
REPORT 1

PROPOSED HOUSING ACCORD FOR WELLINGTON CITY

1. Purpose of report

This paper recommends that the Council enter into a Housing Accord with the Crown and agree to the proposed Wellington City Housing Accord attached as Appendix One. The proposed Accord in Appendix One has been agreed by Cabinet.

2. Executive summary

The Housing Accords and Special Housing Areas Act 2013

A Housing Accord is an agreement between the Council and the Crown to increase housing supply and improve housing affordability. Housing Accords are provided for under the Housing Accords and Housing Areas Act 2013 (the Act). The Government can enter into an Accord with a region or district that is experiencing housing supply and affordability issues.

Councils that enter into a Housing Accord can access new powers under the Act that accelerate consenting and limit the appeals process. Special Housing Areas can be identified, and qualifying developments within these areas can be built under the consenting and appeal rules of the new powers.

The Proposed Wellington City Housing Accord (the Accord)

Wellington City needs more houses and 7,000 new houses could be built in the City over the next five years under the terms of the proposed Accord.

It is estimated that over the last five years, around 3,800 fewer houses were built than is the historical average for the City, and our population and housing demand is continuing to increase. This can be attributed primarily to the downturn in development as a result of the global financial crisis. To attract and retain people and businesses and to support economic growth, we need a good supply of housing. Government and the Council agree that action is required now. Consequently, Wellington City has been recognised as a district experiencing housing issues identified in Schedule 1 of the Act.

Council officers recommend that you agree the Accord that sets out how the Council and the Government will work together to increase housing supply and improve housing affordability. The Accord also sets out ambitious targets for accelerated development, that mean the historical average number of houses built per annum would need to roughly double each year for the next five years.

Benefits

Entering into an Accord will send a proactive signal to Wellingtonians and the housing market that housing is a priority for the Council. Officers consider that the new powers could bring more land to market than would otherwise be the case.

This will mean the ratepayer base will grow. For developers this means a more cost efficient process to bring land and properties to market. For our community this means more people can own their own home.

Issues

Our communities are likely to be concerned about where Special Housing Areas and development will occur. To mitigate these concerns, officers recommend Special Housing Areas be identified in stages with the first set of areas announced in our existing growth areas where extensive consultation has already been undertaken about development. Additional Special Housing Areas could be considered and consulted on over time.

However, entering into an Accord and identifying Special Housing Areas alone may not accelerate the housing development needed in our City. In particular, if Special Housing Areas are only identified in our growth areas, where consenting is already relatively permissive, it is unlikely that we will achieve the scale of development needed. Further, developers have told us that a package of incentives and a streamlined approach to working with them across all interactions with the Council, not just resource consenting is required. New areas may also need to be identified and consulted on in order to achieve the target set out in the Accord and incentives¹ may need to be considered.

Risks (Targets may not be met).

The targets set out in the Accord are ambitious and achieving these targets would mean that the historical average number of houses built per annum would need to roughly double each year for the next five years.

However, developers may not consider the new legislation enough of an incentive to accelerate the scale of development required to achieve these targets. Further, the housing market is complex. Other factors outside of the Council's control such as access to finance, and the capacity of the building sector will affect our ability to achieve these targets.

To mitigate this risk, both parties to the Accord acknowledge that the targets are ambitious. The Accord also provides that a governance joint steering committee be established comprising of: the Minister of Housing and the Mayor and Deputy Mayor of Wellington City. This Committee would have powers to renegotiate targets.

¹ Incentives may be financial or non-financial. Incentives are defined as broadly meaning encourage, remove barriers, be open for business and make working with the Council easy.

By September 2014, officers will also provide a report the Transport and Urban Development Committee on further options to incentivise development. Incentivise is defined as broadly meaning encourage, remove barriers, be open for business and make working with the Council easy. Incentives therefore may be financial or non-financial. Advice provided by officers will also consider what the Council may require from developers in return for any incentives provided.

It is important to note, that if despite the Council's best efforts, targets are not met and no agreement is reached to renegotiate the targets, the Government may terminate the Accord. If the Accord is terminated, the Minister of Housing may identify Special Housing Areas at his discretion and the Chief Executive of the Ministry of Business, Innovation and Employment (MBIE) may be empowered to process all resource consent applications.

Similarly, if an Accord cannot be agreed, the powers to identify Special Housing Areas and process resource consents may be exercised by the Minister of Housing and the Chief Executive of MBIE, respectively.

Consultation

It is also important to note that the new powers are not about rushing decisions or forcing decisions through without good engagement and consultation with our communities. In fact, the new powers have the potential to signal development early in the process, allowing for early engagement and consultation before decisions are made rather than afterwards when objections result in time consuming litigation that is expensive for the Council, our communities and developers.

Implementation and next steps

If an Accord is agreed, officers will report back to the Transport and Urban Development Committee in August or September 2014 on possible incentives and on the process to identify potential new Special Housing Areas, including advice on the level of consultation that may be required. Officers will also develop a communications plan and project plan to guide the implementation of the Accord for the consideration of the Committee.

3. Recommendations

Officers recommend that the Council:

1. *Receive the information.*
2. *Note that Wellington City has been identified in Schedule 1 of the Housing Accords and Special Housing Areas Act 2013 as a district experiencing housing supply and affordability issues.*
3. *Note that the targets set out in the Accord are ambitious and may not be met.*

4. *Note that the Wellington City Housing Accord appoints the Mayor and Deputy Mayor of Wellington City to the joint governance steering committee that will oversee the implementation and monitoring of the Accord.*
5. *Agree to the proposed Wellington City Housing Accord, attached as Appendix One.*
6. *Agree that Mayor of Wellington City Council be delegated to sign the Wellington City Housing Accord on behalf of Council.*
7. *Agree that the Mayor and the Chief Executive be delegated to approve minor editorial amendments to the Wellington City Housing Accord prior to it being signed.*

4. Background

Government and territorial authorities around New Zealand have been increasingly concerned about the supply and affordability of housing. An adequate supply of housing, including affordable housing, is essential to maintaining a well-functioning, dynamic city with a strong economy and healthy communities.

4.1 The Government's Housing Affordability Programme includes a focus on accelerating housing supply through changes to regulation.

The Government believes that streamlined regulation will bring land to market for housing, and that increased supply will generally result in greater housing choice and affordability.

As part of the Government's housing affordability programme, in 2013, they passed the Housing Accord and Special Housing Areas Act (the Act). The Act seeks to increase land supply and improve housing affordability by providing more permissive consenting powers to Councils. Powers include the ability to accelerate the resource consenting process, accelerate plan change decisions and limit notification of developments. The Act also reduces the right to appeal decisions made by the Council under the Act.

To access the powers under the Act, the Minister of Housing must be satisfied that a district or region is experiencing housing supply and affordability issues. A Housing Accord between the Crown and the territorial authority, of that district or region, must also be agreed.

A Housing Accord is a short-term agreement that sets out how the territorial authority and the Crown will work together to improve housing supply. The Accord also sets out targets for development in the short to medium-term.

Once a Housing Accord has been signed, qualifying developments within Special Housing Areas may be progressed using the powers under the Act.

The Council can recommend Special Housing Areas to the Minister of Housing. The new consenting powers will only apply in Special Housing Areas declared by an Order in Council.

4.2 Wellington City Council's Housing Programme focuses on a broad range of housing issues.

The Council already plays a significant role in the Wellington housing market from regulator to provider. The Council is also implementing a Housing Action Plan to address the housing challenges facing Wellingtonians. This Programme includes initiatives to improve housing quality, increase housing supply and affordability, and provide greater housing choice in Wellington City.

A Housing Accord between the Crown and Wellington City Council can provide another tool as part of the Council's Housing Action Plan for the Council to facilitate development that is aligned with the Council's policies and regulatory framework, including the District Plan.

4.3 Does Wellington City need a Housing Accord? Yes, as one tool together with other initiatives to encourage development.

Wellington needs more houses. It is difficult to quantify housing demand in the City, as our housing market is influenced by the entire Wellington region. However, house prices and rental prices are good indicators of demand, and prices are rising in our City. It is also estimated, based on population statistics and the number of dwellings that have been built over the last decade, that Wellington City has a housing supply shortfall of around 3,842 dwellings². It is also anticipated that the need for housing will increase as the City's population grows and household numbers grow. It is expected that our population will grow at a rate of 0.7 percent per annum until 2043 when it is estimated that around 246,692 people will live in the City³. Although our City is not experiencing the same level of housing issues faced in Auckland and Christchurch, we need to meet demand from growth or house prices and rents will increase.

Further, in the 2014 Demographia International Survey, the Wellington region was rated 'severely unaffordable' as the median house price was 5.5 times the median income⁴. Estimates also indicate that the median house price in Wellington City is 5.8 times the median income. However, it is noted that there is a range of housing choices across the region.

A Housing Accord is one step to improve housing supply. A proposed Accord is attached in Appendix One for your consideration.

² Forecast. Id. <http://forecast.idnz.co.nz/wellington>. This is based on historical averages.

³ *ibid*

⁴ 10th Annual Demographia International Housing Affordability Survey: 2014. Ratings for Metropolitan Markets. Authors: Wendell Cox and Hugh Pavletich. <http://www.demographia.com/dhi.pdf>

5. Discussion

5.1 What is proposed in the Wellington City Housing Accord (the Accord)?

The Accord describes how the Government and the Council will work together to increase housing supply and improve housing affordability. It includes:

- a set of principles to guide the working relationship between Government and the Council to achieve the objectives of the Accord
- actions and commitments to achieve the objectives of the Accord
- targets
- processes around governance of the Accord, and on how officials will work together to achieve the objectives of the Accord and monitor the progress.

Principles

Principles include that the Government and the Council will: work collaboratively, allocate appropriate resources, prioritise achievement of the Accord targets, adopt a no surprises approach and seek to resolve differences quickly.

Actions and Commitments

Under the Accord the Government and the Council agree to:

- incentivise⁵ developers to prepare their land and build houses more quickly than has been the case over the last three years
- ensure development provides a mix of house types to be sold at different price points
- seek opportunities to streamline regulatory processes.

If the Accord is agreed, officials from MBIE and the Council will work together to develop a more detailed action plan to achieve these commitments. The Council will also approach the Greater Wellington Regional Council to discuss opportunities to work together to achieve the objective of the Accord. The details around what actions may encourage faster development and streamline the regulatory process are discussed later in this paper.

Processes around Governance

A Joint Steering Group will be established to oversee the implementation of the Accord. The Steering Group will be comprised of: the Minister of Housing, the Mayor and the Deputy Mayor of Wellington City Council.

To operate this Accord, the Council and Government will also establish an officials working group, which will meet and form sub groups as necessary to meet the objectives of this Accord. This group will report to the Steering Group

⁵ Incentives may be financial or non-financial. Incentives are defined as broadly meaning encourage, remove barriers, be open for business and make working with the Council easy.

and will prepare progress or monitoring reports at the requested of the Steering Group.

Targets

The Accord sets ambitious targets that seek to build 7,000 household units over the next five years. If successful, this would mean that development in the City would double over the next five years⁶.

It is noted that the private development and property market play a significant role in housing. Access to finance, inflationary pressures brought on by building sector capacity shortages will also be factors beyond the Council's control that could affect our ability to meet the targets.

The Government and the Council will work together in good faith to achieve these targets. The targets will be reviewed annually, subject to reports on progress and the state of the building/construction sector. The Joint Steering Group also has the ability to amend the Accord, including targets.

The targets set out in the Accord are outlined in the following table.

Targets – total number of sections and dwellings consented. Each year.				
Year one	Year two	Year three	Year four	Year five
1,000	1,500	1,500	1,500	1,500

Note: Sections measured at point of resource consent and dwellings measured at building consent.

How were these targets determined?

The objective of these targets is to ensure that enough houses are built over the next five years to eliminate the shortfall of housing in Wellington City and to meet estimated demand from population growth.

The shortfall in houses has been determined using population statistics that show 13,565 houses were required to service population growth between 2001 and 2013. However, only 9,723 houses were built, resulting in a deficit of 3,842 houses. To address this deficit within the next five years, approximately 770 houses need to be built per annum. In addition, to meet demand from population and growth in household numbers, it is estimated that a further 715 houses need to be built per annum. Consequently, it is anticipated that around 1,500 new houses are required each year and targets have been set to meet this requirement.

⁶ The average number of dwellings built per annum over the last ten years was 714. In the last 5 years, this average fell to 542 dwellings per annum. In 2008, the City's most active year of construction, 1,052 dwellings were built.

5.2 If an Accord is agreed, what will be different?

Resource consents

Currently, under the Resource Management Act, persons who could be adversely affected by a development are notified of the development application and can make a submission on the resource consent application. This is called a limited notification resource consent application. These applications are required to be processed within 70 working days⁷ of the application.

Applications can also be fully notified and any member of the public can make a submission. Submitters on limited and fully notified applications then have appeal rights to the Environment Court.

Under the Act, applications will generally be processed on a non-notified basis. Where development is likely to adversely affect neighbours or infrastructure providers (e.g. NZ Transport Agency), the Council must 'limited notify' the application and process it within 60 working days. The Act does not allow applications to be fully notified.

Resource consents and plan change requests

If the resource consent application is combined with a plan change (or variation) request, the Act requires the application to be processed within **130** working days. Currently it can take anywhere between 6 months, for minor changes, to 3 years for complex change requests to be processed.

Appeals

Under the Act, there are no rights to appeal decisions to the Environment Court; however submitters may seek a judicial review at the High Court.

5.3 What are the benefits of entering into an Accord?

If successful, the Accord is likely to increase development in the City. The shortfall of houses in the local market will be addressed and Wellington will have a well-functioning housing market that will help retain and attract people and businesses in the future. Development will also contribute to growth through construction activity and housing affordability will improve.

Providing clarity and certainty to developers on Council's expectations is a key benefit. The Accord also brings forward consultation on development so that people can have their say on where development should be progressed early in the process when Special Housing Areas are identified. This means the process will be faster and there will be less expensive, drawn out litigation associated with plan changes.

Essentially, the Accord is about getting the balance right between ensuring that people who are directly affected by a development can have their say and encouraging development. This will be done by providing greater certainty to developers around the consenting process through reducing timeframes for consenting decisions, which in turn will reduce compliance costs.

⁷ Except for excluded time periods as defined in Section 88C of the Resource Management Act 1991.

5.4 Developer perspective – The legislation and an Accord alone is not enough to incentivise development.

Most Wellington developers feel that the legislation alone will not be enough to manage the risks associated with development and incentivise them to release land and build houses more quickly. Developers have told officers that a more streamlined and integrated Council and Wellington Regional Council approach to planning and consent processing is required. They advised that to encourage development at the scale sought, incentives would also be welcomed.

5.5 Incentivising development to leverage Council outcomes for housing

If the Accord is signed, officers will report back to the Transport and Urban Development Committee on possible non-financial and financial incentives to work alongside the Accord. Officers need to work through a number of issues before any advice can be provided and incentives recommended. However, an example of an incentive that might be explored is the extension of subsidies provided to commercial buildings through development contributions.

The Council has already put in place strategies and policies that make a major contribution to the urban development of our town centres and our central business district. The Council has planned well and the proposed Accord builds on those plans.

In providing advice around incentives, officers will recommend that incentives only be provided in circumstances where developers, in return, are prepared to deliver housing that meets the Council's housing sustainability and growth objectives. This means developments would need to meet eligibility criteria and incentives will be provided, subject to terms and conditions. For example: terms and conditions could include requirements to provide:

- medium density housing, consistent with the Council's District Plan and design guides
- a percentage of affordable homes (i.e. a sale price of around 3.5 to 4 times the median household income) within the development
- energy efficient and smart green technology (or water sensitive urban design) in houses and developments above the building code
- agreement to a multi-year development plan to provide certainty and ensure a pipeline of housing supply.

Further, officers will investigate options to streamline developer's interaction with the Council. The Council has traditionally dealt with big development projects by bringing together resources from across the organisation to focus on the project as a priority. Therefore, one possible option could be to bring together existing resources as a one-stop-shop consenting project office, similar to the project office operating in Auckland. Greater Wellington Regional Council's collaboration on consenting greenfield sites will also be sought.

If the Accord is agreed, it is anticipated that the report to the Transport and Urban Development Committee will be provided in August or September 2014.

5.6 Key implications and issues

Is the Council obliged to sign an Accord?

The Council has no obligation to enter into a Housing Accord. However, if the Council decides not to then the Minister of Housing may, at his discretion, declare Special Housing Areas and the Chief Executive of the MBIE will be empowered to process resource consents. If the Council enters into an Accord, the Council can recommend Special Housing Areas to the Minister of Housing for declaration through an Order in Council.

Will people still be able to have their say and object to developments? Where will development happen?

Under the Act, notification of development will be limited to those people who are immediately affected by the development (e.g. immediate neighbours and people who own infrastructure on or under the land). Therefore, some negative public reaction is anticipated from people who will no longer be able to submit in opposition to a development.

Further, as the Accord does not outline where development will occur (i.e. Special Housing Areas), our communities are likely to be concerned about where development will be progressed under the new powers and how Special Housing Areas will be determined.

To mitigate these risks, officers recommend that Special Housing Areas be identified in stages. It is also recommended that the first set of areas identified be aligned to our growth areas as extensive consultation on proposed development in these areas has already been undertaken. These areas include:

- Lincolnshire and Lower Stebbings (greenfield growth areas in the northern suburbs)
- Johnsonville and Kilbirnie (medium density residential areas)
- Central Areas of : East Te Aro, the Memorial Precinct and Victoria Street
- Adelaide Road.

However, as the above areas have already been identified for growth, is it expected that to achieve the objectives of the Accord and meet the housing targets, new areas for growth will need to be identified. Extensive consultation may need to be undertaken to determine where any new areas should be.

5.7 Risks

The Council's capacity to deliver on the Accord targets

The targets set out in the Accord are ambitious. Therefore regardless of the Council's best efforts, the targets may not be met. The targets seek to double building activity in our City over the next five years. Between 2004 and 2013 an average of 714 dwellings were built per annum. In 2008, when dwellings activity was at its peak, 1,052 dwellings were built. The Accord seeks to deliver 1,000 dwellings in its first year and 1,500 dwellings per annum for a further four years.

The state of the global and national economy, and the ability and willingness of the developer community and building sector can all influence our ability to meet these targets.

Further, a governance joint steering committee would be established comprising of: the Minister of Housing and the Mayor and Deputy Mayor of Wellington City. This Committee would have powers to renegotiate the targets in the Accord. However, in renegotiating the targets, there is a risk that the Government's perception may be that the Council has not met its obligations in some way.

What happens if we don't meet the targets in the Accord and negotiations to amend the targets fail?

If the targets cannot be met or new targets agreed, either party can choose to terminate the Accord.

Ultimately, if the Accord is terminated, the Minister of Housing may identify Special Housing Areas at his discretion and the Chief Executive of the Ministry of Business, Innovation and Employment (MBIE) may be empowered to process all resource consent applications.

What happens if we do not agree an Accord?

If an Accord cannot be agreed, the powers to identify Special Housing Areas and process resource consents may be exercised by the Minister of Housing and the Chief Executive of MBIE, respectively.

5.8 How does the Accord fit with other Council housing initiatives?

A Housing Accord could be used as a tool to advance Council's objectives around provision of social housing in the City. For example, developments being progressed under the Housing Upgrade Programme, such as the redevelopment of Arlington, could be declared Special Housing Areas and be consented under the new Act. This accelerates the development process. Further, developments being progressed by Housing New Zealand could also be consented and accelerated under the new Act.

5.9 Implementation and next steps

If the Accord is agreed, officers will develop a project plan to guide the implementation of the Accord, for the approval of the Transport and Urban Development Committee.

Officers will also report back to the Transport and Urban Development Committee on options to meet the Council's commitment to encourage faster housing development, enable more affordable houses to be built, and to streamline regulatory processes. This report will be provided in August/September 2014.

Any decisions with funding implications will need to be agreed by the Governance, Finance and Planning Committee.

SUPPORTING INFORMATION

1) Strategic fit / Strategic outcome

The proposed Wellington City Housing Accord aligns with our Wellington Towards 2040 Smart Capital and the Council's Economic Growth Strategy.

2) LTP/Annual Plan reference and long term financial impact

Any growth in the rating base and/or changes to development contributions may lead to changes that will need to be incorporated into financial forecasts as part of the Long Term Plan process

3) Treaty of Waitangi considerations

No implications.

4) Decision-making

No implications.

5) Consultation

a) General consultation

If an Accord is agreed, officers will report back to the Transport and Urban Development Committee in August/September 2014, on any potential consultation that may be required to implement the Accord and to identify new Special Housing Action Areas.

b) Consultation with Maori

Mana whenua will be included in any consultation.

6) Legal implications

The Council's lawyers have been consulted during the development of this report.

7) Consistency with existing policy

This paper is consistent with existing policy.

Contact Officer: *Andrew Stitt, Manager Policy.*

Wellington City

Housing Accord (DRAFT)

Version 1.8

17 June 2014

Wellington City Housing Accord (the Accord)

1. This Accord between Wellington City Council (the Council) and the Government is intended to increase housing supply and improve affordability of homes in the Wellington City district by providing an environment that facilitates development.

Introduction

2. An adequate supply of housing and housing affordability are key elements of maintaining a well-functioning, dynamic city with a strong economy and healthy communities. Currently the Wellington housing market is experiencing issues around the supply and affordability of housing.
3. Wellington is New Zealand's third largest city with around 200,400 residents and it is estimated that there will be around 246,692 people living in Wellington City by 2043. The City has some 77,466 dwellings and the population is expected to grow at a rate of 0.7% per annum until the year 2043. The number of households in Wellington is also expected to increase by almost 21,388. This means that approximately 715 dwellings a year need to be built to keep pace with population and household growth in Wellington. However, based on the number of new dwellings that have been built over the last decade it is estimated there is a housing supply shortfall of around 3,842 dwellings¹.
4. The 2014 Demographia International Housing Survey rated the Wellington housing market as 'severely unaffordable' as the median house price was 5.5 times the median income. Unaffordable homes contribute to increased pressures on families and communities, on the social housing system, and on Council and Government support. Further, with proportionately more household income being spent on housing less money is available for investment in other areas of the community and business.
5. The Council and the Government agree that joint action is needed to improve housing supply and affordability in Wellington City. Both parties seek to work collaboratively to focus on the distinct housing issues facing Wellington. To provide a basis for this collaboration the Government and Council have entered into this agreement (the Wellington City Housing Accord).
6. The Housing Accords and Special Housing Areas Act 2013 (the Act) bestows powers on the Council to streamline consent and plan change processes for residential developments in areas designated as Special Housing Areas. The Act is part of the Government's housing affordability programme, which includes initiatives to address:
 - the supply of land available for residential purposes
 - the efficiency and timeliness of the provision of infrastructure to new development

¹Wellington City Council population forecasts as at June 2014. <http://forecast.idnz.co.nz/wellington>

- the cost of construction materials
 - costs and delays in regulatory processes
 - productivity in the construction sector.
7. The Accord is a tool to facilitate development aligned with the Council's policy and regulatory framework including the District Plan. It is also a key component of the Council's wider housing programme. This programme includes initiatives to:
- ensure housing developments provide a mix of housing types including more compact affordable homes
 - encourage developers through a package of incentives to prepare their land and build houses more quickly than has been the case over the last three years
 - increase developer confidence in the Council to encourage a more collaborative approach between the Council and developers that results in a commitment to bring a continuous supply of land and houses to the market over the long term
 - promote construction of houses that are energy efficient and where possible incorporate green technology
 - better align public infrastructure investment and private sector housing development.

Purpose

8. This Accord seeks to help Wellingtonians with their current housing issues and to lay foundations for a thriving housing market to complement the City's economic growth objectives by increasing the supply of housing and improving housing affordability.
9. This Accord recognises that by working collaboratively the Government and the Council can achieve better housing outcomes for the City. In particular, this Accord will facilitate development aligned with the District Plan by accelerating the consenting process and making it simpler and easier to understand.
10. The Accord describes how the Government and the Council will work collaboratively.

Scope of the Accord

11. The Accord outlines:
- a set of agreed principles to guide how Government and the Council will work together to improve land supply for housing
 - priority actions agreed and commitments made under this Accord

- targets for the Accord and the monitoring and review of progress made under the Accord
- processes by which the Minister of Housing and the Mayor and their officials will work together to achieve the purpose and targets of this Accord
- the circumstances under which the Accord can be ended.

Principles to guide how the Government and the Council will work together

12. The Government and the Council agree that they and their organisations will :

- **Work collaboratively** to facilitate an increase in housing supply in Wellington City, by working in productive partnerships together and with others who may contribute to delivering the Accord priorities
- **Allocate appropriate resources**
- **Prioritise** achievement of the targets in this Accord
- **Adopt a no surprises approach**, sharing information in a timely manner, with appropriate regard to the likely sensitivity of some information
- **Seek to resolve differences quickly.**

Priority Actions

13. Under this Accord the Government and the Council agree to:

Aim	Actions	Commitments
Increase the supply of affordable housing in Wellington City	Incentivise ² developers to prepare their land and build houses more quickly than has been the case over the last three years Ensure housing developments provide a mix of house types and include more compact affordable homes to be sold at different price points	The Council will progress actions to encourage faster development and the development of more affordable homes.

² For the purposes of this Accord the parties agree that “incentivise” broadly means encourage, remove barriers, be open for business and make working with the Council easy. Incentivising development may therefore be through financial or non-financial incentives. The types of incentives provided will remain an implementation decision for the Council.

Implement the powers provided by the Act to work with developers	Monitor resource and building consenting processes to ensure that they are efficient and do not create unnecessary delays to development.	The Council will seek opportunities to streamline regulatory processes so that they are flexible and facilitate residential developments that contribute to the supply of quality affordable housing.
--	---	---

Targets

14. The Council and Government agree on the importance of targets to give effect to the purpose of this Accord. Both parties to the Accord accept that the targets are, necessarily, ambitious to meet Wellington's housing needs.

15. These targets will be achieved through a combination of private sector development, direct Council and Government action and through collaborative action with other agencies including, but not limited to, Housing New Zealand Corporation, Greater Wellington Regional Council and the New Zealand Transport Agency.

16. The agreed medium-term targets are:

Targets – total number of sections and dwellings consented				
Year one	Year two	Year three	Year four	Year five
1,000	1,500	1,500	1,500	1,500

Note: Sections measured at point of resource consent and dwellings measured at building consent.

Special Housing Areas

17. Upon commencement of this Accord, the Council will have the ability to recommend the creation of Special Housing Areas to the Minister of Housing under the Act. If the Government agrees, the recommended Special Housing Areas could be established by Order in Council, enabling the Council to access the powers available under the Act to streamline resource consent approvals.

Factors outside scope

Resource Management Act and other legislative reforms

18. This Accord does not limit the Council, or the Government, coming to differing positions in respect of Government programmes of reforms to the Resource Management Act or other legislation. The Government welcomes submissions from Council at the appropriate stages in the process.

Governance and Processes

19. Governance of this Accord will rest with a Joint Steering Group comprised of the Minister of Housing, and the Mayor and Deputy Mayor of Wellington City. The Joint Steering Group has the ability to amend this Accord, including targets, upon agreement. The targets shall be reviewed annually, subject to reports on progress and the state of the building/construction sector.
20. To operate this Accord, the Council and Government will establish an Officials Working Group, which will meet and form sub groups as it deems necessary to advance the implementation and meet the objectives of this Accord.
21. This Officials Working Group will report to the Joint Steering Group at least quarterly and will prepare any progress or monitoring reports requested by the Joint Steering Group.

Monitoring and Review

22. In order to ensure that the purposes and targets of this Accord are achieved, the Joint Steering Group will monitor and review the implementation and effectiveness of this Accord. In order to do this officials will meet as appropriate to:
- review progress in implementing the Accord
 - review progress towards the Accord targets
 - discuss and agree other areas of joint action or information sharing.
23. The Joint Steering Group will meet biannually to review the progress in implementing and achieving the targets of the Accord. A full review of the effectiveness of the Accord and actions taken under it will be carried out after its first 12 months of operation.

Commencement of the Accord

24. This Accord will take effect from the date of ratification by the Council.

Dispute Resolution

25. Prior to either party exercising the right to terminate this Accord under clause 27, the parties agree that they shall first comply with the dispute resolution process set out in clause 26.
26. The dispute resolution process is as follows:
- The initiating party must immediately and in writing bring the dispute to the attention of the other party.
 - The Joint Steering Group must hold an initial meeting for the purposes of resolving the dispute within 10 business days of the dispute being brought, in writing, to the attention of the non-initiating party.

- If, for any reason, the Steering Group is unable to resolve the dispute in the initial meeting, the Steering Group must reconvene for the purpose of resolving the dispute within 20 business days of the date of the initial meeting.
- If the Steering Group remains unable to resolve the dispute at the second meeting, then either party may elect to terminate the Accord in accordance with clause 27.
- Pending final resolution of the dispute the parties must continue to perform their obligations under this Accord as if a dispute had not arisen.

Termination of the Accord

27. Subject to first complying with the requirements in clauses 25 and 26, either party may terminate this Accord, on any of the grounds set out in clause 28, by giving not less than six (6) months' notice to the other.

28. The grounds on which this accord may be terminated are:

- Failure to reach the agreed targets as set out in the accord; whether the failure results from inaction or ineffective action;
- Failure on the part of the Council to exercise the powers and functions of an Authorised Agency under the Housing Accords and Special Housing Areas Act.
- The parties agree that there is an irretrievable breakdown in the relationship. Notwithstanding any other provision of this Accord, the parties agree that clauses 25 and 26 shall not apply to a termination on this ground; or
- Wellington is removed from Schedule 1 of the Housing Accords and Special Housing Areas Act, in accordance with that Act (e.g. if Wellington no longer meets the affordability and land supply criteria provided for under that Act).

Publicity

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

Ratification

Signed on this XXXXXX day of XXXXXX 2014

Hon Dr Nick Smith

Minister of Housing

Her Worship Celia Wade Brown

Mayor of Wellington