



**Christchurch
City Council**



CHRISTCHURCH HOUSING ACCORD

Christchurch Housing Accord

- 1 The Christchurch Housing Accord between the Christchurch City Council (the Council) and the Government aims to increase the supply and affordability of homes in Christchurch. The Accord recognises that a fully functioning housing market is essential to building strong and healthy communities and a strong economy. This Accord expires in December 2018, replacing the original Christchurch Housing Accord ratified in September 2014.
- 2 The housing market challenges that led to the Original Accord being established have been sufficiently resolved, and the housing market continues to show stabilising house prices and improving affordability. The focus of this revised Accord is to complete the remaining Crown and Council actions.
- 3 The ongoing goal is to support a well-functioning, private sector-led housing market in Christchurch, including sufficient supply at the lower end of the market to ensure adequate access to housing for those with lower incomes. The Accord Steering Group will continue to monitor housing market indicators.
- 4 The Council has committed through its Housing Policy to seek innovative solutions on a number of housing issues in Christchurch, including ending homelessness and providing new models for people to own their own home. This Accord provides a forum for discussion and consideration of areas of mutual interest to the Crown and the Council.

Background

- 5 The Canterbury earthquake series had a significant impact on the housing challenges that Christchurch was facing. Best estimates indicate 91% of existing dwellings in greater Christchurch were damaged by the earthquakes and were in need of some form of repair. Ten percent of those damaged were confirmed as having damage in excess of the \$100,000 threshold over which repairs are covered by private insurance rather than the Earthquake Commission.
- 6 As at 31 December 2016, 97.5% (163,482) of the first time 167,677 residential claims (both under and over the \$100,000 threshold for damage) for the Canterbury earthquakes have been settled. This is made up of 99.7% (140,664) of under threshold claims and 86% (22,818) of over threshold claims.
- 7 Building activity has addressed the majority of the shortfall generated by the earthquakes. Statistics New Zealand reports that since September 2010, a total of 10,116 earthquake-related residential consents have been issued for the Canterbury region, providing 4,776 new dwellings. For six months ending December 2016, a gross total of 865 dwellings (houses and units/apartments) were consented. Around 82% of these made a net addition to Christchurch's housing stock.
- 8 By the end of 2016, average house values and housing affordability have levelled out across Christchurch. By the end of December 2016, average house prices had increased 3% in the previous year (compared to a national increase of 12%) and were \$134,000 below the national average. Housing affordability in Canterbury improved 9.4% over the 12 Months to December 2016, comparatively stronger than the improvement of housing affordability in the rest of New Zealand of 1.7%.

- 9 In February 2017, average weekly rent in Christchurch was \$392 (down 5.8% on the year prior) and down from a high of \$431 in February 2015. For the 2016 year, average weekly rents have been consistently under national averages (for the first time since 2012). As at December 2016, Christchurch City rent has increased from pre-earthquake levels by 31%, compared with 32% nationally over the same period.
- 10 Housing supply is on track to meet housing demand by mid-2017.
- 11 The Government and Council have made contributions to improving the supply and affordability of housing in Christchurch through:
 - a. making land available for development
 - b. establishing the Christchurch Housing Accord Fund
 - c. establishing a community housing entity to support the redevelopment of Council owned social housing assets and entitled to receive the Income Related Rent Subsidy for qualifying tenants.
- 12 The initial challenges in the Christchurch housing market have, for the most part, been addressed. These were:
 - **The availability and price of rental housing.** Average weekly rents have decreased 5.8% for the 12 months ending February 2017 and are now below national averages for the first time since 2013. There has been an increase in bonds since the beginning of 2015 (37,046 active bonds as at end December 2016 compared to 35,678 at end December 2015).
 - **House prices.** Average house values for February 2017 for Christchurch are only up 2.8% on February 2016 and have been growing at a slower rate than the national average.
 - **Affordable housing.** The affordability index for Canterbury has shown a 9.4% improvement in the 12 months to December 2016.

Current Initiatives

- 13 The focus in Christchurch now is on completing the remaining actions to support a well-functioning, private led housing market supply and improving the provision of lower cost housing. New initiatives underway since the last accord are:
 - a. National Policy Statement on Urban Development – Aims to recognise the national significance of urban environments and the need to enable such environments to develop and change, and providing sufficient development capacity to meet the needs of communities and future generations in urban environments.
 - b. Housing Infrastructure Fund – A \$1 billion fund to accelerate the supply of new housing where it's needed most. The contestable fund will be open to applications from Councils in the highest growth areas including Christchurch.
 - c. Awatea, Welles, and Colombo developments – the development of medium density affordable housing on Crown land.
- 14 The on-going initiatives from the last accord:
 - temporary accommodation – via direct provision at the remaining Linwood Park, Rawhiti Domain, and Rangers Park sites, and assistance through CETAS and the Temporary Accommodation Assistance rent allowance

- investment in social and community housing – including the \$1.2 billion HNZA Canterbury Investment Plan and \$24 million of the Social Housing Fund, complemented by \$10 million from the Canterbury Community Trust
- enabling land supply – through fast-tracked re-zoning of land through development of the Land Use Recovery Plan and the District Plan review
- the Government's social housing reform programme, including initiatives to grow the community housing sector and create a wider range of participants in the social housing market
- the Government's housing affordability programme, which includes initiatives to address:
 - the supply of land available for residential purposes
 - the efficiency and timeliness of the provision of infrastructure to new developments
 - the cost of construction materials
 - compliance costs
 - productivity in the construction sector.
- the Council's social housing repair and rebuild programme. This programme includes intensification opportunities and redevelopments with social housing partners to facilitate mixed tenure housing developments.
- the Council's rebate of development contributions for central city residential developments under construction by July 2015 (capped at \$20 million).
- rebuilding Christchurch City's horizontal infrastructure through the strategic alliance of the Stronger Christchurch Infrastructure Rebuild Team (SCIRT).

Purpose

- 15 The intent of this Accord is to complement and support existing or proposed initiatives and market-based responses to the housing challenges in Christchurch. This will be achieved by incentivising private investment in the residential rebuild, facilitating or being directly involved in housing development, better use of Council and Crown assets, and working with other players to encourage the development of affordable and social housing.
- 16 Improving the supply of affordable and social housing is a complex issue, and not all potential considerations will be able to be addressed under this Accord. In Christchurch it will be necessary for the parties to keep an open dialogue as the recovery progresses.
- 17 This Accord will provide the basis for the Council and the Government to facilitate an increase in housing supply, with an emphasis on social housing, the lower end of the rental market, and affordable home ownership.
- 18 The Accord aims to encourage joint initiatives to support particular segments of the housing market that have either been slow to recover or that have been unable to meet the community's housing needs, including housing options that allow people to remain in their communities as their housing needs change.

19 The Accord outlines:

- priority actions under the accord
- other areas of joint actions
- processes and principles by which the parties will work to achieve this
- shared aspirational targets
- monitoring and review of progress
- circumstances under which the Accord may be ended.

Principles

20 The Council and the Government agree that they will:

- **Work collaboratively** to facilitate an increase in affordable housing and the reform/restructure of the social housing market in Christchurch
- **Allocate appropriate resources**
- **Prioritise** achievement of the targets in this accord
- **Adopt a no surprises approach**, sharing information in a timely manner, with appropriate regard to the likely sensitivity of some information
- **Seek to resolve differences quickly**
- **Respect the obligations resulting from each party's statutory and legislative requirements and their respective ways of operating**

Priority Actions

21 Actions completed under the previous Accord are detailed in Appendix 1.

22 Under this Accord the Government and Christchurch City Council agree to:

	Actions	Lead	Commitments (subject to Council and Government ratification and budget processes)	Status
<i>Improve the supply and quality of social and affordable housing</i>	Establish a housing entity or entities capable of meeting the requirements of being registered as a Community Housing Provider, to redevelop Council owned social housing assets and to develop social and/or affordable housing to better meet future housing needs of the city.	Council	The Council will progressively capitalise the Otautahi Community Housing Trust with an injection of \$50 million of land and other assets.	Underway, Trust took management of Council properties from October 2016 \$0.7 million transferred as at March 2017.

<p>Support reuse of Linwood Village by the Council</p>	<p>Crown to fund the Council to purchase 42 units at Linwood Village and undertake future remediation. Council to use units for earthquake-related temporary social and affordable housing and ultimately transfer units to the Otautahi Community Housing Trust for relocation and reuse.</p> <p>Council to remediate the reserve once the units have been removed.</p>	<p>Council</p>	<p>Crown to fund Council \$1.93 m. Linwood units to be used for earthquake temporary accommodation in situ while demand remains.</p> <p>Council to transfer units to Otautahi Community Housing Trust for relocation and reuse. Council to remediate the land.</p>	<p>Underway</p>
<p>Improve the affordability of housing to first home buyers</p>	<p>Crown to provide \$3.07 million appropriation for the Council to establish a shared equity home ownership programme (subject to Cabinet approval). The fund will be used to provide a second mortgage, interest free, to first home-buyers with proportionate equity share to the Council. Council to match Crown funds on a 1:1 basis (ie \$6.14 million available in total).</p>	<p>Joint</p>	<p>Crown to provide \$3.07 million funding, subject to Cabinet approval.</p> <p>Council to operate scheme and provide funding to match Crown funding on a 1:1 basis.</p>	<p>Underway</p>

Use of Special Housing Areas and associated powers

- 23 Upon commencement of this Accord, the Council will have the legal ability to recommend the creation of Special Housing Areas to the Minister for Building and Construction under the Housing Accords and Special Housing Areas Act 2013 (the Act). If the Minister for Building and Construction agreed, the recommended Special Housing Areas could be established by Order in Council, enabling the Council to access the powers available under the Act to streamline resource consent and plan change approvals.
- 24 However, the Land Use Recovery Plan (LURP) and district plan review were intended to reduce pressure on house prices by enabling a greater supply of greenfield land and brownfield developments, as well as enabling greater intensification.
- 25 The LURP contains an Enhanced Development Mechanism (EDM) for sites that meet certain size and other criteria. The EDM works in much the same way as a Special Housing Area, by allowing the Council to fast-track approvals for housing developments that meet the criteria. Furthermore, the LURP also introduced the Community Housing Redevelopment Mechanism which seeks to enable opportunities for medium density comprehensive redevelopment of community housing environments.

26 Therefore it is unlikely that any Special Housing Areas will be required under this Accord, however the opportunity to use these provisions of the Act remains if the provisions of the LURP do not create the regulatory environment required to support the provision of affordable housing.

Targets

27 The Council and the Government acknowledge the importance of agreeing targets to give effect to the purpose of this Housing Accord that will assist in delivering the level of affordable and social housing necessary to meet Christchurch’s housing needs.

28 Two of the targets set under the previous Accord have been removed.

a. Target A was removed as affordability has improved considerably from the deterioration seen in the post-earthquake period; however, affordability will continue to be monitored in Accord reporting.

b. Target C (to add 700 net additional social housing units to the total housing stock) was time limited to the end of December 2016. As at December 2016, 854 units had been completed successfully achieving the target.

29 The agreed remaining target is.

Aim	Aspirational Target
Increase the immediate and long term supply of affordable homes in Christchurch	<p>a. An increase in the proportion of new build consents with a value of less than \$280,000 from 2014 baseline of 35% (value of consent only)*</p> <p>* Source – Christchurch City Council, available monthly * Indexed up from \$250,000 in September 2014</p>

30 This target will be achieved through a combination of private sector development, direct Council and Government action, and partnerships with private and community housing providers and developers.

Other Areas of Joint Action

31 As part of this Accord, the Council and Government additionally agree to coordinate their efforts on other issues impacting the provision of affordable housing including, but not limited to, the following:

- the cost of building materials
- industry skills, training, innovation and productivity
- investigate mechanisms to enable households to transition through the housing continuum of social housing, affordable rental and home ownership while maintaining community connections
- shared local and central government procurement arrangements
- supporting investigation of financial tools and regulatory incentives (Action 7 of the LURP).

Areas Outside Scope

- 32 This Accord identifies the intention of the Government and Council to work together to address issues affecting social and affordable housing in Christchurch. Notwithstanding this, the parties acknowledge that they may have differing positions on a range of issues including current and future legislative programmes. This Accord does not preclude either party from expressing those views.

Governance and Processes

- 33 Governance of this Accord will rest with a Joint Housing Steering Group comprising the Mayor and Deputy Mayor of Christchurch, the Chair of the Housing Standing Committee, the Minister for Social Housing, Minister for Building and Construction, and the Associate Minister supporting Greater Christchurch Regeneration.
- 34 The Joint Housing Steering Group (the Steering Group) may recommend any subsequent amendments to this Accord to the Government and the Council.
- 35 The Council and the Government will establish an Officials' Working Group, which will meet and form sub-groups as it deems necessary to meet the objectives of this Accord.
- 36 The Officials Working Group will report to the Steering Group and will prepare any progress or monitoring report requested by the Steering Group.

Monitoring and Review

- 37 In order to ensure that the purposes and targets of this accord are achieved, the Steering Group will monitor and review the implementation and effectiveness of this Accord. A function of the Officials' Working Group will be to report 6-monthly to the Steering Group on progress of the residential build in Christchurch. In order to do this:
- the Officials' Working Group will meet regularly to:
 - a. Review progress in implementing the Accord
 - b. Review progress towards the accord target
 - c. Discuss and agree other areas of joint action or information sharing.
- 38 The Steering Group will meet biannually to review the progress in implementing and achieving the targets of the Accord.

Commencement of the Accord

- 39 This amended Accord commences from the date on which it was ratified by the Christchurch City Council.

Dispute Resolution Process

- 40 The parties will attempt to resolve any dispute or difference that may arise under or in connection with this Accord (including seeking to terminate) amicably and in good faith as set out below.
- 41 The initiating party must immediately refer the dispute to the other party.

- 42 The Joint Housing Steering Group must meet for the purposes of resolving the dispute within 10 business days of the dispute being referred to the parties in writing.
- 43 If, for any reason, the Steering Group is unable to resolve the dispute in the meeting referred to in clause 39 above, the Steering Group must reconvene for the purpose of resolving the dispute within 20 business days of the meeting referred to in clause 39.
- 44 If the Steering Group remains unable to resolve the dispute at the second meeting, either party may terminate the Accord by giving written notice to the other party. This notice must be given at least six months in advance of the termination date in accordance with clauses 43 and 44 below.
- 45 The parties must continue to perform their obligations under this Accord as if a dispute had not arisen pending final resolution of the dispute.

Termination of the Accord

- 46 The Accord will come to an end:
- at the end of December 2018; or
 - six months following the date that either party gives notice of its intention to withdraw from the Accord.
- 47 The grounds on which the Accord may be terminated are one or a combination of the following:
- Failure to reach the agreed targets as set out in the Accord, whether the failure is through inaction, or ineffective action; or
 - The parties agree there is an irretrievable breakdown in the relationship; and
 - The Parties have followed the dispute resolution process set out in clauses 41-46 and have been unable to resolve the dispute; or
 - Christchurch is removed from Schedule 1 of the Act, in accordance with the Act (i.e. Christchurch no longer meets the affordability and land supply criteria provided under the Act).

Publicity

- 48 The Mayor and the Minister for Building and Construction agree that any communications or publicity relating to the Accord will be mutually agreed prior to release.

Hon Dr Nick Smith
Minister for Building and Construction

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Her Worship Lianne Dalziel
Mayor of Christchurch

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Appendix 1 – Actions completed under original Accord

	Actions	Lead	Commitments (subject to Council and Government ratification and budget processes)
<i>Increase the supply of temporary and affordable housing</i>	<p>Develop, or facilitate development by private developers, medium density affordable housing, some of which may be used to support the provision of temporary accommodation before being available to the market.</p> <p>Seek private sector partners to develop innovative mixed tenure housing on Government-owned land on Carrs Road (Awatea site).</p>	Central Government	<p>The Council will make land at 350 Colombo St and 36 Welles St available at fair market value with deferred payment.</p>
	<p>Identify surplus Crown and Council owned land that may be appropriate for residential development.</p> <p>Identify opportunities to use existing buildings for temporary housing.</p>	Joint	<p>The Government will establish a \$75 million Christchurch Housing Accord Fund to develop these and other suitable sites that may be identified in future.</p> <p>The parties commit to identifying land or buildings within their ownership that could be used for temporary accommodation or further residential development and investigate ways to progress these initiatives.</p>
<i>Improve the supply and quality of social and affordable housing</i>	<p>Establish a housing entity or entities capable of meeting the requirements of being registered as a Community Housing Provider, to redevelop Council owned social housing assets and to develop social and/or affordable housing to better meet future housing needs of the city.</p> <p>Identify opportunities for the Council and Housing New Zealand Corporation to work together on redevelopment, demolition and repair projects to capture economies of scale, support innovative mixed tenure development, ease disruption to tenants and achieve procurement savings.</p>	Christchurch City Council	<p>The Government will work with the Council to enable the entity to become a registered Community Housing Provider and have access to the Income Related Rent Subsidy for qualifying tenants of the new Community Housing Provider.</p>

<i>Remove regulatory impediments to residential development</i>	Monitor the progress of the housing related actions in the Land Use Recovery Plan, and take action to address any issues that are impeding the supply and affordability of residential development.	Joint	The Council will look for opportunities to streamline regulatory processes so that they are flexible and facilitative of residential developments that contribute to the supply of quality affordable housing.
	Monitor resource and building consenting processes to ensure that they are efficient and do not create any unnecessarily delays to development.		Explore the benefits of a Council planning unit that provides a “one-stop” shop for consenting projects in structure and function.
			The Council and Government will work together to minimise barriers to development and ensure they support increased investment in housing.
<i>Encourage innovative design and manufacturing processes</i>	Use the scale and scope of any joint activities to encourage use of new technologies or manufacturing and/or construction techniques to reduce costs and improve productivity.	Joint	