



CHiLD POVERTY ACTION GROUP

Social Housing Submission to Christchurch City Council

About CPAG in Christchurch

The Child Poverty Action Group (CPAG) is an independent charity working to eliminate child poverty in New Zealand through research, education, and advocacy.

CPAG was formed in 1994 out of deep concern for the rising level of poverty in New Zealand and its effects on children. CPAG has over 2,500 members and supporters across New Zealand including leading academics, doctors, teachers, health professionals, community workers and many other people concerned about the poorest children in New Zealand society.

CPAG has networks in Whangarei, Auckland, Wellington, and Christchurch. This submission is on behalf of the Christchurch network. Email: chch@cpag.org.nz

Submission in Brief

The Child Poverty Action Group would like to acknowledge Christchurch City Council's unique circumstances as it considers its housing portfolio post-earthquake and following the changes to the Government's Social Housing Reform Programme. We appreciate the Council looking for ways to move forward in its housing asset management, and hope that the needs of existing tenants and the wider community will be held at equal value in this difficult context.

Our submission makes three main points in support of Council retaining its social housing stock:

Council should not move to incorporate its stock into an "arm's length entity" in an attempt to access the government's income-related rent subsidy. We prefer for full ownership and control of social housing to remain with Christchurch City Council because of the leadership they have demonstrated in the area of social housing and the infrastructure they have in place to maintain it.

We believe the Government's Social Housing Reform Programme's decision to preclude local government from income-related rent subsidies is a mistake, and that it would be a mistake to yield to this misguided policy. We would like to acknowledge that no amount of rent subsidy will address the underlying lack of housing supply, but that it will maintain inflated rents.

The financial information available does not provide a clear picture of circumstances, and this needs to be rectified. If financial circumstances make retention of all social housing unaffordable, then we support a more gradual repair/replenishment programme.

Evaluating the housing portfolio is, of course, necessary. Ultimately, we are concerned about the resources and energy that would be devoted to some of the options being proposed by Council—options that are not clearly superior to Council's current arrangement and which are unlikely to address core problems relating to housing in Christchurch.

Fortunately, we also acknowledge that there are opportunities in evaluating the housing portfolio, and we hope that Christchurch will benefit long-term from some of these.

Background

Why this matters to us

Poor housing causes ill health among children, as well as being an indicator of poor life outcomes among children who have been brought up in poverty. As children are growing and developing they are very vulnerable to the quality of the indoor environment—especially because young children (and older adults) spend 90% of their time at home¹.

CPAG is aware that the present clients of Christchurch City Council Social housing include the elderly, persons with disabilities, sickness or unemployment beneficiaries and people on very low incomes. Very few children are housed by Christchurch City Council social housing. This issue is important to CPAG because of the leadership and authority the Council has displayed in the provision of social housing in Christchurch.

Although Christchurch City Council is the second-largest landlord in New Zealand, it is worth bearing in mind that compared with other OECD countries, New Zealand has low proportions of social and community housing.² As a result, disproportionately high numbers of low-income households, including large numbers of children, live in a private rental housing which is largely unregulated, often of poorer quality than other tenure types, and which offers little security.

¹ Marsh, A., Gordon, D., Pantazis, C., & Heslop, P. (2000). *Home Sweet Home? The impact of housing on health*. Bristol: The Policy Press.

² Expert Advisory Group on Solutions to Child Poverty. (2012). *Expert Advisory Group Working Paper no. 18: Housing policy recommendations to address child poverty*. Wellington: Office of the Children's Commissioner.

These circumstances have significant impacts on the health, educational, and well-being outcomes for children.³

The City Council has the opportunity to set a high standard for warm, dry, quality housing in its stock. The availability of Council housing stock reduces the demand on other sources for housing that may be of adequate quality and affordability for families with children. The Christchurch City Council may not have a record of delivering housing for children, but they have demonstrated a commitment to meeting the needs of some of our most vulnerable citizens, which we see as crucial.

Opportunities

As Council reflects on its housing portfolio, it may also be an apt time to consider other matters relating to social housing stock.

If they chose to, City Council could expand its criteria for social housing to meet some of the current gaps in housing could be reduced, particularly for young people and families with children.

Council could establishing a Warrant of Fitness for their housing. State housing is currently considered to be in better condition than private rental housing, and the introduction of a Warrant of Fitness, even just for Council's social housing stock, would distinguish Council's social housing.⁴

The City Council proposal discusses different relationship arrangements with Community Housing Providers. Relationships with NGOs, regardless of their possible partnership in an "arm's length entity," could be developed with the intention of integrating wrap-around services for Council housing tenants.

Income-related rent subsidy

We disagree with the government's decision to exclude local authorities from eligibility for the Income-Related Rents Supplement (IRRS). We do not support the Council restructuring its housing portfolio to access IRRS at the expense of its long-term full ownership of and autonomy over its housing stock.

We also have concerns about existing tenancies if the portfolio were to be restructured. It appears that the subsidy is only available for new tenancies; unless current tenancies are able to access a new tenancy agreement with the "arm's length provider," the process has the potential to be extremely disruptive for Council housing tenants.

Another concern is around tenants who may not meet the criteria for IRRS. It is possible some current tenants, even those in vulnerable groups, would not qualify for the subsidy—which

³ Ibid.

⁴ Statistics New Zealand. (2011). *Demographic Trends: 2011*. Retrieved from <http://www.stats.govt.nz>

would either make the dramatic changes to the housing portfolio less financially worthwhile, or would put vulnerable tenants at greater risk of being evicted.

Eligibility for the IRRS and what this would mean for existing Council tenants should be investigated further, and Council should also clarify its intentions around maintaining existing tenancies.

Ultimately, however, looking to completely restructure the Council housing portfolio to access subsidy will not address either the poverty traps created by abatement regimes or the more fundamental problems that these subsidies are not driving any effective supply response.

We strongly believe that the decision to exclude Council from the IRRS was largely ideological and short-sighted; however, we also acknowledge that while the supplement may make housing more affordable for recipients, it also pumps more money into the housing market, driving up demand and making investment in existing housing more appealing, rather than increasing supply of quality housing. The underlying issues of supply remain largely unaddressed.

“Arm’s-length” entities

We are reluctant to support the Council surrendering its ownership and control of social housing in favour of an unproven model. For other branches, reactions to a proposal of this nature might be different. Few Councils have demonstrated the leadership that Christchurch City Council has in the provision of social housing. While a Council with less experience in the provision of social housing may be able to increase impact by partnering with community and affordable housing providers, it appears that our Council has successfully managed its own housing stock for years. We believe it would be unsound to put the operation and direction of Council’s social housing at risk.

We also have concerns that this initiative would lead to further privatisation of social housing stock in the interest of a company with different interests than Council, which is likely to come at the expense of the most vulnerable in Christchurch.

Transferring social housing stock and funds to community housing providers has not always gone smoothly, either. In Australia, Victoria’s programme came under scrutiny for a variety of reasons—key concerns included that the housing organisations lacked scrutiny, that Government gave away land without guarantees of housing being built, and that developers were only obliged to build social housing for the first ten years.⁵ Victoria’s experience demonstrated that transferring stock and funding to community housing providers does contain risks, even with a regulatory body.⁶

⁵ Victoria Auditor General (2010). *Access to Social Housing*. Retrieved from

http://download.audit.vic.gov.au/files/20100623_Social_Housing_Full_Report.pdf

⁶ Howden-Chapman, P., & Chisholm, E. (27 June 2013). *Submission to the Social Services Select Committee: Social Housing Reform (Housing Restructuring and Tenancy Matters Amendment) Bill*. Wellington: He Kainga Oranga, the Housing and Health Research Programme, based in the University of Otago.

It is also understood that during consultation on the Government's Social Housing Reform Programme, some NGOs expressed concerns about the quality of housing stock that might be transferred to them.⁷ We are not certain the extent to which "arm's-length entities" have been consulted on with possible partners, and would be curious to know the level of interest that has been expressed and the viability that has been estimated.

Finally, all having been said, there is also nothing to preclude Community Housing Providers from moving forward with their plans independently of Council. It may also be possible for Council to have some say in NGO provision of housing through the MOUs that currently exist between Christchurch City Council and approximately twelve NGOs and private sector providers.

Timeframes

We acknowledge that there is a housing crisis in Christchurch; we would like to see solutions as soon as possible, but we would also like for these solutions to be high-quality and enduring. Therefore, if the opportunities or suggestions we have posited do not seem workable in the near future, we would prefer for Council to maintain full ownership and control of its own stock, engaging in a gradual replenishment programme.

We also appreciate that there may still be uncertainty that makes it challenging to confidently make a decision of this magnitude at this point in time. Although the housing issues facing our city are urgent, we would not want to see a decision made hastily.

The existing Council entity has infrastructure for and experience with managing social housing stock; Council should be able to do this purposefully and without conceding the majority of its direction and purpose.

Specific responses

1. *Overall, do you support or not support the Council's social housing objective?*

DO NOT SUPPORT

We support the Council's efforts to better address the shortage of social housing, but we have serious concerns about Council's approach as it relates to the Government's Social Housing Reform Programme. We believe the Government's Social Housing Reform Programme's decision to preclude local government from income-related rent subsidies is a mistake, and that it is a mistake to pander to this misguided policy.

We would like to acknowledge that no amount of rent subsidy will address the underlying lack of housing supply, but that it will maintain inflated rents. Even the most clever ownership models are not offering solutions to this serious problem.

⁷ Public Health Association of New Zealand. (25 June 2013). *Submission to the Social Services Select Committee: Social Housing Reform (Housing Restructuring and Tenancy Matters Amendment) Bill*.

2. *For each of the initiatives proposed, please indicate whether you support or do not support that initiative:*
- a. *CCC Establishes as a limited liability company in which the Council will have an interest of up to 49%, and that will be eligible for registration as a community housing provider under the provisions of the Housing Restructuring and Tenancy Matters (Community Housing Provider) Regulations 2014.*
DO NOT SUPPORT
We are reluctant to support Council selling assets in favour of a mixed ownership model, especially when it appears to be motivated largely by a desire to access a government subsidy. We prefer for full ownership and control of social housing to remain with Christchurch City Council—an entity which has infrastructure for and experience with managing social housing stock; Council is able to do this purposefully and without conceding 51% of its direction and purpose. We also have concerns that this initiative would lead to further privatisation of social housing stock in the interest of a company with different interests than Council, which is likely to come at the expense of the most vulnerable in Christchurch.
 - b. *CCC initially subscribes for all the shares in the new company and appoints the first board of directors.*
DO NOT SUPPORT
 - c. *CCC leases to the entity an appropriate mix of social housing assets.*
DO NOT SUPPORT
 - d. *CCC gifts or sells to the entity certain assets from the Council's social housing portfolio.*
DO NOT SUPPORT
 - e. *CCC transfers the ownership or control of some of the Council's social housing assets either to an entity in which the Council has an interest of up to 49%, or to a third party.*
DO NOT SUPPORT
 - f. *CCC enters into arrangements itself with the Council's City Housing partners and others for the redevelopment of some of the land currently used for social housing.*
DON'T KNOW
It is unclear what the desired "redevelopment" outcome would be.

3. Please indicate your support for the following options:

4: Strongly support

1, 2, 2a, 14, 16: Do not support

7: Support

10: Don't know

3, 3a, 5, 6, 8, 9, 11, 12, 13, 15, 17, 18, 19, 20: Strongly do not support

4. *From the table, please show your preferred three options below:*

1. Option number	4
2. Option number	7
3. Option number	

5. *Do you have any further comments about the Council's proposal?*

We are pleased to have had the opportunity to submit our thoughts on this proposal but cannot help but feel these thoughts are incomplete. There is limited rationale behind the 22 proposed options, which has made it challenging to offer detailed or creative feedback.

We are disappointed that this document seems to centre around accessing government rent subsidy. We believe Council should retain its stock rather than pursue a mixed ownership model as it seems to have been more-or-less prompted by government. Council has been trusted with providing homes for some of our most vulnerable. A new entity trying to balance even the most well-meaning interests of the private or business sector risks compromising Council's commitment to the city's people.

It is possible for the private sector or the NGO sector to pursue the government's rent subsidy without the involvement of Council.