



**Greater Christchurch
Partnership**

Te Tira Tū Tahi

One Group, Standing Together

Joint Housing Action Plan Phase 1 Investigations – Findings Report

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Purpose

The Joint Housing Action Plan for Greater Christchurch (JHAP), endorsed by the Greater Christchurch Partnership Committee (Committee) in December 2023 and adopted by Partner Council in early 2024. Phase one of the Greater Christchurch Joint Housing Action Plan (JHAP) comprises eight actions. This report consolidates the findings of Phase one investigations of the JHAP.

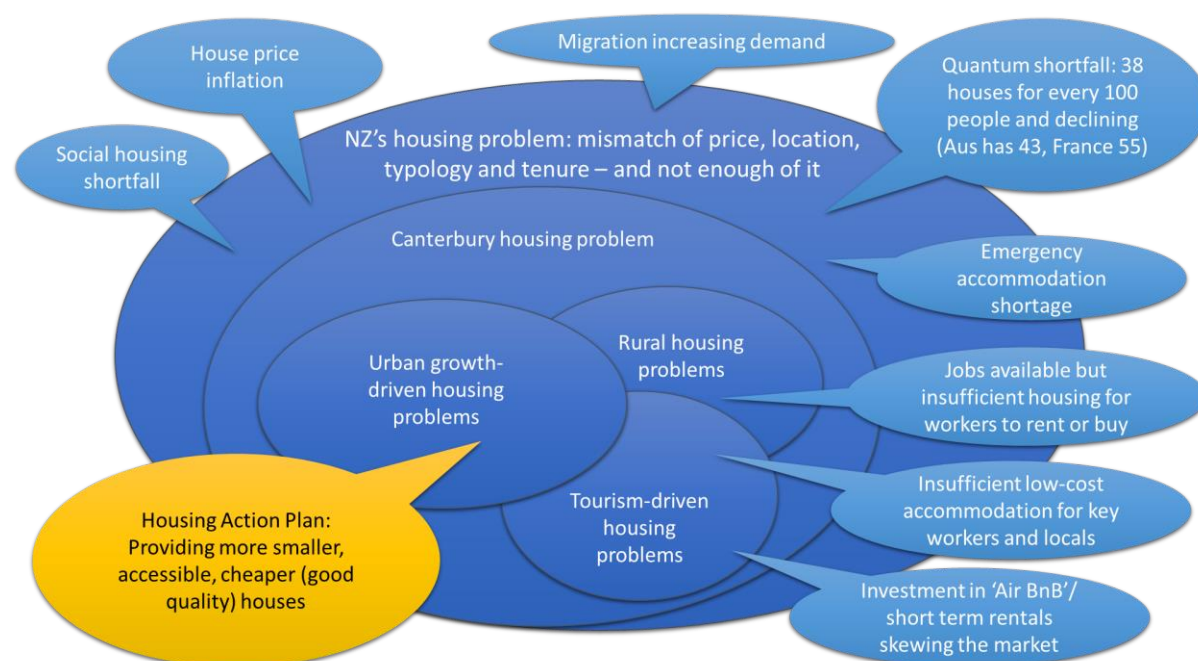
The purpose of this work was to investigate the full range of options partners could choose to implement to support affordable housing in response to the housing problem in Greater Christchurch. It then forms the foundation for the Greater Christchurch Partnership Committee exploring the range of options to inform development of phase two actions.

There are a range of housing terms used in this document. A useful glossary of the key terms has been compiled by The Urban Advisory: [TUA \(theurbanadvisory.com\)](https://theurbanadvisory.com).

Executive Summary

The Joint Housing Action Plan for Greater Christchurch (JHAP), endorsed by the Greater Christchurch Partnership Committee (Committee) in December 2023 and adopted by Partner Council in early 2024. This report consolidates the findings of investigations completed as part of phase one of JHAP. It is intended to lay the foundation for the Greater Christchurch Partnership Committee exploring the range of options to inform development of Phase two actions.

An overview of the New Zealand housing problem and the drivers of the initial development of the JHAP with the Greater Christchurch Partnership Committee is included in the below diagram:



The housing problem in Greater Christchurch remains with four significant gaps in the market:

- ❖ Emergency/transitional housing (in May 2024 there are 336 adults and 357 children in Greater Christchurch in emergency housing).
- ❖ Social housing (in July 2024 there were 2117 households on the MSD waiting list in Christchurch City, 96 in Waimakariri and 62 in Selwyn).

- ❖ Affordable housing – rentals and progressive home ownership (in July 2024 there were 26,958 people in Christchurch City Council (CCC), 2,556 in Selwyn District Council (SDC) and 3,534 in Waimakariri District Council (WDC) receiving the Accommodation Supplement).
- ❖ Typologies that match the changing demographic demand: the supply-side predominance of 3–4-bedroom homes contribute to the under-utilisation of housing; while in Christchurch, smaller houses are being built but at a price well above the affordability threshold for low- and modest-income households.

Since the adoption of the JHAP by Partner Councils in early 2024, the context has shifted for housing. The Minister of Housing, Hon Chris Bishop in 2023 announced 'Going for Housing Growth' would entail *"a comprehensive reform programme that targets the underlying causes of the housing shortage" with the goal "to flood urban housing markets for Tier 1 and 2 Councils with land for development. Abundant zoned and serviced land within and at the edge of our cities for housing will moderate land prices and increase competition among landowners to stop land banking. As the scale of development opportunities increase, developers will have the confidence to build up their capacity"* (ibid).

Land supply constraints are less relevant in Greater Christchurch as greenfield growth is largely plan-enabled. The key change is that the planning controls available to GCP Partners have limited ability to direct growth to preferred locations nor strongly influence the type of development provided.

The Ministry of Housing and Urban Development together with the Ministry for the Environment are working on options for financial and other incentives for Councils that enable the supply of new housing. There is also work being progressed to address the funding and financing options for Community Housing Providers and not for profit housing providers. The applicability of these to the Greater Christchurch context will be carefully considered once details are available.

The key headlines from phase one are that affordable housing is essential infrastructure, with a Benefit Cost Ratio of \$3:1; GCP partners have levers available to respond to the problem through increasing the provision of affordable housing and more diverse housing types; The third and final takeaway is that there is flexibility in the: 1) package of levers and options that Partners can opt-into to use, 2) level of support to affordable housing which Partners can provide and 3) the timing of implementing levers.

This is supported in more detail by the table below with the summary of findings for each of the eight actions that make up phase one of the Joint Housing Action Plan.

#	Action	High level findings
1	Mapping of surplus properties	<ul style="list-style-type: none"> ❖ Up to 90 Council Partner properties have been identified and could be further assessed for suitability as affordable housing sites. ❖ Processes already exist for identifying surplus sites and consulting CHTs/ CHPs on interest ❖ Identification of potential Crown land sites is underway and will be shared early next year ❖ Potential for land disposal policies to be strengthened to give greater priority to affordable housing, including offer to CHPs/CHTs with discounts desirable. <p>Questions for Further Consideration:</p> <ul style="list-style-type: none"> ❖ <i>What appetite is there for offering properties to the CHPs/Charitable Trusts and mana whenua for affordable housing at below market rates or long term 'peppercorn' leases?</i>
2	Development Types	<ul style="list-style-type: none"> ❖ There are several development types across the housing continuum, with many examples in Greater Christchurch. ❖ To address key gaps in the 'markets' housing provision, there is a role for the GCP Partners. ❖ Key focus is on the affordable housing section (middle) of the housing continuum, particularly assisted rentals and assisted ownership. <p>Questions for Further Consideration:</p> <ul style="list-style-type: none"> ❖ <i>Does the Committee support focussing its collective efforts to assist in increasing provision of assisted ownership and assisted rentals (middle) section of the housing spectrum?</i>
3	Inclusionary Zoning	<ul style="list-style-type: none"> ❖ A considerable amount of funds for affordable housing could be generated through this mechanism. ❖ The inclusionary zoning policy options could produce both positive and negative outcomes. ❖ Partner Councils would need to commission more research to develop a robust evidence base to justify the implementation of an inclusionary zoning policy and demonstrate the net positive outcomes of this policy. This would be the start of a 2+ year long process. <p><i>Refer to Formative Economic Assessment Report for further information</i></p> <p>Questions for Further Consideration:</p> <ul style="list-style-type: none"> ❖ <i>What support is there by Partners in progressing the investigation into Inclusionary Zoning?</i> ❖ <i>If further investigated, does the Committee have any preferences in terms of the mix (Property/ Cash) of the contribution or percentage contribution rate?</i>
4	Incentives	<ul style="list-style-type: none"> ❖ Density Bonus, targeted rates, local government funding and rates concession policies are likely to have the best outcomes where the potential benefits are likely to outweigh the costs. ❖ These options are likely to have a low to moderate contribution to increased affordable housing. ❖ These options are comparatively straightforward to implement so could be preferred and investigated further in Phase 2. <p><i>Refer to Formative Economic Assessment Report for further information.</i></p>

#	Action	High level findings
		<p>Questions for Further Consideration:</p> <ul style="list-style-type: none"> ❖ <i>What incentives are most attractive to Partners?</i> ❖ <i>Which incentives are least appealing?</i>
5	DC Rebates	<ul style="list-style-type: none"> ❖ The planning concessions and development contributions remissions are likely to have minimal implications in terms of the wider impacts. ❖ It is anticipated that the net outcomes would most likely be positive. ❖ These options could be investigated further in Phase 2 of the JHAP. <p><i>Refer to Formative Economic Assessment Report for further information</i></p> <p>Questions for Further Consideration:</p> <ul style="list-style-type: none"> ❖ <i>What level of interest is there from Partners in implementing a consistent policy for 100% development contributions rebate to CHPs, Charitable Housing Trusts and Mana Whenua for affordable housing developments across Greater Christchurch?</i>
6	Advocacy for Investment	<ul style="list-style-type: none"> ❖ Current property developers prefer 3 storey walk-ups as feasibility, risks and uncertain market appeal are barriers to pursuing medium-rise and higher density developments. ❖ Rents not high enough to make Build-to-Rents viable in Greater Christchurch at present. ❖ Demand is hampered by the lack of an apartment 'culture' and competing with convenient travel times across the region. ❖ Initial priorities for advocacy: RMA changes to enable Inclusionary Zoning in RMA Reforms; Co-Funding with Govt aligned to revenue (Councils 10%, Govt 90%); Supporting Foreign Institutional investors through OIA amendments already in train; Assess advocacy by others for affordable housing benefits. <p>Questions for Further Consideration:</p> <ul style="list-style-type: none"> ❖ <i>What would the committee like to actively advocate for?</i> ❖ <i>Who would they choose to partner with on these issues/opportunities?</i>
7	OCHT area of operation	<ul style="list-style-type: none"> ❖ OCHT has proven track record of success. There is interest in it having an expanded role beyond Christchurch City. ❖ Discussions between OCHT and CCC are ongoing in securing amendments to OCHT's Trust Deed. ❖ Partners will need to negotiate with OCHT on service provision to ensure ongoing revenue streams. <p>Questions for Further Consideration:</p> <p><i>What opportunities do Partners wish OCHT to consider in developing increased affordable housing in their area?</i></p>
8	Monitoring and reporting	<ul style="list-style-type: none"> ❖ Aligned to GCSP monitoring and mandatory reporting under the NPS-UD to mitigate duplication. <p>Questions for Further Consideration:</p> <ul style="list-style-type: none"> ❖ <i>Are there any other measure or indicators the Committee would like tracked and reported on?</i>

Action 1 - Mapping

Identify publicly owned sites (Crown and Council) appropriate for affordable housing development across all three council districts; and determine what is required to acquire/consolidate these for development.

Further information to support this action and its intent:

The Councils and Government have land that may be suitable for development. This action involves identifying land in appropriate locations that is surplus to requirements or has potential to intensify and in locations suitable for housing.

Task and/or Problem Statement:

The task is to build a Greater Christchurch wide picture of sites in public ownership that could be potentially considered for affordable housing development. The value of doing this collectively is to identify sites that align with other Partnership priorities within the Joint Work Programme or are adjacent to Council boundaries, where collective action may be possible.

Approach:

This involved the preparation of a consolidated GIS database or list of potential properties, to coordinate the identification of these sites, which could provide affordable housing opportunities to partner with Community Housing Providers (CHPs)/ Charitable Housing Trusts, mana whenua or the Crown.

The list will need to be updated as properties are sold and surplus land identified periodically, but the intention is for it to form as a 'Living List', which can be built upon over time by Partner organisations. Key attributes documented for each property include size, vacant or otherwise, zoning and any known constraints or considerations related to that property.

Findings:

A collaborative process of identifying properties, consolidating details of key attributes for each of these and then mapping in GIS has been completed by the local government partners. The addresses of the sites identified as having potential for affordable housing have not been included to enable the Partner Council's to carry out, without prejudice or disadvantage, commercial activities and negotiations. The mapping process is underway for Crown Land, with a focus on properties within the Priority Development Areas identified in the Greater Christchurch Spatial Plan. Initial findings are that Crown Land is predominantly held by Kainga Ora and Ministry of Education and that there is limited Crown Land that is surplus and not required for its intended purpose and listed for Crown property disposal (<https://www.linz.govt.nz/guidance/crown-property/crown-property-disposals>).

Refer to the map of potential sites within council ownership at the sub-regional level below. As an overview, there are currently up to 90 sites, identified across Greater-Christchurch, totalling between 450 and 500,000m² in combined area, which could be further considered for its suitability for affordable housing.

The sites identified are primarily residentially zoned, whilst properties in Selwyn are generally centred around Rolleston township and similarly Waimakariri sites are centred in and around the Rangiora township. It is noted both are Priority Development Areas identified in the Greater Christchurch Spatial Plan. Surplus sites within Christchurch City are more numerous and more dispersed in their distribution across the Council area.

Sites sizes range from 13 to 100,000m². Looking at this there are 18% of properties less than 600m², 24% between 601 to 1000m² and 58% of sites are 1001m² and larger.

Although a number of the sites have encumbrances or constraints, at this initial stage of investigations a comprehensive assessment has yet to be undertaken. For example, one of the sites in Rolleston is under the airport noise contour – the Regional Policy Statement and District Plan don't currently provide for new residential development under the contour in this location. This means there is future work to be completed to determine whether the sites are "appropriate for affordable housing" and "what is required to acquire / consolidate these for development". This could be done for those sites where CHPs, Mana Whenua, Crown express an interest in, in order to be targeted.

The property portfolios for each respective Council are always changing with transactions, negotiations and related processes always underway, making the sites and attributes outlined above open to change.

Because of the changing composition of each Council's property portfolio, influencing the policies that govern the identification and disposal of surplus sites, through including affordable housing as a strategic objective and greater weighting in decision making, was identified as a key lever Partners could employ as part of a coordinated package to increase affordable housing. Each Council has similar policies for identifying and disposing of land deemed to be surplus and varied processes/procedures in how this is done, inclusive of public and targeted consultation. An example of a process currently in operation that could be adapted for use across the Greater Christchurch area has been outlined in the flowchart below.

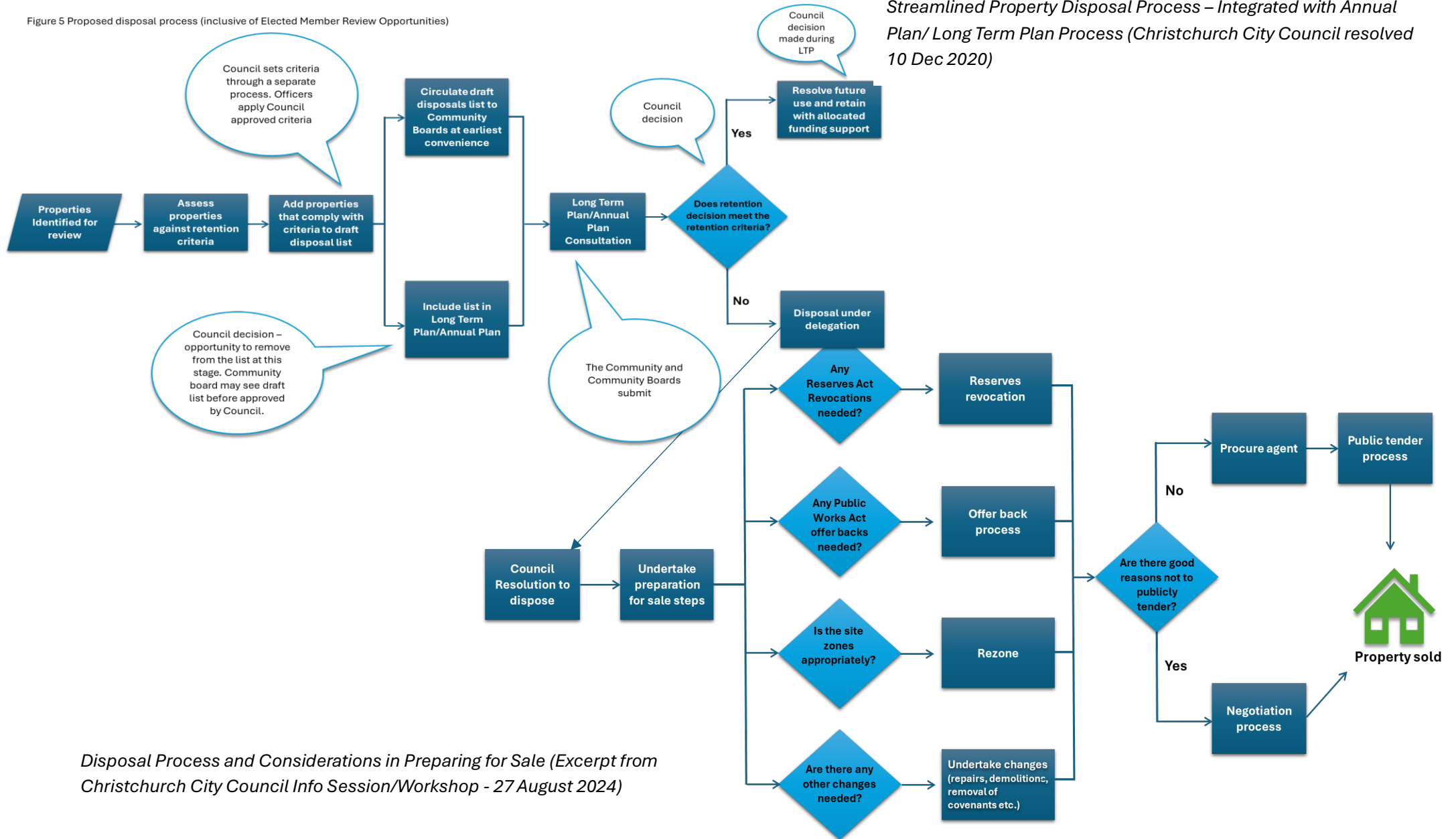
The ability for Councils to systematically identify and offer sites to CHPs, mana whenua and Charitable Housing Trusts can offer additional opportunities for potential purchasing/leasing of suitable sites for affordable housing. Within each council's available resources, consideration could be given to preparing sites (e.g. reserves revocation, potentially rezone, remove encumbrances) and passing on this value to these entities or by provide these entities with a discount on the market price for selected sites. This could be done at a portfolio level with formal council approvals required at key parts of the process to preserve each council's respective oversight and control.

Questions for Further Consideration:

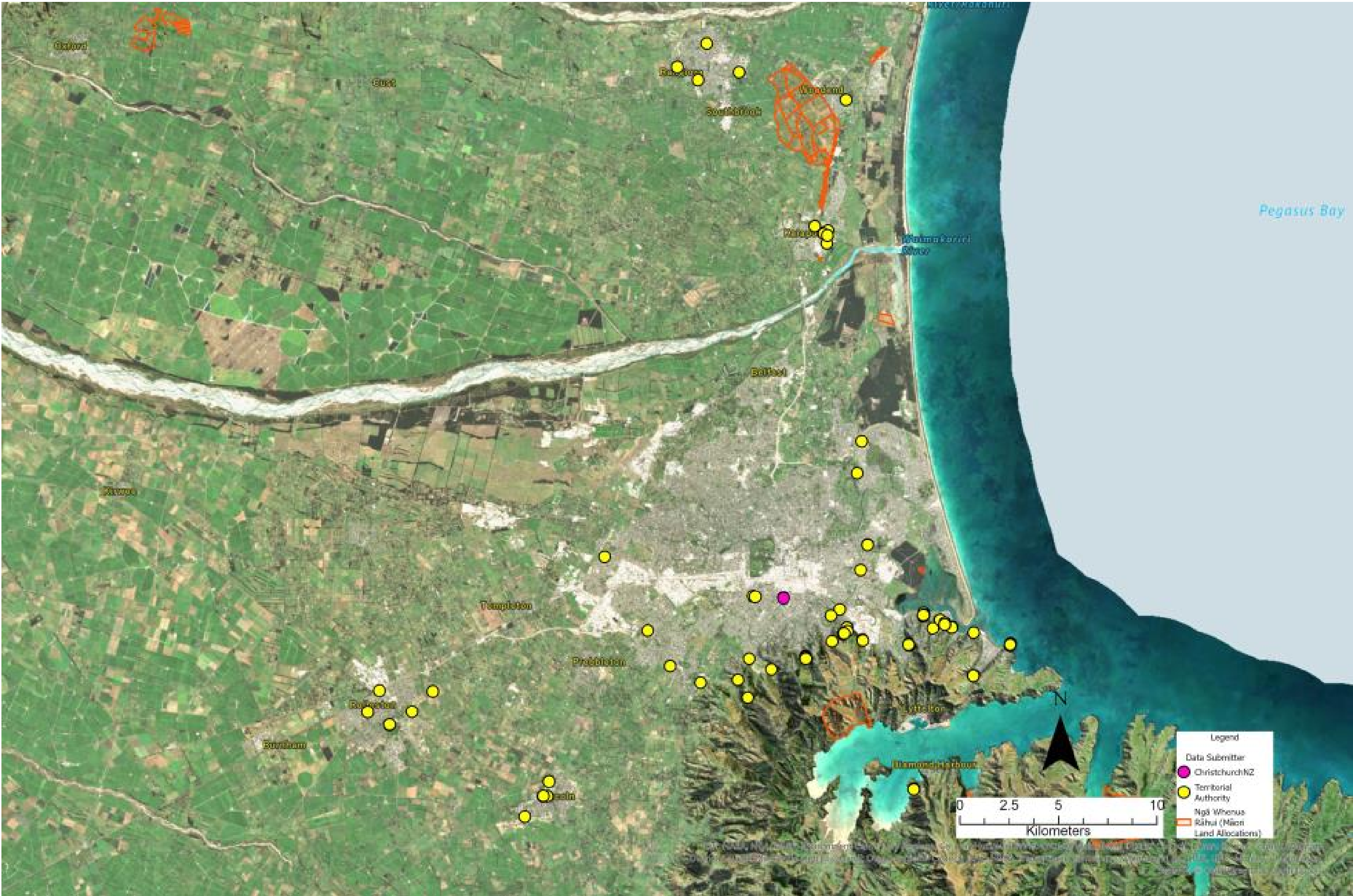
- ❖ *Is there support for Council policies and processes to be aligned when disposing of surplus sites to prioritise affordable housing provision?*
- ❖ *What appetite is there for offering sites to the CHPs/Charitable Trusts and mana whenua for affordable housing at below market rates or long term 'peppercorn' leases?*

Flowchart depicting surplus site identification, consultation and sale process

Figure 5 Proposed disposal process (inclusive of Elected Member Review Opportunities)



Map of Potential sites for affordable housing (subject to further assessment)



Action 2 - Development Types

Identify mechanisms to enable development of affordable housing on public land. One example is retaining it in perpetuity but developing it for affordable housing through a leasehold model. (Requires councils/Crown to prioritise development of affordable housing above other potential uses that may furnish a higher return, as well as sufficient capitalisation to buy back properties to enable them to remain affordable in perpetuity.)

Further information to support this action and its intent:

The Queenstown Lakes Community Trust enables the development of underused Council land which is leased to affordable housing providers, generating rates revenue, and then bought back once the leaseholder moves on. Other mechanisms: using the borrowing capacity of councils to underwrite development finance for CHPs and charities; deferred settlement in the disposal of council land; long term leases; sales at subsidised values.

Task and/or Problem Statement:

Action 2 identifies the various housing development models available to use as mechanisms by which housing can be made available.

Approach:

Research has been undertaken to develop a diagram to visually summarise the various options across the housing continuum, which is then expanded in further detail in a tabular format, with New Zealand examples provided.

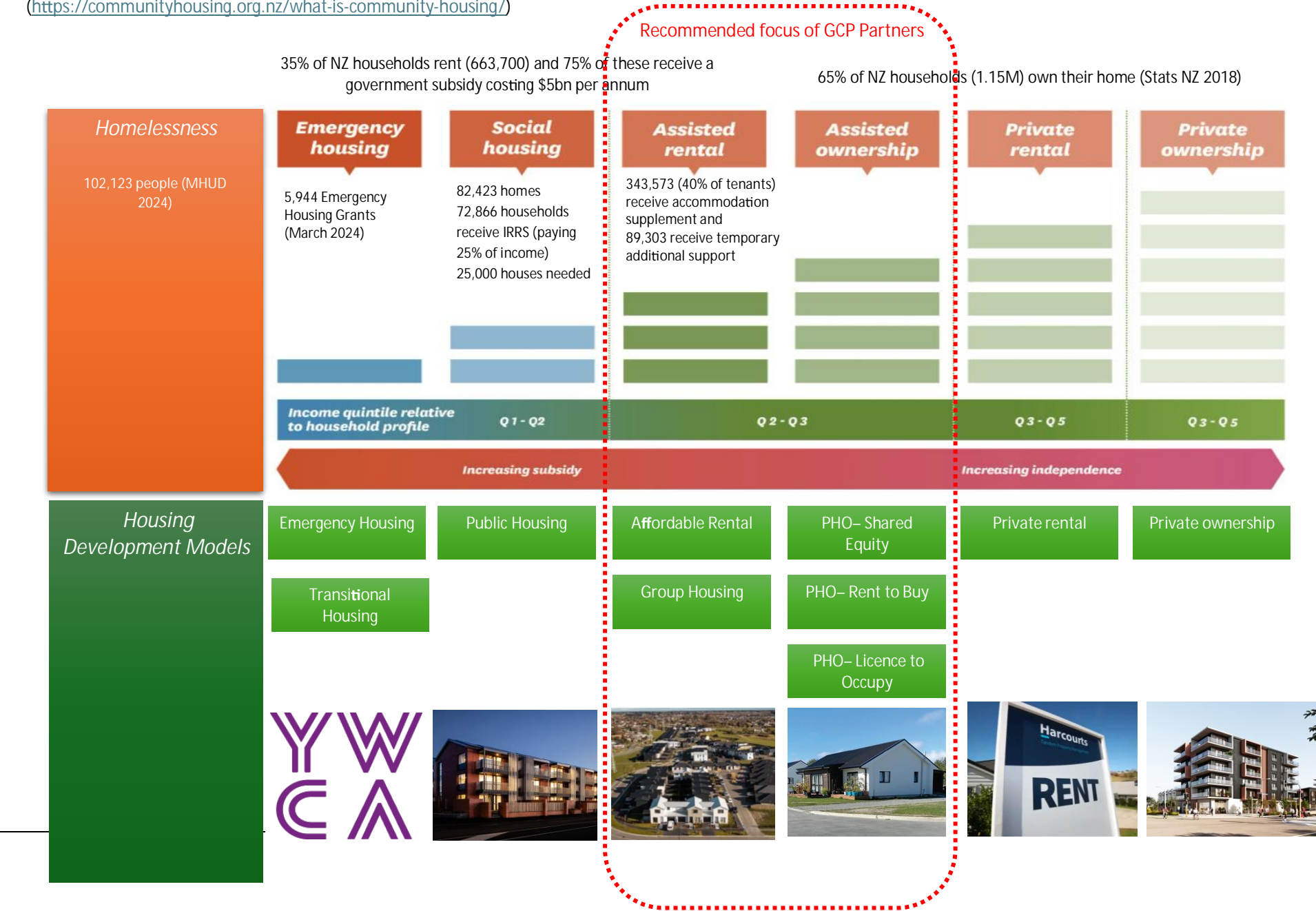
Findings:

This section outlines various development options and tenure types that may be possible. Some require more financial commitment than others. These can be broadly summarised in the diagram below and detailed in the table that follows. Linkages have been made with the other pertinent Phase one action/s to make these connections more explicit.

Questions for Further Consideration:

- ❖ *Does the Committee support focussing its collective efforts to assist in increasing provision of assisted ownership and assisted rentals (middle) section of the housing spectrum?*

Joint Housing Action Plan – Action 2 - Identify mechanisms to enable development of affordable housing on public land¹
 Figure 1: Visual Summary of Housing Development Models (Tenure Types) across the Housing Continuum - Adaption of The Aotearoa New Zealand Housing Continuum
 (<https://communityhousing.org.nz/what-is-community-housing/>)



Housing continuum	Housing Type	Description	Likely tenure/s	Asset owner/s	Example providers	Example developments	How Partners or other specified organisations could be involved
Emergency Housing	Emergency Housing	Temporary accommodation for individuals and families who have an urgent need for accommodation because they have nowhere else to stay or are unable to remain in their usual place of residence. Eligibility and placements are determined by the Ministry of Social Development.	Freehold	Housing provider	Kāinga Ora Methodist Mission City Mission	Emergency and transitional housing for women and children. This property is owned by CCC and leased to the YWCA. YWCA Christchurch	Policies to prioritise affordable housing in Council land disposal (Refer to Action 1). Revisiting the definition of 'highest and best use', demonstrating to elected members the ROI from investment in affordable housing (PWC 2023, Melbourne model) to offset costs (Refer to Action 1). Partnership with central government, CHPs and CHTs and mana whenua for leasehold developments on public land (Action 1 and Action 4). Notification to mana whenua and CHPs regarding proposed disposal of residentially suitable land for affordable housing (Refer to Action 1). Regulatory compliance fee discounts for CHPs/ CHTs (Refer to Actions 4).
	Transitional Housing	Transitional housing is temporary accommodation and support for individuals or families who are in urgent need of housing. It provides warm, dry, short-term housing for people and families who have an urgent need for a place to stay. It is intended that families and individuals stay in transitional housing for an average of around 12 weeks. Families and individuals may also receive a further 12 weeks support once they've found a more permanent place to live.	Freehold	Housing provider	Kāinga Ora Women's Refuge YWCA Women's Shelter Christchurch Methodist Mission Emerge Comcare	YWCA Christchurch Transitional Housing	Case management and compliance advice for CHPs/ CHTs and other developers of affordable housing (Refer to Actions 4). Rates rebates and other incentives to providers of affordable housing (Refer to Actions 4 and 5).
Social Housing	Public Housing	Public housing is subsidised rental housing receiving the Income Related Rent Subsidy administered by the Ministry	Freehold	Housing provider	Kāinga Ora CHPs	Kāinga Ora - Riccarton Road housing complex	MHUD: CHPs require certainty Subsidies Grants

Housing continuum	Housing Type	Description	Likely tenure/s	Asset owner/s	Example providers	Example developments	How Partners or other specified organisations could be involved
		of Social Development with the tenancies managed by Kāinga Ora or registered Community Housing Providers. In this category tenants will pay approximately 25% of their income on rent (Income Related Rent or IRR) and the Government tops up the rent to 100% of a market rent (Income Related Rent Subsidy or IRRS). The subsidy is paid by the Ministry of Housing and Urban Development (MHUD).					Access to land Access to funding Advice on accessing support to unlock affordable housing
Assisted Rental	Affordable Rental	Affordable rentals are provided by community housing organisations for the express purpose to make homes more accessible to individuals and whanāu on low incomes. This requires subsidy from government or councils. Affordable rents are commonly set at less than 80% of market rent in an area. E.g. the new affordable rent stream launched by MHUD in 2023 set the rent at 80% of market rent in an area.	Freehold	Housing provider	Comcare Trust Emerge Aotearoa Ltd Vision West OCHT	Emerge Aotearoa, Karamū Emerge Aotearoa - Kāramu Community Housing Development	

Housing continuum	Housing Type	Description	Likely tenure/s	Asset owner/s	Example providers	Example developments	How Partners or other specified organisations could be involved
Assisted Rental	Residential Group Housing	Residential Group Housing provides co-housing options for individuals and whānau with unique needs who are assisted with wrap-around services.	Freehold	Housing provider	Kāinga Ora	Abbeyfield – Supported Housing Community Group Housing: Supported Housing :: Kāinga Ora – Homes and Communities (kaingaora.govt.nz)	
Assisted Ownership	Progressive Home Ownership – Shared Equity	Shared equity is a form of PHO where an occupier and community housing organisation jointly purchase a property. An occupier will commonly purchase 60-80% of a property with a community housing organisation owning the remaining shares. An occupier can apply for a mortgage to fund the purchase of their shares and progressively purchase the remaining shares from the organisation in lump sums at the new property value.	Freehold Unit title	Housing provider & owner-occupier	Housing Trusts Habitat for Humanity Ministry for Housing and Urban Development have a list of active providers: Progressive Home Ownership Fund - Te Tūāpapa Kura Kāinga - Ministry of Housing and Urban Development (hud.govt.nz)	Wayne Francis Charitable Trust, Halswell: Housing — WFCT	
	Progressive Home Ownership - Rent to Buy	Rent-to-Buy programmes allow tenants to rent a home at equal- or below- market rent for a specified period while they build the financial	Freehold Unit title	Housing provider/tenant & proposed owner	Refer to link above	Habitat for Humanity, Hoon Hay Christchurch completes two Progressive Home Ownership (PHO)	

Housing continuum	Housing Type	Description	Likely tenure/s	Asset owner/s	Example providers	Example developments	How Partners or other specified organisations could be involved
		capacity to purchase the home either outright or in a shared equity model with a community housing provider or other form of landlord.				homes • Habitat for Humanity	
	Progressive Home Ownership - Licence to Occupy	<p>Licence to Occupy programmes offers residents the enjoyment of the property without taking any formal ownership of it. The licence sale price is the cost to construct the house. Licence to Occupy models are commonly used on papakāinga or communally held land and retirement villages where tenants may purchase a property or the right to occupy a property but not own it or the land which the property exists on.</p> <p>In the QLCHT and OCHT programmes the licence gives the tenant a right to occupy the home for up to 100 years. The tenant takes out a mortgage over this lease which is deemed security for the bank due to the length of the lease.</p> <p>The resident pays a ground rent annually. When the tenant leaves the property is</p>	Freehold Unit title Leasehold Licence to Occupy	Housing provider	<p>Refer to link above</p> <p>The Queenstown Lakes Leasehold model OCHT, Secure Home programme offers</p>	<p>Ngāi Tūākuriri, Papakāinga, Tuahiwi: https://metronews.co.nz/article/tuahiwi-housing-build</p> <p>OCHT, Carey Street, Christchurch: Secure Home — Ōtautahi Community Housing Trust (ocht.org.nz)</p> <p>QLCHT, Tewa Banks, Arrowtown: Tewa Banks - Queenstown Lakes Community Housing Trust (qlcht.org.nz)</p> <p>Retirement villages</p>	

Housing continuum	Housing Type	Description	Likely tenure/s	Asset owner/s	Example providers	Example developments	How Partners or other specified organisations could be involved
		<p>purchased again by the Trust and the resident receives their purchase price plus CPI for every year they were an occupant of the property rather than the property selling on the open market.</p> <p>It is calculated that if an occupier is in the home for 5-10 years, they will then have enough of the mortgage paid down in addition to receiving the purchase price plus CPI to purchase a house in the private residential market.</p>					
Private Rental	Private rental	Housing provided by private developers and landlords for rent at market rentals.	Freehold Cross-lease Unit title	Private developer then private landlord	Real Estate Agents	Canterbury Homes and Real Estate for Rent - realestate.co.nz	
Private Ownership	Private ownership	Housing provided by private developers for purchase at market prices.	Freehold Cross-lease Unit title	Private developer then private owner	Williams Corporation NZ Wolfbrook Property Group Brooksfield Living Fletcher Living	Williams Corporation, Manchester Square: Development Williams Corporation New Zealand Fletcher Living, Canterbury: New Residential Developments in Auckland & Canterbury » Fletcher Living	

Action 3 - Inclusionary Zoning

Investigate the introduction of inclusionary zoning by all three Councils to collectively increase the supply of social and affordable rental housing.

Further information to support this action and its intent:

Inclusionary planning is a way of securing or leveraging affordable housing through the planning and urban development process. Developers make a percentage-based contribution towards supplying affordable housing as part of their developments. A minimum percentage could be introduced across the region, higher percentages in greenfield or urban renewal projects. This can be phased and increased over time. It can be applied to residential, commercial and some industrial land and easily transferred to any affordable housing organisation. Dwellings designated inclusionary should be indistinguishable from market housing. Queenstown and Waikato have identified this as the most effective mechanism to increase the supply of affordable housing.

Task and/or Problem Statement:

In Greater Christchurch there are four significant gaps in the market:

- ❖ Emergency/transitional housing (in May 2024 there are 336 adults and 357 children in Greater Christchurch in emergency housing).
- ❖ Social housing (in July 2024 there were 2117 households on the MSD waiting list in Christchurch City, 96 in Waimakariri and 62 in Selwyn).
- ❖ Affordable housing – rentals and progressive home ownership (in July 2024 there were 26,958 people in CCC, 2,556 in SDC and 3,534 in WDC receiving the Accommodation Supplement)
- ❖ Typologies that match the changing demographic demand: the supply-side predominance of 3-4 bedroom homes contributes the under-utilisation of housing; while in Christchurch, smaller houses are being built but at a price well above the affordability threshold for low- and modest-income households.
- ❖ This is compounded by the unregulated market for short-term rentals.

Actions 3, 4 and 5 involve the investigation of a carefully targeted 'carrot and stick' package comprising inclusionary zoning alongside incentives (density bonuses, height bonuses, financial offsets, development contribution rebates, targeted rates) to encourage more development of cheaper (but still good quality) housing and variety of choice in Greater Christchurch. This would also contribute to realising the aspirations of the Spatial Plan.

The task is for an indicative assessment to investigate and test mechanisms to provide and incentives to develop affordable housing throughout the feasibility 'equation' to see the extent of impact of each intervention (or collection of interventions). Further detailed work would be required on policy options of most interest to the partnership as part of Phase 2 implementation.

Approach:

The indicative assessment for Phase 1 investigations involved testing the likely impact of Inclusionary zoning to increase the supply of affordable housing at different levels of contributions–

- ❖ Financial contributions - Low, Medium, and High contributions
- ❖ Providing land/ dwellings - Low, Medium, and High contributions.

The August 2024 recommendations of the Independent Hearing Panel (IHP) on Queenstown Lakes District Council's (QLDC) Inclusionary Zoning Variation formed part of the literature review for the indicative assessment. Although QLDC has chosen to withdraw the Inclusionary Zoning Variation the IHP and its report made some key findings of relevance to progressing Inclusionary Zoning in New Zealand. The IHP report confirmed that the Inclusionary Zoning: 1) Was lawful; 2) Was consistent and

within the scope of the Resource Management Act 1991 (RMA); and 3) Would implement the National Policy Statement on Urban Development. The IHP ultimately recommended the Variation not proceed as its efficiency compared to alternatives, principally targeted rates (section 32 test) did not satisfy the IHP.

Refer to attached report: Indicative Economic Assessment, Greater Christchurch Joint Housing Action Plan for further detail on the approach taken to testing these policy options. For Inclusionary Zoning to be successful it would be preferable for all Councils to adopt the same policy position to avoid 'flight' of developers between territorial authorities.

Findings:

Refer to attached report: Indicative Economic Assessment, Greater Christchurch Joint Housing Action Plan for further detail on the findings of the initial assessment of these policy options.

The process which the QLDC has followed on its Inclusionary Zoning Variation demonstrates the significant amount of research, analysis and evidence required as the foundation for a plan change proposal. The plan change process under the RMA that needs to be followed:

- ❖ Issue identification and pre-consultation
- ❖ Plan change and section 32 RMA report assessing costs and benefits produced (NOTE: QLDC's experience highlights the importance of preparing a comprehensive and robust s32 report involving input from a wide range of experts)
- ❖ Plan change and section 32 approved by Council for public notification
- ❖ Public notification for submissions (minimum of 20 working days)
- ❖ Public notification of summary of submissions for further submissions (10 working days to submit). Further submissions are limited as to who may make a further submission.
- ❖ Hearings
- ❖ Public notification of decisions
- ❖ Appeals (30 working days to lodge)
- ❖ Environment Court process if any appeals
- ❖ Plan change is operative

This process can take two years, subject to the timing and duration of any appeals. The duration, complexity and legislative requirements mean that it would require significant pooled resources (budget and staff time) by all Council Partners.

Questions for Further Consideration:

- ❖ *What support is there by Partners in progressing the investigation into Inclusionary Zoning?*
- ❖ *If further investigated, does the Committee have any preferences in terms of the mix (Property/ Cash) of the contribution or percentage contribution rate?*

NOTE: There is an advocacy opportunity for the Greater Christchurch Partnership to partner with the Community Housing Association (CHA) and others on advocating to Government on introducing Inclusionary Zoning (Refer to Action 6 for further details)

Action 4 - Incentives

Investigate and test incentives to develop affordable housing (e.g. density bonuses, value capture, rates concessions for CHPs, planning concessions).

Further information to support this action and its intent:

Various financial and planning incentives can be used to encourage more affordable housing and a greater range of typologies:

- ❖ 'Density bonuses' permit higher densities in return for an affordable housing contribution, though quality should not be sacrificed and density bonuses might be deployed in conjunction with mixed tenure.
- ❖ Set affordable housing targets.
- ❖ Protect existing low-cost housing stock.
- ❖ 'Value capture' a portion of increased value that occurs when land is rezoned to higher value uses or when infrastructure is provided, then direct this value towards affordable housing. Urban renewal projects and rezoning provide opportunities for value capture¹⁸
- ❖ Develop land use policies that encourage diverse housing forms.
- ❖ Offer rates concessions to community housing organisations.
- ❖ By-laws for Air B n Bs in affordable areas.
- ❖ Planning concessions to enable affordable housing
- ❖ Rating vacant land and potentially buildings at the level of what it could be developed to, as a disincentive to land-bank

Task and/or Problem Statement:

Refer to Action 3 – Inclusionary Zoning

Approach:

The indicative assessment for Phase 1 investigations involved testing the likely impact of a range of incentives identified through a literature review to develop affordable housing:

- ❖ Maintaining the status quo;
- ❖ Density bonuses;
- ❖ Targeted rates;
- ❖ Local government support for Community Housing Providers;
- ❖ Rates concessions for Community Housing Providers; and
- ❖ Planning concessions for Community Housing Providers.

Refer to attached report: Indicative Economic Assessment, Greater Christchurch Joint Housing Action Plan for further detail on the approach taken to testing these policy options.

Findings:

Refer to attached report: Indicative Economic Assessment, Greater Christchurch Joint Housing Action Plan for further detail on the findings of the indicative assessment of these policy options.

Questions for Further Consideration:

- ❖ *What incentives are most attractive to Partners?*
- ❖ *Which incentives are least appealing?*

Action 5 – Development Contributions Rebates

Investigate expanding CCC's development contribution rebates for social housing to all councils. Investigate extending this to include social, affordable rental and progressive home ownership.

Further information to support this action and its intent:

Christchurch City Council's Development Contributions Rebate policy provides for the rebate of DCs for certain types of development including social housing and kāinga nohoanga. With respect to the former, it aims to support the development of new social housing by qualifying community trust organisations, and rebates 100% of DCs for qualifying developments. Developers are required to register a covenant on the title of the development to qualify for the rebate, which restricts the use of a home for social housing purposes only.

Task and/or Problem Statement:

Refer to Action 3 – Inclusionary Zoning

Approach:

The indicative assessment for Phase 1 investigations involved testing the likely impact of Development Contribution rebates at different extents of operation and levels of development contribution monetary values (revenue foregone) to develop affordable housing:

- ❖ Low – Continue CCC rebate; Introduce DC rebate to SDC and WDC (Valued at 20% below average DC)
- ❖ Medium – Full DC rebate across CCC, SDC and WDC, with covenant on title (Valued at Average DC)
- ❖ High – As per medium (Valued at 20% above average DC)

Refer to attached report: Indicative Economic Assessment, Greater Christchurch Joint Housing Action Plan for further detail on the approach taken to testing these policy options.

Findings:

Refer to attached report: Indicative Economic Assessment, Greater Christchurch Joint Housing Action Plan for further detail on the findings of the indicative assessment of these policy options.

Questions for Further Consideration:

- ❖ *What level of interest is there from Partners in implementing a consistent policy for 100% development contributions rebate to CHPs, Charitable Housing Trusts and Mana Whenua for affordable housing developments across Greater Christchurch?*

Action 6 - Advocacy for Investment

Support wider advocacy to influence financial institutions to invest in affordable housing solutions e.g. pension fund investment in build-to-rent housing in Greater Christchurch.

Further information to support this action and its intent:

Kiwisaver provider Simplicity has created a housing fund to invest in build-to-rent housing in Auckland. It has done this in cooperation with major home builder NZ Living. The intent is to build high quality apartments and townhouses for long term rent across New Zealand, providing people with another housing option. They are attempting to contribute build-to-rent high density housing at scale: Intention to build 10,000 quality homes for long-term rent across NZ. Their model includes:

- ❖ Developer and Builder margins (they are the developer and builder and a nonprofit organisation)
- ❖ Financing margin (they don't have to borrow money to build)
- ❖ Selling costs (rent directly, with no real estate agency fees)
- ❖ Property management margin (manage the properties directly, at cost).

Task and/or Problem Statement:

Affordable housing (focussed on affordable ownership and affordable rentals) needs to be developed at a scale (density), which ensures cost effectiveness (warm and dry dwellings, constructed at a price as low as possible and minimising ongoing maintenance costs) and preferably in locations that are well serviced by existing infrastructure, services and accessible to opportunities.

In other countries, institutional investors are able to 'buy-in' to affordable housing provision through a bond purchasing structure or in contributing equity into predominantly private market focussed Build-to-Rent companies. These methods of investment are usually done at levels that require property developments of medium-rise or greater.

Brownfield sites in Greater Christchurch provide the greatest opportunity for medium-rise residential developments with varied tenures, which could tap into this external investment potential. However, there is a lack of examples of medium-rise, affordable apartment buildings within the Greater Christchurch area. Housing growth is plan enabled across the Greater Christchurch sub-region making continued greenfield developments at low density and low-medium density developments on Brownfield sites most straightforward to continue delivering.

The task is to understand the current market, identify key barriers to supply of medium-rise apartments as well as the demand for apartments and identify key players in the apartment development and Build to Rent space within New Zealand which could be attracted to Greater Christchurch with the lowering of key barriers.

Research and engagement with stakeholders have been used to identify any legislative or regulatory barriers that are preventing external institutional investors from considering investing in housing funds in New Zealand and Greater Christchurch, and contributing to market conditions that are conducive to delivering increase affordable housing in the Greater Christchurch area.

Approach:

Consolidation of previous reports, surveys and research findings to provide an environment scan. Supplemented by conducting interviews of active stakeholders in the areas of investment attraction, Build-to-Rent and advocacy and drawing insights for consideration by Partners to prioritise for implementation as part of Phase 2 of the JHAP.

Findings:

The findings below, including initial advocacy and partnering priorities have been summarised in a diagram included at the end of this section of the report.

There are several established developers within Greater Christchurch. Typical development includes terrace style housing that is either attached or semi-detached and between two and three storeys with a one car garage. There have been limited apartment developments in Greater Christchurch since the earthquakes.

Scanning New Zealand more broadly there is noticeably more apartment developments in Wellington and Auckland. Based on work completed for the Auckland Light Rail business case the key players in the New Zealand apartment development market (for medium-rise developments) are:

- ❖ Ockham Residential
- ❖ Conrad Property Group
- ❖ Urban Collective
- ❖ Templeton Group
- ❖ GN Construction
- ❖ Willis Bond & Co
- ❖ Love & Co
- ❖ Lily Nelson
- ❖ Lamont & Co
- ❖ McConnell Property

International companies that are also active in Auckland include Hengyi, Shundi, MRCB and 94 Feet. None of these local nor international companies are active in the Greater Christchurch residential market.

Research and analysis undertaken by a variety of organisations indicates the principal barriers to medium-rise development on the supply side for developers include:

- ❖ feasibility - less profitable for various reasons
- ❖ risk - need for more due diligence and greater risks (links to market preference)
- ❖ financial - harder to get finance and high levels of pre-sales require
- ❖ capability - housing developer capabilities and business model
- ❖ Land – availability and costs

These same barriers apply to developing apartments for affordable housing either as standalone apartment buildings or as part of a mixed tenure development within Greater Christchurch. It has been identified that in some Australian cities, density or height bonuses are offered for apartment building developments for providing affordable housing units above a minimum threshold. This has the potential for improving the feasibility of med-rise apartment developments in Greater Christchurch. However, the current legislative focus of the Resource Management Act on impact mitigation prevents this from being currently possible.

Similarly, there is significant evidence of inclusionary zoning working as an effective lever in providing a supply stream of affordable housing dwellings and financial contributions to assist in addressing failures of the housing market in providing for people on lower levels of income and for dwelling sizes suited to their needs. Having growth contribute to the cost of growth in terms of the gaps in the housing market it creates for affordable housing, would be consistent with the impact mitigation focus of the Resource Management Act. Its unlikely to completely solve the housing problem in Greater Christchurch but has the potential to provide a supply stream to CHPs for increasing affordable housing numbers outside of Government grants and other existing sources of funding.

Looking at the demand for apartments in the market housing segment of the housing continuum, it has been noted by Jones Lang Lasalle in its 2018 research for the Property Council of New Zealand (PCNZ) that there is not a 'culture' of apartment living (1,2 or 3 bedrooms) in Greater Christchurch in part because of the ease of travel by private vehicle between the key centres of Greater Christchurch means the need to live close to the city or other key hubs and centres hasn't been as strong compared to other New Zealand cities where traffic congestion is more pronounced. Consequently, the market for apartments is seen as 'narrower' (characterised as under 30-year-olds (double income no kids) and 55+ year olds (downsizers and empty nesters)) than for other housing types targeting such as the terrace and townhouses widely offered across the region. Beyond this the other key barriers relate to buyer sentiment and market preferences:

- ❖ tenure – prefer freehold and avoiding body corporates and insurance
- ❖ lifestyle – preference for some private open space and garaging
- ❖ price – apartments compete with standalone houses or townhouse in main centres and city fringe
- ❖ resale – terraces and townhouses are viewed as easier to sell (broader appeal)

There is work underway by ChristchurchNZ in devising narratives around apartment living for sharing through media platforms to address some of the perceptions and barriers to people considering apartment living. Shifting this perception is likely to require a handful of demonstration projects on the supply side alongside strong promotional and marketing campaigns. This also applies to affordable apartment housing.

In the New Zealand Build to Rent (BtR) market there are number of key players:

- ❖ Cedar Pacific – Build to Rent; Student accommodation ([Cedar Pacific \(cedpac.com\)](https://cedarpacific.co.nz/))
- ❖ Kiwi Property – Build to Rent ([Residential » Kiwi Property](https://www.kiwi.co.nz/))
- ❖ New Ground Living – Build to Rent ([New Ground Living | Renting the way it should be](https://www.newgroundliving.co.nz/))
- ❖ Resident Properties – Build to Rent ([Resident Properties – Places For People](https://www.resident.co.nz/))
- ❖ Simplicity Living – Build to Rent ([Simplicity Living](https://www.simplicityliving.co.nz/))

These BtR companies are active primarily in Auckland and the North Island. It is noted that Build to Rent is currently focussed in the market rental section of the housing continuum, with no examples of affordable rentals in New Zealand.

Initial discussions have indicated that BtR in Greater Christchurch is not yet feasible based on similar barriers to the delivery of medium-rise apartments as well as average weekly rents for two-bedroom townhouses and terraces being considered too low to address the barriers in building 50+ unit BtR buildings. This feasibility could improve with changes to tax deductibility for some aspects of these developments and/or operations. Other mechanisms to incentive BtR development include partnering with iwi and other landowners to secure long-term leases for BtR to develop and operate, as well as consideration of student or nurses accommodation.

The PCNZ have been advocating for regulatory changes for a number of years in order to make international institutional investment in BtR companies and developments more attractive. Its worth noted that BtR schemes are unlikely to provide affordable rental housing upfront. There are potential benefits to affordable housing by leveraging some of the PCNZ advocacy work. Its progress warrants ongoing monitoring to identify these potential opportunities early and raising through the Committee.

There is an amendment to the Overseas Investment Act currently being considered by the Select Committee. This amendment is intended to provide greater confidence in the ability of overseas institutional investors to purchase existing BtR developments as well as the on-selling of these schemes. This has some potential in encouraging greater overall institutional investors from overseas to invest in New Zealand and for this to potentially cascade indirectly through affordable housing bond schemes to support low-cost loans to CHPs in providing greater affordable housing, particularly affordable rentals. This is advocacy that the Partnership could choose to support in order to stimulate medium-rise development in well located and served Brownfield sites across the Greater Christchurch region.

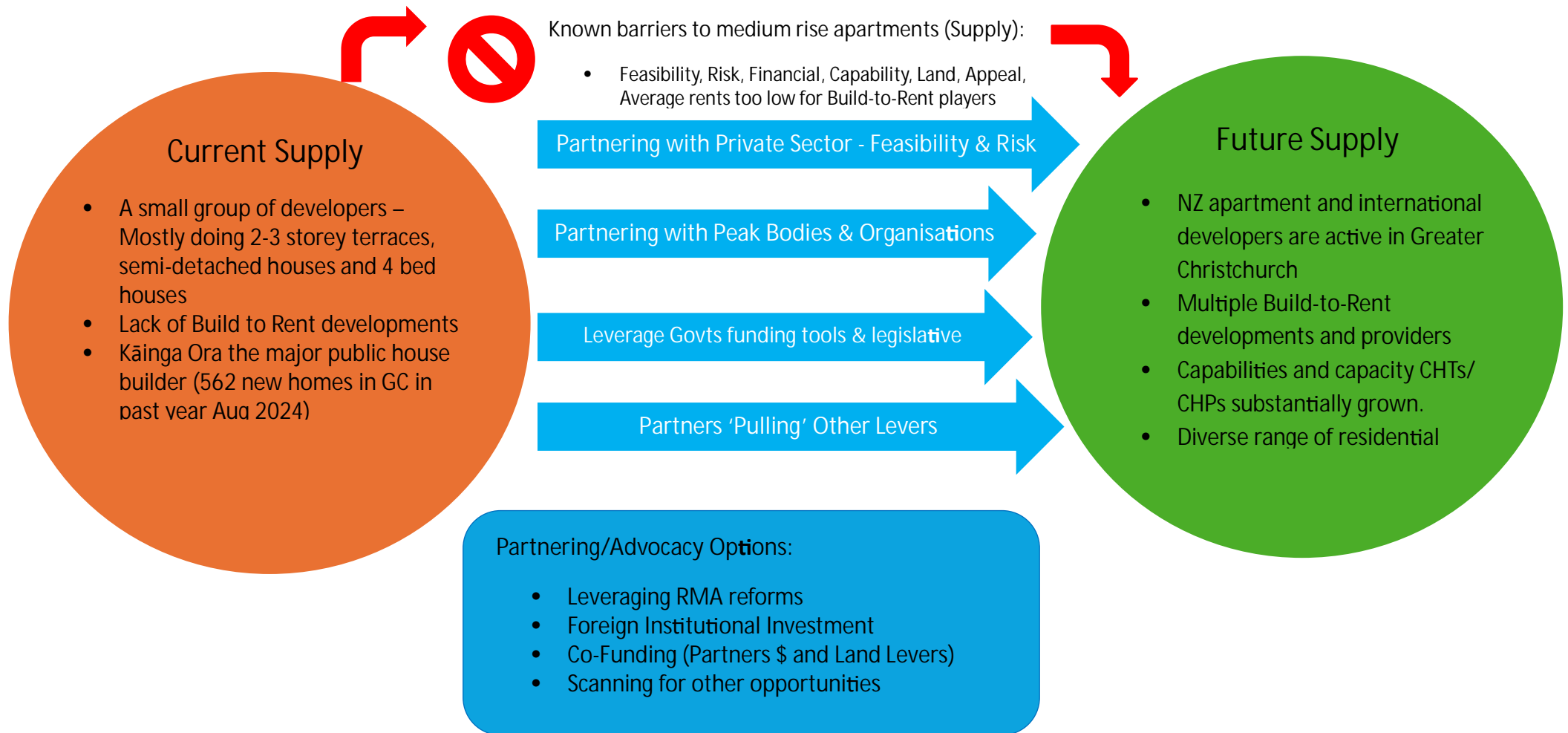
The peak body for CHPs in New Zealand, Community Housing Aotearoa has been advocating for Government action to enable inclusionary zoning as part of a wider response to addressing housing affordability across the country, particularly those households in the bottom half of incomes. Recently announced aspects of the Going for Growth Programme and its forthcoming pillars, including the intent to reform and amend the Resource Management Act present unique and time-sensitive opportunities for Partners to influence Government decisions on this legislation and affordable housing.

These changes are unlikely to be made without ongoing, targeted and coordinated advocacy by Partners, ideally with a range of other partner organisations. Key advocacy priorities and roles for Partners have been identified for consideration by the Committee to elicit feedback and inform further exploration of strategy and discussion.

A visual summary of this work, including partnering and advocacy options, is included on the page below.

Questions for Further Consideration:

- ❖ *What would the committee like to actively advocate for?*
- ❖ *Who would they choose to partner with on these issues/opportunities?*



Action 7 – Expanding the Ōtautahi Community Housing Trust Model

Investigate expanding or mirroring the Ōtautahi Community Housing Trust model (providing charities and charitable community housing providers access to finance and land).

Further information to support this action and its intent:
n/a

Task and/or Problem Statement:

The Ōtautahi Community Housing Trust (ŌCHT) was established in 2016 to manage Christchurch City Council's (Council's) social housing portfolio. ŌCHT performance has been successful since it was created. This success has led to interest from other local authorities in its model. For ŌCHT, the benefits of doing this include using ŌCHT's skills and expertise to help deliver services, additional revenue streams, and the retention of skilled staff. However, ŌCHT is currently restricted from operating elsewhere due to the current Purpose as set out in its Trust Deed.

Approach:

The ŌCHT has explored this option with support from the Greater Christchurch Partnership and Council. Central government is also interested in progressing this action. A two-step process has been followed. After taking legal advice ŌCHT and Council were advised that a Private Bill would be the most appropriate way forward to give ŌCHT operational flexibility.

Findings:

A Private Bill will enable the amendment of the Trust Deed for ŌCHT. Once introduced to the House of Representatives it is estimated to take between six to 12 months for it to successfully be passed into law. Discussions are ongoing.

For ŌCHT to expand its services into Selwyn and Waimakariri it is anticipated that it will incur greater costs. This will require negotiations with ŌCHT to ensure that providing services in the districts provides an additional revenue stream.

Questions for Further Consideration:

- ❖ *What opportunities do Partners wish ŌCHT to consider in developing increased affordable housing in their area?*

Action 8 – Monitoring and reporting framework

Develop a monitoring and evaluation framework to track progress.

Further information to support this action and its intent:

n/a

Task and/or Problem Statement:

Determine the best method of monitoring the outcomes of the Joint Housing Action Plan (JHAP) and mandatory NPS-UD indicators over time. This has been a gap identified in the implementation of previous Spatial Plans. In addition to monitoring at the indicator level, regularly tracking the progress of implementing the Phase 2 actions and the evaluating the impact of these actions is to be undertaken. This should be meaningful, use available data sources, avoid duplication of effort and integrate with reporting for the Greater Christchurch Spatial Plan, as a legislative and Government policy requirement.

Approach:

The approach involves:

- 1) Developing a monitoring framework for the GCSP that will:
 - ❖ Track progress against key actions / initiatives e.g. Joint Housing Action Plan set out in the joint work programme (JWP) for the GCSP and implementation plan;
 - ❖ Meet the monitoring requirements for Tier 1 local authorities under the NPS-UD;
 - ❖ Identify additional key indicators to measure progress towards implementing the overarching directions and key moves in the Spatial Plan (where not already addressed through the JWP or NPS-UD requirements).
- 2) Creation of a dashboard of key indicators hosted on GCP website – housing indicators updated quarterly drawing on existing sources initially (e.g. MHUD sources, Quarterly Economic Dashboard - ChristchurchNZ.com);
- 3) Providing regular reporting to meet obligations including an annual report to GCPC / GCP partners, with bi-annual updates on joint work programme and implementation plan.

Findings:

The framework and dashboard are under development. A priority of this work is to establish monitoring and reporting for residential urban development that meets NPS-UD requirements for Greater Christchurch. The NPS-UD indicators include:

- ❖ demand, supply, price and rents of dwellings
- ❖ housing affordability
- ❖ realised housing capacity in brownfield and greenfield areas
- ❖ available data on business land.

Questions for Further Consideration:

- ❖ *Are there any other measures or indicators the committee would like tracked and reported on?*