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Te Kāhui Kaunihera o Aotearoa.

Policy, Regulatory and Market Resources to Create Affordable Housing

Background Report

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planalytics



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1 Purpose

This report provides further information in relation to a list of policy, regulatory and market tools developed to assist territorial authorities who may wish to stimulate the supply of affordable housing within their jurisdictions. It has been developed by Planalytics for Local Government New Zealand (LGNZ) as part of LGNZ's [Housing 2030 work programme](#).

The list of affordable housing tools is provided in Appendix 1. These tools were collated from a desktop review of the Treasury and Auckland Council websites. The purpose of the tools is to generate discussion and help territorial authorities within New Zealand (including council members and staff) to consider their role in the facilitation or provision of affordable housing, as required.

For ease of navigation, this report is structured as follows:

- Purpose of the report (this section);
- Key findings and observations from the collation of the affordable housing tools (Section 2);
- Summary and next steps (Section 3);
- The list of affordable housing tools (Appendix 1); and
- References for all information contained in this report.

It is intended that the affordable housing tools, and this report, provide a quick reference to any territorial authorities who may be grappling with how best to increase affordable housing supply. The tools collated from the two websites reviewed are not exhaustive but provide a starting point from which territorial authorities can develop affordable housing solutions that meet the specific needs of their communities.

1.1 Project approach

The affordable housing tools included in Appendix 1 were identified primarily by a desktop review of the Treasury and Auckland Council websites, as per the project scope. Where these websites referred site users to other websites for more information, these websites were also reviewed. A full list of references is available at the conclusion of this report.



1.2 Disclaimer

The information contained in Appendix 1 was obtained online, as outlined in Section 1.1. All attempts were made to verify this information; however, it is possible that it may not be the most up to date or accurate. In addition, it is acknowledged that a wealth of information regarding affordable housing tools for local government is available online and with council staff. However, review of this wider information was not included in the scope of work for the current project and therefore did not inform the affordable housing tools included in Appendix 1. It is possible that LGNZ may consider widening the scope of this research, if this initial stage proves useful to local government members and staff.

2 Key Findings

2.1 The tools identified work together, not in isolation

The affordable housing tools identified through the desktop review completed for this project are rarely developed or implemented in isolation. In some of the examples explored in Appendix 1, policy, regulatory and market tools are deployed together or in succession to create comprehensive and effective frameworks to support the stimulation and realisation of affordable housing supply.

An example of this would be the approach taken in Jopp Street, Arrowtown. In this case, re-zoning of land in the district plan, a resource consent for development, the use of s141 of the Local Government Act, and development of a local first-time buyer subsidy enabled a partnership between Queenstown Lakes District Council (QLDC) and a local housing trust to realise a shared aim to meet affordable housing need.

2.2 In-house capacity can help influence positive outcomes

The desktop review identified that developing and implementing affordable housing tools at local authority level is resource intensive in terms of time, money and staff. Developing relationships to realise sophisticated legislative tools such as bespoke development acts or joint council/Crown entities relies on councils being able to navigate and influence central government and corporate structures.



In order to be effective in these types of environments, councils need skilled staff with a clear and comprehensive understanding of their district's housing supply and demand, their community aspirations for housing and community building, as well as being able to offer attractive or compelling development opportunities to leverage at central government level.

More technical tools such as surveys of surplus public land can be extremely useful to local councils, but also require in-house capacity to identify the opportunities and constraints inherent in the exercise as well as technical capacity to undertake the review if the work is not outsourced.

Whilst beyond the scope of this current project, the affordable housing tools identified and the lessons learned from their implementation would suggest that councils with dedicated, specialised staff in the areas of housing and planning for housing and/or growth are able to identify the need for, and stimulate the supply of, affordable housing more effectively than those operating with a workforce comprising more generalised skills.

2.3 The Urban Growth Agenda is highly influential, but future direction is uncertain

The desktop review revealed that the delivery of affordable housing, at scale and pace, is at the heart of the Government's Urban Growth Agenda (UGA) (Office of the Minister of Housing et. al., 2018). Government-supported affordable housing and the delivery of affordable housing by the private sector have been identified as necessary to achieving the Government's goal to meet the large and growing need for warm, healthy and affordable homes (van der Scheer and Guy, 2019).

Yet, while stakeholders in housing can agree they want affordable housing, a "*credible path to delivering it is yet to be established in the face of current constraints*" (van der Scheer and Guy, 2019). These constraints include the expectation that house and rent prices will continue to increase over time, exacerbating hardship, homelessness, public housing demand and fiscal costs; and an underperforming central Government building programme (KiwiBuild and Public Housing) (van der Scheer and Guy, 2019).



Advice and guidance related to affordable housing delivery on Te Tai Ōhanga The Treasury's website alludes to the development of policy and other delivery tools but provides little in-depth detail. In some instances, details of specific projects where new or innovative tools have been successfully applied to assist in the delivery of affordable housing have been redacted (van der Scheer and Guy, 2019).

Submissions on related UGA tools such as the proposed National Policy Statements on Urban Development and Highly Productive Land would indicate that outside of inner Treasury circles there is a high level of uncertainty as to the degree that new national policy will prescribe practice and outcomes at the local level, or how specific national policy directives will interact with each other (Steeman, 2019).

The Urban Development Bill has recently been published for its first reading and details some of Kainga Ora's operational powers including planning, land acquisition and funding mechanisms to expedite urban development (Iles, 2019). Understanding the implications of this Bill on housing supply at local government level is likely to involve input from a range of disciplines and council sources, including elected members, resource management planning, housing, community development and building control.

2.4 The message is 'up and out'

A consistent theme in recent Te Tai Ōhanga The Treasury advice on the Urban Growth Agenda is the necessity for central government to provide directives and new tools to plan, fund and finance the infrastructure needed for housing to go 'up and out'. Treasury consider New Zealand's environment holds an 'abundance of opportunities' to go up and out and 'keep the cost of housing affordable for most people' (van der Scheer and Guy, 2019). Some of these tools can be seen in the Urban Development Bill which will be subject to Select Committee analysis in early 2020 (parliament.nz, 2019).

The efficacy of an urban growth agenda focused on an urban expansion approach is questioned in the literature by researchers such as Michelle Tustin (2017). 'Up and out' is likely to prove challenging to communities and local authorities wishing to pursue a less aggressive growth agenda and may not be an appropriately sized solution for all areas across the country.



The desktop review also revealed unresolved tension between the proposed National Policy Statement for Urban Development and National Policy Statement for Highly Productive Land, which is creating uncertainty for councils needing to address issues of housing supply. Nevertheless, the ‘up and out’ mantra is likely to persist as the Government pursues the UGA and will present both challenges and opportunities for local authorities.

2.5 Efficiencies exist where councils consider *a//*housing needs

Several sources identified in the desktop review indicated that understanding the range of housing demand (public, private, social, emergency and affordable) is highly useful information for a local authority. It enables councils to leverage partnerships to realise mixed tenure developments and potentially results in more sustainable and successful communities in the long run. This accords with the academic research identified as part of the desktop review that new developments need to deliver variety and cater to a diverse range of households; from large and small families to students, single person households, retirees and first home buyers (Tustin, 2017).

3 Summary and next steps

Overall, the desktop review indicated that local government in New Zealand is in a position to consider and deploy a range of tools to stimulate the supply of affordable housing within its jurisdictions. Such tools will need to be appropriately sized to match the needs of the communities within which local government operates, as affordable housing need is likely to differ across the country.

Local government will also need to work closely with central government to ensure that any affordable housing activity is constructive, integrated, and consistent with council and community aspirations. Opportunities also exist for councils to work together to lobby central government and work more closely with the range of stakeholders within the housing sector (for example, community housing providers). With this in mind, the next steps outlined in the following sub-sections are considered beneficial to progress the ability of local government in New Zealand to respond to affordable housing demand.



3.1 Identify and plug information gaps

The desktop review of the Treasury and Auckland Council websites identified a number of likely information gaps in relation to potential affordable housing tools of interest to councils across the country. These information gaps included:

- Tools to calculate the demand for affordable housing at a territorial authority level across New Zealand. Without relevant demand information, councils are unlikely to be able to size the supply of affordable housing appropriately and cost effectively.
- The central role of Kāinga Ora and the Ministry of Urban Development in the development of tools related to the implementation of the UGA and legislation such as the Urban Development Bill. More information is likely to be gleaned directly from websites associated with those agencies.
- Evaluation of the performance of agencies such as Kāinga Ora and the Ministry of Urban Development and partner agencies (including local authorities) in the development and delivery of affordable housing and key learnings from such projects.
- The key themes and outcomes being pursued in Kāinga Ora’s submissions on plan review processes, and an analysis of the agency’s preferred planning outcomes.
- A greater understanding of how some affordable housing tools fit together, particularly in large-scale, complex developments, for example, the relationship between bespoke development Acts and Crown entities.
- The challenges faced by smaller local authorities faced with increasing demand for affordable housing, and the opportunities they are pursuing to stimulate affordable housing supply in their districts.

As a readily achievable next step, we consider that these information gaps could be plugged through review of the following websites and web-based sources:

Potential sources for expanded desktop review

Source	Reason
Kāinga Ora website	As the key agency to deliver housing and urban development in New Zealand, a comprehensive review of the Kāinga Ora website and web-based resources could clarify how the



Source	Reason
	agency engages with local authorities and other partners to achieve affordable housing development.
Submissions on District Plan reviews by Kāinga Ora	Kāinga Ora has been very active in making submissions on District Plan reviews. Analysis of submissions could yield useful insights into Kāinga Ora’s frustrations with current planning tools and methods for addressing urban growth and the agency’s ideas for how these constraints may be overcome or addressed.
The New Zealand Parliament website	This website is a central source of information on the Urban Development Bill, including public submissions on the Bill, supporting reports and expert advice. Analysis of submissions on the Bill could provide useful insights into the implications of its implementation for a range of agencies, including social and affordable housing providers, local authorities and special interest groups.
Queenstown Lakes District Council website	QLDC emerged in several of the tools identified in the desktop review as capable of developing and implementing innovative tools and mechanisms to stimulate and support the delivery of affordable housing.

3.2 Confirm findings through case studies

The website review generated search paths to useful resources and case study examples outside of the Te Tai Ōhanga The Treasury and Auckland Council websites. These included innovative use of s140 and 141 of the Local Government Act 2002 in Arrowtown, and the development of a collaborative model between Hutt City Council and Kāinga Ora. We recommend that these case studies are examined in more detail, including interviews with key stakeholders, and may encompass international case studies of direct relevance to the New Zealand context.



3.3 Talk to local government

Nobody is in a better position to understand the affordable housing tools and levers available to local government, than local government itself. And in particular, those councils that are currently very active in housing supply (including, for example, Wellington City Council and Christchurch City Council).

Opportunities exist for LGNZ to develop a fuller, affordable housing toolkit similar to the social housing toolkit compiled earlier in 2019. The same methodology could be considered; including interviews with councils active in affordable housing and housing stakeholders, a workshop, and toolkit deliverable.

3.4 Talk to Ministry of Housing and Urban Development (HUD)

Kāinga Ora has an extensive and complex mandate to work in partnership to enable, facilitate, and deliver housing and urban development projects (Ministry of Housing and Urban Development, 2019). The second stage of the Kāinga Ora - Housing and Communities Bill, the Urban Development Bill, will be progressing to the Select Committee stage in early 2020. We recommend talking to HUD about the detail and expected delivery milestones of its work programme for Kāinga Ora and how it proposes to manage and oversee the implementation of the centralised development controls anticipated to be in the Housing and Communities Bill.

We believe that these next steps will provide local government in New Zealand with a fuller picture from which it can make informed decisions regarding affordable housing solutions.



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Appendix 1: Affordable housing tools for local government



Affordable Housing Tools for Local Government

Affordable Housing Tools:






1. Affordable Housing Tools are comparable with the Social Housing Supply and Demand Tools

Affordable Housing Tools

Tool	Detail	Advantages/Disadvantages	Affordable Housing Tools ¹	Lessons Learned
The Urban Growth Agenda (UGA) <i>Policy, Regulatory</i>	<p>The Urban Growth Agenda is described as an ambitious programme aimed at removing barriers to the supply of land and infrastructure and make room for cities to grow up and out (hud.govt.nz, 2019). It has five interconnected focus areas:</p> <ul style="list-style-type: none"> • infrastructure funding and financing – enabling a more responsive supply of infrastructure and appropriate cost allocation • urban planning – to allow for cities to make room for growth, support quality-built environments and enable strategic integrated planning • spatial planning (initially focused on Auckland and the Auckland-Hamilton corridor) – to build a stronger partnership with local government as a means of developing integrated spatial planning • transport pricing – to ensure the price of transport infrastructure promotes efficient use of the network • legislative reform – to ensure that regulatory, institutional and funding settings are collectively supporting UGA objectives (hud.govt.nz, 2019). <p>The UGA is likely to be felt and experienced throughout local government, particularly by those working in council functions such as planning, housing and building control.</p>	<p>Advantages</p> <ul style="list-style-type: none"> • Designed to specifically address the fundamentals of land supply that is affecting the delivery of housing and its affordability, including by removing undue constraints on the supply of land and infrastructure, greatly increasing development opportunities in both brownfield and greenfield areas, and ensuring the full costs and benefits of urban development are understood and allocated appropriately (Office of the Minister of Housing and Urban Development and Office of the Minister for the Environment, 2018). Therefore, could remove blockages/enable faster delivery of private and public projects across New Zealand. • Identifies building a stronger partnership with local government as a key means of developing pro-growth and integrated spatial planning to achieve urban growth at pace and scale (Office of the Minister of Housing and Urban Development and Office of the Minister for the Environment, 2018). • Horizontal integration with other agencies and programmes, including Ministry of Business, Innovation and Employment, Ministry for the Environment, Treasury, Ministry of Transport and Department of Internal Affairs and Ministry of Housing and Urban Development. • For those councils pursuing a growth agenda locally, the UGA provides critical strategic support and backing. <p>Disadvantages</p> <ul style="list-style-type: none"> • Centralisation of the urban growth debate and policy mechanisms may alienate communities and those councils pursuing a less intensive growth agenda. • Arguably, those locations where planning for developments is most advanced will benefit the greatest, in the short to medium term, from the UGA. • Potential for internal conflict between realisation of the UGA pillars. For example, Treasury has signalled concerns that the NPS-HPL may conflict with UGA goals by introducing restrictions on land use that currently do not 		<p>It is still early days in the roll out of the various components of the UGA. The second part of the Kāinga Ora – Homes and Communities Bill, the Urban Development Bill, sets out the development controls, land acquisition and funding powers available to Kāinga Ora, and will be at the Select Committee stage in early 2020. The tone of the ministerial briefings suggested that the legislative reform will be far reaching and have the potential to be highly centralised, and this has been borne out in some degree in the Urban Development Bill. At local government level, lessons are likely to be learned from the implementation of specific aspects identified as contributing to stimulating growth, for example providing for more intensification in district plans and providing for urban expansion (see related tools below).</p>








Tool	Detail	Advantages/Disadvantages	Affordable Housing Tools ¹	Lessons Learned
		<p>exist. However, this outcome can be influenced by how a council gives effect to the NPS-HSL (Office of the Minister for the Environment et. al., 2019).</p> <ul style="list-style-type: none"> Lack of clarity currently as to how the pillars will operate in concert, and the details of some of those pillar, for example legislative reform. 		
<p>Proposed National Policy Statement on Urban Development (NPSUD) <i>Policy, Regulatory</i></p>	<p>The NPSUD will replace the National Policy Statement on Urban Development Capacity (NPSUDC). It is a key component of the UGA. It seeks to require councils to provide adequate development capacity through enabling intensification and expansion. Treasury consider this will have material impacts on housing supply. Treasury have also hinted there is an option to push this to go further and have offered to provide options at Ministers' request, but no details were available at the time of this study.</p>	<p>Advantages</p> <ul style="list-style-type: none"> Builds on the existing national policy setting of the NPSUDC, which will be familiar to councils with major urban centres. Councils affected by the NPSUDC have been developing systems to monitor their markets for housing and business land and assess the development capacity against projected demand. For those Councils wishing to pursue an aggressive housing growth model, the NPSUD may provide useful strategic supporting and mechanisms for delivery. <p>Disadvantages</p> <ul style="list-style-type: none"> Could be one of the tools Government uses to require councils to take actions ' they do not wish to pursue' through an 'enforced, proscriptive and directive National Policy Statement' (van der Scheer and Guy, 2019). Potential tension between a number of NPS documents, with no clear steer from Government as yet as to how they will be resolved. Smaller councils will be required to give effect to various policies of the NPSUD which may have time and cost implications depending on a council's ability to resource. Potential tension between the national direction in the NPSUD and locally developed strategic visions or aspirations. 		<p>The New Zealand Planning Institute has concerns that the two policy statements (NPSUD and NPS-HPL) and their relationship with several others required "significant further work" (Steeman, 2019). NZPI also considered the approach of the National Policy Statement on Urban Development for urban amenity and quality to be inadequate, and that the focus on forcing higher density housing was "blunt" and ignored the alternative approaches being implemented in Auckland and Christchurch (Steeman, 2019).</p>
<p>Proposed National Policy Statement for Highly Productive Land (NPSHPL) <i>Policy, Regulatory</i></p>	<p>The overall purpose of the proposed NPS-HPL is to improve the way highly productive land is managed under the Resource Management Act 1991 (RMA) to:</p> <ul style="list-style-type: none"> recognise the full range of values and benefits associated with its use for primary production maintain its availability for primary production for future generations protect it from inappropriate subdivision, use, and development (mpi.govt.nz, 2019) 	<p>Advantages</p> <ul style="list-style-type: none"> For those councils wishing to pursue an 'up' rather than 'out' model of housing growth model, and protect high class soils, the NPS-HPL may provide useful strategic supporting and mechanisms for delivery. <p>Disadvantages</p> <ul style="list-style-type: none"> Could be one of the tools Government uses to require councils to take actions ' they do not wish to pursue' through an 'enforced, proscriptive and directive National Policy Statement' (van der Scheer and Guy, 2019). Potential tension between a number of NPS documents, with no clear steer from Government as yet as to how they will be resolved. 		<p>The Treasury has signalled concerns that the NPS-HPL may conflict with the goals in the Urban Growth Agenda due to introducing restrictions on land use that do not currently exist (van der Scheer and Guy, 2019). However, MfE et al have stated that they consider that the flexibility in the proposed NPS-HPL policies and a focus on redirecting (rather than constraining) growth will ensure these instruments can work alongside and complement each other. They believe this will help councils to better assess and balance the trade-offs between protecting highly productive land for primary production while providing for greater urban capacity. MfE considers a balance can be struck, and that this the Government's objectives for urban development are not compromised while promoting the best use of highly productive land resources (Office of the Minister for the Environment et. al., 2019)</p>
<p>Build a relationship with Kāinga Ora <i>Policy</i></p>	<p>Kāinga Ora is a Crown agency with a primary housing and urban development delivery role, focused on providing public housing principally for those most in need, and initiating or undertaking urban development</p>	<p>Advantages</p> <ul style="list-style-type: none"> Kāinga Ora is heavily resourced and has the backing and support of central Government. 		<p>How Kāinga Ora implements its mandate is still in its infancy. The recent Urban Development Bill sets out Kāinga Ora's operational powers, which include land acquisition, funding and consenting powers (Iles, 2019). However, particularly in</p>








Tool	Detail	Advantages/Disadvantages	Affordable Housing Tools ¹	Lessons Learned
	<p>(Ministry of Housing and Urban Development, 2019a). It is identified as a mechanism available to local government to help deliver affordable housing prior to central government “changing requirements and/or incentives for local government to take a permissive approach to housing zoning” (van der Scheer and Guy, 2019). A number of major projects headed by Kāinga Ora are taking place in Auckland, including the Northcote Development, Mangere Development, and the Mt Roskill Development (Donnell, 2019). The second Bill prescribing Kāinga Ora’s development powers is expected at the end of 2019. Based on Treasury documents, the powers are likely to be considerable and extensive (van der Scheer and Guy, 2019).</p>	<ul style="list-style-type: none"> Designed to deliver housing and communities at scale and has powers and functions that deliver development efficiently. For example, within a specified development area Kāinga Ora will have the same powers as council to build, change or remove any building or infrastructure (excluding infrastructure of national significance); build, change or remove transport infrastructure; build, change or maintain water services; and create, suspend or amend bylaws (Ministry of Housing and Urban Development, 2019b). Potential to be a catalyst for significant change with social, economic and environmental benefits, including boost in housing supply, support to local construction sector, and improved infrastructure and community services. Kāinga Ora presence and activity could encourage more private developers to undertake more intensive housing developments in those areas which could have a snowball effect, changing the character of those suburbs over time (Ninness, 2018). <p>Disadvantages</p> <ul style="list-style-type: none"> Some councils and communities may be unnerved by the scale of Kāinga Ora’s powers and be reticent to initiate a relationship. Kāinga Ora is a relatively new agency, and so still ‘bedding in’. Results in terms of success of housing solutions and community infrastructure still yet to be seen. Large-scale changes to housing density and transport and infrastructure planning can meet localised resistance to change and challenge to intensification (Newsroom.co.nz, 2019). 	 	<p>Auckland, the agency is involved in several significant and high profile developments. Information or critique specifically of Kāinga Ora’s role in these developments was not readily available from the websites investigated as part of the desktop review.</p>
<p>Provide for more intensification in District Plans <i>Regulatory</i></p>	<p>The promotion of intensification is also a key theme in Treasury documents prepared for Ministers in 2019 and related to the Urban Growth Agenda (UGA) (van der Scheer and Guy, 2019). Research available through the Auckland Council website identified permitting more intensification through planning documents as a tool to increase housing affordability (Parker, n.d.). However, it is important to note the research focus was not on affordable housing.</p>	<p>Advantages</p> <ul style="list-style-type: none"> Can achieve meaningful increases in housing supply and variety, including affordable homes and starter homes. It mitigates adverse impacts of urban sprawl and facilitates efficient use of existing infrastructure (Tustin, 2017). In Auckland context, inflated prices in “desirable” suburbs like Ponsonby and Parnell in Auckland could cool because the high cost of central land is shared across households (Tustin, 2017). Can better ensure people’s ability to effectively live and work in cities by making key city centres easily accessible from everybody’s homes (Tustin, 2017). <p>Disadvantages</p> <ul style="list-style-type: none"> If not implemented in conjunction with options to increase variety of housing, is unlikely to be successful in delivering affordable housing supply. Intensification of land through plans without creation of rules and performance standard that sufficiently allow for intensification and options is likely to frustrate increases in housing supply generated by this tool. 	  	<p>Increasing supply of housing through intensification of land is in and of itself insufficient. Research has shown that developments will continue to be unaffordable if the development of large, single lot housing continues as the preferred option. New developments need to deliver variety and cater to a diverse range of households; from large and small families to students, single person households, retirees and first home buyers (Tustin, 2017).</p> <p>In Tustin’s view, Auckland has failed to provide a variety of housing options in their developments. She considers developers to be naturally reluctant to build low end housing on extremely expensive land. However, she believes there is evidence to disprove the myth that no profits can be made in low income housing or “starter” markets, and that the feasibility of developing varied housing is facilitated through high density developments. Basic principles of economies of scale indicate developers have opportunities to make profits by selling more houses per block of land (Tustin, 2017).</p>





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Provide for urban expansion <i>Policy, Regulatory</i>	This is another Urban Growth Agenda-related tool identified in Treasury advice to ministers, but it acknowledges that ‘many councils and government agencies will be resistant to opening up the restrictions on housing supply through a generally permissive approach that includes urban expansion’ (van der Scheer and Guy, 2019).	Advantages <ul style="list-style-type: none"> Releases large areas of land for housing and associated development. In circumstances where extension of infrastructure into greenfield sites has already been contemplated or provided for in LTP and infrastructure planning, may complement housing growth aspirations. A greenfield strategy may be consistent with proposed National Policy Statement for Urban Development. Disadvantages <ul style="list-style-type: none"> Research would indicate focus on expansion alone is unlikely to deliver density, housing variety or necessary supply (Tustin, 2017). Expansion into greenfield sites may require significant investment in infrastructure. Re-zoning land rural to urban/suburban may be unwelcome by the community and be a costly (time and money) process for Council and all stakeholders. A greenfield strategy may be at odds with Proposed National Policy Statement for Highly Productive Land. 	  	There is New Zealand based research which concludes that the delivery of a variety of housing options, including affordable housing, will not be achieved with deregulation which facilitates unlocking greenfill land and exacerbates current market failures (Tustin, 2017). Tustin advises that changes to city plans should focus on transforming regulations to ensure density, not sprawl (Tustin, 2017). Currently, the national planning policy environment is uncertain, with Government consulting on both the National Policy Statements for Highly Productive Land and Urban Development. Some commentators consider there is considerable unresolved tension between the two (as well as other national policy documents) which may add to uncertainty at local government level (see below).
Create a permissive regulatory environment <i>Regulatory</i>	Regulatory tools such as minimum car parking, size and square metre requirements and maximum heights can frustrate high density development (Tustin, 2017). In pursuit of the UGA, the Treasury’s recent advice to Ministers is that a generally permissive approach of enabling housing both up and out is required if prices increases of public and private housing are to be reversed. Treasury advice makes for sobering reading. It considers creating a permissive regulatory environment will require changing council’s choices (through persuasion and incentives), requiring actions from them they do not wish to pursue (through an enforced, proscriptive and directive National Policy Statement) or bypassing them (through devolution and/or centralisation of functions) (van der Scheer and Guy, 2019). No further details are available as to what the tools recommended here will consist of or at what scale they will apply.	Advantages <ul style="list-style-type: none"> For those Councils already considering implementing this type of tool, the Urban Growth Agenda could provide significant encouragement and bolster direction. Removing or relaxing regulatory regime might increase short term supply (Tustin, 2017). Outcome and effects based planning tools and mechanisms could result in more sophisticated and responsive plans and ultimately better environmental and built form outcomes (Tustin, 2017). Disadvantages <ul style="list-style-type: none"> Councils preferring a more conservative approach to urban development may be challenged. Removing or relaxing regulatory regime may have adverse effects in the long term, including not translating to delivery of affordable housing or improving housing affordability (Tustin, 2017). Complete deregulation could frustrate efforts for long-term, sustainable solutions through density and options (Tustin, 2017). 		<p>A 2015 study found that Council imposed rules and regulations result in a significant loss in potential development capacity. The median loss in capacity was 22% (for developments that proceeded). For apartment buildings, the loss of capacity was primarily due to height restrictions or issues relating to view shafts; whilst in other developments, the loss in capacity related to issues associated with urban design requirements, retention of heritage building and protected trees, and the need to provide on-site infrastructure over and above what was required to service the development (Grimes et al, 2015).</p> <p>Tustin’s supports measures to remove unnecessary density maximums, and instead advocates emerging models of QIMBY-ism (quality in my back yard), acknowledging that poor quality housing need not be a natural consequence of intensification. She considers that a re-evaluation of how regulations are designed and measured is necessary. Instead of prescriptive, rule-based regulations, measures should be outcome and effects-based. Tustin’s view is that instead of prescribing “one size fits all” approaches through hard rules, developers and planners should determine how best to fulfil households’ needs within a framework (including minimum health and safety standards and compliance with quality building assessments). This approach could improve density and options by removing barriers to density and better providing for a range of housing preferences (Tustin, 2017).</p>
Develop additional regulatory incentives specifically for affordable housing	<p>A 2017 QLDC study found that developers considering affordable housing projects did not receive any special treatment that is not available to other developers. In some cases, developers felt that they</p>	Advantages <ul style="list-style-type: none"> Incentives can be generated at the local level to respond to specific local housing environment and development stakeholders. 		<p>Grimes et al (2015) found that all of the 16 surveyed developers in their study had abandoned one or more projects as a result of unexpected project length and/or uncertainties. Incentives therefore could be a valuable tool in increasing the supply of</p>




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<i>Regulatory, Market</i>	<p>may even face additional challenges gaining planning consent if their proposal includes innovative solutions that are not typically included in other developments. Specifically, developers' experience was that being innovative to reduce build cost correlated with high consent or processing costs and time delays. Regulatory incentives explored in this study included reductions in consent fees where a consent is required, or a reduction in development contributions and rates so that the development of the unit is more affordable, which in turn would increase the pool of units for use by the local workforce. It also considered that there are possible mechanisms where a reduction in Council costs could be tied to the provision of long-term Affordable Rental accommodation (Queensland Lakes District Council, 2017).</p>	<p>Advantages</p> <ul style="list-style-type: none"> • Can be applied at individual property scale or on larger sites or development opportunities (Queensland Lakes District Council, 2017) • Presents opportunity to build and maintain constructive and positive relationship with development and construction community. • Incentives can work alongside regulatory reform at the local level to encourage developers to provide housing choice. • Incentives can give developers tangible reasons to comply with Councils' strategic plans (Tustin, 2017). <p>Disadvantages</p> <ul style="list-style-type: none"> • Developer incentives without requirement to intensify existing urban areas can lead to incentives being applied to greenfield land, which may not address housing supply, housing choice, sustainability aims or housing affordability overall (Tustin, 2017). • Not all councils may have the internal capacity or capability to negotiate a set of incentives and affordability contributions. • Without the process and benefit being clearly and consistently documented and received by the Council, community trust in the Council-developer relationship could be undermined. 		<p>affordable dwellings and housing choice and variety overall. Tustin considers that it is most desirable for incentives and disincentives to work together to form a range of "carrots and sticks" to best achieve desired outcomes (Tustin, 2017), e.g. regulation to facilitate a controlled shift in the market away from current trends of large, single-lot development.</p>
Bespoke statutes <i>Regulatory</i>	<p>Bespoke statutes can help establish development projects at the local level, e.g. Point England Development Act 2017, which covers 11.7ha of development land and 80ha of reserve land in Auckland.</p>	<p>Advantages</p> <ul style="list-style-type: none"> • The development of affordable and social housing can form significant components of development outcomes, and these can be enshrined in the statute. • Can be tailored to facilitate the delivery of specific types of housing and create certainty for developer. <p>Disadvantages</p> <ul style="list-style-type: none"> • Process to statute can be extremely long, expensive and adversarial, particularly where development outcomes are at odds with local community values and aspirations. • Requires significant investment and resourcing from all parties, and some Councils may not be able to cultivate the necessary relationships and influence to promote and support the successful development of this tool. • For complex urban environments characterised by multi-private ownership, it could also result in ad hoc development outcomes or interfere with strategic urban development direction. 	 	<p>In the scope of this review, it was difficult to identify specific learnings or commentary relating to the implementation of established bespoke development Acts in New Zealand. The Point England example would suggest that the establishment of bespoke Acts is a first or early step in facilitating development of large urban areas, and that other tools, such as joint Crown/council entities (see tool below) subsequently come into play in order to implement and manage large-scale, long-term regeneration initiatives.</p>
Crown entities (jointly owned by Government and a local authority) <i>Market</i>	<p>Tāmaki Regeneration Company (TRC) is jointly owned by the New Zealand Government, 59%, and Auckland Council, 41%. Approximately 2800 Housing New Zealand state houses in Tāmaki were transferred to the NZ Government owned company Tāmaki Regeneration Limited (TRL) on 1 April 2016. TRC's tenancy arm Tāmaki Housing currently manages all social housing tenancies in the area (Tamakiregeneration.co.nz, 2019).</p>	<p>Advantages</p> <ul style="list-style-type: none"> • Provides an opportunity to work closely with communities and deliver a range of social, cultural and economic benefits alongside boost to housing supply and typologies. • Can become incubators for innovative ways of working with the local community (Murphy, 2018). • Ministerial oversight can maintain stimulus and pressure for fast-paced change, and implement organisational 	  	<p>Prior to 2016, redevelopment in Tāmaki was subject to protests and demonstrations. In 2016, the Tāmaki Redevelopment Company (TRC) was charged with taking over the development. Its role was to progress development, and improve the relationship with residents, particularly in Glen Innes. Initiatives generated by TRC include:</p> <ul style="list-style-type: none"> • Including extra state housing in all new development contracts;






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	<p>The Tāmaki development is the site of New Zealand's largest urban regeneration. It includes Glen Innes, Point England, and Panmure and over the next 20 years, 2,800 aging state homes will be replaced with 10,500 new houses. Of the new dwellings, 3,500 will be state houses, 3,500 will be affordable houses, and 3,500 will be on the open market (Donnell, 2019).</p>	<p>adjustment where the pace of development is deemed to be too slow (Murphy, 2018)</p> <p>Disadvantages</p> <ul style="list-style-type: none"> • In terms of establishment, can suffer from the same time and cost issues as development facilitated by bespoke statute. • Without appropriate and effective community consultation to secure community support, development outcomes can be delayed and/or undermined. • Where redevelopment projects involve replacement of ageing state housing stock can result in evictions and people being displaced from their communities. In Tāmaki, 182 state house tenants and their families were evicted from their homes in Tamaki to make way for a new housing development. Many of those families were re-homed within the community, but about 60 of those families moved out (Stewart, 2019). This can undermine community creation and development associated with large scale redevelopment. • Ministerial oversight and intervention as described above may further undermine community support for redevelopment projects. 		<ul style="list-style-type: none"> • Working with local business owners to help ensure Tāmaki's town centres continued to meet the needs of the current residents; • Facilitate broader economic and social transformation, including by establishing a jobs hub, helping residents with financial literacy and developing financial products to enable some residents to buy their own home. (The Spinoff and Auckland Council, 2019). <p>However, processes such as eviction and the displacement of people outside of their communities that accompanies the replacement of housing stock can have ongoing negative effects on the ability of new communities to establish and the public to have positive perceptions of redevelopment projects. Furthermore, such vehicles can be subject to significant organisational change, directed by Government, where pace of change is not in line with Ministerial expectations (Murphy, 2018)</p>
<p>Council-Controlled Organisations <i>Market/Regulatory</i></p>	<p>Council-controlled organisations (CCOs) are set up by local government to undertake particular activities on their behalf. They are established by the Local Government Act 2002, are registered as companies and are bound by the provisions of the Companies Act 1993. A council-controlled <u>trading</u> organisation operates with the purpose of making a profit. The level of council ownership (in either model) is 50% or more, held by either one or more councils (Local Government Act 2002). An example of a CCO is Panuku Development Auckland. It was established in 2015 as a result of merging Auckland Council Property Limited and Waterfront Auckland. Panuku works closely with Auckland Council, other CCOs and local boards to contribute to implementing the Auckland Plan and encourage economic development (Auckland Council, 2019). It has partnered with private development companies, NGOs and Housing New Zealand to bring forward affordable and social housing development, for example 22 affordable homes in Avondale through a partnership with the New Zealand Housing Foundation, a charitable trust (Panuku.co.nz, 2018); and seven affordable units as part of a 72-apartment complex in Avondale with developer partner Ockham Residential (Panuku.co.nz, 2019).</p>	<p>Advantages</p> <ul style="list-style-type: none"> • Develops in-house expertise and capability in large scale development. • Can improve the commercial focus and professionalism of a Council, as CCOs operate with professional boards of directors with the objective of achieving greater operating efficiency (Office of the Auditor-General New Zealand, 2019). • Enables financial risk to be ring-fenced, by using an incorporated structure to insulate a local authority from financial liability for an activity or venture involving other parties (such as a joint venture) (Office of the Auditor-General New Zealand, 2019). • Can empower local communities by creating a trust with a set budget funded by a local authority but managed by members of the community for a specific purpose, such as maintaining a community centre (Office of the Auditor-General New Zealand, 2019). • Increases tax-effectiveness as local authorities can derive tax credits from commercial subsidiaries that pay dividends) (Office of the Auditor-General New Zealand, 2019). • Theoretically CCOs are independent from political direction (Office of the Auditor-General New Zealand, 2019). • CCOs can result in streamlining of functions, making them more nimble and responsive than traditional local authority service delivery models (Office of the Auditor-General New Zealand, 2019). 	 	<p>As of March 2019, Panuku had reportedly spent \$116,000 fighting Auckland Council in court over a commercial and 100-apartment development in the central city (Quinn, 2019). This has been described as Auckland Council effectively 'fighting itself' (Quinn, 2019). The reasons for the dispute echo some of the 'disadvantages' in the neighbouring column, including perceived lack of direct accountability to the community, tensions between the objectives of pursuing profit and delivering community outcomes, and the Council's reduced ability to managed reputational risk. At the time of writing, the case had not been resolved and there had been little comment from Panuku.</p> <p>Some Councils, such as Queenstown Lakes District Council, have tried a range of options for delivering services, which have included contracting out to the private sector, the CCO model, and then bringing most activities back in-house (Office of the Auditor-General New Zealand, 2019). The QLDC review in 2013 identified 13 criteria to assess the ongoing suitability of the CCO model for two areas of service delivery. The criteria included commercial focus, transparency and accountability, risk and community vs commercial outcomes. These may prove a useful guide to local authorities considering the CCO model to stimulate affordable housing development or similar community focused outcomes (Queenstown Lakes District Council, 2013).</p>






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		<ul style="list-style-type: none"> • CCOs may be able to recruit and retain high quality board members and staff, which may not be accessible to local authorities (Office of the Auditor-General New Zealand, 2019). • Potential access to a wider range of funding sources, for example a trust or similar entities with community representatives can secure donations and contributions for significant community projects and be eligible for funding not available to local councils (Office of the Auditor-General New Zealand, 2019). <p>Disadvantages</p> <ul style="list-style-type: none"> • Can suffer from some of the time/cost problems to set up as the bespoke statute tool. • Does not necessarily overcome planning barriers or challenges to Council planning decisions, resulting in significant time and cost implications (see 'lessons learned'). • In situations where the CCO is also the regulatory authority, can lead negative perceptions regarding vested interests, conflicts of interest and fair dealing (Quinn, 2019). • CCOs may appear to be conflicted regarding their role: "Is it just a developer acting to maximise profit...or being a council agency is it meant to have some social objectives" (Albert-Eden local board chair, Peter Haynes, quoted in Quinn, 2019). • The focus of a CCO is generally commercial, and so is not guaranteed to deliver affordable homes or other social benefits where there is no regulatory framework to compel such development. • Perception that the local authority involved has a lack of direct accountability to the community for the services or development the CCO is responsible for delivering (Office of the Auditor-General New Zealand, 2019). • Additional ongoing costs incurred by the local authority in monitoring the performance of the CCO and the CCOs own costs. This can result in an increase of overall service delivery costs (Office of the Auditor-General New Zealand, 2019). • Arm's-length delivery can make the council's management of risks to the reputation of the local authority more difficult (Office of the Auditor-General New Zealand, 2019). • Grimes et al found that developers considered councils have not balanced or arbitrated contradictory demands of different parts of council and council controlled organisations (CCOs) when considering consents and have been left to mediate disputes over how the development should be designed, adding significant uncertainty and risk (Grimes et al, 2015). 		
Development of local first-time buyer subsidies	There is a range of central Government products available to help people buy their first home. These include First Home Grant, KiwiSaver first-home	Advantages		The limits of demand-side assistance are acknowledged in recent Treasury advice to ministers (van der Scheer and Guy, 2019). Research into these types of products in the Auckland



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<i>Market</i>	<p>withdrawal, First Home Loan, Kāinga Whenua loans (for Māori wanting to live on ancestral land) and Tenant Home Ownership (through Kāinga Ora) (Govt.nz, 2019).</p> <p>In addition, both Auckland Council and Te Ōhanga websites yielded information about locally developed financial products that enable people to buy their own affordably priced home. Tāmaki Regeneration, for example in Glen Innes, Auckland (Tāmaki) and in Queenstown. One of the key stumbling blocks associated with these products is that there is not sufficient supply of affordable homes to stimulate the uptake.</p>	<ul style="list-style-type: none"> Can alleviate some of the financial barriers to home ownership for a given level of house prices (Auckland Council, 2019). Can be used to target housing inequalities in urban centres (Auckland Council, 2019). <p>Disadvantages</p> <ul style="list-style-type: none"> More of a 'demand-side' initiative. A key stumbling block associated with these products is that there is not sufficient supply of affordable homes to stimulate their uptake (van der Scheer and Guy, 2019). May actually increase house prices because demand is increased (Auckland Council, 2019). Exposes more lower income people to the risk of a house price bust and losses in what equity they do have, especially in Auckland (Auckland Council, 2019). 		<p>context has found that whilst they can be effective where home ownership is important, they are generally not effective for lowering prices or reducing the risk of a housing bust. Another learning from Auckland is that where renting is made more affordable, the case for first-time subsidies is less persuasive (Auckland Council, 2019). In recent advice to the Minister for Housing, Treasury have stated that without supply reforms, building programmes will be expensive, inflationary, and slow to deliver (van der Scheer and Guy, 2019). First-time buyer subsidies have also been found not to be effective for reducing inequality relating to the fallout of a bust, and in the Auckland context, Council were advised to 'do nothing' in respect of these market products (Auckland Council, 2019).</p>
<p>Review publicly owned surplus land and assess its ability to be used for housing</p> <p><i>Policy</i></p>	<p>Publicly owned land is land that is owned by the New Zealand Government, also known as the Crown (and its entities) as well as land owned by local and regional councils, their council-controlled organisations, and any subsidiaries of either. Land having no owner, such as areas that fall under the Marine and Coastal Area (Takutai Moana) Act 2011 or owned by other entities may also be categorised as being publicly owned. Auckland Council developed a methodology for a public land review in 2018. It used data primarily from Land Information New Zealand. In order to create a dataset that could have utility, a classification system for public owned land was developed (Fredrickson, 2018).</p>	<p>Advantages</p> <ul style="list-style-type: none"> This approach requires alignment and integration of urban and economic functions across a council and between agencies. For some TAs, relationships and structures to facilitate this will exist and be able to be leveraged to implement the study. Commissioning this type of survey is in line with the recommendation of the Productivity Commission that councils and MBIE work together to develop comprehensive inventories of publicly owned land (Fredrickson, 2018). While the dataset has caveats it can be used for both council and government agencies to assess and make decisions related to their land holdings (Fredrickson, 2018). Using a dataset such as this can enable council or government entities to understand how their land holdings relate to each other, potentially providing better decision making, especially in the space of urban redevelopment projects. (Fredrickson, 2018). <p>Disadvantages</p> <ul style="list-style-type: none"> Regardless of a council's capability, capacity and resourcing, a review of this nature will be a complex, time consuming and resource intensive process (Fredrickson, 2018). Caveats and limitations on the resulting datasets will depend on the complexity of the public land environment (Fredrickson, 2018). 		<p>As shown in Auckland, studies of this nature can form an important information source for the management of land, and the decision-making process for both central and local government (Fredrickson, 2018). According to Fredrickson, a key user in Auckland of the inventory is the council CCO Panuku Development Auckland, which is charged with leading development and place shaping in urban areas. Panuku also has powers to acquire and sell council land of council, including the sale of property that has been deemed to be surplus to requirements (Panuku Development Auckland, 2018). Panuku notes that they "will support housing demands by enabling development of council-owned land" (Panuku Development Auckland, 2018), but the disposal of land for development, including new housing has not been without issues (Mealing, 2017; Russell, 2018).</p> <p>Fredrickson also found that Councils in London, when faced with reduced funding for housing from central government and increased demand for housing, have sought to use public land for redevelopment projects to both increase housing supply and to generate returns (Beswick & Penny, 2018). These redevelopment projects are not dissimilar to those currently being undertaken by Kāinga Ora (formerly Housing New Zealand) in parts of Auckland. In both these examples, having an understanding of public land holdings can help agencies make better decisions by allowing them to understand not only where their land is located, but where opportunities for collaboration with other agencies could occur (Fredrickson, 2018).</p>
<p>Establish a Housing Task Force at local council governance level to establish leadership and direction on issue of affordable housing</p>	<p>There are several examples of these types of task force (e.g. OLDC, Auckland and Wellington). A Taskforce is a multi-sector group made up of private sector housing organisations and public sector agencies, including local government. They can be key fora for reviewing</p>	<p>Advantages</p> <ul style="list-style-type: none"> They can help to form consensus across multiple stakeholders and the political spectrum and identify and action specific tasks to stimulate affordable housing supply and control housing affordability more generally (Wilson, 2017). 	 	<p>Housing Task Forces can be useful mechanisms to secure consensus across a range of parties and incubate fresh thinking and innovative ideas to tackle housing affordable and supply issues. They can examine a broad range of issues, including homelessness, social housing, the future of the council's housing stock, housing affordability schemes for first-</p>



Tool	Detail	Advantages/Disadvantages	Affordable Housing Tools ¹	Lessons Learned
<i>Policy</i>	and developing housing policy to better address shortages and unaffordability in districts.	<ul style="list-style-type: none"> • Generally, they require a level of good baseline information at commencement (e.g. housing demand studies and demand modelling) and can result in regulatory and policy reform at the local level. • Can secure central Government support and backing (beehive.govt.nz, 2018). <p>Disadvantages</p> <ul style="list-style-type: none"> • Task Forces can be subject to political capture (especially at election time). • Can be resource intensive exercises. • Where task force recommendations are not implemented, can be accused of inertia. 		home buyers, the rental market and housing density (Swinnen, 2016). However, as shown in Kāpiti , Councils can be accused of inertia if Task Force recommendations are not acted upon. This example shows it's important for senior Council politicians to publicly show leadership in respect of Task Force work and outcomes in order to engender confidence and, ultimately, action (Wellington.scoop.co.nz, 2019)
<p>Utilise other existing legislation outside of the RMA</p> <p><i>Regulatory</i></p>	Section 140 of the Local Government Act 2002 provides that endowment property (for example, land currently held in trust by Council for the purpose of public utility) must be retained by Council for the use which the property was vested in Council for (e.g. public utility). However, the Minister of Local Government may approve a change of use under Section 141 of the LGA which provides that Council may sell endowment land provided that the proceeds of sale are applied in a way consistent with the endowment purpose. The tool was used to good effect in Arrowtown where a request to transfer 3.6ha of Council land at Jopp Street, Arrowtown to the Queenstown Lakes Community Housing Trust for the purpose of achieving community affordable housing was successful. The development proposed comprises 35 Secure Home properties, 20 affordable rentals (including 5 allocated for senior housing) and 10 independently owned properties. Re-zoning of land from general rural to within the Urban Growth Boundary was a necessary precursor to land transfer in order to enable housing on the land.	<p>Advantages</p> <ul style="list-style-type: none"> • Allows for a mixed tenure development creating variety of housing. • Enables council and partners to address acute housing supply and affordability issues using local assets, knowledge and relationships. • Innovative use of surplus public land resource. <p>Disadvantages</p> <ul style="list-style-type: none"> • Planning processes, e.g. the plan change and resource consent process, do not provide guarantees. Any appeals relating to the site would affect the weighting given to the district plan provisions in a resource consent application. This means that processing of any resource consent application for the site may be more difficult if an appeal is received on the changed zoning. • The Minister of Local Government is the final decisionmaker regarding the proposed change in land status. The case can be made that a change in status is appropriate due to the acute housing crisis in the region, but ultimately it is at the Ministers discretion. • The transfer of the land for free is a value exchange that may not be viewed favourably by some parts of the community. • A transfer for nil consideration may also be viewed as a technical breach of Section 141 of the Local Government Act 2002 as the land will be transferred with no proceeds of sale being returned (notwithstanding the fact that the land will be developed for a purpose consistent with the endowment purpose). 	 	The Arrowtown example demonstrates the use of a range of tools explored in this exercise and LGNZ's Social Housing Toolkit project. QLDC and the Queenstown Lakes Community Housing Trust (the Trust) established a long-standing relationship based on the mutual aim of achieving affordable homes for the community. The partnership was established in 2005 and was recently reconfirmed in March 2019 with the signing of an updated Relationship Framework Agreement, and the confirming of a new home ownership model: the Secure Home . This work built on the Mayoral Taskforce's aspirational goal for 1000 community affordable homes by 2028, and the Trust is a key delivery partner on the pathway to achieving this goal (Queenstown Lakes District Council, 2019)