

Briefing - Council
NOTES – LTP 2024-34 JOINT DEVELOPMENT

Date: Tuesday 1 August 2023
Time: 11:15am and 2:30pm
Venue: Council Chambers, Civic Offices,
53 Hereford Street, Christchurch

Principal Advisor
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3. LTP 2024-34 Joint development briefing

Council Briefing, Seminar or Workshop Recommendation

Christchurch City Libraries Nga Kete Wananga o Ōtautahi (11:15am)

In attendance: Mayor Mauger, DM Cotter, Cllrs Coker, Field, Peters, Johanson, Moore, McLellan, MacDonald, Scandrett, Henstock, Keown (11:24)

Online: Cllr Donovan, Harrison-Hunt (11:27)

Chair: Mayor Mauger

Apology Cllr Barber

Principal advisor: ACE Lynn McClelland

Introduction to the activity and the services it provides, overview of snapshot of provision and use, latest updates, including resident satisfaction with service provision.

Overview of contribution to Councils Community Outcomes and Strategic Priorities, noting in particular inclusivity, of Libraries being an attractor and destination, with unique heritage and cultural collections, followed by outlining its contribution to Climate Resilience goals, including mitigations.

Highlighted four anticipated areas of High Impact that will affect the delivery of services over the next 10 years. Equity and Access, Identity and Social Cohesion, Tiriti Partnerships, Technological Growth. Reference further information in the Risks sections in the activity plan appendix.

Levels of service were covered in summary. Minimal changes proposed, other introduction of a kaupapa Māori LOS, updates to mobile library service (as discussed with Council), and number of programmes delivered per 1,000 population. Full details, historic performance information, future proposed targets, methods of measurement, and details of changes are found in Appendix A of the Activity Plan.

Assets summary was discussed, including remaining impacts from earthquakes, significant projects and programmes (such as South Library, and renewals for Tūranga), and looking forward. Spoke to how the activity responds to these factors and aligns to the draft Infrastructure Strategy. More information is available in Libraries Asset Management Plan.

Proposed capital programme view was presented, in supporting delivery of the activity.

Operational budgets, these presently cover budgets as at the Annual Plan 2023/24. Will be updated as the joint development process continues.

Open for questions:

Henstock: what has changed significantly for you since the last LTP?

For Libraries, the plan remains consistent with the past. Refresh of some targets, but no major inclusions or removals of service from previous adopted plans. One additional LOS, referencing kaupapa Māori services that are now being delivered. This is made clear in the plan.

Also mobile library service, from 40 hrs per week, to 50-60 visits per week. Mixture of home delivery, visiting rest homes.

MacDonald: external funding. What options are there for maximising government funding?

Response: We need to keep pursuing this, especially in support of delivery of programmes through Libraries. The partnerships (MoE, GCSM) are critical, for schools and others. We look at how can we direct our staff and resourcing into these programmes, and other options, including the new history curriculum.

MacDonald: Will the funding dry up, is it drying up?

Response: By staying well connected, the funding sources will remain available.

MacDonald: Demand management, what options are there?

Response: Data can be provided to support any areas you wish to look into.

Johanson: How do you work out the building size according to the population density?

Response: We work with our design partners internally, as well as benchmarking against others.

Johanson: Is there a correlation between density of population and size of facility? If there are housing intensification areas, what might this mean for the service in those areas?

Response: There are a number of factors, current facilities and their locations, areas of growth, for instance Belfast, are part of a network review of the present provision.

Q: Could we have a circulation of current resolutions relating to this?

Johanson: Digital equity, how is this applied across the city, how do we inform the investment in this space, where are the gaps?

Response: Unsure if there is a council-wide digital equity strategy, can come back to you about this.

Johanson: LOS statements about making libraries accessible, do we understand who is using libraries, and who is not, demographic info. How can we do this better?

Response. Information is gathered and applied to service delivery changes, through memberships and targeted surveys.

Field: Changes to the activity plan from LTP 2021, are there any intended changes to libraries in smaller communities, such as those on Banks Peninsula?

Response: No, there is nothing planned in the activity by the way of changes to these areas. No impacts that would affect current service to communities. The network is large, we look to provide a centralised service, to consider consistency in a joined up way. It's also important to connect locally to understand we are identifying and meeting local needs. It's a mixture of both.

Peters: Central government funding, eg Matatiki centre. Do we have any MoE contribution in regards to access from local schools?

Response: There is nothing at present.

Scandrett: Literacy, are there opportunities in partnering with government to enhance this? Do we link up with external providers?

Response: Yes, this is something we are doing, but can always do more of. Recent inclusion of national programmes demonstrate this. For example, outreach programmes, lower decile visits, new entrants, to introduce libraries to some families that may not have used them in the past.

Keown: Are we brave enough to ask the community what's our 'fit for' number of libraries? What about our hours of opening, some longer and some lesser?

Response: The activity plan proposes opening hours moving forward, that best fit the community view. Council can request changes ahead of adoption of the draft LTP.

Cotter: Tūranga, the capital programme view shows renewal and replacement is coming up in 2029/30. Is this too soon?

Response: This is not related to the building itself, which opened in 2018. There are some elements within that will need renewal, soft furnishings etc.

Cotter: When will we get info about this?

Response: These will be made available to Council in future years, as the programmes begin to get outlined in more detailed.

Q: Are we depreciating enough to account for this?

This part of the briefing concluded.

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Community Housing (2:30pm)

In attendance: DM Cotter, Cllrs Coker, Field, Peters, Johanson, McLellan, MacDonald, Scandrett, Henstock, Keown, Gough, Templeton.

Online: Cllr Donovan, Harrison-Hunt.

Chair: DM Cotter

Apology: Cllr Barber

Principal advisor: ACE Lynn McClelland

(Please note, parts of this presentation were impacted by technology and sounds issues.)

Setting the scene, housing eco-system presentation

Housing continuum, places councils current provision between supported and assisted rentals, up to assisted ownership.

Housing nationally is becoming less affordable, particularly for market rents at the lower end, and those who are renting but do not qualify for government subsidy, or can afford renting but cannot afford to put together a deposit for a house.

What we do: how councils system works

Council owns a significant amount of housing, 1866 homes, which are leased to OCHT. Council retains ownership, and responsibility for insurance and rates. The remainder of the service is undertaken by OCHT (tenancy management, maintenance, renewals or construction, some of these on behalf of council).

OCHT gets its funds a rents from tenants, as well as government subsidies.

This activity plan is therefore focused on councils role as owner.

Activity plan.

Not proposing any major changes in direction or targets within the activity, primarily because of restricted resources. Community housing activity is funded just through the rent that comes from OCHT, the majority of that goes back through rates, insurance, some overheads, and maintenance and renewals.

There are no spare resources to undertake new initiatives, including initiatives to meet some of councils new strategic priorities. Our strategy over the next 10 years is to focus expenditure on required maintenance and renewals , through to 2027, at which time we can begin to accumulate some surpluses for future renewals. The reason for this strategy is that we've inherited a lot of deferred maintenance and poor quality outcomes. Since the changes in 2016 we have been trying to address those issues.

We work on the basis of a triangle of quality, quantity and affordability. We work with a fixed amount of money within that. In the past council has focused on quantity and affordability, which means that quality has decreased. Through to 2027 we want to focus on quality, which means affordability remains as it is, but means we are not able to increase quantity of stock.

The other main strategy is to accumulated and maintain sufficient reserves the Housing development fund. So we have a small buffer to deal with any unexpected small events we

may have. Current funds at approx. \$991k, we think there needs to be up to \$1.8-2m to deal with events, such as unexpected fires.

(the following question was asked during a period of the recording whether the audio was not working correctly).

Question: Johanson; The government urban growth partnership (from 2020), how does this inform our LTP?

Response: The focus of this Community Housing plan is what is funded through the housing development plan, councils housing portfolio. Other property matters, such as the one reference with the urban growth partnership, is addressed through the City Growth and Property activity (briefing date 8 August).

Presentation continued, regarding housing strategy, enablement of funding from other sources to fund renewals.

Council finance team is looking at setting up an additional \$50M fund to be available for community housing providers, for housing development purposes. Council has an existing \$55M fund in place, which provides funds for housing providers to borrow from. Require guaranteed revenue streams. The contracts generate enough income to cover the costs of capital, construction, maintenance and operating costs over the life of the building. These are low risk funding mechanisms. In the past there have been limitations, mainly through councils own debt limits. Have been working with LGFA on solutions, who would prefer this debt sits off our books for the future, so it does not affect our head room.

Due to the nature of OCHT status and the value of government contracts.

One of the key risks in this space, it is becoming harder to access govt funding for new social housing in Christchurch, they are targeting regional areas, so we may find it more difficult in future to secure those contracts. Working with OCHT.

A second risk is insurance costs which are becoming unaffordable, eg budgeted 1.7m, cost came in at 2.4m. Deductible for each claim has gone up to 250k per claim, eg repair cost \$254k. This is specific to our portfolio, higher than expected amount of claims.

A third risk is regulation change - pressure to improve quality of rental stock, health homes regulation, increasing insulation, heating, draft proofing, water proofing, and ongoing pressure to lift standards, with increased costs we cannot claim back through increased rents. There may also be increases in costs for monitoring and reporting.

Open for questions

Harrison-Hunt: regarding quality of homes. What channels do we go through regarding quality of homes, to get this to OCHT?

Response: Go through OCE to get these passed on to OCHT. In terms of the more general picture, since 2015 satisfaction with condition of units has increased from 51% (in 2015) to

81%, and improvement in condition ratings for externals (good) and internal (fair to good). Good progress being made, more to go.

MacDonald: We own the housing, with a portion leased to OCHT?

Response: All leased (over 98%) to OCHT, with a few smaller numbers to other providers.

MacDonald: Who bears the cost of insurance?

Response: Council. Rent generated via OCHT pays for insurance anyway, and our insurance costs are competitive with theirs (OCHT).

MacDonald: The current structure, is the balance optimal? Are there tangible things that should change with the LTP?

Response: Since structural changes in 2016 there has been a significant improvement lift in quality of stock. There has been an increase in revenue going into this, on current arrangements things are going well. In the LTP, in 4 years we have flagged in the activity plan to review these arrangements again.

At this stage we have the best situation, especially if we can continue to encourage the govt to put funding into the system. That ongoing will transfer to OCHT for redevelopment, will mean we have a reducing portfolio, but warm, dry housing.

MacDonald: If there are changes for us to consider it would be good to see these coming through in presentations, or options we can understand.

Response Advisor: We have started with two plans which have a lesser degree of change. There are other plans coming through which have more explicit changes recommended, a soft-intro. There are opportunities to ask questions and challenge, is this the right balance to be struck.

Response CEO: Recognising the question, there are issues around restrictions of geography, related to the lease, as that relates to how we earn extra income. It also relates to how we progress through our urban development work, ourselves, ChristchurchNZ and OCHT, which relates to also needs to be taken into account. Comment regarding mixed-use developments, in the mixed use developments that are coming forward in future years. Those are the sorts of things we should expect to see coming through in the middle years of the LTP and could be reflected wider as we go through these conversations.

Staff response: To add to that, the first few Mixed use developments are referenced in the City Growth and Property activity, they are on surplus council land rather than housing land. The Community Housing activity will remain separate, mainly because of the specific funding stream, there is no rates funding that goes into this, to keep it separate from City Growth and property activity which does require rates funding.

This part of the briefing concluded.

