poor condition that may not be economic to upgrade.

Legislative Changes

Although there have been no specific announcements from the new Coalition Government on housing provision that will directly affect the Council's involvement, it has signalled a change in direction from the previous government in cancelling sell-offs of Housing NZ stock. It is likely this government will have a greater emphasis in solving housing issues and may invest or direct funds towards social housing initiatives. This plan assumes there will be no change to the current legislative requirements in terms of local government involvement in social housing.

14.4.2 Asset Capacity

Rental Houses Utilisation

Utilisation of rental housing assets is normally expressed in terms of occupancy rates. This provides an indication of occupancy levels and is directly linked to the return on investment.

As some houses are located in remote areas, the demand for properties may be lower compared to urban situations with a corresponding lower occupancy rate expected.

The houses were initially provided for staff accommodation but due to changes in management approaches this is no longer a significant requirement and demand is sporadic.

Recent and predicted occupancy rates for all rental housing are shown in the graph below.

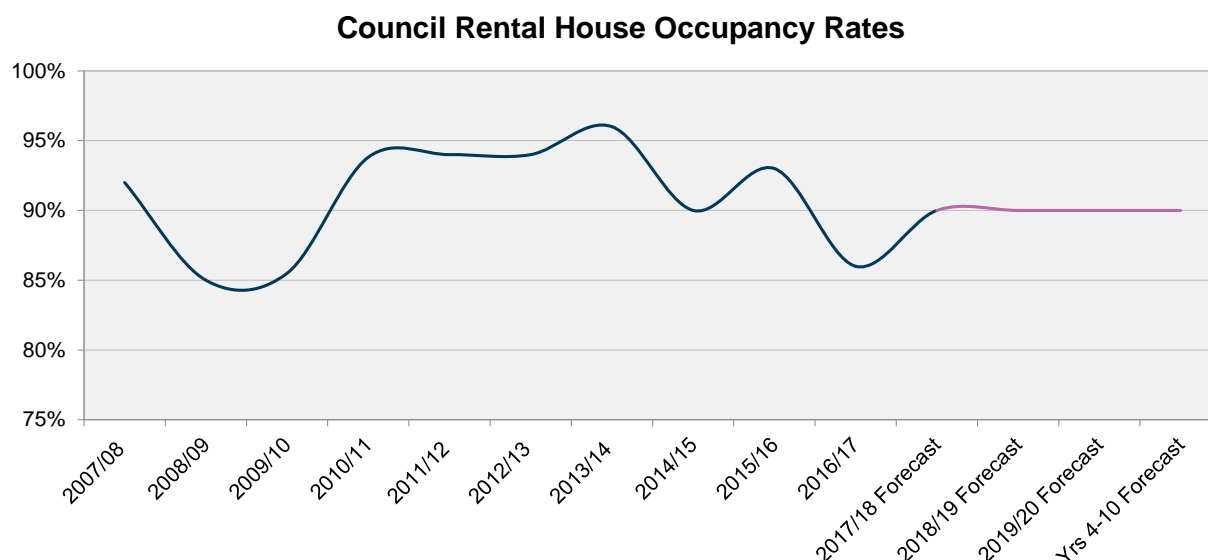


Figure 14-1: Rental Houses Occupancy Rate

Occupancy is predicted to remain at a similar level, as the rental housing disposal process progresses. Dips in occupancy levels may reflect the periods between notice of intent of disposal to tenants, and their subsequent vacating of properties and the actual disposal dates.

14.4.3 Demand Management

Social/EPH Housing

Historically Council's approach has been to desist from direct involvement in the provision of rental housing for social or elderly persons' accommodation. Over the last 20 years Council has not made any capital investment in infrastructure to meet this demand. Council has assumed a role of advocate or facilitator for other agencies to provide this service to meet district needs.

The District's changing age distribution and the expected consequential increased demand for senior citizens' housing means that Council will need to consider its future role in addressing this demand issue. The Council may consider the following options:

- Direct investment in housing infrastructure
- Develop partnerships with other agencies in the provision of social/EPH housing
- Maintain an advocacy role for other organisation to provide infrastructure
- Dispose of existing properties to social housing providers to support on-going provision

A grant (\$1.1 million) from the Canterbury Community Trust received by Council for use in Selwyn District to develop social/community housing was directed towards an Abbeyfields communal housing development in Leeston. This tends to confirm Council's role as a facilitator rather than a direct provider.

Other Rental Housing

Demand for this service is generally met from the private sector and Council is only involved due to the ownership of houses that were previously used for staff accommodation, acquired with strategic land purchase or cannot be easily sold. Any demand for staff accommodation can be met through the current rental housing stock.

In order to ensure that demand for rental housing is managed to optimise sustainability and Council's capital investment the following practice is generally followed:

- Market rentals are applied
- The approach to advertising rental accommodation is dictated by the current market
- Former Council houses are sold where there is no longer a reason to retain them and where it can practically be achieved

- Temporary accommodation needs for staff may be met through the houses purchased for strategic purposes if available

14.4.4 *Meeting Demand through Asset Growth*

The projected increase in proportion of older people in the district signals the likelihood of increased pressure on accommodation suitable for senior citizens. This does not mean that Council will be the provider of additional accommodation needs.

It is not envisaged that Council will be directly providing any additional assets to meet future demand.

14.5 Managing Assets

This section explains how rental housing assets are managed and operational service delivered. It also covers the strategies employed for managing the assets and identifies maintenance, renewal, new asset and disposal programmes.

14.5.1 Management Strategy







The rental housing portfolio is managed by the Council's Property and Commercial Department. Strategic planning is the responsibility of the Asset Manager Open Space and Property. Service delivery functions such as arranging maintenance and dealing with tenancy matters are undertaken by Facilities Officers in the Property and Commercial Team.

Work programmes on rental houses are carried out by contractors on an as required basis. In some cases planned maintenance work such as painting is bundled together into a single contract for efficiency.

The Asset Management System (AMS) has a Lease Management module which allows all rental housing tenancies to be recorded, including information on rental durations, bonds and programming of inspections. Residential rental house tenancies account for only 4% of Council's total lease types. This has been in operational use since 2015/16 and allows for the improved management of these tenancies.

14.5.2 Asset Description

This section provides detailed descriptions and information of the buildings comprising the Council's Rental Housing portfolio. Note that this only includes the houses that are currently held as permanent properties and not those acquired for other strategic purposes. A physical description of each of the houses is set out in the following table.

Location	Land Description	Building Description	ODRC Value	Year Built	Condition Grade	Strategic Issues	Photo
Numbers 57,59 & 61 North Terrace, Darfield	All on single title Lt 3 DP 357543 944m ²	3 purpose built units for EPH; brick clad, colour steel roof, aluminium framed windows, each unit floor area = 56m ²	\$461k	1980	Good (3)	Council may divest its interest in EPH housing	
Numbers 1, 3, 5, 7, 9, 11, 13 Ritso St, Darfield	All located on Former Reserve 2660 Lots approx. 1,000m ²	7x 3 bedroom houses & garages, brick or summerhill stone cladding, iron roof, mostly timber joinery, Floor area = 110m ² each	\$1.358m	1963	Average (3) Good (3) Poor (1)	Identified for sale now that freehold title obtained	
354 Creyke Rd, Darfield	Part of Raeburn Farm Pt Lt 1 DP 6651, House on 3,000m ²	Older 4 bedroom house with some modifications, timber clad, iron roof, timber joinery Floor area = 189m ²	\$396k	1910	-	Incorporated into farm lease and tenant has upgraded.	
Bealey Rd, Hororata	On part of ex Hororata Depot land (Reserve) Pt Lt 1 DP 48069	Older style 4 bedroom house, timber clad, iron roof, timber joinery Floor area = 184m ²	\$235k	1910	Very Poor	Age and condition, on crown reserve	
Sharlands Rd, Te Pirita	On Pt Reserve 2289	3 bedroom house, Hardiplank clad, colour steel roof, aluminium joinery, Floor area = 92m ²	\$356k	1970	-	On reserve and incorporated into farm lease	
Bethels Rd, Hororata	On Pt Reserve 2653, House on 2,023m ²	3 bedroom house, summerhill stone clad, iron roof, timber joinery, Floor area = 103m ²	\$296k	1965	Poor	Plan to revoke reserve status & sell	






Location	Land Description	Building Description	ODRC Value	Year Built	Condition Grade	Strategic Issues	Photo
668 Springs Rd, Prebbleton	On part of ex gravel reserve 202, House on 1,545m ²	3 bedroom house, roughcast clad, iron roof, timber joinery, Floor area = 101m ²	\$323.5k	1925	Good	On reserve	
80 Moffat Dr, Lincoln	Lt 3 DP 17721 1,012m ²	3 bedroom house, weatherboard clad, iron roof, timber joinery, Floor area = 108m ²	\$215k	1947	Poor	Sell with adjacent Lincoln Country Club	
1092 Goulds Road, Rolleston	Section 1 S.O. 433412	4 bedroom house plus sleep out, brick cladding, iron roof, aluminium joinery Floor area = 250m ²	\$309.5k	1981	-	On Foster Recreation Park – alternative use and upgrade planned	
94 North Tce, Darfield	Lt. 5 DP 4637	3 bedroom house, summerhill stone clad, iron roof, timber joinery, Floor area = 127m ²	Not valued	1960s	Good	Caretakers house for Darfield Domain	
697 Weedons Rd	PT LOT 1 DP 75990	4 bedroom house, weatherboard, steel roof, timber joinery. Plus garage, out building, swimming pool. Large grounds and gardens Floor area = 180m ²	Not valued	Pre 1935	Good	On Large Scale Park land – alternative use in future	

Table 14-7: Rental Housing Asset Description

In addition to the houses described in Table 14-7 above there are a number of other properties that have been acquired for various strategic purposes and, in most cases, these will be sold or redeveloped within the next 10 years. These properties are shown in the table below.

House Location	Purpose/Future Action
11 West Belt, Lincoln	Not required – to be sold
11A West Belt, Lincoln	Not required – to be sold
3 Anzac Lane, Rolleston and associated subdivision	Road Extension complete – to be sold
2 Moore Street, Rolleston	Road Widening
27 Hamptons Road, Lincoln	Strategic land purchase – building to be demolished
11A Gerald Street, Lincoln	Strategic land purchase – Lincoln Town Centre
44 Taumutu Rd, Southbridge	Strategic land purchase – house to be sub-divided off and sold

Table 14-8: Short Term Rental Houses

Asset Valuation

A valuation conforming to IAS16 has been carried out for rental houses and EPH units held at the time of valuation. The table below sets out a summary of the asset valuation as at 30 June 2017 which is based on the valuation at June 2016 plus adjustments for 2016/17.

Asset Area	Asset Replacement Value (\$)	Asset Depreciated Replacement Value (\$)
Rental Houses	1,883,952	1,834,867
EPH Units	281,000	268,587

Table 14-9: Rental Housing Asset Valuation

14.5.3 Asset Condition

A detailed condition assessment of rental houses was carried out in 2014 and reviewed in 2017. Asset condition is an assessment of the physical condition of the various components that comprise these buildings. A standard set of industry defined criteria are used to grade the condition.

This information provides an indicator of each asset's position within its lifecycle. When combined with other factors such as risk and economics, it provides the necessary information to produce a renewal and improvement programme at component level.

The 2017 reviewed assessment included permanent houses but not those on the 2017/18 disposal list. Summary condition information for rental housing is presented in the graph below.

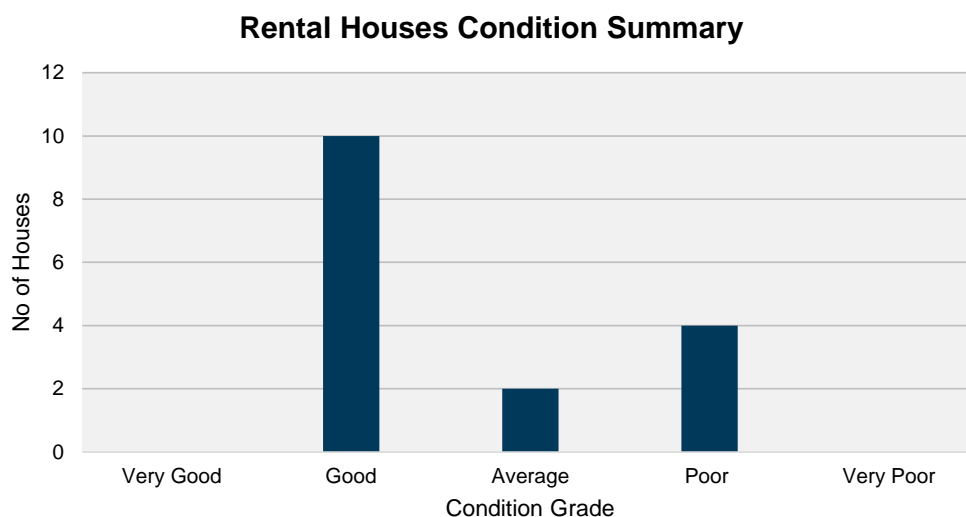


Figure 14-2: Rental Houses Condition Summary

This indicates that a number of houses are in average to poor condition. This generally relates to interior decoration and exterior surfaces with no significant structural issues identified. Council will be addressing condition via maintenance and renewal programmes but may consider deferring work where houses are to be sold or where it is not economic to undertake the required work.

14.5.4 Asset Reliability

No formal performance reporting or assessment has been undertaken for rental housing assets. However analysis of historical maintenance records provides a mechanism for identifying recurring performance issues (if any). The maintenance history for both rental houses and EPH units has been examined to determine asset performance for this activity. Apart from general reactive maintenance repairs no specific performance issues have been identified except for the following:

- In 2016/2017 \$50,000 of unplanned maintenance costs were incurred to address methamphetamine contamination and remediation at two properties
- Current assessments are being carried out to identify if there are any performance issues in relation to compliance with insulation standards and identification of asbestos or asbestos containing materials.
- There is an issue with the water tightness of the roof at the Bealey Road House in Hororata and repairs will be undertaken to address this issue. An allowance for replacing the roof has been made in the renewal plan and the cost of this work will need to be weighed against the long term economics of continuing to retain this house which generates a low rental return.

14.5.5 Operations and Maintenance

Operations and maintenance for rental housing has, in the past, primarily been undertaken on a reactive basis in response to a particular issue that has arisen. The future strategy is to develop a more planned approach and to undertake regular property inspections. The maintenance strategy is set out below.

Reactive Maintenance – Repair of assets required to correct faults referred to Council by tenants or found during inspections. The approach will be to respond to these on a priority basis in consideration of the following factors:

- Safety/health of tenants
- Tenants use and enjoyment of the house is compromised or affected (e.g. stove does not work)
- The repairs are needed to protect assets from further deterioration and cost

The necessary repair work will be arranged by the Facilities Officers who will engage a local contractor from the “Approved Contractors List” (health and safety approved contractors).

Planned Maintenance – Also defined as preventative or programmed maintenance. Typical work includes repainting of external surfaces, repainting and redecoration of interiors. The programme and priority for work is based on condition inspections and reporting to monitor asset condition, identify emerging risks, and identify the need for maintenance and repair work. The priority of work is based on the consequences of asset failure on levels of service, costs and safety.

The planned maintenance programme will be regularly reviewed and updated at least every three years based on condition inspections, maintenance trends and risks. This activity will be implemented by contracts with specialist tradesmen depending on the nature of the work. The work may also be considered for inclusion in broader Council property maintenance contracts and a facilities management approach will be an option considered.

Inspection and Reporting

An inspection and reporting programme is a critical aspect of ensuring that managers are aware of the condition of assets and services that are provided to the required standard on a reliable basis. It is intended to undertake regular property inspections to identify maintenance requirements. This includes:

- Periodic (six-monthly) property inspections by asset management staff
- Formal periodic condition inspections and report (3-5 yearly)

Currently a number of rental houses are managed by a Property Management Company who carry out the periodic (three-monthly) property inspections, which Council receive a copy of and actions any repairs required.

Operations and Maintenance Issues Identified

Specific maintenance and operating issues for rental housing that have been defined and the Council’s management response is set out in the following table.

Issue	SDC Response	Timing
The previous reactive only approach to maintenance has led to a deterioration of some assets	<ul style="list-style-type: none">• Undertake catch up maintenance on some houses• Implement a planned maintenance programme for the future based on condition reporting• Carry out regular property inspections to identify maintenance requirements• Investigate formal maintenance contract for future programmes	<ul style="list-style-type: none">• In progress• Programme implemented from 2015/16• Inspections in progress for properties managed by external manager, Council managed property inspections to commence• As part of review for all property maintenance in 2018
The age and condition of some houses means the quality is below customer expectations and there are recurring maintenance issues	<ul style="list-style-type: none">• Commence a programme to progressively upgrade and renew houses on a priority basis• Improve comfort through installation of insulation and efficient heating appliances	<ul style="list-style-type: none">• Renewal programme in place for permanent houses• Some heating and insulation upgrades completed. Insulation upgrades to be completed by 1st July 2019 to meet legal requirements.

Issue	SDC Response	Timing
	<ul style="list-style-type: none"> Take account of future strategic considerations e.g. disposal/demolition 	<ul style="list-style-type: none"> Some work deferred on houses tagged for disposal
Paying for major cleaning work once the tenants have left including methamphetamine contamination	<ul style="list-style-type: none"> Regular property inspections Take the maximum bond permissible Carry out a thorough vetting of potential tenants prior to letting 	<ul style="list-style-type: none"> Regular inspections undertaken Current practice Current practice

Table 14-10: SDC Rental Housing Operations & Maintenance Issues

Rental Housing Insulation

The Residential Tenancies (Smoke Alarms and Insulation) Regulations 2016 requires all rental houses to have adequate levels of insulation particularly in the ceiling and underfloor where possible. There is a requirement to have this completed for currently occupied rental housing by the 01st July 2019. Council is currently completing inspections of rental housing to determine the insulation improvements required for each rental property and the work is to be completed by the 01st July 2019. New properties acquired as part of strategic land purchases, will be added to the rental house insulation programme if required.

Rental Housing Asbestos

Under the Health and Safety at Work (Asbestos) Regulations 2016, Council, as a person conducting a business or undertaking (PCBU) is required to develop an asbestos management plan. The plan is to include identification of asbestos and ACM (asbestos containing materials) within all Council owned buildings, risk assessment and mitigation decisions relating to the managing of asbestos risk, detailed emergency procedures, and information, guidelines, protective equipment and health monitoring available to those required to work with asbestos on our property.

Council is carrying out presumptive investigations to identify buildings which potentially contain asbestos. This includes all Council owned buildings under the activity of Property and Buildings, Swimming Pools, Community Centres and Halls and Recreation Reserves. Rental Housing will be covered in the future. The initial inspections are to be completed by April 2018. The investigations can be then reviewed and assigned a risk grade based on a risk assessment matrix which will help define a programme for actual asbestos testing and remediation methods for inclusion in the Asbestos Management Plan.

Historical Operations and Maintenance Costs

A summary of historical operations and maintenance costs for Council owned buildings over the previous five years is presented in the graph below.

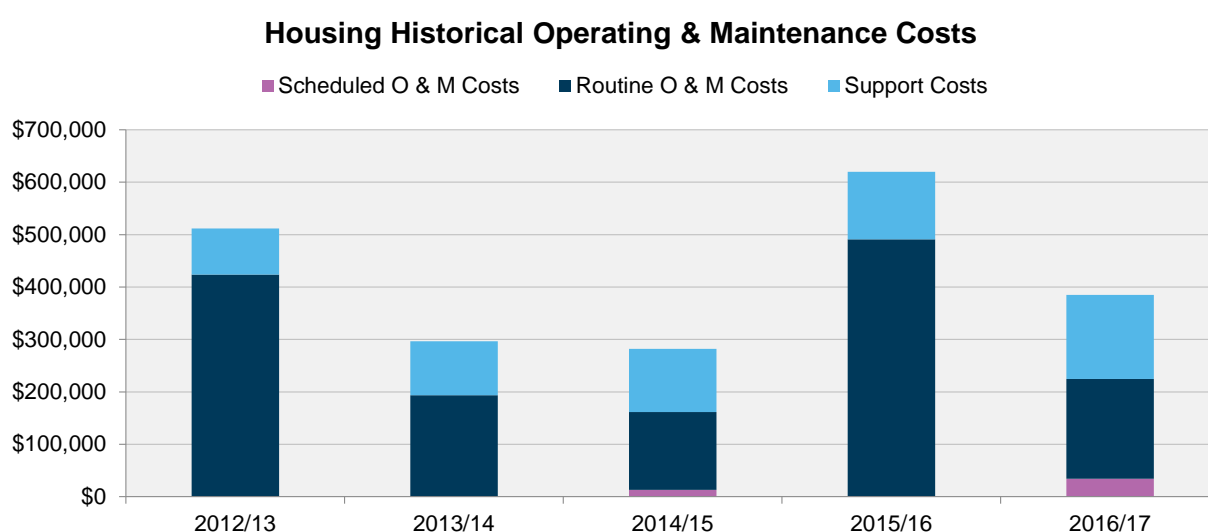


Figure 14-3: Rental Houses Historical O & M Costs

14.5.6 Asset Renewal

Identification of Renewals

The identification of renewal works for rental housing has been based on a detailed condition assessments undertaken in 2014 and reviewed in 2017. This exercise also identified remaining useful life (RUL) to component level for all assets. The information captured was used to develop renewal programmes and also took account of:

- Age profile of houses
- On-going maintenance requirements and costs (economics)
- Overall condition
- Risks – consequence of failure especially tenant safety and continued service
- Bundling work to produce cost efficiency
- Obsolescence – potential to dispose of the house in the near future

The general tactics applied in managing renewal works for rental houses is to continue to replace asset components and undertake maintenance and refurbishment to keep the building in a habitable condition and extend its life. In some instances renewals will be deferred where the house is to be sold in the near future and it is not economic to undertake the work.

Asset Coverage

All building components are included in capital renewal programmes for rental housing. Replacement of minor fittings will generally be undertaken as part of reactive works or routine maintenance programmes.

Renewal Forecast

Renewal forecasting based on the approach outlined above for the various asset components comprising rental housing has been carried out for a 20 year horizon and is presented in the following graph. This shows that there are expected peaks in renewal expenditure later in the 20 year period which reflects the age and condition of some of the housing stock. A decision on the economic viability of continuing to invest capital to maintain the housing stock will be required during the ten year planning period.

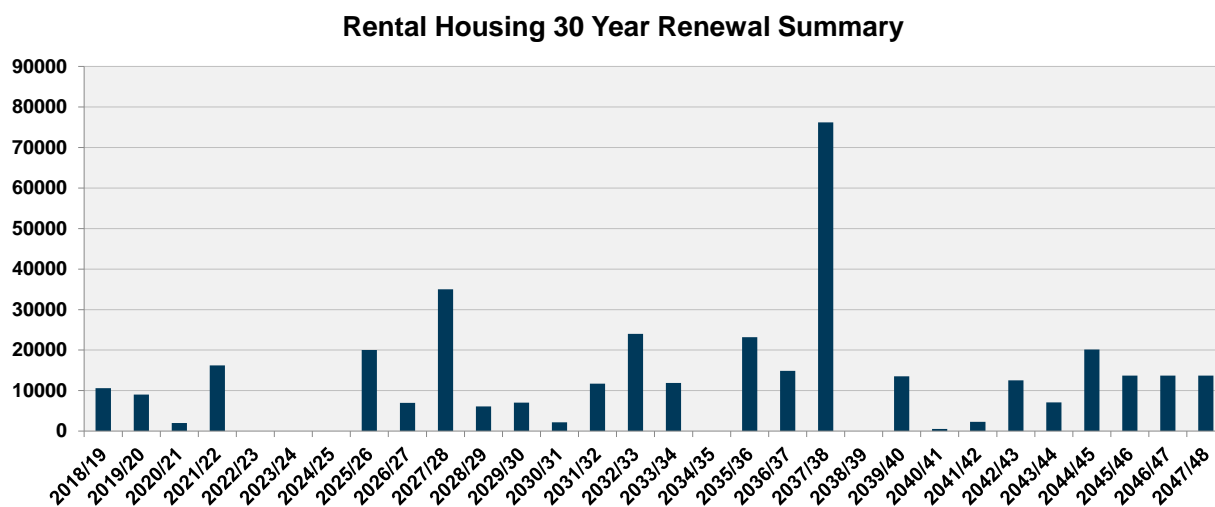


Figure 14-4: Rental Housing 30 Year Renewal Forecast

Renewal Cost Projections

Planned renewal requirements for the next 10 years are scheduled in the attached Annex 14B, which identifies estimated costs for work programmes. A moderate renewal programme is indicated over the next 10 years with the main areas of expenditure being replacement of carpet, sanitary fittings, kitchen appliances, insulation and heating.

Depreciation

Rental houses are depreciated on a straight line basis. Forecast depreciation requirements for rental housing over the next 10 years are identified in Figure 14-5 below, based on the current valuation and projected capital renewal programmes. The Council's current policy is to not fund depreciation for rental housing.

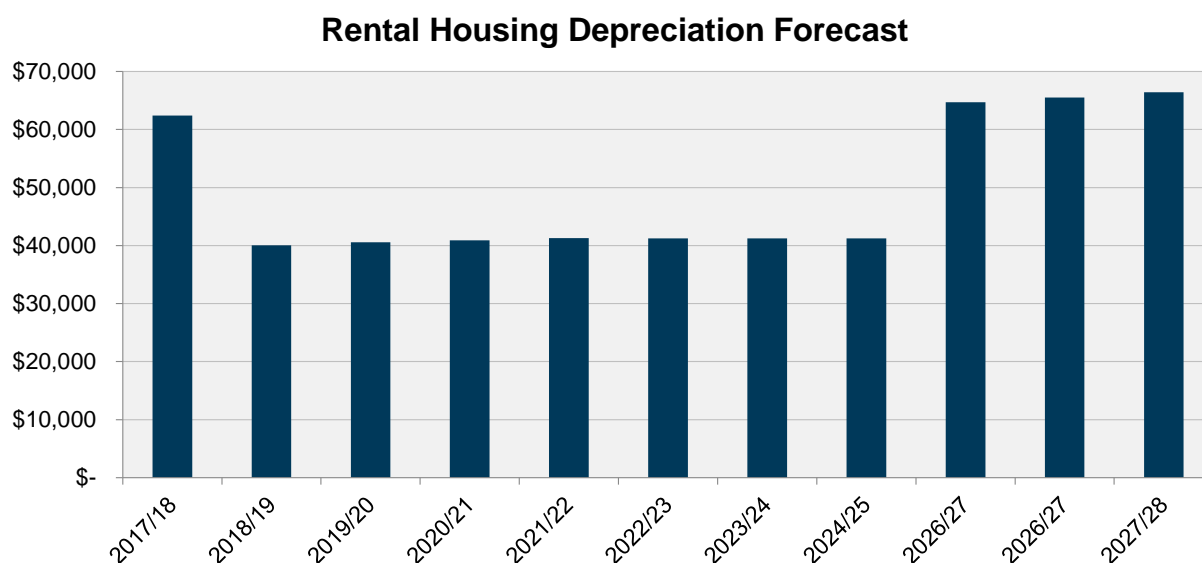


Figure 14-5: Rental Housing 10 Year Depreciation Forecast

14.5.7 New Asset Requirements

There are no planned new capital assets related to the rental housing activity. Additional houses may be acquired as part of strategic property purchases for other purposes. These do not form part of this activity but may be managed for rental purposes on a temporary basis until sold or the site is redeveloped.

14.5.8 Disposal Plan

Rental houses were initially provided as accommodation for Council employees with the change in service delivery modes overtime these houses are now surplus to requirements. The Council has had a programme to divest ownership of these assets and has disposed of a number of houses over the last ten years.

The remaining "Council" houses are those located on reserve land that cannot be readily separated or sold.

The Council initiated a process to freehold the land on which the seven Ritso Street houses are located and created individual titles to enable disposal. These properties are currently being disposed of. In this case Council is seeking Registrations of Interest (ROI) from New Zealand Registered Charities having an interest in providing local social housing within Selwyn. Each property has a benchmark price to meet due to right of first refusal obligations with local iwi. If the properties do not sell through this tender process they will be offered for sale on the open market. It is possible that two of the houses may be retained for strategic purposes for access to the adjacent Business zoned land which is currently occupied by the SICON works yard.

In addition, the Council has purchased properties to enable the development of community facilities or other strategic purposes with the intention to dispose of the un-required portion of the land including any improvements. The house in Moffat Drive, Lincoln was purchased to enable an access way to be formed into the esplanade reserve on the Liffey. This has now been achieved and the balance of the land including the house may be sold. The Brookside Road extension was completed after the demolition of 161 Brookside Road. 165 Brookside Road (now 3 Anzac Lane) has applications for resource consents for

subdivision to enable disposal. 44 Taumutu Rd was purchased in 2017/18 to allow for the extension of the Southbridge Park and the remaining house and land is to be subdivided and sold in 2017/18.

A number of houses were purchased in Lincoln to provide for expanded community facilities and commercial activities and the site area required for this is now defined meaning that two houses will be surplus to requirements (11 and 11a West Belt).

Council has also initiated a process to dispose of surplus reserve land where this can be achieved. The disposal schedule includes the former “pound” site in Bethels Road that has a house located on it.

The disposal plan for these assets is shown in the following table.

Property	Planned Disposal Time	Disposal Costs	Estimated Gross Disposal Revenue
Ritso St Houses, Darfield (7)	2017/18	Legal & survey costs - estimated to be \$60,000	\$2.335 m
80 Moffat Dr, Lincoln	2021/22	\$9,600 – marketing, legal fees	\$320 k
11 & 11a West Belt, Lincoln	TBC	TBC	\$607 k*
Bethels Rd House, Hororata (former pound site)	2019/20	\$15,600 – revocation, marketing, legal costs	\$391 k
2 Moore Street, Rolleston	2019/20	\$9,750 – marketing, legal fees	\$325k
*Revenue to be posted to 1800 – Property & Buildings			

Table 14-11: Rental Houses Disposal Plan

14.5.9 Sustainable Management

As described in Chapter 17, Council has made a decision to integrate more sustainable management approaches in to the way it works, manages assets and delivers services. It is intended to incrementally introduce sustainable practice where this can be readily achieved as well as incorporating sustainability into decision-making processes.

Approaches to be considered in relation to rental housing include the following:

Wellbeing	Sustainable Approach
Environmental	Installation and management of effluent discharge systems that provide good environmental outcomes
Environmental	Use and selection of materials and products where sustainability is given significant weight in decision-making
Social	Support social housing initiatives by working with other agencies to provide additional infrastructure
Economic	Divest ownership of houses that are surplus to requirements and where retention will incur increasing costs to Council

Table 14-12: Rental Housing Sustainable Management

14.5.10 Risk Management

A risk assessment has been undertaken for rental housing and this process has identified a number of key risks. Mitigation and action measures to address risks have also been determined. Risk has been considered in the development and prioritisation of capital renewal programmes. Risk mitigation measures have been built into maintenance practices and inspections as required.

The Council's rental houses are not viewed as critical assets in consideration of the potential effects of asset failure and impact on the community. However, individual building components have been assessed in terms of criticality and this has been used as an input to planned maintenance and renewal programmes.

Assets with a high level of criticality are given priority in terms of renewal programmes and maintenance inspections. This includes:

- Roof cladding (for weather tightness)
- Effluent discharge systems (septic tanks)
- Water supply system including pumps
- Stairs and handrails
- Electrical systems

There is a significant risk of contamination with methamphetamine residue in Council houses and three houses have required remediation treatment. Council has put in place additional controls to reduce the likelihood of this occurring in the future which includes additional inspections and vetting of tenants.

The introduction of new legislation in the form of The Residential Tenancies (Smoke Alarms and Insulation) Regulations 2016 and The Health and Safety at Work (Asbestos) Regulations 2016 has highlighted potential risk in regards to legal compliance of:

- Ceiling and underfloor insulation meeting regulations
- Identification of asbestos and ACM within rental houses

A comprehensive risk assessment is attached to this plan in Annex 14D. Further information on risk management is contained in Section 6 of this plan.

14.6 Financial Programmes

This section provides a summary of historical financial variances and the financial forecasts for rental housing portfolio over the 10 year planning horizon. Additional information on financial forecasts is contained in Annex 12A.

14.6.1 Historical Financial Performance

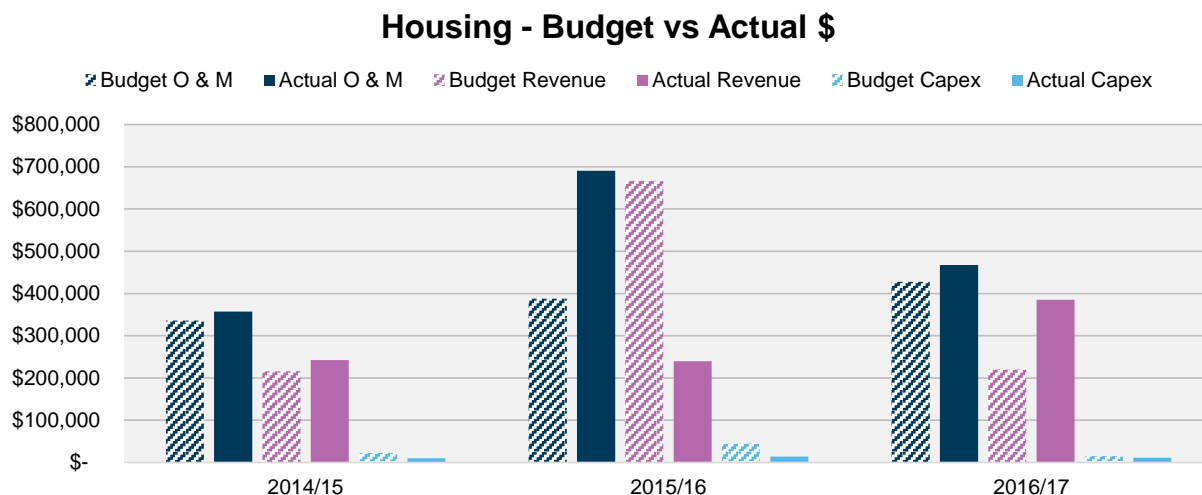


Figure 14-6: Rental Housing Historical Financial Performance.

The graph shown in Figure 14-5 shows the variances between Rental Housing, operations, revenue and capital budgets and actual spends for the past three years.

The variances can be explained as follows:

- 2016/17 revenue exceeds the budget target as Ritso Street houses were planned for disposal with expected loss in rental income
- 2015/16 opex is over budget due to loss on sale of asset
- 2015/16 revenue is under budget due to some house sales not proceeding and no gain on sale realised
- Capex on some houses deferred as they are planned for sale or disposal

14.6.2 Operations and Capital

Rental Houses - Financial Summary	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Operating											
Total Operating Revenue	80,860	92,861	157,152	79,500	74,376	65,000	65,000	65,000	65,000	65,000	65,000
Total Opex	344,755	316,846	239,195	231,470	246,863	276,789	246,652	287,138	260,002	264,956	272,007
Depreciation	50,000	27,414	27,445	27,512	27,638	27,381	27,381	27,381	51,017	51,863	52,743
Operating Surplus/Deficit	-313,895	-251,399	-109,488	-179,482	-200,125	-239,170	-209,033	-249,519	-246,019	-251,819	-259,750
Capital											
Capital Renewals	7,946	4,300	0	2,000	3,000	0	0	0	20,000	7,000	35,000
New Capital - Improved LOS	0	0	0	0	0	0	0	0	0	0	0
New Capital - Growth	0	0	0	0	0	0	0	0	0	0	0
Total Capex	7,946	4,300	0	2,000	3,000	0	0	0	20,000	7,000	35,000

Table 14-13: Rental Houses Financial Summary

EPH Units - Financial Summary	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Operating											
Total Operating Revenue	30,800	31,395	31,400	31,400	31,400	31,400	31,400	31,400	31,400	31,400	31,400
Total Opex	9,390	10,720	24,820	18,620	10,720	8,620	8,620	10,720	8,620	8,620	18,820
Depreciation	12,412	12,623	13,101	13,401	13,666	13,849	13,849	13,849	13,671	13,671	13,671
Operating Surplus/Deficit	8,998	8,052	-6,521	-621	7,014	8,931	8,931	6,831	9,109	9,109	-1,091
Capital											
Capital Renewals	0	6,300	9,000	0	13,250	0	0	0	0	0	0
New Capital - Improved LOS	0	0	0	0	0	0	0	0	0	0	0
New Capital - Growth	0	0	0	0	0	0	0	0	0	0	0
Total Capex	0	6,300	9,000	0	13,250	0	0	0	0	0	0

Table 14-14: EPH Houses Financial Summary

The graph below shows the total forecast operations and capital expenditure for rental housing (including EPH properties) over the 10 year planning period. Also shown is the current budget expenditure for 2017/18. Overall the projected financial position indicates that it is not a sustainable activity as the costs outweigh the revenue stream. As the portfolio of housing diminishes the viability of retaining this service diminishes (mainly as a result of overhead costs). Given that it is not a core function for Council, delivers few benefits and is becoming increasingly more costly to operate Council will continue to divest ownership of houses or explore ways to reduce costs or pass liabilities on to other parties (e.g. lease agreements).

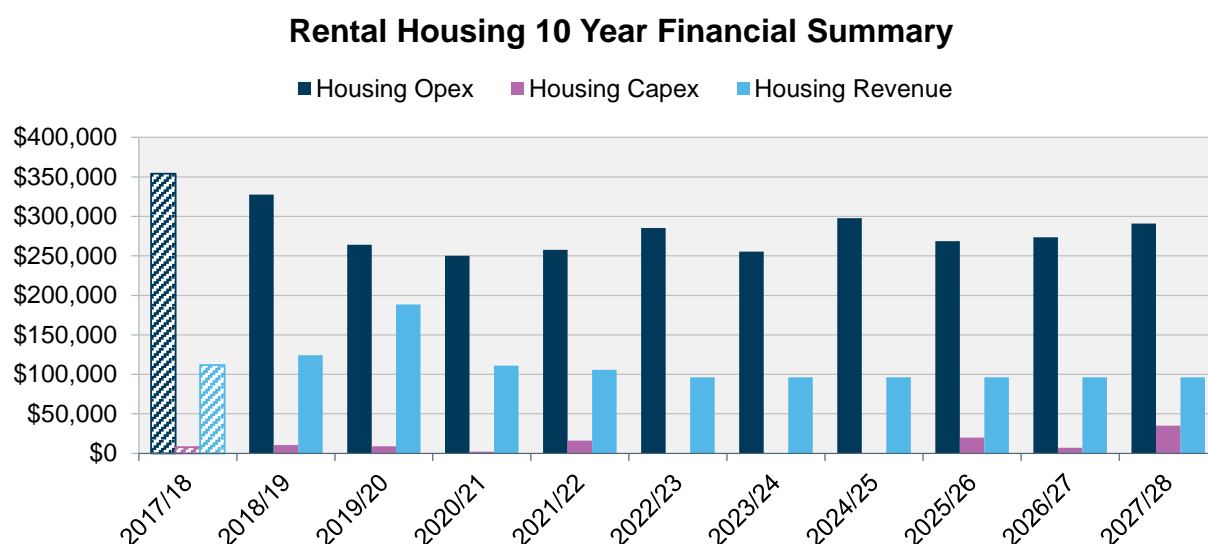


Figure 14-7: Rental Housing 10 Year Expenditure Summary

The forecast cash flow situation for rental housing is depicted in the graph below. This indicates future deficits for this activity as a result of reduced revenue, maintenance requirements and overhead costs.

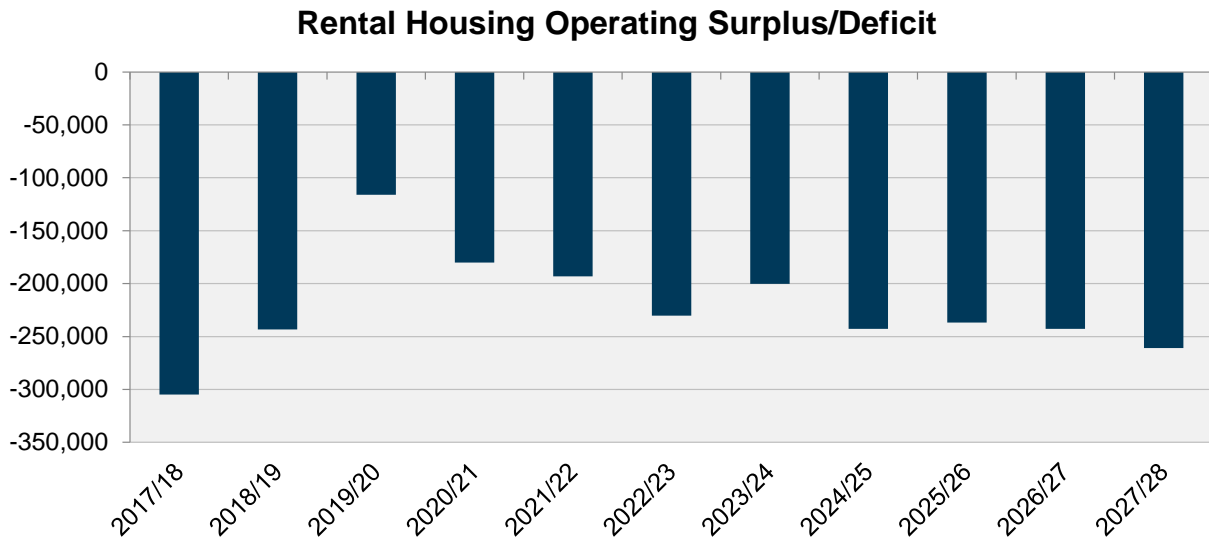


Figure 14-8: Rental Housing Forecast cash Flow Summary

There are no key projects or programmes scheduled for this activity for the forward 10 year planning programme.

14.6.3 Funding

The general approach to funding rental housing operations is set out below:

Rental Houses Operating Expenses (excluding depreciation) – Funded from rental revenues as the tenants gain full benefit of the service. General funds will need to be applied to this activity to offset operating deficits.

Rental Houses Capital Expenses – Funded from a combination of rental revenues and general funds. General funds are only used where the costs cannot be offset by revenues.

EPH Operating Expenses (excluding depreciation) – Funded from rental revenues as the tenants gain full benefit of the service.

EPH Capital Expenses – Funded from rental revenues as the tenants gain full benefit of the service.

Annex 14A

Rental Housing 10 Year Financial Forecast

Rental Housing 10 Year Financial Forecast

Rental Housing 10 Year Financial Forecast												
	Budget 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2026/27	Forecast 2026/27	Forecast 2027/28	10 Yr Total
Operating Revenue												
Operating Revenue - Housing	80,860	92,861	157,152	79,500	74,376	65,000	65,000	65,000	65,000	65,000	65,000	793,889
Operating Revenue - EPH	30,800	31,395	31,400	31,400	31,400	31,400	31,400	31,400	31,400	31,400	31,400	313,995
Total Operating Revenue	111,660	124,256	188,552	110,900	105,776	96,400	96,400	96,400	96,400	96,400	96,400	1,107,884
Opex												
Staff Costs	0	0	0	0	0	0	0	0	0	0	0	0
Other Operating Expenditure												
Routine Maintenance & Operations	67,872	111,272	127,063	118,062	112,180	113,117	114,478	118,972	120,307	122,092	135,136	1,192,679
District Wide Operating Costs	0	0	0	0	0	0	0	0	0	0	0	0
Total Other Operating Expenditure	67,872	111,272	127,063	118,062	112,180	113,117	114,478	118,972	120,307	122,092	135,136	1,192,679
Support Costs	171,370	124,844	127,202	132,028	135,803	137,892	140,794	145,136	148,315	151,484	155,691	1,399,189
Operating Projects												
Scheduled Maintenance Projects	114,903	91,450	9,750	0	9,600	34,400	0	33,750	0	0	0	178,950
Asset Management Projects	0	0	0	0	0	0	0	0	0	0	0	0
Total Operating Projects	114,903	91,450	9,750	0	9,600	34,400	0	33,750	0	0	0	178,950
Total Opex	354,145	327,566	264,015	250,090	257,583	285,409	255,272	297,858	268,622	273,576	290,827	2,770,818
Operating Surplus/Deficit (excl. deprn)	-242,485	-203,310	-75,463	-139,190	-151,807	-189,009	-158,872	-201,458	-172,222	-177,176	-194,427	-1,662,934
Depreciation												
Depreciation	62,412	40,037	40,546	40,913	41,304	41,230	41,230	41,230	64,688	65,534	66,414	483,126
Operating Surplus/Deficit (incl. deprn)	-304,897	-243,347	-116,009	-180,103	-193,111	-230,239	-200,102	-242,688	-236,910	-242,710	-260,841	-2,146,060
Capex												
Capital Renewals	7,946	10,600	9,000	2,000	16,250	0	0	0	20,000	7,000	35,000	99,850
New Capital - Improved LOS	0	0	0	0	0	0	0	0	0	0	0	0
New Capital - Growth	0	0	0	0	0	0	0	0	0	0	0	0
Total Capex	7,946	10,600	9,000	2,000	16,250	0	0	0	20,000	7,000	35,000	99,850
Capital Revenue												
Development Contributions	0	0	0	0	0	0	0	0	0	0	0	0
Vested Assets	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0
Total Capital Revenue	0	0	0	0	0	0	0	0	0	0	0	0
Growth Opex	0	0	0	0	0	0	0	0	0	0	0	0
Capital Revenue	2,520,000	0	716,000	0	320,000	0	0	0	0	0	0	1,036,000

Annex 14B

Rental Housing Projects

Rental Housing Projects

Housing Projects Summary												
Site	Project Description	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Planned O & M Programmes												
District Wide - Housing	Painting & Decorating	12,406	35,750	0	0	0	34,400	0	33,750	0	0	0
District Wide - Housing	External Works	2,684	5,700	0	0	0	0	0	0	0	0	0
District Wide - Housing	Rental Housing Insulation	0	50,000	0	0	0	0	0	0	0	0	0
District Wide - Housing	Houses Disposal Costs	99,813	0	9,750	0	9,600	0	0	0	0	0	0
Total Operational Projects		114,903	91,450	9,750	0	9,600	34,400	0	33,750	0	0	0
Renewal Projects												
District Wide - Housing	Sanitary Fittings	0	0	0	0	0	0	0	0	0	3,000	0
District Wide - Housing	Carpet/Vinyl Replacement	5,906	0	0	0	0	0	0	0	20,000	0	0
District Wide - Housing	Kitchen Appliances	2,040	3,800	0	0	0	0	0	0	0	0	0
District Wide - Housing	Heating	0	0	0	0	3,000	0	0	0	0	4,000	0
District Wide - Housing	Roof Systems	0	0	0	0	0	0	0	0	0	0	35,000
District Wide - Housing	Curatins & Drapes	0	500	0	2,000	0	0	0	0	0	0	0
North Terrace EPH Units	Appliances Renewal	0	6,300	0	0	0	0	0	0	0	0	0
North Terrace EPH Units	Carpet/Vinyl Replacement	0	0	9,000	0	0	0	0	0	0	0	0
North Terrace EPH Units	Heating	0	0	0	0	13,250	0	0	0	0	0	0
Total Renewal Projects		7,946	10,600	9,000	2,000	16,250	0	0	0	20,000	7,000	35,000
New Capital - Improved LOS												
		0	0	0	0	0	0	0	0	0	0	0
Total New Capital - Improved LOS		0	0	0	0	0	0	0	0	0	0	0
New Capital - Growth												
		0	0	0	0	0	0	0	0	0	0	0
Total New Capital - Growth		0	0	0	0	0	0	0	0	0	0	0

Annex 14C

Rental Housing Risk Management

Asset category	Risk	Core Value	Area of Impact						Risk Rating				Current Controls	Future Control Action	
			Reputation	Health & Safety	Environmental	Legal	Loss of Service	Financial Cost	Loss of Income	Max. Consequence	Likelihood	Rating			Grade
Assets	Damage or loss of houses by fire	Asset Protection	1	1	1	1	5	1	2	5	2	10	M	Insurance, smoke alarms installed	Continue current controls, wiring checks of older properties, consider installation of fire extinguishers
	Building damage or loss from natural disaster such as an earthquake or extreme weather event	Asset Protection	1	1	1	1	5	1	1	5	2	10	M	Insurance (EQC cover)	Continue current controls
	The standard of houses provided does not meet the quality expectations of tenants	Quality	2	1	1	1	2	1	2	2	3	6	L	Analyse quality data to identify issues and develop remedial programmes on a priority basis	Continue current controls & survey tenants to ascertain specific issues
	Building does not meet Building Act and Regulation requirements	Legal Compliance	1	1	1	4	1	1	1	4	1	4	L	Rectified as part of building consent process for upgrades and extensions after 1991	Continue current controls
	Building does not meet Residential Tenancies Regulations for Insulation	Legal Compliance	3	1	1	4	1	1	3	4	1	4	L	Inspection of rental properties insulation being carried out, and programme for upgrading insulation being developed	Continue current controls and add new properties purchased to the insulation list
	Tenant causes damage to the property beyond normal wear and tear	Asset Protection	2	1	1	3	3	2	2	3	3	9	M	Maximum bond available is taken and provide thorough vetting of tenants prior to letting	Continue current controls
	Failure of building components from inadequate maintenance	Asset Protection	2	2		2	2	2	1	2	3	6	L	Regular maintenance inspections and follow up remedial works, implement planned maintenance programme, 3 yearly condition inspections	Continue current controls
Health & Safety	Injury or loss of life from building fire	Safety & Security	4	5	1	1	1	1	1	5	1	5	L	Smoke alarms installed	Continue current controls, wiring checks of older properties, consider installation of fire extinguishers
	Injury to a contractor working on the site	Safety & Security	3	4	1	5	1	1	1	5	2	10	M	Contractors are required to be SiteWise certified prior to engagement.	Continue current controls & pre-start inspections to identify hazards
	Injury to tenant from poor maintenance or design (tripping/falling hazards etc)	Safety & Security	3	4	1	5	1	1	1	5	1	5	L	Informal inspections with repairs carried out as required	Regular inspection programme to be established
	Non compliance with HSW Asbestos Regulations for identification of Asbestos and ACM	Safety & Security	2	4	1	4	3	2	1	4	1	4	L	Undertake inspections and develop Asbestos Management Plans	Continue current controls and add new properties purchased to the Asbestos Management Plan
	Health risk to tenants from poor sanitation	Health and Hygiene	3	4	1	1	1	1	1	4	1	4	L	Reticulated sewerage in place for some. Regular cleaning of septic tanks and repairs undertaken where issues identified	Continue current controls & regular inspection programmes of septic tanks
	Health risk to tenants from poor maintenance practices (paint preparation etc)	Health and Hygiene	3	4	3	4	1	1	1	4	1	4	L	Contractors are required to be SiteWise certified prior to engagement & follow accepted industry practice for works.	Continue current controls & prepare guidance plan for high risk activities
	Health risk to tenants from poor drinking water quality	Health and Hygiene	1	4	1	1	1	1	1	4	1	4	L	Reticulated water supplies connected for most houses.	Water quality testing for wells & provide treatment systems where supplies are sub-standard
	Environmental contamination from building operations (effluent disposal)	Environmental Protection	3	2	4	4	1	2	1	4	1	4	L	Respond to events, advice from ECAN	Review septic tank performance and upgrade with ECAN approved systems (obtain consents) or reticulated connection
Legal	Prosecution of Council under the Health & Safety at Work Act as a result of injury/death to a contractor working on a rental housing site.	Legal Compliance	4	1	1	5	1	1	1	5	1	5	L	Contractors are required to be SiteWise certified prior to engagement & follow accepted industry practice for works.	Continue current controls & ensure hazard identification and inspection of works is carried out for high risk works
	Risk of tenancy disputes	Legal Compliance	1	1	1	3	1	3	1	3	2	6	L	Tenancy agreements in place; Council acts as a good landlord	Continue current controls.
Financial	Low return on the Council's capital investment in rental housing	Affordability	1	1	1	1	1	3	1	3	3	9	M	Calculate ROIs and set minimum target; Dispose of or demolish houses that are not economically sustainable to retain	Continue current controls.
	Cost of unknown large renewal projects	Affordability	1	1	1	1	1	4	1	4	2	8	M	Carry out regular condition assessments to develop long term (20 year plus) renewal forecasts	Continue current controls.
	The occupancy rate of rental housing is lower than target	Utilisation	2	1	1	1	1	1	3	3	3	9	M	Improve quality of housing stock, dispose of non-viable properties, promote rental house availability, review rentals	Continue current controls.
	Costs incurred for major clean up after tenants vacate properties (including methamphetamine contamination)	Asset Protection	2	1	1	1	1	4	3	4	2	8	M	Maximum bond available is taken and provide thorough vetting of tenants prior to letting	Continue current controls, consider legal action to recover costs (if high); undertake regular property inspections
	Loss of income from non-payment of rent.	Legal Compliance	1	1	1	3	1	3	3	3	2	6	L	Tenancy agreements in place, mediation, Tenancy Tribunal process. Obtain direct payment from bank accounts, salaries or WINZ	Continue current controls.