

Finance Performance Committee

Tabled Documents

29 October 2017

Item 6:	Chairs report
Item 9:	Community Housing
Item 10:	In-house investigations on saleability of Bulls properties

Chairs report, October 2017

Finance & Performance Committee

Welcome to the Finance Committee meeting for October 2017.

I am very pleased to see a draft discussion document on the agenda today in regards to promoting development within our district, particularly around possible ways of incentivising new residential home builds and commercial development. I believe the time is right to show potential developers that we are serious about wanting growth within our district and that this tool is one step that Council can take to help promote that.

It is unfortunate to see in our Treasury Investments, the recall of Manukau City bonds as well as the Rabobank bonds. These were performing very well for Council and it is unlikely to find any other 'safe' area of investment with these types of returns. However, with the predicted upcoming spends within our LTP, these current surplus funds will need to be invested wisely, with the ability to allow access if required. I understand that our LGFA Membership is nearing completion and this will also put certainty into a funding source at very good rates when our need arise.

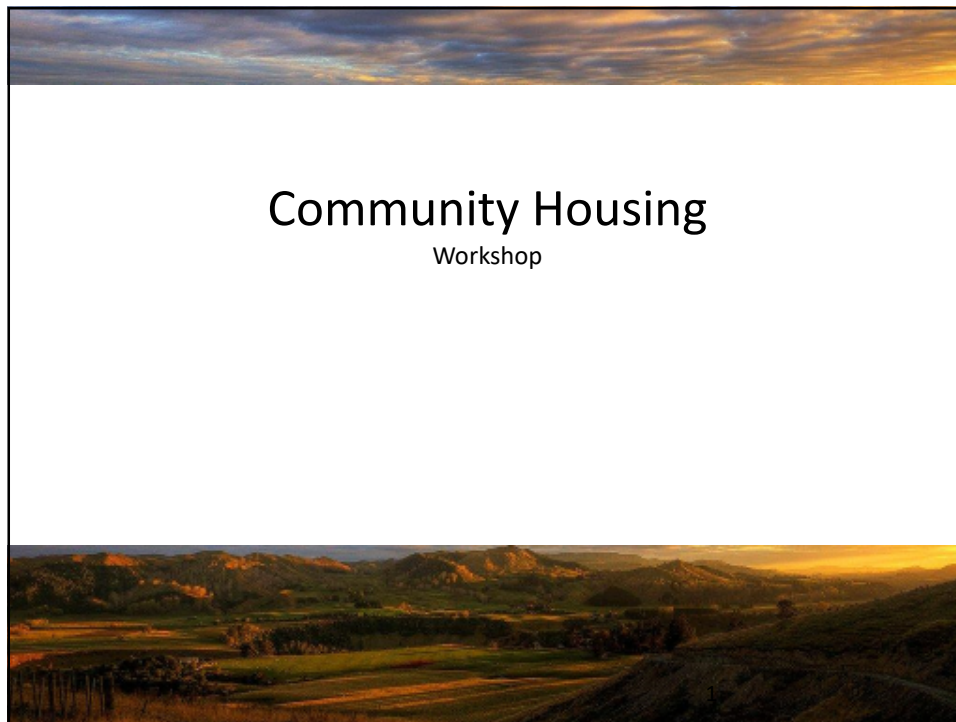
Our overdue rates information makes for familiar reading. However, of note, there has been a significant movement in 'warning to mortgage' action. Hopefully this will have a favourable outcome in recouping some of these arrears. I know our Finance team does a fantastic job in this very challenging area.

Nigel Belsham

Finance & Performance Committee Chair

TABLED DOCUMENT

Tabled at Finance Performance. Item 6
on 26 October 2017



Strategy

1. Community Housing Rationalisation
 - Want to increase available accommodation within district even if not owned by council.
 - Minimise impact on current tenants
 - Maximise available housing in future
2. Community Housing Sustainability
 - Ensure rentals received pay for maintenance
 - Renewals \$140K remaining

2

The logo for Rangitikei District Council, featuring the name 'Rangitikei' in a stylized red font with a white outline, and 'District Council' in a smaller, plain font below it. To the right of the text is a circular emblem containing a stylized landscape with a sun, hills, and water.

Community Housing Rationalisation

- Cuba and Matua not fit for purpose (location and types of accommodation)
- Sale would entail:
 - Market rents to get to a yield of 8-12% from 4%
 - Raising rents to market of \$150 per week
 - Cuba - \$400-500K
 - Matua - \$450k
 - This would realise (after fees) say \$800k

3



Rationalisation cont'd

- With \$800k re-invest in an additional 7-8 units, say in Taihape? cost will be circa \$800k with fees
- Ratana Communal Board select tenants and carry out grounds maintenance - would they run the 4 units at Ratana?

4



Sustainability

- WINZ subsidy needs to be obtained by tenants.
- Say an additional \$50 rent/week for 72 units = \$187K
- Intention is to refurbish a block at a time to a minimum standard
- Likely costs \$25K per unit
- Work with local motels to provide short term accommodation to move tenants for say a week at a time

5



Timeline 2018/2019

- Raise rents making sure all tenants aware of WINZ subsidy
- Sell units in Cuba Street and Matua Flats
- Spend remaining amount of \$300 on refurbishing

6



Timeline 2019/2030

- Commence rolling refurbishment programme
- If \$25k per unit then say 6 per year refurbished to a good standard
- 12 years time frame



Subdivision Cost Estimates

Walton Street and Johnson Street
Blocks, Bulls
October 2017

Indicative Subdivision Costs/Yields

- **Walton Street**
- Area = 1.5ha (approx.)
- Bare Block Value = \$250K
- Lot Yield = 16
- Estimated Cost per Lot = \$55K (incl GST)
- Indicative Residential Section Value = \$75K
- Possible Gross Position = \$320K (Net \$70K) BUT...



Indicative Subdivision Costs/Yields

- **Johnson Street**
- Area = 1.9ha (approx.)
- Bare Block Value = \$280K
- Lot Yield = 20
- Estimated Cost per Lot = \$55K (incl GST)
- Indicative Residential Section Value = \$75K
- Possible Gross Position = \$400K (Net \$120K)

