

6. THE NEW ZEALAND HOUSING STRATEGY DISCUSSION DOCUMENT

Officer responsible Research and Policy Manager	Authors Mary Richardson, DDI 941-8882 Kevin Bennett, DDI 941 8576
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The purpose of this report is to advise the Committee of a discussion document "Building the Future: Towards a New Zealand Housing Strategy" and seek agreement on a proposed Council submission on the discussion document. The draft submission is attached.

INTRODUCTION

The government intends to develop a Housing Strategy. The New Zealand Housing Strategy will provide a vision and strategic direction for housing for the next 10 years. It will seek to address the many housing issues brought about by increasing demand and changes in the housing market, and a changing population.

Housing New Zealand has prepared a discussion document following consultation with a wide range of stakeholders. It is seeking feedback on the discussion document. Submissions close **30 July 2004**.

The final New Zealand Housing Strategy is due for release by the end of 2004.

The Housing Subcommittee discussed the Discussion Document at its meeting on 23 June 2004 and identified key issues it thought should be included in a Council submission.

BACKGROUND - THE NEW ZEALAND HOUSING STRATEGY DISCUSSION DOCUMENT

The Discussion Document identified that the vision for the New Zealand Housing Strategy is "*all New Zealanders to have access to affordable, sustainable, good quality housing appropriate to their needs*".

Six areas for action form the focus of the strategy. These are to:

1. Improve housing assistance and housing affordability for low income people
2. Respond to housing markets under stress
3. Innovate home ownership programmes
4. Develop the private rental service: Legislative review and change to improve/strengthen the rights of tenants and landlords.
5. Improve housing quality
6. Build capacity and capability across the housing sector

One: Improving housing assistance and housing affordability

A key priority of the housing strategy is to assess the effectiveness of the current mix of housing assistance programmes, to improve them if necessary, and to consider the development of new programmes.

Most government housing assistance is currently received through the benefit system in the form of the Accommodation Supplement and/or through state housing. The New Zealand Housing Strategy incorporates an aim to review the former, and explore other forms of assistance such as zoning strategies and planning provisions to encourage affordable housing developments. Particular points for investigation include adjustments to the Accommodation supplement to reflect regional differences; maximum payment rates for families; work disincentives created by the abatement regime; and barriers for some beneficiaries moving into low income work created by different entry and income levels of non-beneficiaries.

Proposed actions to improve the effectiveness and mix of housing assistance programmes and improve housing affordability include:

- Develop better methods for evaluating trends in housing affordability.
- Increase the number of state rentals in areas where high demand is forecast.
- Review the need for short term adjustments to the Accommodation Supplement to alleviate most serious housing affordability problems, followed by an in-depth review of the Accommodation Supplement in terms of its policy objectives and effectiveness in improving affordability and delivering income adequacy.
- Support expansion of social housing and alternative social housing providers

- Explore structural options (regional trusts and housing associations) to strengthen and improve efficiency and quality of provision by local authorities
- Assess and implement opportunities to encourage investment and financing of social and/or affordable housing by the non-government sector
- Trial the use of planning and zoning instruments (inclusionary zoning and developer incentives) to increase the supply of affordable housing for rental and purchase in high pressure areas
- Explore the potential benefits of developing criteria for a register of approved social landlords providing affordable housing.

There is also an initiative to encourage other sectors to become more involved in providing affordable rental housing through the Housing Innovation and Local Government Housing Funds to local authorities, hapu/iwi, community and church groups and ethnic communities.

Housing Innovations Fund

To broaden the range of supply-side housing assistance available to low and modest income households.

Local Government Housing

The Discussion Document identifies that 68 of 86 local authorities provide some level of social housing, mostly for older people on low incomes and single people.

The Local Government Housing Fund is aimed at modernising existing, outdated stock and purchasing new stock under a 50-40 matching arrangement. The government is also keen to explore new organisational design approaches with smaller councils that are struggling to manage small housing portfolios, including the possible development of joint venture housing associations and regional trusts.

The document identifies that local government can also influence the supply of affordable housing through the planning and zoning provisions in the Resource Management Act 1993, developer incentives and inclusionary zoning especially in greenfield developments.

TWO: Responding to housing markets under stress

The Discussion Document suggests that stress on housing markets in particular areas of New Zealand has led to housing becoming unaffordable for average income households. This has implications for the retainment of a necessary workforce in these areas. In other areas economic decline has led to a declining rating base with implications for the maintenance of housing quality and local infrastructures.

It suggests that these areas require collaborative and targeted responses. This suggests a commitment to work with local communities.

Proposed actions are to:

- Implement initiatives to make housing more affordable and accessible for low income households. Initiatives might include: promoting the use of local government planning provisions to secure the development of affordable housing: reviewing the Accommodation Supplement thresholds and maximum area rates; and providing home ownership support for families that can sustain it over time. The role of employers in improving accessibility should also be assessed.
- Increase the supply of social housing and help diversify the range of social housing options. The government will continue to expand its own provision and will provide ongoing support to local government and other social housing providers, Investigate trusts and joint ventures for social housing including socially responsible businesses. Continued implementation of the Community Renewal and Healthy Housing programmes to improve the quality and choice of housing options for larger, extended families. Investigate the level of demand for emergency housing, and development of clearer funding policies to assist in ensuring that those with the most severe housing needs are safely housed in the short term.
- Promote well-designed and appropriately located affordable housing. HNZ Corporation will seek to identify land suitable for affordable housing development. It will also improve existing suburbs with high concentrations of state housing and develop integrated urban communities in greenfield sites. Identification of brownfield opportunities for development is also intended to increase supply of affordable housing.
- Review legislation to assess its impact on housing problems. Recent trends in investment patterns and in housing choices have led to the need to review legislation impacting on housing issues. The Ministry of Economic Development is reviewing the Unit Titles Act 1972 to assess its applicability and relevance to present day housing preferences, especially its functions in regulating the activities of bodies corporate.

- Explore how sustainable urban form can contribute to reduced housing costs. Initiatives (e.g. the urban design protocol and the Auckland Regional Growth Strategy) should consider how to improve the affordability of infrastructure so as to improve access to affordable housing. Investment in improving transport systems and increasing the use of public transport could be used to encourage the development of affordable housing in areas close to employment, retail and community services, such as schools, health and social services.

THREE: Innovative home ownership programmes

It is noted that home ownership rates have consistently declined over the last ten years. This is especially so for Maori and Pacific peoples, younger first home buyers and in specific areas such as Auckland.

A mortgage insurance scheme is being piloted through Kiwibank. Other options for supporting sustainable home ownership are to be explored. It is assured that care will be taken not to encourage households to take on debt that they cannot afford.

Proposed actions to develop and deliver innovative home ownership programmes:

- Undertake research into the causes of the decline in home ownership, especially the declining proportion of first home buyers and continue to actively monitor housing markets.
- Implement, progressively evaluate and consider expanding the Housing New Zealand Corporation's mortgage insurance scheme to improve access to home ownership for low income families.
- Investigate the effectiveness of other innovative home ownership programmes such as savings incentives, deposit assistance, shared equity and sweat equity models, with a view to making recommendation for implementation.
- Continue to provide home lending programmes to low income families in rural areas and families living on collectively-owned land.

FOUR: Developing the private rental sector

In response to the increasing importance of the rental market in housing in New Zealand, the Housing Strategy proposes a range of options to ensure stable, good quality and affordable housing for renters. This includes legislative review, considering different tenure options, new dispute resolution tools and improving the quality of housing in the rental sector.

Actions to promote a rental housing sector that provides stable, good quality housing include:

- Implement the Residential Tenancies Amendment Bill, when it is enacted to extend coverage to include boarding houses.
- Review the regulatory framework provided by the Residential Tenancies Act 1986
- Improve the ability of tenants and landlords to enforce their rights under the Act, including the ability to enforce Tenancy Tribunal orders and investigating the possibility of providing access to Tenancy Tribunal orders online.
- Increase understanding of the rental market and investigate responses to address barriers to accessing private rental housing. Use active monitoring to identify trends and develop appropriate policy and programme responses.
- Continue to develop and implement strategies aimed at improving the quality of business and property management practices, and at preventing and resolving disputes that affect the stability of housing.

FIVE: Improving Housing Quality

Improved housing quality is pursued through legislation and quality controls on new homes and the building industry (the Building Bill). A focus upon gathering better information on the level of sub-standard housing; reviewing existing regulations on housing standards to see if they need updating is also incorporated, as is an ongoing commitment to eliminating sub-standard housing in rural areas.

Actions proposed to improve the quality of New Zealand's housing:

- Complete the review of the Building Act 1991 and the Building Code and implement new legislation and regulations
- Provide advice, damage assessments, mediation and adjudication services to help resolve disputes over problems arising from leaky homes
- Develop a database recording the incidence of substandard housing and undertake a national survey of housing.
- Review the Housing Improvement Regulations and, if needed, develop a new baseline housing standard for New Zealand.
- Continue to implement the five-year Rural Housing Programme to eliminate substandard housing in Northland, East Coast and Eastern Bay of Plenty.

- Continue the current programme of modernising state housing stock and undertake energy efficiency retrofitting.
- Implement the Sanitary Works Subsidy Scheme improving sewage treatment and disposal in small rural communities and develop National Environmental Standards for septic tanks.
- Continue to develop and improve the Drinking Water Standards for New Zealand 2000.
- Implement the National Energy Efficiency and Conservation Strategy, the Energy Efficiency and Conservation Act 2000 and develop a home energy rating system.
- Continue to implement Housing New Zealand's Development Guide in all government social housing developments and promote as best practice for social and other affordable housing.
- Consider whether legislative change is required to the Residential Tenancies Act 1986, to strengthen the provisions of the Act relating to the quality of rental housing.

SIX: Building capacity and capability across the housing sector

The final area is intended to improve the ability of the housing sector in meeting the changing needs of New Zealanders. This includes all areas of the sector: the construction industry; housing support services such as real estate agents, conveyancers and property managers; and central and local government.

Building capacity includes supporting the growth of housing research and providing more opportunities for housing consumers to contribute to service development.

Consideration to the accreditation of Councils as a result of changes posed by the Building Bill. Accreditation will be implemented in four stages to enable Councils to reach higher standards over time and adapt to new requirements. Local Government New Zealand's role in helping local councils to implement the range of policy and technical changes will be vital.

Actions proposed to build capacity and capability across the housing sector include:

- Continuing to support the Modern Apprenticeships Programme to build capacity in the construction industry.
- Review and implement legislation and standards covering the activities of housing intermediaries including real estate agents, property managers, property inspectors, valuers, lawyers and conveyancers.
- Support Local Government New Zealand to develop guidance for Councils to implement and enforce the legislative and policy changes deriving from the new Building Bill.
- Complete the review being led by the State Services Commission to assess the best way for the regulatory and policy functions relating to housing to be organised to ensure that government institutions in the housing sector operate at optimum capacity.
- Provide opportunities for tenant participation in the management of social housing and investigate the need to expand the role of housing education and advocacy providers.
- Promote the development of housing research capacity across the government and non-government sectors.

Meeting Diverse Housing Needs

A range of options are also proposed for further consideration to address the housing issues of those groups who are more likely to have low incomes and experience housing need. They may also have health, support and social needs that are not necessarily well met by the market. The Document states that housing assistance should be flexible, responsive, recognise the specific and diverse needs of people and communities facing disadvantage, and be developed in partnership with those communities. Groups include: (with various recommendations from working parties)

- Older people
- Women (many women live alone: solo parents, 65+ age group; lower incomes, domestic violence)
- Disabled peoples
- Children and young people
- Maori
- Pacific peoples
- Other ethnic minorities

Measuring Progress

Progress toward the outcomes and vision of the strategy will be measured over time using two or three indicators to be included in the MSD annual Social Report.

COUNCIL POLICY

The Christchurch City Council has well-established, well-tested systems for housing provision. These services are focused upon low income Christchurch residents, particularly, the elderly and the disabled; joint ventures for housing provision with social agencies, and non governmental groups and organisations are an established part of the social housing planning; and the City Council recognises a future need to expand and diversify its housing stock with recognition to its ageing population and changing household structures.

The Council Housing Policy states that Council will contribute to the community's social well-being by ensuring safe, accessible and affordable housing is available to people on low incomes including elderly persons, and people with disabilities.

The Council objectives with regard to housing include

- To provide a social housing service that is affordable, accessible, appropriate and efficient.
- To provide tenants with a high level of support in accordance with the Council's Tenant Support Policy.
- To promote a harmonious living environment at Council Housing complexes.
- To ensure all housing partnerships flourishing.
- To comply with all legal requirements relating to the provision of social housing.

Other recent policy recommendations and goals are that:

- Through the City Plan Review, the Council seek the rezoning of Council owned land for affordable housing.
- The Council pursue further joint venture developments with social agencies re elderly accommodation and maintain close relationships with providers of housing for the elderly.
- The Council consult with ethnic communities to ensure that the needs of elderly of differing ethnic groups are met.
- That the Council's housing activity continue to be self-supporting; any surplus in the Housing account is to be used for further public rental housing or to acquire land to achieve Council housing goals.
- City Housing tenants are provided with safe and pleasant housing environments
- That the council provide additional accommodation for single men and women with one child; lower socio economic groups; deinstitutionalised; mature single men and women displaced from boarding house accommodation; psychiatric and other disabilities.
- Ensure that tenant support is facilitated to assist City Housing tenants to live independently, maintain their tenancy and achieve a good quality of life; tenancy liaison officers; mechanisms for tenants to communicate views; social and recreational opportunities; community development initiatives within the complexes; identify, document and address gaps in provision.

Development Contributions Policy in the Long Term Council Community Plan provides a developer incentive in the form of a remission of up to 20% of the standard development contribution required for open space and recreation (reserves) with respect to the provision of social/affordable housing, subject to compliance with specified criteria. It likewise also provides a remission of up to 50% and 25 % with respect to the provision of elderly person's housing and central city housing respectively, again subject to compliance with specified criteria, up to a combined total of 50% where more than one of the circumstances apply (e.g. social/affordable housing provided in the central city).

DISCUSSION

The three suggested main features of the Housing Strategy:

- An attempt to improve and increase the supply of affordable accommodation for low income New Zealanders.
- Legislative change to improve housing conditions and promote further development by local government, private and community providers of social housing.
- Research initiatives to increase understandings of the parameters and reasons behind various phenomena of the current housing industry.

Part of this strategy is an "ambulance at the bottom of a cliff" approach, part of it is attempting to set in place good practise/standards with respect to the housing industry, and part of it seeks to establish greater understanding of the parameters of, and reason behind current trends in home ownership, rental behaviour, and housing quality.

Of particular interest to the Council is the Local Government Fund and the promotion of joint ventures. The strategy also suggests planning and zoning provisions that might influence supply of affordable housing. With respect to the quality of housing, many of the proposed actions rely upon legislative change that would impose stricter/better defined guidelines to the building industry.

The Council has acknowledged a future need to expand its social housing stock. A problem that is perceived with this initiative relates to its funding source. In particular, without an increase to the rentals currently charged to the tenants of City Housing, future demands will have to be met by detracting from rate payer funding.

The Council has a proven/practiced interest/knowledge in the benefits of joint ventures with community providers/social agencies and so on. The support that the Housing Strategy indicates for these initiatives will be welcomed.

An issue for local and central government is the future suitability of the housing stock that is currently being developed. An important challenge/consideration at this time might be for the long-term relevance of the housing types being accumulated today, for example, *after* the (onslaught) of the baby boomers. It is desirable that the stock that is developed, both by government and non-governmental (planners) be seen to have some longevity with respect to long term housing needs. For private landlords etc, this may be necessary for them to perceive that meeting specific needs *is* a positive long term investment.

A key consideration for future planners *will* be the needs of elderly, but it will also be the needs of different sized families and so on. It is (is it) important that this diversity is not overlooked.

There are many aspects of the proposed Housing Strategy that are still unclear. For example

- How the proposed initiatives/ideas are actually to be integrated into the strategy?
- Will the strategy provide forecast demand due to general population growth and household formation/ Will it provide forecasts of home ownership rates, private rental market share, local authority rental market share and third sector rental market share? If so these forecasts need to be done at the Local Authority area level, to be useful to practitioners?
- Will the strategy provide a geographical analysis of social rental housing relative to geographic needs within local authority areas?

There is little reference to integrated support beyond just a roof, for example education, employment and health.

Staff

Recommendation: That the submission on the New Zealand Housing Strategy Discussion Document be adopted and forwarded to Housing New Zealand.

Chairman's

Recommendation: That the recommendation be adopted.