Information Agenda

Date: Friday, 11 July, 2025

Elected Members:
His Worship the Mayor Vince Cocurullo
Cr Gavin Benney
Cr Nicholas Connop
Cr Ken Couper
Cr Jayne Golightly
Cr Phil Halse
Cr Deborah Harding
Cr Patrick Holmes
Cr Scott McKenzie
Cr Marie Olsen
Cr Carol Peters
Cr Simon Reid
Cr Phoenix Ruka
Cr Paul Yovich

For any queries regarding this meeting please contact the Whangarei District Council on (09) 430-4200.

1.1 Pensioner Housing Review stage 3: Pensioner Housing Portfolio Evaluation Criteria

Agenda:	Information Agenda
Publish date:	11 July 2025
Reporting officer:	Jacki Cooper – Manager, Community Development

1 Purpose / Te Kaupapa

To provide a progress update on the stage 3 review of the current Pensioner Housing portfolio and future delivery options.

2 Background / Horopaki

Stage 3 of the Pensioner Housing review is underway, focusing on the future delivery of Pensioner Housing.

The Property Group have been engaged to complete this piece of work, which follows on from two previous reports on Council's pensioner housing portfolio:

- Pensioner Housing Business Case Report, which focused on the performance of the portfolio (Attachment 1)
- Pensioner Housing Future Growth Opportunities Report, which focused on future growth opportunities for the portfolio (Attachment 2)

This part of the review involves:

- Engagement with the Ministry of Housing and Urban Development (MHUD) to further understand the latest changes in the housing sector and how this affects future options for the portfolio
- Meeting with internal stakeholders to understand how the pensioner housing portfolio could be managed to improve financial outcomes
- Engagement with Community Housing Providers to understand their pipeline for new tenancies under the new policy/funding settings; appetite for partnership with Council; appetite for either lease or acquisition of the portfolio.
- Evaluation of options available to Council against a set of criteria, including financial impacts.

The Property Group have completed engagement with MHUD and Property teams and engagement with Community Housing Providers is currently underway.

3 Discussion / Whakawhiti kōrero

Staff are working at pace alongside The Property Group to ensure that stage 3 of the Pensioner Housing is delivered to Council before the end of the current electoral term.

A critical part of the review is the evaluation of future delivery options available to Council against a set of criteria. To expedite this part of the review an internal staff group consisting of relevant staff from community development, strategy, property, district development and finance consolidated the criteria, based on:

- previous engagements with elected members on the pensioner housing review
- previous engagements with community stakeholders on the pensioner housing review
- Te Rautaki Whare o Whangarei | Whangarei District Housing Strategy

The four evaluation criteria are detailed below, along with associated weightings. Criteria 3 has the highest weighting, as from previous engagements, staff understand that this criterion is important to elected members.

	Criteria	Weighting
1.	**Financial Sustainability:** The delivery option eases burden on Council's debt levels and ensures suitable potential revenue, while maintaining tenant financial viability. These criteria will focus on long-term impacts but should also note short-term challenges and requirements.	25%
2.	**Portfolio growth and quality:** The delivery option supports growth, refurbishment, maintenance and change in the portfolio and individual assets, aligned to Council's strategic direction on housing and development	25%
3.	**Tenant wellbeing and housing security:** Housing is provided that appropriately meets the individual tenant or whanau needs. Metrics such as ability to attain Lifemark ratings, accessibility ratings, or cultural appropriateness. Additionally, tenants can maintain and have confidence that their tenancy will continue.	35%
4.	**Opportunities for partnership:** The delivery option supports partnerships that promote collective action to deliver housing outcomes, and / or build capacity to deliver housing for Māori, low-income or less-able people, beyond the pensioner housing focus, including enhanced tenancy support.	15%

This set of criteria has been provided to The Property Group so that they can progress the options assessment.

Staff have also requested that each option is also assessed for risk as a separate exercise from the option assessment to better understand the complexity surrounding each option. Pulling risk out of the criteria makes it easier to understand the challenges of each option compared with delivery outcomes.

The findings of the investigation into the delivery options available to Council for the future growth of the pensioner housing portfolio, will be provided to elected members as a report to support future decision making.

4 Financial/budget considerations / Ngā pānga pūtea/tahua

No financial or budget considerations identified and the review can be completed within existing budgets.

5 Attachments / Ngā Tāpiritanga

Attachment 1 – Pensioner Housing business Case Report

Attachment 2 – Pensioner Housing: Future Growth Opportunities Report

Attachment 3 – Pensioner Housing Portfolio Evaluation Criteria

Whangarei District Council

Pensioner Housing Review
Whangarei District Council

April 2023

the propertygroup

Contents

1 Quality control

Document	Whangārei District Council: Pensioner Housing Review Report
Ref	718652
Date	12 April 2023
Prepared by	Hayley Brownlie, Senior Property Consultant and Sophie Randell, Senior Property Consultant
Reviewed by	Ruth Allen – Principal Urban Regeneration

Revision history

Revision	Revision date	Details	Authorised	
			Name/Position	Signature
1.0	14 March 2023	Draft for consultation	Ruth Allen	
2.0	31 March 2023	Final Draft for consultation	Hayley Brownlie	
3.0	12 April 2023	Final for consultation	Ruth Allen	

2 Executive Summary

The Property Group Limited (TPG) has been engaged by Whangārei District Council (Council) to provide a review of Council's existing Pensioner Housing Portfolio, future delivery options and the role Council plays in the provision of pensioner housing.

2.1 Background

Like many Councils across the country, Council provides a pensioner housing service to meet the needs of its community who require access to affordable elderly housing. Council currently own 164 self-contained single and twin units in several locations across Whangārei. The Pensioner Housing Portfolio is managed by Whangārei Agricultural and Pastoral (A&P) Society.

The Council identified the need to review delivery of services to ensure the portfolio was meeting objectives, operates sustainably and review growth options.

2.2 Approach

TPG's approach to undertaking the review has included a review of the relevant housing policy framework, a high-level assessment of the portfolio performance and carry out case study analysis to help inform Councils future delivery options.

TPG's review of the housing policy framework and other applicable housing strategies and policies in the district available at the time of drafting this report (March 2023), determined there is a need for more affordable elderly housing. This is due to a combination of the increasing ageing population, lack of supply and housing deprivation. To help address this need there are various strategies that can be undertaken by Council. One of which is developing a Housing Policy to outline and confirm Council's role in meeting housing needs in the district.

TPG's high level assessment of community and pensioner type housing demand and provision in the district also found that there is a lack of housing supply and pipeline to meet current and forecast demand for community and pensioner housing. Therefore, Council should consider whether it could expand its portfolio to help meet this demand and or work with other providers to help increase housing provision on the district.

TPG also assessed the effectiveness of Council's current Pensioner Housing Portfolio managed by Whangārei A&P Society (A&P). We found that A&P is managing the portfolio effectively and with some minor recommended changes, could continue to manage the portfolio sustainably. We identified that the portfolio is however making a year-on-year operational loss, which could be mitigated by changes to rental settings and determination method.

2.3 Key Findings

- The portfolio from a financial perspective does not appear to be self-funding, with an operational year on year loss across the last 5 financial years. Rents are calculated based on a 28-30% proportion of Superannuation payments, depending on the household type and tax bracket. The portfolio is severely under rented when compared with the market rental of the units, with Council foregoing approximately $194/unit/week totaling approximately $1,657,607 during the 2021/2022 financial year.

- The demand for the units is generally in the central city, in comparison to outlying areas as people generally want to be close to the hospital and medical facilities as they age. We note that only 46% of the total portfolio is located in the central city, with the balance of the portfolio in surrounding suburbs and some outlying areas.

- We note that there is a small proportion of tenants that are below 65 years of age, this currently includes 2% of the total group which is approximately 3 tenants. We understand that there is already a waitlist with high enquiry at present, it may be beneficial to make small changes to ensure that only eligible applicants are catered for.

- We note that the waitlist has recently had high enquiry and the pensioner units have had high turnover of tenants within the last year. A&P do not currently record the reason for tenants leaving. A record of the reason for tenants leaving would form a good basis for improvements to individual units and the portfolio as a whole.

- The portfolio has a wide geographical spread, however the greatest demand is for the city center units being in close proximity to the hospital and amenities given the target cohort.

2.4 Recommendations

Based on the review of the portfolio's current performance, and alignment with Council's long term housing objectives, we recommend Council further explores the following delivery methods:

1. Establishment of a separate entity that could be registered as a Community Housing Provider (CHP)

2. Partnership and divestment opportunities with existing CHP's or Kainga Ora for the full portfolio or individual villages that don't meet the needs of Council's cohort.

2.5 Next steps

In order to fully inform the preferred delivery method/methods, we recommend Council undertakes further analysis including the following:

- Development of a Pensioner Housing Policy, to confirm the role Council can play in supporting the housing needs of the District's older population and the desired level of involvement Council wishes to have in pensioner housing in the district and how this is to be delivered.

- Undertake a focused spatial, growth and demographic analysis to determine:

    - If the current location of each village is well positioned to respond to current and future demand and identify any spatial gaps in service provision.

    - A review of the location of each Village to determine whether it is well placed to meet the needs of the current cohort. Including if the sites are within walking distance or within public transport catchments to social and medical support services and urban amenities. This would ensure the portfolio and any future expansion of the portfolio is well considered, with the location of the units meeting need, access to services and public transport for tenants.

- If, based on the above assessment, there are existing units that do not meet current needs or units in areas of high demand, then review alternative approaches to improving service provision including consideration of divestment of individual villages that are not well positioned and identifying how sites that are well positioned could be more efficiently designed to increase capacity.

- Undertake further consultation and engagement with local CHPs, Kainga Ora and Iwi Groups, to further understand their housing aspirations to help inform whether partnership/divestment opportunities exist.

- Investigate the requirements of the Community Housing Regulatory Authority (CHRA) to understand the requirements of CHP registration for a separate entity of Council. Including structure, timeframes, costs and documentation requirements.

2.6 Other Considerations:

1. Management improvements

    - Ensure that the eligibility criteria are being met given the high number of applicants on the wait list.

    - Ensure clear records are kept recording the reason for each tenant's departure to inform future portfolio improvements.

    - Subject to the on-going sustainability of the current method of delivering pensioner housing, there may be an opportunity to review the rent setting to an alternative method such as a percentage of market rent. Whilst this will be more expensive for tenants, it would support greater financial viability of the portfolio.

2. We note that MHUD have recently released the Affordable Housing Fund that provides up to 50% of the cost of development and construction of affordable housing that is rented at an affordable rental for a minimum period of 15 years. Councils are eligible to access this funding, which should be considered as a future option.

3. We note that if Council considers that an alternative option for the delivery of the portfolio achieves a better outcome, Council is required to comply with the consultation provisions of the Local Government Act 2002 (LGA) that requires public consultation, and to confirm Council's decisions through the Annual and Long-Term Plan processes.

3 Introduction

3.1 Purpose

The Property Group Limited (TPG) has been engaged by Whangārei District Council (Council) to prepare a review of Council's Pensioner Housing Portfolio, its current operations, and its future delivery options.

This review includes an examination of the current condition and suitability of the 164 Pensioner Housing Units (PHUs) owned by Council and managed by Whangārei A&P Society, as well as an analysis of the ability of the service to meet future demand for pensioner housing and its overall cost-effectiveness for Council. The review is undertaken within consideration of the current provision for pensioner and community housing in Whangārei and a housing sector which is coming under increasing pressure to meet growing demand for affordable housing across New Zealand.

3.2 Approach

We have used the following methodology to undertake this review:

1. A review of the housing policy frameworks including the definition of the housing continuum and applicable housing strategies and policies that impact the District
2. A high-level assessment of pensioner housing supply and demand from the District's housing business capacity assessment, community housing registers, and community housing development pipeline
3. An analysis of available Council documentation and data in relation to the operation of the pensioner housing units
4. Investigation of case studies across three different Councils and their approaches to delivery of their PHUs
5. Identification of gaps, if any, in the current service provision
6. Definition and evaluation of portfolio delivery options.

4 The Housing Context

4.1 Housing policy framework review

The housing sector uses the concept of a 'housing continuum' to identify the role public and community housing organisations have in providing homes to meet a range of housing needs in New Zealand. The housing continuum, shown in Figure 1 below, is a concept used by policy makers to consider the impact a policy has on different tenancies. It illustrates the various tenancies from homelessness and emergency shelters on the far left, through to assist rental or assisted ownership, to provide renting and ownership options in the market.

Council's pensioner housing service falls in the 'social or public housing' segment of the continuum, in that it provides subsidised rental accommodation combined with supportive services/referrals appropriate to the household needs. Public housing helps low to very low-income households access appropriate, secure and affordable housing. Generally, public housing tenants spend about 25% of their net income on housing (the income-related rent as determined by the Ministry of Social Development). The Community Housing Provider (CHP) or Kāinga Ora Homes and Communities (Kāinga Ora) then receive an income-related rent subsidy (IRRS) from the Ministry of Housing and Urban Development (MHUD) which covers the balance between the tenant's rental payment and the market rent for the property. The ability to receive the IRRS can have a significant impact on the financial position of the housing provider. Currently, Councils are not eligible to receive IRRS, so consequently are required to absorb the full cost of providing an affordable level of rent.

FIGURE 1: THE HOUSING CONTINUUM

Public housing in New Zealand is primarily provided by Central Government via Kāinga Ora. Councils collectively make up the next largest contributor, predominantly for older people. Not-for-profit organisations, typically registered CHPs, make up a small but growing proportion of the overall provision.

It is recognised that as Councils do not have access to government funding for public housing, nor are set up to provide appropriate wraparound services to households, it is making it harder for them to continue to provide community and pensioner housing.

4.1.1 Whangārei District Council Housing Strategy

The Whangārei Housing Strategy is the first co-governance arrangement between Council and ngā hapū o Whangārei representatives in Whangārei District. Council agreed to establish a Co-governance Housing Strategy Subcommittee (the Subcommittee) to oversee the development of the Strategy with the delegation to adopt the strategy. The co-governance arrangement was entered into voluntarily, setting the tone for a more positive and stronger relationship between hapū and Council.

The Subcommittee will enable decision making to work in manner closely with Te Tiriti o Waitangi. Whangārei District Council is committed to a Te Tiriti o Waitangi-based relationship with Tangata Whenua to develop and implement the Housing Strategy.

The Housing Strategy was developed as a result of; submissions to the 2021-31 Long Term Plan process by Māori and community groups encouraging a hapū-driven and community-driven affordable housing plan for Whangārei.

The objectives of the Housing Strategy are to:

- Build a safe, accessible, and healthy home for all
- Increase access to affordable housing
- Consider and plan for the housing needs of the older adult population
- Build a capacity to deliver Māori and community housing solutions
- Collective action to deliver housing outcomes in Whangārei.

One main driver informing Whangārei's Housing Strategy is that the older population is facing increasing housing pressures. This is a consequence of economic impacts and limited housing choices that meet their needs. Council is committed to developing a clear long-term pathway which will focus on shared equity and partnership models. Driven through the Housing Strategy, Council is committed to developing a clear long-term pathway that will support an increase in pensioner housing units.

In the 2021-2031 Long Term Plan, Council budgeted $5.1 million for renewal and maintenance of Council's existing pensioner housing. In response to feedback from the community to Council that they would like to see more done in the housing space, an extra $4 million over the first four years has been allocated to leverage future partnerships and deliver new pensioner housing stock.

The actions recommended to deliver long term pensioner housing outcomes include:

1. Pensioner Housing Policy – review and update the Whangārei District Pensioner Housing Policy
2. Case Study Approach – Investigate options to deliver and support Pensioner Housing by learning from case studies from various council's experiences
3. Establishing partnerships – Work through long-term Pensioner Housing investment opportunities with Ministry of Housing and Urban Development, Kainga ora, Community Housing Providers (s) and the Private Sector.

4.1.2 Whangārei District Council Growth Strategy

In September 2021, Council adopted a Whangārei District Growth Strategy. The following strategic drivers have guided the development of the Growth Strategy and provided focus for the key actions Council needs to take. The drivers have been informed by statutory obligations as well as feedback received through community consultation, the drivers include:

1. Sustained growth and development
2. Successful economy
3. Housing needs
4. Changing climate and natural hazards
5. Resilient infrastructure
6. Transport choice
7. Natural environment
8. Projects to support prosperity
9. Community resilience

Council recognises that the district needs enough land and infrastructure to meet future demands for housing, however there is limited choice of housing options and affordability is a severe issue.

Council's proposed response to ongoing growth and Strategic Drivers comprises five parts including:

1. Future Development Plan – which will set out Council's plan for future housing and development across the district.
2. Placemaking Programme – Detailed 20–30-year plans will be created with our community for key growth locations within the district.
3. Monitoring and reporting framework – To ensure Council's decision making is robust, we will undertake an ongoing programme of monitoring key indicators.
4. Actions – The actions outline the steps we will take to deliver the outcomes of the Strategy.

4.2 Housing provision in the Whangārei District

4.2.1 Housing and Business Capacity Assessment 2022

Whangārei Housing and Business Land Demand and Capacity Assessment (HBA) provided a detailed analysis of the demand sufficiency of development capacity for housing and business growth across the District. Although this is not a requirement of Tier 3 Councils, the analysis was conducted in accordance with the National Policy Statement for Urban Development 2020 (NPS-UD).

Council has developed a Housing Capacity and Feasibility Tool and a Business Capacity Tool to assess the capacity for housing and business development in Whangārei, respectively.

The HBA made key observations that are relevant for determining future house and business demand in the Whangārei District:

- The housing demand assessment for the Whangārei District projects demand for 20,100 additional dwellings by 2051. This demand is split between three housing typologies:
    - 16,600 standalone houses
    - 1,100 as townhouses
    - 2,400 as apartment units
- Under the Operative District Plan, the district has plan-enabled capacity for around 37,200 new dwellings. The housing sufficiency and capacity models show that the feasible housing supply in Whangārei is estimated to be around 19,600 (53%) new dwellings over the next 30 years, although there are specific areas within Whangārei that may have less feasible capacity than expected demand.
- Whangārei currently has enough housing supply to meet demand in the short and medium term (by 2024 and 2031) but is short of feasible housing capacity in the long term. This shortfall of 3,500 relates to standalone dwellings and apartment typologies. However, this shortfall can be altered by zoning, including the Port Nikau Development Area, the Rural Production Zone, and the Marsden Primary Centre. These zonings are likely to result in more than 5,000 additional feasible dwellings (Whangārei District Council / MRCagney (NZ) Ltd, 2021).
- The district's population is projected to grow by an estimated 1.6% per annum over the next 10 years, reaching about 115,000 people by 2031, and 144,000 by 2051. The number of dwellings in the District is projected to increase from 41,500 homes today to over 48,000 homes by 2031, and 61,000 by 2051 (Whangārei District Growth Strategy, 2021).
- From 2010-2020 the District has experienced steep increases in house prices by 55% (Whangārei District Growth Strategy 2021). This growth has continued with an annual median price increase of 3.3% sitting at $785,000 (REINZ, 2023). This has made the lack of affordable housing an increasing concern.
- The Whangārei District is characterised by relatively low-income levels in comparison to New Zealand as a whole, which has implications for housing affordability. Council reported in 2021 that 67% of households are renting and 85% of first home buyer households have below average incomes after housing costs.

- Council are aware that the workforce is ageing in Whangārei, revealing that 1 in 4 people aged over 65 are in paid employment. The ageing adult population (over 65 years) is anticipated to be the highest growing age demographic over the next 15 years.
- There is an identified shortfall in apartment feasibility. To overcome this Council is working through options to encourage and incentivise the development of more apartment developments in urban areas.
- Council's Long Plan 2021-2031, has $5.1m budgeted for renewal and maintenance of Council's existing pensioner housing, as well as an extra $4m over the first four years to leverage Central Government partnership for new pensioner housing stock (Whangārei District Growth Strategy 2021).

4.2.2 Housing Register – Ministry of Social Development

As of December 2022, there were 582 applicants on the Public Housing Register in the Whangārei District compared to 111 applicants in December 2017 (MBIE, 2023). There is demand for Public Housing and Emergency Housing Special Needs Grants in the District. In the quarter ending 21 December 2022 there were 211 Emergency Housing Special Needs Grants to the value of $311,587.

Kāinga Ora is the largest provider of public housing in New Zealand and provides tenancy services to over 180,000 public housing tenants. It also maintains and develops around 65,000 public houses while also providing home ownership products and other services. Kāinga Ora data indicates that they manage approximately 1,386 properties across the district. It is important to note that Kāinga Ora prioritise households into properties according to the Public Housing Register and the suitability of a specific property and cohorts. For example, a person who is over the age of 55 may not be able to access housing because they do not qualify as a Priority A household on the Register (i.e., be in critical need).

As of 30 September 2022 Kainga Ora had the following managed rental properties in Whangārei:

TABLE 1: KAINGA ORA STOCK IN WHANGĀREI SEPTEMBER 2022

Number of Bedrooms					
1 Bed	2 Bed	3 Bed	4 Bed	5 Bed	**Total**
100	476	650	144	16	**1386**

Kāinga Ora has signed the construction intentions under the 'Building Momentum' programme (14 May 2021). The following summary shows the anticipated development pathways for Kāinga Ora properties in Whangārei.

TABLE 2: KAINGA ORA CONSTRUCTION INTENTIONS 14 MAY 2021 (SOURCE: KAINGA ORA BUILDING MOMENTUM PRESENTATION)

Whangarei		
Stage in process	In Planning	300
	Consenting and procurement	40
	Under Construction	10
Construction Starting	2021	80
	2022	220
	2023	50
	2024	0
Total		350
Source: Kainga Ora. Building Momentum presentation		

4.2.3 Local Community Housing Providers

As at March 2023, three CHPs were registered in the Whangārei District which is considered limited in comparison to other districts with similar housing needs. The registered CHPs include (Community Housing Regulatory Authority, 2023):

- Otangarei Papakāinga Limited
- One Double Five Whare Āwhina Community House Trust
- Arataki Ministries Limited

Further investigation has found that the below registered community housing providers also operate in the Whangārei District however they are not recorded on the CHRA website as operating in this location which may be due to much of their portfolio being based elsewhere in New Zealand. These CHPs are:

- Emerge Aotearoa Limited
- Habitat for Humanity
- Salvation Army
- Te Tai Tokerau Housing Trust
- Kāhui Tū Kaha

To explore how Council can work with CHP's operating in the area Council may consider the following:

- Contacting MHUD, the Community Housing Regulatory Authority (CHRA) and Community Housing Aotearoa (CHA) to understand appetite for provision of services in the District from the CHP sector
- Investigate CHPs' appetite directly to confirm capability and capacity for providing these services.

4.3 Key findings and risks

On 6 July 2022, a Council briefing was held to discuss pensioner housing options. A range of options for the portfolio were presented to Councilors to gauge appetite for different approaches. These included:

1. No change
2. Slight change
3. Establish a partnership with a registered CHP
4. Sell assets to Kainga Ora partnership
5. Commercial partnership
6. Relinquish.

There was no support for no change and relinquishing the portfolio. There was however interest from Councilor's to explore options 2 – 5 above. The outcome of the meeting illustrates Councilor's desire to retain a role in the provision of pensioner housing with an improvement in performance and willingness to consider expansion of the portfolio to meet demand.

The outcomes of TPG's review of current housing provision in the district confirms that the older population is facing increasing housing pressures. This is a consequence of economic impacts and limited housing choices that meet their needs. The Whangārei Housing Strategy provides clear objectives to increase the provision of affordable housing options to accommodate the older adult population.

On the Public Housing Register alone there are 582 applicants, and that does not include people who do not present to the Ministry of Social Development – the number of which is unknown.

Kāinga Ora is a key provider in providing more public housing in the area, however their pipeline does not appear sufficient to meet demand. There are a growing number of CHPs in the district who may have an appetite to expand their portfolios.

The above findings outline that overall, there is increasing concern with the level of demand compared to the level of existing housing and affordability, however there is a clear desire to address this issue and meet the communities need for good quality affordable housing.

5 Overview of the Current Service Provision

5.1 Existing portfolio

Council's Pensioner Housing Portfolio consists of 164 units in total, including 142 one-bedroom units, 17 studio units and 5 two-bedroom units. The table below summarises the number of units at each location:

TABLE 3: COUNCIL'S EXISTING PORTFOLIO DETAILS

Existing Portfolio Description					
Name	**Address**	**Studio/bedsit units**	**Single units**	**Two bed units**	**Total**
Kamo	62 Clark Road	-	8	-	**8**
	190 Kamo Road	-	18	-	**18**
Tikipunga	4 Amber Drive	-	14	1	**15**
	8-12 Coleridge Place	-	8	-	**8**
	196-222 Corks Road	-	14	-	**14**
	89 Kiripaka Road	-	6	-	**6**
City	43 Maunu Road	-	13	-	**13**
	48 Maunu Road	-	9	1	**10**
	142 Maunu Road	-	17	1	**18**
	72-80 Mill Road	11	5	1	**17**
	21A Otaika Road	-	8	-	**8**
	26 Te Mai Road	-	9	-	**9**
Onerahi	21 Bloomfield Place		11	1	**12**
Hikurangi	1 Alfred Street	-	4	-	**4**
	45A George Street	-	2	-	**2**
	7 King Street	-	2	-	**2**
Total					**164 Units**

The location of each of the above complexes within Whangārei City is shown in Figure 2 below:

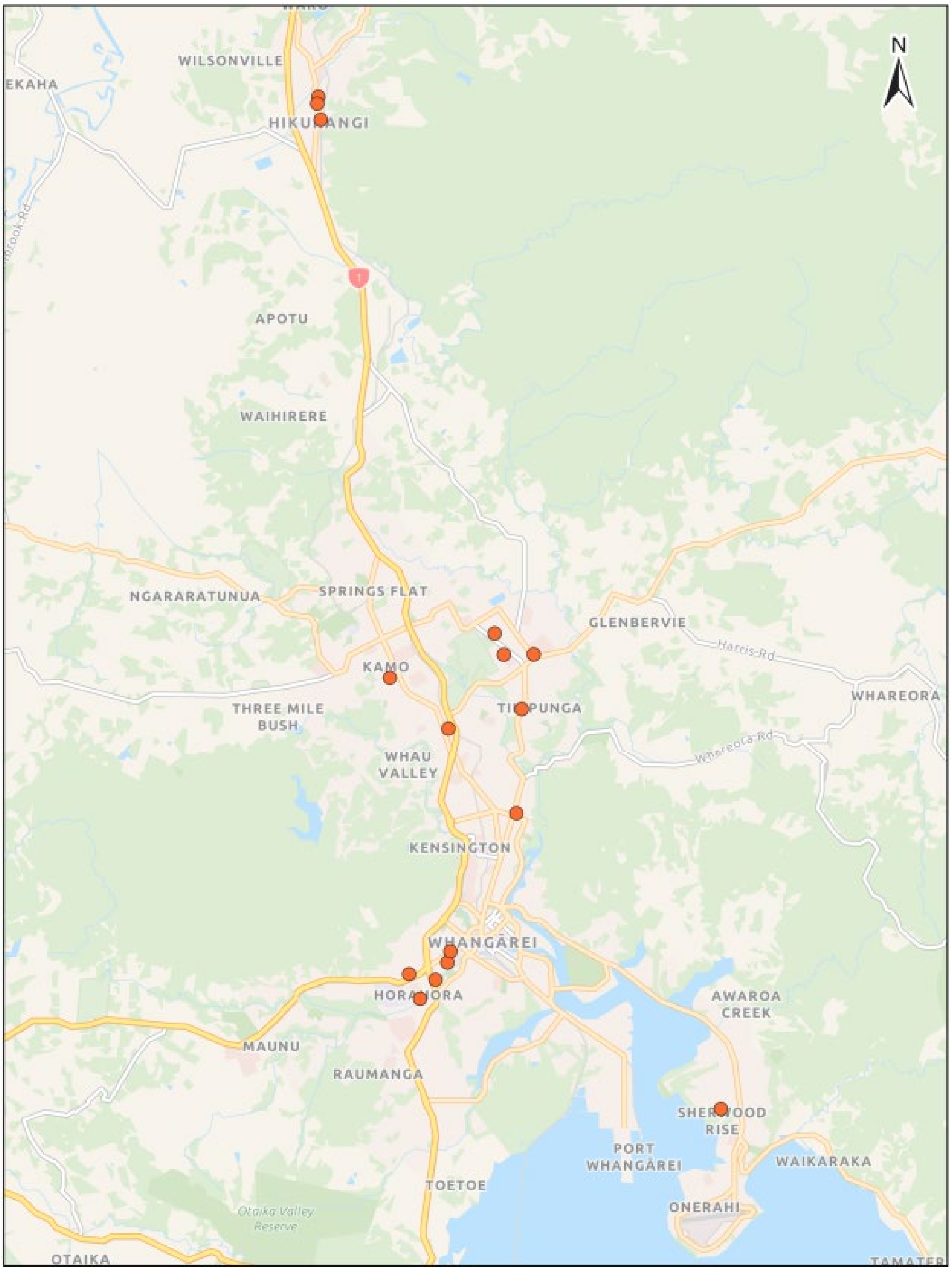


Figure 2: Map of existing PHU sites in Whangārei (TPG, GIS 2023)

The map above outlines the location of the pensioner housing villages, noting that 75 of the total 164 units are located in the city centre, which represents 46% of the total portfolio.

5.1.1 Management of the Pensioner Housing Portfolio

Council's PHUs are managed on Council's behalf by Whangārei Agricultural and Pastoral Society (A&P). A&P are contracted to provide practical tenancy management combined with empathy and compassion for the elderly and the ability to build strong connections with other support services to ensure tenants are receiving assistance when needed.

The management of the housing portfolio is set out in the Pensioner Housing Tenancy Management Contract for Services dated 17 July 2019. The contract is for a period of five (5) years and the document records the principles and key elements of the Contract for Services between the parties.

The areas covered by the Scope of Services to be provided by A&P within the contract include the following, with a more fulsome description of the tenancy management and performance aspect of the contract detailed below:

1. Tenancy Management
2. Management of maintenance and capital works – up to the value of $1,000 excluding GST.
3. Professional services
4. Office / administration / advertising.

Tenancy Management

- Collection and screening of new applications (interview, credit checks, reference checks, Ministry of Justice checks).
- Evaluation of applicant's eligibility and needs and prioritisation and placement into appropriate units considering the Council's Pensioner Housing Policy (the Policy).
- Signing of tenancy agreements, bond lodgement and refunds and documentation to meet the Policy and the Residential Tenancies Act.
- Support the Council's finance team in the collection of rent, arrears management and implementation of rental increases.
- End of tenancy processing including inspections of each unit, bond refunds, arranging maintenance, cleaning, smoke alarm monitoring, third party drug testing.
- 6 monthly inspection of each unit and provide written reports on condition to provide data for on-going capital improvements and recommendations regarding maintenance and to meet insurance requirements.
- Quarterly inspections of village's exteriors.
- To provide reporting to the Council on number of applications, tenant details, occupancy figures, complaints, maintenance, and upgrade requests.
- Maintain key security, new cutting as required, change locks as required.
- Management of breach of tenancy process from issuing breach notification to representation at tribunal hearings and mediation.

Maintain database of tenants, next of kin, contact details and related tenancy information.

- Details of requirements will be agreed with the Council to meet the Council's Public Records Act Requirements.

Performance

The Pensioner Housing Portfolio needs to meet Council's performance measures as set out in the Council's Long-Term Plan. Performance measures may change but as set out in the commencement of the Tenancy Management Contract they are:

- Percentage occupancy rate to be greater than 98% (excluding vacancies for capital refurbishments)
- Pensioner housing residential satisfaction with the standard of accommodation to be greater than 80% recorded in the annual tenant survey.

The contract specifies that A&P will be asked to suggest new performance criteria for consideration by Council in the long-term planning process.

We have been provided a copy of the performance scores awarded to A&P by Council during a June 2022 meeting. The key performance indicators measured included the following:

TABLE 4: A&P PERFORMANCE RECORDED DURING COUNCIL MEETING 2022

Area	Description	Score / 10
Communication	A&P to schedule bi-monthly meetings and keep key Council staff informed of important issues and projects between meetings.	10
Reporting	A&P to collect and provide monthly data as specified for monthly operational and annual reporting purposes	10
Relationship – Council	Good communication. Communicate issues early – no surprises, professional, polite and courteous	10+
Relationship – Tenants and end users	No justifiable complaints from end users or partners, responsive to tenants	10
Performance – Inspections	Inspections are completed as per schedule and reports are completed to agreed standards.	10

In addition to the above the following pass/fail Key Performance Indicators were assessed, as per the tenancy management agreement:

TABLE 5: A&P KEY PERFORMANCE INDICATORS AS PER TENANCY MANAGEMENT CONTRACT

Occupancy <98%	Council service level agreement, greater than 98% of units occupied per year	98%
Tenant Satisfaction <80%	Council Service level agreement, greater than 80% of tenants satisfied with the service and their units.	91%

5.1.2 Pensioner Housing Tenant Survey

Tenant surveys are conducted annually by A&P and measure a number of key metrics including overall tenant satisfaction with the units. There are also other measures undertaken and reported on by A&P, these include tenant profile/general measures and tenant satisfaction measures including the following:

Tenant Satisfaction:

1. General
2. Unit Interior
3. Accessibility
4. Unit Exterior
5. Security and Safety
6. Common Areas
7. Tenancy Services
8. Maintenance
9. Unit Affordability
10. Unit Warmth Analysis.

The results of the above measures are mixed however generally the results are above or well above 80%, indicating that overall, the tenants are happy with the individual aspects of the above.

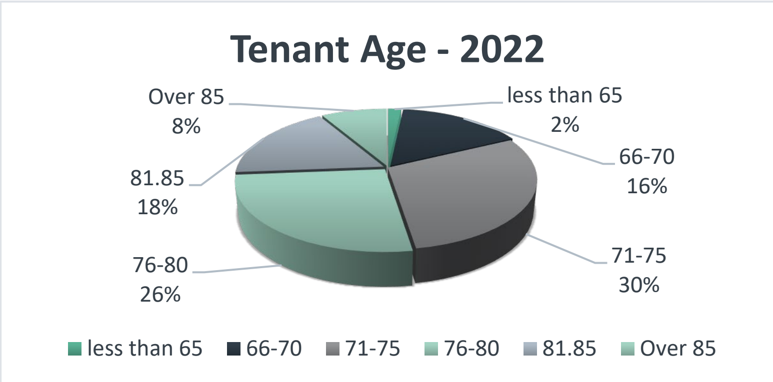
General/Tenant Profile:

1. Number of Respondents
2. Ethnicity
3. Age
4. Mobility Aids Required
5. Car ownership

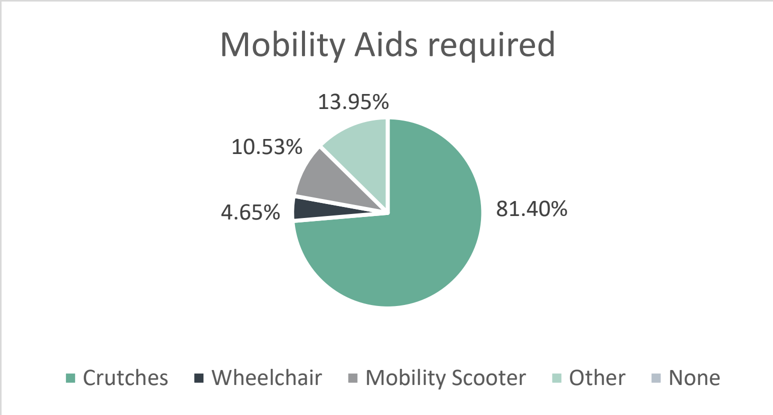
6. Heating type.

Some of the above measures are informative in terms of determining the next steps for the portfolio, a summary of some of the key information is provided below:

Ethnicity	In the 2022 year, there were the following tenant ethnicities: • Māori – 29.8% • European – 64% • Asian – 1.75% • Middle Eastern/Latin – 1.75% • Other – 2.63% • Pacific Peoples – 0% The survey shows that the majority ethnicity for the group was European at 64%.
Age	The age split of the tenants in 2022 was as follows. The graph shows that there were 2% of tenants that were less than 65 years of age, this does not align with the eligibility criteria.

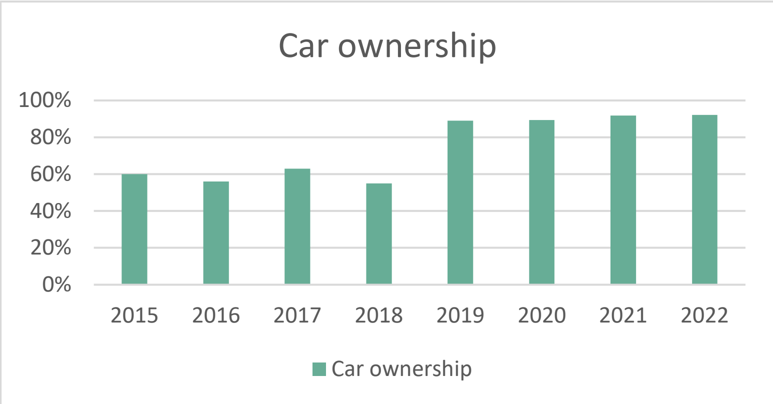


Mobility aids Required.



The graph above shows the percentage of tenants that require various mobility aids. This is informative in terms of the requirements of new buildings if portfolio expansion is sought.

Car



They survey shows the % of people who have a car and will require car parking. This is informative and will help with planning and design of any new villages if portfolio expansion is sought.

5.1.3 Services Provided and Eligibility

Living in a PHU means tenants are charged affordable rent, retain their independence and benefit from Council taking care of major upkeep such as maintenance of the buildings and grounds, any urgent repairs that are required and necessary upgrades to the units.

Council also covers rates payments and building insurance, and tenants have direct contact with A&P Society. Council and A&P provide limited "wrap around" services to tenants, including tenancy management and referral support.

In comparison, registered CHPs provide wrap around services that generally exceed tenancy management including, supporting the social and health needs of tenants within their homes; and building referral relationships and partnering with local service providers. These support services are sometimes provided by CHP's wrap around support staff, who identity the requirements of each tenant.

To be eligible for a Council PHU, applicants must meet the below criteria, including:

- Aged 65 or over and retired from fulltime work
- A New Zealand citizen or be permitted to reside in New Zealand
- Have limited financial assets - $40,000 single or $60,000 couple (excludes car, furniture and personal affects)
- Able to live independently.

5.1.4 Rental, occupancy, and tenant profile

Rental

To keep the pensioner housing affordable, rents are calculated as a percentage of current Superannuation payment. Rents vary depending on the type of unit and are reviewed annually.

Rent is a fixed cost of the tenant's current superannuation payment, as follows:

- Single- and two-bedroom units are 30% of weekly superannuation
- Bedsits are 28% of weekly superannuation
- Bond is set at four weeks rent and two weeks rent in advance, due at the start of your tenancy (Whangarēi District Council, 2023).

Rent covers rental of the unit and water charges, as well as grounds care and cladding and guttering cleaning. The tenant is responsible for telephone and power charges (Whangarēi District Council, 2021).

Residents are responsible for keeping their units clean and tidy and looking after their own garden next to their unit. Council contractors maintain the units and grounds and supply garden waste bins at most villages.

Occupancy

Occupancy for the portfolio has consistently been **98% for the last 5 years**, which meets Council's key performance measures for the portfolio.

A&P holds a database of people interested in the pensioner housing. The database is not simply a sequential list where the first on the list is the first to be offered a unit. There are several considerations when offering a unit including:

- The applicant's mobility
- Desire for specific locations
- Carparking requirements

In the case of two-bedroom units, whilst there is high demand, applicants are generally discouraged from applying as there are too few units and the turnover is extremely low.

The demand for the units is generally in the central city, in comparison to outlying areas as people generally want to be close to the hospital and medical facilities as they age. We note that only 46% of the total portfolio is located in the central city, with the balance of the portfolio in surrounding suburbs and some outlying areas.

The graph below shows the number of applicants over the last couple of years for both one- and two-bedroom units:

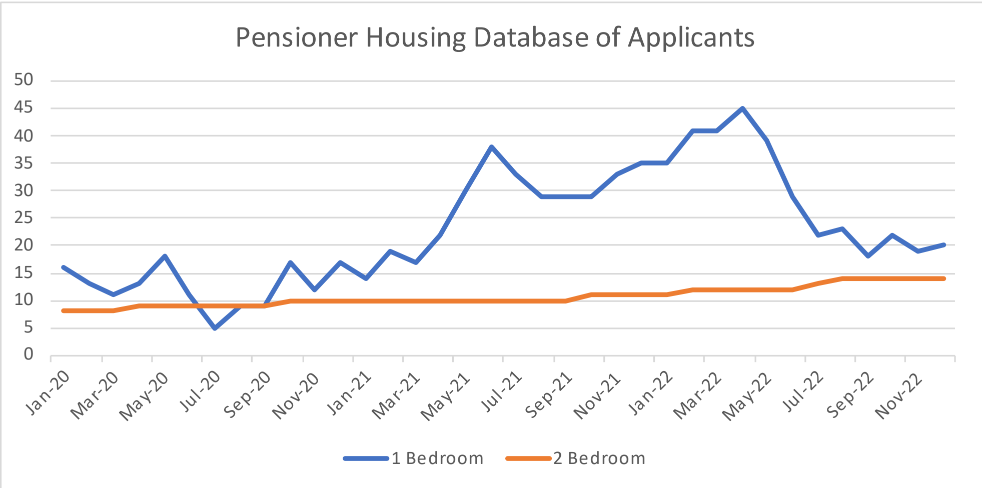


FIGURE 2: PENSIONER HOUSING DATABASE OF APPLICANTS

As of December 2022, the waiting list had 20 applicants for one-bedroom units and 14 applicants for 2-bedroom units, a total of 34 applicants waiting for pensioner units. We have been advised that the portfolio is currently experiencing very high enquiry, with the waitlist having increased by 6 since A&P's last report.

The increase in demand starting around February 2021 coincided with the Residential Tenancies Act legislation change which removed the landlords right to a no reason termination of a Tenancy Agreement. This saw a lot of tenancies terminated in February, which resulted in an increase in applications from people that had been given notice to vacate at this time.

The decline in the waiting list since March 2022 was likely due to the unusually high turnover of the units, with 30 units becoming vacant since last March 2022, up significantly on the usually 8-15 units.

Council have advised that the waiting list statistics do not give an accurate picture of demand as A&P do not record why a person is removed from the list.

5.1.5 Property Condition

External Condition

Council has provided the latest external property condition reports for the various units, the inspections are broken down into the following key attributes:

- Building entrances and doorways are free from obstructions
- Grounds are free from rubbish and debris
- Trees and shrubs are fee of dead and overhanging branches
- Grass has been mowed

- Fences are in good condition (e.g., no holes)
- Gates are in good condition and can be secured
- Ground surfaces are even in good condition no cracks, dips or holes
- Changes in surface level have been highlighted (e.g., with yellow paint)
- Drains are covered with grates and are free from debris
- Outdoor lighting is in good working order
- Are the communal gardens in good condition
- Are the Green waste bins present, empty and in good order
- Surface is level and in good condition
- Designated parking areas are clearly marked
- No trip hazards or protruding objects on surface
- 'No Parking' areas are clearly marked
- Speed signage is displayed and legible
- Freestanding storage gardens/sheds are in good condition
- Entrance, doorways are kept free from obstructions and no rubbish stacked around shed
- Signage is clear and in good order
- General Comments
- Jobs required because of this inspection
- Jobs status from last inspection
- External photographs of any remediation requirements.

The external inspection notes record the general external condition of the buildings in the general comments section, and it appears that any repairs and maintenance is proactively managed. This is also evidenced by the job status from last inspection, where previously identified needs are documented and proactively managed.

Internal Condition

Council has provided the latest internal condition reports from June 2022. The internal condition of the units appears to be proactively managed with both minor and major repairs and maintenance being identified through annual internal property inspections and logged maintenance jobs. Where access has not been obtained, it is noted, and another date set for inspection.

All units have a security door and a smoke alarm. They are insulated to meet current regulations and have carpet in the lounge and bedroom areas and vinyl in the kitchen/bathroom. They have a freestanding oven, and all units were fitted with heat pumps in 2021 and 2022. All units have curtain tracks supplied but curtains, whiteware and furnishings are the responsibility of the tenant.

An aerial and jack point for connection is provided. Any upgrades or tuning required will be the responsibility of the tenant. Some of the Mill Road units have shared laundry facilities where washing machines and dryers are provided (Whangarēi District Council, 2021).

5.2 Financial assessment

The following section outlines the PHU's current state of revenues, costs, valuation, and key findings to inform various options that could be considered by Council.

5.2.1 Portfolio revenues

In accordance with Council's Pensioner Housing Policy, all tenants are expected to pay 30% of the current Superannuation payment for a single- or two-bedroom unit, and 28% of Superannuation payment for a bedsit/studio unit.

A summary of annualised rentals from each collective block of units against the estimated current market rental below illustrates the extent of the market rental subsidy that Council is providing to tenants. The Market Rent has been determined by valuation undertaken by Telfer Young, as at 30 June 2022.

TABLE 6: CURRENT ANNUAL RENT VS MARKET RENT EQUIVALENT

Address	2021/22 Rental	Market Rent (Telfer Young 2022)	
72-80 Mill Rd Whangārei	$138,438	$288,860	
196-222 Corks Rd	$105,301	$229,580	
190 Kamo Rd	$140,076	$335,660	
8-12 Coleridge Pl	$65,095	$136,500	
62 Clark Rd	$66,313	$161,980	
21A Bloomfield Place	$88,989	$225,940	
4 Amber Drive	$128,046	$282,880	
21 Otaika Road	$56,464	$139,100	
89 Kiripaka Rd	$47,044	$118,560	
43 Maunu Rd	$100,474	$222,300	
48 Maunu Rd	$62,425	$182,520	
142 Maunu Road	$142,998	$313,560	
26 Te Mai Rd	$75,077	$155,480	
45 George Street Hikurangi	$15,681	$32,240	
1 Alfred Street Hikurangi	$30,471	$74,100	
7a King Street	$15,681	$36,920	
Other Rental Income (not recorded above)	$6,068	$0	**Difference**
Total Rental	**$1,278,573**	**$2,936,180**	**$1,657,607**
Average per unit per week	**$150**	**$344**	**$194**

The analysis above indicates that the opportunity cost of market rental foregone by Council to support the provision of affordable pensioner housing is approximately **$1,657,607** or **$194/week** and excludes expenditure, including the additional costs of tenancy management by A&P and Council staff facilitating management of the housing portfolio.

If Council was able to access IRRS for new PHUs, Council would be receiving market rent with applicable public housing tenants only having to contribute 25% of their income and the rest (IRRS) being funded by MHUD. Accessing IRRS may be actioned either through partnering/becoming a CHP (which is detailed further in this report) or continuing to lobby central government, alongside other councils.

5.2.2 Financial Performance

The following table outlines the PHU Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) over the past five financial years and the Long-Term Plan (LTP) forecast period and notes the following assumptions:

- All revenue and expenditure were coded correctly by Council
- Costs do not include staff time (e.g., finance and property officers)
- Rental arrears and write-downs are excluded.

TABLE 7: PORTFOLIO FINANCIAL PERFORMANCE (SOURCE, WDC 2023)

	Total Gross Income	Operating Expenses	Existing Pensioner Housing Renewals	EBITDA
2017/2018	$1,133,101	($710,170)	($668,629)	($245,698)
2018/2019	$1,174,109	($752,993)	($441,242)	($20,125)
2019/2020	$1,200,021	($807,168)	($509,154)	($116,301)
2020/2021	$1,253,780	($860,488)	($512,776)	($119,484)
2021/2022	$1,307,753	($857,867)	($577,850)	($127,963)
F2022/2023	$1,275,052	($1,012,462)	($400,000)	($137,410)
F2023/2024	$1,306,897	($1,030,969)	($400,000)	($124,072)
F2024/2025	$1,339,613	($1,080,792)	($400,000)	($141,179)
F2025/2026	$1,373,075	($1,135,084)	($400,000)	($162,009)
F2026/2027	$1,407,408	($1,224,660)	($400,000)	($217,252)

The above analysis indicates that the portfolio has generated a year-on-year EBITDA deficit based upon the last 5 financial years information. We have also estimated a further five years using Long Term Plan estimates of revenue, operating expenditure and existing pensioner housing renewals which also produces a year -on-year deficit. On an operational basis, the portfolio would not be deemed 'self-funding' based on a profit assessment only.

The above analysis excludes the following:

- Interest
- Tax
- Depreciation
- Losses on sale of assets
- Transfers of property between portfolios
- Borrowings
- Grants and subsidies
- Additional renewal budgets for portfolio expansion.

5.2.3 Property Valuations

The PHU portfolio is valued by a Registered Valuer for Financial Reporting purposes every 5 years.

In June 2022 Telfer Young undertook an asset valuation of the portfolio for the purposes financial reporting purposes. The portfolio was valued at $38,910,000 including GST, if any.

The Portfolio Value represents the aggregate sum or gross realisation of the individual values. It does not represent the value of the portfolio if sold together in one line.

The return on investment of the portfolio considering the gross revenue for the 2021/2022 financial year is a 3.2%, well below what a prudent investor would expect of a residential portfolio (typically 4-10% return on investment. If market rent was charged for the portfolio, the expected return on investment would be 7.5%.

5.3 Key findings and risks

5.3.1 Location of units

The demand for the units is generally in the central city, in comparison to outlying areas as people generally want to be close to the hospital and medical facilities as they age. We note that only 46% of the total portfolio is located in the central city, with the balance of the portfolio in surrounding suburbs and some outlying areas.

5.3.2 Management

Based on the information provide, overall, it appears that the 164 PHUs have been proactively managed by A&P with regular repairs and maintenance, good tenant satisfaction and high occupancy rates.

5.3.3 Portfolio Revenue

The portfolio from a financial perspective does not appear to be self-funding, with an operational year on year loss across the last 5 financial years. This also does not take account of depreciation of the units. In addition to this, the portfolio is severely under rented when compared with the market rental of the units, with Council foregoing approximately $194/unit/week totaling approximately $1,657,607 during the 2021/2022 financial year.

Rents are calculated based on a 28-30% proportion of Superannuation payments, depending on the household type and tax bracket. The portfolio from an operational perspective is making a year-on-year loss, which is being funded by Council and potentially through rate payers.

Subject to the on-going sustainability of the current method of delivering pensioner housing, there may be an opportunity to review the rent setting to an alternative method such as a percentage of market rent. Whilst this would mean that rent is more expensive for tenants, it would mean the portfolio may be able to self-fund.

5.3.4 Eligibility criteria

We note that there is a small proportion of tenants that are below 65 years of age, this includes 2% of the total group which is approximately 3 residents. We understand that there is already a waitlist which at times had been substantial in size, and it may be beneficial to make small changes to ensure that the eligible applicants are catered for.

6 Delivery Options Assessment

6.1 Introduction

The following sections outline the delivery options for Council's PHU portfolio and the qualitative evaluation of the options.

6.2 Delivery options definition

There are a range of options available to Council to balance its financial return from the sites and continue to support its pensioner housing outcomes, particularly if the Council is looking to expand its portfolio. We note that if Council considers that an alternative option for the delivery of the portfolio achieves a better outcome, Council is required to comply with the consultation provisions of the Local Government Act 2002 (LGA) that requires public consultation, and to confirm Council's decisions through the Annual and Long-Term Plan processes.

The long list of alternative approaches for the delivery of the Council's CHU portfolio are summarised as follows:

TABLE 8: DELIVERY OPTIONS DESCRIPTION

Delivery option	Description summary
Option 1 – Status Quo	Council continues to own, and A&P continues to operate the existing (and/or additional) PHUs.
Option 2 – Divest portfolio to a registered CHP, Kāinga Ora, other government agency or A&P	Council divests the PHU portfolio to a registered CHP or other government agency with conditions to ensure the existing level of public housing and service provision is at least maintained.
Option 3 – Lease portfolio to a registered CHP, Kāinga Ora, other government agency or A&P	Council leases the PHU portfolio to a registered CHP or other government agency with conditions to ensure the existing level of public housing and service provision is at least maintained. We have not considered leasing to a non-registered agency as there are numerous benefits of a registered agency that outweigh a non-registered agency, due to Government regulations and funding etc.
Option 4 – Divest portfolio to the market	Council agrees to divest the properties to the open market, therefore potentially no longer being available for pensioner housing.

Option 5 – Establish a CHP	Council creates a CHP to provide pensioner housing and transfers portfolio.

6.3 Evaluation of delivery options

The evaluation of delivery options was based upon a qualitative (benefits and risk) assessment of the delivery options. At this stage a financial viability assessment of the delivery options has not been undertaken. Council may consider undertaking a financial assessment of short-listed options to support the decision making process.

TABLE 9: DELIVERY OPTIONS ASSESSMENT

Options	Benefits	Risks
Option 1 – Status Quo	• Council continues to provide pensioner housing service and maintains income stream • Council retains control of properties into the future • Profits can be reallocated to Council projects • Tenants not required to be on Public Housing Register • Restricting to people over the age of 65 years old ensures Council provide housing to the elderly who may not be currently adequately catered for by CHPs.	• Council cannot access IRRS • Continuation of non-market rent restricts ability for funding for additional housing • Likely to need a capital injection in the future or regular rent reviews to address the gap • Tenants potentially miss out on other wraparound services provided by CHPs • Restricting to people over the age of 65 years old limits the community benefits (as compared to widening cohort to all community members)
Option 2 – Divest portfolio to a CHP, Kāinga Ora, other government agency	• Tenants receive potential benefits in terms of additional wraparound services provided by CHP • CHP and Kāinga Ora operate within regulated environment • Access to IRRS and operating supplement funding from Government for new tenants and existing eligible tenants. • Property maintenance and management transferred to another entity who may be able to manage the tasks more efficiently.	• Public Works Act Implications need to be confirmed • Depending on structure, if not CHP or Kāinga Ora, portfolio may not be eligible for IRRS • Market sounding and procurement approach required to select organisation • CHP or Kāinga Ora may not have appetite based on the size and location of the portfolio

Options	Benefits	Risks
		• Tenants are required to be on Public Housing Register, although there may be some flexibility • CHP or agency may use properties for other cohorts in need, such as for a rehabilitation programme • However, if Council is concerned about the housing not being dedicated to those over 65 years old, an appropriate pensioner housing encumbrance could be registered • Council loses control of portfolio • Likely caveats on land use may reduce sale price. • Property maintenance and management (liabilities) transferred to another entity who may not be able to afford or manage the tasks more efficiently. • Potential negative tenant and public perception of divesting the portfolio or the proposed purchaser
Option 3 – Lease portfolio to a CHP or Kainga Ora, other government agency	• Council retains property and rental income, ensures continuation of service to community and there would be no Public Works Act implications. • Tenants receive potential benefits in terms of additional wraparound services provided by CHP. • CHP and Kāinga Ora operate within regulated environment • Access to IRRS and operating supplement funding from Government for new tenants and existing eligible tenants.	• Limited lease funding (e.g., 10 years) from MHUD; potential for a complex tripartite agreement with Government and CHP; ownership obligations remain with Council • Depending on structure, if not CHP or Kāinga Ora, portfolio may not be eligible for IRRS • Market sounding and procurement approach required to select organisation • CHP or Kāinga Ora may not have appetite based on the size and location of the portfolio

Options	Benefits	Risks
	• Property maintenance and management transferred to another entity who may be able to manage the tasks more efficiently.	• Tenants are required to be on Public Housing Register, although there may be some flexibility • CHP or agency may use properties for other cohorts in need, such as for a rehabilitation programme • However, if Council is concerned about the housing not being dedicated to those over 65 years old, an appropriate pensioner housing encumbrance could be registered • Council loses some level of control of portfolio, albeit less than divestment. • Property maintenance and management (liabilities) transferred to another entity who may not be able to afford or manage the tasks more efficiently. • Potential negative tenant and public perception of leasing the portfolio or the proposed lessee
Option 4 – Divest portfolio to the market	• Transparent realisation of funds • May provide opportunity for redevelopment of units • May provide opportunity for first home buyers etc to get into the market • Increased buyer market and potentially increased sale price.	• No control over what the site is used for or development outcomes • Potential loss in overall pensioner housing provision services in the District • Potential displacement of existing tenants • Development will have no requirement to deliver on outcomes outside of what can be controlled through the regulatory requirements • Public Works Act Implications to be confirmed

Options	Benefits	Risks
		• Any covenants or encumbrances registered on the title may reduce sale price.
Option 5 – Establish a CHP	• Potential access to government funding • CHP specifically set up to deliver service • Some degree of control is retained • Reduced financial commitment and risk to Council • Potential for increased wraparound services for tenants • Potential to grow portfolio in District with access to IRRS for new dwellings.	• Portfolio lacks scale to recruit sufficient resources • Requires sufficient resourcing in the District • Large set up costs with creation of CHP and transfer of portfolio • MHUD may not provide funding for existing PHUs • Council or a Council entity may not qualify for CHP registration and an alternative entity maybe need to be investigated.

6.4 Conclusions and Risks

In our experience the chosen delivery method is unique to each Council, it's goals, sources of funding and surrounding support in the housing sector.

Transferring the portfolio by lease or divestment to a CHP or Kainga Ora may be difficult when there is a lack of suitable CHPs within the District. Therefore, as a next step it may be preferrable to:

- Engage with established CHPs both locally and nationally to gauge appetite to supply new affordable, community and more specifically pensioner housing in the district
- Engage with Kainga Ora to gauge appetite for partnering or acquiring the portfolio
- The portfolio could be transferred to a separate arm of Council that could be set up to become a CHP itself (via establishment of a new Special Purpose Vehicle approved by the Community Housing Regulatory Authority).

Divesting the PHUs to the market would not be recommended without securing an agreement from the purchaser to provide affordable and subsidized housing. Without these agreements in place Council would lose control of the ability to retain the PHUs for community benefit.

7 Case Study Assessments

Councils throughout New Zealand are tasked with ensuring that their pensioner housing portfolios are performing well and meeting objectives. Increasing pressure has been put on Councils in recent years as many Councils housing stock is aging and requires a greater level of investment.

To help inform the options and recommendations for Whangārei District Council, TPG have reviewed other Council's approaches to the provision of pensioner housing. Three Councils were selected as case studies who have all opted for different delivery options of their PHUs. This review included the following Councils:

- Napier City Council
- Nelson City Council
- Christchurch City Council.

Interviews with Nelson City Council and Christchurch City Council were carried out on the 22nd and 24th of February. As Napier City Council were unable to meet with us, a review of their approach was completed through a review of their chronology and other information available on their website. The following table summarises the key findings from each review. Full notes from each Councils review are attached as Appendix A.

	Napier City Council	Nelson City Council	Christchurch City Council
Decision	Retain portfolio	Divested to Kainga Ora	Set up Registered CHP (Otautahi Community Housing Trust)
Motivations driving decision making	NCC own 377 units, the housing units are now up to 60 years old and costing more and more to maintain. Given the high need for public housing in Napier, NCC had identified that they would prefer to keep its housing units in community ownership and available for those in need of affordable rental accommodation.	The Pensioner Housing portfolio was anticipated as a contingent liability, becoming problematic. Although maintenance was good and well managed, upgrading to regulatory standards was difficult and would become a burden to ratepayers. Key motivations for divestment: - Future financial sustainability - Meeting the needs of the community and tenants - The portfolio size, 142 units. - NCC unable to extend wrap around services to tenants.	In 2013 a regulatory authority was created for CHPs (Community Housing Providers). Council was unable to apply to become a CHP therefore viability of maintaining and management would become a long-term issue. Council was unable to provide any additional wrap around services to support the tenants. Earthquake damage and ensuing Healthy Homes requirements were creating additional duties Council were required to perform and the Property Team required additional staff capacity to manage this. A change from specific Pensioner Housing integrated to Social Housing proved another management obstacle.
Process	The decision was made to keep housing in council ownership and to fund the	NCC retained its key objective to 'meet the needs of the local community'. Discussions	Establishment of Otautahi Community Housing Trust (OCHT) was established by Council. The

	forecasted annual shortfalls through a combination of increased rents and increased rates. The decision was made that 80% of the costs would be funded through rents (tenants) and 20% of the costs would be funded through rates (ratepayers). - In late 2022 a Draft Housing Strategy Operating model options was drafted - In 2023 NCC the annual plan will go out for consultation, if rates increases are approved these will be implemented. New rental amounts will be charged to tenants from September 2023. Every three years rates and rents will be reviewed with increases if required.	commenced with tenants, stakeholders, local housing providers, K.O, Local Government and a Wellington based Strategic Asset Consultancy company to establish a delivery method encompassing the key objectives. A continual process of consultation and engagement at every stage with tenants, stakeholders, and local housing providers with NCC. This included a hotline for tenants to NCC to discuss any concerns. A tender with constraints was developed and listed. K.O. won the contract as it offered the most secure tenure to retain and manage existing tenants. They offered market value and were considered the most suited in terms of access to community wrap around services	process was consultation with the community, stakeholders, and tenants. The feedback was utilised to develop OCHT, retain staff knowledge and expediate the transfer of properties to OCHT in three stages. 1. Shift of tenancy management and small maintenance requirements across to OCHT team. 2. Maintenance transfer once team had a pool of suppliers established to manage this work. 3. All major and minor management including some 40 Council staff transfers to OCHT completing transition (2021).
Key Learnings	What went well: • Strong support with 286 responses were received; 88 individual submissions were received from Council housing tenants.	What went well: • Communication and consultation were exceptionally well delivered at each stage. This increased confidence in NCC transparent intent to ensure Community	What went well: • Consultation provided useful insights into community needs and concerns. This engagement provided OCHT with the information on area’s they could include in

	What didn't go well: • This consultation attracted some media attention; several articles were published in April highlighting retirement village tenants concerns about an uncertain future in Council flats.	Housing provision was a key objective of the outcome. • K.O won the tender contract and was agreeable to the terms of constraints. • The portfolio sold for market value under the terms that the funds were 'ring fenced' for further local development work in community and social housing. What didn't go well: • There was anxiety from tenants and stakeholders. Preconceptions of tenants with transfer of management to another provider. • K.O offered a different requirement for tenancy criteria and management to NCC. • Due to the process duration, there had been a large change to K.O. board. NCC was required to recommence negotiations after the board changes and faced increased resistance from K.O. to acquire the portfolio.	the wrap around service provision which has evolved over time. • OCHT now provide support to tenants seeking employment, welfare, transportation, and wellbeing. • Formation of OCHT which provided a betterment of service provision and quality housing. • In turn OCHT has been able to expand utilising existing funding and developed more than 500 additional homes. What didn't go well: • CCC staff member became the Housing Liaison during the process of change. It was found the communication to stakeholders, staff and stakeholders with pertinent information was not relayed well. • Changes weren't well received by tenants, staff, and some stakeholders. • An external change manager would have been advantageous through the transition. • Earthquake damage was difficult to navigate. EQC repairs were required to be undertaken by the original owner or forfeit the rights to

			repair. The Council was required to complete this work prior to handover to OCHT.
Where objectives met	Still working through the process. Although this approach has allowed NCC to retain its housing portfolio which was the desired outcome from ratepayers.	Yes. Tenants have been surveyed and there was a resounding confidence in K.O. management. The units have also received upgrades.	Yes, and it is because the entire process has focused on meeting these. Council originally leased 1,865 units to OCHT using the delivery method previously described. Moving the older assets and with the use of MHUD grants post transfer, OCHT has been able to increase the housing stock with a further 587 units owned by itself. Council has ensured a sustainable and viable social housing entity for Christchurch.
Additional comments		It was a slow complex process. There were no examples of this being carried out in any other territories, so it was a custom-made approach, to the situation. Informing stakeholders and interested parties was a positive decision. This allowed transparency to the community and outcome support. It is important to keep growing affordable local housing resources to retain and provide for essential workers. This also reaches into the effect on the local economy.	Council was able to provide OCHT access to lending at reduced rates which was beneficial to both parties. CHP size should be a consideration when transferring an existing portfolio. CHP capacity to service and manage the portfolio is a key consideration.

7.1 Recommendations

Based on the review of the portfolio's current performance, and alignment with Council's long term housing objectives, we recommend Council further explores the following delivery methods:

1. Establishment of a separate entity that could be registered as a Community Housing Provider (CHP)

2. Partnership and divestment opportunities with existing CHP's or Kainga Ora for the full portfolio or individual villages that don't meet the needs of Council's cohort.

7.2 Next steps

In order to fully inform the preferred delivery method/methods, we recommend Council undertakes further analysis including the following:

- Development of a Pensioner Housing Policy, to confirm the role Council can play in supporting the housing needs of the District's older population and the desired level of involvement Council wishes to have in pensioner housing in the district and how this is to be delivered.

- Undertake a focused spatial, growth and demographic analysis to determine:

    - If the current location of each village is well positioned to respond to current and future demand and identify any spatial gaps in service provision.

    - A review of the location of each Village to determine whether it is well placed to meet the needs of the current cohort. Including if the sites are within walking distance or within public transport catchments to social and medical support services and urban amenities This would ensure the portfolio and any future expansion of the portfolio is well considered, with the location of the units meeting need, access to services and public transport for tenants.

- If, based on the above assessment, there are existing units that do not meet current needs or units in areas of high demand, then review alternative approaches to improving service provision including consideration of divestment of individual villages that are not well positioned and identifying how sites that are well positioned could be more efficiently designed to increase capacity.

- Undertake further consultation and engagement with local CHPs, Kainga Ora and Iwi Groups, to further understand their housing aspirations to help inform whether partnership/divestment opportunities exist.

- Investigate the requirements of the Community Housing Regulatory Authority (CHRA) to understand the requirements of CHP registration for a separate entity of Council. Including structure, timeframes, costs and documentation requirements.

7.3 Other Considerations:

1. Management improvements

- Ensure that the eligibility criteria are being met given the high number of applicants on the wait list.

- Ensure clear records are kept recording the reason for each tenant's departure to inform future portfolio improvements.

- Subject to the on-going sustainability of the current method of delivering pensioner housing, there may be an opportunity to review the rent setting to an alternative method such as a percentage of market rent. Whilst this will be more expensive for tenants, it would support greater financial viability of the portfolio.

2. We note that MHUD have recently released the Affordable Housing Fund that provides up to 50% of the cost of development and construction of affordable housing that is rented at an affordable rental for a minimum period of 15 years. Councils are eligible to access this funding, which should be considered as a future option.

3. We note that if Council considers that an alternative option for the delivery of the portfolio achieves a better outcome, Council is required to comply with the consultation provisions of the Local Government Act 2002 (LGA) that requires public consultation, and to confirm Council's decisions through the Annual and Long-Term Plan processes.

8 References

Community Housing Regulatory Authority. (2023). *The Register*. Retrieved from https://chra.hud.govt.nz/about-chra/the-register/?Sort=ID&Dir=ASC&Locations=14

Infometrics. (2021).

(2022). Kainga Ora .

MBIE. (2023). *Housing Register*. Retrieved from Ministry of Social Development: https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/housing/housing-register.html

Statistics New Zealand . (2021).

Whangarēi District Council. (2021). *Pensioner Housing for older persons in Whangārei.*

Whangarēi District Council. (2023). *Pensioner Housing* . Retrieved from https://www.wdc.govt.nz/Community/Community-services/Pensioner-housing

Appendix A:

Napier City Council – Status Quo

Process Summary

Background:

In 2018, a Section 17A of the Local Government Act 2002 (LGA) review of the housing activity was completed, which investigated ongoing sustainability issues with the current delivery model and a detailed review was initiated.

NCC currently own 377 units, which 80% are for retirees or people with a disability. Our housing units are now up to 60 years old and costing more and more to maintain.

Demand for public housing is high in Napier with 753 on the Housing Register, with 732 of those being in the high priority Category A (as at September 2021). Napier's numbers on the register are the second highest for a provincial city. Given these factors, Council had identified that they would prefer to keep its housing units in community ownership and available for those in need of affordable rental accommodation.

Housing Affordability Investigation

An investigation started on how NCC would afford to repair the dwellings over a 25-year period. Findings were that the money NCC receive in rent would not cover the cost of repairs and maintenance. A calculated shortfall of $ 2.2million which would reach $70m after 25 years.

Pre 2021/2022 NCC funded all the housing costs from the rents received via tenants, although it was highlighted in 2018 that the income from rents was not going to be enough to cover the growing costs, consequently the shortfall was covered by a loan of ($1.8 million), NCC noted and understood that this would not be sustainable to continue moving forward.

Community Feedback

- 10 March 2022 NCC presented three options regarding the future provision of community housing to the community and requested their feedback. The consultation was open between 16 March and 20 April 2022.

  The options included:

  1. Keep all – status quo. Council would keep all of its current housing and have an annualised $2.2 million shortfall that would need to be covered by increased rates or rents or a combination of both.
  2. Keep most – part retain / part sell. Council would keep its 8 retirement villages, develop 45 more units and sell its 3 social villages. There would be an annualised $2.3 million

shortfall that would need to be covered by increased rates or rents or a combination of both.

3. Keep none – transfer / sell. Council would transfer all of its 377 units to another entity within the social housing sector. Council would place conditions on any sale or transfer to protect current tenants and keep the housing focused on community housing.

Multiple data collection methods were utilised to ensure Napier residents had a chance to have their say. A mixed-methods approach included: online survey (available via Council's website and social media platforms); paper-based forms available from the Council service centre and sent to Council housing tenants. An active media and social media campaign was promoted by the Council to increase awareness about this consultation.

- An assessment of the portfolio was undertaken in April 2022 to provide up to date valuation information, which would feed into the modelling for the three options to help guide Councils decision making.

- By May 2022 Feedback had been collated and reviewed.

Decision

The decision was made to keep all of our housing in council ownership and to fund the forecasted annual shortfalls through a combination of increased rents and increased rates. The decision was made that 80% of the costs would be funded through rents (tenants) and 20% of the costs would be funded through rates (ratepayers).

The future cost forecasts will be revied every 3 years.

The new rent will be applied from 1 July 2023. Rent will be reviewed every 3 years. This is the same as the rates.

What went well through the process?

Strong support 286 unique responses were received; 88 individual submissions were received from Council housing tenants.

What didn't go well through the process?

This consultation attracted some media attention; several articles were published in April highlighting retirement village tenants concerns about an uncertain future in Council flats.

TIMELINE

2022

MAY

Decision made to keep all housing

SEPT

Normal rent rise for current tenants

New rent amount for new tenants

DEC

Draft Housing Strategy

Operating models options

2023

APRIL

Annual Plan consultation - rates increase

Revenue and Financing Policy consultation - public / private split

JUNE

Decision on rates increase

Decision on Revenue and Financing Policy

JULY

Rates increase applied (if approved)

SEPT

New rent amounts charged to current tenants

Every three years - review of budget forecasts with rates and rents amendments if required.

Meeting minutes:

Pensioner Housing Interview with

Nelson City Council

Date	Friday, 24 February 2023
Time	9.30am - 10 am
Location	Online
Attendees	Nicky McDonald (NCC), Ruth Allen, James McKibbin, and Rachel Worobiec (TPG)
Apologies	Charlotte Johnson (TPG)
Distribution	TBC

Strictly confidential

Discussion point and action

How was the housing portfolio performing before the review process?

The Nelson City Council Pensioner Housing portfolio was anticipated as a contingent liability, becoming problematic. Although maintenance was good and well managed, upgrading to regulatory standards was difficult and would become a burden to ratepayers. Rents were well below market levels and were not able to sustain the delivery of upgrades in addition to ongoing maintenance. The assets were generated for the community and as such Nelson City Council (**NCC**) was committed to retaining the assets or funds for further use in this regard.

Consultation processes, began with NCC stating its position to Government requesting advice. Government advice to consult with local Housing Providers and stakeholders i.e Age Concern , Nelson Tasman Housing Trust (**NTHT**) and Kainga Ora (**K.O.**). NCC engaged a local housing provider to manage the portfolio however this became too expensive to support the contract. Consultation with IRRS was considered.

What were the key motives in driving the decision making to retain/divest the portfolio?

Divestment driving motives;

Future financial sustainability

Meeting the needs of the community and tenants

The portfolio size, 142 units.
NCC unable to extend wrap around services to tenants.

Can you provide an overview of the adopted delivery method for your housing portfolio?
Realising the position and despite advice from MSD to sell to the private sector, NCC retained its key objective to 'meet the needs of the local community'. Discussions commenced with tenants, stakeholders, local housing providers, K.O, Local Government and a Wellington based Strategic Asset Consultancy company to establish a delivery method encompassing the key objectives.

- A continual process of consultation and engagement at every stage with tenants, stakeholders, and local housing providers with NCC. This included a hotline for tenants to NCC to discuss any concerns.
- A tender with constraints was developed and listed
- K.O. won the contract as it offered the most secure tenure to retain and manage existing tenants. They offered market value and were considered the most suited in terms of access to community wrap around services

What went well through the process?
Communication and consultation were exceptionally well delivered at each stage. This increased confidence in NCC transparent intent to ensure Community Housing provision was a key objective of the outcome. K.O won the tender contract and was agreeable to the terms of constraints. The portfolio sold for market value under the terms that the funds were 'ring fenced' for further local development work in community and social housing.

What didn't go well through the process?
There was anxiety from tenants and stakeholders. Preconceptions of tenants with transfer of management to another provider. K.O offered a different requirement for tenancy criteria and management to NCC. Due to the process duration, there had been a large change to K.O. board. NCC was required to recommence negotiations after the board changes and faced increased resistance from K.O. to acquire the portfolio.

Have your key objectives now been met?
Yes. Tenants have been surveyed and there was a resounding confidence in K.O. management. The units have also received upgrades.

Any other lessons learned?
It was a slow complex process. There were no examples of this being carried out in any other territories, so it was a custom-made approach, to the situation. Informing stakeholders and interested parties was a positive decision. This allowed transparency to the community and outcome support. It was important to have an up-to-date assessment of the portfolio condition. It is important to keep growing affordable local housing resources to retain and provide for essential workers. This also reaches into the effect on the local economy.

Due to the high levels of demand for additional housing, what role, if any, is Council taking to provide more housing?

Yes. NCC is working with several local housing providers. Habitat for Humanity provides a rent to own and social housing rental options. NTHT provide social housing rentals amongst other local smaller providers, keen to expand i.e., Abbeyfield.

Looking at a different type of portfolio, if Council had land available, would it collaborate with an external party, e.g., Kainga Ora, to construct and offer leasehold property, say a rent to own basis?

Yes, NCC is working with providers to utilise its land availability. NCC would deal directly with the provider. They would not oversee development, maintenance, or tenancy management.

Would you take on another portfolio in the future? If so, would you work collaboratively or independently. What criteria and limitations would be involved?

NCC would not manage any further portfolio's but is working collaboratively with other providers to increase the local housing pool utilising available Council land.

Additional Notes;
Further to these minutes Ruth will be sent additional information from Nicky.

Meeting minutes:

Christchurch City Council Pensioner Housing

Date	Wednesday, 22 February 2023
Time	2.00pm
Location	93C Cambridge Tce
Attendees	Lisa Washington (CCC Housing Liaison Officer), Charlotte Johnson (virtual) & Rachel Worobiec (TPG)
Apologies	nil
Distribution	TBC

Strictly confidential

Discussion point and action
How was the housing portfolio performing before the review process? Pre-Earthquake the Council owned 2649 units. 400 were lost to earthquake damage. The financial viability of stock was aging so required investment to manage maintenance. Council required several staff to manage the portfolio.
What were the key motives in driving the decision making to retain/divest the portfolio? In 2013 a regulatory authority was created for CHPs (Community Housing Providers). Being local government, Council was unable to apply as a supplier therefore viability of maintaining and management would become a long-term issue. Council was unable to provide any additional wrap around services to support the tenants. Earthquake damage and ensuing Healthy Homes requirements were creating additional duties Council were required to perform and the Property Team required additional staff capacity to manage this. A change from specific Pensioner Housing integrated to Social Housing proved another management obstacle.
Can you provide an overview of the adopted delivery method for your housing portfolio? Establishment of Otautahi Community Housing Trust (**OCHT**) was established by Council. The process was consultation with the community, stakeholders, and tenants. The feedback was utilised to develop OCHT, retain staff knowledge and expediate the transfer of properties to OCHT in three stages.

1. Shift of tenancy management and small maintenance requirements across to OCHT team.
2. Maintenance transfer once team had a pool of suppliers established to manage this work.
3. All major and minor management including some 40 Council staff transfers to OCHT completing transition (2021)

What went well through the process?

Consultation provided useful insights into community needs and concerns. This engagement provided OCHT with the information on area's they could include in the wrap around service provision which has evolved over time.

OCHT now provide support to tenants seeking employment, welfare, transportation, and wellbeing.

Formation of OCHT which provided a betterment of service provision and quality housing.

In turn OCHT has been able to expand utilising existing funding and developed more than 500 additional homes.

What didn't go well through the process?

Lisa became the Housing Liaison during the process of change. It was found the communication to stakeholders, staff and stakeholders with pertinent information was not relayed well.

Changes weren't well received by tenants, staff, and some stakeholders.

Lisa suggested an external change manager would have been advantageous through the transition.

Earthquake damage was difficult to navigate. EQC repairs were required to be undertaken by the original owner or forfeit the rights to repair. The Council was required to complete this work prior to handover to OCHT.

Have your key objectives now been met?

Yes, and it is because the entire process has focused on meeting these.

Council originally leased 1865 units to OCHT using the delivery method previously described. Moving the older assets and with the use of MHUD grants post transfer, OCHT has been able to increase the housing stock with a further 587 units owned by itself.

Council has ensured a sustainable and viable social housing entity for Christchurch.

Council is short 118 units of its original pre-quota.

Any other lessons learned?

Council was able to provide OCHT access to lending at reduced rates which was beneficial to both parties.

CHP size should be a consideration when transferring an existing portfolio. CHP capacity to service and manage the portfolio is a key consideration.

Due to the high levels of demand for additional housing, what role, if any, is Council taking to provide more housing?

OCHT are growing the Social Housing portfolio and Council are looking into other opportunities

Looking at a different type of portfolio, if Council had land available, would it collaborate with an external party, e.g., Kainga Ora, to construct and offer leasehold property, say a rent to own basis?

Yes, the Council are communicating through CHP channels such as Community Housing Aotearoa, where discussions on mixed tenure applications such as lease, lease to own, are discussed with multiple providers. They include Kainga Ora, Habitat for Humanity and local Runaka.

The Council has observed the Queenstown tenure model and community briefing outcomes. Applications are visible through GETS where the Council Procurement and Asset team manage and assess enquires regarding vacant Council land.

Would you take on another portfolio in the future? If so, would you work collaboratively or independently. What criteria and limitations would be involved?

It is unlikely the Council would solely undertake such projects however Council is actively working with CHP's to pursue further opportunities.

Additional Notes:

- Social housing portfolios are rates neutral.
- CCC/OCHT is the largest housing provider other than Kainga Ora.
- CCC has been collaborating with Wellington City Council to advise on the approaches applied in their portfolio transition to KPMG. (21 February 2023 Wellington City Council sets up housing trust to take over social housing | Stuff.co.nz)

Review of Pensioner Housing: Future Growth Opportunities Whangarei District Council

September 2024

The Property Group

Contents

Quality control

Document	Whangārei District Council: Future Growth Opportunities
Ref	719308
Date	27 September 2024
Prepared by	Sophie Randell, Senior Property Consultant
Reviewed by	Ruth Allen, Principal Urban Regeneration

Revision history

Revision	**Revision date**	**Details**	**Authorised**	
			Name/Position	**Signature**
1.0	05.08.2024	Draft	Sophie Randell, Senior Property Consultant	
2.0	29.08.2024	Response to comments	Ruth Allen Principal Urban Regeneration	RAllen
3.0	18.09.2024	Response to comments	Sophie Randell, Senior Property Consultant	
4.0	27.09.2024	Final	Sophie Randell, Senior Property Consultant	

Executive Summary

Scope of the assessment

The Property Group Limited (TPG) has been engaged by Whangārei District Council (Council) to provide a review of Council's existing Pensioner Housing Portfolio. The review is being undertaken over three stages and includes:

Stage 1: A review of how the portfolio is performing financially.

Stage 2: Identification of the needs of the tenants, how well the current portfolio is meeting these needs and testing options to grow the portfolio

Stage 3: Identification of future delivery options.

The purpose of this work is to assist in confirming the role Council will continue to play in the provision of pensioner housing within the district. It will also confirm the investment required and help to identify opportunities to work with others in the housing sector to support housing outcomes for older people.

Background

Like many districts throughout New Zealand, the need for affordable housing options for older people has increased substantially with an increasing number of people reaching retirement age without sufficient savings to continue renting in the private market. Not only has there been a clear increase in the need for affordable rental options for this age group, but Council is also the main provider of affordable rentals for pensioners, as Community Housing Providers (CHPs) within the district are focused on supporting other demographics.

Along with an increase in demand for housing from this cohort, the needs of this group have also changed with emphasis on accessibility, connectivity, diversity of housing stock coming through as key themes during the stakeholder engagement sessions.

The approach to the review

In April 2023 TPG delivered the Stage 1 report which was a desktop analysis to assess how Council's pensioner housing portfolio was performing both operationally and financially. The findings of this initial assessment confirmed that the portfolio was not self-funding and wholly reliant on rate-based funding to continue to operate. This report recommended that alternative operating models should be considered as part of growing the portfolio.

This is the Stage 2 report which builds on the work done in Stage 1 by considering how well the portfolio is meeting the needs of the tenants, confirmation of future needs and an analysis of future growth opportunities for the portfolio.

Stakeholder engagement has also been undertaken to help understand the current and future need for pensioner housing within the district.

Stakeholders are those involved in the wider provision of social and affordable housing in the district. Engagement was undertaken through a mix of workshops, one on one meetings and online surveys to understand the current and future needs of those 65 years and older within the district.

Best practice and the findings of the stakeholder engagement were used to shape the evaluation criteria used to understand how the existing villages were performing when considering the needs of pensioners in need of affordable housing within the district. For those sites that performed well through the evaluation process, an RMA planning review was completed to help understand the redevelopment potential.

Bulk and location modelling was completed to understand how the yield on 4 Amber Drive, could be increased whilst also meeting design outcomes to ensure the development met the current and future needs of tenants. Whilst yields were increased across the site, development costs were considered cost-prohibitive and would result in a significant increase in reliance on rate-based funding. Testing of a second, smaller Village located at 8-12 Coleridge Place was undertaken to understand the outcome of a lower scale development. This analysis demonstrated that a development of up to 10 single storey one-bedroom units could be undertaken within the parameters of Council's $3.84 Millon investment.

Financial analysis was then undertaken to understand the operating costs of increasing the portfolio size. The analysis demonstrated that whilst increasing the portfolio size does start to reduce the reliance on rate-based funding, a continued investment of rate-based funding is required under the current operating model. Investigating alternative opportunities for growing and operating the portfolio have been recommended

Summary of key findings

- **An ongoing and unmet need** - The stakeholder engagement confirmed that there is an on-going and increasing unmet need for affordable housing options within the district for those over 65 years old. An increasing number of people are reaching retirement age with insufficient funds to be able be able to sustain a market rental and therefore need rental subsidy.

- **Council is the main provider of affordable housing for pensioners -** Key stakeholders, including those involved in the provision of community housing noted that

Council was the only provider focused on providing affordable rentals for this cohort within the district.

- **The Portfolio does not currently meet accessibility needs** - With an increasing number of people requiring accessible housing options, the existing portfolio does not meet accessibility standards. The council should look to meet accessibility standards in any retrofit or redevelopment projects.

- **The Portfolio does not provide the diversity in housing options needed** - The portfolio does not provide diversity and housing choice to meet the differing and changing needs of pensioners. Whangārei has a diverse population and ensuring the portfolio is designed to meet the needs of different ethnic groups is an important consideration when considering portfolio growth.

- **Costs of running the portfolio will increase over time** - As demonstrated through the financial modelling under the current model, Council will face issues with its ability to both continue to deliver the current units as well as any portfolio growth without a high reliance on increasing ratepayer funding. Council will face funding issues with both development costs and the ongoing subsidy required to operate the portfolio under the current rent setting approach.

- **Redevelopment of one of the villages is a potential option, but would not result in a significant increase in the number of units provided and alternative sites for expanding the portfolio should be considered** – The investigation of the re-development potential and development costs at two of the villages has demonstrated that a small-scale (single level, one bedroom apartments) development of up to 10 units could potentially be undertaken for the $3.84 Millon investment set aside by Council. It is recommended that consideration be given to undertaking this on other vacant land owned by Council as the net gain in units through redevelopment of a site (i.e. factoring those existing units lost) is not considered a cost-effective approach.

- **Consideration of a shift in operating models is required to support financial sustainability** - The results of the financial analysis and investigation into the costs associated with redevelopment provided in this assessment have demonstrated that a shift in operating model and/or investigation into additional funding sources will be required to support expansion of the portfolio and service offering.

Recommendations

Based on the review of the portfolio's current performance, and alignment with Council's long term housing objectives, we recommend Council further explores the following:

1. **Operational efficiencies** - The analysis has demonstrated that, in the short-term, work is required to ensure that the operation of the portfolio under the current model can be retained within the LTP target of 80% funded through rent. This could include a review of the rent setting policy or a review of efficiencies that could be gained in the portfolio's operation. This should be undertaken alongside consideration of future opportunities to grow the portfolio.

2. **Consideration of alternative portfolio expansion options** - this analysis has demonstrated that undertaking a redevelopment of one of the villages, even with the capital investment by Council, is currently cost prohibitive due to high development costs. It is recommended that alternative methods for expanding the portfolio are considered including:

   - Consideration of either purchasing new units delivered by others that are suitable for inclusion in the portfolio or entering into a partnership with the private sector to acquire new units as part of a mixed tenure development (potentially through the use of other Council owned land).

   - Consideration of how the sale of some of the villages, currently not meeting the needs of tenants, could work towards generating additional funding towards expanding and improving the quality of the remainder of the portfolio.

   - Consideration of how an alternative operating model and/or partnership with a CHP could improve the financial performance of the portfolio through access to government Income Related Rent subsidies meaning that more of the rate-based funding could be allocated to increasing the portfolio size and quality/diversity of the houses provided (this forms part of the recommendation 3 below)

3. **Investigation into alternative operating models -** There are a range of options available to Council to consider that balance the financial sustainability of the portfolio, continuing to support pensioner housing outcomes and facilitating the expansion of the portfolio. These different operating models include different options for working alongside a Community Housing Provider (CHP) who can access Government Income Related Rent Subsidies for each tenancy and an operating supplement to cover additional operating expenses.

4. **Continued engagement with stakeholders** - Council should ensure that they continue to engage with key stakeholders to make sure portfolio growth meets the needs of pensioners within the district.

1. Introduction

1.1 Purpose

The Property Group Limited has been engaged by Whangārei District Council to prepare a review of Council's Pensioner Housing Portfolio, its current operations, and its future delivery options.

The review is undertaken with consideration of the current provision for pensioner and community housing in Whangārei and a housing sector which is under increasing pressure to meet growing demand for affordable housing across New Zealand.

This phase of the project includes a review of each of the villages. It aims to identify which sites are suitable for ongoing delivery of pensioner housing, which sites have the potential for redevelopment to increase supply, and which sites are not well located and present a divestment opportunity either to the market or a community housing provider.

1.2 Approach

We have used the following methodology to undertake this review:

1. Stakeholder Engagement to understand from key stakeholders what the housing needs are for pensioners in the district and the role the Council's housing portfolio plays in supporting these needs. Engagement was carried out through a combination of one on one interviews, group workshops, and online surveys for those who couldn't make the in-person sessions. Council has carried out engagement directly with local hapū representatives.

2. Informed by best practice and the output of the stakeholder engagement, site evaluations have been carried out to determine which villages are best suited to retain, develop and divest. All 16 villages have been evaluated and ranked/prioritised for further site due diligence.

3. For the five sites identified as having redevelopment potential, TPG carried out an RMA planning review to understand yield potential.

4. Bulk and location and project costings were carried out relating to the redevelopment of 4 Amber Drive and 8-12 Coleridge Place.

5. Financial modelling has then been carried out for the portfolio to understand implication on the financial performance of the portfolio based on the outcome of the redevelopment of 4 Amber Drive.

2. Overview of the Current Service Provision

2.1 Existing portfolio

Council's Pensioner Housing Portfolio consists of 164 units. The table below summarises the number of units at each location:

TABLE 1: COUNCIL'S EXISTING PORTFOLIO SUMMARY

Existing Portfolio Description					
Name	**Address**	**Studio/bedsit units**	**Single units**	**Two bed units**	**Total**
Kamo	62 Clark Road	-	8	-	8
	190 Kamo Road	-	18	-	18
Tikipunga	4 Amber Drive	-	14	1	15
	8-12 Coleridge Place	-	8	-	8
	196-222 Corks Road	-	14	-	14
	89 Kiripaka Road	-	6	-	6
City	43 Maunu Road	-	13	-	13
	48 Maunu Road	-	9	1	10
	142 Maunu Road	-	17	1	18
	72-80 Mill Road	11	5	1	17
	21A Otaika Road	-	8	-	8
	26 Te Mai Road	-	9	-	9
Onerahi	21 Bloomfield Place		11	1	12
Hikurangi	1 Alfred Street	-	4	-	4
	45A George Street	-	2	-	2
	7 King Street	-	2	-	2
Total					**164 Units**

3. Stakeholder Engagement

3.1 Stakeholder engagement overview

Stakeholder engagement was a key element of this review in order to ensure that we engaged with those involved in housing provision within the district, as well as those who represent the pensioner cohort.

Through a mix of one-to-one interviews, workshops, and online surveys, TPG gathered information about how Council's current approach to housing is working. This included key challenges for housing within the district, as well as gathering feedback about how Council can improve its service and housing offering going forward.

The approach included meeting with the following stakeholders:

- **One-to-one meetings with the following Government agencies online via Teams:**
  - The Ministry for Housing and Urban Development (MHUD)
  - The Ministry for Social Development (MSD)
  - Kāinga Ora (KO)
  - Te Puni Kōkiri (TPK)
- **One-to-one meetings with the following Community Housing Providers and Retirement Villages online via Teams:**
  - Habitat for Humanity
  - Whangārei Accessible Housing Trust
  - Far North Holdings Limited
  - Te Hau Āwhiowhio ō Otangarei Trust and Otangarei Papakāinga Limited
  - Whangārei A&P Society
  - Stonehaven Retirement Village
- **A workshop held with Council advisory groups, which included representatives from:**
  - Positive Aging Advisory Group
  - Multi-Ethnic Collective
  - Disability Advisory Group
- **A workshop held with local Community Housing Providers (CHPs) and advocates, which included representatives from:**
  - Whangārei Accessible Housing Trust
  - Tai Tokerau Emergency Housing Charitable Trust
- **A survey sent to those who were unable to attend the workshop and responses were received from:**
  - Anglican Care Centre
  - ASAP Trust
  - 155 Whare Awhina
  - Fale Pasifika Tai Tokerau
  - Saorsa Retirement Village

- Northland Urban Rural Mission (NURM)

- **Council engaged separately with local hapū representatives on the project.**

3.2 Summary of stakeholder's role

Based on the information gathered through stakeholder engagement, the following table provides a summary of how other government agencies and housing providers are involved across the district.

TABLE 2: SUMMARY OF STAKEHOLDERS INVOLVEMENT IN THE DISTRICT

Stakeholder	Current role in the district
MHUD	MHUD's role in the district is to provide CHPs and other providers with funding support. The funding envelope is allocated 80% to Kāinga Ora and 20% to CHPs. With the recent change in Government there will be a re-balance of settings to enable CHPs to scale up. At the time we meet, MHUD were waiting on clarity as to what funding will look like under the new Government. At an operational level, MHUD is working with Kāinga Ora and the CHP sector to deliver housing in Whangārei. The key focus has been on increasing the supply of emergency and transitional housing within the district as this has been the area of the housing continuum which has been experiencing the highest need. Although recent focus has been on emergency and transitional housing, MHUD see demand as high across the housing continuum in Whangārei. The funding which has been allocated to the district under the public housing plan has not been exhausted as applications received by MHUD from CHPs have often not stacked up for various reasons. A more collaborative approach would have a positive impact on housing supply within the district with providers working together, rather than competing for the same resources.
MSD	MSD's role is to assess people's need for housing support and calculate their income related rent subsidy which allows people to be added to the public housing register where eligible. MSD also provides financial subsidies for eligible people and has its own housing navigators to support people to secure housing. Through this process MSD have noticed both affordability and availability issues increasing in the district.

Stakeholder	Current role in the district
	MSD are seeing an increase in need for youth housing right through to pensioner housing. Some form of housing for pensioners in the district is critical. As a result of the local government reform there is likely to be a push for Councils across the country to become social services providers. MSD believe when considering locations for pensioner housing, these should be in locations close to amenity such as supermarkets and healthcare.
Kāinga Ora	Kāinga Ora's regional plan is based on providing housing in locations close to amenities and jobs and as a result development is planned in the main centres within the region (Kaitaia, Kaikohe, Kerikeri, Whangārei, Ruakaka, Kawakawa). Kāinga Ora's focus is to increase supply and meet financial metrics. Kāinga Ora aims for 3:1 uplift in supply when redeveloping existing sites. Kāinga Ora's data shows that 22% of customers are 65 years or older and 50% are solo parents. The proportion of older customers is increasing with many aging out of the workforce with no assets. Māori customers make up 75% of tenancies (compared to 30% nationally). Of Kāinga Ora's customers over 65 years approximately 50% have a physical disability of some sort and therefore building accessible housing is important. Kāinga Ora has an undersupply of 1–2-bedroom homes in the region and is looking to address this through new supply. Kāinga Ora acknowledges that they can't adequately meet demand for pensioner housing in Whangārei and Council play an important role in meeting demand through the pensioner housing portfolio.
Te Puni Kokiri	Te Puni Kokiri (TPK) is the Government's principal policy advisor on Māori wellbeing and development. TPK sits on the regional Whai Kāinga Whai Oranga working group which includes representatives across different government agencies. Government is focused on providing safe, secure, and warm housing which is a whānau ora approach and should be considered with all housing projects. TPK note that housing is a huge issue for kaumātua with many reaching retirement age with no home, with many having sold their homes and/or land. Lack of intergenerational support or elder abuse often results in

Stakeholder	Current role in the district
	kaumātua not having suitable housing options. The model of having villages only for the elderly is seen as positive with many social issues in the district and safety and security is a major concern for those 65 years and older.
Habitat for Humanity	Registered CHP Habitat for Humanity delivers housing within the region. The Auckland and Northland branches have amalgamated and are able to use the balance sheet from Auckland to fund new housing in Northland. Habitat are focused on new housing in Whangārei and Kerikeri with 120 houses in the pipeline between these two locations. Habitat uses both build-to-lease and build-to-own models. All dwellings are designed to be accessible. Habitat for Humanity works with partners on developments and they are currently working with Far North Holdings who they have found to be a great partner as they are a big player in housing in the Far North.
Whangārei Accessible Housing Trust	The Trust was established in 2006 through the need from CCS Disability Action (CCS) for the provision and management of units for people with accessibility issues. The Trust is now fully self-funded and no longer a subsidiary of CCS. As a registered CHP the Trust received income related rent subsidy (IRRS) funding but do not receive any additional funding streams. The Trust have been able to grow their portfolio size through CHP registration and access to IRRS. Due to their size, the Trust can never fully meet the needs of people with disabilities themselves, so they are actively looking at other potential partnership opportunities whether these be through developers with CHPs such as Habitat for Humanity. The challenge that the Trust has experienced when looking to partner on larger development is that they require a larger footprint than other providers given the accessible design features of their homes. When developing, the Trust doesn't look to develop too many units on one site (e.g. only 3 units) as this provides a good outcome for their tenants as they get support from neighbours, but tenants still retain a high degree of independence.

Stakeholder	Current role in the district
Far North Holdings	Far North Holdings Limited (FNHL) is a Council controlled trading organisation (CCTO) that operates for the purpose of making a profit. The organisation participates in affordable housing through its subsidiary Far North Housing and is an approved direct leasing partner with MHUD. FNHL are currently working on a project with Te Hau Ora O Ngāpuhi (THOON) to deliver 1-, 2- and 3-bedroom homes in Kaikohe with financial support from MHUD. All properties will be managed by THOON as the registered CHP and FNHL have provided property development expertise and support, along with co-ordinating the project from design, consenting, construction through to completion. FNHL own ten 1-bedroom homes in the first stage and will own fifty homes in the next stage within this JV project. FNHL is involved in many housing developments across the district where they act as developer and partners with CHPs and Iwi to manage the tenancies.
Whangārei A&P Society	Whangārei A&P Society (A&P) have been managing the Council's pensioner housing portfolio for around 30 years. The role includes tenancy management and maintenance for the portfolio. A&P also manage the Masonic which is a rental retirement village also located in Whangārei. Staff shared that demand has remained steady for the units, but applicant circumstances have worsened e.g. more people living in cars over recent years. Although A&P staff refer many applicants through to Kāinga Ora they don't want to apply for public housing because of the stigma attached, and the social issues in Kāinga Ora housing (they feel they are too old and vulnerable to be living in KO housing). Applicants can be picky with location and like to be close to the hospital and supermarket. Residents tend to like their own gardens over communal gardens but find it hard to maintain these as they age. At the time of our interview the current waitlist was 32 for the 1 bedroom and 9 for the 2 bedrooms. It is important to note that this is not a true reflection of demand as many don't both joining the waitlist due to long wait times. Considerations for new homes would include wider hallways, area for hobby (half room off lounge) parking and charging for electric cars,

Stakeholder	Current role in the district
	increasing number of PowerPoints. Many of the existing residents like the fact that the villages are only those 65 years and older and it makes them feel safe.
Stonehaven Retirement Village	Stonehaven is a retirement village with 42 units located rurally (20 minutes out of Whangārei). The village was developed by WDC in the 1960s and is a mix of owner occupiers (26 units) and affordable rentals (16 units). There is high demand for the rental units within the Stonehaven Village with a growing number of those over 65 still renting. Stonehaven is a charitable trust and rent is increased only by CPI. It was noted that there are gaps in terms of mental health support services for older people and not enough ages care beds to meet demand.

The following section provides a summary of the key points that were raised through interviews with government stakeholders.

3.3 The housing need from the perspective of government stakeholders

An increasing and unmet need for affordable housing for pensioners

It was acknowledged through the interviews that there is a growing need for affordable housing options for pensioners. When weekly rent costs far exceed the superannuation, it makes renting a property in the private market unachievable for a large proportion of the pensioners.

Insufficient information available to confirm the demand

Stakeholders noted that there is hidden demand as pensioners are often living in unsuitable housing arrangements and are not always on the public housing waitlist. There is a hidden demand for housing from retirees with marginal incomes or few assets to support them. When people are told that there are long wait times for units within Council's portfolio, they may decide not to complete an application and therefore aren't recorded as having a housing need.

There is an affordability issue in the district.

Ministry of Social Development noted that rents have increased in the district to a point where pensioners are unable to sustain market rents. The result of this is that pensioners will often live in unsuitable housing situations and there will be people over the age of 65 having to continue to work to afford rent. The district has a well-documented homelessness issues with many of this group being over 65 years old.

Limited diversity in current pensioner housing portfolio

It was noted that the current portfolio does not provide diversity to meet the needs of a range of needs from this demographic. It was noted that none of the units are fully accessible.

A need for smaller housing typologies and diversity in the housing stock

Kāinga Ora explained that 1–2-bedroom homes are required in the district to meet demand but delivering 1-bedroom homes has been a challenge due to the feasibility of construction and District Plan provisions. Building 2–3-bedroom homes are more viable. Kāinga Ora acknowledges that they can't adequately meet demand for pensioner housing in Whangārei and Council play an important role in meeting demand through the pensioner housing portfolio.

3.4 The housing need from the perspective of community housing providers

There is increasing demand for public housing for older persons.

All housing providers interviewed have observed an increase in demand for housing that it suitable and affordable for pensioners.

No CHPs currently focused on housing for those over 65 years old

There are currently no CHPs within the district focused on providing housing to those people over 65 years of age. Council's pensioner housing portfolio and the Maunu Masonic Village are the main providers of older persons housing within the district providing below market rentals. Demand within the district cannot be met through the existing portfolios and no one we interviewed was focused on increasing supply of 1-bedroom units within the district.

Homelessness is an issue within the district.

Homelessness is a well-documented issue within the district and those 65 years and older are overrepresented in this group. Many people are reaching retirement with insufficient savings to be able to sustain a market rental. This issue has increased due to the rising costs of rentals within the district.

3.5 Local Advisory Group workshop

The purpose of the workshop with local advisory groups was to understand the current housing challenges for pensioners, those with disabilities and those from different ethnic groups.

The participants were engaged and willing to be part of the review process and it is recommended that Council continue to work with participants throughout delivery of improvements to the portfolio into the future. A summary of the outcomes of the workshop is provided below.

Current challenges to be addressed within the portfolio.

In summary the workshop participants identified the following key challenges for provision of the pensioner housing portfolio.

TABLE 3: SUMMARY ISSUES IDENTIFIED IN THE WORKSHOP WITH CURRENT PROVISION OF PENSIONER HOUSING

Issue identified	Summary
Insufficiency of supply	Demand exceeds supply for affordable housing options for those over 65 years. There are a growing number of people over 65 who are either living in undesirable situations or homeless because of the lack of affordable housing options within the district.
Housing security is important	The insecurity of tenure is a stressor for older people. It is important that pensioners feel they have security of tenure and confidence that rent will not increase to a level where it is unsustainable for them to maintain a tenancy. It is also important that whilst villages should feel secure to residents they also feel like part of the wider community.
High level of amenity should be considered	People are living longer, so units need to enable and provide for the housing requirements associated with aging. This includes: • safe open spaces with seating. • Mix of housing and amenities to create community that helps with social connection. • Seniors may start as a couple but over time become single. • Provision for walkable areas and seating. • Good access to transport. • Close proximity to health centres, shops and services.
Increased diversity in the housing stock	The current portfolio does not meet the needs of different ethnic groups. The local advisory groups would like to see bidets and prayer rooms a consideration for future developments.

Lack of accessible housing	The number of people with disabilities is growing and there is a lack of housing options for this group. People are living longer, and a larger percentage have physical disabilities which does not align with the current housing stock within the district. New supply should be built to life mark standards to ensure there is an increase in accessible housing options for pensioners.

3.6 Local Advocacy Group workshop

The purpose of the community workshop with Local Advocacy Groups was to understand the current housing challenges for pensioners from the perspective of those working with this group providing support to help secure and sustain accommodation.

The participants were a mix of support workers and CHPs and provided good input understanding the range of challenges this cohort face. A summary of the outcomes of the workshop is provided below.

Current challenges to be addressed within the portfolio.

In summary the workshop participants identified the following key challenges for provision of the pensioner housing portfolio.

TABLE 4: SUMMARY ISSUES IDENTIFIED IN THE WORKSHOP WITH CURRENT PROVISION OF PENSIONER HOUSING

Issue identified	Summary
Affordability is a major issue	There is a lack of affordable housing options for pensioners in the district. There is a large group of people who may not be eligible for IRRS and public housing but are unable to sustain a market tenancy once they retire. Security of tenure is important for people to feel like their rent won't increase over an amount they can afford, and they have security around their rental long term which is a large concern for many renting in the private market.
Location is important	It is important that villages are in areas which are close to public transport, amenity and have good footpaths and cycleways (for mobility scooters).

Wrap around support important	There is work to do on improving wrap around support for pensioners. Ensuring tenants have access to healthcare, welfare checks, and pastoral care was raised as being important.
Social isolation an increasing issue	Ensuring units and villages are designed in a way which allows residents to connect with other residents within their village and feel connected to their wider community.
Design to be accessible and useable	When designing units its important consideration is given to the following: - Design to lifemark - Parking - Communal space - Visitor spaces/caregivers - Wide hallways/ handles (make this part of any new builds (oversized doors) - Level surfaces (no steps) - Wet area bathrooms - Ramps - Unit design allows for to the ability to adapt to tenants needs.

Prioritising the review criteria

The below key points came out of the stakeholder engagement and have provided guidance in developing the site evaluation criteria.

TABLE 5: SUMMARY OF KEY CRITERIA FROM WORKSHOP

Main Criteria	Sub Criteria
How does the portfolio ensure security of housing tenure?	• Enable 'age in place'. • Physically safe. • Privacy for residents. • Healthy home to live in.
Diversity in housing and typology	• Units to meet different cultural needs. • Green space and community gardens needed. • Need to be resilient.

Proximity to services	• Close to shops and amenities • Public transport • Medical centres • Walkable – access to cycleways and good footpaths
Design and accessibility.	• Universal design • Handrails • Steps need to be usable for elderly • Accessible entry to site and units.
Quality	• Build to current standards / code (e.g., showers are critical) • Flexible housing to accommodate carer or family member staying over night • Accessible housing and bathrooms
Support services	• Well connected to wrap around support services
Community village	• Build a community • Connected

3.7 Engagement with hapū

Council staff led engagement with hapū to feed into this review. This included:

- Attendance at Te Huinga hui on the 30th of November. At the hui an overview of the review was provided, and members were invited to share feedback either from a personal perspective or from a hapū perspective.
- Following on from suggestions provided at the hui, interviews were held with two tenants living in affordable rentals at a retirement village, a family member of one individual living in a pensioner housing unit, and a hapū representative who was seeking to work with Kāinga Ora to prioritise housing for local kuia/kaumātua.

The following table summarises the feedback received.

TABLE 5: SUMMARY OF FEEDBACK RECEIVED FROM HAPŪ ENGAGEMENT

Feedback from hapū	Summary
Funding needed for papakāinga housing	Providing funding to hapū to build intergenerational papakāinga housing is needed.
Opportunities for building housing for older adults in places with high Māori populations	There is value in supporting kuia/kaumātua in Māori communities, and Council should consider opportunities for building housing for older adults in places with high Māori populations such as Ōtāngarei.
An understanding of Tikanga processes is important	It is important it is for staff working in the housing portfolio to have a solid understanding of tikanga Māori and being able to support tikanga processes and can support/facilitate those processes
Connection to community is important and the need for proximity to whanau,	It is important that tenants remain connected to their community and whānau. The proximity of affordable rentals and retirement villages to the main township provides opportunities to maintain their social connections. There needs to be consideration of this in the design of new villages. For example, shared garden spaces or places for tenants to congregate and connect such as shared external verandahs or shared internal facilities.
Cultural needs are not currently met	Māori tenants felt that their cultural needs are not catered to. Meeting these needs could look like, mokopuna being able to use shared spaces when visiting, and whānau being able to stay the night as standard practice. Providing opportunities to showcase Māori culture within the villages is important.
Wrap around services are needed	Wrap around support and services were raised as being needed. For example, having someone who visits and checks in on tenants from a wellbeing perspective (similar to plunket nurses).
Willing to work with Council to explore partnership opportunities	There was a willingness to work with Council to explore partnership opportunities.

4. Site Evaluations

4.1 Site Evaluation Criteria

Site evaluation criteria was developed to determine which sites within the Council's 16 pensioner housing villages across the district are the most suitable for redevelopment. Establishing the quantitative and qualitive criteria was completed by considering both best practices and incorporating feedback provided from stakeholders engaged throughout the review process. Each criterion is weighed based on its importance when determining the best village for redevelopment. Once developed the criteria was agreed to with Council before assessing the sites against the criteria.

The below table provides an overview of the evaluation criteria and associated weighting.

TABLE 6: PENSIONER HOUSING VILLAGES - SITE EVALUATION CRITERIA

Ranking	Criteria	Description	Weighting
1	**Proximity and access to amenity and services** - Within 400m to shops and medical centres (current and proposed). - Accessibility to site is free of impediments that can't be addressed. - Within 200m of public transport - Within 500m to parks and walkways. Is access to local amenity safe, i.e., condition of footpaths, bench seats for rests, street lighting, street crossings. - Does the site provide residents the opportunity to feel connected to the community and provide a good outlook.	Close to local amenity i.e., walking distance to shops, medical centres, public transport, parks, and walkways.	20%
2	**Site Resilience** - Is the site on a flood plain or within a tsunami evacuation area	Considering if the site is in a flood plain or tsunami evacuation area, a fault line or if there is any Geotech issues/hazards identified through the desktop assessment using the mapping tool. Tsunami	15%

Ranking	Criteria	Description	Weighting
	- Are there any geotechnical issues with the site - Is the site on a fault line - Any hazards across or near the site.	Pass/Fail Criteria where the risk cannot be mitigated. Climate change considerations should be considered.	
3	**Zoning**	Does the current and/or proposed zoning allow for increased density on the site. Sites which can achieve a higher density in the permitted base line will score higher.	15%
4	**Developability- Site Contours** - Does the site have suitable contours for development, sites with contours over 10% will score lower. - Is access from the road up/onto the site safe and easy. - Is vehicle access onto the site safe and well designed (i.e., away from corners/busy roads).	Is access to the site and the site itself flat and a suitable contour for pensioner housing. i.e., If contours are above 5-10% it becomes more costly to develop and less accessible for elderly tenants.	5%
5	**Developability- Site Capacity** - Is the site a good size for development. - Is there capacity to further develop site without removing existing units. - Is the site shape and access desirable for development. - Is there opportunity to acquire neighbouring sites/work with partners with larger development projects (e.g., CHPs or Govt).	Is the size and shape of the site suitable for development. Consider surrounding sites with opportunities or adjoining sites with reverse sensitivity issues. E.g.: wastewater treatment plant buffer zone. Note the importance to consider the balance between a connected and vibrant site vs retaining privacy with the units. Perhaps something to consider in the design options for the site.	15%
6	**Developability – Infrastructure**	Does current and/or planned infrastructure to the site support further development.	15%

Ranking	Criteria	Description	Weighting
7	**Location**	Area in which there is a high demand for affordable housing for the pensioner cohort. Ensuring that future development is in geographical locations which line up with current and projected demand for the 65+ population in need of affordable rental accommodation.	10%
8	**Condition of current dwellings** - What condition are the current units in. - How much has been spent on upgrades/ forecasted to be spent. - Does the internal & external layout/accessibility meet the needs of the cohort? Could Council retrofit with ease/in a financially viable way.	Once a shortlist of sites is determined, consideration will then be given to the condition of the existing dwellings on that site. What is the recent and forecasted CAPEX for the units. Do the units meet current and future needs of the target cohort. I.e. does the layout/size work well, are they well designed internally to meet tenants needs and are dwellings set out well on site to provide both privacy to residents and opportunities to interact with other tenants. Sites that are well designed with units in good condition would not be rated as highly for redevelopment.	5%

4.2 Site Evaluations

Table 7 below presents the scoring of each site against the agreed site evaluation criteria. The evaluation is attached to this report as **Appendix One** and includes additional commentary for each site and criterion, which explains why each site scored what it did for each criterion.

TABLE 7: THE TOP FIVE SITES

Ranking	Address	Score
1	4 Amber Drive, Tikipunga	93/100
2	8-12 Coleridge Place, Tikipunga	90/100
3	196-222 Corks Road, Tikipunga	90/100
4	48 Maunu Road, Avenues	86/100
5	21 Bloomfield Place, Onerahi	85.5/100

TABLE 8: SITE EVALUATION SUMMARY

	Criteria	*Overall Weighting*	*62 Clark Rd, Kamo*	*190 Kamo Rd, Whau Valley*	*4 Amber Dr, Tikipunga*	*8-12 Coleridge Pl, Tikipunga*	*196-222 Corks Rd, Tikipunga*	*43 Maunu Rd, Avenues*	*48 Maunu Rd, Avenues*	*142 Maunu Rd, Woodhill*
1	*Proximity and access to amenity and services*	**20%**	15	15	15	10	15	20	20	20
2	*Site Resilience*	**15%**	10	12.5	15	15	15	12.5	10	2.5
3	*Zoning*	**15%**	15	10	15	15	15	15	15	10
4	*Developability - Site contours*	**5%**	5	5	5	5	5	2	4	3
5	*Developability - Capacity of site for development*	**15%**	10	5	15	15	12.5	5	12.5	12.5
6	*Developability - Infrastructure*	**15%**	15	10	15	15	15	15	15	10
7	*Location*	**10%**	7.5	10	10	10	7.5	7.5	7.5	7.5
8	*Condition of current dwellings*	***5%***	2	1	3	5	5	5	2	2
	Total score	**100%**	**79.5%**	**68.5%**	**93%**	**90%**	**90%**	**82%**	**86%**	**67.5%**

	Criteria	*Overall Weighting*	*72-80 Mill Rd, Kensington*	*21A Otaika Rd, Woodhill*	*26 Te Mai Rd, Woodhill*	*21 Bloomfield Pl, Onerahi*	*1 Alfred St, Hikurangi*	*45A George St, Hikurangi*	*7 King St, Hikurangi*	*89 Kiripaka Rd, Tikipunga*
1	*Proximity and access to amenity and services*	**20%**	17.5	15	15	15	5	5	5	10
2	*Site Resilience*	**15%**	15	10	10	12.5	15	2.5	15	10
3	*Zoning*	**15%**	10	10	10	15	10	10	10	10
4	*Developability - Site contours*	**5%**	4	3	4	5	5	5	3	5
5	*Developability - Capacity of site for development*	**15%**	12.5	5	12.5	12.5	5	5	2.5	5
6	*Developability - Infrastructure*	**15%**	10	10	10	15	15	15	15	10
7	*Location*	**10%**	10	7.5	7.5	7.5	5	5	5	10
8	*Condition of current dwellings*	***5%***	5	1	1	3	5	2	3	5
	Total score	**100%**	**84%**	**61.5%**	**70%**	**85.5%**	**65%**	**49.5%**	**58.5%**	**65%**

4.3 RMA Planning Review

The five sites that scored the highest on the evaluation were taken to the RMA planning review stage where an assessment of the sites against the Operative District Plan (2021) was completed. The purpose of this stage is to understand the ease at which additional development or redevelopment of the sites can be completed, based on District Plan development restrictions. This was a high-level assessment, and the full assessment is attached as **Appendix Two** to this report.

A summary of the findings of the assessment are presented here:

- All five sites are in the Medium Density Residential Zone (MDRZ) under the operative District Plan and have the same or similar general development standards (e.g. building heights, setbacks, site coverage, net floor areas for residential units etc.).

- The MDRZ supports multi-unit development for residential use, including pensioner housing and all five sites are considered a low-medium consenting risk for additional development or total redevelopment.

- The sites are differentiated from one another, from a planning perspective, by their respective natural hazard overlays and relevant roading hierarchies. These include mining hazards, flood and landslide susceptibility, acid sulphate risk area, roading hierarchies and road protection areas.

- 48 Maunu Rd is within a 'Strategic Road Protection Area' which restricts the extent of development and may present challenges for redevelopment activity. Under Plan Change 1, the site is also within the moderate susceptibility to land instability area, and flood hazard extent.

- The opportunity to expand 21 Bloomfield Place into the adjacent reserve for residential activity is a non-complying activity. A resource consent would be difficult to obtain under this activity status and unlikely without a change to the zoning of the reserve (notwithstanding possible legal constraints due to the land being recreation reserve). We recommend Council does not consider this option further. The site is also within the moderate to high susceptibility to land instability area.

For these reasons, it was recommended that 48 Maunu Rd and 21 Bloomfield Rd be eliminated from further assessment and 4 Amber Drive, 8-12 Coleridge Place, and 196-222 Corks Rd progress to Task 4 (Bulk and Location Testing). After consultation with Council the decision was made to only test 4 Amber Drive initially.

A summary of the RMA planning assessment for the five sites is provided in Table 9. The three sites which were proposed to be included in the Bulk and Location Testing stage are shown below.

4 Amber Drive

8-12 Coleridge Place

196-222 Corks Rd

TABLE 9: RMA PLANNING ASSESSMENT SUMMARY TABLE

	4 Amber Drive	8 – 12 Coleridge Place	196 – 222 Corks Road	48 Maunu Road	21 Bloomfield Place
Site evaluation score	93%	90%	90%	86%	85.5%
Zone	Medium Density Residential	Medium Density Residential	Medium Density Residential	Medium Density Residential	Medium Density Residential
Zone overlays and notations (operative Plan)	• Roading hierarchy (access road and low volume) • Mining Hazard Area 3 • Low landslide susceptibility	• Roading hierarchy (low volume road) • Mining Hazard Area 3	• Roading hierarchy (arterial road) • Low landslide susceptibility	• Road hierarchy (arterial road) • Strategic Road Protection Area (2m) • Flood Susceptible Area • Acid Sulphate Area	• Road hierarchy (low volume access road) • Medium and High Landslide Susceptibility
Zone overlays and notations (proposed Plan Change 1)	• Mining Subsidence Hazard Area	• Mining Subsidence Hazard Area	N/A	• Moderate Susceptibility to Land Instability • Flood Hazard – 100-year Climate Change Extent.	• Moderate to High Susceptibility to Land Instability
Other comments	Mining hazard requires Geotech survey and report from a SQEP to show the site can accommodate 100m2 building suitably and risk of subsidence is not increased by building activity.	Mining hazard requires Geotech survey and report from a SQEP to show the site can accommodate 100m2 building suitably and risk of subsidence is not increased by building activity.		Building line restriction based on strategic road protection area limits developability. Site has more hazard overlays than others (flood and acid sulphate) and moderate to high land instability under PC 1.	Residential activity in the adjacent reserve is a non-complying activity. Site has a moderate to high land instability rating as opposed to low at other sites.
Recommend progressing to bulk and location?	Yes	Yes	Yes	No	No

NB: Site constraints may require preliminary site investigations to confirm their extent and impact on developability.

5. Assessment of redevelopment potential

As outlined above, the review of each of the villages against the site evaluation criteria and the Operative District Plan requirements has identified that four of the villages are well located to meet the needs of the tenants. One of the commitments made by Council in 2022 is to invest approximately $3.84 million into the portfolio to support Council's commitment to increase the service provided. This has been reflected in the 2024 Long Term Plan which provides for investment in the portfolio over 4 years.

One option to be explored is whether this investment could be used to redevelop an existing site or other council owned land to both improve the quality of the housing provided and the number of tenancies available. To inform Council decision making about how best to invest in the portfolio, an assessment of the re-development potential at 4 Amber Drive was undertaken. The results of this analysis demonstrate that the anticipated development costs to re-develop 4 Amber Drive far exceed the $3.84 million set aside to invest. To establish what level of redevelopment could be achieved, additional analysis of a lower scale redevelopment option has also been undertaken using the site at 8-12 Coleridge Place as a test case. An overview of this assessment is provided in the following sections.

5.1 Development potential of 4 Amber Drive

Currently the Amber Drive site provides 15 attached single storey units (14 one-bedroom units and 1 two-bedroom unit). A design exercise was undertaken to determine the maximum yield that could be achieved under the current district plan provisions when the density is pushed to allow for a walk-up apartment style development. The bulk and location plan included below illustrates the result of the design analysis. It demonstrates that up to 9 additional units can be achieved through redevelopment of the site.

The design exercise aimed to identify the highest yield achievable whilst ensuring an optimal site layout is achieved including the following considerations:

- Minimum floor areas are achieved (at least 35m^2 for one habitable room).
- Units and living courts arranged for optimum solar access, with living areas facing north.
- Private open space is provided for each one-bedroom unit: providing a minimum 20m^2 courtyard for each ground floor unit and a minimum 4m^2 balcony for above ground units.
- Providing one car park per unit and consolidating space for car parking to maximise space for communal open space and amenity planting.
- Providing appropriate separation of units, ensuring windows of habitable rooms are not in direct line of sight to promote internal privacy.

The units have been designed in blocks which would give Council the opportunity to stage the redevelopment with downstairs units being accessible and the level 1 being walk up - providing for variation in accessibility needs across the tenant profile. The addition of lifts would increase the construction costs considerably and therefore has not been included.

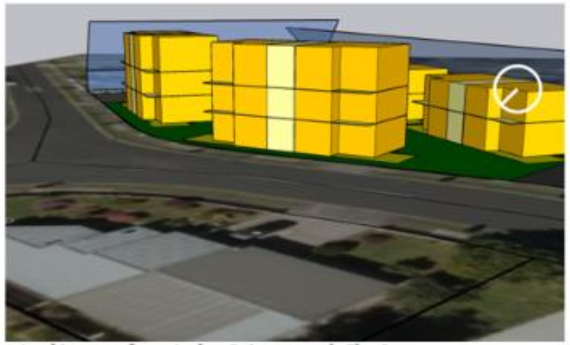
4A-4J Amber Drive, Tikipunga

Whangarei District Council

DRAFT

The Property Group

Looking west from Elm Street



Looking east from Amber Drive towards Elm Street

Gross Floor Area (GFA) breakdown	Area (m2)
Total GFA	1,292
Circulation	294.84
Parking (total area) / number of car parks	891 x 24 parks
Number of units	24 x 53m2
Balconies	14 x 5m2
Site area	2,819
Landscaped areas	1,265

Medium Density Residential Zone Relevant Built Standards	**Standared Achieved**
Maximum building height 11m above ground level, except 50% of a building's roof in elevation, may exceed this by 1m where the entire roof slope is 15 degrees or more.	Yes - maximum height 9.4m
Building setbacks: 2m from road boundaries; 1m from side and rear boundaries (not applicable to common walls)	Achieved
Building height in relation to boundary – measured at 3m + 45 degrees (there are a few exceptions here so let me know if this presents a challenge).	No infringements
Outdoor living court: a) Every residential unit with habitable rooms at ground floor: at least 20m² and depth of 4m. b) Every residential unit with habitable rooms above ground floor, with 1 bedroom: at least 4m² and depth of 1.5	Achieved Courtyards =20m2 Balconies = 5m2
Impervious area – maximum 65% of net site area.	Achieved - 44%
Car parking – formed car parking to be located 2m from any road boundary	Achieved
Residential unit – every residential unit (except where multi-unit development is proposed) is designed to: a) Have a net floor area of at least 35m² (one habitable room) or 45m² (more than one habitable room). b) Provide a living area with a window facing north (between 270 degrees west and 90 degrees east) c) Has a separation distance of 6m from any window in a habitable room to a window of another habitable room in a separate residential unit where there is direct line of sight.	a) Achieved - unit size is 53m2 b) Achieved for all units c) Achieved for all units

Notes:
This advice constitutes a bulk and location study to estimate gross floor area achievable within the zoning standards. It does not indicate a resolved design for the site and should not be used as such.

Construction Budget Estimate

A construction budget estimate has been completed for the potential redevelopment of 4 Amber Drive based on the design test outlined above and up to date information on construction costs.

The purpose of this is to both understand what investment would be required to achieve redevelopment and to feed into the analysis of the financial performance of the portfolio under an "expansion of the portfolio" scenario. The details of the construction estimates are shown below (assumptions provided in **Appendix Three**).

Whangarei DC - Amber Drive Redevelopment

Site Area	**2,819**
Residential 1 bed	1,292
Internal circulation	295
TOTAL GFA	**1,587**
Landscaped areas	1,265
Parking	891

Development Timeline		
Design Phase	6.00	months
Planning and Consents	6.00	months
Construction Period	12.00	months
Total Holding Period	36.00	months

	Units	GFA	GFA/unit	$/sqm	Total Cost	
Residential 1 bed	24	1,587	66	5,500	$8,727,620	
Balconies	14	70	5	2,500	$175,000	
Total Construction Costs		**1,587**				**$8,902,620**
Design, engineering, QS, project management		14%			$1,246,367	
Development Contributions						
Residential / EHU		9	$27,432	per HUE	$246,888	
Resource Consent Fees		0.75%			$67,422	
Building Consent Fees		0.30%			$26,969	
Survey and Title		$1,000	24	units	$24,000	
Enabling works, civil works, services and landscaping		$60,000	24	units	$1,440,000	
Carparking		$550	891	sqm	$490,050	
Demolition Costs		$150	580	sqm	$87,000	
Contingency Allowance - Design, construction, esclation and project contingency		15%			$1,879,697	
Total Development Costs						**$5,508,393**
Total development costs (excl.land)						**$14,411,013**
Cost per unit						**$600,458.88**

This evaluation demonstrates that based on recent high construction and development costs it is estimated that this development would cost up to $14.3 Millon ($594,840.00 per unit) to deliver.

This is significantly more than the $3.84 Millon investment set aside by Council for expansion of the portfolio and would require additional funds to be sourced. This could include funds generated from sale of another of the villages which is not meeting the needs of tenants, applying for other funding such as an affordable housing grant, or changing the operating model to access Income Related Rent Subsidy funding through a becoming or partnering with a Community Housing Provider (discussed in more detail in Section 7).

As a result of these findings, and to understand how the $3.84 Millon could otherwise be used without the need for additional funds to be sourced, a review of a smaller site (8-12 Coleridge Place) with a lower cost development scenario has been tested.

5.2 Development potential of 8-12 Coleridge Place

Currently the site at Coleridge Place provides 8 one-bedroom units. The units are all attached single storey units. A design exercise has been undertaken to determine what yield could be achieved under the current district plan provisions when the density is pushed on the site to accommodate additional single storey units as a lower cost option than two to three storey duplex units as was tested for 4 Amber Drive.

The bulk and location plan, included overleaf on page 35, illustrates the result of the design analysis that has been completed. It has demonstrated that up to 2 additional units could be achieved through redevelopment of the site for a higher density. This could be increased to potentially 5 additional units where two storey duplex development could be accommodated but this would be a higher cost option.

The design exercise aimed to identify the highest yield achievable within the allocated $3.84 Millon investment. The design exercise aimed to provide an optimal site layout is achieved including the following considerations:

- Minimum floor areas are achieved (at least 35m^2 for one habitable room).
- Units and courtyards arranged for optimum solar access, with living areas facing north.
- Private open space is provided for each one-bedroom unit: providing a minimum 20m^2 courtyard for each ground floor unit.
- Providing one car park per unit and consolidating space for car parking to maximise space for communal open space and amenity planting.
- Providing appropriate separation of units, ensuring windows of habitable rooms are not in direct line of sight to promote internal privacy.

8-12 Coleridge Place, Tikipunga

Whangārei District Council

DRAFT

The Property Group

1 Bedroom single level unit

Car park

Gross Floor Area (GFA) breakdown	Area (m2)
Unit size	50 (1 bedroom)
Total GFA	500
Parking total area + number of car parks	437 (10 parks)
Number of units	10
Average lot size	98
Site area	1912
Landscaped areas	805

Medium Density Residential Zone Relevant Built Standards	Standard Achieved
Maximum building height 11m above ground level, except 50% of a building's roof in elevation, may exceed this by 1m where the entire roof slope is 15 degrees or more.	Yes - maximum height 9.4m
Building setbacks: 2m from road boundaries; 1m from side and rear boundaries (not applicable to common walls)	Achieved
Building height in relation to boundary – measured at 3m + 45 degrees (there are a few exceptions here so let me know if this presents a challenge).	No infringements
Outdoor living court: a) Every residential unit with habitable rooms at ground floor: at least 20m² and depth of 4m. b) Every residential unit with habitable rooms above ground floor, with 1 bedroom: at least 4m² and depth of 1.5	Minimum size achieved
Impervious area – maximum 65% of net site area.	Achieved
Car parking – formed car parking to be located 2m from any road boundary	Achieved
Residential unit – every residential unit (except where multi-unit development is proposed) is designed to: a) Have a net floor area of at least 35m² (one habitable room) or 45m² (more than one habitable room). b) Provide a living area with a window facing north (between 270 degrees west and 90 degrees east) c) Has a separation distance of 6m from any window in a habitable room to a window of another habitable room in a separate residential unit where there is direct line of sight.	a) Achieved - unit size is 50m2 b) Achieved for some units c) Achieved for all units

Notes:
This advice constitutes a bulk and location study to provide a costing estimate. It does not indicate a resolved design for the site and should not be used as such.

Construction Budget Estimate

A construction budget estimate has been completed for the potential redevelopment of 8-12 Coleridge Place based on the low scale redevelopment option outlined above. It confirms that this scale of development could be achieved through the investment of the $3.84 Millon, however only a net increase of 2 new units would be achieved.

Whangarei DC - 8-12 Coleridge Road Development

Site Area	**1,912**
Residential 1 bed	500
TOTAL GFA	**500**
Landscaped areas	805
JOAL/parking	437

Development Timeline		
Design Phase	6.00	months
Planning and Consents	6.00	months
Construction Period	18.00	months
Total Holding Period	30.00	months

	Units	GFA (sqm)	GFA/unit		$/sqm	Total Cost	
Residential 1 bed	10	500	50		4,000	$2,000,000	
Total Construction Costs		**500**					**$2,000,000**
Design, engineering, QS, project management		15%				$300,000	
Development Contributions							
Residential / EHU		2	$27,432	per HUE		$54,864	
Resource Consent Fees		Est.				$20,000	
Building Consent Fees		Est.				$15,000	
Survey and Title		$1,000	10	units		$10,000	
Enabling works, civil works, services		$60,000	10	units		$600,000	
Demolition Costs		$200	535	sqm		$106,900	
Communal Landscaping		$200	805	sqm		$161,000	
Contingency Allowance - Design, construction, escalation and project contingency		15%				$490,165	
Total Development Costs							**$1,757,929**
Total development costs (excl.land)							**$3,757,929**
Cost per unit							**$375,793**

It is important to note that this estimate does not incorporate any consideration of the equity associated with the land value. The value of the land should be considered as an investment by Council in addition to the $3.84 Millon investment into development costs.

If a developer (or CHP) was to purchase the site and undertake a redevelopment the cost of the land value would need to be considered and would considerably increase the development costs. Whilst the feasibility of this scenario being delivered by the market has not been analysed, a review of the development costs against likely sale prices for each unit suggests it is unlikely that a developer or CHP could undertake this development and provide affordable housing on the site currently.

If this site was vacant (i.e. an alternative site owned by Council with same characterises) it would reduce the overall development cost estimate by up to $106,900.

6. Financial Analysis

The Whangārei Long Term Plan 2024-2034 (LTP) sets out the funding framework for the portfolio which includes the following:

- 80% of the operational costs of portfolio to be funded through rents with up to 20% funded through rates.
- Rental income from Council's pensioner housing stock is used to fund the expenses of operations and maintenance. It can also be used to fund capital expenditure on pensioner housing.
- Pensioner housing is a ringfenced activity so if pensioner rental property income is not fully spent each year, then it will be reserved and carried forward to the next year.

The following section provides a review of the financial performance of the current operation and an expanded scenario where against the targets set in the LTP.

6.1 Status quo – assessment of the current operation

In 2023 TPG undertook a review of the current and projected future financial performance of the portfolio. This analysis found the portfolio was not self-funding and required up to 20% rate-based funding each year to operate in a way that continues to provide below market rents to tenants.

A review of the updated forecasts for capital and operating expenditure for the portfolio that have fed into the 2024-2034 Long Term Plan has been undertaken to re-confirm the financial performance of the current operating model. Many of the LTP figures provided have been inflated using Business and Economic Research Limited (BERL) rates. This updated analysis demonstrates that the portfolio is expected to continue to require from $279,113.00 in 2024/25 up to $575,424 in 2033/2034 investment of rates based funded to provide the service (refer Table 10).

This analysis demonstrates that the cost to provide the service will potentially increase each year due to increases in operating costs forecasted to be out of step with increases to rent. Over a ten-year period, the total cost of the service delivered under the current operating model is $4,706,015.00. The anticipated increasing operating costs overtime demonstrates-that without measures employed to either reduce costs or increase rents over time, there is potential that the portfolio will not be able to keep rate-based funding to 20% as per the LTP target.

6.2 Testing expansion of the portfolio

Using the investigation undertaken at 4 Amber Drive as a potential scenario for expanding the portfolio the financial modelling has been undertaken to assess the following:

- Test the ongoing operating costs of the portfolio with the additional units and confirm that these would still be within the LTP target of an 80/20 split between funded my rents/and funded by rates.

- Quantify what the additional operational cost would be with the additional units over a ten-year period.
- Assess whether the development costs (taking into consideration the additional $3.84 Millon investment and the increase revenue from the increase in units) could be recovered through rate-based funding over time.

The assessment is provided in following Table 11 and demonstrates that operation of the portfolio with the increase in units would require from $298,836.00 in 2024/25 up to $500,234 in 2033/2034 investment of rates based funding to provide the service. This is a cumulative total of $4,259,607.00 over 10 years which is less than the operating costs of the current portfolio size and ensures the portfolio sits below the 20% threshold for rate based funding. This takes into consideration the loss in rent received over a three year period whilst tenants are rehomed but does not include the costs associated with developing the portfolio.

The assessment has also incorporated the development costs into the operating cashflow as a second step in the modelling. This takes into consideration the investment of $3.84 Million over 2-years. The analysis demonstrates that whilst the increase in revenue could contribute to recouping the cost of funding the development (potentially up to $3.84 Millon over ten years) there would still need to be significant additional funds made available upfront to undertake the development. Note this analysis does not include the costs to Council from servicing of debt.

TABLE 10: CASHFLOW ANALYSIS STATUS QUO AS AT JULY 2024

Whangarei District Council - Pensioner Housing Portfolio cashflow analysis - Status Quo

LTP Year	**2024/2025**	**2025/2026**	**2026/2027**	**2027/2028**	**2028/2029**	**2029/2030**	**2030/2031**	**2031/2032**	**2032/2033**	**2033/2034**
Cashflow	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**	**Year 8**	**Year 9**	**Year 10**
Income										
Rental Income	1,381,918	1,412,269	1,444,769	1,477,940	1,510,440	1,542,134	1,573,023	1,604,448	1,634,934	1,665,956
Total Income	**1,381,918**	**1,412,269**	**1,444,769**	**1,477,940**	**1,510,440**	**1,542,134**	**1,573,023**	**1,604,448**	**1,634,934**	**1,665,956**
Operating and Capital Expenses										
Charge Outs Expenses - Graphics	160	163	167	171	175	178	182	185	189	192
Electricity Supply Costs	6,878	7,029	7,191	7,356	7,518	7,675	7,829	7,986	8,137	8,292
Professional Fees - Other (not legal fees)	51,450	52,580	53,790	55,025	0	0	0	0	0	0
Insurance	97,956	116,164	137,897	141,068	144,172	147,199	150,143	153,146	156,056	159,021
Management Fee	136,740	139,743	142,959	146,242	149,457	152,594	155,650	158,760	161,776	164,846
R&M: Buildings Repair & Maintenance	334,779	342,132	350,005	358,041	365,915	373,593	381,076	388,689	396,074	403,589
R&M: Grounds & Gardens	134,489	137,443	140,606	143,834	146,997	150,082	153,088	156,146	159,113	162,132
Rates	354,062	405,755	439,433	458,768	478,495	498,592	519,034	540,315	561,927	584,404
Water Rates	29,836	31,238	38,204	46,724	48,920	51,170	53,473	55,879	58,338	60,905
Capex - Renewals	514,680	525,984	605,326	619,224	632,841	646,120	659,061	672,228	685,001	697,998
Total Opex & Capex	**1,661,031**	**1,758,232**	**1,915,578**	**1,976,453**	**1,974,489**	**2,027,203**	**2,079,536**	**2,133,333**	**2,186,611**	**2,241,380**
Net Operating Cashflow	**(279,113)**	**(345,963)**	**(470,809)**	**(498,513)**	**(464,049)**	**(485,069)**	**(506,513)**	**(528,885)**	**(551,677)**	**(575,424)**
Cumulative Net Cashflow	**(279,113)**	**(625,076)**	**(1,095,885)**	**(1,594,398)**	**(2,058,447)**	**(2,543,516)**	**(3,050,029)**	**(3,578,914)**	**(4,130,592)**	**(4,706,015)**
Percentage Funded by Rent	83%	80%	75%	75%	76%	76%	76%	75%	75%	74%

TABLE 11: CASHFLOW EXPANDED PORTFOLIO (INCLUDING DEVELOPMENT COSTS AS PART OF NET CASHFLOW)

Whangarei District Council - Pensioner Housing Portfolio cashflow analysis - Amber Drive Redevelopment

LTP Year	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034
Cashflow	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**	**Year 8**	**Year 9**	**Year 10**
Income										
Rental Income	1,314,778	1,275,039	1,416,691	1,564,107	1,598,502	1,632,044	1,664,733	1,697,990	1,730,253	1,763,085
Total Income	**1,314,778**	**1,275,039**	**1,416,691**	**1,564,107**	**1,598,502**	**1,632,044**	**1,664,733**	**1,697,990**	**1,730,253**	**1,763,085**
Operating and Capital Expenses										
Charge Outs Expenses - Graphics	160	163	167	171	175	178	182	185	189	192
Electricity Supply Costs	6,878	7,029	7,191	7,356	7,518	7,675	7,829	7,986	8,137	8,292
Professional Fees - Other (not legal fees)	51,450	52,580	53,790	55,025	0	0	0	0	0	0
Insurance	93,676	106,014	145,126	148,464	151,730	154,917	158,015	161,175	164,238	167,358
Management Fee	136,740	139,743	142,959	146,242	149,457	152,594	155,650	158,760	161,776	164,846
R&M: Buildings Repair & Maintenance	309,251	316,043	323,316	330,739	338,012	345,105	352,017	364,049	370,971	378,016
R&M: Grounds & Gardens	124,575	127,311	130,241	143,834	146,997	150,082	153,088	156,146	159,113	162,132
Rates	347,572	398,318	431,378	483,995	504,807	526,009	547,575	570,025	592,826	616,540
Water Rates	28,631	28,667	38,186	50,530	53,193	55,935	58,752	61,715	64,753	67,945
Capex - Renewals	514,680	525,984	605,326	619,224	632,841	646,120	659,061	672,228	685,001	697,998
Total Opex & Capex	**1,613,614**	**1,701,852**	**1,877,680**	**1,985,579**	**1,984,730**	**2,038,613**	**2,092,168**	**2,152,269**	**2,207,004**	**2,263,319**
Net Operating Cashflow	**(298,836)**	**(426,813)**	**(460,988)**	**(421,472)**	**(386,228)**	**(406,569)**	**(427,436)**	**(454,279)**	**(476,751)**	**(500,234)**
Percentage funded by rent (%)	81%	75%	75%	79%	81%	80%	80%	79%	78%	78%
Project Development										
Total Development/Purchase Cost	(4,803,671)	(4,803,671)	(4,803,671)							
Funding	284,930	1,403,200	2,151,600							
Rates										
Cumulative Net Cashflow	**(4,817,577)**	**(8,644,861)**	**(11,757,920)**	**(12,179,393)**	**(12,565,621)**	**(12,972,190)**	**(13,399,626)**	**(13,853,904)**	**(14,330,655)**	**(14,830,890)**

7. Findings and recommendations

The results of the financial analysis and investigation into the costs associated with redevelopment provided in this assessment have demonstrated that a shift in operating model and/or investigation into additional funding sources would support expansion of the portfolio and improve the quality and diversity of the service offering.

The analysis has demonstrated that there is potential that a small-scale (single level, one bedroom apartments) development of up to 10 units could potentially be undertaken for the $3.84 Millon investment set aside by Council to increase the portfolio offering. It is recommended that consideration be given to undertaking this on other vacant land owned by Council as the net gain in units through redevelopment of an existing Village (i.e. factoring those existing units lost) is not considered a cost-effective approach.

Whilst this investment does provide potential to expand the portfolio, the on-going operating costs of the portfolio, including the additional units, will still require significant on-going investment. As demonstrated through the financial modelling under the current operating model, Council will face issues with its ability to both continue to deliver the current units as well as any portfolio growth without a high reliance on increasing ratepayer funding. This is due to the ongoing subsidy required to operate the portfolio under the current rent setting approach.

It is recommended that as a next stage of the assessment consideration is given to the following:

1. **Operational efficiencies**
   The analysis has demonstrated that work is required to ensure that continued operation of the portfolio under the current model can be retained within the LTP target of 80% funded through rent. This could include a review of the rent setting policy or a review of efficiencies that could be gained in the portfolio's operation. This was covered in more detail in the earlier Stage 1 report.

2. **Further consideration of alternative portfolio expansion options**
   This analysis has demonstrated that undertaking a redevelopment of one of the villages is currently cost prohibitive due to high development costs, but development of another vacant site owned by Council could support portfolio expansion. It is recommended that alternative methods for expanding the portfolio are also considered including:

   - Consideration of either purchasing new units delivered by others that are suitable for inclusion in the portfolio or entering into a partnership with the private sector to acquire new units as part of a mixed tenure development (potentially through the use of council owned land outside of the existing portfolio).

- Consideration of how the sale of some of the villages currently not meeting the needs of tenants could work towards generating additional funding towards expanding the portfolio.

3. **Continued engagement with stakeholders**
   Council should ensure stakeholder engagement continues to be part of the approach when considering both redevelopment and delivery options for the portfolio. There are many stakeholders within the district who are able to provide valuable input to help support Council to deliver positive outcomes through the portfolio.

4. **Investigation into alternative operating models**
   There are a range of options available to Council to balance financial sustainability of the portfolio and continue to support pensioner housing outcomes, particularly with Council looking to expand its portfolio. Consideration of an alternative operating model is recommended. This could include partnership with a CHP to improve the financial performance of the portfolio through access to government Income Related Rent subsidies.

   We note that if Council considers that an alternative option for the delivery of the portfolio achieves a better outcome for the community, Council needs to comply with the Local Government Act 2002 (LGA). This requires public consultation, and to confirm Council's decisions through the Annual and Long-Term Plan processes.

Consideration of alternative operating models

The list of alternative approaches for the delivery of the Council's OPH portfolio are summarised as follows and explored in more detail throughout this section of the report:

TABLE 12: ALTERNATIVE DELIVERY OPTIONS

Delivery option	Description summary
Council establishes a CHP and transfers ownership	Council creates an independent entity which can become a registered CHP and transfers ownership either by sale or by gifting. Currently Councils are unable to apply to become a CHP and therefore cannot access income-related rent subsidy on their portfolios. To access the IRRS, some Councils have set up housing entities which operate independently of Council, so that they are able to achieve CHP registration. An entity's independence can be evidenced by its constitution, membership of its governing body, and its governance and financial management structures. The establishment of a CHP and contracting with MHUD can be a long process, and it will take time before the CHP will be eligible to start receiving IRRS, operating supplement (OS) and redirects. Under current policy, an independent housing entity can access the IRRS and OS on net new units within their portfolio, but it is important to note that existing tenants are not eligible for IRRS, and providers can only access the subsidy for new tenants

Delivery option	Description summary
	in new supply dwellings. In limited circumstances MHUD will consider redirects (IRRS on existing dwellings) where through the additional funding the provider is able to bring on new supply. The OS which is paid in addition to the IRRS for eligible net new public housing was introduced by MHUD to incentivise new builds, and it is calculated as a percentage of market rent up to a percentage cap. The IRRS and OS funding through MHUD is an invitation to partner. Council may consider the transfer of the portfolio to the CHP through a staged approach, prioritising villages which can be further developed first. This would support the access to external funding which would help to ensure that the CHP is set up for financial success. Under this option the independent entity can achieve CHP registration to access IRRS but also provide affordable rentals should Council wish to provide housing options to those not eligible for public housing. All tenants accessing IRRS will come through via the MSD social housing register. When taking tenants from the register, Council has some level of discretion on who they allocate units to as they have eligibility criteria based on age of applicant (i.e., must be over 65).
Council transfers ownership to existing CHP	Council transfers ownership to an existing CHP either by sale or by gifting for the continuation and expansion of the housing portfolio. Council could consider transferring the ownership of the portfolio to an existing CHP by way of sale or gifting the portfolio. Council would need to ensure that the CHP was well-placed to continue to support the existing tenants and in a good operational position to be able to grow the portfolio in the future. Horowhenua District Council transferred their portfolio to Compassion Housing under this model and the transfer set the CHP up well for future growth through the sale at a discounted rate and the inclusion of additional land for future expansion as detailed in the below case study. An existing CHP may also be in a position where they have a strong balance sheet and a large portfolio they can leverage off.
Council leases the portfolio to a CHP	Council creates an independent entity which can become a registered Community Housing Provider and the CHP leases the portfolio from Council. or Council leases the portfolio to a registered CHP with conditions to ensure the existing level of housing and service provision is at least maintained. Under this option Council retains ownership and leases the pensioner housing portfolio to a registered CHP with conditions to ensure the existing level of housing and service provision is at least maintained. We have not considered leasing to a non-registered agency as there are numerous benefits of a registered agency that outweigh a non-registered agency, due to Government

Delivery option	Description summary
	regulations and funding etc. Under this option Council could create a CHP which leases the portfolio or lease to an existing CHP. Council leasing the portfolio to a CHP would require a significant contribution from MHUD by way of an operating supplement and is therefore a less preferred funding model for MHUD. Small build-to-lease opportunities will be considered by MHUD in limited circumstances. This would be considered as an option by MHUD where they are supporting an existing CHP to get established in a location where they currently do not operate or they, or they own most of their stock and they have reached their maximum borrowing capacity. MHUD generally funds build-to-lease contract for 10-15 years as opposed to build-to-own which are usually 25-year contracts.
Option 4 – Divest the portfolio	Council divests either the full or part of the portfolio by selling it on the open market. Divestment of the portfolio is the fourth delivery model available to Council. Divestment could be considered for either individual village or the entire portfolio. Whilst divestment to the private market does not meet Council's housing objective to retain and grow housing stock within the sector this is an option Council could use to raise capital through divestment of less suitably located villages. Capital could then be used to fund intensification of other villages which would support portfolio growth in locations within the district with a higher level of need.

Appendix one

Site Evaluation Summary

Pensioner housing portfolio review: outcome of task 3 - Site Evaluations

TPG has completed Task 3 (Site Evaluations) of the pensioner housing portfolio review for Whangārei District Council.

This memo explains the evaluation process that TPG has completed and presents the findings of the evaluations.

The memo recommends advancing three sites to Task 4 (Bulk and Location and Project Costings). These sites are:

- 4 Amber Drive, Tikipunga
- 8 – 12 Coleridge Place, Tikipunga
- 196 – 222 Corks Road, Tikipunga

Site evaluations

TPG has completed site evaluations for the 16 pensioner housing sites in Whangārei. Each site was assessed and scored against a set of agreed criteria (refer to the attached site evaluation table in Appendix 1).

The sites were scored as a percentage of 100% based on how well they can provide for pensioner housing now and in the future.

After completing the evaluation, the top five sites were:

1. 4 Amber Drive, Tikipunga (93%)
2. 8-12 Coleridge Place, Tikipunga (90%)
3. 196 – 222 Corks Rd, Tikipunga (90%)
4. 48 Maunu Rd, Avenues (86%)
5. 21 Bloomfield Place, Onerahi (85.5%)

It was agreed with you that an RMA planning review of these five sites against the Whangārei District Plan would be complete to help identify the sites that present the best redevelopment opportunities for Council to increase its pensioner housing portfolio.

There were also a number of sites that received low scores. There were two in particular; 45A George St, Hikurangi (49.5%) and 7 King St, Hikurangi (58.5%). There were a number of other sites that scored in the 60 – 70% range.

Task 3 of our proposal included identifying sites for disposal. We are not at this stage suggesting these sites be disposed of, as we note that Council has direction to grow its portfolio. However, when we move to Task 5 (Financial Modelling), one option to consider may include rationalising the portfolio to provide for a net increase in housing units overall. We are only flagging this at this stage and will discuss this further with you when we reach that task.

RMA planning review

The planning review of the top five sites is attached to this memo as Appendix 2. The associated zoning and overlay maps for each site is attached to this memo as Appendix 3.

A summary of the review's findings is presented below:

- All five sites are in the Medium Density Residential Zone (MDRZ) under the operative District Plan and have the same or similar general development standards (e.g. building heights, setbacks, site coverage, net floor areas for residential units etc.).
- The MDRZ supports multi-unit development for residential use, including pensioner housing and all five sites are considered a low-medium consenting risk for additional development or total redevelopment.
- The sites are differentiated from one another, from a planning perspective, by their respective natural hazard overlays and relevant roading hierarchies. These include mining hazard, flood and landslide susceptibility, acid sulphate risk area, roading hierarchies and road protection areas.
- 48 Maunu Road is within a 'Strategic Road Protection Area' which restricts the extent of development and may present challenges for redevelopment activity. Under Plan Change 1, the site is also within the moderate susceptibility to land instability area, and flood hazard extent.
- The opportunity to expand 21 Bloomfield Place into the adjacent reserve for residential activity is a non-complying activity. A resource consent would be difficult to obtain under this activity status and unlikely without a change to the zoning of the reserve (notwithstanding possible legal constraints due to the land being recreation reserve). We recommend Council does not consider this option further. The site is also within the moderate to high susceptibility to land instability area.

For these reasons we recommend that 48 Maunu Rd and 21 Bloomfield Pl are eliminated from further assessment and 4 Amber Dr, 8 – 12 Coleridge Pl, and 196 – 222 Corks Rd progress to Task 4 (Bulk and Location Testing) for further assessment.

A summary of each site is presented below:

Table 1: RMA planning assessment summary table

	4 Amber Grove	**8 – 12 Coleridge Place**	**196 – 222 Corks Road**	**48 Maunu Road**	**21 Bloomfield Place**
Site evaluation score	93%	90%	90%	86%	85.5%
Zone	Medium Density Residential	Medium Density Residential	Medium Density Residential	Medium Density Residential	Medium Density Residential
Zone overlays and notations (operative Plan)	• Roading hierarchy (access road and low volume) • Mining Hazard Area 3 • Low landslide susceptibility	• Roading hierarchy (low volume road) • Mining Hazard Area 3	• Roading hierarchy (arterial road) • Low landslide susceptibility	• Road hierarchy (arterial road) • Strategic Road Protection Area (2m) • Flood Susceptible Area • Acid Sulphate Area	• Road hierarchy (low volume access road) • Medium and High Landslide Susceptibility
Zone overlays and notations (proposed Plan Change 1)	• Mining Subsidence Hazard Area	• Mining Subsidence Hazard Area	N/A	• Moderate Susceptibility to Land Instability • Flood Hazard – 100 year Climate Change Extent.	• Moderate to High Susceptibility to Land Instability
Other comments	Mining hazard requires Geotech survey and report from a SQEP to show the site can accommodate 100m2 building suitably and risk of subsidence is not increased by building activity.	Mining hazard requires Geotech survey and report from a SQEP to show the site can accommodate 100m2 building suitably and risk of subsidence is not increased by building activity.		Building line restriction based on strategic road protection area limits developability. Site has more hazard overlays than others (flood and acid sulphate) and moderate to high land instability under PC 1.	Residential activity in the adjacent reserve is a non-complying activity. Site has a moderate to high land instability rating as opposed to low at other sites.
Recommend progressing to bulk and location?	Yes	Yes	Yes	No	No

NB: Site constraints may require preliminary site investigations to confirm their extent and impact on developability.

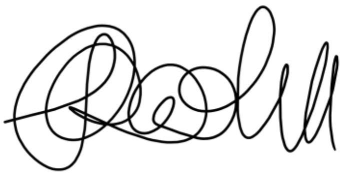
Recommendations

We recommend that Council advances the three sites 4 Amber Dr, 8 – 12 Coleridge Pl, and 196 – 222 Corks Rd to the next stage and eliminates 48 Maunu Rd and 21 Bloomfield Pl from further consideration.

Despite these three sites scoring the top three scores in the site evaluations, they also have fewer and / or less restrictive planning constraints than the other two sites.

The next step in the review process is to complete 'bulk and location and project costings' for a preferred site(s).

Prepared by:



Sophie Randell

Senior Property Consultant

022 691 4234

srandell@propertygroup.co.nz

Reviewed by:

Ruth Allen

Principal, Urban Regeneration

027 566 1779

rallen@propertygroup.co.nz

Appendix two

Planning Due Diligence Report

The Property Group Limited
Whangarei Office
PO Box 377 Whangarei 0140
110 Bank Street
Whangarei 0110

2 May 2024
Our Job no. 719308

Sophie Randell – Senior Property Consultant
The Property Group Limited

Dear Sophie

Preliminary Planning Review – Whangarei District Council, Pensioner Housing Site Evaluation

Introduction

This advice is a high-level overview of the key RMA planning considerations for the development of land at the following 5 sites.

- 4 Amber Drive, Tikipunga
- 8 – 12 Coleridge Place, Tikipunga
- 196 – 222 Corks Road, Tikipunga
- 48 Maunu Road, Avenues
- 21 Bloomfield Place, Onerahi

These 5 sites are the highest scoring under previous evaluation criteria and are therefore being considered from an RMA planning perspective before being progressed to the next stage. It is understood that the Council is interested in the potential redevelopment of the sites to support the pensioner housing service.

The following provides a high-level overview of the relevant planning provisions under the Whangarei District Plan (District Plan) and Proposed Plan Change 1 – Natural Hazards (PC1). A planning analysis of all 5 sites is then provided which considers at a high level, the ability of the sites to be further developed or redeveloped in line with the District Plan. This has been combined due to the zoning and overlay similarities between all 5 sites.

Please note that PC1 is still going through the plan change process and is not operative at the time of this advice. This advice has considered the notified version of PC1, which is still subject to change as the plan change process is completed.

Executive Summary

All 5 sites are within the Medium Density Residential Zone (MDRZ) under the District Plan. The MDRZ is a zone that supports a greater residential housing density and are generally in easy walking distance of public open space, and facilities, and commercial centres. The District Plan supports multi-unit development for all types of residential use, including pensioner housing. As such, all 5 sites are considered to be a low to medium consenting risk for additional development or total redevelopment.

All multi-unit residential development requires resource consent as a Restricted Discretionary Activity with Council's discretion restricted to matters relating to on-site and off-site amenity, infrastructure, and urban design. Additional triggers of consent may result from associated subdivision, transport, natural hazard, and three waters matters which will need to be considered alongside any development.

The District Plan does provide opportunity to add to the existing pensioner housing stock at each of the above sites. However, the ability to add to the existing stock on a particular site is likely restricted by existing built form and layout. If feasible, the District Plan provisions are considered to be supportive of a complete redevelopment of each of the sites.

Site Evaluations

Site 1: 4 Amber Drive

Site Location & Legal Description	4 Amber Drive, Tikipunga (Lot 1 DP 115848)
Zoning:	Medium Density Residential Zone
Zoning Overlays & Notations:	Roading Hierarchy: Access Road and Low Volume Road Mining Hazard Area 3 Low Landslide Susceptibility
Plan Change 1:	Mining Subsidence Hazard Area 3
District Plan Rules & Standards	**Medium Density Residential – Buildings & Activities** Two Residential Units are permitted per site in this zone; however, the District Plan also includes specific provision for multi-unit housing development in this zone. Multi-unit development must consist of 3 or more units (no maximum) on a site. Multi-unit development is provided with a dedicated pathway to support greater densities of housing where these can achieve appropriate levels of on-site amenity for residences and mange off-site effects; are in proximity to public facilities and open space; and can be serviced by the capacity of existing or proposed infrastructure. Multi-unit development requires resource consent as a Restricted Discretionary Activity. At a high level the permitted residential development standards for this site are: • Maximum building height – 11m above ground level, except 50% of a building's roof in elevation, may exceed this by 1m where the entire roof slope is 15 degrees or more. • Building setbacks – 2m from road boundaries; 1m from side and rear boundaries (not applicable to common walls). Exception: non-habitable buildings or non-habitable spaces in buildings may be setback 0m from a maximum length of 7.5m on a single side or rear boundary or a maximum

length of 10.5m on all side and rear boundaries provided they are at least 2m from habitable rooms on any other site.

- Building height in relation to boundary – measured at 3m + 45 degrees. *Note:*
  - To be measured from the furthest boundary when adjoining an access lot.
  - Up to two gable ends, dormer or portions of a roof may exceed the plane on each site boundary where each portion exceeding the heigh in relation to boundary is no greater than 1.5m² in area, and 1m in height, and 2.5m in length.
  - If compliance cannot be achieved with the above, then the below alternative is able to be utilised.
- Alternative height in relation to boundary - Any part of a building within 20m of the site frontage may exceed this provided:
  a) It does not exceed a height of 3.6m above ground level where they are 1m or less from side and rear boundaries adjoining the MDRZ; and
  b) Thereafter, are set back 0.3m for every additional metre in height (73.3 degrees) up to 6.9m and then 1m for every additional metre in height (45 degrees).
- Outdoor living court –
  a) Every residential unit with habitable rooms at ground floor: at least 20m² and depth of 4m.
  b) Every residential unit with habitable rooms above ground floor, with 1 bedroom: at least 4m² and depth of 1.5m.
  c) Every residential unit with habitable rooms above ground floor, with 2 or more bedrooms: 8m² and depth of 1.8m.
  d) All outdoor living courts must receive direct sunlight for at least 5hrs on winter solstice over at least 50% of the minimum space required above.
- Impervious area – maximum 65% of net site area.
- Building & Major Structure coverage – maximum 45% of net site area.
- Fence height – 2m above ground level; fencing within 3m of road boundary is at least 50% visually permeable for any portion above 1m.
- Fence design – adjoining Open Space & Recreation Zone (south western boundary) is at least 50% visually permeable for any portion above 1.5m.
- Car parking – formed car parking to be located 2m from any road boundary.

- Residential unit – every residential unit (except where multi-unit development is proposed) is designed to:

  a) Have a net floor area of at least 35m² (one habitable room) or 45m² (more than one habitable room).

  b) Provide a living area with a window facing north (between 270 degrees west and 90 degrees east)

  c) Has a separation distance of 6m from any window in a habitable room to a window of another habitable room in a separate residential unit where there is direct line of sight.

Mining Hazard

The construction or alteration of a building, a major structure or earthworks within the Mine Hazard Area is permitted provided that:

a) A geotechnical survey of the ground under and in the immediate vicinity of the site is undertaken; and

b) A report prepared by a Suitably Qualified & Experienced Person is provided to Council indicating the site can accommodate a 100m² building area; the site is suitable for the activity or structure(s); the structures are of an appropriate design & building materials are appropriate.; and

c) The risk of subsidence is not increased by the construction, alteration or excavation.

Landslide Susceptibility

No relevant provisions unless subdivision undertaken (covered below).

Subdivision

- Subdivision of a site containing existing buildings must be designed to ensure those buildings comply with the relevant bulk and location provisions (above) or consent activity status is elevated from Controlled Activity to Restricted Discretionary.

- Any vacant allotment in the MDRZ must be at least 300m² (no minimum applies to existing development)

- Every allotment must be able to contain a rectangle of 8m by 15m.

- Any vacant allotment must be capable of containing an identified building area of at least 100m² to be supported by a site suitability report prepared by a Chartered Professional Engineer certify the 100m² building area is suitable to contact a building either in accordance with NSZ3604/2011; or with specific engineering design.

- Resource consent is always required for three waters when subdivision is proposed.

	Transport • Site is permitted to have up to 2 vehicle crossings off Elm Road. • Site access serving 2-4 units is to have a minimum legal width of 3.5m, serving 5- 8 units is to have a minimum legal width of 6.0.m • Vehicle crossings are to be setback 10m from the intersection. • Vehicle crossings must be separated 2m from any adjoining crossing. • A shared private access can serve up to 8 residential units (more than 8 requires a specific engineering standard consideration/design). • Any off-street car parking or loading must be designed to provide sufficient spaces and on-site manoeuvring. • More than 25 residential units will require an Integrated Transport Assessment.

Site 2: 8-12 Coleridge Place

Site Location & Legal Description	8 – 12 Coleridge Place, Tikipunga (Lot 2 DP 89046)
Zoning:	Medium Density Residential Zone
Zoning Overlays & Notations:	Roading Hierarchy: Low Volume Road Mining Hazard Area 3
Plan Change 1:	Mining Subsidence Hazard Area
District Plan Rules & Standards	**Medium Density Residential – Buildings & Activities** Two Residential Units are permitted per site in this zone; however, the District Plan also includes specific provision for multi-unit housing development in this zone. Multi-unit development must consist of 3 or more units (no maximum) on a site. Multi-unit development is provided with a dedicated pathway to support greater densities of housing where these can achieve appropriate levels of on-site amenity for residences and mange off-site effects; are in proximity to public facilities and open space; and can be serviced by the capacity of existing or proposed infrastructure. Multi-unit development requires resource consent as a Restricted Discretionary Activity. At a high level the permitted residential development standards for this site are: • Maximum building height – 11m above ground level, except 50% of a building's roof in elevation, may exceed this by 1m where the entire roof slope is 15 degrees or more.

- Building setbacks – 2m from road boundaries; 1m from side and rear boundaries (not applicable to common walls). Exception: non-habitable buildings or non-habitable spaces in buildings may be setback 0m from a maximum length of 7.5m on a single side or rear boundary or a maximum length of 10.5m on all side and rear boundaries provided they are at least 2m from habitable rooms on any other site.

- Building height in relation to boundary – measured at 3m + 45 degrees. *Note*:

  - To be measured from the furthest boundary when adjoining an access lot.

  - Up to two gable ends, dormer or portions of a roof may exceed the plane on each site boundary where each portion exceeding the heigh in relation to boundary is no greater than 1.5m² in area, and 1m in height, and 2.5m in length.

  - If compliance cannot be achieved with the above, then the below alternative is able to be utilised.

- Alternative height in relation to boundary - Any part of a building within 20m of the site frontage may exceed this provided:

  a) It does not exceed a height of 3.6m above ground level where they are 1m or less from side and rear boundaries adjoining the MDRZ; and

  b) Thereafter, are set back 0.3m for every additional metre in height (73.3 degrees) up to 6.9m and then 1m for every additional metre in height (45 degrees).

- Outdoor living court

  a) Every residential unit with habitable rooms at ground floor: at least 20m² and depth of 4m.

  b) Every residential unit with habitable rooms above ground floor, with 1 bedroom: at least 4m² and depth of 1.5m.

  c) Every residential unit with habitable rooms above ground floor, with 2 or more bedrooms: 8m² and depth of 1.8m.

  d) All outdoor living courts must receive direct sunlight for at least 5hrs on winter solstice over at least 50% of the minimum space required above.

- Impervious area – maximum 65% of net site area.

- Building & Major Structure coverage – maximum 45% of net site area.

- Fence height – 2m above ground level; fencing within 3m of road boundary is at least 50% visually permeable for any portion above 1m.

- Car parking – formed car parking to be located 2m from any road boundary.

- Residential unit – every residential unit (except where multi-unit development is proposed) is designed to:

  a) Have a net floor area of at least 35m² (one habitable room) or 45m² (more than one habitable room).

  b) Provide a living area with a window facing north (between 270 degrees west and 90 degrees east)

  c) Has a separation distance of 6m from any window in a habitable room to a window of another habitable room in a separate residential unit where there is direct line of sight.

Mining Hazard

The construction or alteration of a building, a major structure or earthworks within the Mine Hazard Area is permitted provided that:

a) A geotechnical survey of the ground under and in the immediate vicinity of the site is undertaken; and

b) A report prepared by a Suitably Qualified & Experienced Person is provided to Council indicating the site can accommodate a 100m² building area; the site is suitable for the activity or structure(s); the structures are of an appropriate design & building materials are appropriate.; and

c) The risk of subsidence is not increased by the construction, alteration or excavation.

Subdivision

- Subdivision of a site containing existing buildings must be designed to ensure those buildings comply with the relevant bulk and location provisions (above) or consent activity status is elevated from Controlled Activity to Restricted Discretionary.

- Any vacant allotment in the MDRZ must be at least 300m² (no minimum applies to existing development)

- Every allotment must be able to contain a rectangle of 8m by 15m.

- Any vacant allotment must be capable of containing an identified building area of at least 100m² to be supported by a site suitability report prepared by a Chartered Professional Engineer certify the 100m² building area is suitable to contact a building either in accordance with NSZ3604/2011; or with specific engineering design.

- Resource consent is always required for three waters when subdivision is proposed.

Transport

	• Site is permitted to have up to 2 vehicle crossings off Coleridge Place. • Site access serving 2-4 units is to have a minimum legal width of 3.5m, serving 5- 8 units is to have a minimum legal width of 6.0.m. • A shared private access can serve up to 8 residential units (more than 8 requires a specific engineering standard consideration/design). • Any off-street car parking or loading must be designed to provide sufficient spaces and on-site manoeuvring. • More than 25 residential units will require an Integrated Transport Assessment.

Site 3: 196 – 222 Corks Road

Site Location & Legal Description	196 – 222 Corks Road, Tikipunga (Lot 7, Lot 8 and Lot 9 DP 59763)
Zoning:	Medium Density Residential Zone
Zoning Overlays & Notations:	Road Hierarchy: Arterial Road Low Landslide Susceptibility
Plan Change 1:	n/a
District Plan Rules & Standards	**Medium Density Residential – Buildings & Activities** Two Residential Units are permitted per site in this zone; however, the District Plan also includes specific provision for multi-unit housing development. Multi-unit development must consist of 3 or more units (no maximum) on a site. Multi-unit development is provided with a dedicated pathway to support greater densities of housing where these can achieve appropriate levels of on-site amenity for residences and mange off-site effects; are in proximity to public facilities and open space; and can be serviced by the capacity of existing or proposed infrastructure. Multi-unit development requires resource consent as a Restricted Discretionary Activity. At a high level the permitted residential development standards for this site are: • Maximum building height – 11m above ground level, except 50% of a building's roof in elevation, may exceed this by 1m where the entire roof slope is 15 degrees or more. • Building setbacks – 2m from road boundaries; 1m from side and rear boundaries (not applicable to common walls). Exception: non-habitable buildings or non-habitable spaces in buildings may be setback 0m from a maximum length of 7.5m on a single side or rear boundary or a maximum

length of 10.5m on all side and rear boundaries provided they are at least 2m from habitable rooms on any other site.

- Building height in relation to boundary – measured at 3m + 45 degrees. *Note:*
    - This is not required along the southern boundary where site adjoins a Business Zone.
    - To be measured from the furthest boundary when adjoining an access lot.
    - Up to two gable ends, dormer or portions of a roof may exceed the plane on each site boundary where each portion exceeding the heigh in relation to boundary is no greater than 1.5m² in area, and 1m in height, and 2.5m in length.
    - If compliance cannot be achieved with the above, then the below alternative is able to be utilised.
- To be measured from the furthest boundary when adjoining an access lot. *Note:* Up to two gable ends, dormer or portions of a roof may exceed the plane on each site boundary where each portion exceeding the heigh in relation to boundary is no greater than 1.5m² in area, and 1m in height, and 2.5m in length.
- Alternative height in relation to boundary – Any part of a building within 20m of the site frontage may exceed this provided:
    a) It does not exceed a height of 3.6m above ground level where they are 1m or less from side and rear boundaries adjoining the MDRZ; and
    b) Thereafter, are set back 0.3m for every additional metre in height (73.3 degrees) up to 6.9m and then 1m for every additional metre in height (45 degrees).
- Outdoor living court –
    a) Every residential unit with habitable rooms at ground floor: at least 20m² and depth of 4m.
    b) Every residential unit with habitable rooms above ground floor, with 1 bedroom: at least 4m² and depth of 1.5m.
    c) Every residential unit with habitable rooms above ground floor, with 2 or more bedrooms: 8m² and depth of 1.8m.
    d) All outdoor living courts must receive direct sunlight for at least 5hrs on winter solstice over at least 50% of the minimum space required above.
- Impervious area – maximum 65% of net site area.
- Building & Major Structure coverage – maximum 45% of net site area.

- Fence height – 2m above ground level; fencing within 3m of road boundary is at least 50% visually permeable for any portion above 1m.

- Car parking – formed car parking to be located 2m from any road boundary.

- Residential unit – every residential unit (except where multi-unit development is proposed) is designed to:

  a) Have a net floor area of at least 35m² (one habitable room) or 45m² (more than one habitable room).

  b) Provide a living area with a window facing north (between 270 degrees west and 90 degrees east)

  c) Has a separation distance of 6m from any window in a habitable room to a window of another habitable room in a separate residential unit where there is direct line of sight.

Subdivision

- Subdivision of a site containing existing buildings must be designed to ensure those buildings comply with the relevant bulk and location provisions (above) or consent activity status is elevated from Controlled Activity to Restricted Discretionary.

- Any vacant allotment in the MDRZ must be at least 300m² (no minimum applies to existing development)

- Every allotment must be able to contain a rectangle of 8m by 15m.

- Any vacant allotment must be capable of containing an identified building area of at least 100m² to be supported by a site suitability report prepared by a Chartered Professional Engineer certify the 100m² building area is suitable to contact a building either in accordance with NSZ3604/2011; or with specific engineering design.

- Resource consent is always required for three waters when subdivision is proposed.

Transport

- Site is permitted to have up to 1 vehicle crossings off Corks Road.

- Site access serving 2-4 units is to have a minimum legal width of 3.5m, serving 5- 8 units is to have a minimum legal width of 6.0.m

- Vehicle crossings are to be setback 10m from the intersection.

- Vehicle crossings must be separated 2m from any adjoining crossing.

- A shared private access can serve up to 8 residential units (more than 8 requires a specific engineering standard consideration/design).

	• Any off-street car parking or loading must be designed to provide sufficient spaces and on-site manoeuvring. • More than 25 residential units will require an Integrated Transport Assessment.

Site 4: 48 Maunu Road

Site Location & Legal Description	48 Maunu Road, Avenues (Lot 2 DP 123891)
Zoning:	Medium Density Residential Zone
Zoning Overlays & Notations:	Road Hierarchy: Arterial Road Strategic Road Protection Area (2.0m) Flood Susceptible Area Acid Sulphate Risk Area
Plan Change 1:	Moderate Susceptibility to Land Instability (orange) Flood Hazard – 100 year Climate Change Extent (light blue)
District Plan Rules & Standards	**Medium Density Residential – Buildings & Activities** Two Residential Units are permitted per site in this zone; however, the District Plan includes specific provision for multi-unit housing development. Multi-unit development must consist of 3 or more units (no maximum) on a site. Multi-unit development is provided with a dedicated pathway to support greater densities of housing where these can achieve appropriate levels of on-site amenity for residences and mange off-site effects; are in proximity to public facilities and open space; and can be serviced by the capacity of existing or proposed infrastructure. Multi-unit development (requires resource consent as a Restricted Discretionary Activity. At a high level the permitted residential development standards for this site are: • Maximum building height – 11m above ground level, except 50% of a building's roof in elevation, may exceed this by 1m where the entire roof slope is 15 degrees or more. • Building setbacks – 2m from road boundaries; 1m from side and rear boundaries (not applicable to common walls). Exception: non-habitable buildings or non-habitable spaces in buildings may be setback 0m from a maximum length of 7.5m on a single side or rear boundary or a maximum length of 10.5m on all side and rear boundaries provided they are at least 2m from habitable rooms on any other site. • Strategic road protection setbacks –

a) All buildings and major structures are setback at least 0.5m from the Strategic Road Protection Area (2m from the site frontage).

b) All sensitive activities (dwellings) at ground floor are setback 2m from the strategic road protection area (2m from the site frontage).

- Building height in relation to boundary – measured at 3m + 45 degrees. *Note:*
  - Does not apply to northern boundary adjoining open space.
  - To be measured from the furthest boundary when adjoining an access lot.
  - Up to two gable ends, dormer or portions of a roof may exceed the plane on each site boundary where each portion exceeding the heigh in relation to boundary is no greater than 1.5m² in area, and 1m in height, and 2.5m in length.
  - If compliance cannot be achieved with the above, then the below alternative is able to be utilised.
- Alternative height in relation to boundary – Any part of a building within 20m of the site frontage may exceed this provided:

  a) It does not exceed a height of 3.6m above ground level where they are 1m or less from side and rear boundaries adjoining the MDRZ; and

  b) Thereafter, are set back 0.3m for every additional metre in height (73.3 degrees) up to 6.9m and then 1m for every additional metre in height (45 degrees).
- Outdoor living court

  a) Every residential unit with habitable rooms at ground floor: at least 20m² and depth of 4m.

  b) Every residential unit with habitable rooms above ground floor, with 1 bedroom: at least 4m² and depth of 1.5m.

  c) Every residential unit with habitable rooms above ground floor, with 2 or more bedrooms: 8m² and depth of 1.8m.

  d) All outdoor living courts must receive direct sunlight for at least 5hrs on winter solstice over at least 50% of the minimum space required above.
- Impervious area – maximum 65% of net site area.
- Building & Major Structure coverage – maximum 45% of net site area.
- Fence height – 2m above ground level; fencing within 3m of road boundary is at least 50% visually permeable for any portion above 1m.

- Fence design – adjoining Open Space & Recreation Zone (northern boundary) is at least 50% visually permeable for any portion above 1.5m.

- Car parking – formed car parking to be located 2m from any road boundary.

- Residential unit – every residential unit (except where multi-unit development is proposed) is designed to:

    a) Have a net floor area of at least 35m² (one habitable room) or 45m² (more than one habitable room).

    b) Provide a living area with a window facing north (between 270 degrees west and 90 degrees east).

    c) Has a separation distance of 6m from any window in a habitable room to a window of another habitable room in a separate residential unit where there is direct line of sight.

Subdivision

- Subdivision of a site containing existing buildings must be designed to ensure those buildings comply with the relevant bulk and location provisions (above) or consent activity status is elevated from Controlled Activity to Restricted Discretionary.

- Any vacant allotment in the MDRZ must be at least 300m² (no minimum applies to existing development)

- Every allotment must be able to contain a rectangle of 8m by 15m.

- Any vacant allotment must be capable of containing an identified building area of at least 100m² to be supported by a site suitability report prepared by a Chartered Professional Engineer certify the 100m² building area is suitable to contact a building either in accordance with NSZ3604/2011; or with specific engineering design.

- Resource consent is always required for three waters when subdivision is proposed.

Transport

- Site is permitted to have up to 1 vehicle crossings off Maunu Road.

- Site access serving 2-4 units is to have a minimum legal width of 3.5m, serving 5- 8 units is to have a minimum legal width of 6.0.m.

- A shared private access can serve up to 8 residential units (more than 8 requires a specific engineering standard consideration/design).

- Any off-street car parking or loading must be designed to provide sufficient spaces and on-site manoeuvring, and must not be located within Strategic Road Protection Area.

	• More than 25 residential units will require an Integrated Transport Assessment. **Acid Sulphate Risk** The site is within an area identified as having a risk of containing Acid Sulphate Soils. This is a common occurrence throughout the District. Acid Sulphate soils are naturally occurring from when sea level was higher many thousand years ago. As the soil profile is not confirmed as containing Acid Sulphate in this location, it is marked as a risk area. If left undisturbed the Acid Sulphate remains in the soil without any major issues. It is once the soils are disturbed such as through earthworks and development that this can create an issue as the Sulphates react with oxygen and can cause groundwater to become acidic. Any land disturbance or development, including subdivision, on the site will need to engage a Suitably Qualified and Experienced Person to undertake soil investigations to determine whether Acid Sulphates are present, and the appropriate course of action to manage such soils to be avoided or neutralised to prevent harm. **Flood Susceptible Area** The eastern and rear extents of the site are identified as being susceptible to flooding. Under the current planning framework, construction or alteration of a building, major structure, vehicle access or earthworks within the flood susceptible area will require resource consent and will need to be supported by a Suitably Qualified and Experienced Person confirming the works have been designed to accommodate the flood hazard and will not create upstream or downstream effects. This will need to be investigated and then factored into any site redevelopment plans to ground truth development capacity of the site. As identified above, the site is also identified as being subject to Land Instability and Flood Hazard under PC1. This is discussed generally below.

Site 5: 21 Bloomfield Place

Site Location & Legal Description	21 Bloomfield Place, Onerahi (Lot 22 DP 106059)
Zoning:	Medium Density Residential Zone
Zoning Overlays & Notations:	Road Hierarchy: Low Volume Access Road Medium and High Landslide Susceptibility
Plan Change 1:	Moderate and High Susceptibility to Land Instability
District Plan Rules & Standards	**Medium Density Residential – Buildings & Activities** Two Residential Units are permitted per site in this zone; however, the District Plan includes specific provision for multi-unit housing development. Multi-unit development must consist of 3 or more units (no maximum) on a site.

Multi-unit development is provided with a dedicated pathway to support greater densities of housing where these can achieve appropriate levels of on-site amenity for residences and mange off-site effects; are in proximity to public facilities and open space; and can be serviced by the capacity of existing or proposed infrastructure. Multi-unit development (requires resource consent as a Restricted Discretionary Activity.

At a high level the permitted residential development standards for this site are:

- Maximum building height – 11m above ground level, except 50% of a building's roof in elevation, may exceed this by 1m where the entire roof slope is 15 degrees or more.

- Building setbacks – 2m from road boundaries; 1m from side and rear boundaries (not applicable to common walls). Exception: non-habitable buildings or non-habitable spaces in buildings may be setback 0m from a maximum length of 7.5m on a single side or rear boundary or a maximum length of 10.5m on all side and rear boundaries provided they are at least 2m from habitable rooms on any other site.

- Building height in relation to boundary – measured at 3m + 45 degrees. *Note:*

    - Does not apply to northern boundary adjoining open space.

    - To be measured from the furthest boundary when adjoining an access lot.

    - Up to two gable ends, dormer or portions of a roof may exceed the plane on each site boundary where each portion exceeding the heigh in relation to boundary is no greater than 1.5m² in area, and 1m in height, and 2.5m in length.

    - If compliance cannot be achieved with the above, then the below alternative is able to be utilised.

- Alternative height in relation to boundary - Any part of a building within 20m of the site frontage may exceed this provided:

    c) It does not exceed a height of 3.6m above ground level where they are 1m or less from side and rear boundaries adjoining the MDRZ; and

    d) Thereafter, are set back 0.3m for every additional metre in height (73.3 degrees) up to 6.9m and then 1m for every additional metre in height (45 degrees).

- Outdoor living court –

    e) every residential unit with habitable rooms at ground floor: at least 20m² and depth of 4m.

f) every residential unit with habitable rooms above ground floor, with 1 bedroom: at least $4m^2$ and depth of 1.5m.

g) every residential unit with habitable rooms above ground floor, with 2 or more bedrooms: $8m^2$ and depth of 1.8m.

h) All outdoor living courts must receive direct sunlight for at least 5hrs on winter solstice over at least 50% of the minimum space required above.

- Impervious area – maximum 65% of net site area.
- Building & Major Structure coverage – maximum 45% of net site area.
- Fence height – 2m above ground level; fencing within 3m of road boundary is at least 50% visually permeable for any portion above 1m.
- Fence design – adjoining Open Space & Recreation Zone (northern boundary) is at least 50% visually permeable for any portion above 1.5m.
- Car parking – formed car parking to be located 2m from any road boundary.
- Residential unit – every residential unit (except where multi-unit development is proposed) is designed to:

  d) Have a net floor area of at least $35m^2$ (one habitable room) or $45m^2$ (more than one habitable room).

  e) Provide a living area with a window facing north (between 270 degrees west and 90 degrees east)

  f) Has a separation distance of 6m from any window in a habitable room to a window of another habitable room in a separate residential unit where there is direct line of sight.

Landslide Susceptibility

No relevant provisions unless subdivision undertaken (covered below).

Subdivision

- Subdivision of a site containing existing buildings must be designed to ensure those buildings comply with the relevant bulk and location provisions (above) or consent activity status is elevated from Controlled Activity to Restricted Discretionary.
- Any vacant allotment in the MDRZ must be at least $300m^2$ (no minimum applies to existing development)
- Every allotment must be able to contain a rectangle of 8m by 15m.
- Any vacant allotment must be capable of containing an identified building area of at least $100m^2$*

- Resource consent is always required for three waters when subdivision is proposed.

*to be supported by a site suitability report prepared by a Chartered Professional Engineer certify the 100m² building area is suitable to contact a building either in accordance with NSZ3604/2011; or with specific engineering design.

Transport

- Site is permitted to have up to 1 vehicle crossings off Bloomfield Place.
- Site access serving 2-4 units is to have a minimum legal width of 3.5m, serving 5- 8 units is to have a minimum legal width of 6.0.m
- Vehicle crossings must be separated 2m from any adjoining crossing.
- A shared private access can serve up to 8 residential units (more than 8 requires a specific engineering standard consideration/design).
- Any off-street car parking or loading must be designed to provide sufficient spaces and on-site manoeuvring.
- More than 25 residential units will require an Integrated Transport Assessment.

Disclaimer: This planning advice is based on a desk top review of the site and relevant District Plan matters applicable to the development of the site for residential purposes. No other development scenarios or a specific development proposal have been considered. A site visit has not been undertaken.

Planning Considerations

General

The multi-unit residential development provisions are designed to enable a greater variety and density of housing to be undertaken, and encourages this to be undertaken in a comprehensive manner. Multi-unit residential development will require resource consent as a Restricted Discretionary Activity for each of the above sites. Any additional consent triggers that result from the development (i.e. residential bulk and location non-compliances, transport, subdivision and hazards triggers) will also require resource consent and may elevate the activity status.

The District Plan does provide opportunity to add to the existing pensioner housing stock at each of the above sites. However, the ability to add to the existing stock on a particular site is likely restricted by existing built form and layout. If feasible, the District Plan provisions are considered to be supportive of a complete redevelopment of each of the sites.

Multi-unit development is provided with non-notification preclusions to both public and limited notification. However, this may be lost where additional consent triggers (i.e. subdivision, transport, infrastructure, residential bulk & location) do not benefit from the same preclusions. Notwithstanding this, this alongside the objectives and policies of the zone, signal support and anticipation of such development in these locations.

The objectives and policies of the MDRZ support a greater range of housing choices and capacity in this zone. The locations of this zone have been strategically considered previously and determined suitable due to their proximity to public open spaces and facilities, commercial centres, and their accessibility by a range of transport modes, including walkability.

The objectives and policies of the District Wide chapters (i.e. subdivision, transport, three waters, hazards) are also supportive of development where this is designed and demonstrated to manage off-site effects and manage risk of natural hazard on people and property.

It is considered that should any of the above 5 sites be considered for additional or redevelopment, while resource consent would likely be required, there are pathways available for development to be designed to achieve consistency with the objectives and policies of the Whangarei District Plan.

Site Expansion

The Bloomfield Place site (Site 5) adjoins Open Space Zoned land to the north. This open space is held in two separate titles and is vested for Recreation Reserve purposes. Feedback to date as indicated that there may be some potential to consider mechanisms to expand into adjoining Open Space land.

As the adjoining land is subject to different zoning, the above provisions do not apply. Instead, the Open Space Zoning provisions would apply here in which Residential Activities are a Non-Complying Activity. As such it is considered it would be difficult to obtain resource consent for any residential development of this or part of this land without a zone change taking place.

Furthermore, consideration would need to be given to any legal constraints due to the land being set aside for Recreation Reserve.

Transport

As noted above, vehicle access is directed to serve no more than 8 residential units via a single vehicle crossing. This is to manage traffic and pedestrian safety effects and ensure if more than 8 units are being accessed via a single vehicle crossing point, that it is engineered appropriately. For all of the above site, this is already occurring so increasing the number of units on any of the sites will require consideration of vehicle access (should units be designed to be vehicle dependent). If altering the vehicle access or redeveloping the site in full then consideration will need to be given to ensuring sufficient room is set aside to create vehicle access and internal accessways which appropriately responds to the use. Above 8 users will be considered at Council's discretion.

Of the 5 sites, Maunu Road (Site 4) is subject to a Strategic Road Protection Area which seeks to future proof key transport routes. This protection area runs across the front 2m of the site (from the road frontage) and has additional setbacks and subdivision restrictions which apply with the protection area which have been noted in the standard above specific to this site. This is to ensure the strategic route is not compromised by subdivision and development; however, it does reduce the total extent of the site that is able to support development. This will need to be factored into any bulk and location analysis completed for this property.

Sites 2 and 5, being Coleridge Place and Bloomfield are both located at the end of a cul-de-sac road. Any increase in vehicle traffic will likely need to be given consideration to ensure the roads can accommodate the additional users without adversely effecting the safety of existing drivers and pedestrians.

Three Waters

Each of the sites already supports multiple residential units so it is assumed that each site has connections to Council infrastructure. Any redevelopment or further development of the site(s) will need to undertake early engagement with Council in regard to three waters capacity and design to understand any constraints in the network, and any specific design requirements. It is noted Council are calling for three waters capacity to be demonstrated upfront as part of the resource consent process to mitigate capacity issues being realised later on in the development design process.

Plan Change 1 – Natural Hazards

Some of the sites above are currently identified as being subject to varying extents of land instability, flooding, and mining hazards.

As identified at the outset, PC1 is still in progress and does not yet have effect. While this plan change is still subject to change as no decision has been made, sites which are subject to natural hazard will likely have additional consenting triggers depending on the type of hazard and type of development sought. This is intended to ensure that sites and activities subject to natural hazard can be closely examined to designed to avoid, mitigate and manage the risk of the natural hazard.

Subdivision and development of a site subject to natural hazard will require consideration and support from a Suitably Qualified and Experienced Person, and possibly specific design requirements to ensure such development does not create on or off-site effects. This is generally not a new requirement, however it will now be a consenting matter once the plan change becomes operative.

Other Matters

The National Policy Statement on Urban Development 2020 (NPSUD) is concerned with urban environments and the need to enable such environments to develop and change, and to provide sufficient development capacity to meet the needs of people and communities and future generations in urban environments. The NPSUD directs decision making under the Act to ensure that planning decisions enable development through providing sufficient development capacity for housing and business. On this basis, the NPSUD would be supportive of any proposal to develop the site into housing, subject to the site being deemed suitable for development.

None of the sites are identified on the Northland Regional Council (NRC) Selected Land Use Register (SLUR) database as potentially contaminated sites. The history of the sites should be carefully reviewed to understand whether any potentially hazardous activities or industries have ever been undertaken on the properties. This is to inform whether any consents may be required under the Resource Management (National Environmental Standard for Assessing and Managing Contaminants in Soil to Protect Human Health) Regulations 2011 (NESCS). Alternatively, a Preliminary Site Investigation could be undertaken by a suitably qualified and experienced person to inform this.

Additional consents may be required with the Northland Regional Council, in addition to any resource consent required under the Whangarei District Plan.

Conclusion and Recommendations

Based on the analysis and assessment in this report, Sites 1 to 5 are considered to be a low to medium consenting risk for additional development or total redevelopment. The zoning of the sites supports greater development intensity and housing choice and are located in areas identified as appropriate for such development.

Each site does have slightly different planning and natural hazard overlays which will require preliminary site investigations (planning, infrastructure and hazards) to determine the underlying site constraints that may also influence the redevelopment options and consenting pathways Should the redevelopment of Site 5 expand into the adjoining Open Space zoned land, it is considered that this would elevate the consenting pathway to a high risk.

Early discussions are highly recommended with the Council to confirm any networks constraints and design measures that may be required to service the sites for three waters.

I trust the above provides the necessary information to support the site elevation and future bulk and location design considerations for the subject sites. If you have any questions with regard to the above information, please do not hesitate to contact Holly Jenkins at hjenkins@propertygroup.co.nz.

Yours sincerely

Holly Jenkins

Senior Planner

hjenkins@propertygroup.co.nz

Rachel Ritchie

Senior Planner

rritchie@propertygroup.co.nz

Appendix three

Development Costs and Financial Assessment

Feasibility Assessment

Whangarei DC - Amber Drive Redevelopment

Site Area	**2,819**
Residential 1 bed	1,292
Internal circulation	295
TOTAL GFA	**1,587**
Landscaped areas	1,265
Parking	891

Development Timeline		
Design Phase	6.00	months
Planning and Consents	6.00	months
Construction Period	12.00	months
Total Holding Period	36.00	months

	Units	GFA	GFA/unit	$/sqm	Total Cost	
Residential 1 bed	24	1,587	66	5,500	$8,727,620	
Balconies	14	70	5	2,500	$175,000	
Total Construction Costs		**1,587**				**$8,902,620**
Design, engineering, QS, project management		14%			$1,246,367	
Development Contributions						
Residential / EHU		9	$27,432	per HUE	$246,888	
Resource Consent Fees		0.75%			$67,422	
Building Consent Fees		0.30%			$26,969	
Survey and Title		$1,000	24	units	$24,000	
Enabling works, civil works, services and landscaping		$60,000	24	units	$1,440,000	
Carparking		$550	891	sqm	$490,050	
Demolition Costs		$150	580	sqm	$87,000	
Contingency Allowance - Design, construction, esclation and project contingency		15%			$1,879,697	
Total Development Costs						**$5,508,393**
Total development costs (excl.land)						**$14,411,013**
Cost per unit						**$600,458.88**

Assumptions

Does not account for debt servicing costs required to fund the project.
$5,500/sqm construction cost, $2,500/sqm for balconies
Residential DCs of $14,404 plus GST, if any
Resource Consent fees of 0.75% of construction cost
Building Consent fees of 0.3% of construction cost
Assumes $60,000 per new unit for civil works - enabling, civil, trasnport
Assumes $1,000 per new unit for survey and title
Carparking at $550 per square metre
Assumes light duty demolition and no asbestos removal, $150 per square metre
Assumes project contingeny of 15% for design, construction, esclation and project
No significant seismic resilience required
No fill required

DC build up

libraries	$339	
parks and reserves	$1,753	
transport and roading	$7,444	
Wastewater	$3,896	
Water	$14,000	
	$27,432	per additional HUE

The Property Group

Whangarei DC - 8-12 Coleridge Road Development

Site Area	**1,912**
Residential 1 bed	500
TOTAL GFA	**500**
Landscaped areas	805
JOAL/parking	437

Development Timeline		
Design Phase	6.00	months
Planning and Consents	6.00	months
Construction Period	18.00	months
Total Holding Period	30.00	months

	Units	GFA (sqm)	GFA/unit	$/sqm	Total Cost	
Residential 1 bed	10	500	50	4,000	$2,000,000	
Total Construction Costs		**500**				**$2,000,000**
Design, engineering, QS, project management		15%			$300,000	
Development Contributions						
Residential / EHU		2	$27,432 per HUE		$54,864	
Resource Consent Fees		Est.			$20,000	
Building Consent Fees		Est.			$15,000	
Survey and Title		$1,000	10 units		$10,000	
Enabling works, civil works, services		$60,000	10 units		$600,000	
Demolition Costs		$200	535 sqm		$106,900	
Communal Landscaping		$200	805 sqm		$161,000	
Contingency Allowance - Design, construction, escalation and project contingency		15%			$490,165	
Total Development Costs						**$1,757,929**
Total development costs (excl.land)						**$3,757,929**
Cost per unit						**$375,793**

Assumptions
$4,000/sqm construction cost
Prof fees of 15% of construction cost
Residential DCs of $27,432 plus GST, if any (assumes 2 additional HUE's based on existing improvements)
Resource Consent fees of $20,000
Building Consent fees of $15,000
Survey and Title of $1,000 per unit
Assumes $60,000 per new unit for civil works - enabling, civil, trasnport
Assumes light duty demolition and no asbestos removal, $200 per square metre over approximately 535sqm
Assumes basic soft scaping for communual landscping area at $200/sqm
Project contingency allowance of 15%
No significant seismic resilience required
No fill required, basic enabling and civil works
Asssumes construction and development period of 30 months
Assumes no significant natural hazard zones affecting the property
Assumes no contamination risk
Assumes no debt servicing costs to Council
Has not considered rates over this period
Has not considered the opportunity cost of the existing improvements and land value

DC build up

libraries	$339	
parks and reserves	$1,753	
transport and roading	$7,444	
Wastewater	$3,896	
Water	$14,000	
	$27,432	per additional HUE

The Property Group

Whangarei District Council - Pensioner Housing Portfolio cashflow analysis - Status Quo

LTP Year	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034
Cashflow	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**	**Year 8**	**Year 9**	**Year 10**
Income										
Rental Income	1,381,918	1,412,269	1,444,769	1,477,940	1,510,440	1,542,134	1,573,023	1,604,448	1,634,934	1,665,956
Rents: Other Rentals Received	0	0	0	0	0	0	0	0	0	0
Rents: Pensioner Housing Rental Revenue	(147,694)	(150,938)	(154,412)	(157,957)	(161,430)	(164,818)	(168,119)	(171,478)	(174,736)	(178,051)
Rents: Pensioner Housing Rental Revenue	(118,027)	(120,620)	(123,395)	(126,228)	(129,004)	(131,711)	(134,349)	(137,033)	(139,637)	(142,287)
Rents: Pensioner Housing Rental Revenue	(152,432)	(155,780)	(159,365)	(163,024)	(166,609)	(170,105)	(173,512)	(176,978)	(180,341)	(183,763)
Rents: Pensioner Housing Rental Revenue	(67,090)	(68,563)	(70,141)	(71,751)	(73,329)	(74,868)	(76,368)	(77,893)	(79,373)	(80,879)
Rents: Pensioner Housing Rental Revenue	(71,717)	(73,292)	(74,979)	(76,700)	(78,387)	(80,032)	(81,635)	(83,266)	(84,848)	(86,458)
Rents: Pensioner Housing Rental Revenue	(94,460)	(96,535)	(98,756)	(101,024)	(103,245)	(105,412)	(107,523)	(109,671)	(111,755)	(113,875)
Rents: Pensioner Housing Rental Revenue	(134,280)	(137,230)	(140,388)	(143,611)	(146,769)	(149,849)	(152,850)	(155,904)	(158,866)	(161,880)
Rents: Pensioner Housing Rental Revenue	(62,311)	(63,680)	(65,145)	(66,641)	(68,106)	(69,535)	(70,928)	(72,345)	(73,720)	(75,118)
Rents: Pensioner Housing Rental Revenue	(50,810)	(51,926)	(53,121)	(54,340)	(55,535)	(56,701)	(57,836)	(58,992)	(60,113)	(61,253)
Rents: Pensioner Housing Rental Revenue	(109,742)	(112,152)	(114,733)	(117,367)	(119,948)	(122,465)	(124,918)	(127,414)	(129,834)	(132,298)
Rents: Pensioner Housing Rental Revenue	(78,928)	(80,662)	(82,518)	(84,413)	(86,269)	(88,079)	(89,843)	(91,638)	(93,379)	(95,151)
Rents: Pensioner Housing Rental Revenue	(149,521)	(152,805)	(156,321)	(159,910)	(163,427)	(166,856)	(170,198)	(173,598)	(176,896)	(180,253)
Rents: Pensioner Housing Rental Revenue	(78,734)	(80,463)	(82,315)	(84,205)	(86,056)	(87,862)	(89,622)	(91,412)	(93,149)	(94,917)
Rents: Pensioner Housing Rental Revenue	(16,935)	(17,307)	(17,706)	(18,112)	(18,510)	(18,899)	(19,277)	(19,662)	(20,036)	(20,416)
Rents: Pensioner Housing Rental Revenue	(32,300)	(33,010)	(33,769)	(34,545)	(35,304)	(36,045)	(36,767)	(37,502)	(38,214)	(38,939)
Rents: Pensioner Housing Rental Revenue	(16,935)	(17,307)	(17,706)	(18,112)	(18,510)	(18,899)	(19,277)	(19,662)	(20,036)	(20,416)
Total Income	**1,381,918**	**1,412,269**	**1,444,769**	**1,477,940**	**1,510,440**	**1,542,134**	**1,573,023**	**1,604,448**	**1,634,934**	**1,665,956**
Operating and Capital Expenses										
Charge Outs Expenses - Graphics	160	163	167	171	175	178	182	185	189	192
Electricity Supply Costs	6,878	7,029	7,191	7,356	7,518	7,675	7,829	7,986	8,137	8,292
Professional Fees - Other (not legal fees)	51,450	52,580	53,790	55,025	0	0	0	0	0	0
Insurance	97,956	116,164	137,897	141,068	144,172	147,199	150,143	153,146	156,056	159,021
Management Fee	136,740	139,743	142,959	146,242	149,457	152,594	155,650	158,760	161,776	164,846
R&M: Buildings Repair & Maintenance	334,779	342,132	350,005	358,041	365,915	373,593	381,076	388,689	396,074	403,589
R&M: Grounds & Gardens	134,489	137,443	140,606	143,834	146,997	150,082	153,088	156,146	159,113	162,132
Rates	354,062	405,755	439,433	458,768	478,495	498,592	519,034	540,315	561,927	584,404
Water Rates	29,836	31,238	38,204	46,724	48,920	51,170	53,473	55,879	58,338	60,905
Capex - Renewals	514,680	525,984	605,326	619,224	632,841	646,120	659,061	672,228	685,001	697,998
Total Opex & Capex	**1,661,031**	**1,758,232**	**1,915,578**	**1,976,453**	**1,974,489**	**2,027,203**	**2,079,536**	**2,133,333**	**2,186,611**	**2,241,380**
Net Operating Cashflow	**(279,113)**	**(345,963)**	**(470,809)**	**(498,513)**	**(464,049)**	**(485,069)**	**(506,513)**	**(528,885)**	**(551,677)**	**(575,424)**
Cumulative Net Cashflow	**(279,113)**	**(625,076)**	**(1,095,885)**	**(1,594,398)**	**(2,058,447)**	**(2,543,516)**	**(3,050,029)**	**(3,578,914)**	**(4,130,592)**	**(4,706,015)**

Whangarei District Council - Pensioner Housing Portfolio cashflow analysis - Amber Drive Redevelopment

LTP Year		2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034
Cashflow		**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**	**Year 8**	**Year 9**	**Year 10**
Income											
Rental Income		1,314,778	1,275,039	1,416,691	1,564,107	1,598,502	1,632,044	1,664,733	1,697,990	1,730,253	1,763,085
Rents: Other Rentals Received	48 Maunu Rd	0	0	0	0	0	0	0	0	0	0
Rents: Pensioner Housing Rental Revenue	72-80 Mill Rd Whangarei	(147,694)	(150,938)	(154,412)	(157,957)	(161,430)	(164,818)	(168,119)	(171,478)	(174,736)	(178,051)
Rents: Pensioner Housing Rental Revenue	196-222 Corks Rd	(118,027)	(120,620)	(123,395)	(126,228)	(129,004)	(131,711)	(134,349)	(137,033)	(139,637)	(142,287)
Rents: Pensioner Housing Rental Revenue	190 Kamo Rd	(152,432)	(155,780)	(159,365)	(163,024)	(166,609)	(170,105)	(173,512)	(176,978)	(180,341)	(183,763)
Rents: Pensioner Housing Rental Revenue	8-12 Coleridge Pl	(67,090)	(68,563)	(70,141)	(71,751)	(73,329)	(74,868)	(76,368)	(77,893)	(79,373)	(80,879)
Rents: Pensioner Housing Rental Revenue	62 Clark Rd	(71,717)	(73,292)	(74,979)	(76,700)	(78,387)	(80,032)	(81,635)	(83,266)	(84,848)	(86,458)
Rents: Pensioner Housing Rental Revenue	21A Bloomfield Place	(94,460)	(96,535)	(98,756)	(101,024)	(103,245)	(105,412)	(107,523)	(109,671)	(111,755)	(113,875)
Rents: Pensioner Housing Rental Revenue	4 Amber Drive	(67,140)	0	(112,310)	(229,777)	(234,830)	(239,758)	(244,560)	(249,446)	(254,185)	(259,008)
Rents: Pensioner Housing Rental Revenue	21 Otaika Road	(62,311)	(63,680)	(65,145)	(66,641)	(68,106)	(69,535)	(70,928)	(72,345)	(73,720)	(75,118)
Rents: Pensioner Housing Rental Revenue	89 Kiripaka Rd	(50,810)	(51,926)	(53,121)	(54,340)	(55,535)	(56,701)	(57,836)	(58,992)	(60,113)	(61,253)
Rents: Pensioner Housing Rental Revenue	43 Maunu Rd	(109,742)	(112,152)	(114,733)	(117,367)	(119,948)	(122,465)	(124,918)	(127,414)	(129,834)	(132,298)
Rents: Pensioner Housing Rental Revenue	48 Maunu Rd	(78,928)	(80,662)	(82,518)	(84,413)	(86,269)	(88,079)	(89,843)	(91,638)	(93,379)	(95,151)
Rents: Pensioner Housing Rental Revenue	142 Maunu Road	(149,521)	(152,805)	(156,321)	(159,910)	(163,427)	(166,856)	(170,198)	(173,598)	(176,896)	(180,253)
Rents: Pensioner Housing Rental Revenue	26 Te Mai Rd	(78,734)	(80,463)	(82,315)	(84,205)	(86,056)	(87,862)	(89,622)	(91,412)	(93,149)	(94,917)
Rents: Pensioner Housing Rental Revenue	45 George Street Hikurangi	(16,935)	(17,307)	(17,706)	(18,112)	(18,510)	(18,899)	(19,277)	(19,662)	(20,036)	(20,416)
Rents: Pensioner Housing Rental Revenue	1 Alfred Street Hikurangi	(32,300)	(33,010)	(33,769)	(34,545)	(35,304)	(36,045)	(36,767)	(37,502)	(38,214)	(38,939)
Rents: Pensioner Housing Rental Revenue	7a King Street	(16,935)	(17,307)	(17,706)	(18,112)	(18,510)	(18,899)	(19,277)	(19,662)	(20,036)	(20,416)
Total Income		**1,314,778**	**1,275,039**	**1,416,691**	**1,564,107**	**1,598,502**	**1,632,044**	**1,664,733**	**1,697,990**	**1,730,253**	**1,763,085**
Operating and Capital Expenses											
Charge Outs Expenses - Graphics		160	163	167	171	175	178	182	185	189	192
Electricity Supply Costs		6,878	7,029	7,191	7,356	7,518	7,675	7,829	7,986	8,137	8,292
Professional Fees - Other (not legal fees)		51,450	52,580	53,790	55,025	0	0	0	0	0	0
Insurance		93,676	106,014	145,126	148,464	151,730	154,917	158,015	161,175	164,238	167,358
Management Fee		136,740	139,743	142,959	146,242	149,457	152,594	155,650	158,760	161,776	164,846
R&M: Buildings Repair & Maintenance		309,251	316,043	323,316	330,739	338,012	345,105	352,017	364,049	370,971	378,016
R&M: Grounds & Gardens		124,575	127,311	130,241	143,834	146,997	150,082	153,088	156,146	159,113	162,132
Rates		347,572	398,318	431,378	483,995	504,807	526,009	547,575	570,025	592,826	616,540
Water Rates		28,631	28,667	38,186	50,530	53,193	55,935	58,752	61,715	64,753	67,945
Capex - Renewals		514,680	525,984	605,326	619,224	632,841	646,120	659,061	672,228	685,001	697,998
Total Opex & Capex		**1,613,614**	**1,701,852**	**1,877,680**	**1,985,579**	**1,984,730**	**2,038,613**	**2,092,168**	**2,152,269**	**2,207,004**	**2,263,319**
Net Operating Cashflow		**(298,836)**	**(426,813)**	**(460,988)**	**(421,472)**	**(386,228)**	**(406,569)**	**(427,436)**	**(454,279)**	**(476,751)**	**(500,234)**
Percentage funded by rent (%)		81%	75%	75%	79%	81%	80%	80%	79%	78%	78%
Project Development											
Total Development/Purchase Cost		(4,803,671)	(4,803,671)	(4,803,671)							
Funding		284,930	1,403,200	2,151,600							
Rates											
Cumulative Net Cashflow		**(4,817,577)**	**(8,644,861)**	**(11,757,920)**	**(12,179,393)**	**(12,565,621)**	**(12,972,190)**	**(13,399,626)**	**(13,853,904)**	**(14,330,655)**	**(14,830,890)**

Assumptions:

Does not consider current or reuqired level of debt to complete and opereate the new development

Construction and development complete in 2027/28 - 36 month construction and development peroid

Amber Drive Assumptions:

Rental Income - Halved income of 15 units in year 1 , nil in year 2, half income of 24 units in year 3, full income from 24 units at proportionate rate per additional unit thereafter

Insurance - halved in 2024/25, nil in 26/27, then increased proportionate to new units from year 3 onwards

Electricity Costs - left unchanged

Buildings Repairs and Maintenance - dropped from $25k to nothing for the first 5 years, then $5000 per annum escalated at 2% thereafter

Grounds Repairs and Maintenance - Nothing in year 1,2,3

Rates - Halved in year 1 and year 2, then increased proportional to new nunber of units in year 3

Water Rates - Halved in year 1, nothing year 2, halved in year 3, then increased relative to number of new units thereafter

Appendix four

Case Studies

Case studies

Napier City Council – Retain ownership

Napier City Council recently completed a review of their 377-unit pensioner housing portfolio. Their units are 60 years old and maintenance costs were increasing due to the age of the portfolio. With projected repairs, maintenance, and replacement over the next 25 years the projected average annual shortfall based on their current delivery model is $2.2m. Napier City Council consulted with the public on the three options below:

1. Keep all 377 units in 100% Council ownership.
2. Keep the 'retirement villages', sell the 'social villages' to another CHP and use the sale proceeds to build some new units.
3. Sell all the units to a CHP.

There were several considerations in the decision-making process including the community feedback received, Napier's housing situation, the Government reforms underway, and the impact this decision would have on current tenants.

The decision was made to retain the whole portfolio and to fund the forecasted annual shortfalls through a combination of increased rents and increased rates, the breakdown being 80% of the costs would be funded through rents (tenants) and 20% of the costs would be funded through rates (ratepayers).

When the decision was made in 2022 to retain the portfolio, Council agreed to continue to lobby Government for access to the income-related rent subsidy, without which the Council would need to reconsider its position on provision of the housing.

Western Bay of Plenty District Council

Unfortunately, as funding available through the first two rounds of the Affordable Housing Fund (AFH) has only recently been allocated to successful applicants, there is no example of where new units have been completed. However, the Western Bay of Plenty District Council was successful in their funding application to MHUD's first round of the Affordable Housing Fund and was able to access $2.4 million towards their development in Katikati. Through this funding and an additional $4.6 million Council had available through its Better Off Funding it can redevelop its Katikati site by delivering a mix of 26 new one- and two-bedroom units. There are currently 11 older units on the site which will be demolished, resulting in an additional 15 units on the site (the AHF funding can only be used for net new dwellings).

Wellington City Council / Te Toi Mahana

Wellington City Council (WCC) had to consider a change of delivery model for their portfolio of almost 1,800 properties as it was in an unsustainable financial position (losing circa $29,000 a day) with operating and capital shortfalls, cash reserves being depleted by 2022/23, and unable to meet Deed of Grant requirements beyond FY22/23.

The decision was made to establish a CHP (Te Toi Mahana) that would be set up as an independent community-owned trust. Assets were then leased to the trust (not transferred) via a leasehold agreement and the CHP was given up-front capital ($20-$50m) to enable it to get underway with housing upgrades work and invest in new supply. Under this model the CHP delivers a full service offering and is responsible for tenancy management, minor/reactive maintenance and major maintenance and upgrades. As the asset owner, the Council retains some control on major asset maintenance and upgrades through the establishment of a maintenance fund. WCC will continue to undertake the major housing upgrade programme agreed with central government and implement upgrades for healthy homes.

Whilst this is an example of a lease model between Council and Te Toi Mahana, Council also provided the CHP with approximately $10m of property and $23m of development funds.

Horowhenua District Council – transfer to CHP Compassion Housing

Horowhenua District Council sold the portfolio in November 2017 to Compassion Housing who are a registered CHP. The 115 units were sold along with 1.1 hectares of land which is yet to be developed but was included in the sale to enable Compassion to build more public housing to meet future demand. The portfolio was sold for $5.25m with the express intent of retaining the portfolio for pensioner housing. Should the portfolio have been sold on the open market it may have sold for a higher price, however Council wished to ensure that it provided security of tenure for its current tenants and continued to support this demographic into the future. Compassion Housing are a CHP who are focused on providing pensioner housing which meant they were well placed to support Council's tenants.

Nelson City Council – transfer to Kāinga Ora

Nelson City Council (NCC) transferred their portfolio to Kāinga Ora in February 2021. NCC's Pensioner Housing portfolio was a contingent liability. Although well managed and maintained, upgrading to meet current regulatory standards was difficult and would become an increasing burden to ratepayers. Key motivations for divestment were:

- Future financial sustainability.
- Meeting the needs of the community and tenants.
- The portfolio size (142 units).
- NCC unable to extend wraparound services to tenants.

NCC retained its key objective to 'meet the needs of the local community'. Discussions commenced with tenants, stakeholders, local housing providers, Kāinga Ora, Local Government, and a strategic asset consultancy company to establish a delivery method encompassing the key objectives.

The portfolio was divested to Kāinga Ora because it offered the most secure tenure to retain and manage existing tenants. Kāinga Ora offered market value and were considered the most suited provider in terms of access to community wrap around services.

The agreement also supported the shared housing priorities of both parties by creating a Housing Reserve to help support both affordable and social housing projects in Nelson. The portfolio sold for $19.8m with $12m being available to the reserve immediately on settlement, $5m held back for up to 15 years, the remaining $2.7m was to be used for healthy homes upgrades to housing and to pay back a loan from Kāinga Ora. Many of NCC's tenants qualified for IRRS, but for the small number of tenants who didn't meet the criteria, money was set aside to provide rent top ups. Generally, only new tenants are eligible for IRRS, however existing eligible tenants could access it in this case.

The divestment was a slow and complex process. There were no examples of this being carried out in any other territories, so it was a custom-made approach to NCC's situation. Informing stakeholders and interested parties was a positive decision as it allowed transparency with the community and resulted in a positive outcome. It is important to note that this deal was a 'one-off' which required ministerial approval.

Christchurch City Council / Ōtautahi Community Housing Trust

Ōtautahi Community Housing Trust (OCHT) was established in 2016 and has been leasing the Christchurch City Council's housing portfolio since. OCHT has provided a better service and quality of housing, increased its housing stock by a further 587 units (which are owned by the Trust), and Council has been able to ensure a sustainable and viable social housing entity for Christchurch. A change from specific pensioner housing to social housing did however cause a management obstacle as the portfolio now cateres to a mix of different cohorts, but the Trust provides wraparound support services to tenants that it was not able to offer under its previous model.

The process of establishing OCHT included consultation with the wider community, key stakeholders, and tenants. The feedback was used to develop OCHT, retain staff knowledge and expediate the transfer of properties to OCHT in three stages:

1. Shift tenancy management and small maintenance requirements across to the OCHT.
2. Maintenance transfer once the team had a pool of suppliers established to manage this work.
3. All major and minor management including some 40 Council staff transfers to OCHT, completing transition in 2021.

Council was able to provide OCHT access to lending at reduced rates which was beneficial to both parties. Whilst the Christchurch City Councils portfolio is still leased to OCHT the Trust now have a portfolio of owned and leased properties. MHUD's current preference is for the CHP to have ownership of the portfolio rather than leasing and therefore under current settings this structure will be harder to negotiate than a CHP ownership model.

Christchurch City Council / Ōtautahi Community Housing Trust

Ōtautahi Community Housing Trust (OCHT) was established in 2016 and has been leasing the Christchurch City Council's housing portfolio since. OCHT has provided a better service and quality of housing, increased its housing stock by a further 587 units (which are owned by the Trust), and Council has been able to ensure a sustainable and viable social housing entity for Christchurch. A change from specific pensioner housing to social housing did however cause a management obstacle as the portfolio now caters to a mix of different cohorts, but the Trust provides wraparound support services to tenants that it was not able to offer under its previous model.

The process of establishing OCHT included consultation with the wider community, key stakeholders, and tenants. The feedback was used to develop OCHT, retain staff knowledge and expediate the transfer of properties to OCHT in three stages:

4. Shift tenancy management and small maintenance requirements across to the OCHT.
5. Maintenance transfer once the team had a pool of suppliers established to manage this work.
6. All major and minor management including some 40 Council staff transfers to OCHT, completing transition in 2021.

Council was able to provide OCHT access to lending at reduced rates which was beneficial to both parties. Whilst the Christchurch City Councils portfolio is still leased to OCHT the Trust now have a portfolio of owned and leased properties. MHUD’s current preference is for the CHP to have ownership of the portfolio rather than leasing and therefore under current settings this structure will be harder to negotiate than a CHP ownership model.

Tauranga City Council – divested to Kāinga Ora & Private Market

In 2022 Tauranga City Council (TCC) sold seven of its nine pensioner housing villages to Kāinga Ora with an arrangement in place that Kāinga Ora would continue to deliver affordable housing to existing tenants. Kāinga Ora was better placed than TCC to redevelop the villages and upgrade the existing units. TCC considered the other two villages were in unsuitable locations for public housing and therefore these villages are being sold for private development. Funds received from the sale of the portfolio are being reinvested into supporting local community housing providers and papakāinga housing. Further consultation is being carried out on where funds will be allocated but the first part of the proposal involves investing $10m into a Housing Equity Fund.

Pensioner Housing Portfolio Evaluation Criteria

This sheet provides the structure for undertaking an evaluation of the delivery options for the Pensioner Housing Portfolio into the future against an agreed set of assessment criteria to support the outcomes Council aims to achieve. Once the information on this sheet is agreed here, a scoring table can be produced to allow for assessment of each option. Initial assessment will be undertaken by the consultant team, before an internal review by Council staff. To supplement the criteria scoring, a risk assessment should also be undertaken.

Delivery Options

A full list of delivery options needs to be identified – potentially with further detail provided to understand the differences. The current list of potential delivery options to be assessed, include:

- Status quo (no change).
- Divestment of parts of the portfolio to existing CHPs. The remainder of the portfolio can then be operated internally, with in-house redevelopment undertaken as possible.
- Divestment of all the portfolio to existing CHPs.
- Divestment of parts of the portfolio to private market. The remainder of the portfolio can then be operated internally, with in-house redevelopment undertaken as possible.
- Divestment of all the portfolio to existing private market.
- Lease all the portfolio through a partnership model
- Transfer portfolio and management to a Council CCO

Evaluation Criteria

There are four evaluation criteria detailed below. Weighting is shown in brackets.

1. <u>Financial Sustainability</u>: (25%) The delivery option eases burden on Council's debt levels and ensures suitable potential revenue, while maintaining tenant financial viability. This criterion will focus on long-term impacts but should also note short-term challenges and requirements.
2. <u>Portfolio growth and quality:</u> (25%) The delivery option supports growth, refurbishment, maintenance and change in the portfolio and individual assets, aligned to Council's strategic direction on housing and development.
3. <u>Tenant wellbeing and housing security:</u> (35%) Housing is provided that appropriately meets the individual tenant or whanau needs. Metrics such as ability to attain Lifemark ratings, accessibility ratings, or cultural appropriateness. Additionally, tenants can maintain and have confidence that their tenancy will continue.
4. <u>Opportunities for partnership:</u> (15%) The delivery option supports partnerships that promote collective action to deliver housing outcomes, and / or build capacity to deliver housing for Māori, low-income or less-able people, beyond the specific pensioner housing focus, including enhanced tenancy support.

Risk Assessment guidance

Each delivery option should be explored for risk. This risk assessment does not need to be too extensive but will provide decision-makers confidence in understanding the complexity surrounding each delivery option. By pulling risk out of the criteria, this makes it easier to understand those challenges compared with delivering outcomes (within the criteria).

The risk assessment can include discussion on:

- How complex the option is to transition from the status quo?
- How much demand the option places on Council staff?
- How complex the tenancy management solutions would be?
- How complex any decanting or other tenant impacts would be?
- What changes are likely in the legislative landscape that would impact the option?

Evaluation guide

Each option will be scored against all criteria using the system below.

Score	Name	Definition
+3	**Strongly Positive**	Clear, consistent, and strong evidence of the desired behavior or outcome.
+2	**Moderately Positive**	Evidence is present and mostly consistent, though not as strong or frequent.
+1	**Slightly Positive**	Some evidence is present, but it is weak or inconsistent.
0	**Neutral / Baseline**	No clear evidence either for or against the behavior or outcome.
-1	**Slightly Negative**	Minor issues or inconsistencies that suggest a deviation from the desired norm.
-2	**Moderately Negative**	Clear evidence of problems or undesirable outcomes, though not severe.
-3	**Strongly Negative**	Strong, consistent evidence of significant problems or failure to meet criteria.

Strategic framework guiding the review of the pensioner housing portfolio