



Our 10-Year Plan 2018-28

Wellington City Council,
Housing Strategy

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Part one: **Building a strategy**

Introduction

Wellington was ranked the most liveable city in the world in 2017 and 2018 in a Deutsche Bank study of 50 cities. Its compact form, heritage and cultural scene make it an attractive place for people to work, live, visit and play.

Adequate housing is a key aspect of Wellington's liveability. Having the security of a home that is safe, warm, dry, and affordable is a key foundation to ensuring that individuals, families, and whānau can live well and achieve their aspirations. When they do, they are able to contribute to wider community outcomes, which in turn helps the city to achieve its full potential and wider socio-economic aims.

Improving housing outcomes is a significant priority for the Council.

This Housing Strategy defines the outcomes we're working towards over the next 10 years and acknowledges the important role that Council plays in leading the change required to see all Wellingtonians well housed.

Background

The Wellington housing market is under growing pressure. Demand for social housing is high and rental costs and purchase prices for homes have continued to rise. Conversely, house sales and rental turnover have fallen and the building of new houses and apartments have not kept pace with our growing population, leading to the current shortfall in supply. As a result, vulnerable households can feel the greatest pressure in a highly competitive housing market.

This scenario is set to worsen as Wellington's population is forecast to continue its steady increase. Up to 30,000 additional housing units will be required to meet the city's housing needs by 2043. The population is also changing. Migration patterns, an ageing population, and a shift towards more one and two person households also have implications for what types of housing are needed in the city.

Housing supply and affordability issues have been felt nationwide and while Wellington has not yet reached the crisis situation of Auckland or Queenstown, it still faces a significant challenge.

Addressing this challenge is a top priority for the Council.



Development of the strategy

Extensive analysis and consultation has been undertaken to identify what key objectives, outcomes, and opportunities exist for housing in Wellington. Council business units have led engagement and consultation on a range of housing issues, for example medium-density housing options and the development of the Strategic Housing Investment Plan.

More broadly, the Wellington Summit held by the Mayor and Councillors in October 2016 sought feedback on priorities for the city from 150 key city stakeholders, and housing was highlighted as an area to focus on.

To address the issue, the Mayor's Housing Taskforce was set up in October 2016 to draw on critical experience and expertise from across the housing sector.

The Council and Taskforce also hosted the Wellington Housing Forum in May 2017, which was attended by over 70 representatives from across the housing sector including:

- developers
- tenant advocates
- Non-Government Organisations (NGOs)
- social housing providers
- academics
- local and central government officials.

Issues raised in that forum were taken into account in developing the Taskforce's recommendations, which were released in the Report of the Mayor's Housing Taskforce in June 2017.

Collective feedback from the Wellington Summit, Housing Forum and Housing Taskforce indicated the need for a long-term strategic approach that draws on partnerships with a range of stakeholders, making the best use of information and resources to achieve housing outcomes.

Taskforce recommendations focused on areas where the Council, iwi partners, central government and the broader housing sector could effect the greatest level of change across the city. One of the main recommendations was to develop an agreed strategy, ensuring a connected approach to addressing the range of housing issues facing the city, including:

- leadership, advocacy and government relationships
- addressing homelessness
- social housing
- housing affordability - both rental and ownership
- housing regulation
- housing quality and resilience.

To do this the Taskforce recommended the Council does the following:

- Focuses on the short-term objectives that span emergency housing, social housing, affordable housing, existing housing stock, and new housing supply.
- Focuses on the long-term objective of the Council providing leadership, coordination and support for future mixed-tenure and large-scale residential developments.
- Defines what housing affordability means in Wellington.
- Defines the Council's role in, and approach to, increasing supply across all aspects of housing.

A draft Housing Strategy was developed based on the collective feedback and recommendations, and we sought public feedback on this as part of the consultation on the Long-term Plan 2018-2028. There was a strong level of support for the Housing Strategy, and it has been finalised based on the feedback and suggestions received.

The vision: All Wellingtonians well housed

This strategy sets a vision of “all Wellingtonians well housed”. This is about making sure all residents in Wellington can live in good quality homes that they can afford and that meet their needs.

Inherent in this vision statement is the ‘housing first’ concept - that housing is the first intervention required to address social issues and support the wellbeing of individuals and families.

The vision relates to both home ownership and rental options. While many Wellingtonians are home owners or aspire to home ownership, an increasing proportion

of households rent by choice or necessity. Of those, some households are struggling with market rents and are not eligible for social housing or other government subsidies, pushing the possibility of home ownership further out of reach and making renting the only option.

Improving housing outcomes (such as accessibility and affordability) across the housing continuum is essential for the vision to be achieved. Our focus will therefore be on considering key issues and gaps in all parts of the continuum:



Emergency housing: Short-term temporary accommodation for individuals and families in urgent need of accommodation. Includes transitional housing, and generally is a place to stay while searching for longer-term accommodation.

Social housing: Public rental housing provided for people in housing need for as long as their need exists. In most instances rent is subsidised.

Assisted rental: Housing schemes that support targeted groups to access and afford private market rentals.

Private rental: Rentals on the private market, regulated by supply and demand.

Assisted ownership: Schemes that support individuals into home ownership through financial support and/or capped purchase prices.

Private ownership: Properties purchased in the private market.

Guiding principles



We will play an active leadership role to enable housing solutions.

The Council has an important role in leading and contributing to change in the housing space. We have defined the outcomes needed for all Wellingtonians to be well housed and we will drive a coordinated approach across the housing sector to achieve them. We will make better use of Council land, assets and resources in order to address gaps not filled by the market.

We will continue to build on existing partnerships with central government and communities.

Working with central government and community partners is critical to ensuring we can achieve the outcomes of this strategy. We will be easy to do business with, and work to remove any unnecessary obstacles.

We will make well-informed decisions that are strategic and coordinated.

Good governance, monitoring and reporting are essential to informed decision-making. We will produce consistent information so the market has access to robust data and ensure it is considered in all Council decisions that impact housing.

Our current housing system is not equitable - we support a housing sector that looks after our vulnerable communities.

We recognise the housing system is not equitable and some people need more support than others to access housing that meets their needs. We will support the housing sector in providing for our vulnerable communities by continuing to provide social housing and actively facilitate the growth of community housing providers in Wellington.

Housing is a regional market. Opportunities and challenges exist across the Wellington region.

Thousands of people live outside Wellington City but travel in for work. We recognise our responsibility to consider impacts of decisions that influence housing outcomes across the Wellington region. Where possible we will work with other councils to co-design solutions and initiatives.

Housing has a broader context and is key to supporting a resilient and sustainable city.

Housing provides shelter and contributes to a sense of place day-to-day but also has a key role during and after a natural disaster. Alongside work being done as part of the Wellington Resilience Strategy, we will support and help grow the resilience of households, communities and the city as a whole.

Aligning our strategies

In developing the Housing Strategy, it has been essential to consider the wider strategic goals for Wellington.

Wellington Towards 2040: Smart Capital is the Council's strategic plan which looks to build Wellington's resilience in the face of future environmental, economic, and social challenges. It focusses on four goal areas:

- People-centered city
- Connected city
- Eco city
- Dynamic central city

Housing, transport, infrastructure, and resilience are all interconnected levers to achieving these goals. It is important therefore for strong alignment of the Housing Strategy with other key Council strategic initiatives, including the Resilience Strategy and Let's Get Wellington Moving.

Central government policies and initiatives also influence what can be achieved by the Council. Identifying and creating opportunities for strategic alignment and partnerships will maximise the housing outcomes that can be achieved in Wellington.



Outcomes



The Housing Strategy sets objectives in four key outcome areas, to be progressed over the next 10 years.

Outcome 1: Wellington has a well-functioning housing system

The housing system in Wellington is under pressure as demand continues to grow beyond the limited supply. A well-functioning housing system would see all housing stakeholders working in coordination and/or partnership to achieve:

- more availability and choice of housing
- more affordable homes
- growth in supply.

Outcome 2: Homes in Wellington are of good quality and are resilient

Good quality housing is the foundation for ensuring that individuals, families and whānau can live well and achieve their aspirations. Through regulation, support, and guidance for new and existing buildings we will see:

- more homes are safe, secure and resilient
- more homes are warm, dry and energy efficient
- more homes are environmentally sustainable.

Outcome 3: Homes meet the needs of Wellingtonians

To ensure all Wellingtonians are well housed, it's crucial we understand and respond to the needs of different segments of the population. We will monitor and respond to changes in the Wellington housing environment and work to ensure that:

- decisions reflect the housing need in Wellington
- more Wellingtonians can access a home
- more Wellingtonians can sustain a home.

Outcome 4: Our housing system supports sustainable, resilient and connected communities

Housing is key to enabling connections and social inclusion within and across communities. We will engage with housing stakeholders and the wider community to ensure that:

- housing supports wellbeing (economic, physical, social, cultural), particularly for the most vulnerable
- housing supports connected communities and better placemaking.





Part two: **Strategy in action**

Council's role



The costs associated with housing development are a key factor in determining the extent to which housing supply matches demand, in particular for 'affordable' housing options. In recent years cost pressures have grown, for example with construction and material costs increasing significantly, and this has resulted in an increasing lack of affordable housing options being made available in the city.

While Council can do little to influence the price of materials for building, we do have access to levers that can impact cost and other important factors. Our roles as decision maker, regulator, housing provider, infrastructure provider, catalyst and facilitator mean we are in a good position to enable change in the housing market. Examples include:

- monitoring and reviewing the implementation of the city's District Plan provisions regarding housing to ensure they remain fit for purpose
- continuing to be a significant provider of warm, dry and safe social housing
- ensuring necessary infrastructure, transport and housing-related services are in place to connect the city and region and support social connections and cohesion.
- using our current relationships across the wider housing sector to enable more, better, faster responses to opportunities in the housing space - this includes growing the Community Housing sector and identifying options to unlock land owned by the Council, Crown, and/or privately for development.

It is important to note, however, that we will not be able to solve all issues in the housing space on our own. A collective approach and the activities of other stakeholders are crucial to the success of this strategy.

Affordability

Issues relating to affordability affect each of the strategy's four outcome areas, so it's important there is a clear understanding of what affordability means, and how it can be understood in the Wellington context and in relation to specific Council projects.

A review of existing and publicly available measures found that they are, in general, effective for their intended purpose but do not meet our specific requirements and/or cannot be used in a way that meets our needs to direct local resource.

For example some are 'one-size-fits-all' and don't take into account household size, composition, expenditure and other key elements that impact what a household can afford to spend on housing costs. Others have been designed to produce trend information and/or to make national or international comparisons about housing affordability but are not necessarily useful to support decision making at a local level. Others focus on a particular aspect of housing affordability or aren't flexible enough to inform the different aspects of the Housing Strategy - for example to cover both rental and home purchase scenarios for a range of different household types.

For us, as a Council and city, we want a clearer understanding of what affordability looks like for all Wellington residents.

To provide this the Council has developed and tested the Wellington Housing Affordability Model (WHAM), a consistent and flexible tool that helps us to understand what housing can be considered affordable, and for whom. WHAM is based on the premise that assessing affordability (be it in a rental or purchase scenario) depends on each household's circumstances (specifically size, composition, and income level) and that local level decision making about housing affordability is more complex than providing one set dollar amount or ratio that is applied in a 'one-size-fits-all' way.

WHAM is used alongside other measures to help the Council make informed decisions about housing in Wellington. Future improvements to WHAM continue to be investigated with partners, including the ability to share the model with other local authorities and organisations.

Using WHAM

WHAM specifically seeks to provide answers to the following questions:

- Who is a particular rent or purchase price affordable for?
- What is affordable for a particular population or target group (based on income and composition)?
- How affordable is a particular rent or purchase price for a particular group?

The WHAM calculation includes:



Delivering the outcomes: The Housing Action Plan

The Housing Action Plan is the work programme of current and planned projects and initiatives to be delivered by the Council in relation to housing.

Projects in the plan are aligned with one main outcome but in most cases contribute to more than one of the four outcomes (refer page 9).

The plan provides an overview of Council activity in the housing space and:

- supports clear programme management, helping to prioritise and manage the opportunities and risks of each project while focusing on the delivery of the strategy's outcomes
- improves understanding of the relationships between housing projects and trade-offs made or required
- helps to identify gaps in Council investment and where we may be under (or over) investing.

The Housing Action Plan will be updated as current projects are delivered and new projects developed.

The Housing Strategy, Housing Strategy summary and current version of the Housing Action Plan are available on the Council's website at wellington.govt.nz/housing-strategy



Our Housing Strategy

Wellington Towards 2040: Smart Capital is the Council's strategic plan for the city. Its four goals focus on collaboration, not competition, and aim to build Wellington's resilience in the face of future environmental, economic and social challenges.

Vision *All Wellingtonians well housed*

Guiding principles

We will play an active leadership role to enable housing solutions.

We will continue to build on existing partnerships with central government and communities.

We will make well-informed decisions that are strategic and co-ordinated.

Our current housing system is not equitable - we support a housing sector that looks after our vulnerable communities.

Housing is a regional market - opportunities and challenges exist across the Wellington region.

Housing has a broader context and is key to supporting a resilient and sustainable city.



Scope

We'll work with other housing stakeholders to support all parts of the housing market, including temporary housing, short and long-term rental, and home ownership.

10-year outcomes for Wellington

A well-functioning housing system

Good quality and resilient homes

Homes meet the needs of residents

Our housing system supports sustainable, resilient and connected communities

How we'll get there

Delivering on our Housing Action Plan

Central government initiatives and partnerships

Developing the housing sector in Wellington

Being easy to do business with and supporting housing initiatives led by others

