

## Proposal Housing for the Elderly Review of Rent Settings 2025

### 1 Context and Situation

Far North District Council owns and manages 144 Housing for the Elderly units across 12 locations. These units are tenanted by eligible older residents under agreements governed by the Residential Tenancies Act 1986. Eligibility criteria include being aged 60 or over, not owning property, having assets under \$20,000, and being a permanent New Zealand resident or citizen. Most tenants receive NZ Superannuation or other financial support from the Ministry of Social Development.

The Council's operational document, being the Housing for the Elderly Policy 2010 (2010 Policy), outlines that rents are to be increased annually based on the Consumer Price Index (CPI). The CPI tracks inflation by measuring how the average cost of everyday things like food, rent and transport change over time for New Zealand households. This approach has been in place since a Council resolution was made in 2010.

Current weekly rents range from \$130 for bedsits to \$144.60 for units occupied by couples as set out below:

Location	Type of Unit	Weekly Rent
Kaikohe, Kerikeri, Rāwene	Bedsit unit	\$130.00
Ahipara, Awanui, Horeke, Kawakawa, Oxford St, Puckey Ave, Rāwene, Kohukohu, Waimā	One bedroom unit	\$136.20
Kaikohe, Ōmāpere, Kerikeri	Larger units: One/ Two-bedroom unit (s)	\$140.00
All complexes	Couples	\$144.60

These are lower than market rent, about one-third (33%) of what private rentals cost.

Even though rents have increased based on the CPI, the rental income still is not enough to cover the operational costs to run the units. These operational costs include things like building insurance, grounds care, contractor costs, rates and general repair and maintenance to the buildings (including landlord responsibilities, like electrical repairs, leaky toilets and stove replacements). In the 2025/2026 year, there is expected to be an operational shortfall of about \$230,000, which is currently being funded through general rates.

This shortfall means that for every \$100,000 of land value, the following amounts from general rates are contributed towards operational costs:

- General Differential: \$1.39
- Commercial/Industrial Differential: \$3.82

- 50% Land Differential: \$0.70

For example, if the value of the land for a residential home is \$500,000, there is a contribution of around \$6.95 per year towards operational costs.

*It is important to understand that the day-to-day operational costs do not include costs to carry out any upgrades or major repairs (also called capital renewals). These are usually met through depreciation funding, or from additional borrowings.*

*Depreciation is not currently funded as set out in the Long-Term Plan 2024-2027. If depreciation was funded, for this current year, this would increase the annual shortfall from around \$230,000 to around \$1,122,000. While depreciation is not funded, this means there are no amounts held intended for capital expenditure works such as refurbishments for vacant units or renewal works. A shortfall of around \$1,122,000 would mean for every \$100,000 of land value, the following amounts would be contributed:*

- General Differential: \$6.75
- Commercial/Industrial Differential: \$18.56
- 50% Land Differential: \$3.38

*Right now, there is no plan to upgrade the units. Based on estimates, it could cost roughly \$15 million dollars over the next 10 years to do necessary upgrades and renewals.*

The Council's Long-Term Plans says that the Housing for the Elderly activity should be funded through rents but acknowledge that some costs may be unrecoverable and require additional financial support.

Unfortunately, Councils are not able to access central government funding like the Income Related Rent Subsidy administered by the Ministry of Housing and Urban Development without legislative change. On top of that, central government policy states that even if the properties were owned or managed by Community Housing Providers, existing units and tenants would not qualify for the subsidy – only new units that are built would.

This rent review is to consider if CPI-based rent increases are still the best way to manage the rental income and to explore if there are other rent settings that could be better.

On 31 July 2025, the governing body of the Council determined that:

#### 14.2 HOUSING FOR THE ELDERLY REVIEW OF RENT SETTINGS AND OPTIONS FOR PUBLIC CONSULTATION

Agenda item 6.4 document number A5261722, pages 162 - 208 refers.

##### RESOLUTION 2025/92

Moved: Kōwhai - Deputy Mayor Kelly Stratford  
Seconded: Cr Ann Court

##### That Council:

- Adopt the Proposal in Attachment 3 to be released for public consultation to meet the requirements of section 82 of the Local Government Act 2002.
- Approve that the period for making written submissions on the proposal will be a minimum of 4 weeks.
- Delegate authority to the Mayor to decide on the date of oral presentation/s of submissions.
- Authorise the Chief Executive to make any necessary minor drafting or presentation amendments to the Proposal to correct errors or omissions, or to reflect the decisions made by the Council prior to final publication and public release.

**CARRIED**

Following the consultation and local government elections in October 2025, all incoming Elected Members will be briefed on the consultation and feedback, with a decision on the options to be made by the incoming Council.

## 2 Proposal and Analysis of the Options

The Council proposes to review the way rents are set/increased for the Housing for the Elderly properties and is consulting on the following options, being:

<b>Option 1</b>	<b>Keep things as they are</b> Rents to continue to be increased annually based on the Consumer Price Index (CPI). <i>This is the current situation (status quo)</i>
<b>Option 2</b>	<b>Link rents to NZ Super</b> Rents to be increased by basing the amount as a percentage of NZ Super and reviewed annually to keep that proportionality.
<b>Option 3</b>	<b>Align rent increases with actual operating costs</b> Rents to be increased/adjusted annually to cover the actual or forecast operating costs incurred each year. <i>Operating costs mean the costs such as insurance, grounds care, general repair and maintenance to the buildings and equipment (for example, electrical repairs, leaky toilets and stove replacements), contractor costs and rates. This does not include costs to complete upgrades or refurbishments.</i>
<b>Option 4</b>	<b>Benchmark rents against market rates</b> Rents to be benchmarked against market rates and set as a percentage and reviewed annually.

Each option would also include a tiered approach to setting rents. This means the amount charged may be different based on things like the size or location of the unit, and whether it is occupied by one person or a couple. A tiered structure could help ensure rents are set fairly and reflect the living arrangements and value of each home.

Details about each of these options and their advantages and disadvantages are below. More information can be found in the [supporting research report](#), found [here](#).

## EXPLANATION OF OPTIONS AND EXAMPLES

All examples below are based on a bedsit in Kaikohe with a current weekly rent of \$130.00. They are intended to show the additional amount of rent a tenant may pay for each option. The calculations also consider the possible impact of receiving the full accommodation supplement, showing the net effect on the tenant. Please note that actual entitlements will be different depending on individual circumstances, so the figures are a general guide only.

*The accommodation supplement is a weekly payment which contributes towards peoples rent, board or cost of owning a home and is administered by Work and Income NZ. This support is available to individuals with low income, low asset levels, and housing costs that exceed a set proportion of their income. How much a person can get depends on their income, accommodation costs, where they live, family circumstances and assets. More details can be found on the Work and Income website.*

### Option 1: Keep things as they are - CPI Adjustment (Status Quo)

	<b>Rent Amount per week</b>	<b>Extra tenant would pay per week (if no accom supplement)</b>	<b>Extra tenant may pay per week (if receives full accom supplement – net effect)</b>
Current Rate CPI adjusted	\$134.77	\$4.77	\$4.77

<b>Advantages</b>	<b>Disadvantages</b>
No change in approach for tenants	Will not meet forecasted operating costs and the shortfall will continue to be funded by general rates
Will have the least financial impact on tenants with increases being relatively small	
Easy to manage	
Uses independent, external data to calculate changes	
Takes into account some unit features and household types	

### Option 2: Link rents to NZ Super - Household income/calculation based on rates of NZ Super

	<b>Rent Amount per week</b>	<b>Extra tenant would pay per week (if no accom supplement)</b>	<b>Extra tenant may pay per week (if receives full accom supplement – net effect)</b>
Paying 25% of NZ Super	\$156.79	\$26.79	\$26.79
Paying 28% of NZ Super	\$175.60	\$45.60	\$32.43
Paying 30% of NZ Super	\$188.14	\$58.14	\$36.19

<b>Advantages</b>	<b>Disadvantages</b>
Easy to manage once implemented	Tenants would need to pay \$26–\$58 more per week at first (or \$26–\$36 more if they qualify for the accommodation supplement) which increase may be difficult for some tenants to pay
Uses independent, external data to calculate changes	Would not take into account unit features and household types unless a tiered approach was applied

<b>Advantages</b>	<b>Disadvantages</b>
Likely to meet forecast operating costs if the rent is set at the 28% or 30% rate, reducing reliance on rates	
Links rents to income	

### Option 3: Align rent increases with actual operating costs – Review and increase to meet operational outgoings annually

*Operating costs mean the costs such as insurance, grounds care, general repair and maintenance to the buildings and equipment (for example, electrical repairs, leaky toilets and stove replacements), contractor costs and rates. This does not include costs to complete upgrades or refurbishments (for example renewal or upgrade works like replacing a roof or renovating a bathroom).*

	<b>Rent Amount per week</b>	<b>Extra tenant would pay per week (if no accom supplement)</b>	<b>Extra tenant may pay per week (if receives full accom supplement – net effect)</b>
Meeting outgoings	\$161.00	\$31.00	\$28.05

<b>Advantages</b>	<b>Disadvantages</b>
Intended to meet forecast operating costs removing reliance on rates.	Amounts may vary year to year creating uncertainty for tenants
Links rents to sustainability of the portfolio	Would not take into account unit features or household types
Could include an implementation approach where it was gradually increased over a fixed period to reach a breakeven point, which would soften any increase.	Complicated to manage, especially to forecast over longer periods if taking an incremental approach
	Risks forecasts are incorrect which will require adjustments in later years
	May require an initial rise from current rates of approximately \$30 per week (reducing to \$28 per week if a tenant can receive the accommodation supplement) which increase may be difficult for some tenants to pay
	Calculation does not include costs associated with capital works, such as upgrades or renewal works

### Option 4: Benchmark rents against market rates - Review using market rates and set as a percentage of those

*Example of change based on a bedsit in Kaikohe current at \$130 per week*

	<b>Rent Amount per week</b>	<b>Extra tenant would pay per week (if no accom supplement)</b>	<b>Extra tenant may pay per week (if receives full accom supplement – net effect)</b>
Paying 50% of Market	\$150.00	\$20.00	\$20.00

	Rent Amount per week	Extra tenant would pay per week (if no accom supplement)	Extra tenant may pay per week (if receives full accom supplement – net effect)
Paying 75% of Market	\$225.00	\$95.00	\$47.25
Paying 100% of Market	\$300.00	\$170.00	\$90.00

*Example of change based on the if the weekly market rent was \$350 per week (average amount across the portfolio)*

	Rent Amount per week	Extra tenant would pay per week (if no accom supplement)	Extra tenant may pay per week (if receives full accom supplement – net effect)
Paying 50% of Market	\$175.00	\$45.00	\$32.25
Paying 75% of Market	\$262.50	\$132.50	\$58.50
Paying 100% of Market	\$350.00	\$220.00	\$140.00

<b>Advantages</b>	<b>Disadvantages</b>
Simple to manage once market values are obtained	Valuations come at a cost and take lead in time to organise.
Uses independent, external data to calculate changes	Tenants would need to pay between \$20-\$170 more per week per week (would reduce to \$20-\$90 per week if a tenant qualifies for the accommodation supplement) for a bedsit in Kaikohe which increase may be difficult for some tenants to pay. Amount will be higher for properties with higher market values.
Likely to meet forecast operating costs if rents are set at 50% of market (as the average amount is \$350 per week), reducing or eliminating amount funded by general rates.	May result in significant differences between areas, whereas income of tenants on NZ Super is the same for all.
Would account for unit features like size, area and property condition, but not household types or individual unit condition.	Private rentals and council-operated rentals usually have different goals, with council rentals focused more on providing affordable housing
	What is considered valuable for an area for pensioner housing (i.e. being close to certain amenities like doctors, banks) may be quite different to how market views it.

**Additional factors: including variations to consider unit features (like area, size, condition) and/or household type**

With all approaches there is the additional overlay which can be applied to have different amounts to take into account unit features, or household type. Some options, such as continuing with a CPI adjustment or using market rents will already include these factors such as:

- The current approach using CPI accounts for size and household type (i.e. there are different rent amounts depending on whether the unit is a bedsit, one bedroom, or larger, and couples pay between \$4 - \$10 more per week for their unit).
- Market valuations will account for size, location of the unit and property condition. They can potentially account for unit condition too depending on the scope of the valuation.

Other options which do not automatically include these factors could be adjusted to include these.

<b>Unit Size</b>	
<b>Advantages</b>	<b>Disadvantages</b>
Accounts for differences in unit type– especially those which may be larger as they provide greater utility for tenants	Fixed incomes like NZ Super does not vary based size of the unit, however if a unit has a higher rent, tenants may be eligible for a higher accommodation supplement from WINZ
Once amounts for different sizes is set, administration of this is relatively simple.	

<b>Unit Location (township where the units are located)</b>	
<b>Advantages</b>	<b>Disadvantages</b>
Takes into consideration differences in where units are located, with some in areas considered more expensive, or with higher values.	Fixed incomes like NZ Super does not vary based on location, however if a unit has higher rent, tenants may be eligible for a higher accommodation supplement from WINZ (and some areas do have a higher cap). Could become administratively difficult to apply and monitor to keep up with changes to values based on location. Will require a metric for how differences will be accounted for and what that means – for example what is considered valuable for an area for pensioner housing (i.e. being close to certain amenities like doctors, banks) may be quite different to how others consider an location to have a higher value.

<b>Unit Condition</b>	
<b>Advantages</b>	<b>Disadvantages</b>
Accounts for differences in units especially for those which may be better presented, recently refurbished and which may provide better utility for tenants.	Fixed incomes like NZ Super does not vary based on the condition of a unit, however if a unit has higher rent, tenants may be eligible for a higher accommodation supplement from WINZ. Will require a metric for how differences will be accounted for and what that means (i.e. condition may be quite subjective). How a tenant looks after their unit can affect its condition. Could become administratively difficult to apply and monitor as condition changes.

<b>Household Type (Individuals/Couples)</b>
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<b>Advantages</b>	<b>Disadvantages</b>
More people in a unit may mean more wear/maintenance needs and a higher rent would contribute to paying for that	Even though couples have more income they may have more expenses
Couples may receive higher incomes	Could lead to undeclared occupancy and require more monitoring

### 3 How to give your views on the Proposal

Anyone can make a submission regarding the options in this Proposal, and we encourage you to let us know your views.

We have provided a submission form online and at our service centres, which is in the form of a questionnaire. The form is ideal for brief submissions, but you may attach additional pages if you wish. As part of it we will be asking you to rank the options from most to least preferred.

Submitters will have the opportunity to be heard in support of their submissions, the date for which will depend upon the number of submitters wishing to present. **Submitters wishing to speak will be contacted directly to make arrangements.**

Submissions can be:

Made online: [www.fndc.govt.nz/yoursay](http://www.fndc.govt.nz/yoursay) submissions@fndc.govt.nz.  
 Emailed to: Subject heading should read 'Housing for the Elderly Review of Rent Settings'  
 Posted to: Far North District Council  
 Private Bag 752 Kaikohe  
 0440  
 Attention: Housing for the Elderly Review of Rent Settings  
 Delivered to: Any of our service centres:

Alternatively, you can request to share your feedback verbally by emailing us at [submissions@fndc.govt.nz](mailto:submissions@fndc.govt.nz) or by phone on 0800 920 029.

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*Submissions are open until **28 September 2025** – [we'd love to hear from you!](#)*

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*Note: Anyone is invited to submit feedback on this consultation, whether as an individual or on behalf of an organisation, however, any submissions that are out of scope, offensive, inappropriate, or late may not be accepted by the council. You will be notified if your decision is not accepted and, where appropriate, invited to resubmit.*

*Any submissions that are made will become part of the public consultation process. The collection*



*and use of personal information by the Far North District Council is regulated by the Privacy Act 2020. Please note that your submission or a summary of your submission will be treated as public information and may be published on the council's website and made available to elected members and members of the public as part of the consultation process. Your name and contact details (address, phone number, email) will only be used for administrative purposes - such as the council contacting you to update you on the outcome of this consultation and letting you know about future consultations*

**What happens next?**

Council will acknowledge each submission received during the submission period. After consultation closes, Council will review the feedback and present options to elected members for a decision.