
REPORT 5
(1215/52/IM)

SUBMISSION ON THE AFFORDABLE HOUSING: ENABLING TERRITORIAL AUTHORITIES BILL

1. Purpose of Report

To seek Committee approval to the attached submission on the Affordable Housing: Enabling Territorial Authorities Bill to the Local Government and Environment Select Committee.

2. Recommendations

It is recommended that the Committee:

1. *Receive the information.*
2. *Agree to the submission on the Affordable Housing: Enabling Territorial Authorities Bill attached as Appendix 1.*
3. *Authorise the Chief Executive and the Urban Development and Transport Portfolio Leader to make any minor editorial changes to the submission required as a result of SPC discussion.*

3. Background

The Council made a submission to an inquiry into affordable housing conducted by the Commerce Select Committee in mid 2007.

The Affordable Housing: Enabling Territorial Authorities Bill is one of several initiatives announced by the Prime Minister on 12 February 2008 to improve accessibility to affordable housing. The initiatives to support this objective include:

- Shared equity schemes
- Consideration of the establishment of Urban Development Authorities (being a model that is used in other countries)
- A review of public land holdings to identify land that could be suitable for residential housing. This would initially be undertaken in Auckland
- A review of building compliance costs
- A review of residential-zoned land and how much is available for development

The Bill was introduced at the beginning of December 2007 and has been referred to the Local Government and Environment Select Committee. The Committee is scheduled to report back on 10 June 2008.

4. Discussion

4.1 Improving housing affordability

Housing affordability has been cited as a growing issue of concern for some time. Rates of home ownership have steadily declined in recent years. Home ownership has social and economic implications; it contributes to sense of place and community values.

Barriers for home buyers have existed for decades. In the past barriers were in the form of substantial minimum deposits, difficulty in obtaining credit and very high costs of credit. The barriers today have arisen from the rapid escalation in the value of houses over the past few years. This has led to increasing pressure for development of public policy tools to address the problem.

4.2 The Affordable Housing: Enabling Territorial Authorities Bill

The Bill gives Councils the ability to require developers to provide affordable housing in new developments, or to contribute money or land towards affordable housing being built elsewhere. The Bill is enabling, meaning the Council can choose whether to use the powers provided.

The key elements of the Bill are detailed below:

- Enables councils to require developers to either; include affordable housing in their developments; make payments towards the cost of providing affordable housing elsewhere; or provide land for the construction of affordable housing.
- However, councils can only introduce these requirements if they have first established evidence of affordable housing need in their area. The development of an Affordable Housing Policy requires consultation.
- Councils will be able to offset the costs developers might incur in providing some affordable housing by offering incentives to developers. These incentives may include the waiving of development contributions, or permitting greater densities in developments than might otherwise be allowed.
- Councils can decide how to administer properties obtained for affordable housing through negotiations with developers. They can; retain the properties as part of the council's own stock; vest them in a housing trust; enter into shared equity arrangements with first-homeowners or sell properties on the open market with deed restrictions to ensure the housing remains affordable over the longer term.

- The Bill also prevents the use of any title covenant whose principal purpose is to exclude social or affordable housing, including supported accommodation.

The Bill operates by placing responsibility for provision of affordable housing on developers, and obligations on councils through a new policy (the Affordable Housing Policy) that is linked to the Long Term Council Community Plan and the District Plan.

4.3 The Submission

The implications of the Affordable Housing: Enabling Territorial Authorities Bill for Wellington City Council are detailed in the proposed submission, attached as Appendix 1.

The submission also reiterates some of the comments made to the Commerce Select Committee in 2007. This submission is consistent with earlier comments made to the Commerce Select Committee.

4.4 Local Government New Zealand

Local Government New Zealand has prepared a submission on behalf of the sector. The principal points of this submission are as follows:

- support for the intent to provide more affordable housing
- opposed to the provisions in the Bill, because it
 - has excessively complex requirements
 - involves unacceptable risks and costs
 - is unlikely to produce additional affordable housing
 - has potential to undermine housing initiatives
 - fails to provide the tools needed / sought by local government

Local Government New Zealand also expressed concern that despite the Bill being targeted at local government there had been very limited engagement with the sector and the introduction of the Bill has been detrimental to existing policies and work programmes related to affordable housing.

5. Conclusion

The Local Government and Environment Select Committee is consulting on the Affordable Housing: Enabling Territorial Authorities Bill. A proposed submission is attached for consideration by the Committee.

Contact Officer: *Wayne Murphy, Senior Policy Advisor*

Supporting Information

1) Strategic Fit / Strategic Outcome

This paper supports Council's outcomes:

'1.1A More Liveable – Wellington will be a great place to be, offering a variety of places to live, work and play within a high quality public environment'

'6.1 More Liveable – Wellington will be a great place to live, work and play, offering a stimulating and high quality range of community amenities and services, including affordable housing'

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

The policies that are made under the enabling powers provided in the Bill will align with the LTCCP and District Plan. No long term financial impacts have been identified.

3) Treaty of Waitangi considerations

No Treaty of Waitangi implications have been identified.

4) Decision-Making

A proposed submission to the Local Government and Environment Select Committee is attached for consideration and approval by the Committee.

5) Consultation

The proposed submission has been drafted by Council Officers.

6) Legal Implications

No legal implications have been identified.

7) Consistency with existing policy

The proposed submission is consistent with the Council's existing policy and earlier comments to the Commerce Select Committee.