

Housing Affordability Is there a role for councils?

Local Government New Zealand Conference, July 2008

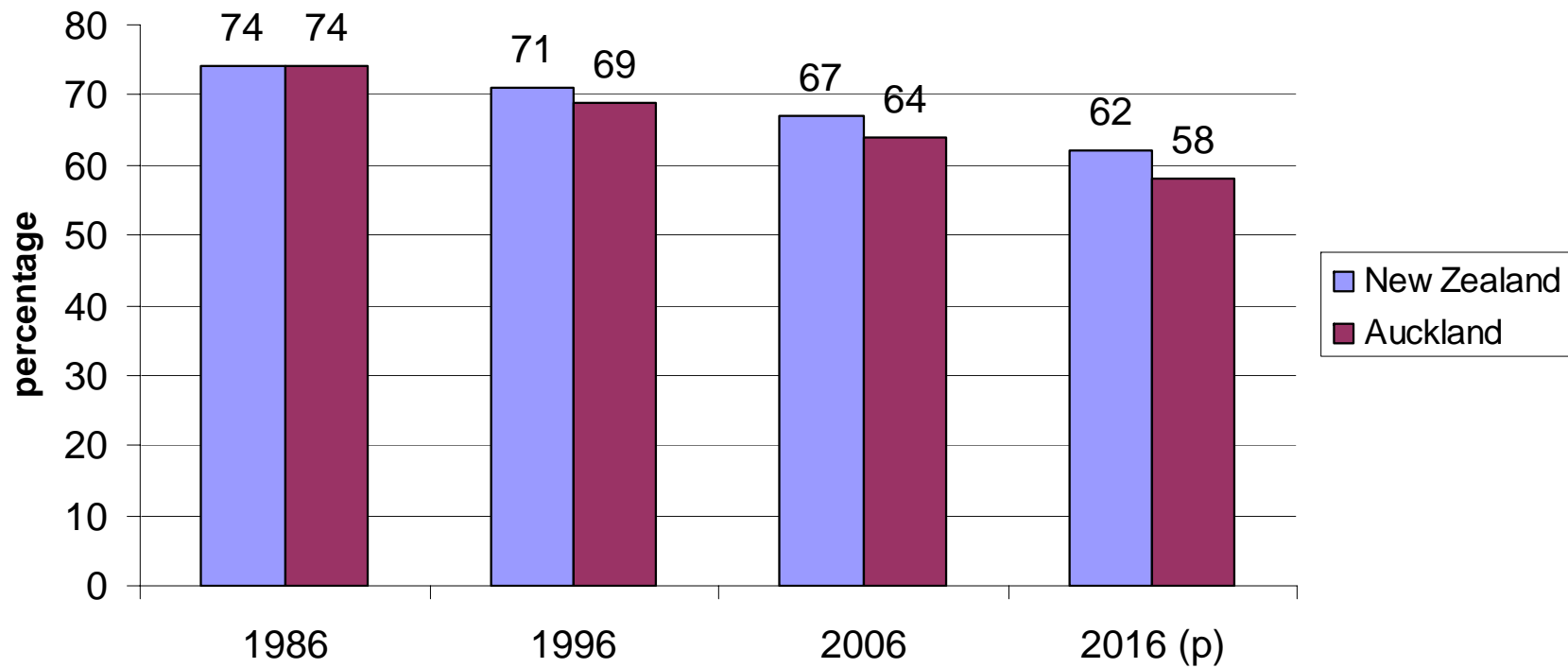
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Outline

- Context
- Local government roles
- Central government roles
- Affordable Housing: Enabling Territorial Authorities Bill

Declining home ownership



Declining home ownership

- The number of home owners has increased slightly but home owners have declined as a proportion of total households.
- Home ownership rates have fallen across the country and across most age groups.
- Largest decline in home ownership in 25-40 year old groups. This trend evident across the OECD over the last decade.

Growth of private rental sector

- The intermediate market – ‘can work, can’t buy’ (House Prices Unit Definition)
- The intermediate market grew by 117,000 households between 1996 and 2006
- Significant regional variations
- The absolute size of the intermediate market is likely to increase

Housing affordability – Local government

- Land-use planning
- Integrated urban planning
- Regulatory processes
- Direct provision
- Partnership projects
- Enabling/facilitating roles



**Christchurch City Council –
Housing Partnership Project**

Housing affordability – central government

- Accommodation Supplement
- State housing
- Recent initiatives
 - Welcome Home Loans
 - Shared Equity Scheme
 - Kiwisaver
 - Place-based projects e.g. Hobsonville
 - Affordable Housing: Enabling Territorial Authorities Bill

Affordable Housing: Enabling Territorial Authorities Bill

- Territorial authorities sought new powers (Affordable Housing Summit in 2006 and 2007)
- Similar powers used successfully overseas (particularly since 2000)
- Developing a bill for the New Zealand context

Purpose of the Bill

The Bill:

- provides enabling powers to require an affordable housing contribution from new developments
- requires a variety of house sizes, tenures and costs in a community be considered
- voids covenants against social and affordable housing

Main principles of the Bill

- Enabling legislation
- Flexibility for territorial authorities
- Aligns with other legislation
- Safeguards in place
- Consistent and transparent process

Main content of the Bill

Affordable housing definition

Affordable housing contribution

Steps territorial authorities must take:

- undertake a housing needs assessment
- develop an affordable housing policy
- consult with the community through special consultative procedures of LGA 2002

Binding commitments

Objections and appeals process

Affordable housing policy

The policy must contain:

- Statement setting out objectives
- Criteria to determine which developments the policy applies to
- What a developer must do to facilitate affordable housing
- Outline incentives available to developers
- Eligibility criteria for allocating houses
- Retention tools to preserve affordability

Restrictive covenants

- Use of covenants against social and supported housing providers is increasing
- Covenants are difficult to remove
- Bill voids covenants for which one of its purposes is to stop the provision of social or affordable housing
- Only affects covenants after Bill comes into force

Key submissions on the Bill

- The Bill should be an amendment to the Local Government Act 2002 or the Resource Management Act
- The right of access to the courts should be judicial review, not an appeal on the merits
- The court hearing the appeals should be the High court not the Environment court
- The Bill should be more closely aligned with the procedures in the Local Government Act 2002
- The Bill will disrupt existing resource consents
- The Bill should be mandatory
- Tax rules need to be clarified
- Central Government should provide support and guidance to territorial authorities

Use of RMA and LGA

- Legal opinions we received were of the view affordable housing could not be dealt with under the RMA or LGA
- A stand-alone bill was the most appropriate tool
- The Affordable Housing: Enabling Territorial Authorities Bill will have to be used alongside the RMA and LGA

Appeals processes

- Appeals will continue to be through the Environment Court on the merits
- Section 24 modified to limit parties who can object and appeal to affected parties

Other submissions

- Tax rules have been clarified
- Existing consents will not be affected
- Regulation making power is available
- Guidance material will be provided

Questions?

