

Report of the Mayor's Housing Taskforce

JUNE 2017



Kia ora!

Wellington is the world's best city.

However, to keep it that way, we've got to solve the housing problems that are affecting our people.

It's clear that housing is the biggest challenge facing Wellington. It is imperative that we find innovative, affordable, and accessible solutions for our city.

Housing is a complex issue, and there will be more than one solution needed. We need to be pulling on every lever and be brave enough to try new things.

We established a Housing Taskforce to use the expert knowledge of the building industry, social services, public health sector, central government, and the property industry to address issues from across the whole housing continuum.

Part of the long-term solution will be a regional approach to housing, as well as a new partnership agreement with central government.

We want to commend the Taskforce for its ambitious and innovative recommendations that provide a comprehensive approach to the issues. We're proud to present these bold and forward thinking recommendations to Wellingtonians.

This independent report makes it clear there is work to do in several areas, but we are committed to leading this programme and are optimistic that we will solve the city's housing problems by delivering solutions with support from the housing sector.

Together, we will make sure Wellington remains a wonderful and liveable city with affordable, dry, warm homes for the people who live here.

Mayor Justin Lester

**Deputy Mayor Paul Eagle,
Mayor's Housing Taskforce Chairman**



Context

Wellington is undergoing a period of sustained growth, and as a consequence of this growth, faces a range of significant housing affordability and availability challenges. In addition to the current shortfall of approximately 3900 homes in the city, it is forecast that between 20,000 and 30,000 additional housing units will be required to meet the range of projected population growth to 2043. Other key housing drivers are the increasing diverse population and demand for different forms of housing. The city will undergo a shift as our population ages and by 2043 13.5% of city residents will be over 65, compared with 9.6% now. At the same time, the average household size will continue to shrink to about 2.5 people per household. The population in the central city, which grew by almost 100% between 2001 and 2013, is expected to increase further by approximately 84%, from 18,019 in 2013 to 33,150 in 2043. Together with the adjoining residential areas of Mt Victoria, Thorndon, Kelburn, Aro Valley, Mt Cook, Newtown and Berhampore, these areas will continue to attract the majority of renters, rental investors and young, non-family households. The majority of families will however still seek affordable options in the suburbs.

These changes in our population and demand for housing requires the city to adapt its housing stock and future housing to meet these needs, enabling housing in the right places close to the central city, services, community facilities and public transport. Wellington's vibrancy and liveability are key points of difference for the city. Bold ideas, action and leadership, which the city is known for, are required to ensure Wellington continues to build strong, resilient communities and remains an inclusive and affordable place to live, participate and prosper.

Introduction

Housing affordability is a nationwide issue and while Wellington has not yet reached the crisis situation of Auckland or Queenstown, it still faces a significant challenge. Adequate housing is a key aspect of Wellington's liveability, central to the city's ability to successfully function economically and an essential component in ensuring residents can live healthy and comfortable lives. The November 2016 earthquakes have reiterated the importance of housing and community resilience – and Council's role in ensuring that residents can afford safe, secure homes in connected, resilient communities.

Mandate

The Mayor's Housing Taskforce, an independent, cross sectoral group, was set up in October 2016 by the Mayor and Deputy Mayor to ensure critical experience and expertise was utilised to address one of the key strategic issues facing the city.

Members of the Taskforce were chosen specifically for their knowledge and expertise and represent the full spectrum of the housing sector. Membership is detailed at Appendix One.

The Taskforce met four times:

- **December 2016** – to discuss the general housing situation in Wellington and the varying perspectives of Taskforce members.
- **March 2017** – to agree the specific details of the problems to be addressed.
- **April 2017** – to discuss a range of potential responses – projects, programmes and policy changes.
- **June 2017** – to consider and agree the recommendations of the Taskforce.



In addition, Deputy Mayor Paul Eagle hosted the Wellington Housing Forum in May 2017 which was attended by over seventy representatives from across the housing sector in the city. Key issues raised in that forum have also been taken into account in developing the draft recommendations.

As Chair of the Taskforce the Deputy Mayor will present the recommendations to the Council's City Strategy Committee in August 2017 for consideration and agreement. If agreed by Committee, then specific programmes, projects, policy amendments and financial considerations will be developed for inclusion in the 2018-28 Long Term Plan.

Vision and Goals

The primary goal of the Taskforce is to recommend strategic approaches and specific projects to realise a city vision of "All Wellingtonians Well Housed". With an aim of building resilient communities through providing a full range of housing affordability and availability opportunities, the Taskforce was

asked to recommend solutions and build consensus around issues including:

- Providing targeted solutions to address all forms of homelessness in the city.
- Rental affordability issues, including security of tenure issues.
- Housing affordability schemes for first time buyers and key worker groups.
- Affordability issues for existing owners in the face of resilience, earthquake prone, leaky building and other maintenance issues.
- The future provision of the city's social housing.
- Housing density and planning.
- Examining housing quality and resilience issues, including the trial of a warrant of fitness applied to rental housing.
- How initiatives will be implemented and actioned.

Taskforce Approach

Why do Housing outcomes matter?

Towards 2040: Smart Capital	Implications for housing
Connected City: the city's compact form is one of its key strengths and allows for relationships between individuals and communities to form with ease.	Want residential development to occur in ways that protect the best of Wellington's existing natural, built and community environments while providing for population growth.
People-centred city : Cities compete for people, in particular for the highly skilled, educated people who already make up a large proportion of Wellington's population. It will become increasingly important to build on these strengths to ensure the city is open, welcoming, vibrant and embraces diversity.	Want a city that puts people's housing needs front and centre of the city priorities – a place that is welcoming and friendly, provides a range of appropriate opportunities for all, strong neighbourhoods and communities, and embraces differences and changes. Want lower income earners, support workers and students to be able to afford to live in Wellington City.
Dynamic Central City: the central city as a hub of creative enterprise. With universities, research organisations and creative businesses all clustered in or near the central city – alongside a range of related service and support industries – Wellington can grow, taking the wider region to the next step in prosperity and jobs.	Want to provide a range of appropriate housing opportunities for all needs, including providing for those currently excluded from the benefits of economic growth and quality housing.
Eco-city –Wellington will achieve high standards of environmental performance, coupled with outstanding quality of life and an economy increasingly based on smart innovation.	Want Wellington's housing to be resilient to the rigours of its geological and natural environments and to contribute to an environmentally sustainable city.

Demand and Supply – Critical Issues

Demand will grow

1. Due to population growth – forecast population growth, from around 210,000 today to between 250,000 and 280,000 by 2043. They will require between 20,000-30,000 additional housing units.
2. From key workers attracted by Wellington’s growing economy and population who want to live in rather than commute into Wellington.
3. For smaller residential units:
 - From students, as education institutions continue to be successful in attracting students from elsewhere.
 - From graduates and other young adults at the start of their careers.
 - From changes to family and household living arrangements linked to an aging population.
4. For more affordable rental housing and home ownership options.
5. For better quality housing from rising consumer expectations and regulatory requirements, increased demand for more environmentally friendly homes, and for dwellings more resilient to seismic and other natural hazard risks.
6. For emergency and/or supported housing and social housing from a growing number of persons and families facing housing and social exclusion and deprivation.

Supply will be constrained

Supply recently has not matched demand, which in turn means that:

1. Housing affordability overall is deteriorating
2. There is a particular shortage of affordable rental housing for lower income households.
3. House sales have been constrained, limiting options and increasing competition for housing.
4. Housing supply is unable to comfortably absorb the inflows of people migrating and moving to Wellington.
5. The shortage of affordable housing is in turn putting pressure on social housing creating a need for more emergency housing while long term housing solutions are found for vulnerable individuals and families.

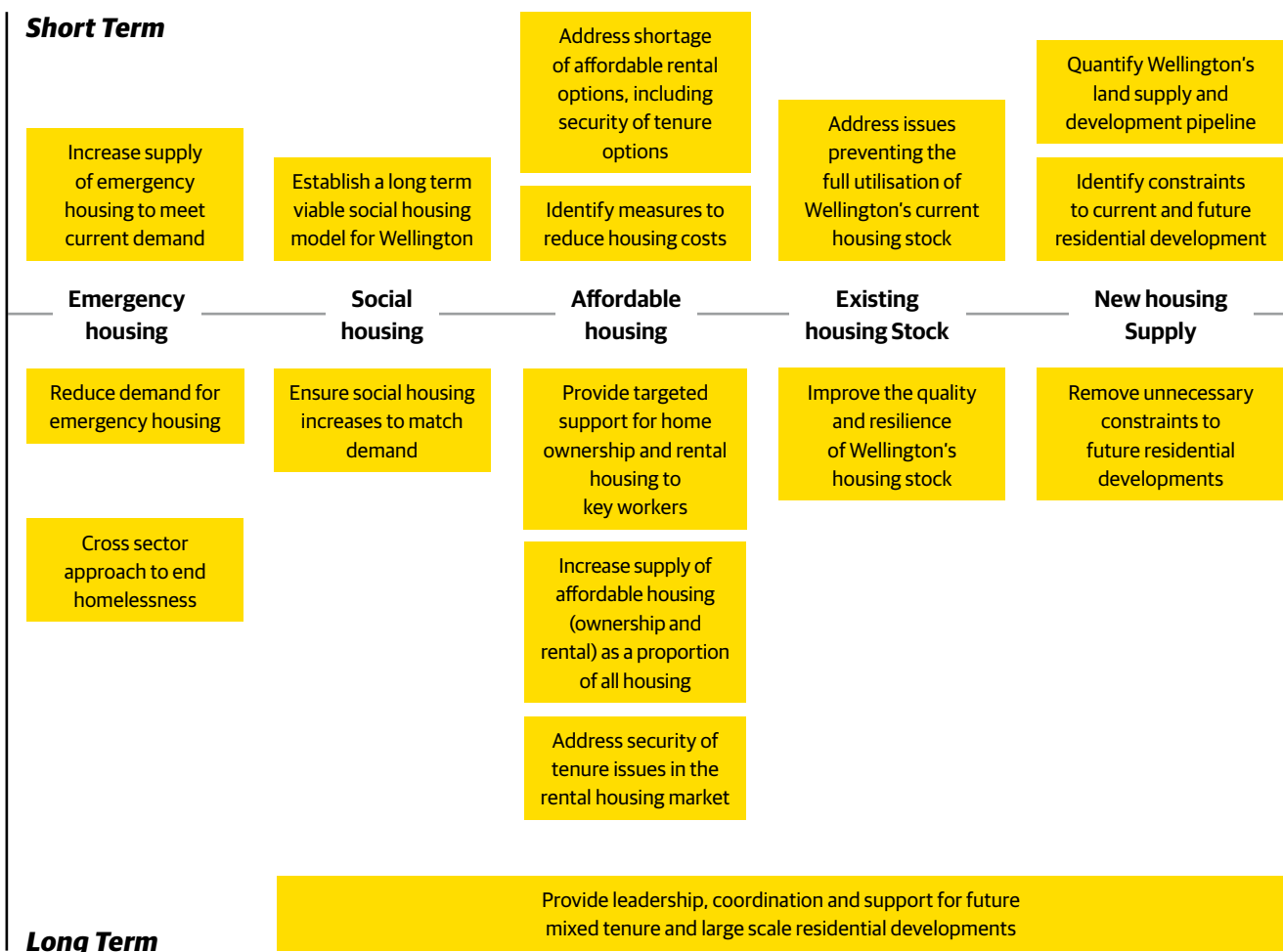
6. There is increased over-crowding, with some of the most vulnerable families living in poor quality housing which impacts on health and wellbeing, reducing resilience and impacting on employability.
7. Some families are finding themselves trapped in a cycle of continually deteriorating living circumstances as rents increase, security of tenure becomes increasingly uncertain and access to employment, education and other services becomes harder.

Constraints to be addressed

A number of related issues constrain and/or add to the cost of new housing supply:

1. No agency has statutory responsibility (and the resources that go with this responsibility) for leadership in addressing homelessness.
2. Delays in joint regional and nationally funded transport projects necessary to unlock green field and brown field sites for development (Grenada-Petone link).
3. Impediments or commercial disincentives on the small number of owners of large green field sites to release sites for development.
4. Difficulties of aggregating land for larger scale brown field development.
5. Costs of building on difficult sites, eg in-fill on back sections, or steep hillsides .
6. Time taken to gain resource consents and/or building consents at scale.
7. Costs of meeting regulatory and/or consumer requirements for quality and resilience.
8. Labour, skill and other input shortages which may impact on construction timeframes.
9. Developer and investor expectations to achieve a certain rate of return on investment, and to optimise cashflows.
10. Any other planning or regulatory obstacles or delays to development including heritage protections.
11. Other risks faced by developers, eg insurance, financing .

Key objectives of Wellington's housing strategy?



Formulating the strategy

Three key pillars for Council to deliver on the Taskforce housing objectives

The Taskforce believes that success is most likely to occur where the issues of housing are collectively addressed, therefore a collective impact approach is recommended. The objective of this initiative would be to lead and co-ordinate the housing solutions for Wellington which involves all parties.

The Council is in a position where it can provide leadership on this issue and has a number of critical roles which can catalyse change across the housing continuum and provide

the environment for change. The Taskforce encourages the Council to take a strong leadership role based on the following three key strategic planks:

1. Leadership within the sector

Develop a Wellington Housing Strategy and associated Action Plan, to adopt and give effect to the Taskforce vision of "All Wellingtonians Well Housed", to define all parties' interpretation of what housing affordability means in Wellington and to clearly articulate the Council's role in, and approach to, increasing housing supply across all aspects of the housing continuum, with specific projects, programmes, incentives, investments and policy changes to be included in the 2018-28 Council Long Term Plan.

2. **A partnership approach with Central Government**

Negotiate an agreement (a “city deal”) to ensure a partnership approach with Housing New Zealand Corporation and other Government agencies on the development and provision of additional social and affordable housing opportunities over the next thirty years. This will also include advocacy to central government on potential regulatory and legislative changes that would have an impact on the provision of housing opportunities in Wellington.

3. **A partnership approach with Iwi Partners, the Community Sector and private sector partners including developers, builders and other key parties**

To deliver the vision of “All Wellingtonians Well Housed” that Council take a collective impact approach and work with Iwi Partners, Community Housing Providers and the private development sector to grow the capacity of the housing sector to deliver and manage more social and affordable housing opportunities.

Draft Taskforce Recommendations

Recommendations focus on those areas where Council, Iwi Partners, Central Government and the broader housing sector across the city can affect the greatest level of change and are set out to reflect the full range of housing issues facing the city:

1. Leadership, Advocacy and Government Relationships
2. Addressing Homelessness
3. Social Housing
4. Housing Affordability – both rental and ownership
5. Housing Regulation
6. Housing Quality and Resilience

Leadership, Advocacy and Government Relationships

Leadership on housing issues

The Taskforce recommends that the Council uses its role as a leader in the city to drive the development of the Wellington Housing Strategy (the Strategy) and Action Plan. The objective would be to lead and co-ordinate housing solutions for Wellington and involve all parties.



The Taskforce recommends using a collective impact approach, recognising the range of partners, the expertise, relationships and opportunities in this space. A key component will be to develop a set of principles with a coherent framework to ensure there is understanding and agreement between all parties. This will establish a solid foundation and confidence to enter into agreements and partnerships with other sectors and parties focused on solving the housing issues.

The Strategy would clearly define and express a city vision of "All Wellingtonians Well Housed". The Action Plan would clearly articulate each party's role in, and approach to, increasing housing supply across all aspects of the housing continuum, with specific projects, programmes, investments, incentives and accountabilities. For Council it would also include and investments and policy changes to be included in the 2018-28 Long Term Plan.

The Strategy and Action Plan would incorporate the details required for Addressing Homelessness, Social Housing, Housing Affordability – Ownership and Rental, Housing Regulation, and Housing Quality and Resilience.

There are several critical desired outcomes:

- A clear vision and action plan focused on delivering results with targets, timeframes, priorities and accountabilities.
- Create an agreed framework and principles of how all the different parties will work together, so that the different skills, perspectives and attributes can be used synergistically.
- The ability to create a structure to test and develop new ideas and initiatives.
- To ensure the focus is a Wellington wide solution, and that it has a long term non-political focus to resolving critical issues.
- Clear communication channels to ensure Wellingtonians are part of this journey.
- Ensure that Wellingtons' communities are strengthened as these changes are implemented and actioned.

Central and Local Government Relationships

To progress the partnership approach the Taskforce recommends Council negotiate a new partnership agreement on housing with Central Government (a "city deal" to include, but not be limited to:

- Progressing accelerated supply of affordable housing – rental and affordable ownership.
- Partnering with Housing New Zealand Corporation and/ or other Government housing entities for the appropriate combined or joint provision of new social, emergency and supported housing across the city to meet genuine need of vulnerable people and families.
- Working more closely with other local authorities in the region, to meet the need for social and affordable housing.
- Enabling data sharing between Government Departments, Ministries and Councils in the Wellington region to define the scale of the need for social housing, now and in the future.
- Advocate to Government for legislative changes to enable higher standards of housing to be required for existing and new builds.
- Advocate to Government for legislative changes to guarantee greater security of tenure in the housing rental market – ensuring 'houses' become 'homes' for all Wellingtonians.
- Advocate to Government for a national and joint approach to end homelessness – recognising that homelessness affects a broad range of people and that it requires solutions that are appropriate to need.

Additional leadership opportunity for Council

The Taskforce recommends that in developing the Strategy Council assesses its own internal practices and policies to deliver the Strategy and its vision.

- Revisit all related Council policies that underpin the vision, incentivise development through investment in associated infrastructure and include a set of target results based on agreed measures of what success looks like, with a clear commitment to measure and regularly report against those targets.
- Undertake a full analysis of the impact of Council's ratings policies, development contributions levies and other regulations which provide financial incentives or disincentives for land development and housing supply whether that be in the areas of investment, development (new/conversion/upgrade), ownership, sale or rental. This review should also consider options around financial mechanisms for Council to capture value from private development at the time the value is realised.



- Refocus internal Council teams and establish external vehicles where necessary to access the appropriate functions to build more housing. The focus will be on delivering at scale, ambitious targets, with regular measurement and reporting against those targets.
- Undertake a review of procurement practices as they relate to housing supply to ensure that these support accelerated progression of the Strategy objectives, including engagement with the market (investors, financiers, developers, constructors, Community Housing Providers (CHPs) inter alia) to understand best practice and better enable and support transactions that are good deals to all parties.
- Investigate releasing Council - owned land for development and ensure that the District Plan and other plans provide sufficient land for residential development.

Addressing Homelessness

The Taskforce recommends that Council lead work to ensure homelessness is rare, brief and non-recurring by progressing the following:

- **Rare** – Engage with the Community Sector to understand the needs of everyone who experiences homelessness and be courageous in developing innovations needed to address this as a problem.
- **Rare** – Prioritise people considered hard-to-reach, vulnerable and marginalised i.e. rough sleepers, and ensure they have sustained support and transition services that will help them move from the street to being housed.

- **Brief** – Establish action-oriented, broad partnerships to provide resources as well as effective and fast-track services for those who experience homelessness.
- **Non- Recurring** – Central and Local Government to implement an incentivised scheme for the private sector landlords and philanthropic investors e.g. rental guarantees, tax reductions, rates rebates and support packages. Make housing the homeless attractive to those who can make a difference.
- **Non-Recurring** – Ensure there are pathways for those who are chronically homeless so they are able to sustain their tenancies in long-term situations.

Social Housing

The Taskforce recommends that Council progress the following:

1. Refurbish and retrofit existing inner city buildings to provide additional social housing units in the central city.
2. Work with MSD and the Community Housing Sector to better understand what other services are necessary when looking at social housing from a social investment perspective.
3. In partnership with Central Government and CHPs increase the number of social units in the city to support the needs of the most vulnerable.
4. Support the growth in capacity and capability of the CHP sector, which is required to move towards a system change that enables CHPs to deliver social housing at scale.
5. Ensure that social housing provides a sustainable housing solution – when developing social housing input is required from tenants, community groups, and the wider community so that it better meets tenant needs.

Housing Affordability - ownership and rental

The Taskforce recommends that Council progress the following:

1. Actively work with CHPs, 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.

- Showcase examples of affordable housing so that residents understand what good quality affordable housing looks like.
 - Support the growth in capacity and capability of the CHP sector, which is required to move towards a system change that enables CHPs to deliver affordable housing opportunities at scale.
2. Identify and work with partners who can develop and introduce a range of tools such as shared equity, rent to buy, co-housing or other affordable housing mechanisms into the Wellington housing market.
 3. Investigate the potential of a range of measures to promote the development of affordable housing including inclusionary zoning to incentivise mixed developments.
 4. Refocus the Housing Accord to ensure that future developments with Special Housing Area designations include affordable housing.
 5. Investigate ways the Council can work with land developers and other councils in the greater Wellington region to:
 - Ensure a consistent pipeline of available and affordable land over time.
 - Work with the construction and training sectors to enable the industry to recruit and retain the necessary skills to deliver housing at scale.
 6. Investigate options for greater tenure security that meets the requirements of both tenants and landlords.



Housing Regulation

The Taskforce recommends that Council progress the following:

1. Measures to:
 - Implement the "one stop shop" concept to improve and speed up the time to market from when a developer lodges initial plans with Council. The Taskforce challenges Council to reduce the time required to complete all parts of the consenting process – from resource and building consents through to Code of Compliance Certification.
 - Establish a Design Review Panel and utilise other consenting models that support new, lower cost construction models which are able to be quickly consented by Council.
 - Ensure the planning environment allows for smaller homes on smaller lots, which are lower priced and more compact.
2. The Council to ensure the District Plan and Wellington Urban Growth Plan (2015) provide sufficient zoned and serviced land to meet the present and future housing needs of the Wellington population.
3. That Council notify District Plan changes that will:
 - Increase housing development potential and densities in Residential Areas.
 - Reduce the requirements for on-site carparking in new housing developments where public transport is readily available, or will be made available at time of occupancy.
 - Increase building height limits and remove the building mass rule (which only allows 75% of sites to be covered in buildings up to the maximum permitted height) so that additional development rights and more apartments can be built on sites.
 - Make retirement villages a permitted activity in all residential zones.
4. Review the 'Code of Practice for Subdivision and Urban Development' and put in place measures to ensure a more flexible and consistent approach to implementing roading and infrastructure standards relating to resource and building consents.

Housing Quality and Resilience

The Taskforce commends the Council for its commitment to improving the quality of rental housing, including private rental housing. The Taskforce recommends a multi-faceted approach to make Wellington homes warm, safe and dry, including:

1. Develop a Wellington City housing quality standard framework to support the Council's work to improve the safety and quality of Wellington's homes.
2. Investigate mechanisms for voluntary inspections of new and existing builds, and implement a pilot to trial.
3. Develop and provide information about what a quality house looks like. This needs to make easy to understand information available to property owners and tenants about how to make a home warm, safe and dry. It should include minimum legal standards, best practice, a range of options and where possible an estimate of costs so owners can plan.
4. Work with landlords and developers to determine whether incentives and assistance would be required and what would be effective if a housing quality standard is introduced. This could tie in with work with landlords and tenants to develop a model for longer term tenancies.
5. Investigate ways to recognise positive landlord/tenant behaviour, and encourage a positive relationship between the two groups. Options include news stories/landlord of the month awards.
6. Explore the range of tools available to incentivise and/or introduce a rental warrant of fitness and associated inspection scheme – eg rates rebates, legislative tools.

Appendix One

Members of the Housing Taskforce

Deputy Mayor Paul Eagle, Chair

Stephanie McIntyre, Downtown Community Ministry

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