

ROTORUA LAKES COUNCIL

Mayor  
Members  
COUNCIL

**CONFIDENTIAL ITEMS TO BE RELEASED**

**Report prepared by:** Rick Dunn, Governance & Democracy Advisor

**Report reviewed by:** Debbie Cossar, Governance & Democracy Manager

**Report approved by:** Gina Rangi, Interim Chief Executive

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**1. TE PŪTAKE  
PURPOSE**

The purpose of this report is to provide an update on confidential items which are to be released since the previous Community and District Development and Infrastructure & Environment Committee meetings.

**2. HE TŪTOHUNGA  
RECOMMENDATION**

**That the report “Confidential items to be released” be received.**

**3. TE TĀHUHU  
BACKGROUND**

**3.1 Council’s Standing Orders, Clause 18.5 ‘Release of information from public excluded’ states:**

“A local authority may provide for the release to the public of information which has been considered during the public excluded part of a meeting.

Each public excluded meeting must consider and agree by resolution, what, if any, information will be released to the public. In addition the chief executive may release information which has been considered at a meeting from which the public has been excluded where it is determined the grounds to withhold the information no longer exist. The chief executive will inform the subsequent meeting of the nature of the information released.”

#### 4. HE WHAKARAPOPOTOTANGA O NGĀ WHAKATAUNGA MATATAPU KUA PUTAINA SUMMARY OF CONFIDENTIAL DECISIONS RELEASED

ITEM NO.	ITEM	MEETING
4.1.1	Review of the Pensioner Housing Portfolio.	Community & District Development Committee meeting. 12 July 2023.
4.1.2	Appointment of Board Members for RotoruaNZ Limited Board, a Council Controlled Organisation (CCO).	Community & District Development Committee meeting. 12 July 2023.
4.2.1	Appointment of Board Members and Chairperson for Rotorua Regional Airport Limited, a Council Controlled Organisation (CCO).	Community & District Development Committee meeting. 9 August 2023.

#### 4.1 The following recommendations were resolved at the Community and District Development Committee meeting (Confidential items) held 12 July 2023.

##### 4.1.1 Review of the Pensioner Housing Portfolio.

Resolved

1. That the report 'Review of the Pensioner Housing Portfolio' be received.

Moved: Cr Waru

Seconded: Cr Brown

CARRIED

Jean Paul Gaston and Stephanie Kelly overviewed the report and spoke to a presentation titled "Pensioner Housing" (Attachment 1).

Further resolved

2. That the Committee directs staff to investigate and develop options for the future management and/or ownership of the Pensioner Housing Portfolio to achieve the following objectives:
  - Ensure ongoing housing security for existing tenants.
  - Provide greater support services for vulnerable tenants.
  - Ensure that the portfolio is financially sustainable including not requiring ratepayer funding to meet capital and operational maintenance costs.
  - Create opportunities for growth of the portfolio in the future.
3. Staff to investigate and report back on a review of the pensioner housing policy.
4. That this report and minutes relating to this item be made publicly available following any decision of the Committee to progress a change in the management and/or ownership of the

pensioner housing portfolio and the necessary information being communicated to existing tenants.

Moved: Mayor Tapsell  
Seconded: Cr Lee  
CARRIED

Vote recorded against - Cr Paterson and Cr O'Brien.

See Attachment 1 for Review of the Pensioner Housing Portfolio report to be released (Doc ID: 19393639).

#### **4.1.2 Appointment of Board Members for RotoruaNZ Limited Board, a Council Controlled Organisation (CCO).**

##### **Resolved**

- 1. That the report 'Appointment of Board Members for RotoruaNZ Limited Board, a Council Controlled Organisation (CCO)' be received.**

Moved: Cr O'Brien  
Seconded: Cr Barker  
CARRIED

Jean-Paul Gaston and Julie-May Ellingson overviewed the report and spoke to a presentation titled "Board Membership -RotoruaNZ" (Attachment 2).

Further resolved

2. That Sarah Meikle be appointed to the RotoruaNZ Limited Board for a 3 year term from 1 August 2023 to 1 August 2026.
3. That Marisa Bidois be appointed to the RotoruaNZ Limited Board for a 2 year term from 1 August 2023 to 1 August 2025.
4. That Paul Button be appointed to the RotoruaNZ Limited Board for a 3 year term from 1 August 2023 to 1 August 2026.
5. That the board fees for the CCO remains unchanged.
6. That this report not be made publically available.
7. That the minutes relating to this item be made publically available following notification of the successful and unsuccessful candidates.

Moved: Cr Wang  
Seconded: Cr Waru  
CARRIED

**4.2 The following recommendation was resolved at the Community and District Development Committee meeting (Confidential items) held 9 August 2023.**

**4.2.1 Appointment of Board Members and Chairperson for Rotorua Regional Airport Limited, a Council Controlled Organisation (CCO).**

Resolved:

2. That the report "Appointment of Board Members and Chairperson for Rotorua Regional Airport Limited, a Council Controlled Organisation (CCO)" be received.

Moved: Cr Maxwell

Seconded: Cr Brown

CARRIED

Jean-Paul Gaston and Julie-May Ellingson overviewed the report and spoke to a presentation titled "Appointment of Board Members to Rotorua Regional Airport – a Council Controlled Organisation (CCO)" (Attachment 7).

Further resolved:

2. That Kevin Ward be appointed to the Rotorua Regional Airport Limited Board for a 3-year term from 9 October 2023 to 9 October 2026 and further that he be appointed as Chairperson of the Rotorua Regional Airport Limited Board from 1 January 2024.
3. That Danielle Auld be appointed to the Rotorua Regional Airport Limited Board for a 2-year term from 6 October 2023 to 6 October 2025.
4. That Marie Hosking be appointed to the Rotorua Regional Airport Limited Board for a 2-year term from 9 October 2023 to 9 October 2025.
5. That Mark East be appointed to the Rotorua Regional Airport Limited Board for a 3-year term from 9 October 2023 to 9 October 2026.
6. That the board fees for the CCO remain unchanged.
7. That this report is not made publically available.
8. That the minutes relating to this item be made publically available following notification of the successful and unsuccessful candidates.

Moved: Cr Kai Fong

Seconded: Cr Waru

CARRIED

**5. TĀPIRINGA  
ATTACHMENT**

Attachment 1: Review of Pensioner Housing Portfolio report (Community & District Development Committee meeting - 12 July 2023)

Attachment 1

Doc No: 19393639

ROTORUA LAKES COUNCIL

Mayor  
Chair and Members  
COMMUNITY AND DISTRICT DEVELOPMENT COMMITTEE

**REVIEW OF THE PENSIONER HOUSING PORTFOLIO****Report prepared by:** Stephanie Kelly, Development and Partnerships Manager**Report reviewed by:** Jean-Paul Gaston, Deputy Chief Executive – District Development**Report approved by:** Geoff Williams, Chief Executive

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**1. TE PŪTAKE  
PURPOSE**

The purpose of this report is to seek direction from the Committee with regards to the development of options for the future management and/or ownership of the pensioner housing portfolio.

**2. NGĀ TŪTOHUNGA  
RECOMMENDATIONS**

- 1. That the report 'Review of the Pensioner Housing Portfolio' be received.**
- 2. That the Committee directs staff to investigate and develop options for the future management and/or ownership of the Pensioner Housing Portfolio to achieve the following objectives:**
  - **Ensure ongoing housing security for existing tenants.**
  - **Provide greater support services for vulnerable tenants.**
  - **Ensure that the portfolio is financially sustainable including not requiring ratepayer funding to meet capital and operational maintenance costs.**
  - **Create opportunities for growth of the portfolio in the future.**
- 3. That this report and minutes relating to this item be made publicly available following any decision of the Committee to progress a change in the management and/or ownership of the pensioner housing portfolio and the necessary information being communicated to existing tenants.**

**3. TE TĀHUHU  
BACKGROUND**

As with many Councils, Rotorua Lakes Council provides housing units for older people who meet the age, income, asset and independent living criteria in Council's Pensioner Housing Policy (**Attachment**

1). The Pensioner Housing Portfolio includes 152 housing units, either a bed-sit or one-bedroom, in five locations in Rotorua. A summary of the portfolio is provided below:

Location	1-bed	Bedsit
Dawson Drive, Ngongotahā	8	
Westbrook Complex (Osiris, Thebes, Pharoah Streets)	9	
Domain Avenue, Ngongotaha	6	1
Lucas Place, Fenton Park	1	65
Kahikatea Street, Glenholme (Rawhiti Complex)	30	
Miller Street, Glenholme (Rawhiti Complex)	16	16

The majority of the units were constructed between the 1950's and 1980's. The most recent units were constructed in 2005 when Council undertook a redevelopment of 30 units in Miller Street with the support of government funding. This was a suspensory from the Housing New Zealand Corporation for \$1,532,362 (approximately 50% of the rebuild cost). It is not required to be paid back as long as Council retained the units for pensioner housing for the 20 year term of the loan agreement. The loan agreement expires in 2026. Council has subsequently not been eligible to access central government funding to further upgrade the pensioner housing stock.

Reform of the social housing sector by central government in 2013 has meant local government is ineligible to be a Community Housing Provider (CHP), and our tenants therefore cannot access the Income Related Rent Subsidy (IRRS). The IRRS enables a CHP to claim a market rental by covering the balance between what a community housing tenant pays in rent (generally 25% of their income), and the market rent for the property.

The current rental for a pensioner housing unit is between \$86.85 and \$129.44 for a single person and \$115.48 and \$162.76 for a couple, dependent on the type of unit and its location. There has been no rental increase since 2018. Based on 100% occupancy the total rental revenue generated by the pensioner housing units is \$766,427 per annum. The projected rental income for 2023 financial year is \$746,000.

The current budget for refurbishments and reactive replacements (e.g. heaters, stoves, bathrooms fittings) is \$590,000 per annum. Refurbishment of the units is undertaken as they become vacant. Of the 152 units, 24 have been refurbished over the last 15 years. The average cost for refurbishment is \$40k per unit. In addition to the annual capital cost, the operational cost to Council for the Pensioner Housing Portfolio is approximately \$1,581,724 per annum requiring ratepayer funding of a minimum of \$815,297 per annum (dependent on annual rental income).

There is an increasing demand for pensioner housing. The current waiting list for Council's pensioner housing units is capped at 40 people with the average occupancy of a pensioner housing unit being 15 years. The age of Rotorua's demographic is getting older, while the total population is increasing. Currently 11,700 Rotorua residents are aged 65+, 15% of the population. This is projected to increase to over 18,000 by 2048, 23% of the population. 40% of kiwi seniors survive on the pension alone and while people receiving the pension are able to access supplementary financial assistance from the Ministry of Social Development (MSD) including an accommodation supplement and temporary additional support, increasingly elderly people in New Zealand are living in poverty<sup>1</sup>.

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<sup>1</sup> Age Concern 2022

Many of Council's tenants have complex social and health issues. Council has no ability to provide the necessary wrap around services to support these tenants and our staff inadvertently end up providing this support but are not equipped to do so.

#### **4. TE MATAPAKI ME NGĀ KŌWHIRINGA DISCUSSION AND OPTIONS**

In 2016, in response to the issues above, Council directed staff to investigate and develop models for partnering with a CHP and/or lease or sale of the Council pensioner housing stock to a CHP, with the following objectives:

- To provide greater support services for vulnerable tenants
- To ensure a financially viable and sustainable future for the provision of pensioner social housing which:
  - Enables improvement to meet quality standards of the homes
  - Enables the growth of a number of homes for the provision of pensioner housing (or other social or affordable housing).

In 2017, significant community engagement was undertaken on options for the future of the Pensioner Housing Portfolio through the Long Term Plan consultation process. The sale of the pensioner housing stock to an experienced CHP was identified as the preferred option with the proceeds being used to repay debt. On this basis an open Request for Expressions of Interest, and then a selected invitation to Request for Proposals (RFP) was undertaken.

The RFP process resulted in two proposals to purchase the pensioner housing stock, both offering a significantly lower price than expected. Both proposers were asked to reconsider different models, whereby they purchase only the improvements (not the land), or lease the facilities long-term. Only one proposer was interested in investigating different models.

Negotiations with the proposer continued throughout 2018 in an effort to reach a financial model and agreement that was suitable for both parties. This included investigating combinations of lease and/or sale, however an agreement was not able to be reached. The primary reasons for this was due to the purchase offer being significantly lower than the value of the asset on the Council's books, and that the model proposed would only have generated enough revenue to meet expected capital maintenance costs providing no ability to grow the portfolio. This was largely attributed to existing tenants not being eligible to receive the IRRS, only new tenants.

The ongoing issues associated with the cost and management of the Pensioner Housing Portfolio are not unique to this Council. A number of Councils around the country have progressed alternative management/ownership models for their social and pensioner housing over recent years. Significantly, where Councils have progressed a sale option, it has been at 50% or less of the book value of the asset.

The work undertaken by other Councils together with the learnings from the previous RFP process provides a solid basis to again consider options for the future management and/or ownership of Council's Pensioner Housing Portfolio. It is therefore recommended, that further investigation is undertaken and options developed for the future management and/or ownership of the Pensioner Housing Portfolio that seeks to achieve the following objectives:

- Ensure ongoing housing security for existing tenants;
- Provide greater support services for vulnerable tenants;
- Ensure that the portfolio is financially sustainable including not requiring ratepayer funding to meet capital and operational maintenance costs; and

- Create opportunities for growth of the portfolio in the future.

## **5. TE TINO AROMATAWAI ASSESSMENT OF SIGNIFICANCE**

The Pensioner Housing Portfolio is considered a strategic Council asset. The decisions or matters in this report are part of a process to arrive at a decision that may be significant in accordance with Council's Significance and Engagement Policy. This states that the matter shall be determined to be significant if:

- (g) It involves a proposal or decision to transfer ownership or control, or abandonment, of a strategic asset from Council.

As a significant decision or matter, the Council must apply greater diligence to the decision making required of the Local Government Act 2002 sections 76-82. This includes the degree to which different options are identified and assessed and the extent to which community views are considered.

## **6. NGĀ KŌRERO O TE HAPORI ME TE WHAKATAIRANGA COMMUNITY INPUT/ENGAGEMENT AND PUBLICITY**

Significant community engagement was undertaken in 2017 on options for the future of the Pensioner Housing Portfolio through the Long Term Plan consultation process. The outcome of the engagement process at the time was that the vast majority of respondents supported the pensioner housing stock being sold to an experienced CHP.

Given the significance of the decision and the time that has passed since this work was initially undertaken, further community consultation will be required should Council choose to progress any of the options that may be developed as an outcome of the decisions of this report.

Early engagement with Council's tenants will be critical to ensure that they are fully informed about any potential changes to the ongoing ownership and management of the Pensioner Housing Portfolio.

## **7. HE WHAIWHAKAARO CONSIDERATIONS**

### **7.1 Mahere Pūtea Financial/budget considerations**

Legal advice will be required in the development of options for the future management and/or ownership of the Pensioner Housing Portfolio. This cost can be met within existing operating budgets.

The current value of the pensioner housing portfolio on Council's balance sheet is approximately \$25 million.

### **7.2 Kaupapa Here me ngā Hiraunga Whakariterite Policy and planning implications**

The decisions associated with this report supports a number of the Council priorities including:

- Planning and consenting to provide enough housing options
- Ensuring homes are healthy and fit for purpose



- Enhanced community wellbeing for all
- Prudent financial management

The land at the Fenton Park pensioner housing complex at Lucas Place, was set aside for the purpose of an aerodrome and is subject to the Reserves and other Lands Disposal Act 1962. The disposal of the land would require approval from the Minister of Conservation. The proceeds would be distributed according to the Act, to the Crown, Council and Airport.

### **7.3 Tūraru Risks**

There is a risk that unnecessary concern could be created for existing tenants if there was a breach in confidentiality of the information in this report. If in the future there is a decision to progress an alternative option for the future management and/or ownership of the Pensioner Housing Portfolio, it is essential that this is communicated by Council to existing tenants, at the earliest opportunity.

At this stage there are no other significant risks associated with the decisions of this report.

### **7.4 Te Whaimana Authority**

The Committee has authority to make decisions associated with this report.

## **8. TĀPIRINGA ATTACHMENT**

Attachment 1: Pensioner Housing Policy