



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



Christchurch Housing Accord Monitoring Report

For quarter ending March 2015



Executive Summary

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

Highlights

The housing market

Between June and December 2014 Christchurch experienced a strong upswing in residential development. This appears to have now slowed, evidenced during the past two quarters by a reduction in the number of subdivision consents granted and the number of construction starts. Completion certifications for subdivisions also reduced slightly in the March 2015 quarter and the numbers of building consents dropped. However the level of activity is still high and is on track to address the housing shortfall by late 2017.

Rental market supply has remained flat over the past quarter, while rents have dropped slightly over past 12 months, improving affordability. House price affordability has also improved.

Accord developments

The Government announced that Fletchers Construction are its partners in the Awatea, Welles St and Colombo St housing developments. Homes will be available from 2016 in Awatea and from 2017 at Welles and Colombo Sts.

Community Housing Provider establishment

An Expression of Interest was issued on 1 April 2015 to identify partners in establishing a Community Housing Provider to lease the Council's social housing. The next steps for the Council are to short-list potential partners and work with them to agree on the type of organisation to be formed.

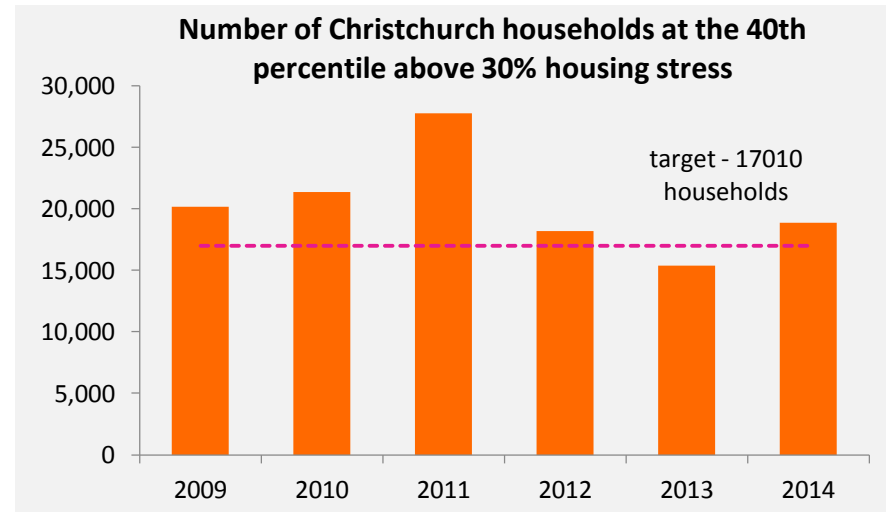
Building consents

The proportion of building consents issues with a value of less than \$250,000 has dropped over the past quarter. This data will be monitored to establish whether this is the start of a downwards trend.

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. Note – no change since the December 2014 report.



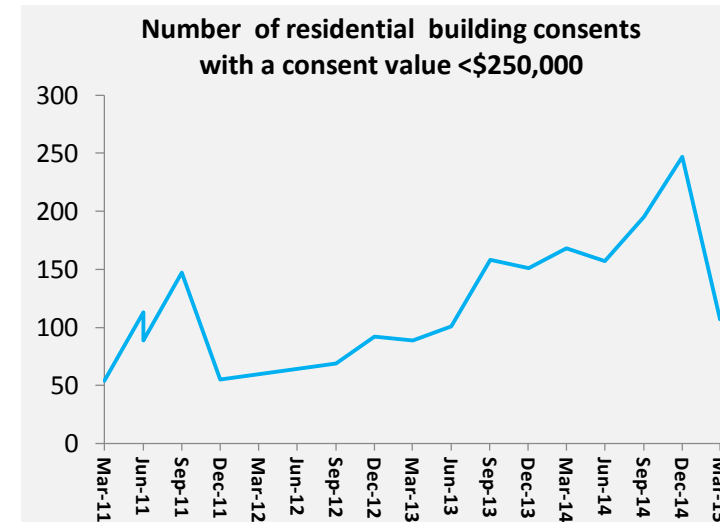
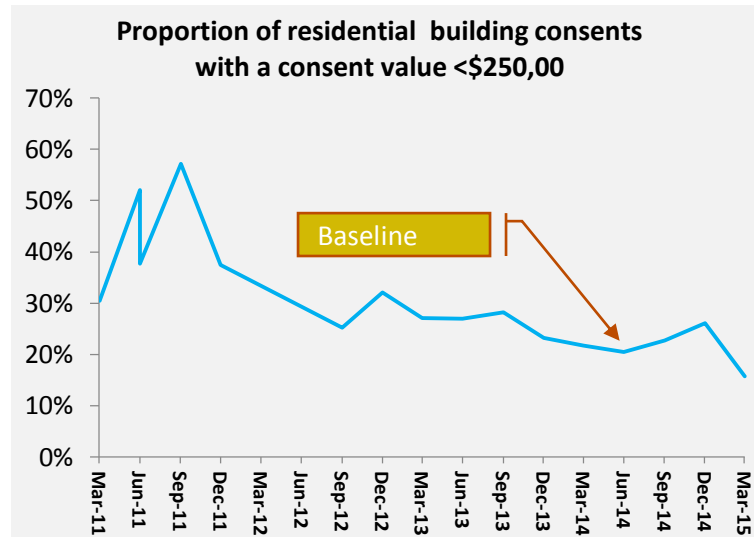
Source: Stats NZ's annual Household Economic Survey undertaken in June and published in late November, next update due November 2015.

As at June 2014 there were 18,900 households at the 40th percentile of Christchurch household income (\$58,102) who are paying more than 30% of their income in housing costs. This is an increase from 2013, but still lower than pre-earthquake levels, most of the increase being from owner-occupiers in increased housing stress. The Accord's target is to reduce this number by 10% during the life of the Accord, a reduction to 17,010. Note: This data is to be treated with some caution, as 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 from 25% of consents as at September 2014.



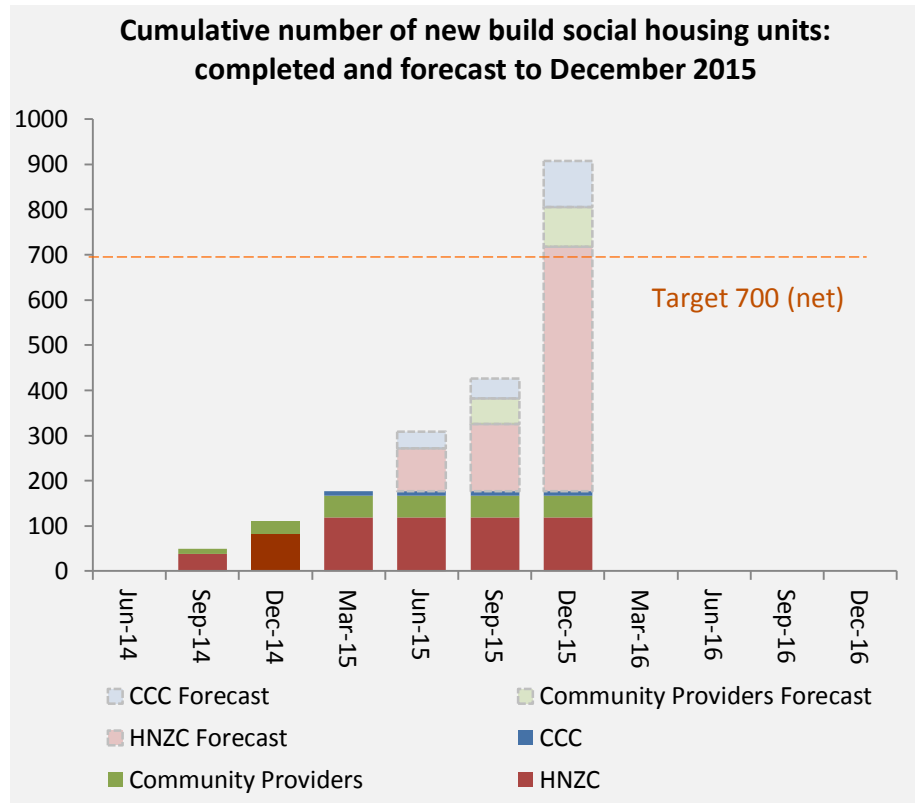
The Council issued **107** consents with a value of less than \$250,000 for the quarter ending March 2015 (**16%** of all consents).

Note: The value of <\$250,000 excludes land costs and is an estimation of the total value of all goods and services to be supplied for the building work. One consent can be for a single dwelling or multiple dwellings in a multi-unit complex. This data also includes replacement dwellings following a demolition. In the March 2015 quarter **95%** of the consents were for single dwellings.

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

In the quarter ending March 2015:

- HNZC completed **36** units
- Community providers completed **21** units
- Council completed **0** units

In the quarter ending June 2015 it is forecast:

- HNZC will complete **95** units
- Community providers will complete **0** units
- The Council will complete **37** units

The graph to the left illustrates the cumulative effect of projected quarterly completions towards the target of 700. This target should be exceeded by the end of 2015, with **908** units to be completed by December 2015.

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: Joint Ministers agreed to proceed with the Welles and Colombo Street developments in partnership with Fletcher Residential.</p> <p>Awatea: Resource consents lodged and civil construction tender issued for the first of Awatea's three superlot sections</p> <p>Land: Cabinet to consider Housing Accord Fund allocation in May 2015 including potential developments on Crown and Council land.</p>	<p>Welles/Colombo: MBIE and the Council to enter into a Sale and Purchase Agreement for both sites. Development agreement to be signed with Fletcher Residential. Homes available from 2017.</p> <p>Awatea: Civil works to begin on the first of three superlots and resource consent (land use and subdivision) to be lodged for the second superlot. Homes available from 2016.</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.</p> <p>Council to progressively capitalise the entity or entities with \$50 million of land and assets.</p> <p>Identify opportunities for CCC and HNZN to work together.</p>	<p>Housing entity: EOI issued on 1 April 2015 for Community Housing partners, responses due on 29 April 2015.</p> <p>The Council's identification of \$50 million is included in its Long Term Plan (LTP) consultation document.</p>	<p>Housing entity: Council to identify potential partners following receipt of responses to the EOI. The entity is to be formed in the September 2015 quarter.</p> <p>Council to confirm process for capitalising the entity or entities with an injection of \$50 million of land and other assets following the LTP finalisation in June 2015.</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> Meadowlands development: this exemplar site was rezoned by the Independent Hearings Panel in January 2015.</p> <p>CCC sites: Andrews Crescent: Responses to the RFP closed on 26 March 2015. Carey Street: RFP issued 5 March with responses due 20 May 2015.</p> <p>HNZC yet to advise if will proceed with its exemplar developments.</p> <p><u>Other</u> Riccarton racecourse: Work underway to draft legislation to enable the residential development to progress</p> <p>Council conducted workshops on improving its planning and consenting processes.</p>	<p><u>Exemplars</u> Meadowlands: Resource consent expected to be issued in the June 2015 quarter.</p> <p>Andrews Crescent and Carey St to be considered by exemplar panel in September 2015 quarter.</p> <p><u>Other</u> Riccarton racecourse: Legislation to be passed to enable development; secure planning enablement through second phase district plan review. Homes available from 2016.</p> <p>Council to design a streamlined 'end to end' customer service for planning and consenting by end June 2015.</p>
Encourage innovative design and manufacturing processes	Use scale and scope of joint activities to encourage use of new technologies or manufacturing or construction techniques to reduce costs and improve productivity.	Use of prefabrication likely to be a key feature of Awatea, Welles and Colombo Street developments.	Ongoing discussions with preferred partners.

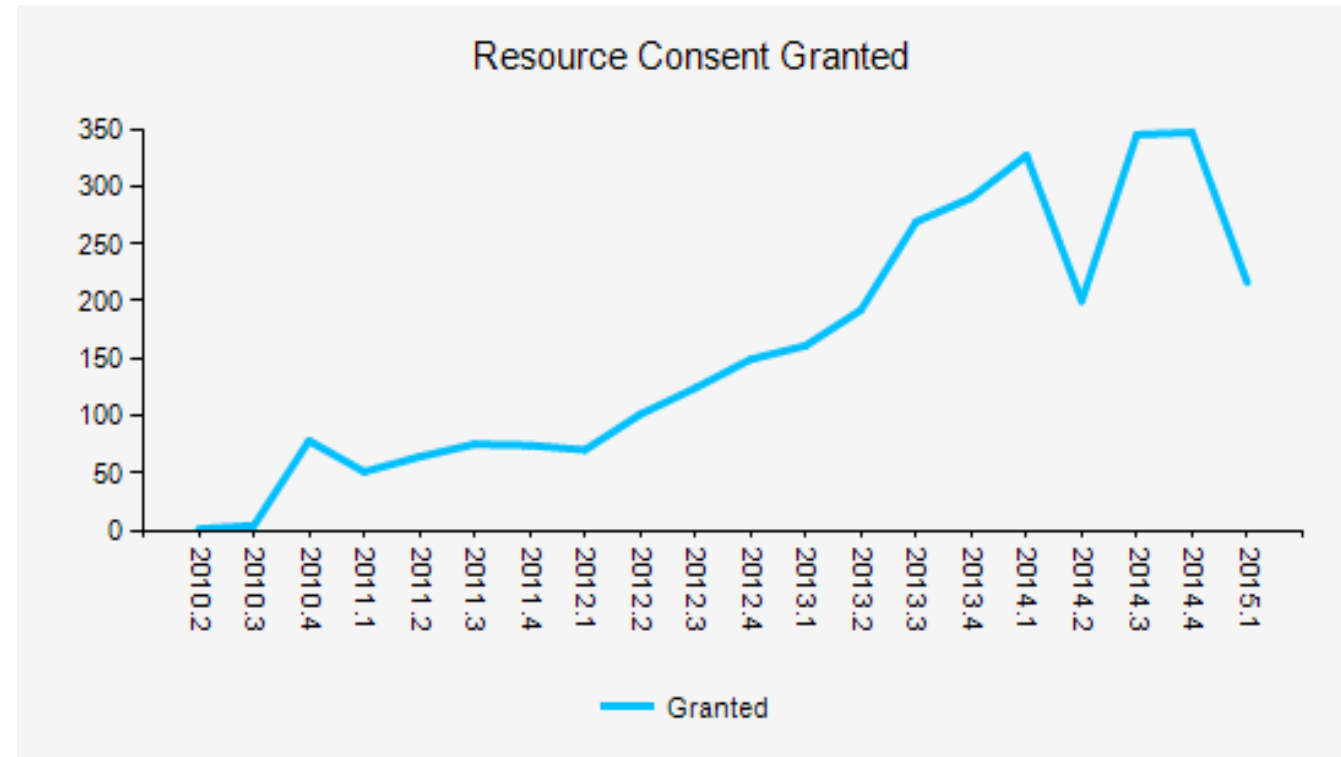
Land Supply: Greenfield sections

Indicator	Current - November 2014	Previous - June 2014	Change
Potential Sections in greenfield priority areas (incl. land not zoned)	19,775	19,769	+6
Potential Sections within operative Living (residential) zones in LURP priority greenfield areas	10,553	10,519	+34
Sections consented or subject to application for subdivision in LURP greenfield areas	4,972	4,672	+300
Percentage of potential sections zoned Living in LURP greenfield areas with subdivision consent or subject to application for subdivision	47.1%	44.4%	+2.7%

Source: Christchurch City Council. The next report is due May 2015 and will be included in the Accord's June 2015 monitoring report.

Housing: Residential Resource Consents Issued

For the quarter ending March 2015, **216** residential resource consents were issued, 111 fewer than the **327** consents issued in the March 2014 quarter.



Land supply: key developments

Key development resource consents granted in quarter ending March 2015:

DWELLING TYPE	NUMBER OF DWELLINGS	ADDRESS	LOCATION
Units	24	15A Bunyan Street, Waltham	4 km south of CBD
TOTAL	24		

Resource consents applied for key developments in quarter ending March 2015:

- Earthworks application lodged for Meadowlands exemplar housing development

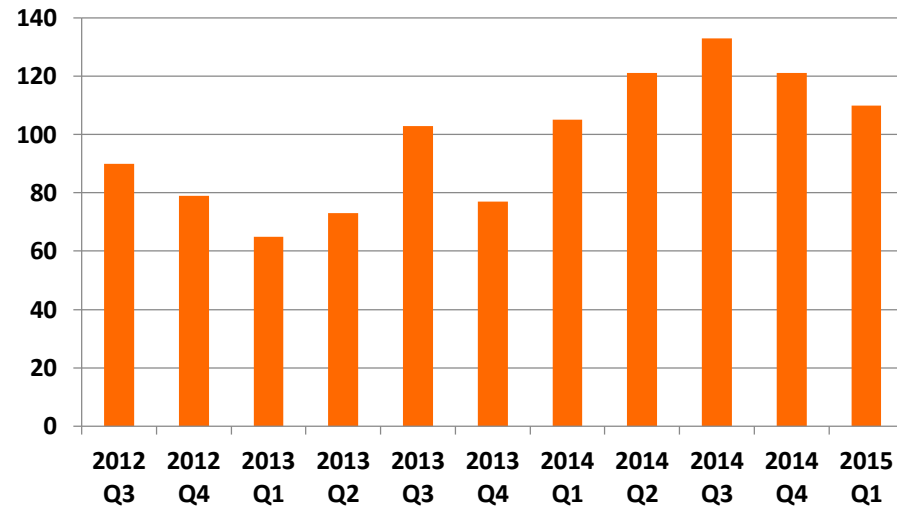
Note: The average statutory processing time for resource consents granted was 10 working days. Of those developers who had pre-application meetings with the Council, the time between these meetings and their lodging of an application ranged from 2 months to 1 year 2 months.

Land Supply: Subdivisions

Subdivision consents granted

Subdivision consents granted

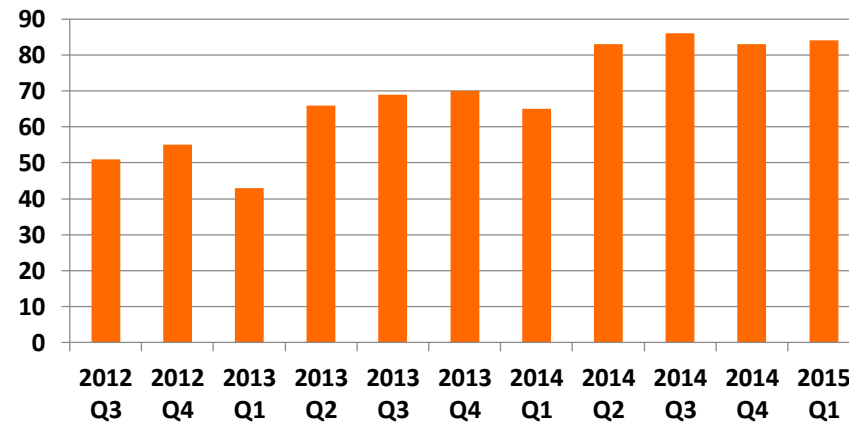
Total for all subdivisions including non-residential



Section 224 certificates issued*

Section 224 certificates issued (completion certificates)

Total for all subdivisions including non-residential



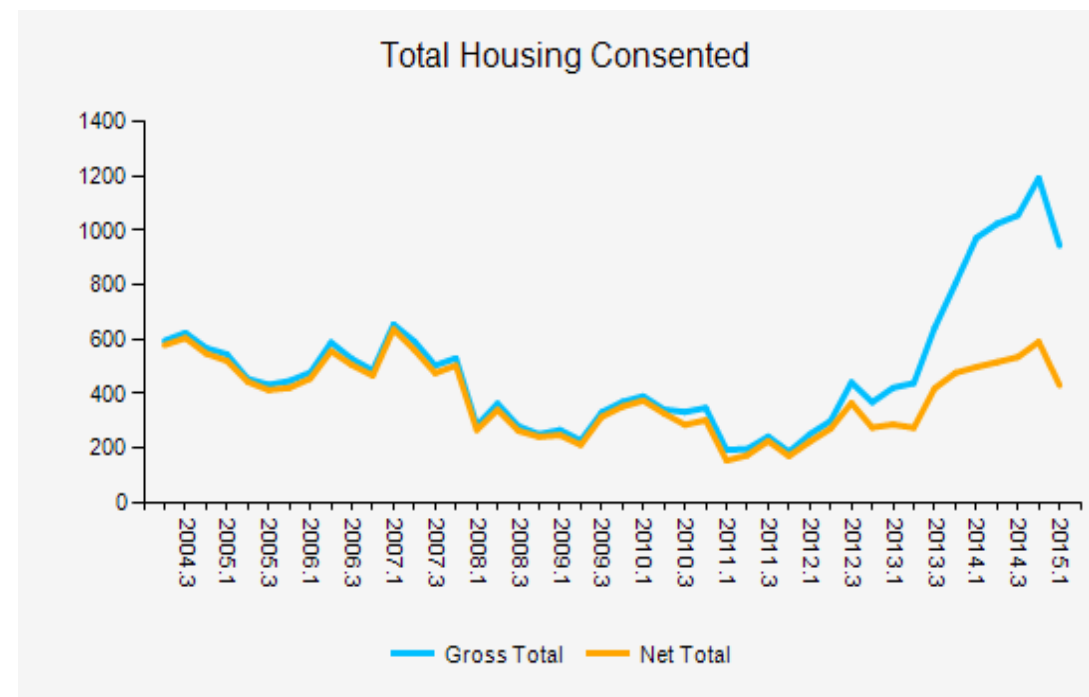
In the quarter ending March 2015 99% of subdivision consents (**109** consents) were processed within the statutory timeframe, the same percentage as the March 2014 quarter (**105** consents). The above data includes both residential and commercial subdivision consents and certificates. CCC is reviewing its processes to separate out this information for inclusion in reports for Quarter 2 2015 onwards. (*Council acceptance of the assets constructed e.g. roads, water, wastewater).

Housing: Consents Issued

For the quarter ending March 2015, **944** dwellings (houses and units/apartments) were consented; **28** fewer than the **972** consented in the March 2014 quarter.

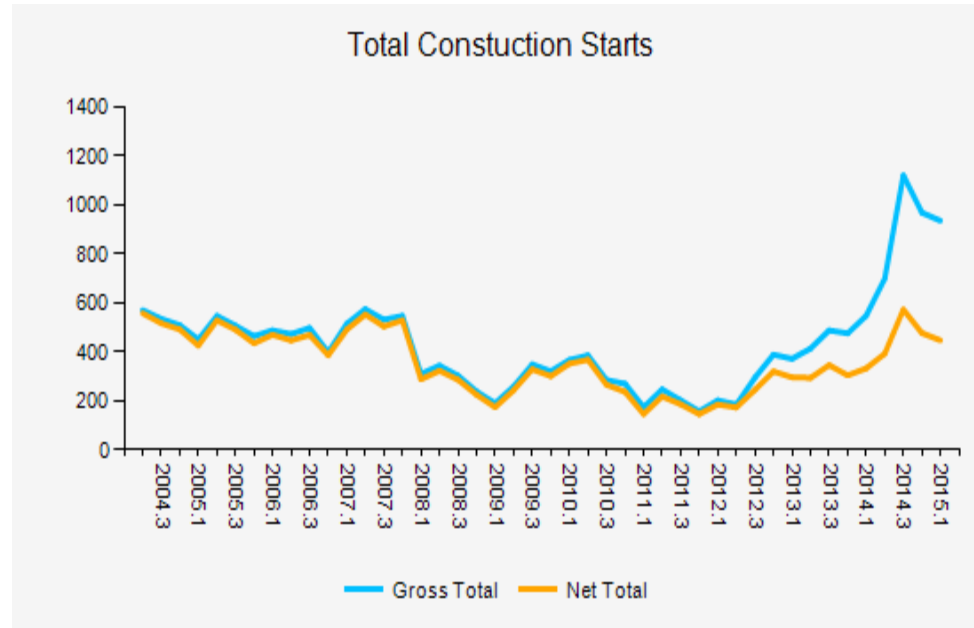
Once demolitions are subtracted, around 46% (**431**) of the gross total made a net addition to the existing housing stock.

The difference between the net and gross totals (**513**) reflects the increasing number of post-quake rebuilds that replace existing building stock.



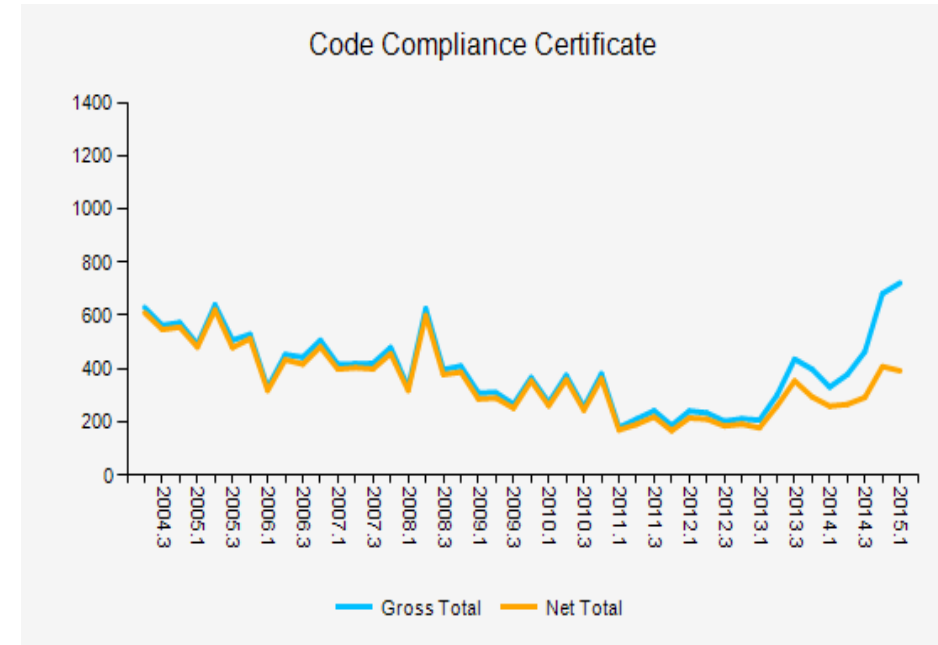
Housing Construction

Construction Starts – first building inspection



- In the March 2015 quarter, a total of **936** dwellings (houses and units/apartments) reached their first inspection.
- This was an increase of **388** more than in the first quarter 2014.
 - 48% (**447**) were net additions to the housing stock.
 - The balance (**489**) was for replacement housing (the number of post-quake rebuilds that replace existing building stock).

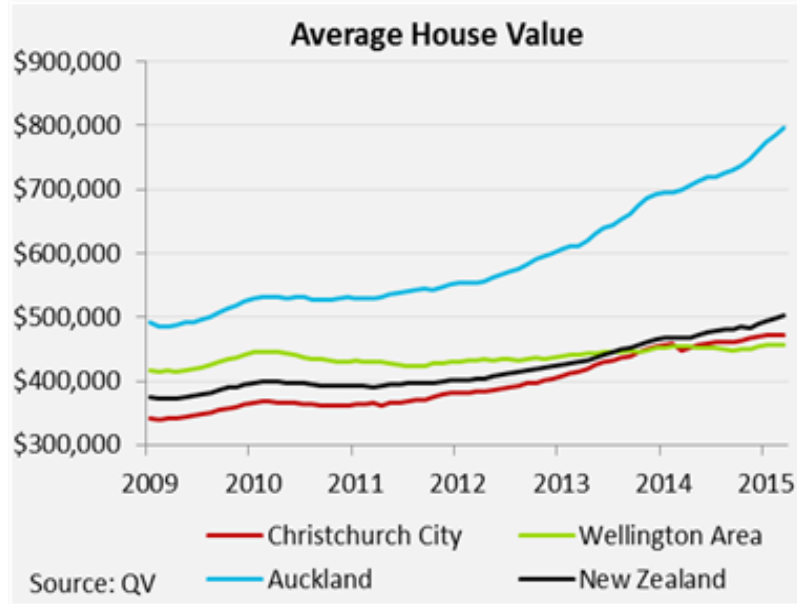
Code Compliance Certificates



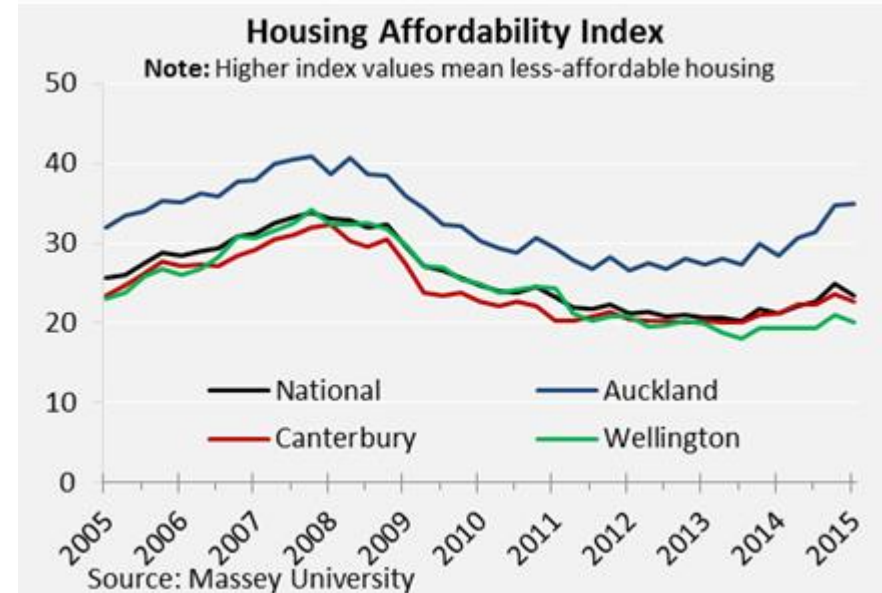
- Construction was completed on a total of **722** dwellings (houses and units/apartments) for the quarter ending March 2015.
- This was an increase of **391** more than in the first quarter 2014.
 - More than half (**392**) were net additions to the housing stock.
 - The remainder (**330**) was for replacement housing.

Housing Affordability

House Prices



Housing Affordability



At end March 2015, Christchurch City's average house price of **\$472,130** was above Wellington prices but below the national average.

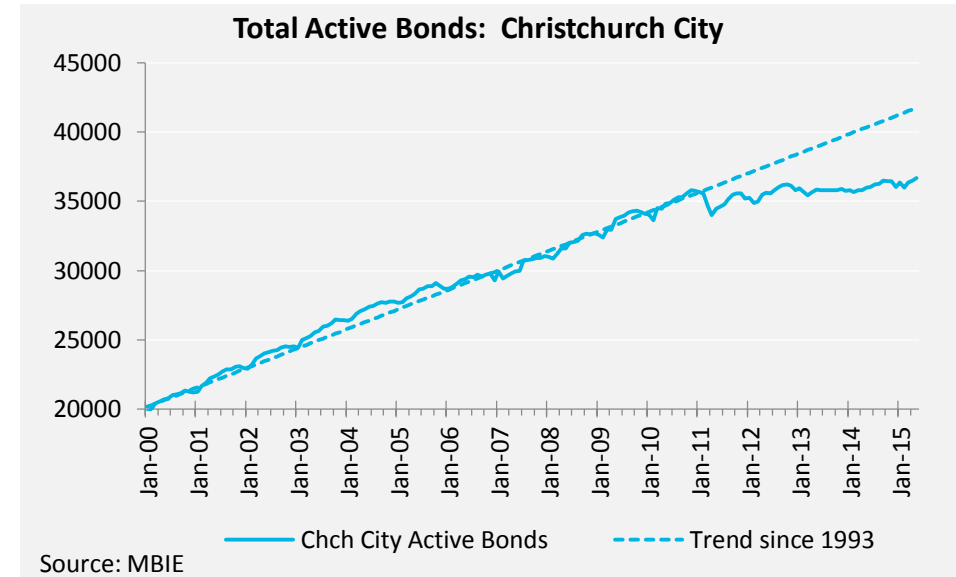
Canterbury's housing affordability has worsened over the year to March 2015 – a continuation of the post-earthquake trend.

Rental supply and demand

Rental Supply

Active bonds increased from March to September 2014, and flattened in recent months. There were 36,291 active bonds as at end March 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

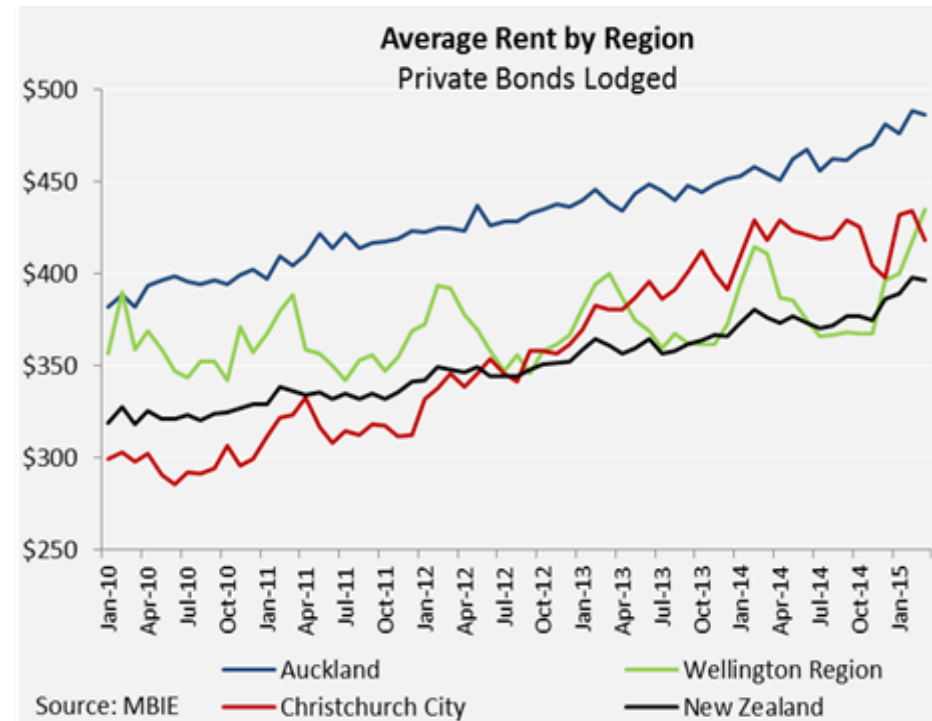
Demand from the rebuild workforce and 'business as usual' household growth is expected to increase over the next two years. In parallel, there will be a decline in demand from displaced households as EQC complete their repair programme. Overall there will be less pressure on the rental market during 2015/2016.

Rental Affordability

Affordability

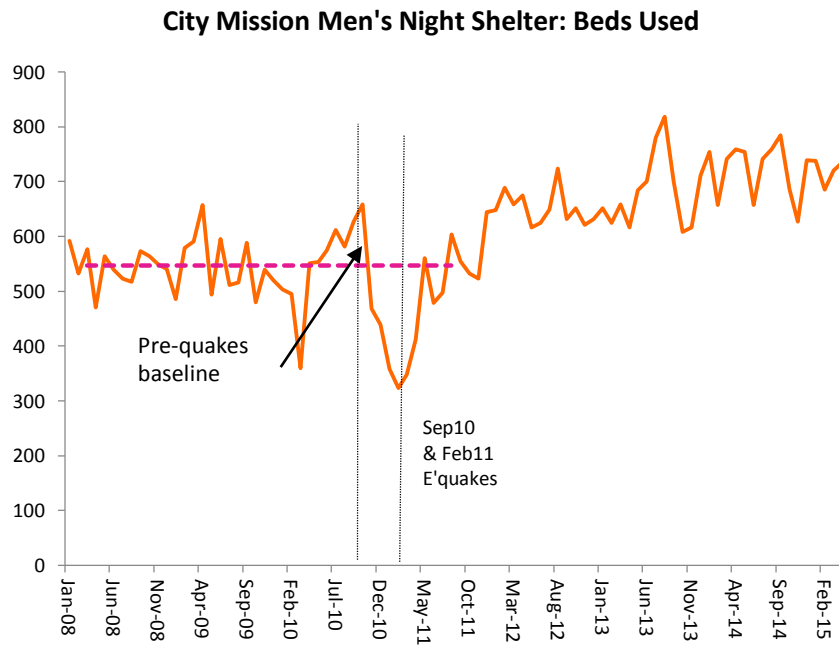
As at March 2015, Christchurch City rent has increased from pre-earthquake levels by 44%, compared with 23% for Auckland over the same period.

Christchurch rents are more variable but have lowered slightly over the past 12 months. It is too soon to conclude that rents are falling.



Homelessness

City Mission Men's Night Shelter



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

Note: homelessness is difficult to measure. The above indicators are proxies only as not all homeless people will use the above services.

Short-Term Housing Response

Short-Term Housing Response

In early 2015 the Ministry for Social Development contracted VisionWest and Comare to provide short-term housing as a response to homelessness. VisionWest assists families and Comcare single households. This housing response, which is for a maximum of eight weeks, helps homeless people into long-term housing. The long-term housing can be social housing or private rental housing.

As at the end of March 2015, sixteen families and seven single households were housed in the short-term housing response. Fourteen families and six single households were awaiting assistance.

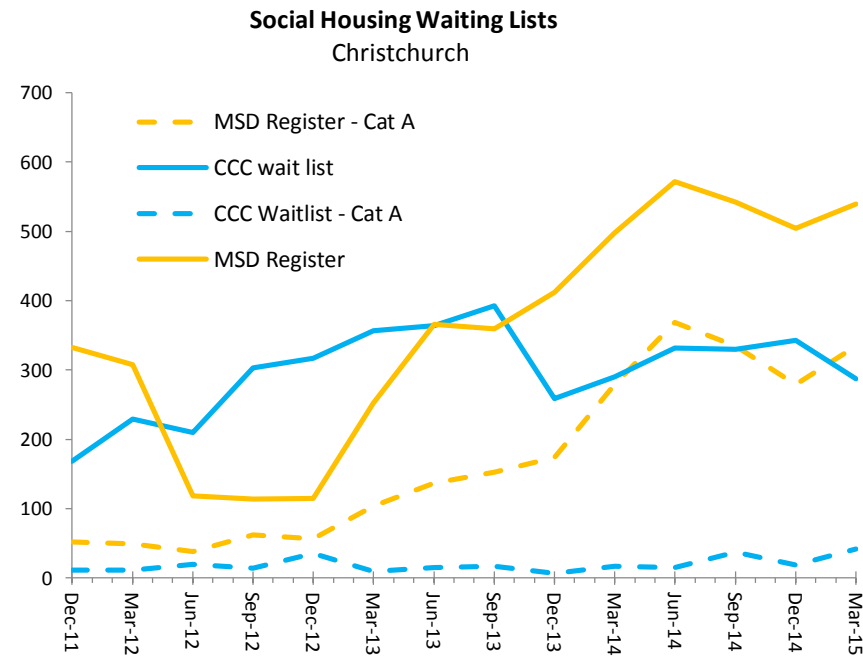
Social Housing Demand

The MSD-administered Social Housing Register had 539 applicants for Christchurch as at end March 2015 (up from 504 at end December 2014), including 334 A-priority applicants.

The Christchurch City Council wait list had 287 applicants as at end March 2015 (compared with 343 at end December 2014), including 42 A-priority applicants. The Council houses around 4 to 6 A-priority applicants each week

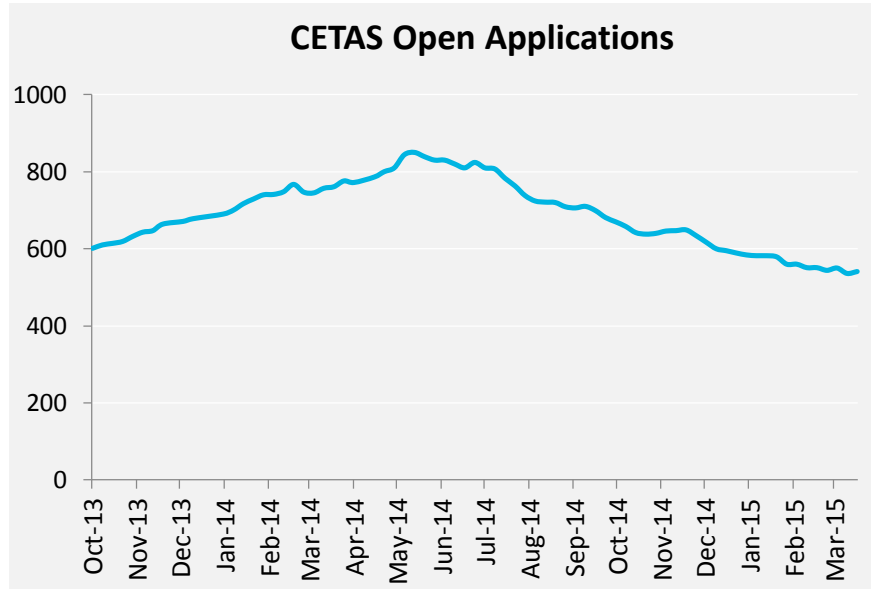
The 908 new social housing units available by the end of 2015 (as outlined on page 5) will help address the demand as shown on the the MSD register and Council wait list.

Note: Some applicants will be recorded on both the MSD Register and the Council wait list.

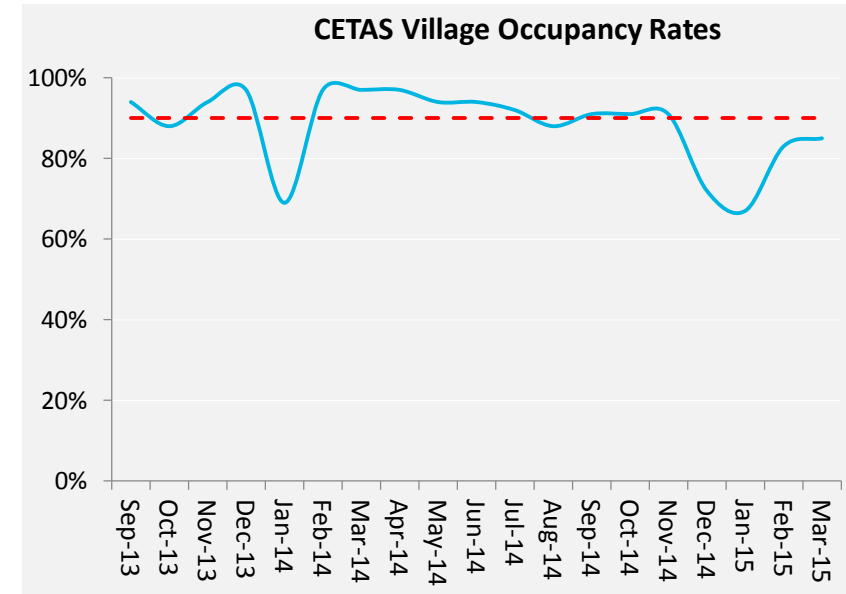


Demand for Temporary Villages

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 continue to be high due to the over-cap work which has a longer displacement period. Village occupancy rates were at **85%** at the end of March 2015.