

ORDINARY MEETING

OF

CITY STRATEGY COMMITTEE

AGENDA

Time: 9:30 am
Date: Thursday, 2 March 2017
Venue: Committee Room 1
Ground Floor, Council Offices
101 Wakefield Street
Wellington

MEMBERSHIP

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

NON-VOTING MEMBERS

Te Rūnanga o Toa Rangatira Incorporated
Port Nicholson Block Settlement Trust

Have your say!

You can make a short presentation to the Councillors at this meeting. Please let us know by noon the working day before the meeting. You can do this either by phoning 803-8334, emailing public.participation@wcc.govt.nz or writing to Democratic Services, Wellington City Council, PO Box 2199, Wellington, giving your name, phone number and the issue you would like to talk about.

AREA OF FOCUS

The role of the City Strategy Committee is to set the broad vision and direction of the city, determine specific outcomes that need to be met to deliver on that vision, and set in place the strategies and policies, bylaws and regulations, and work programmes to achieve those goals.

In determining and shaping the strategies, policies, regulations, and work programme of the Council, the Committee takes a holistic approach to ensure there is strong alignment between the objectives and work programmes of the seven strategic areas of Council, including:

- Environment and Infrastructure – delivering quality infrastructure to support healthy and sustainable living, protecting biodiversity and transitioning to a low carbon city
- Economic Development – promoting the city, attracting talent, keeping the city lively and raising the city's overall prosperity
- Cultural Wellbeing – enabling the city's creative communities to thrive, and supporting the city's galleries and museums to entertain and educate residents and visitors
- Social and Recreation – providing facilities and recreation opportunities to all to support quality living and healthy lifestyles
- Urban Development – making the city an attractive place to live, work and play, protecting its heritage and accommodating for growth
- Transport – ensuring people and goods move efficiently to and through the city
- Governance and Finance – building trust and confidence in decision-making by keeping residents informed, involved in decision-making, and ensuring residents receive value for money services.

The City Strategy Committee also determines what role the Council should play to achieve its objectives including: Service delivery, Funder, Regulator, Facilitator, Advocate

The City Strategy Committee works closely with the Long-term and Annual Plan committee to achieve its objectives.

Quorum: 8 members

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1 Meeting Conduct

1.1 Apologies

The Chairperson invites notice from members of apologies, including apologies for lateness and early departure from the meeting, where leave of absence has not previously been granted.

1.2 Conflict of Interest Declarations

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have.

1.3 Confirmation of Minutes

The minutes of the meeting held on 16 February 2017 will be put to the City Strategy Committee for confirmation.

1.4 Public Participation

A maximum of 60 minutes is set aside for public participation at the commencement of any meeting of the Council or committee that is open to the public. Under Standing Order 3.23.3 a written, oral or electronic application to address the meeting setting forth the subject, is required to be lodged with the Chief Executive by 12.00 noon of the working day prior to the meeting concerned, and subsequently approved by the Chairperson.

1.5 Items not on the Agenda

The Chairperson will give notice of items not on the agenda as follows:

Matters Requiring Urgent Attention as Determined by Resolution of the City Strategy Committee.

1. The reason why the item is not on the agenda; and
2. The reason why discussion of the item cannot be delayed until a subsequent meeting.

Minor Matters relating to the General Business of the City Strategy Committee.

No resolution, decision, or recommendation may be made in respect of the item except to refer it to a subsequent meeting of the City Strategy Committee for further discussion.

2. Operational

DRAFT CITY HOUSING STRATEGIC INVESTMENT PLAN

Purpose

1. This report seeks approval of the objectives, principles, and key workstreams of a Strategic Housing Investment Plan for City Housing.
2. Subject to feedback and approval from the Council, officers will finalise the Strategic Housing Investment Plan (the SHIP) and provide further reports seeking approval of a Portfolio Alignment Strategy and the first sites as part of a new Development Programme.

Summary

3. Housing is a fundamental human right and a critical component of city competitiveness.
4. In recent years housing affordability in Wellington City has been relatively stable compared to other cities like Auckland and Christchurch. This has been due to higher incomes, more stable house prices, and fairly well balanced social housing supply and demand.
5. However there is evidence of increasing pressure on the Wellington housing market, and both the Ministry of Social Development and City Housing have seen increasing and changing social housing demand.
6. Over the last decade, the social housing context has been evolving with significant central government policy change, increasing affordability pressures for households, and a growing and changing population becoming more evident. A detailed Business Model Review also identified that the current City Housing model is also not sustainable without change.
7. Within this landscape, City Housing faces a number of challenges and opportunities. In response to these, and incorporating sector stakeholder feedback from various forums (including the recent Mayoral Summit and the Housing Taskforce) City Housing has developed a Strategic Housing Investment Plan.
8. Key objectives for the SHIP include sustainability, growth, and diversification (to include social and affordable housing) to achieve a number of housing-related outcomes.
9. It is proposed that the objectives will be achieved through a three part work programme that includes a Development Programme to build 750 new affordable and social homes; a Portfolio Alignment Strategy to ensure the City Housing portfolio is more aligned to housing needs in Wellington; and a Single Capital Programme to deliver Housing upgrades and renewals.
10. As currently planned, the SHIP can be implemented using existing resources. This is dependent on the assumptions in this report being realised – in particular that all three workstreams are approved to ensure that funding can be released through the disposal of some sites in order to reinvest back into the Development Programme.

Recommendations

That the City Strategy Committee:

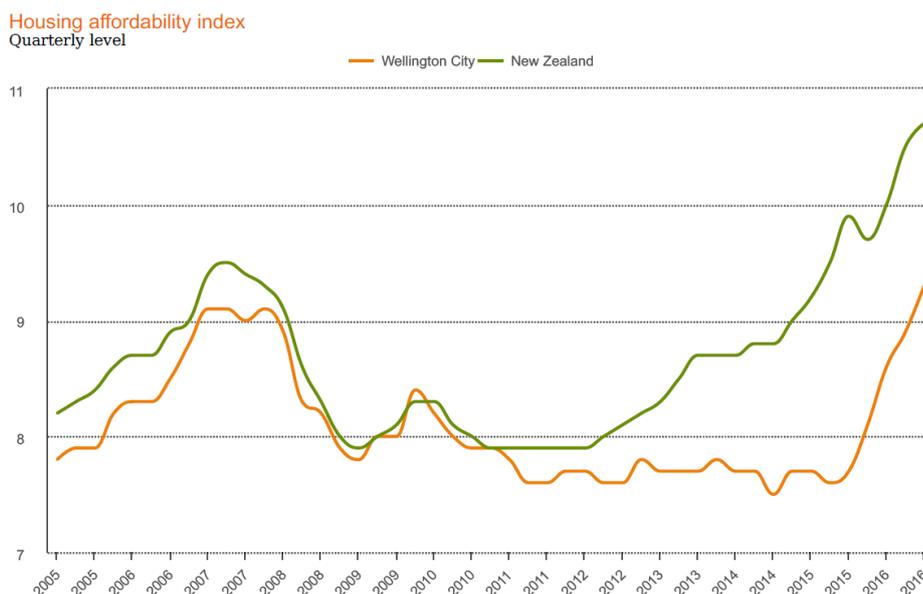
1. Receive the information.
2. Agree that sustainability, growth, and diversification (to include social and affordable housing) will be key objectives of the new Strategic Housing Investment Plan for City Housing.
3. Agree that the proposed objectives will be achieved through a three part work programme that includes a Development Programme to build 750 new social and affordable homes; a Portfolio Alignment Strategy to ensure the City Housing portfolio is more aligned to housing needs in Wellington; and a Single Capital Programme to deliver Housing upgrades and renewals.
4. Agree that the Strategic Housing Investment Plan will be supported by a monitoring and reporting framework to review progress and impact of the Strategic Housing Investment Plan. This will include a bi-annual report back to Council.
5. Note that no additional funding is currently being sought to implement the Strategic Housing Investment Plan. However a number of factors (for example the mix of social and affordable housing and the level of controls Council may want in place on each site) may result in additional funding requirements in future years. A comprehensive costing and business case for each proposed site under the Development Programme will be provided to Council for approval.
6. Note that further reports on the Portfolio Alignment Strategy and the proposed initial Development Programme sites will be provided by July 2017.

Background

11. Housing is a fundamental human right and a critical component of city competitiveness. It is a complex system influenced by a number of supply and demand factors, and the Wellington City Council (WCC) has a range of roles in the housing sector including as a regulator, a partner (with government and the private sector), an advocate, and a service provider.
12. In recent years housing affordability in Wellington City has been relatively stable compared to other cities like Auckland and Christchurch. This has been due to higher incomes, more stable house prices, and fairly well balanced social housing supply and demand.

Housing Affordability - Wellington City compared to New Zealand

Note: The Housing affordability index is the ratio of the average current house value to average annual earnings. A higher ratio, therefore, suggests that average houses cost a greater multiple of typical incomes, which indicates lower housing affordability (i.e. a lower index is more affordable).



(Source: Infometrics Quarterly Economic Monitor Sept 2016)

13. However there is evidence of increasing pressure on the Wellington housing market. For example, a combination of factors has resulted in higher rental and house pricing, as more households compete for fewer housing opportunities. Nationally, Wellington City also has one of New Zealand’s highest proportions of rental housing stock, and this has continued to climb since the 1990s. Attachment one provides a more detailed analysis of the current Wellington housing market.

Wellington City Council Housing Framework

14. The Council’s investment in the housing sector is delivered through multiple business units, work programmes, and projects. This includes the investment in social housing through City Housing.
15. On 16 April 2016 a draft City Housing Framework was considered by the Community Sport and Recreation Committee. Through further consultation and analysis of other examples, it was identified that an increased focus on outcomes was useful but that the framework needed to relate to the whole housing spectrum.
16. A Strategic Housing Framework (the Housing Framework) was developed (Attachment two) to recognise the significant opportunity to take a more strategic and outcomes-focussed approach to investing in the housing sector. This has been developed in consultation with multiple business units; and includes lessons taken from national and international examples and research.
17. The purpose of the Housing Framework is to assist WCC to:
 - have a clear and consistent picture of housing supply and demand in Wellington
 - provide a clear housing vision that aligns with our 2040 objectives
 - understand our housing investment and efforts as a whole and with a ‘city lens’
 - drive more of a focus on the outcomes we are collectively trying to achieve and gearing our business, resources, and accountability towards these
 - consider the relationships and opportunities that exist between projects that are seeking similar or related outcomes
 - identify gaps in our investment and intervention logic and where we may be under or over investing.

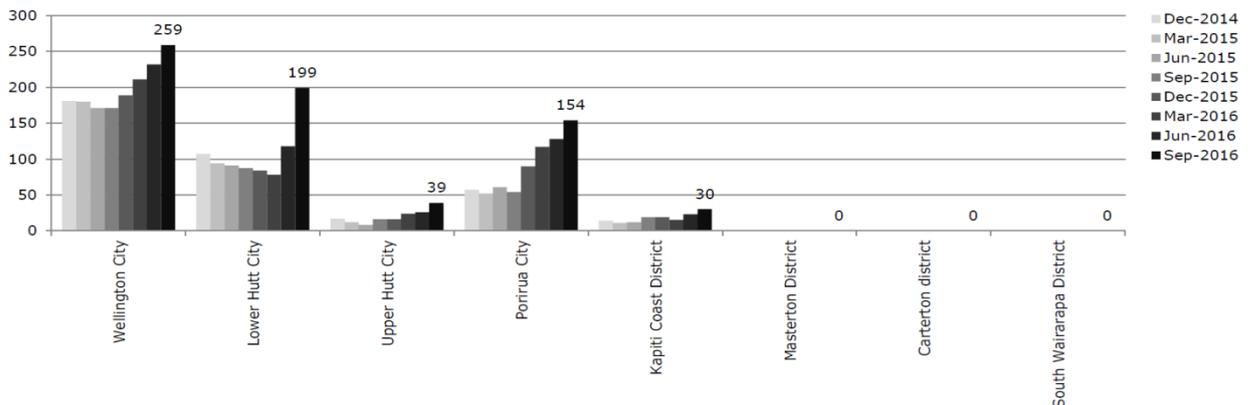
18. Further work is required to embed the Housing Framework. This includes further consultation and developing an agreed set of indicators and measures that can be utilised across business units. As with similar international models, specific targets could be set and an advisory group/steering group could also be established.
19. As the current largest provider of social housing in Wellington City, City Housing plays a key role in the contributing to the outcomes defined in the Housing Framework.

Discussion

The social housing context has changed

20. Over the last decade the social housing context has been changing with significant central government policy change, increasing affordability pressures for households, and a growing and changing population becoming more evident.
21. The Social Housing Reform Programme, implemented by central government, has changed the social housing market and the operating environment for City Housing. As part of the Social Housing Reform Programme the government has extended Income Related Rents to Community Housing Providers but not to Councils, and the Ministry of Social Development (MSD) is now responsible for needs assessments of tenants – the function of the Housing New Zealand Corporation (HNZC) is limited to that of landlord only.
22. Both MSD and City Housing have seen, more recently, increasing and changing demand for social housing. The most recent update of MSD’s Social Housing Register shows increased demand from smaller one and two person households in particular, and City Housing data shows increasing trends in those seeking two and three bedroom properties. With a growing and changing population it is likely these trends will continue to increase.
23. A total of 303 households are currently on the City Housing waitlist (196 are seeking studios or one bedroom; 96 are seeking two or three bedrooms; and 11 are seeking four or more bedrooms). The diagram below provides an overview of MSD Social Housing Register trends.

MSD Social Housing Register – trend over the last two years by TLA



(Source: Ministry of Social Development (2016) Social Housing Register)

24. Social housing involves the provision of rental properties to households on low incomes at a below market rental rates. For any social housing provider this, in conjunction with

ongoing building maintenance and upgrade costs, means that achieving a financially sustainable business model is challenging. For local authorities this is further exacerbated by an inability to access Income Related Rents, and these challenges have seen many Councils with social housing stock exit the market, or transferring stock and/or control into alternate models of delivery (for example through a Community Housing Provider).

Wellington City Council will continue to provide social housing

25. On the 13 April 2016 the Community, Sport and Recreation Committee confirmed that WCC will retain ownership of its social housing and continue in-house delivery of social housing services.
26. To ensure this remains possible, it is crucial that City Housing has a robust and sustainable business model that responds to contextual changes and opportunities (including for example, central government policy change, changing demand trends, increases and/or decreases in City Housing stock 'turnover', and regional opportunities to improve housing affordability and choice).

Our current City Housing Model is not sustainable and needs to change ...

27. In 2007 the Council signed a Deed of Grant (the Deed) with the Crown. The Deed involves a \$400 million (\$220 million of which was committed by the Crown) upgrade of existing stock, and requires that WCC remain in social housing at approximately the same levels until 2037.
28. The Deed has driven a focus on maintaining current levels of social housing provision and upgrading existing stock to be warm, dry and safe through the implementation of the Housing Upgrade Programme (HUP).
29. Now approximately half way through the term of the Deed, the contribution from the Crown has been fully drawn down.
30. There is an agreement within the Deed that the income from City Housing is ring-fenced within City housing and cannot be applied to other Council activities. The Council has also not applied rate payer funding to City Housing operating activities at this point.
31. Currently as a 100% user pays model of service, this means that operating income to deliver the City Housing service must be fully sourced from rent payments collected from tenants.
32. In 2016, a detailed Business Model Review was completed to provide a picture of the current baseline and to identify any potential funding gaps for City Housing. Key findings were that the current business model is not financially sustainable without change, and that earlier decisions will ensure that the impact can be mitigated more easily. While the sustainability is exacerbated by the Council's inability to access IRR subsidies this is only one factor of many that the Council has to address this issue

... and there are opportunities for us to do more to increase affordable housing

33. The recent Mayoral Summit (9 December 2016), the first meeting of the Housing Taskforce (15 December 2016), and feedback from the sector more generally has indicated strong support for a longer-term and more strategic approach to achieve key objectives in Wellington. For example, key opportunities identified at the Mayoral Summit included that WCC could:

- place more emphasis on housing, take a more strategic approach and encourage collaboration between and within sectors
- take a partnership approach to create more social and affordable housing
- create a diversity of housing options
- make better use of Council and Government land for more housing
- collect better data across the sector to better understand and respond to housing need.

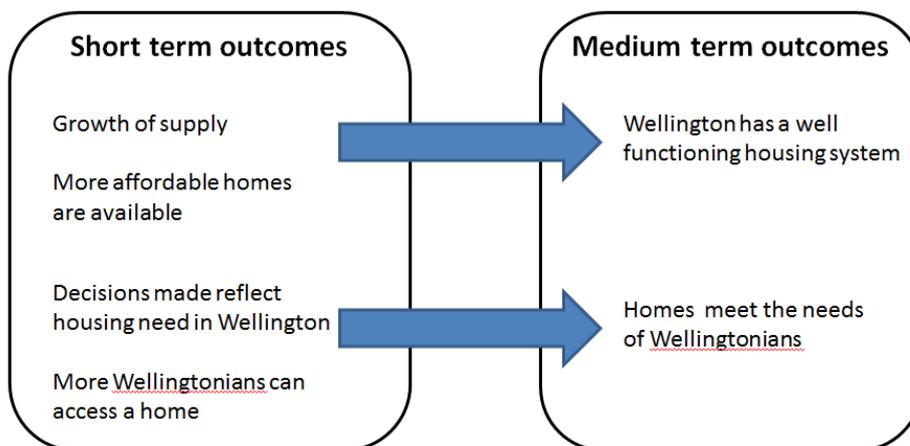
34. The Housing Framework identifies a vision of *All Wellingtonians living in high quality resilient homes that they can afford and that meet their needs*. WCC can influence a number of factors to assist in achieving this vision:

- ensuring supply particularly for crisis, supported, and affordable housing
- facilitating residential construction
- expansion of the rental market, particularly in central areas
- enabling housing choice so that people can access a home that meets their needs.

Options

A more strategic business model focussed on sustainability and growth of social and affordable housing

35. Faced with both challenges and opportunities, City Housing has developed a draft Strategic Housing Investment Plan (SHIP) to contribute to the vision and outcomes identified in the Housing Framework. An overview of SHIP is attached as Attachment three, and an overview of how it relates to the Housing Framework is attached as Attachment four.
36. While SHIP will contribute to a number of the outcomes identified in the Housing Framework, key outcomes of focus for this plan include:



37. SHIP takes a ten year focus and has three key objectives to achieve the desired outcomes:

- **Sustainability.** While there may be some requirement for funding in the short to medium term (depending on the nature of specific development projects approved by the Council) SHIP seeks to ensure City Housing is financially sustainable at the end of the term of the Deed, and making more efficient and effective use of investment on an ongoing basis.
- **Growth.** With an increasing demand for social and affordable housing in Wellington, City Housing will increase the supply of warm, dry, and safe homes for households on low to medium incomes.
- **Diversification.** City Housing will extend services to include social and affordable housing more broadly. This will largely occur through the development of quality mixed tenure sites, and could include a mix of social housing, affordable homes for sale, and a targeted affordable rental portfolio (for key workers or other population groups such as the elderly).

38. It is proposed that these objectives are achieved through three key workstreams that focus on:

- establishing a **Development programme** to build 750 new social and affordable homes in Wellington. Approximately half of the homes will be new supply to the market. Two initial sites and the Arlington Site 2 development will be completed in the first three years of the Development Programme (a total of at least 200 units). A consultation plan will be developed for each proposed development site.
- implementing a **Portfolio Alignment Strategy** to enable a programme of property disposals and reinvestment to better meet the needs of social housing tenants. Properties for disposal will be selected according to strict criteria that focus on tenants needs. Criteria include consideration of demand; typology; tenant affordability; design, condition and adaptability; and financial aspects.

Proceeds of any disposals will be reinvested in construction, purchase of new assets or the improvement of existing social housing units.

- creating a **Single Capital Programme.** A single programme approach allows City Housing the ability to achieve economy of scale by procuring works on a programme basis rather than seeking to procure on a project by project basis (which is the current approach).

Due to the planned phasing of projects, the current Housing Upgrade Programme will create intensive periods of construction works that will require significant building sector capacity and may place the HUP programme in competition with other significant City projects. This also relies on large tenant blocks being vacated by tenants for extended periods of time (2/3 years), which is disruptive for existing tenants; reduces options for those on the City Housing waitlist; increases the number of empty properties and significantly reduces rental income for City Housing to reinvest back into the portfolio.

A single capital programme will deliver an updated phasing of all City Housing upgrades and renewals that is more appropriate within the current context.

A rolling programme approach will also ensure tenants live in quality homes and experience minimal disruption - while at the same time maximising the use of the City Housing portfolio with minimal vacant properties.

39. Attachment three also identifies four key principles that can be used to guide the implementation of SHIP. These include that City Housing:
- will have a clear focus on **affordability** – in the first instance for tenants, but also from a sustainable business perspective to ensure WCC can continue to support those with housing need. For example this will be taken into perspective as work continues to be progressed on options for a more equitable rental structure (to be reported back to Council at a later date), and as new development sites are identified, planned and progressed
 - takes a **person-centred approach** that focusses on tenant and community wellbeing and resilience. This will be supported by improved data insights to help to ensure investment decisions are based on current evidence of tenant affordability, demand for affordable housing more broadly, and the impact our service is having on outcomes for different groups of tenants.
 - will work in **partnership** with other sector stakeholders to achieve key objectives and to contribute to a more joined-up sector that meets housing need in the city in a more innovative, effective, and efficient way.
 - will seek to more actively **contribute to local economic growth**. For example this could include the development of an affordable rental portfolio that seeks to house groups of 'key workers' that are required to address specific workforce gaps or economic growth opportunities.
40. These principles align with those previously agreed by the Community, Sport and Recreation Committee on 12 August 2015.

Monitoring and reporting framework

41. SHIP will be supported by a reporting framework to monitor progress against the outcomes identified in the Housing Framework.
42. Regular reporting will provide ongoing visibility and understanding of the impact of SHIP for tenants, the city more broadly, and for WCC. This will provide opportunity for City Housing to recalibrate SHIP if necessary to identify barriers that need to be addressed and where there are opportunities to direct resources differently according to what is working well (or not).
43. A bi-annual report back to Council with a clear set of measures is proposed. The first report will include advice and options that relate to the measures that can be used.

Funding implications

44. As currently planned, the SHIP can be implemented using existing resources. This is dependent on the assumptions in this report being realised – in particular that all three workstreams are approved to ensure that funding can be released through the disposal of some sites in order to reinvest back into the Development Programme.
45. Alongside the implementation of the three proposed workstreams, there will also be an increased focus on ensuring business processes are efficient and effective within the current housing context and Deed of Grant requirements.

46. A number of factors (including for example the mix of social and affordable housing and the level of controls Council may want in place on each site) may lead to some additional funding being required in future years. A comprehensive costing and business case for each proposed site under the Development Programme will be provided to Council for approval.

Next Actions

47. Subject to approval and any feedback on the proposed key objectives, principles, and workstreams officers will finalise the SHIP, and develop detailed business and consultation plans for the Development Programme sites.
48. Officers will also seek approval from central government to an updated Programme of Works under the Deed of Grant. This has not been assessed as a risk as SHIP better positions City Housing to deliver on Deed of Grant requirements, and it has been adjusted on a number of previous occasions.
49. Further reports in 2017 will seek Council approval to business cases for specific sites, and the monitoring and reporting framework for SHIP.

Attachments

| | | |
|---------------|---|---------|
| Attachment 1. | Detailed analysis of the current Wellington housing market | Page 17 |
| Attachment 2. | The Housing Framework | Page 21 |
| Attachment 3. | Strategic Housing Investment Plan for City Housing (SHIP) 2017 – 2027 | Page 22 |
| Attachment 4. | Relationship between Housing Framework and City Housing Strategic Investment Plan | Page 23 |

| | |
|------------|--|
| Author | Julie Rushton, Best Practice Manager |
| Authoriser | John McDonald, City Housing Manager Jane Hill, Acting Chief Operating Officer |

SUPPORTING INFORMATION

Engagement and Consultation

SHIP has incorporated feedback from a range of housing sector stakeholders on opportunities for WCC to address housing need in Wellington.

Subject to approval of the recommendations, officers will develop an engagement and communications strategy for the next 12-18 months. As the work programme progresses this will include a comprehensive consultation plan for each proposed development site to ensure tenants and wider public interests are appropriately taken into account.

Treaty of Waitangi considerations

Not applicable.

Financial implications

No additional funding is currently being sought to implement the SHIP. However there may be future funding implications depending on the specific mix of social and affordable required on each development site, and the level of controls required on the sale of any affordable housing. Any additional funding required will be sought through future Annual Plan processes.

Policy and legislative implications

No immediate policy or legislative implications, however approval of an updated Programme of Works will be sought as required by the Deed of Grant.

Risks / legal

Business cases developed for each proposed site will include a full risk analysis.

Climate Change impact and considerations

Not applicable.

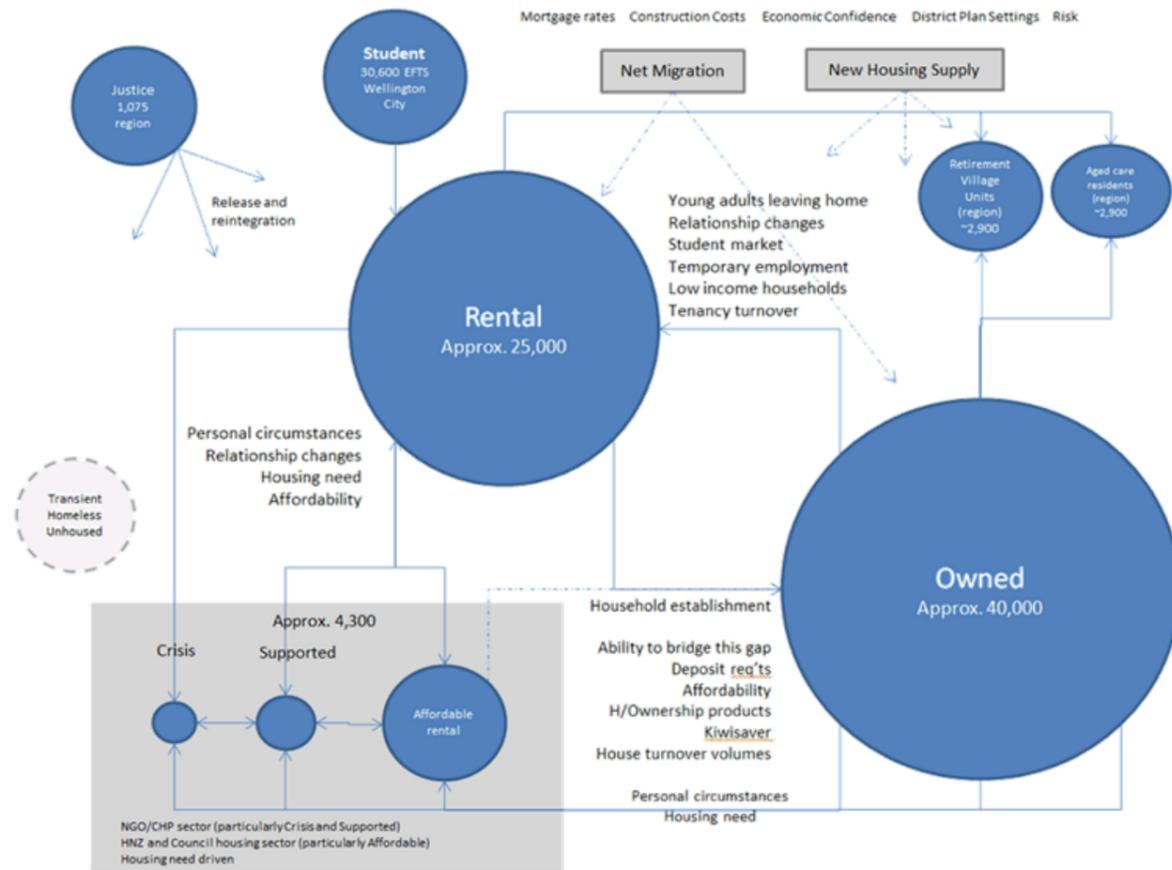
Communications Plan

Subject to approval of the recommendations, officers will develop an engagement and communications strategy for the next 12-18 months.

Health and Safety Impact considered

Not applicable.

Wellington and Housing

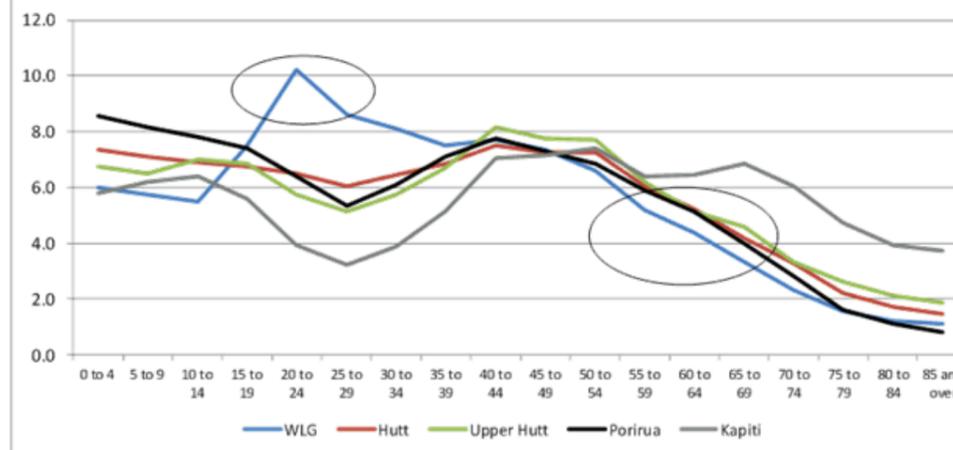


| TLA's in the region | Total dwellings | | As a percentage of the region | |
|-----------------------|-----------------|----------------|-------------------------------|--------------|
| | 2001 | 2013 | 2001 | 2013 |
| Wellington City | 67,743 | 77,466 | 43.1% | 44.6% |
| Hutt City | 36,855 | 38,484 | 23.4% | 22.2% |
| Kāpiti Coast District | 20,580 | 23,571 | 13.1% | 13.6% |
| Porirua City | 15,831 | 18,072 | 10.1% | 10.4% |
| Upper Hutt City | 14,172 | 16,053 | 9.0% | 9.2% |
| Total | 157,182 | 173,646 | 100 | 100.0 |

Social and Assisted Rentals

| TLA Area | Council Owned | Community Housing Providers | HNZC | Total |
|-----------------------------|---------------|-----------------------------|--------------|---------------|
| Wellington City | 2,148 | 216 | 1,933 | 4,297 |
| Total | 2,148 | 216 | 1,933 | 4,297 |
| Porirua City | 29 | 47 | | |
| Kapiti Coast | 118 | 27 | | |
| Total Porirua/Kapiti | 147 | 74 | 2,899 | 3,120 |
| Hutt City | 205 | 151 | | |
| Upper Hutt | | 64 | | |
| Total Hutt Valley | 205 | 215 | 3,914 | 4,334 |
| Total Region | 2,500 | 505 | 8,746 | 11,751 |

% of the population by 5 year age groups



The housing market is a complex interconnected system. Changes in any one area generate impacts on other parts of the system.

Wellington City has 45% of the region's dwellings and 37% of the social/assisted rental dwellings.

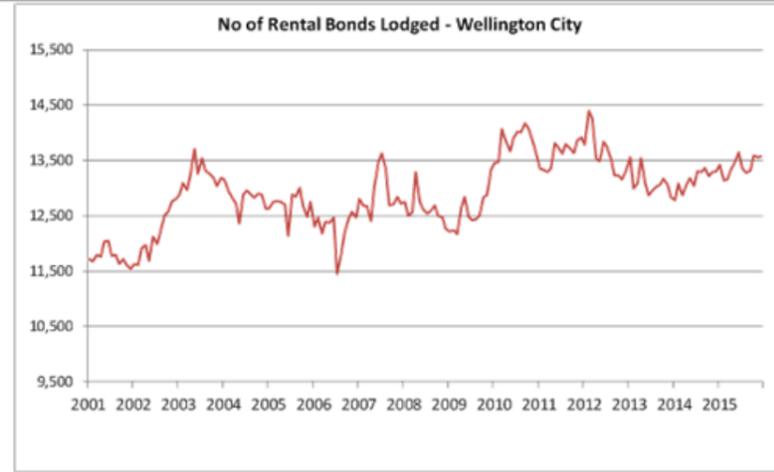
Current forecast projections are 98,737 dwellings required in 2043 – an additional 21,000 dwellings. This requires at least an additional 715 new dwellings built each year.

Wellington City has a distinct housing market with intra-regional flows of households.

There is a much higher proportion of 15 – 35yr olds living in the city rather than surrounding TLA's. This is the rental population, students, young workers and professionals living in the city and requires an active rental market.

Wellington is under represented in the over 50yr olds – are there sufficient housing options for older households for them to remain in the city at this stage of life?

Wellington and Housing



Housing Tenure

The 2013 census found that approximately 39,000 housing units in Wellington City were owned or partly owned by their occupants (55%), 26,000 were rented (37%) and about 8% were not elsewhere included or had other forms of tenure.

The Rental Market

Rental housing increasing from 20,727 in 2001 to 26,259 in 2013 (27% growth in total rental dwellings) but there has been only been a 10% increase in bonds lodged. During that period the Wellington city population grew by 27,000 or 17%. This suggests that the reduced rental turnover in this period is limiting rental opportunities and anecdotally is reflected in increased competition for rental property.

Changing nature of the rental market

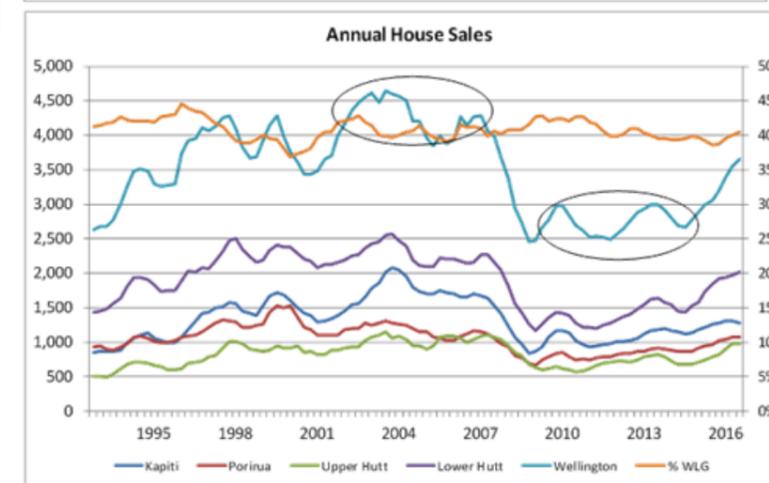
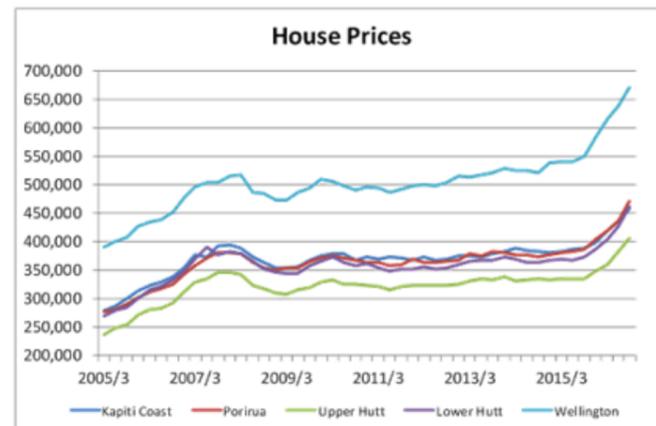
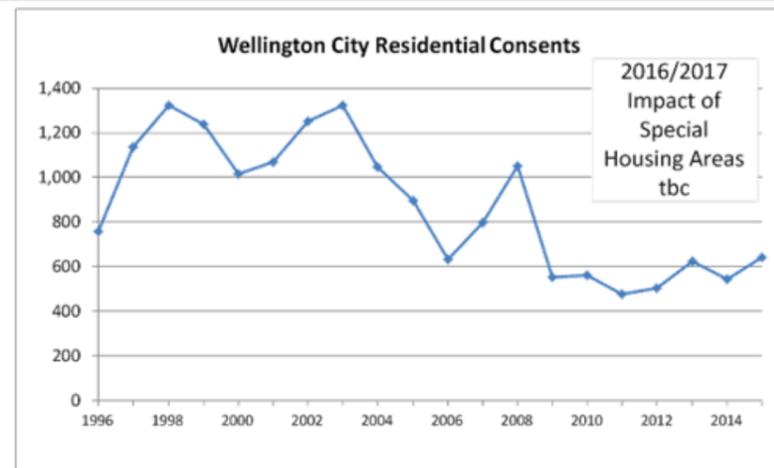
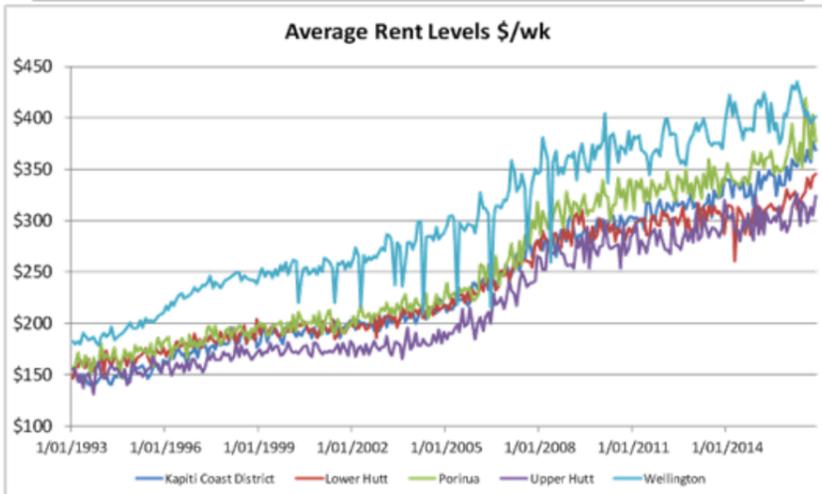
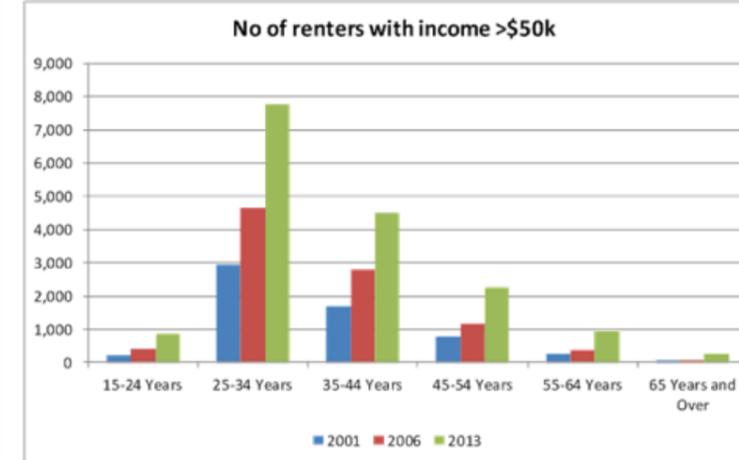
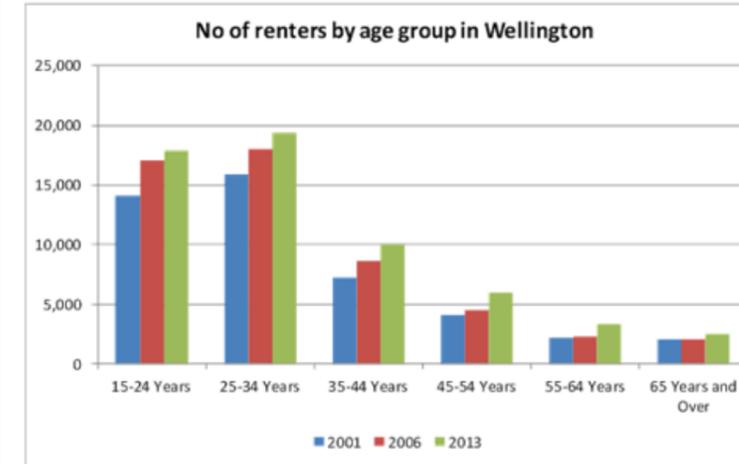
Higher income renters are the largest increase in renting households.

Housing Supply

House Sales are the largest component of short term supply and have been constrained since 2008 – there have been fewer houses to buy in Wellington – a constraint on housing choice. Residential Consents – have been decreasing since early 2000's and have been below levels required to meet population growth projections. Latest information shows a significant increase in 2016/17 with special housing areas being a significant component of this increase.

House Prices

Average house prices now increasing following a period when they have been relatively stable reflecting tight supply and increasing demand.



Wellington and Housing

Wider Factors impacting on the Housing Market

Mortgage interest rates are at a historical low point. If you can save for a deposit and service the mortgage, interest rates are not the issue.

Kiwisaver

Kiwisaver is now starting to have an impact on first home purchase assistance with 26,529 people withdrawing \$495 million in the year to June 2016 across New Zealand. There are 284,925 Kiwisaver members in the Wellington region or 11% of total members. Assuming the same regional share of withdrawals, approx. 2,800 would have withdrawn their Kiwisaver contributions in the Wellington region for first home purchases.

Migration

People are coming rather than leaving. Over the last 20 years, the region has not greatly been impacted by demand from international migration. There have been some small peaks of immigration in the early 2000's however since 2013 this has been replaced by stronger international migration primarily to Wellington City. Stats NZ classify a resident is a person who is living in New Zealand for 12 months or more including tertiary students and people on working visas.

While Wellington may be experiencing high external migration rates this does not immediately or directly translate into a similar increase in the number of dwellings in Wellington City. The nature of this immigration impacts on this (e.g. international students for instance) as well as vacancy rates or any surplus capacity is taken up first before there is a supply response.

However as a result there are more people competing for the same housing opportunities whether this is rental or owned.

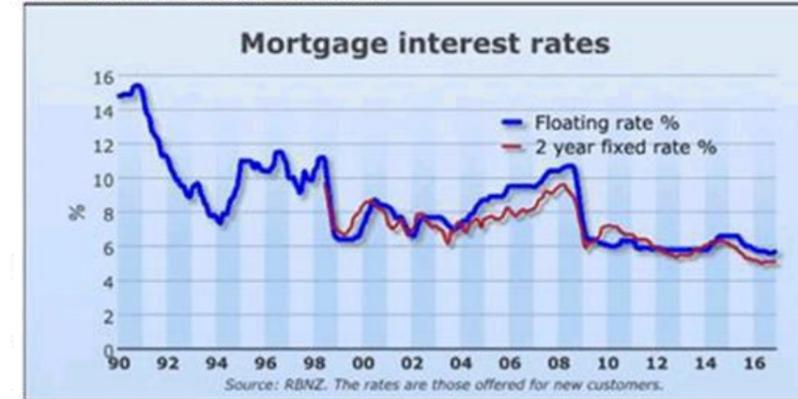
Social Housing Register

There is growing pressure in the social housing system within the region. This might be expected as a result of the increased pressure in the rental market with more people competing for few opportunities and consequent rental price rises. Regionally the share of households on the register has grown from 7% to 11% of the national total – although Wellington City has remained at 3 – 4% of the national total during this period.

Housing Quality

Rental quality remains an issue with higher proportions of housing being damp or cold.

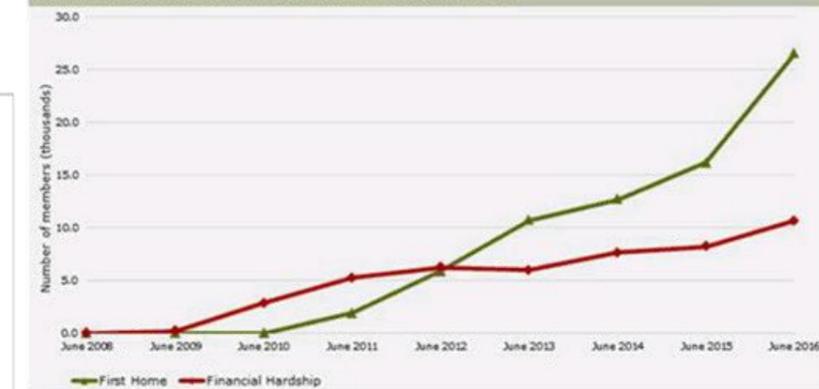
Fig 1 — Mortgage interest rates — since 1990



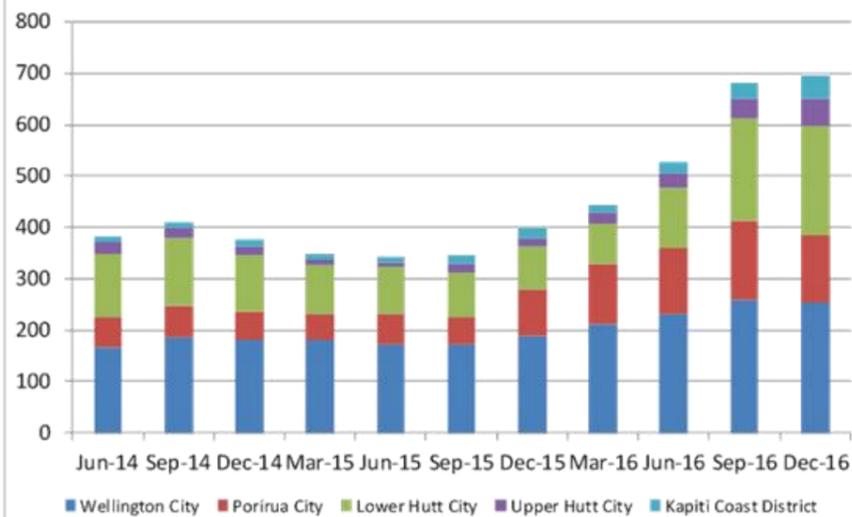
The graph shows the significant fall in mortgage interest rates that occurred from the early 1990s. Mortgage rates peaked at 20.5% in June 1987.

Funds withdrawn

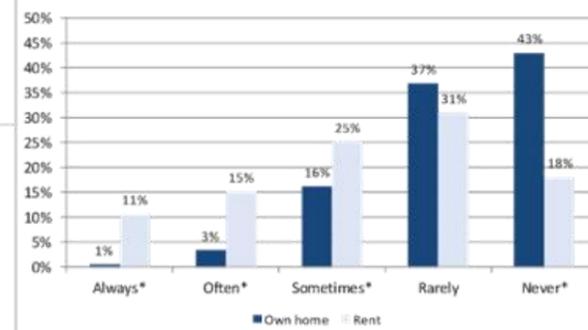
Number of Kiwisaver Fund Withdrawals, by withdrawal reason



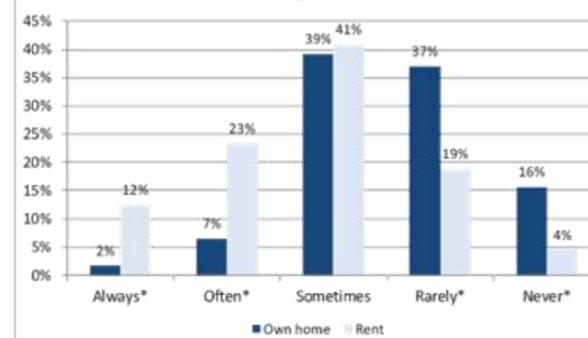
Social Housing Register - Wellington Region



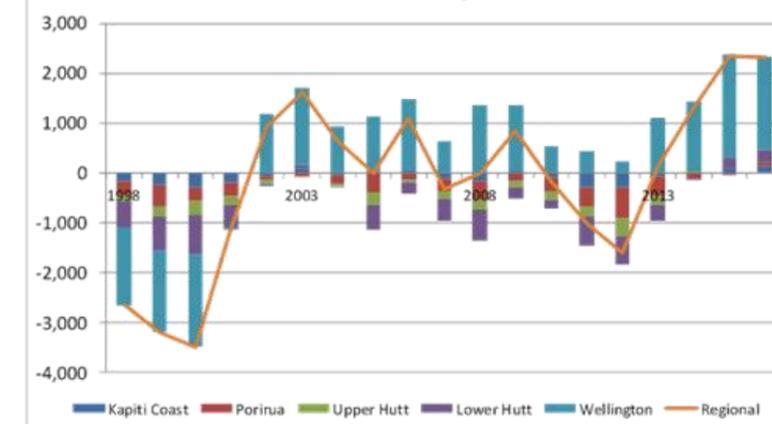
How often is your home damp?



How often is your home cold?

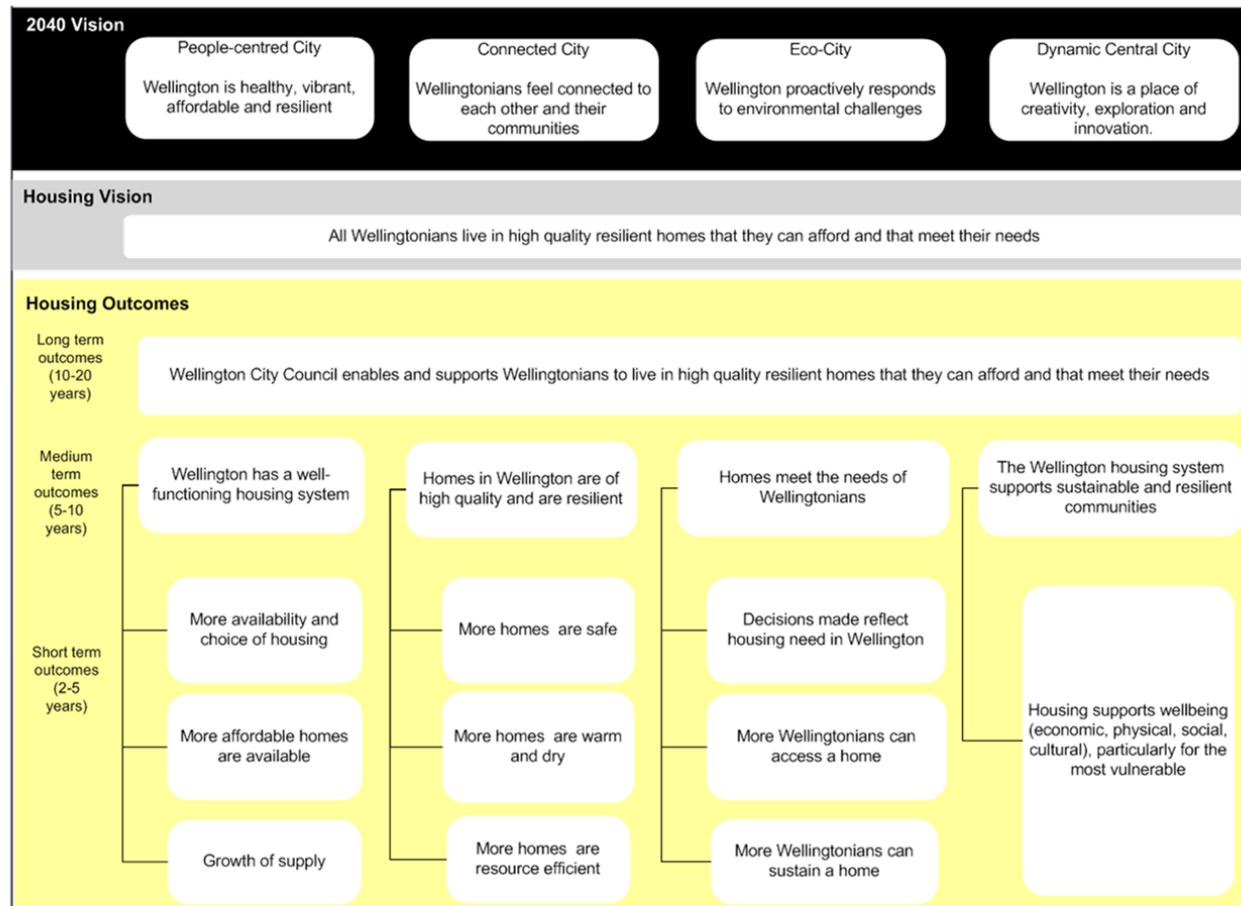


International Migration

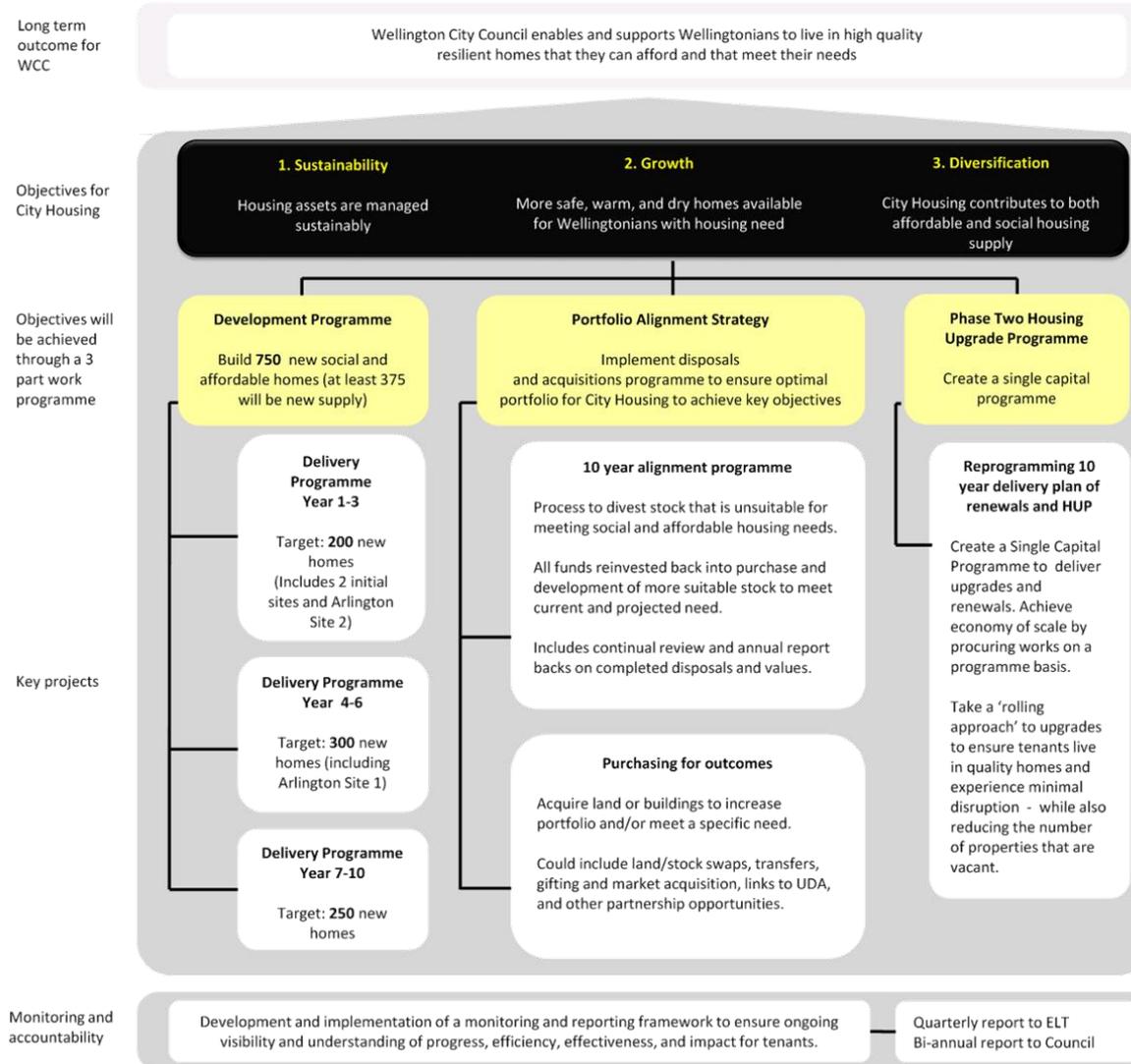


Appendix Two – Housing Framework overview

Housing framework



Appendix Three: Strategic Housing Investment Plan for City Housing (SHIP) 2017 – 2027



Key principles

1. Focus on affordability

Ensure the housing portfolio is financially sustainable and affordable for tenants.

Affordability is a key consideration for service delivery, upgrades, and developments.

2. Take a person-centred approach

Focus on tenant wellbeing, and supporting resilient and cohesive communities.

Understand tenant needs, and where and how they can be best addressed.

More focus on the impact our service has for different groups of tenants.

Service delivery more targeted to ensure more equitable outcomes for tenants.

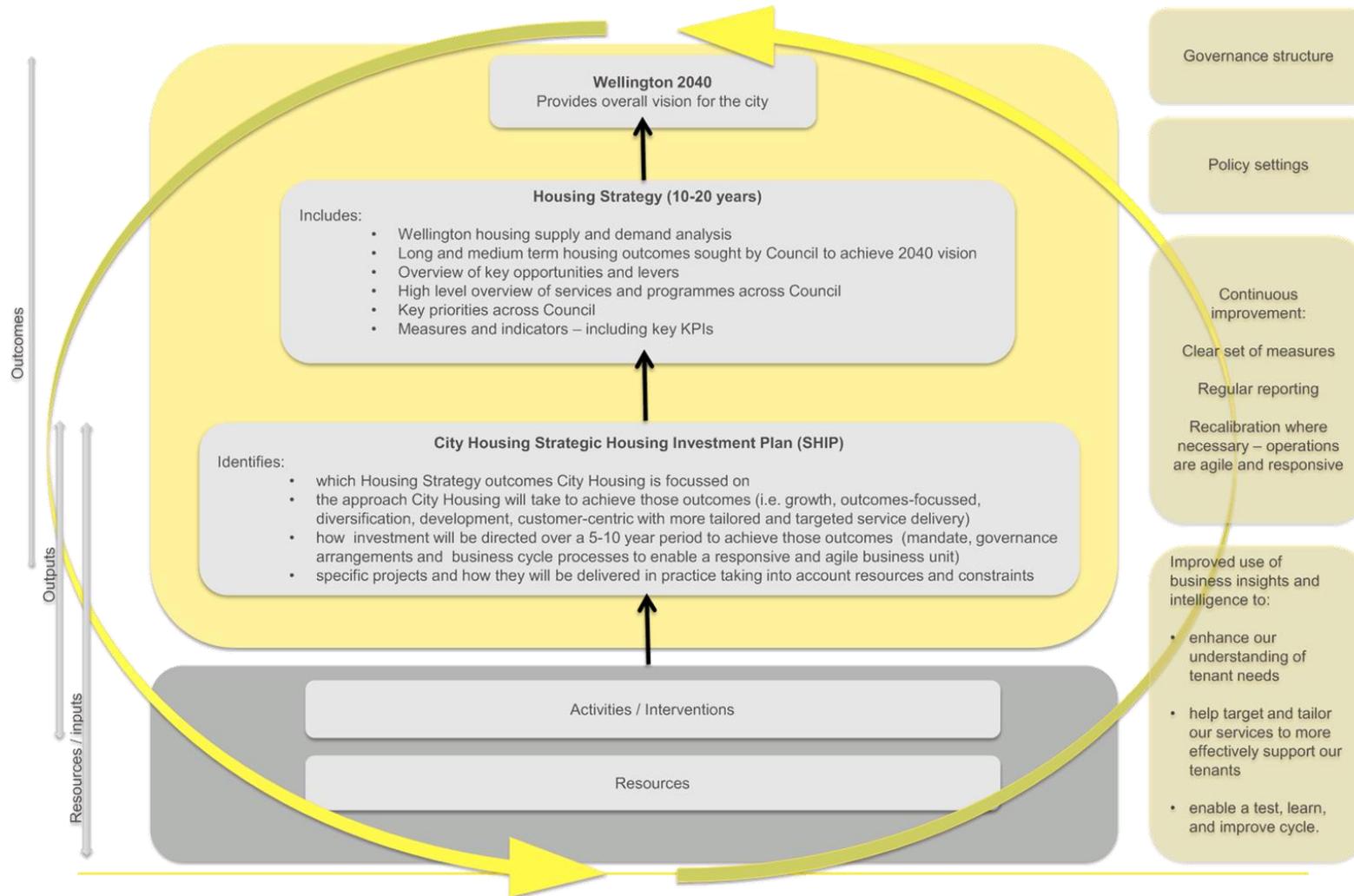
3. Create partnerships

Work in partnership to improve the lives of tenants, and to achieve more and different outcomes.

Contribute to a more joined-up sector.

4. Contribute to economic growth of Wellington

Enable opportunities for City Housing to more actively contribute to local economic growth e.g. key worker housing, consider UDA opportunities.



3. Public Excluded

Resolution to Exclude the Public:

THAT the City Strategy Committee :

Pursuant to the provisions of the Local Government Official Information and Meetings Act 1987, exclude the public from the following part of the proceedings of this meeting namely:

| General subject of the matter to be considered | Reasons for passing this resolution in relation to each matter | Ground(s) under section 48(1) for the passing of this resolution |
|--|---|---|
| 3.1 Arlington Site 1 Redevelopment | 7(2)(h) The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities. 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). | 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. |
