

STAFF REPORT

TO: Community Services Committee
FROM: Community Services Manager
DATE: 19 March 2008
SUBJECT: Draft Policy on Pensioner Housing

PURPOSE

To reconsider the decision to base pensioner housing rentals on 25% of the gross superannuation income.

BACKGROUND

At the 22 November 2007 meeting, this Committee resolved that the rentals be set at 25% of the gross superannuation income and also that the draft policy on pensioner housing be amended to reflect this change.

Staff were concerned about the effect this proposed change had and reported to the last meeting the following:

- In many cases current rents exceed the 25% gross superannuation.
- Such a change will reduce the annual pensioner housing income by \$4,500.00.
- Reasonably new units in Takaka reduce from \$102.00 to \$84.00 per week while quite old units in Murchison increase from \$75.00 to \$84.00 per week.
- The 25% of gross superannuation makes no distinction between age, condition or location of the units.
- Units in Richmond and Motueka, where there are always waiting lists, will have the same rental as units in Brightwater, Wakefield and Murchison where staff quite often have difficulty filling vacancies, mainly because of the travel issues.
- In cities and larger towns where rentals are based on income, the units are almost always located within the one town, whereas because of the nature of the Tasman District, there are units spread throughout the district.

DISCUSSION

The resolution from the last meeting requested that staff report back on the issue and the following comments are based on returning to the old policy of up to 80% of market rentals.

Attached to this report is a schedule showing:

- The location of the units.
- The current weekly rentals paid.
- What the new current market rentals would be.
- What 80% of the current market rentals would be (note: current policy is for rentals of up to 80% of market rents).
- What 60% of the current market rentals would be.
- Proposed new rental to take effect from 1 October 2008.

As can be seen from this schedule most units have an increased rental with some being as high as \$19.00 per week. On the other hand, a few units had small decreases in rental.

Units where couples are living have also been separated as staff consider these should be closer to the 80% of market rentals, than the single tenants. This is based on their ability to pay.

To increase all units to 80% of market rentals would need to be achieved over a number of years as some rentals would increase by as much as \$95.00 per week. Staff have therefore investigated the option of setting the rentals at 60% of the new market rentals and phasing this in over the next two years.

OPTIONS

- 1 To retain the current rental scheduled and add an even amount to all rentals as has been the case in the past.

This option does not address the disparity between the current rentals and the new market rentals.

- 2 To change to 25% of the gross superannuation as was proposed last November.

The problems with this are outlined earlier in this report.

- 3 To charge up to 80% of the new market rentals with rentals being initially set at 60% of the new market rentals with appropriate phasing in.

SIGNIFICANCE

The setting of rentals for pensioner housing is not regarded as significant under the Council's policy on significance.

AFFECTED PERSONS

Tenants of the Council owned pensioner cottages are affected by any change however consideration will need to be given to reduce the impact of any changes.

RECOMMENDATION

That:

- 1 Council adopts the new market rentals for the pensioner houses.
- 2 Rentals be up to 80% of these market rentals.
- 3 As from 1 October 2008 the rentals be set at 60% of market rentals subject to:
 - 3.1 Any rentals showing a reduction to remain at their current rental.
 - 3.2 Units occupied by two people to be set at 70% of market rentals.
 - 3.3 The maximum rental increase from 1 October 2008 be \$6.00 per week with a further increase of no more than \$6.00 from 1 October 2009 and the balance to bring rentals up to 60% (70% for couples) from 1 October 2010.

Note: This will increase the rentals for the 2008/09 year by over \$21,000.00 and in total by 7.7% by 1 October 2010.

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[http://tdctoday:82/shared documents/meetings/council/committees and subcommittees/community services committee/reports/2008/rcs080327 report draft policy on pensioner housing.doc](http://tdctoday:82/shared%20documents/meetings/council/committees%20and%20subcommittees/community%20services%20committee/reports/2008/rcs080327%20report%20draft%20policy%20on%20pensioner%20housing.doc)