

Housing 2030 Workshop

Tuesday 12 February 2019, 10.00am-2.15pm

LGNZ Boardroom, Level 1, 117 Lambton Quay

Planned Attendees

- Julie Macdonald, Palmerston North CC
- Debbie Edwards, Auckland Council
- Paul Cottam, Christchurch City Council
- Geoff Lawson, Wellington City Council
- Rosemary Viskovic, Rotorua Lakes DC
- Rebecca Amundsen, Invercargill City Council
- Kelly Annand, Central Hawkes Bay DC
- Christine Renata, Central Hawkes Bay DC
- Simon Markham, Waimakariri District Council
- Mark Clew, Hastings District Council
- Tony Avery, Queenstown Lakes DC
- John McDonald, Wellington City Council
- Andrew Eames, Christchurch City Council
- Jo Noble, Gisborne District Council
- Bruce Rendell, Christchurch City Council
- Mariota Smutz, HNZ
- Nicole van Heist, MBIE
- Tom Simonson, LGNZ
- Clare Wooding, LGNZ
- Mike Reid, LGNZ
- Jason Krupp, LGNZ
- Toni Kennerley, Plananalytics

Apologies

- Penny Pirrit, Auckland Council
- Kimberly Howell, Auckland Council
- John Ridd, Taupo District Council
- Steve Hill, Clutha District Council
- Chris Jones, MHUD

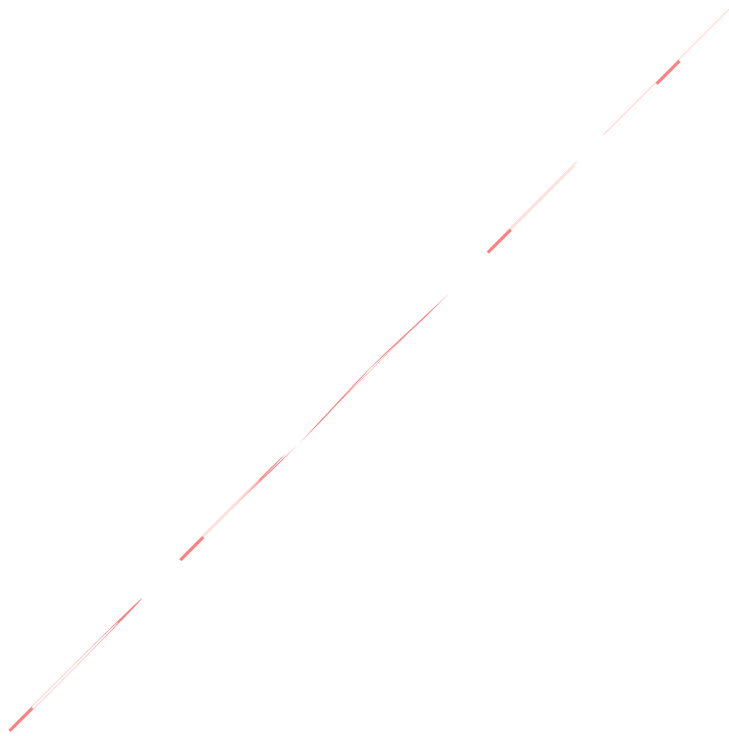
Tentative

- Paul Cronir, Matamata-Piako District Council

Time	Agenda Items	Item No.	Speaker
10:00 -10:15am	Welcome and introductions		Tom Simonson, LGNZ / Toni Kennerly, PlanAnalytics
10:15am – 12:00pm	<ul style="list-style-type: none"> • Social Housing Tool Kit Workshop 	1	Toni Kennerly, PlanAnalytics
Lunch 12:00 – 12:30pm			
12:30 – 12:45pm	<ul style="list-style-type: none"> • NPS-UDC Report Update 	2	Tom Simonson, LGNZ
12:45 – 2:15pm	<ul style="list-style-type: none"> • Group discussion on pressing issues and sector activities 	3	LGNZ Staff

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Social Housing Tool Kit Workshop



**We are.
LGNZ.**

Appendix A

Agenda



LGNZ Social Housing Toolkit: Phase 2 Workshop

12 February 2019

Toni Kennerley, Planalytics



Workshop format

Introduction	10 mins
Work to-date	10 mins
Draft tools	15 mins
Working session: refining the tools	75 mins
Wrap-up and next steps	10 mins



**Introduction, programme summary
and meeting purpose:**

Tom Simonson

1

PHASE 1: CURRENT CONTEXT



COMPLETED

- Research and document the current context for local government provision of social housing.



OUTPUT - 10 Jan 2019
Phase 1 findings report

2

PHASE 2: TOOL DEVELOPMENT



IN PROGRESS

- Identify, via interviews, tools for local government to address social housing issues in their areas.



OUTPUT - 20 Feb 2019
Phase 2 findings report

3

PHASE 3: TOOLKIT FINALISATION



NOT STARTED

- Develop content for a 'social housing toolkit' webpage to be hosted on the LGNZ website.



OUTPUT - 15 Mar 2019
Toolkit webpage content

“Research alternative social housing options to develop guidance on outcomes. Provide a research paper that delivers recommendations for improved social housing outcomes underpinning guidance for councils on how to meet social housing demand in local communities.”

“The product will be both a guidance document and tool kit for all New Zealand councils to use as they consider their role in the provision of social housing and how best to address social housing challenges.”



Key findings of Phase 1 Report

LOCAL SETTING

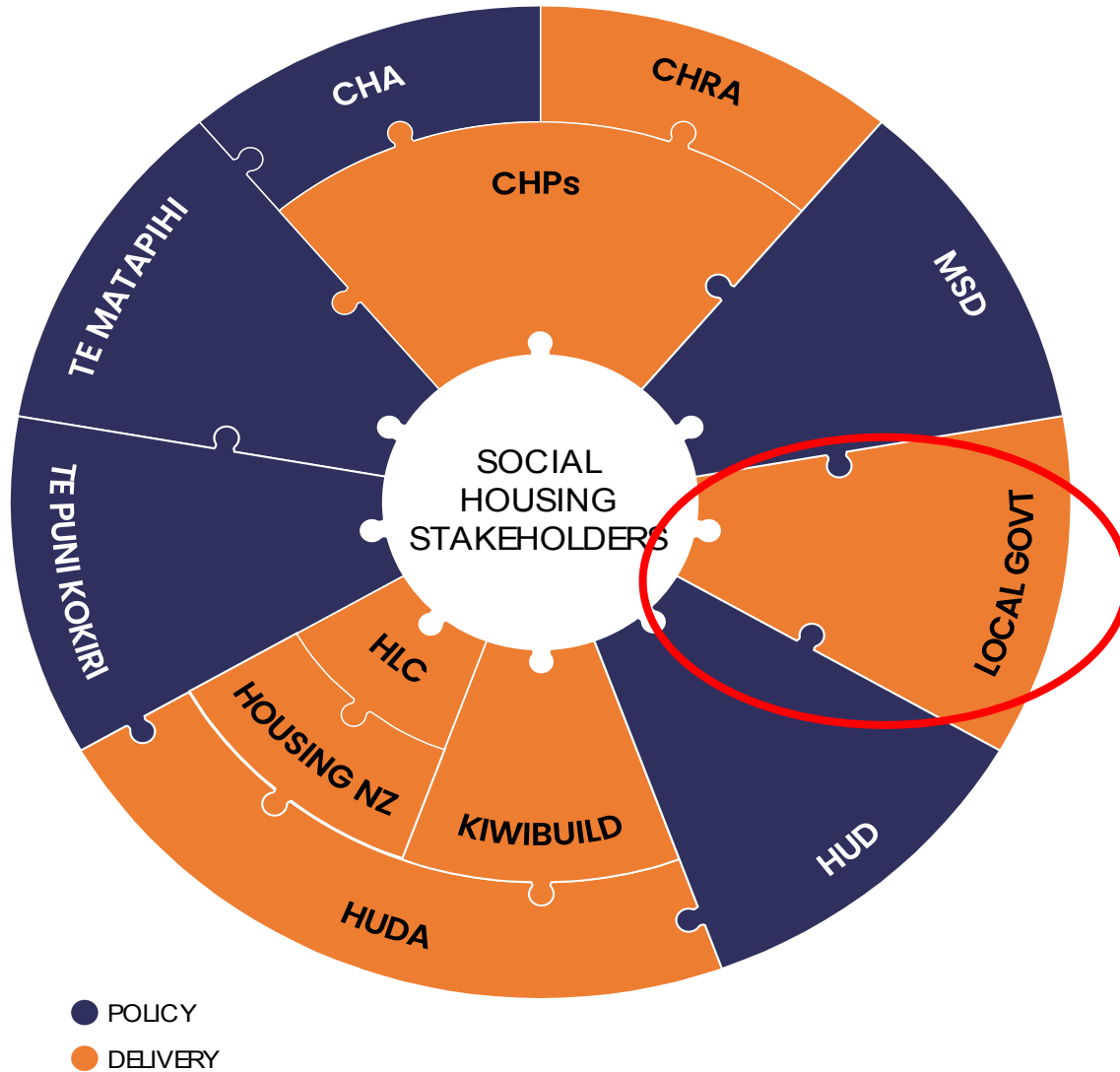
- 62 of NZ's 67 TAs (93%) reference some type of housing-related activity in their LTPs 2018-2028
- 60 TAs (90%) own housing stock as at Nov '18
- LGA (Community Wellbeing) Amendment Bill
- International precedent

NATIONAL FRAMEWORK

- New agency MHUD
- New initiatives such as KiwiBuild
- Public Housing Plan 2018-2028
- Multiple stakeholders

LOCAL GOVT ACTIVITY

- 60 of NZ's 67 TAs own 12,881 housing units
- This equates to 16% of the nationwide social housing stock
- 13 TAs provide 50% or more of the total social housing within their jurisdictions
- 7 TAs do not own social housing & 2 more are divesting



Stakeholders

Opportunities exist for local govt to utilise stakeholder networks to better understand, and meet, the housing needs of their communities.



Draft tools: DEMAND

What tools do councils have to understand demand for social housing in their areas?

- Waiting lists
- Population forecasts
- Housing trends monitoring (incl. residential growth, development trends and housing affordability)
- Stakeholder relationships
- General wellbeing and resilience initiatives
- Others?



Draft tools: SUPPLY

What tools do councils have to stimulate or enable the supply of social housing in their areas, if demand exists?

- Housing strategy or policy
- Council-owned social housing (council owned and managed)
- Council-owned social housing (council owned and managed by a third party)
- Rates rebate for social housing projects
- Development contribution rebates for social housing projects
- Case management approach for social housing building & resource consents
- Make surplus council land available for social housing developments
- Review all council property transactions for social housing suitability
- District plan settings (land availability)
- Community services funding (grants for CHPs etc)

The image features a solid orange background. On the left side, there are three dark blue shapes: a large triangle pointing downwards, a circle, and a vertical rectangle with a curved top edge. The text 'Working session: refining the tools' is positioned to the right of these shapes.

Working session: refining the tools



Task

?

Are there any **supply / demand tools** missing?

?

What are the **advantages and disadvantages** of each tool?

?

Discuss exemplars and best practice examples



Wrap up and next steps

1

Tools refined and provided to LGNZ in the Phase 2 findings report by 20 Feb 2019

2

Social housing toolkit web content developed (including toolkit) and provided to LGNZ by 15 Mar 2019

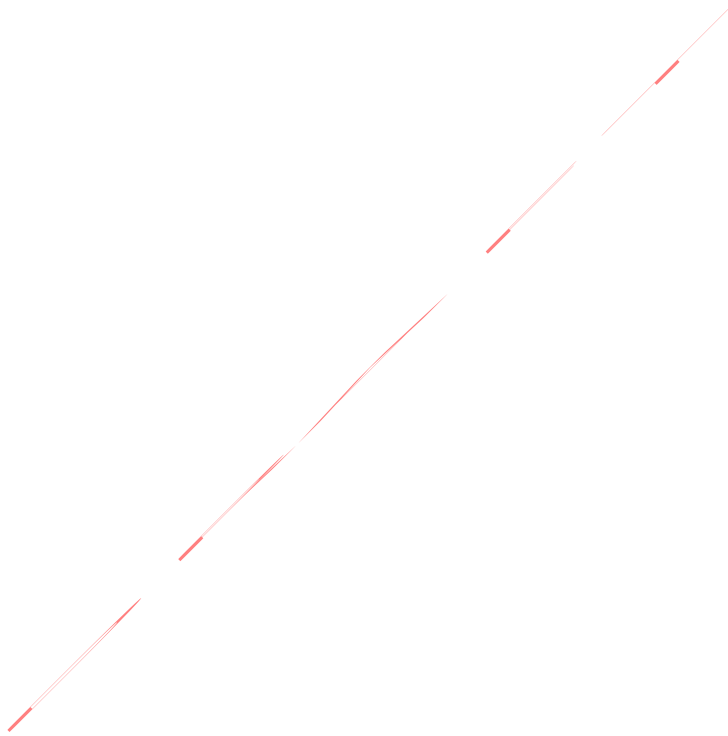
planalytics

Toni Kennerley, Director

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Background for the Workshop
Phase 1 Social Housing Toolkit Findings



Social Housing Toolkit: Phase 1 Findings

Purpose

This report establishes the current context for local government housing in New Zealand. It represents the findings of Phase 1 of the Local Government New Zealand (LGNZ) Social Housing Toolkit project.

The purpose of this report is to:

- Outline the mandate for local government involvement in housing activities;
- Explain the national strategic framework applicable to local government housing; and
- Identify current local government housing ownership and activities across NZ.

This report will inform subsequent phases of the LGNZ Social Housing Toolkit project, to develop tools for local government to assess and respond to demand for social housing within its respective jurisdictions.

The format of this report is such that it can be adapted to form the basis of a future LGNZ webpage regarding social housing. It is therefore succinct in style and uses statistics where possible to convey key information.

Terminology

The term ‘social housing’ is used throughout this report. It is defined by Community Housing Aotearoa (CHA) as housing that is provided for people who are most in need of housing, by central or local government.ⁱ

It should be noted that the Public Housing Plan 2018-2028ⁱⁱ does not use the term ‘social housing’. Instead, it uses ‘public housing’ as a general term covering both state housing (that provided by Housing NZ) and community housing (that provided by community housing providers, or CHPs). The Public Housing Plan 2018-2028 includes local government housing in the definition of ‘private housing’, along with private rentals and owner-occupier housing.

Notwithstanding, the CHA definition of social housing has been used for the purposes of this report, as it more fully reflects the nature of local government activity in the housing sector. For example, local government housing is generally provided to people in need.

The ‘housing continuum’ is another common term used when discussing housing need across the country. The housing continuum refers to the pathway from homelessness through to rental or ownership options in the private marketⁱⁱⁱ, as illustrated in Figure 1. Social housing is shown in the middle of the continuum, as a bridge between emergency or transitional housing, and subsidised private rental.

Figure 1: The Housing Continuum



(Source: Briefing for the Incoming Minister of Housing & Urban Development, 2017^{iv})

Social housing therefore does not include emergency or other types of housing in the housing continuum. It should also not be confused with ‘affordable housing’, which refers to the ability to meet housing costs (either of owning or renting) out of income without adversely impacting on the ability to afford basic living requirements.^v The Statistics NZ housing affordability indicator further quantifies this by measuring the proportion of households spending more than 30 percent of their disposable income on housing (note that this indicator is currently under review).^{vi}

Problem definition

Housing is an important contributor to the wellbeing of New Zealanders. At present, however, the performance of New Zealand’s wider housing market is sub-optimal.^{vii}

Not enough houses are being built to meet demand, particularly in areas of high population growth. In addition, the type and size of available housing may not align with the needs of the communities within which it is located. The reasons for this are complex, however the result is pressure on all parts of the housing continuum; and subsequent impacts on the ability of people to live healthy, productive and prosperous lives.

There is a demonstrated need to consider how the various components of the housing system work and interact, to improve the performance of each and the system as a whole.^{viii} Figure 2 illustrates the various components of the housing system, within which social housing is but one element.

Figure 2: Components of the NZ housing system



(Source: Briefing for the Incoming Minister of Housing & Urban Development, 2017^{ix})

Some key facts, which highlight the extent of New Zealand’s current housing challenges, include:

- The proportion of household income spent on housing costs has increased on average from 29 percent for low-income families in the late 1980s, to 51 percent in 2015/16.^{iv}
- The number of households on the Social Housing Register (people in need of public housing) increased 50 percent in the last year.ⁱⁱ
- There is currently an estimated new housing shortfall of 71,766 across New Zealand, and 44,738 in Auckland alone.^x
- Over the next six years the number of new household units required to meet expected population growth and to remedy existing housing shortages is forecast to increase by 39 percent.^{xi}

At a community level, these issues are reflected and further defined in a local government housing survey undertaken by the Ministry of Housing and Urban Development (HUD) in October 2018.^{xii} Of the 26 territorial authorities who answered a question regarding what the most critical housing issues are within their jurisdictions:

- 52 percent identified a lack of housing supply;
- 21 percent identified that housing is unaffordable;
- 12 percent identified poor housing quality as a critical issue; and
- 12 percent identified that housing stock was poorly matched to demand.

In the same survey, the biggest barrier to territorial authorities achieving their housing aspirations was considered to be access to funding (74 percent of respondents).

What does this tell us?

Housing supply is not keeping pace with housing demand; particularly in certain parts of the country, and at affordable prices. This begs the question, what is the role of local government, if any, in developing solutions to current housing challenges?

What is local government's role?

Balancing supply and demand within New Zealand's housing system requires a comprehensive and coordinated approach from multiple parties. Local government cannot, and should not, solve the problem on its own. However, local government is uniquely placed to leverage its historic housing assets, community relationships and in some cases, land supply, to both directly provide, or enable others to provide, housing solutions targeted to the unique nature of demand evident within each council jurisdiction.

A mandate for local government involvement in the housing sector is provided by the following factors.

- Internationally, many local authorities are active in the direct provision of social housing. Some metropolitan local authorities own a significant proportion of all housing stock in their areas, as in Amsterdam (60 percent), Stockholm (26 percent), or Birmingham (19.5 percent). In Australia, as in New Zealand, there has been a strong focus on pensioner housing.^{xiii}
- The purpose of local government in the Local Government Act 2002 (LGA) historically provided for the promotion of the social, economic, environmental, and cultural well-being. Housing was seen as one of a number of mechanisms for promoting such well-being; and although this focus was removed by amendments to the LGA in 2012, the Local Government (Community Well-being) Amendment Bill is currently before Parliament and seeks to restore community well-being as a purpose of local government.^{xiv} If this Bill is successful, local government will have a mandate for ongoing activity in the housing sector. If the Bill is not successful, local government may have to rely on community need and current investment in the housing sector as a mandate for its ongoing activities, dependent on community and/or local government willingness to remain engaged in this sector.
- HUD's recent housing survey^{xv} revealed that some territorial authorities within local government consider they have a mandate for housing activity due to:
 - Perceived gaps in public housing supply, particularly for elderly people;
 - Local government having stronger connections to the community, and therefore being better placed to assess and respond to housing need;
 - Fluctuations in central government policy and housing eligibility criteria creating inconsistencies and inequality in housing supply; and
 - Local government being able to influence development patterns and having asset management experience.

- A review of long-term plans and council housing portfolios indicates a community mandate for the participation of local government in housing, given the number of territorial authorities currently active in this space. Such involvement was verified through the recently completed long-term planning process for 2018-2028, which provided a public platform for the reconsideration of local government involvement in housing on a council-by-council basis.

Of New Zealand's 67 territorial authorities (including city and district councils and unitary authorities):

- 62 (93 percent) referenced some type of housing-related activity in their long-term plans 2018-2028 (including either housing ownership, or provision of other support i.e. grants for social housing providers).
- 60 (90 percent) own housing stock as at November 2018.^{xvi}
- Two of the 60 (3 percent) that currently own housing stock decided through the long-term plan process to sell their housing assets in full, but retain an interest in wider housing activities.^{xvii}

What does this tell us?

Local government in New Zealand, as overseas, has been active in the provision of social housing both historically and at the present time. In New Zealand, a mandate was provided for such activity via the focus on well-being in former, and potentially future, versions of the LGA. Local government also has a mandate for social housing activity through community willingness to be engaged in the housing sector (as reinforced by the recent long-term planning process).

Strategic Framework

The national strategic framework for social housing is a moving landscape, given the current amount of activity in this sector by the Government and stakeholders. This section outlines current government initiatives and identifies stakeholders, to provide a national picture of key factors influencing local government housing responses.

Government initiatives

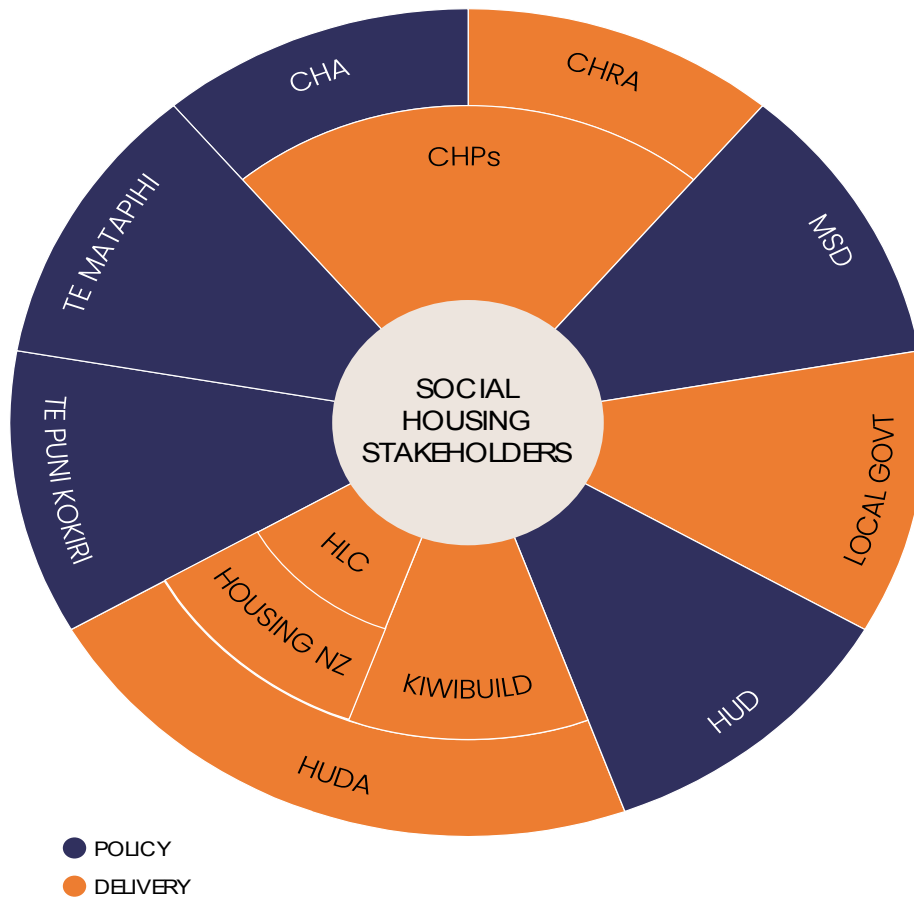
- The Ministry of Housing and Urban Development (HUD) commenced operations in October 2018. HUD has responsibility for housing and urban development-related policy and monitoring;^{xviii} as further outlined in Table 1.
- The Public Housing Plan 2018-2022^{xix} (PHP) was released by the Ministry of Social Development (MSD) in August 2018, and is now the responsibility of HUD. The purpose of the PHP is to provide information regarding where, and how many, additional public housing spaces are planned over the next four years, to June 2022. Local government is able to use the information provided in the PHP to understand how many public housing spaces will be provided in their areas, and assist in identifying any potential gaps in social housing provision.

- In November 2018 the Government announced the creation of a Housing and Urban Development Authority ('HUDA') to act as the Government's lead developer. HUDA will bring together Housing NZ, its subsidiary HLC, and KiwiBuild; to lead small and large-scale urban development projects and be a public landlord.^{xx} Presumably, combining the Government's housing delivery functions will assist local government by providing a central point for liaison regarding housing supply. It is anticipated that HUDA will be created by 2020. More information is provided in Table 1.
- KiwiBuild was launched in July 2018. It is a government programme aimed at delivering 100,000 quality, affordable homes for first home buyers across the country over the next decade. KiwiBuild is a vehicle for government to address the current imbalance in demand and supply of affordable homes across the country.^{xxi} Again, understanding where KiwiBuild homes are planned will assist local government to identify any potential gaps in housing provision within their jurisdictions. Information regarding the possible regional distribution of KiwiBuild houses was sourced from HUD and is provided in Attachment 1.
- The Government currently subsidises rent in some instances through the Income-Related Rent Subsidy (IRRS). IRRS bridges the gap between what a public housing tenant is able to pay toward rent (usually no more than 25 percent of net income) and the amount of rent the property would command in the private market. As at 30 June 2018 there were 67,228 IRRS public housing places available across the country.^{xxii} IRRS is only available to Housing NZ or CHPs registered with the Community Housing Regulatory Authority (CHRA). Local government is not currently eligible for IRRS unless it leases housing to a CHP, and then only under certain circumstances¹.
- The Government has also recently extended the Operating Supplement, to incentivise new public housing spaces. The operating supplement is a subsidy paid to housing providers (generally Housing NZ and CHPs) as a percentage of market rent.^{xxiii} The operating supplement is not available to local government.

Key stakeholders

There are numerous stakeholders in the supply, and enablement of supply, of social housing across the country. This section outlines the key stakeholders only, and identifies their roles and potential relevance to local government housing activities.

¹ Auckland and Christchurch City Councils currently have access to some IRRS funding.



Note that local government itself is not included in this section. Rather, current local government housing ownership and activities are outlined in the following section of this report.

Table 1: Housing stakeholders

Organisation	Role	Relevance to local government
Community Housing Sector		
Community Housing Aotearoa (CHA)	Peak body for the community housing sector. CHA has 90 provider members housing approximately 25,000 people nationally across 13,000 homes; and a vision to see all New Zealanders well-housed. ^{xxiv}	'Our Place' 2017; a working document to improve housing affordability developed by CHA; highlights the need for collaboration and local responses to housing delivery (including local government).
Te Matapihi	Operates as an independent voice for the Māori housing sector, assisting in Māori housing policy development at both central and local government levels, supporting the growth of the sector through existing and emerging regional forums, and providing a platform for sharing high quality resources and information. ^{xxv}	Opportunities exist for local government to work with Te Matapihi to realise Māori housing aspirations within their jurisdictions.

Organisation	Role	Relevance to local government
Community Housing Providers (CHPs)	Community housing organisations that are registered with the Community Housing Regulatory Authority (CHRA). HUD can contract with CHPs to provide community housing for eligible clients. ^{xxvi}	Local government is able to contact CHPs within their area to ascertain levels of housing demand and supply, and discuss the potential for partnering, if appropriate.
Community Housing Regulatory Authority (CHRA)	Registers and regulates CHPs. CHRA works to ensure that public housing providers are appropriately housing and supporting the growth of a fair, efficient and transparent community housing sector. ^{xxvii}	Local government can search the CHRA for CHPs within their area.
Housing Delivery		
Housing & Urban Development Authority (HUDA)	HUDA combines Housing NZ, KiwiBuild, and HLC. It will lead urban development projects and be a public landlord. ^{xxviii} An overview is available here .	It is anticipated that HUDA will be created by 2020. It will provide a centralised contact point for government-assisted housing delivery; of use to local government when ascertaining pipeline housing supply.
Housing New Zealand (Housing NZ)	Housing NZ is a Crown agency that provides housing services for those in need. This includes ownership and tenancy management of public housing places. ^{xii}	Local government can liaise with Housing NZ to determine the scale and timing of delivery of public housing within its area.
HLC	HLC (formerly the Hobsonville Land Company) manages housing developments on under-utilised Government-owned land. Its tag line is 'homes, land, community'. HLC is a wholly-owned subsidiary of Housing NZ.	Local government can liaise with HLC to determine what public housing HLC has planned within its area. HLC is mostly active in Auckland and Porirua.
Housing Policy		
Ministry of Housing & Urban Development (HUD)	Responsible for policy, monitoring and advising the government on strategic direction regarding housing and urban development. ^{xxix}	Now responsible for the Public Housing Plan 2018—2022 (PHP). Local government can use the PHP to understand how many public housing spaces will be provided in their areas, and assist in identifying any potential gaps in housing provision.
Te Puni Kōkiri (TPK)	TPK works with iwi, hapū and whānau Māori, and Māori housing and social service providers. TPK supports the development of Māori housing and contributes to Māori housing policy across Government. ^{xxx}	Opportunities exist for local government to work with TPK to realise Māori housing aspirations within their jurisdictions.

Organisation	Role	Relevance to local government
Ministry of Social Development (MSD)	MSD works with people who need housing and financial support, and manages the Housing Register of applicants for public housing. MSD also administers the Emergency Housing Special Needs Grant. ^{xxxii}	Local government can refer people in need of wraparound support services (housing or otherwise) to MSD. Close collaboration between MSD and local government can be beneficial to the wellbeing of communities.

What does this tell us?

A lot is happening in the housing space at a central government level with the recent introduction of initiatives such as KiwiBuild and the Housing and Urban Development Authority. In addition, a number of key stakeholders are experienced and active across the country in housing provision. Opportunities exist for local government to utilise these initiatives and work with stakeholders to better understand, and meet, the housing needs of their communities, should the political will exist to do so.

Current stocktake

HUD completed a stocktake of local government-owned housing as at November 2018.^{xxxii} This section summarises key facts from the stocktake regarding local government housing ownership, to provide a baseline understanding of the scale, nature, and type of local government housing ownership across the country. It also identifies what other activities local government is involved in, aside from direct housing ownership. This will inform future stages of the LGNZ Social Housing Toolkit to ensure that the tools developed are tailored to the needs of local government.

Local government housing ownership

Key facts:^{xxxiii}

Supply

- 60 of New Zealand's 67 territorial authorities own 12,881 housing units.
- Seven territorial authorities do not currently own any housing; and a further two recently decided through the long-term planning process to divest their current housing stock in full.
- Christchurch City Council owns the most housing, with 2,478 units; followed by Wellington City Council with 2,200 housing units.
- Of the 12,881 housing units owned by territorial authorities, the majority are long term rentals (typically for elderly people), consisting of one-bedroom flats.^{xxxiv}
- 12,881 territorial authority-owned housing units equates to 16 percent of the total social housing² currently available across the country.

² The HUD stocktake refers to social housing as 'public good' housing, which includes estimated local government housing + public housing places (HNZ and CHPs) + estimated CHP owned or managed properties. It does not include additional public housing places indicated in the PHP.

Demand

- 13 territorial authorities provide 50 percent or more of the total social housing available within their jurisdictions. This represents 22 percent of the territorial authorities that currently own housing.
- Of these 13 territorial authorities, four provide 75 percent or more of the total social housing available within their jurisdictions. This represents 7 percent of the territorial authorities that currently own housing.
- 16 territorial authorities had more than 100 people on the Housing Register in their area as at June 2018; and of these, two (Auckland and Christchurch) had more than 500 people on the Housing Register.

Management

- 19 of the 60 territorial authorities (32 percent) who own housing stock have a housing policy or strategy document in place, or are currently developing one.
- Territorial authorities deploy a range of methods to manage their housing stock. Currently five lease or contract out housing management functions to CCOs³, two to CHPs, and five to other organisations (i.e. other territorial authorities, incorporated societies or private property management firms).
- The remaining 48 territorial authorities (or 80 percent of those that own housing) manage their own housing assets.
- Some territorial authorities seek full cost recovery for council-owned housing, to ensure a zero net cost to ratepayers.

Other housing activities

Aside from direct housing ownership, local government is also involved in housing activities that enable others to provide social housing services within their respective jurisdictions. Such activities were identified in the HUD local government housing survey^{xxxv} and include:

1. Providing financial assistance to support housing providers.
2. Offering a rebate scheme on development contributions for social or community housing.
3. Providing assistance with consenting and planning processes for housing.
4. Undertaking advocacy and research functions in relation to housing provision.

What does this tell us?

Local government is a key provider of social housing across the country and in some areas (13 territorial authorities), provides more than half of the social housing available. This signals that local government housing currently addresses an important gap in supply for people in need, particularly the elderly.

³ Council Controlled Organisations

Management arrangements for local government owned housing differ across the country. Only one third of territorial authorities who own housing appear to have a housing policy or strategy either in place or under development. It may be beneficial to increase this number to provide certainty around supply intention, to target people most in need, and to increase transparency for ratepayers.

The majority of local government is 'going it alone' in terms of how they manage their housing portfolios. Opportunities exist to harness alternate management models to increase the efficiency and effectiveness of housing outcomes for people in need, particularly in those territorial authorities with limited funds and/or staff resources.

Summary

This report has summarised the current context for local government housing activity in New Zealand. It identified a potential mandate for local government involvement in the housing sector through the scale of its historic and current housing activities; a perceived need to plug the gap in government housing supply; and potential community willingness to engage in such activity (as reinforced by the recent long-term planning process).

Although local government has no direct legal requirement to provide social housing, the focus on community well-being in former, and potentially future, versions of the LGA was considered to provide a mandate for such activity.

The national strategic framework applicable to local government housing was outlined, and found to be rapidly evolving. The introduction of recent initiatives such as KiwiBuild and the Housing and Urban Development Authority will potentially increase housing supply and have flow-on effects for all stages of the housing continuum.

Good communication with HUD and other stakeholders will assist local government understanding of proposed public and affordable housing supply in their areas. This will enable local government to plan its housing activities effectively and plug any gaps in social housing that may arise, should the political will within each territorial authority exist to do so.

With regard to identifying local government housing ownership and activities, it was found that local government is a key provider of social housing, owning 16 percent of social housing across the country. In some areas (13), territorial authorities provide more than half of the social housing available. This signals that local government housing currently addresses an important gap in supply for people in need, particularly the elderly.

Local government was also found to be active in indirect housing activities. That is, it enabled social housing supply through mechanisms other than direct ownership of housing. Other such housing activities included providing financial assistance to support housing providers; offering rebate schemes on development contributions; providing assistance with consenting and planning processes; and undertaking advocacy and research functions in relation to housing provision.

All of this activity suggests that local government is under pressure to understand, consider, and develop solutions for housing challenges within its respective jurisdictions. The LGNZ Social Housing

Toolkit is therefore timely, and will equip local government with the high level tools it needs to achieve desired housing outcomes and enhance the well-being of its communities.

Next Steps

Following the provision of this Phase 1 Findings Report for LGNZ's Social Housing Toolkit, the next two phases will be completed as outlined below.

- Phase 2: Tool development (17 December 2018 to 8 February 2019)
 - Identify the territorial authorities most active in the provision of social housing; obtain and analyse their key housing documents, and complete interviews regarding housing processes and best practice.
 - Interview key national agencies (HUD, Housing NZ, Community Housing Aotearoa) to canvass opinion on how territorial authorities can best quantify, and address, social housing issues in their areas.
 - Document draft tools (options) for local government to quantify demand for, and encourage supply of, social housing in their areas.
 - Conduct a workshop with the LGNZ Social and Community Housing Working Group to refine the emerging tools.
 - Produce a Phase 2 Report to capture findings from this phase of work.
- Phase 3: Final toolkit (11 – 28 February 2019)
 - Develop content for a 'social housing toolkit' webpage to be hosted on the LGNZ website. This will combine the findings of Phases 1 and 2 to provide tools for local government to quantify demand for social housing and encourage or stimulate the supply of social housing where demand indicates that this may be required.
 - Test the draft 'social housing toolkit' webpage content with the LGNZ Social and Community Housing Working Group.
 - Refine and finalise the 'social housing toolkit' webpage content.

Attachment 1: Possible regional distribution of KiwiBuild houses (HUD)

Area	New housing shortfall 2006-2017	Possible no. of KiwiBuild homes	Lower quartile sale price (\$)
Auckland	44,738 (62 percent)	61,339	650,000
Wellington	9,312 (13 percent)	12,975	425,000
Hamilton	5,908 (8 percent)	8,232	435,000
Napier-Hastings	1,777 (2 percent)	2,476	335,000
Queenstown-Lakes	1,600 (2 percent)	2,229	690,000
Tauranga	1,473 (2 percent)	2,053	515,000
Whangarei	1,412 (2 percent)	1,967	375,000
Nelson-Tasman	1,180 (2 percent)	1,644	413,000
Palmerston North	1,083 (2 percent)	1,509	307,000
Rotorua	1,012 (1 percent)	1,411	308,500
New Plymouth	936 (1 percent)	1,305	336,500
Gisborne	725 (1 percent)	1,010	221,000
Dunedin	611 (1 percent)	851	300,000
Christchurch	0 (0 percent)	1,000	367,000
TOTAL	71,766 (100 percent)	100,000	-

Source: (Ministry of Housing and Urban Development, 2018)^{xxxvi}

ⁱ Community Housing Aotearoa (2019). *A few terms explained*. [online] Communityhousing.org.nz. Available at: <http://www.communityhousing.org.nz/new-zealand/housing-continuum/terms-explained> [Accessed 7 Jan. 2019].

ⁱⁱ Ministry of Social Development (2018). *Public Housing Plan 2018-2022*. [online] Wellington. Available at: <https://www.hud.govt.nz/assets/Community-and-Public-Housing/Increasing-Public-Housing/Public-Housing-Plan/Public-Housing-Plan-2018-2022.pdf> [Accessed 20 Nov. 2018].

ⁱⁱⁱ Communityhousing.org.nz. (2018). *Housing continuum*. [online] Available at: <http://www.communityhousing.org.nz/housing-continuum/> [Accessed 26 Nov. 2018].

^{iv} Ministry of Business, Innovation & Employment (2017). *Briefing for the Incoming Minister of Housing & Urban Development*. [online] Wellington. Available at: [https://www.beehive.govt.nz/sites/default/files/2017-12/Housing percent20and percent20Urban percent20Development.pdf](https://www.beehive.govt.nz/sites/default/files/2017-12/Housing%20and%20Urban%20Development.pdf) [Accessed 25 Nov. 2018].

^v Ibid.

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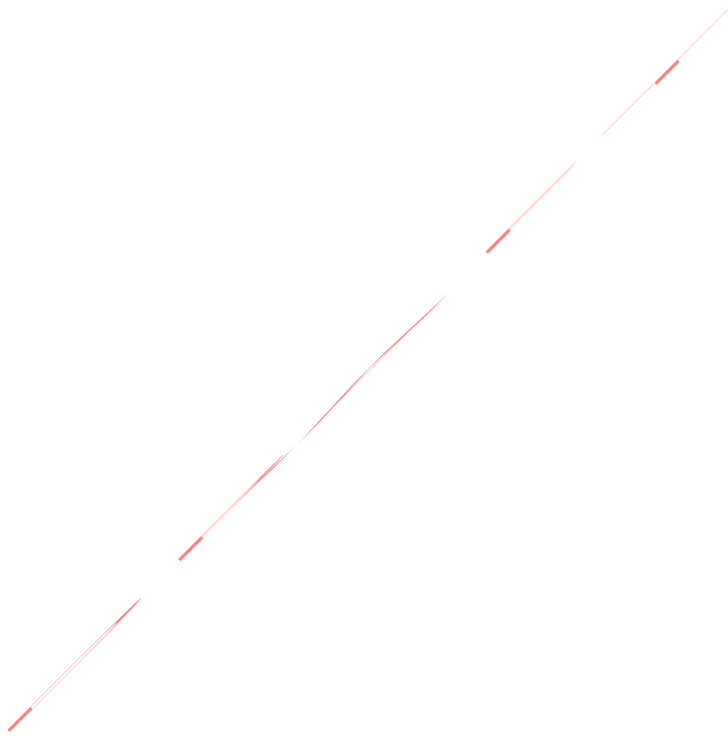
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Background for the Workshop
Phase 2 Social Housing Toolkit Interview Results



LGNZ Social Housing Toolkit: Council interview summary

Question		Christchurch City Council	Dunedin City Council	Rangitikei District Council	Wellington City Council
1	How many social housing units does your council currently own?	2,400	940	72	2,200
2	What social housing documents does your council currently have?	Social Housing Strategy (2007), Housing Policy (2016), Christchurch Housing Accord (2017)	Dunedin Social Housing Strategy 2010-2020 and Housing Needs Assessment (2012). Have a Mayoral Taskforce for Housing; interim report to Council on 26 November re Taskforce's thinking after 6 months.	Community Housing Policy (9 August 2018)	Social Housing Service Policy (2010), Mayor's Housing Taskforce (2017), Our 10—Year Plan WCC Housing Strategy (2018), Housing Action Plan (2018), City Housing Strategic Investment Plan (in progress)
3	Does your council have a specific process for calculating demand for social housing? For example, a waiting list or demographic forecasts?	Housing Demand in Greater Christchurch report, Nov 2017 (Livingston & Associates). CCC use various reports/sources to identify a 'soft target' (500 units over 10 years). CCC provide 1/3 of what is needed for Christchurch, based on historic figures (Housing NZ provides 2/3). CCC does not want to set a target they can be held to, without receiving funds to achieve a target. Using a soft target can avoid affecting the viability of the existing housing portfolio, within policy settings (no rates subsidisation, etc).	Have a waiting list and talk to MSD. Cannot share it with MSD so can't check double-ups etc. Shortfall of 650 social housing units estimated in Mayoral Taskforce (looked at waiting list and through consultation with housing provider stakeholders). Both elderly and families. Around 280 people on the waiting list currently.	Yes, have a waiting list. Last 3 years tried to find a CHP to take over, but could not find one so council doing it – being more proactive and looking at the longer term (so might look at the demographics soon). Waiting list about 5- 10 people. Also, get enquiries from families, but do not have suitable accommodation for them – refer to HNZ or other providers.	No just a wait list; monitor market to see what is happening. No funds to do demographic forecasting. Currently 350 on wait list, varies on the season. Smaller councils with fewer houses, people do not bother to apply – tenants stay in longer (do not count on the wait list alone).

Question		Christchurch City Council	Dunedin City Council	Rangitikei District Council	Wellington City Council
4	In your experience, what group has the highest demand for social housing?	Not sure, CCC now has an asset management rather than tenancy focused approach (OCT does that). Helps having this clarity of roles, council staff can be kept focused on long term maintenance programmes and don't have to worry about calls from tenants etc.	Only deal with the elderly, about 20% population is under 55 so do not deal with families etc. The social housing needs assessment said that older people (that have rented their whole lives) could not enter the market. Central government used to provide subsidised funding for elderly housing, in 1990s changed to market will cater but has been a failure.	Different across the district; Marton low-income, in Taihape it's the elderly, in Bulls its okay – rental housing because of Ohakea. Also people with mental health issues have needs, cannot really go flatting.	Typically have single people/ small families as 1-2 bedroom units; larger families do not apply. Community knows what councils have and what they do not have, and self-regulate as people don't go on a wait list if councils don't have what they need. WCC mostly male 35-55 (group neglected by central government). Central government mostly caters for larger families.
5	In your opinion, what tools do councils have to help manage the root causes of demand for social housing?	Driven from the planning system, need to ensure that there is an adequate supply of affordable market housing and potentially some kind of support in the affordable ownership area. Ambulance at the bottom of the cliff can be avoided by ensuring affordability. Whether that's done through regulatory mechanisms or buy and release land on the market.	No tools! The market is not working. We don't have any influence over the tax system (capital gains tax) etc. Don't have a lot of tools. Root cause is social inequity. No control over people's incomes. Can pull people in for coordination (leadership), but not available for all councils (MSD contacts, etc).	Local knowledge and local connections, small council so network closely with other agencies. Recently appointed an iwi liaison so that may become a tool.	Very little! Wellington has the Community Services Fund, fund wraparound support and sustainable tenancies (then people don't fall out of the system – hard to get them back in properties once they're out of them). Root causes are poverty, health, employment – local government don't deal with that. MSD wait list used to identify housing demand, but don't work with local government to get a true picture of demand. Central

Question		Christchurch City Council	Dunedin City Council	Rangitikei District Council	Wellington City Council
					government views local government as second-class citizens; opportunities to work together better. Can't get a true picture of public demand if only look at one wait list.
6	In your opinion, does your council currently own enough social housing to meet demand? If not, is the gap between demand and supply large or small?	1/3 of the gap is 500 houses over 10 years. Demographics show that demand is growing, including retired people who have never owned their own home.	Not enough, about 280 on the waiting list.	Enough pensioner housing, but not for wider social housing. Get enquiries almost every day for housing – have to turn them away as may not be suitable for our housing. A lot of rental houses being sold due to RTA changes.	No, 350-400 on wait list. Currently reviewing housing policy; policy settings will determine who is eligible, which impacts who applies. (Demand could go up or down). Wait list demand not market demand. Wait list is generally increasing by small amounts each quarter. Gap is large.
7	Are the ongoing management and maintenance costs of your council's social housing stock funded by rates or cost neutral?	Cost neutral, no subsidies from rates. Long standing policy of no rate subsidy, come up for discussion a number of times – a minority of Councillors would open it up for discussion. LTP submissions show a mix of views on this topic amongst ratepayers – almost 50:50 whether council should be involved or not.	It is cost neutral however no return on the capital that the council owns. Social capital return but no financial capital return. Although value is accruing. Similar to other council infrastructure (e.g. pipes). May not be able to keep cost neutral in the future; reality is that ongoing maintenance is increasing.	Try to be cost neutral but Council has put in a lump sum for the last 3 years, and the next 3 years (insulation and renewals). \$100,000 per year for 6 years. RDC moving to market rentals, this year council is paying \$15/week towards tenants power accounts; Council looking at solar.	All ring-fenced, so self funding. Covered by rent.

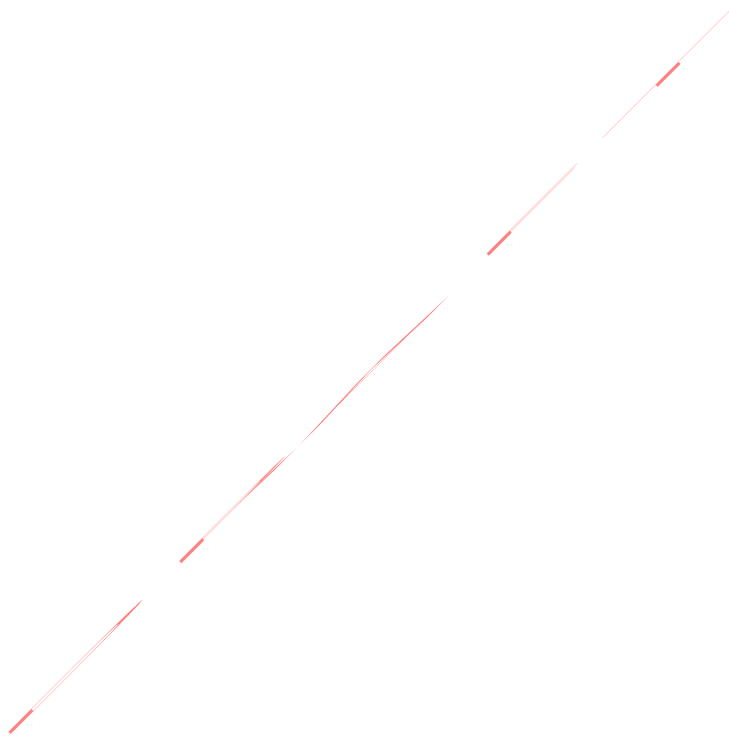
8	How is your council's social housing stock managed? For example, by council or an external party? Does this work well?	Otautahi Community Housing Trust created 2016; working well. A good asset management plan helps. Lease to OCHT transfers responsibility for tenancy management and day to day maintenance; CCC run renewal programmes i.e. roof replacements etc.	Managed by property department in-house, within that a manager and three workers deal with social housing. Works well because works closely with tenants. Talk to tenants, they say this is the best and most stable accommodation they have ever had. Not taking a 20% cut for someone else's profit. Local and on the ground.	EOI in 2015 for CHPs to own/manage council's community housing. All done in-house, about 0.75 FTE. Also appointed a full time handyperson to look after maintenance (70% of his time on community housing). Most of the time works well. Staff have dual roles so always at Council (not part-timers).	Manage internally; funding is a massive challenge (not rates-funded), really struggle with maintenance and update programmes as don't have the funds. Effectively a cash flow business, give away 35% of cash flow to tenants. Generally charge 70% of market rent. Almost impossible to make the business financially sustainable, as assets require maintenance. 2008 Central Government granted \$220 million for maintenance. Housing NZ funded 130% of market rent, as get IRRS, and even they struggle to maintain their properties. Unfair playing field. Also not eligible for EECA grants etc.
9	In your opinion, what tools do councils have to manage the supply of social housing in their areas?	Have indirect tools to encourage community investment; including development contribution waivers (can be quite significant, taking \$17-20k off the cost of a unit). Also adopted a case management approach with consents (building & resource) with the aim to streamline the process and reduce costs for community groups. Also use council land	Difficult to increase supply because of cost neutrality. Building 14 new units in Costorphine, intention is to make them HomeStar 6 (small units, energy efficient). A pilot for energy efficiency. First new builds since 2010. New builds funded out of depreciation (also capital upgrades funded by depreciation). Two CHPs in Dunedin (PACT and Just Housing), struggling to get	No CHPs in the area, very few partnership opportunities. Rangitikei unattractive to CHPs (and others) as a small number of flats spread over a large geographic area. Lack of availability of flat land close to town in some places, no public transport etc. Also don't have the other social services to tap into.	District Plan settings, community services funding, CHPs partnerships, freeing up land for development, discounted disposal of land for CHPs, rates relief (Action Plan).

		and surplus land – i.e. sale at reduced prices to CHPs, and transferring land to OHT (gift). Every major property transaction reviewed to see if it would be useful for social housing purposes (has yielded a number of units for Salvation Army, Abbeyfield, etc). Can require social housing units as negotiated case by case with developers.	capital to do new builds. Even with IRRS an organisation like PACT (reasonably large) can't make the figures work. Partnerships with CHPs not really an option, as they can't get funding themselves. DCC has invested money (bought two units to rent) in co-housing.		
10	In your opinion, does local government have a role in the ongoing provision of social housing?	Personally, no. But for Christchurch (long history, significant assets) then yes – need to keep it going. Need access to IRRS, subsidy needs to come from somewhere – set up as COO separate from core council (single focus on social housing). General focus that council has isn't always useful. Need to protect housing fund from general use, needs to be used for maintenance. COO would have a clearer mandate.	Yes, for older people. Mostly because council is doing it already. Generally we are the ones with the 1-2 bed units; in most cases we have done a good job of it. Maintenance is good, satisfaction is 95%, good ability to communicate with, and educate tenants.	Yes, for pensioner housing. No for high-needs tenants (that need support services etc). Wrap-around services aren't available in council housing.	Absolutely we do. Current policy settings (central govt) make it hard, more local authorities will exit. Local govt can tailor a service to the specific location, better levels of service and engagement. Valuable contribution to give to the community. General support for local government externally is low – whether it is feasible to continue is another story. Personally, would recommend that Council set up a CHP and transfer all the properties (although unpalatable). No social housing provider in the world that operates without a subsidy.

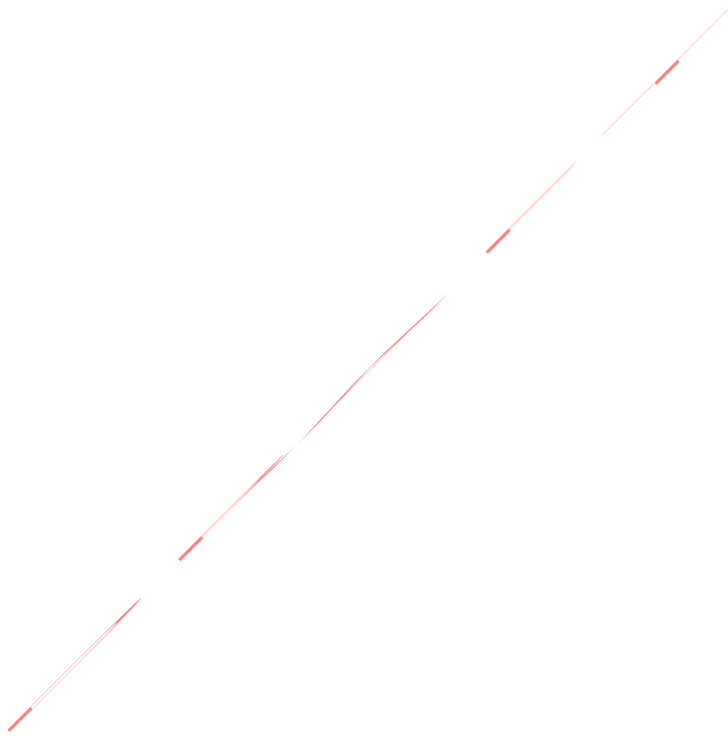
11	Is your council involved in any other social housing activities, apart from ownership of social housing?	Yes, see answer to question 9	May have provided a small subsidy to Abbeyfield in the past. Overall, Dunedin's main activity is housing ownership and rental; and Mayoral Taskforce (reporting back in June).	No.	Refer to Action Plan, funding to social service providers (wraparound services and intensive tenancy management). Huge range of community action programmes, reducing social isolation etc. Just about to roll out a free Wi-Fi programme for tenants, children's holiday programmes.
12	In your opinion, what are your council's top three social housing challenges?	Ensuring financial viability of existing housing stock; funding for growth.	Just don't have enough stock; quality of overall rental market not good, will be interested to see what happens when changes to RTA come in; council doesn't have access to IRRS – if the market is not providing what is needed, then council should have access to IRRS.	FUNDING! Financing for renewals or new builds etc. Limitations with support services (based outside our district). Limited land availability for new, purpose-built units (older units not always suitable for older people, with stairs etc and no car parking).	Building a financially sustainable service (that is self-funding), capital expenditure on managing the portfolio (asset condition), equity for tenants (i.e. policy settings similar to tenants in a CHP or Housing NZ property, not just rent – income related not just market tested). Social housing needs to account for differences between tenants, i.e. those that are less well off. Increasing the portfolio size (demand is increasing, but not supply), how do we manage growth?

2

NPS – UDC preliminary results



Draft NPS-UDC Report



THE NATIONAL POLICY STATEMENT ON URBAN DEVELOPMENT CAPACITY

An analysis of issues identified by Councils giving effect to the National
Policy Statement on Urban Development Capacity

Local Government New Zealand

November 2018

QUALITY CONTROL

Title NPS-UDC Issues Paper

Client Local Government New Zealand

Job No 715435

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1. INTRODUCTION

This report presents an analysis of issues raised by Councils in giving effect to the National Policy Statement on Urban Development Capacity 2016 (NPS-UDC) to Local Government New Zealand (LGNZ). The purpose of the report is to inform future discussions and advocacy that LGNZ undertakes with the Ministry for the Environment (MfE), the Ministry of Business, Innovation and Employment (MBIE), and stakeholders on the future of the NPS-UDC.

DRAFT

2. BACKGROUND

The National Policy Statement for Urban Development Capacity (NPS-UDC) came into effect on 1st December 2016, and provides direction to decision-makers under the Resource Management Act 1991 (RMA) on planning for urban environments. It recognises the national significance of well-functioning urban environments, with particular focus on ensuring that local authorities, through their planning, both:

- Urban environments and the need to enable such environments to develop and change
- Providing sufficient development capacity to meet the needs of people and communities and future generations in urban environments.

This NPS includes the outcome of measuring development capacity for both housing and business in recognition that mobility and connectivity between both are important to achieving well-functioning urban environments. The NPS-UDC directs local authorities to provide sufficient development capacity in their resource management plans, supported by infrastructure, to meet demand for housing and business space. It contains objectives and policies that local authorities must give effect to in their resource management decisions.

In particular, it provides direction on:

- Outcomes that urban planning decisions should achieve
- Evidence underpinning those decisions
- Responsive planning approaches
- Coordination between local authorities and providers of infrastructure.

Within the four focus areas, the NPS-UDC targets challenging requirements to local authorities that have jurisdiction over urban areas experiencing the most sizeable growth. The following table outlines the Medium-Growth and High-Growth urban areas and the local authorities within each category.

Table 1: Categories of urban areas for the NPS-UDC

High-Growth		Medium-Growth	
Urban Area	Councils	Urban Area	Councils
Auckland	Auckland Council	Palmerston North	Horizons Region, Palmerston North City
Hamilton	Waikato Region, Hamilton City, Waikato District, Waipa District	Kapiti	Greater Wellington Region, Kapiti Coast District
Tauranga	Bay of Plenty Region, Tauranga City, Western Bay of Plenty District	Wellington	Greater Wellington Region, Wellington City, Porirua City, Lower Hutt City, Upper Hutt City
Christchurch	Canterbury Region, Christchurch City, Selwyn District, Waimakariri District	Nelson	Nelson City, Tasman District
Queenstown	Otago Region, Queenstown-Lakes District	Rotorua	Bay of Plenty Region, Rotorua District
Whangarei	Northland Region, Whangarei District	Napier-Hastings	Hawkes Bay Region, Napier City, Hastings District
New Plymouth	Taranaki Region, New Plymouth District	Gisborne	Gisborne District
		Blenheim	Marlborough District
		Dunedin	Otago Region, Dunedin City

Source: National Policy Statement on Urban Development Capacity: Guide on Evidence and Monitoring

3. PROCESS

3.1 Process followed

To undertake the project, TPG implemented the following process:

1. Review of the requirements of the NPS-UDC to understand its application to local authorities in medium-growth and high-growth urban areas;
2. Preparation of a questionnaire focused on what worked well, what could be improved and what did not work well in giving effect to the NPS-UDC (the questionnaire used is included in [Appendix 1](#));
3. Undertake phone interviews with a selection of medium-growth and high-growth territorial authorities (a list of the local authorities contacted is included in [Appendix 2](#));
4. Collating the findings and feedback for the purpose of this report.

3.2 Limitations and risks

Limitations and risks identified during the process included:

1. Medium-growth councils have a NPS-UDC reporting deadline for Policies PB1 to PB5 on 31st December 2018. Undertaking this questionnaire when these councils are working to this deadline meant that it was more difficult to get responses to the questionnaire and feedback from medium-growth councils.
2. Responses to questions posed varied in length and detail dependent on the individual council officer responding to the survey. This was particularly noticeable given that responses were provided over the phone.

4. KEY FINDINGS

The feedback given to questions has been grouped into general categories as opposed to the responses to each individual question posed.

1. Did your council meet the reporting deadline for the policies?

	Medium–Growth Councils		High–Growth Councils	
	Yes	No	Yes	No
PB1 to 5	-	100%	30%	70%
PB 6	60%	40%	70%	30%
PB 7	40%	60%	100%	-

2. What was the estimated time it took for you to prepare the information to report on PB1 to PB5?

The time spent delivering the obligations under PB 1 – PB 5 varied due to a variety of reasons such as size, expertise of internal staff and data available.

- It is noted that the reporting deadlines for medium-growth councils for PB1 to PB5 is 31st December 2018. Therefore, the time reported by medium-growth councils was not to the point of completion.
- For high-growth councils the time spent was dependant on how many staff (internal and external) were mobilised to complete various parts of the reporting. For one high-growth council partnership, the obligations in PB1 to 5 took a full-time employee (FTE) 18 months to collate the report. Another high-growth council estimated it took 7 months, utilising a team of FTEs from all the partnership councils, external consultants and an external Project Manager.
- Medium-growth councils have spent between 12 to 17 months preparing to report on PB1 to PB5.

3. What was the estimated time it took for you to prepare the information to report on PB6?

- Medium-growth councils reported an initial lead-in time to report on PB6 of between 3 to 4 weeks. High- growth councils reported a lead-in time of 1 to 2 months. The largest lead-in time reported, by a high-growth council, was for a period of 1 year.
- Many Councils noted that data was available easily through MBIE’s Urban Development Capacity Dashboard and most time delays were a result of internal issues (eg: collating data from internal consent teams, coordinating partners to deliver on required information).

- Two high-growth councils noted the benefit of having much of the required information prior to the PB6 reporting obligations. This made the exercise less strenuous on staff. This is supported by the evidence of the medium-growth Councils who stated a majority of the time spent was on the initial report and generating base line statistics and, following that, the lead-in time will decrease.
- 50% of all Councils interviewed expressed dissatisfaction with the frequency of PB6 monitoring/reporting. Annual reports were preferred by the medium – growth Councils, whereas high-growth Councils considered biannual monitoring/reporting more effective.

4. What was the estimated time it took for you to prepare the information to report on PB7?

- All Councils (medium-growth and high-growth) estimated a preparation time ranging from 1 to 3 days.
- Many medium-growth councils expressed difficulty in utilising the indicators which were described by some as “complex” and “not fit for purpose”.
- Many Councils (medium and high-growth) expressed difficulty in applying the indicators to their specific locality. In order for the resulting data to be useful from a land-use perspective, a more ‘bespoke’ approach was suggested to eliminate confusion raised through location specific issues.

5. How much additional time per week do you estimate reporting on the NPS - UDC required from your Council?

Additional time required from Councils for reporting on the NPS–UDC varies significantly between Councils depending on the capacity and expertise available internally, and also the capacity of a limited pool of external economic consultants who were tasked with doing work for several Councils at the same time.

- High-growth Councils varied in additional time spent by between 1 additional FTE for 1 year, to 6 internal staff working at 80% capacity for 1.5 years. The variance is dependent on the particular council’s partnership relationships, internal expertise, internal governance processes, how much individual feedback/guidance was required from MBIE and MfE, and any delay in the use of external economic consultants.
- Medium-growth Council estimates on additional time spent on reporting varied between 1 to 2.5 additional FTE’s annually. The variance is dependant on the same reasons listed above.
- One large high-growth council stated that the additional time commitment was “minimal”, and most of the work was absorbed easily and internally. It should be noted that this Council had extensive data available prior to the obligations of the NPS-UDC and were well equipped and much more familiar with the type of data and modelling assessments employed by the NPS–UDC.

6. Can you provide an estimate of the cost to report on the NPS - UDC three-year report?

Estimates from councils interviewed ranged from \$80,000 to \$300,000. The high end of this range was for a high-growth council partnership which encountered complications with work from external consultants, resulting in their fee almost doubling.

The majority of Councils interviewed estimated a cost ranging from between \$80,000 to \$180,000. The majority of these costs for all councils interviewed, were a result of contracting external consultants to perform the technical aspects of the NPS–UDC obligations such as the Housing Capacity Assessment (HCA) and Business Capacity Assessment (BCA).

7. Can you provide an estimate of the cost to report on the NPS - UDC quarterly reporting?

Estimates of costs varied depending on specific circumstances and comprehension by individual Councils of what was required (eg: level of detail required for the report) for the quarterly reporting. Most Councils (medium-growth and high-growth) estimated it took 2 to 3 days and cost \$2,500 to \$3,500.

8. How is additional reporting resourced?

- All Councils interviewed (excluding one medium-growth council) absorbed the NPS-UDC reporting requirements using existing council staff.
- All Councils interviewed used (to different extents) external consultants for the technical detail required for the reporting. Consultants included demographers, project managers, housing specialists etc.
- Most Councils expressed significant difficulty resourcing an adequate amount of internal staff to complete the reporting requirements of the NPS-UDC. This was due to a combination of the reporting and assessment requirements being a steep learning curve for many Councils, and the difficulty in completing the NPS-UDC obligations alongside various internal projects being completed at the same time.
- One high-growth council partnership contracted external consultants to conduct the economic, spatial and GIS analysis despite having internal staff that were capable to do much of the analysis. This was due to time constraints on internal projects prioritised at the time.
- Another high-growth council partnership commissioned planning, legal and economic review of the documents produced by external consultants creating extensive cost.

9. What, if any, difficulties have you encountered in resourcing staff for reporting on the NPS – UDC?

Several councils expressed a moderate to high degree of difficulty in resourcing staff, expertise and capacity to meet the obligations of the NPS-UDC. Most of the councils who expressed the highest degree of difficulty were medium growth councils (including those newly defined as medium-growth council as at December 2017). High-growth councils particularly those in partnership relationships with neighbouring councils of a lower growth status, also expressed significant difficulty.

- The majority of Councils (medium-growth and high-growth) employed the expertise of external consultants to perform the technical requirements (HCA and BCA). Two of the Councils interviewed contracted an external project manager.
- A number of councils noted the limited number of experts in New Zealand able to carry out the technical assessment required by the NPS-UDC. The majority of the Councils interviewed contracted the same agencies to deliver the work (Property Economics and Market Economics).
- Larger sized councils in partnership agreements expressed a difficulty in having to undertake larger portions of the work on behalf of smaller sized councils in the partnership, who were often ill-equipped to handle their assessment and reporting obligations of the NPS-UDC.

10. General feedback comments

- A number of Councils (mainly medium-growth and high-growth) noted that due to the fact Councils tend to plan in detail up to 10-years out under LTP processes, 30-year assessments are of “limited utility” and “speculative value” because of the variables that exist within such a timeframe.
- The majority of medium-growth councils noted the benefit of collaboration with neighbouring councils for the sharing of expertise and to avoid more remote Councils from being siloed.
- Despite its challenges, the majority of Councils found the NPS – UDC to be a valuable exercise.
- Many Councils expressed the sentiment that a lot of the issues faced were seen as “teething” problems that will be resolved in coming years as Councils become more equipped (e.g. the level of detail required in reporting).
- Quarterly monitoring mentioned by most councils as too frequent - most councils especially medium growth councils saw it as too frequent to be monitoring any change.

5. SUMMARY OF FINDINGS

Based on the feedback from the lessons learned questionnaire, as detailed in Section 4 of this report, the following key issues are identified for further consideration by LGNZ:

Summary of Questions 1 - 4

	Time	Comment	Met Deadline – Yes/No (per cent)
PB1 to 5			
Medium	12–17 months	High variation in time to complete	100
High	7-18 months	High variation in time to complete	30 / 70
PB 6			
Medium	3-4 weeks	Internal time delays (partner coordination). Dissatisfied with frequency	60 / 40
High	1 month–1 year	Dissatisfied with frequency (quarterly)	70 / 30
PB 7			
Medium	1-3 days	Complex indicators, not fit for purpose, difficult to apply	40 / 60
High	1-3 days	Difficult to apply.	100

General Observations

1. Quarterly reporting is too frequent to show any real change and is onerous for many councils.
2. Several medium and high growth councils noted that detailed planning for the next decade (under the LTP processes) made 30-year assessments of limited use.
3. Quarterly reporting cost between \$2,500 and \$3,500 (or between \$10,000 and \$14,000 a year).
4. Three year reporting cost between \$80,000 and \$300,000.
5. High growth councils spent between 1 FTE for 1 year to 6 staff working at 80 per cent for 1.5 years. Medium growth councils spent between 1 to 2.5 FTE's annually.
6. Nearly all councils absorbed additional reporting requirements with existing staff, but medium growth councils expressed the most difficulty with meeting reporting requirements.
7. Generally, both medium and high growth councils relied on a limited number of available external consultants for specific technical expertise (eg spatial planning).
8. Larger councils undertook greater portions of work in partnership agreements.

Other General Observations

1. Smaller sized councils struggled the most with resourcing for assessment and reporting requirements under the NPS-UDC. Where councils worked jointly with other councils, such as FutureProof and Greater Christchurch Partnership, larger councils appeared to carry a bigger load

in the project in terms of resourcing and time commitments, to compensate for under-resourcing at smaller councils.

2. Larger sized councils generally sought more 1 to 1 assistance from MfE and MBIE, particularly with regards to setting up capacity assessment models. This may reduce the need for reliance on external economic consultants and may result in greater consistency of results between councils. Councils that were not in partnership arrangements with other councils or a unitary authority did not report on the level of assistance provided by Regional Councils and this could be further explored in the future.
3. Smaller sized councils generally considered the assistance from MfE and MBIE to be good, which suggests that assistance from central government to date has been more easily available to smaller councils rather than larger councils.
4. Meeting NPS-UDC obligations has generally come at significant financial cost to councils where outside consultants are used and/or diverted internal staff from other projects.
5. There is a limited pool of economic consultants in New Zealand with the necessary expertise and experience to assist councils in their NPS-UDC obligations. This has resulted in time delays and cost implications.

6. CONCLUSION AND RECOMMENDATIONS

This report identifies a number of common issues raised by Councils in giving effect to the NPS-UDC. This establishes that there is a clear basis for improvements to the NPS-UDC reporting obligations on councils and assistance given to Councils to meet these obligations.

From the survey and analysis undertaken, we have the following recommendations:

1. Adjust quarterly reporting to half yearly reporting.
2. Remove 30-year assessment requirements from analysis.
3. Quarterly reporting cost between \$2,500 and \$3,500 (or between \$10,000 and \$14,000 a year)
4. Continue to assess council costs to determine where greatest costs are in order to determine possible efficiencies.
5. Consider technical requirements and determine where less frequent reporting may be required, or stagger reporting requirements across the sector to ensure available consultant support.
6. Consider case studies or exemplars to share with councils that socialise optimum partnership arrangements.

APPENDIX 1 – NPS-UDC LESSONS LEARNED QUESTIONNAIRE

APPENDIX 2 – LIST OF LOCAL AUTHORITIES CONTACTED

DRAFT

3

Group discussion on pressing issues and sector activities

1. Purpose

LGNZ has taken direction from a recent National Council meeting to increase the focus (and as necessary investment of time and product) in the Housing 2030 Programme. It feels the current plan and delivery of housing is anaemic, and existing central government programmes have quickly evolved from critical in lack of delivery to a possible disaster. As such it is asking LGNZ's staff (and consequently the Policy Advisory Group – PAG) to increase impact of a programme to address all housing-related issues.

2. 2030 Housing

In advising the PAG, LGNZ staff will require thoughtful direction and groundwork for priority issues that are manageable for LGNZ and help “move the dial” housing delivery, and in particular housing of the type and quality that all sectors of New Zealand need.

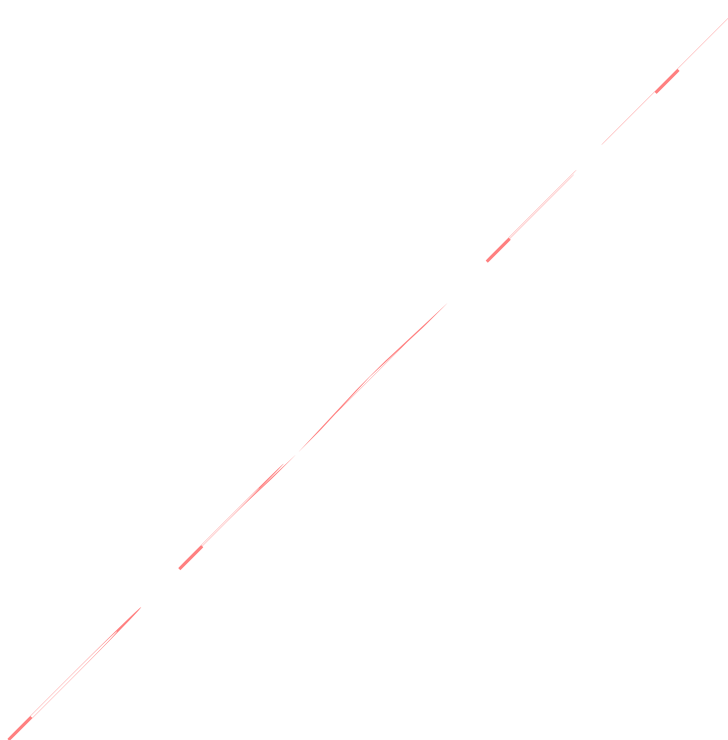
Groundwork and engagement with the Supply and the Social and Community Housing Working Group will provide a foundation for the coming year's Housing 2030 Programme.

3. LGNZ's engagement with councils

LGNZ requests that the working groups identify and discuss a possible dozen critical issues that could be addressed by the PAG to assist in formulating a programme of product delivery and a platform for advocacy.

The following A3 highlights last years initiatives, including core issues that may be addressed, but requests widening the discussion potentially capture greater opportunity.

LGNZ Housing 2030 A3



Housing 2030 project on a page.

We are. LGNZ.

Tackling the housing hurdle.

Housing is a significant issue for all New Zealanders. We need to get housing right for the sake of our communities' social and economic futures. Unaffordable housing is having a negative impact on local economies, discretionary household expenditure and social well-being. This means addressing matters of supply, how social and community housing needs are met and the importance of healthy homes. Underpinning the issue is the need for appropriate funding and financing tools so that councils

can build the critical and community infrastructure needed for sustainable communities.

OBJECTIVE:

LGNZ is working with central government, iwi and stakeholders to create a regulatory and investment framework for the housing market that is competitive, provides affordable ownership and renting options, and meets high quality standards.



OUTCOMES

Establishing a central local government housing partnership

Transforming the housing sector requires a collaborative approach between central and local government. LGNZ is looking for an inter-government agreement between our two spheres of government to work towards better housing outcomes for New Zealanders involving:

- > A comprehensive housing strategy reflecting the roles of central and local government;
- > An agreed statement of mutual expectations;
- > A bi-monthly government forum of responsible ministers and National Councillors of LGNZ; and
- > A joint officials' secretariat; and
- > Supply, and Social and Community Housing Working Groups.

FOCUS AREAS



1. Infrastructure funding

Work with government agencies to develop new and innovative funding and financing options for both 'growth' and 'non growth' councils involving:

- > a "tool box" of funding and financing options for councils; and
- > guidance on their uptake, taking into account council balance sheets and relevant local and regional considerations.



2. Competitive and regulatory framework

Identify and promote measures to improve our regulatory processes that include:

- > embedding centralised approval processes into councils' consenting processes;
- > working with MBIE on the smooth implementation of KiwiBuild (consenting);
- > a framework for liability that is fair and proportionate;
- > promoting leading edge practice in consenting and supporting the professionalisation of the BCA workforce; and
- > advocating for increased capability and competitiveness in the construction sector.



3. Land and housing supply and availability

Work with the Government to ensure the supply of land meets housing demand. This will require:

- > guidance on how to leverage land to attract investment;
- > ensure councils are supported to give effect to the National Policy Statement for Urban Development Capacity;
- > a framework for UDAs that is fit-for-purpose;
- > considering the future of Special Housing Areas;
- > information on policies/actions to deliver "affordable" housing in communities, including tools to develop Māori owned land; and
- > understanding impacts of Airbnb on local housing supply.

2. SOCIAL AND COMMUNITY HOUSING

Social housing

Work with government agencies to meet the needs of people for whom the housing market cannot provide, including:

- > access for Income-Related Rent Subsidies for councils;
- > a tool box of options for councils wishing to address social housing need in their areas, including whānau housing;
- > guidance on strengthening the role of community housing providers; and
- > a review of policy settings to ensure they are appropriate for papakainga housing.

Emergency housing

Work with the Government to provide options for people who, due to circumstances out of their control, lack safe and secure accommodation - a need often met by boarding houses and emergency accommodation. This involves:

- > ensuring that the regulatory framework for boarding and emergency houses is fit for purpose; and
- > identifying and promoting strategies for addressing homelessness.

Rental housing

Work with the Government to make renting an attractive alternative to home ownership, including:

- > contributing to the review of New Zealand's tenancy legislation so that rental housing is an attractive option for both renters and investors; and
- > assisting to review the impact of the Accommodation Supplement on rental prices.

3. HEALTHY HOMES

Local government's role

- > Promote the Healthy Homes Guarantee Act and assist with development of regulations; and
- > Share best practice for improving energy efficiency.

KEY DATES

- > 28 June 2018, LGNZ Housing Symposium
- > Aug 2018, Affordable Housing webinar
- > Sep 2018, Regulatory and Competitive Framework webinar
- > Sep 2018, Social Housing webinar
- > Oct 2018, a good practice guide on how to

- best leverage existing assets to increase investment
- > Oct 2018, publication for guidance on alternative social housing options, including papakainga housing
- > Jan 2019, Infrastructure Funding webinar