Strategic Session on Housing

Council Briefing 8 July 2020

Whangarei District Council

Purpose

- To provide Council with an overview of Housing as a strategic issue in our District
- Update Councilors on existing housing related workstreams
- Seek guidance on the next steps leading into the 2021 -31 Long Term Plan

Background

- At the start of the year Elected Members endorsed their priorities for the 2019 – 2022 Triennium (to be considered through the 2021 – 2031 Long Term Plan):
  - Transport (Roading and Public Access)
  - Revitalising the City Core
  - Potential Northport expansion/Navy relocation
  - Sustainability (including waste minimisation)
  - **Housing**
- Strategic briefing sessions were identified as a key tool to provide information, and discuss the next steps.

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Background

- Key consideration is how these strategic priorities can integrate with the LTP.
- The LTP is currently in the information briefing phase.
- This will move through into direction setting and programme prioritisation in August and September.
- At which point there will be a report back on potential options to consider along with the resourcing implications.

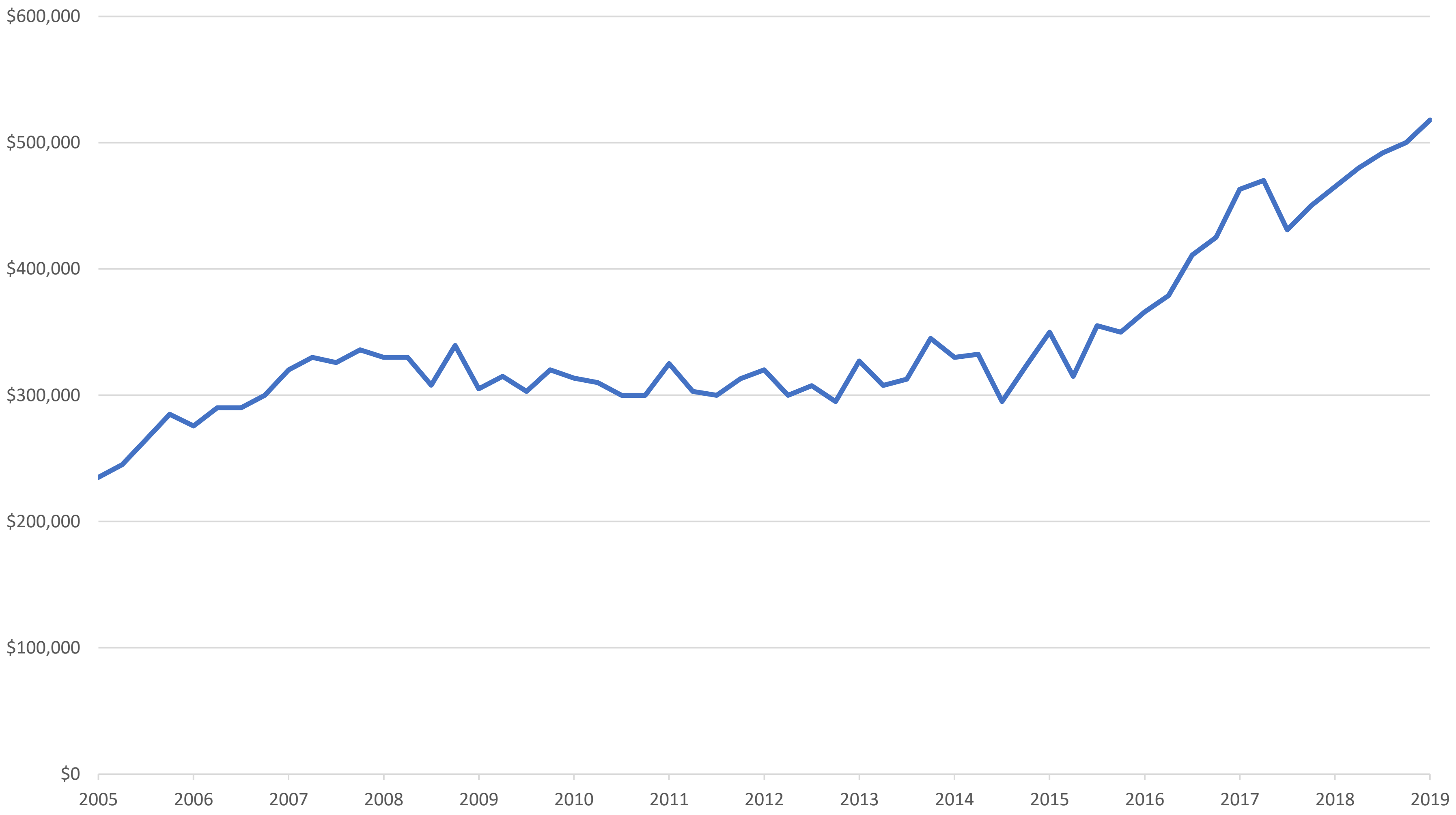
Housing in Whangarei

Attachment A – Housing Monitoring Report. gives a more detailed snapshot of some of the key housing issues in the District. The report is driven by our requirements under the National Policy Statement on Urban Development Capacity.

Complex and high profile issue

We need to be clear about what issues we can meaningfully influence through our local government functions

Housing in Whangarei – House sale prices and Rent



Significant increase in sale price – approximately 60% increase over 10 years.

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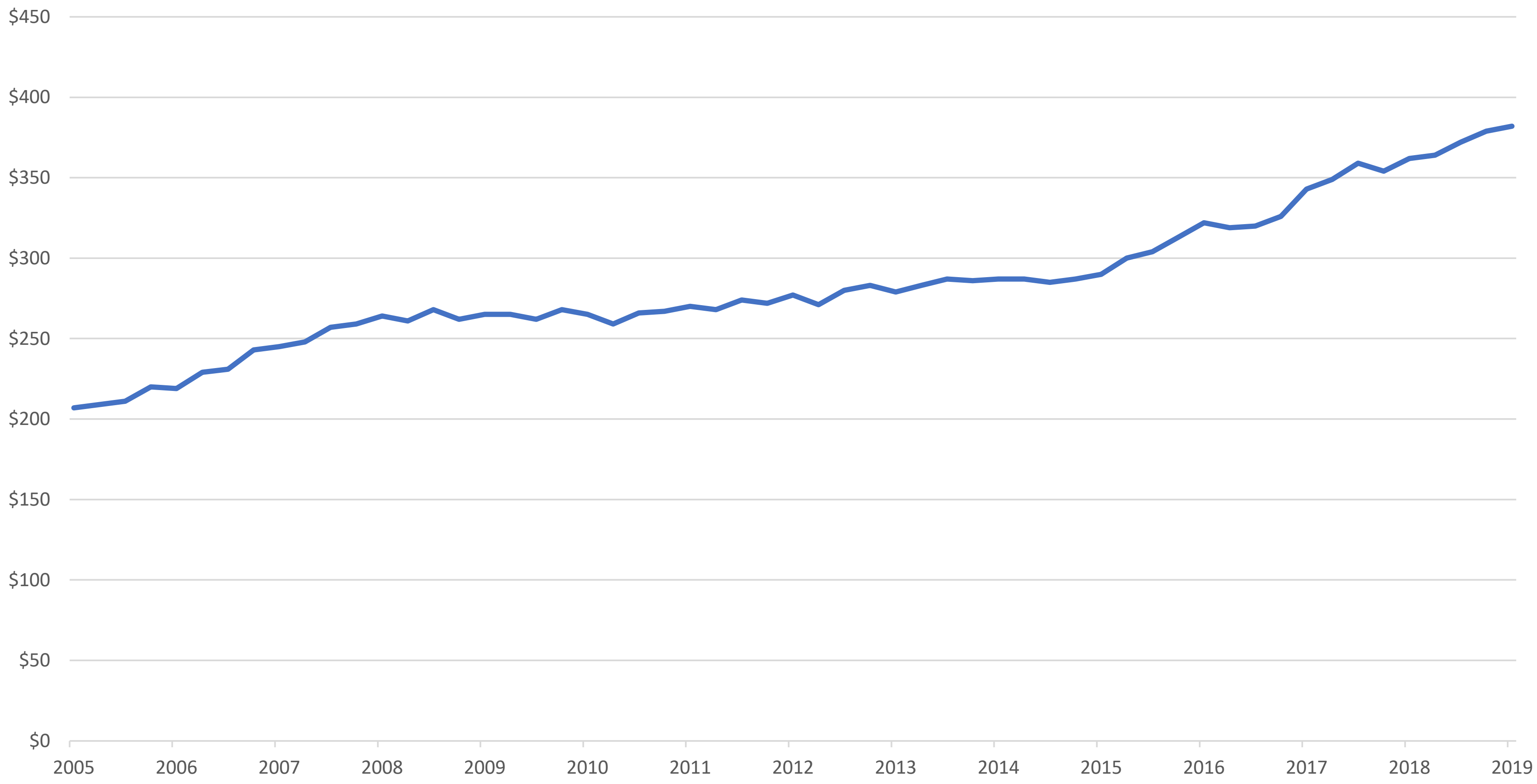
Housing in Whangarei – House sale prices and Rent



Weekly rent has also increased from a median of $200 in 2005 to close to $400 at the end of 2019.

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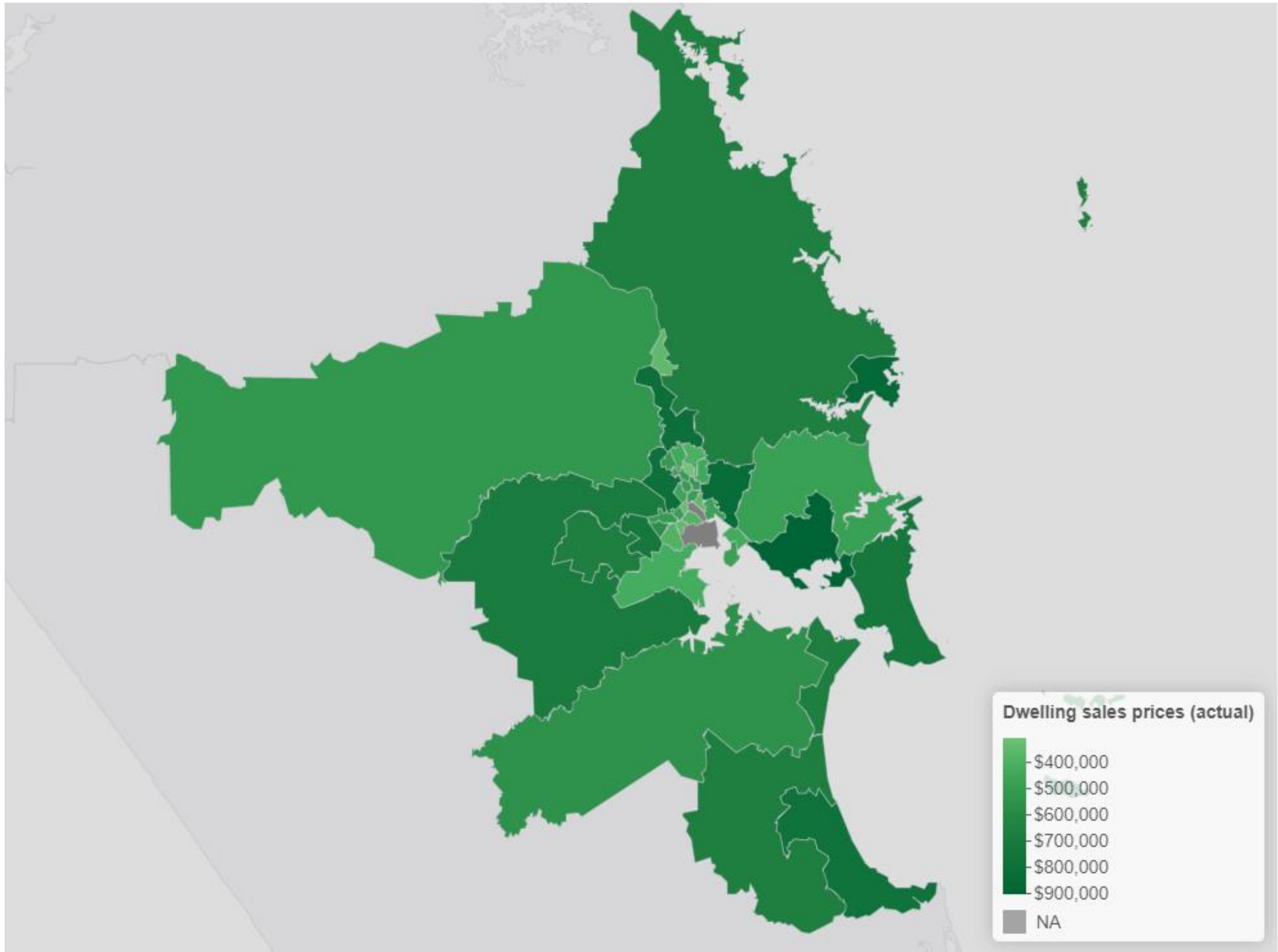
Housing in Whangarei – House sale prices and Rent



Generally coastal, rural and urban fringe locations have seen the biggest increase in values.

Urban and inner city areas have seen the lowest increase

Price Cost ratios

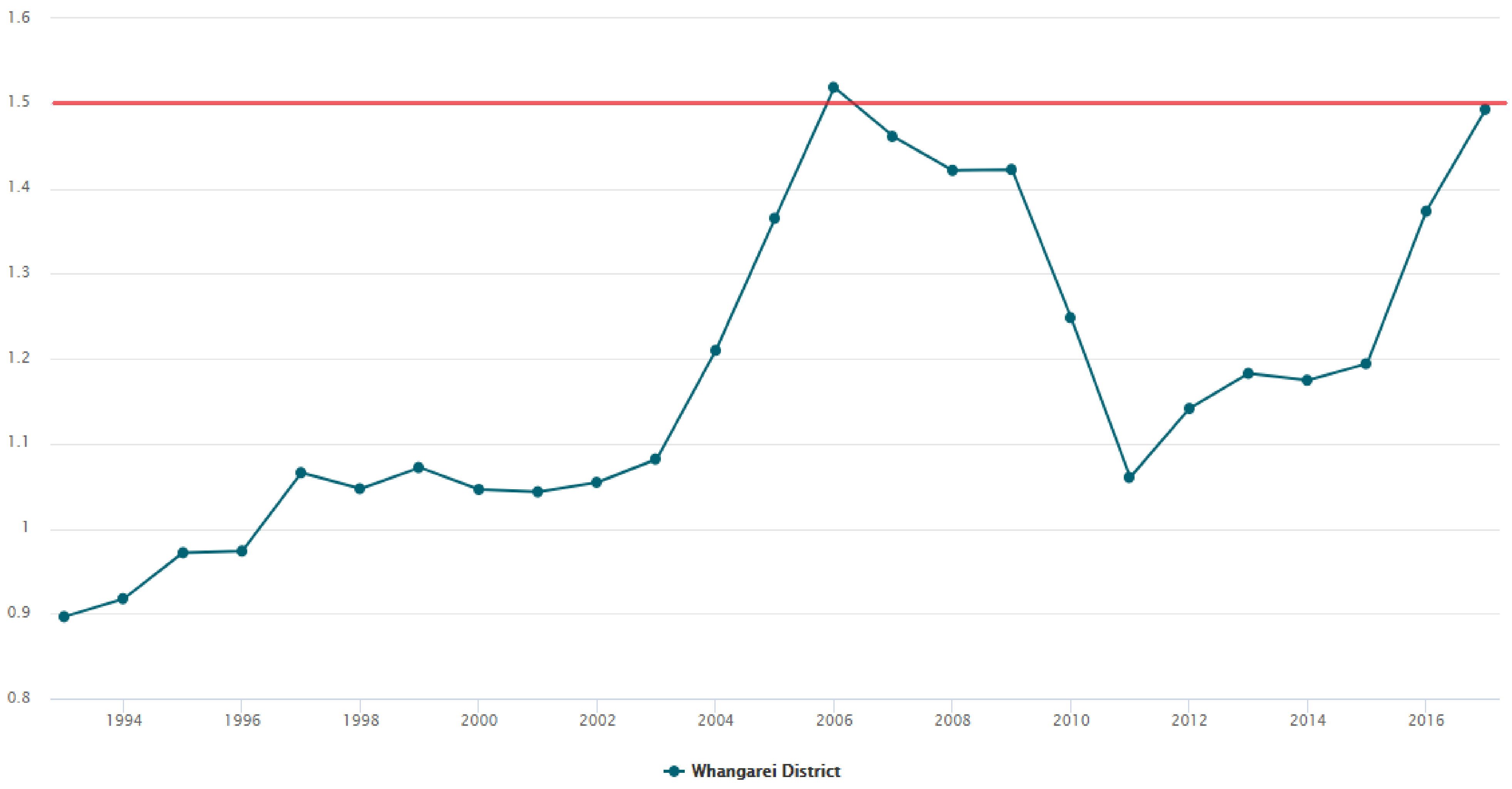
The price-cost indicator provides a general indication of how responsive land markets are to demand, relative to construction activity.

- **Ratios below 1** might occur in places or times where there is no growth and low demand reflected in the cost of infrastructure service section comprising less than one-third of the price of a home.

- **Ratios between 1 and 1.5** (that is, where the cost of an infrastructure serviced section comprises up to one-third of the price of a home) are common where the supply of land and development opportunities are relatively responsive to demand.

- **Ratios above 1.5** signal that the supply of sections and development opportunities is not keeping pace with demand and land prices are materially increasing house prices.

Price Cost ratios

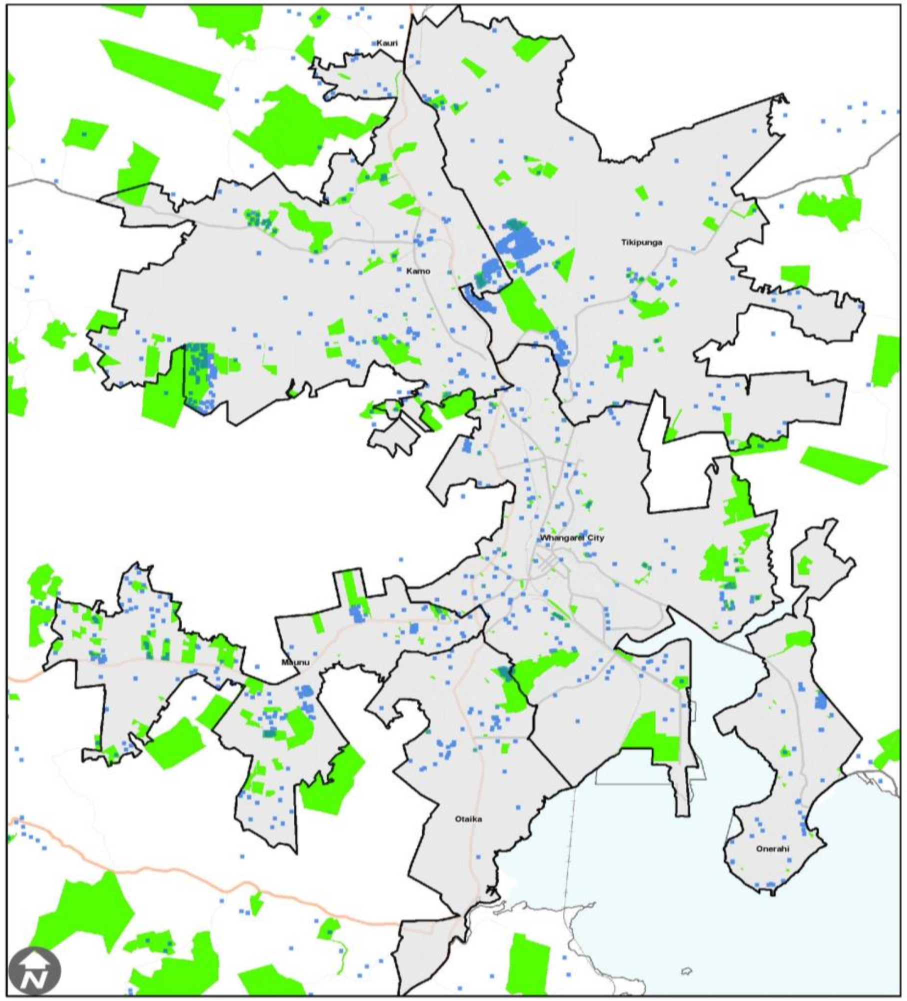


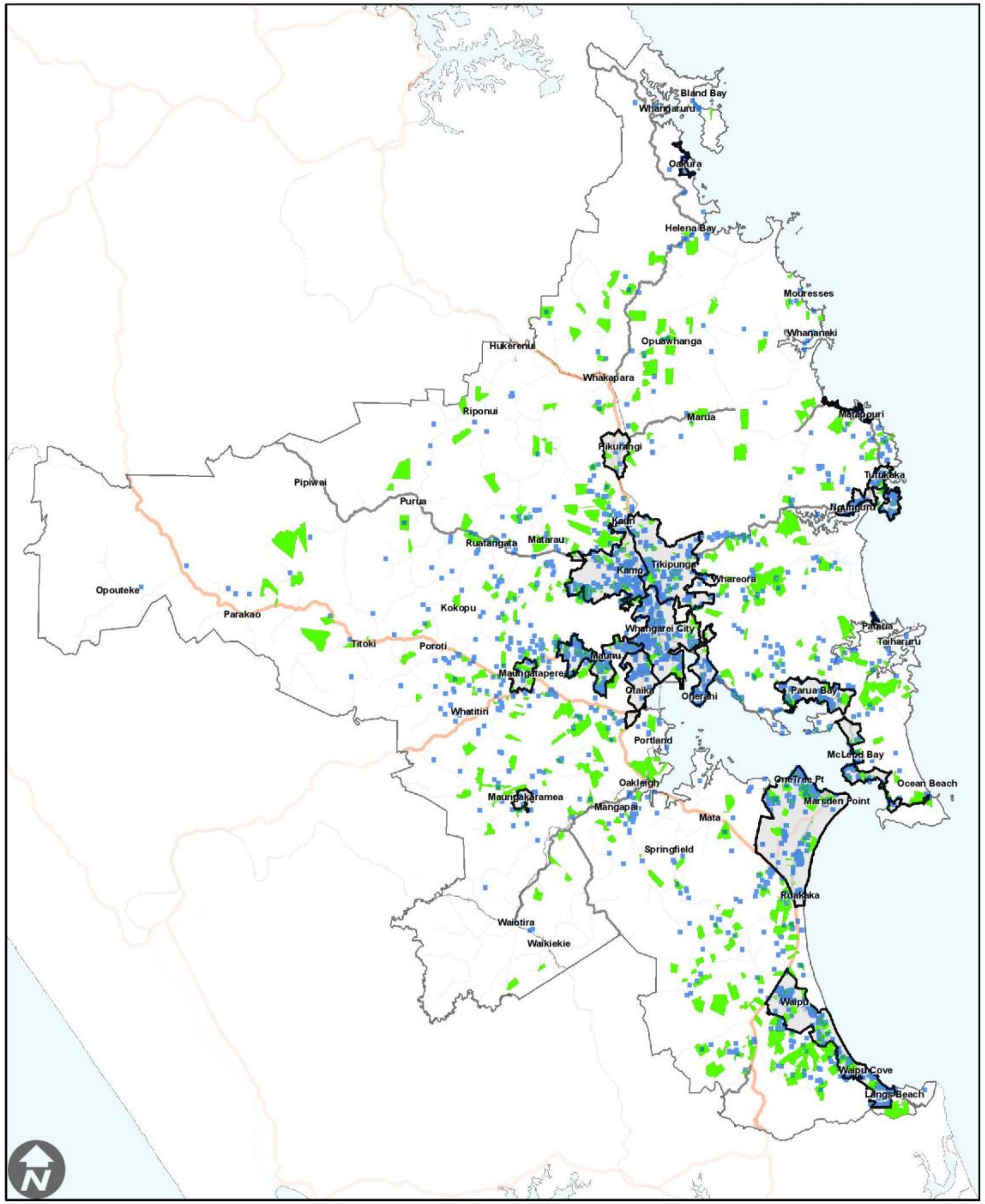
Building consents and growth

This analysis shows that generally consents have responded to growth up until 2015, where the sharp increase in population outpaced supply of dwellings.

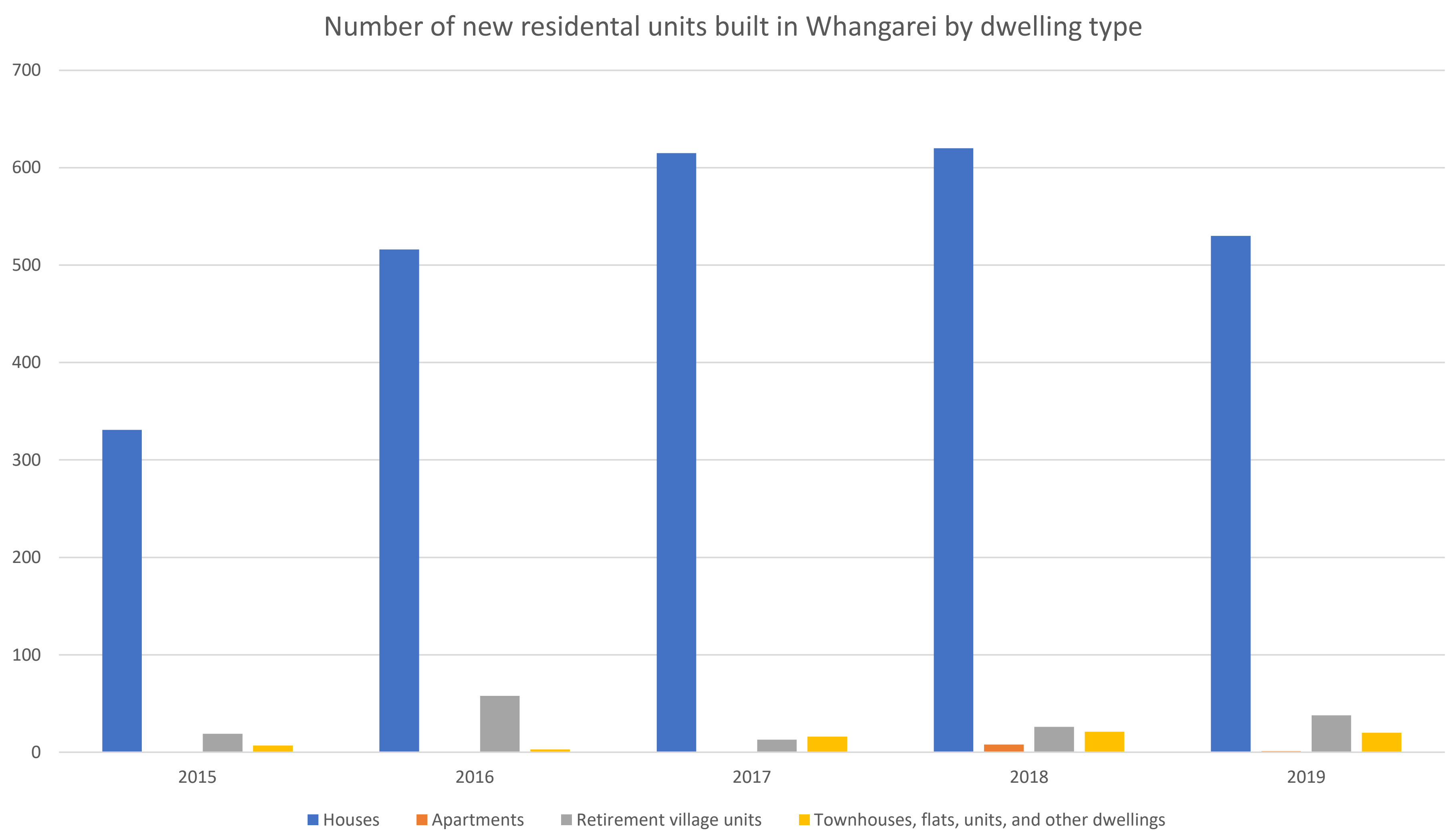
However, by 2019 there appears to be better alignment between to supply and demand.

Building consents and growth





Housing choice



Limited choice of housing being built. Mostly standalone homes. Is this meeting our communities needs and changing demographics

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Housing quality

Relatively poor quality housing stock.

Leading to serious health problems

Indicator	Percentage of homes in Whangarei	Percentage of homes in New Zealand
Sometimes damp	**22.6%**	18.5%
Always damp	**3.9%**	3%
Mould over A4 size sometimes present	**16%**	12.6%
Mould over A4 size always present	**5.6%**	4.3%

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Social housing and Kāinga Ora

New entity for government housing and new powers proposed through the Urban Development Bill including:

- the ability to override, add to, or suspend provisions in RMA plans or policy statements in the development plan that applies to the project area
- act as a consent authority and requiring authority under the RMA
- the ability to create, reconfigure and reclassify reserves
- the ability to build, change, and move infrastructure
- tools to fund infrastructure and development activities, including targeted rates.

Location	2019 Number of applicants on the housing register	2020 Number of applicants on the housing register	2019 Public housing tenancies	2020 Public housing tenancies	2019 Transitional housing places	2020 Transitional housing places
Whangarei	321	338	1333	1342	82	80
Hamilton	960	1067	3168	3192	160	182
New Plymouth	152	179	954	952	17	17
Tauranga	393	406	1310	1311	125	127

2018 -2022 Public Housing Plan produced by the Ministry for Housing and Urban Development identifies that an additional 180 public housing places are needed in Northland

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Housing affordability

Variety of ways of measuring affordability.

Ministry for Housing and Urban Development has developed the Housing Affordability Measure (HAM) as part of a package of tool to be used for the National Policy Statement on Urban Development Capacity.

The HAM calculates what a households residual income would be after housing costs. Housing costs calculated for the purpose of this tool include mortgage, insurance and rates.

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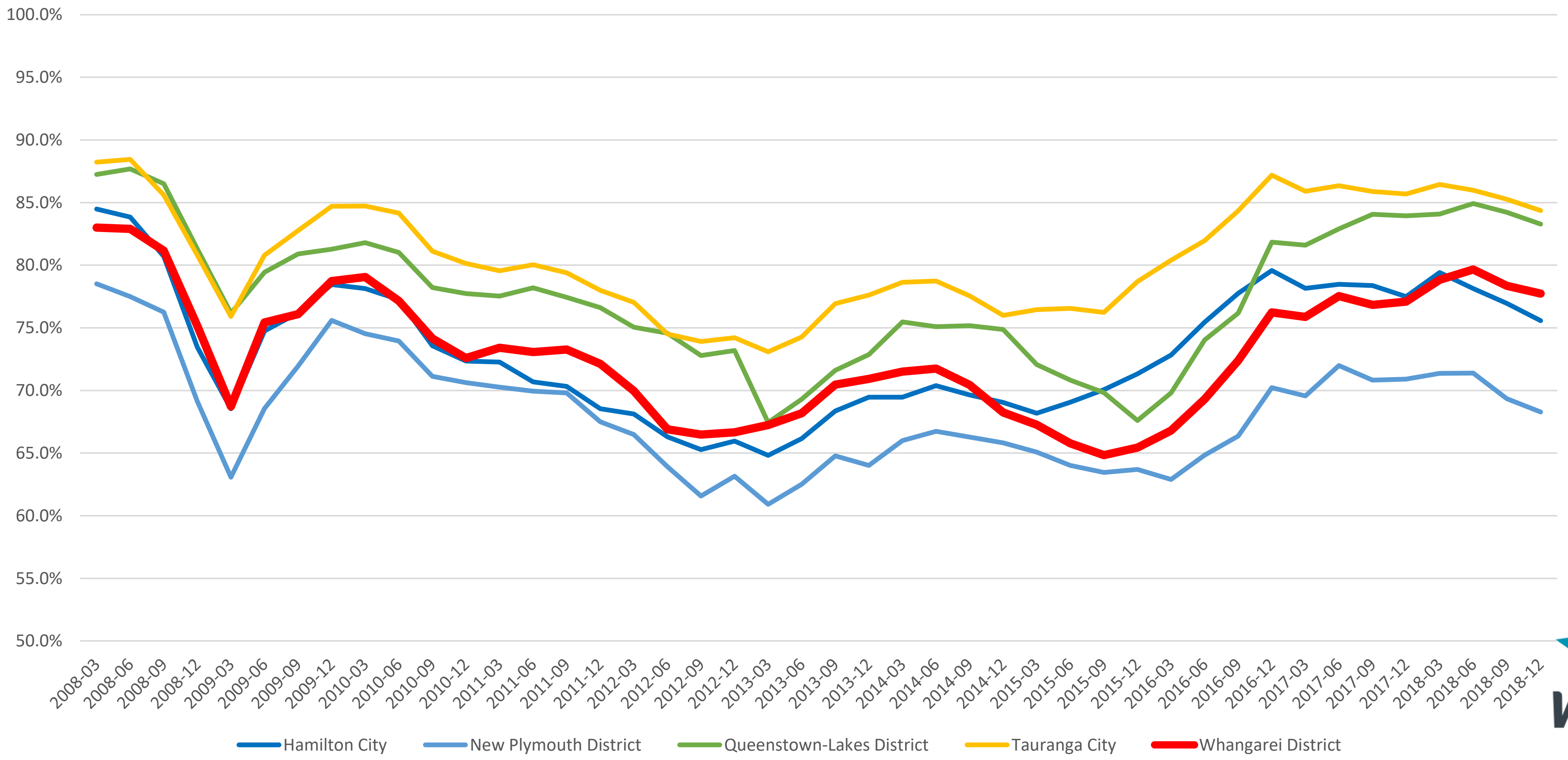
Housing affordability

Percentage of household spending more than 30% of income on housing



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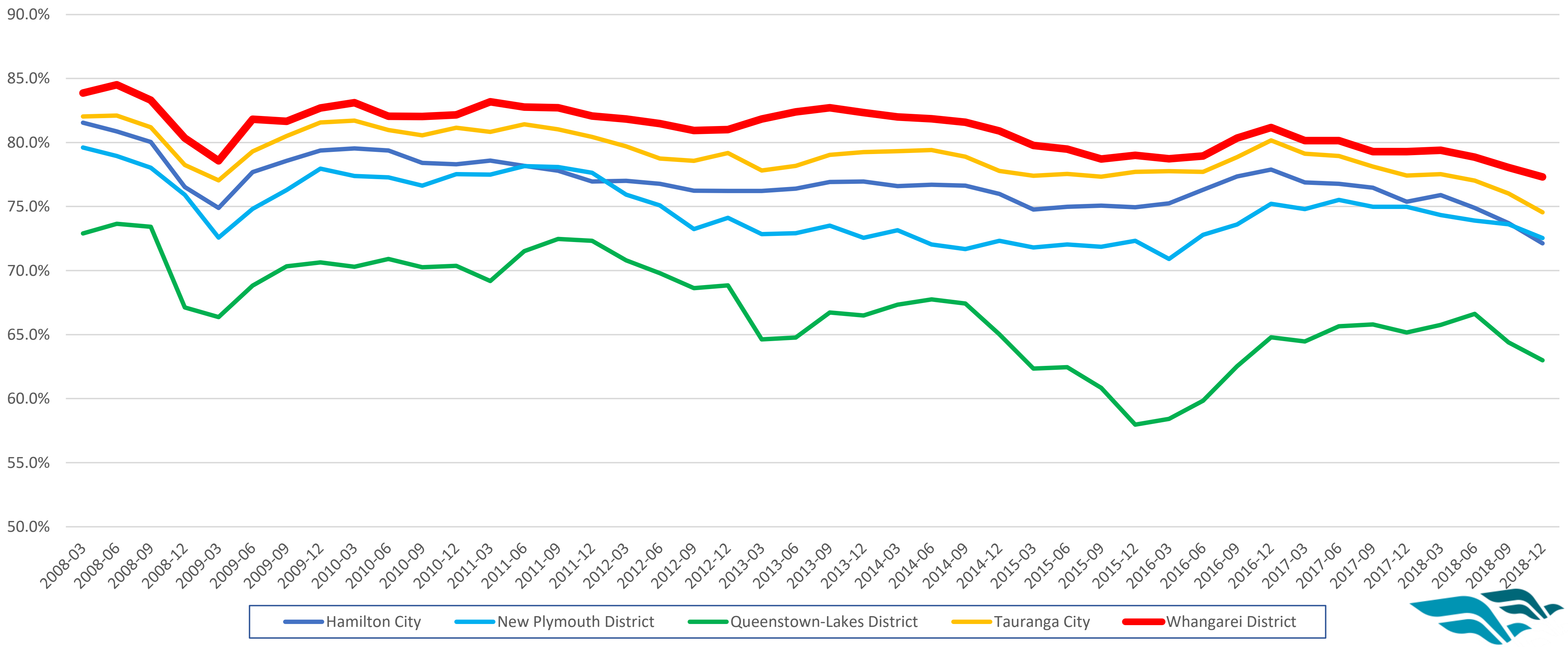
Housing affordability

Percentage of households with a proportion of total housing costs greater than the national median



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Current work programme

District Plan

Whangarei District Growth Strategy / Northland to Auckland Corridor Plan / Placemaking

Monitoring and reporting

Pensioner Housing

Strategic partnerships

Urban design and housing quality

Inner city living

- Council have identified inner city living as a priority and included in performance objectives for the Chief Executive
- In May, Council established an Inner City Living Working Group to explore opportunities for more residential development in our city core. Outcomes of these initiatives are closely aligned and staff have therefore had an initial meeting with the Inner City Living Working Group.
- Attachment B provides the initial findings and a summary of recommendations.

Inner city living – initial findings

- No obvious Council regulatory road blocks, although building code requirements can prove difficult.

- Feasibility (profitability) is uncertain at this stage

- Possible market driven delivery:
  - **Stage 1**: Small scale but high value conversion.
  - **Stage 2**: Townhouse/low rise apartments on brownfield sites in the city center fringe areas.
  - **Stage 3**: Greater market confidence and demand to deliver larger scale inner city living in both central and fringe areas.

- Council needs to ensure our public spaces and infrastructure are attractive to investment

- Other NZ and Aus Council approaches may have merit here – generally revolve around utilizing Council owned property to stimulate development

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Options

Leading in to the LTP, potential highlevel options could include:

- **Status quo**: Continuation of existing work programme as outlined above
- **Do more**: Continuation of existing work programme plus new programmes/projects to be identified and prioritised through the 2021-31 LTP
- **Do less**: Focus work programme only on those project/programmes that are required by legislation

Next steps if we want to do more

What doing more could look like:

Expanding existing programmes with more funding. This could lift levels of service.

e.g. additional funding for existing or new pensioner housing

Strengthening existing and build new strategic partnerships.

e.g. strategic partnership with Ministry of Housing and Urban Development through Northland to Auckland Corridor Plan

Start new programmes or projects in areas we don’t currently operate.

e.g. funding support for healthy/sustainable homes

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Next steps if we want to do more

If we want to do more we need to be clear about:

- What Councils role is
- Are we taking on responsibilities that better sit with other agencies
- Can we fund these responsibilities long term
- Does taking on these responsibilities detract from other local government regulatory responsibilities
- Do we have the skill sets / expertise to deliver on new programmes
- It is acknowledged that due to impacts of COVID-19, the ability to resource additional programmes may be limited.

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Questions