

10 March 2023

Kia ora [REDACTED]

Te Kāinga

Thank you for your request made under the Local Government Official Information and Meetings Act 1987 (the Act), received on 7 December 2022. You requested the following information:

- All policy analysis that relates to the criteria for Te Kāinga eligibility, in particular any analysis that underpins the criterion that people who work in or are qualified for and intend to work in a public sector role should be prioritised for Te Kainga rentals.
- What basis did the Council determine that people in public sector roles should be prioritised over private or other sector workers?
- When did the Council approve this policy? (Please provide meeting number and meeting minutes)

Wellington City Council has partly granted your request for information.

Below are the documents that fall in scope of your request and my decision to release the document.

Item	Document name/description	Decision
Appendix 1	City Strategy Committee Minutes 22 March 2018	Information within scope of your request has been released
Appendix 2	Central Business Building Conversion Update 22 March 2018	Information within scope of your request has been released
Appendix 3	Discussion Document Draft: Pilot Stage September 2019	Draft information released
Appendix 4	Draft Committee Content December 2019	Draft information released
Appendix 5	Refining Priority Groups August 2019	Draft information released
Appendix 6	Legal Advice	Refused under 7(2)(g) of the LGOIMA

Background

In 2016 the Mayor of Wellington City Council (Justin Lester) established a Housing Taskforce to tackle the escalating issue of housing affordability in the Capital. This taskforce resulted in the Wellington Housing Strategy. The strategy is based on the vision that 'All Wellingtonians are well-housed'. A component of achieving this vision is ensuring that more homes in Wellington are affordable.

The Te Kāinga programme originated from the [Report of the Mayor's Housing Taskforce](#). One of those actions was to "Actively work with Community Housing Providers, developers, and builders to unlock a pipeline of affordable housing (new/conversions) development. This may include Refurbish and retrofit existing inner-city buildings to provide additional affordable housing units for key worker groups, certain income brackets and those who are entering the housing market for the first time." (Page 6).

On 7 December 2017, the Council unanimously voted in favour of a draft 10-year Housing Strategy during a [City Strategy Committee](#) meeting which agreed to develop a housing strategy, with a key priority being central business district building to apartment conversions.

In June 2018 the [City Strategy Committee](#) approved the Wellington City Council Housing Strategy (the Strategy). The Strategy had been developed based on extensive engagement and consultation on housing issues in Wellington. The Strategy sets a long-term vision of “All Wellingtonians well-housed”. Supporting the Housing Strategy is the Wellington Housing Affordability Model ([WHAM](#)).

The Wellington Housing Affordability Measure (WHAM) is the cornerstone of the strategy and is able to measure affordability at a more detailed level than the Housing Affordability Measure ([HAM](#)) released by the Ministry of Business Innovation and Employment (MBIE). The WHAM model was used to inform the Council’s rental policy for Te Kāinga – affordable rental programme.

Criteria

At a [City Strategy Committee](#) meeting held on 22 March 2018, the Council approved an innovative programme to partner with the private sector to encourage the supply of affordable apartments at a good level of amenity – safe, warm and secure.

As part of the agreement, Councillors agreed in principle as to who these homes would be targeted towards, which includes those with lower to medium incomes who have difficulty accessing rental housing in Wellington, with priority for those who are employed in essential public service sector roles. The minutes from these meetings are publicly excluded, however we have provided you with information in scope of your request which is captured above in Appendix 1.

A supplementary paper was also provided as part of this meeting which included more information relating to why these accommodations, whilst open for anyone to apply, are prioritised for those in public service sector roles.

Whilst this paper was also publicly excluded, we have provided you with information in scope of your request from these minutes, which is captured above in Appendix 2.

Te Kāinga

The aim of the Te Kāinga programme is to provide secure, affordable and long-term rental accommodation in Wellington that can be accessed by those on medium to lower incomes who are employed in public sector roles and may otherwise find it difficult to access appropriate housing options in the city.

Council officers undertook analysis into the criteria for the Te Kāinga programme, this drafted information has been captured within Appendices 3 – 5 respectively.

Further to this, Council officers also sought legal advice regarding the eligibility criteria for the Te Kāinga programme, Appendix 6. This information is however refused under 7(2)(g) of the Act as withholding the information is necessary to avoid a breach of legal professional privilege. In making my decision, I have considered the public interest considerations in section 7(1) of the Act and determined there are no public interests which outweigh the grounds for withholding.

Update to Te Kāinga criteria

The Council resolved to update the criteria on 8 December 2022. This included making certain industries that created the most jobs for the city a priority, as per the Council’s Economic Wellbeing Strategy. These are:

- Public sector
- Public transport
- Hospitality
- Tourism
- Healthcare

- Education and training

In making the above change to the criteria the Council also added the following industries:

- Māori organisations
- The arts
- Start-ups

Whilst the Te Kāinga criteria has been recently updated, the option for anyone to apply remains from its introduction in 2021. Applicants meeting all the criteria will be the highest priority for an apartment. If there are more applications than available apartments, a ballot is held to ensure equitable opportunity for applicants.

More information can be found [here](#).

Right of review

If you are not satisfied with the Council's response, you may request the Office of the Ombudsman to investigate the Council's decision. Further information is available on the Ombudsman website, www.ombudsman.parliament.nz.

Please note, we may proactively release our response to your request with your personal information removed.

Thank you again for your request,

Kind regards

Ollie Marchant
Official Information

ORDINARY MEETING

OF

CITY STRATEGY COMMITTEE

PUBLIC EXCLUDED MINUTES

Time: 9.30am
Date: Thursday, 22 March 2018
Venue: Committee Room 1
Ground Floor, Council Offices
101 Wakefield Street
Wellington

PRESENT

Mayor Lester
Councillor Calvert
Councillor Calvi-Freeman
Councillor Dawson
Councillor Day
Councillor Fitzsimons
Councillor Foster
Councillor Free
Councillor Gilberd
Councillor Lee
Councillor Marsh
Councillor Pannett (Chair)
Councillor Sparrow
Councillor Woolf
Councillor Young

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Business

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6. Agree, in principle, that the homes will be managed as 'access' rental homes by City Housing to provide rental tenure for a target group of households:

- a) with lower to medium incomes who have difficulty accessing rental housing in Wellington City
- b) who are not eligible for Income Related Rent
- c) with priority for those who are employed in essential public service sector roles
- d) with potential options for longer term rent for rental security.

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A division was called for, voting on which was as follows:

For:

Against:

- Mayor Lester
- Councillor Calvert
- Councillor Calvi-Freeman
- Councillor Dawson
- Councillor Day
- Councillor Fitzsimons
- Councillor Foster
- Councillor Free
- Councillor Gilbert
- Councillor Lee
- Councillor Marsh
- Councillor Pannett (Chair)
- Councillor Sparrow
- Councillor Woolf
- Councillor Young

Majority Vote: 15:0

Carried

(Mayor Lester left the meeting at 10:15 a.m..)
(Councillor Marsh left the meeting at 10:18 a.m..)
(Councillor Marsh returned to the meeting at 10:25 a.m..)
(Mayor Lester returned to the meeting at 10:28 a.m..)

[REDACTED]

The Public Excluded Session concluded at 10:22pm.

Confirmed: _____
Chair

CENTRAL BUSINESS DISTRICT BUILDING CONVERSION UPDATE

PUBLIC EXCLUDED

Grounds: Section s48(1)(a) - That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7.

Reasons: Section 7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.

Section 7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).

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Target group

- 32. It is proposed that the target group for the pilot consists of working households who earn too much to qualify for IRRS but earn too little to be able to afford to rent or buy in the area they work.
- 33. The combined effects of increasing house and rent prices, insufficient housing supply, and an increasing population have created a highly competitive rental market in Wellington. This makes accessing a quality and secure rental home increasingly difficult for the proposed target group, who cannot access IRRS. In turn this can be problematic for attracting and retaining staff in key essential service sectors for the city. For example this can include those employed in lower paid health service roles, social workers, teachers, and emergency services staff.
- 34. The proposed target group would ensure the pilot is targeted towards a gap in the housing market, while also being financially viable for the Council. This is also a group

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Draft Parked – amendment to some aspects based on legal checks

Discussion Document: Pilot stage targeting (on the basis of income and sector of employment) City Rentals^{1, 2}

19 September 2019

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Leila Martley (Senior Policy Analyst), Strategy Policy and Research with City Housing and Housing Development³

¹ “City Rentals” is the working scheme title used in this paper for the rental property from CBD conversions, a branding and marketing discussion is in progress (refer Naming and Branding for the Programme).

² Abbreviations: Accommodation Supplement (AS), Community Housing Provider (CHP), Income Related Rent Subsidy (IRRS), Registration of Interest (ROI) Wellington Housing Affordability Model (WHAM)

³ Working Group: City Housing: Angela Hewitt - Service Development Management, Daniel Tai – Senior Advisor Operations Policy, David Ensor – Operations Manager, Housing Development: Graham Budd – Principal Advisor. Managers: John McDonald – Housing Development, Michelle Riwai – City Housing.

Purpose

1. This paper sets out a comprehensive set of recommendations for targeting (on the basis of income and employment) the allocation of “City Rentals”. City Rentals are rental homes developed as part of the CBD Building Conversions Project (the project/CBD Conversions) and managed by the Council.
2. **The paper has more information than decision makers will need** – it is intended as a working document for staff and managers. Analysis and options are to be adapted for Executive Leadership Team and Councilors as required.

Summary

3. City Rental homes have been purpose built to be warm, dry, and safe apartments. There is to be no financial discount on the rents, but there may be advantages for tenants (e.g. security of tenure, living near work). Fifty-two apartments will be ready to rent in early 2020 and the key settings for renting them out need to be established by late 2019. The settings and approach for these first 52 properties will be considered a pilot test.
4. Council intentions in setting up CBD Conversions were to firstly make good use of the CBD for housing, and secondly, Councilors agreed in principle (22 March 2018, Appendix A) to target the rental property to (...) provide rental tenure for a target group of households:
 - a) with lower to medium incomes who have difficulty accessing rental housing in Wellington City
 - b) who are not eligible for Income Related Rent
 - c) with priority for those who are employed in essential public service sector roles
 - d) with potential options for longer term rent for rental security.
5. In further Council papers it was also noted as “those who earn too little to be able to afford to rent or buy in the area they work” (6 December 2018, Appendix A).
6. The financial margins in the CBD conversion agreements are narrow and the costs of managing the properties must be kept low or there will be financial risk to the Council. The discussion in this paper considers how to manage the targeting sought in the agreement in principle alongside the need to operate within financial constraints (e.g. vacancy is unaffordable).
7. It is proposed to manage the financial risks of targeting (e.g. drawn out letting processes and vacancy) through the letting process. The proposed letting process is to run a relatively open application where anyone who meets general criteria (Recommendation 1, Table 1) may apply, and then use priority groups, to offer tenancies, in order, to:
 - Group 1:** those who meet both income and sector of employment criteria
 - Group 2:** those who meet either of income or sector of employment criteria
 - Group 3:** meet general eligibility criteria and affordability guidance (but not income cap or sector of employment criteria).
8. Group 3 is effectively an open market offer, to be used when no Group 1 or 2 applicants apply. This approach will ensure that properties can be tenanted without repeated advertising and application rounds. When there are more applicants in any group than

there are properties then balloting is proposed. A registration of interest (ROI) pre-application process is also proposed, this will help understand demand and manage marketing, as well as the expectations of those who register.

9. A summary of the recommended criteria, including for priority groups, are provided in Table 1 and discussed in the paper. The discussion covers ways of broadening or narrowing the criteria subject to the pilot outcomes, mainly under or over subscription to the scheme. Analysis and criteria are focused on households, defined as those who usually live together. A group of two or more flat-mates, those sharing living costs, may apply and may be able to meet targeting criteria, although these scenarios could make tenancy management more complex.

Table 1: Summary of recommendations for the pilot (first 52 properties)

Recommendations	Key Points
<p>1. Eligibility – general criteria</p> <ul style="list-style-type: none"> ○ New Zealand Citizen or Permanent Resident ○ Employment at least 30 hours per week ○ Do not own property. 	<ul style="list-style-type: none"> ● Enable people who work in the city to access housing that is likely to be close to work. ● Target people who do not own a home.
<p>2. Eligibility – minimum income</p> <ul style="list-style-type: none"> ○ Income must be above the threshold for the government income related rent subsidy (IRRS). 	<ul style="list-style-type: none"> ● The properties will not be affordable for households who would meet IRRS criteria. They should rather apply for government or Community Housing Provider (CHP) social housing, application for City Housing social housing may also be appropriate for some.
<p>3. Eligibility – income guidance</p> <ul style="list-style-type: none"> ○ Income must be sufficient to meet rent requirements without placing a household under financial stress – based on Wellington Housing Affordability Model (WHAM) guidance. 	<ul style="list-style-type: none"> ● Under the Housing Strategy the Council has committed to assess the affordability of housing initiatives using the WHAM, this is a modelling tool that can show how affordable a specific rent is for different wage incomes. ‘Wage income’ in this context means earnings from employment. ● WHAM guidance indicates households will need wage income from \$50,000 (one adult in one bedroom) to \$70,000 or \$90,000 (three bedrooms). WHAM guidance is specific to household composition, more household scenarios are attached (Appendix E). ● WHAM guidance assumes transfers like Working for Families. Actual income may be checked in the application process.
<p>4. Priority – income cap</p> <ul style="list-style-type: none"> ○ <u>When there are more applicants than apartments</u>, first offers may be made to those who have incomes below: single applicant, pre-tax 	<ul style="list-style-type: none"> ● These caps are used for Government Kiwisaver and CHP homeownership assistance. They are a good proxy for “finding it difficult to purchase a home” without help, and fits “low to medium” household incomes. ● Priority could be narrowed or broadened using median income measures. This would be more

Recommendations	Key Points
income under \$85,000, two or more adults pre-tax \$130,000.	costly to administer.
<p>5. Priority – sector of employment</p> <ul style="list-style-type: none"> • <u>When there are more applicants than apartments</u>, first offers may be made to workers employed in frontline health, education and emergency service sectors. 	<ul style="list-style-type: none"> • Council agreed in principle to give priority to those employed in “essential public service sector-roles”. Health, education and emergency services are usually included, noting they provide public goods that are available to all. • Wages in these sectors are a good fit with the proposed income caps and affordability guidance. • Some workers in these sectors earn well over the proposed income caps, so will not be in Group 1 but could be in Group 2. • Some people may not find property affordable (e.g. new graduates), but those with experience may, and those in households with combined income. • Priority could be narrowed or broadened by using an employer-based approach or occupation approach (e.g. use of NZ Immigration Service skills shortage lists). This would be a more costly and less transparent approach to administer
<p>6. Tenancy Management</p> <ul style="list-style-type: none"> • Periodic tenancies are proposed to be the norm, and without routine review points. 	<ul style="list-style-type: none"> • Periodic tenancies provide long term tenure, with suitable opportunities to review rent. • There is no discount on rent to warrant reviewing ongoing eligibility, and tenancy review is costly. • Fixed term may be used from time-to-time (e.g. if end date of the Council’s lease is due).

Background

Council decisions

10. The CBD conversions project was identified as a priority project in the 2018 to 2028 Long Term Plan. It aims to make better use of the inner city for rental housing by working with commercial building owners, to convert their properties to increase the supply of safe, warm, and dry rental homes in the central city.
11. The first agreement for CBD conversions is for the development of a site on Willis Street with The Wellington Company and 52 rental units will be ready to tenant by the end of April 2020. More sites are in development with several hundred properties expected in the next few years. Weekly rent on the first 52 units is expected to be:
 - \$410 for a one-bedroom unit,
 - \$570 for a two-bedroom, and
 - \$730 for a three-bedroom.
12. CBD conversions are to deliver benefits to the renting public by increasing the supply of affordable housing in the city, and letting it out using good tenancy management practice. Apartments are being designed to be warm, dry, safe apartments, but generally

do not have features that would cost a premium (e.g. premium fit out materials and parking). In this way the market rent on the City Rental homes may be lower than market averages. From time to time there may be higher value properties in the portfolio (e.g. managed for convenience as part of a larger apartment block).

13. As part of agreements with the private sector developers, rent increases to the Council will be indexed to the Consumer Price Index (CPI) movements. The Council may be able to keep rent increases in line with the CPI or smooth increases across the whole portfolio over time – but must in the first case adjust rents to keep the project financially sustainable.
14. There is no rent discount based on tenant characteristics, this is out of scope of the project and would make it unaffordable for the Council. The advantages of the rentals for tenants are expected to be; living in the city potentially with a shorter trip to work, and a level of security about the tenancy (e.g. it will not be ended for sale of property, or for the owner to move in). The benefits of the project mainly come through the increased supply of good quality rental, and the wider benefits of increased supply.
15. Councillors agreed in principle (Appendix A, 22 March 2018) when considering the CBD conversions (...) that the homes will be managed as ‘access’ rental homes by City Housing to provide rental tenure for a target group of households:
 - a) with lower to medium incomes who have difficulty accessing rental housing in Wellington City
 - b) who are not eligible for Income Related Rent
 - c) with priority for those who are employed in essential public service sector roles
 - d) with potential options for longer term rent for rental security.
16. The income range was later qualified as those who, “earn too little to be able to afford to rent or buy in the area they work” (Appendix A, 6 December 2018).
17. The commercial settings of CBD Conversions mean margins are finely balanced to be cost-neutral and not impact rates. If tenancy management is costly at the outset, or becomes costly over time, projects could make a loss. Rates funding could be required to cover any losses, and this has not been sanctioned.

Comparative programmes

18. There are targeted schemes in New Zealand, usually on the basis of income, not both income and sector of employment. Queenstown Lakes Community Housing Trust⁴ offer homeownership and rentals based on income criteria, and the New Zealand Housing Foundation offers rent-to-buy schemes. Both target those on ‘low’ incomes.
19. Key worker housing, is offered in many United Kingdom (UK) jurisdictions where those on relatively low incomes have been priced out of city centers. In many of these jurisdictions people in public services are now targeted for assistance based on:
 - earning too much to qualify for social housing
 - too little to afford to buy
 - renting privately and commuting long distances, and

⁴ <http://www.qlcht.org.nz/>

- may otherwise be encouraged to change profession.
20. One major scheme, Clarion Housing describe a key worker as: *(...) someone employed by the public sector in a frontline role delivering an essential public service in the areas of health, education and community safety where there are serious recruitment and retention problems*. More specific eligibility criteria vary across regions depending on local recruitment and retention priorities⁵. Clarion Housing applicants:
- *“Need to be in employment.*
 - *Should have sufficient household income to pay the rent and leave you with a reasonable amount for living costs (we will assess this using our 'affordability' criteria).*
 - *Need to have a good credit history and must not have any County Court Judgements against you. You will be asked to provide a credit report”.*
21. The New Zealand and overseas examples provide useful case studies for targeted housing. It is important when comparing to keep in mind that City Rentals will not offer a 'benefit' over and above a rental at a good level of amenity and security of tenure. City Rentals is also small scale. Clarion Housing has 125,000 properties and at this scale can invest relatively more in developing and managing targeting systems.

⁵ Accessed from Clarion Housing, <https://www.myclarionhousing.com/finding-or-moving-home/renting-a-home/key-worker-rent/>, 12 June 2016.

Discussion

22. City Rentals need to:

- be targeted on the basis of income and sector of employment, as considered in the agreement in principal, and
- be cost effective, meaning designed to avoid vacancy, default on rent, and costly tenancy management practice.

23. The discussion is structured to consider the letting process first, before considering the detail of income and sector of employment criteria. This is because the risks (e.g. vacancy) can best be managed during the letting process. The discussion then covers, general criteria, affordability, income caps and sectors of employment for targeting.

Letting process

24. It is proposed to manage the financial risks of targeting (e.g. drawn out letting processes and vacancy) through the letting process, incorporating:

- a registration of interest (ROI),
- application process, and
- an offer process based on priority groups.

25. The proposed offer process is to offer tenancies to, in order:

- **Group 1:** Applicants meet both an income cap and sector of employment criteria, and become the first offer group.
- **Group 2:** Applicants meet either the income cap or sector of employment criteria, and become the second offer group.
- **Group 3:** Applicants only meet general criteria and affordability guidance, and receive offers only when there are no suitable Group 1 and Group 2 applicants.

26. This approach will ensure that properties can be let without repeated marketing and application rounds which could happen if nobody applied who met income and employment criteria.

27. If there are more applicants than properties at any time, a ballot (within each group) would be the most transparent way to select from eligible applicants. Applications will be sought when properties are available, and expire once properties are fully tenanted.

28. A registration of interest (ROI) pre-application process is proposed, as is used in overseas schemes and in New Zealand, examples are:

- The Queenstown Lakes Community Housing Trust (the Trust) has a registration of interest form (ROI) ⁶ that provides the first point of contact, after which somebody will contact the submitter and it's the start of the process for them to join a waiting list. The ROI has led to a list of more than

⁶ <http://www.qlcht.org.nz/register-your-interest/>

600 interested parties, and they have no need to market the Trust. The information sought in their ROI form is attached (Appendix B).

- The New Zealand Housing Foundation also uses a ROI process⁷. They note that it helps them understand who is interested and where they are. Information is used to develop their work programme and to select candidates. They have around 7,000 households on their database.

29. A registration of interest process for City Rentals would have many advantages:
- Registration can be open at all times, promoted as needed, to grow the list.
 - The registration process can include relevant information for people to self-assess if they meet targeting criteria.
 - Ability to tailor information to manage expectations for different income groups and sectors of employment.
 - Questions can be incorporated to check where people are getting information from.
 - The Council will be able to see household characteristics, and which sectors are/are not picking up on the opportunity, to feed back into marketing.
 - The registration process may be open at any stage and before properties become available, so registration can inform marketing campaign – and be a key component of it.
30. A ROI database is distinct from a waiting list and does not confer eligibility. When properties are available the ROI database can be informed, including of viewing options, and application timeframes and details. City Housing will manage the application forms and application processes which would be distinct from the ROI.
31. Officers propose to set up a ROI, using the Queenstown model as a basis, with adaptations for the City Rental criteria and priority settings. Registrations would be valid for a fixed time period (e.g. six months), after which people would be prompted to re-register, or the registration would lapse. This will keep the ROI list current.
32. The main alternative would be to offer on the open market only when properties are available. Marketing costs would be different, and the Council would have less knowledge about who was interested before the properties were actively marketed.

Defining a household, letting and review

33. For any type of targeting, incomes or other features are generally considered in terms of households. The term 'household' is not strictly defined in legislation anywhere, but is generally taken to mean; *“a single individual or a group of people, and their dependents who normally occupy the same primary residence⁸”*. The Statistics New Zealand definition is simply, *“one person who lives alone, or two or more people who live together and share facilities (such as cooking) in a private dwelling”*.
34. Either definition will enable officers to consider a group with a lead tenant (for the sector of employment criteria) and their collective incomes (for income criteria). Usually, a

⁷ <https://www.nzhf.org/how-to-apply/roi-submission-form>, NZ Housing Foundation form is another alternative, but requires more detailed information, which is appropriate given discounts are offered.

⁸ Definition sourced from the Queenstown Lakes Community Housing Trust.

couple will sign a joint tenancy agreement, both sharing responsibility for rent and the condition of the property. Flattening scenarios, where people choose to live together to share living costs, may be considered a household when applying as a group.

35. It may be complex to sustain or even consider targeting alongside changes to household composition. And it may raise tenancy management costs, or even public and tenant opposition, if not carefully considered and clear.
36. For clarity at the outset it is proposed that tenants may definitely remain in a property if they meet Group 1 or Group 2 criteria after any party to a joint tenancy moves out. And in all other circumstances a case-by-case approach will be used, with in-house guidance and scenarios to be developed. Guidance would be expected to cover the more typical scenarios e.g.:
 - a relationship breaks up, can one of the tenants take on the tenancy and get a flat mate in, or seek transfer to a smaller property.
 - if there are children in the household and the primary caregiver does not meet criteria, may they stay on regardless so as not to disrupt schooling, and/or add to the stress of household breakup.
37. Crowding is not allowed under national and Council guidelines (for social housing). In general no more than two people to a bedroom, and couples and children of a certain age can share.
38. Periodic tenancies are proposed as the best way to meet the project expectation for longer term tenure. Fixed-term tenancies can create insecurity over the tenancy and could raise churn over the properties when more stable tenure is wanted – particularly when targeting those who may struggle to buy a home. There may be times when a fixed term is needed (e.g. to prepare for planned maintenance work, or if the owner is due to take over management), so there may be the occasional fixed-term tenancy.
39. As there is no subsidy on rents, there is no need to assess eligibility once a property is tenanted. The information may be of interest, and collected through research, but otherwise regular and routine review would be a costly practice, without a clear purpose, and is not recommended.

Eligibility – general criteria (employment, residence, homeownership)

40. General criteria are proposed to apply to all applicants to qualify for a tenancy offer:
 - *Do not own a home:* The agreement in principle is to target those who do not own a home - so not owning a home is a reasonable expectation.
 - *Residence:* New Zealand permanent residence or Citizenship is also proposed as the program will be only small a part of the rental market, and aimed at providing longer-term tenure.
 - *Working:* Working status of at least 30 hours of employment per week.

Recommendation 1: General criteria

In order to be considered for eligibility applicants must have:

- Must not own a home already.
- ~~Permanent Residence or Citizenship.~~
- ~~Employment at least 30 hours a week.~~

Operational considerations for the general criteria

41. City Housing will establish what evidence will be needed of any of these aspects (e.g. a declaration on homeownership, a property search, proof of employment). New Privacy Act guidance⁹ has recently been released for New Zealand. In general, at ROI people will self-identify if they meet specific criteria, and during the application and letting process the Council may specify what evidence is required (e.g. of employment or income) and when. All operational systems will be designed in accordance with the Residential Tenancies Act and Privacy Act.
42. For the pilot employment will be considered to be contract or permanent employment. A large number of roles use contracts, and it may not be an indication that work is not in effect, permanent. If there are operational issues (e.g. high turnover, lack of clarity about employment) permanent roles can be considered.

Income – income measures

43. Councilors agreed in principal to target those on lower to medium incomes and to exclude households who would qualify for IRRS.
44. To set the context for income discussion, following are commonly used income measures:

Household measures (noting average household size 2.6 people)

- Median Wellington household income: \$113,766 (at 95 percent lower confidence interval \$92,000, upper confidence interval \$135,000)¹⁰.
- Mean Wellington household income: \$143,577 (at 95 percent lower confidence interval \$123,378, upper confidence interval \$163,776)¹¹

Individual and household measures

- Government eligibility cut-off points to apply for the IRRS, before tax, are: annual \$32,069 (\$616.72 per week) for a single person and annual \$49,388 (\$948.81 per week) for a household with two people and/or children (Appendix C).
- Government eligibility cut off points for the Accommodation Supplement (AS)¹² in Wellington are, before tax: \$42,276 per year for individuals, \$63,544 for couples, and up to \$75,192 for households with children (Appendix D).

⁹ Privacy Commissioner, Privacy Act Guidance for Landlords and Tenants, <https://www.privacy.org.nz/assets/Uploads/2019-08-07-Privacy-Act-guidance-for-landlords-and-tenants-A649457.pdf>, August 2019

¹⁰ Median household income used is from Statistics New Zealand, Household Economic Survey 2018, dataset purchased by the Council.

¹¹ Median household income used is from Statistics New Zealand, Household Economic Survey 2018, dataset purchased by the Council.

- Living Wage: \$21.15 an hour, equates to an approximate full time equivalent (40 hours a week) wage of \$43,992 per year. The Living Wage considers that households will receive tax and benefit transfers like the AS (Appendix D) and Working for Families.

45. Income close to or below the median could be considered 'lower to medium' as half of incomes are below the median. The mean can be skewed by concentrations of low or high earners

Income - affordability

46. The agreement in principle to exclude those eligible for applying for IRRS is prudent as households simply would not have enough money to pay the rent. Anyone eligible to apply for IRRS would be best off in government social housing or CHP housing. City Housing discounts are different, but lower income households may apply.

Recommendation 2: Above IRRS

Income must be above the threshold for IRRS.

47. The Council also needs to consider affordability to ensure households are not likely to default on rent, and because the Council would not want to place people in income stress. The Wellington Housing Affordability Model (WHAM) is a Council-developed and Council approved¹³ financial model that can show the income range and household composition that may find a specific rent affordable. Affordable means having enough money to pay the rent and purchase enough goods and services to live at a reasonable standard.

48. Based on preliminary WHAM analysis the initial range of rents are affordable for single people earning over \$50,000 per year and couples earning over \$65,000 (one bedroom) and \$75,000 (two bedrooms). The three bedroom homes should be affordable on incomes from \$70,000 to \$90,000 depending on household composition. WHAM analysis is always specific to rent and household composition, the full preliminary analysis for the pilot is attached (Appendix E).

49. WHAM guidance may be noted in public communications, subject to the rent and size of units being advertised, but this type of detailed model and guidance usually remains an in-house tool (Appendix E). The components of the WHAM model are updated regularly (e.g. as government benefits are adjusted).

Recommendation 3: Affordable based on WHAM guidance

Income should be sufficient for a household not to be considered in financial stress after paying rent, determined by in-house Council WHAM guidance.

¹² The AS is government subsidies provided directly to households based on their income and rent. The AS may be for rent or mortgage payments.

¹³ As part of the Housing Strategy the Council committed to use the WHAM to assess affordability.

Operational considerations for wage income and total income

50. Applicants will need to provide proof of income information at application.
51. In the WHAM guidance, it may seem an anomaly that when there are children in a household less income seems needed rather than more, e.g. in a two bedroom a couple would need \$65,000, but a couple with children only \$60,000 (Appendix E). The explanation is that the model assumes households with children will also receive Working for Families and in some cases AS transfers that they may be entitled to.
52. When household incomes are close to the affordability guidance officers will need to check that households are actually receiving Working for Families or other relevant transfers from the government, in addition to any proof of wage income.

Income – an upper limit or income cap

53. An upper income or income cap was left open, subject to the discussion that people be on “lower to medium” incomes and “may not be able to afford to rent or buy in the area they work”. This type of affordability modelling is out of scope of Council models, and can be costly to develop. Four options for an income cap are considered here:
 1. No income cap
 2. Using the Accommodation Supplement thresholds
 3. Using government homeownership scheme caps, or
 4. Using a median-based model.

Option 1: No income cap

54. An income cap means setting a household income, above which the household would not be eligible. If City Rentals were not subject to an income cap it would not meet the agreement in principle to target low to medium income earners. This is not recommended.
55. At the same time any income cap will limit the pool of potential applicants. If the limit led to vacancy (e.g. if not enough people applied or considered it affordable for their income) it would create risk and uncertainty for CBD Conversions in general. Income caps may also make it problematic to manage the occasional higher value property (e.g. a penthouse apartment managed alongside more modest ones).
56. Officers recommend having an income cap, and managing the risk of vacancy with the offer process. Priority for those who meet income and sector of employment, but the ability to make offers to others when there are not enough applicants with priority.

Option 2: The Accommodation Supplement (AS) income caps

57. The AS is available to households for assistance with rent or mortgage payments and could be a proxy for affordability issues, by way of needing assistance. However, the AS indicates a relatively ‘lower income’, and caps are below median incomes in Wellington. Also, if AS cutoffs were used as income caps it would only leave a narrow band of the households eligible (between IRRS and WHAM guidance). Many would be close to the affordability limit and might not even apply based on their own affordability judgement.

Option 3: Homeownership income caps

58. This option is to use government homeownership income caps as used for KiwiSaver and CHP homeownership schemes (Table 2).

Table 2: Government homeownership subsidies and tax exempt status

Scheme	Income caps
KiwiSaver Homestart Grant : Ownership subsidy – a grant of up to \$5,000 towards a first home, up to \$10,000 if it is a new build. Must have been contributing to Kiwisaver for at least three years.	Before tax and transfer, incomes of: \$85,000 (single person)
Welcome Home Loan : Preferential loan conditions for first home buyers.	
IRD Thresholds for community housing entities, Ngā paepai mō ngā hinonga whare hāpori : Community housing entities may qualify for a tax exemption on their income and be granted donee status if their beneficiaries or clients meet certain thresholds.	\$130,000 (two or more joint applicants).

59. Officers propose using the homeownership income caps for the pilot. They would be administratively efficient - being set and managed by central government agencies. They also provide a clear indication that homeownership would be difficult without assistance.
60. If the pilot seems over or under subscribed in terms of the income caps, a median-based model (discussed below) could be developed for Wellington. Depending on the variables and assumptions used it could be used to either broaden or narrow the eligible pool of potential applicants (e.g. median plus or minus 10 or 20 percent). This kind of modelling is more complex and less transparent than the homeownership caps, and depends on making assumptions. A model is discussed below that could be used subject to the pilot.
61. It is unknown if the Government would agree community housing status for City Rentals, but use of the thresholds may keep the option open.

Option 4: CHP examples and median-based models

62. Queenstown Lakes and the New Zealand Housing Foundation both target households on lower incomes. They also provide discounts in some way, so income caps are relatively important measure to manage is a fair and transparent way. Queenstown have kindly shared the model they developed and use to determine income caps, and NZ Housing Foundation have also provided information on their caps (Table 3).

Table 3: Community housing providers

Scheme	Scheme income caps	Comparative analysis for Wellington
<p>Queenstown Lakes Community Housing Trust</p> <p>Provide rental at a discount, small scale. Provide assistance for homeownership.</p>	<p><i>Median income range:</i> one person: \$67,136 two person: \$75,034, and five person: \$94,750.</p> <p><i>Median plus 20 percent:</i> one person: \$80,563. two-person: \$90,000 Five-person: \$113,000.</p> <p>Queenstown median household income of \$78,983¹⁴.</p>	<p><i>Median income range:</i> one person: \$96,701 two-person: \$108,078 five person: \$136,519.</p> <p><i>Median plus 20 percent:</i> one person: \$116,051 two person: \$129,693 five person: \$163,823.</p> <p>Calculation use median income; \$113,766. If \$92,000 median the estimates drop; to \$78,000 one person to \$110,000 approximate five-person.</p>
<p>New Zealand Housing Foundation A registered charity with the charitable purpose; to relieve poverty by providing or assisting the provision of affordable housing for low income persons or households. They offer rent-to- buy schemes.</p>	<p>Household incomes start at \$65,000 and are capped at to \$95,000 or \$100,000 (depending on circumstances). These thresholds are set to ensure they target assistance to households with lower incomes, and are developed in consultation with Charities Services (https://www.charities.govt.nz/).</p>	<p>These thresholds would be very close to the affordability guidance, and target 'lower' incomes. Not a comparative measure for City Rentals.</p>

63. A median based model, using and adapting the Queenstown model, could be used in the case of over or undersubscription. A median based model would be more complex and costly to administer so is not recommended in the first case. The homeownership income caps are more transparent and have no administration costs.

Recommendation 4: Upper limits on income

Income thresholds are those used for government homeownership assistance; \$85,000 for an individual and \$130,000 for two or more people.

Operational considerations for income caps

64. Close to the caps most government assistance will have cut out. Information on investment and other types of income will be sought and may be considered.

Sector of employment – essential public service sector roles

65. The Council agreed in principle to provide priority for those who are employed in “essential public service sector roles”. While a range of definitions may be found officers propose the definition be “frontline health, education and emergency service sectors”. This was used in earlier discussions of the CBD Conversions (Appendix A), and is the norm in the comparative key worker schemes. Another way of looking at it is that it concerns roles that provide public goods that are available to all – in New Zealand this generally incorporates healthcare, education and emergency services. Public goods in one country might not be public goods in another (e.g. electricity, water), but overall it is a reasonable definition for New Zealand.

66. Officers have then looked at wage and scarcity indicators for roles in these sectors using:

- Ministry of Business, Innovation and Employment: Wage data published by sector and role¹⁵.
- Ministry of Health: The Voluntary Bonding Scheme (VBS); an incentive scheme to encourage newly qualified health professionals to work in the communities and specialties that need them most, so as to retain essential health professionals in New Zealand. Graduates are eligible for the VBS if they work in a community or specialty that is defined as ‘hard-to-staff’. Those on the scheme receive annual payments (usually around \$3,000 to \$4,000 per year) to help repay their student loan or as top-up income. The criteria are set annually, most recently on 1 May 2019. Scarcity information is region-specific.
- Immigration New Zealand: Long-term and short-term skills shortage lists; these show national shortages to prioritise professions for migration. While aimed at immigration, the lists provide a good national indicator of scarcity.

67. Information from all these sources is combined below (Table 4).

Table 4: Essential public service wages and scarcity indicators

Profession or Occupation	Starting or lower	Higher limit	Median or average	Scarcity Indicators and Wage Notes
Health Sector ¹⁶				
Nurses (new)	\$39,000	\$43,000	-	Wages can go up for leadership roles. Wellington is not identified as a hard-to-staff community, but there are hard-to-staff specialties: aged care (aged residential care and older persons’ health services), mental health (hospital and community, including addiction services), district nursing, well child /Tamariki Ora and primary/practice nursing within Māori or Pacific Providers Primary/Practice.
Nurses (one to five years of experience)	\$49,500	\$66,700	-	

¹⁵ <https://occupationoutlook.mbie.govt.nz/>

¹⁶ Doctors and Dentists excluded, salaries progress quickly within five to 10 years, average for Doctors, \$145,000 per year.

Midwives	-	-	\$69,500 average	Capital and Coast is identified as hard-to-staff for lead maternity carers (LMCs), but not for midwives employed by the DHB.
Medical technicians	-	-	\$46,000 median \$51,000 average	These roles are the technical ones within the health system (e.g. operate x-ray machines). Some specific roles have been on the hard-to-staff lists, and/or on the skills shortage lists (e.g. sonographers, radiation therapists).
Education and Emergency Services				
Police	\$56,106	-	\$67,100 average	Average wage is after five years. The maximum can vary depending on role.
Teacher (Primary)	\$47,980	\$71,891		Upper wage after 7 years. Not on skills shortage list. Can go up for leadership roles.
Teacher (Secondary)	\$51,200	\$78,000		
Fire fighters	\$51,200	\$77,000	\$77,600	Average is for emergency service workers (note, no shortages noted, Fire Service recruits twice a year, usually 600 applicants for 48 places).
Paramedics ¹⁷	\$74,000	\$80,000		Range depending on experience. Can be higher for intensive care paramedics, and can be scarce.

68. The information (Table 4) shows that targeting to the essential public service sector roles identified as frontline health, education and emergency services would target:

- A group with appropriate wages. Wages in the usually sit between \$50,000 and \$80,000 which fits the proposed income guidance and cap range. New graduates won't afford to rent an apartment on their own, but with others they could. Higher paying roles will be excluded from Group 1 priority (e.g. doctors) but could qualify for Group 2 offers (meet either of income or employment).
- Many of the roles have scarcity issues, particularly in health, and there are known risks that people leave the area, or leave the sector.

69. Wages in these sectors are set by government and are relatively transparent (e.g. teaching, police, nurses) and this may enable good public understanding of targeting.

70. Officers recommend that priority go essential public service sector roles (identified as frontline health, education and emergency services) in view of the scarcity and wage fit with the proposed income criteria and agreement in principle (Appendix A).

Recommendation 5: Priority – first offers – subject to demand

- When there are more applicants than apartments, first offers may be made to workers employed in frontline health, education and emergency service sectors.

71. There are ways of making targeting narrower within essential public service sectors:

- A specific list of occupations: This would involve identifying specific occupations with scarcity issues. It may be feasible to rely on information provided by other agencies (e.g. VBS, Skills Shortage) and is noted as an option if the pilot is very

¹⁷ <https://www.careers.govt.nz/jobs-database/health-and-community/health/paramedic/>, 5 September 2019.

oversubscribed. It would still require some work to develop so is not recommended at the outset.

- A specific list of employers: Either selected by the Council or by opt in of employers: This approach would also require further development, and there could be perceived unfairness if some are selected or opt-in and others don't.

72. Occupation or employer lists could be revisited after the pilot stage, and use to narrow (or even broaden) the potential pool of Group 1 and Group 2 priority applicants.

Operational considerations for sector of employment

73. Guidance will need to be developed to provide certainty about what roles will be considered to be in a sector. Guidance for health will include that anyone who is a registered health professional will definitely be considered 'frontline health'. A registered health professional is somebody registered under the Health Practitioners Competence Assurance Act 2003. The basic check will be that somebody is employed, and their role is one that requires registration under the HPCA Act 2003. A list of professions and responsible registration authorities is online; <https://www.health.govt.nz/our-work/regulation-health-and-disability-system/health-practitioners-competence-assurance-act/responsible-authorities-under-act>.

74. Teaching is also a profession that requires registration, with a publically searchable register; <https://teachingcouncil.nz/content/what-registration>.

75. For emergency services, frontline roles in the police, fire and paramedic/ambulance services will be considered.

Naming and branding for the programme

76. Initially the term 'access housing' has been used, and the programme it comes out of is called 'CBD Conversions'. In future, there could be conversions in other parts of town or even new builds, so 'CBD Conversions' might not be a useful reference. 'Access' could be associated with overcoming barriers in the way the term 'accessibility' is used and could imply a form of rental assistance.

77. 'City Housing' is used for Wellington City social housing. The term 'City Rentals' is used in this paper to distinguish from social housing, but align it with City branding. Also, while most developments at this stage are for smaller apartments some premium apartments could be managed in future (e.g. if they are in the same building for ease of management). 'City Rentals' keeps the form of apartment open.

78. A branding discussion team needs to be had for the wider programme as branding will be important to communicate what the programme is about and towards establishing a clear and trusted brand.

Research and Evaluation

79. The Housing Development Team will work with the Research Team to ensure appropriate research and evaluation for the overall CBD conversions project. There will be three broad areas of focus:
- *CBD Conversion Evaluation*: This refers to analysis and reporting on the entire scheme, so will include financial reporting on the scheme (e.g. costs and revenue), and supply-side outcomes (e.g. is the supply considered an addition).
 - *Targeting* evaluation: This refers to who expresses interest in applying, who applies, and the tenant profile (e.g. how many are in the priority occupation and income groups). Research additions may come via surveys of applicants. A 'tick-box' for research participation is proposed for registration of interest and application forms, to ensure administrative data can be explored through additional surveys or qualitative studies.
 - *Tenancy management*: This will be evaluated based on tenant requests, complaints and general feedback to City Housing. Surveys may be used as required, and also a 'tick-box' for survey and qualitative research purposes will be included.

Conclusion

80. The settings need to target population groups, but also be flexible to ensure full tenancy. Recommendations are shaped for a process that enables priority to go to applicants who meet income criteria and/or sector of employment criteria – and then be offered to applicants who simply meet general criteria for work and residence, and do not own a home.
81. This approach will ensure properties can be both targeted and fully tenanted. Targeting of this type is unique and new in New Zealand. The recommendations for the pilot stage are those that are administratively efficient. If the programme is over or undersubscribed there are ways to broaden or narrow priority.
82. The detailed recommendations are repeated in the upfront 'Summary'. As a final remark, everyone deserves to live in a safe, dry, warm and secure home. Targeting by its nature, and as proposed, will not include everyone, and may be easy to think of other deserving scenarios. The settings proposed are those that officers consider will bring the best success for the pilot. If successful, they will contribute to the programme so it may continue to grow and have a general supply effect in the market and help ensure more people can be housed appropriately.

Appendices

Appendix A: Councilor discussion and agreements

City Strategy Committee, 6 December 2018, Discussion:

35. It is proposed that the target group for the project consists of working households who earn too much to qualify for the Income Related Rent Subsidy (IRRS) but earn too little to be able to afford to rent or buy in the area they work.

36. Detailed policy will be developed to refine the parameters for the target group and to support this specific project, but this would not include the provision of subsidised or reduced rentals, and tenants would pay a fair market rental. The primary focus would be on providing 'access rentals' to increase opportunities for this target group to access safe, warm and dry rental properties at a fair market rent. This would essentially 'reserve' a space in the CBD rental market, in a way that is affordable to Council, to help ensure the city remains diverse, resilient and well-resourced for growth.

City Strategy Committee, 23 August 2018, Recommendations:

5. c Wellington City Council, through the City Housing business unit, would manage the homes as 'access rental' properties for medium income households who have difficulty accessing rental housing in central Wellington, but who are not eligible for Income Related Rent Subsidies and cannot purchase a home.

City Strategy Committee, 22 March 2018, Recommendations:

6. Agree, in principle, that the homes will be managed as 'access' rental homes by City Housing to provide rental tenure for a target group of households:

- a) with lower to medium incomes who have difficulty accessing rental housing in Wellington City
- b) who are not eligible for Income Related Rent
- c) with priority for those who are employed in essential public service sector roles
- d) with potential options for longer term rent for rental security.

8. Note that the pilot, as currently proposed, would not require any additional ongoing Council subsidy or funding. Head lease and management costs would be funded from rental revenue. An appropriate monitoring and reporting mechanism will also be established and an assessment of the pilot's success will take place at the end of year two.

9. Note that if the pilot is progressed, officers will work with the developer to ensure that the housing units are built to a cost, size and amenity that enables them to be rented to the target households at a reasonable rental level.

10. Note that the current assumption is that City Housing will provide management of the proposed 'access rental' homes. This would not involve the provision of any additional housing subsidy or service to tenants, but instead focus on ensuring more lower to middle income households are able to access quality and secure rentals, at a fair market

price, in Wellington City. The operating costs of managing the properties will be calculated by City Housing and be considered as part of the lease negotiations.

11. Note that, as work is being undertaken to identify and progress a range of housing initiatives in the city, officers are working to develop policy to guide any Council provision of homes to rent or buy. This policy will work in conjunction with other relevant central and local government policy settings and provisions.

Appendix B: Queenstown Lakes Community Housing Trust, Registration of Interest Form fields

Name

Email

Contact Phone Number

Mobile Number

Preferred Contact Time [Morning/Afternoon/Evening]

Age Group [15 – 24 / 25 – 34 / 35 – 44 / 45+]

Number of Adults in Proposed Household:

Number of Children in Proposed Household

Occupation

Workplace

Job Type [Full Time / Part Time]

Other Property [No property / Dwelling / Land Only]

Heard About From [Through a friend/family member / Real Estate Agent /

Newspaper/Radio / Other]

Gross Household Income [less than \$50k / \$50k to \$60k / \$60 to \$85k / \$85k plus]

Additional Message [free text box].

Appendix C: Social Housing Rent Subsidy Eligibility (Income Related Rent Subsidy)¹⁸

Household type and income limits before tax

Client situation	Income limit (net)	Weekly income limit
Single client who has no spouse or partner and no dependent children	1.5 x the net weekly rate of living alone rate of New Zealand Superannuation (\$411.15 as at 1 April 2019)	\$616.72 net
Any other client	1.5 x the net weekly married rate of New Zealand Superannuation (\$632.54 as at 1 April 2019)	\$948.81 net

Social Housing Rent Subsidy Eligibility (after tax and household types)¹⁹

Living situation	Income threshold
Living by yourself	\$411.15 weekly, after tax
Single and living with others but you're the only person on the tenancy agreement	
Single with children	\$632.54 weekly, after tax
Living with your partner (with or without children)	
* It doesn't matter if your partner is on the tenancy agreement or not	
Living with others (who are not your partner or your children), and there is at least one other person on the tenancy agreement	

¹⁸ <https://www.workandincome.govt.nz/map/social-housing/assessment-of-eligibility/income-limits-01.html>

¹⁹ <https://www.workandincome.govt.nz/map/social-housing/assessment-of-eligibility/income-limits-01.html>, Accessed on 21 June 2019

Appendix D: Accommodation Supplement

Category	Income threshold	Cut-out point		Maximum
		Per week	Per year	
Single, 16+ years	\$393.00	\$813.00	\$42,276.00	\$105.00
Married, civil union or de facto couple (without children)	\$602.00	\$1,222.00	\$63,544.00	\$155.00
Married, civil union or de facto couple, 1+ children	\$639.00	\$1,519.00	\$78,988.00	\$220.00
Sole parent, 1 child	\$566.00	\$1,186.00	\$61,672.00	\$155.00
Sole parent, 2+ children	\$566.00	\$1,446.00	\$75,192.00	\$220.00

Appendix E: Wellington Housing Affordability Model (WHAM) analysis

1 Bed Analysis \$410

Household composition	Total "Affordable Basic" +		
	Pre tax income \$ range low	# of households	% of total households
1 Adult 0 Children	\$ 50,000	8,991	14.6%
2 Adult 0 Children	\$ 65,000	16,344	26.5%

2 Bed Analysis \$570

Household composition	Total "Affordable Basic" +		
	Pre tax income \$ range low	# of households	% of total households
1 Adult 0 Children	\$ 65,000	6,717	10.9%
1 Adult 1 Child	\$ 55,000 ²⁰	1,038	1.7%
1 Adult 2 Children	\$ 50,000	543	0.9%
2 Adult 0 Children	\$ 75,000	15,297	24.8%
2 Adult 1 Child	\$ 65,000	5,280	8.6%
2 Adult 2 Children	\$ 65,000	6,108	9.9%

²⁰ Income for households with children is lower than for households without children. This may look counterintuitive, but is correct and is due to benefit transfers like Working for Families and the Accommodation Supplement. The WHAM model has built in formulae to account for these transfers – but only shows wage income (not with transfer included). When looking at actual applications, total actual income should be checked.

3 Bed
Analysis \$730

Household composition	Total "Affordable Basic" +		
	Pre tax income \$ range low	# of households	% of total households
1 Adult 0 Children	\$ 85,000	4,406	7.1%
1 Adult 1 Child	\$ 80,000	640	1.0%
1 Adult 2 Children	\$ 80,000	323	0.5%
1 Adult 3 Children	\$ 80,000	61	0.1%
1 Adult 4 Children	\$ 80,000	0	0.0%
2 Adult 0 Children	\$ 90,000	13,439	21.8%
2 Adult 1 Child	\$ 85,000	4,610	7.5%
2 Adult 2 Children	\$ 80,000	5,632	9.1%
2 Adult 3 Children	\$ 70,000	1,790	2.9%
2 Adult 4 Children	\$ 65,000	354	0.6%

Draft Committee Content for CBD Conversion – Eligibility

Purpose

1. This paper seeks agreement to proposed detailed criteria to target the CBD conversion programme rental apartments. The proposed criteria are based on Council agreement in principle to target the apartments to essential public service sector workers on lower to medium incomes.

Summary

2. The CBD conversion programme (the programme) is an initiative to increase the supply of purpose-built quality rental property in the city, in partnership with the private sector. Through the programme, purpose-built rental apartments are developed and owned by the private sector, on the basis that the Council will manage them for a term of 15 years. The first 52 apartment homes will be ready to let by June 2020 and 177 more in 2021 and 2022.
3. The Council agreed in principle (22 March 2018) that the apartments be targeted to essential public service sector workers, on lower to medium incomes. This paper proposes detailed targeting criteria to meet the agreement in principle.
4. The main proposals are that:
 - Essential service workers are defined as those employed, or qualified for, and intending to work in, an occupation that is on an essential skills shortage list administered by Immigration New Zealand and the Ministry of Business, Innovation and Employment (MBIE). The lists are comprehensive and include qualifications information.
 - Lower to medium incomes are defined as those below the KiwiSaver homeownership assistance caps, \$85,000 for one person and \$130,000 for a group. These caps indicate that homeownership is difficult without help.
5. Occupations with skills shortages in Wellington currently include; teaching at all levels, midwives, medical technicians and several construction occupations. Wages for these occupations are generally below the proposed income caps. Marketing can be targeted to public service roles (e.g. teaching, nursing, medical technicians).
6. It is also proposed that applicants do not own a home, and tenancy agreements be offered for three to five years. This will provide for longer term tenure and with the ability for the Council to maintain targeting over time.
7. A letting process has been designed so that those meeting priority criteria will receive first offers, and then if nobody meets criteria, other applicants may be offered a property. This is to manage the risk of vacancy if too few applicants meet criteria.
8. Subject to approval, City Housing will finalise systems, processes and marketing.

Recommendations

That the Committee:

- a) Note the conversion of commercial to residential property is the main aim of the CBD Conversion programme as agreed in the Long Term Plan 2018 - 2028.
- b) Note that Councillors agreed in principle to provide priority to target the rental homes to those in employed in essential public service sectors on lower to medium incomes.
- c) Agree that essential workers be defined as those with their occupation on the essential skills lists administered by Immigration New Zealand and the Ministry of Business, Innovation and Employment.
- d) Agree that a lower to medium income be considered as one below the KiwiSaver homeownership assistance income caps of \$85,000 for an individual and \$130,000 for two or more joint applicants.
- e) Agree CBD Conversion rental apartments be reserved for those who do not own a home already.
- f) Agree that tenancy agreements be offered on three to five year basis to provide the option of longer term tenure.
- g) Note that during the application process offers will be made in order to:
 - i. applicants who meet occupation and income criteria, and then
 - ii. applicants who meet the income or occupation criteria, and
 - iii. applicants who do not own a home if there is no applicant with occupation or income priority.
- h) Note that balloting is proposed when there are more priority applicants than rentals.
- i) Note that marketing and promotion will be targeted to those most likely to fit both occupation and income priority criteria.
- j) Delegate to the Chief Executive and the Portfolio Leader the authority to amend the proposed priority and tenancy management settings in these recommendations to include any amendment agreed by the Committee and any associated minor consequential edits.

Background

9. The CBD conversion programme (the programme) was identified as a priority project in the 2018 to 2028 Long Term Plan. The primary aim is to make better use of the inner city for rental housing by working with commercial building owners, to convert their properties to increase the supply of purpose-built residential rental homes in Wellington.
10. Under the agreements with private sector developers, the apartments are designed to be warm, safe, and dry. They do not have premium fit out features like large balconies, second bathrooms and expensive fittings and this helps manage affordability.
11. The Council will lease and manage the apartments for a period of 15 years. A building of 52 apartment homes in Willis Street will be ready to let by June 2020, and another 177 in Willis and Boulcott Streets will be ready in 2021 and 2022. Any further developments will be subject to Council consideration.

12. Councillors also agreed in principle (City Strategy Committee, 22 March 2018) to target the rental homes to households:
- a) *with lower to medium incomes who have difficulty accessing rental housing in Wellington City*
 - b) *who are not eligible for Income Related Rent (IRR)*¹
 - c) *with priority for those who are employed in essential public service sector roles*
 - d) *with potential options for longer term rent for rental security.*
13. The advantages for those targeted are expected to be; living in the city with potentially shorter trips to work, and a level of security about the tenancy due to a longer term agreement. There is no discount on market based rents because this is not part of the programme and would be unaffordable for the Council.
14. While a small programme, it may help attract and retain people, from the target groups, to live and work in the city where their skills are needed and wanted.

Discussion

15. Occupation and income criteria are covered in detail in the discussion below, prefaced by a discussion of homeownership. With regard to other aspects of the agreement in principle, IRR and affordability are discussed in the attached *Supporting Information – Financial Implications*. “Difficulty accessing rental housing” has been considered as reflective of the projected housing shortages in Wellington.

Homeownership

16. It is reasonable to exclude anyone who has already purchased a home given the aim of the programme being the development and targeting of rental homes. Officers propose not owning a home be a base eligibility criteria.

Essential public service sector occupations

17. New Zealand does not have a definition or common use term “essential public service sectors”. For context, officers have looked at key worker schemes offered in the United Kingdom (UK). These provide targeted housing assistance to people:
- earning too much to qualify for social housing
 - earning too little to afford to buy
 - renting privately and commuting long distances, and
 - may otherwise be encouraged to change profession.
18. In the UK a key worker is typically described as: (...) *someone employed by the public sector in a frontline role delivering an essential public service in the areas of health, education and community safety where there are serious recruitment and retention problems*. More specific eligibility criteria vary across regions depending on local recruitment and retention priorities².

1. Government eligibility cut-off points to apply for the (IRRS), before tax, are: annual \$32,069 (\$616.72 per week) for a single person and annual \$49,388 (\$948.81 per week) for a household with two people and/or children.

² Accessed from Clarion Housing, <https://www.myclarionhousing.com/finding-or-moving-home/renting-a-home/key-worker-rent/>, 12 June 2016.

19. “Essential public service sectors” could be considered as the frontline occupations that provide public goods – services that are generally available free of charge by a government agency. This would tend to the frontline of health, education and community safety. However, this approach would not cover recruitment and retention priorities, and, under New Zealand law, direct consideration of the employer could be considered discriminatory (refer attached *Supporting Information – Policy and Legislative Implications*).
20. Recruitment and retention priorities are covered by the Immigration New Zealand skills shortage lists³, developed by the Ministry of Business, Innovation and Employment (MBIE). These are based on comprehensive labour market analysis and show national and regional skills shortages. There are three skill shortage lists:
- **Long Term Skills Shortage:** Roles that face scarcity issues nationwide, so including in Wellington. Roles are in construction, engineering, health, ICT, food technology, and automotive industry occupations.
 - **Construction and Infrastructure skill shortage list:** Roles are listed by region. There are no occupations that are specific only to Wellington, but several occupations wanted in “all regions”. These include construction, engineering, trades (solid plasterer, fibrous plasterer), several ICT and telecommunications occupations, and scaffolders.
 - **Regional Skills Shortage List:** Each region has a distinct list. Roles for Wellington include; early childhood, primary and secondary teachers, university lecturer, medical technician, midwife, and trade (e.g. mechanic, and baker).
21. The lists also specify qualifications required for each occupation.
22. Officers consider the use of the skills shortage lists will align with the agreement in principle to prioritise essential workers, and propose that priority occupations be defined as those on the skills shortage lists.
23. The lists are broader than the “public service sector”, but many public service sector frontline roles, are included, especially in education (e.g. teachers) and health (e.g. medical technicians). Officers propose to support the agreement in principle intent by targeting these occupations in marketing and promotion.
24. Use of the essential skills lists would not mean the programme was targeted at migrants, the lists are indicators of scarcity in general – which in turn is why migration in those occupations is sought.
25. Officers have considered other scarcity indicators, like Ministry of Health schemes to retain graduates in specific occupations. These schemes and other indicators are already captured and expressed in the essential skills lists.

Agreement in principle: income criteria

26. The agreement in principle is to target those on lower to medium incomes. The question is where to set criteria for “low to medium”. Officers have considered two main options for a “cap”, below which incomes can be considered low to medium:

³ Immigration New Zealand Skills Shortage Lists, <https://skillshortages.immigration.govt.nz/>, Accessed on 1 November 2019

- Government homeownership scheme caps associated with KiwiSaver, and
- Median household income.

27. All income figures noted are before tax and any transfer from central government (e.g. Accommodation Supplement, Working for Families).

28. The government targets assistance to those on low to medium incomes via Kiwisaver homeownership assistance. Assistance and caps are noted below (Table 1). The Kiwisaver caps indicate household income levels at which there are barriers to homeownership. They are a way of targeting the renting population who may find it difficult to buy a home without the help.

Table 1: Government homeownership subsidies

Scheme	Income caps
KiwiSaver Homestart Grant: Ownership subsidy – a grant of up to \$5,000 towards a first home, up to \$10,000 if it is a new build. Must have been contributing to Kiwisaver for at least three years.	Before tax and transfer, incomes of: \$85,000 ⁴ (single person)
Welcome Home Loan: Preferential loan conditions for first home buyers.	\$130,000 (two or more joint applicants).

29. The median Wellington City household income is \$113,766⁵ with a lower confidence interval⁶ of \$92,368 and upper confidence interval of \$135,154. The median is the position where half of households earn more, and half earn less.

30. With an average household size of 2.6 people, the household median needs to be adjusted for household composition. The Queenstown Lakes Community Housing Trust has shared their model to adjust for household composition when setting income caps. The indicative results for Wellington using it are set out in (Table 2). It provides a range of around \$96,000 for a one-person household, to around \$136,000 for a larger household – these would move up or down depending on assuming different points in the confidence interval and assumptions on living costs.

Table 2: Median income caps – indicative using Queenstown model

Scheme income caps – Queenstown Lakes Community Housing Trust	Comparative analysis for Wellington – using the Queenstown model.
one person: \$67,136 two person: \$75,034, and five person: \$94,750. Queenstown median household income of \$78,983 ⁷ .	one person: \$96,701 two-person: \$108,078 five person: \$136,519. Median \$113,766. If the lower confidence interval, \$92,000 is used, estimates are \$78,000 (one person) to \$110,000.

⁴ The setting for one person of \$85,000 is higher than the incomes of two individuals living together because it costs more to live in a one person household, in terms of rent and of other bills that are unshared.

⁵ Source: The Household Economic Survey, Statistics New Zealand 2018, data purchased by the Council.

⁶ The median is an estimate based on the Household Economic Survey. The confidence interval indicates it is 95 percent certain the true median is between the lower and upper confidence intervals.

31. For Wellington, a median model seems likely to indicate a similar income cap to the Kiwisaver homeownership assistance. However, a model would need to be refined for Wellington and this type of analysis can be costly to develop and to administer.
32. Officers propose the Kiwisaver caps be used to indicate for, and to target lower to medium income earners. This approach will be efficient, without a need for costly in-house modelling. The Kiwisaver caps are also well known and transparent, with a record of use with homeownership affordability barriers.
33. Many occupations on the essential skills lists have wages under the caps (e.g. construction workers, medical technicians, midwives and teachers), so their joint use with the skills lists would be effective.
34. Officers have also completed an affordability analysis (refer attached *Supporting Information, Financial Implications, Affordability*). Those in the priority occupations and income caps would be likely to find the apartments affordable, including households with children who receive the government Accommodation Supplement.

Operational considerations

35. If there were not enough applicants who met targeting criteria the Council may be in a position of needing to re-advertise, leading to extended vacancy. This would raise financial risks for the programme. It is proposed to manage this risk by taking open applications, and then offering tenancies in priority order:
 - to applicants who meet occupation and income criteria, then
 - to applicants and meet the income or occupation criteria, and then
 - to any applicant if there is no applicant with income and/or occupation priority.
36. In all cases not owning a home would apply. If there are more applicants than properties a ballot (within each group) would be the most transparent way to select from eligible applicants. Under the proposed offer process, priority would go to those meeting occupation and income criteria – this would mean that those on the skills lists with higher incomes would not receive first priority.
37. A registration of interest (ROI) process is being considered that will enable officers to identify levels of interest and manage the need for marketing. Applications would be invited from those on the ROI list, and applications would be current until all tenancies are filled. There will not be a waiting list, this is costly to manage and implies eligibility, rather than priority in a relatively open process.
38. Tenancy agreements are proposed to be offered at three to five years. This will provide a balance between longer term tenure, as indicated in the agreement in principle, and being able to sustain targeting. The purpose of the long term tenancies is to offer stability for the tenant - they may be able to exit the tenancy, without punitive terms, prior to the end of the agreed fixed term.
39. Overall, targeting of the type proposed in this paper has not previously been tested in New Zealand and could:
 - provide a new model in New Zealand for the combined creation and targeting of rental property, and

- add value for the city, by contributing to help retain some teachers, midwives and construction workers and other essential skill workers in Wellington, in the face of nationwide shortages in these occupations.

Options

40. The Council could choose to set aside the agreement in principle and manage the properties as open market rental property. This could reduce the cost of administering the properties, and overall financial risks around the programme (e.g. vacancy, high administration costs and potential for a priority system to be considered contentious or challenged).
41. It could be considered that the additional supply of rental property is sufficient for the programme to meet the agreed aims. The main aim being to create an exemplar project to convert commercial to residential property, subject to having no impact on rates (Long Term Plan 2018-2028).

Next Steps

42. Once the criteria for priority are approved, City Housing will develop systems required for making priority offers and renting out the properties. A marketing and communications plan has been drafted.

SUPPORTING INFORMATION

Engagement and Consultation

Following approval of the criteria, officers will engage with some of the essential skill sectors to discuss targeted marketing channels.

Treaty of Waitangi considerations

There are no Treaty of Waitangi considerations for this aspect of the programme.

Financial implications

Administration of income and occupation criteria

Use of central government settings for the income cap and essential skills will be cost effective for the Council. The work required to do market analysis to identify essential skills, or to model income levels could be extensive and costly.

Property rents

The Council is not providing rent discounts based on tenant characteristics. Rent stability with no rent shocks may be possible due to the nature of agreements with the private sector developers – that annual rent increases to the Council will be indexed to the Consumer Price Index (CPI). The Council may be able to keep rent increases to tenants in line with the CPI adjustments, but must in the first case adjust rents to keep the programme on budget. The Council may be able to use any gain from indexing to the CPI to smooth rents across the portfolio as new property enters to portfolio – assuming those coming in later will be on relatively higher market rents to the Council.

Affordability

The Council measures “affordable” as having enough money to pay the rent and then be able to purchase enough goods and services to live at a reasonable standard. The Wellington Housing Affordability Model (WHAM) is a Council-developed and Council approved⁸ financial model that can show the income range and household composition that may find a specific rent affordable on this basis.

The apartment rents are expected to be \$410 for a one-bedroom unit, \$570 for a two-bedroom, and \$730 for a three bedroom. WHAM analysis shows the rents should be affordable for single people earning over \$50,000 per year and couples earning over \$65,000 (one bedroom) and \$75,000 (two bedrooms). The three bedroom homes should be affordable on incomes from \$70,000 to \$90,000 depending on household composition, and assuming households receive benefits they may be entitled to, like the Accommodation Supplement (AS)⁹ and tax transfers like Working for Families.

Government eligibility cut off points for the AS in Wellington are, before tax: \$42,276 per year for individuals, \$63,544 for couples, and up to \$75,192 for households with

⁸ As part of the Housing Strategy the Council committed to use the WHAM to assess affordability. Affordable means having enough money to pay the rent and purchase enough goods and services to live at a reasonable standard.

⁹ The AS is government subsidies provided directly to households based on their income and rent. The AS may be for rent or mortgage payments.

children. So it is feasible that people receiving the AS may find the apartments affordable, and apply, particularly households with children.

Rental income will be guaranteed through the normal means of assessing financial means and references, receiving a bond, and enforcement of the tenancy agreement. If people apply who disclose very low incomes, and suitable for Income Related Rent subsidy, they may be referred to social housing. Detailed criteria about a lower income threshold could be considered discriminatory.

Policy and legislative implications

The settings as approved will form the basis of operational policy and public information.

The priority for occupation needs to be framed as; “employed, or qualified to be employed and intending to work in, an occupation on the essential skills lists published by Immigration New Zealand”. The Council may not specify that people be employed as it is not lawful to discriminate on the basis of employment¹⁰. This is another reason for using the central government lists, rather than an employer based approach (e.g. specifying a public service employer).

Risks / legal

The proposals and options have been reviewed by the legal team, and have been subject to an external legal review. Key legislative settings considered are the Residential Tenancies Act 1986, the Privacy Act 1993, and the New Zealand Bill of Rights Act 1990.

A key consideration in tenancy management is to ensure it is lawful to seek specific information from applicants and tenants. The Council may reasonably collect information on home ownership, income and employment sector for the purpose of selecting tenants who meet the proposed criteria.

Climate Change impact and considerations

There are no climate change considerations for this aspect of the programme.

Communications Plan

A communications plan has been drafted for promoting the rentals, and communicating the criteria. Marketing and promotion will be tailored for occupations on the essential skills lists where incomes are known to be under the proposed income caps, and also public service roles (e.g. teachers, medical technicians, midwives).

Health and Safety Impact considered

There are no health and safety impacts for this aspect of the CBD Conversion programme.

¹⁰ The *New Zealand Bill of Rights Act 1990* (Section 19)

Summary of ways to consider ‘first offer’ groups, considerations of different approaches

Key context / Assumptions:

- Income range maximum \$85,000 for a single person, \$130,000 for two or more (people who may qualify as needing assistance to purchase a home).
- Do not own a property.
- Affordability guidance a single person at least \$50,000, couples at least \$65,000
- Anyone in the income range could be eligible, there will only be ‘first offers’ where there are more applicants than properties.
- Council agreement in principle (22 March 2018) “with priority for those who are employed in “**essential public services**”.

High level options	Scenarios	What supporting information can be used?	Do people fit the income criteria?	Administration costs? Is it efficient?	Can it be explained?
<p>Option 1:</p> <p>Define ‘essential public services’ as those covering health, education and emergency services.</p> <p>This is the common approach in similar schemes overseas.</p> <p>The aim is often to manage the risk that people who have to undergo significant training (e.g. nurses, teachers) exit the profession – because they just can’t maintain a good standard of living, or live close to work on the wages for those occupations.</p>	<p>Scenario 1.1: A specific list of occupations. Select occupations in those sectors, e.g. nurses, midwives, teachers, firefighters.</p>	<p>Ministry of Health – bonding scheme indicates hard to staff roles (e.g. nurses, midwives, medical technicians)</p> <p>MBIE wage information.</p> <p>Immigration New Zealand – skills shortage lists indicate nationwide shortages.</p>	<p>Yes. Roles like teacher, policeman, and nurse all fit over time (generally over \$50k but less than \$85k). A new graduate, maybe not, but most after a few years.</p>	<p>Uncertain. Would need further research, analysis and management decisions, and may need ongoing review and updating as skills shortage may change over time.</p> <p>Uncertain. May be contentious which roles to focus on at any one time.</p>	<p>Uncertain. Would need clear evidence base for selecting specific professions, which raises administration costs.</p>
	<p>Scenario 1.2: A sectors list with occupation open. Select broad sectors e.g. work in frontline healthcare, education and emergency services (e.g. hospitals, primary healthcare, schools and emergency services).</p>	<p>The Ministry of Health bonding scheme and Immigration NZ skills shortage indicate problems in some occupations.</p> <p>Would exclude agencies like “Ministry of Health”, and “Ministry of Education” because the sector is “government” not frontline health.</p> <p>Broad enough to include roles like teacher aides and aged care facility workers.</p>	<p>Yes. Roles like teacher, policeman, and nurse all fit (generally over \$50k but less than \$85k). For roles like ‘doctor’, the proposed wage maximums would kick in. A new graduate or some roles – might not find affordable, but could in a household or as a single after a few years.</p>	<p>Yes. Could go into pilot stage without further development.</p> <p>Uncertain. Could be lack of clarity around some roles and employers, but relatively low, and can manage following early experience.</p>	<p>Yes. The most common definition of “essential public services” in overseas cases, most routine interpretation of “essential public services”.</p>
	<p>Scenario 1.3: Select and list employers, with occupation open. Council identifies a few key employers from the essential public services, e.g. District Health Board, schools and educational institutions, Fire and Emergency NZ, NZ Police.</p>	<p>Would need criteria for Council selecting employers.</p>	<p>Yes. (as for scenario 1.2)</p>	<p>Uncertain. Could be some efficiency and clarity.</p> <p>Uncertain. Could be lack of clarity around some roles and employers, but relatively low, and can manage following early experience.</p>	<p>Uncertain. Selection of some but not others could be perceived unfair.</p>
	<p>Scenario 1.4: An opt-in system for employers in health, education and emergency sectors to self-select. Employees of agreed employers receive priority.</p>	<p>Would need criteria for self-selecting employers.</p>	<p>Yes. (as for scenario 1.2)</p>	<p>Uncertain. Could be a level of administration, also political risk and pressure from some employers.</p>	<p>Uncertain. Self-selection of some but not others could be perceived unfair.</p>
<p>Option 2:</p> <p>Add to ‘essential public services’ as defined above with occupations considered vital to the development of the city, or aligned with Wellington City priorities, strategies and long-term plans.</p>	<p>Scenario 2.1: Reference Aho Tini and add arts and cultural workers.</p>	<p>MBIE wage information.</p>	<p>Uncertain. The average wage is below affordability for many (e.g. performing artists average \$37,400 a year), but fine for some (e.g. producers and directors average \$65,300). There could be more self-employed due to contractual and project work.</p>	<p>Uncertain. This sector may have relatively more self-employed people, difficult to assess, could raise administration costs.</p>	<p>Uncertain. Aho Tini is a clear part of City vision, but there are potentially similar strategies for other areas, could raise pressure to generally broaden priority – which then becomes less meaningful.</p>
	<p>Scenario 2.2: Reference construction and add construction</p>	<p>MBIE wage information. Immigration Skills Shortage. Council development</p>	<p>Yes. A construction worker earns an average of</p>	<p>Uncertain. To be checked, are most people employees. Construction could be too broad, e.g.</p>	<p>Uncertain. Many roles are in skills shortage (e.g.</p>

High level options	Scenarios	What supporting information can be used?	Do people fit the income criteria?	Administration costs? Is it efficient?	Can it be explained?
	workers.	program.	\$52,000. Construction careers with qualifications earn more (e.g. surveyor average \$75,000).	would a self-employed builder be able to apply.	scaffolding), there are potentially similar strategies for other areas, could raise pressure to generally broaden priority – which then becomes less meaningful.
	Scenario 2.3: Addition of other professions or occupations (e.g. hospitality has been noted in some areas).		Maybe. Part of this workforce are casual, those in more formal roles [check MBIE data].		Uncertain. Could raise pressure to generally broaden priority – which then becomes less meaningful.
Option 3 Establish a panel to select priority occupations or employers each year. For example, comprised of a DHB representative, a construction sector representative, a Wellington Regional Economic Development Agency (WREDA) representative, a Council representative.	Scenario 3.1: A panel decides or recommends priority groups. Reviewed either annually or other period.	This scenario takes the consideration of supporting information away from the Council and places it in the hands of development and potentially health or other representatives.		Costly: The Council would need to establish and manage a panel. Council officers and managers can already talk to experts, and many hold expertise.	Uncertain: The Council would not need to explain selection criteria, but may need to explain the panel selection criteria.
	Scenario 3.2: Council develops an initial short list of occupations or employers, and establishes a panel for future review.				
	Scenario 3.4: An open opt-in system for employers to self-select. Employees of agreed employers receive priority.				
Option 4 Use the Immigration Skills Shortage lists as a guide to occupations that may require priority.	Scenario 4.1: Council uses indicators developed by other agencies. (e.g. Immigration Skills Shortage lists, Ministry of Health Voluntary Bonding Scheme.	Immigration Skills Shortage lists. Ministry of Health Voluntary Bonding Scheme. The lists indicate national shortages and where it may be difficult to recruit. Making it easier for these people to live in Wellington could make sense.	Yes. On the lists are nurses, midwives, many medical roles with wages around \$50k per year, as well as some construction roles (e.g. scaffolder).	Yes. Use of resource developed by another agency. However, may not be the right fit for Wellington.	Uncertain. Could be confusing to use an Immigration NZ list, but not available for non-residents.
Option 5 City Housing tenants as an additional priority group.	Scenario 5.1: People who are in a City Housing home, but meet other criteria (i.e. working, income caps and affordability).		Yes. Market rent tenants who are generally earning too much or have exceeded asset thresholds and are expected to move. Generally around 40 to 50 tenancies at any one time.		Uncertain. Could raise pressure to generally broaden priority – which then becomes less meaningful.