

Elderly Persons Housing (EPH) Portfolio

Service Delivery Review 2025

Public excluded

Grounds of public exclusion: Section 7(2)(h) commercial activities



Ashburton
DISTRICT COUNCIL

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Definitions

Accommodation supplement is a weekly Government payment administered by Work and Income which helps eligible people with their rent, board or the cost of owning a home.

Affordable rental housing refers to entities that provide rental properties at a below market rate to ensure low-income tenants don't spend more than 30% of their income or 80% of market rent. Affordable housing may be provided by councils, community trusts, CHPs or the government.

Cyclic renewals (or cyclical renewals) are the planned replacement or refurbishment of assets, components, or infrastructure at regular intervals, based on their expected useful life. For example, replacing heat pumps every 15 years in a building is a cyclic renewal.

Elderly Persons Housing mean the same as in the Council's Elderly Persons Housing Policy. Refers to housing owned and managed by the Council for the purposes of meeting elderly housing needs in the Ashburton District.

IRRS refers to the income-related rent subsidy, which is available to Kāinga Ora and registered Community Housing Providers. It is the subsidy paid by the government representing the difference between the market rent and the rent payable by the social housing tenant. Local authorities are currently not eligible for this rent subsidy.

Intergenerational living refers to a housing arrangement whereby people from different generations—such as children, parents, and grandparents—live together or in close proximity.

NZ Super (New Zealand Superannuation) is the government pension paid to eligible New Zealand residents aged 65 and over.

Periodic tenancy is a rental agreement that continues for successive periods (such as weekly or monthly) until either the landlord or tenant gives notice to end it. Unlike a fixed-term lease, it automatically renews at the end of each period unless terminated by proper notice.

Rent levy is the charge or fee imposed by Council and paid by tenants specified in the Elderly Persons Housing Policy.

Self-sustainable or self-funding refers to an activity that generates enough income to cover its own operating and capital expenses, without relying on external funding such as rates.

Social housing / Public housing is the term used for housing provided for people on low incomes and/or special needs by government agencies or non-profit organisations that qualify for government subsidies. The Council does not currently provide social housing.

Social housing register is the official government waiting list or database of people who have applied for social housing and are waiting to be allocated a property. Applicants are assessed for eligibility and prioritised based on need. The register helps manage demand and allocate available social housing fairly.

Acronyms

ADC – Ashburton District Council
CHP – Community Housing Provider
HUD – Ministry of Housing and Urban Development
LGA – Local Government Act 2002
CPI – Consumer Price Index
FTE – Full time equivalent

LTP – Long Term Plan
IRRS – Income Related Rent Subsidy
WINZ – Work and Income New Zealand
CCO – Council Controlled Organisation
EPH – Elderly persons Housing
OS – Operating Supplement

1. *Executive Summary*

Background

Ashburton District Council (ADC) has provided Elderly Persons Housing (EPH) since the 1960s. Originally supported by central government, the service has been delivered independently since 1991. Over time, the portfolio has aged significantly, and the service now faces major challenges including deteriorating housing stock, rising costs, and limited funding options.

In December 2024, Council adopted an updated Elderly Persons Housing Policy following a high-level assessment of the service. This review identified several critical challenges. These concerns were further explored in a Council workshop held in March 2025, and as a result, Council directed officers to undertake a comprehensive service delivery review. This report (Part One) responds to that directive and provides the strategic context needed to assess future delivery options.

Purpose

This report (Part One of a two-part review) provides a comprehensive assessment of the current EPH service. It examines the condition of the housing portfolio, financial sustainability, tenant needs, and external factors. The purpose of this section is to inform Council's decision on whether to retain, modify, or divest the service.

Approach

The review was led by ADC's Strategy and Policy Team, with support from Property and Finance teams and external consultants. It included:

- Historical and policy analysis
- Detailed asset condition assessments
- Financial modelling
- Engagement with tenants, government agencies, and housing providers
- Market and legislative research
- Demand forecasting

Key Findings

1. Ageing Assets and Deferred Maintenance Liabilities

70% of the housing units are over 40 years old, with many nearing the end of their useful life. Condition assessments show moderate to significant deterioration, with over \$495,097 in deferred maintenance required to address safety hazards such as cracked foundations and uneven paths.

2. Financial self-sustainability

Despite annual rent increases since 2021, the service has not achieved financial self-sustainability. Rising costs—particularly insurance, rates, and maintenance—have outpaced income growth. The housing reserve is now overdrawn, and by 2027/28, the service is projected to run a deficit of \$64,662. The original financial model relied on continued deferral of maintenance and underestimated inflationary pressures, making the current approach unsustainable.

3. Affordability and Future Rent Increases

Most tenants rely solely on NZ Superannuation, and 94% currently find rents affordable. However, to ensure the service can be sustained, Council will need to increase rents. The recommended approach is to align rent levies with 80% of market rates, which is consistent with national

affordability benchmarks and enables eligible tenants to access the Accommodation Supplement. This approach maintains affordability while reducing reliance on rates and reserves.

4. Tenant Experience and Accessibility

85% of tenants are satisfied or very satisfied with their living arrangements. However, 49% of units have steps and limited space, making them unsuitable for mobility devices. Only the newly rebuilt units at 1–16 Friendship Lane meet modern accessibility standards. As tenants age in place, demand for mobility-friendly housing will increase.

5. External Constraints

Councils are no longer eligible for key government housing subsidies, such as the Income-Related Rent Subsidy (IRRS). Funding is now directed to Community Housing Providers (CHPs), limiting Council's ability to improve or expand the service. This places ADC in a disadvantaged position compared to other housing providers.

6. Increasing Demand for Affordable Elderly Housing

Demand for affordable housing is expected to grow significantly over the next 20 years. Key drivers include an ageing population, declining home ownership among older adults, limited retirement savings, and increasing rental costs. In Ashburton, 34% of residents aged 42–64 do not own a home and are unlikely to enter the housing market before retirement. This cohort will likely rely on below-market rental options, increasing pressure on Council's housing services.

Next Steps – Part Two: Option Analysis

Part Two of the review will present and evaluate future delivery options, including:

Retention Options:

- Continue current delivery model (Status quo)
- Modify and reinvest in the service (modified status quo)
- Downsize to reinvest in remaining units
- Retain ownership but outsource management / lease to OCHT

Divestment Options:

- Establish a Council-Controlled Organisation (CCO)
- Divest to OCHT
- Sell units on the open market (excluding 1–16 Friendship Lane)

Each option will be assessed against criteria developed from Part One, including financial viability, tenant impact, asset condition, and alignment with Council's strategic goals.

2. Introduction

A review of the Elderly Persons Housing Policy was carried out and subsequently adopted in December 2024. During the policy review, a high-level assessment of the service was conducted to understand the broader challenges faced by the Council in delivering housing services for elderly residents.

During the policy review phase, a number of challenges were identified related to the ongoing delivery of the service, it was recommended that the following challenges be further considered and interrogated:

1. Ability to be self-sustainable - The Elderly Persons Housing Policy suggests that with the current annual rent levy increases of \$10 from 2021; the service will achieve a self-sustaining model by 2027/28. However, the review process identified that these increases would not be adequate in covering the ongoing operational and capital costs related to the delivery of this service.
2. Age of the portfolio
3. Deferred maintenance and future renewal costs
4. Lack of external funding levers

A workshop was held with Council in March 2025 to discuss the challenges identified, during which Council directed officers to:

- Carry out a strategic review to gain a deeper understanding of key issues
- Carry out detailed condition assessments and develop an asset management plan to inform financial modelling
- Explore alternative delivery models including options to retain with alternative funding models and options to divest.

This report forms the second phase of review process with the intention of addressing the issues identified during the policy review. The purpose of a strategic review is to assess the cost-effectiveness of the current arrangements in meeting the needs of communities within our district for good-quality local infrastructure public services. This report considers if there is a way for Council to deliver a sustainable, efficient, and effective future proofed elderly persons housing service, or if Council should consider an alternative delivery model going forward.

The report is structured into two main sections:

Part One: Covers the current context in which the Council's elderly persons housing service is being delivered. It includes detailed analysis of the service itself and the wider housing market in the district. This context helps Council understand the challenges it faces now and, in the future, and the potential impacts future delivery decisions have on tenants and the ratepaying community. The information in this section forms the basis for the assessment criteria used in Part Two.

Part Two: Introduces feasible options for future service delivery. It includes options for retaining the portfolio and options for divesting:

Options to retain full or partial ownership of the portfolio with reinvestment:

- Status quo delivery
- Modified status quo
- Reduce the size of the portfolio to optimize and reinvest in existing stock
- Retain ownership but outsource management / lease to OCHT

Options to fully divest the portfolio (excluding 1-16 Friendship Lane) without reinvestment:

- Create a Council-Controlled Organisation (CCO) for full transfer
- Divest to OCHT
- Full sale on the open market

2.1. Service History

In the 1940's central government introduced a housing partnership with local government to allow Councils access to low interest loans to build pensioner housing. At the time, it was central government's view that Council's should assume the responsibility of housing low-income pensioners in their districts so that central government could focus on addressing the wider social housing challenges.

The first of Council's pensioner housing was built in the 1960s, delivering the first village at Mona Square. Council continued to build villages throughout the district until the scheme ended in 1991, the last village was completed in Methven in 1992.

Since then, Council has continued to deliver the service without ongoing central government funding. No new units have been developed since 1991 apart from the demolition and rebuild replacements of 1-16 Friendship Lane that were partially funded from central government.

2.1.1. Review History

Although the most recent policy review has formed the basis for this phase, the discussion of self-sustainability has been ongoing for some time. Changes have previously been made to help address the issue but rising operational costs such as insurance and rates combined with the continued deferral of capital maintenance has led to these issues compounding without a clear resolution. This review aims to provide a comprehensive assessment of all the issues and challenges that have been identified over the last 10 years.

2013 - Policy review

Prior to this review, the Elderly Persons Housing Policy had not been reviewed since 2005. During this review the policy purpose was introduced, through this policy Council stated that "Council provides elderly persons housing as a social commitment to providing low-cost housing to low-income elderly people at no cost to ratepayers. The rentals will be reviewed annually to ensure that the scheme is self-supporting."

2016/17 -Section 17a review

A section 17a review of Elderly Persons Housing was carried out in 2016. A key issue raised in the review was the lack of clear direction in respect to forward planning of renewals and capital expenditure. The report recommended that the service continued to be delivered inhouse through a revised policy and improved asset management plan, this meant that rental increases were needed to cover the additional capital costs associated with the recommended level of maintenance and renewals.

Policy review

A policy review was carried out in 2017 which included changes to support the recommendations of the section 17a review. A key change of the policy was the increase of rent levies for new and existing tenants by \$5 per year for single unit and \$10 per year for a double unit over the course of 3 years to reach a self-sustaining model by 2020/21.

2021 - Section 17a review

In 2021, a section 17a review was again carried out to assess the performance of the service ahead of the Long-Term Plan and policy review. Up to this point, the service had been considered self-sustainable in the sense that it operated without the need for rates input.

Through this review it was found that the service was heavily reliant on the housing property reserves in order to meet operational, maintenance, and renewal expenditure. If continued, reserves would be fully depleted within a few years with no other mechanism available to fund the service into the future.

The report recommended that above CPI rent increases be implemented through the policy in order to raise income levels, this approach required the use of general rates and reserve funding to address the build-up of historical deferred maintenance.

The preferred option was to retain the portfolio and increase rents from 1 July 2021 by \$10 - \$20 per unit, and thereafter by \$10 per annum. At the time, it was indicated that within 5-7 years the service would return to a self-sustaining activity of Council and would cease to require general rate support.

LTP consultation

Given this direction, Council amended the Revenue and Financing Policy (through the LTP 2021-31) to allow for 0-30% general rate input while options were being considered to re-establish the service as a self-sustainable model. This option was publicly consulted on through the LTP 2021/31 and came into effect on the 1st of July 2021.

Policy changes

In June 2021, the elderly persons housing policy was amended and adopted to include the preferred rent levy increase programme.

2024 - Policy review

A key driver for the 2024 policy review was the need to amend the rent levy structure to meet the affordable rent requirements as defined in the Ministry of Housing and Urban Development (HUD) funding agreement for the rebuild of 1-16 Friendship Lane.

As part of the funding agreement with the Ministry, Council is required to let each unit under the Residential Tenancies Act 1986 at a rate not exceeding 80% of market rate for a minimum 15-year period.

The policy was updated to reflect this requirement, with rent levies for all other units to remain in line with the 2021 policy change until the progressive increases reach the full amount in 2027/28. This decision was made on the basis that a full-service review would be carried to assess future delivery options.

2.2. Current Review

On 6th March 2025, a workshop was held with Council to provide an up-to-date view of the current elderly persons housing portfolio and delivery model and to seek guidance on future work.

During the policy review phase, a number of challenges were identified relating to the ongoing delivery of the service, it was recommended that the following challenges be considered as part of the second phase of the review:

1. Ability to be self-sustainable
2. Age of the portfolio
3. Deferred maintenance and future renewal costs
4. Lack of funding levers

Through the workshop it was indicated that a comprehensive service delivery review be carried out to provide more insight into the above challenges and investigate alternative delivery options.

2.2.1. Scope of review

This report is a continuation of previous reviews but provides a more comprehensive analysis of the core challenges, how these could be addressed, and provides Council with all feasible options for either retaining, transferring or exiting the service (or a combination).

This report lays the foundation for Council to make an informed decision about the future of the service.

If Council opts to retain the service, Council will need to decide if the service is delivered self-sustainably or if the status quo approach of the service being partially rates funded is preferred. In either case, Council will still need to decide how to fund the deferred maintenance and future renewals to avoid further degradation of the portfolio.

Elderly person housing is considered a strategic asset under Council's community engagement policy. This means that if Council decide to decrease ownership or control by 30% or more of the stock, Council will need to consult with the community using a special consultative procedure. If this occurs outside of the normal LTP cycle, this will trigger an LTP amendment.

2.2.2. Review approach

This review has been undertaken in-house by the Strategy and Policy Team with significant input from the Property and Finance Team. An external consultant was also engaged to assist with undertaking portfolio condition assessments and the development of an up-to-date asset management plan framework.

Research

Service History: Examined previous policy / LTP decisions as well as relevant reports and reviews.

Market Structure: Researched housing providers, rest homes, social housing providers and ownership rates.

Current and Future Demand: Obtained waitlist and application information from relevant providers as well as researching and analysing future demand trends, ownership data, health and lifespan data, typology demand predictions and intergenerational living trends.

Government Direction / Legislation: Researched relevant government legislation and regulations as well as national direction changes for social housing and funding.

Asset Management: Engaged Logic Group to complete detailed condition assessments to inform a comprehensive Asset Management Plan.

In house Interviews: Examined team structure and FTE allocation as well as financial management.

Consultation

Engagement with the following groups was undertaken to develop a wider understanding of Council's position as an affordable housing provider:

Ministry of Social Development: To understand social housing demand, number of residents receiving NZ Super and the process for tenants to gain accommodation supplement.

Ministry of Housing and Urban Development: To understand future funding decisions, the future of redirects / other tools for Councils and the government position regarding Councils as housing providers.

Kāinga Ora: To understand the service in Ashburton District, the impact of an aging population on social housing, the future development pipeline and demand predictions.

Community Housing Providers: To understand potential providers, demand, development pipeline, asset management approaches and impact of government direction on operations.

Tenants: To understand their perceptions of level of service, unit conditions, affordability, their experience with the housing market, and support providers.

Market Rate Providers: To understand housing availability, waitlist management approach and challenges faced by tenants and landlords.

Support Providers: To understand availability and approach, integration with housing providers and current and future demand.

Modelling / assumptions

The following assumptions have been used when modelling possible options for future delivery:

- The recommended approach to asset management is adopted.
- That majority of the tenants receive NZ super and the Accommodation Supplement (AS) through WINZ.
- That Council sets rent levies at 80% of market rate.
- Expected inflation and rates increases are as stated in the LTP 2024/34.
- The portfolio operates at a rate of 95% occupancy.

3. Overview of Elderly Persons Portfolio

3.1. Council's Strategic Direction and Community Outcomes

Council provides Elderly Persons Housing (EPH) to some of the most vulnerable members of the community, low-income elderly residents.

The service contributes to Council's vision of being the "District of choice for lifestyle and opportunity" by providing elderly residents with comfortable and affordable places to reside.

The service primarily contributes to the following community outcome, as per the Long Term Plan 2024/34.

Our Vision and Community Outcomes | *Tā mātau Matawhānui me kā Putaka ā-Hapori*



Council's rationale for involvement is:

- Our Elderly Persons Housing (EPH) supports the most vulnerable members of our community (low-income elderly residents with no secure accommodation) to have a safe and affordable place to call home.

In terms of community wellbeing, it is focused around the social wellbeing of our residents, through the provision of low-cost elderly persons housing which supports a vulnerable group in our community.

The service ensures that some of the most vulnerable residents in the district are represented in the housing market and have a space of connectedness within the community. The service also ensures Council is providing safe and comfortable infrastructure for our current and future aged community.

3.2. Current Policy

Council adopted the most recent version of the policy on 18th December 2024. The purpose of the policy is to outline how Council will provide elderly persons housing within the district. The policy provides clear guidelines for assessing tenant eligibility and defines the mechanisms for the setting of rental levies. Key sections of the policy include:

Eligibility Criteria

Those applying to reside in elderly person housing shall meet all of the following criteria:

- Be eligible for Government Superannuation OR aged 65 +

- Have additional income and asset value below the current limits for the WINZ accommodation supplement limit.
- Be able to care for themselves and live independently at the time of application.
- Show a housing need that can't be met adequately elsewhere.
- Be compatible with other EPH residents.
- Be a New Zealand Citizen, have permanent residency or have the right to reside in New Zealand.

Priority

Applications will be accepted and considered in the following priority order:

- Current residents of Ashburton District
- Those with family in the Ashburton District
- Past residents of Ashburton District
- Other applicants

Rent Charges

Council will review rental levies on an annual basis, rents are charged per unit with set rates for single units and double units. Any rental levy increases will take effect in each financial year on the date corresponding to when the tenancy agreement was signed.

1-16 Friendship Lane, Ashburton Units: Rent levies for Friendship Lane units (1-16) will be charged at 80% of market rate for the unit and will increase on an annual basis based on a levy set at 80% of the market rate.

All tenants in units excluding 1-16 Friendship Lane will be subject to progressive rent increases until 2027/28, as listed below.

Figure 1 - ADC Rent Levies

	2024/25	2025/26	2026/27	2027/28
Single	\$140.00	\$150.00	\$160.00	\$170.00
Double	\$160.00	\$170.00	\$180.00	\$190.00

Welfare

It is not the responsibility of Council to provide social services to the tenants as these services are better provided by other professional service providers. Where Council officers are concerned about the health or welfare of any tenants, the next of kin/emergency contact will be contacted in the first instance.

3.3. Current Portfolio and Tenants

Ashburton District Council owns and operates a portfolio of 102 elderly person housing units across three towns within the Ashburton District – Rakaia, Methven, and Ashburton.

The portfolio is made up of single storey, self-contained units, 36 of which are single occupier units (one bedroom that can fit a single bed) and 66 of which are double occupier units (one bedroom unit that can fit a double bed).

Since July 2019, Council has progressed renewal works to ensure all units within the portfolio meet the healthy homes compliance standards, with this work completed in March 2025.

For the purposes of this report, the portfolio will be referred to as “blocks” which represent the different “villages” or sites. The portfolio is comprised of the following blocks:

Figure 2 - Portfolio Summary

	Block	Year of construction	Number of units	Single	Double
Ashburton (94)	Friendship Lane (1-16)	2025	16		16
	Friendship Lane (17-51)	1978	35		35
	Mona Square (22-36)	1989	8		8
	McKee Place	1967	16	16	
	Willow Street	1977	4	2	2
	Suffolk Street	1967	4	4	
	Elizabeth Street	1975	4	2	2
	Elizabeth Place	1973	7	7	
Rakaia (2)	Elizabeth Avenue	1976	2	2	
Methven (6)	Chapman Street (7A-7D)	1970	4	3	1
	Chapman Street (9A + 9B)	1992	2		2
			102	36	66

Due to the varying ages of construction, each block has been built to different specifications and feature differing floorplans, some of which are more mobility friendly for aging tenants. However, none of the units in the portfolio are considered fully accessible or designed to cater to accessibility needs.

At the time of the report, 97% of available units are occupied by 14 couples and 86 single occupants (total 144 tenants) with 3 units unoccupied due to ongoing renewal / renovation works.

Council currently holds periodic tenancy agreements with all of its tenants. This means that the tenancies have no fixed end date and will continue to roll over until either Council, or the tenant give notice to end the agreement. The average length of tenancy is 7 years, with the longest standing tenancy being 33 years.

3.4. Portfolio Value

All units within Councils elderly person housing portfolio are on freehold land meaning Council has complete ownership of both the land and structures on the land. Council has the right to use, sell, lease or gift all property in the portfolio without restriction except for any covenants or encumbrances noted on the titles.

Figure 3 - Portfolio Value

Block Description	Title ID	Rateable Land Value	Rateable Improvement Value
7-9 Chapman Street, Methven	Lot 1 and 2 DP 27250	\$300,000	\$670,000
Elizabeth Ave, Rakaia	Section 332 TN of Rakaia	\$220,000	\$240,000
1-16 Friendship Lane	Lot 1 DP 49609	\$540,000	\$3,000,000
17-51 Friendship Lane	Lot 2 DP 49609	\$760,000	\$2,790,000
McKee Place and Suffolk Street	Lot 40/42 DP 561 and Lot 1 DP 35503	\$560,000	\$1,390,000
Willow Street	Lot 2 DP 21705	\$210,000	\$360,000
Mona Square	Part RES 4587	\$520,000	\$480,000
Elizabeth St and Pl	Lot 18 DP 11193 Part RES 4587	\$540,000	\$500,000
		\$3,650,000	\$8,980,000
		\$12,630,000	

These reflect the current capital valuations for each of the “blocks”, these values do not take into consideration the realistic market value that could be achieved if Council were to consider the options of full or partial divestment. Further analysis of the potential sale value of each block will be completed as part of part two of the report via the option analysis section.

3.5. Portfolio Condition

Age of Portfolio

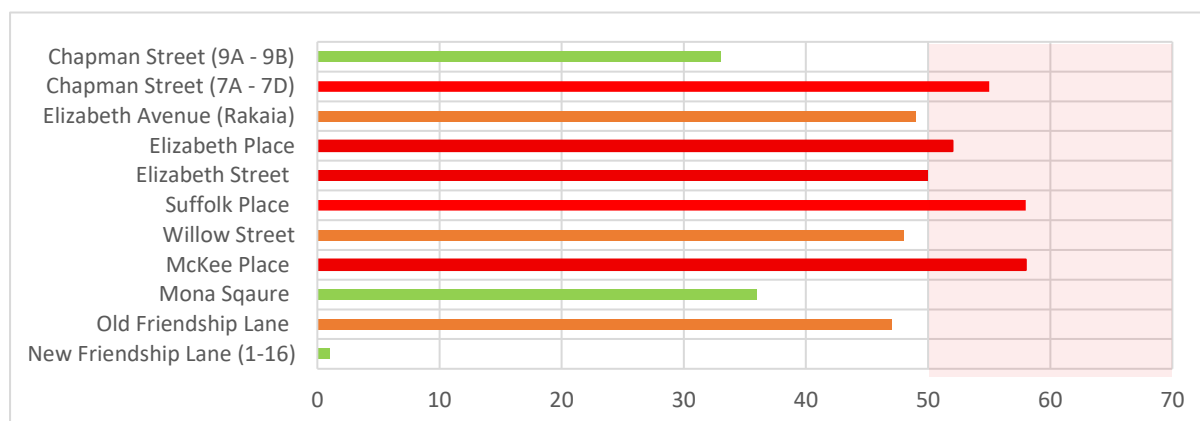
While there is no single published figure for the average economic life of a 1-bedroom residential unit in New Zealand, there are industry standards that help guide these figures. The typical range sits between 50-80 years with the average estimate economic lifespan being 60 years.

There are several factors that influence the economic life of a building including construction quality, maintenance, occupancy use and changes in compliance standards which may render some units obsolete earlier than expected.

Given the quality, lack of proactive maintenance and nature of the occupancy in Councils EPH units, most would have an estimated economic life of 60 years.

The below graph indicates that 70% of the portfolio is over 40 years old with 32 units at McKee Place, Suffolk Street, Chapman Street, Elizabeth Street and Elizabeth Place over 50 years old or “nearing the end of their useful life”.

Figure 4 - Portfolio Age



Condition Assessment Approach

Condition assessments have now been carried out on each individual unit to help develop an overall condition assessment of the portfolio and blocks within the portfolio.

Condition ratings have been applied using the NAMS/IPWEA 1–5 scale, which is a nationally recognised methodology for assessing building assets. This framework enables a consistent evaluation of current asset condition and provides a basis for prioritising renewal works.

- **1 (Very Good):** As new or recently renewed, no visible deterioration, only routine maintenance required.
- **2 (Good):** Minor defects evident but asset remains fully serviceable; preventative maintenance desirable.
- **3 (Fair):** Moderate deterioration evident; partial renewal or repairs required to maintain serviceability.
- **4 (Poor):** Advanced deterioration; significant maintenance or major refurbishment required.

- **5 (Very Poor):** Asset unserviceable or beyond economic repair; immediate renewal or replacement required.

This framework was applied across building elements such as roofing, cladding, bathrooms, kitchens, flooring, plumbing and electrical systems. The resulting ratings provide an objective and consistent measure of portfolio condition.

Key Issues Identified

Condition assessments have indicated a number of issues related to deferred maintenance / renewal work of external elements of the units. These include:

- **Foundations:** differential settlement, cracking and remedial issues related to structural integrity.
- **External Cladding:** cracking of brick and concrete veneer finishes.
- **Roofing:** localised damage to some with others needing full replacement of roofing materials due to end of life.
- **External paths and paving:** Cracking and repairs to maintain safe and functional accessways.

Overall, the average rating across the portfolio is Fair (3), indicating moderate deterioration across the portfolio but the asset remains fully serviceable based on maintenance and renewals being carried out. However, condition varies across each block, pages 17-23 provide more detailed condition assessment information.

Figure 5 - Portfolio Condition Summary

Block	Average Cost per unit	Deferred Maintenance Liability	Number of Units	Block Condition
Chapman Street	\$3,561	\$11,675	6	Fair
Friendship Lane (17- 51)	\$3,525	\$82,479	35	Fair
Mona Square	\$3,316	\$1,500	8	Fair
Willow Street	\$3,248	\$147,165	4	Poor
Elizabeth Place	\$3,219	\$62,569	7	Fair
Elizabeth Ave	\$3,207	\$13,175	2	Fair
Suffolk Street	\$3,175	\$62,000	4	Fair
McKee Place	\$2,969	\$109,509	16	Fair
Friendship Lane (1-16)	\$2,912	\$0	16	Very Good
Elizabeth Street	\$2,688	\$5,000	4	Fair
Total Deferred Maintenance Liability		\$495,072		

Block by Block Condition Assessment

Block: Elizabeth Ave, Rakaia



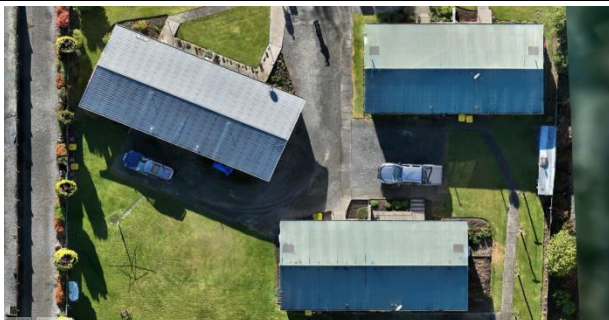


Age	49
Block Condition Rating	Fair
Capital Value	\$460,000
Deferred maintenance value	\$13,175
Average maintenance and capital provision per unit	\$3,207

Unit	Condition	Notes
1	Good	Good overall tidy condition, with recent internal upgrades
2	Poor	Poor general condition, will require internal refit, repaint and flooring at end of current tenant term

Block: Chapman Street, Methven





Age	7 (55) + 9(33)
Block Condition Rating	Fair
Capital Value	\$970,000
Deferred maintenance value	\$11,675
Average maintenance and capital provision per unit	\$3,561

Unit	Condition	Notes
7A	Fair	Average overall tidy condition, with recent internal upgrades will require repaint and flooring
7B	Fair	Average overall tidy condition, with recent internal upgrades will require repaint and flooring
7C	Fair	Average overall tidy condition, with recent internal upgrades will require repaint and flooring
7D	Fair	Average overall tidy condition, with recent internal upgrades will require repaint and flooring
9A	Good	Good overall tidy condition, with recent internal upgrades will require repaint and flooring
9B	Good	Good overall tidy condition, with recent internal upgrades will require repaint and flooring

Block: Elizabeth Place, Allenton



Age	52
Block Condition Rating	Fair
Capital Value	\$1,040,000 combined with Elizabeth Street
Deferred maintenance value	\$62,569
Average maintenance and capital provision per unit	\$3,219

Unit	Condition	Notes
5	Poor	Unit is in poor general condition, will require internal refit, repaint and flooring
6	Good	Good overall tidy condition, with recent internal upgrades
7	Good	Good overall tidy condition, with recent internal upgrades
9	Fair	Needs internal refit and repaint
10	Fair	Needs internal refit and repaint
11	Good	Good overall tidy condition, with recent internal upgrades
12	Poor	Unit is in poor general condition, will require internal refit, repaint and flooring

Block: Elizabeth Street, Allenton



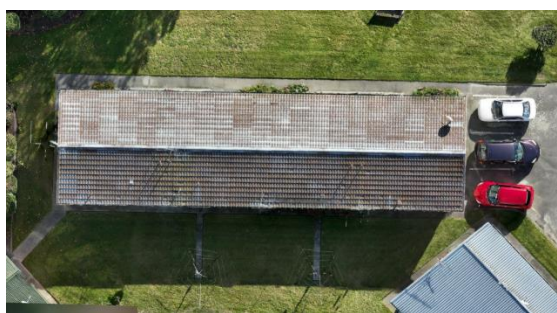
Age	50
Block Condition Rating	Fair
Capital Value	\$1,040,000 combined with Elizabeth Street
Deferred maintenance value	\$5,000
Average maintenance and capital provision per unit	\$2,688

Unit	Condition	Notes
5	Fair	Needs internal refit and repaint
6	Good	Good overall tidy condition, with recent internal upgrades
7	Good	Good overall tidy condition, with recent internal upgrades
9	Fair	Needs internal refit and repaint

Block: Willow Street, Hampstead			
 		Age	48
		Block Condition Rating	Poor
		Capital Value	\$570,000
		Deferred maintenance value	\$147,165
		Average maintenance and capital provision per unit	\$3,248
Unit	Condition	Notes	
1	Very Poor	Needs internal refit including bathroom and kitchen replacements and repaint. Externally the building is in poor condition. There are obvious signs of ground slumping to the perimeter of the building. Concrete paths, porches and dividing walls have significant cracks and have separated from the foundations.	
2	Poor		
3	Poor		
4	Poor		

Block: Suffolk Street, Hampstead			
 		Age	58
		Block Condition Rating	Fair
		Capital Value	\$1,950,000 combined with Mckee Place
		Deferred maintenance value	\$62,000
		Average maintenance and capital provision per unit	\$3,175
Unit	Condition	Notes	
1	Good	Good overall tidy condition, with recent internal upgrades	
2	Fair	Needs internal refit and repaint at end of current tenant term	
3	Good	Good overall tidy condition, with recent internal upgrades	
4	Fair	Needs internal refit and repaint at end of current tenant term	

Block: McKee Place, Hampstead



Age	58
Block Condition Rating	Fair
Capital Value	\$1,950,000 combined with McKee Place
Deferred maintenance value	\$109,509
Average maintenance and capital provision per unit	\$2,969

Unit	Condition	Notes
1	Fair	Needs internal refit and repaint
2	Good	Good overall tidy condition, with recent internal upgrades
3	Fair	Needs internal refit and repaint
4	Fair	Needs internal refit and repaint
5	Good	Good overall tidy condition, with recent internal upgrades
6	Fair	Needs internal refit and repaint
7	Good	Good overall tidy condition, with recent internal upgrades
8	Fair	Needs internal refit and repaint
9	Good	Good overall tidy condition, with recent internal upgrades
10	Fair	Needs internal refit and repaint
11	Good	Good overall tidy condition, with recent internal upgrades
12	Fair	Needs internal refit and repaint
13	Good	Good overall tidy condition, with recent internal upgrades
14	Good	Good overall tidy condition, with recent internal upgrades
15	Fair	Needs internal refit and repaint
16	Good	Good overall tidy condition, with recent internal upgrades

Block: Mona Square, Hampstead

 	Age		36
	Block Condition Rating		Fair
	Capital Value		\$1,000,000
	Deferred maintenance value		\$1,500
	Average maintenance and capital provision per unit		\$3,316
Unit	Condition	Notes	
22	Good	Good overall tidy condition, with recent internal upgrades	
24	Fair	Needs internal refit and repaint	
26	Fair	Needs internal refit and repaint	
28	Fair	Needs internal refit and repaint	
30	Fair	Needs internal refit and repaint	
32	Good	Good overall tidy condition, with recent internal upgrades	
34	Good	Good overall tidy condition, with recent internal upgrades	
36	Fair	Needs internal refit and repaint	

Block: 1-16 Friendship Lane, Hampstead

 	Age		1
	Block Condition Rating		Very Good
	Capital Value		\$3,540,000
	Deferred maintenance value		\$0
	Average maintenance and capital provision per unit		\$2,912
Unit	Condition	Notes	
1 -16	Very Good	Newly constructed 2025. Building in as new condition	

Block: 17-51 Friendship Lane, Hampstead



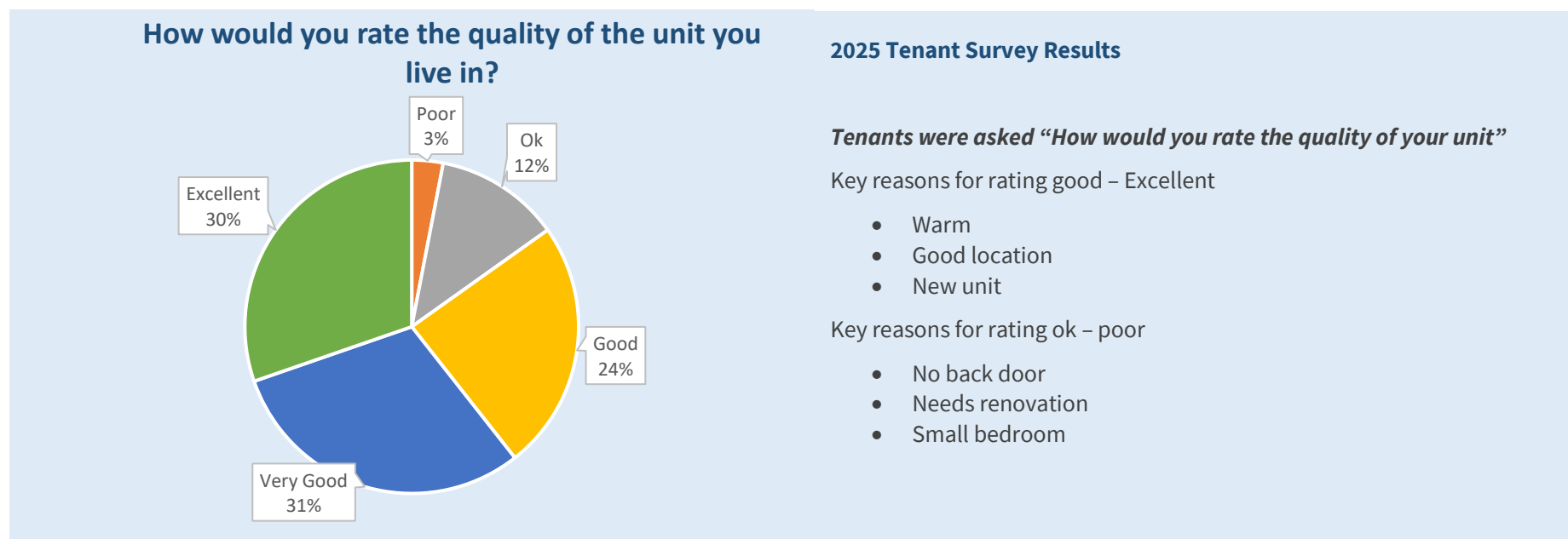
Age	47
Block Condition Rating	Fair
Capital Value	\$3,550,000
Deferred maintenance value	\$82,479
Average maintenance and capital provision per unit	\$3,525

Unit	Condition	Notes
17	Good	Good overall tidy condition, with recent internal upgrades
18	Fair	Carpet recently replaced. Needs internal refit and repaint
19	Fair	Needs internal refit and repaint at end of current tenant term
20	Poor	Unit is in poor general condition, will require internal refit , repaint and flooring
21	Fair	Needs internal refit and repaint
22	Fair	Needs internal refit and repaint
23	Fair	Needs internal refit of bathroom and repaint
24	Fair	Needs internal refit and repaint
25	Fair	Needs internal refit and repaint
26	Fair	Needs internal refit and repaint
27	Fair	Needs internal refit and repaint
28	Fair	Needs internal refit and repaint
29	Fair	Needs internal refit and repaint
30	Fair	Needs internal refit and repaint
31	Fair	Needs internal refit and repaint
32	Fair	Needs internal refit and repaint
33	Fair	Needs internal refit and repaint
34	Good	Needs internal refit of bathroom and repaint
35	Fair	Needs internal refit and repaint at end
36	Good	Good overall tidy condition, with recent internal upgrades. Internal repaint before new tenant occupation
37	Good	Needs internal refit of bathroom and repaint
38	Fair	Needs internal refit and repaint
39	Fair	Needs internal refit and repaint

Block: 17-51 Friendship Lane, Hampstead		
40	Good	Needs internal refit of bathroom and repaint
41	Good	Good overall tidy condition, with recent internal upgrades
42	Fair	Needs internal refit and repaint
43	Good	Good overall tidy condition, with recent internal upgrades
44	Good	Good overall tidy condition, with recent internal upgrades
45	Good	Good overall tidy condition, with recent internal upgrades
46	Poor	Unit is in poor general condition, will require internal refit , repaint and flooring
47	Fair	Unit is in average general condition, will require internal refit , repaint and flooring
48	Fair	Unit is in average general condition, will require internal refit , repaint and flooring
49	Fair	Unit is in average general condition, will require internal refit , repaint and flooring
50	Poor	Unit is in poor general condition, will require internal refit , repaint and flooring
51	Good	Good overall tidy condition, with recent internal upgrades

3.5.1.1. What our tenants are saying about the quality of their units

Figure 6 - Quality of Units (Tenant Feedback)



3.6. Current Asset Management Approach

Council's approach across the elderly persons housing portfolio has been predominantly reactive, driven by the need to remain within fixed budget allocations rather than by comprehensive asset condition data. In the absence of a formal asset management plan, decisions have focused on immediate affordability, often at the expense of long-term asset performance. The full cost and implications of deferred maintenance were not well understood at the time, contributing to a cycle of short-term fixes and increasing future liabilities.

Maintenance activities are currently divided into two categories:

1. Cyclical and Reactive Maintenance

Cyclical maintenance refers to routine, scheduled tasks aimed at preserving the safety, functionality, and condition of housing units. These are typically time-based rather than condition based. Cyclical maintenance is critical for ensuring units remain safe, warm, and dry, particularly for vulnerable elderly tenants.

Examples include:

- Annual servicing of heat pumps and ventilation systems
- Regular testing and replacement of smoke alarms and fire safety equipment
- Gutter cleaning and roof inspections
- Pest control treatments

In addition, the budget also covers reactive maintenance, which addresses unplanned issues reported by tenants or arising from unexpected failures.

Examples include:

- Fixing leaking taps or burst pipes
- Replacing broken windows
- Repairing faulty light switches
- Addressing mould or water ingress after storms

Council currently allocates approximately \$100,000 per year to reactive maintenance, equating to \$1,000 per unit, which tenants have reported delivers a good standard of service and timely response to repairs.

2. Capital Renewals (Proactive)

Capital renewals involve the replacement or major refurbishment of building components that have reached the end of their useful life. These are typically higher-cost, less frequent interventions that restore the asset's performance and value. Capital renewals are essential to maintain the long-term viability of the housing portfolio. They ensure that units remain fit for purpose, meet current building standards, and continue to provide a safe and comfortable living environment for elderly tenants.

Examples of capital renewal work:

- Replacing roofing materials
- Upgrading kitchens and bathrooms
- Full replacement of windows and doors for thermal efficiency
- Replacing hot water cylinders or heating systems
- Structural repairs or seismic strengthening
- Replacement of appliances such as ovens, heat pumps and ventilation systems

Council has budgeted around \$150,000 per year towards capital renewals. Given budget constraints, only certain elements of the renewal works are being carried out during a unit refurbishment. This includes interior painting, flooring replacements, bathroom and kitchen refits and appliance replacements at a cost of approximately \$40,000 per unit. Under the current budget, 3-4 renewals can

be achieved per year meaning each of the 102 units in the portfolio will be partially refurbished every 27 years.

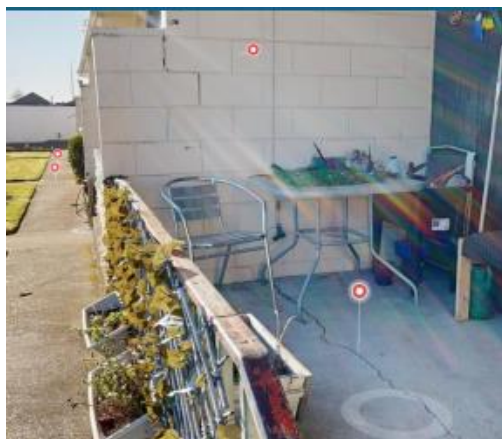
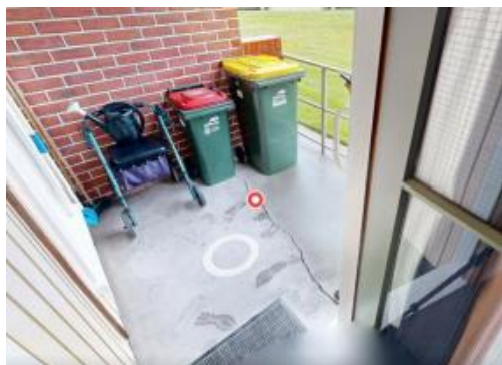
Due to the budget constraints, external renewal work such as roofing replacements, external repaints, structural repairs and seismic strengthening have often been deferred until the point of “failure”. This has resulted in a number of units being identified as now having deferred maintenance liabilities for external components.

3.6.1. Deferred Maintenance

Deferred maintenance refers to the cyclical maintenance that has been postponed due to historical budget constraints. These issues are now at a point where immediate remediation is necessary to avoid further structural degradation of the units and avoid the risk of injury to tenants due to safety hazards identified in porch and walkway areas.

A number of deferred maintenance issues have been identified from the asset conditions assessment. The majority of costly issues are localised to five blocks in the portfolio with some minor repairs required throughout the rest of portfolio. As per the table below, Willow Street has been identified as having the greatest maintenance liability estimated at \$132,000 followed by McKee Place and Suffolk Street. Notably, the key issue with these blocks have resulted from differential settlement of the buildings and patios which has led to structural damage to the concrete and brickwork.

Figure 7 - Deferred Maintenance Summary

Block	Key Issues	Photos
Willow Street Remediation will include breaking out all external concrete patios, stairs, paths and ramps to replace with new.	- Differential settlement of building and patios resulting in large cracks to concrete and interconnecting concrete block walls to an estimated repair cost of \$100,000. - Differential settlement of exterior concrete paths resulting in significant trip hazards to an estimated repair cost of \$12,000. - Step cracking in concrete block veneer cladding to the estimated cost of \$20,000.	
Suffolk Street Remediation will include breaking out patio area of unit 4 to replace with new and replacement of concrete pathing.	- Differential settlement to the patio area of unit 4 with the estimated repair cost of \$50,000. - Differential settlement of exterior concrete paths resulting in significant trip hazards to the estimated repair cost of \$12,000.	

Block	Key Issues	Photos
McKee Place Remediation will include breaking out patio area of unit 4 along with impacted sections of concrete paths and brick veneer for replacement.	• Differential settlement to the patio area of unit 4 with the estimated repair cost of \$75,000 • Differential settlement of exterior concrete paths resulting in significant trip hazards to the estimated repair cost of \$12,000. • Minor step cracking in concrete block veneer cladding to the estimated cost of \$10,000	
Elizabeth Place Remediation will include breaking out of uneven, broken paths for complete replacement.	• Differential settlement to paths resulting in significant trip hazards to the estimated repair cost of \$53,033. • Localised repair of damage to roofing to the estimated repair cost of \$1,200.	
Friendship Lane Remediation will include break out of uneven pathways at effected units for complete repair as well as localised repairs to porches and downpipes.	• Differential settlement to the external pathways at units 21-24 with the estimated repair cost of \$15,548. • Differential settlement to the external pathways at units 25-31 with the estimated repair cost of \$25,168. • Localised repair of porch enclosures and downpipes at units 25-31 to the estimated repair cost of \$5,750. • Localised repair of external paths at units 44-51 to the estimated cost of \$5,000.	

Impact of Deferred Maintenance and Budget Constraints

The current capital renewal budget supports only minimal intervention, often excluding critical external works such as roofing, cladding, and exterior painting. Over time, this has led to deferred maintenance, where essential upgrades are postponed due to funding limitations.

This deferral has significant consequences:

- **Accelerated asset degradation:** Without timely renewal, components deteriorate faster, leading to structural and foundational issues.
- **Reduced asset value:** Units end their useful life prematurely due to lack of investment which also diminishes the overall value of the portfolio. For example, the impairment of \$495,072 of deferred maintenance reduces the overall value of the asset.
- **Increased future liability:** Deferred works accumulate, resulting in higher future costs and potential health and safety risks.
- **Inconsistent asset condition:** Varying levels of maintenance across the portfolio create inequities in tenant experience and complicate long-term planning.

3.7. Future Asset Management Requirements

If Council intends to retain this service, it must address the growing maintenance liability and consider a more proactive, well-funded asset management strategy to preserve the value, safety, and functionality of its housing stock.

Given the nature of the service and tenants, it is recommended that Council adopts an asset management programme that works to reduce the disruption renewals can have on elderly tenants while still implementing a programme that adequately maintains the portfolio.

Generally, the average tenancy is around seven years. The recommended approach aligns with this so that renewals can be completed at the end of tenancies wherever possible and still stay on track. The following model is recommended:

Full Refit – 14-Year Cycle

Comprehensive renewal of internal finishes and fixtures including:

- Replacement of floor coverings.
- Renewal of bathroom fittings and fixtures.
- Full internal repaint of all walls, ceilings, kitchens, bathrooms, and laundry areas.

Internal Decoration – 7-Year Cycle

Limited but essential refurbishment scope including:

- Internal repaint of walls and ceilings within bathrooms, living rooms, bedrooms, and kitchens.

Out of Cycle Scenarios

While seven-year cycles provide a robust model, some tenancies will inevitably fall outside this framework. For example, if a tenant vacates a unit after 5 years, the incoming tenant may remain for 10 resulting in the unit being significantly out of cycle. In such circumstances, it is recommended that a proactive approach be taken:

- At a minimum, bring forward the internal decoration cycle prior to reletting.
- If appropriate, prioritise a full refit where the unit is approaching the end of its lifecycle.
- Ensure out of sequence works are captured and realigned in future upgrade programmes to maintain overall cycle discipline.

Rationale for Recommended Maintenance Approach

- **Efficiency and Economy:** Regular programme planning reduces costs and prevents issues compounding to become liabilities.
- **Financial Accuracy:** Improved forecasting for both long-term renewal works and short-term responsive expenditure.
- **Quality and Consistency:** Ensures units are maintained to a consistent standard across the portfolio.
- **Asset Life Extension:** Ongoing attention to minor defects prevents premature deterioration of major elements.
- **Tenant Satisfaction:** Quick resolution of maintenance issues supports safe, secure, and comfortable living conditions.

Budget and Development Costings for Recommended Approach

Detailed cost schedules have been prepared to inform the various budget allocations across deferred maintenance, cyclical maintenance, and ad hoc repairs. These allocations have been developed using a combination of recent tendered contract data and industry benchmark construction costs, ensuring that the budgets reflect both local market conditions and established cost norms.

Where available, actual upgrade cost data from recent refurbishment projects has been used to underpin assumptions for capital maintenance works such as internal refits and internal decoration programmes. For longer-term asset renewal, market benchmark data has been applied to establish realistic replacement costs for key building elements that are nearing or expected to reach the end of their economic life.

Each major building element (including roofing, kitchens, bathrooms, floor coverings, plumbing, and electrical systems) has been assigned a designated economic life. These lifespans have been used to calculate annualised budget provisions, by spreading the cost of renewals evenly across the asset's expected service life. This method ensures that a sustainable funding stream is established to meet future replacement requirements without creating sudden or unmanageable budget shocks.

The primary advantage of this approach is that it provides greater flexibility for officers. By accumulating annual provisions, renewal works can be scheduled strategically to coincide with natural tenant vacancy cycles, thereby minimising disruption to residents. It also ensures that adequate reserves are progressively built up to fund major replacements, reducing the risk of deferred maintenance escalating into more costly interventions. For reporting and financial management purposes, the budget allocations have been categorised into two distinct classifications:

Cyclical & Deferred Maintenance Provision

This category captures routine external maintenance obligations such as building washdowns, external painting, gutter cleaning, and minor external repairs. In addition, all known deferred maintenance liabilities identified through the condition assessment have been incorporated into the Year One allocation to ensure immediate risks to safety, amenity, and asset integrity are addressed.

Capital Replacements Provision

This category encompasses the broader programme of major renewal works. It includes periodic internal refits and redecorations, as well as the full replacement of key building elements such as roofing systems, hot water cylinders, ovens, and heating units. These items have been annualised over the total expected life of each asset component, providing a stable long-term funding model that balances affordability with the need for timely renewal.

Going forward the following budget framework is recommended (with annual CPI increases):

Figure 8 - Proposed Budget Framework

Maintenance Type	Annual allocation	Average cost per unit (year 1)
Cyclical / Reactive	\$65,000	\$637
Deferred maintenance	\$495,072 (one off in year 1)	\$3,921
Capital replacements / renewal	\$275,000	\$2,696
Total	\$835,000 year 1 \$350,000 from year 2	\$7,254 year 1 \$3,333 from year 2

These figures have been calculated based on the work required identified by the condition assessments undertaken. Council's approach to renewals needs to be adjusted to provide more strategic approach to asset management going forward. Based on the asset condition assessments, it has been identified that some units / blocks within the portfolio have a higher level of deferred maintenance liabilities and ongoing maintenance costs due to the materials used to build the units.

These are identified in the detailed budget on the next page.

Key Considerations:

Cyclical Maintenance: The cost of this per unit ranges from \$165 per year to \$1,100 per year. This variation is largely due to the external materials of specific units. For example, units that are of an unpainted brick veneer construction that have coloursteel roofs have much lower maintenance costs compared to those with painted concrete blocks, timber weatherboards and galvanised steel roofs, all of which require painting.

Deferred Maintenance: The bulk of the \$400,000 in deferred maintenance costs is localised to Willow St (\$132,000), Suffolk St (\$62,000), and McKee Place (\$97,000) -all of which have differential settlement / slumping issues. Some Elizabeth Place and Friendship Lane properties also have similar issues that will need to be addressed.

Elizabeth Street and Elizabeth Place in Allenton indicate underlying land issues (not addressed through the proposed budget). Differential settlement across this site is evident and has resulted in one of the units located at Elizabeth Place being demolished in the past. The general condition of the units in this location are in good repair.

Capital Replacements: The capital budget has been calculated using the following framework. The average cost per unit varies between \$2,150 to \$3,010 per annum based on the fittings and current condition of the units.

Figure 9 - Capital Replacement Budget per Item

Item	Asset life	Annualised Budget per unit (year one)
Floor Coverings	10 years	\$4,377
Kitchen Fittings & Fixtures	20 years	\$7,500
Bathroom Fittings & Fixtures	20 years	\$12,500
Hot Water Cylinders	20 years	\$2,500
Heat Pumps	15 Years	\$2,500
LED Lighting	15 Years	\$750
Electric Stoves	15 Years	\$750
Double Glazing provision	50 Years	\$3,500
Roof replacement	50 Years	\$135/m2
Internal Painting	10 Years	\$6,400

Figure 10 - Maintenance Budget Provision (15 year cycle)

CYCLICAL & DEFERRED MAINTENANCE PROVISION			YEAR														
ADDRESS	No. of UNITS	AVG Cost/Unit Per Annum	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
37 Elizabeth Ave	2	\$ 438	\$ 2,352	\$ 876	\$ 900	\$ 925	\$ 951	\$ 977	\$ 1,004	\$ 1,032	\$ 1,060	\$ 1,090	\$ 1,120	\$ 1,151	\$ 1,183	\$ 1,216	\$ 1,250
5-7 Elizabeth Place	3	\$ 711	\$ 35,115	\$ 2,133	\$ 2,189	\$ 2,247	\$ 2,306	\$ 2,366	\$ 2,428	\$ 2,492	\$ 2,558	\$ 2,625	\$ 2,694	\$ 2,765	\$ 2,838	\$ 2,912	\$ 2,989
9-12 Elizabeth Place	4	\$ 698	\$ 23,919	\$ 2,793	\$ 2,867	\$ 2,942	\$ 3,019	\$ 3,099	\$ 3,180	\$ 3,264	\$ 3,349	\$ 3,438	\$ 3,528	\$ 3,621	\$ 3,716	\$ 3,814	\$ 3,914
93 Elizabeth Street	4	\$ 533	\$ 7,079	\$ 2,133	\$ 2,189	\$ 2,247	\$ 2,306	\$ 2,366	\$ 2,428	\$ 2,492	\$ 2,558	\$ 2,625	\$ 2,694	\$ 2,765	\$ 2,838	\$ 2,912	\$ 2,989
28 Willow Street	4	\$ 1,093	\$ 136,151	\$ 4,373	\$ 4,498	\$ 4,627	\$ 4,759	\$ 4,896	\$ 5,036	\$ 5,180	\$ 5,328	\$ 5,481	\$ 5,638	\$ 5,800	\$ 5,966	\$ 6,137	\$ 6,313
7 Suffolk Street	4	\$ 572	\$ 64,222	\$ 2,286	\$ 2,353	\$ 2,422	\$ 2,492	\$ 2,565	\$ 2,640	\$ 2,717	\$ 2,796	\$ 2,878	\$ 2,962	\$ 3,048	\$ 3,137	\$ 3,229	\$ 3,323
1-4 Mckee Place	4	\$ 378	\$ 98,469	\$ 1,511	\$ 1,554	\$ 1,598	\$ 1,644	\$ 1,691	\$ 1,739	\$ 1,789	\$ 1,840	\$ 1,893	\$ 1,947	\$ 2,003	\$ 2,060	\$ 2,120	\$ 2,180
5-8 Mckee Place	4	\$ 540	\$ 2,099	\$ 2,159	\$ 2,220	\$ 2,283	\$ 2,348	\$ 2,415	\$ 2,484	\$ 2,555	\$ 2,627	\$ 2,702	\$ 2,779	\$ 2,858	\$ 2,939	\$ 3,023	\$ 3,109
9-12 Mckee Place	4	\$ 378	\$ 1,469	\$ 1,511	\$ 1,554	\$ 1,598	\$ 1,644	\$ 1,691	\$ 1,739	\$ 1,789	\$ 1,840	\$ 1,893	\$ 1,947	\$ 2,003	\$ 2,060	\$ 2,120	\$ 2,180
13-16 Mckee Place	4	\$ 197	\$ 768	\$ 789	\$ 811	\$ 833	\$ 856	\$ 879	\$ 903	\$ 928	\$ 953	\$ 979	\$ 1,006	\$ 1,034	\$ 1,062	\$ 1,091	\$ 1,121
22-24 Mona Square	2	\$ 401	\$ 2,279	\$ 801	\$ 823	\$ 846	\$ 870	\$ 894	\$ 919	\$ 944	\$ 970	\$ 997	\$ 1,025	\$ 1,053	\$ 1,083	\$ 1,113	\$ 1,144
26-32 Mona Square	4	\$ 350	\$ 1,363	\$ 1,401	\$ 1,440	\$ 1,480	\$ 1,522	\$ 1,564	\$ 1,608	\$ 1,653	\$ 1,700	\$ 1,747	\$ 1,796	\$ 1,846	\$ 1,898	\$ 1,951	\$ 2,006
34-36 Mona Square	2	\$ 401	\$ 779	\$ 801	\$ 823	\$ 846	\$ 870	\$ 894	\$ 919	\$ 944	\$ 970	\$ 997	\$ 1,025	\$ 1,053	\$ 1,083	\$ 1,113	\$ 1,144
Friendship Lane - Units 1-16	16	\$ 165	\$ 2,570	\$ 2,638	\$ 2,708	\$ 2,780	\$ 2,854	\$ 2,930	\$ 3,008	\$ 3,088	\$ 3,170	\$ 3,254	\$ 3,340	\$ 3,429	\$ 3,520	\$ 3,614	\$ 3,710
17-20 Friendship Lane	4	\$ 329	\$ 1,281	\$ 1,317	\$ 1,354	\$ 1,392	\$ 1,430	\$ 1,470	\$ 1,512	\$ 1,554	\$ 1,597	\$ 1,642	\$ 1,688	\$ 1,735	\$ 1,784	\$ 1,834	\$ 1,885
21-24 Friendship Lane	4	\$ 611	\$ 17,925	\$ 2,445	\$ 2,516	\$ 2,588	\$ 2,663	\$ 2,740	\$ 2,819	\$ 2,901	\$ 2,985	\$ 3,071	\$ 3,160	\$ 3,251	\$ 3,345	\$ 3,442	\$ 3,542
25-31 Friendship Lane	7	\$ 792	\$ 38,464	\$ 5,542	\$ 5,695	\$ 5,853	\$ 6,015	\$ 6,182	\$ 6,353	\$ 6,529	\$ 6,710	\$ 6,896	\$ 7,087	\$ 7,283	\$ 7,485	\$ 7,693	\$ 7,906
32-37 Friendship Lane	6	\$ 818	\$ 5,528	\$ 4,910	\$ 5,046	\$ 5,186	\$ 5,330	\$ 5,478	\$ 5,630	\$ 5,786	\$ 5,947	\$ 6,112	\$ 6,282	\$ 6,456	\$ 6,636	\$ 6,820	\$ 7,010
38-43 Friendship Lane	6	\$ 818	\$ 4,778	\$ 4,910	\$ 5,046	\$ 5,186	\$ 5,330	\$ 5,478	\$ 5,630	\$ 5,786	\$ 5,947	\$ 6,112	\$ 6,282	\$ 6,456	\$ 6,636	\$ 6,820	\$ 7,010
44-51 Friendship Lane	8	\$ 256	\$ 6,990	\$ 2,046	\$ 2,103	\$ 2,163	\$ 2,223	\$ 2,286	\$ 2,350	\$ 2,417	\$ 2,485	\$ 2,555	\$ 2,627	\$ 2,701	\$ 2,777	\$ 2,855	\$ 2,936
7A & 7B Chapman Street - Methven	2	\$ 628	\$ 1,221	\$ 1,256	\$ 1,292	\$ 1,329	\$ 1,367	\$ 1,407	\$ 1,447	\$ 1,488	\$ 1,531	\$ 1,575	\$ 1,620	\$ 1,667	\$ 1,715	\$ 1,764	\$ 1,814
7C & 7D Chapman Street - Methven	2	\$ 628	\$ 1,221	\$ 1,256	\$ 1,292	\$ 1,329	\$ 1,367	\$ 1,407	\$ 1,447	\$ 1,488	\$ 1,531	\$ 1,575	\$ 1,620	\$ 1,667	\$ 1,715	\$ 1,764	\$ 1,814
9A & 9B Chapman Street - Methven	2	\$ 628	\$ 1,221	\$ 1,256	\$ 1,292	\$ 1,329	\$ 1,367	\$ 1,407	\$ 1,447	\$ 1,488	\$ 1,531	\$ 1,575	\$ 1,620	\$ 1,667	\$ 1,715	\$ 1,764	\$ 1,814
GENERAL - Contingency Allocation			\$ 10,000	\$ 10,250	\$ 10,506	\$ 10,769	\$ 11,038	\$ 11,314	\$ 11,597	\$ 11,887	\$ 12,184	\$ 12,489	\$ 12,801	\$ 13,121	\$ 13,449	\$ 13,785	\$ 14,130
TOTAL	102	\$ 602	\$ 465,265	\$ 61,395	\$ 63,074	\$ 64,800	\$ 66,573	\$ 68,395	\$ 70,268	\$ 72,192	\$ 74,169	\$ 76,201	\$ 78,289	\$ 80,434	\$ 82,639	\$ 84,905	\$ 87,233

CAPITAL REPLACEMENTS PROVISION			YEAR														
ADDRESS	No. of UNITS	AVG Cost/Unit Per Annum	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
37 Elizabeth Ave	2	\$ 2,769	\$ 5,404	\$ 5,539	\$ 5,677	\$ 5,819	\$ 5,964	\$ 6,114	\$ 6,266	\$ 6,423	\$ 6,584	\$ 6,748	\$ 6,917	\$ 7,090	\$ 7,267	\$ 7,449	\$ 7,635
5-7 Elizabeth Place	3	\$ 2,873	\$ 8,408	\$ 8,618	\$ 8,833	\$ 9,054	\$ 9,280	\$ 9,513	\$ 9,750	\$ 9,994	\$ 10,244	\$ 10,500	\$ 10,763	\$ 11,032	\$ 11,307	\$ 11,590	\$ 11,880
9-12 Elizabeth Place	4	\$ 2,154	\$ 8,408	\$ 8,618	\$ 8,833	\$ 9,054	\$ 9,280	\$ 9,513	\$ 9,750	\$ 9,994	\$ 10,244	\$ 10,500	\$ 10,763	\$ 11,032	\$ 11,307	\$ 11,590	\$ 11,880
93 Elizabeth Street	4	\$ 2,154	\$ 8,408	\$ 8,618	\$ 8,833	\$ 9,054	\$ 9,280	\$ 9,513	\$ 9,750	\$ 9,994	\$ 10,244	\$ 10,500	\$ 10,763	\$ 11,032	\$ 11,307	\$ 11,590	\$ 11,880
28 Willow Street	4	\$ 2,154	\$ 10,205	\$ 10,460	\$ 10,721	\$ 10,989	\$ 11,264	\$ 11,546	\$ 11,834	\$ 12,130	\$ 12,433	\$ 12,744	\$ 13,063	\$ 13,389	\$ 13,724	\$ 14,067	\$ 14,419
7 Suffolk Street	4	\$ 2,603	\$ 10,158	\$ 10,412	\$ 10,672	\$ 10,939	\$ 11,213	\$ 11,493	\$ 11,780	\$ 12,075	\$ 12,377	\$ 12,686	\$ 13,003	\$ 13,328	\$ 13,661	\$ 14,003	\$ 14,353
1-4 Mckee Place	4	\$ 2,597	\$ 10,134	\$ 10,387	\$ 10,647	\$ 10,913	\$ 11,186	\$ 11,465	\$ 11,752	\$ 12,046	\$ 12,347	\$ 12,656	\$ 12,972	\$ 13,296	\$ 13,629	\$ 13,969	\$ 14,319
5-8 Mckee Place	4	\$ 2,597	\$ 10,134	\$ 10,387	\$ 10,647	\$ 10,913	\$ 11,186	\$ 11,465	\$ 11,752	\$ 12,046	\$ 12,347	\$ 12,656	\$ 12,972	\$ 13,296	\$ 13,629	\$ 13,969	\$ 14,319
9-12 Mckee Place	4	\$ 2,597	\$ 10,134	\$ 10,387	\$ 10,647	\$ 10,913	\$ 11,186	\$ 11,465	\$ 11,752	\$ 12,046	\$ 12,347	\$ 12,656	\$ 12,972	\$ 13,296	\$ 13,629	\$ 13,969	\$ 14,319
13-16 Mckee Place	4	\$ 2,597	\$ 10,134	\$ 10,387	\$ 10,647	\$ 10,913	\$ 11,186	\$ 11,465	\$ 11,752	\$ 12,046	\$ 12,347	\$ 12,656	\$ 12,972	\$ 13,296	\$ 13,629	\$ 13,969	\$ 14,319
22-24 Mona Square	2	\$ 3,010	\$ 5,874	\$ 6,021	\$ 6,171	\$ 6,325	\$ 6,483	\$ 6,646	\$ 6,812	\$ 6,982	\$ 7,157	\$ 7,335	\$ 7,519	\$ 7,707	\$ 7,899	\$ 8,097	\$ 8,299
26-32 Mona Square	4	\$ 2,774	\$ 10,826	\$ 11,096	\$ 11,374	\$ 11,658	\$ 11,949	\$ 12,248	\$ 12,554	\$ 12,868	\$ 13,190	\$ 13,520	\$ 13,858	\$ 14,204	\$ 14,559	\$ 14,923	\$ 15,296
34-36 Mona Square	2	\$ 3,010	\$ 5,874	\$ 6,021	\$ 6,171	\$ 6,325	\$ 6,483	\$ 6,646	\$ 6,812	\$ 6,982	\$ 7,157	\$ 7,335	\$ 7,519	\$ 7,707	\$ 7,899	\$ 8,097	\$ 8,299
Friendship Lane - Units 1-16	16	\$ 2,748	\$ 42,889	\$ 43,961	\$ 45,060	\$ 46,187	\$ 47,341	\$ 48,525	\$ 49,738	\$ 50,981	\$ 52,256	\$ 53,562	\$ 54,901	\$ 56,274	\$ 57,681	\$ 59,123	\$ 60,601
17-20 Friendship Lane	4	\$ 3,005	\$ 11,728	\$ 12,021	\$ 12,322	\$ 12,630	\$ 12,945	\$ 13,269	\$ 13,601	\$ 13,941	\$ 14,289	\$ 14,646	\$ 15,013	\$ 15,388	\$ 15,773	\$ 16,167	\$ 16,571
21-24 Friendship Lane	4	\$ 3,005	\$ 11,728	\$ 12,021	\$ 12,322	\$ 12,630	\$ 12,945	\$ 13,269	\$ 13,601	\$ 13,941	\$ 14,289	\$ 14,646	\$ 15,013	\$ 15,388	\$ 15,773	\$ 16,167	\$ 16,571
25-31 Friendship Lane	7	\$ 2,857	\$ 19,508	\$ 19,996	\$ 20,496	\$ 21,008	\$ 21,533	\$ 22,071	\$ 22,623	\$ 23,189	\$ 23,769	\$ 24,363	\$ 24,972	\$ 25,596	\$ 26,236	\$ 26,892	\$ 27,564
32-37 Friendship Lane	6	\$ 2,858	\$ 16,731	\$ 17,150	\$ 17,578	\$ 18,018	\$ 18,468	\$ 18,930	\$ 19,403	\$ 19,888	\$ 20,385	\$ 20,895	\$ 21,417	\$ 21,953	\$ 22,502	\$ 23,064	\$ 23,641
38-43 Friendship Lane	6	\$ 2,858	\$ 16,731	\$ 17,150	\$ 17,578	\$ 18,018	\$ 18,468	\$ 18,930	\$ 19,403	\$ 19,888	\$ 20,385	\$ 20,895	\$ 21,417	\$ 21,953	\$ 22,502	\$ 23,064	\$ 23,641
44-51 Friendship Lane	8	\$ 2,943	\$ 22,968	\$ 23,542	\$ 24,131	\$ 24,734	\$ 25,352	\$ 25,986	\$ 26,636	\$ 27,302	\$ 27,984	\$ 28,684	\$ 29,401	\$ 30,136	\$ 30,890	\$ 31,662	\$ 32,453
7A & 7B Chapman Street - Methven	2	\$ 2,945	\$ 5,746	\$ 5,890	\$ 6,037	\$ 6,188	\$ 6,343	\$ 6,501	\$ 6,664	\$ 6,830	\$ 7,001	\$ 7,176	\$ 7,356	\$ 7,539	\$ 7,728	\$ 7,921	\$ 8,119
7C & 7D Chapman Street - Methven	2	\$ 2,945	\$ 5,746	\$ 5,890	\$ 6,037	\$ 6,188	\$ 6,343	\$ 6,501	\$ 6,664	\$ 6,830	\$ 7,001	\$ 7,176	\$ 7,356	\$ 7,539	\$ 7,728	\$ 7,921	\$ 8,119
9A & 9B Chapman Street - Methven	2	\$ 2,908	\$ 5,675	\$ 5,817	\$ 5,962	\$ 6,111	\$ 6,264	\$ 6,421	\$ 6,581	\$ 6,746	\$ 6,915	\$ 7,087	\$ 7,265	\$ 7,446	\$ 7,632	\$ 7,823	\$ 8,019
TOTAL	102	\$ 2,682	\$ 273,547	\$ 280,386	\$ 287,395	\$ 294,580	\$ 301,945	\$ 309,493	\$ 317,231	\$ 325,161	\$ 333,290	\$ 341,623	\$ 350,163	\$ 358,917	\$ 367,890	\$ 377,088	\$ 386,515
TOTAL ANNUAL PROVISION			\$ 738,812	\$ 341,781	\$ 350,470	\$ 359,380	\$ 368,518	\$ 377,889	\$ 387,498	\$ 397,353	\$ 407,459	\$ 417,823	\$ 428,452	\$ 439,352	\$ 450,529	\$ 461,992	\$ 473,748

3.8. In house delivery structure

Organisational Structure

The delivery of Council's EPH service requires input from a number of different teams across the organisation. The activity sits within the Business Support Group and is primarily carried out by the property team. In-house delivery incurs overheads from other teams within the organisation that assist in the delivery of the service including budgeting and financial support, support from S&P and Communications for strategic work, policy reviews and consultations, legal assistance related to compliance and contracts, as well as consultation with the planning and building teams for any large rebuild projects.

The property team are responsible for the day-to-day delivery of the elderly persons housing service in addition to several other activities.

Figure 11 - Property Team Activity Management

Residential Property Management	• Ocean farm • Other residential rentals
Commercial Property Management	• Ashburton Business Estate • Commercial / industrial sites • Glasgow leases
Strategic Property Management	• Ashburton Airport • Te Whare Whakare • EA Networks Centre • Art Gallery and Museum • Forestry
Amenity Property Management	• Clocktower / clocks • Carparks • Service lanes
Reserves and alternative land occupation management / application management	• Reserves • Food trucks • Alfresco dining • Road occupation • Gravel pits • Cleanfill • Hut settlements • Campgrounds
Organisational support and asset management	• Hall and reserve board leases • Compliance and asset management • Bookings management • Support for setup / pack down of community events
Property acquisition and disposals	• Land purchases • Land sales • Legal interests

The team, led by the Property Manager, comprises of seven FTE positions, the Rangitata caretaker one casual facility support officer and after school / summer students.

Overall, including the Property Manager, it is estimated that the equivalent of 1.6 FTE is committed to carrying out the delivery of the elderly person service. This is comprised of the following positions and functions.

The Property Coordinator is primarily responsible for the delivery of service and commits approximately 0.6 FTE. Key responsibilities include:

Waitlist Management:

- Maintaining a comprehensive waitlist of prospective tenants
- Ensuring that vacancies are filled promptly and efficiently

Tenancy Management:

- Drawing up tenancy agreements
- Ensuring that all legal requirements are met and that tenants fully understand their rights
- Ending tenancies and ensuring the process is smooth and legally compliant
- Dealing with tenancy disputes to ensure issues are resolved fairly and efficiently

Bond Lodgement:

- Ensuring bonds are lodged securely and promptly, ensuring compliance with regulatory requirements

Rent Management:

- Conducting regular checks to ensure that rent payments are made on time. Any discrepancies are addressed immediately to maintain financial stability
- Manage rent increases, ensuring they meet regulatory requirements and are communicated clearly to tenants

Property Maintenance Administration:

- Carrying out regular and ongoing Inspections to ensure properties are maintained and safe for elderly residents and any issues are addressed promptly
- Organising repairs and renewals including liaising with internal staff and external contractors

Communication and Support:

- Carrying out regular communication with the elderly residents, and liaising with external support providers where appropriate

In addition to this role, it is estimated that an additional 0.8 FTE is committed to the delivery of the service through the following functions:

- Ensuring the Elderly Persons Housing service is managed in accordance with Councils policy and the established levels of service are maintained
- Maintain strategic oversight of the service including asset management, financial performance and service delivery levels
- Manage capital and maintenance projects for the elderly person housing portfolio
- Develop an asset management plan for the portfolio
- Completing general repair work on the units

Council's Property Maintenance Officer is primarily responsible for the general maintenance and upkeep of the portfolio. However, where work is required that requires certified professionals, work is contracted out to ensure the units remain compliant with relevant legislation and to ensure work is carried out to the best standard. Contracted work includes:

Renewal work: internal painting, joinery replacement, carpet and flooring installation, plumbing repairs, roofing repairs and electrical work.

Appliance replacement and maintenance: HVAC installations and maintenance, hot water cylinder installations and maintenance and other landlord appliance installations.

Landscaping: regular mowing and communal gardening.

3.9. Tenant welfare and accessibility needs

Tenants of Council's elderly person housing are considered some of the most vulnerable members of our community, most of whom are low-income elderly residents with limited means of securing accommodation. It is a prerequisite for Council tenants to move into the service without the requirement for social support and health services. However, as their tenancies progress, they may experience increased issues that require additional wrap around services.

As per the Elderly Persons Housing Policy, Council's core role is that of a residential landlord. As such, Council differs from other housing providers in the sense that there is no formal obligation to provide social services to its tenants.

Due to the nature of the tenancy demographic, it is likely that Council will provide housing to those who may have additional accessibility needs that require increased support. Therefore, Council officers may at times refer tenants to known support services in the area where there is concern for tenants' health or welfare.

Because of Council's position as a residential landlord / affordable housing provider rather than a registered community housing provider, tenants receive a reduced level of social support in comparison to community housing provider tenants who often have access to integrated support services to help them to sustain their tenancies such as budgeting support and increased access to health services.

The majority of Council's elderly person housing units were not designed to accommodate increased accessibility requirements due to disability or decreased mobility. Most units are limited in space and cannot be structurally altered to improve accessibility requirements but may be retrofitted with handrails, ramps and other mobility support equipment. The exception being the rebuilt units at 1-16 Friendships Lane which have been designed to be "mobility friendly" for tenants.

The 36 single units are particularly challenging for accessibility, impacting the desirability of these units. These units have limited space and are therefore generally unsuitable for mobility devices. These units also offer reduced comfort due to the need to have a single bed.

75% of tenants who completed the tenancy survey indicated that the units suit their current accessibility needs but have noted some issues in the design of the units such as lack of mobility scooter access and trip hazards related to steps instead of ramp access.

3.10. Performance measures

Council currently has one formal performance measure in place to monitor the effectiveness of this service. Council reports on occupancy rate publicly through activity briefings and the long-term plan:

Figure 12 - LTP Level of Service Measure

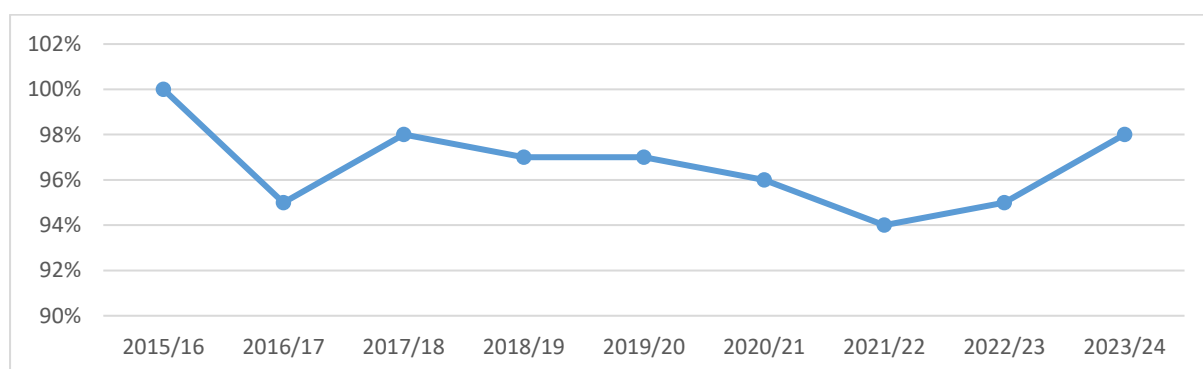
Our levels of service

What we're aiming for: To provide community services that meet resident's needs.

WHAT WE'RE WORKING TOWARDS	HOW WE'LL MEASURE PROGRESS	HOW WE'RE PERFORMING NOW	WHAT WE'RE AIMING FOR			
Levels of service	Performance measures	2022/23 results	2024/25	2025/26	2026/27	2027/28 – 2033/34
Council will provide rental accommodation that meets the specific needs of eligible elderly members of the community	Occupancy rates of available Elderly Persons Housing	95%	95%	95%	95%	95%

Over the last five-years, Council has achieved an average of 97% occupancy indicating consistent demand for the service. It is important to note that 100% occupancy cannot be achieved due to the nature of the service and the requirement to hold empty units in order to carry out refurbishments.

Figure 13 - Average Occupancy Rates 2015-2024



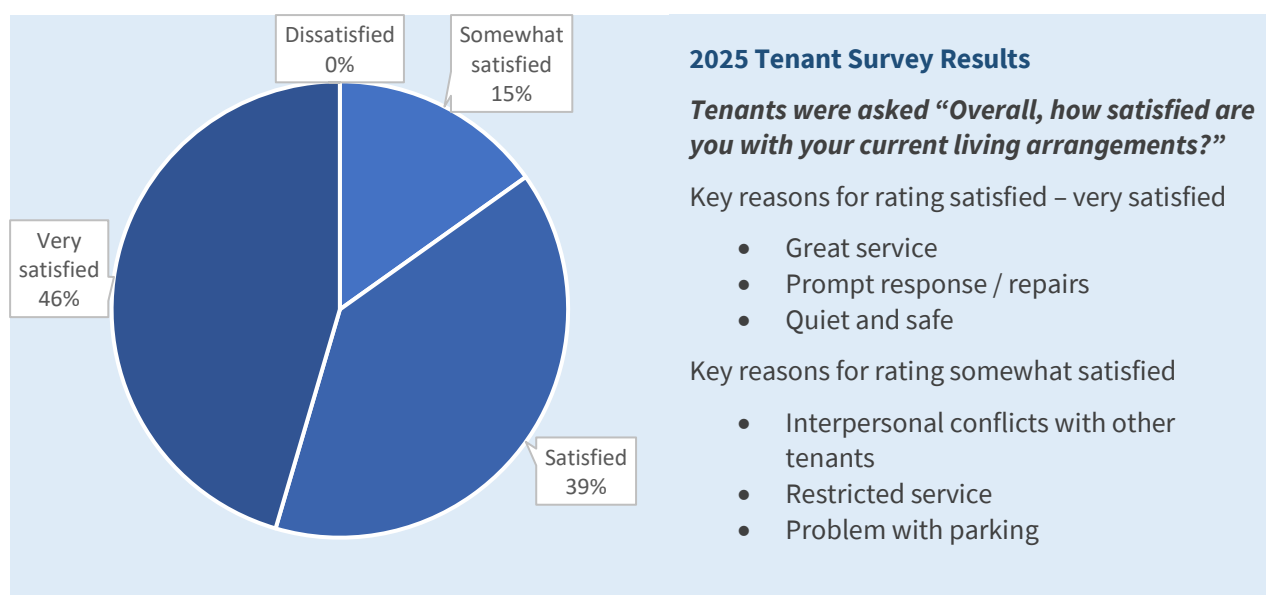
3.10.1. Possible Measures of Effectiveness

While not formally measured, there are several other performance indicators that Council uses to help determine the effectiveness of the service. These are described below, with current performance indicated where possible.

3.10.1.1. Tenant Satisfaction

The most recent tenancy survey results (2025) indicate that overall, tenants are satisfied with the level of service being received from Council. Nearly half of those who responded to the survey indicated that Council provides a better service than what they had received from other landlords, while 29% indicated the service received from Council is about the same as other providers. In addition, 85% of responding tenants indicated they were either satisfied or very satisfied with their current living arrangements.

Figure 14 - Tenant Satisfaction Indicator Graph



3.10.1.2. Affordability measures

Council has committed to providing low-cost housing to low-income elderly tenants. This means that Council has developed a service where current and prospective tenants expect to pay less than market rate rental levies.

Typical sources of income for tenants

In line with Council’s Elderly Person Housing Policy, it is expected that tenant’s sole source of income is the New Zealand Superannuation (NZ Super). NZ super is available to NZ citizens, permanent residents or NZ residence class visa holders aged 65 and over. NZ super is paid fortnightly, with set rates for different circumstances and tax codes. The following rates are received by those receiving NZ super as their only income (tax code M):

Figure 15 - NZ Superannuation Rates

Circumstance	NZ super amount (weekly after tax)
Live alone or with a dependent child	\$538.42
Partnered - both partners meet the criteria	\$828.34 (combined)
Partnered – only one partner meets the criteria	\$828.34 (combined)

In addition to the NZ super, some tenants may be eligible to receive the Accommodation Supplement (AS). This is a weekly payment administered by Work and Income New Zealand (WINZ) to assist low-income individuals with their rent payments.

The Accommodation Supplement is means tested based on income and asset levels, their rental costs as well as the region that they live in. To qualify for the accommodation supplement on the NZ super, individuals must meet the following criteria:

- Have asset limits below \$8,100 for an individual or \$16,200 for a couple.
- Pay rent at a level above the minimum threshold \$135 per week for an individual or \$207 for a couple.

The supplement is calculated using the below formula:

Rental amount – less entry threshold = difference x 0.70 (to a maximum rate of \$105)

The below table demonstrates how the Accommodation Supplement works for individuals and couples living in different units in the portfolio. It is important to note that these figures are averages based on the assumption that NZ super is tenants only source of income. However, the actual amount received by each tenant is likely to vary based on individual circumstances.

Figure 16 - Accommodation Supplement rates for EPH units

1-16 Friendship Lane	Calculation	Weekly cost to tenant with AS	Weekly cost to tenant without AS
Couples	Weekly Rent: \$272 – Entry Threshold: \$207 = \$65 x 0.70 Supplement Amount = \$45.50	\$226.50 (27% of income)	\$272 (33% of income)
Individuals	Weekly Rent: \$272 – Entry Threshold: \$135 = \$137 x 0.70 Supplement Amount = \$95.90	\$176.50 (33% of income)	\$272 (50% of income)
All other units	Calculation	Weekly cost to tenant with AS	Weekly cost to tenant without AS
Couples	Not eligible for accommodation supplement as the weekly rent of \$180 is below the threshold of \$207		\$180 (22% of income)
Individuals	Weekly Rent: \$160 – Entry Threshold: \$135 = \$25 x 0.70 Supplement Amount = \$17.50	\$142.50 (26% of income)	\$160 (30% of income)

Councils who operate housing services utilise different approaches to measure the affordability of their services. There doesn't appear to be a "one size fits all" approach, but officers note two common approaches:

Percentage of Income

This method is widely used across New Zealand and internationally as a benchmark for housing affordability. It is based on the principle that housing is considered affordable if a household spends no more than 30% of its gross or disposable income on housing costs.

Stats NZ uses this threshold to assess rental stress, noting that households spending 30% or more of their disposable income on housing are at risk of financial hardship.

The OECD defines spending 40% or more of disposable income on housing as an overburden, indicating severe affordability issues.

While the 30% rule is simple and widely applied, both Stats NZ and the OECD acknowledge its limitations—particularly for households with lower incomes, for whom even spending 20% on housing may leave insufficient income for other essentials.

Percentage of Market Rate

This approach sets rent at a fixed percentage of the prevailing market rent for similar properties—typically 80%. It is commonly used in affordable housing schemes and by some councils to ensure rents are below market levels. This approach was used by the Ministry of Housing and Urban Development to determine the affordability of the new units developed at 1-16 Friendship Lane.

This method is not income-based, and therefore may not guarantee affordability for all tenants, especially those on fixed or low incomes such as NZ Superannuation. It is often used as a ceiling in rent-setting policies, ensuring that tenants do not pay more than a capped market rate, but it does not adjust for individual financial circumstances. Below is a comparison table indicating the average rental rate charged by councils who operate an affordable housing portfolio and the mechanism for calculating rent.

Figure 17 - Rent Mechanisms by Council¹

Council	Rent setting mechanism	Rent levy rate (average)
Far North District Council	Unknown	\$ 130
Rotorua Lakes Council	Unknown	\$ 140
Grey District Council	25% NZ Super	\$ 140
Ruapehu District Council	Unknown	\$ 155
Whangarei District Council	30% of NZ Super	\$ 160
New Plymouth District Council	30% gross income	\$ 160
Napier City Council	30% gross income	\$ 160
Waipa District Council	30% gross income	\$ 160
Rangitikei District Council	Set fee through LTP / AP	\$ 164
Buller District Council	Unknown	\$ 165
Whanganui District Council	Unknown	\$ 166
Timaru District Council	Unknown	\$ 170
Ashburton District Council	30% gross income	\$ 170
Central Otago District Council	Unknown	\$ 170
Taupo District Council	Unknown	\$ 175
Hastings District Council	80% market rate	\$ 180
South Taranaki District Council	80% market rate	\$ 180
Kaipara District Council	Unknown	\$ 180
Otorohanga District Council	Set fee through LTP / AP	\$ 180
Hurunui District Council	Unknown	\$ 190
Waimate District Council	Unknown	\$ 196
Clutha District Council	Set fee through LTP / AP	\$ 198
Waitomo District Council	Unknown	\$ 200
Invercargill City Council	Set fee through LTP / AP	\$ 210
Hauraki District Council	Set fee through LTP / AP	\$ 215
Tararua District Council	Set fee through LTP / AP	\$ 215
South Wairarapa District Council	Unknown	\$ 220
South Waikato District Council	Unknown	\$ 225

¹ Information sourced from Council's websites. Where Council's have split level rent levy charges for different types of units, officers have calculated the average charge.

Council	Rent setting mechanism	Rent levy rate (average)
Waimakariri District Council	Unknown	\$ 230
Dunedin City Council	Unknown	\$ 233
Waitaki District Council	80% market rate	\$ 237
Western BOP District Council	35% gross income	\$ 250
Central Hawkes Bay District Council	Set fee through LTP / AP	\$ 250
Ashburton District Council (1-16 Friendship Lane)	80% market rate	\$ 272
Matamata-Piako District Council	Set fee through LTP / AP	\$ 290

Council's current policy uses a mixed approach to affordability. Rent levies for 1-16 Friendship Lane are calculated using 80% of market rate as the affordability threshold while rental levies for all other units have historically been calculated using the 30% of income threshold.

Currently, the rental levies for all units fall largely within both measures, with the exception of 1-16 Friendship Lane which is outside the percentage of income threshold for those who do not receive the accommodation supplement on top of superannuation²:

Figure 18 - Affordability Summary

	Average % of income with accommodation supplement	Average % of income without accommodation supplement	Average % of market rate
1-16 Friendship Lane	30%	41.5%	77%
All other units	26%	26%	54%

As part of the recent tenant survey, tenants were asked if they felt the current rent levy charged by Council was fair and affordable. Of those that responded, 94% answered yes. However, many commented that the cost of living makes it difficult for them to live comfortably, and any further increases will result in increased difficulty to live within their current means.

3.10.1.3. Quality of the Units and Response to Maintenance

To ensure the long-term sustainability and suitability of its elderly housing portfolio, Council could include performance measures to assess the ongoing quality of its housing units. This includes evaluating both the physical condition of the units and their compliance with healthy homes standards, particularly those relevant to older tenants with disabilities or limited mobility. Possible measures are summarised below, with current performance indicated.

Healthy Homes Standards Compliance

All rental properties in New Zealand, including council-owned housing, must comply with the Healthy Homes Standards under the Residential Tenancies Act 1986. These standards aim to improve the quality of rental housing and include five key areas:

- **Heating:** A fixed heater capable of warming the main living area to at least 18°C.
- **Insulation:** Adequate ceiling and underfloor insulation.
- **Ventilation:** Openable windows and extractor fans in kitchens and bathrooms.
- **Moisture ingress and drainage:** Effective drainage and ground moisture barriers.
- **Draught stopping:** Sealing of unreasonable gaps and holes that cause draughts.

From 1 July 2025, all private and public rental properties must meet these standards. Council's performance can be measured by the percentage of units fully compliant, the number of exemptions

² This modelling assumes that tenants residing in council housing have no other form of income apart from NZ superannuation. For a single person with no dependents this equates to \$538.42 per week after tax.

granted, and the time taken to address non-compliance. As of March 2025, all of Council’s EPH portfolio meet the Healthy Home Standards.

Overall, tenants who responded to the tenancy survey indicated that they were satisfied with the quality of their unit, with 63% rating the quality of their unit as very good or excellent, 24% rated the quality of their unit as good, with the remaining saying the quality of their unit was just ok or of poor quality.

Key reasons for low ratings included the age of their units or reports that their unit was draughty. While those who provided a high rating cited that their units were of good quality and were warm and comfortable.

3.10.1.4. Accessibility for Elderly Tenants

Given the age and mobility profile of tenants, accessibility is a critical performance measure. The Ministry of Housing and Urban Development (HUD) encourages the use of universal design principles to ensure homes are safe and usable for people with disabilities or limited mobility. Key features include:

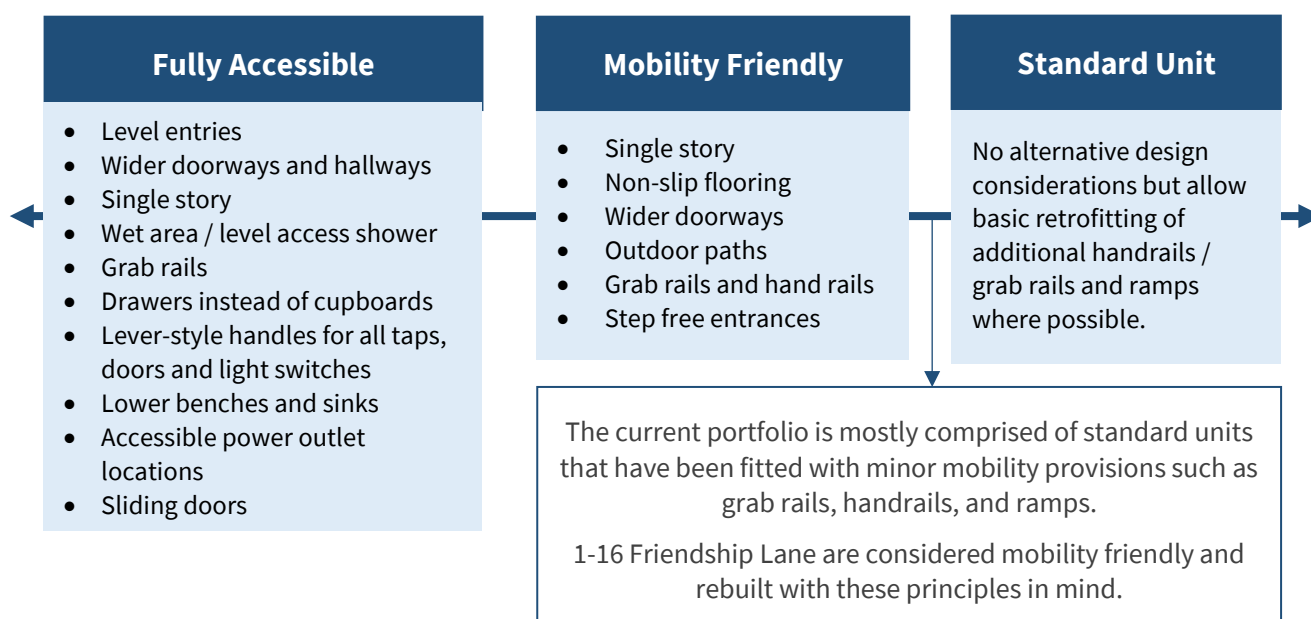
- Step-free access to entrances and internal spaces.
- Wider doorways and hallways to accommodate mobility aids.
- Grab rails, non-slip flooring, and accessible bathrooms.
- Lever-style handles and easy-to-reach switches.

Council could assess accessibility performance by auditing units against these features and tracking the percentage of units that meet or exceed accessibility standards. For the most part, tenants felt that their unit was equipped to meet their accessibility needs, with 73% of respondents indicating so.

However, Councils housing units were not specifically designed to support the accessibility needs of elderly tenants. As such, there is limited capacity to retrofit units with step-free entrances and wider accessways. Units do have the capacity to be retrofitted with grab rails and lever style handles; these are often provided by occupational therapy services who engage with tenants directly.

While the demand for fully accessible units is low, demand for mobility friendly units is likely to increase as tenants age in place. If Council opt to retain the portfolio, it is recommended that Council consider what level of service should be provided into the future. Currently, 49% of units in the portfolio have steps indicating a low level of accessibility / mobility support for tenants. Below is a spectrum in which Council could use as a base to consider this measure, noting that any increase in level of service in this area would come with greater costs.

Figure 19 - Accessibility Design Spectrum



3.10.1.5. Maintenance Response Times

A key responsibility of Council as a residential landlord is to maintain the premises in a reasonable state of repair. While no formal performance measures exist, survey responses from tenants indicate that Council fulfils this responsibility well, with 30% of responding tenants noting prompt service and approachable staff as the main reasons for rating Councils service highly. If the service is retained, Council could look to introduce a response timeframe to monitor the level of service being provided in line with the Residential Tenancies Act 1986 and Councils Communications Policy.

3.11. Funding

Funding model and rent increase decisions

The Elderly Persons Housing Portfolio has historically operated without funding from general rates. The activity was primarily funded by the income generated from rental levies in combination with transfers from the ELP reserve to bridge any deficit.

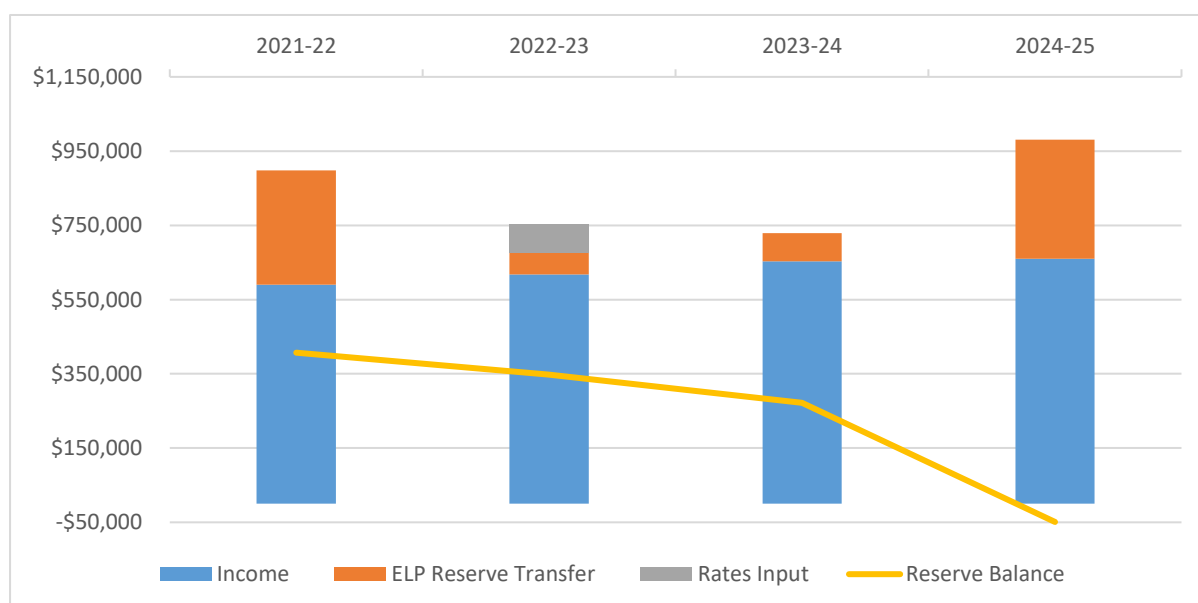
While the service operated without the need for rates input, this funding model was only sustainable as long as investment in asset maintenance and renewals was deferred. This funding model has had long term impact on the quality of the asset. This impact was recognised in 2021 as part of the strategic review and subsequent LTP consultation.

Through the review, it was identified that this funding model was unlikely to be sustainable long-term as the backlog of maintenance in combination with inadequate rental income would lead to the ELP reserve being fully depleted within a 4-year period.

To address this, Council resolved to amend the Revenue and Financing Policy to allow for rates input of 0-30% until a modified funding model could be implemented. Through the LTP 2021-31, Council consulted on a preferred option to increase rents by \$20 (\$110 - single unit, \$130 - double unit), and \$10 every year thereafter until 2027/28 at which point the rental income would fully fund the activity. This option was adopted and came into effect 1 July 2021.

However, the ELP reserve has continued to be used to meet activity costs since 2021, as a result the ELP reserve is now -\$49,000, with only \$76,770 of rates contribution used in the past 4 years.

Figure 20 - Income Sources vs ELP Reserve Balance 2021 - 2025



Rental income

As per the EPH Policy, rental levies are charged as a set rate and have historically been calculated using the 30% of base income approach. This approach presents challenges as it is calculated based on the assumption that the only income received by tenants is the NZ Super (\$538 per week for a single person with no dependants). Based on this, Council can only charge a maximum rate of \$161 with CPI based increases. This model does not consider tenants potential eligibility to receive the Accommodation Supplement which could be used to transfer the subsidisation that Council provides through rates support to central government who would then cover the increase in rent by paying tenants the difference through the supplement.

Below are Council's rental levy rates (excluding 1-16 Friendship Lane which is charged at 80% of market rate) until 2027/28:

	2024/25	2025/26	2026/27	2027/28
Single	\$140.00	\$150.00	\$160.00	\$170.00
Double	\$160.00	\$170.00	\$180.00	\$190.00

Income varies between blocks based on the number of units, number of tenants (singles and couples), unit type (single or double) and individual tenancy agreements. Because rent increases are actioned through individual tenancy agreements, annual increases occur at varying times throughout the year.

Below is a breakdown of income, expenditure and net position by block:

Figure 21 - Income and Expenditure by Block

Block	Predicted annual income 2025/26	Predicted annual expenditure 2025/26	Net position (expected profit/loss for 2025/26)
Elizabeth Ave (Rakaia)	\$14,326	\$15,050	-\$693
Elizabeth Place	\$50,388	\$41,237	\$9,151
Elizabeth Street	\$30,628	\$42,975	-\$12,607
Willow Street	\$30,628	\$27,863	\$4,765
Suffolk Street	\$28,652	\$25,667	\$2,985
McKee Place	\$115,102	\$77,857	\$8,593
Mona Square	\$65,208	\$60,022	\$5,186
Old Friendship Lane (17-51)	\$277,628	\$340,113	-\$62,485
New Friendship Lane (1-16)	\$214,989	\$ 184,380	\$30,609
Chapman Steet (Methven)	\$46,436	\$ 46,750	-\$314
Net Position	\$845,333	\$861,883	-\$16,550

Based on the current level of rental income and current level of maintenance and renewals funding, it is projected that the rental income will cover 98% of the activity expenditure for the current year. However, by 2027/28 when the activity is expected to "break even" it is projected that the gap between income and expenditure will widen to a deficit of \$109,455, with the projected income covering 88% of expenditure.

By 2027/28 when the portfolio was expected to reach self-sustainability:

Figure 22 - Projected Net Position by 2027/28

Total projected rental income	Total projected costs	Net Position (rates input required)	% of rates input (RFP 0-30%)
\$918,230	\$ 1,027,684	-\$109,454	11.9%

The housing reserve is currently \$49,000 overdrawn meaning that if the current funding model continued, the annual deficit would need to be covered via general rates input. It is projected that this

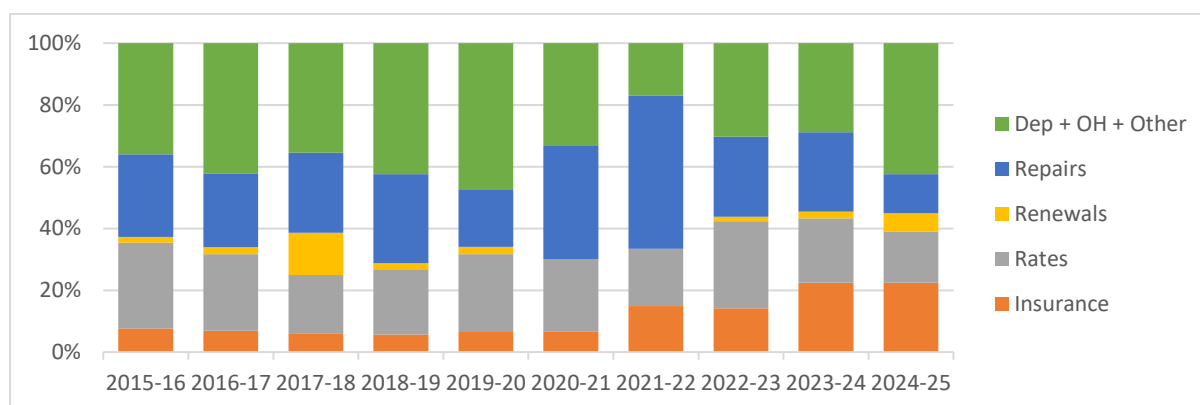
gap between income and expenditure would continue to increase again at the end of 2027/28 as the lump sum rent increases of \$10 per year would switch to CPI adjusted increases.

It is also worth noting that these figures do not account for the deferred maintenance liabilities or recommended asset management funding meaning essential maintenance won't be addressed unless a greater proportion of general rates funding is applied, modelling for which will be included in part two of the report via the option analysis modelling.

Activity Expenditure

There are several costs associated with running the activity, a large proportion of which is generated from insurance, rates and maintenance. The below graph demonstrates the allocation of expenditure attributed to the different core costs. Insurance, rates, repairs and renewals attribute for around 55-65% of total expenditure, with the remainder of costs attributed to depreciation, overheads and other activity costs.

Figure 23 - Activity Expenditure 2015/16 to 2024/25



From 2023, the EPH portfolio has received a rates remission of around 44.9%. For the most recent year (2025/26), the total remission across the portfolio was \$151,270. If the remission remains in place, it is estimated that operational costs will be reduced by \$2.4m over the next 10 years.

3.11.1. Why haven't the rent increases since 2021 achieved the intended purpose of self-sustainability?

Despite rent increases implemented since 2021 with the intention of achieving financial self-sustainability, the EPH portfolio will not meet this objective. Several contributing factors have limited progress, including:

- Missed opportunity to fund asset management in the last review, resulting in ongoing constraints and deferred maintenance.
- Inflation-driven increases in fixed costs exceeded forecasted rates.
- Rebuild of 1-16 Friendship Lane resulted in additional cost increases, including depreciation and interest.

Missed opportunity to fund asset management in the last review, resulting in ongoing constraints and deferred maintenance.

At the time of the 2021 review, the primary focus was on ensuring all 102 units in the elderly persons housing portfolio met the Healthy Homes Regulations introduced in 2019. In parallel, an urgent funding strategy was required to address the units at 1-16 Friendship Lane, which had reached the end of their

useful life and required full replacement. These two critical priorities shaped the scope of the review, resulting in a narrow asset management approach that did not extend to portfolio-wide planning or budgeting for preventative maintenance across other units.

The financial modelling completed during the review addressed these immediate asset issues and supported a pathway to self-sustainability within the prescribed timeframe. However, this model relied on a continued deferral of maintenance and minimal capital renewal for the remainder of the portfolio. The absence of long-term asset planning has now become a constraint, as deferred maintenance liabilities are beginning to emerge. To maintain the portfolio at an adequate standard, funding requirements now exceed what was originally modelled in 2021.

Inflation-driven increases in fixed costs exceeded forecasted rates.

Additionally, at the time of the 2021–31 Long-Term Plan (LTP), the cost of operating the elderly persons housing portfolio was understood to be primarily driven by fixed costs—namely insurance, rates, and asset-related expenses such as repairs, maintenance, and depreciation. The financial modelling used BERL council-specific inflation rates, projecting annual increases of 2.5–2.9% from 2022/23 to 2030/31, which informed the expected rate increases (see Figure 26 – BERL Inflation Matrix).

Figure 24 - Figure 26 - BERL Inflation Matrix

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Rates as a % of district capital value	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3
Rate increase (%)	2.7	4.9	3.0	2.2	0.3	0.4	0.9	-0.8	1.0	-0.5
Average LGCI adjustment (%)	3.6	2.9	2.5	2.5	2.5	2.5	2.6	2.7	2.7	2.6
Rate increase after LGCI adjustment (%)	6.3	7.8	5.5	4.7	2.8	2.9	3.5	1.9	3.7	2.1

However, from 2021 onwards, actual cost increases—particularly in insurance premiums—significantly exceeded these forecasts. This trend was consistent with national observations, as noted in the Office of the Controller and Auditor General’s Local Government: Insights Report 2024³ which noted:

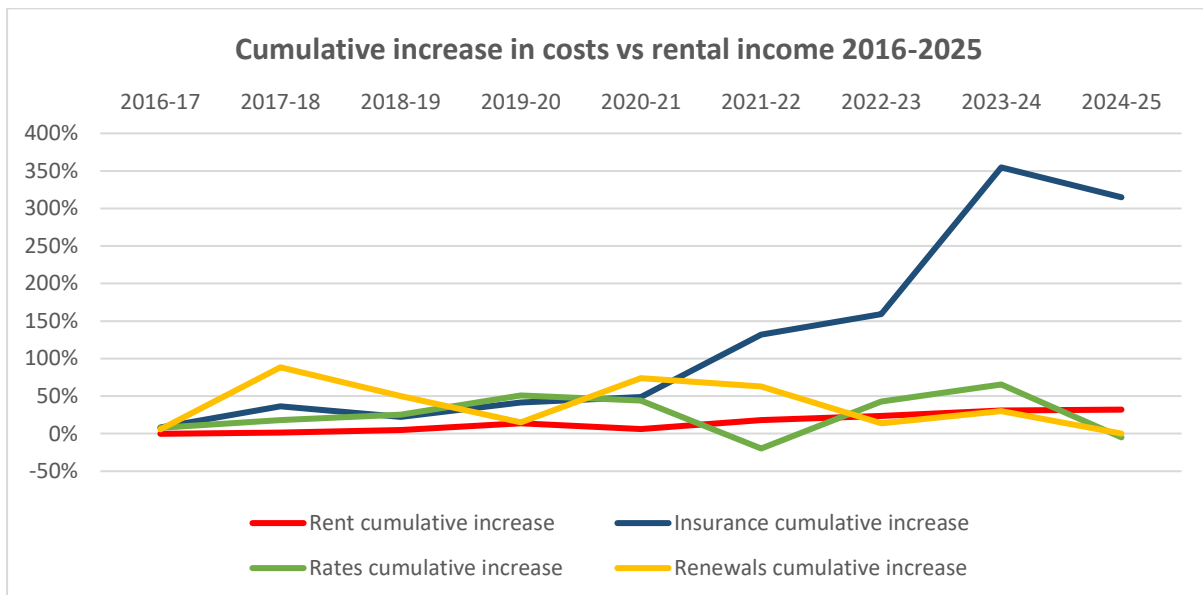
“Councils’ operating expenditure was also higher than expected. This was influenced by factors such as inflationary pressures and rising costs (especially for insurance premiums and electricity), the need for more remediation work, and ongoing growth in employee costs. It continued a trend of increased finance costs since 2020/21”.

These cost escalations have widened the gap between rental income and operating expenditure beyond what was anticipated in the 2021 review. Over the past decade, insurance costs have risen by 355%, with the most significant increases occurring between 2021/22 and 2023/24. Rates have increased by 66% over the same period, while rental income has only grown by 32%.

Although rate remissions have recently been applied to the activity, helping to reduce the gap slightly, the overall growth in fixed costs means the service can no longer rely solely on rental income to remain financially sustainable.

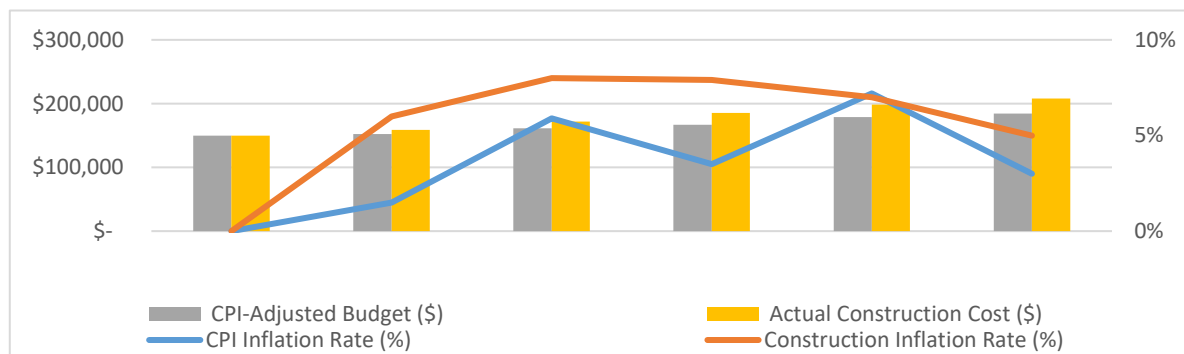
Figure 25 - Cost Increase Summary Graph 2016/17 to 2024/25

³ <https://www.oag.parliament.nz/2025/local-govt/docs/local-govt.pdf>



Capital costs have also increased beyond expected rates. The annual budget for renewals has remained at \$150,000 (CPI adjusted) since 2020. In the same time period, construction and renovation costs have increased by approximately 35%. This has impacted the number of renewals that can be achieved under the current budget leading to partial refurbishments that address immediate issues in lieu of preventative maintenance. This has created another level of financial strain on the activity that could not have been accounted for at the time of the last review.

Figure 26 - Construction Cost Comparison Graph



Rebuild of 1-16 Friendship Lane resulted in additional cost increases, including depreciation and interest.

The rebuild of 1-16 Friendship Lane was partially funded through grant funding received by Te Tūāpapa Kura Kāinga, the Ministry of Housing and Urban Development (HUD) and the proceeds generated from the sale of 11 Kitchener Street. Around \$1.2m was loan funded and spread across the life of the asset.

While funding for the rebuild of 1-16 Friendship Lane was forecasted in the 2021 budget, ongoing costs associated with the project—such as interest and depreciation—were not fully accounted for at the time. These costs are largely covered by rental income from the new units; however, they have reduced the portfolio's overall financial flexibility.

The increased operating costs have limited the ability to accumulate reserves, which are essential for future capital renewals and unexpected maintenance across the wider portfolio. This constraint has also reduced the capacity to respond proactively to emerging asset issues, increasing reliance on reactive maintenance. Additionally, the rebuild has shifted a greater proportion of rental income toward servicing the financial obligations of a single site, rather than supporting portfolio-wide sustainability.

4. *External Considerations*

There are several external factors that impact the delivery of Councils Elderly Person Housing Service, including relevant legislation and national direction, as well as the wider housing system in the Ashburton district including current and future demand for below market rate housing.

3.1 Relevant Legislation

Any future delivery option must take into consideration relevant legislation, national direction and funding decisions.

Property Law Act 2007

The Property Law Act 2007 is a comprehensive legal framework governing property transaction in New Zealand. As part of the options presented in this report, Council may opt to explore leasing or selling some or all of the portfolio. The Act allows Council to create and enforce covenants that Council could use as a way to ensure that the future use of the portfolio for affordable housing is retained regardless of who leases or purchases the units.

Residential Tenancies Act 1986

The Residential Tenancies Act 1986 is a legal framework that governs the relationship between landlords and tenants in New Zealand. It aims to ensure fair and smooth renting experiences for both parties. Key aspects include:

- Tenancy Agreements
- Landlord Obligations
- Tenant Rights
- Bond and Rent
- Dispute Resolution

When a Council acts as a landlord for elderly person housing units, it must comply with the same regulations and obligations outlined in the Residential Tenancies Act 1986 as for any other private landlord. This includes:

1. **Maintenance and Repairs:** Ensuring the housing units are kept in a reasonable state of repair, considering the age and character of the property.
2. **Health and Safety:** Complying with all health and safety requirements, including those under the Building Act 2004, Health Act 2016, and Housing Improvement Regulations.
3. **Tenancy Agreements:** Providing written tenancy agreements that clearly outline the rights and responsibilities of both the council and the tenants.
4. **Dispute Resolution:** Utilizing the tribunal system to resolve any disputes that may arise between the council and the tenants.

Councils are often subject to increased scrutiny by the media and community in managing their responsibilities under the Act due to the size of the portfolio, tenant demographic, and Councils position.

Residential Tenancies (Healthy Homes Standards) Regulations 2019: In 2019, the healthy homes standards were introduced which set minimum standards for heating, insulation, ventilation, moisture ingress and drainage and draught stopping in rental properties. From July 2025, all rental properties must be compliant with these standards. All 102 of Councils units are healthy home compliant (or compliant via an exemption) with most units being retrofitted to bring them up to standard. Sixteen units at Friendship Lane were not able to be retrofitted, and as a result, these units were demolished and replaced with new builds.

The regulations require Council to complete ongoing compliance checks and remediation to ensure properties remain compliant.

Health and Safety at Work Act 2015

As part of the Health and Safety at Work Act 2015 (HSWA) Council has responsibilities for ensuring the health and safety of tenants including providing safe living conditions, maintaining the properties to a reasonable state of repair and cleanliness, and identifying risks associated with the housing units (e.g. structural issues and accessibility).

Local Government Act 2002

The Local Government Act 2002 (LGA) sets out the purpose of local government and provides a framework for local government operations in New Zealand. It includes planning and accountability requirements for Council activities, which EPH must meet as a Council activity. Decision making and consultation requirements are also detailed relating to any decisions Council makes on any of its activities.

Other sections of relevance include Section 17A that requires Council to review the cost effectiveness of current arrangements for meeting the needs of communities within its district or region, including for example the delivery of its Elderly Persons Housing activity.

If Council wish to explore the establishment of a Council Controlled Organization (CCO) for delivering the service, it must do so within the bounds of the LGA.

Council must also consider the Significance and Engagement Policy which sets out the Elderly Persons Housing portfolio as a strategic asset. This means that Council must consult with the public if they are considering an increase or decrease of ownership or control of 30% or more of the portfolio.

Local Government (Systems Improvements) Amendment Bill

The Local Government (System Improvements) Amendment Bill when passed, will refocus the purpose of local government in New Zealand, placing greater emphasis on cost-effective delivery of core services and local infrastructure.

If enacted as currently written, under the revised Section 10, councils are expected to prioritise services that directly support democratic decision-making, essential infrastructure, and economic development. A defined list of core services now includes network infrastructure, public transport, waste management, civil defence, libraries, museums, and recreational facilities.

3.2 National, Regional, and Local Direction and Funding

3.2.1 National Direction

The Ministry of Housing and Urban Development (HUD) is responsible for leading housing and urban development policy, programmes, and initiatives. HUD manage and oversee the development of affordable housing options for low-middle income households.

The Ministry carry out this work through the implementation of the GPS-UD which aims to make funding for housing more sustainable and accessible, aims to increase housing supply through urban development and increase the supply of quality, affordable rentals.

The focus of central government and HUD is to develop net new housing stock in New Zealand, particularly in places with the highest need. This has resulted in central government further restricting Councils access to partnership and funding options. The current direction of central government is focussed on the following aspects:

Placed-based Partnership Approach

HUD are taking a placed based approach to tackling New Zealand's housing challenges. This sees HUD implement a partnership approach, partnering with local providers in 10 active partnerships across the country. The Ashburton District is not covered under the current place-based partnerships.

Funding Community Housing Providers but not Councils

HUD also administer funding for registered Community Housing Providers (CHPs) on behalf of central government. The main form of funding administered by HUD is the **Income Related Rent Subsidy (IRRS)** which is provided to public housing landlords to cover the balance between what a public housing tenant pays in rent (25% of their net income) and the market rent for the property. On top of IRRS, eligible housing providers can access the **Operating Supplement** which is a subsidy for net new public houses to enable new build supply. Neither of these funding mechanisms are available to the Council, and there is currently no indication that Council will qualify for these funding mechanisms in the future.

Focus on new builds by prohibiting transfers of existing stock

HUD has committed to partnering with CHPS on new housing opportunities, particularly in areas where Kāinga Ora has a limited presence or development pipeline. This partnership is contingent on CHPs providing net new stock. For Council, this means that HUD will no longer support CHPs who take transfers of Council housing stock (redirects) with IRRS unless that stock was redirected from council housing to social housing prior to 1 July 2024.

Resetting Kāinga Ora

Kāinga Ora has undergone a significant reset following concerns about financial sustainability, rising debt, and operational inefficiencies. The agency is refocusing on its core mission of providing and managing state-owned social housing, scaling back non-essential activities such as large-scale land acquisitions and complex urban developments.

As part of this reset, nearly 3,500 planned new homes have been removed from the development pipeline, with 212 housing projects cancelled and portions of vacant land either sold or land-banked for future use.

While the reset aims to restore fiscal discipline and improve tenancy management, it has created short-term disruption to the delivery of new social housing, particularly in high-need areas like Auckland, Christchurch, and Palmerston North. The shift signals a reduced role for Kāinga Ora in large-scale housing delivery, with greater reliance on community housing providers and local partnerships to meet growing demand.

The Community Housing Funding Agency (CHFA)

The Community Housing Funding Agency (CHFA) was launched in late 2024 by Community Finance, a social enterprise focused on supporting charitable Community Housing Providers (CHPs) in New Zealand. The CHFA is not government funded but is designed to aggregate the financing needs of CHPs and raise capital through bond issuances in wholesale debt markets. Its purpose is to:

- Unlock lower-cost, long-term finance for CHPs.
- Pool funding requirements to enable larger, more attractive bond offerings.
- Leverage philanthropic and socially minded investors, including KiwiSaver providers and fund managers.
- Reduce reliance on government debt by enabling private capital to support social housing delivery.

While the CHFA is primarily designed to support registered Community Housing Providers (CHPs), Council could explore how this funding mechanism might be leveraged through alternative delivery models. One option could involve co-developing housing projects where Council contributes land or other resources, enabling CHPs to secure financing through CHFA. Another potential pathway is the establishment of a Council-Controlled Organisation (CCO) that is registered as a CHP, which could open access to CHFA funding.

Given the central government's withdrawal from directly supporting councils in the provision of low-cost housing, CHFA may offer a more flexible and sustainable funding avenue for future delivery.

3.1.2 Regional Direction

The Greater Christchurch Partnership Housing Action Plan and the Ōtautahi Community Housing Trust

In 2023, the Greater Christchurch Partnership Housing Action Plan was developed to address the need for more affordable housing in the Greater Christchurch area – in particular Waimakariri, Selwyn and Christchurch. Action 7 of the plan directs Ōtautahi Community Housing Trust (ŌCHT) to investigate expanding or mirroring the ŌCHT model.

ŌCHT is a registered Community Housing Provider that was established by Christchurch City Council (CCC) in 2016. The trust was established in response to similar issues being experienced by CCC whereby CCC was unable to deliver a financially sustainable community housing portfolio in house. The transfer of Council's community housing portfolio to OHCT allowed greater access to government funding via IRRS and the Operating Supplement (this is no longer available to Council's transferring stock to CHPs). Since then, the trust has become the largest registered CHP in the South Island, holding a portfolio of around 2,700 units of mixed typology.

ŌCHT is currently restricted from operating outside a defined geographical area due to the wording of the current purpose set out in Trust Deed. However, on December 2024, CCC resolved to support Action 7 and ŌCHT to extend their area of operations beyond the Christchurch City boundaries⁴. The next step for ŌCHT to achieve this is to seek a statutory change through a Private Members Bill, Private Bill or Local Bill.

This change will mean a potential partnership or transfer to a CHP could be a viable option for Council in the future as ŌCHT explore options to extend their operations throughout the Canterbury region.

Waitaha Canterbury Regional Housing Strategic Plan 2025

Developed through the Canterbury Mayoral Forum, the Canterbury Regional Housing Strategic Plan 2025 works to respond to the growing need for housing solutions that better meet demand and provide greater choice in the Canterbury region. The plan evolved from a commitment made in the Canterbury Mayoral Forum's Plan for Canterbury 2023-2025 and aligns with the Greater Christchurch Partnership Plan.

The plan focuses on taking a shared approach to addressing housing challenges including having a broader range of housing choices for elderly to age in place. As part of the plan, Council's should explore options to sustain and grow their social housing portfolios, including exploring the option of a CCO or CHP to leverage external funding options.

Other Canterbury EPH provisions

A number of other Council's in the Canterbury region have recently reviewed their housing services in the last 3 years with various outcomes. Timaru District Council completed a review earlier this year and opted to retain the delivery of its service in house with an updated financial model while it explores alternative options for management and delivery. Similarly, Waitaki District Council completed a review and subsequently consulted on the future delivery of their housing service, opting to retain the service and current funding framework while Council explores management and partnership options.

3.1.3 Local Direction

Market Structure

Ashburton District has a range of housing options for elderly residents, tailored to different financial and social circumstances. While the exact size of each service is not known, Figure 29 provides an estimated overview of their scale and placement along the housing continuum. Of the approximately 6,800 residents aged 65 and over in the district, around 79% are homeowners. It is estimated that

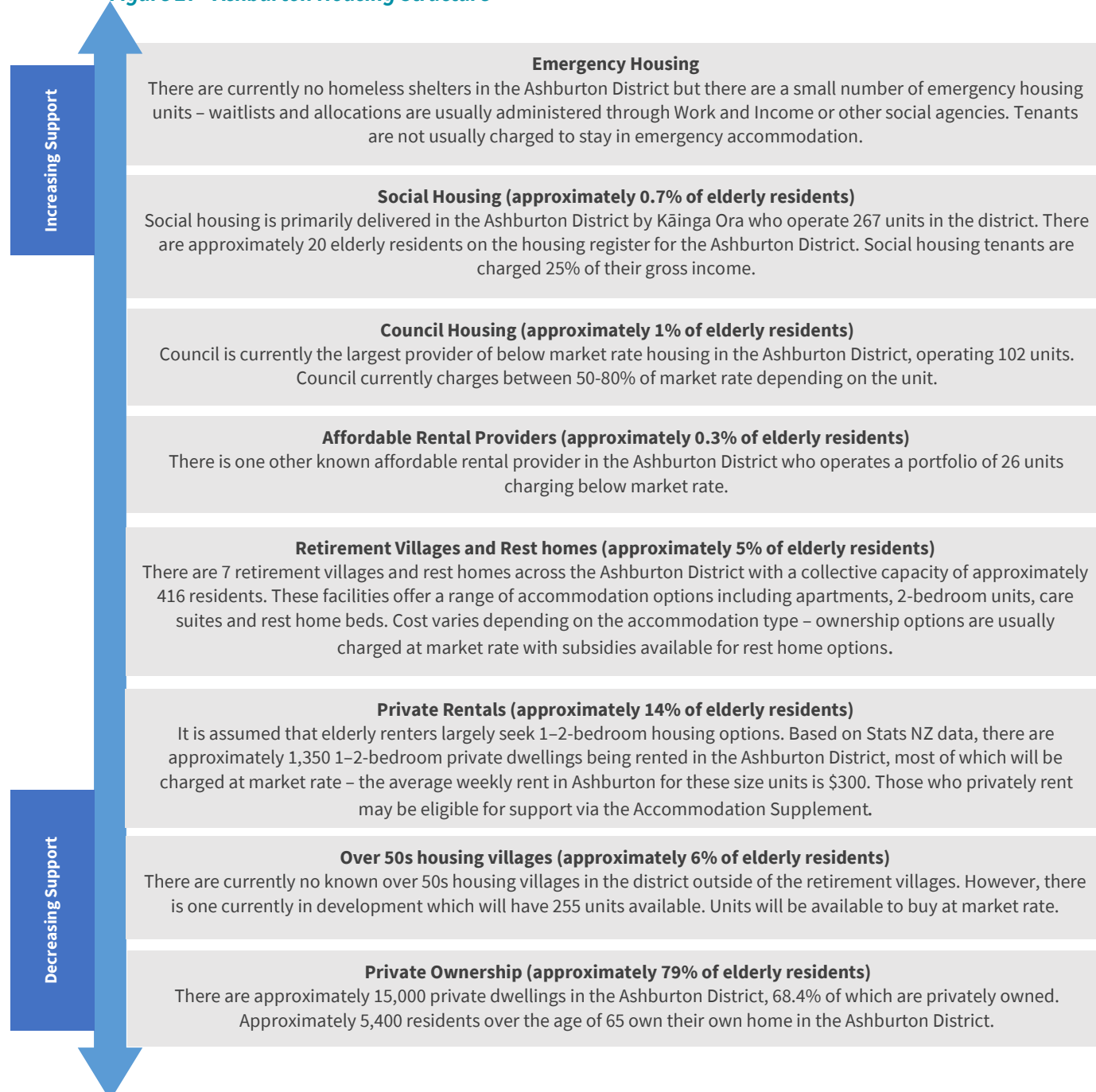
⁴ <https://www.thepress.co.nz/nz-news/360518855/housing-providers-expansion-not-gift-other-councils>

Council's Elderly Persons Housing (EPH) service currently supports about 1% of the population over the age of 65.

Despite the range of housing options available, many are not well suited to low-income elderly residents due to cost and accessibility concerns. Beyond Council's EPH service, only one other provider—Haven Housing—offers dedicated low-cost rental accommodation for older people. While some elderly residents may qualify for social housing through Kāinga Ora, this service is designed to support individuals of all ages experiencing severe hardship, meaning elderly applicants must compete with a broader pool of need. Additionally, elderly applicants are likely only considered for 1-bedroom units which represent a small portion of the wider social housing portfolio.

Combined, it's estimated that there is a waitlist of around 50 elderly residents across the three main services (being Kāinga Ora, Haven Housing and ADC). Placement from these waitlists is slow due to a shortage of available units and limited turnover. Tenancies in these services tend to be long-term (average 7 years with some up to 30+ years), resulting in minimal movement and bottlenecks that restrict access for new applicants. This highlights a growing gap in suitable, affordable housing options for elderly residents who do not own their homes.

Figure 27 - Ashburton Housing Structure



Development Pipeline

Haven Housing currently have 26 one-bedroom units across two sites, with a further 10 in early stages of development. Once built, these units will service those on Haven's waitlist. Currently, there are no other known plans for Community Housing Providers to develop additional housing in the Ashburton District.

Kāinga Ora is currently the largest operator of social housing in the Ashburton District with 267 homes, 47 of which are 1-bedroom units. These units house a total of 631 tenants, 58 of whom are aged 65 years or over.

However, as of June 2025, a decision was made not to continue development of 22 new houses in Ashburton. In addition to the halted development of these units, Kāinga Ora has also sold 7 units with another 6 likely to be sold in the foreseeable future.⁵

5. Current and future demand for subsidised housing

Current Demand in the Ashburton District

Current demand for below-market-rate housing in Ashburton appears relatively contained. Approximately 50 elderly people are waitlisted across the main providers of subsidised housing. However, this figure may not fully reflect the extent of need in the community. Factors such as hidden housing insecurity, reluctance to apply, or limited awareness of available services could mean that actual demand is higher than reported.

Additionally, the national housing register (administered by WINZ) shows a 215% increase in older applicants nationwide between 2015 and 2024—the fastest growth among all age groups⁶. This suggests that the Ashburton District may experience similar upward pressure on demand in the near future.

Demographic Overview

New Zealand's population is ageing rapidly. In 2024, there were 897,300 people aged 65 and over, representing 17.3% of the total population. By 2050, this number is projected to rise to 1,427,300—23.4% of the population.⁷ While the number of people under 40 is expected to remain stable, the population aged over 40 will grow by one-third, and those aged over 65 will nearly double.⁸

This trend is expected to significantly impact the Ashburton District, which already has a higher-than-average proportion of residents aged 65 and over (19.8%). The current largest age group in the district is made up of those aged 30–64, comprising 36.4% of the district's population. Of those in this cohort, 10,930 individuals are expected to reach retirement age within the next 20 years.⁹

However, a growing retirement-age population does not automatically equate to increased demand for below-market-rate housing, such as the Council's Elderly Persons Housing service. A more nuanced and holistic understanding of future housing needs requires consideration of additional factors, including home ownership rates, household composition, income and savings trends, and health and longevity projections.

Taken together, the data paints a complex picture of future housing demand in the Ashburton District. While the ageing population is growing, the need for below-market-rate housing will be shaped by declining home ownership, rising rental costs, limited retirement savings, and evolving household structures. Although current waitlist numbers suggest contained demand, they may not fully reflect the

⁵ Information obtained via an Official Information Request.

⁶ <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/housing/housing-register.html>

⁷ <https://www.stats.govt.nz/news/one-million-people-aged-65-by-2028/>

⁸ <https://assets.retirement.govt.nz/public/Uploads/Aotearoa-New-Zealand-in-2050-FINAL-v3.pdf>

⁹ <https://rep.infometrics.co.nz/ashburton-district/population/age-composition?compare=new-zealand>

underlying vulnerability of future retirees—particularly those without secure housing or sufficient income. Based on the factors detailed below, it is likely that demand for affordable, age-appropriate housing will increase over the next 20 years.

Home Ownership Trends

Home ownership rates in New Zealand have declined steadily over the past three decades—from 75% in 1991 to 60% in 2023—with projections suggesting a further drop to 48% by 2048.¹⁰ This trend is particularly concerning for older adults, as secure housing is a key determinant of wellbeing in later life.

In the Ashburton District, 79% of residents aged 65 and over own, part-own, or hold their home in a family trust, a rate below the national average of 83% and the second-lowest rate among Canterbury districts. This suggests an emerging minority of older residents in the district who may already be experiencing housing insecurity.¹¹

Looking ahead, 34% of Ashburton residents aged 42–64 (2,900 people) do not own a home. Given their proximity to retirement and barriers to entering the housing market, many are unlikely to purchase a home before retiring. This points to a potential increase in demand for affordable, stable, and age-appropriate housing over the next two decades.

Income, Savings, and Spending Trends

Older New Zealanders face financial constraints in retirement. The median weekly income for those aged 65 and over is \$505, compared to \$940 for other age groups¹². For many, NZ Superannuation is the primary income source, with 40% relying on it exclusively and another 20% having only a small supplement.¹³

In the Ashburton District, approximately 6,222 residents receive NZ Super. While 74% report additional income sources—such as wages, self-employment, or investment, the average annual income for those aged 65 and over is \$26,100 (or \$501 per week), slightly below the national average.¹⁴ This suggests a heavy reliance on NZ Super as the primary income source for older residents in the district.

KiwiSaver balances offer some financial support, but they vary widely and are often insufficient for a secure retirement. As of the end of 2024, the average KiwiSaver balance across all age groups was approximately \$37,000. For those nearing retirement (ages 61–65), the average balance was \$69,104. However, more than 35,000 people in this age group had balances below \$10,000.¹⁵

Massey University's 2024 Retirement Expenditure Guidelines estimate that a single retired person living in a provincial area requires \$564.25 per week to meet basic needs under the “no frills” budget, and \$752.41 per week for a more comfortable lifestyle. With NZ Super providing \$538.42 per week, retirees face a shortfall of \$25.83 per week just to meet basic needs. Assuming an average KiwiSaver balance of \$69,104 at age 65, retirees could cover this gap for approximately 51 years, but only if they own their home.

When rent is factored in, such as the average \$300 weekly rent for a two-bedroom unit in Ashburton, their total weekly expenditure rises to \$864.25. This creates a much larger shortfall of \$325.83 per week. Under these conditions, the same KiwiSaver balance would be depleted in just four years, leaving retirees financially exposed and likely dependent on additional support from Work and Income or subsidised housing providers.¹⁶

¹⁰ <https://assets.retirement.govt.nz/public/Uploads/Aotearoa-New-Zealand-in-2050-FINAL-v3.pdf>

¹¹ <https://explore.data.stats.govt.nz/>

¹² Stats NZ Aotearoa Data Explorer, 2024

¹³ <https://retirement.govt.nz/news/latest-news/new-research-highlights-how-reliant-older-new-zealanders-are-on-nz-super>

¹⁴ Stats NZ Aotearoa Data Explorer, 2024

¹⁵ https://assets.retirement.govt.nz/public/Uploads/Policy/TAAO-RC-Policy-Paper-What-else-do-people-have-beyond-KS-and-NZS_AW.pdf

¹⁶ <https://www.massey.ac.nz/documents/2145/new-zealand-retirement-expenditure-guidelines-2024.pdf>

This financial vulnerability is compounded by declining homeownership rates among future retirees. Paying rent throughout working life reduces the ability to save, and retirees may draw down KiwiSaver balances more quickly to meet higher housing costs. As a result, future retirees may be more reliant on NZ Super, leading to higher rates of retirees accessing below-market-rate rental services.

Household Composition

Household composition plays a critical role in shaping housing needs and there appears to be two key trends are emerging¹⁷:

Multigenerational Living: Families are increasingly considering intergenerational arrangements, with elderly parents residing with adult children. Census data shows a 27% increase in multigenerational households since 2013, a trend likely to accelerate following the 2026 granny flat law reforms.

Living Alone: People aged 65 and over make up the largest proportion of those living alone, 25.3% of all single-person households.

While data to a district level is not accessible, data shows that in Canterbury, multigenerational living is less common than in other regions, while the rate of older adults living alone is higher. This suggests a continued need for one-bedroom accommodation options in Ashburton District to support single or coupled retired residents.

Health and Lifespan Predictions

Ashburton District residents have slightly higher life expectancy (82.5 years) than the national average¹⁸. By 2050, people turning 65 are expected to live around two years longer than those of the same age today.¹⁹ However, while life expectancy is increasing, so too is the number of years lived with health dependency.

Independent life expectancy has grown modestly, but the years spent with health conditions requiring assistance have also increased.²⁰ This has implications for elderly housing, which is designed for low-income residents aged 65+ who can live independently.

As a result, some retirees may only require below-market-rate housing for a limited period before transitioning into higher-care environments such as rest homes or aged care facilities. Depending on how these health trends evolve, this could lead to shorter tenancy durations and faster turnover in subsidised housing units. In turn, this may reduce the total number of units required, even as the ageing population grows—provided that the supply can flexibly respond to changing levels of need.

6. How are other Councils responding to these challenges?

Currently, there are 42 Councils that delivery some form of subsidised housing in New Zealand equating to around 5,500 units. The size of portfolios varies; some appear to service a greater proportion of their community than others based on population ratio.

Grey District Council currently operates the largest portfolio in relation to population size with a total of 82 units per 10,000 people compared to Stratford District Council which has 10 units per 10,000 people. The below table shows the size of ADC's portfolio compared to similar size districts.

Figure 28 - Number of Housing Units per 10,000 people by Council

¹⁷ <https://www.stats.govt.nz/infographics/families-and-households-in-aotearoa-new-zealand/>

¹⁸ Infometrics Regional Economic Profile, 2024.

¹⁹ <https://assets.retirement.govt.nz/public/Uploads/Aotearoa-New-Zealand-in-2050-FINAL-v3.pdf>

²⁰ <https://www.health.govt.nz/system/files/2015-07/independent-life-expectancy-new-zealand-2013-jul15-v2.pdf>

Council	Population	Number of Units	Units per 10k population
Grey District Council	14,400	118	82
Whanganui District Council	48,900	275	56
Timaru District Council	49,500	236	47
Central Otago District Council	25,500	98	38
Waitaki District Council	24,300	91	37
South Waikato District Council	25,900	84	32
Matamata-Piako District Council	39,100	108	27
Ashburton District Council	38,400	102	27
Masterton District Council	28,700	76	26
South Taranaki District Council	29,900	72	24
Southland District Council	33,300	69	20
Taupo District Council	42,200	52	12
Kaipara District Council	26,800	34	12

Over the past two decades, councils across New Zealand have faced increasing pressure to maintain sustainable housing portfolios. This has led to three distinct waves of change in how councils deliver housing services, with a growing trend toward alternative delivery models, divestment, and strategic portfolio reviews.

Wave One (2007–2008): Early Adopters of Alternative Models

A small number of councils pioneered new approaches to housing delivery:

- Hutt City Council transitioned to a Council-Controlled Organisation (CCO).
- Manawatu District Council transferred its housing to a community trust.

Wave Two (2015–2017): Expansion of Alternative Models

More councils began exploring options to access the Income-Related Rent Subsidy (IRRS) and improve housing sustainability:

- Transfers to not-for-profits (e.g., **Carterton, Horowhenua**).
- Establishment of housing trusts (e.g., **Christchurch**).
- Joint ventures and sales (e.g., **Auckland, Hamilton**).

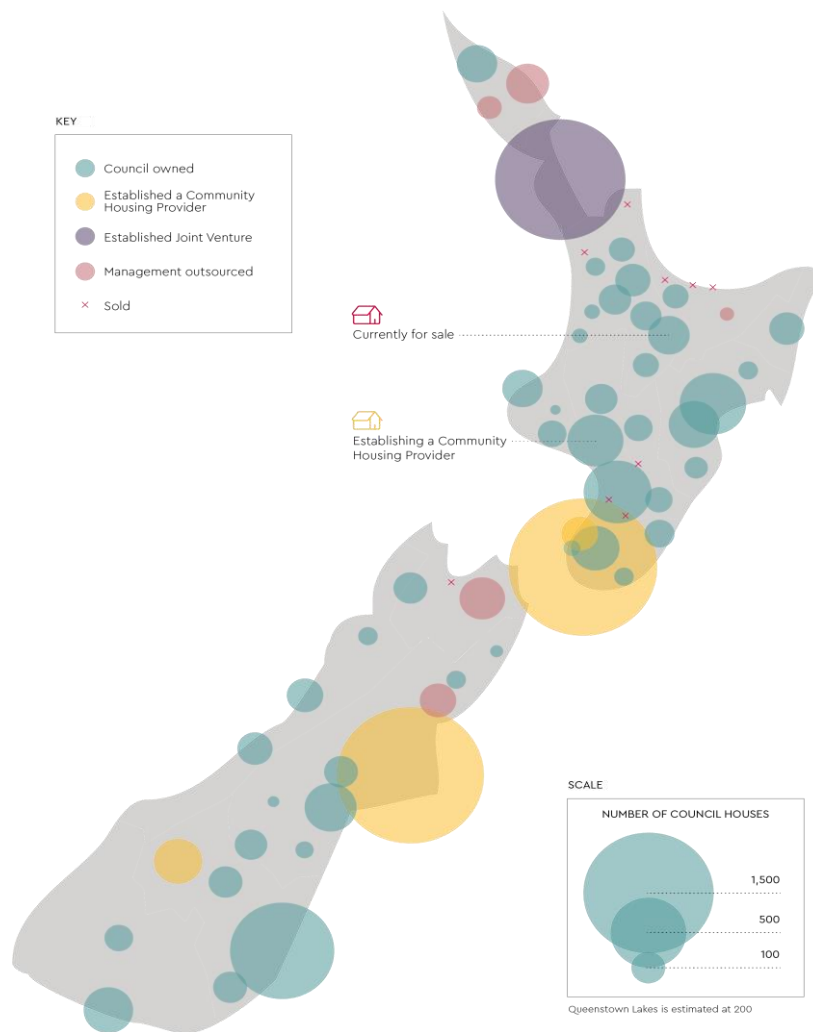
Wave Three (2021–Present): Strategic Reviews and Consultations

A broader range of councils are now actively reviewing their portfolios, and subsequently consulted with their communities:

- Nelson sold its portfolio to Kāinga Ora.
- Wellington established a Community Housing Provider (CHP).
- Napier, Invercargill, Kapiti, and Far North have consulted on future directions, including partial divestment, funding models, and narrowing focus to elderly housing.

The map below shows how various councils are dealing with the pressures of delivery housing services to their communities.

Figure 29 - Map of Council Housing Service Delivery Models



2024/34 Long Term Plans

There is currently a high level of review activity happening across councils who continue to deliver a subsidised housing service. Around 10 Councils have undertaken public consultation in the last year via the LTP 2024/34 or Annual plan 2025/26 process. A large proportion of those who have committed to rental increases while commencing investigation of alternative delivery models.

Councils who have committed to exploring alternative delivery models have been challenged in attracting Community Housing Providers or other delivery agents due to the changes to funding redirects introduced by the Ministry of Housing and Urban Development in 2024. For example, Far North District Council made the decision to divest their service to a community housing provider by 2023 but have yet to find an interested party after running an expression of interest tendering process.

The following options have emerged from the most recent wave of strategic reviews.

- **Retention with Adjustments:** Councils like Clutha, Central Hawkes Bay, and Waitomo have opted to retain their portfolios with rent increases or funding adjustments.
- **Divestment or Transfer:** Councils such as Far North, Napier, and Kapiti Coast have pursued divestment or transfer to CHPs.
- **New Delivery Models:** Whanganui is establishing a stand-alone business unit to build 1,000 homes, while Palmerston North, Marlborough, and Buller are exploring alternative models.
- **Focus on Elderly Housing:** Some councils are narrowing their housing focus to elderly populations, reflecting demographic priorities and resource constraints.
- **Strategic Investment and Growth:** A few councils are investing significantly in housing expansion (e.g., Dunedin, Whanganui), indicating a proactive approach to addressing housing shortages.

7. Key Findings / Considerations for Decision Making

1. **Service History/ Strategic Direction:** The service has been strategically reviewed multiple times in the last 10 years. Any decision about the future delivery of the service should take into account these reviews, and the associated outcomes.
2. **Asset Management:** Prolonged under-investment has led to at least \$400,000 in deferred maintenance liabilities that will need to be addressed as part of any future delivery model and additional funding required to keep the units to an acceptable standard. It is recommended that the proposed asset management plan be adopted as part of any future service delivery model being delivered by Council.
3. **Performance Measures:** Council currently has one formal performance measure in place, but none in place to monitor the level of service being provided to its EPH tenants. It is recommended that Council adopts other suggested measures as part of any service delivery model being delivered by Council.
4. **Fit for Purpose / Accessibility:** The service will never fully be “fit for purpose” when it comes to the accessibility and wrap around needs of elderly tenants. However, Council could choose to consider investing in “quick wins” to improve accessibility and access to support services if Council opts to continue to deliver the service.
5. **National Direction / External Funding:** Councils are in an increasingly difficult position when it comes to delivering self-sustaining housing services. Councils are not eligible to receive funding from the government through the IRRS or operating supplement and can no longer transfer their services to a registered CHP to enable them to access these funding mechanisms. Council should consider how other delivery models or funding structures can leverage different types of government funds.
6. **Future Demand:** Based on the data, Council should consider that the need for affordable rentals of 1–2-bedroom typology will increase over the next 20 years as the population ages and grows, older age cohorts grow, home ownerships rate decrease, and the ability to save into retirement becomes more challenging.
7. **Collective Challenges Faced by Councils:** Councils across the country are strategically reviewing their services due to the increasingly challenging environment in which they are trying to deliver their services. Council should take into consideration the outcomes of these reviews when considering alternative delivery options.

PART TWO – Options Analysis

4 Feasible options – overview

Officers have included seven feasible options for analysis. These options include options to fully retain, options to fully divest and options to partly retain / reduce the portfolio. Below is a brief overview of each option.

Figure 30 - Overview of Options

Options to retain ownership with reinvestment	
Status Quo	This option would see Council retain all 102 elderly person housing units under the current funding and in-house delivery model. This option would see application of 0-30% general rates funding retained indefinitely with the remainder of income being generated from rent levies based on CPI adjusted increases. Under this option, officers recommend that Council continue to invest \$150,000 capital expenditure per year to maintain the current level of cyclic renewals with a one-off amount of \$495,072 in year 1 to address the deferred maintenance..
Modified status quo	This option would see Council retain all 102 elderly person housing units under the current in-house delivery model. Under this option, all rents would be increased to 80% of market rate to make the service self-sustainable within 2 years. This would see Council commit more operational resource to carrying out an enhanced asset management programme with a recommended capital budget of \$330,000 per year and one-off amount of \$495,072 in year 1 to address the deferred maintenance..
Reduce to reinvest	This option would see Council sell non-viable / end of life stock to reduce the portfolio size. Proceeds from asset sales would be reinvested into the service to address the deferred maintenance and ongoing cyclic renewal requirements for the remaining stock. This option would see rents increased to 80% of market rate so that the remaining service operates self sustainably and provide the ability implement an enhanced asset management programme.
Outsource management / long term lease to Ōtautahi Community Housing Trust (ŌCHT)	This option would see Council retain ownership of all 102 elderly person housing units but would outsource the running of the service to ŌCHT. Under this option Council would no longer be responsible for service delivery. Council would pay a fee / discounted lease to ŌCHT for undertaking service delivery – likely a % of gross rental income in conjunction with long term land lease for a small portion of the portfolio for development of new builds.
Options to fully divest the service without reinvestment (excluding 1-16 Friendship Lane)	
CCO	This option would see Council establish a Council Controlled Organisation to assume ownership and management of the portfolio. Under this option, Council would no longer fund or manage the service delivery. The CCO would be accountable to Council.
Divestment to ŌCHT	This option would see Council sell/transfer the portfolio to ŌCHT to assume ownership and management of the portfolio. Under this option, Council would no longer fund or manage the service delivery.
Open Market	This option would see Council sell all units (excluding 1-16 Friendship Lane) and land on the open market. Under this option, Council would no longer own or manage the service. Proceeds from the sale would not be reinvested into the service.
Options initially considered but deemed unfeasible through review	
Sale / transfer to alternative housing provider	Officers initially considered alternative delivery models, including leasing or transferring the portfolio to an external community housing provider.

Long term lease of the portfolio to alternative housing provider	These options were assessed to determine whether Council could reduce financial and operational risk while maintaining, or improving, levels of service for tenants. As part of this assessment, officers engaged with a number of community housing providers currently operating across the South Island. Feedback from providers was consistent: recent changes to central government funding settings, combined with the age, condition, and dispersed locations of Council's housing portfolio, significantly constrain the commercial and operational viability of these options. All providers advised that they would be unable to lease or purchase the portfolio on a commercial basis. To achieve financial sustainability, providers indicated that Council would need to transfer the existing portfolio at no sale value and, in addition, contribute further land suitable for new development to enable portfolio renewal and scale efficiencies. Officers also reviewed recent examples from other local authorities that have pursued similar approaches. In several cases, councils have undertaken formal expressions-of-interest processes to test market interest from community housing providers, with limited or no viable responses received. On this basis, officers have concluded that transferring or leasing the portfolio to an external community housing provider is not a feasible option for Council. Bespoke options with ŌCHT has been included in the options analysis. The scale, capability, and operating model of ŌCHT differentiate it from other providers assessed and make it a potentially viable option for both parties to consider.
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5 Measures of Effectiveness / Assessment Methodology

Each option will be assessed using the same criteria covered under financial, strategic and operational impacts. Appendix One will provide a detailed analysis of each option against the below criteria; this analysis will form the reasoning for the scoring that will be assigned to each option. The impacts have been weighted to reflect the importance of each in the decision-making process. Each measure will be scored and weighted to provide a ranking for each option.

Figure 31 - Assessment Criteria

		Criteria
Financial Effectiveness (40%)	Self-sustainability	This measure assesses each option's ability to provide a self-sustainable service. Self-sustainability means the service has a long-term, viable plan to cover its own costs from rental income and external funding without the need for rates input. It also means the service is stable and operates a financial model that considers and mitigates financial risks without having to suddenly increase rents to cover potential shortfalls.
	Affordability for tenants	This measure assesses each options ability to keep rents within key affordability measures for tenants – either no more of 30% of income or 80% of market rate.
	Net financial impact	This measure assesses each option's ability to improve Council's financial position over time, taking into account upfront costs, ongoing costs or savings, and any income or capital return.
Strategic Effectiveness (30%)	Alignment with national direction and external funding streams	This measure assesses each option's ability to align the delivery of the service with relevant legislation, regulations and national direction. It also assesses ability to access external funding via government grants, IRRS and other means.
	Alignment with community outcomes and needs	This measure assesses each options ability to achieve / contribute to Councils community outcomes as well as the ability to respond to the future needs of the community and address any potential future demand for additional affordable housing.
	Accountability / Governance	This measure assesses each option's accountability to Council and the community to ensure Council can still contribute to the governance and decision-making process to achieve the best outcomes for the district.
Operational Effectiveness (30%)	Asset Management	This measure assesses each option's ability to address deferred maintenance costs as well as future maintenance and cyclic renewals on the units so that the asset value is sustained over time rather than becoming liabilities for Council.
	Fit for purpose service delivery	This measure assesses each option's ability to deliver a fit for purpose service that caters to the needs of tenants. This includes the ability to provide wrap around and support services, support accessibility needs of tenants, enhance social cohesion and connectedness, provide long-term rental security and maintain staff knowledge and experience.
	Operational efficiency	This measure assesses each option's ability to deliver an operationally efficient service long term. This includes the ability to reduce overheads (both direct and indirect), ability to achieve cost efficiencies such as large-scale procurement and ability to streamline capability and service focus.
	Ease of implementation	This measure assesses the time, cost, and complexity of implementation as well as the constraints and challenges that may impact Councils ability to execute implementation.

Scoring Matrix

	1	2	3	4
Self-Sustainability	Requires ongoing rates input and has unstable income.	Some reliance on rates or uncertain income streams.	Mostly self-sustaining with occasional support from Council needed.	Fully financially viable and independent from Council funding.
Affordability	Rents exceed affordability thresholds; risk of tenant hardship.	Rents near threshold; affordability concerns exist.	Generally affordable; minor adjustments may be needed.	Rents consistently within affordability thresholds.
Net financial impact	Net cost to Council over time.	Cost-neutral or marginal benefit. Little to no direct financial return is generated.	Moderate financial benefit.	Strong financial benefit.
Alignment with National Direction and Legislation	Conflicts with current policy or funding streams.	Partial alignment; may miss opportunities or face compliance risks.	Mostly aligned; minor gaps in funding or compliance.	Fully aligned and maximizes external funding opportunities.
Alignment with Community Needs and Outcomes	Poor fit with Council vision or community expectations.	Some alignment; limited responsiveness to future needs.	Good alignment; adaptable to changing needs.	Strong alignment and future proofed.
Accountability/ Governance	Limited transparency or community oversight.	Some governance mechanisms: accountability gaps exist.	Clear governance with some community input.	Strong governance and full accountability to Council/community.
Asset Management	No plan to address deferred maintenance or asset value.	Partial asset management: long-term risks remain.	Good planning; some gaps in execution.	Comprehensive asset management strategy.
Fit for Purpose	Does not meet service needs (e.g., accessibility, support).	Basic service provision; lacks enhancements.	Meets most needs; some improvements possible.	Fully meets service expectations and enhances wellbeing.
Operational Efficiency	High overheads, poor procurement or delivery capability.	Some efficiencies; limited scale or capability.	Efficient operations with room for improvement.	Highly efficient and scalable.
Ease of implementation	Major barriers in time, cost, or capability.	Moderate challenges; achievable with support.	Mostly achievable; minor constraints.	Readily achievable within Council's capacity.

6 Option Analysis Summary

		Options to retain				Options to divest		
		Option One Status Quo	Option Two Modified Status Quo	Option Three Reduce and reinvest	Option Four Outsource Management / lease to ÖCHT	Option Five Create a CCO for full transfer	Option Six Divest to ÖCHT	Option Seven Full sale to open market
Financial Effectiveness (40%)	Self - sustainability							
	To what extent is the option financially self-sustaining and resilient to financial risks over the long term?	1	4	4	3	3	4	4
	Affordability							
	To what extent does the option ensure rents remain affordable for tenants within the indicated thresholds of either no more than 30% of income or 80%of market rate?	3	3	3	3	3	3	1
	Net financial impact							
	To what extend does this option improve Council’s financial position over time?	1	2	3	2	1	3	4
Weighted Section Score		1.6	2.8	2.8	2.4	2.4	2.8	2.0
Strategic Effectiveness (30%)	Alignment with national direction and legislation							
	How well does the option align with national policy, legislation, and external funding options?	2	2	2	2	2	3	2
	Alignment with community needs and outcomes							
	To what extent does this option align with Councils vision and adapt to future community needs?	2	2	1	2	3	3	1
	Accountability / Governance							
	To what degree will the option be accountable to Council and the community?	4	4	4	2	2	2	1
Weighted Section Score		2.4	2.4	2.1	1.8	2.1	2.4	1.2
Operational Effectiveness (30%)	Asset Management							
	How well does the option support long-term asset maintenance and value retention?	1	4	4	4	3	4	3
	Fit for purpose							
	To what extent does the option provide a fit for purpose service e.g. support services, improved accessibility, social cohesion?	2	2	2	3	3	4	2
	Operational efficiency							
	How well does the option provide operational efficiencies e.g. reduced overheads, large scale procurement, delivery capability?	2	3	2	3	2	3	2
	Achievability							
	Is the implementation of the option achievable for Council? E.g. time, cost, capability constraints?	2	2	2	2	1	2	2
Weighted Section Score		2.1	3.3	3.0	3.6	2.7	3.9	2.7
	Total Score	20	28	27	26	23	31	22
	Total Weighted Score	6.1	8.5	7.9	7.8	7.2	9.1	5.9

7. *Next Steps*

TBC following workshop with council

Appendix One – Detailed Option Assessments

5.1 Options to Retain

5.1.1 Status quo

Status Quo: This option would see Council retain all 102 elderly person housing units under the current funding and in-house delivery model. This option would see application of 0-30% general rates funding retained indefinitely with the remainder of income being generated from rent levies based on CPI adjusted increases. Under this option, Officers recommend that Council continue to invest \$150,000 capital expenditure per year to maintain the current level of cyclic renewals with a one-off amount of \$495,072 in year 1 to address the deferred maintenance.

Total score: 20/40

Option summary:

Under the status quo, Council continues to own and manage all 102 elderly housing units through its current in-house delivery model. Funding would remain a mix of rental income—adjusted annually by CPI once full rates are reached in 2027/28—and an ongoing general rates contribution of up to 30%. A one-off capital allocation of \$495,072 in Year 1 would address deferred maintenance, followed by \$150,000 per year for limited renewals. Despite these measures, the service is forecast to operate in deficit, requiring increasing rates support over time as rental income remains insufficient to cover costs. From 2027/28 to 2034/35 it is predicted that the service will have accumulated approximately \$1.47m in rates contribution reaching a peak of 23% of income in 2034/35 (30% allowed under the current revenue and financing policy).

Affordability for tenants is generally acceptable under standard measures, particularly for couples and singles receiving accommodation supplements. However, some ineligible single tenants will face rent increases that will exceed the 30% income threshold once full rent levels apply, however, this option remains affordable compared to a full market rate rental. Additionally, the service offers a rental rate for a 1-bedroom unit, compared to the rest of the market, which would see tenants having to pay for a 2-bedroom unit. Strategically, the model complies with all legislative requirements and Healthy Homes Standards but offers no access to government housing subsidies or low-cost financing. Future rates-capping is likely to further constrain Council's ability to fund the service.

The option maintains current service levels in the short to medium term but lacks flexibility to respond to future maintenance needs or meet emerging community needs, such as mobility-friendly housing or portfolio growth, due to limited financial capacity. Governance and accountability are strong, with full Council oversight and community engagement under the Local Government Act. Operationally, asset management remains reactive, with long refurbishment cycles and no sustainable plan for renewals beyond the initial one-off funding. While the small in-house team provides some efficiencies, overhead costs and under-developed systems limit performance. Achievability is high in the short term as no changes are required, but long-term sustainability is challenging, requiring greater allocation of resources to support ongoing rates contribution and regular service reviews.

Status Quo: This option would see Council retain all 102 elderly person housing units under the current funding and in-house delivery model. This option would see application of 0-30% general rates funding retained indefinitely with the remainder of income being generated from rent levies based on CPI adjusted increases. Under this option, Officers recommend that Council continue to invest \$150,000 capital expenditure per year to maintain the current level of cyclic renewals with a one-off amount of \$495,072 in year 1 to address the deferred maintenance.

Financial Effectiveness (40%)	Self-sustainability 1 - Requires ongoing rates input and has unstable income.	Rationale for scoring: Under this option, it is predicted that the service will continue to operate in a deficit. As the ELP reserve is also operating in a deficit, rates input will be required indefinitely to cover the service. This does not include the one-off funding of \$495,072 to address deferred maintenance which will need to be rates or debt funded under this model. From 2027/28 to 2034/35 it is predicted that the service will have accumulated approximately \$1.47m in rates contribution reaching a peak of 23% of income in 2034/35 (30% allowed under the current revenue and financing policy).								
			2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
		Total Rental Income	\$918,230	\$941,186	\$964,716	\$988,834	\$1,013,554	\$1,038,893	\$1,064,866	\$1,091,487
		Total Expenditure	\$1,027,684	\$1,064,896	\$1,109,889	\$1,155,413	\$1,199,104	\$1,247,606	\$1,296,547	\$1,343,990
		Rates Input required	-\$109,454	-\$123,710	-\$145,173	-\$166,579	-\$185,550	-\$208,713	-\$231,681	-\$252,503
		% of income	-11.9%	-13.1%	-15.0%	-16.8%	-18.3%	-20.1%	-21.8%	-23.1%
	Affordability 3 - Generally affordable; minor adjustments may be needed.	Rationale for scoring: Under this option, rent levies would continue to increase by \$10 per year until the full rate has been reached in 2027/28 for all units except for 1-16 Friendship Lane, which will be charged at a rate of 80% of market with annual market related increases. Under the two measures of affordability commonly used by affordable housing providers – these rent levies would largely be considered affordable based on the below averages. Those who don’t qualify for the accommodation supplement will pay a greater percentage of income under the current policy once the increases reach the full amount in 2027/28. Those living in 1-16 Friendship Lane will also pay more than 30% of their income towards the weekly rental if they are ineligible for the accommodation supplement. However, this option remains affordable compared to a full market rate rental. Additionally, the service offers a rental rate for 1-bedroom units, compared to the rest of the market, which would see tenants having to pay for a 2-bedroom unit due to typology limitations. It is important to note that these are averages and do not fully represent the exact percentage of income each tenant could expect to pay. For example, those with higher assets / incomes receive less than the maximum accommodation supplement amount.								

Status Quo: This option would see Council retain all 102 elderly person housing units under the current funding and in-house delivery model. This option would see application of 0-30% general rates funding retained indefinitely with the remainder of income being generated from rent levies based on CPI adjusted increases. Under this option, Officers recommend that Council continue to invest \$150,000 capital expenditure per year to maintain the current level of cyclic renewals with a one-off amount of \$495,072 in year 1 to address the deferred maintenance.

			Single without AS (full rate)	Single with AS (subsidised)	Couple - Without AS (full rate)	Couple - with AS (subsidised)	
		Current Rate	\$140 (26%)	\$136.50 (25.2%)	\$160 (19.2%)	\$160 (19.2%)	
		2027/28 Rate	\$170 (31.6%)	\$142.50 (26.4%)	\$190 (22.8%)	\$190 (22.8%)	
	Net financial return 1 – Net cost to Council over time	Rationale for scoring: Under the status quo, Council would be required to continue subsidising the service through rates on an ongoing and indefinite basis, with no pathway to financial neutrality or improvement. From 2027/28 to 2034/35 it is predicted that the service will have accumulated approximately \$1.47m in rates contribution reaching a peak of 23% of income in 2034/35, representing a sustained call on Council’s operating budget.					
		The ELP reserve is currently operating at a deficit of approximately \$49,000, and under this option there is no mechanism to eliminate or recover this deficit. As a result, Council would continue to operate the service at a loss, with deficits effectively locked in over the long term rather than being transitional or temporary.					
		In addition, asset management funding under the status quo is insufficient to maintain the portfolio at its current standard. This creates a compounding financial risk for Council: deferred maintenance is likely to lead to asset deterioration, increased future capital costs, and erosion of asset value over time. Should Council consider divestment in the future, this reduced asset condition may limit market interest and increase the likelihood of disposal at a loss.					
Strategic Effectiveness (30%)	Alignment with national direction and legislation 2 - Partial alignment; may miss opportunities or face compliance risks.	Rationale for scoring:					
		Residential Tenancy Act 1986	✓	The service is delivered in full compliance with this Act.			
		Healthy Homes Standards Regulations 2019	✓	As of early 2025, all 102 units meet the regulations. Compliance monitoring is ongoing.			
		Health and Safety at Work Act 2015	✓	The service is delivered in full compliance with this Act.			
		Local Government (Systems Improvements) Amendment Bill and other local government changes	—	While the Bill is yet to be passed, it is likely that the service would meet the current drafted definition of core infrastructure. However, the possible introduction of rates capping will likely inhibit Council’s ability to partially fund the service using rates.			

Status Quo: This option would see Council retain all 102 elderly person housing units under the current funding and in-house delivery model. This option would see application of 0-30% general rates funding retained indefinitely with the remainder of income being generated from rent levies based on CPI adjusted increases. Under this option, Officers recommend that Council continue to invest \$150,000 capital expenditure per year to maintain the current level of cyclic renewals with a one-off amount of \$495,072 in year 1 to address the deferred maintenance.

		Government Funding Streams - Income related rent subsidy (IRRS) - Operating Supplement (OS) - Grants	✗	Council does not currently qualify for IRRS or OS. The recently released Housing Investment Plan excludes Councils from receiving any future government grant funding for exisiting or new affordable housing.
		Community Housing Funding Agency – low-cost financing	✗	Council is not a registered community housing provider and therefore does not qualify for low-cost financing through CHFA.
	Alignment with community needs and outcomes 2 - Some alignment; limited responsiveness to future needs.	Rationale for scoring: Under this option, Council would maintain its current provision of 102 affordable housing units within the district. At present, demand for affordable housing appears to be contained, with the existing level of service meeting current needs. Data shows fewer than 50 residents aged over 65 in the district are on the social housing waitlist per year, and the Council housing waitlist consistently remains below 20 applicants at any given time. However, projections indicate that home ownership rates in the district are likely to decline. Combined with reduced savings trends, this suggests demand for affordable rental housing will increase notably over the next 10–20 years. Under this model, Council would have no surplus funding to expand its portfolio to meet future demand. Another emerging trend is the growing need for mobility-friendly rental housing, as more residents age in place and experience health and mobility challenges. The current portfolio does not meet many of the accessibility standards expected to be required in the future, and the age and layout of existing units limit opportunities for upgrades. Additionally, this operating model provides no funding to improve accessibility within the current housing stock.		
	Accountability and Governance 4 - Strong governance and full accountability to Council/community.	Rationale for scoring: Under this model, council retains full ownership, management and governance of the service. As Council must deliver this service in compliance with the Local Government Act 2002, opportunities for community engagement and feedback exist. Council must also report back to the community on the financial performance of the service and carry out reviews to ensure it remains effective. Under this operating model, Council’s management of the service is strongly accountable to the community.		

Status Quo: This option would see Council retain all 102 elderly person housing units under the current funding and in-house delivery model. This option would see application of 0-30% general rates funding retained indefinitely with the remainder of income being generated from rent levies based on CPI adjusted increases. Under this option, Officers recommend that Council continue to invest \$150,000 capital expenditure per year to maintain the current level of cyclic renewals with a one-off amount of \$495,072 in year 1 to address the deferred maintenance.

Operational Effectiveness (30%)	Asset management 1 - No plan to address deferred maintenance or asset value.	Rationale for scoring: Under this option, Council would retain an annual capital budget of \$150,000 to complete a limited number of cyclical renewals. Asset management under this model would remain largely reactive and ad hoc, focusing only on replacing components at end-of-life or upon failure. Renewals would continue to occur at the end of tenancies on an ad hoc basis, meaning each unit would be refurbished approximately once every 27 years. This excludes external components such as roofing, brick veneer, and paths or porches. While this approach theoretically addresses the deferred maintenance liability of \$495,097, the service is currently operating at a loss with no funding available from the ELP reserve. Consequently, maintenance would need to be funded through a one-off rates contribution or debt funding. This model does not provide a clear or sustainable plan to address asset management challenges long term.
	Fit for purpose service 2 - Basic service provision; lacks enhancements.	Rationale for scoring: The current service provides healthy homes for elderly residents, with all units being single-story and one-bedroom, which generally aligns with the typology needs of this cohort. However, 36 units are compact and can only accommodate a single bed, limiting functionality and reducing the overall service level below what aging tenants might reasonably expect. Accessibility is also a concern. Only the 16 rebuilt units at Friendship Lane are considered mobility-friendly, while 49% of the portfolio features stepped access, narrow entrances, and restricted accessways, making them less suitable for aging residents. Due to the age and layout of these units, enhancing service provisions to improve accessibility would be difficult and costly and would not be in scope for the current level of funding.
	Operational efficiency 2 - Some efficiencies: limited scale and / or capability.	Rationale for scoring: The service is currently delivered in-house through two key roles: a property coordinator and a maintenance officer. This structure provides operational and cost efficiencies, as most day-to-day operations and maintenance are managed internally without reliance on external providers. However, this model incurs organisational overhead costs that some alternative models may avoid, reducing overall financial efficiency. Overhead costs for the activity are approximately \$120,000 annually. Given current financial constraints and the nature of the service, scaling within this model is highly unlikely. To date, minimal investment has been made to enhance capabilities or improve efficiency, particularly in tenancy and asset management systems.

Status Quo: This option would see Council retain all 102 elderly person housing units under the current funding and in-house delivery model. This option would see application of 0-30% general rates funding retained indefinitely with the remainder of income being generated from rent levies based on CPI adjusted increases. Under this option, Officers recommend that Council continue to invest \$150,000 capital expenditure per year to maintain the current level of cyclic renewals with a one-off amount of \$495,072 in year 1 to address the deferred maintenance.

Achievability

2 – Moderate challenges, achievable with support.

Rationale for scoring:

As this is the current model, no changes would be required, it is therefore the least challenging option for Council to implement in the short-term. However, Council will face ongoing funding challenges which stretch financial capacity to deliver the service. While short term implementation is readily achievable, the long-term delivery is much more difficult – it is likely that continued delivery of this model will result in long term challenges requiring constant review of the service in order to maintain it to a minimum standard.

5.1.2 Modified status quo

Modified Status Quo: This option would see Council retain all 102 elderly person housing units under the current in-house delivery model. Under this option, all rents would be increased to 80% of market rate to make the service self-sustainable within 2 years. This would see Council commit more operational resource to carrying out an enhanced asset management programme with a recommended capital budget of \$330,000 per year and one-off amount of \$495,072 in year 1 to address the deferred maintenance.

Total score: 28/40

Option summary:

Under this option, Council retains ownership, management, and governance of all 102 elderly housing units but introduces considerable changes to improve the long-term financial sustainability and asset management of the portfolio. Rents would be increased to 80% of market rate, enabling the service to become self-sustaining and generate a surplus within two years. A one-off allocation of \$495,072 in Year 1 would address deferred maintenance, and an annual capital budget of \$330,000 would fund a comprehensive asset management plan, including regular refurbishments and full refits on a 7 and 14-year cycle. By 2034/35, this model is projected to deliver a reserve of approximately \$588,021, providing flexibility for future capital improvements.

This option is considered largely affordable under the two measures of affordability. However, affordability concerns exist particularly for single tenants who do not qualify for the accommodation supplement, as rent may exceed 40% of income. However, most tenants are expected to receive subsidies, reducing the actual increase to around \$16–\$26 per week, which sits near the affordability threshold. Additionally, this option still offers tenants rental accommodation 20% less than that of a full market rate rental and offers a rental rate for 1-bedroom units, compared to the rest of the market, which would see tenants having to pay for a 2-bedroom unit at full market rate due to typology limitations.

Modified Status Quo: This option would see Council retain all 102 elderly person housing units under the current in-house delivery model. Under this option, all rents would be increased to 80% of market rate to make the service self-sustainable within 2 years. This would see Council commit more operational resource to carrying out an enhanced asset management programme with a recommended capital budget of \$330,000 per year and one-off amount of \$495,072 in year 1 to address the deferred maintenance.

Strategically, the option complies with all legislative requirements and Healthy Homes Standards and positions Council to retain the service long term without reliance on rates, even under potential rates-capping scenarios. While government funding remains unavailable, improved financial performance allows Council to better respond to future community needs.

Governance and accountability remain strong, with full Council oversight and community engagement under the Local Government Act. Operationally, this option introduces a proactive asset management strategy and maintains in-house delivery efficiencies, though overhead costs will increase due to additional asset management resources.

Achievability is moderate, requiring policy changes, tenant consultation, and careful management of reputational risks associated with rent increases. Overall, this option offers a balanced approach—retaining Council control while achieving financial sustainability and improving long-term service resilience.

**Financial
Effectiveness
(40%)**

**Self-sustainability
4 - Fully financially
viable and
independent.**

Rationale for scoring:

Under this option, the service would become self-sustainable within 2 years, delivering a surplus of \$178,393 in year 2. This option would allow the ELP reserve to be built up to \$588,021 (total return less current \$49,000 deficit) by the end of 2034/35 to fund any future capital projects.

\$305,827 would still be required in year 1 to partially fund the deferred maintenance costs. Council would need to decide if this is funded through rates input or debt financing, or reserves.

	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	Net position
Elizabeth Ave	-11,973	953	526	111	- 231	- 669	- 1,090	-1,298	-13,671
Elizabeth Pl + St	-54,589	20,277	18,393	16,565	15,111	13,160	11,297	9,753	49,967
Willow / Suffolk / McKee	-268,697	47,899	43,831	39,890	36,775	32,571	28,561	25,260	-13,910
Mona Square	17,622	18,493	17,193	15,939	14,969	13,634	12,368	11,347	121,565
Friendship Lane - OLD	-1,421	78,265	72,623	67,162	62,879	57,034	51,462	46,899	434,912
Friendship Lane -NEW	1,020	818	-265	-1,334	-2,100	-3,385	-4,651	-5,687	-15,584
Chapman St	12,211	11,688	10,652	9,655	8,877	7,821	6,823	6,015	73,742
Total	-305,827	178,393	162,953	147,988	136,280	120,166	104,770	92,289	637,012

Modified Status Quo: This option would see Council retain all 102 elderly person housing units under the current in-house delivery model. Under this option, all rents would be increased to 80% of market rate to make the service self-sustainable within 2 years. This would see Council commit more operational resource to carrying out an enhanced asset management programme with a recommended capital budget of \$330,000 per year and one-off amount of \$495,072 in year 1 to address the deferred maintenance.

Affordability

3 - Generally affordable; minor adjustments may be needed.

Rationale for scoring:

Under this option, single tenants would face a maximum rental increase of 31% (\$78 per week) if they are ineligible for the accommodation supplement. However, with the accommodation supplement – the increase is likely to be heavily subsidised. It is estimated that with the supplement, single tenants would experience an increase of around \$16.80 - \$26.40 per week representing rent that equates to around 29-32% of income.

Affordability concerns exist for tenants who are ineligible for the supplement as the increase to 80% of market rent would result in them paying over 40% of income. However, ineligibility for the accommodation supplement is based on the level of assets and income an individual holds so it is likely that these tenants have other financial means that would help support the increase in rental costs.

For couples, increasing rents to 80% of market rate would remain largely affordable even for those who do not qualify for the accommodation supplement. Under this model, the rental increase is more than the entry threshold, meaning couples are able to apply for the supplement compared to the current rate which does not meet the current threshold.

However, this option still offers tenants rental accommodation 20% less than that of a full market rate rental and offers a rental rate for a 1-bedroom unit, compared to the rest of the market, which would see tenants having to pay full market rate for a 2-bedroom unit due to typology restrictions in the district.

	Single without AS (full rate)	Single with AS (subsidised)	Couple - Without AS (full rate)	Couple - with AS (subsidised)
80% market (low)	\$216 (40.2%)	\$159.30 (29.6%)	\$216 (25.9%)	\$209.70 (25.16%)
80% market (mid)	\$232 (43.1%)	\$164.10 (30.5%)	\$232 (27.8%)	\$214.50 (25.7%)
80% market (high)	\$248 (46.1%)	\$168.90 (31.3%)	\$248 (29.1%)	\$219.30 (26.33%)
1-16 Friendship Lane	\$272 (50.6%)	\$176.50 (32.8%)	\$272 (32.6%)	\$226.50 (27.1%)

Net financial return

2- Cost-neutral or marginal benefit. Little to no direct financial return is generated.

Rationale for scoring:

Under this option, the service transitions from a net cost to Council to a self-sustaining and surplus-generating model within two years, materially improving Council's financial position over the medium to long term.

While Council would still be required to provide some upfront financial support in Year 1, estimated at \$305,827 to partially address deferred maintenance, this cost is time-limited and transitional, rather than ongoing.

Modified Status Quo: This option would see Council retain all 102 elderly person housing units under the current in-house delivery model. Under this option, all rents would be increased to 80% of market rate to make the service self-sustainable within 2 years. This would see Council commit more operational resource to carrying out an enhanced asset management programme with a recommended capital budget of \$330,000 per year and one-off amount of \$495,072 in year 1 to address the deferred maintenance.

		By Year 2, the service is forecast to deliver a surplus of \$178,393, eliminating the existing operating deficit and establishing a sustainable operating position. Over time, these surpluses enable the ELP reserve to be rebuilt to approximately \$588,021 by 2034/35, creating a dedicated funding source for future capital works, reducing Council’s exposure to unplanned capital or maintenance costs. Importantly, this option also addresses the long-term financial risks associated with asset deterioration. Improved funding for maintenance and renewals supports asset condition and value retention, reducing the likelihood of accelerated depreciation or future divestment at a loss.
Strategic Effectiveness (30%)	Alignment with national direction and legislation 2- Partial alignment; may miss opportunities or face compliance risks.	<i>Rationale for scoring:</i>
		Residential Tenancy Act 1986 ✓ The service is delivered in full compliance with this Act and would continue to be under this option.
		Healthy Homes Standards Regulations 2019 ✓ As of early 2025, all 102 units meet the regulations. Compliance monitoring would be ongoing under this model.
		Health and Safety at Work Act 2015 ✓ The service is delivered in full compliance with this Act and would continue to be under this option.
		Local Government (Systems Improvements) Amendment Bill and other local government changes ✓ While the Bill is yet to be passed, it is likely that the service would meet the drafted definition of core services. As the service would be self-funding under this option, Council would likely be able to retain the service long term even if rates capping is introduced.
		Government Funding Streams - Income related rent subsidy (IRRS) - Operating Supplement (OS) - Grants ✗ Council does not currently qualify for IRRS or OS. The recently released Housing Investment Plan excludes Councils from receiving any future government grant funding for exisiting or new affordable housing. This option would not alter the outcome of this decision.
		Community Housing Funding Agency – low-cost financing ✗ Council is not a registered community housing provider and therefore does not qualify for low-cost financing through CHFA under this option.

Modified Status Quo: This option would see Council retain all 102 elderly person housing units under the current in-house delivery model. Under this option, all rents would be increased to 80% of market rate to make the service self-sustainable within 2 years. This would see Council commit more operational resource to carrying out an enhanced asset management programme with a recommended capital budget of \$330,000 per year and one-off amount of \$495,072 in year 1 to address the deferred maintenance.

	Alignment with community needs and outcomes 2- Some alignment; limited responsiveness to future needs.	<i>Rationale for scoring:</i> Under this option, Council would maintain its current provision of 102 affordable housing units within the district. At present, demand appears contained, with the existing level of service meeting current needs. Data shows fewer than 50 residents aged over 65 are on the social housing waitlist per year, and the Council housing waitlist consistently remains below 20 applicants at any given time. Looking ahead, however, trends indicate that home ownership rates in the district are likely to decline. Coupled with reduced savings patterns, this suggests demand for affordable rental housing will increase notably over the next 10–20 years. Under this model, Council is projected to generate an estimated reserve of \$588,021. While this is not enough to directly fund additional housing, it could be used to support other providers through grants, low-cost loans, or making land available (high density rebuilds). While this model will generate a small surplus, the actual value is largely dependent on future costs – if increases persist the surplus will be allocated to covering operational expenses. Another emerging need is for mobility-friendly housing, as aging residents are expected to experience greater health and mobility challenges. The current portfolio does not meet many of these accessibility requirements, and opportunities for upgrades are limited due to the age and layout of existing units. However, surplus funding under this model could be allocated to improve accessibility where feasible, helping to further future-proof the service.
	Accountability and Governance 4 - Strong governance and full accountability to Council/community.	<i>Rationale for scoring:</i> Under this model, council retains full ownership, management and governance of the service. As Council must deliver this service in compliance with the Local Government Act 2002, opportunities for community engagement and feedback exist. Council must also report back to the community on the financial performance of the service and carry out reviews to ensure it remains effective. Under this operating model, Council’s management of the service is strongly accountable to the community.
Operational Effectiveness (30%)	Asset management 4 - Comprehensive asset management strategy.	<i>Rationale for scoring:</i> This option would allow Council to adopt a long term, strategic approach to asset management which would see the units refurbished every 7 years (in sync with the average tenancy turnover) and fully refitted every 14 years. Including: Internal Decoration - 7-Year Cycle: Limited but essential refurbishment scope including: • Internal repaint of walls and ceilings within bathrooms, living rooms, bedrooms, and kitchens.

Modified Status Quo: This option would see Council retain all 102 elderly person housing units under the current in-house delivery model. Under this option, all rents would be increased to 80% of market rate to make the service self-sustainable within 2 years. This would see Council commit more operational resource to carrying out an enhanced asset management programme with a recommended capital budget of \$330,000 per year and one-off amount of \$495,072 in year 1 to address the deferred maintenance.

Full Refit – 14-Year Cycle: Comprehensive renewal of internal finishes and fixtures including:

- Replacement of floor coverings.
- Renewal of bathroom fittings and fixtures.
- Full internal repaint of all walls, ceilings, kitchens, bathrooms, and laundry areas.

This option would also generate enough funding by year 3 to address the deferred maintenance liabilities totaling around \$495,072, allowing Council to carry out repair work on critical structural faults in the portfolio including:

- Repairing foundational cracking due to differential settlement
- Repair of cracked external concrete and brick veneer
- Replacement of end-of-life roofing
- Replacement / repair of cracked paths

To achieve this total capital funding would increase by \$83,000 (*inflation adjusted) to \$275,000 per year.

Maintenance Type	Current Annual Allocation	Proposed Annual Allocation
Cyclical / Reactive	\$104,000*	\$65,000*
Deferred	\$0	\$495,072 (one off)
Capital replacements / renewals	\$153,000*	\$275,000*
Total	\$257,000*	Year 1 = \$835,072 year 2 onwards = \$340,000*

Fit for purpose service

2 - Basic service provision; lacks enhancements.

Rationale for scoring:

The current service provides healthy homes for elderly residents, with all units being single-story and one-bedroom, which generally aligns with the typology needs of this cohort. However, 36 units are compact singles and can only accommodate a single bed, limiting functionality and reducing the overall service level below what aging tenants might reasonably expect.

Modified Status Quo: This option would see Council retain all 102 elderly person housing units under the current in-house delivery model. Under this option, all rents would be increased to 80% of market rate to make the service self-sustainable within 2 years. This would see Council commit more operational resource to carrying out an enhanced asset management programme with a recommended capital budget of \$330,000 per year and one-off amount of \$495,072 in year 1 to address the deferred maintenance.

		Accessibility remains a significant challenge. Only the 16 rebuilt units at Friendship Lane are considered mobility-friendly, while 49% of the portfolio features stepped access, narrow entrances, and restricted accessways, making them less suitable for aging residents. Due to the age and layout of these units, enhancing accessibility within the existing stock would be difficult and costly. While this option would not substantially improve the current level of service for existing units, it would provide Council with greater financial flexibility to address these issues through future rebuilds and targeted improvements.
	Operational efficiency 3 - Efficient operations with room for improvement.	Rationale for scoring: The service is currently delivered in-house through two key roles: a property coordinator and a maintenance officer. This structure provides operational and cost efficiencies, as most day-to-day operations and maintenance are managed internally without reliance on external providers. However, this model incurs organisational overhead costs that some alternative models may avoid, reducing overall financial efficiency. Overhead costs for the activity total approximately \$120,000 annually. While this option is unlikely to significantly improve operational efficiency, it would strengthen the activity's financial position. Surplus funds could be invested in enhanced tenancy and asset management systems, which may deliver efficiencies over time. These improvements could reduce the current FTE allocation, allowing resources to be redirected toward improving other areas of Council's property portfolio. Additionally, greater financial flexibility may allow Council to undertake bulk works on whole blocks rather than a by unit basis, this may achieve some procurement efficiencies.
	Achievability 2 - Moderate challenges; achievable with support.	Rationale for scoring: This option would require Council to increase rental levies for the EPH service, necessitating amendments to the current EPH housing policy and targeted consultation with existing tenants. Raising rents for low-income elderly tenants can be challenging and is likely to attract media attention. If not managed carefully, this could lead to increased scrutiny of Council's decision and pose potential reputational risk. However, Council has successfully navigated similar processes in the past. It is recommended that as part of tenant engagement, Council partners with MSD to host a "drop-in" session. This would allow tenants to understand the individual impact of rental

Modified Status Quo: This option would see Council retain all 102 elderly person housing units under the current in-house delivery model. Under this option, all rents would be increased to 80% of market rate to make the service self-sustainable within 2 years. This would see Council commit more operational resource to carrying out an enhanced asset management programme with a recommended capital budget of \$330,000 per year and one-off amount of \$495,072 in year 1 to address the deferred maintenance.

increases and explore options for additional financial support, such as the accommodation supplement, to help mitigate the overall impact.

5.1.3 Reduce and reinvest

Reduce and reinvest: This option would see Council sell non-viable / end of life stock to reduce the portfolio size. Proceeds from asset sales would be reinvested into the service to address the deferred maintenance and ongoing cyclic renewal requirements for the remaining stock. This option would see rents increased to 80% of market rate so that the remaining service operates self sustainably and provide the ability implement an enhanced asset management programme.

Total score: 27/40

Option summary: This option proposes that Council divests non-viable or end-of-life housing stock to reduce the portfolio size, reinvesting sale proceeds to address deferred maintenance and fund ongoing renewals for remaining units. The recommended sale of 24 single units—plus consideration of two additional units—would reduce the portfolio to a total of 76 units and the number of single units from 36 to 12, improving alignment with elderly housing needs. Selling these properties would also lower deferred maintenance liability from \$495,072 to \$163,233 and generate an estimated sale value of \$4.28–\$4.49 million (if sold on the open market) enabling Council to clear outstanding maintenance, replenish the ELP reserve, and adopt a strategic asset management approach. This includes refurbishments every seven years and full refits every 14 years, alongside critical repairs such as foundation and roofing work.

To ensure long-term sustainability, rents would increase to 80% of market rate, moving the service into a positive financial position from Year 2 onward. While affordability concerns exist—particularly for single tenants without accommodation supplements, these impacts can be mitigated through targeted engagement and collaboration with MSD to provide financial support options.

Strategically, this option strengthens financial resilience and governance, with Council retaining full ownership and compliance with legislative requirements. However, reducing the portfolio from 102 to 76 units may limit capacity to meet future demand, given projected growth in the elderly population and declining home ownership rates. Alternative providers have limited capacity, and reducing stock could exacerbate waitlists and housing stress. Operational efficiencies beyond reduced maintenance are minimal, as overheads and staffing would largely remain unchanged.

Reduce and reinvest: This option would see Council sell non-viable / end of life stock to reduce the portfolio size. Proceeds from asset sales would be reinvested into the service to address the deferred maintenance and ongoing cyclic renewal requirements for the remaining stock. This option would see rents increased to 80% of market rate so that the remaining service operates self sustainably and provide the ability implement an enhanced asset management programme.

Overall, this option offers strong financial sustainability and improved asset quality but carries reputational and community risks due to reduced housing availability and rent increases. It provides flexibility for future rebuilds and targeted improvements but is unlikely to restore the portfolio to its current size. Careful implementation, tenant engagement, and proactive communication will be critical to mitigating risks and maintaining community trust.

Financial Effectiveness (40%)

Self-sustainability

4 - Fully financially viable and independent.

Rationale for scoring:

Strategic divestment of some of Council’s EPH portfolio would improve the financial performance of the service by removing a portion of the deferred maintenance liability. It is likely that sale proceeds from partial sale would cover the remaining costs associated with deferred maintenance on the remaining stock while also providing some surplus to hold in the ELP reserve for future capital investment into the portfolio.

To maximize the financial sustainability of the portfolio it is recommended that Council targets non-viable stock for disposal. Based on the age, deferred maintenance liability, ongoing maintenance requirements and potential sale value, the recommended approach would be to divest 24 units across Willow Street, Suffolk Street, and McKee Place, With additional consideration for the divestment of the 2 units at Elizabeth Avenue in Rakaia.

Block	Number of Units	Deferred Maintenance Liability	Condition	Age
Willow Street	4	\$147,165	Poor	48
Suffolk Street	4	\$62,000	Fair	58
McKee Place	16	\$109,509	Fair	58
Elizabeth Avenue	2	\$13,175	Fair	49

By removing these units from the portfolio, Council could reduce the total deferred maintenance liability from \$495,072 to \$163,233 – reducing the needs for rates input in year 1 to \$25,157 to partially cover the deferred maintenance liability. It is estimated that if sold privately, Council could realize approximately \$4.28m - \$4.49m in sales to replenish the ELP reserve in addition to the surplus of \$664,604.

	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	Net position
Elizabeth Pl + St	-54,589	20,277	18,393	16,565	15,111	13,160	11,297	9,753	49,967
Mona Square	17,622	18,493	17,193	15,939	14,969	13,634	12,368	11,347	121,565

Reduce and reinvest: This option would see Council sell non-viable / end of life stock to reduce the portfolio size. Proceeds from asset sales would be reinvested into the service to address the deferred maintenance and ongoing cyclic renewal requirements for the remaining stock. This option would see rents increased to 80% of market rate so that the remaining service operates self sustainably and provide the ability implement an enhanced asset management programme.

		Friendship Lane - OLD	-1,421	78,265	72,623	67,162	62,879	57,034	51,462	46,899	434,912																								
		Friendship Lane -NEW	1,020	818	-265	-1,334	-2,100	-3,385	-4,651	-5,687	-15,584																								
		Chapman St	12,211	11,688	10,652	9,655	8,877	7,821	6,823	6,015	73,742																								
		Total	-25,157	129,541	118,596	107,987	99,736	88,264	77,299	68,327	664,602																								
	Affordability 3- Generally affordable; minor adjustments may be needed.	Rationale for scoring: Under this option, it is recommended that rentals for all remaining units be increased to 80% of market rate to ensure long-term sustainability of the service. Single tenants would face a maximum rental increase of 31% (\$78 per week) if they are ineligible for the accommodation supplement. However, with the accommodation supplement – the increase is likely to be heavily subsidized. It is estimated that with the supplement, single tenants would experience an increase of around \$16.80 - \$26.40 per week representing around 29%-32% of income. Affordability concerns exist for tenants who are ineligible for the supplement as the increase to 80% of market rent would result in them paying over 40% of income. However, ineligibility for the accommodation supplement is based on the level of assets and income an individual holds so it is likely that these tenants have other financial means that would help support the increase in rental costs. For couples, increasing rents to 80% of market rate would remain largely affordable even for those who do not qualify for the accommodation supplement. Under this model, the rental increase is more than the entry threshold, meaning couples are able to apply for the supplement compared to the current rate which does not meet the current threshold. <table><tr><td></td><td>Single without AS (full rate)</td><td>Single with AS (subsidised)</td><td>Couple - Without AS (full rate)</td><td>Couple - with AS (subsidised)</td></tr><tr><td>80% market (low)</td><td>\$216 (40.2%)</td><td>\$159.30 (29.6%)</td><td>\$216 (25.9%)</td><td>\$209.70 (25.16%)</td></tr><tr><td>80% market (mid)</td><td>\$232 (43.1%)</td><td>\$164.10 (30.5%)</td><td>\$232 (27.8%)</td><td>\$214.50 (25.7%)</td></tr><tr><td>80% market (high)</td><td>\$248 (46.1%)</td><td>\$168.90 (31.3%)</td><td>\$248 (29.1%)</td><td>\$219.30 (26.33%)</td></tr><tr><td>1 -16 Friendship Lane</td><td>\$272 (50.6%)</td><td>\$176.50 (32.8%)</td><td>\$272 (32.6%)</td><td>\$226.50 (27.1%)</td></tr></table>											Single without AS (full rate)	Single with AS (subsidised)	Couple - Without AS (full rate)	Couple - with AS (subsidised)	80% market (low)	\$216 (40.2%)	\$159.30 (29.6%)	\$216 (25.9%)	\$209.70 (25.16%)	80% market (mid)	\$232 (43.1%)	\$164.10 (30.5%)	\$232 (27.8%)	\$214.50 (25.7%)	80% market (high)	\$248 (46.1%)	\$168.90 (31.3%)	\$248 (29.1%)	\$219.30 (26.33%)	1 -16 Friendship Lane	\$272 (50.6%)	\$176.50 (32.8%)	\$272 (32.6%)
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	Net financial return 3- Moderate financial benefit	Under this option, Council improves its financial position through a combination of asset divestment, reduced liabilities, and improved operating sustainability, resulting in a moderate net financial benefit over time. By removing selected units from the portfolio, Council significantly reduces its deferred maintenance liability from \$495,072 to \$163,233, materially lowering near-term capital pressure and ongoing asset risk. This represents an immediate improvement on																																	

Reduce and reinvest: This option would see Council sell non-viable / end of life stock to reduce the portfolio size. Proceeds from asset sales would be reinvested into the service to address the deferred maintenance and ongoing cyclic renewal requirements for the remaining stock. This option would see rents increased to 80% of market rate so that the remaining service operates self sustainably and provide the ability implement an enhanced asset management programme.					
		the status quo and modified status quo, where higher levels of deferred maintenance continue to expose Council to future financial risk. If the units are sold on the open market, Council could realise approximately \$4.28m – \$4.49m in gross sale proceeds. These proceeds are sufficient to fully fund the remaining deferred maintenance requirements, with the balance available to replenish the ELP reserve, strengthening Council’s balance sheet and increasing resilience for future capital needs. However, if Council seeks to protect the divested units for affordable housing outcomes, the likely sale value would reduce to approximately 50% of market value, resulting in a lower capital receipt. While this would moderate the immediate financial gain, the option would still deliver a net improvement in Council’s financial position, particularly through liability reduction and reserve replenishment. From an operating perspective, increasing rents for the remaining units to 80% of market rent materially improves financial sustainability. While the first year shows a small net deficit of \$25,157, the service transitions to a positive net position from Year 2 onward, generating modest but consistent surpluses across the forecast period. These surpluses decline over time but nonetheless represent an improvement relative to models requiring ongoing rates subsidy.			
Strategic Effectiveness (30%)	Alignment with national direction and legislation 2 - Partial alignment; may miss opportunities or face compliance risks.	Rationale for scoring:			
		<table><tr><td>Residential Tenancy Act 1986</td><td>✓</td><td>The service is delivered in full compliance with this Act and would continue to be under this option.</td></tr></table>	Residential Tenancy Act 1986	✓	The service is delivered in full compliance with this Act and would continue to be under this option.
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		<table><tr><td>Healthy Homes Standards Regulations 2019</td><td>✓</td><td>All remaining 76 units meet the regulations. Compliance monitoring would be ongoing under this option.</td></tr></table>	Healthy Homes Standards Regulations 2019	✓	All remaining 76 units meet the regulations. Compliance monitoring would be ongoing under this option.
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Reduce and reinvest: This option would see Council sell non-viable / end of life stock to reduce the portfolio size. Proceeds from asset sales would be reinvested into the service to address the deferred maintenance and ongoing cyclic renewal requirements for the remaining stock. This option would see rents increased to 80% of market rate so that the remaining service operates self sustainably and provide the ability implement an enhanced asset management programme.

		- Operating Supplement (OS) - Grants	Councils from receiving any future government grant funding for existing or new affordable housing.
		Community Housing Funding Agency – low-cost financing	 Council is not a registered community housing provider and therefore does not qualify for low-cost financing through CHFA.
	Alignment with community needs and outcomes 1 - Poor fit with Council vision or community expectations.	Rationale for scoring: Reducing the EPH portfolio from 102 units to 76 units may in the short term undermine Council’s ability to meet future community needs and expectations. Demand for affordable elderly housing is projected to rise due to demographic trends: the district already has a higher-than-average proportion of residents aged 65+, and over 10,000 more will reach retirement age within 20 years. Declining home ownership and limited retirement savings will likely increase reliance on subsidised housing, with alternative providers in the district having minimal capacity and no substantial development pipeline to support the increase demand. The portfolio currently operates at 97% of occupancy with long tenancy durations (average seven years), indicating sustained demand and low turnover. Reducing stock could create bottlenecks, exacerbate waitlists, and increase housing stress among vulnerable elderly residents. This option could be perceived as contradicting Council’s strategic vision and community outcomes, which emphasize safe, affordable housing for older people. Long-term, Council may be able to utilize reserve funding to build additional units, but it is unlikely that the portfolio will return to being the current size due to ongoing financial constraints associated with operating a portfolio of this size.	
	Accountability and Governance 4 - Strong governance and full accountability to Council/community.	Rationale for scoring: Under this model, council retains full ownership, management and governance of the service. As Council must deliver this service in compliance with the Local Government Act 2002, opportunities for community engagement and feedback exist. Council must also report back to the community on the financial performance of the service and carry out reviews to ensure it remains effective. Under this operating model, Council’s management of the service is strongly accountable to the community.	

Reduce and reinvest: This option would see Council sell non-viable / end of life stock to reduce the portfolio size. Proceeds from asset sales would be reinvested into the service to address the deferred maintenance and ongoing cyclic renewal requirements for the remaining stock. This option would see rents increased to 80% of market rate so that the remaining service operates self sustainably and provide the ability implement an enhanced asset management programme.

Operational Effectiveness (30%)	Asset management 4 - Comprehensive asset management strategy	Rationale for scoring: This option would allow Council to adopt a long term, strategic approach to asset management which would see the units refurbished every 7 years (in sync with the average tenancy turnover) and fully refitted every 14 years. Including: Internal Decoration - 7-Year Cycle: Limited but essential refurbishment scope including: - Internal repaint of walls and ceilings within bathrooms, living rooms, bedrooms, and kitchens. Full Refit – 14-Year Cycle: Comprehensive renewal of internal finishes and fixtures including: - Replacement of floor coverings. - Renewal of bathroom fittings and fixtures. - Full internal repaint of all walls, ceilings, kitchens, bathrooms, and laundry areas. This option would also generate enough funding in year 1 to address the deferred maintenance liabilities totaling around \$163,233, allowing Council to carry out repair work on critical structural faults in the portfolio including: - Repairing foundational cracking due to differential settlement - Repair of cracked external concrete and brick veneer - Replacement of end-of-life roofing - Replacement / repair of cracked paths Overall, capital funding would reduce by \$10,000 (*inflation adjusted) to \$294,500 per year from year 2. <table border="1"> <thead> <tr> <th>Maintenance Type</th><th>Current Annual Allocation</th><th>Proposed Annual Allocation</th></tr> </thead> <tbody> <tr> <td>Cyclical / Reactive</td><td>\$104,000*</td><td>\$47,500*</td></tr> <tr> <td>Deferred</td><td>\$0</td><td>\$163,233 (one off)</td></tr> <tr> <td>Capital replacements / renewals</td><td>\$153,000*</td><td>\$247,000*</td></tr> <tr> <td>Total</td><td>\$257,000*</td><td>Year 1 = \$457,733 year 2 onwards = \$294,500*</td></tr> </tbody> </table>	Maintenance Type	Current Annual Allocation	Proposed Annual Allocation	Cyclical / Reactive	\$104,000*	\$47,500*	Deferred	\$0	\$163,233 (one off)	Capital replacements / renewals	\$153,000*	\$247,000*	Total	\$257,000*	Year 1 = \$457,733 year 2 onwards = \$294,500*
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Reduce and reinvest: This option would see Council sell non-viable / end of life stock to reduce the portfolio size. Proceeds from asset sales would be reinvested into the service to address the deferred maintenance and ongoing cyclic renewal requirements for the remaining stock. This option would see rents increased to 80% of market rate so that the remaining service operates self sustainably and provide the ability implement an enhanced asset management programme.

	Fit for purpose service 2 - Basic service provision; lacks enhancements.	<i>Rationale for scoring:</i> The current service provides healthy homes for elderly residents, with all units being single-story and one-bedroom, which generally aligns with the typology needs of this cohort. However, 36 units are compact single units that can only accommodate a single bed, limiting functionality and reducing the overall service level below what aging tenants might reasonably expect. Under this option, the recommended sale of 24 single units would reduce the number of compact units in the portfolio from 36 to 12. This change would bring the remaining stock closer to the intended design for elderly residents, improving overall suitability and functionality. Accessibility remains a significant concern. Only the 16 rebuilt units at Friendship Lane are considered mobility-friendly, while 49% of the portfolio features stepped access, narrow entrances, and restricted accessways, making them less suitable for aging residents. Due to the age and layout of these units, enhancing accessibility within the existing stock would be difficult and costly. While this option would not substantially improve the current level of service for the remaining units, it would provide greater financial flexibility to address these issues during future rebuilds and targeted improvements.
	Operational efficiency 2 - Some efficiencies; limited scale or capability.	<i>Rationale for scoring:</i> While reducing the portfolio size would reduce the overall maintenance burden and streamline asset management, there would be little other efficiencies gained as overheads, procurement capability and FTE would likely remain largely the same. The greatest efficiency would likely come from the removal of the Rakaia block as this would reduce travel time for maintenance and inspections.
	Achievability 2 - Moderate challenges; achievable with support.	<i>Rationale for scoring:</i> The divestment of the suggested units equates to less than 30% of the portfolio meaning Council could progress this option without the need for public consultation under the Community Engagement Policy. Under the Residential Tenancy Act 1986, Council can end periodic tenancies of affected tenants by giving 90 days' notice. However, given the nature of the service and the accountability to the community, Council would likely need to carry out some engagement with the affected tenants and work with other housing providers to assist tenants in finding alternative suitable accommodation. There would also be some upfront costs associated with this option for completing the sale of property.

5.1.4 Retain Ownership - Outsource Management / Lease to Ōtautahi Community Housing Trust (ŌCHT)

Outsource Management / Lease to ŌCHT: This option would see Council retain ownership of all 102 elderly person housing units but would outsource the running of the service to ŌCHT. Under this option Council would no longer be responsible for service delivery. Council would pay a fee / discounted lease to ŌCHT for undertaking service delivery – likely a % of gross rental income in conjunction with long term land lease for a small portion of the portfolio for development of new builds.

Total score: 26/40

Option summary:

Under this option, Council would retain ownership of all 102 elderly persons' housing units while outsourcing day-to-day tenancy and property management to Ōtautahi Community Housing Trust (ŌCHT). Rents would be increased to 80% of market rate to support long-term financial sustainability.

From a financial perspective, this option delivers a similar overall position to a modified status quo model. While Council would reduce internal staffing overheads, these savings would largely be offset in management fees. Council would remain responsible for all operating deficits and capital costs, including addressing an estimated \$305,827 shortfall in year one to meet deferred maintenance obligations.

Affordability impacts are moderate but present. Rent increases would be significant for tenants not eligible for the accommodation supplement, with some single tenants potentially paying over 40% of income. However, most low-income tenants are expected to qualify for assistance, reducing the effective increase to around 30% of income. Couples are generally better positioned under this option, with rents remaining largely affordable.

Strategically, the option maintains Council's current level of housing provision and complies with all relevant legislation. However, it does not improve eligibility for central government housing funding or low-cost finance. While current demand for elderly housing is stable, projected surpluses and land lease options could be reinvested / leveraged to address longer-term needs, including increased demand and improved accessibility.

Operationally, this option improves efficiency through specialist management and systems, although Council would have reduced direct oversight of service delivery and capital works. Governance accountability remains with Council, but direct tenant feedback loops would be diminished.

Overall, this option offers improved financial flexibility and operational efficiency, with manageable affordability and reputational risks if supported by strong tenant engagement.

Financial Effectiveness (40%)	Self-sustainability 3 - Mostly self-sustaining with occasional support needed.	Rationale for scoring: This option would likely result in a similar but slightly reduced financial position to that of a modified status quo approach. Under this option, Council would reduce its internal overheads but would likely pay a similar amount in management fees. ŌCHT have indicated that rents would be increased to 80% of market rate in order to make the model sustainable, Council would still need to fund the deferred maintenance of \$495,097.
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Outsource Management / Lease to ŌCHT: This option would see Council retain ownership of all 102 elderly person housing units but would outsource the running of the service to ŌCHT. Under this option Council would no longer be responsible for service delivery. Council would pay a fee / discounted lease to ŌCHT for undertaking service delivery – likely a % of gross rental income in conjunction with long term land lease for a small portion of the portfolio for development of new builds.

Affordability

3 - Generally affordable; minor adjustments may be needed.

Rationale for scoring:

In order to sustain this model, rents would need to be increased to 80% of market rate. Single tenants would face a maximum rental increase of 31% (\$78 per week) if they are ineligible for the accommodation supplement. However, with the accommodation supplement – the increase is likely to be heavily subsidized. It is estimated that with the supplement, single tenants would experience an increase of around \$16.80 - \$26.40 per week representing around 29-32% of income. Affordability concerns exist for tenants who are ineligible for the supplement as the increase to 80% of market rent would result in them paying over 40% of income. However, ineligibility for the accommodation supplement is based on the level of assets and income an individual holds so it is likely that these tenants have other financial means that would help support the increase in rental costs.

For couples, increasing rents to 80% of market rate would remain largely affordable even for those who do not qualify for the accommodation supplement. Under this model, the rental increase is more than the entry threshold, meaning couples are able to apply for the supplement compared to the current rate which does not meet the current threshold.

	Single without AS (full rate)	Single with AS (subsidised)	Couple - Without AS (full rate)	Couple - with AS (subsidised)
80% market (low)	\$216 (40.2%)	\$159.30 (29.6%)	\$216 (25.9%)	\$209.70 (25.16%)
80% market (mid)	\$232 (43.1%)	\$164.10 (30.5%)	\$232 (27.8%)	\$214.50 (25.7%)
80% market (high)	\$248 (46.1%)	\$168.90 (31.3%)	\$248 (29.1%)	\$219.30 (26.33%)
1 -16 Friendship Lane	\$272 (50.6%)	\$176.50 (32.8%)	\$272 (32.6%)	\$226.50 (27.1%)

Net financial return

2 – Cost-neutral or marginal benefit.

This option provides a similar net financial position to modified status quo. However, long term ability to accumulate reserves may be impacted based on the fee structure negotiated.

Council may also choose to gift or long-term lease (100-150 years) land from one or two underperforming blocks on a peppercorn lease to ŌCHT to enable the development of new builds in which ŌCHT could achieve a higher rental value from cross-subsidization of government funding. Depending on the blocks and the mechanism, the value of Council's portfolio may be slightly reduced.

Outsource Management / Lease to ÒCHT: This option would see Council retain ownership of all 102 elderly person housing units but would outsource the running of the service to ÒCHT. Under this option Council would no longer be responsible for service delivery. Council would pay a fee / discounted lease to ÒCHT for undertaking service delivery – likely a % of gross rental income in conjunction with long term land lease for a small portion of the portfolio for development of new builds.

Strategic Effectiveness (30%)	Alignment with national direction and legislation 2 - Partial alignment; may miss opportunities or face compliance risks.	<i>rationale for scoring:</i>		
		Residential Tenancy Act 1986	✓	The service is delivered in full compliance with this Act and would continue to be under this option.
		Healthy Homes Standards Regulations 2019	✓	As of early 2025, all 102 units meet the regulations. Compliance monitoring would be ongoing under this model.
		Health and Safety at Work Act 2015	✓	The service is delivered in full compliance with this Act and would continue to be under this option.
		Local Government (Systems Improvements) Amendment Bill and other local government changes	✓	While the Bill is yet to be passed, it is likely that the service would meet the drafted definition of core services. As the service would be self-funding under this option, Council would likely be able to retain the service long term even if rates capping is introduced.
		Government Funding Streams - Income related rent subsidy (IRRS) - Operating Supplement (OS) - Grants	—	Council does not currently qualify for IRRS or OS. The recently released Housing Investment Plan excludes Councils from receiving any future government grant funding for existing or new affordable housing. This option would not alter the outcome of this decision but may enable ÒCHT to build net new housing that would qualify for government subsidy.
		Community Housing Funding Agency – low-cost financing	✗	Council is not a registered community housing provider and therefore does not qualify for low-cost financing through CHFA under this option.
	Alignment with community needs and outcomes 2 - Some alignment; limited	<i>Rationale for scoring:</i> Under this option, Council would maintain its current provision of 102 affordable housing units within the district. At present, demand appears contained, with the existing level of service meeting current needs. Data shows fewer than 50 residents aged		

Outsource Management / Lease to ŌCHT: This option would see Council retain ownership of all 102 elderly person housing units but would outsource the running of the service to ŌCHT. Under this option Council would no longer be responsible for service delivery. Council would pay a fee / discounted lease to ŌCHT for undertaking service delivery – likely a % of gross rental income in conjunction with long term land lease for a small portion of the portfolio for development of new builds.

	responsiveness to future needs	over 65 are on the social housing waitlist per year, and the Council housing waitlist consistently remains below 20 applicants at any given time. Looking ahead, however, trends indicate that home ownership rates in the district are likely to decline. Coupled with reduced savings patterns, this suggests demand for affordable rental housing will increase notably over the next 10–20 years. While surpluses are unlikely to be enough to fund additional housing, ŌCHT could utilize the land value of gifted or leased land to leverage funding for additional housing in the district over time. Another emerging need is for mobility-friendly housing, as aging residents are expected to experience greater health and mobility challenges. The current portfolio does not meet many of these accessibility requirements, and opportunities for upgrades are limited due to the age and layout of existing units. However, surplus funding under this model could be allocated to improve accessibility where feasible, helping to further future-proof the service.
	Accountability and Governance 2 - Clear governance with some community input.	Rationale for scoring: Under this model, council retains full ownership and governance of the service but will relinquish operational management of the service. As Council must deliver this service in compliance with the Local Government Act 2002, opportunities for community engagement and feedback exist. Council must also report back to the community on the financial performance of the service and carry out reviews to ensure it remains effective but will not be in direct communication with tenants and therefore may lose some feedback loops and direct accountability.
Operational Effectiveness (30%)	Asset management 4 – Comprehensive asset management strategy.	Rationale for scoring: This option would allow Council to adopt a long term, strategic approach to asset management which would see the units refurbished every 7 years (in sync with the average tenancy turnover) and fully refitted every 14 years – similar to that of the modified status quo approach. While this is an effective asset management strategy, Council will not have direct oversight in managing capital works and therefore will have reduced control of the level of execution.
	Fit for purpose service	Rationale for scoring:

Outsource Management / Lease to ÖCHT: This option would see Council retain ownership of all 102 elderly person housing units but would outsource the running of the service to ÖCHT. Under this option Council would no longer be responsible for service delivery. Council would pay a fee / discounted lease to ÖCHT for undertaking service delivery – likely a % of gross rental income in conjunction with long term land lease for a small portion of the portfolio for development of new builds.

	3 - Meets most needs; some improvements possible.	The current service provides healthy homes for elderly residents, with all units being single-story and one-bedroom, which generally aligns with the typology needs of this cohort. However, 36 units are compact singles and can only accommodate a single bed, limiting functionality and reducing the overall service level below what aging tenants might reasonably expect. Accessibility remains a significant challenge. Only the 16 rebuilt units at Friendship Lane are considered mobility-friendly, while 49% of the portfolio features stepped access, narrow entrances, and restricted accessways, making them less suitable for aging residents. Due to the age and layout of these units, enhancing accessibility within the existing stock would be difficult and costly. While this option would not substantially improve the current level of service for existing units, it would provide Council / ÖCHT with greater financial flexibility to address these issues through future rebuilds and targeted improvements. This option also supports a greater level of support and access to wrap around services.
	Operational efficiency 3 - Efficient operations with room for improvement.	Rationale for scoring: The service is currently delivered in-house through two key roles: a property coordinator and a maintenance officer. Under this option, ÖCHT would assume responsibility for the function of these roles effectively reducing the overheads for the service. However, overheads for governance functions would still remain, reducing the financial efficiency of this model. The greatest benefit of this model is the improved operational efficiency that could be achieved via a ÖCHT due to a higher level of operational efficiency achieved with dedicated tenancy and asset management software - which would likely streamline the management of the service. Additionally, greater financial flexibility may allow Council to undertake bulk works on whole blocks rather than a by unit basis, this may achieve some procurement efficiencies.
	Achievability 2 - Moderate challenges; achievable with support.	Rationale for scoring: This option would require Council to increase rental levies for the EPH service, necessitating amendments to the current EPH housing policy and targeted consultation with existing tenants. However, ÖCHT would carry out this work on behalf of Council. Raising rents for low-income elderly tenants can be challenging and is likely to attract media attention. If not managed carefully, this could lead to increased scrutiny of Council's decision and pose potential reputational risk. However, ÖCHT have significant experience in this space.

5.2 Options to Divest

5.2.1 Create CCO - full transfer

Create a CCO – full transfer This option would see the Council establish a Council Controlled Organisation who would assume ownership and management of the portfolio.

Total score: 23/ 40

Option summary:

This option involves establishing a Council-Controlled Organisation (CCO) to assume full ownership and management of the elderly housing portfolio. The CCO would operate as a separate legal entity with its own governance structure, while Council remains the shareholder. This model aims to ring-fence finances and enable a more commercial approach to asset management.

Financially, the CCO could become mostly self-sustaining, but only with rent increases to around 80% of market rate. This would cover higher operating costs associated with governance, compliance, and reporting, which are greater than those under an in-house model. While day-to-day operations could be funded through rental income, Council would need to provide significant upfront capital for establishment costs, systems, and asset renewals. Affordability concerns exist for single tenants who do not qualify for accommodation supplements, as rent could exceed 40% of income, though subsidies would mitigate impacts for most.

Strategically, the option aligns well with legislative requirements and could improve Council's ability to retain the service by reducing reliance on rates. However, eligibility for some government funding streams remains limited. The model maintains current service levels but offers only modest responsiveness to future needs, such as mobility-friendly housing.

Governance and accountability present challenges. While formal mechanisms like Statements of Intent exist, the arm's-length structure reduces Council's direct control and public visibility compared to in-house delivery. Operational efficiency and achievability score low due to high overheads, procurement disadvantages, and major barriers in time, cost, and capability during setup.

Overall, this option provides financial ring-fencing and long-term sustainability potential but comes with significant establishment costs, accountability gaps, and limited-service enhancements.

Financial Effectiveness (40%)	Self-sustainability 3 - Mostly self-sustaining with occasional	Rationale for scoring: Under this option, the long-term financial performance would be similar to that of modified status quo as the CCO would likely need to increase rents to 80% of market rate in order to achieve a self-sustainable operating model.
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Create a CCO – full transfer This option would see the Council establish a Council Controlled Organisation who would assume ownership and management of the portfolio.

	support needed.	Under this option, it is likely that operating costs would be higher than that of an in-house delivery model as a CCO would incur a greater degree of costs associated with governance, staff, compliance and reporting while still incurring some costs for internal overheads from Council, but would be addressed through increased rental income. This option would be expensive to establish, the cost of which Council would need to fund initially while also providing capital for the ongoing renewal and replacement of assets.																								
	Affordability 3 - Generally affordable; minor adjustments may be needed.	Rationale for scoring: Under this option, the CCO would likely need to increase rents to 80% of market rate in order to cover increased operating costs and to ultimately be self-sustainable. Single tenants would face a maximum rental increase of 31% (\$78 per week) if they are ineligible for the accommodation supplement. However, with the accommodation supplement – the increase is likely to be heavily subsidized. It is estimated that with the supplement, single tenants would experience an increase of around \$16.80 - \$26.40 per week representing around 29-32% of income. Affordability concerns exist for tenants who are ineligible for the supplement as the increase to 80% of market rent would result in them paying over 40% of income. However, ineligibility for the accommodation supplement is based on the level of assets and income an individual holds so it is likely that these tenants have other financial means that would help support the increase in rental costs. For couples, increasing rents to 80% of market rate would remain largely affordable even for those who do not qualify for the accommodation supplement. Under this model, the rental increase is more than the entry threshold, meaning couples are able to apply for the supplement compared to the current rate which does not meet the current threshold. <table><tr><td></td><td>Single without AS (full rate)</td><td>Single with AS (subsidised)</td><td>Couple - Without AS (full rate)</td><td>Couple - with AS (subsidised)</td></tr><tr><td>80% market (low)</td><td>\$216 (40.2%)</td><td>\$159.30 (29.6%)</td><td>\$216 (25.9%)</td><td>\$209.70 (25.16%)</td></tr><tr><td>80% market (mid)</td><td>\$232 (43.1%)</td><td>\$164.10 (30.5%)</td><td>\$232 (27.8%)</td><td>\$214.50 (25.7%)</td></tr><tr><td>80% market (high)</td><td>\$248 (46.1%)</td><td>\$168.90 (31.3%)</td><td>\$248 (29.1%)</td><td>\$219.30 (26.33%)</td></tr><tr><td>1 -16 Friendship Lane</td><td>\$272 (50.6%)</td><td>\$176.50 (32.8%)</td><td>\$272 (32.6%)</td><td>\$226.50 (27.1%)</td></tr></table>		Single without AS (full rate)	Single with AS (subsidised)	Couple - Without AS (full rate)	Couple - with AS (subsidised)	80% market (low)	\$216 (40.2%)	\$159.30 (29.6%)	\$216 (25.9%)	\$209.70 (25.16%)	80% market (mid)	\$232 (43.1%)	\$164.10 (30.5%)	\$232 (27.8%)	\$214.50 (25.7%)	80% market (high)	\$248 (46.1%)	\$168.90 (31.3%)	\$248 (29.1%)	\$219.30 (26.33%)	1 -16 Friendship Lane	\$272 (50.6%)	\$176.50 (32.8%)	\$272 (32.6%)
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	Net financial return	Under this option, the CCO is not designed to generate a direct financial return to Council (e.g., dividends or profit). As a result, the option will likely be cost-neutral or marginally beneficial, rather than generating a positive financial return.																								

Create a CCO – full transfer This option would see the Council establish a Council Controlled Organisation who would assume ownership and management of the portfolio.

	1 -Net cost to Council over time.	This option would involve one-off setup and transition costs (e.g., governance establishment, legal and procurement processes, policies and systems, and initial change management). These costs represent an initial net cost to Council and are not expected to be recovered through CCO profits given the non-commercial purpose. However, once established, the CCO model would reduce or remove the need for ongoing operational subsidy from Council (depending on the funding and operating arrangements) but there would still be some stranded overheads.		
Strategic Effectiveness (30%)	Alignment with national direction and legislation 2 – Mostly aligned; minor gaps in funding or compliance.	Rationale for scoring:		
		Residential Tenancy Act 1986	✓	The service would be delivered in full compliance with this Act under this option.
		Healthy Homes Standards Regulations 2019	✓	As of early 2025, all 102 units meet the regulations. Compliance monitoring would be ongoing under this option.
		Health and Safety at Work Act 2015	✓	The service is delivered in full compliance with this Act and would continue to be under this option.
		Local Government (Systems Improvements) Amendment Bill and other local government changes	✓	Establishing a CCO which is financially ring-fenced from Council would likely improve Council's ability to retain the service as this option would reduce the needs for rates input.
		Government Funding Streams - Income related rent subsidy (IRRS) - Operating Supplement (OS) - Grants	—	Council does not currently qualify for IRRS or OS. The recently released Housing Investment Plan excludes Councils from receiving any future government grant funding for existing or new affordable housing. However, a housing CCO would likely become re-eligible for external funding over a Council operated service if any future changes were made.
		Community Housing Funding Agency – low-cost financing	✗	The CCO would not be eligible to become a registered community housing provider and therefore would not qualify for low-cost financing through CHFA.
	Alignment with community	Rationale for scoring:		

Create a CCO – full transfer This option would see the Council establish a Council Controlled Organisation who would assume ownership and management of the portfolio.

	needs and outcomes 3 - Good alignment; adaptable to changing needs.	Under this option, the CCO would continue to supply 102 affordable housing units within the district. As demand for affordable housing currently appears to be contained, the current level of service appears to meet current demand. Data indicates that there are less than 50 people in the district over the age of 65 years old on the social housing waitlist and the waitlist for Council housing consistently sits below 20 applicants at any one time. However, data indicates that home ownership rates are set to decline in the district. This, in conjunction with reduced savings trends, suggests that demand for affordable rentals will likely increase in the district over the next 10-20 years. Under this model, the CCO will have generated some reserves which could be used to fund additional low-cost rental accommodation in the district. An additional trend likely to emerge is the need for more mobility-friendly rental housing in the district as those aging in place are likely to experience increased health and mobility issues as they age. The current portfolio does not meet many of the mobility-friendly requirements expected to be needed in the future. Additionally, there is limited ability to improve the existing units due to their age and layout. Under this model, surplus funding could be utilized to improve the accessibility of the existing units where possible.
	Accountability and Governance 2 - Some governance mechanisms; accountability gaps exist.	Rationale for scoring: A CCO operates as a separate legal entity to Council with its own governance structure. While Council would be the shareholder, day-to-day decisions are made by directors, limiting Council's ability to directly influence operational priorities. Community expectations are filtered through Council's Statement of Intent and monitoring processes rather than direct democratic oversight, this could create a gap compared to services delivered in-house, where elected members have direct control and the community have opportunities to provide feedback. Public visibility of decisions is lower under this model due as CCO board meetings are not generally open to the public, reducing perceived accountability compared to Council meetings.
Operational Effectiveness (30%)	Asset management 3 - Good planning; some	Rationale for scoring: This option would allow the CCO to adopt a long-term, strategic approach to asset management which would see the units refurbished every 7 years (in sync with the average tenancy turnover) and fully refitted every 14 years. Including: Internal Decoration - 7-Year Cycle: Limited but essential refurbishment scope including: • Internal repaint of walls and ceilings within bathrooms, living rooms, bedrooms, and kitchens.

Create a CCO – full transfer This option would see the Council establish a Council Controlled Organisation who would assume ownership and management of the portfolio.

gaps in execution.

Full Refit – 14-Year Cycle: Comprehensive renewal of internal finishes and fixtures including:

- Replacement of floor coverings.
- Renewal of bathroom fittings and fixtures.
- Full internal repaint of all walls, ceilings, kitchens, bathrooms, and laundry areas.

This option would also generate enough funding by year 3 to address the deferred maintenance liabilities totaling around \$495,072, allowing the CCO to carry out repair work on critical structural faults in the portfolio including:

- Repairing foundational cracking due to differential settlement
- Repair of cracked external concrete and brick veneer
- Replacement of end-of-life roofing
- Replacement / repair of cracked paths

To achieve this total capital funding would increase by \$83,000 (*inflation adjusted) to \$275,000 per year.

Maintenance Type	Current Annual Allocation	Proposed Annual Allocation
Cyclical / Reactive	\$104,000*	\$65,000*
Deferred	\$0	\$495,072 (one off)
Capital replacements / renewals	\$153,000*	\$275,000*
Total	\$257,000*	Year 1 = \$835,072 year 2 onwards = \$340,000*

Fit for purpose service

3- Meets most needs; some improvements possible.

Rationale for scoring:

The current service provides healthy homes for elderly residents in the community – all units are 1 bedroom and single story which largely meets the typology demand of this cohort. However, 36 units within the portfolio are single units, meaning the bedroom can only house a single bed due to limited space. Because of this, functionality of some of the portfolio negatively impacts the service level, reducing it below what would be expected from aging tenants.

Create a CCO – full transfer This option would see the Council establish a Council Controlled Organisation who would assume ownership and management of the portfolio.

		Additionally, only the 16 rebuilt units at Friendship Lane are considered mobility friendly for aging tenants - 49% of units in the portfolio have stepped access, narrow entrances and restricted accessways, making them less fit for purpose. Due to the layout and age of the units, service provisions could not easily be enhanced to improve the level of service. This option would not significantly improve the current level of service provision for existing units but would allow more financial flexibility for the CCO to explore and address these issues during future rebuilds.
	Operational efficiency 2- Some efficiencies; limited scale or capability.	Rationale for scoring: Under this option, some efficiencies achieved through organisational separation as a standalone CCO structure can enable more streamlined decision-making, clearer operational accountability, and service-specific prioritisation. Over time, this may lead to incremental efficiency gains in areas such as service delivery, contractor management, and responsiveness compared to delivery within Council.
	Achievability 1 - Major barriers in time, cost, or capability.	Rationale for scoring: The CCO model faces barriers in achievability due to the time required for legal and governance setup, high upfront costs for systems and compliance, and capability gaps in specialist skills. These factors make implementation challenging but possible.

5.2.2 Divestment to ŌCHT (excluding 1-16 Friendship Lane with the option to explore this with HUD)

Option Description: This option would see Council sell/transfer the portfolio to ŌCHT to assume ownership and management of the portfolio (excluding 1-16 Friendship Lane).

Total score: 31/40

Option Summary

Option Description: This option would see Council sell/transfer the portfolio to ŌCHT to assume ownership and management of the portfolio (excluding 1-16 Friendship Lane).

Under this option, Council would divest 86 elderly persons housing units and associated land to the Ōtautahi Community Housing Trust (ŌCHT), while Council retains ownership of the 16 newly rebuilt units at 1–16 Friendship Lane under the existing HUD funding agreement. ŌCHT would assume full responsibility for ownership, operations, and long-term management of the divested portfolio.

Financially, this model enables Council to achieve financial gain through an estimated \$6–\$7 million sale. The retained Friendship Lane units would operate at 80% of market rent, enabling them to be fully self-funding and independent of rates subsidies. However, the divestment price is materially lower than a full open-market sale, reflecting the requirement to preserve affordable housing outcomes. While affordability is maintained for most tenants—particularly singles and couples eligible for the Accommodation Supplement—those who do not qualify may face significant increases, with single tenants potentially paying over 40% of income at 80% of market rent. That said, ineligibility for assistance suggests these tenants generally have greater financial means.

Strategically, the option aligns well with legislative expectations for safe, compliant housing and positions service delivery within a specialist provider. ŌCHT’s scale, CHP status, and access to tools such as IRRS for new housing stock strengthen its ability to plan, invest, and expand supply relative to Council-run services. While Councils remain excluded from central government subsidies, ŌCHT’s eligibility improves the long-term resilience and funding flexibility of the service if policy settings change.

The model provides strong alignment with community needs. ŌCHT’s core mandate to provide secure, affordable housing enables more integrated support services, improved redevelopment potential, and housing designed for ageing in place. More importantly, ŌCHT can leverage land and capital to deliver net new social and affordable homes—something Council is unlikely to achieve under any other option. This enhances long-term wellbeing outcomes and allows a mixed-tenure, cross-subsidised funding model that strengthens affordability for future tenants.

However, governance and accountability is weakened under this option. Once transfer occurs, Council loses direct control of the portfolio and the ability to influence asset management, service standards, or rent trajectories beyond the initial contractual terms. While regulatory oversight of CHPs provides some assurance, ŌCHT is not democratically accountable in the same way Council is, and ongoing community voice is limited to early-stage agreement settings rather than ongoing decision-making.

On the asset-management front, the model performs strongly. As a registered CHP, ŌCHT must maintain structured renewal plans and achieve prescribed maintenance and safety standards, supported by financial tools specifically designed for housing portfolios. This contrasts with Council, where housing assets compete with broader infrastructure for limited capital.

Operationally, ŌCHT’s scale and specialisation provide more efficient tenancy and maintenance services than a small Council-run portfolio, though not to the extent of a highly efficient commercial operator due to sector-specific governance requirements. Achievability, however, presents moderate challenges. Divestment requires statutory consultation, complex commercial negotiations, detailed due diligence, and a carefully managed transition to protect vulnerable tenants. These steps are resource-intensive but manageable with appropriate project oversight.

Option Description: This option would see Council sell/transfer the portfolio to ÖCHT to assume ownership and management of the portfolio (excluding 1-16 Friendship Lane).

Overall, this option delivers a financially sustainable long-term model for the retained Friendship Lane units and transfers the bulk of housing delivery to a specialist provider with stronger capacity to invest and expand. However, it also results in reduced democratic accountability, moderate tenant affordability risks for a small group, and a lower capital return relative to full market divestment.

Financial Effectiveness (40%)	Self-sustainability 4 - Fully financially viable and independent.	Rationale for scoring: This option involves selling 86 units and associated land to ÖCHT, retaining only the 16 newly rebuilt units at Friendship Lane under the HUD funding agreement. Sale would likely be at a reduced price compared to the open market - is estimated to generate \$6-7 million, providing Council with immediate financial relief and enabling the retained units to operate at 80% of market rent, making them self-sustainable.				
	Affordability 3- Generally affordable; minor adjustments may be needed.	Rationale for scoring: It is likely that ÖCHT would need to increase rents to 80% of market in order to run a financially viable service long term. Under this option, single tenants would face a maximum rental increase of 31% (\$78 per week) if they are ineligible for the accommodation supplement. However, with the accommodation supplement – the increase is likely to be heavily subsidized. It is estimated that with the supplement, single tenants would experience an increase of around \$16.80 - \$26.40 per week representing around 29-32% of income. Affordability concerns exist for tenants who are ineligible for the supplement as the increase to 80% of market rent would result in them paying over 40% of income. However, ineligibility for the accommodation supplement is based on the level of assets and income an individual holds so it is likely that these tenants have other financial means that would help support the increase in rental costs. For couples, increasing rents to 80% of market rate would remain largely affordable even for those who do not qualify for the accommodation supplement. Under this model, the rental increase is more than the entry threshold, meaning couples are able to apply for the supplement compared to the current rate which does not meet the current threshold.				
			Single without AS (full rate)	Single with AS (subsidised)	Couple - Without AS (full rate)	Couple - with AS (subsidised)
	80% market (low)	\$216 (40.2%)	\$159.30 (29.6%)	\$216 (25.9%)	\$209.70 (25.16%)	
	80% market (mid)	\$232 (43.1%)	\$164.10 (30.5%)	\$232 (27.8%)	\$214.50 (25.7%)	

Option Description: This option would see Council sell/transfer the portfolio to ŌCHT to assume ownership and management of the portfolio (excluding 1-16 Friendship Lane).						
		80% market (high)	\$248 (46.1%)	\$168.90 (31.3%)	\$248 (29.1%)	\$219.30 (26.33%)
		1 -16 Friendship Lane	\$272 (50.6%)	\$176.50 (32.8%)	\$272 (32.6%)	\$226.50 (27.1%)
	Net financial return 3- Moderate financial benefit	Under this option, Council would sell 86 units and associated land while retaining the 16 newly rebuilt units at Friendship Lane in accordance with the HUD funding agreement. The requirement to support affordable housing outcomes means the assets are expected to realise a reduced sale value compared to a full market divestment. Current estimates indicate the sale could generate approximately \$6–\$7 million in capital proceeds. This provides Council with immediate financial relief. However, when compared with a full open-market sale of the portfolio (estimated at \$13–\$14 million), the reduced sale value materially limits the overall financial uplift achieved. The retained Friendship Lane units would be operated at 80% of market rent, allowing them to be financially self-sustaining and operate without ongoing rates input. This avoids any requirement to recycle sale proceeds back into service delivery and supports long-term budget certainty for the retained assets.				
Strategic Effectiveness (30%)	Alignment with national direction and legislation 3 - Mostly aligned; minor gaps in funding or compliance.	Rationale for scoring:				
		Residential Tenancy Act 1986	✓	The service would be delivered in full compliance with this Act under this option.		
		Healthy Homes Standards Regulations 2019	✓	As of early 2025, all 102 units meet the regulations. Compliance monitoring would become the responsibility of ŌCHT.		
		Health and Safety at Work Act 2015	✓	The service is delivered in full compliance with this Act and would continue to be under this option.		
		Local Government (Systems Improvements) Amendment Bill and other local government changes	✓	While the Bill is yet to be passed, it is likely that the service delivery of 1-16 Friendship Lane would meet the drafted definition of core services. As the service would be self-funding under this option, Council would likely be able to retain the service long term even if rates capping is introduced.		

Option Description: This option would see Council sell/transfer the portfolio to ÖCHT to assume ownership and management of the portfolio (excluding 1-16 Friendship Lane).

		Government Funding Streams - Income related rent subsidy (IRRS) - Operating Supplement (OS) - Grants		Council does not currently qualify for IRRS or OS. The recently released Housing Investment Plan excludes Councils from receiving any future government grant funding for existing or new affordable housing. However, ÖCHT would likely become re-eligible for external funding over a Council operated service if any future changes were made.
		Community Housing Funding Agency – low-cost financing		As a registered CHP, there would be a greater degree of financial tools available for capital works associated with delivering a housing portfolio under this model.
	Alignment with community needs and outcomes 3 - Good alignment; adaptable to changing needs.	Rationale for scoring: A ÖCHT run service provides strong alignment with both current and future community housing needs. ÖCHT is a purpose-built organization with a legislated mandate to deliver secure, affordable housing to vulnerable households, including older people on low and fixed incomes. This focus aligns well with Council’s social outcomes objectives while reducing the need for Council to directly manage an increasingly complex housing service. Through ownership, ÖCHT gains certainty of tenure over the portfolio, enabling long-term planning, investment, and redevelopment decisions that are often constrained under shorter or operational management models. Importantly, ÖCHT can leverage land and assets to support new housing supply, allowing them to attract third-party finance and partner with central government to deliver net new housing. This creates a pathway for expanding the overall supply of affordable and social housing in the district. A key advantage of a ÖCHT-led model is access to Income-Related Rent Subsidy (IRRS) for new eligible tenants in newly delivered social housing. Council, as a local authority, is not eligible for IRRS. By contrast, registered CHPs can use IRRS revenue from new dwellings to cross-subsidise the operation and maintenance of affordable (non-IRRS) rentals for the Council portfolio. This mixed-tenure and mixed-funding approach improves overall financial resilience, eliminates reliance on Council funding, and helps preserve affordability for existing elderly tenants who may not qualify for subsidies.		

Option Description: This option would see Council sell/transfer the portfolio to ŌCHT to assume ownership and management of the portfolio (excluding 1-16 Friendship Lane).

	Accountability and Governance 2 - Some governance mechanisms; accountability gaps exist.	Rationale for scoring: While some formal mechanisms remain, significant gaps are introduced through the divestment of Council’s elderly persons housing portfolio to ŌCHT. Registered CHPs are subject to housing legislation that requires appropriate governance structures, regulatory oversight, and compliance with financial and performance standards, providing a baseline level of assurance regarding organisational accountability. Council would also have the opportunity to set key terms at the initiation of the divestment agreement, including service standards, reporting requirements, and expectations that reflect current community priorities. However, once the transfer occurs, Council would no longer retain direct governance oversight or operational control of the portfolio, and decision-making authority would shift entirely to ŌCHT. This represents a material reduction in democratic accountability, as housing decisions would no longer be subject to Council’s governance processes or elected member oversight. While ŌCHT is accountable to regulators, they are not directly accountable to the local community in the same way as Council. In addition, this option removes ongoing community consultation requirements that would otherwise apply to Council-owned assets. Community views can only be captured at the point of agreement initiation, with no guarantee of continued consultation as tenant needs or community expectations evolve over time. Council’s ability to influence outcomes is therefore heavily reliant on the robustness of the initial contractual arrangements, which may become less effective or difficult to enforce over the long term. Taken together, these factors mean that although governance mechanisms exist, they are indirect and time-limited, resulting in reduced transparency, weaker accountability to the community, and limited Council influence following divestment.
Operational Effectiveness (30%)	Asset management 4 -Comprehensive asset management strategy	Rationale for scoring: Under this option, ŌCHT has strong and legislatively mandated asset management obligations that apply to all Community Housing Providers (CHPs), together with the funding structures that enable ongoing asset upkeep and renewal. Under housing legislation and regulatory frameworks, ŌCHT is required to actively manage, maintain, and renew their housing assets to prescribed standards in order to retain registration and operate. This includes maintaining fit-for-purpose dwellings, meeting health and safety standards, and undertaking planned maintenance and long-term renewal to protect asset condition and tenant wellbeing.

Option Description: This option would see Council sell/transfer the portfolio to ÖCHT to assume ownership and management of the portfolio (excluding 1-16 Friendship Lane).

		Unlike Council-owned portfolios that may compete with other infrastructure for capital funding, CHPs like ÖCHT typically operate under funding and financing models that are specifically designed to support sustained asset management. These include access to operating subsidies, income tied directly to housing delivery, and the ability to leverage assets to secure finance for maintenance and renewal programmes. As a result, asset management planning is embedded within ÖCHT's business model and supported by dedicated funding streams rather than discretionary budget processes. ÖCHT is also required to prepare and implement structured maintenance and asset management plans as part of regulatory oversight, including planned maintenance schedules, lifecycle renewal planning, and risk management frameworks. Ongoing compliance monitoring by the housing regulator provides additional assurance that assets are being maintained appropriately over time and that underinvestment in asset conditions would be identified and addressed.
	Fit for purpose service 4 - Fully meets service expectations and enhances wellbeing.	Rationale for scoring: ÖCHT enables a service model that not only meets core housing needs but also enhances tenant wellbeing over the long term. They are well positioned to redevelop or upgrade housing stock with a strong focus on accessibility, mobility, and age-friendly design, including step-free access, adaptable layouts, and features that support ageing in place. This provides greater flexibility to respond to the changing physical needs of older residents and improves long-term suitability of the housing. In addition to improved physical design outcomes, CHPs like ÖCHT typically operate integrated service models that support wrap-around services for older tenants. This may include stronger links to health, social, and support services, tenancy sustainment initiatives, and proactive engagement with vulnerable residents. These approaches go beyond the provision of accommodation alone and contribute to improved safety, independence, and overall quality of life. This option provides greater long-term security for tenants through access to a stable housing provider whose core purpose is the delivery and management of social and affordable housing.
	Operational efficiency	Rationale for scoring: CHPs, particularly ÖCHT, typically operate at greater scale and with a specialist focus on housing delivery, enabling more streamlined tenancy management, maintenance scheduling, and asset operations compared with a small,

Option Description: This option would see Council sell/transfer the portfolio to ÖCHT to assume ownership and management of the portfolio (excluding 1-16 Friendship Lane).

	3 - Efficient operations with room for improvement.	stand-alone council housing portfolio. This can result in improved standardisation of processes, clearer role separation, and access to dedicated housing management expertise. Operational efficiencies may also be realised through integrated service delivery models, where tenancy management, maintenance, and support services are coordinated within the same organisation. This can reduce duplication, improve responsiveness, and support more consistent service delivery for elderly tenants. Over time, this specialist operating model is likely to be more efficient than Council-managed arrangements that must balance housing delivery alongside a broad range of competing functions. While this option offers a greater degree of operational efficiency compared to other models, it is likely that ÖCHT will still be operating in constrained environments under a layered governance structure and therefore not considered “highly efficient”.
	Achievability 2 - Moderate challenges; achievable with support.	Rationale for scoring: While divestment of the elderly persons housing portfolio to ÖCHT is feasible, it presents a number of procedural, legal, and stakeholder-related challenges that would need to be carefully managed. Divestment would involve negotiations to structure an appropriate transfer arrangement, including due diligence on asset condition, financial implications, service standards, and long-term risk allocation. A key implementation challenge is the need for public consultation, as this option involves Council giving up ownership and governance control of a strategic community asset. Operationally, transitioning housing management, tenancy arrangements, and potentially staff to a third-party provider introduces additional coordination risks. Maintaining service continuity for vulnerable elderly tenants during the transition would require dedicated project governance, clear communication, and strong support mechanisms. While these challenges are substantive, the option remains achievable with appropriate resourcing, specialist legal and commercial advice, strong project governance, and early stakeholder engagement. Progressing this option with a CHP like ÖCHT with relevant experience also supports feasibility.

5.2.3 Sale to open market

Sale to open market: This option would see Council sell 86 units and land (entire portfolio less 1-16 Friendship Lane) on the open market.

Total score: 22/ 40

Option summary:

This option involves selling 86 units and associated land on the open market, retaining only the 16 newly rebuilt units at Friendship Lane under the HUD funding agreement. The sale is estimated to generate \$13–\$14 million, providing Council with immediate financial relief and enabling the retained units to operate at 80% of market rent, making them self-sustainable.

The option scores highly for self-sustainability as the retained units would cover their costs without rates input. However, affordability for tenants would be severely compromised. Private purchasers are likely to charge full market rents (e.g., minimum of \$320 per week), pushing housing costs to minimum of 35% of income for low-income pensioners, above affordability thresholds. This creates a significant risk of hardship for current and future tenants.

While the retained units would comply with legislation and healthy homes standards, the option aligns poorly with Council’s vision and community outcomes. Selling the portfolio removes Council’s ability to provide safe, affordable housing for vulnerable elderly residents, conflicting with strategic objectives and community expectations. With an ageing population, declining home ownership, and limited alternative providers, divestment would exacerbate housing insecurity. Accountability would also diminish, as private owners are not subject to the same governance standards.

Operationally, Council would gain efficiencies by managing a smaller, newer portfolio with minimal maintenance needs. However, the overall service would no longer be fit for purpose. Accessibility and mobility considerations for elderly tenants would likely be deprioritized by private landlords, reducing the quality and suitability of housing in the district. Achievability is moderate: while legally possible with 90 days’ notice under the Residential Tenancies Act, the scale of divestment (>30%) triggers a special consultative procedure and requires significant engagement with affected tenants and the wider community.

This option delivers short-term financial benefits and operational simplicity but fails to meet long-term community needs. It risks severe social impacts, including increased housing stress and reduced equity for elderly residents. Selling the portfolio would undermine Council’s strategic role and reputation, making this option a poor fit with its vision and the district’s changing demographic realities.

Financial Effectiveness (40%)	Self-sustainability 4 - Fully financially viable and independent.	Rationale for scoring: Under this option, Council would sell the entire portfolio (excluding 1-16 Friendship Lane) on the open market. High level appraisals have estimated the sale value to be approximately \$13 – \$14m. Council would retain 1-16 Friendship Lane as per the funding agreement with HUD, but this would be operated at 80% of market rate making it a self-sustainable service.
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Sale to open market: This option would see Council sell 86 units and land (entire portfolio less 1-16 Friendship Lane) on the open market.		
	Affordability 1 - Rents exceed affordability thresholds, risk of tenant hardship.	Rationale for scoring: It is likely that the portfolio would be purchased by investors looking to utilize the units as private rentals and would therefore likely increase rents to full market rate in order to generate a financial return. This would result in low-income pensioners facing dramatic increases in rental costs. For example, if an investor opted to charge \$320 per week, a single tenant eligible for the accommodation supplement would expect an increase of around \$40 per week compared to Council's current rent levies, representing around 35% of income. Rents for 1-16 Friendship Lane would be of similar affordability to a modified status quo approach.
	Net financial return 4 - Strong financial benefit.	Under this option, Council would sell the majority of the housing portfolio on the open market, excluding 1-16 Friendship Lane, which must be retained in accordance with the HUD funding agreement. Independent high-level appraisals indicate the sale could realise approximately \$13-\$14 million in capital proceeds, representing a significant and immediate financial gain for Council. This level of capital return materially exceeds the financial benefits available under other options. The sale proceeds would provide Council with substantial flexibility to retire debt, invest in priority capital projects, or rebuild reserves, resulting in a strong and durable improvement to Council's balance sheet. In addition to the capital receipt, selling the portfolio would fully remove Council's exposure to ongoing operating deficits, deferred maintenance liabilities, and long-term asset risk associated with the divested units. This includes the transfer of future maintenance, renewal, and market risks to the private sector, substantially reducing Council's future financial obligations. While Council would retain 1-16 Friendship Lane, these units would be operated at 80% of market rent, allowing the remaining service to be financially self-sustaining without ongoing rates subsidy. As a result, Council avoids the need to reallocate a portion of the sale proceeds to support ongoing housing operations.
Strategic Effectiveness (30%)	Alignment with national direction and legislation 2- Partial alignment; may	Rationale for scoring: Residential Tenancy Act 1986  Service delivery for 1-16 Friendship Lane would be delivered in full compliance with this Act under this option. Any private landlord who purchased the units would also need to comply with the Act.

Sale to open market: This option would see Council sell 86 units and land (entire portfolio less 1-16 Friendship Lane) on the open market.

	miss opportunities or face compliance risks.	Healthy Homes Standards Regulations 2019	✓	Units at 1-16 Friendship Lane were rebuilt to be fully compliance with these regulations. Ongoing compliance and monitoring for sold units would become the responsibility of the purchaser.
		Health and Safety at Work Act 2015	✓	Service delivery for 1-16 Friendship Lane would be delivered in full compliance with this Act under this option. Any private landlord who purchased the units would also need to comply with the Act.
		Local Government (Systems Improvements) Amendment Bill and other local government changes	✓	While the Bill is yet to be passed, it is likely that the service delivery of 1-16 Friendship Lane would meet the drafted definition of core services. As the service would be self-funding under this option, Council would likely be able to retain the service long term even if rates capping is introduced.
		Government Funding Streams • Income related rent subsidy (IRRS) • Operating Supplement (OS) • Grants	✗	Council does not currently qualify for IRRS or OS. The recently released Housing Investment Plan excludes Councils from receiving any future government grant funding for existing or new affordable housing. This option would not alter the outcome of this decision.
		Community Housing Funding Agency – low-cost financing	✗	Council is not a registered community housing provider and therefore does not qualify for low-cost financing through CHFA under this option.
	Alignment with community needs and outcomes 1 - Poor fit with Council vision or community expectations.	Rationale for scoring: Selling the Elderly Persons Housing (EPH) portfolio would conflict with Council’s strategic vision, community outcomes, and future needs. The service exists to provide safe, affordable housing for some of the district’s most vulnerable residents, low-income elderly people, removing this provision would undermine these objectives and would likely attract negative community attention. Demographic trends show a rapidly ageing population, declining home ownership, and limited retirement savings, all pointing to increased demand for affordable housing over the next 20 years. Selling the portfolio would likely create a significant gap in housing supply that cannot be filled elsewhere, leaving elderly residents in the community at risk of housing insecurity and financial hardship.		

Sale to open market: This option would see Council sell 86 units and land (entire portfolio less 1-16 Friendship Lane) on the open market.

	Accountability and Governance 1 - Limited transparency or community oversight.	Rationale for scoring: Council would still be accountable to the community for the management and governance of 1-16 Friendship Lane but would no longer have any decision – making ability regarding the future use of the portfolio being sold. Any other owner wouldn’t have the same level of accountability to the community and therefore community oversight over the provision of low-cost rental accommodation in the district would be diminished.
Operational Effectiveness (30%)	Asset Management 3- Good planning; some gaps in execution.	Rationale for scoring: Under this option, Council would be able to fund a comprehensive asset management plan for 1-16 Friendship Lane with no deferred maintenance associated to these units to address.
	Fit for purpose service 1 - Basic service provision; lacks enhancements.	Rationale for scoring: The units at 1-16 Friendship Lane are the most mobility friendly in the portfolio meaning that Council retains units that more suitability suit the needs of aging tenants. However, under this option it is unlikely that accessibility and mobility needs would be taken into consideration if a private landlord rented these units on the open market. Therefore, overall, this option does not optimize or support the long-term provision of accessible and fit for purpose housing.
	Operational Efficiency 2 - Some efficiencies; limited scale or capability.	Rationale for scoring: Under this option the portfolio size would be significantly reduced, and the retained units would require a reduced level of maintenance due to their age which would lead to a reduced administrative workload for Council officers. Under this option Council may gain efficiencies in FTE allocation but internal overheads would still exist.
	Achievability 2 - Moderate challenges;	Rationale for scoring: The divestment of the suggested units equates to more than 30% of the portfolio meaning Council would need to undergo public consultation under the Community Engagement Policy.

Sale to open market: This option would see Council sell 86 units and land (entire portfolio less 1-16 Friendship Lane) on the open market.

achievable with support.

Under the Residential Tenancy Act 1986, Council can end periodic tenancies of affected tenants by giving 90 days' notice. However, given the nature of the service and the accountability to the community, Council would likely need to carry out some engagement with the affected tenants and work with other housing providers to assist tenants in finding alternative suitable accommodation.

There would also be some upfront costs associated with this option for completing the sale of property.

