



**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
HIKINA WHAKATUTUKI

Christchurch
City Council 

Christchurch Housing Accord Monitoring Report

For the period ending June 2016



Executive Summary

This report provides an overview of the Christchurch housing market and an update on priority Accord actions.

Highlights

Progress against key targets

Target C was exceeded in June 2016 with 772 social housing units having been built against a target of 700 by December 2016.

The housing market

Progress is being made on the rebuild with construction completed on 968 dwellings, 55% of these being net additions. Resource consents continued to fall in 2016 with 177 being granted. Christchurch rents have lowered in recent months and housing affordability continues to improve. CETAS open applications are declining and village occupancy rates have started to fall.

Accord developments

Development is on-track for the completion of around 420 homes at Awatea, Welles and Colombo in 2017. The first homes at Awatea were opened in March 2016, with construction activity underway across the site. Construction activity and civil works are progressing at the Welles Street and Colombo Street developments.

Community Housing Provider establishment

Otautahi Community Housing Trust is applying for registration as a Community Housing Provider. The CEO was appointed in May 2016 and the Trust are currently recruiting other staff with an intention to open for business on 3 October 2016.

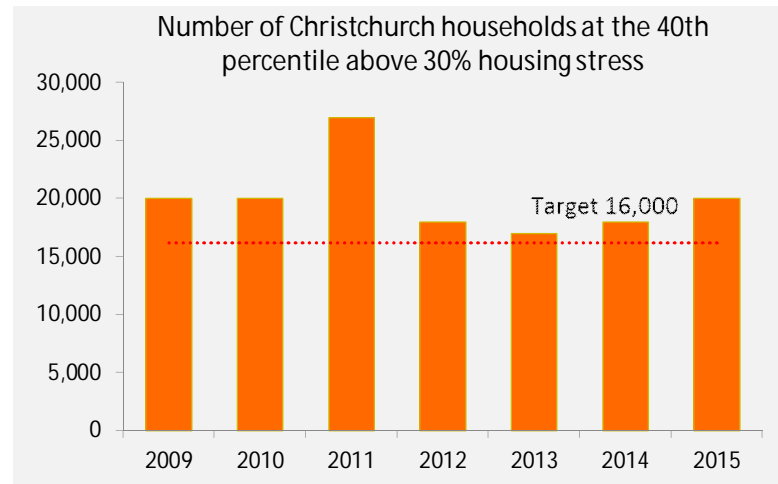
Building consents

The proportion of all new buildings consents with a value of less than \$250,000 was 30% for the period ending June 2016. In the 2015 calendar year the proportion of building consents under \$250,000 ranged from 33% to 41%. The September 2014 baseline is 35%.

Progress against Key Targets: Target A

Aim: Increase the immediate and long term supply of affordable homes in Christchurch

Target A: A 10% reduction in the number of households at the 40th percentile of household income paying more than 30% of household income on housing.

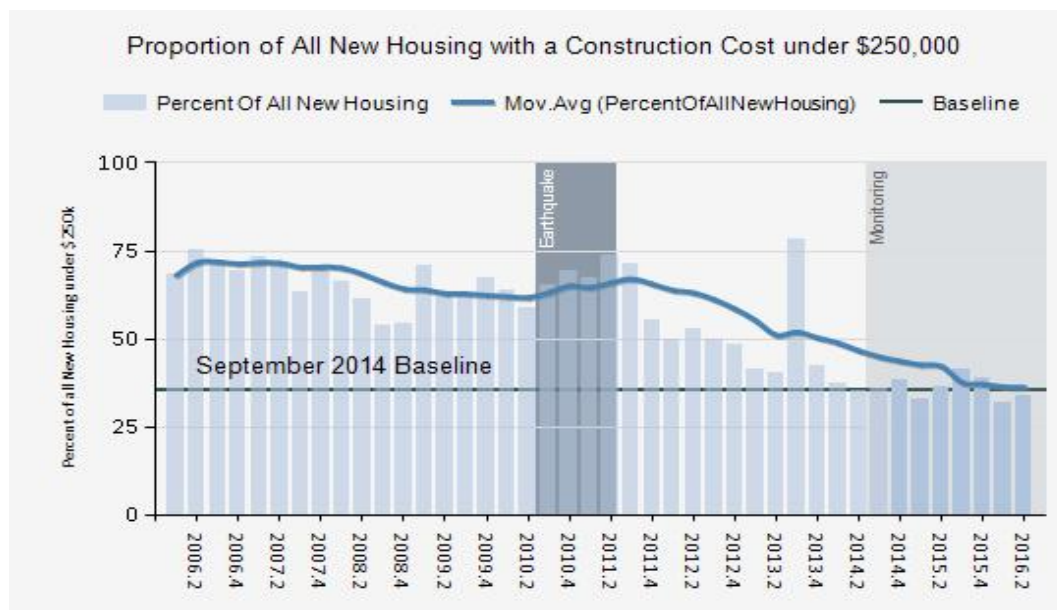


In June 2014 the number of households at the 40th percentile paying >30% on housing was 18,000. A 10% reduction would reduce this to 16,000. As at June 2015 there were 20,000 households with a household income of \$70,993 or less (the 40th percentile) that were paying more than 30% of their income on housing costs. This is despite average rents reducing from \$419 in June 2014 to \$410 in June 2015. Since June 2015 average rents have fallen by 5.9% to \$386 per week as at December 2015. This may be due to households in existing tenancies paying higher rents, and should improve if the trend of reducing rents continues. Source: Stats NZ's annual Household Economic Survey undertaken in June and published in late November. Note: This data is to be treated with some caution, there can be high sample errors as Christchurch City is below the survey's sample design area of Canterbury. This can lead to high variations in results from year to year.

Progress against Key Targets: Target B

Aim: Increase the immediate and long term supply of affordable homes in Christchurch

Target B: An increase in the proportion of new build consents with a consent value of less than \$250,000

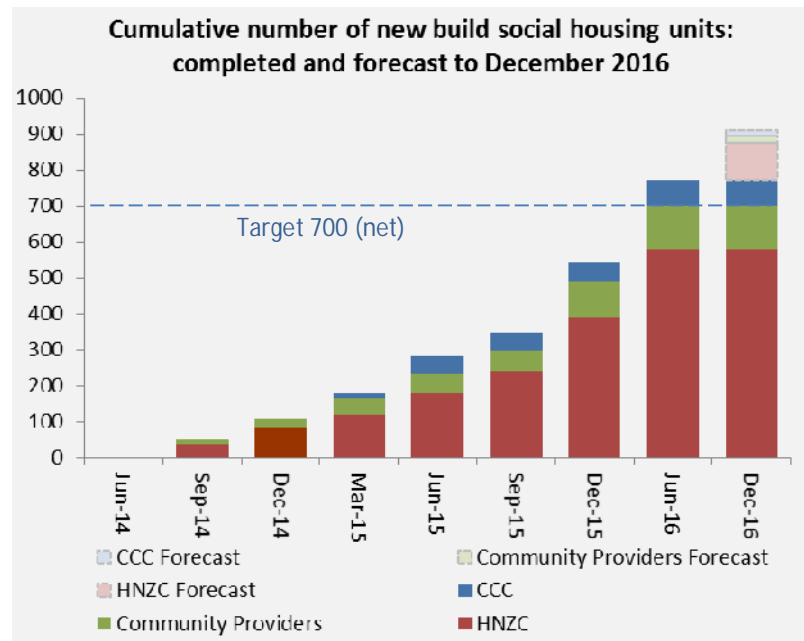


Previous Accord quarterly reports have reported progress against Target B using data for single dwelling consents only. Due to improvements in data collection and analysis the report can now provide the value of all residential dwellings under \$250,000. This is illustrated in the above graph which shows that for June 2016, 229 of 759 consents (30%) were under \$250,000 compared to the September 2014 baseline of 35%. The outlying value of 75.4% in the September 2013 quarter may be due to the completion of stalled pre-quake construction projects, or to an upswing of greenfield construction during that quarter. It should also be noted that this target is not indexed to inflation or wage growth.

Progress against Key Targets: Target C

Aim: Support the sustainable provision of social housing in Christchurch

Target C: 700 (net) additional social housing units are added to the total social housing stock in Christchurch from the date of signing of this Accord to the end of 2016.



Number of new build social housing units

As at 30 June, **772** units had been completed. In the period ending June 2016:

- HNZC completed **187** units (579 total to date)
- Community providers completed **24** units (121 total to date)
- Council completed **18** units (72 total to date)

In the period ending December 2016 it is forecast:

- HNZC will complete 103 units
- Community providers will complete 18 units
- The Council will complete 16 units

The graph to the left illustrates the cumulative effect of projected quarterly completions towards the target of 700 by December 2016. This target was exceeded by June 2016, with 772 units completed. By December 2016 a total of 909 new social housing buildings will be complete (137 remaining to be built).

Priority Actions

Action	Description	Progress	Next steps
Increase the supply of temporary and affordable housing	<p>Develop medium density affordable housing on Council land.</p> <p>Develop innovative mixed tenure housing on Government-owned land at Awatea site (Carrs Rd).</p> <p>Identify surplus Crown and Council land and buildings appropriate for residential development.</p>	<p>Welles/Colombo:</p> <p>Building consents are in place for all three buildings at Welles St, with framing underway for Building 3. Civil works underway at Colombo St.</p> <p>Awatea:</p> <p>First completed homes opened by the Minister for Building and Housing on 17 March 2016. Construction activity ongoing with homes coming on-stream for sale.</p>	<p>Welles/Colombo:</p> <p>Framing to continue for Building 3 at Welles St, with structural steel and foundation work to progress for remaining buildings. Colombo St civil works and construction activity to proceed. Development at Welles St expected to be completed by mid-2017 and Colombo St in 2017.</p> <p>Awatea:</p> <p>Construction activity to continue across sections.. Housing development is expected to be completed by mid-2017.</p>
Improve the supply and quality of social housing	<p>Establish a housing entity capable of meeting the registration requirements for a Community Housing Provider. Council to progressively capitalise the entity or entities with \$50 million of land and assets.</p>	<p>Housing entity:</p> <p>Otautahi Community Housing Trust has been formed and charitable status granted. The CEO was appointed in May 2016.</p>	<p>Housing entity:</p> <p>Otautahi Community Housing Trust is applying for registration as a Community Housing Provider. The Trust is currently undertaking recruitment of staff with a view to opening for business on 1 October 2016.</p>

Priority Actions continued

Action	Description	Progress	Next steps
Remove regulatory impediments to residential development	<p>Monitor progress of housing related actions in the LURP and address issues impeding supply and affordability of residential development.</p> <p>Monitor resource and building consenting processes to ensure that they are efficient and do not create any unnecessary delays to development.</p>	<p><u>Exemplars</u> Stage 1 Meadowlands development – combined subdivision and land use consent issued. Second stage consents have been subject of re-design by developer.</p> <p>CCC sites: Council is in negotiations with interested parties to develop a site at Andrews Crescent. Council negotiated a financial model for Carey St.</p> <p><u>Other</u> Riccarton racecourse: The Riccarton Racecourse legislation is now partially in force having received Royal Assent on 21 June 2016. The Acts enable a new 600-home development including 180 homes to be sold at affordable price points.</p> <p>Consenting processes: Council's innovative 'end to end' planning and consenting process (Partnerships Approval Process) is now part of business as usual.</p>	<p><u>Exemplars</u> Meadowlands: First homes expected to be commenced by end of 2016. Second stage consents to be issued shortly (July 2016).</p> <p>Andrews Crescent negotiations to continue. Carey St's final design and development scheme to be agreed with selected partner.</p> <p><u>Other</u> Riccarton racecourse: A Deed must be signed between the Racecourse Trustees, Ngāi Tahu and the Crown. Following approval of a development scheme via Order in Council the Acts will come into full force. This will have the effect of revoking the reserve status of the development land to enable residential development.</p> <p>Resource and building consenting processes: Council will continue to monitor implementation.</p>

Land Supply: Greenfield sections

Indicator	Current – April 2016	Previous – December 2015	Change
Potential Sections in greenfield priority areas (incl. land not zoned)	19,864	19,864	No Change
Potential Sections within operative Living (residential) zones in LURP priority greenfield areas	10,642	10,642	No Change
Sections consented or subject to application for subdivision in LURP greenfield areas	6,299	5,896	+ 403 sections
Percentage of potential sections zoned living in LURP greenfield areas with subdivision consent or subject to application for subdivision	59%	55%	+ 4%

Source: Christchurch City Council. The next update will be included in the Accord's December 2016 monitoring report.

Housing: Residential Resource Consents Granted

For the period ending June 2016, **177** residential resource consents were granted, 120 fewer than the 297 consents granted in the June 2015 period. This is to be expected as building activity is addressing the housing shortfall generated by the earthquakes. Housing supply is still on track to meet housing demand by mid-2017.



Land supply: key developments

Key development resource consents granted in period ending June 2016:

DWELLING TYPE	NUMBER OF DWELLINGS	ADDRESS	DEVELOPER
Unit	4	17-19 Cargill Street	Fusion Homes
Unit	6	16-18 Cargill Street	Fusion Homes
Unit	2	15-17 Shirley Road	First Design
Unit	6	51-55 Dunarnan Street	Consortium Construction
Unit	4	49-51 Truman Road	Consortium Construction
Unit	17	352 Barbadoes Street	HNZC
Unit	3	9-11 Denvir Street	Maxim Homes
Unit	37	2 Sorensens Place	Mike Greer Homes
TOTAL	79		

Note: The average statutory processing time for resource consents granted was 10 working days. Of those developers who had pre-application meetings with the Council, the time between these meetings and their lodging of an application ranged from 2 months to 1 year 2 months.

Housing: Building Consents Issued

For the period ending June 2016, a gross total of 759 dwellings (houses and units/apartments) were consented; sixteen per cent lower than the 903 consented in the June 2015 quarter.

Around 79% of the gross total made a net addition to the existing housing stock.

The difference between the net and gross totals reflects the increasing number of post-quake rebuilds that replace existing building stock.



Source: Christchurch City Council. These figures may differ from Stats NZ due to differences in methodology.

Housing Construction

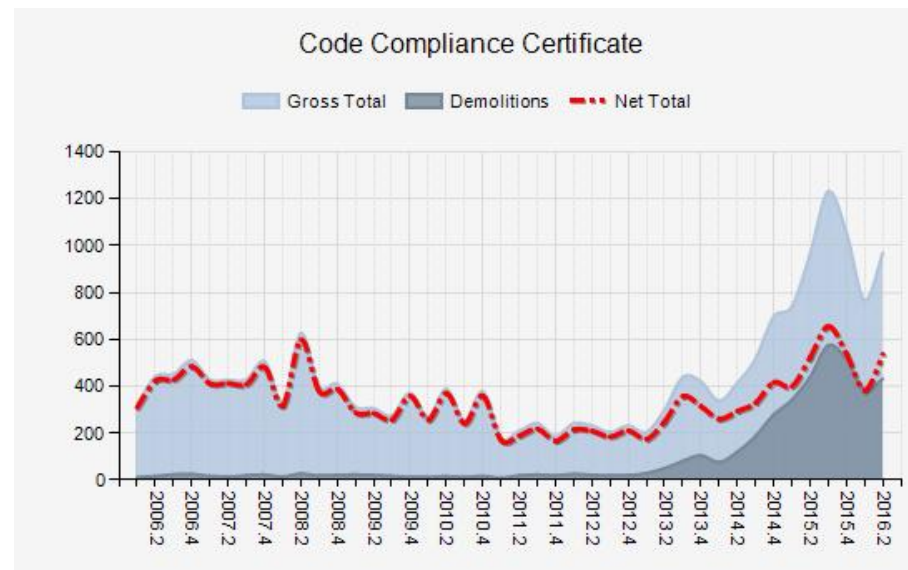
Construction Starts – first building inspection



In the period ending June 2016, a gross total of 1047 dwellings (houses and units/apartments) reached their first inspection.

- This was an increase of 3 per cent compared to the June 2015 period.
- **68% of the 1047** are net additions to the housing stock.
- The balance comprise post-quake rebuilds that replace existing building stock.

Code Compliance Certificates

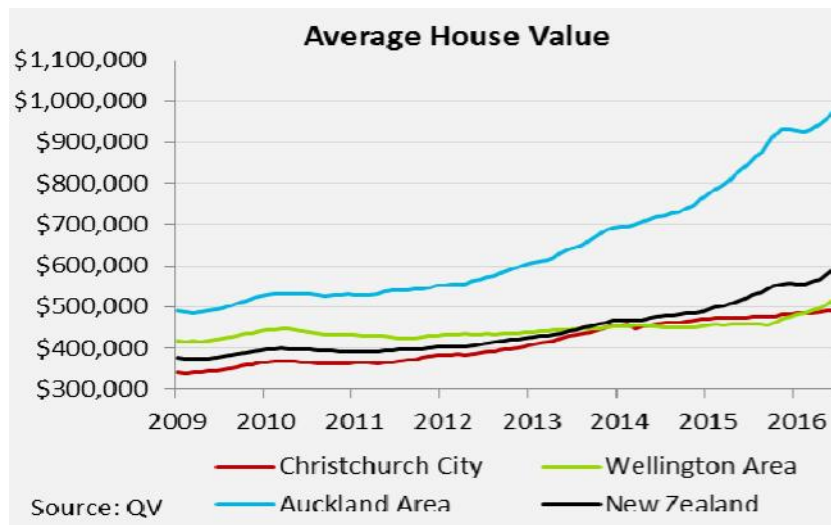


Construction was completed on a total of 968 dwellings (houses and units/apartments) in the period ending June 2016.

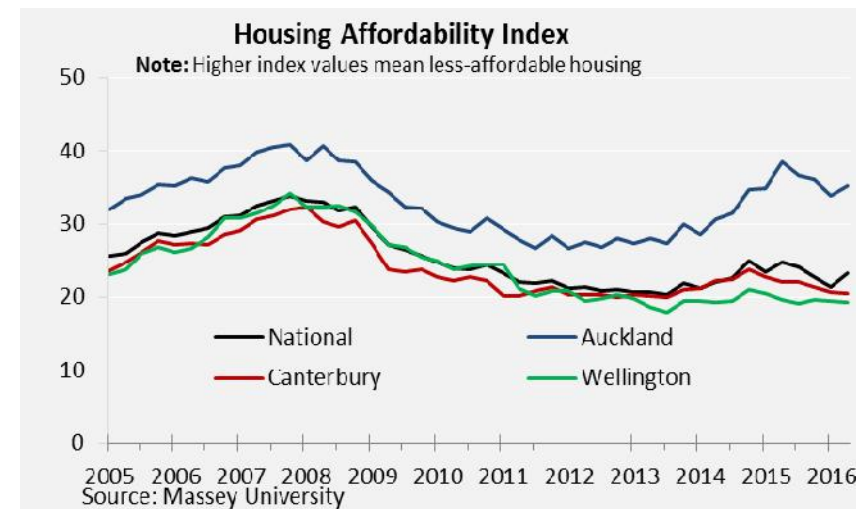
- This was an increase of 0.6 per cent compared to the June 2015 period.
- **55% of the 968** are net additions to the housing stock.
- The remainder are for houses to replace those lost in the earthquakes.

Housing Affordability

House Values



Housing Affordability



At end June 2016, Christchurch City's average house value was **\$491,148**. This was \$25,282 below Wellington values but \$99,761 below the national average. Average Christchurch City house values increased by 2.6% in the year to June 2016, compared to a national increase of 14.2%.

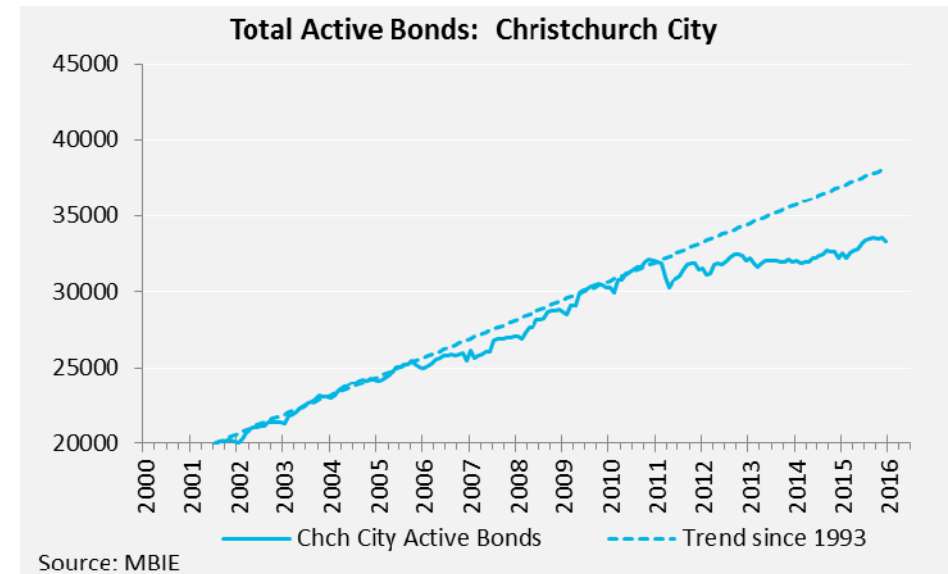
Canterbury's housing affordability improved 7.2% over the 12 months to June 2015, compared to an improvement in housing affordability of 6.1% in New Zealand over the same time.

Rental supply and demand

Rental Supply

There has been an increase in bonds since the beginning of 2015 consistent with reducing pressure in the market. There were 34,284 active bonds as at end June 2016 compared to 33,157 at end June 2015.

Active bonds continue to be below the long-term growth trend line as a result of the loss in rental housing stock due to the earthquakes and post-earthquake rebuilding.



Rental Demand

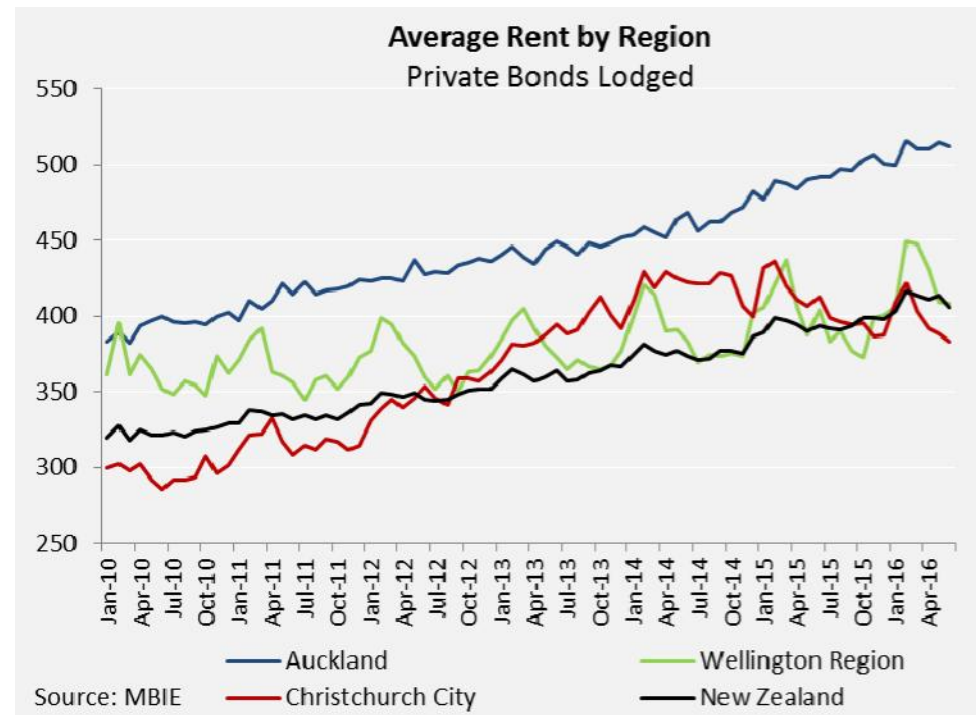
Overall demand on the rental market from the rebuild workforce and displaced households has peaked and is expected to decline over the next few years as the residential and commercial rebuild progresses. Demand for accommodation from migration continues at high levels, with a net increase in permanent and long-term migration of 7,023 in Canterbury in the year to June 2016, equivalent to about 2,926 households.

Rental Affordability

Affordability

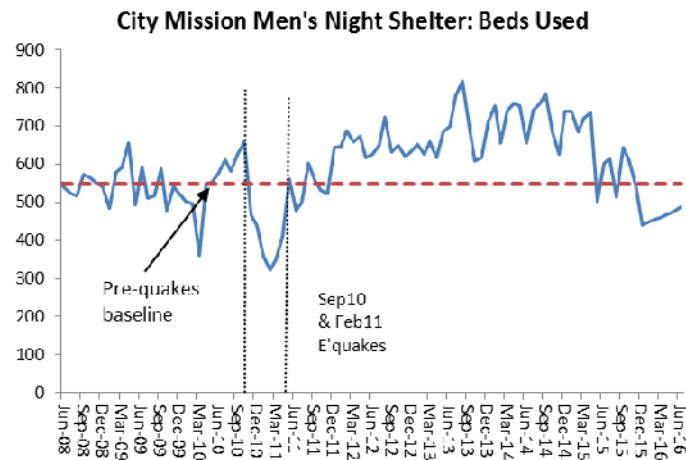
As at June 2016, Christchurch City rent has increased from pre-earthquake levels by 34%, compared with 28% for Auckland over the same period.

Christchurch rents are variable but have lowered in recent months. Average Christchurch rent in June 2016 was \$383 per week, compared to a high of \$436 in February 2015.



Homelessness demand

Overnight housing demand



The City Mission has a 28-bed night shelter for men. The above graph illustrates the demand for this shelter following the earthquakes. Demand has slightly increased in 2016.

Social Housing demand

CCC and MSD Wait Lists

As at 30 June 2016 CCC had 117 homeless applicants on their social housing wait list. This compares to 144 applicants at 31 December 2015.

The Ministry of Social Development had 108 homeless applicants at end June 2016 compared to 107 homeless applicants as at 31 December 2015.

Note: Homeless applicants are those who are sleeping rough/in cars/caravans, in insecure or temporary housing, or are exiting prison or a hospital.

Note: Homelessness is difficult to measure. Not all homeless people use the above services.

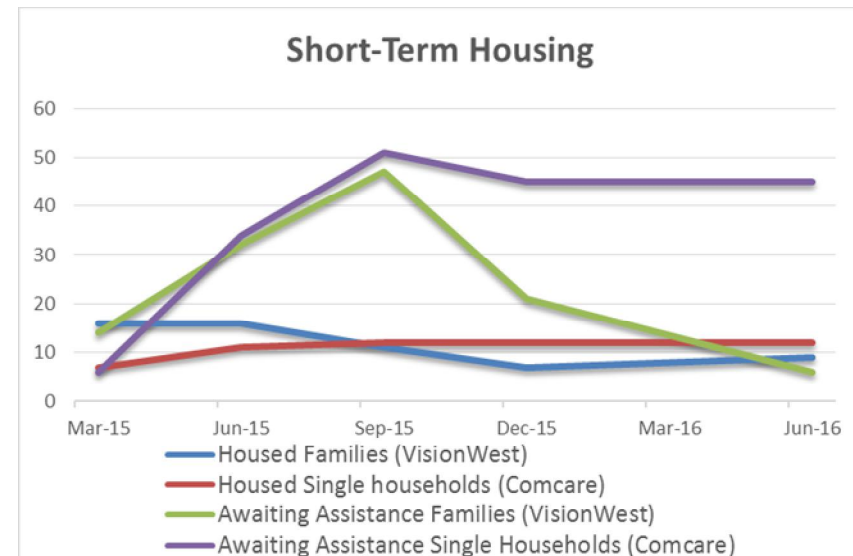
Homelessness: short-term housing response

VisionWest and Comcare services: short-term housing

The Ministry of Social Development contracts VisionWest and Comcare to provide short-term housing for families and single households.

At the end of June 2016, 9 families and 12 single households were housed. 6 families and 45 single households were awaiting assistance.

Providers report that the average stay is less than 8 weeks and that the households helped to date exited into social or private rental housing.



Homelessness: Transitional housing responses

Christchurch Methodist Mission: Homes for the Homeless – for young people and families

In July 2015 CCC provided funding for one year to the Christchurch Methodist Mission to provide transitional housing for six homeless households.

As at the end of June 2016 the Mission was housing 4 households of which 3 were families and 1 was a young tenant. To date, 4 families and 2 groups of young people have been housed. Youth for Cultural Development provide support to the young tenant and the Christchurch Methodist Mission support the three families. The project has now been running for 12 months and is therefore reaching its end.

Christchurch City Mission: Transitional housing for families

The City Mission, CCC and the Ministry of Business, Innovation and Employment provided funding for the Christchurch City Mission to refurbish a shelter to provide transitional housing for up to three homeless families, which opened in December 2015.

To date, 6 families have been housed in the City Mission's fixed term transitional housing, all of them moving on to more permanent accommodation. This is in part because the Mission can also provide these families with other wrap around services such as emergency food, social work support, alcohol and drug counselling and budget advice.

Presbyterian Support - Supported Accommodation for Youth

In July 2015 the Supported Accommodation for Youth initiative commenced in Christchurch. The Ministry of Social Development contracts Presbyterian Support to assist up to 8 young people at a time.

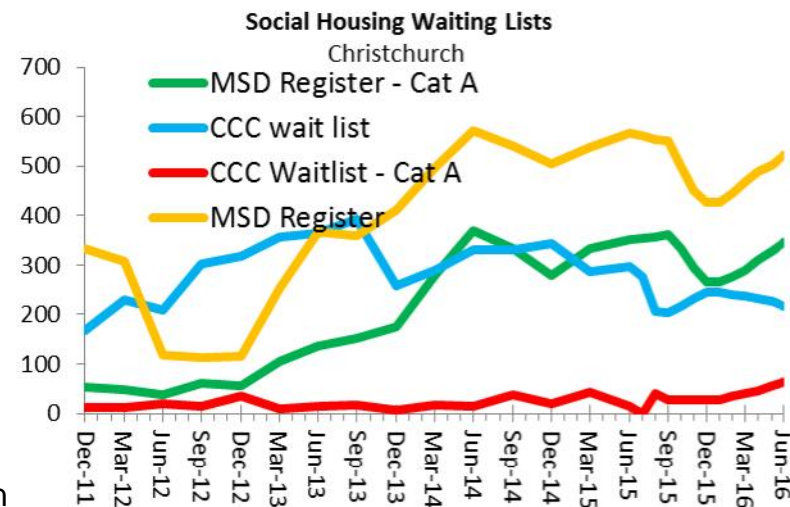
This service provides both housing and mentoring. The service is currently going through transition so 0 people are currently housed. Support will change from 16-19 year olds to 16-19 year olds with dependant children. Previously, 6 young people were housed as at 31 December 2015.

Social Housing Demand: MSD and CCC recorded

The MSD-administered Social Housing Register had **524** applicants for Christchurch as at end June 2016 (higher than 426 at end December 2015 but lower than 566 in June 2015). The register includes **346** A-priority applicants.

The Christchurch City Council wait list had **217** applicants at end June 2016 (compared to **244** at end December 2015), including **63** A-priority applicants.

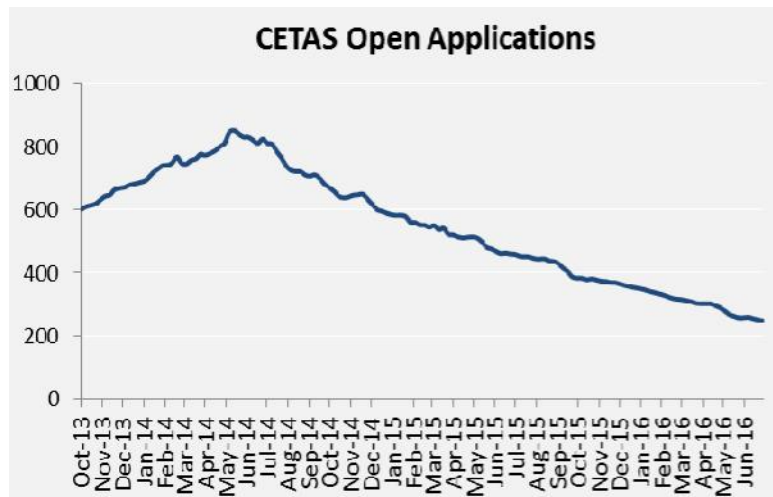
The 199 new social housing units due for completion by December 2016 (as outlined on page 5) will help address the demand as shown on the MSD register and Council wait list.



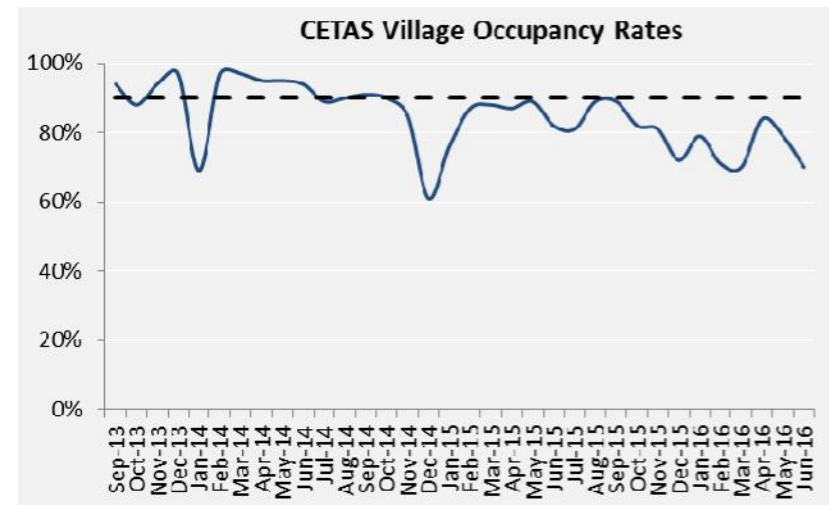
Note: Some applicants will be recorded on both the MSD Register and the Council wait list. The difference in the proportion of A category applicants in the MSD and Council lists is due to differences in policy settings and processes.

Demand for Temporary Villages

CETAS Applications



Village Occupancy Rates



Due to the completion of the bulk of under-cap repairs, the total number of households on the register for the CETAS villages has passed its peak. However demand is expected to remain elevated because over-cap work has a longer displacement period. Village occupancy rates were at 70% at the end of June 2016.