

STAFF REPORT

TO: Community Services Committee
FROM: Administration Advisor
REFERENCE: P200
DATE: 13 February 2007
SUBJECT: Housing Innovation Fund

PURPOSE/REASON FOR REPORT

To ascertain whether or not the Housing Innovation Fund from Housing New Zealand Corporation is still available to local authorities during the next 12-24 months to allow councils to buy, modernise or reconfigure rental properties.

BACKGROUND

The Community Services Committee at their November meeting discussed a report on Pensioner Housing Issues. The report asked that consideration be given to increasing the number of council cottages for the elderly, especially in the Motueka area where there was a large waiting list for these.

The Committee resolved that suitable sites be investigated in Motueka, which is presently being carried out, and that enquiries be made as to the availability of funds from the Housing Innovation Fund.

COMMENT/DISCUSSION

Contact has been made with Christine McQuillan from Housing New Zealand regarding the status of this fund.

Ms McQuillan advised that the funding is now in its fourth year. The Fund was set up for a four year demonstration period, however a fifth year of funding has been granted (1 July 2007 to 30 June 2008), and the Housing New Zealand Corporation hopes that it will be extended. This financial year (1 July 2006-30 June 2007) there is funding available of \$5.8 million for community groups and \$8.7 million for local authorities – such split being approved by the Minister of Housing. This years funding has been fully allocated to projects. Applications received to date have exceeded the amount available for the coming financial year, but the Corporation is still taking registrations of interest.

Ms McQuillan said Housing New Zealand was well versed with the CHRANZ Study on Affordable Housing in Nelson/Tasman/Marlborough Regions, and suggested if this Council wished to put in a proposal, that it be done sooner rather than later.

Council could make application for funding of new units on a 50/50 split with Housing New Zealand. On that basis if the application was approved, Council would receive funding of which 50% of the total project cost would be a Suspensory Loan to Council, and the other 50% would be contributed to the project by Council. The Suspensory Loan would not need to be repaid provided that the Council retained the cottages for the purpose they were built, for 20 years. Should the Council not retain the cottages the Council would need to pay the Government's contribution plus any capital gain on the property.

OPTIONS

- (i) To do nothing at this stage, and hope that the funding will be extended; or
- (ii) To express Council's registration of interest for funding to the Corporation.

RECOMMENDATION

THAT Council advise Housing New Zealand Corporation that suitable land is currently being investigated in Motueka for council cottages, and that Council wishes to express its interest for funding from the Housing Innovation Fund in the 2007/2008 financial year.

Sandra Hartley