

IN THE MATTER OF The Local Government Act
2002

AND

IN THE MATTER OF A submission by Housing
New Zealand Corporation on
the Christchurch City Council
draft Long-term Council
Community Plan 2006-2016

To: Draft LTCCP Submissions
Christchurch City Council
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**SUBMISSION BY HOUSING NEW ZEALAND CORPORATION ON
DRAFT LONG TERM COUNCIL COMMUNITY PLAN**

HOUSING NEW ZEALAND CORPORATION ("HNZC") at the address for service given below makes the following submission on the Christchurch City Council ("the Council") draft Long-term Council Community Plan 2006-2016 ("LTCCP"):

Background

1. HNZC is a corporation with the following objectives (as set out in the Housing Corporation Act 1974):
 - (a) To give effect to the Crown's social objectives by providing housing, and services related to housing, in a business like manner, and to that end to be an organisation that –
 - (i) exhibits a sense of social responsibility by having regard to the interests of the community in which it operates; and
 - (ii) exhibits a sense of environmental responsibility by having regard to the environmental implications of its operations; and

- (iii) operates with good financial oversight and stewardship, and efficiently and effectively manages its assets and liabilities and the Crown's investment; and
 - (b) to ensure that the Minister of Housing receives appropriate policy advice, other advice, and information, on housing and services related to housing.
- 2. HNZN has a wide range of functions (the principal of which is to achieve its objectives), and these include:
 - (a) Provision of rental housing;
 - (b) Undertaking housing and other developments and renewal, either on its own account or on behalf of other persons;
 - (c) Acquiring and developing land for housing or other development and renewal;
 - (d) Conducting research into, and monitoring trends in, housing and services related to housing.
- 3. In achieving its objectives and performing its functions, HNZN is empowered to work with local authorities, and other persons or organisations. For example, housing providers who do not have profit or gain as a primary motive.
- 4. Given its objectives and functions, HNZN wishes Council to understand and acknowledge that HNZN is not identical to other members of the development community. HNZN is unable to pass on additional costs of development to prospective purchasers, and does not have the same locational drivers as more traditional developers. HNZN responds and provides a service for growth, rather than contributing to it. In addition, HNZN is not motivated by profit, but rather is constrained by statutory imperatives to deliver contracted outputs in a socially responsible manner.

HNZN and Local Government

- 5. HNZN has always taken an active and responsible role with regard to local government decisions in relation to policy and planning matters, recognising that these are directly relevant to its core business and statutory aims. However, the review of local government powers and consequent enactment of the Local

Government Act 2002 ("the LGA 02") has led HNZN to adopt a more holistic approach to its relationship with local government.

6. HNZN recognises that there is a shared interest in local government decisions at the local level in terms of local government outputs, service levels, prioritisation, and identification of the connections between them. This is underlined by HNZN's various roles before local government as a statutory body with the aims expressed above, and as a landowner, provider of social housing, landlord, and ratepayer. HNZN is a party with a clear stakeholder interest in community wellbeing.
7. As recognised in government policy, and outlined by the Department of Internal Affairs in relation to the Community Outcomes Process, there are advantages to building effective relationships between local authorities and central government agencies such as HNZN. These advantages include enhancing the ability of both parties to respond to identified community outcomes, and ensuring that district wide/ whole of community solutions are undertaken where possible.
8. The need for local authorities and central government to build effective relationships is recognised in central government initiatives including the Local Government Housing Fund, and whole-of-government approaches such as those in the NZ Housing Strategy, including integrating housing policy and programmes with planning, regulatory, environmental, health, transport and economic development policy as well as third sector initiatives such as the Housing Innovation Fund.
9. Acknowledging the importance of these relationships recognises that policy decisions made at both central and local government level impact on housing affordability. For example, the supply of residentially zoned land and associated urban limits impacts the location and density of housing, and consequently affects affordability and quality of life. In addition, transport strategies and transport infrastructure decisions can affect accessibility to and from an area, which can have an impact on access to employment and services. These factors in turn affect housing affordability.
10. In this regard, HNZN notes that its interest in the LTCCP and community outcomes processes encompasses the "Principles" set out in "Building the Future: The New Zealand Housing Strategy" (HNZN, May 2005), and is a

response to the Government's Programme of Action for Housing over the next ten years (relevant extracts from the Strategy are **attached**).

11. HNZN is involved in programmes including sustainable, energy efficient housing and design guides, and healthy housing as part of community renewal (in conjunction with local councils and District Health Boards). HNZN is also concerned with the regional aspect of housing demand, supply and policy, working with communities to plan for growth in the future. For example, HNZN has been involved with SmartGrowth and the Auckland Regional Growth Strategy.
12. HNZN is committed to its role as part of the community. This includes taking part in community outcomes consultation and having regard to the community's desired outcomes as an input to its own planning process. In addition, HNZN is interested in all issues that may affect the provision of appropriate and affordable housing. In particular, rating policies, the levying of development contributions, and any proposed reduction in a council's provision of social housing have the potential to impact on the provision and maintenance of affordable housing.
13. HNZN's purpose in making this submission is to ask the Council to continue to acknowledge the importance of affordable housing, and to recognise HNZN as a key stakeholder. At the same time, HNZN notes that it is a national organisation, and that its ability to commit to projects at a regional level is constrained by priorities set at a national level, depending on overall housing demand, budgets and policy.

Outline of submission on LTCCP

14. The particular aspects of the LTCCP to which this submission relates are as outlined in (a) to (d) below.
 - (a) Community Outcomes;
 - (b) Council Activities;
 - (c) Rates and Remission/Postponement Policies;
 - (d) Development Contributions Policy.

Community Outcomes

15. As noted above, HNZN is committed to its role as part of the community, which includes taking part in community outcomes consultation, and having regard to the community's desired outcomes as an input to its own planning process.
16. HNZN generally supports the community outcomes for Christchurch City, and has identified the following as either potentially impacting on affordable housing or touching on areas in which HNZN has some expertise:
 - (a) *A Safe City;*
 - (b) *A City of Inclusive and Diverse Communities;*
 - (c) *A City of People who Value and Protect the Natural Environment;*
 - (d) *A Prosperous City;*
 - (e) *A Healthy City;*
 - (f) *An Attractive and Well-designed City.*
17. HNZN makes the following comments on the above outcomes:
 - (a) HNZN supports the emphasis on creating a safe urban environment. HNZN encourages the development of communities based on the Crime Prevention Through Environmental Design principles, and works with other agencies in this regard including the New Zealand Police.
 - (b) HNZN supports the emphasis on sustainable use of the City's resources. HNZN is involved in programmes including sustainable, energy and water efficient housing, and provides information to its tenants on aspects of sustainable living. In addition, HNZN generally supports waste reduction measures, such as recovery centres, and encourages councils to make recycling opportunities available to disadvantaged areas where resources permit.
 - (c) A strong sustainable economy that provides employment opportunities that are easily accessible to the community has a positive effect on the affordability of housing and reduces reliance on social housing. HNZN supports the reference to standards of living within this outcome area.

- (d) However, HNZN considers that quality, affordable housing that is appropriate to the needs of a community plays a vital role in the achievement of all community outcomes, and should be considered a priority. As such, HNZN would like to see reference to "access to affordable, quality housing for all" included within the outcomes in the future.
 - (e) HNZN recognises the importance of integrated urban development and well designed urban areas, and is involved in implementing and developing urban design guidelines. Furthermore, HNZN has experience regarding how planning mechanisms can be used to address affordable housing issues, and is involved in addressing these issues with a number of councils. HNZN also supports the reference to well-designed transport networks.
18. HNZN notes that co-ordination and collaboration between central, local and regional government and the community is essential to the achievement of community outcomes. In this regard, HNZN continues to look for opportunities to work with the Council and other organisations to strengthen community outcomes.

Council Activities

Strategic Directions (page 50)

19. In relation to the "Strong Communities" strategic direction, HNZN supports the Council's identification of key challenges relating to "*an ageing population*" and "*the complexity of factors which contribute to social exclusion*". HNZN wishes to acknowledge the Council's recognition that demand for housing and other services for older people will increase, and that the Council needs to make sure that these services are available.
20. HNZN would welcome the opportunity to work alongside the Council in developing responses to the above key challenges.

Strong Communities - Community Support (page 97)

21. At a general level HNZN supports the Council's intent of working with community organisations to strengthen them so that communities can take responsibility for themselves. In this regard, HNZN supports the Council's commitment to

providing community support activities in Christchurch, and its provision of community grants.

22. HNZN looks forward to being involved in the reference group as the Council reviews and creates a Community Development Strategy for the future. In addition, HNZN appreciates the Council's coordination of the Safer Christchurch inter-agency group, of which HNZN is a part.
23. HNZN supports the Council's continued commitment to the provision of social housing, and its intention to provide an additional 21 units in the 2006/07 year. HNZN has provided assistance to the Council to build these additional social housing units in Gowerton Place through a Housing Innovation Fund loan. HNZN notes the progress measures for the Council's housing activity – namely, 90-97% occupancy and tenant satisfaction (page 98).
24. In addition, the Council has partnered with HNZN over several years on the Aranui Community Renewal Project to: improve and enhance the physical environment and amenities of the area; work alongside the Aranui community to effect social improvements through the provision of a greater range of social services in the community; and to actively look for ways to enhance Aranui as a 'great place to live' through cultural events. HNZN has valued this partnership and looks forward to the Council's continued support.
25. The LTCCP states that the Council intends to review the provision of social housing in the city, and to decide how this can be expanded with new partners (for example, HNZN) to continue meeting the needs of the Christchurch housing market. HNZN has a good working relationship with City Housing, and has supported their move to give greater acknowledgement to housing need in the management and allocation of housing stock. HNZN remains available to work alongside the Council to ensure that both organisations are working in concert in addressing housing need through social housing in Christchurch City.

Economic Development (page 115)

26. HNZN supports the Council's commitment to achieving social, economic and environmental goals within the context of a growing economy. Like the Council, HNZN recognises that a degree of economic prosperity, shared fairly among all residents of the city, will enable adequate access to a variety of services, including health care and education.

Refuse Minimisation and Disposal (page 136)

27. As noted in relation to the community's outcome above, HNZN supports waste minimisation initiatives. In this regard, HNZN notes that one of the priority discretionary projects included in the LTCCP is waste minimisation (page 73). HNZN supports the Council's intention to provide funding for waste minimisation initiatives in 2008/09.

Streets and Transport (page 149)

28. HNZN also supports the Council's commitment to supporting and providing public transport so that the community has safe, easy and comfortable access to a range of facilities and destinations. As outlined above, access to transport impacts on housing affordability.

Rates and Remission/Postponement Policies

29. As the Council will appreciate, any increase in rates impacts upon the ability of HNZN and third sector organisations to provide quality social housing and contribute to community outcomes. As such, HNZN generally urges fiscal prudence on proposals that will result in rates rises, and seeks that the Council consider issues surrounding housing affordability when setting the general rate, uniform annual general charge ("UAGC") and targeted rates.
30. HNZN notes that many residential rate payers in Christchurch City are facing rates increases of between 7-9%, and that further increases are scheduled for the next few years. In addition, the Council is levying a UAGC of \$115, and HNZN wishes to ensure that the Council is aware that this rate has a greater impact on properties with lower values than those with higher values. As such, the UAGC has a particular impact on housing affordability.
31. HNZN supports the Council's provision of the following policies:
- (a) Remission of rates penalties imposed where there is an inability to pay (page 249);
 - (b) Remission of rates where the land is used by "not for profit" clubs, associations and churches, for sport or community benefit other than horse or dog racing (page 250);

- (c) Rates postponement policy (where the rate payer is experiencing financial hardship);
- (d) Remission and postponement policy of rates on Maori freehold land.

Development Contributions Policy

- 32. HNZN notes that development contribution requirements impact on the ability of HNZN, and other third sector providers, to provide affordable housing and, therefore, contribute towards community outcomes.

General legal principles

- 33. Section 199(1) of the LGA02 sets out the basis on which a council may require development contributions. Development contributions may be required in relation to developments:

"if the effect of the developments is to require new or additional assets or assets of increased capacity and, as a consequence, the territorial authority incurs expenditure..."

- 34. As such, to levy development contributions on a development, the effect of that development must mean that new or additional assets or assets of increased capacity are required. In addition, the need for those assets must lead the Council to incur capital expenditure in response to the effects generated by the development, which can include capital expenditure the Council has already incurred in anticipation of the development. There must be a causal nexus between the demand for an asset or activity and the effect of a development.
- 35. HNZN notes that seeking contributions for items falling outside of these strict criteria is *ultra vires*. HNZN is concerned to ensure that "assets" that are not linked to the effect of development are not included in the Policy, as this would be unlawful.

Impact on affordable housing

- 36. HNZN is concerned to ensure that the Council has considered sectoral impacts resulting from the proposed Policy. In particular, HNZN is concerned to ensure that the Council has fully considered the impacts of additional costs to new development on the provision of, and access to, affordable and social housing.

37. The Council's 2004 Development Contributions Policy contained a series of remission policies, which catered for social housing and housing for the elderly. However, these policies do not appear to have been carried forward into the 2006 Policy. The inclusion of such policies is consistent with the City's community outcomes, and would assist in meeting the key challenges identified by the Council in relation to its "Strong Community" Strategic Direction.

Hearing

38. HNZN appreciates the opportunity to make this submission, and does not wish to be heard on it.

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Principles

The pivotal role of housing

Shelter is a basic human need and central to people's lives. It contributes to the social and economic well-being of individuals, communities and families.

Decent housing

Housing must be affordable, of good quality, and meet reasonable standards of design and energy efficiency.

Integration

Housing initiatives will be increasingly integrated with other services and policies such as community development, health, planning, urban design and transport.

Diversity and choice

The needs and aspirations of different groups should be recognised in housing policy and initiatives.

Anticipating change

Changing patterns of housing need should be anticipated and responded to.

Māori responsiveness

Māori aspirations and cultural values related to housing should be recognised in government's housing activity.

Partnership

Working in partnership with others will improve the delivery of social housing for low and modest income families.

Active involvement

The government is committed to involving a wide range of stakeholders to develop and deliver housing policy and interventions.

Evidence-based

Housing policy and interventions should be informed by solution-focused, evidence-based research.

Programme of Action

This Strategy sets out Government's programme of action for housing over the coming 10 years. We will:

1. Work with industry and local government to bring about sustainable housing supply
2. Improve housing assistance and affordability
3. Improve access to homeownership
4. Develop the private rental sector
5. Improve housing quality
6. Strengthen housing sector capability
7. Meet diverse needs.

Staging and Priorities

The programme of action is broad and a range of government agencies will play a part in its implementation. Activities will include programmes already underway or previously committed to, as well as new initiatives. The Government has steadily increased the number of state houses (adding more than 4,800 between 1999 and 30 June 2005) and will continue to add more. The review of the Residential Tenancies Act 1986 is already underway and will inform further work to improve security of tenure in the private rental market. Similarly, the Housing Innovation Fund and Local Government Fund established in 2003 to encourage third sector groups, iwi and Māori organisations, and local government to increase their involvement in social housing are already up and running.

The seven areas of action are inter-related and, taken together, their combined effect will produce greater benefits. An increase in the supply of housing, for example, may both alleviate affordability pressures in some places, and provide new options for aspiring homeowners. Improving quality and security of tenure in the private rental market will make renting a better option for those for whom stability is important and could alleviate pressure on state house waiting lists. A stronger third sector will provide housing options for people with particular needs that are not readily met through either the private market or state housing.

Some initiatives require investment to build sector capability, and will take time to develop. The third sector is growing, but from a small base. Government is keen to foster that development and growth in capability by developing new housing models and approaches, in partnership with community-based organisations.

The development of work programmes for the diverse needs groups will be a priority. Initiatives under other areas of the Strategy will also take account of the needs of these groups.

The programme of action identifies primary and supporting initiatives for the short (one to two years), medium (three to five years) and longer term (six to 10 years and beyond) under each area of action. Primary initiatives reflect the areas Government wishes to emphasise in the short to medium term, and will provide a base from which the supporting initiatives can be implemented.

Changing market dynamics will mean that the prominence given to individual areas and initiatives will vary over the life of the Strategy. The programme of action is flexible, and will be reviewed periodically by Government to reassess and redirect resources in response to market changes and household needs. Assessment of the relative effectiveness of different interventions will be important, and can be expected to alter the mix of initiatives as the Strategy is implemented.

Such reviews will aim to ensure that shifts in emphasis over the Strategy's 10 year life build on the progress made under each area, while responding to emerging opportunities and constraints.

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