

Waiheke Social Housing Project

Re: Retention of properties at 6 Belgium and 7 Waitai Streets, Waiheke Island - Retention for Social Housing Development

To: Panuku Development Auckland

Prepared by: Waiheke Local Board

Date: 8 June 2016

Background to this document

The Waiheke Local Board approached the Housing Development Office (previously the Housing Project Office) with regard to the Council owned properties at 6 Belgium and 7 Waitai Streets (together 'the sites') to request that the land be retained by Council for the purpose of social housing.

The Housing Development Office stated that it wants to support the Waiheke Local Board in these efforts as the provision of social housing is part of its mandate.

Housing Action Plan (2012): Priority Area:

1. Driving Housing opportunities on Council-owned land.

We acknowledge the support from the Housing Development Office. In response, the Waiheke Local Board has supported the establishment of a Steering Group to take a leadership role in the preparation of the business case, the identification of appropriate partners, including development partners, asset and tenancy managers and to develop a workable financial model that will include options for ownership and management.

The Steering Group approached Ngāti Paoa as a potential partner and Ngāti Paoa expressed a strong interest in leading this venture.

Ngāti Paoa are primary mana whenua iwi of Waiheke Island, and will shortly complete their Treaty settlement negotiations with the Crown. That settlement will include an apology for Crown Treaty breaches, cultural redress (including the return of some cultural sites on Waiheke) and financial and commercial redress. Ngāti Paoa Iwi Trust is in the process of negotiating with Panuku an MOU setting out how they will work together on disposal and development properties. The Trust is also applying to be a Community Housing Provider as Ngāti Paoa want not just to exercise their kaitiaki role over their customary land, but also to nurture people, in the spirit of whanaungatanga, and to play a significant role in their community.

The business case presented below is the result of extensive research and consultation over a six month period with a wide range of stakeholders from the Waiheke community, the community housing sector in New Zealand and various Council and Panuku representatives.

This business case focusses on the merits of the proposed development and does not attempt to assess the costs and benefits to Council in relation to possible other uses for these sites. This is because we do not have full access to all the relevant information about other Council uses for the sites and the current rental income. Alongside the work that has been undertaken by the Waiheke Housing Steering Group and the Waiheke Local Board, we understand that Panuku has also been undertaking a development assessment for these sites and we assume that assessment will be provided alongside this business case.

Assessment

There is a clear need on Waiheke for healthy and affordable housing for older people, a need that is not currently being met by the market:

- There was a 50% increase in the number of people over 65 living on Waiheke between 2006 and 2013.
- Approximately 120 people over the age of 65 on Waiheke are receiving the accommodation supplement
- Research undertaken in support of this business case identified 27 people over 65 years of age who presented to social services agencies in 2015 with acute housing need.
- The average cost of a one-bedroom unit on Waiheke is \$320 a week.
- Research by the University of Auckland shows significant issues with older people seeking to age in place in substandard rental accommodation. This is a significant issue on Waiheke.

We also gathered qualitative evidence of the unsuitable and unaffordable rental accommodation that a growing number of older people are forced to live in. The older people and social agencies spoke of the isolation that many older people feel and the stress caused by lack of security of tenure and escalating rental costs.

Business Case

The Vision: an iwi-led sustainable social housing development on Waiheke Island providing secure, long term, affordable housing for a range of social housing tenants with a focus on housing for older persons.

We envision a social housing development made up of the following:

- Ngāti Paoa kaumatua and other kaumatua who will be the 'heart' of the village
- Other older people, mostly single people
- People with disabilities including parents who have children with disabilities;
- A common facility to encourage social interaction and facilitate hosting.

Goals:

- Increase social housing provision on Waiheke Island with a focus on housing for older people and people with disabilities
- Achieve cultural, economic and environmental outcomes for Ngāti Paoa and the people of Waiheke
- Enable the Council to support an exemplar social housing development to increase the supply of housing in Auckland, particularly in the more affordable spectrum of the market, working with partners
- Enable access to the government income-related rent subsidies (IRRS) and possible development payment (dependent on meeting MSD criteria) of up to 20% of the total cost of building
- Provide high quality Waiheke-based tenancy and asset management for social housing tenants in partnership with a Class 1 Community Housing Provider

- Demonstrate innovation in sustainable social housing provision with a focus on older persons
- Demonstrate ‘proof of concept’ that can be extended to other Auckland Council sites on Waiheke Island in the future to extend social housing provision.

Objective

The Council’s Housing Action Plan identified the following as a key aim:

“ACPL contributes exemplar housing developments to increase the supply of housing in Auckland, particularly in the more affordable spectrum of the market, working with partners.”

This proposed business case offers an opportunity for the Council to achieve this aim in a relatively short time frame through the provision of quality, affordable and long term social housing on Waiheke Island. The proposed approach utilises an existing Council land asset to provide valuable social outcomes in an identified area of high need with no additional capital investment from Council.

Re-development of these sites for social housing purposes will offer the opportunity to deliver on the Council’s Housing Action Plan and ACPL’s SOI objectives associated with housing, affordability, intensification and town-centre regeneration. The proposed structure will also enable access to the government’s income related rent subsidy and associated capital grant towards the cost of developing new social housing places.

The proposed development will go some way towards addressing an acute need on Waiheke Island for housing for older people who do not own their own homes and who are living on the superannuation and in some cases, the accommodation supplement.

The proposed development will provide an opportunity for our elders and kaumatua to live in warm, accessible high quality affordable housing in a village atmosphere. As a community we value our elders and want to enable them to age in place on their Island home for as long as possible. There is strong community support for this initiative.

The Proposed Development

The development will be based on two adjoining sites owned by Auckland Council: 6 Belgium Street (CV \$730,000) and 7 Waitai Road (CV \$1,350,000), a total land area of 6071 sqm.

The sites are in Ostend Village, a rapidly developing retail and light commercial centre on the Island with excellent access to essential services such as supermarket, medical centre and public transport. Housing New Zealand owns the land at 15 Waitai Road and 18 Belgium Street and has an established village with 14 one and two bedroom dwellings. (See appendix A)

Accommodation for care and accommodation for retired, elderly or disabled people are permitted activities within the Commercial 2 land unit for these sites.

Panuku has identified a number of constraints on the sites with respect to potential contamination issues and telecommunications covenants and these would need to be investigated further.

Our preliminary research indicates that at least 40 people could be housed on the two sites. The key constraint is the septic capability and further work will need to be undertaken to fully assess the residential capacity of the site with regard to planning and other engineering considerations. However initial discussion with septic providers indicate proven solutions are available to service at least 40 persons on this site.

For the purposes of this business case, we have based our development model on the following basis:

- 20 x 1 bedroom units
- 10 x 2 bedroom units.

Note that we will also consider emerging innovations in housing for seniors such as up to six people housed in one dwelling as has been successfully undertaken by an Auckland-based community housing provider; this is also consistent with the concepts of papakainga and kaumatua housing that Ngāti Paoa is interested in exploring.

Funding Model

The proposed development is based on the following assumptions:

Ngāti Paoa: is the lead partner and provides the development capital

Auckland Council: contributes the land to the project at no cost or at a discount for social housing purposes. Provides subsidy via the Papakainga Housing Grant.

Class 1 Community Housing provider: contributes property development and tenancy and asset management services. Ngāti Paoa will be the Class 1 Community Housing Provider - they are in the process of registering

Waiheke Local Board: provides the funding for the initial project conception and ongoing support for the project and for the Waiheke Housing Trust

Ministry of Social Development: ongoing IRRS funding and social housing tenants and possible development payment (dependent on meeting MSD criteria) of up to 20% of the total cost of building

Te Puni Kokiri: would provide capital funding for infrastructure a contribution towards development of some of the units – through the Māori Housing Initiative;

Accessible Housing and CCS: provide rent subsidy and possible capital funding for places for people living with disabilities and their families

Waiheke Housing Trust: a not for profit trust that facilitates the various partners in support of the project. The Trust also facilitates connection with the local community and Ngāti Paoa and mobilises local volunteer capability as required

Waiheke Council of Social Services: provides Waiheke-based social services to support tenants

Waiheke Resources Trust: provides expertise in sustainability practice and ongoing volunteer support for community gardens and other initiatives.

Proposed Structure

A governance and ownership model will be developed in consultation with the key partners. At this stage we envisage a Limited Partnership structure with a governing board made up of representatives of the key partners: Ngāti Paoa, The Waiheke Local Board and the Waiheke Housing Trust.

Development and Ongoing Management

Ngāti Paoa will be the lead developer and will be responsible for the development process and for securing the required funding. Ngāti Paoa will take responsibility for contracting the specialist construction and building services. Usage covenants will be imposed on the development to ensure it is maintained and used in accordance with the agreed purposes as defined by the Waiheke Housing Trust and Auckland Council.

The Community Housing Provider 'arm' of Ngāti Paoa will be responsible for the ongoing tenancy and property management, probably using Waiheke-based staff and contractors.

Estimated budget

The budget is based on the following estimates:

Development cost: \$6.5 million (not including land)

Annual ongoing property management, tenancy and finance costs: \$500,000

Annual rental income: \$500,000

These estimates indicate that the project is (marginally) financially viable. The key constraint is the limited income of the proposed social housing tenants who are on fixed incomes and cannot afford to pay the market rents for Waiheke. The project is based on the assumption that rent subsidies will be provided by a range of agencies depending on the type of tenant and their circumstances. The funding agencies are listed above. In a small number of cases, tenants may be able to pay market rent for the opportunity to live in high quality housing in the proposed village.

The land at 6 Belgium Street and 7 Waitai Road is valued at \$2,080,000 (based on current CV).

Revenue from the commercial leases on these properties has not been provided by Panuku for the purposes of this business case due to commercial sensitivity.

Appendix A – Aerial of site, Ostend, Waiheke

