



Housing Affordability Forum 2007

AUCKLAND – 31 August 2007

Avenues to affordable housing

Social housing providers should focus on relationships, as well as figures, in the search for solutions to housing affordability issues, according to participants in the Housing Affordability Forum held recently in Auckland.

In fact, the establishment of strong working partnerships between social housing organisations, and between these organisations and government agencies, could help to generate and implement better social *and* economic options to tackle housing affordability issues, forum participants agreed.

The smartest use of housing dollars, and the importance of building communities as well as homes, also came under the microscope during workshops held throughout the forum on 31 August.

Organised by the New Zealand branch of the Australasian Housing Institute, the Housing Affordability Forum attracted about 150 social housing professionals and other housing industry representatives.

Auckland, which houses one-third of New Zealand's total population and is an acknowledged housing issues "hot spot", was seen as the ideal launch point for a nationwide series of forums organised by the AHI to expand upon ideas generated at last year's National Summit on Affordable Housing in Wellington.

Guest speakers at the Auckland forum included the New Zealand Minister of Housing, Chris Carter, Peter Williams, leading UK academic and commentator on housing issues and Dr Lesley McTurk, Chief Executive of the Housing New Zealand Corporation (HNZC), which is the nation's largest landlord, managing 67,000 houses worth a total of \$13.4 billion.

Forum workshop facilitator and senior lecturer in the School of Architecture and Planning at the University of Auckland, Tricia Austin, said the forum came at an opportune moment, in terms of policy development.

“The forum was really helpful, because we are currently looking at policy changes in New Zealand,” Tricia said.

“Everyone is aware that the Minister of Housing is producing an affordable housing bill, so there is quite a lot of central government interest and action coming up.”

Both Tricia and forum coordinator, Judith le Harivel, were pleased by the mix of housing professionals who attended the event.

The forum drew representatives from local government, the Housing New Zealand Corporation and not-for-profit organisations, as well as private property investors and social and health professionals.

Both regulatory planners, as well as community planners, were well-represented at the event, according to Tricia and Judith.

“One of the most heavily attended workshops focused on how to use planning controls – such as the *Resource Management Act* – to help provide affordable housing,” Judith said.

Both she and Tricia noted that the forum generated a lively amount of debate and discussion throughout the workshops, group discussions and a “report back” session towards the end of the day.

“People showed up at 9am and we had pretty much a full house,” Tricia observed. “It was still pretty hectic by the time the Minister of Housing spoke late that afternoon.”

Roger Jameson, chair of the New Zealand branch of the Australasian Housing Institute, pronounced the forum a success.

“It raised the topic of housing affordability across a number of sectors, along with the profile of the AHI in New Zealand,” he said.

A second Housing Affordability Forum was held in Wellington on 18 October 2007.

A summary of key messages and interesting questions raised during the Auckland Housing Affordability Forum workshops and sessions is outlined below.

1. Working with the Auckland Regional Growth Strategy

The Auckland Regional Growth Strategy (RGS) has a significant impact on how housing is provided in the Auckland region. The workshop looked at programs, policies and strategies at a regional level for increasing access to affordable housing in Auckland.

The Auckland Regional Growth Strategy (RGS) was released in 1999 as a 50-year plan to meet needs for growth, while maintaining a “liveable” region.

This workshop prompted a number of pertinent observations, including:

- The need to recognise that drivers of consumer demand/available supply/price may affect the progress of intensification.
- The Regional Growth Strategy should function as a guide, rather than a mandate, and more discretion should be given to city councils on implementation methods.
- Arrangements for land availability must be better coordinated, both between councils within RGS boundaries, and with those outside the boundaries.
- Committed coordinated planning is required to spread areas of affordable housing and avoid social polarization.
- Coordination between Housing New Zealand and city councils is important to successful RGS implementation.
- A better understanding of the issues that are constraining intensification is required.
- More robust transport and economic infrastructure for areas targeted for intensification must be developed.

Workshop presenter, Tricia Austin, said her particular concern was looking at what happened in those areas which did not receive attention.

“Quite a lot of local government money and developers’ money is going into improving infrastructure in areas where we wish to intensify housing, as well as on newly-developed ‘green-fill’ sites,” she observed.

“But there is a whole swathe of existing suburbs – some of which are relatively new, but some of which were built in the forties or sixties – which are becoming areas where there is a crying need for some affordable housing.

“We are not paying much attention to them, because we are tending to concentrate on areas of growth, rather than thinking about the whole of the metropolitan region,” she said.

2. Using planning controls and other mechanisms to help provide affordable housing

The use of the planning system to encourage developers to provide more affordable housing is often seen as both an incentive – and a coercive tactic. This workshop looked at opportunities to adapt and apply planning and regulatory mechanisms that have been used in a number of comparable countries to encourage the supply of affordable housing by developers.

Workshop facilitator and HNZC Chief Advisor, Housing Sector Policy, Blair Badcock, said participants looked to government to assume a lead role in encouraging developers to produce more affordable housing.

HNZC Auckland Policy Manager, Rob Graham, updated workshop participants on the development of the affordable housing bill, which the Minister of Housing, Chris Carter, plans to submit to Cabinet.

The bill will equip councils with enabling powers which they may elect to use, presumably following a community consultation process, which is required under the *Local Government Act (2002)*.

David Mead, Director of Hill Young Cooper Ltd., an Auckland-based planning and resource management consultancy, made the case for exercising the enabling powers of the *Resource Management Act (RMA)*, as long as good research and a strong case supported the provisions of the Act.

Scott Figenshow a Senior Housing Policy Analyst with the Queenstown Lakes District Council, then explained how the council was proceeding with a plan change under the RMA to link the need for affordable housing to the shortage of key service workers in the local economy.

Scott also referred to the need for other supporting materials including a “demand study”, an affordable housing impact statement and a mitigation plan.

Other key observations put forward at the workshop included:

- The planning process has to address the supply-side, with a strong emphasis on sorting out land availability and ensuring that housing is supplied in the right market segments.
- Redevelopment opportunities within the built-up areas of Auckland are severely constrained.

- The New Zealand housing sector must develop its own solutions to address affordable housing issues, rather than seek to borrow ideas from overseas, as the context for housing systems varied significantly from country to country.
- It's one thing to devise the means to fund/build affordable housing, but within the context of household mobility and the buying and selling of housing on the open market, how do you ensure that it remains affordable to future generations?

3. Understanding the role of social housing providers

What is the role of the state, local authorities, community social housing, and kiwi/Maori providers in providing affordable housing?

Housing New Zealand Corporation Policy Director, Mathew McDermott, observed that the needs of a diversifying and aging population pointed to an expansion in the roles of territorial authorities and social housing providers.

Social housing providers, as small organisations, were more flexible and responsive to specific community needs, and were able to access areas of the population not easily reached by government services.

Taupo District Council Policy and Asset Manager, John Ridd, said he did not believe that local government was equipped to function as an effective direct housing provider: instead, local government should act as leaders and facilitators for the third sector and should work in parallel with central government.

John noted that the lack of affordable housing had an economic impact – aggravating skill shortages and contributing to the high turnover of labour. Economic growth strategies in territorial authorities must therefore address affordable housing issues, if they wished to reach targets for growth.

Monte Cecilia Housing Trust Executive, David Zussman, said social housing providers must not forget that affordable housing also encompassed such issues as the need to rectify sub-standard conditions; keep families in housing; update services; and advocate rights. He also made the following points:

- Social housing providers need to focus on their main strength – their local base – which allows them to provide valuable local input into housing solutions devised by the Housing New Zealand Corporation and other organisations.
- Social housing providers are developing and gaining experience, but the key is to work together and seek wider support to strengthen the voice of community-based housing providers.
- While we need housing provision now, we also need to look a generation ahead – a 30-year vision is required to identify housing frameworks that will be needed in the future.

HNZC Central Auckland Regional Manager, Graham Bodman, said social housing providers needed to collaborate to address the widening needs of the working poor, such as helping tenants to stay in housing and build communities.

He also observed that the average cost of HNZC housing per unit in Auckland – \$400,000 – was very expensive for a single funding organisation. The direct provision of such housing was also inflexible and could lead to entrenched geographic disadvantage in state housing units, he added.

4. Partnership opportunities to improve housing affordability

Many organisations have found that collaboration has enabled them to provide more and better housing solutions. This workshop presented examples of successful partnerships. It also encouraged participants to discuss the benefits and challenges of working in partnership, and to consider potential opportunities for housing partnerships between local and central government, the community, and private and philanthropic sectors in New Zealand.

Some notes for you to wordsmith!

Three panellist talked about their experiences of using partnerships to develop housing.

Kaaren Goodall, Executive Director of the Committee for Auckland, described the Mission in the City project.

- The vision for the project was to create a healthy core in the city – for diverse people, particularly marginalised.
- St Matthews Church and Auckland City Mission had land they wanted to develop to provide affordable housing, social services for homeless, de-tox unit, day care and commercial services eg laundry to provide some income.
- Prime site in CBD. Auckland City Mission had had foresight to take risk and purchase land some years ago.
- Looked for partners who would help them do this – from private, philanthropic, public sector.
- Used a neutral party (Committee for Auckland) to convene.
- Had ideas competition for the design – cross-disciplinary teams, ie architect/developer/social services etc.
- See website [ww:missioninthecity.org.nz/](http://www.missioninthecity.org.nz/)
- Collaboration important – enables better solutions to be delivered.

Rewi Thompson, architect –

- In associations with Stephens Lawson Architects designed Mission in City.
- Talked about his master plan for sustainable urban development for Ngati Whatua in Auckland
- Partnered with Auckland City Council and others
- Building the scheme up rather than out – based on future proofing design – ie leaving land for future use, for the community and for reserves.

- Project driven by iwi, but other partners came in behind.
- relationship management important

Turi Te Hira, Board of Te Runanga o Te Rarawa

- Described housing project at Mitimiti and Mangamaka, in Northland near Kaitaia, ie small, rural communities.
- The runanga wanted to provide housing for its people that would also contribute to the sustainability of the communities
- Brought in public and philanthropic partners.
- UNITEC provided training for unemployed youth to learn carpentry.
- Others provided a yard where houses could be built and assisted with funding for materials
- The trainees built the houses and gained a qualification
- Housing New Zealand purchased the houses and provided assistance to the runanga
- Low income Maori rent the houses
- 70 graduates, 8 houses so far.
- Ministry of Social Development now also involved.
- Whole approach based on collaboration.

The following key observations were made at this workshop:

- Collaboration delivers better solutions.
- The community needs to assume primary responsibility for identifying housing issues and requirements, with the government acting in a support role.
- Intermediaries between government and the community are required.
- Partnership relationships need to be managed well to ensure partners work together effectively and learn how to resolve problems.
- Mechanisms are required to enable organisations to access and share information.
- Innovative approaches and solutions are needed and leadership with the intent, long-term vision and purpose to take considered risks and make things happen

5. Options for financing affordable housing

Are there alternative ways to fund affordable housing without government subsidy? This workshop explored the role of the private, philanthropic and government sectors in funding affordable housing.

Operational Policy Manager, HNZC, Garry Williams, introduced the workshop by outlining the government's main programs for ensuring that housing was affordable for the neediest New Zealanders (e.g. through income-related rents for qualifying HNZC tenants and the Accommodation Supplement for eligible tenants, boarders and home owners in the private market).

He then turned the focus to a range of methods for helping home buyers on low-moderate incomes achieve home ownership. (It is this segment of the market where affordability has really been biting in New Zealand.)

Garry outlined the government's progress towards developing a pilot shared equity scheme for trial. Under the scheme, a household would be helped to meet the asking price with an equity contribution (typically around the 20-25 percent mark) from an institutional partner.

Potential partners could include: central government (a Crown agency like HNZC); local government (Christchurch City has a modest scheme); a community housing trust (Queenstown Lakes District has one under development with a \$2m grant from the Housing Innovation Fund); or banks.

Shared equity schemes, which have been operating in the UK for the last two decades, were also discussed. A common principle among these schemes is that when the house is sold, the capital gain is split pro-rata – if the dwelling must revert to local government or a community trust, this at least leaves the departing household with the balance of the capital gain to put towards the next home purchased.

Cathy Heron, the Regional Property Manager for IHC New Zealand Inc, then outlined some innovative ways for packaging finance for the supported accommodation that the organisation provides for the intellectually disabled to enable them to live in community settings.

IHC, which owns more than 75 percent of their 870 homes, has put in place four versions of standard shared equity schemes to expand their ownership: joint legal ownership, where the other party is a parent/family of the recipient; a unit title, which can result in multiple ownership of a block of flats and in a discount on the purchase price; a licence to occupy granted back to an owner-occupant as part of a package of benefits (a perpetually renewable lease, minimal charges); and an investment scheme which "bulks up" contributions from investors.

6. Options for providing more affordable housing that addresses the possible social implications of intensification

There has been a lot of debate over whether intensification through high density housing leads to social problems. This workshop provided an opportunity to discuss whether intensification is a useful way to provide affordable housing and if so, how potential housing problems can be avoided.

Blair Badcock set the scene by pointing to the considerable body of comparative evidence that revealed what works and what doesn't for people living together in close proximity in cities.

A key finding in the context of the Auckland Growth Strategy, which aims to progressively push for denser urban development while keeping housing affordable, is that trends in household composition and size would favour the supply of more multi-unit housing.

However, it was vital, Blair emphasised, that multi-unit housing and the immediate residential environment were well-designed to cater for those households which could no longer afford to buy, or even rent, stand-alone homes – as well as those residents who chose to live in medium-density townhouses and apartments (such as childless singles and couples, “empty nesters” and senior citizens).

Stuart Bracey's presentation illustrated how these challenge had been successfully tackled in the process of upgrading and renewing medium-density state housing in Tomakin, Auckland, where he is the HNZA Community Renewal Project Manager.

Warren Jack, Executive Director for Habitat for Humanity Auckland, shared knowledge gained through his experience in planning and building affordable housing for low income families.

He emphasised the contribution that careful design could make to mitigate some sources of tension between close-living residents. These tensions included noise from traffic and very active children and youths, lack of privacy and open space, and large families housed together.

Finally, Raewyn Stone, Senior Policy Advisor, Community, for the Manukau Council in south Auckland, brought her community advisor perspective to bear. She stressed that housing affordability was only now – belatedly – being addressed within the context of growth management in the Auckland region, and emphasised the importance of getting the housing right, in order to underpin community integration.

This approach demanded attention to environmental design (attractive, healthy, safe, and secure housing and neighbourhoods); proximity to good schools and jobs; fostering a sense of place and community; and, where possible, providing opportunities to get involved in the design and building process.

In summary, (and bearing in mind that good design was necessary, but might not always hold all the answers), the negative social effects of denser housing could be mitigated by:

- Well-designed internal and external living spaces,
- Close proximity to essential services and activity centres, and are close by
- Catering properly for the needs of likely occupants.

Tricia Austin, who chaired the workshop, said participants explored what community development characteristics should be implemented alongside the physical development of intensified housing, in order to meet the needs of low-income residents.

“We looked at issues of capacity building among local communities, including education services – the whole caboodle of what you should do to develop communities, rather than just assume you’re building houses,” she said.

The workshop also questioned the assumption that high density housing only attracted low-income residents.

“You can have intensely developed residential areas, which can be very desirable,” observed Tricia.

“It’s a matter of thinking through the demand characteristics: at certain points in their life cycle, living in a very vibrant and intensely developed residential village might be really neat for some people.”

7. Achieving quality housing at an affordable price – using existing housing stock and new build

Does low-cost also spell poor quality? This workshop explored ways of providing good quality affordable housing.

Architect Lindsay Wood told workshop participants that designers needed to improve their services to housing providers, especially at the early design process level, as late changes to plans were much more expensive to implement.

She said designers should also develop a better grasp of other interdependent building issues (such as regulations, construction methods and funding), in order to improve their ability to manage client expectations. It was also important to avoid waste, in terms of space, materials and construction efficiency.

IHC Regional Property Manager, North, Nigel Smith, discussed the organisation’s checklist for evaluating a potential project. The list featured the following advice.

In Auckland, it is better to buy old houses and renovate, rather than build, given the abundance of old stock.

A structured property plan is crucial, whether buying old or building new.

If using existing stock, get professional advice.

Organise a market evaluation and pre-purchase evaluation.

Choose low-maintenance houses of conventional design.

Select homes with future capital gains in mind.

Don't purchase cheap – buy quality.

Bob Greenbury, General Manager of Stebo Holdings Ltd, a G.J. Gardner Homes franchise set up to service HNZC land redevelopment plans in Auckland, outlined the construction industry advantages available to his business. These included huge purchasing power, due to the scale of the projects (they build 1000 homes a year) and the use of standard material and modular components.