

Joint Housing Action Plan  
Phase 2 Actions –  
Scoping Report

## Contents

Purpose.....	4
Executive Summary.....	5
Action 2.1 – Supporting Mana Whenua to Progress Affordable Housing Opportunities.....	15
Introduction .....	15
Phase 2 Action.....	15
Functions.....	15
Existing Roles.....	16
Options to Provide Support.....	16
Summary of Findings .....	16
Action 2.2 – Assessing the development potential for affordable housing.....	17
Introduction .....	17
Phase 2 Action - 2.2.1 – Surplus Sites.....	17
Suitability of Sites .....	17
Use of Surplus Sites for Affordable Housing .....	17
Phase 2 Action - 2.2.2 – Loan Structure and Contractual Arrangements.....	18
Contextual Changes .....	18
Summary of Findings .....	19
Action 2.3 – Undertake Co-ordinated Advocacy.....	20
Introduction .....	20
Phase 2 Action.....	20
Key Asks .....	20
Key Messages .....	20
Summary of Findings .....	22
Action 2.4 – Priority Consideration for Surplus Land .....	23
Introduction .....	23
Phase 2 Action.....	23
Current Process .....	23
Current Process – Peppercorn Leases.....	24
Process and Policy Changes .....	24
Summary of Findings .....	25
Action 2.5 – Targeted Rates .....	26
Introduction .....	26
Phase 2 Action.....	26
Legal Considerations.....	26

## Joint Housing Action Plan - Phase 2 Actions – Scoping Report

Who the Rate is Set /Collected by .....	26
Operational Costs .....	27
Policy Settings for Allocation of Funds.....	27
Estimated Yield.....	28
Summary of Findings .....	28
Action 2.6 – External Housing Investment Attraction Role .....	29
Introduction .....	29
Contextual Changes .....	29
Action 2.7 – Value Capture Mechanism .....	30
Introduction .....	30
Phase 2 Action – Part 1: Summary of Scope .....	30
Phase 2 Action – Value Capture Mechanism – Part 1: Findings.....	30
The matters to be considered in an AH VCM proposal .....	30
The planning policy/ district plan amendments required to implement the mechanism.....	33
The anticipated timing, resourcing and funding required to proceed with the Plan Change process.....	34
Comparison of costs with anticipated yields.....	34
Summary of Findings .....	35
Appendix 1 – Wider Planning Framework .....	36
Appendix 2 – Breakdown of Estimated Costs .....	39
Phase 2 Action – Value Capture Mechanism – Part 2 .....	41
Action 2.8 - Common Development Incentives/ Discounts.....	42
2.8.1 - Discounted Fees and Charges.....	42
Introduction .....	42
Phase 2 Action.....	42
Concession Options .....	42
Costs and Anticipated Yield.....	43
Policy Amendments Required.....	43
2.8.2 - Rates Remission.....	45
Introduction .....	45
Phase 2 Action.....	45
Cost, foregone revenue and housing yield .....	45
Policy Amendments.....	46
Summary of Findings .....	46

## Purpose

The Joint Housing Action Plan for Greater Christchurch (JHAP) was adopted by each of the Greater Christchurch Partnership (GCP) Councils in early 2024. Eight actions were investigated as part of Phase 1 of the implementation of the JHAP, the purpose of which was to investigate the full range of options partners could choose to implement to support affordable housing in response to the housing problem in Greater Christchurch. These were presented in the Joint Housing Action Plan Phase 1 Investigations - Findings Report (Phase 1 Findings Report).

The GCP Committee supported progressing these actions further, in terms of undertaking further work to identify the high-level costs anticipated in the process of implementing these actions, and the likely process involved, so as to compare these with the forecast social and affordable housing yield (drawn from the Phase 1 Indicative Economic Assessment report, and expanded or updated where required). A further action relating to support for Mana Whenua to help realise the desired housing for Māori across Greater Christchurch area was also identified by the Committee and a specific action introduced for the Phase 2 investigations relating to this.

A high level summary of the Phase 2 actions, which have been investigated further and summarised in this report, are set out in the table below:

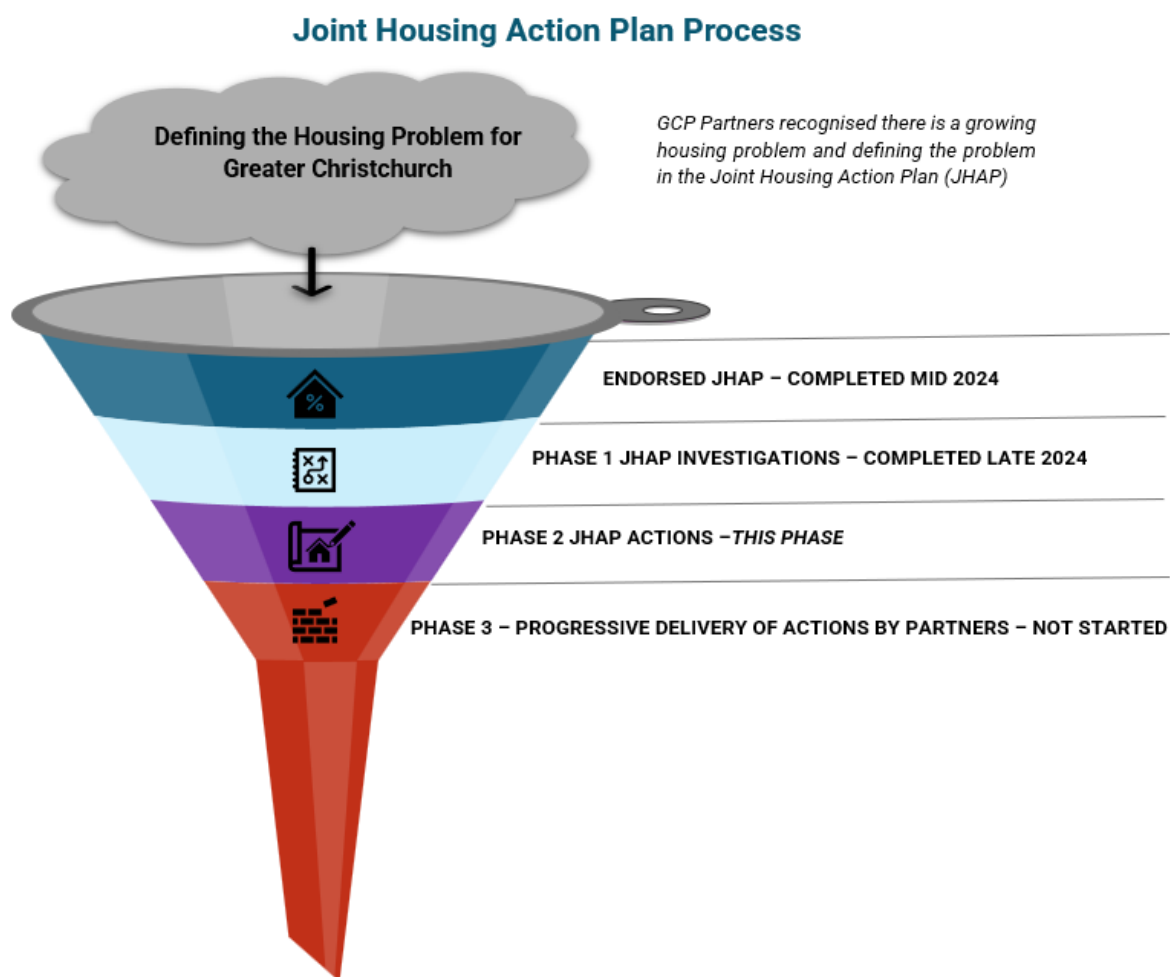
High Level Phase 2 Actions
2.1 Exploring what support mana whenua needs to help bring forward housing development opportunities
PROGRESS – Explore a ‘Navigator’ function to support Mana Whenua in progressing housing development proposals, return to GCPC in 25/26FY for endorsement and any funding required.
2.2 Assessing the development potential for affordable housing;
2.2.1 - PROGRESS – Each Partner to identify its surplus sites, determine the preparations required and compare peppercorn lease and discounted sale options. Return to GCPC for endorsement followed by Partners seeking formal Council meeting decision in 25/26FY.
2.2.2 PROGRESS – Prepare an overview of the low or no interest loans from Partner Councils for affordable housing - funding/ financing, loan structure and contractual model, with consideration of borrowing capacity within debt ceiling. Return to GCPC for endorsement followed by Partners seeking formal Council meeting decision in 25/26FY.
Match funding contributions – Partners to consider affordable housing development proposals on a case-by-case basis.
2.3 Undertake coordinated advocacy
2.3.1 - PROGRESS – Partners pursue key asks consistently from Government through communications with MPs and MfE on RMA Reforms.
2.3.2 - PROGRESS – Include this message in other advocacy, influencing and communications opportunities.
2.3.3 - PROGRESS - Ongoing scanning by Partners for influencing opportunities.
2.4 Making social and affordable housing a priority consideration for surplus land
PROGRESS – Develop consistent process across Partners and revised policy wording, return to GCPC for endorsement followed by Partner adoption in 25/26FY and then recurring process in future years.
2.5 Assess Targeted Rate
Assess the costs and scope of work involved to introduce a targeted rate for affordable housing across the Greater Christchurch sub region. Assess and scope, for consideration on implementation in next LTP
2.6 Assess need for external housing investment attraction role
GCP Partners consider the need for a new expanded role within their organisations to attract external investment in affordable housing developments (patient capital).
ASSESS – Consider whether there’s a role for a Partner organisation to attract external investment into LGFA bonds and/or affordable housing projects
2.7 Assess and scope value capture mechanism in planning system

Assess the costs and scope of work required to introduce an affordable housing value capture mechanism (Inclusionary Zoning) across the Greater Christchurch sub region.
2.8 Prepare a common set of development incentives/ discounts for delivering new affordable housing
2.8.1 - Planning concessions-discounted fees and charges - ASSESS & SCOPE
2.8.2 - Council rates remission to CHPs 2.13 ASSESS & SCOPE
2.9 Development contribution rebates - ON HOLD – Awaiting Govt release of detail on Development Levies
2.10 Density/ Height bonuses - ON HOLD – Awaiting Govt release of redesign of RM system

The next section of this report summarises the high-level findings from the progressing of the actions. The detail of the findings is then set out in following sections of this report.

## Executive Summary

Work by Partners on delivering the Joint Housing Action Plan is divided across three distinct phases. The diagram below summarises where the work completed in Phase 2 sits overall:



The Joint Housing Action Plan identified four significant gaps in the market contributing to the sub-region’s housing problem: emergency/transitional housing; social housing; affordable housing; and

## Joint Housing Action Plan - Phase 2 Actions – Scoping Report

typologies not matching the demand. The key headlines from the Joint Housing Action Plan's Phase 1 investigations were:

- that affordable housing is essential infrastructure, with a Benefit Cost Ratio of \$3:1;
- GCP partners have levers available to respond to the problem through increasing the provision of affordable housing and more diverse housing types;
- that there is flexibility in the:
  - 1) package of levers and options that Partners can opt-into to use,
  - 2) level of support to affordable housing which Partners can provide, and
  - 3) timing of implementing levers.

The key question that the further investigations undertaken in this second phase have sought to address are the costs associated with the various actions, and how these compare to the anticipated yield of social and/or affordable housing anticipated from the implementation of each action. The intent of this is to provide sufficient high-level information for the GCP Committee to decide which actions they wish to implement as part of Phase 3 of the JHAP.

### *Changing Operating Environment*

It is noted that the Phase 2 actions that have been assessed in this report are based on what the Committee endorsed in May 2025. However, a number of contextual changes have occurred since this time, which the Partners will need to consider in implementing actions in Phase 3. These changes include:

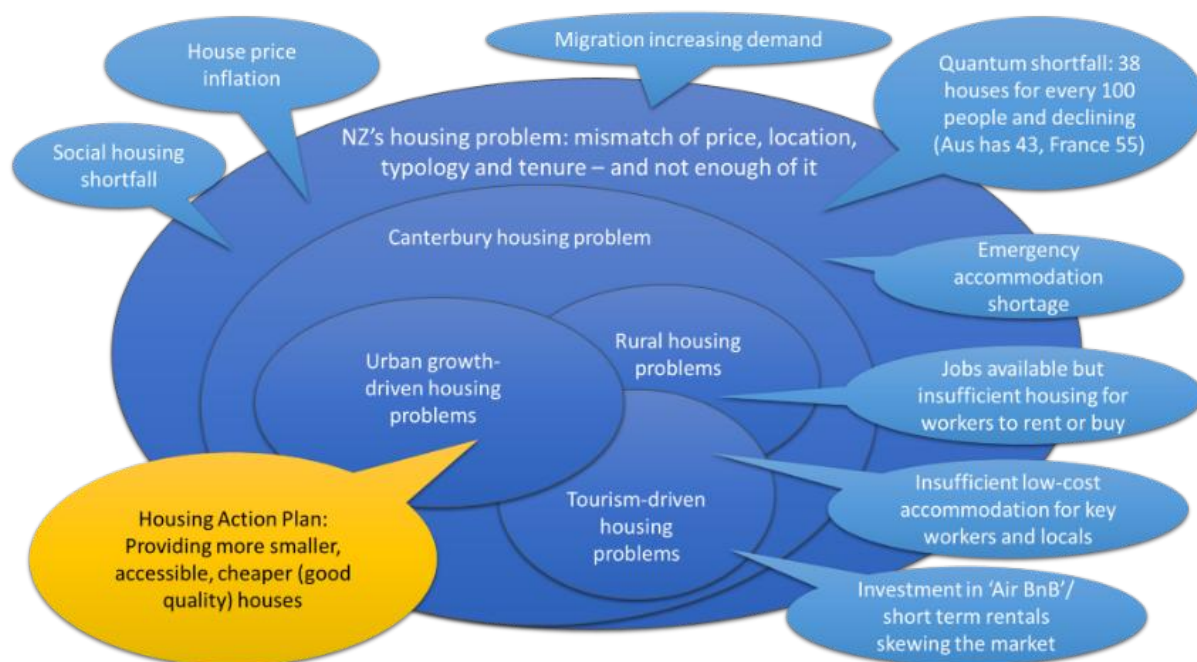
- Announcements made by the government regarding the intention to:
  - reform local government;
  - introduce rate capping;
- Wider access being provided to Community Housing Providers to wholesale borrowing rates through the Community Housing Funding Agency.
- The Ministry of Housing and Urban Development taking an 'active purchaser' role in funding social and affordable housing products, underpinned by evidence of specific housing needs and gaps. This role is embedded in its Housing Investment Plan.
- The introduction of proposed legislation to replace the Resource Management Act with two new acts - the Planning Act and Natural Environment Act

These changes are set in the context of all Partners already working in a fiscally constrained environment, with limited external funding opportunities to support the delivery of new social and affordable homes in Greater Christchurch.

The implications of these are noted below, as relevant to the options investigated. However, at a broad level, it is anticipated that the pool of rates-based funding for Council Partners is likely to shrink, and the capacity of Council Partners to contribute funding to the implementation of actions is anticipated to diminish. This means that actions that create alternative investment streams for new social or affordable housing supply or leverage Partner contributions to secure greater external funding, should be favourably considered by Partners in seeking to address the housing problems in Greater Christchurch.

## Dimensions of Greater Christchurch’s Housing Problem

Greater Christchurch’s housing problem is one driven by growth and the increased demand for housing that this brings as depicted in the figure below:



As part of the work on Phase 2 actions, recently released 2023 census data was assessed to get a more current sense of the housing problem in terms of housing stress and need for the communities of Greater Christchurch.

Formative (2025)	Renters Stressed	Social Renters*	Other need**	Total Housing Need	% of renters	% of all households
Waimakariri	2,180	240	410	2,830	62%	11%
Selwyn	1,970	40	160	2,170	40%	8%
Chch City	18,930	8,750	3,570	31,250	58%	20%

\*Ministry of Housing and Urban Development - Kainga Ora and Community Housing Providers

\*\*Ministry of Housing and Urban Development - Public Register and Homeless

After several decades of declining household ownership rates in New Zealand and the Greater Christchurch Partnership area, the most recent census indicates a slight upward shift.



Housing stress as a proportion of rental households in Greater Christchurch

## Joint Housing Action Plan - Phase 2 Actions – Scoping Report

Falling interest rates, subdued house price inflation, and rising household incomes have likely combined to enable more middle-income households to transition into home ownership. However, the households with the greatest need remain under significant housing stress, with incomes having not increased materially relative to rents.

### Summary of Outcomes from Further Phase 2 Action Scoping and Assessments

The Table below contains a summary of the findings for each Phase 2 action set out in this report along with an estimate of the costs and yield in equivalent affordable homes to enable comparison.

A caveat to the work completed across Phase 2 actions is that to generate the yield estimated for each action there needs to be sufficient Government funding provided to support the delivery and/or operation of the new social and affordable homes in Greater Christchurch by Partners and Community Housing Providers (CHPs).

#	Phase 2 Actions	High Level Findings	Costs	Indicative Yield (sub-regional) in equivalent housing units
2.1	Exploring what support mana whenua needs to help bring forward housing development opportunities	<ul style="list-style-type: none"> <li>- Possible workstream at the back end of GCP processes to work directly with mana whenua on viability of partnerships, development or acquisition of land earmarked for affordable housing development, proposals and relationships.</li> <li>- Rather than a 'navigator' function, this is recognised as a 'connector' role, acting as a key contact and fostering relationships, focussed on supporting improved housing outcomes for mana whenua.</li> <li>- Possibility to leverage mana whenua's existing relationships with developers which will strengthen supplier diversity, spread risk, while still enabling affordable housing through the JHAP.</li> <li>- Once the actions for implementation are confirmed, the possible workstream may become clearer. There is an issue, as with any development, that case by case analysis is difficult until things start to happen or there are specifics to go off, and the competing demands on Mana Whenua capacity exacerbates the need for lead in time and feedback.</li> </ul>	<p>Impact: LOW</p> <p>Type of Cost: Officer time - Costs for this action relate to additional officer time but are likely to be able to be included within existing role(s).</p> <p>Effort Required to Implement: LOW – likely adding to existing role(s).</p> <p>Level of Risk / Uncertainty to Implement: LOW – Action would augment other opportunities.</p>	<p>Impact: LOW</p> <p>Estimate: <i>This is a complementary action, amplifying the benefits from implementing other actions. It is not possible to quantify the yield for this action.</i></p>
2.2	Assessing the development potential for affordable housing	<ul style="list-style-type: none"> <li>- Based on a high-level assessment of the potential yield of identified surplus sites which are potentially suitable (based on a desktop assessment) for social or affordable housing, there is a potential yield of up to 320 units. (&lt;200 CCC, &lt;20 SDC and &lt;100 WDC).</li> <li>- With the reduction in government funding for affordable housing and no forecast government funding for housing in Greater Christchurch prior to 2027, the action of a peppercorn lease on land to be held for long term council development is an action to explore. CHPs could work with councils. Financiers have already indicated that this action would be viable for debt funding. Land could also be sold on a discounted basis where used for affordable housing.</li> <li>- An alternate lending opportunity has been identified which provides wider access for CHPs to wholesale borrowing rates,</li> </ul>	<p>Impact: MODERATE</p> <p>Type of Cost: Reduction in income - Costs largely relate to lost opportunity costs. For a peppercorn lease, this arises from the land being held for at least 70 years for housing. However, Partner Councils would still receive some income from the property via the lease and rates payments for the property. For discounted land sales, the lost opportunity cost would equate to the discount applied.</p> <p>Effort Required to Implement: MODERATE – Requires work to further assess suitability of</p>	<p>Impact: MODERATE</p> <p>Estimate: Up to a maximum of 320 new units.</p> <p>Note: <i>The number of sites that may be available for consideration as surplus sites will be variable and will depend on a range of assessment matters that are outside the scope of the</i></p>

		via the Community Housing Funding Agency (CHFA). As a result of this, further investigation of the provision of loans from Partner Councils for the development of affordable housing has not been progressed.	<p>sites and agencies working together on lease/sale agreements.</p> <p>Level of Risk / Uncertainty: MODERATE - Not all sites may be suitable or financially viable. Government funding is required to enable development. A lease or sale process is common-place, albeit some specific legal input likely to be required into detail of process associated with this action.</p>	<i>initial desktop assessment.</i>
2.3	Undertake coordinated advocacy	<ul style="list-style-type: none"> <li>- The following potential overall objective for advocacy has been identified: <i>"The new RMA system and wider policy settings, along with a collaborative approach, facilitates the provision of affordable housing."</i></li> <li>- This would be supported by the four key advocacy goals focussed on provision of affordable housing that meets the needs of all people and communities; having the right regulatory settings; taking into account the whole picture; and emphasising the GCP's existing structures, relationships and track record, providing for a collaborative approach to be undertaken to address housing affordability.</li> <li>- A full advocacy plan would identify actions to be undertaken, and by whom, to work towards the objective.</li> </ul> <p>While the effectiveness of this action is dependent on the effectiveness of the advocacy undertaken, it is generally expected to work alongside and amplify the benefits of other actions implemented.</p>	<p>Impact: LOW</p> <p>Type of Cost: Officer and Committee Member time - Costs relate to time associated with Partners establishing and implementing the advocacy strategy.</p> <p>Effort Required to Implement: LOW – primarily relates to deepening of relationships with Central Government.</p> <p>Level of Risk / Uncertainty to Implement: LOW / MODERATE – Advocacy commonly used, but level of effectiveness is uncertain.</p>	<p>Impact: LOW-HIGH</p> <p>Estimate: <i>This is a complementary action, amplifying the benefits from implementing other actions. It is not possible to quantify the yield for this action.</i></p>
2.4	Making social and affordable housing a priority consideration for surplus land	<ul style="list-style-type: none"> <li>- CCC, SDC and WDC have different processes and policies for identifying and disposing of surplus land. Currently there is no specific prioritisation given to the sale or use of such land for affordable housing.</li> <li>- If prioritisation is given to offering peppercorn leases to CHPs/mana whenua for any surplus properties, relatively discrete changes to each council's policies would be required, to allow for an additional step in the current process, whereby after being identified as surplus (in accordance with existing</li> </ul>	<p>Impact: LOW/MODERATE</p> <p>Type of Cost: Reduction in income and officer time - As per the costs associated with Action 2.2, in terms of reduction in income where surplus land is offered to CHPs/ mana whenua. The additional costs associated with this action relate to time required to</p>	<p>Impact: LOW/MODERATE</p> <p>Estimate: <i>This action is reliant on Partner councils identifying additional land (beyond that in Action 2.2) that is surplus to operational</i></p>

		<p>criteria/process), but prior to being offered for sale, properties can be notified to CHPs and mana whenua and a peppercorn lease considered.</p> <ul style="list-style-type: none"> <li>- If priority consideration is given to the sale of surplus land for social and affordable housing to CHPs and mana whenua, modest amendments would need to be made to the current policies of the Partner Councils, but the current process to identify surplus properties (including the criteria applied) would not need to be altered.</li> </ul> <p>The impact of this action is reliant on the identification of surplus land.</p>	<p>undertake policy changes and update internal processes.</p> <p>Effort Required to Implement: LOW/MODERATE – Requires work to assess suitability of sites and agencies working together on lease/sale agreements. Also requires policy and process updates.</p> <p>Level of Risk / Uncertainty to Implement: LOW / MODERATE – While this action involves slight modifications to the approach to surplus land, policy changes would likely be subject to community engagement and may not be universally supported. Not all sites identified as surplus may be suitable or financially viable. A lease or sale process is common-place, albeit some specific legal input likely to be required into detail of process associated with this action.</p>	<p><i>requirements, and this land being suitable for development of affordable housing options. It is not possible to quantify the yield for this action.</i></p>
2.5	Assess Targeted Rate	<ul style="list-style-type: none"> <li>- Legal advice has confirmed the ability to establish a targeted rate, either individually by each TA, or by CRC, to provide funding for development of social and affordable housing within Greater Christchurch, under the current legal settings. However, this may be affected by proposed or intended changes to narrow the purpose of local government and introduce rates capping.</li> <li>- The potential operational costs of setting up the fund primarily relating to staff time to develop the proposal and supporting information for inclusion in the LTP and FIS. Consultation would be undertaken as part of the wider LTP process and is therefore unlikely to result in additional costs for councils.</li> <li>- Various policy settings that will need to be considered in determining how any funds are allocated, if this action is pursued, have also been identified, including geographic considerations; who is eligible for funding; what the funding</li> </ul>	<p>Impact: MODERATE</p> <p>Type of Cost: Increased Rates and Officer time – This action has a direct impact on ratepayers. Other costs relate to staff time associated with developing a proposal for targeted rates. Consultation costs, and ongoing operational costs would largely be undertaken/absorbed into existing processes.</p> <p>Effort Required to Implement: LOW / MODERATE – implementation would be undertaken within existing well-understood processes. However, there is some complexity in determining how funds are collected and allocated.</p>	<p>Impact: MODERATE</p> <p>Estimate: 113 – 283 units over 10 years (depending on level of rate applied).</p>

		<p>can be used for; any minimum requirements applying and the basis for any assessment of applications for funding allocations.</p> <p>There is a higher level of uncertainty about the viability of this action due to changes signalled by Central Government.</p>	<p>Level of Risk / Uncertainty to Implement: HIGH – Changes signalled by Central Government make this action less viable. Introduction of a new targeted rate would be subject to community engagement and in current economic and political climate is likely to be subject to opposition.</p>	
2.6	Assess need for external housing investment attraction role	<ul style="list-style-type: none"> <li>- An alternate lending opportunity has been identified which provides wider access for CHPs to wholesale borrowing rates, via the Community Housing Funding Agency (CHFA). As a result of this, further scoping of need for GCP Partners to establish or expand an affordable housing investment attraction role has not been progressed further.</li> </ul>	N/A	N/A
2.7	Assess and scope value capture mechanism in planning system	<ul style="list-style-type: none"> <li>- Further scoping work has been undertaken to understand the potential costs and scope of work involved in establishing an Affordable Housing Value Capture Mechanism (AHVCM) under the current RMA system. This includes the matters that would need to be considered in the settings for an AH VCM proposal; the likely planning policy/ district plan amendments required to implement the mechanism, and the anticipated resourcing and funding.</li> <li>- This has identified that the implementation of a AHVCM would have a relatively high yield of affordable housing compared to other actions, but would have relatively high costs to establish.</li> <li>- Given the costs and uncertainty of being able to establish this type of mechanism under the current RMA system, given the QLDC example, there is a risk that the upfront costs associated with this action might not result in the yield being realised.</li> <li>- With the fundamental system changes now proposed in the Planning Bill and Natural Environment Bill, value capture is not a mechanism that can be initiated through this proposed new system and so should be considered further once outcomes of the resource management reforms become clear.</li> <li>- If this action is pursued, it would need to be through advocacy for changes to the framework to explicitly provide for it in the new Planning Act.</li> </ul>	<p>Impact: HIGH</p> <p>Type of Cost: Expenditure – Estimated to require \$843,600 - \$1,104,000 to implement under current framework.</p> <p>Effort Required to Implement: HIGH – introduction of an AHVCM into planning documents is a complex and time-consuming process.</p> <p>Level of Risk / Uncertainty to Implement: HIGH – QLDC process demonstrates high level of uncertainty around the ability to implement this action under current system, and likely high level of opposition.</p>	<p>Impact: HIGH</p> <p>Estimate: 1441 – 4714 units over 10 years (dependent on policy settings).</p>

2.8	Prepare a common set of development incentives / discounts for delivering new affordable housing	<p>For discounted fees and charges:</p> <ul style="list-style-type: none"> <li>- The concession options available to councils relate to the level of the concession offered; and whether it is applied to resource consents, building consents or a combination.</li> <li>- Relatively minor policy amendments would be required to implement this option.</li> <li>- The yield anticipated over a 10-year period, based on the savings made under the different options applied is also outlined at a per Council level.</li> </ul> <p>This action would have a relatively low yield, but could be used in combination with other actions to further incentivise affordable housing, the costs essentially being the foregone revenue.</p> <p>For rates remission provided to CHPs:</p> <ul style="list-style-type: none"> <li>- Relatively minor policy amendments would be required to implement this action.</li> <li>- The yield anticipated per year as well as over a 10-year period, based on the savings made under the different options applied is also outlined at a per Council level, for both a full, or partial (50%) remission.</li> </ul> <p>This action would have a low to moderate yield (depending on the level of remission applied) but would not be expected to be used in combination with the use of surplus land for affordable housing (refer Action 2.2). The costs associated with this action are essentially the foregone revenue.</p>	<p><u>Discounted Fees and Charges</u> Impact: LOW</p> <p>Type of Cost: Reduction in income - Potential foregone revenue for Council Partners (being the estimated savings for CHPs) is: \$60,000 - \$590,000 depending on level of discount (resource consents only). \$30,000 - \$320,000 depending on level of discount (building consents only). \$90,000 - \$900,000 depending on level of discount (resource and building consents).</p> <p>Effort Required to Implement: LOW – primarily requires policy updates.</p> <p>Level of Risk / Uncertainty to Implement: LOW – discounts are already applied for other purposes.</p>	<p><u>Discounted Fees and Charges</u> Impact: LOW</p> <p>Estimate: 2-29 units over 10 years depending on level of discount (resource consents only). 1-15 units over 10 years depending on level of discount (building consents only). 4-44 units over 10 years depending on level of discount (resource and building consents).</p>
		<p><u>Rates Remission</u> Impact: LOW/MODERATE</p> <p>Type of Cost: Reduction in income - For full remission, the total foregone revenue is expected to be \$2.2 million in 2025, increasing to \$5.1 million by 2034. For partial (50%) remission, the total foregone revenue is expected to be \$1.08 million in 2025, increasing to \$2.57 million by 2034.</p> <p>Effort Required to Implement: LOW – primarily requires policy updates.</p> <p>Level of Risk / Uncertainty to Implement: LOW – rates remissions are already applied for other purposes.</p>	<p><u>Rates Remission</u> Impact: LOW/MODERATE</p> <p>Estimate: 177 units over 10 years (full remission) 88 over 10 years (partial remission)</p>	

## Progressing from Phase 2 towards Implementation

The following matters are considered to be important in determining which action(s) to implement as part of Phase 3 of the JHAP:

- Effectiveness - How well the action could demonstrably contribute to the Partnership's housing vision and addressing housing need: Is the overall level of yield is more or less important than the cost-yield ratio? For example, are actions with a higher yield preferred over actions which may have greater 'bang for buck' but have only a low yield?
- Efficiency - How much the action would cost to implement, including the cost to yield ratio: Are lower-cost options preferred? Are actions that require a financial outlay less preferred over actions that involve a reduction in income?
- Certainty - How achievable is the delivery of actions in the evolving operating environment: Should actions that are likely to be affected by changes (including proposed changes) be avoided (or deferred)?
- Collaboration - Does the action involve collaboration across Councils, mana whenua, central government agencies and Community Housing Providers: Are actions which strengthen collaboration and leverage diverse resources and expertise preferred over actions that can be undertaken by Partners in isolation?

Taking the relevant importance of each of the above factors through workshopping with the Committee into account will help to identify recommended actions or a combination of actions for the Committee to decide upon at its mid-2026 meeting.

## Action 2.1 – Supporting Mana Whenua to Progress Affordable Housing Opportunities

### Introduction

Some of the options identified and investigated in Phase 1 would provide an opportunity for mana whenua to pursue the provision of affordable housing opportunities. However, there is a need to understand what organisational support already exists for pursuing such opportunities, and what might need to be progressed to ensure a process is in place to consider any opportunities.

### Phase 2 Action

The Phase 2 action is to:

- Identify the functions of a role which connects mana whenua with affordable housing opportunities and helps lead them through the process of considering the opportunity;
- Identify property focussed roles within mana whenua organisations and assess whether the identified functions fall within these existing roles, or what gaps might exist; and
- Where potential gaps exist, identify potential options to fill this gap.

### Functions

The key component of this role is about connecting mana whenua with affordable housing opportunities and leading them through the process of determining if the opportunity is the right fit for rūnanga (“Connector role”). This is so that where an affordable housing opportunity arises – e.g. where surplus council properties are identified as suitable for social or affordable housing and offered to CHPs/ Mana Whenua for social and affordable housing development; or there are options to apply for Crown funding to establish affordable housing – there is an ability for mana whenua to consider and pursue such opportunities. The functions of the Connector role are expected to include:

- Being a point of contact: This function is about establishing who the point of contact is when an opportunity arises
- Identifying opportunities: This aspect of the Connector role would involve actively identifying opportunities, e.g. identifying when government funding opportunities are available, or where there might be a partnership opportunity
- Establishing a process for consideration: This function relates to setting up and then running the process for considering opportunities. For example, would all potential proposals be considered on a case-by-case basis by governors (with the Connector role being responsible for presenting information and providing advice on proposals); or would a set of criteria be developed by governors in the first instance, with the Connector role being responsible for undertaking a preliminary assessment against the criteria to determine which options to raise at the governor level. The function of the Connector role would therefore vary depending on the process used.
- Progressing opportunities: This aspect of the role relates to progressing opportunities, where there is a desire by rūnanga to do so. This is expected to involve functions such writing funding applications, preparing proposals, relationship building with potential partners, etc

### Existing Roles

The following identifies property focussed roles within mana whenua organisations and assesses whether the identified functions fall within these existing roles, or what gaps might exist.

- Te Rūnanga o Ngai Tahu/ Ngai Tahu Properties: Currently they are set on continuing their own land development model as the status quo. Given their scope there is not considered to be a lot of crossover, but could possibly assist smaller rūnanga, if they had specific needs, on a case-by-case basis.
- Hapu: This workstream could help enable Mana whenua at a hapu level to realise and engage in affordable housing initiatives themselves. Internally at hapu level there isn't much, if any, specific capacity for housing – it has more been undertaken case-by-case as an opportunity or funding arose.
- There could be potential crossover with a role that is exploring partnerships to develop land at a hapu level. This is a new role, and is split between Ngai Tūāhuriri's two development entities, so there is still some settling how that works from the hapu end. However, the idea of it linking into this space as an option has been raised.

### Options to Provide Support

- The possibility of a split role or Partnership workstream – with a mana whenua contact and other Partner involvement.
- This would help the idea that there is a lot of institutional knowledge that would be difficult to manage for one person, and this could alleviate the situational nature of how opportunities may arise and the issues that come with employing someone in a specific role that would likely fluctuate.

### Summary of Findings

A possible workstream has been identified at the back end of GCP processes, to work directly with mana whenua on the viability of partnerships, development or acquisition of land earmarked for affordable housing development, proposals and relationships. There is also a possibility of leveraging mana whenua's existing relationships with developers, which will strengthen supplier diversity, spread risk, while still enabling affordable housing through the JHAP.

The specific role or workstream will ultimately be influenced by what other actions are implemented by Partners.

## Action 2.2 – Assessing the development potential for affordable housing

### Introduction

In the JHAP Phase 1 Investigations – Findings Report, the mapping of surplus Council Partner properties was undertaken.

This involved identifying publicly owned land across the sub-region that is surplus to requirements that could be potentially considered for affordable housing development. This identified up to 90 sites, totalling between 450,000 - 500,000m<sup>2</sup> in combined area, which could be further considered for its suitability for affordable housing.

### Phase 2 Action - 2.2.1 – Assessing Surplus Sites

This part of the Phase 2 action is to:

- Assess the high-level suitability of the surplus sites identified during Phase 1, for social or affordable housing; and
- Identify the financial implications for Partners for the use of the suitable sites for affordable housing.

### Suitability of Sites

Ōtautahi Community Housing Trust have undertaken a conservative, high-level desktop analysis of the potential affordable housing yield of the identified surplus sites (noting that these have been checked and updated following Phase 1), to assist Committee members to better understand and potentially compare the anticipated costs and indicative yields from progressing further with this action. This is shown below:

Area	Indicative Yield (potential new homes)*
Christchurch City Council	<200
Selwyn District Council	<20
Waimakariri District Council	<100
Total	<320
* The number of sites that may be available for consideration as surplus sites will be variable and will depend on a range of assessment matters and organisational considerations that are outside the scope of this initial desktop assessment	

The desktop analysis considered the site size, location, and known hazards to determine their suitability for development. Sites with significant issues like rockfall hazards, poor shape, or insufficient size were excluded. For smaller infill sites, the density was estimated at approximately one home per 200m<sup>2</sup>, while larger sites allowed for one home per 400m<sup>2</sup>. The density was increased or decreased based on the site, and the issues highlighted on the site. This preliminary analysis therefore provides a typical yield, but following a Council decision to proceed on a site, further subsequent detailed investigations on a site-by-site basis may reveal that some sites are either unsuitable for this type of development or could support less or more homes.

### Use of Surplus Sites for Affordable Housing

Outside of this high-level assessment, Partners retain flexibility on the decisions they make on any given site based on the specific circumstances. Partners have a range of different options for how

surplus sites may be sold or repurposed, following Right of First Refusal by mana whenua. These include including competitive market sales, commercial or below market leases, discounted sales and peppercorn leases. Two of these options that warrant further consideration by Partners in progressing the development of new affordable housing on surplus land are peppercorn leases and discounted sales.

Peppercorn leases allow for a range of housing to be built for rental or affordable residential house sales. Such a lease can be offered in perpetuity, with Partner Councils receiving the rates for the land. Given the average age of housing is 70 years, there could be a side agreement that the land instead returns to the Council at the end of the development's useful life. The use of a peppercorn lease is expected to reduce the development costs by 20-40%, through the removal of the cost of the land purchase, and there being no GST paid on the land component of the development. The costs associated with this action relate to the opportunity cost of the land being held for at least 70 years for housing. However, during this time, Partner Councils would still receive some income from the property via the lease arrangement and through rates payments for the property.

Discounted sales to CHPs and mana whenua allow for land to be purchased at a reduced rate. This would be expected to be alongside a legal instrument ensuring the land is offered back to the Council if it is to be sold at a later date. The costs associated with this action would depend on the discount applied, for example, a 20% discount would result in a Council Partner losing 20% off market value sale; or the gifting of land would result in 100% loss to a Council Partner of the market value. Partner Councils would receive rates payments for the property, but there would be no future income stream to the Council Partner from the land. An additional cost from this action is that it is expected to result in a lower valuation on new housing, which in turn means a lower value and equity position, which can slow down future developments.

### Phase 2 Action - 2.2.2 – Loan Structure and Contractual Arrangements

This part of the Phase 2 action relates to preparing an overview of the low or no interest loans that could be provided from Partner Councils for the development of affordable housing, including consideration of the funding/ financing mechanism, loan structure and contractual model, and borrowing capacity within a debt ceiling.

#### Contextual Changes

Since the Phase 2 actions were identified, an alternate lending opportunity has arisen which now provides wider access for CHPs to wholesale borrowing rates. The Community Housing Funding Agency (CHFA) was launched in late 2024 by Community Finance, an impact investment lending intermediary, that has been supporting and lending to CHPs since 2019. CHFA:

- is New Zealand's leading lender to the community and affordable housing sector - connecting community and affordable housing providers to finance that is consistently more efficient, through long-term partnerships with capital markets, banks and impact investors.
- provides loans to eligible community and affordable housing providers that meet their governance, financial, security and operational standards.
- has successfully worked with government and benefits from a Crown Standby Facility of up to \$150 million.
- has received an A+ credit rating by S&P Global Ratings.

## Joint Housing Action Plan - Phase 2 Investigations – Scoping Report

Over time, the strength of CHFA is expected to grow, and lending to CHPs may be at a similar rate to LGFA. With the establishment of CHFA, there is considered to be a reduced need for wider access for community housing providers to LGFA wholesale borrowing rates via Partner Councils. This has been confirmed through Housing WG reps engaging with CE Community Finance, James Palmer.

Because of this, investigation of the provision of loans from Partner Councils for the development of affordable housing has not been progressed further.

### Summary of Findings

A high-level desktop assessment of the suitability of identified surplus sites indicates a potential yield of up to approximately 320 new homes. Providing for use of this land for social and affordable housing through peppercorn leases would still provide Council Partners with the land asset, and a modest income stream (increased once redevelopment and a net increase in housing is generated), while reducing the overall cost to the CHP of doing the development. A discounted land sale (or gifting of land) would result in a reduction of the income from the land purchase and remove a future income stream to the Council Partner from the land.

## Action 2.3 – Undertake Co-ordinated Advocacy

### Introduction

In the JHAP Phase 1 Investigations – Findings Report, consideration was given to advocacy actions that could be undertaken to support provision of affordable housing, particularly affordable medium rise apartments. This was focussed on opportunities to influence financial institutions to invest in affordable housing solutions, including the potential to use inclusionary zoning as a lever to help provide additional affordable housing supply. It also identified current barriers, including within the current RMA system, and the opportunity to leverage the RMA reforms to advocate for ways to overcome barriers to provide a better supply of affordable medium rise apartments.

### Phase 2 Action

The Phase 2 action is to identify the 'key asks' for Partners to pursue consistently from Government through communications with MPs and MfE on RMA Reforms. These key asks, building on the GCP Committee submission on the Going for Housing Growth strategy, would then form part of an Advocacy Strategy aimed at securing commitment to implementing the key asks in the new resource management system.

### Key Asks

The recommended overarching policy objective of an Advocacy Strategy would be:

*The new RMA system and wider policy settings, along with a collaborative approach between the GCP and Government, facilitates provision of affordable housing.*

The goals aligning with this would be:

1. *Affordable housing that meets the needs of all people and communities:*
  - *The new RM system is not focussed solely on the quantity of housing supply, but also ensuring that a sufficient supply of affordable housing is provided to meet the full spectrum of people's needs.*
2. *The right regulatory settings:*
  - *The Planning Act should explicitly address affordable housing.*
  - *The new RM system should provide for an affordable housing value capture mechanism to be used, to augment public sector funding for new social and affordable housing products in a growth context.*
3. *The whole picture:*
  - *Regulatory settings in the new RM system are supported by the Government funding its role in providing social and affordable housing, including through: directly providing affordable housing; or supporting the CHP sector through subsidies and supplements to deliver a mix of social and affordable housing products on its behalf.*
4. *We are set up and ready to go:*
  - *The GCP is a well-established sub-regional partnership, with a network of CHPs that have a track record of delivery, where the gaps in housing needs are well-known.*

### Key Messages

The types of key messages that could be used in an Advocacy Strategy, to align with the goals outlined above are:

1. *Housing supply that meets the needs of all people and communities:*

- *The RM reforms are expected to help deliver on aspects of the Government’s Going for Housing Growth (GfHG) agenda. One of the issues identified in the GfHG Discussion Paper is that housing in New Zealand does not meet the needs of people and communities. Freeing up land for urban development, including removing unnecessary planning barriers, is one of the GfHG pillars. While it is important that the new RM system removes unnecessary barriers to housing supply, it is important to recognise that unlocking supply will not, on its own, ensure that housing is affordable for all, and in turn, ensure it meets the needs of all parts of the community. Currently, the market not delivering to the full spectrum of needs. For example, in some areas within the sub-region, community members are being lost because there are limited downsizing options available in their community. As such, there needs to be an explicit consideration of, and focus on ensuring that housing affordability, and barriers to it are addressed in the new system, to ensure an appropriate supply of housing for all parts of the community.*
2. *The right regulatory settings:*
- *Having the new Planning Act explicitly include reference to affordable housing – such as being broadly encompassed in one of the goals in the Planning Act (e.g. being explicitly referenced in what a well-functioning urban area encompasses), or through national policy direction - will help to cement the important contribution that the planning system can make to improving housing affordability for all New Zealanders.*
  - *An affordable housing value capture mechanism would allow for the collection of funds or land, to enable intervention in the market through the provision of affordable housing. This mechanism is necessary to provide a tool that local government can use, to help ensure that a sufficient supply of affordable housing is provided. This mechanism should:*
  - *Be explicitly enabled in the new RM system and legislation;*
    - a. *Be simple and low-cost to use;*
    - b. *Allow for the parameter settings of the mechanism to be determined jointly between the Minister and relevant local authority (e.g. the percentage rate of contribution, what type of development triggers for the Partners to activate);*
    - c. *Require that all money and/or land generated through this mechanism are to remain exclusively for providing new affordable housing.*
3. *The Whole Picture:*
- *Affordable housing will not be delivered through the RM system alone. The Government, alongside other parties such as local government, iwi, the private sector and CHPs, has a much wider role in supporting and funding housing that is affordable for all members of the community.*
  - *This includes affordable housing options being directly provided by the Government, through the state housing provider, Kainga Ora, and community housing providers.*
  - *Previously, CHPs have been able to access an Income-Related Rent Subsidy (IRRS) and operating supplement from the Government for new supply. However, the IRRS is under review and new applications for new funding have been capped.*
  - *Without the new supply IRRS or a similar mechanism, the ability for CHPs to provide affordable housing is reduced. This has the potential to offset any gains made through changes in the new RM system to better facilitate the provision of affordable housing.*
  - *The GfHG Discussion Document notes that the Government has committed to other programmes of work to address the NZ housing crisis, which includes delivering better social housing. It is important that this is progressed, and integrated with the RM reforms.*

- *Government's current housing and urban development priorities (as outlined in the Government Policy Statement on Housing and Urban Development) aim to best enable the market and councils to achieve housing and development outcomes and meet the needs of the most vulnerable people, and Government investment is targeted to those most in need. GCP is supportive of this, but considers that it doesn't go far enough and that there is a need for a longer term view of needs. The GCP wants to work together with the government to address broader issues.*
- 4. *We are set up and ready to go:*
  - *The GCP is a well-established, sub-regional partnership, that has a proven track record of working collaboratively to address strategic challenges and opportunities across the sub-region.*
  - *The GCP has a Joint Housing Action Plan that identifies the specific affordability issues arising in the sub-region, and has been investigating the levers that partners can use to increase provision of quality, affordable housing in Greater Christchurch. This has also highlighted the current challenges or barriers to maximise these opportunities.*
  - *There is an existing network of CHPs in Te Waipounamu that has a proven reputation for delivering contemporary, cost effective, social and affordable houses and services.*
  - *There is now an opportunity for the GCP to work collaboratively together with the Government, with the right settings in place and the right support, to fill the identified gaps in housing supply.*

### Summary of Findings

This action is considered to be a complementary action, working alongside the implementation of other actions. The costs of this action are expected to arise from the time associated with confirming and fleshing out an advocacy strategy, along with the time taken to advocate.

The likely yield associated with this action is uncertain, as it is very dependent on the effectiveness of the advocacy. However, in general it is expected to amplify the benefits from implementing other actions.

## Action 2.4 – Priority Consideration for Surplus Land

### Introduction

This action relates to how land disposal policies might be strengthened to give greater priority to affordable housing initiatives into the future. It involves providing for a priority to be given to social and affordable housing, where surplus land is identified in future (i.e. beyond that identified as part of Action 2.2). It is therefore similar to Action 2.2, but provides an ongoing commitment to prioritising the consideration for affordable housing in the use of surplus land.

### Phase 2 Action

The Phase 2 action is to identify a consistent process, and policy wording, for how social and affordable housing can be made a priority consideration for surplus land. This would apply when surplus property is identified, providing an opportunity for CHPs/ Mana Whenua to be notified, and given priority, in the process of the divesting surplus property.

### Current Process

#### Christchurch

CCC currently apply a set of criteria to determine whether a Council-owned property, which is no longer needed to the purposes it was originally acquired for, should be retained by the Council, or disposed of. Where properties do not meet the criteria, they are identified as potentially surplus, and their disposal is consulted on through the LTP/annual plan process. As part of this process, the list of potentially surplus properties which are to be consulted on are notified to CHPs and mana whenua. Where such properties are confirmed as surplus through the LTP/annual plan process, they are then offered for sale. If CHPs or mana whenua express an interest in the property, the Council would consider dealing unilaterally and preferentially, subject to the merits of the proposal alignment with the Council's statutory requirements and policies.

While the Council could offer peppercorn leases to CHPs/mana whenua for any surplus properties, there is no specific prioritisation given to this at a policy level.

#### Selwyn

Selwyn have a 'Land Sales Policy'. This states that where land is disposed of, sale is at the market value or by negotiated agreement of the land value, and must be approved by a Council resolution.

There is currently no internal process to consider prioritisation for CHPs/mana whenua for any surplus properties, but it is understood that further strategy and policy work on property investment is being considered by Selwyn.

#### Waimakariri

Waimakariri have a comprehensive 'Property Acquisition and Disposal Policy'

- The Review and Retention of Existing Properties Schedule of this policy outlines that a three-yearly review is conducted to assess the strategic value of existing property, with the reviews feeding in the Long Term Plan process. The review is undertaken against specified criteria on a weighted basis.
- Where identified as potentially surplus, this is identified in a report to Council.
- *The Council's preference is that a fully transparent, publicly competitive, open market sale process is followed where possible and appropriate; however, there may be cases where this is not feasible, i.e. the sale of stopped road where there is only one feasible purchaser. Therefore,*

*before disposing of Property, the Council must resolve that the Property is Surplus and capable of disposal.*

- The Policy also allows for the Council to consider ad hoc requests to dispose of Property outside of a planned disposal in the Long Term Plan or Annual Plan. This would still require a Council resolution and be based on the assessment set out in the policy.

There is currently no internal process to consider prioritisation for CHPs/mana whenua for any surplus properties.

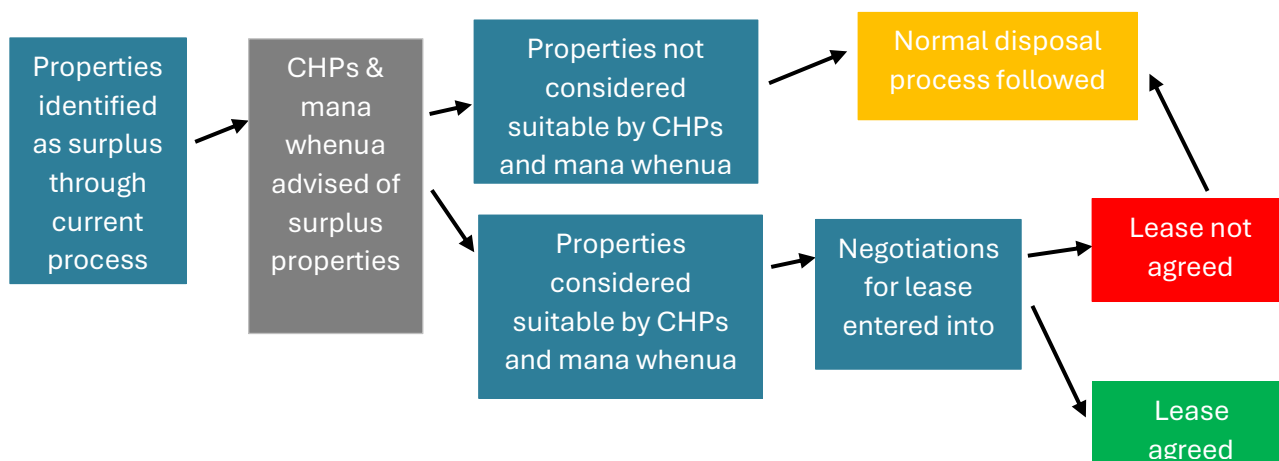
### Current Process – Peppercorn Leases

While the Partner Councils could offer peppercorn leases to CHPs/mana whenua for any surplus properties, there is no explicit reference or specific prioritisation given to this at a policy level. This could be as it sits under the broader considerations for leases and the site specific terms for these.

### Process and Policy Changes

#### Peppercorn Leases

The potential process for prioritising peppercorn leases is set out below:



In terms of policy changes required, it is noted that both CCC and WDC have existing comprehensive processes for identifying surplus land. The current policies could be amended in a relatively discrete manner to allow for the additional step outlined above, i.e. so that where identified as surplus (in accordance with existing criteria/process), and prior to being offered for sale, properties can be notified to CHPs and mana whenua. The current process to identify surplus properties would therefore not be altered. This is similar to the process currently followed by CCC, who already currently advise these parties of surplus properties, but would extend this further by a peppercorn lease option being prioritised in the first instance, ahead of any property being offered for sale.

For Selwyn, who have an ad hoc approach to disposal, prioritisation could still be given to peppercorn leases where surplus properties are identified, with the current 'Land Sales Policy' amended to provide for this.

### Priority Sales

To provide priority consideration to CHPs and mana whenua for surplus land for social and affordable housing, amendments would need to be made to the current policies of the Partner Councils. The current process to *identify* surplus properties (including the criteria applied) would not be altered.

However, where properties are identified as surplus, the policies would need to be amended to specify that priority consideration is to be given to sale of such surplus land where it is for social and affordable housing. From a process point of view, this would build on the current CCC approach to providing notice to CHPs and mana whenua of surplus properties, and extend it to provide for priority to be given to disposal to these parties, where it is agreed the land should be used for social and affordable housing. This same process could also be followed by SDC and WDC for identified surplus properties.

The sale of surplus land to CHPs and mana whenua could also be provided on a discounted basis, in order to better enable development for social and affordable housing. Such discounting would be considered on a case-by-case basis taking into account specific circumstances, such as where a discount is needed to make the development financially viable and the Partners ability to absorb the discount based on broader organisational needs.

### Summary of Findings

It is acknowledged that, following Right of First Refusal by mana whenua, Partners have a range of options for the sale or repurposing of surplus sites and retain flexibility to determine the most appropriate approach for each site based on its specific circumstances and organisational needs.

The anticipated costs and yield associated with this action include those identified under Action 2.2, in terms of the costs associated with providing peppercorn leases or discounted land sales. However, the potential yield is not quantifiable, as it is dependent on how much land is identified as surplus in future, the suitability of such land for affordable housing options and the decisions made by Partners based on the specific circumstances related to a site and organisational needs. The costs associated with prioritisation of this, in terms of the identified process and policy changes, are expected to be limited to a small amount of time associated with the process to change internal processes and policies.

## Action 2.5 – Targeted Rates

### Introduction

In the JHAP Phase 1 Investigations – Findings Report, targeted rates were considered as one of the options for providing incentives to the development of affordable housing.

### Phase 2 Action

The Phase 2 action is to further assess the costs and scope of work involved to introduce a targeted rate for affordable housing across the Greater Christchurch sub region, for consideration by the GCP Committee on implementation in next LTP.

The further assessment required is to better understand the following:

- Relevant legal considerations for establishing a targeted rate;
- Who the rate is set / collected by;
- The operational costs associated with establishing and administering the targeted rate;
- What policy settings would need to be considered for decision-making on how funds are allocated; and
- The estimated yield per Council area.

### Legal Considerations

Legal advice has been sought on whether there are any legal impediments to partner Councils establishing a targeted rate to provide funding for development of social and affordable housing within Greater Christchurch, and if no impediments, what the legal requirements are for establishing such a rate.

This has confirmed that based on the law currently, the member territorial authorities could levy a targeted rate to fund the development of social or affordable housing within Greater Christchurch; as could Canterbury Regional Council (subject to this being considered to be for the benefit of a significant part of the region and not a single district). However, it is noted that the Government is currently seeking to change the law to narrow the purpose of local government to focus on core services, and if the law is passed, consideration would need to be given to whether rates used for social and affordable housing is a "*public service*". The Government has also recently announced its intention to introduce rates cap legislation, which would require rating for affordable housing to be considered alongside other funding priorities by any Council to remain within any signalled or required rates cap.

To establish a targeted rate, rates must be consulted on and set by each Council in accordance with the Council's long-term plan (LTP) and the funding impact statement (FIS) for that financial year. This means that any new rate and/or new spending would realistically need to be developed for inclusion in a 2027 LTP. It is important to note that each Council is required to follow its own decision-making process to set a LTP and FIS before setting rates for its city, district or region. Therefore, while member Councils can agree that they will consult their communities on an aligned proposal, no agreement can properly (or lawfully) be entered into about the outcome of that process, as each Council needs to consider any consultation feedback with an open mind and not pre-determine the outcome.

### Who the Rate is Set /Collected by

As noted in the legal considerations above, a targeted rate could be set per territorial authority; or by CRC.

## Joint Housing Action Plan - Phase 2 Investigations – Scoping Report

If set by each territorial authority, there is greater risk that through separate consultation processes, the approach taken between councils may end up varying. However, this approach would ensure that any money collected within a district would be allocated to social and affordable housing projects within the district.

If set by the regional council, the funds collected can be 'donated' to each territorial authority, (including this being allocated on the basis of which territorial authority area the funds were collected from). However, there are some administrative and timing complexities with this approach, as each territorial authority would also need to account for such revenue and spending through their FIS and Annual Plan for the relevant year too.

A further consideration is the extent to which the rate aligns with the functions and responsibilities of local and regional councils. As the CRC does not have a direct role in housing delivery or affordability, a targeted rate for affordable housing would be less aligned with its core services.

### Operational Costs

There would be upfront operational costs associated with establishing a targeted rate, primarily relating to staff time to develop the proposal and supporting information for inclusion in the LTP and FIS. Consultation would be undertaken as part of the wider LTP process and is therefore unlikely to result in additional costs for councils.

Ongoing costs would largely relate to administration, monitoring, and reporting, which may be absorbed by local councils with existing housing teams and established housing-related work programmes. For the CRC, which does not have a direct role in housing delivery or dedicated housing capability, these activities may be less easily absorbed within existing resourcing.

### Policy Settings for Allocation of Funds

The following sets out key considerations for decision-making around the allocation of any targeted rate.

#### Geographic Considerations

##### Sub-regional allocation

- If the targeted rate is set by CRC, it will be necessary to determine whether funds may be applied across the sub-region, or whether they must be ring-fenced to the territorial authority areas from which they are collected.

##### Intra-district allocation

- If the targeted rate is set by CRC or individual territorial authorities, and applies only within the Greater Christchurch area (as opposed to the whole territorial authority area), it will also be necessary to determine whether funds collected in that area must be spent there, or whether they could be used to fund social or affordable housing elsewhere in the district.

### Who Can Apply for Funding

This policy consideration relates to who the fund will be available to, for example:

- Only specifically defined parties, e.g. CHPs, mana whenua, the council itself; or
- Anybody who comes forward with a proposal that is for social or affordable housing

### What Can Funding be Used for?

This policy consideration relates to what the fund would be available for. For example, could it be used:

- To buy land which is to be used for social or affordable housing?
- To physically build social or affordable housing?

## Joint Housing Action Plan - Phase 2 Investigations – Scoping Report

- To subsidise market rentals?
- For wider things to help unlock development, e.g. infrastructure upgrades required to service an area, consenting costs of building and so on?

### Minimum Requirements

This policy consideration relates to whether minimum requirements would apply to allocation for the funding. For example:

- Would there be a requirement for any proposal for any affordable housing to remain available as affordable housing in perpetuity?

### Basis of Assessment

This policy consideration relates to whether proposals would be assessed on:

- A first-come first-served basis (subject to any minimum requirements being met); or
- Against specific criteria, e.g. the level of yield achieved relative to the funding, how well is it responding to an identified housing need etc.

If proposals are against specific criteria, further consideration would need to be given to what those criteria are.

### Estimated Yield

The following table sets out the expected amount that a targeted fund would raise, and the corresponding yield, based on the funds raised being provided to CHPs, to use to build affordable housing. (Note, the detail around the basis for this calculation is set out in the Phase 1 Findings Report.)

Rate per Property	Total Fund Raised (Over 10 Years)				Yield (Over 10 Years)			
	CCC	SDC	WDC	Total	CCC	SDC	WDC	Total
\$10	\$17m	\$3.2m	\$3.2m	\$23.4m	82	16	15	113
\$15	\$25.5m	\$4.8m	\$4.8m	\$35.1	124	23	23	170
\$20	\$34m	\$6.4m	\$6.3m	\$46.8m	167	32	31	230
\$25	\$42.5m	\$8m	\$7.9m	\$58.5m	206	39	38	283

### Summary of Findings

The yield associated with a targeted rate is dependent on the level of the targeted rate.

While this action is legally possible under the current law, there is a high level of uncertainty associated with the feasibility of its implementation, due to signalled changes to the purpose of local government and to introduce rates capping. It is also a novel approach and therefore may be contested by the community.

## Action 2.6 – External Housing Investment Attraction Role

### Introduction

In the JHAP Phase 1 Investigations – Findings Report, consideration was given to advocacy for investment, particularly in terms of advocating to influence financial institutions to invest in affordable housing solutions.

This Phase 2 action relates to consideration of the need for GCP Partners to establish or expand an existing role within their organisations, to attract external investment in affordable housing developments; and/or LGFA bonds.

### Contextual Changes

Since the Phase 2 actions were identified, an alternate lending opportunity has arisen, which is outlined above (under Action 2.2.2). With the establishment of CHFA, there is considered to be a reduced need for GCP to advocate for a special purpose funding vehicle, or wider access for CHPs to LGFA wholesale borrowing rates. Because of this, further scoping of need for GCP Partners to establish or expand an affordable housing investment attraction role has not been progressed further.

## Action 2.7 – Value Capture Mechanism

### Introduction

In the JHAP Phase 1 Investigations – Finding Report, inclusionary zoning was one of the actions investigated to provide for the development of affordable housing. *Subsequently, “Inclusionary zoning” was identified as a potentially confusing term amongst Governors and the community in describing this mechanism. Based on further consideration of the intent of this mechanism and engagement with other Urban Growth Partnerships, the consistent description of “Affordable Housing Value Capture Mechanism” (AHVCM) was chosen for use in Phase 2 onwards of the JHAP implementation and is referred herein.*

The Phase 1 Findings established that a considerable amount of funds for affordable housing could be generated through a AHVCM, but that the policy options around the specifics of the mechanism could produce both positive and negative outcomes. As such, it was identified that Partner Councils would need to commission more research to develop a robust evidence base to justify the implementation of an AHVCM policy and to demonstrate the net positive outcomes of this policy.

The Phase 2 action is to assess the costs and scope of work required (i.e. the robust evidence base) to introduce an AHVCM across the Greater Christchurch sub region. This has been split into two parts as follows:

- Part 1 of this action is to undertake this assessment and scoping based on the current RMA system;
- Part 2 of this action will be to update the assessment and scoping based on the RMA replacement system.

### Phase 2 Action – Part 1: Summary of Scope

The Phase 2 action is to further assess the costs and scope of work involved in establishing an AHVCM policy, for consideration by the GCP Committee on implementation in next LTP. The further assessment required is to:

- Identify those matters that would need to be considered in an AH VCM proposal (e.g. trigger, % rate, money/property), and the high-level pros and cons associated with each.
- The planning policy/ district plan amendments required to implement the mechanism.
- The anticipated resourcing and funding required to proceed with an AH VCM Plan Change process.
- Compare the above costs with the anticipated yield.

### Phase 2 Action – Value Capture Mechanism – Part 1: Findings

#### The matters to be considered in an AH VCM proposal

If the GCP decides to implement an AH VCM, the following matters will need to be considered and determined:

- The trigger point for when the mechanism applies;
- Whether the contribution is in money, or property, or both; and
- The percentage rate to be used.

The following outlines each of these in more detail, along with a high-level assessment of the pros and cons of different options.

#### Trigger Points

This policy option relates to what type of development triggers application of the mechanism.

## Joint Housing Action Plan - Phase 2 Investigations – Scoping Report

*Note – This is based on a financial contribution mechanism only being able to be applied after rezoning has occurred.*

Stage of Development	Pros	Cons
Subdivision of land	<ul style="list-style-type: none"> <li>- Allows for contribution to be taken at the time new demand is created. More directly related to the point at which value uplift occurs</li> </ul>	<ul style="list-style-type: none"> <li>- Less appropriate if applied to commercial / industrial land as this is often developed without subdivision occurring</li> </ul>
Built development	<ul style="list-style-type: none"> <li>- Does not add the cost to the subdivision</li> </ul>	<ul style="list-style-type: none"> <li>- Cost directly incurred as part of building development</li> </ul>

Type of Development	Pros	Cons
Apply to residential development only	<ul style="list-style-type: none"> <li>- Reflects that residential development is a key contributor to the demand for affordable housing</li> <li>- Reflects the planning windfall gains arising from zoning provisions that allow for increased residential development</li> <li>- Greater certainty over level of contributions</li> </ul>	<ul style="list-style-type: none"> <li>- Places financial burden on one sector of development community</li> </ul>
Apply to new commercial (and potentially industrial) development in addition to residential	<ul style="list-style-type: none"> <li>- Recognises that business activities contribute to the demand for affordable housing, e.g. it generates employment, and in turn the need for affordable housing for employees</li> <li>- Financial burden does not fall entirely on residential.</li> </ul>	<ul style="list-style-type: none"> <li>- More difficult to try and establish proportional impact other development makes to need for affordable housing provision</li> </ul>

Type of Residential Development	Pros	Cons
New standalone residential development (i.e. greenfield development, or infill which creates new detached housing)	<ul style="list-style-type: none"> <li>- Targets housing that is generally less affordable for low income households</li> </ul>	<ul style="list-style-type: none"> <li>- Contributions taken from smaller pool of development</li> </ul>
Any new residential development – including the above, along with new attached housing.	<ul style="list-style-type: none"> <li>- Contributions taken from wider pool of development</li> </ul>	<ul style="list-style-type: none"> <li>- May impact on financial viability of attached housing</li> </ul>

## Joint Housing Action Plan - Phase 2 Investigations – Scoping Report

Scale of Development	Pros	Cons
Any new development (e.g. single additional residential unit)	- Greater revenue obtained	- May disincentivise small-scale infill development
Minimum level of development (e.g. subdivision creating two or more new lots/ three or more new residential units)	- Targeted to larger projects	- Less revenue generated

Location	Pros	Cons
Urban Areas Only	- More targeted to main areas where affordability is an issue	- Could make development in non-urban areas more appealing to progress.
All Areas	- Recognises that residential development outside urban boundaries also influences house prices and therefore supply of affordable dwellings	- The locational link between development activity and affordable housing need may be harder to demonstrate.

### Type of Contribution

This policy option relates to whether the contribution required under an AH VCM is a monetary or a property contribution (or a combination).

Contribution	Pros	Cons
<u>Monetary</u> – paying a set percentage rate (see below) based on the sales value of all new dwellings.	- For developers, development can occur as “normal”. - For CHPs, may allow more flexibility in terms of allowing the providers to choose how and where the funds are used.	- Affordable housing may not be provided in areas of new development, but established in ‘separate’ areas.
<u>Property</u> – providing a set percentage of land or dwellings	- Affordable housing provided as part of the mix of new development, rather than in separate areas	- For developers, this approach might impact the model of their development
<u>Combination</u> - would allow developers to pay either a monetary contribution, or provide a set percentage of land/dwellings.	- Provides a more flexible approach	- More complex approach

*Comment: If an AH VCM is progressed, then it would be worthwhile canvassing the views of developers and CHPs as to which option or combination of options is preferred and why.*

### Percentage Rate

This policy option relates to the percentage rate set for the contribution. The Formative Report considered:

- a 1% or 2% rate based on monetary contributions; and
- a 4% and 5% rate based on property contributions.

In terms of pros and cons, a lower rate would be more palatable for developers, and have a lesser potential impact on the purchaser (i.e. if the contribution is effectively passed on to the purchaser through the sales price). However it would result in less money/land being collected and therefore a lower yield of affordable housing. A higher rate would result in the converse, i.e. less palatable for developers and more potential impact on the purchaser, but more greater money/land being collected and therefore a higher yield of affordable housing.

*Comment: The Formative Report noted that the rate should be set at a level that would collect sufficient funds to meet the identified needs of the community. It was suggested that this need could be estimated by comparing the affordability of housing (calculated mortgage repayments or rents) as compared to the household incomes to establish how many affordable dwellings are required, and that it would be sensible to update the housing needs assessment in order for it to be used as a basis for setting the rate.*

### The planning policy/ district plan amendments required to implement the mechanism

The following section identifies, for each district plan within the Greater Christchurch Area, whether the Plan contains any financial contribution provisions.

Appendix 1 then sets out what support is provided in both the strategic provisions and residential zone provisions for an AHVCM to be included in the plan provisions, or where additions or expansions might be required as part of any plan change to include such a mechanism. (*Note - The assessment does not extend to consider other zone chapters, which might also need to be considered if the mechanism is applied beyond just residential development (e.g. to commercial development)*).

#### Christchurch City and Selwyn District

Both the Christchurch District Plan and Partially Operative Selwyn District Plan do not include any financial contributions<sup>1</sup>. As such, a new chapter or sub-chapter (rather than additions and amendments to existing financial contributions) would be required. This would likely need to include:

- An overarching objective (the outcome sought from the financial contribution rules);
- One or more policies outlining the detail of the mechanism to be used; and
- Rules setting out when the financial contribution is required and how it is to be calculated.

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<sup>1</sup> For completeness, it is noted that as notified, Plan Change 14 to the Christchurch District Plan included new financial contributions relating to tree canopy cover, which sought tree retention or planting of trees, or the payment of financial contributions in lieu of planting, for residential subdivision and/or development. However, these provisions were recommended to be deleted by the Independent Hearings Panel. The Council agreed with the recommendation to remove the proposed financial contributions on tree canopy cover, but investigate a separate plan change to proceed with this.

### Waimakariri District

The Partially Operative Waimakariri District Plan does contain a financial contributions chapter. As such, the details of any AHVCM would be added to the existing chapter.

### The anticipated timing, resourcing and funding required to proceed with the Plan Change process

Based on the experience of Queenstown Lakes District Council, it is anticipated to take 2-3 years to work through all the required steps of the plan change process.

Based on the estimated breakdown of costs set out in Appendix 2, the

The steps involved in a plan change process under the RMA, the detail on the input required, and the estimated costs associated with those inputs is set out in Appendix 2. This shows a total estimate of costs of \$843,600 - \$1,104,000, taking into account Internal staff resourcing costs, external costs, and allowing a contingency.

### Comparison of costs with anticipated yields

The following table summarises the estimated yield calculated by Formative as part of the Phase 1 Findings Report, based on different policy settings<sup>2</sup>, with the estimated costs set out above. The estimated yield is then broken down for each territorial authority area.

Policy Options	Settings	Projected Yield - Total			Cost per dwelling
Monetary Low	<ul style="list-style-type: none"> <li>1% contribution rate based on sales value</li> <li>applying to new standalone residential development only</li> </ul>	1,441 dwellings and 13.4% of projected affordable housing needs			\$266 - \$766
		Projected Yield – Per Territorial Authority			
		CCC	SDC	WDC	
		701	506	234	1441
Monetary Medium	<ul style="list-style-type: none"> <li>2% contribution rate based on sales value</li> <li>applying to new standalone residential development only</li> </ul>	2,882 dwellings and 16.6% of projected affordable housing needs			\$293 - \$383
		Projected Yield – Per Territorial Authority			
		CCC	SDC	WDC	
		1,402	1,013	467	2,882
Monetary High	<ul style="list-style-type: none"> <li>2% contribution rate based on sales value</li> <li>applying to all new residential development</li> </ul>	4,439 dwellings and 20% of projected affordable housing needs			\$190 - \$249
		Projected Yield – Per Territorial Authority			
		CCC	CCC	CCC	
		2,765	1,114	561	4,439
Property Low	<ul style="list-style-type: none"> <li>4% of land</li> <li>applying to new standalone residential development only</li> </ul>	2,448 dwellings and 15.6% of projected affordable housing needs			\$345 - \$451
		Projected Yield – Per Territorial Authority			
		CCC	CCC	CCC	
		1,191	860	397	2448

<sup>2</sup> Note – this is based on the policy options modelled in the Phase 1 Findings Report and does not consider further policy options outlined above in this report.

## Joint Housing Action Plan - Phase 2 Investigations – Scoping Report

Property Medium	<ul style="list-style-type: none"> <li>• 5% of land</li> <li>• applying to new standalone residential development only</li> </ul>	3,060 dwellings and 16.9% of projected affordable housing needs			\$276 - \$361
		Projected Yield – Per Territorial Authority			
		CCC	CCC	CCC	
		1,489	1,075	496	3060
Property High	<ul style="list-style-type: none"> <li>• 5% of land</li> <li>• applying to all new residential development</li> </ul>	4,714 dwellings and 20.6% of projected affordable housing needs			\$179 - \$234
		Projected Yield – Per Territorial Authority			
		CCC	CCC	CCC	
		2,936	1,183	595	4714

### Summary of Findings

This action has the highest potential yield, but is also the most costly to implement. Under the current settings, there is also a high level of uncertainty as to whether the action could be successfully implemented.

Part 2 of this action was to assess the ability to pursue the introduction of this value capture mechanism under the Resource Management replacement system and scope the work and cost involved in progressing this. A preliminary assessment of the Planning Bill has indicated the affordable housing value capture mechanism falls outside of the scope of effects that are proposed to be covered by the Planning Bill (section 14 of Bill) and the goals of the new system.

With the fundamental system changes now proposed in the Planning Bill and Natural Environment Bill, value capture is not a mechanism that can be initiated through this proposed new system and so should be considered further once outcomes of the resource management reforms become clearer.

## Appendix 1 – Wider Planning Framework

The following tables provide high-level consideration of the wider planning framework within each relevant district plan, including other potential changes that might be considered through a AHVCM plan change

### Christchurch City

Chapter	Provisions	Potential Gap / Change
Chapter 3 Strategic Directions - Provides the overarching direction for the District Plan, including for developing the other chapters within the Plan, and for its subsequent implementation and interpretation. The provisions in this chapter have primacy over the objectives and policies in other chapters, with the latter needing to be expressed and achieved in a manner consistent with the objectives.	Objective 3.3.4 includes outcomes about housing choice. This includes seeking that there is a range of housing opportunities available to meet the diverse and changing population and housing needs of Christchurch residents, and this includes specific mention of “affordable, community and social housing”.	Nil - This would already provide support for introduction of an AHVCM within the Plan provisions.
	Objective 3.3.8 is specific to urban growth, form and design. It includes reference to increasing housing development opportunities in the urban area to meet the intensification targets.	This could possibly be expanded to more explicitly refer to residential growth including provision of affordable housing.
Chapter 14 Residential - Manages the scale and character of new development in the residential areas.	Objective 14.2.1 (and 14A.2.1/14B.2.1) seeks: <i>An increased supply of housing that will:</i> <i>i. enable a wide range of housing types, sizes, and densities, in a manner consistent with Objectives 3.3.4(a) and 3.3.7;</i> <i>ii. meet the diverse needs of the community in the immediate recovery period and longer term, including social housing options; and</i> <i>iii. assist in improving housing affordability.</i>	Nil - This would already provide support for introduction of an AHVCM within the Plan provisions.  There is no particular policy about affordable housing, but this reflects that the Plan does not currently have a mechanism to actively require provision of such housing, which is what a financial contribution would do. As noted above, there would need to be more specific policies introduced in relation to this, likely in a new separate chapter.

Waimakariri District

Chapter	Provisions	Potential Gap / Change
<p>FC – Kopha pūtea – Financial Contributions - Sets out when financial contributions are required and how they will be calculated.</p>	<p>Objectives FC-O1 and FC-O2 relates to contributions from residential development on Council infrastructure (FC-O1) and mitigation of environmental impacts (FC-O2). These do not encompass contribution towards the provision of affordable housing. The related policies (FC-P1 and FC-P2) are similarly focused on infrastructure and environmental impacts.</p>	<p>A more specific objective and policy/ies relating to affordable housing would be required.</p>
	<p>Rule FC-R1 applies to development of three or more residential units in the Medium Density Residential Zone, and Rule FC-R2 applies to subdivision in most zones, where three or more new allotments are created. Both require an assessment of the financial contribution required in accordance with FC-S1 (assessment methodology) and payment of money as calculated under FC-S2 to FC-S4 (relating to three waters, acquisition/vesting of land and roading).</p>	<p>The circumstances where an affordable housing contribution is required are unlikely to be the same as those set out in FC-R1 and FC-R2, so an additional rule would be required. Similarly, a new specific assessment methodology for the affordable housing contribution would be required.</p>
<p>SD – Rautaki ahunga – Strategic Directions - Provides the overarching objectives that provide high level direction for the District Plan. The matters covered in the strategic directions are addressed in more detail by the objectives and policies in other chapters.</p>	<p>SD-O3 pertains to urban development and amongst other outcomes, seeks a range of housing opportunities are provided.</p>	<p>Extending this to more specifically refer to provision of affordable housing would better support financial contributions mechanism.</p>
<p>RESZ - General Objectives and Policies for all Residential Zones - This chapter provides for and manage activities within new and existing residential areas.</p>	<p>RESZ-O1 seeks sustainable residential growth that amongst other matters, is responsive to community and district needs. RESZ-O5 relates to housing choice and seeks that residential zones provide for the needs of the community through: a range of residential activities; and a variety of residential unit densities.</p>	<p>Extending one of these objectives to more specifically refer to affordable housing would better support a financial contributions mechanism.</p>

Selwyn District

Chapter	Provisions	Potential Gap / Change
<p>Strategic Directions - Sets out the overarching direction for the Selwyn District Plan. All other objectives and policies in all other chapters of this district plan are to be read and implemented in a manner that gives effect to and is consistent with these strategic directions.</p>	<p>SI-DI-O1 seeks that development in the District enhances environmental, economic, cultural, social and health outcomes for the benefit of the entire District. This would broadly encompass provision of affordable housing.</p> <p>SD-UFD-O4 pertains to urban growth and development, but is about its integration with infrastructure, management of conflicts and responding to climate change.</p>	<p>As SI-DI-O1 is at a very high level, either expanding this objective, or considering another strategic direction relating to affordable housing might be required to support a financial contributions mechanism.</p>
<p>RESZ - Residential Zones – sets out the objectives and policies apply to all of the Residential Zones, in addition to those objectives and policies located in, and specific to each, residential zone chapter.</p>	<p>RESZ-O1 seeks living environments that meet the needs and preferences of the community. RESZ-O3 seeks that a wide range of housing typologies and densities are provided for, to ensure choice for the community and to cater for population growth and changing demographics. While RESZ-O1 broadly supports provision of affordable housing, it is not explicit. RESZ-O3, while seeking to provide choice and cater for population growth, is specific to typologies and density.</p>	<p>Expanding RESZ-O3 to refer to provision of affordable housing options would help support a financial contributions mechanism.</p>

## Appendix 2 – Breakdown of Estimated Costs

The assumptions made in this estimate are:

- Expert support: \$200/hr
- Legal support and Hearing Commissioners: \$300 /hr

Step	Input	Cost
Issue identification and pre-consultation	Preparation of issues and options document (could be based on that prepared by other councils, including Waikato and Queenstown, but updated relative to Greater Christchurch context)	\$10,000 - \$16,000 for consultant  <i>Or could be done internally within policy/strategy teams of partner councils.</i>
	Update of the housing needs assessment <sup>3</sup>	\$40,000 - \$80,000
	Economic assessment	\$4,000 - \$8,000
	Targeted engagement with developers and CHPs (to inform choice of contribution methods) <sup>4</sup>	<i>Cost of staff time</i>
Plan change and section 32 RMA report assessing costs and benefits	Preparation of changes to provisions	\$8,000 - \$16,000
	Preparation of s32 Report (summary of technical inputs and planning assessment)	\$16,000 - \$24,000
	Economic Assessment	\$6,000 - \$12,000
	Social Impact Assessment	\$6,000 - \$12,000
	Valuation Report (as undertaken by Telfer Young for QLDC IH variation)	\$8,000 - \$12,000
Plan change and section 32 approved by Council for public notification	Preparation of Council reports	<i>Cost of staff time to prepare necessary Council reports</i>
Public notification for submissions (minimum of 20 working days)	Preparation of public notices, information loaded onto website etc	<i>Cost of staff time to prepare and upload documents</i>
Public notification of summary of submissions for further submissions (10 working days to submit).	Preparation of summary of submissions	\$12,000 - \$20,000 for consultant  <i>Or could be done internally within policy/strategy teams of partner councils.</i>
	Preparation of public notices, submissions and summary loaded onto website.	<i>Cost of staff time to prepare and upload documents</i>
Hearing Preparation	Legal Submissions	\$9,000 - \$18,000
	Planning Evidence / S42A Report	\$14,000 - \$22,000
	Economic Evidence	\$8,000 - \$12,000
	Social Evidence	\$8,000 - \$12,000
	Council Strategic Evidence	<i>Cost of staff time</i>

<sup>3</sup> As recommended in the Formative Report included as part of the Phase 1 Findings Report.

<sup>4</sup> As recommended in the Formative Report included as part of the Phase 1 Findings Report.

## Joint Housing Action Plan - Phase 2 Investigations – Scoping Report

Hearing Attendance – Assumptions: - 3 person panel - 10 hearing days, plus hearing prep, reading evidence and deliberations	Hearing Panel	\$100,000 - \$140,000
	Legal counsel	\$30,000 - \$40,000
	Planner	\$20,000 - \$30,000
	Economist	\$4,000 - \$6,000
	Social Impact Assessor	\$4,000 - \$6,000
	Council Strategic Advisor	<i>Cost of staff time</i>
	Admin Support	<i>Cost of staff time</i>
Appeal Process – Assumptions: - 2 days mediation - Outstanding matters proceeding to Court hearing. - 2 days Joint Witness Conferencing - Court hearing 2 days	Legal counsel	\$36,000 - \$54,000
	Planner	\$20,000 - \$28,000
	Economist	\$10,000 - \$16,000
	Social Impact Assessor	\$10,000 - \$16,000
SUB-TOTAL – External Costs		\$383,000 - \$600,000
Internal staff resourcing costs (1.0FTE for 2 years @\$160,000 p.a.)		\$320,000
Contingency – to reflect estimates and uncertainty (20%)		\$140,600- \$184,000
TOTAL		\$843,600 - \$1,104,000

### Indicative Costs from QLDC

- One planner/project manager was dedicated to the project to develop the strategy and the plan variation proposal (0.6 FTE over a 2 year period)
- An additional planner was added to the project for the final year and a half (prior to notification and through the hearing (on average probably about 0.5 FTE over this period)).
- In addition, an external planning consultant was used for the s32 and s42A Report / hearing work
- The Hearing Panel had 4 members (all independent commissioners / no councillors)
- Total spend for the 2 year period was around \$1.33million (including staff time noted above)

## Phase 2 Action – Value Capture Mechanism – Part 2

A preliminary assessment of the Planning Bill has indicated the affordable housing value capture mechanism falls outside of the scope of effects that are proposed to be covered by the Planning Bill (section 14 of Bill) and the goals of the new system.

With the fundamental system changes now proposed in the Planning Bill and Natural Environment Bill, value capture is not a mechanism that can be initiated through this proposed new system and so should be considered further once outcomes of the resource management reforms become clearer.

## Action 2.8 - Common Development Incentives/ Discounts

### 2.8.1 - Discounted Fees and Charges

#### Introduction

In the JHAP Phase 1 Investigations – Findings Report, providing planning concessions to Community Housing Providers (CHPs) were considered as one of the options for providing incentives to the development of affordable housing. This would involve a reduction in direct application costs associated with consenting. The purpose of such a concession is to reduce the costs associated with development and enable the delivery of more affordable housing by CHPs.

#### Phase 2 Action

The Phase 2 action is to further assess the costs and scope of work involved in providing planning concessions to CHPs across the Greater Christchurch sub region, for consideration by the GCP Committee on implementation in the next LTPs. The further assessment required is to:

- Determine the concession type options
- Assess the varying costs and anticipated yield for each Partner Council
- Identify and document the policy amendments required to Council Partner's policies to enable the rebate to take effect

#### Concession Options

##### Level of Concession

This policy option relates to the level of concession provided to CHPs. This could be either a full reduction of the fee(s), or a specific percentage reduction; and may or may not be capped at a maximum amount.

For example, CCC currently provides a 25% discount on the processing of resource consent fees for CHPs, up to a maximum of \$5,000.

##### Application of Concession

This policy option relates to what applications a concession is applied to:

- Resource consents;
- Building consents; or
- Both

Resource consent fees are charged in accordance with a fee schedule, with the fees charged related to the type of resource management application.

- For Christchurch City, applications are generally charged at cost, with the current deposit fee for a land use consent for one or two new residential units being \$2,500; or for three or more residential units \$4,000.
- For Waimakariri District, if the resource consent is for a "Minor" land use consent, a fixed fee of \$1,000 applies. Otherwise, a \$2,500 deposit applies.
- For Selwyn District, a \$1,500 deposit applies to all land use consents.

Under the Building Act 2004 the Building Consent fees are set according to the estimated value of building works. Generally, councils have fee schedules that are relatively uniform, with the building consent fee being broadly similar across the value range of buildings. The flat structure of the schedule of fees means that building consent fee will represent a larger share of the total build cost for affordable houses. Inspection fees tend to be fixed, and do not vary according to the nature or value

of the building works. These fees will represent a higher share of build costs for CHPs than the market or premium developers.

### Costs and Anticipated Yield

In the Findings Report, Formative undertook an assessment of yield arising from application of planning concessions, based on CHPs receiving a full (100%) concession on all consenting fees (resource consents and buildings consents, including inspection fees) from CCC, SDC, and WDC. It was also assumed that new houses provided by CHPs are developed in GCP pro rata according to housing needs in each territorial area. The following table provides an assessment of the savings, based on different levels of concessions, and what the concession is applied to.

Application to	Level	Savings (\$million)				Yield over 10 years			
		CCC	SDC	WDC	Total	CCC	SDC	WDC	Total
Resource Consents	10%	\$0.05	\$0.00	\$0.01	\$0.06	2	-	-	2
	25%	\$0.12	\$0.01	\$0.01	\$0.15	6	-	1	7
	50%	\$0.25	\$0.02	\$0.03	\$0.29	12	1	1	14
	100%	\$0.50	\$0.03	\$0.06	\$0.59	24	2	3	29
Building Consents	10%	\$0.03	\$0.00	\$0.00	\$0.03	1	-	-	1
	25%	\$0.07	\$0.00	\$0.01	\$0.08	3	-	-	3
	50%	\$0.13	\$0.01	\$0.02	\$0.16	6	-	1	7
	100%	\$0.27	\$0.02	\$0.03	\$0.32	13	1	1	15
Resource Consents & Building Consents	10%	\$0.08	\$0.01	\$0.01	\$0.09	4	-	-	4
	25%	\$0.19	\$0.01	\$0.02	\$0.23	9	1	1	11
	50%	\$0.38	\$0.03	\$0.04	\$0.45	18	1	2	21
	100%	\$0.76	\$0.05	\$0.09	\$0.9	37	2	4	44

Consent fees are estimated to make up 1-3% of the total cost of a project, so it is noted that reduction there would have little impact on the purchase price.

### Policy Amendments Required

#### Resource Consent Fees Concession

Selwyn District Council does not currently apply any discounts to resource consent fees associated with CHPs.

Waimakariri District Council does not currently apply any discounts to resource consent fees associated specifically with CHPs. However, a fee waiver can be applied for, for a reduction in resource and building consent fees, which is designed to help community groups and organisations whose goals are aligned with the Council's community outcomes.

Requests are considered on a case-by-case basis by the Facilities and Consents Fee Waiver Subcommittee, based on:

- the purpose of the development being 'not for profit';
- sufficient budget being available for the fee reduction;
- clear identification of the community value;
- the financial position of the applicant identifying hardship; and
- Any exceptional circumstances.

To apply, the dedicated [Fee Waiver Application form](#) must be completed, which requires supporting financial documents.

## Joint Housing Action Plan - Phase 2 Investigations – Scoping Report

Christchurch City currently provides a discount on the processing of resource consent fees for CHPs. The current policy is as follows, noting that it applies discounts to both CHPs and to not-for-profit community organisations:

### *Fee discount for not-for-profit and community organisations*

*A 25% discount is available for not-for-profit community organisations and social/community housing providers because of the public good they provide. Fees can be discounted up to a maximum of \$5,000 for social and community housing providers and \$2,500 for other organisations.*

*Requests should be made in writing at the time the application is lodged, explaining how the below criteria are met. Applicants pay the normal deposit when the application is lodged, and the discount is applied when processing has been completed and the final fees are calculated.*

...

### *Social/community housing provider criteria:*

- Registered as a community housing provider with the Community Housing Regulatory Authority; or*
- A registered charitable trust; and*
- Having as one of its objectives the provision of social and/or affordable housing.*

*Confirmation that an organisation or housing provider qualifies for the discount is at the discretion of the Head of Resource Consents.*

If the current approach taken by CCC is adopted across the Partner Councils, a similar policy (but limited to CHPs) would need to be included in the Resource Management Fees Schedule for each Selwyn and Waimakariri District Councils. An example is provided below. If a different level of discount is applied, this would also require a discrete amendment to the CCC policy to refer to the amended % and maximum cap.

### *Fee discount for community housing providers*

*A XX% discount, up to a maximum of \$XXX is available to social/community housing providers because of the public good they provide.*

*To obtain this discount, requests should be made in writing at the time the application is lodged, demonstrating that the applicant is:*

- Registered as a community housing provider with the Community Housing Regulatory Authority; or*
- A registered charitable trust; and*
- Having as one of its objectives the provision of social and/or affordable housing.*

*Applicants will pay the normal fee/deposit when the application is lodged, and the discount will be applied when processing has been completed and the final fees are calculated.*

*Confirmation that a housing provider qualifies for the discount is at the discretion of the [Head of Resource Consents or Equivalent Title].*

### Building Consent Fees Concession

Christchurch, Selwyn and Waimakariri District Councils do not currently apply any discounts to building consent fees associated with CHPs (see comment above in relation to Waimakariri’s broader Fee Waiver policy).

If a concession is applied to building consent fees, a similar policy to the CCC resource management fees concession would need to be included in the Building Consent Fees Schedule for each council. The above example could also be used for this purpose.

## 2.8.2 - Rates Remission

### Introduction

In the JHAP Phase 1 Investigations – Findings Report, rates remissions to Community Housing Providers (CHPs) were considered as one of the options for providing incentives to the development of affordable housing.

Councils have rates remission policies which identify instances in which rates will be reduced (including full or partial remission). This often includes reductions for properties owned and used for not-for-profit community activities, that in the Council's opinion, provide a significant public good by their use of the land.

Currently, CHPs pay annual rates on their properties, as per the standard rates policy. This is a cost which reduces the amount that CHPs have to invest in additional housing.

### Phase 2 Action

The Phase 2 action is to further assess the costs and scope of work involved in applying a consistent rates remission scheme to social and affordable housing properties owned or operated by CHPs or Mana Whenua, for consideration by the GCP Committee on implementation in next LTP. The further assessment required is to:

- Assess the likely foregone revenue, and housing yield, for each territorial authority Partner Council for a consistent remission scheme, applying to social and affordable housing properties owned or operated by CHPs or Mana Whenua, including a full or partial remission and applying to existing as well as new affordable housing.
- Identify and document the amendments required to the respective Council’s policies to enable the remission to take effect.

### Cost, foregone revenue and housing yield

Formative undertook an assessment of yield arising from application of a full rates remission policy being applied to CHPs, based on estimated average rates of \$2,000 per dwelling. This is set out below, along with a further assessment based on a partial remission:

Remission Level	Total Foregone Revenue (\$million)		Per Council			Yield					
						Per Year			Over 10 years		
	2025	2034	CCC	SDC	WDC	18			177		
						CCC	SDC	WDC	CCC	SDC	WDC
Full (100%)	\$2.2	\$5.1	\$4.59	\$0.19	\$0.36	16	1	1	158	6	12
Partial (50%)	\$1.08	\$2.57	\$2.29	\$0.09	\$0.18	8	-	1	79	3	6

It is important to note that ŌCHT leases some houses from CCC. For these houses CCC pays the rates, therefore any concession on these properties would have no impact on the ability of ŌCHT to provide more housing.

For completeness, it is noted that application of rates remission would not be expected if Partner Council's supported offering surplus land for affordable housing (refer Action 2.2).

### Policy Amendments

CCC and WDC have rates remissions policies that set out an overarching objective or purpose, which relates to supporting the fairness and equity of the rating system or enhancing the overall wellbeing of the Community. Individual policies on rates remission are then outlined, including the objective of each, and the conditions and criteria setting out when it applies.

For both councils, a rates remission policy could be worded along the lines of the following [noting additional wording bracketed for WDC only to follow current drafting style]:

Remission XX: Land used for the provision of social and/or affordable housing  
[WDC only – This policy allows the Council to provide rates relief to properties which provide social and affordable housing options.]

#### Objective

To reduce the operating costs of those organisations providing social and affordable housing, so that more funding can be directed to providing increased housing to meet the community's needs.

#### Conditions and criteria

Council may remit up to XXX% of rates for land owned by:

- a community housing provider registered with the Community Housing Regulatory Authority;  
or
- or a registered charitable trust, which has the provision of social and/or affordable housing as one of its objectives; or
- mana whenua, which is used for the provision of social and/or affordable housing.

SDC has a simpler Rates Remission policy which does not include objectives or explanations. A condensed version of the above could therefore be added to the SDC policy, as follows:

Remission of rates for land used for the provision of social and/or affordable housing

The Council may remit up to XXX% of rates for land owned by:

- a community housing provider registered with the Community Housing Regulatory Authority;  
or
- or a registered charitable trust, which has the provision of social and/or affordable housing as one of its objectives; or
- mana whenua, which is used for the provision of social and/or affordable housing.

### Summary of Findings

The development incentives/discounts considered have relatively modest impact on potential yield, with the costs essentially being the foregone revenue arising from application of the discount/remission. Such incentives could however be implemented in combination with other actions to further incentivise affordable housing; except that rates remission is not considered suitable in combination with surplus land being used for affordable housing.