

National Summit on Affordable Housing

Wellington, NZ - 30 October 2006

Sponsored by Wellington City Council, the National Summit on Affordable Housing was made possible by the hard work of a number of agencies with a shared interest in advancing thinking and promoting action about affordable housing issues in New Zealand. We acknowledge in particular the Australasian Housing Institute, Housing New Zealand Corporation, Centre for Housing Research Aotearoa New Zealand, Local Government New Zealand, The Property Group, the Office of the Hon Chris Carter MP, CHAI and the University of Auckland.

Over 150 people, from across New Zealand and internationally, gathered in Wellington Town Hall to participate in a varied program, with a focus on three facilitated panel sessions:

- Why should we care?
- Who's responsible: Central Government, Local Government, community or private sector?
- What needs to happen?

A wide range of expert speakers from all sectors, in New Zealand, Australia and the UK, gave presentations and answered questions. Their full presentations, are also available on this site.

Welcome

Participants were welcomed by **Alick Shaw, Deputy Mayor, Wellington City Council**, who reflected that despite the positive features of 'walkability' and a strong regional public transport strategy, issues of land use and availability are now resulting in affordability pressures in Wellington approaching those of the quite different city of Auckland.

Opening Address

The **Minister for Housing, Hon Chris Carter, MP** gave the Opening Address. He highlighted housing supply as a key issue in the spiraling cost of private rental (between June 2005 and June 2006, the number of recipients of the Accommodation Supplement who spent more than 50 per cent of their income on housing rose by 26%) and of entry to home ownership (likely to fall to 61%, as the average cost of housing now reaches 6.6 times the average income across New Zealand, peaking at 8 times in Auckland).

He proposed three supply side interventions by government: planning mechanisms (using planning zonings, controls and incentives and leading with initiatives such as the funding of Affordable Housing Coordinators); assisting the rapid development of third sector responses by councils, churches and community trusts (by schemes such as the Housing Innovations Fund and shared equity); and government led development projects, such as utilising green-field and brown-field Crown land sites, promoting mixed tenure communities and developing government owned homes to achieve a higher density.

Inaction, he said, is not an option.

CRESA Awards for Excellence in Affordable Rental Housing Provision

Inspirational stories of work underway in affordable rental housing preceded the presentation of the CRESA Awards for Excellence in Affordable Rental Housing. Strong recognition was given to Habitat for Humanity and the Friendship Centre Trust. The Wellington Housing Trust was announced as the winner for their work in establishing 26 units of affordable rental housing over the last 25 years, 6 with Housing Innovations Fund assistance.

A Maori Perspective

Paul White from Te Runanga O Te Rarawa spoke eloquently from the Iwi perspective. He chronicled the Iwi low levels of home ownership resulting from a lack of experience of home ownership, low incomes supporting large families, low levels of intergenerational wealth transfer and a predominantly rural base. He emphasised the particular cultural importance of appropriately located housing, with 25% of Maori living in their tribal areas, where the Marae has huge cultural importance. He identified housing affordability pressures for Maori in both 'hot spots' (areas of rising unaffordability in and around cities) and 'cold spots' (rural areas of relative affordability for city dwellers, who push up local prices). The impact of a lack of housing affordability is to displace Maori from their communities (particularly in coastal areas highly sought after for weekenders), prevent elders returning to their land and reduce housing access in the cities (therefore reducing employment opportunities or increasing travel time and cost),

Session 1: Why should we care?

The first plenary session was facilitated by Terrence Aschoff, Manager CHRANZ. The speakers explored the social and economic impacts of housing affordability problems, and addressed the reasons we need to respond decisively to these.

Dr Arthur Grimes, Motu Economic & Public Policy Research

Dr Grimes identified the three options we have for tackling housing affordability: do nothing; provide subsidy assistance; and increase supply. The first option assumes the market will provide (an unacceptably slow response). The second option has an unwanted outcome of increasing demand and pushing up prices even further. The third option necessarily results in a loss for current suppliers but is proposed as the best option and one that should be encouraged by reducing and where possible removing restrictions on an increased supply of affordable housing.

Ian Mitchell, DTZ New Zealand

Ian Mitchell reflected on the vested interest for home owners to keep the market buoyant and the increasing concentration of wealth in fewer households, namely high income earners over the age of 50. He noted that the impact of reduced affordability has been largely to reduce access to and sustainability of homeownership and to reduce access of lower income households, in particular those with children, to the rental market. He raised a strong concern that the housing market will be increasingly unable to meet demand into the future as the New Zealand population increases by 19500 per annum, highlighting the importance of acknowledging what we are dealing with and establishing a long term affordable housing strategy.

Keith Preston, Trustee Nelson Tasman Housing Trust & Director Sustainability Consultancy

Keith Preston focused on the rental sector and the growing shift towards private rental, as the gap between the social housing safety net and home ownership increases. The current Accommodation Supplement outlay of \$850M is paid to private tenants, boarders and home buyers who qualify for housing assistance. An essentially unregulated private market has some evident difficulties: insecurity of tenure (the average length of a tenancy in a unit in Wellington is 8 months); unpredictable rent rises; a lack of agreed standards in housing management and in property condition. He compared the growing focus on capacity building in the community housing sector to the current lack of minimum standards for private rental practice, and encouraged the further development of professional standards for the private sector.

Dr. Philippa Howden-Chapman, Professor Public Health, Otago University

Dr Howden-Chapman focused on the health and environmental implications of poorly designed and constructed housing, in particular the higher costs of heating and associated overcrowding for low income families in energy inefficient housing. She outlined the significant health, school and work attendance and environmental benefits that result from improved temperature control and a reduction in humidity. She advocated an investment in retrofitted heating strategies and investment in quality affordable housing.

Paul White, Te Runanga O Te Rarawa

Paul White challenged us to think about what sort of society we want to live in. He placed an investment in affordable housing at the centre of social, economic and environmental solutions. In particular he noted that security of tenure enables social cohesion, participation in education and work, higher productivity and a range of other social, economic and environmental outcomes.

Questions raised and a summary of the responses from the panel

Q1: Councils release land but developers hold back, hoping for a windfall gain – does the panel have any suggestions to ensure development in a timeframe to meet needs?

- Rather than the current piecemeal development approval, maybe target larger areas for bigger picture view
- Provide incentives for affordable housing development to ensure gains from re-zoning come back to the community.

Q2: What are the implications around loss of control of land?

- An important area for research is overseas investment in the property market. Non-local purchase of coastal land has rendered it unaffordable for locals.

Q3: What happens overseas, are there incentives provided for land release?

- Care must be taken not to create environmental and sustainability problems by developing where transport is an issue.

Q4: What about the idea of a Certificate of Fitness for the condition of rental property?

- The development of a 'Healthy Housing Index' (comparable to a roadworthiness certificate for a car) is proposed by the Department of Building and Housing. This will require good information about current and acceptable standards, and a synthesis of existing energy, environmental, building and safety standards.
- A similar idea should be considered for private landlords. A 'Warrant of Fitness' for both private rental property and private landlords could be regulated through the payment of accommodation supplements.

Session 2: Who's responsible?

The second plenary session focused on the roles that each tier of government, non-government agencies and private organisations should play in responding to housing affordability problems. The facilitator was Blair Badcock, Chief Advisor Housing Sector Policy, HNZA.

Judy Glackin, Policy Director, HNZA

Judy Glackin noted that 1 in 5 New Zealanders receive some sort of housing service or assistance (including accommodation supplement, home loan products and the Housing Innovation Fund). State housing, with affordable income related rents, is only a small part of the system (65000 tenancies). Local authorities (for example, 2300 units of affordable housing in Wellington and 2600 in Christchurch) and the community sector (facing the challenge now of how to build capacity and achieve economies of scale) are increasingly significant players. There is no "one best way" and collaborative effort is a key.

Mike Reid, Local Government New Zealand

Mike Reid pointed out that historically, affordable housing was the responsibility of a range of agencies, with the first Council (local government) house in management five years before the first State government house in 1937. He questioned whether social housing outcomes are valued sufficiently and noted little central government investment in the last 15 years and a static role in local government. He suggested that all agencies have an important role but that it will vary in response to local issues and local pressures.

Cr Stephanie Cook, Wellington City Council

Cr Cook promoted a leadership and innovation role for local government in affordable housing. The reasons for Council to play this role are: the social good that comes from assisting the community; being able to contribute important local knowledge and build on existing relationships with social agencies; supporting local jobs including tourism by expanding housing affordable for people on low incomes; and having related responsibilities for town planning and transport infrastructure.

Pam Bourke, Policy and Planning, Auckland City Council

Pam Bourke spoke about the many reasons for Councils to be involved in affordable housing and the varied roles local government can play. She outlined the appropriate roles Councils do and can play: regulation, community development, housing provision, funding, land banking and land release, planning initiatives, research, policy development, partnerships and advocacy. The nature and extent of Councils' role in affordable housing can be enhanced with increased political and community support for the role, a clearer legislative and policy base, capacity building initiatives and financial incentives.

Paul White, Te Runanga O Te Rarawa

Paul White emphasised the need for all players in the affordable housing system to find 'a good fit' and build partnerships around this. Long term affordable housing solutions should meet a range of needs, foster self determination and provide access to a fair go.

Brian Donnelley, New Zealand Housing Foundation

Brian Donnelly explored the concepts of affordable and social housing. He reflected that there has been lots of talking and not much doing. Doing has tended to be in silos, the community sector is very small, the private sector provides affordable housing by default and there is little choice for those with special needs.

Collaboration and a responsiveness to local conditions are key factors in changing this. Roles and responses should differ according to an understanding of the dynamics of local and micro level housing markets, and the aspirations of people.

Ian Cassells, property developer and owner of The Wellington Company

Ian Cassells argued that sustainability is Wellington's key driver for all players. Affordable housing is a huge issue but the focus tends to swing towards social housing. More economical housing is needed faster. He suggested that private sector operators can respond to and solve housing problems with clear advice about the key social, environmental and economic issues.

Questions raised and a summary of the responses from the panel

Q1: What could a partnership between the private sector and local government look like?

- There are suspicions around partnerships with developers. The alternative is to turn a job into a contract. Set the parameters in a contract; don't try to solve issues by committee. Profit is a key driver but problems can be solved.

Q2: What is the role of business in providing housing for its workforce?

- A time of approaching full employment may raise the pressure for this type of housing provision, especially where there are skill shortages.

Q3: Responsibility for housing supply seems to slip between sectors and never settles in any one place. Should responsibility be fixed somewhere?

- Partnerships do not necessarily mean passing responsibility, as long as roles are clear.
- What we have today must be understood in the context of all that has come before.
- A combination of carrots and sticks can work. Legislative frameworks plus substantial funding base, capacity building and clear guidelines can enable working together.

Q4: Developers find it easier to develop greenfield sites. Constraints exist to avoid sprawl and associated issues. Are there incentives for developing on existing sites?

- Greenfield sites are less complicated and developers naturally prefer them. There is a need to beef up the bonuses for development and maximisation of existing spaces.
- Developers' key criticisms of developing in-fill sites are the issues associated with Councils, particularly uncertainties around timeframes for approvals.

Session 3: What needs to happen?

The third and final plenary session was facilitated by Patricia Austin, School of Architecture and Planning, University of Auckland. Panelists discussed their ideas for the future, lessons learnt from what has been done so far and lessons borrowed from overseas.

John Ridd, Policy and Asset Manager, Taupo District Council

John Ridd outlined the issues for Taupo, where Council's Growth Management Strategy has a focus on "pipes and roads" rather than community infrastructure. Affordable housing is often seen as synonymous with State, Council or social housing. There is a lack of clarity around local government's role. His council has undertaken a Housing Needs Assessment to understand local affordability issues, and is currently working on a Community Land Trust model. Momentum generated by local government needs to be matched by a timely response from central government, for example around submissions for HIF.

Scott Figenshow, Housing Policy Analyst, Queenstown Lakes District Council

Scott Figenshaw drew attention to the difference in educational opportunities between the USA, where there are courses in affordable housing delivered in universities, and New Zealand, where there are no such similar capacity building opportunities. Queenstown Lakes DC has adopted a community housing strategy which includes affordable housing contributions from developers – voluntary up till now, but the Council is considering a District Plan change. He spoke about the importance of Trust Agreements to ensure affordable housing stock is retained for future generations and the need for quality standards and measures in the industry. Asked about the response of developers to inclusionary zoning, he noted that the rewards of higher density development are leading to a well placed workforce and social infrastructure. Commenting on partnerships, he noted that whilst there are some examples (eg. Abbeyfield in Queenstown) his local council's focus is on economic development issues for Queenstown Lakes, including housing the workforce.

Linda Going, lawyer, Phillips Fox

Linda Going examined the challenges for local government in retaining and managing existing stock in the light of competing issues, maintenance costs, depreciation etc. Affordable housing is a 'strategic asset' in terms of the Local Government Act 2002 and there are specific compliance requirements and a need to consider other factors in the attainment of objectives. A variety of options exist for governance structures other than full Council control but there are compliance and tax implications.

Arati Waldegrave, Senior Policy Analyst, HNZC

Arati Waldegrave presented plans for a proposed shared equity scheme and progress thus far. The model is for a mortgage on only 2/3 of the property value, with 30% held freehold by the Crown incurring no charges, or a 30% loan attracting rent from the homeowner.

Annette Sullivan, Manager, Comcare Community Trust

Annette Sullivan raised issues of private rental market access for people with multiple and complex needs, who do not always present well to private landlords. Her suggestions for improving access include: enabling income related rents to operate in the private sector, to ensure a guaranteed rent for the landlord and no stigma for the tenant; and ensuring support from a specialist organisation is available to benefit landlord and tenant and act as buffer between the two. Also needed are improvements in emergency housing and increased support for tenant advocacy.

Sarah Webb, Policy Director, Chartered Institute of Housing, UK

Sarah Webb spoke about affordable housing policy and practice in the UK. She noted that there were \$3.3bn supply side subsidies in the period 2004-06. More affordable homes are being built and there is also an emphasis on improved housing management. The focus in the UK is however still on expanding home ownership, currently 70% with a target of 75% under the current government.

Dr Vivienne Milligan, Director, Australian Housing and Urban Research Institute

Dr Milligan presented examples of affordable housing projects and outlined limitations and learning of the models. She noted there is a role in innovation for the private sector, within a framework. The program must engender certainty to enable investment in skills etc. Partnerships must be built on trust between governments and the partner.

Questions raised and a summary of the responses from the panel

Q1: There is a policy in New Zealand not to sell to tenants. What exists elsewhere?

- A range of policies across Australia. There is need to sell and replace – to re-invest in the portfolio.
- There is a “Right to Buy” policy in the UK. Buyers feel that it is a successful policy, but the best houses have been sold. The sold properties are not replaced in the portfolio and can end up in poor condition, sublet and overcrowded.

Summing Up - Key Themes

Andrew Larkin, Acting Director, NSW Centre for Affordable Housing, summed up the day's discussion and provided an international perspective on affordable housing ideas and plans.

Andrew Larkin identified these key themes:

- 1) The affordability problem is extreme and has significant and varied impacts. The problem is fed by economic success that increases house and land prices. There is an acknowledgement that the housing market has failed low income earners and therefore a need for government intervention.
- 2) Affordable housing places an emphasis on social inclusion and mixed communities. Redevelopment is best where the community is mixed, through deliberate policies to facilitate the introduction of improved housing in areas of low housing standards and values.
- 3) Planning instruments and policies can bring about affordable housing outcomes, but are a rarity in New Zealand and Australia. Communities should be able to capture a slice of improvement to its land and property values. This is common in the USA.
- 4) Growing the 3rd sector will be important. The small community sector in New Zealand presents a challenge to scale it up, as it was in Australia in the 80s and 90s. Australia has a Community Housing Strategy, aiming to grow even more to enable leverage for development and borrowing. The Housing Innovation Fund will not be enough.
- 5) Leverage of private funds into affordable housing is most easily done through lending and finance to the community sector. A regulator framework gives confidence to funders, lenders and partners.
- 6) Community and council land trusts present significant benefits for affordable housing development: the long term control of land means that the costs of land acquisition are minimised and the speculative risk of land acquisition is removed.
- 7) There is a role for shared equity products, although they may not be commercially attractive.
- 8) There is a significant role for local government. In Australia local governments are increasing their role in planning for their area. In the UK local governments act less and less as providers of social housing; local governments have a strategic role, with provision achieved through arms-length management organisations and stock transfers.

Closing Address

The Closing Address was from Kerry Prendergast, Mayor of Wellington City Council and Vice President Local Government New Zealand.

Participants and presenters then continued networking over cocktails, with a view of the beautiful harbour, and those who are members of the Australasian Housing Institute held their AGM.