

# **CHRISTCHURCH CITY COUNCIL SUPPLEMENTARY AGENDA**

**THURSDAY 11 SEPTEMBER 2014**

**9.30AM**

**COUNCIL CHAMBER, CIVIC OFFICES,  
53 HEREFORD STREET**



## CHRISTCHURCH CITY COUNCIL

**Thursday 11 September 2014 at 9.30am**  
**in the Council Chamber, Civic Offices, 53 Hereford Street**

**Council:** The Mayor, (Chairperson).  
Councillors Vicki Buck, Jimmy Chen, Phil Clearwater, Pauline Cotter, David East, Jamie Gough,  
Yani Johanson, Ali Jones, Raf Manji, Glenn Livingstone, Paul Lonsdale, Tim Scandrett and  
Andrew Turner.

<b>ITEM NO.</b>	<b>DESCRIPTION</b>	<b>PAGE NO.</b>
33.	RESOLUTION TO BE PASSED - SUPPLEMENTARY REPORTS	301
34.	HOUSING ACCORD	303



**COUNCIL 11. 9. 2014****33. RESOLUTION TO BE PASSED - SUPPLEMENTARY REPORTS**

Approval is sought to submit the following report to the meeting of the Council on 11 September 2014:

- **HOUSING ACCORD**

The reason, in terms of section 46A(7) of the Local Government Official Information and Meetings Act 1987, why the report was not included on the main agenda is that it was not available at the time the agenda was prepared.

It is appropriate that the Council receive the reports at the current meeting.

**STAFF RECOMMENDATION**

That the report be received and considered at the meeting of the Council on 11 September 2014.



**COUNCIL 11. 9. 2014**

**34. HOUSING ACCORD**

<b>Director responsible:</b>	Chief Operating Officer
<b>Officer responsible:</b>	Housing Unit Manager, EA: 941 8859
<b>Author:</b>	Ian Thomson, Senior Solicitor

**1. PURPOSE OF REPORT**

- 1.1 At its meeting on 12 May 2014 the Council requested that staff prepare advice on the consultation process to be undertaken in respect of the Housing Accord (refer **Attachment 1**) with the Crown and an Affordable Housing Policy.
- 1.2 Councillors also sought advice on whether or not one or more entities should be established "to take a long term interest in the management of social and/or affordable housing."
- 1.3 This report responds to those requests.

**2. EXECUTIVE SUMMARY**

- 2.1 A Housing Accord has been signed subject to the outcome of a consultative process with the community and subsequent ratification by the Council.
- 2.2 At the time it was signed the Accord provided for the Council agreeing to contribute \$50 million in capital to an entity to be established for the purpose of developing social and affordable housing. This has since been modified.
- 2.3 The Council has just completed an extensive consultation process in respect of its social housing portfolio, including the use of a Hearings Panel to hear and consider public submissions. If the Panel's recommendations are adopted Council staff will be asked to provide advice on the establishment of an entity that would lease a proportion of the Council's social housing units and manage them in accordance with the Government's Income-Related Rents scheme.
- 2.4 It is suggested that the Council's contribution under the Housing Accord be dealt with through this entity. It is proposed that the Council return any profits from the leasing arrangement to the entity and make available to it Council-owned land held for social housing for the development of additional social housing in the city. This contribution would be made progressively and have a total value of up to \$50 million.
- 2.5 Because the land is already held for social housing, and will be used for that purpose, the advice from staff is that no further consultation is required before the Council can make this commitment.
- 2.6 Staff at the Ministry of Business, Innovation and Employment (MBIE) have agreed to changes being made to the Housing Accord and a revised document is attached to this report.
- 2.7 Any role the Council may wish to have in the area of affordable housing will be the subject of a draft activity management plan being prepared by staff and which will be considered by Councillors as part of the development of the 2015/22 Long Term Plan. It is proposed that the draft plan will include options for financial requirements and governance arrangements as well as the possible source of equity contributions the Council may wish to consider, such as the capital endowment fund, the transfer of property, or a mix of these.

**COUNCIL 11. 9. 2014****34 Cont'd****3. BACKGROUND**

- 3.1 In 2013 the Government brought in the Housing Accords and Special Housing Areas Act. The purpose of the Act is "to enhance housing affordability by facilitating an increase in land and housing supply in certain regions or districts." One of those is the Christchurch district.
- 3.2 Section 10 of the Act provides that the Minister of Housing and a territorial authority of a scheduled district may enter into an agreement to work together to address housing supply and affordability issues in that district. The Crown has entered into Accords with Auckland Council, Wellington City Council and the Christchurch City Council. The Christchurch Accord is subject to the outcome of a consultation process with the community and subsequent ratification by the Council.
- 3.3 As indicated earlier, the Council has already undertaken consultation in respect of its social housing portfolio. The Council's commitment of social housing land for the development of social housing continues an existing Council activity. It is therefore the advice of staff that no further consultation is necessary before the Council makes a decision whether or not to ratify the Accord.
- 3.4 The Accord recognises that the Canterbury earthquakes and aftershocks have had a significant impact on Christchurch. The Council and the Crown agree that joint action is needed to improve the supply of social rental housing.
- 3.5 There are a number of initiatives referred to in the Accord that are already underway. For example the Crown is developing a housing affordability programme. Following consultation with its community and if the Council adopts the recommendations of its Hearings Panel one of the Council's objectives now is to have more flexibility in the future ownership, management and development of the Council's social housing portfolio. The Council also aims to maintain the capacity to provide the current number of social housing units in its portfolio and to act as a catalyst for the provision of additional units in the city.
- 3.6 Both the Council and the Crown have agreed to work collaboratively on issues such as the provision of infrastructure, and construction and compliance costs. The Accord also supports the initiatives for residential development contained in the Land Use Recovery Plan, including the exemplar projects currently being considered by the Council.

**4. FINANCIAL IMPLICATIONS**

- 4.1 If the Housing Accord is ratified, any contribution to be made by the Council will be in respect of making land already held for social housing available to the entity for that purpose.
- 4.2 It has yet to be confirmed by MBIE that the proposed entity will be capable of meeting the requirements for registration as a community housing provider, or that it will have access to the Governments Income Related Rent scheme for current tenants. The Council would not establish the entity or make social housing assets available to it without such confirmation.

**COUNCIL 11. 9. 2014****5. STAFF RECOMMENDATION**

That the Council:

- 5.1 Agree that a consultation process is not necessary before the Council considers whether or not to ratify the Housing Accord between the Council and the Crown.
- 5.2 Ratify the Housing Accord between the Council and the Crown signed by the Mayor and the Minister of Housing.
- 5.3 Note that ratifying the accord is subject to the entity to be established to manage a proportion of the Councils social housing units being registered as a community housing provider and having access to the Government's Income Related Rents scheme for current and future tenants.
- 5.4 Note that risks such as the impact on the Housing Fund should the Income Related Rents scheme not be applied to existing tenants will affect the ongoing sustainability of this fund.





**Christchurch  
City Council**



# **CHRISTCHURCH HOUSING ACCORD**

## Christchurch Housing Accord

- 1 The Christchurch Housing Accord between the Christchurch City Council (the Council) and the Government aims to increase the immediate and longer term supply and affordability of homes in Christchurch.
- 2 The Accord recognises that a fully functioning housing market is essential to building strong and healthy communities and a strong economy. The most significant contribution the Government and Council can make to the supply and affordability of housing in Christchurch is in facilitating further private investment. We need to ensure the planning rules; resource and building consent processes and costs such as development contributions support improved housing supply and affordability. There is also important work to do to ensure that Christchurch is able to access the necessary skills to support the residential rebuild, improve the productivity of the residential construction sector and to ensure access to competitively priced building materials.
- 3 The long term goal is to restore a well-functioning, private sector-led housing market in Christchurch with sufficient supply at the lower end of the market to ensure adequate access to housing for those with lower incomes.
- 4 The Accord also aims to support the sustainable provision of social housing in Christchurch by increasing the quantity of social housing units and better matching the nature of the stock to demand.

### Background

- 5 The Canterbury earthquake series has had a significant impact on the housing challenges that Christchurch was already facing. The challenges in Christchurch are complex and will change over time as the housing market and wider economy recovers.
- 6 Best estimates indicate 91% of existing dwellings in greater Christchurch were damaged by the earthquakes and are in need of some form of repair, with 10% being confirmed as having damage in excess of the \$100,000 threshold over which repairs are covered by private insurance rather than EQC. In addition 7,600 dwellings are located in the "red zone" and a further 4,700 dwellings outside of the "red zone" are likely to be uninhabitable. Combined, this represents about 5% of greater Christchurch's total housing stock. This included the loss of many inner city boarding houses that met a particular need at the lower end of the rental market.
- 7 Currently an estimated 69% of the 145,000 under threshold repairs have been settled while 42% of the 22,000 over-threshold repairs and rebuilds have been settled.
- 8 Taking into account population movements it is estimated there is a housing supply shortfall of around 12,000 dwellings. The shortfall is expected to worsen over the short-term, before gradually improving as the residential rebuild picks up.
- 9 In response, development capacity has already been bolstered by significant levels of land re-zoning on the urban fringe, to the extent that by 2016 approximately 25 years' worth of land supply (under a medium growth scenario for Christchurch) will be available.

- 10 There has already been a considerable market response, with development activity now exceeding levels last seen in 2007 at the peak of the previous housing construction cycle, and indications it is still climbing. There were 2,542 new building consents issued in Christchurch City alone in 2013, 38% above the pre-earthquake average of 1,848 (2000 - 2010). It will be important for the Government and Council to support and complement rather than crowd-out this increase in private sector investment.
- 11 However, the increase in demand coupled with a fall in supply and loss of stock, especially at the lower end of the market, has created an environment where housing is increasingly unaffordable. Increases in housing costs are being fuelled by relocating “red zone” residents, workers coming to Christchurch for the recovery, households who need access to temporary accommodation while their homes are repaired or rebuilt, and underlying household formation patterns.
- 12 This presents a number of immediate, short and medium-term challenges in the Christchurch housing market.
- *The availability and price of rental housing.* The Christchurch rental market now has considerable supply-side power, leading to price rises, which disproportionately affect lower income households. Average rents have risen 47% from pre-earthquake levels.
  - *House prices.* Christchurch City house prices have increased at a faster rate than the national average, at around 13% in the past year.
  - *Affordable housing.* The biggest loss of dwellings from the market was in the eastern suburbs; traditionally an area of more affordable owner-occupied and rental housing. This has meant a number of lower income households are facing increased housing stress, resulting in negative health and social outcomes.

## Current Initiatives

- 13 The Council and the Government agree that joint action is needed to improve housing supply, in particular the provision of lower cost housing. Each party has initiatives underway to further these goals, including:
- temporary accommodation – via direct provision at Linwood Park, Kaiapoi Domain, Rāwhiti Domain and Rangers Park and assistance through CETAS and the Temporary Accommodation Assistance rent allowance
  - investment in social and community housing – including the \$1.2 billion HNZC Canterbury Investment Plan and \$24 million of the Social Housing Fund, complemented by \$10 million from the Canterbury Community Trust
  - enabling land supply – through fast-tracked re-zoning of land through development of the Land Use Recovery Plan and the upcoming District Plan reviews
  - the Government’s social housing reform programme, including initiatives to grow the community housing sector and create a wider range of participants in the social housing market
  - the Government’s housing affordability programme, which includes initiatives to address:
    - the supply of land available for residential purposes
    - the efficiency and timeliness of the provision of infrastructure to new developments
    - the cost of construction materials
    - compliance costs
    - productivity in the construction sector.

- the Council's social housing repair and rebuild programme. This programme includes intensification opportunities and redevelopments with social housing partners to facilitate mixed tenure housing developments.
- the Council's rebate of development contributions for central city residential developments under construction by July 2015 (capped at \$10 million).
- rebuilding Christchurch City's horizontal infrastructure through the strategic alliance of the Stronger Christchurch Infrastructure Rebuild Team (SCIRT).

## Purpose

- 14 The intent of this Accord is to complement and support existing or proposed initiatives and market-based responses to the housing challenges in Christchurch. This will be achieved by incentivising private investment in the residential rebuild, facilitating or being directly involved in housing development, better use of Council and Crown assets and working with other players to encourage the development of affordable and social housing.
- 15 Improving the supply of affordable and social housing is a complex issue, and not all potential considerations will be able to be addressed under this Accord. In Christchurch it will be necessary for the parties to keep an open dialogue as the recovery progresses.
- 16 This Accord will provide the basis for the Council and the Government to facilitate an increase in housing supply, with an emphasis on social housing, the lower end of the rental market and affordable home ownership over the next three years.
- 17 The Accord aims to encourage joint initiatives to support particular segments of the housing market that have either been slow to recover or that have been unable to meet the community's housing needs, including housing options that allow people to remain in their communities as their housing needs change.
- 18 The Accord outlines:
  - priority actions under the accord
  - other areas of joint actions
  - processes and principles by which the parties will work to achieve this
  - shared aspirational targets
  - monitoring and review of progress
  - circumstances under which the Accord may be ended.

## Principles

- 19 The Council and the Government agree that they will:
  - **Work collaboratively** to facilitate an increase in affordable housing and the reform/restructure of the social housing market in Christchurch
  - **Allocate appropriate resources**
  - **Prioritise** achievement of the targets in this accord
  - **Adopt a no surprises approach**, sharing information in a timely manner, with appropriate regard to the likely sensitivity of some information
  - **Seek to resolve differences quickly**
  - **Respect the obligations resulting from each party's statutory and legislative requirements and their respective ways of operating**

## Priority Actions

20 Under this Accord the Government and Christchurch City Council agree to:

	<b>Actions</b>	<b>Lead</b>	<b>Commitments</b> (subject to Council and Government ratification and budget processes)
<b>Increase the supply of temporary and affordable housing</b>	Develop, or facilitate development by private developers, medium density affordable housing, some of which may be used to support the provision of temporary accommodation before being available to the market.  Seek private sector partners to develop innovative mixed tenure housing on Government-owned land on Carrs Road (Awatea site).	Central Government	The Council will make land at 350 Colombo St and 36 Welles St available at fair market value with deferred payment.  The Government will establish a \$75 million Christchurch Housing Accord Fund to develop these and other suitable sites that may be identified in future.
	Identify surplus Crown and Council owned land that may be appropriate for residential development.  Identify opportunities to use existing buildings for temporary housing.	Joint	The parties commit to identifying land or buildings within their ownership that could be used for temporary accommodation or further residential development and investigate ways to progress these initiatives.
<b>Improve the supply and quality of social and affordable housing</b>	Establish a housing entity or entities capable of meeting the requirements of being registered as a Community Housing Provider, to redevelop Council owned social housing assets and to develop social and/or affordable housing to better meet future housing needs of the city.  Identify opportunities for the Council and Housing New Zealand Corporation to work together on redevelopment, demolition and repair projects to capture economies of scale, support innovative mixed tenure development, ease disruption to tenants and achieve procurement savings.	Christchurch City Council	The Council <del>will progressively</del> capitalise the entity, or entities with an injection of \$50 million <del>of land and other assets.</del>  The Government will work with the Council to enable the entity to become a registered Community Housing Provider and have access to the Income Related Rent Subsidy for qualifying tenants of the new Community Housing Provider.

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<p><b>Remove regulatory impediments to residential development</b></p>	<p>Monitor the progress of the housing related actions in the Land Use Recovery Plan, and take action to address any issues that are impeding the supply and affordability of residential development.</p> <p>Monitor resource and building consenting processes to ensure that they are efficient and do not create any unnecessarily delays to development.</p>	<p>Joint</p>	<p>The Council will look for opportunities to streamline regulatory processes so that they are flexible and facilitative of residential developments that contribute to the supply of quality affordable housing.</p> <p>Explore the benefits of a Council planning unit that provides a "one-stop" shop for consenting projects in structure and function.</p> <p>The Council and Government will work together to minimise barriers to development and ensure they support increased investment in housing.</p>
<p><b>Encourage innovative design and manufacturing processes</b></p>	<p>Use the scale and scope of any joint activities to encourage use of new technologies or manufacturing and/or construction techniques to reduce costs and improve productivity.</p>	<p>Joint</p>	

## Use of Special Housing Areas and associated powers

- 21 Upon commencement of this Accord, the Council will have the legal ability to recommend the creation of Special Housing Areas to the Minister of Housing under the Housing Accords and Special Housing Areas Act 2013 (the Act). If the Minister of Housing agreed, the recommended Special Housing Areas could be established by Order in Council, enabling the Council to access the powers available under the Act to streamline resource consent and plan change approvals.
- 22 However, the Land Use Recovery Plan (LURP) is intended to reduce pressure on house prices by enabling a greater supply of greenfield land and brownfield developments, as well as enabling greater intensification.
- 23 The LURP contains an Enhanced Development Mechanism (EDM) for sites that meet certain size and other criteria. The EDM works in much the same way as a Special Housing Area, by allowing the Council to fast-track approvals for housing developments that meet the criteria. Furthermore, the LURP also introduced the Community Housing Redevelopment Mechanism which seeks to enable opportunities for medium density comprehensive redevelopment of community housing environments.
- 24 Therefore it is unlikely that any Special Housing Areas will be required under this Accord, however the opportunity to use these provisions of the Act remains if the provisions of the LURP do not create the regulatory environment required to support the provision of affordable housing.

## Targets

25 The Council and the Government acknowledge the importance of agreeing targets to give effect to the purpose of this Housing Accord that will assist in delivering the level of affordable and social housing necessary to meet Christchurch’s housing needs.

These targets will be achieved through a combination of private sector development, direct Council and Government action and partnerships with private and community housing providers and developers.

26 The agreed medium term targets are:

Aim	Aspirational Targets
Increase the immediate and long term supply of affordable homes in Christchurch	a. A 10% reduction in the number of households at the 40th percentile of household income paying more than 30% of household income on housing <small>source – Household Economic Survey, available annually</small> b. An increase in the proportion of new build consents with a value of less than \$250,000(value of consent only) <small>source – Christchurch City Council, available monthly</small>
Supporting sustainable provision of social housing in Christchurch	c. 700 (net) additional social housing units are added to the total social housing stock in Christchurch from the date of signing of this Accord to the end of 2016.

## Other Areas of Joint Action

27 As part of this Accord, the Council and Government additionally agree to coordinate their efforts on other issues impacting the provision of affordable housing including, but not limited to, the following:

- the cost of building materials
- industry skills, training, innovation and productivity
- Investigate mechanisms to enable households to transition through the housing continuum of social housing, affordable rental and home ownership while maintaining community connections
- Shared local and central government procurement arrangements
- Supporting investigation of financial tools and regulatory incentives (Action ~~7~~ of the LURP).

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## Areas Outside Scope

28 This Accord identifies the intention of the Government and Council to work together to address issues affecting social and affordable housing in Christchurch. Notwithstanding this, the parties acknowledge that they may have differing positions on a range of issues including current and future legislative programmes. This Accord does not preclude either party from expressing those views.

## Governance and Processes

- 29 Governance of this Accord will rest with a Joint Housing Steering Group comprising the Mayor and Deputy Mayor of Christchurch, the Chair of the Housing Standing Committee, the Minister of Housing and Minister for Canterbury Earthquake Recovery and the Parliamentary Private Secretary to the Minister for Canterbury Earthquake Recovery.
- 30 The Joint Housing Steering Group (the Steering Group) may recommend any subsequent amendments to this Accord to the Government and the Council.
- 31 The Council and the Government will establish an Officials' Working Group, which will meet and form sub-groups as it deems necessary to meet the objectives of this Accord.
- 32 The Officials Working Group will report to the Steering Group and will prepare any progress or monitoring report requested by the Steering Group.

## Monitoring and Review

- 33 In order to ensure that the purposes and targets of this accord are achieved, the Steering Group will monitor and review the implementation and effectiveness of this Accord. A function of the Officials' Working this Group will be to report monthly to the Steering Group on progress of the residential build in Christchurch and any areas of concern arising from implementation of the LURP or CCDU residential planning requirements. In order to do this:
- the Officials' Working Group will meet regularly to:
    - a. Review progress in implementing the Accord
    - b. Review progress towards the accord targets
    - c. Discuss and agree other areas of joint action or information sharing.
- 34 The Steering Group will meet biannually to review the progress in implementing and achieving the targets of the Accord.
- 35 A full review of the effectiveness of the Accord and actions taken under it will be carried out by the Officials' Working Group after its first 12 months of operation, and be reported to the Steering Group.

## Commencement of the Accord

- 36 This Accord commences from the date on which it is ratified by the Christchurch City Council.

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## Dispute Resolution Process

- 37 The parties will attempt to resolve any dispute or difference that may arise under or in connection with this Accord (including seeking to terminate) amicably and in good faith as set out below.
- 38 The initiating party must immediately refer the dispute to the other party.
- 39 The Joint Housing Steering Group must meet for the purposes of resolving the dispute within 10 business days of the dispute being referred to the parties in writing.

- 40 If, for any reason, the Steering Group is unable to resolve the dispute in the meeting referred to in clause 39 above, the Steering Group must reconvene for the purpose of resolving the dispute within 20 business days of the meeting referred to in clause 39.
- 41 If the Steering Group remains unable to resolve the dispute at the second meeting, either party may terminate the Accord by giving written notice to the other party. This notice must be given at least six months in advance of the termination date in accordance with clauses 43 and 44 below.
- 42 The parties must continue to perform their obligations under this Accord as if a dispute had not arisen pending final resolution of the dispute.

## Termination of the Accord

- 43 The Accord will come to an end:
- on the date of repeal of the provisions of the Housing Accords and Special Housing Areas Act 2013; or
  - six months following the date that either party gives notice of its intention to withdraw from the Accord.
- 44 The grounds on which the Accord may be terminated are one or a combination of the following:
- Failure to reach the agreed targets as set out in the Accord, whether the failure is through inaction, or ineffective action; or
  - The parties agree there is an irretrievable breakdown in the relationship; and
  - The Parties have followed the dispute resolution process set out in clauses 41-46 and have been unable to resolve the dispute; or
  - Christchurch is removed from Schedule 1 of the Act, in accordance with the Act (i.e. Christchurch no longer meets the affordability and land supply criteria provided under the Act).

## Publicity

- 45 The Mayor and the Minister of Housing agree that any communications or publicity relating to the Accord will be mutually agreed prior to release.

## Ratification

This Accord is subject to ratification by the Council. If it is not ratified the parties agree that this Accord will be at an end.

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Hon Dr Nick Smith  
Minister of Housing

Her Worship Lianne Dalziel  
Mayor of Christchurch

~~11 September 2014~~

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