

Regional context for this Issues and Opportunities paper

Housing challenges

As identified in the Wellington Regional Growth Framework (WRGF), the region is growing faster than it has done for many decades. Consequently, the region lacks sufficient and affordable housing supply and choice, housing affordability is declining and a significant investment in infrastructure is needed to enable enough housing and quality urban environments.

These immediate and longer-term challenges are regional issues that are best dealt with together and not individually. Many of these challenges cross local council boundaries and the maximum benefits can be had from tackling these together.

Interconnected dynamics of housing challenges

A significant investment in housing, urban development, transport, electricity infrastructure and the three waters infrastructure and services, as well as regional and district planning and policy changes, will be needed to support future growth.

Beyond the forecast population and dwelling growth there are a number of other challenges facing the region. Projected sea-level rises, the severity of weather events, environmental stewardship pressures, barriers to mana whenua in fulfilling their role as kaitiaki, and natural hazards are creating challenges as well as uncertainty.

An increasing number of vehicles on the roads, capacity and reliability issues associated with buses and trains, and network resilience issues are straining the regional transport system and may not result in the necessary transport system shifts that we are seeking, such as improving safety and access, reducing emissions, and reducing reliance on private vehicle travel.

Community infrastructure will also need more coordinated investment to accommodate growth, including in open spaces, community facilities, schools, and health care facilities. All these challenges will need to be resolved for the future and are regional issues best dealt with together and not individually.

The WRGF is a spatial plan that has been developed by local government, central government, and iwi partners in the Wellington-Wairarapa-Horowhenua region to provide an agreed regional direction for growth and investment. It identifies how the region could accommodate a future population of 780,000 and an additional 100,000 jobs in the next 30 years. This would represent an additional 200,000 people living in the region.

The WRGF has a number of agreed initiatives to address housing and urban development including a number of structure plans and investigations. This Issues and Opportunities paper has been developed in the context of all the other initiatives underway.

Purpose and scope of the paper

This Issues and Opportunities paper represents the first phase of investigation for the WRGF Regional Housing Action Plan (RHAP) project.

The purpose of this paper is to provide information to the Wellington Regional Leadership Committee (WRLC) on a suite of housing issues and opportunities for the region.

The issues and opportunities within this paper have been identified through workshops and one-on-one meetings with partners and stakeholders (including government organisations, iwi, councils of the region, and housing providers) and public documents e.g., housing plans.

The agreed issues and opportunities will be used to inform the development of the RHAP.

The diagram below shows where this paper fits into the other deliverables in this project:



It is intended that the RHAP project will assist in achieving the following priority and objectives from the WRGF:

WRGF PRIORITY AREA	<ul style="list-style-type: none"> Housing Supply, Affordability, and Choice
RELEVANT WRGF OBJECTIVES	<ul style="list-style-type: none"> Encourage sustainable, resilient, and affordable settlement patterns/ urban forms that make efficient use of existing infrastructure and resource Increase housing supply, and improve housing affordability and choice

The geographic scope of this paper and the associated RHAP is all the districts within the Wellington-Wairarapa-Horowhenua region. This project acknowledges that the National Policy Statement on Urban Development (NPSUD) is already enabling councils to respond to intensification through District Plan processes and that changes to plans will come into effect within the next five years. This project, therefore, focuses on non-District Plan mechanisms that can have an impact on supply, affordability, and choice in the short-term (interim) period of one to five years.

Summary of the problem

Overarching housing problem

While not the focus of this project, for completeness, we have included a summary of the long-term and systemic housing issues for the region that are reflective of wider New Zealand, and international problems.

In more and more areas of the Wellington-Wairarapa-Horowhenua region, housing is unaffordable for many people. For instance, across the region the average rent per week increased by 24.4% between 2018 and 2021 and the average house price increased by 46.2% between 2018 and 2021. A lack of supply and a limited choice of housing types and locations are limiting options.

The lack of affordability for renters and homeowners has become much more of an issue in the past five years. In 2019 the average house price in the Wellington region was eleven times the average wage. House prices have increased significantly since 2019 while wages have not, so the level of unaffordability is certainly even higher now. Rental costs have similarly skyrocketed in recent years.

This is increasingly contributing to homelessness, overcrowding and poor health and educational outcomes; for example, at March 2018 there were 8199 people (161.8 per 10,000 people) in the Wellington region over all four categories of housing deprivation and as at June 2021 there were 2616 on the housing register, an increase of 1420 since June 2018. Those working with people who are homeless and experiencing precarious housing situations can attest that actual numbers are much higher than the housing register reflects.

The lack of affordability is also changing the distribution of demand for housing across the region, pushing more residential growth to outer areas such as Levin and Wairarapa, and causing the displacement of people away from family, community, and whenua. A major investment in infrastructure, particularly for three waters and transport, will be required to enable large-scale housing development in the region.

The 'operational affordability' of homes in the region and their impact on occupant health is also of concern. Poorly built homes cannot be affordably heated and ventilated. Recent research has shown that over 40% of homes are damp and moldy – conditions linked to our very high housing-sensitive hospitalisation figures. Supply is even scarcer when considering fit-for-purpose homes, including size and accessibility.

Problem-focus for the Regional Housing Action Plan

At present, there is sub-regional variance across policy/regulatory processes and the collection and management of data. In some areas information is not available because it is not gathered – such as accurate information on the number of people who are homeless and in precarious housing. This makes it difficult to fully understand the nature and extent of the overall housing problem for our region, to monitor change over time consistently, and ultimately to develop a regional approach to managing issues. Limited cross-council collaboration on policy processes also increases risks associated with innovative approaches (e.g., inclusionary zoning), and duplication/ limited knowledge sharing on data collection and management increases resourcing and cost requirements for Councils.

While cross-organisational partnerships are underway for specific projects across the region, there is not an over-arching multi-level and cross-organisation approach to collaborating on housing. This can result in unintended outcomes, misalignment of priorities, duplication of information, and a fragmented approach that does not maximise funding opportunities or well-being outcomes.

Councils, iwi housing organisations, community housing providers and others have limited capacity and lack capital funding, which impacts on their ability to resource projects which other partners have access to funding but not land. Working smartly is vital to avoid duplication and ensure the right parties are at the table.

Advocacy to Central Government on significant housing related issues and processes is important to ensure that all levels of governance are 'singing from the same hymn sheet'. Our workshops and one-on-one meetings have highlighted that existing advocacy approaches on key regional housing matters could be significantly strengthened through the development of a formal regional approach to identifying issues and engagement with Central Government.

There are various emerging technologies and construction techniques that have the potential to help increase efficiency and reduce build time and cost for housing. Education on these techniques and understanding how they can help manage housing outcomes in our region (teamed with advocacy for maximizing opportunities to upskill the construction industry and removing unnecessary regulatory and process barriers) will be important for managing housing targets and affordability.

While we are one inter-connected region, we know that there is sub-regional variance in the nature, form and extend of housing issues across localities that must be identified and acknowledged through this project. By understanding locational or specific place-based issues we can, as a region, work more effectively together to manage housing need and to prioritise issues and actions.

*To provide context for the issues and opportunities noted in this document, here is a representation of the **housing continuum** within the region. This housing continuum is similar to other regions in New Zealand and abroad. Definitions for the housing types can be found in Appendix 1. Further work is required on how to represent affordability in the diagram, as well as on where specific target groups fit (e.g., worker/seasonal worker or older people).*



Key Moves

Regional Housing Action Plan (RHAP) project

The overall RHAP project will focus on how the relevant organisations in the region can, together, impact the housing market over the short-term using mechanisms and approaches that sit outside District Plans.

Key moves and recommended opportunities in this paper focus on areas where local government, iwi, central government, and the broader housing sector could collectively affect the greatest level of change across the Wellington-Wairarapa-Horowhenua region. **It focuses on non-District Plan mechanisms that can have an impact on supply, affordability, and choice in the short-term (interim) period of one to five years.**

Issues and Opportunities Paper

This paper represents a first investigative deliverable for the RHAP project and seeks to provide the initial direction that the RHAP needs. It has been developed to identify key moves in response to housing issues (*pages 4-5*) and to bring together the region's early thinking on potential opportunities (*pages 6-8*) that can be brought forward over the short-term.

SIX KEY MOVES

A	Harnessing the regional benefits of current policy and processes	D	Taking a regional multi-party approach to the advocacy of key housing issues
B	Providing improved resources in the region to achieve our housing aspirations and goals	E	Improving access to smart and standardised housing data and information driving housing innovation
C	Driving cross-organisational collaboration and partnership at all levels	F	Introducing new technologies and new and smarter ways of building and providing houses and communities

Summary of the likely ability of opportunities proposed through this paper to fill the housing gap

- The opportunities identified in this paper will have differing levels of ability to impact on the housing issues that are the focus of this RHAP project.
- While we have identified the most opportunities for the themes of policy/regulatory processes and cross-organisational collaboration, the number of opportunities per key move is not reflective of the potential impact on housing outcomes. For example, while there are only a couple of opportunities identified for capacity and resourcing, smart and standardised data collection and management, and the use of new technologies it is anticipated that progressing opportunities in these areas may have the potential to have a significant impact on housing outcomes.
- At this stage of investigation, it is anticipated that all of the opportunity actions identified within this paper can be progressed within the timeframe of this project (1 – 5 years), with the priority opportunities being an early focus.

Identifying regional housing issues

The focus of this paper is identifying issues where collectively the region's councils, iwi housing organisations, community housing providers, central government and others could respond to housing issues through non-district plan mechanisms and processes in the short term (next 5 years). By collectively identifying and working on these issues now, the region can contribute towards resolving some of the longer-term issues, such as affordability and choice, to achieve both quick wins and processes that can endure.

The table below identifies specific issues particular to this RHAP project in the context of the key moves identified above.

Table 1: Regional Housing Issues

	RHAP Key Move		Regional Housing Issue
A	Harnessing the regional benefits of current policy and processes	1	Some regulatory settings may need or benefit from review to improve the efficiency of the system e.g., modular dwellings and building consent requirements
		2	The partners to the WRLC own or have access to quite a lot of land in the region e.g., central government, local government, iwi, but we don't understand how much of this is potentially "excess to requirements" and/or could be freed up and developed and we don't have a process for putting it all together
		3	The social housing register does not reflect all those who are in need of social housing – for instance it does not count the number of people say in a family.
		4	Lack of clear accessible information around regulations that may enable individuals/developers to contribute to increased affordable housing supply especially when if they have changed recently.
		5	The lack of incentives at both a local and regional level to drive new typologies at scale and pace, with some possible incentives being rebates, "fast track", affordability outcomes, inclusionary zoning
B	Providing improved resources in the region to achieve our housing aspirations and goals	6	Resourcing is an issue now and is likely to continue. We have the numbers that indicate the level of building required to meet growth projections for the next 30 years – how do we work to ensure we have capacity over the next 5 years and beyond. a) Councils are at capacity for issuing consents (both resource consents and more importantly building consents). Building consents teams are maxed out and are competing with the rest of the country for a relatively small pool of Building Consent Officers. b) Papakāinga housing – there is some money available but limited capacity to develop these. We need people to manage approved projects/outcomes and the capacity is not there to manage/deliver projects. c) Māori housing needs more support and assistance d) CHPs and even community collectives, non-profit developers may have land, experience, and management capacity to deliver housing, but lack the necessary equity capital and/or access to finance e) There is already a lack of builders, electricians, plumbers etc and we know we need to build more houses than ever before – we should be planning for this
		7	We are at present dealing with both a housing shortfall (i.e., we don't have enough houses at present) and the need to develop housing for growth
C	Driving cross-organisational collaboration and partnership at all levels	8	There are many central government programmes and tools to target increased housing options e.g., Land for Housing, Progressive Home ownership but: a) We (the region as a whole) are not making the most of these tools and programmes at present. b) We don't understand them as well as we could - there are multiple entities across the region trying to understand and/or access these programmes and tools resulting in a duplication of resources. c) We have no regional picture of the need for each of these programmes i.e., where does the Land for Housing programme fit into the regional demand?
		9	There is a lack of whole of government approach to some aspects of the housing market e.g. different government entities providing submissions to district plan changes that provide conflicting opinions (based on their organisational direction)
		10	The region lacks a collective approach to the housing market and parts of it, for instance: a) What is the regional public housing plan/requirement and how do we portray this regional joined up (e.g. central government, local government, iwi, and Community Housing Providers (CHPs) approach? Including looking at local issues such as a lack of public housing in some areas (e.g., Wairarapa have no Kainga Ora presence). b) How do we support community housing and others to step into housing provision or upscale?

		11	We (collectively) need to get better at working with the development community across the region such as: <ul style="list-style-type: none"> a) In a number of cities/districts the current district plan allows/enables the type of change in housing typology the region wants, but developers are not building these – why is this? b) Developers in the region have an inertia to change and tend to build what they know (there is a slow change in products) c) The limited capability of developers in some areas (e.g., Kapiti) to deliver housing at scale d) Uncertainty arising through district plan changes/reviews – this can create tensions.
D	Taking a regional multi party approach to the advocacy of key housing issues	12	There is a disconnect between some housing opportunities and requirements of banks – can these be worked on?
		13	The current Building Code does not yet meet the minimum level in comparable countries and often seen as a “target” and the not the minimum requirement
E	Improving access to smart and standardised housing data and information driving housing innovation	14	Data and information on housing: <ul style="list-style-type: none"> a) Is kept in multiple places and is generally redeveloped and repackaged by multi entities for their individual use b) Is not easily and quickly accessible for all
		15	The housing and urban development sectors require better data and therefore a better understanding of the housing supply that is needed.
		16	There is limited knowledge of and access to information driving housing innovation making change hard to understand and/or implement
F	Introducing new technologies and new and smarter ways of building and providing houses and communities	17	There are a number of emerging technologies and approaches to housing that are being developed at a small scale, but these are not currently being engaged at scale. One reason is that individual projects or agencies lack the capacity or reach to try these at a larger scale. In turn the absence of larger scale and predictable markets hinders development of capacity in areas such as prefabrication.
		18	There is a limited regional, multi-party work on how to use innovative solutions for short term solutions. e.g. temporary housing on future development sites.

Developing regional housing opportunities

Below are two lists of opportunity actions identified through workshops, one-on-one meetings, and public documents e.g., housing plans. The first list represents the priority opportunities. The second list provides the non-priority opportunities. Recommended opportunities focus on areas where local government, iwi partners, central government and the broader housing sector could collectively affect the greatest level of change across the region. **This is in terms of both interim actions that can be progressed, and mechanisms and processes that can endure alongside updated District Plans.**

As can be seen in the tables, individual opportunities have been developed to respond to the issues and link directly to the key moves.

Table 2: Priority Opportunities

	RHAP Key Move		Priority Opportunity
A	Harnessing the regional benefits of current policy and processes	A1	Investigate and then instigate opportunities to implement Fast Track processes for developments that are at scale and/or medium density, affordable and with social and environmental outcomes
		A2	Identify current regulatory barriers that could be changed and/or reduced to ease the time to market for new housing e.g., modular dwellings building consents
		A3	Investigate rolling out the WCC Build-to-Rent housing example across the whole region. See https://wellington.govt.nz/property-rates-and-building/property/te-kainga
		A4	Identify and release at speed surplus central government (esp. Waka Kotahi), local government land and any other land (e.g., church owned land). Begin by undertaking a stock take of relevant land in the region – both total and vacant
		A5	Utilise all available regulatory tools e.g., Specified Development Project (SDP), Special Purpose Vehicle (SPV), Infrastructure Funding & Financing (IFF) on a regional basis. Develop a plan for which projects/areas to use which tools for.
B	Providing improved resources in the region to achieve our housing aspirations and goals	B1	Establish a regional resource/entity for housing in the region (e.g., staff resources at scale, experts at Special Purpose Vehicles (SPVs), master planning, data analytics, demonstration developments)
C	Driving cross-organisational collaboration and partnership at all levels	C1	Provide regional support to iwi/Māori housing provision, in alignment with the Government's Māori Housing and Innovation (MAIHI) Framework and the Māori Housing Strategy. Seeing if we can support mana whenua and iwi housing work - with developers – e.g., similar to Te Puna Wai - see https://www.stuff.co.nz/national/118692859/papakinga-development-to-help-mori-into-home-ownership
		C2	Develop a regional approach, plan, and targets for accessing central government programmes and tools e.g., Land for Housing Programme and Progressive Home Ownership Programme – see https://www.hud.govt.nz/residential-housing/progressive-home-ownership/
		C3	Develop a regional approach to regeneration in centres around rapid transit stops – master planning and working with single site landowners. Possible use of SPVs
		C4	Support and upscale CHPs at a regional level
		C5	Establish a regional developers forum for input in WRGF projects and activities (such as the RHAP) and also to provide regional information and plans to e.g., presentation to regional/key developers about the region's opportunities.
		C6	Provide input/feedback on Infrastructure Acceleration Fund opportunities as a regionally agreed picture. Underway
D	Taking a regional multi-party approach to the advocacy of key housing issues	D1	Advocate for councils to have the ability to provide the Income Related Rent Subsidy

E	Improving access to smart and standardised housing data and information driving housing innovation	E1	Improve the provision of regionally consistent up-to-date data, information and agreed definitions e.g., affordability. One source of the truth that all parties can use.
		E2	Improve access to information driving (or blocking) housing innovation

Table 3: Non-priority opportunities

	RHAP Key Move		Non-priority Opportunity
A	Harnessing the regional benefits of current policy and processes	A1	Develop Inclusionary Zoning plan and district plan chapter and implement Inclusionary Zoning in district plans (as timing fits)
		A2	Utilise the Streamlined Planning process for implementation of the National Policy Statement -urban development (NPS-UD) medium density requirements AND/OR advocate for NPS-UD implementation plan change to have immediate effect and no appeals
		A3	Explore and implement targeted incentives e.g., rebates for affordable housing development or fast track deals. Use Development Contributions Policy or similar to target affordable and appropriate homes supply. Ensure affordability is retained in the model e.g., separate land from building
		A4	Identify large areas of land within the region that could be acquired for large scale urban development – investigate feasibility
		A5	Investigating the feasibility of providing emergency or social housing at a Council-owned site
		A6	Identify regional opportunities and barriers to increasing minor dwellings as a short-term approach to increase housing and meet the needs of some sectors of the housing market
		A7	Consider land tenure barriers and opportunities e.g., leasing land and what a regional response and/or plan for this might be
B	Providing improved resources in the region to achieve our housing aspirations and goals	B1	Identify and start to close building and related skills gap shortage. This would include feeding into the relevant Skills Leadership Groups.
		B2	Investigate setting up a special unit to deal with social housing consents
C	Driving cross-organisational collaboration and partnership at all levels	C1	Establish partnerships between developers and Community Housing Providers (CHPs) to bring on more public housing – develop a regional approach to this.
		C2	Work in partnership to coordinate land-use e.g. Council and Kainga Ora and make more effective use of land.
		C3	Establish a “whole of government” approach e.g. a whole of government submission on district plan changes rather than individual entities
		C4	Develop an agreed direction/plan for of social housing at a regional approach – where is this a priority in the region and focus goes on those with right social outcomes
D	Taking a regional multi party approach to the advocacy of key housing issues	D1	Skills – advocate/push for speedy visas for current overseas staff in NZ and import of new (including those involved in planning, consenting, and building)
		D2	Advocate for central government enabling opportunities such as. considering ‘emergency legislation’ that enables temporary housing on future development sites.
E	Improving access to smart and standardised housing data and information driving housing innovation	E1	Develop regional modelling on such aspects as price affordability
F	Introducing new technologies and new and smarter ways of	F1	Speed up off-site manufacturing – in conjunction with releasing land – to speed-up supply
		F2	Establish a regional programme for marketing and info sharing e.g. what is medium density

building and providing houses and communities	F3	Establish temporary housing on future development sites e.g. Notice of Requirement (NoR) sites. With a focus on providing for those people who already live in and want to remain in that community.
	F4	Investigate alternative financing ideas – including local government housing bonds taking advantage of Council’s high credit rating.
	F5	Develop opportunities for collective housing models in the region and what a regional view on this might look like. See example here https://www.stuff.co.nz/life-style/homed/latest/124774974/collective-housing-is-our-future-new-report-recommends-a-solution-to-the-housing-crisis

Appendix 1: Definitions

The definitions within the table below have been taken from the Community Exchange website and can be evolved through this project to best reflect the tenure of our region.

Name	Definition
Emergency housing/ shelter	<p>Emergency housing is often where people enter the housing continuum because they do not have a home. In some cases, it's because they have lost their home due to an eviction, family dispute or domestic violence. Other times it's because they're leaving another system (such as the foster care system, hospital, or incarceration).</p> <p>Emergency shelters are meant to offer shelter for a short period of time until they can move to a more permanent form of housing. Some people experience chronic homelessness and end up staying for longer periods more frequently.</p>
Transitional Housing	<p>Transitional housing provides temporary housing with support services, with the goal to eventually move along the continuum to affordable rental and eventually market rental or ownership.</p> <p>Examples of transitional housing includes independent housing with special security features for victims of domestic abuse, housing to help people transition from incarceration to the community and housing for people working to overcome addictions.</p>
Social housing/ Community housing	<p>Social housing, sometimes known as community housing, is made up of public housing, non-profit housing, co-operative housing and rent supplements. It is geared towards low and moderate incomes.</p> <p>Much of the housing stock that makes up social housing is older, and it has not been expanded over the years, so there are significant waiting lists to access these programs.</p> <p>Rent supplements have helped to ease some of the burden, with the tenant paying rent geared to income and a subsidy covering the difference between that amount and amount charged by the landlord for rent.</p>
Assisted rental/ Affordable rental	<p>There are varying definitions of "affordable". For the purposes of this report for housing to be affordable, it should make up approximately 30% of a household income, or less. When households spend more than 30% of their income, it eats up income that could be spent on other necessities, like food, medication, or transportation.</p> <p>Affordable rentals can be owned publicly, privately or by a non-profit. There are lots of types of rentals that can fall under this category, including housing schemes that support targeted groups to access and afford private market rentals. Different kinds of rentals are needed to meet the individual needs of renters in the community.</p>
Assisted ownership/ Affordable home ownership	<p>Like affordable rentals, affordable home ownership costs should not exceed approximately 30% of total income. This makes it hard for people living on a low income to access home ownership, but affordable home ownership programs can help.</p> <p>Affordable home ownership schemes support individuals into home ownership through financial support and/or capped purchase prices.</p> <p>International examples include non-profits like Habitat for Humanity and government programs to help with down payments. There are also programs to help low-income homeowners make their home more efficient.</p>
Market Rental Housing	<p>Market rental housing is any kind of rental that is not subsidised in any way. Landlords choose what they want to charge for rent and are not limited by the income of their tenants.</p>
Market ownership	<p>Any kind of home ownership that is not subsidised in any way. Owners are independent and responsible for meeting all of their housing costs.</p>