

Review of Older Persons
Housing: Stage 1 Report
Kāpiti Coast District Council

October 2023






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Quality Control

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Executive Summary

Purpose of the review

The Property Group Limited (TPG) has been engaged by Kāpiti Coast District Council (Council) to provide a review of Council's existing Older Persons Housing Portfolio. The review has been undertaken as a second phase of work that follows on from Council's Housing Needs Assessment undertaken in 2022. The Housing Needs Assessment identified the review of the profile as a key action in supporting improved housing outcomes for the community.

The purpose of this review is to assist in defining the role Council will continue to play in the provision of older persons housing within the district and to make recommendations for how the provision of housing for older persons can be improved and fit for future growth.

Background

Like many Councils across the country, Council provides an older persons housing service to meet the needs of its community who require access to affordable older persons housing. Council currently owns 118 one-bedroom units in 10 villages across Kāpiti Coast. The portfolio is spread across Ōtaki (66 units), Paraparaumu (44 units), Waikanae (3 units) and Paekākāriki (4 units). The portfolio is managed internally by Council staff.

A review of the portfolio has not been undertaken for over 30 years and during that time the policy and funding settings for social housing in New Zealand have changed significantly. Currently, the majority of social houses in New Zealand are provided by Kāinga Ora with a smaller, but growing, number provided and managed by Community Housing Providers (CHPs). As part of the Government directive to support the overall growth in social housing provision, CHPs can receive an operational supplement (OS) and an income related rent subsidy (IRRS) for each new tenant provided for, from the Ministry of Housing and Urban Development (MHUD). Council's, including Council Controlled Organisations, are currently ineligible for this funding and are funding the shortfall from subsidising rents to their tenants, as part of Council's operational budget.

Due to the challenges of continuing to provide social housing without access to Government funding, many Councils across New Zealand have begun adjusting the way their older person housing portfolios are owned and operated, to respond to these policy and funding settings. For example, Wellington City Council has opted to support the establishment of a CHP to manage and grow its social housing portfolio. Other approaches adopted by other Councils will be assessed in the Stage 2 report.

The growing need for social and affordable housing in the Kāpiti Coast District, particularly for older people, has prompted Council to review the delivery of its older persons housing portfolio. Council has committed to supporting the continuation of the service and looking for opportunities for growth.

Approach

The review has been undertaken in stages. The first stage, outlined in this report, reviews the current operation, considering how well the portfolio is currently supporting those most in need and whether the portfolio is set up to support growth. The second stage will then look to the future, identifying opportunities to grow the portfolio and consideration of future delivery model options that achieve the best outcome.

The approach to undertaking each stage of the assessment is outlined below.

Stage 1 - Review of the current operation

Stage 1 of the review seeks to answer the following two questions:

- Does the portfolio currently support those most in need (including the suitability of the targeted age group and their accessibility requirements); and
- Is the portfolio's current operating model set up in a way that allows for expansion of the portfolio to match growing need.

TPG's approach to undertaking the first stage of the assessment has included a review of the current social housing policy and funding framework, a review of the current demand and provision of housing for older persons in the district, a high-level assessment of the portfolio's financial and operational performance, including assessment against a range of evaluation criteria to understand how well the portfolio is performing against tenants needs and Council's strategic objectives, and identification of which sites present a redevelopment opportunity, including modelling on one site (49 Aotaki Street, Ōtaki) to test the viability of Council undertaking the development.

The review has been undertaken alongside a process of stakeholder engagement with local advocacy groups, community housing providers (CHPs) and Government agencies to help understand the current and future demand and supply of housing in this district as well as key challenges the market is facing. Current tenants have also been provided with the ability to provide input into the review through Council.

Stage 2 - Consideration of future operating models

Based on the outcomes of Stage 1, Stage 2 of the assessment will consider alternative operating models for the portfolio and assess how they would improve the financial sustainability of the portfolio and ensure it is set up to support growth. The second stage of the review will further build on work completed in this report and investigate future operating model options in more detail. This will include a financial and qualitative analysis of potential delivery options against retaining the status quo.

Summary of the findings of Stage 1 - The key findings of the Stage 1 assessment are summarised below.



Executive Summary

Conclusion

The current operating model is not considered financially sustainable (i.e., it is not self-funding and currently requires ongoing investment of over \$600,000 per year to operate based on 2023/24 forecasts), nor is it well-placed to grow to support an increasing need without additional significant investment.

Recommendation

To meet Council's objectives for growing the current portfolio and to ensure sustainability of the housing portfolio into the future, it is recommended that Council considers a change in operating model to both improve the financial performance of the portfolio and enable its growth. Based on current policy settings, changing the operating model requires a commitment to consider working alongside or supporting the establishment of a CHP and undertaking redevelopment of the portfolio to increase overall provision, which is assessed in more detail in Stage 2.



Short-term Considerations

The review undertaken in Stage 1 has also identified some short-term improvements that could be considered whilst Council progresses towards considering a change in operating model.

Generally, the review found that Council staff are managing the portfolio effectively. We have provided some minor recommended changes that could assist in the planning for the future of the portfolio. These recommendations are summarised below:

- **Tracking demand** –The demand for older persons housing is hard to assess for both the Council and Ministry of Social Development's (MSD) housing register. We understand that some older people are not applying due to anticipated wait times, accessibility issues with the units, and other barriers. For these reasons, the housing register is not considered to be a true reflection of actual demand.

To support future planning, it is recommended that feedback is kept (where possible) on why enquiries are not progressing to applications to help understand current and future demand. The annual tenant survey should also gather information on tenant profile such as age, ethnicity, and whether mobility aids are required, to ensure this data is kept up to date.

- **Monitoring quality** –There are limited records of requests that have been made for improvements to the portfolio to meet tenant needs. Council should ensure that clear records of requests are kept, including recording the reason for tenants' departures to inform future portfolio improvements.
- **Process for Rent Reviews** – Council should look to maximise rental income whilst ensuring rents remain affordable for tenants. This would be achieved through reviewing the current approach to annual rent reviews and KCDC working closely with tenants to ensure that tenants who are eligible for further financial assistance (such as accommodation supplement through MSD) are accessing this.
- **Working with Māori** – There is anecdotal evidence from discussions as part of this review with mana whenua and others to suggest there is a need for more kaumatua housing options. Council isn't receiving applications from kaumatua but should work closely with local iwi to better understand this need. Māori households had lower rates of owner occupation across all sub areas in the district when compared to non-Māori households (Community Housing Solutions Ltd, 2022).
- **Making units accessible "quick wins"** – One of the key limitations of the portfolio identified in stakeholder engagement was that the units don't currently meet universal design accessibility standards. Our recommendation is to explore opportunities to retrofit existing units to make them more accessible provided it is financially viable to do so.
- **Review current allocation system** - The current allocation system has not been reviewed since 1993 and should be revisited by Council to ensure the process is transparent and fair to all eligible tenants.
- **Develop tenancy and asset management policies and procedures** - Council should develop policies and procedure for how the portfolio is managed. This documentation will be a requirement for CHP registration and is best practice for Council to implement.

1 Introduction

Purpose

The Property Group Limited (TPG) has been engaged by Kāpiti Coast District Council (Council) to prepare a review of Council's Older Persons' Housing Portfolio (the portfolio), its current operations, and its future delivery options.

The purpose of this review is to assist in defining the role Council will continue to play in the provision of older persons housing within the district and to make recommendations for how the provision of housing for older persons can be improved and fit for future growth.

The first stage of the review, outlined in this report, seeks to answer the following questions:

- Does the portfolio currently support those most in need (including the suitability of the targeted age group and their accessibility requirements); and
- Is the portfolio's current operating model set up in a way that allows for expansion of the portfolio to match growing need.

In answering these questions this report includes an examination of the current condition and suitability of the 118 Older Persons Housing Units (OPHUs) owned by Council, as well as an analysis of the ability of the service to meet future demand for older persons housing and its overall cost-effectiveness for Council. The review is undertaken with consideration of the current provision for older persons and community housing in Kāpiti and a housing sector which is coming under increasing pressure to meet growing demand for affordable housing across New Zealand.

Approach

We have used the following methodology to undertake Stage 1 of this review:

1. A review of the housing policy frameworks including the definition of the housing continuum and applicable housing strategies and policies that impact the district.
2. A high-level assessment of older persons housing supply and demand from the district's housing business capacity assessment, Council's housing needs assessment, and community housing development pipeline.
3. An analysis of available Council documentation and data in relation to the operation of the older persons housing units.
4. Stakeholder engagement with key groups within the district including local advocacy groups, CHPs, MHUD and Kāinga Ora.
5. Identification of gaps, if any, in the current service provision.
6. Development of site evaluation criteria to rank/prioritise the sites to understand which sites would be suitable for future investment.
7. Site specific assessment on highest ranking site including RMA planning review, yield estimate through bulk and location, preliminary feasibility assessment and development recommendations.

2 Defining the Portfolio

Placing the portfolio on the Housing Continuum

The housing sector uses the concept of a 'housing continuum' to identify the role that public and community housing organisations have in providing homes to meet a range of housing needs in New Zealand. The housing continuum, shown in Figure 1, is a concept used by policy makers to consider the impact a policy has on different tenancies. It illustrates the various tenancies from homelessness and emergency shelters on the far left, through to assisted rental or assisted ownership, to providing rental and ownership options in the market.

Council's older persons housing service falls in the 'social or public housing' segment of the continuum, in that it provides subsidised rental accommodation combined with supportive services/referrals appropriate to household needs. Public housing helps low to very low-income households access appropriate, secure, and affordable housing. Generally, public housing tenants spend about 25% of their net income on housing (the income-related rent as determined by the Ministry of Social Development).

The Community Housing Provider (CHP) or Kāinga Ora Homes and Communities (Kāinga Ora) then receive an income-related rent subsidy (IRRS) from the Ministry of Housing and Urban Development (MHUD) which covers the balance between the tenant's rental payment and the market rent for the property. The ability to receive the IRRS can have a significant impact on the financial position of the housing provider. Currently, Councils are not eligible to receive IRRS, so consequently are required to absorb the full cost of providing an affordable level of rent. Many Councils have struggled to keep their older persons housing portfolios financially sustainable.

Public housing in New Zealand is primarily provided by Central Government via Kāinga Ora. Councils collectively make up the next largest contributor, predominantly for older people. Not-for-profit organisations, typically registered CHPs, make up a smaller but growing proportion of the overall provision.

Generally Councils set rents at 30% of household income and fund the shortfall through rates. It is recognised that as Councils do not have access to Government funding for public housing, nor are set up to provide appropriate wraparound services to households, it is making it harder for them to continue to provide community and elderly housing.

Within the housing needs assessment, it was reported there is a severe lack of rental options at a range of price points in Kāpiti, pushing people down the continuum to emergency housing, which was becoming increasingly unavailable, and/or out of the district.



FIGURE 1: THE HOUSING CONTINUUM

3 The Current Housing Policy Context

Kāpiti Coast District Council Housing Strategy

In the Long-term Plan 2021-41, Council made the decision to ‘take a bigger role in housing’ with a focus on increasing their activities to support and enable development, as well as looking at how they can contribute to improving housing options in the district.

The purpose of the Kāpiti Coast District Council Housing Strategy (2022) is to outline Council’s current thinking about housing in the Kāpiti Coast District, and what Council plans to do in the short, medium, and long term.

The Strategy identified that there was a strong desire expressed by older residents to remain in their local neighbourhoods; this meant housing choices were limited and that a greater variety of housing options are needed to serve this group.

It was also widely reported that there is a lack of homes that are accessible for people with disability/mobility challenges. Council understood that this lack of accessible housing in Kāpiti forces people out of communities where they want to be.

The Strategy sought to understand Council’s role in housing, and identified that it was multifaceted, and there has been clear direction that the community wants Council to take a strong role in responding to the housing crisis. This will require Council’s role to include functions such as:

- 1. Regulator/Service Provider** – establish regulatory settings and zoning to enable the desired mix of housing in appropriate location. More broadly Council is a provider of core infrastructure, amenities, and services (water supply, wastewater and storm water services, community facilities, parks, and recreation, etc.)
- 2. Facilitator/Connector/Advocate** – Council has a role in connecting the various agencies, local housing providers, iwi, investors, and developers, to help facilitate improved housing outcomes in the region.
- 3. Enabler/Funder** – Council also owns land and assets (including older person’s housing, but also social/community infrastructure) that, through future development, might be able to support ancillary housing development in town centres.
- 4. Housing Provider** – Council has a small number of older person’s housing units, which could be redeveloped in the future to increase the volume of housing available, and better suit the needs of existing and future tenants.

The Wellington Regional Growth Framework

The Wellington Regional Growth Framework looks across the whole region to ensure there is ‘joinedup’ planning. The Wellington Regional Growth Framework focusses on four priorities:

1. Housing supply, affordability, and choice
2. Transport choice and access
3. Iwi/Māori housing capacity and taonga
4. Climate change and resilience.

The Kāpiti Coast District Council Housing Strategy responds to these priorities and population growth, with the core objective of taking a bigger role in housing, anticipating that growth will exacerbate current housing challenges.

The Kāpiti District Growth Strategy - Te tupu pai, Growing Well

Te tupu pai – our growth strategy, was adopted by Council in February 2022 and sets out a vision and roadmap for how Council and Mana Whenua will work with the community to achieve sustainable development in the district in the 30 years to 2051.

Council seeks to deliver resilient, accessible, and connected communities in a way that protects and enhances the environment as growth occurs. The approach emphasises making the best use of land by mainly ‘growing up’ (increasing density) with some ‘growing out’ (development of new areas).

Kāpiti Coast District Council Long-term Plan 2021-2041

Improving access to housing is one of the five community outcomes agreed by Councillors for this Long-term plan. Through identifying the need for greater involvement in supporting the provision of housing in the district, Council have committed to acting towards improving housing access and affordability in the district. The focus for Council is to increase activities to support and enable development. One of the actions from this is the review of the existing older persons’ housing complexes to see if Council can redevelop and add more housing.

Within the Long-term Plan 2021-41 key outputs for older persons’ housing are:

- Council provides 118 one-bedroom older persons flats targeted towards the elderly, disabled, and those meeting qualifying criteria.
- Contribute to social wellbeing by ensuring that an adequate supply of safe, accessible, and affordable older persons flats is available to those in need.

Note: Long-term Plan 2021-41 states that units are accessible. The Council provides some accessible features in the units but currently none of the units meet universal design standards for accessibility.

The Long-term Plan sets out that rents for the portfolio are to be fair and reasonable and the services and facilities are to be of a good standard, and high occupancy rates are maintained.

The performance measures for the portfolio are based on occupancy rates (97%), and tenant satisfaction that the service is good value for money (85%) and with the quality of services and facilities (85%). Housing customer surveys are carried out on an annual basis and give tenants with an opportunity to provide feedback on the portfolio and Councils level of service.

The Long-term Plan outlines Council’s revenue and financing policy. The funding targets for 2021-2041 are for the portfolio to be between 20-45% Public (Rates) funded and 55-80% Private (Fees and User Chargers and Other Income). These figures do not include capital expenditure.

4 Demand for Social Housing

Demand

As of June 2023, there were 171 applicants on MSD’s Housing Register in the Kāpiti Coast District, the figure below shows the number of applicants requiring housing at the end of each quarter for the last 3 years. (MBIE, 2023). Whilst the register provides us with some level of data around demand it is not the perfect proxy for demand as not all eligible applicants will be on the register.

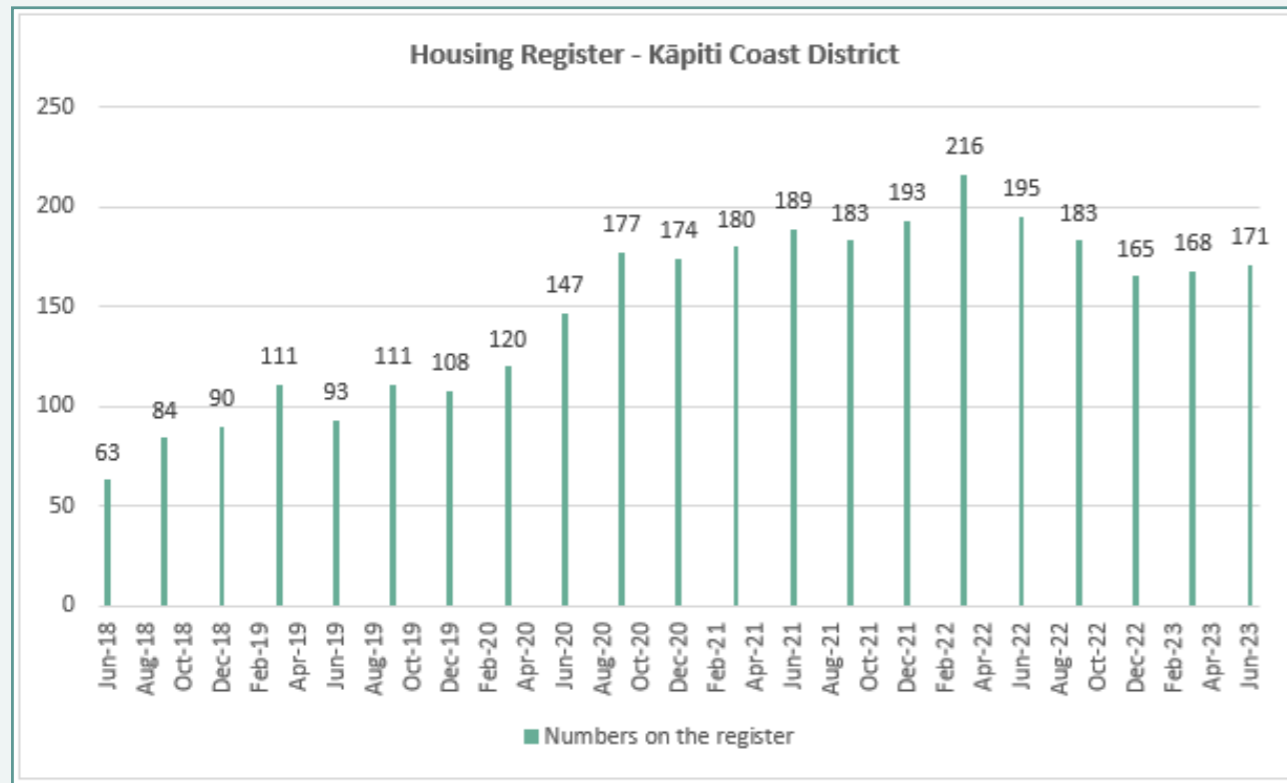


FIGURE 2: HOUSING REGISTER DATA AT AS JUNE 2023

The number of bedrooms required in the Kāpiti Coast as of June 2023 is detailed in the table below, illustrating that the smaller typologies of one and two bedrooms are in significant demand within the district:

TABLE 1: KĀINGA ORA HOUSING TYPOLOGIES IN KĀPITI COAST DISTRICT

1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms	5+ bedrooms	Total
105	48	15	3	3	171

There is demand for Public Housing and Emergency Housing Special Needs Grants in the district. In the quarter ending 30 June 2023 there were 225 Emergency Housing Special Needs Grants to the value of \$632,764.

Social Housing Register – Social Allocation System

When applicants join MSD’s housing register, they are assessed by MSD which is referred to as the social allocation system (SAS). Each housing application is given a ranking based on their housing needs. Applicants are either classed as being at risk (Priority A) or having a serious housing need (Priority B). There are five criteria used to determine the priority ranking for a client with each criterion being rating from 1-4, the maximum priority ranking is A20.

The five criteria are:

- **Adequacy** – focuses on whether the applicant doesn’t have accommodation or needs to move from their current accommodation due to living in emergency housing for the time-being, the condition of their housing or lack of basic facilities of over-crowding or lack of security of tenure.
- **Suitability** – the need to move due to medical, disability or personal needs, family violence or neighbourhood tension.
- **Affordability** – ability to afford suitable alternative housing in the private market.
- **Accessibility** – ability to access and afford suitable and adequate housing due to discrimination, lack of financial means to move and ability of alternative, affordable housing in the private market.
- **Sustainability** – focuses on financial management difficulties in social functioning and lack of social skills.

In 2017 most Kāinga Ora places were being allocated to those on the social housing register with a score of A10-A14. In 2022 this changed to those with a rating of A14-19 showing that the complexity of needs is increasing (A20 being the highest level of need).

Historically those over the age of 65 in public housing would have become a public housing tenant earlier in life and aged in place. However, more recently there has been an increase in demand for those who reach retirement, often exhausting their savings paying market rent and then require public housing as there are no other housing options available to them. As this group have never been in a position where they have required support from MSD until they reach retirement, they will often apply for affordable rentals through Councils older persons housing portfolios over joining the housing register, which masks the current and growing demand from this demographic.

Those within this cohort who are assessed by MSD and are eligible for public housing will often be a lower priority and be less likely to be housed whilst Kāinga Ora place those with higher, more complex needs.

5 Supply of Social Housing

Kāinga Ora

Kāinga Ora is the largest provider of public housing in New Zealand and provides tenancy services to over 180,000 tenants. It also maintains and develops around 65,000 public houses while also providing home ownership products and other services. Kāinga Ora data indicates that they manage approximately 216 properties across the district. It is important to note that Kāinga Ora prioritise households into properties according to the Public Housing Register and the suitability of a specific property and cohorts. For example, a person who is over the age of 55 may not be able to access housing because they do not qualify as a Priority A household on the Register (i.e., be in critical need).

As of 3 July 2023, Kāinga Ora had the following managed rental properties in Kāpiti:

Kāinga Ora has a current portfolio of 216 units in the Kāpiti Coast District excluding their Community Group Housing portfolio, the breakdown of dwelling type by location is summarised in the below table.

TABLE 2: KĀINGA ORA STOCK IN THE KĀPITI COAST DISTRICT

House Type	Ōtaki	Waikanae	Paraparaumu / Raumati
Flat – Single Storey			14
House – Multi Storey			3
House – Single Storey	38	9	81
Twin Unit – Single Storey	24	3	42
Twin Unit – Double Storey	2		
Total	64	12	140

The following table which was included in the Housing Demand and Need in Kāpiti Coast District (Community Housing Solutions Ltd, 2022) shows that of the 219 tenancies Kāinga Ora had in the district as at January 2022 the main tenant in 70 of the 219 was 65 years or older. Of the current tenancies over half the tenancies were one-person households (123 out of 219).

TABLE 3: KĀINGA ORA TENANCY BY AGE

Household Composition	Current Tenancies	Main Tenant Age	Current Tenancies
Couple only	7	0 to 24	1
Couple only and other person(s)	4	25 to 34	28
Couple with child(ren)	5	35 to 44	24
Couple with child(ren) and other person(s)	4	45 to 54	27
Household of unrelated people	7	55 to 64	69
One parent with child(ren)	55	65+	70
One parent with child(ren) and other person(s)	10		
One-person household	123		
Other multi-person household	4		
Grand Total	219		219

Kāinga Ora has provided detail of their current pipeline which is summarised in the below table. Kāinga Ora's pipeline does not include any 1 bedroom units within the district.

TABLE 4: KĀINGA ORA PIPELINE AS AT 3 JULY 2023

No. Bedrooms	Ōtaki	Paraparaumu	Total
1	-		-
2	14	1	15
3	13	-	13
4	-	1	1
5	-		-

5 Supply of Social Housing

Community Housing Providers

As of January 2022, Community housing providers also have a small number of social and affordable rentals (25) and transitional housing (16 places) in the district. The largest community provider of social rentals and transitional housing is The Salvation Army with units in Paraparaumu (Community Housing Solutions Ltd, 2022).

The Community Housing Authority (CHRA , 2023) keep a register of registered Community Housing Providers (CHPs) across New Zealand. As of June 2023, there were no CHPs specifically registered to the Kāpiti Coast District. There are currently 13 CHPs registered to the Wellington region (which includes the Kāpiti Coast) including:

- Accessible Properties New Zealand
- Dwell Housing Trust
- Habitat for Humanity New Zealand Limited
- LinkPeople Limited
- Emerge Aotearoa Housing Trust
- The Salvation Army
- Abbeyfield New Zealand Incorporated
- Porirua Whanau Centre Trust
- Compassion Housing Limited
- Wesley Wellington Mission Incorporated
- Ngati Kahungunu ki Poneke Community Services Incorporated
- Poua Ki Raro Limited
- Habitat for Humanity Central Region Limited

There is one registered CHP operating in the Porirua geographical location, being Te Āhuru Mōwai Limited Partnership.

Other Community Providers

We are also aware of the following groups which are involved in the housing sector on the Kāpiti Coast, but are not registered CHPs:

- Mary's Guest House
- Impact Church
- Kāpiti Welcome Trust
- Paekākāriki Housing Trust
- The Lighthouse

To explore how Council can work with CHP's operating in the area Council may consider the following:

- Contacting MHUD, the Community Housing Regulatory Authority (CHRA) and Community Housing Aotearoa (CHA) to understand appetite for provision of services in the district from the CHP sector.
- Investigate CHPs' appetite through conversations with aligned providers to directly to confirm capability and capacity for providing these services in partnership with Council in the district.

6 The Need for Older Persons Housing

The Kāpiti Coast District has one of the oldest populations nationally, with 19.4 percent of its population over 70 compared to the national average of 10.4 percent. Similarly, the district has a high proportion of one person households at 28 percent compared to the national average of 21 percent.

Future forecasts expect the over 70 age group to grow further to 23.8 percent by 2048. This is driven by the natural aging of New Zealand's population, but also the continued attraction of the area as a retirement location with Kāpiti providing a large proportion of the region's retirement sector, with further retirement villages expected to support this growth". (HBA, 2022).

The high proportion of people aged over 70 in the district now and into the future means they are a key group impacted by the challenges of housing affordability and supply. The following section provides a review of the work Council has undertaken to understand housing needs in the district and a summary of what this means for the housing needs of older people (aged 65 and over).

Housing needs

From September 2021 to April 2022, Council commissioned a large-scale Housing Needs Assessment (The Urban Advisory, 2022). This piece of work was designed to identify what really is at the heart of Kāpiti's housing issues today.

Older residents were well represented in the survey and the community kōrero sessions. The findings raise questions about how to address the needs of this group by enabling them to age in place, have a greater variety of housing options to choose from, remain connected to their communities and avoid the pitfalls of loneliness and ensuring that they have access to key services.

The key points raised in the community kōrero included:

- A key barrier identified that older people don't have many options, and the ones they do have are already almost oversubscribed.
- Many people spoke about older people having to still support younger family members as well as themselves.
- Being able to age in place and have real choices is seen as important.
- A shared perception that the elderly is one of the most affected groups, and that fit-for-purpose accommodation needs to be a priority because they just don't have options.
- Participants highlighted that Retirement Villages can create an environment where people feel isolated and cut off from the larger community.
- Participants also noted that being able to easily access services was critical to older residents.
- A key concern raised with the increasing number of older women reported by housing agencies who become homeless because of changing circumstances such as divorce or widowhood.

Of particular concern was the potentially unsustainable reliance of this group on savings to supplement their retirement incomes. Generally, they are asset rich and cash poor. Consequently, they find it increasingly difficult to maintain their lifestyle as they age, as universal superannuation is not sufficient as their only source of income. As life expectancy increases, more and more people will exhaust their savings.

Increasing demand

The Housing Needs Assessment outlined above was undertaken alongside a Housing Demand Assessment, undertaken by Community Housing Solutions in 2022. The demand assessment provides the statistical data behind the information gathered through community engagement to understand housing need and demand in the district.

The 2022 Housing Demand assessment clearly identifies the growing need for affordable housing for older people. The assessment identifies that the number of households living in Kāpiti Coast District is projected to increase by 62% over the next 30 years. However, the nature of the demand is likely to change, and this has direct implications for the provision of housing for older people. In particular the following is noted:

- There is an anticipated 87% increase in renter and owner occupier households aged 65 years and over.
- A projected 100% increase in housing need, dominated by older one person and couple only renter households aged 65+.
- With reduction in ownership levels, the largest growth in renter households from 2018 – 2048 will be those aged 65+, up 104% or 1,820 households.

6 The Need for Older Persons Housing

Decreasing Affordability

As noted above there is an increase in older people anticipated in rental accommodation. A market review indicates that rents have become more unaffordable in the district. The following graph (Figure 3) shows that the percentage of people spending between 30%- 50% of their income on rent has increased across the three years shown – 2006, 2013, and 2018. The second graph (Figure 4) shows the change in rent affordability from 2003 to 2023. A downward line represents a decrease in affordability, while an increase represents an increase in affordability.

Home ownership is also becoming less obtainable over the years as illustrated in the graphs below. The first graph below shows the change in the ratio of median sales to median income over time. An upward line indicates homes becoming less affordable, while a decrease indicates homes becoming more affordable. The second graph tracks the change in the affordability of a deposit. A downward line indicates a deposit being less affordable, while an upward line indicates a deposit being more affordable. The declining affordability of homes in the district is particularly challenging for those older people (over 65) that are no longer working and do not have sufficient funds available to support them stay in their homes as they age.

FIGURE 3: RENTAL AFFORDABILITY DATA- THE GOVERNMENT HOUSING DASHBOARD (MHUD , 2023)

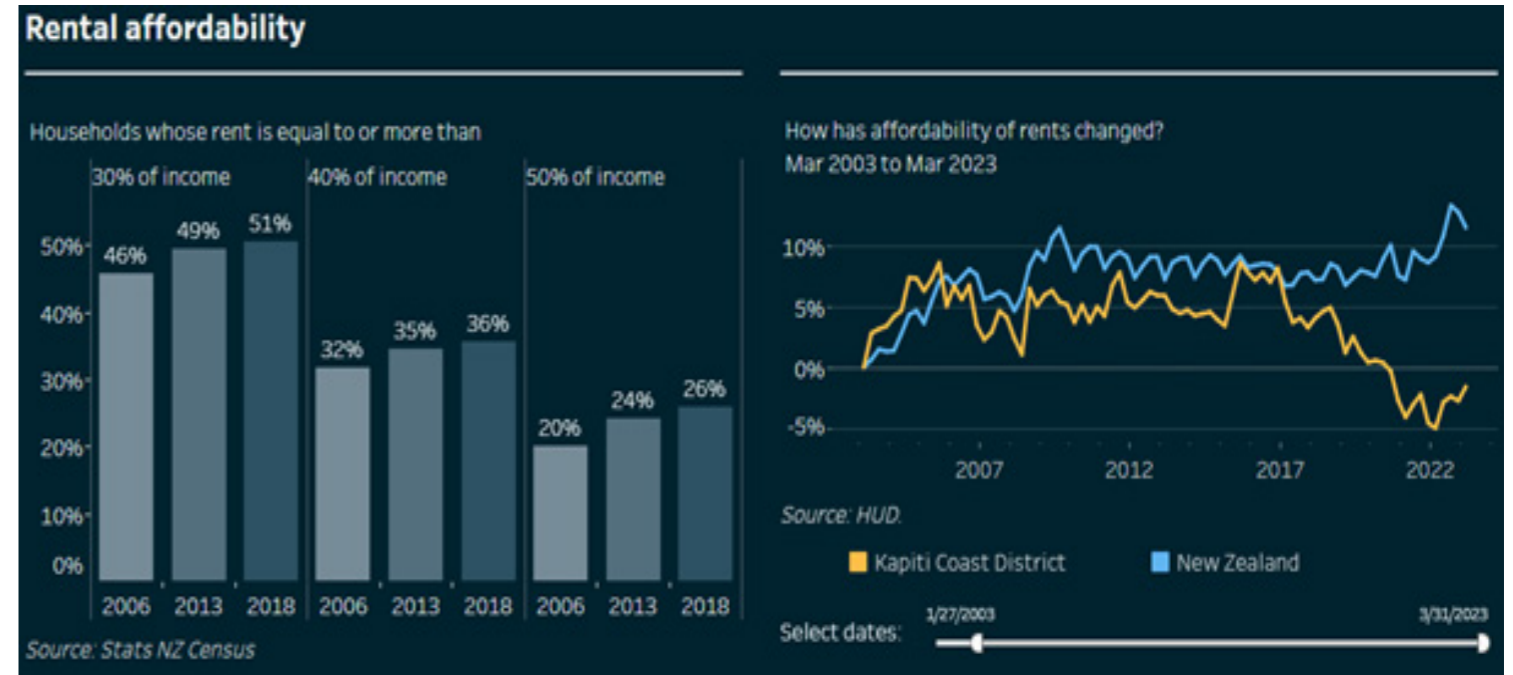
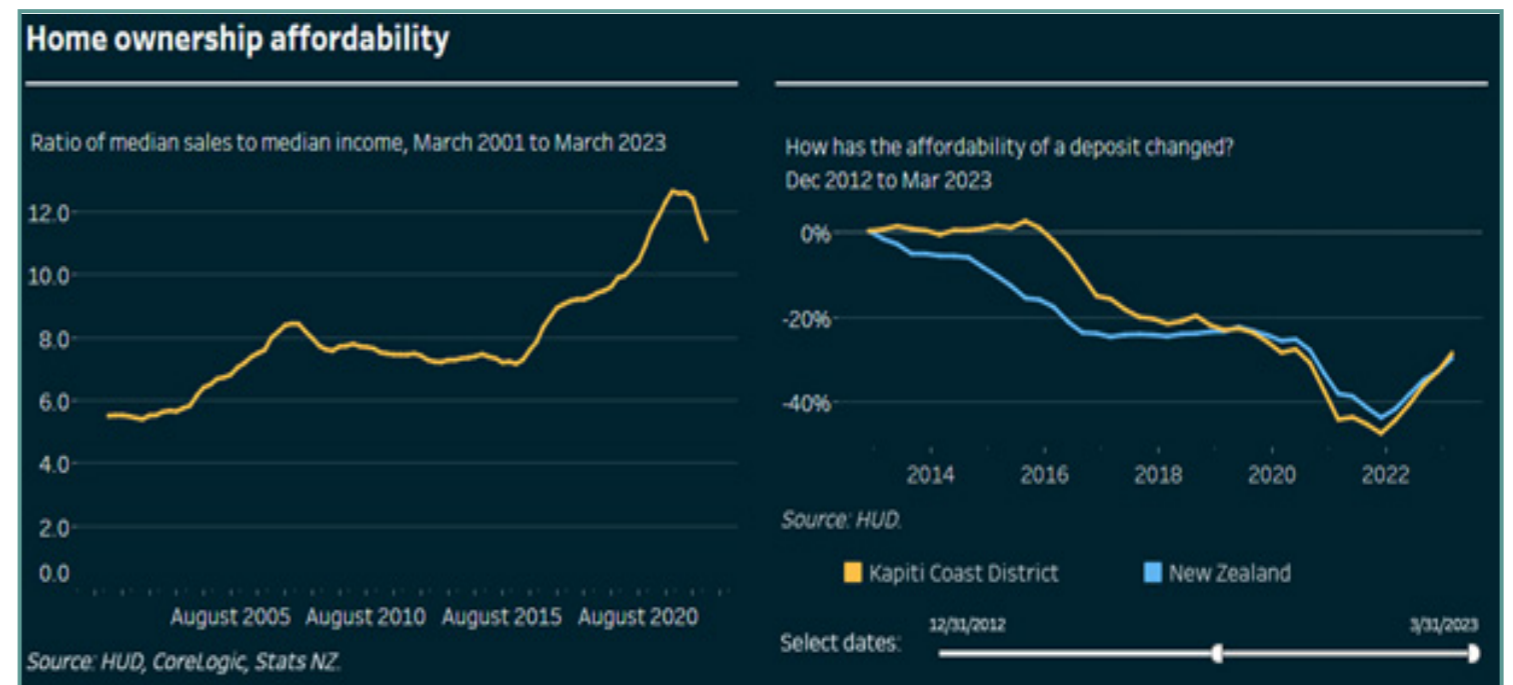


FIGURE 4: HOMES OWNERSHIP DATA- THE GOVERNMENT HOUSING DASHBOARD



6 The Need for Older Persons Housing

The role of retirement villages and residential care

Whilst there is a good supply of retirement villages in the district (refer Table 5 below), these do not provide an affordable option for older people who have limited retirement funds. To be eligible for residential care or to receive a government subsidy to contribute towards the cost of a retirement village, a person must be assessed to have high dependency needs. This does not account for those people that have accessibility requirements but are still able to live independently.

There is a gap in housing options for those older people who do not require high-dependency care but do have some accessibility requirements. With the growth of the number of older persons in rental accommodation it is anticipated that the number of people who fall into this gap will grow and the application register for Council's housing portfolio will come under increasing pressure.

TABLE 5 – RETIREMENT VILLAGES IN KĀPITI COAST DISTRICT (HOUSING NEEDS ASSESSMENT 2022)

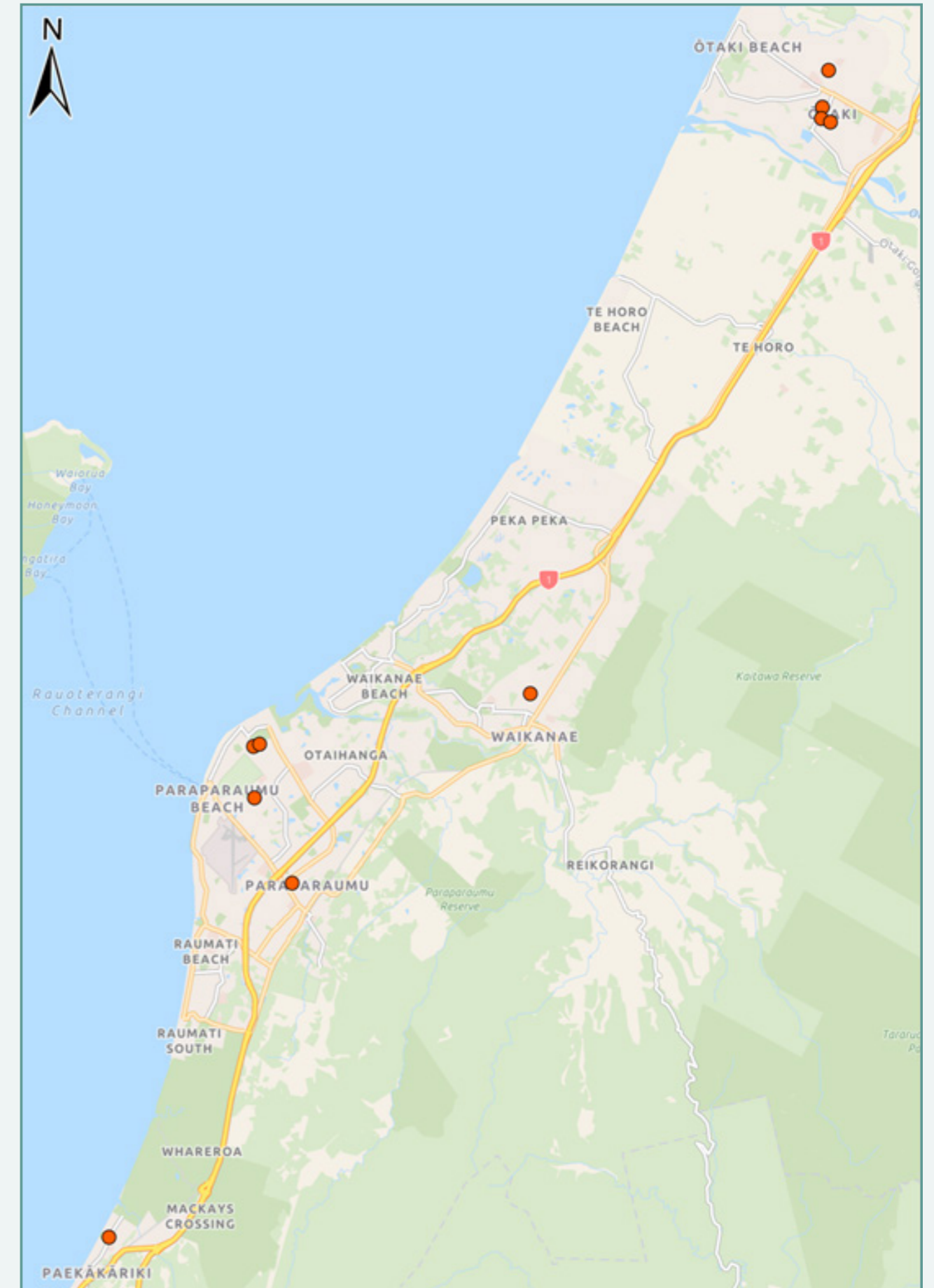
Village	Location	Villas	Independent Apartments	Serviced Apartments	Total
MetLife care- Coastal Villas	Paraparaumu	131	0	50	181
MetLife care Kāpiti	Paraparaumu	225	0	0	225
Midland Gardens	Paraparaumu	93	0	0	93
Seven Oaks	Paraparaumu	112	46	0	158
Muriwai Court	Paraparaumu	14	0	0	14
Summerset on the Coast	Paraparaumu	92	12	10	114
Charles Flemming retirement village	Waikanae	201	79	-	280
Avida Lodge	Waikanae	4	20	-	24
Bishop Sneddon	Waikanae	20	-	-	20
Parkwood	Waikanae	209	0	8	217
Winara Village	Waikanae	27	18	3	48
Total		1,128	175	71	1,374

The “Forgotten Middle – middle to low income older persons”

The combination of an ageing population and lack of supply of affordable housing options, and in particular affordable rentals, is putting increasing pressure on older people. There is a gap in support for those no longer working, with limited financial means, who are not eligible for government assisted residential care. This is creating a challenge for the ability to age in place.

7 Overview of the Current Service Provision

FIGURE 5: MAP OF EXISTING PHU SITES IN KĀPITI (TPG, GIS 2023)



The existing portfolio

Council’s Older Persons Housing Portfolio consists of 118 one-bedroom units. The table below summarises the number of units at each location and the location of each of the above complexes within Kāpiti Coast District is shown in Figure 5 (note that over half of the units are in Ōtaki, with the remainder spread across Waikanae, Paraparaumu and Paekākāriki).

TABLE 6: COUNCIL’S EXISTING PORTFOLIO DETAILS

Existing Portfolio Description				
Name	Complex Name	Address	Constructed	Total
Ōtaki	Kainga Flats	49 Aotaki Street	1967	24
	Hadfield Court Flats	25 Te Rauparaha	1984	15
	Tahuna Flats	1-7 Kirk Street	1958 / 1995	16
	Patterson Court	32 Kirk Street	1980	11
Waikanae	Belvedere Flats	12 Belvedere Ave	1985	3
Paraparaumu	Oakley Court Flats	Eatwell Ave	1977	18
	Arnold Grove Flats	19-27 Arnold Grove	1983	20
	Repo Street Flats	Repo Street	1973	3
	Te Ati Awa Flats	18-20 Donovan Road	1979	4
Paekākāriki	Wipata Flats	36 Wellington Road	1979	4
Total				118 Units

Management

Council’s Older Persons Housing Units are managed internally by Kāpiti Coast District Council’s Property Team.

The Property Team is responsible for the following:

1. Tenancy Management
2. Management of maintenance and capital works
3. Administration and advertising.

The portfolio of 118 units is currently managed by one Tenancy Manager. Within the sector anything between 100- 200 units per tenancy management is common practice depending on the complexity of the tenants needs. Inspections should be carried out at least 6 monthly, although some organisations carry these out quarterly to ensure they meet their requirements under their insurance policies. Asset conditions surveys are carried out by SPM assets.

7 Overview of the Current Service Provision

Tenancy Management

Council tenancy management processes includes the following:

- Collection and screening of new applications (interview, credit checks, reference checks, Ministry of Justice checks).
- Evaluation of an applicant's eligibility, and needs, and prioritisation, and placement into appropriate units considering the Council's Older Persons' Housing Policy (the Policy).
- Signing of tenancy agreements, bond lodgement and refunds and documentation to meet the Policy and the Residential Tenancies Act.
- Support the Council's finance team in the collection of rent, arrears management and implementation of rental increases.
- End of tenancy processing including inspections of each unit, bond refunds, arranging maintenance, cleaning, smoke alarm monitoring.
- Inspections of each unit and provide written reports on condition to provide data for on-going capital improvements and recommendations regarding maintenance and to meet insurance requirements.
- To provide reporting to the Council on number of applications, tenant details, occupancy figures, complaints, maintenance, and upgrade requests.
- Maintain key security, new cutting as required, change locks as required.
- Management of breach of tenancy process from issuing breach notification to representation at tribunal hearings and mediation.
- Maintain database of tenants, next of kin, contact details and related tenancy information.
- Details of requirements will be agreed with the Council to meet the Council's Public Records Act Requirements.

Council resources a Tenant Liaison to conduct resident welfare checks on a cyclical and pre-request basis and liaise with the Tenancy Manager as required, escalating health and wellbeing issues as appropriate. This role is resourced for 25 hours per month.

Housing Policy (1993)

Council's Housing Policy which was adopted in April 1994 provides eligibility criteria and an overview of points assessment for allocating the units. The policy is outdated and has not been revised since it was drafted in December 1993. The policy states that housing will be provided to those who are able to live independently, however over time units have been modified to support those require more accessible housing options. The policy should be reviewed and updated to reflect the current management of the Older Persons Housing Portfolio.

Performance Measures

The portfolio needs to meet Council's performance measures as set out in the Council's Long-term Plan 2021-2041. To contribute to community outcomes, rents for older persons housing are fair and reasonable, the service and facilities are of a good standard, and high occupancy rates are maintained.

TABLE 7: PERFORMANCE MEASURES FOR THE OLDER PERSONS HOUSING PORTFOLIO, LTP 2021-2041

Performance measure	Target
Occupancy rate of the total number of units available for older persons	97%
Tenants of housing for older persons who rate services as good value for money	85%
Tenants of housing for older persons who are satisfied with services and facilities	85%

Based on the information provided, overall, it appears that the 118 Older Persons Housing Units have been proactively managed by Council with regular repairs and maintenance, good tenant satisfaction and high occupancy rates.

It should be noted that units which are currently being refurbished are not included in the data for occupancy rates. The Council spends between 8-12 weeks refurbishing each unit, timeframes depend on a range of factors such as location, the demand for the location, and if the tenant is being located to a decant unit for the duration of the refurbishment. The Council plans to complete 10 refurbishments per year however have completed 14 over the past 12 months.

7 Overview of the Current Service Provision

Housing surveys

Tenant surveys are conducted annually by Council and measure several key metrics including overall tenant satisfaction with the units. Council asks questions across the following areas to gauge tenants' satisfaction with affordability, condition of the units, as well as satisfaction with the level of service received from Council and contractors:

Tenant satisfaction:

1. Unit affordability
2. Maintenance
3. Unit exterior
4. Security and safety
5. Unit interior
6. Council staff
7. Service improvements

We would suggest Council includes questions around the warmth of units, and accessibility for further insight in these areas.

Tenants can respond with satisfied, not satisfied, or neutral, and can provide feedback throughout the survey. The results of the above measures are mixed, however generally the results are above or well above 85%. Overall satisfaction levels for 2021/22 were 90% with 8% neutral. Therefore, most tenants are satisfied with the individual metrics above.

The most recent survey from 2021/2022 was completed by tenants in 50 of the 118 units, representing 42% of the portfolio. This participation rate was a notable decrease from the previous year where 80 (or 68%) tenants participated.

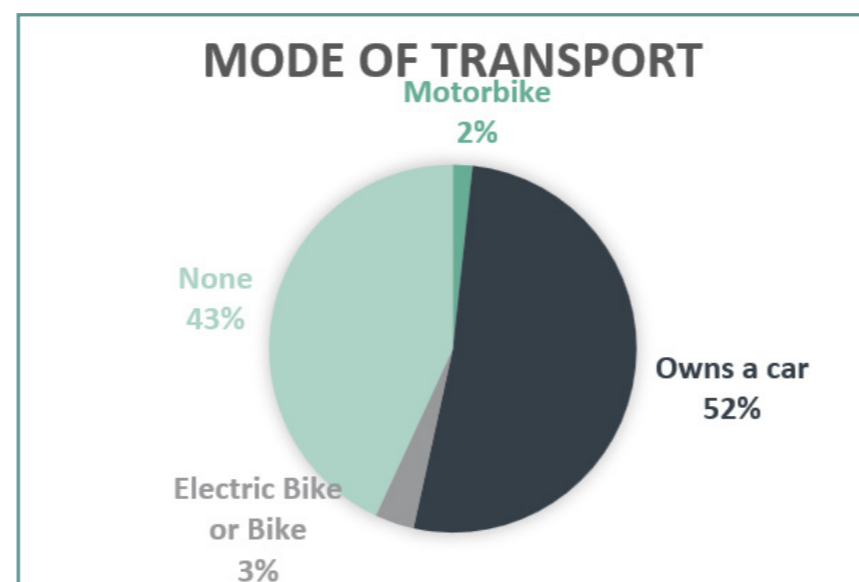
Tenant profile

Council staff gather information on current tenants to understand data around ethnicity, age, gender, mobility aid requirements, and mode of transport. Data currently held by Council is summarised below:

Ethnicity	<ul style="list-style-type: none"> • Māori – 20.56% • Other – 79.44% <p>The number of Māori residents residing in Ōtaki is higher than the rest of the district.</p>
Age	<p>The age of current tenant's ranges from 65 to 92 years with the average age being 74. Applicants on the wait list range from 65 to 90 years of age.</p>
Mobility aids required	<p>Across the portfolio a reasonably low proportion of occupants require mobility support. Four tenants have mobility scooters and eight with have walking sticks and/or frames.</p> <p>This low proportion is likely due to the design of the units, and tenants need to be able bodied. There are currently no units within the portfolio that would be deemed accessible.</p>

Mode of transport

The below graph shows the proportion of tenants who own a car, motorbike, bike/electric bike or have no mode of transport. With such a high percentage of current tenants having no mode of transport, this highlights the need for Older Persons Housing Units to be in locations within close proximity to public transport.



Services provided and eligibility

Tenants who live in an Older Persons Housing Unit are charged affordable rent, retain their independence, and benefit from Council taking care of major upkeep like maintaining the buildings and grounds, any urgent repairs that are required, and building upgrades.

Council also covers rates, water rates and building insurance.

Council provides limited wraparound services to tenants. Through the Tenant Liaison, Council refers tenants to external parties through pamphlets or information from Age Concern and the other various support services available in Kāpiti. Through the Tenant Liaison role and regular contact with tenants, where external agency support is required, a referral to the GP enables assessment of needs for additional support. Council have established relationships with Emerge Aotearoa, Wesley Community Action, Whaioro Trust, and Asthma Wellington whom all currently support a number of tenants.

In comparison, registered CHPs provide wraparound services that generally exceed tenancy management. These include supporting the social and health needs of tenants within their homes, and building referral relationships and partnering with local service providers. These support services are sometimes provided by CHPs wraparound support staff, who identify the requirements of each tenant.

To be eligible for a Council Older Persons Housing Unit, applicants must meet the below criteria, including:

- Aged 65 or over and retired from fulltime work.
- Have a current community service card.
- Have limited financial assets- \$44,245 for a single person or \$52,434 for a couple (excludes car, furniture, and personal effects).
- Able to live independently.
- Not in regular paid employment.

7 Overview of the Current Service Provision

Rental and occupancy

Rental

Rent is set at an affordable rent for tenants is no more than 30% of their total income (Superannuation and Accommodation Supplement). The methodology for rent setting is a combination of superannuation and the consumer price index (CPI). Calculations are prepared as part of the Fees and Charges schedule. Rental increases are limited to one review per year as per the legislation under the Residential Tenancies Act 1986. Bond is set at two weeks' rent and two weeks rent is due in advance, at the start of the tenancy.

Rent covers rental of the unit and water charges, as well as grounds care, and cladding and guttering cleaning. The tenant is responsible for telephone and power charges.

Tenants are responsible for keeping their units clean and tidy, and looking after their own garden next to their unit. Council contractors maintain the units and grounds.

The rental charges for the portfolio were reviewed as of 1 July 2023 with the weekly rent for singles being \$181 and couples being \$263.

Occupancy

Occupancy for the portfolio has consistently been between 98-99% of the available units for the last 4 years, which meets Council's key performance measures for the portfolio. However, this does not include units currently under refurbishment.

TABLE 8: OCCUPANCY RATES OR OPHU, 2019-2022

2019	2020	2021	2022
99.3%	98.8%	99.4%	98.5%

Council holds an application register of people interested in the older persons housing units. The wait list is not a sequential list where the first on the list is the first to be offered a unit. The Housing for Older Persons Policy (1993) sets out the weighted criteria which tenants are assessed against when Council allocates its units to tenants when the units become vacant.

The criteria includes:

1. Existing accommodation
2. Location
3. Length of time on the application register
4. Health status
5. Discretionary points.

The demand for the units based on enquiries received with Council is for units outside Ōtaki, however local hapū have advised there is need for more kaumatua housing within Ōtaki to meet current and future demand.

As of June 2023, the application register had 63 applicants. The number of applicants on the application register has increased year on year, over the last three years.

TABLE 9: TOTAL NUMBER OF APPLICANTS ON OPHU APPLICATION REGISTER

Total Registered Applicants	2021	2022	2023
	55	57	63

The application register is not however a true reflection of current demand for older persons housing. Many enquiries don't result in formal applications due to long wait times for the units and, many people have immediate or short-term need for housing.

TABLE 10: SUMMARY OF APPLICATION DATA

Application Summary	2021	2022	2023
Total housing enquiries	120	98	106
Application forms provided	67	72	69
Completed application forms received	34	11	13
Ineligible housing enquiries	39	24	37
Approved applicants who will consider Ōtaki	19	19	16

Property condition

Council has taken a proactive approach to the management of the portfolio with the most recent asset management inspections carried out in May 2023. The asset management plans note that the properties are generally in good to very good condition.

External condition

Council has provided the latest external property condition reports for the various units. The inspections assess the following attributes:

- Are there signs of asbestos
- Are trees causing a hazard
- Are large gas bottles well secured
- Do all building elements/features appear structurally sound
- Do chimneys appear structurally sound
- Are grounds free from rubbish and debris
- Is the roof free from cracked/loose roof tiles
- Is the house number clearly labeled
- Is car parking well defined
- Is storm water discharging into wastewater network
- Are paths free from trip hazards
- Do decks appear structurally sound
- Are there handrails
- Can all external doors be locked
- Have the windows got effective latches
- Is there adequate outdoor lighting near the entrance ways
- The jobs required because of this inspection

7 Overview of the Current Service Provision

The external inspection notes record the general external condition of the buildings in the general comments section, and it appears that any repairs and maintenance is proactively managed.

Internal condition

Council has provided the latest internal condition reports from May 2023. The internal condition of the units appears to be proactively managed, with both minor and major repairs, and maintenance, being identified through annual internal property inspections and logged maintenance jobs. Council is in the process of upgrading all units to Healthy Homes standards by June 2024. Healthy Homes legislation requires compliance by June 2025.

Internal renewals

Council is currently working through a renewals programme for the entire portfolio. The scope of these renewals includes:

- Fully relining – new gib walls and ceiling
- New plumbing
- New electrical and fitting
- New bathroom/laundry fit out (new shower, vanity, WC, super tub).
- New kitchen fit out
- New carpet and vinyl throughout
- New paint throughout
- New oven
- New heat pump and insulation to meet Government Healthy Homes requirements

This is the standard scope, however where required Council will also replace doors and windows. The average cost of these upgrades has been \$65,000 per unit which has been impacted by the cost of removing asbestos in some units.

Internal refurbishments have been undertaken by targeting units in the worst condition, and providing a decant unit (to relocate tenants to temporarily) while the poor condition unit is refurbished, as well as when a unit becomes vacant or through the “decant model” outlined in the Councils Older Persons Housing Management Plan. This is a targeted renewal programme enabling residents to be moved into a decant unit while their unit is being refurbished. At the time of this report seven units were currently undergoing refurbishment being refurbished with another one pending. Currently 84 of the 118 units have been refurbished.

Accessibility

It was widely reported through the housing needs assessment that there is a lack of homes that are accessible for people with disability/mobility challenges. Due to the lack of accessible housing options in Kāpiti, people are being forced out of communities where they want to live. We have identified through the review that the portfolio does not currently meet full accessibility requirements, meaning eligible older persons with a physical disability may not be able to access the portfolio. Council has provided some accessible features such as ramp access, wet showers and all units accommodate walkers. Some units accommodate wheelchair access due to be level entry and open plan. The Council should explore options to retrofit existing dwellings to improve their accessibility for people who are not able-bodied. All future developments should meet accessibility design standards.

Financial assessment

The following section provides a financial assessment of the portfolio’s financial performance. Portfolio revenues, costs, valuation, and key findings are presented to inform various options that could be considered by Council to improve the financial performance of the portfolio.

Portfolio revenues

In accordance with Council’s Long-term Plan 2021-41, rental income is to recover between 55-80% of the operating costs of the portfolio, and the rest is to be subsidised by ratepayer contributions. There is no requirement to profit from rental income. Council applies an affordable rent principle where the cost of rent is to be no more than 30% of a tenant’s total income. Rents are reviewed annually using CPI and Superannuation figures.

Table 10 presents the rental income forecast for 2022/23 for each block of units against estimated market rent, to show the extent of the market subsidy Council provides to its tenants.

Kāpiti Valuations Ltd completed the last current market rent valuations for the portfolio in October 2020. The valuations provided market rents for original units and refurbished units at each location. To determine the current market rent at each village below we have:

- Calculated the number of units refurbished vs original in each location.
- Increased the total market rent per village by CPI.

This approach is conservative given (infometrics, 2023) reports the average rent for Kāpiti have increased from \$432 to \$538 (24.5%) over the last 3 years.

TABLE 11: CURRENT ANNUAL RENT VS MARKET RENT EQUIVALENT

Village	2022/23 Rent Forecast	Market Rent	
Kāinga Flats – 28 Aotaki Street	\$220,000	\$354,551	
Hadfield Court Flats – 25 Te Rauparaha Street	\$140,000	\$219,327	
Tahuna Flats – 1-7 Kirk Street	\$155,000	\$215,479	
Patterson Court – 32 Kirk Street	\$108,000	\$162,709	
Belvedere Flats – 12 Belvedere Avenue	\$28,000	\$52,770	
Oakley Court Flats – Eatwell Avenue	\$173,000	\$296,834	
Arnold Grove Flats – 19-27 Arnold Grove	\$188,000	\$327,616	
Repo Street Flats – Repo Street	\$32,000	\$70,086	
Te Ati Awa Flats – 18-20 Donovan Road	\$38,000	\$70,361	
Wipata Flats – 36 Wellington Road	\$37,000	\$ 72,559	
Other Rental Income (not recorded above)	\$0	\$0	Difference
Total Rent	\$1,119,000	\$1,871,976	\$752,976
Average- rent per unit per week	\$182	\$305	\$123

7 Overview of the Current Service Provision

The analysis on the previous page indicates that the opportunity cost of market rental foregone by Council to support the provision of affordable older persons' housing is approximately \$752,976 or \$121/week. This excludes expenditure, including the additional costs for Council staff to manage the portfolio.

If Council could access the IRRS for new Older Persons Housing Units, Council could receive market rent. In this scenario, tenants would contribute 25% of their income and MHUD would contribute the rest through the IRRS. Accessing IRRS may be actioned either through partnering/becoming a Community Housing Provider or continuing to lobby central government, alongside other councils.

Subject to the on-going sustainability of the current method of delivering older persons housing, there may be an opportunity to review the rent setting to an alternative method such as a higher percentage of market rent. Whilst this would mean that rent is more expensive for tenants, it would mean the portfolio may be able to self-fund.

Property valuations

Table 12 presents the current land and improvement rating valuations for the portfolio. The portfolio's current rating valuation is at \$12,140.00 including GST, if any.

TABLE 12: LAND AND IMPROVEMENTS RATING VALUATIONS (SOURCE, KCDC 2023)

Site	Land	Improvements	Capital Value
Arnold Grove	1,190,000	530,000	1,720,000
Belvedere Flats	400,000	220,000	620,000
Hadfield Court Flats	615,000	705,000	1,320,000
Kāinga Flats	515,000	1,175,000	1,690,000
Oakley Court Flats	1,210,000	830,000	2,040,000
Paterson Court Flats	385,000	685,000	1,070,000
Repo Street Flats	280,000	400,000	680,000
Tahuna Flats	825,000	615,000	1,440,000
Te Ati Awa Flats	395,000	305,000	700,000
Wipata Flats	560,000	300,000	860,000
Total	\$6,375,000	\$5,765,000	\$12,140,000

Financial Performance

The following Table 12 both summarises, and estimates, the financial performance of the portfolio from 2020 – 2026. The figures in the table take account of rental income, operating expenditure, capital expenditure, interest and depreciation to determine whether the portfolio is generating a surplus or deficit. It outlines the Older Persons Housing surplus / deficit after operating expenses, capital expenditure, interest and depreciation, as provided by Council. It does not take into consideration any repayment of Council debt.

TABLE 13: PORTFOLIO FINANCIAL PERFORMANCE (SOURCE, KCDC 2023)

Year	Income	Operating Expenses	Net income	Depreciation & Interest	Funded through rent	Funded through rates base	(Surplus/deficit)	Capital Expenditure
2020/21	702,340	844,248	-141,908	411,737	56%	44%	-553,644	939,308
2021/22	871,318	781,887	89,432	506,888	68%	32%	-417,456	970,523
2022/23	974,208	717,910	256,297	572,086	76%	24%	-315,789	1,824,841
2023/24	1,061,208	943,780	117,428	722,743	64%	36%	-605,315	1,243,975
2024/25	1,094,101	1,025,521	68,580	881,313	57%	43%	-812,733	2,160,708
2025/26	1,113,795	1,089,722	24,073	1,057,089	52%	48%	-1,033,016	1,798,534

The above analysis indicates that, whilst the rental income is covering operating expenses (from 2021/22 onwards), when other costs are included, the portfolio has generated a year-on-year deficit. Council has also provided three years of actuals and forecasts for the next three years.

As noted on page 9 of this report, The Long-term Plan 2021-41 outlines Council's revenue and financing policy. The funding targets for 2021-2041 are for the portfolio to be between 20-45% Public (Rates) funded and 55-80% Private (fees and user chargers and other income) based on the proportion of operating expenditure. The portfolio is meeting the targets set out in the Long-term Plan regarding the ratio of rental vs rates funding as other costs are not currently included in the measure. Going forward we suggest that capital expenditure is included as this represents the true cost of running the portfolio. The above table shows the percentage of funding through rent and rates if other costs were included in the calculation.

Council needs to investigate other delivery models as the current model is dependent on rates and any opportunity to decrease the reliance on rates should be explored. The portfolio is not financially sustainable and requires an investment from ratepayers on an annual basis to deliver the service. To expand the portfolio further, additional funding which under the current operating model would increase reliance on rates funding.

8 Stakeholder Engagement

Overview of stakeholder engagement

A key part of this review involved engaging with those stakeholders involved in housing provision within the district, as well as those who represent the target cohort. Through a mix of one-on-one interviews, a workshop and tenant surveys, TPG gathered information about how the current approach to housing is working, key challenges for housing within the district, as well as gathering important information into how Council can improve its future service and housing offering.

Stakeholder engagement included the following:

- One on one meetings with the following Government agencies online via Teams:
 - The Ministry for Housing and Urban Development (MHUD)
 - The Ministry for Social Development (MSD)
 - Kāinga Ora
- Meetings with the following Community Housing Providers, Property Managers and Housing Navigators online via Teams:
 - The Salvation Army
 - Dwell Housing Trust
 - Jade Property Management
 - Kāpiti Impact Trust
- A workshop held with older person housing interest groups, which included representatives from:
 - Age Concern
 - Older Persons Council
 - Grey Power
 - Greater Wellington Neighbourhood Support
- A survey sent to tenants of Council’s older persons housing

The Council is arranging engagement with iwi directly.

Summary of stakeholder roles

Based on the information gathered at stakeholder interviews, the following is a summary of how other Government agencies and housing providers are involved across the district.

TABLE 14: SUMMARY OF STAKEHOLDERS INVOLVEMENT IN THE DISTRICT

Stakeholder	Current role in the district
MHUD	<p>MHUD is providing input into the Regional Growth Framework which plans for the district’s future housing needs.</p> <p>At an operational level, MHUD is working to develop land with Māori in Ōtaki and Raumati South, and with Kāinga Ora in Raumati. MHUD’s ‘Build Ready’ programme is funding the development of 1–2-bedroom homes in Waikanae. MHUD is also working with Council on several sites across the district.</p> <p>MHUD also provides funding to CHPs for social public housing. There is limited CHP presence in Kāpiti but matching a site with a CHP is challenging. MHUD funds the IRRS only for new supply of public housing.</p>
MSD	<p>MSD’s role is to support people to secure housing, rather than in supporting housing supply. MSD assesses people’s housing needs, maintains the national Housing Register, and matches them with emergency or public housing. MSD also provides financial subsidies for eligible people and has its own housing navigators to support people secure housing.</p>
Kāinga Ora	<p>Kāinga Ora owns 216 houses in the Kāpiti District. Historically there has been a low supply of houses in Kāpiti and there is currently a limited pipeline due to other priority areas.</p> <p>Kāinga Ora are building some offsite manufactured (OSM) homes in the district, but these are for families and not older people.</p>
Salvation Army	<p>The Salvation Army (TSA) has one store in the district and has observed an increase in the number of people using this service, along with an increase in use of their foodbank.</p> <p>TSA has 18 one-bedroom social houses for people aged 55+ on Bluegum Crescent in Paraparaumu. Tenants are accommodated until they move into hospital or end of life care. There are currently eight people on the application register. There are 12 transitional houses of which TSA owns one and leases the other 11.</p> <p>TSA has a registered CHP called Salvation Army Social Housing (SASH) and provides wraparound services to tenants. There is higher priority elsewhere for new housing supply e.g., SASH is providing new houses in Levin.</p>
Dwell Housing	<p>Most of Dwell’s portfolio is in Wellington. Dwell directly manages its portfolio and homes on behalf of Wellington City Council and Whenua Trust. Dwell doesn’t provide wraparound services but has strong relationships with service providers that do. In Kāpiti, Dwell has one five-bedroom home for individuals with special needs.</p> <p>Dwell has been working with developers to try and establish themselves in the district for a couple of years but that’s yet to eventuate. It is challenging for Dwell to deliver public housing without upfront capital.</p> <p>Dwell is currently working with Council, who has been proactive, to establish more presence in the district. They are also working with a developer in the district to support a 35-unit social housing development. Dwell will then acquire some units upon completion and lease the remaining ones.</p>
Kāpiti Impact Trust - Kāpiti Rapid Rehousing Advocate	<p>The Kāpiti Rapid Rehousing Advocate (KRRRA) helps people navigate the process to access transitional housing through MSD. KRRRA advocates for people who are declined through the MSD application process and focuses on people with drug, alcohol, and mental health issues.</p> <p>KRRRA works to support people for around 4-6 weeks, sometimes longer, and facilitates the wraparound support services people need.</p> <p>KRRRA works closely with Council to support ‘rough sleepers’ to access boarding houses. KRRRA’s role is part-funded by Council until the end of 2023. Referrals to KRRRA come from Council’s older persons housing manager. The KRRRA views the OPH allocation process to be unclear and not based on need, and needing to change.</p>

8 Stakeholder Engagement

The housing need from the perspective of Government stakeholders

The following section provides a summary of the key points that were raised through interviews with Government stakeholders.

An unmet need for affordable housing for older persons

It was widely acknowledged across the stakeholders interviewed that the Kāpiti Housing Strategy provides a good basis for understanding the real need for housing in the district, which is seen as affluent, but has an unmet need for older persons housing. Anecdotally, it was observed that the current tenant profiles of supported housing and the waiting list for public housing included an over representation of older persons.

Limited information available to confirm the demand

Stakeholders noted that there is limited information to confirm the need for older persons housing in Kāpiti which has created a perception that there is limited demand. Stakeholder perceived there is hidden demand for housing from retirees with marginal incomes or few assets to support them.

The housing register does not adequately reflect the need

One issue identified was that the MHUD Public Housing Plan prioritises other areas in the country because of demand placed on the housing register, but housing affordability in Kāpiti is poor and this has a significant impact on older people on fixed incomes (e.g., superannuates), especially those renting. One observation that stakeholders made was that older people in the district were not actively using the housing register because there is a perception that there are limited places available in the district, and by default people are being 'pushed' out of the district to find affordable housing options. This means that the housing register is not a true reflection of the actual demand.

Limited diversity in the social housing portfolio

It was noted that the current tenant profile of the district's portfolio is mostly NZ European with limited diversity. One issue identified was that social housing available in the district was not adequately providing for the diversity of housing needs. For example, consideration should be given to intergenerational housing options to support Pasifika families.

A need for smaller housing typologies and diversity in the housing stock

Kāinga Ora explained that 1–2-bedroom homes are required in the district to meet demand but delivering 1-bedroom homes has been a challenge due to the feasibility of construction and restrictive district Plan provisions. It was noted that feasibility becomes challenging for housing development that includes lifts and providing for accessibility. Building 2–3-bedroom homes is currently more viable.

The housing need from the perspective of community housing providers

There is increasing demand for social public housing for older persons

All stakeholders interviewed have observed an increase in demand for housing that is suitable for older persons. For example, the Salvation Army has received 78 requests for accommodation this year and 14 of those are over 55 years of age this year. There's been an increase in the last six months of people 55+ years struggling to access housing.

Current social public housing stock is not suitable

It was noted that there is more demand for smaller housing typologies in the district, but the current portfolio isn't fit for purpose for older persons. It was observed that due to high demand elsewhere and prioritising spend, there is no action being taken to make the current stock fit for purpose.

There is an affordability issue in the district

Dwell noted the perception that Kāpiti is a destination area for retirees and is potentially seen as more affordable than other areas in the region. However, Dwell made the point that there are people over the age of 65 having to continue to work to afford rent.

It's challenging for older people to afford a 1-bedroom home in the district because rents are high. There are stories of older people living in vans.

There are two boarding houses in the district that cost between \$250-300 per room with shared facilities. The CHPs sector does not believe this is a good situation or providing value for money for older people.

8 Stakeholder Engagement

Community workshop

The purposes of the community workshop were to:

- Understand the current challenges for housing for older people that should be addressed in the management of the portfolio; and
- Understand from the participants' perspectives, what the key criteria are that should be used to assess the performance of the portfolio.

The participants were engaged and willing to be part of the review process and it is recommended that Council continues to work with participants throughout delivery of future improvements to the portfolio. A summary of the outcomes of the workshop is provided below.

Current challenges to be addressed within the portfolio.

Workshop participants identified the following key issues with the portfolio and how it's managed.

TABLE 15: SUMMARY OF ISSUES IDENTIFIED IN THE WORKSHOP WITH THE CURRENT PROVISION OF PUBLIC HOUSING

Issue identified	Summary
Quality of housing could be improved	<p>It was noted that whilst the quality of upgrades under the healthy homes programme has improved the standard of units in the portfolio, they do not compare to the quality of new builds.</p> <p>Ensuring the portfolio is accessible was noted as highly important.</p> <p>Oakley Court was identified as a good example of well-designed housing with gardens and neighbourhood support.</p>
Insufficiency of supply	<p>There is a lack of retirement living and if people can't support themselves, they're transferred to hospital. 'Age in place' is a better outcome as services come to people's home.</p> <p>Older people aren't applying for social public housing / housing register because there is a lack of supply available in the district.</p> <p>There is insufficient older persons housing provided by Council.</p>
Housing security is important	<p>The insecurity of tenure is a stressor for older people.</p>
Higher level of amenity should be considered.	<p>People are living longer so units need to enable and provide for the housing requirements associated with aging.</p> <p>This includes:</p> <ul style="list-style-type: none"> • Safe open space with seating, for example • Mix of housing and amenities to create community that helps with social connection. • Seniors may start as a couple, but over time become single. • Provision for walkable areas and seating. • Good access to transport. • Close proximity to health centres, shops and services. • Pets allowed. • Single-level housing with a second bedroom for visitors.

Increased diversity in the housing stock	<p>Within the portfolio it would be good to increase the different housing house choice available to meet the changing needs as people age. For example, seniors may start as a couple but over time become single.</p> <p>Mix of housing and amenities to create community that helps with social connection.</p>
Transparency of the application process	<p>There is a lack of understanding about how to enrol on both the Council and MSD housing registers. There is limited assistance for tenants who transition from self-supporting to more assisted living and living and accessing services. A 'roadmap' is needed.</p>

Prioritising the review criteria

To support the review of the current portfolio the participants at the workshop worked together to identify key criteria that should be considered when reviewing the portfolio. The criteria are summarised below.

TABLE 16: SUMMARY OF KEY CRITERIA FROM WORKSHOP

Main Criteria	Sub Criteria
How does the portfolio ensure security of housing tenure?	<ul style="list-style-type: none"> • Enable 'age in place'. • Houses won't be sold. • Physically safe. • Healthy home to live in.
Diversity in housing and typology.	<ul style="list-style-type: none"> • Not intergenerational. • Consider a mixed model. • More than two beds required. • Green space and community gardens needed. • Central community space that's flexible and can be used for wraparound services. • Need to be resilient.
Proximity to services.	<ul style="list-style-type: none"> • Close to shops and amenities. • Public transport. • Medical centres. • Walkable.
Design and accessibility.	<ul style="list-style-type: none"> • Universal design. • Handrails. • Steps need to be usable for elderly.
Quality.	<ul style="list-style-type: none"> • Build to current standards / code (e.g., showers are critical). • Flexible housing to accommodate carer or family member staying over overnight. • Accessible housing and bathrooms.
Support services.	<ul style="list-style-type: none"> • Confirm the role of Council in providing support services and investigate alternative options e.g., CHP working with Council or linking with Government systems.
Community village.	<ul style="list-style-type: none"> • Mitigate antisocial behaviour. • Build a community. • Connected.

9 Evaluation of the feasibility to redevelop

Selection of a site to test

To understand the viability of increasing the portfolio size under the current model of operation, an assessment of the potential to redevelop one of the village sites was undertaken. This included preparation of a high level plan for its redevelopment and a financial assessment of the cost to redevelop along with the ongoing costs of operation against the increase in revenue potential.

To select a site suitable for redevelopment an evaluation of each village was undertaken against an agreed set of criteria. This evaluation is included at Appendix 1. TPG met with Council to discuss the outcome of the site-specific assessment and decide which of the 11 sites assessed (10 villages and the Planting Road Reserve) to investigate further for potential redevelopment. Although many sites provided good future redevelopment or infill opportunities, based on the outcome of the site evaluation process, it was agreed that the village located at 49 Aotaki Street, Ōtaki would be investigated further. Council requested that this site be looked at alongside the neighbouring property owned by Kāinga Ora at 45-47 Aotaki Street, Ōtaki which has been identified by Kāinga Ora as a site for redevelopment.

FIGURE 6: 45-49 AOTAKI STREET, ŌTAKI – COUNCIL & KĀINGA ORA SITES



RMA Planning Review

A high-level RMA planning review was undertaken to identify the key planning considerations for the development of the land at 45-47 and 49 Aotaki Street, Ōtaki. The advice has been prepared following a review of both the Operative Kāpiti Coast District Plan 2021 and Proposed Plan Change 2 (PC2) (Intensification Planning Instrument).

The proposed older persons housing development within the General Residential Zone will require resource consent due to exceeding anticipated housing density. Despite this, at a high level the development of the site can be designed to align with the planned built form, utilising land efficiently, and maintaining amenity values. The location and surrounding environment of the site, along with its compatibility with the residential area, make the older persons housing supportable in planning terms. Notably, any residential development, including rest homes and retirement accommodation, will require Discretionary Activity resource consent due to its likely density and scale. Additionally, subdivision and the construction of any residential buildings on the site will trigger the need for resource consent under the flood hazard rules. The full RMA planning review is attached to this report as Appendix 1.

9 Evaluation of the feasibility to redevelop

Assessment of potential capacity

Based on the advice received from the RMA planning review and input from Council around building specifications, the below bulk and location plans have been completed. When designing the site layout, we have considered the best overall layout across the two sites being 45-47 Aotaki Street (owned by Kāinga Ora) and 49 Aotaki Street (owned by Council).

Initial plans by Kāinga Ora were reviewed to understand the proposed yield and typologies planned for 45-47 Aotaki Street. Similar two-bedroom two storey townhouse units have been relocated within the site and are the red units shown on the plans. Consideration has been given to ensuring the best yield and site layout is achieved for the site, greenspace is maximised, and that the dwellings meet Council's and Kāinga Ora's design requirements.

The Council units have been designed in blocks which gives Council the opportunity to stage the redevelopment with downstairs units being accessible and the level 1 being walk up. Further details on the yields are provided in the bulk and location feasibility model attached to this report as Appendix 2.

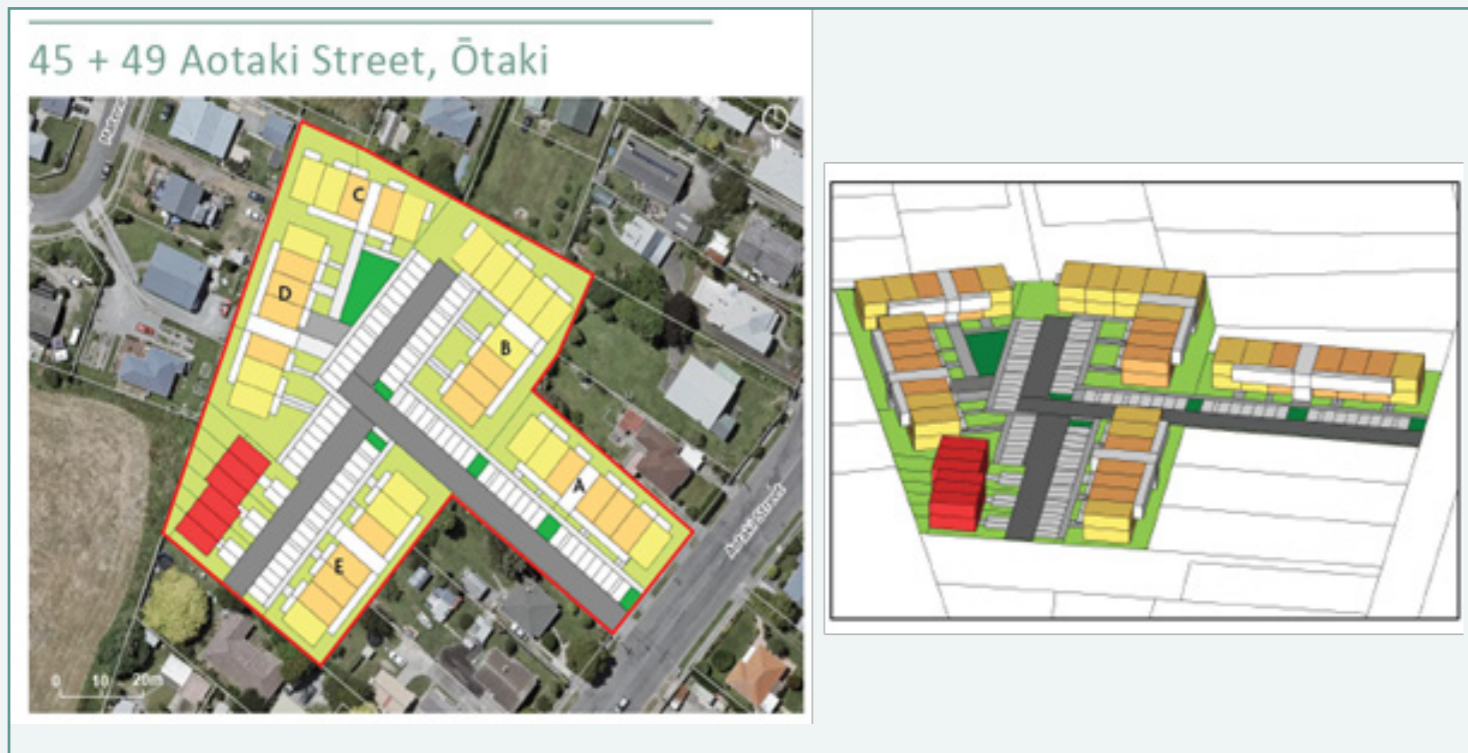
Budget Estimate & Preliminary Feasibility

A development budget estimate and preliminary feasibility assessment were completed for the bulk and location plan.

The feasibility assessment indicated that the proposed bulk and location plan is not feasible under the current market conditions. This is primarily due to relatively high construction costs in relation to values and lower revenues that are associated with the discounted affordable rentals charged by Council. Council would need to dedicate the funds required to both undertake redevelopment as well as the ongoing cost to Council to subsidize rents and manage the increased portfolio. The assessment of how the portfolio would perform under other operating models will be addressed in the following Stage 2 report.

The full feasibility assessment report is attached to this report as Appendix 3 which includes assumptions, costings and recommendations.

FIGURE 7: 45-49 AOTAKI STREET, ŌTAKI – PROPOSED SITE LAYOUT PLAN



10 Conclusions

Does the portfolio currently support those most in need?

Providing for people aged 65 and over is considered an appropriate cohort to support for the following reasons.

- There is an increasing need to provide more affordable housing for an aging population in the district. There is a gap in support for those no longer working, with limited financial means, who are not eligible for Government assisted residential care. This is creating a challenge for the ability to age in place.
- The portfolio is the only housing in the district that is focused on meeting the needs of older people. The eligibility criteria for housing provided by Kāinga Ora and other CHPs is not targeted solely at older people and the housing provided by others is not focused on their needs.
- People aged over 65 are currently overrepresented in existing social housing tenancies and on the various wait lists and it is anticipated the demand is higher than reported.
- Increasing the portfolio will not only support this age group but will also take the pressure off the housing register for others in need of other social housing.

Is the current operating model set up to support growth?

Whilst there are many sites within the portfolio that could be considered for redevelopment or infill to increase the portfolio, the assessment undertaken has identified that the cost to develop the site would significantly outweigh the revenue that could be recouped through rents. Council would need to dedicate the funds required to both undertake redevelopment as well as plan for the ongoing cost to Council to subsidise rents and manage the increased portfolio.

In addition this review has identified that the portfolio is currently not self-funding and has a heavy reliance on rate payer funding. This is evidenced by the portfolio's operational year-on-year loss across the last five years. We estimate that Council is renting each of its units for \$123 less per week than what could be charged for the same properties on the open market. On this basis, Council is forecast to forego a total of \$752,976 in the 22/22 financial year. Growing the portfolio would increase the ongoing burden on rates based funding.

Other models of managing the portfolio, could allow Council to access additional funding to support the financial sustainability of the portfolio and the reliance on rate based funding.

Next steps

To meet Council's objectives for growing the current portfolio and to ensure sustainability of the housing portfolio into the future, it is recommended that Council considers a change in operating model to both improve the financial performance of the portfolio and enable its growth. Based on current policy settings, changing the operating model requires a commitment to consider working alongside or supporting the establishment of a CHP and undertaking redevelopment of the portfolio to increase overall provision.

Stage 2 of this assessment will consider alternative operating models for the portfolio and assess how they would improve the financial sustainability of the portfolio and ensure it is set up to support growth. The second stage of the review will further build on work completed in this report and investigate future operating model options in more detail. This will include a financial and qualitative analysis of alternative delivery models against retaining the status quo.

11 References

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Appendix 1 - Site Evaluations



Appendix 1 - Site Evaluations

1.1 Site Evaluation Criteria

Site evaluation criteria was developed to determine which sites within the Council's 10 older persons' housing villages across the district are the most suitable for redevelopment. Establishing the quantitative and qualitative criteria was completed by considering both best practices and incorporating feedback provided from stakeholders engaged throughout the review process. Each criterion is weighted based on its importance when determining the best village for redevelopment. Once developed, the criteria were agreed with Council staff before assessing the sites against the criteria. At Council's request, Planting Road Reserve (located on the corner of Awatea Ave and Lambert Way) was also included in the assessment alongside the 10 villages as this site was presented to the SLT in 2021 as a potential older persons' housing site.

The table provides an overview of the evaluation criteria and associated weighting.

TABLE 17: OLDER PERSONS' HOUSING VILLAGES- SITE EVALUATION CRITERIA

Ranking	Criteria	Sub Criteria	Description	Weighting
1	Proximity and access to amenity and services	<ul style="list-style-type: none"> Is the site within 400m to shops and medical centres (current and proposed)? Is access to the site free of impediments that can't be addressed? Is the site within 200m of public transport? Is the site within 500m to parks and walkways and access to local amenity safe, i.e., condition of footpaths, bench seats for rests, street lighting, street crossings? Does the site provide residents the opportunity to feel connected to the community and provide a good outlook? 	Close to local amenities i.e., walking distance to shops, medical centres, public transport, parks, and walkways.	20%
2	Site resilience	<ul style="list-style-type: none"> Is the site on a flood plain or within a tsunami evacuation area? Are there any geotechnical issues with the site? Is the site on a fault line? Are there any hazards across or near the site?. 	Consider if the site is in a flood plain or tsunami evacuation area, a fault line, or if there are any geotech/hazards identified through the desktop assessment using the mapping tool. Water inundation issues will be critical for Ōtaki. Tsunami Pass/Fail Criteria where the risk cannot be mitigated. Climate change considerations should be considered. Risk profile e.g.: Ōtaki is at high risk- development would need to accept a higher degree of risk.	20%
3	Zoning	Does the current and/or proposed zoning allow for increased density on the site?	Sites which can achieve a higher density in the permitted base line will score higher. Plan Change 2 implications will be considered.	15%
4	Developability - site contours	<ul style="list-style-type: none"> Does the site have suitable contours for development?, Sites with contours over 10% will score lower. Is access from the road up/onto the site safe and easy?. Is vehicle access onto the site safe and well designed (i.e., away from corners/busy roads)?. 	Is access to the site and the site itself flat and a suitable contour for older person housing. i.e., If contours are above 5-10% it becomes more costly to develop and less accessible for elderly tenants.	15%
5	Developability – site capacity	<ul style="list-style-type: none"> Is the site a good size for development? Is there capacity to further develop the site without removing existing units? Is the site's shape and access desirable for development? Is there an opportunity to acquire neighbouring sites/ work with partners with larger development projects (e.g., CHPs or Govt)? 	Is the size and shape of the site suitable for development. Consider surrounding sites with opportunities or adjoining sites with reverse sensitivity issues. E.g.: wastewater treatment plant buffer zone. Note the importance to consider the balance between a connected and vibrant site vs retaining privacy with the units. Perhaps something to consider in the design options for the site.	15%
6	Developability – infrastructure	Does current and/or planned infrastructure to the site support further development.	Is the site currently, or planned to be, connected to public mains infrastructure?	5%
7	Location	Is the site in an area where there is a high demand for affordable housing for the older person cohort?	Ensuring that future development is in geographical locations which line up with current and projected demand for the 65+ population in need of affordable rental accommodation.	10%
8	Condition of current dwellings	<ul style="list-style-type: none"> What condition are the current units in?. How much has been spent on upgrades/ forecasted to be spent?. Does the internal & external layout/accessibility meet the needs of the cohort? Could Council retrofit with ease/in a financially viable way?. 	Once a shortlist of sites is determined, consideration will then be given to the condition of the existing dwellings on that site. What is the recent and forecasted CAPEX for the units. Do the units meet current and future needs of the target cohort. I.e. does the layout/size work well, are they well designed internally to meet tenants needs and are dwellings set out well on site to provide both privacy to residents and opportunities to interact with other tenants?. Sites that are well designed with units in good condition would not be rated as highly for redevelopment.	

Appendix 1 - Site Evaluations

1.2 Site Evaluation Criteria

The below table provides a summary of each site's evaluation score against the site criteria above. The stage 1 criteria have an overall rating out of 100%. Stage 2 – condition of current dwellings was developed to assess which site took priority if the two sites with the highest scores were eventually weighted .

TABLE 18: SITE EVALUATION SUMMARY

KCDC Site Evaluation Criteria			Ōtaki				Waikanae	Paraparaumu					Paekākāriki
			Kainga Flats - 49 Aotaki Street	Hafield Flats - 25 Te Rauparaha	Tahuna Flats - 1-7 Kirk Street	Patterson Court - 32 Kirk Street	Belvedere Flats - 12 Belvedere Avenue	Oakley Court Flats - Eatwell Avenue	Arnold Grove Flats - 19-27 Arnold Grove	Repo Street Flats	Planting Road Reserve - Cnr Awatea Ave & Lambert Way	Te Ati Awa Flats - 18-20 Donovan Road	Wipata Flats - 36 Wellington Road
Ranking	Criteria	Overall Weighting	Score	Score	Score	Score	Score	Score	Score	Score	Score	Score	Score
Stage 1													
1	Proximity and access to amenity and services	20%	17.5%	7.5%	12.5%	12.5%	10%	7.5%	7.5%	12.5%	5%	7.5%	2.5%
2	Site Resilience	20%	10%	12.5%	10%	10%	10%	5%	2.5%	5%	20%	5%	5%
3	Zoning	15%	15%	15%	10%	10%	15%	15%	10%	15%	10%	10%	15%
4	Developability - Site contours	15%	15%	15%	15%	15%	15%	10%	15%	15%	10%	15%	10%
5	Developability - Capacity of site for development	15%	15%	12.5%	12.5%	13%	7.5%	15%	2.5%	7.5%	13%	2.5%	5%
6	Developability - Infrastructure	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	2.5%
7	Location	10%	10%	10%	10%	10%	5%	5%	5%	5%	5%	5%	2.5%
Stage 2													
8	Condition of current dwellings	Not weighted											
		100%	88%	78%	75%	75.5%	67.5%	62.5%	47.5%	65%	67.5%	50%	42.5%

