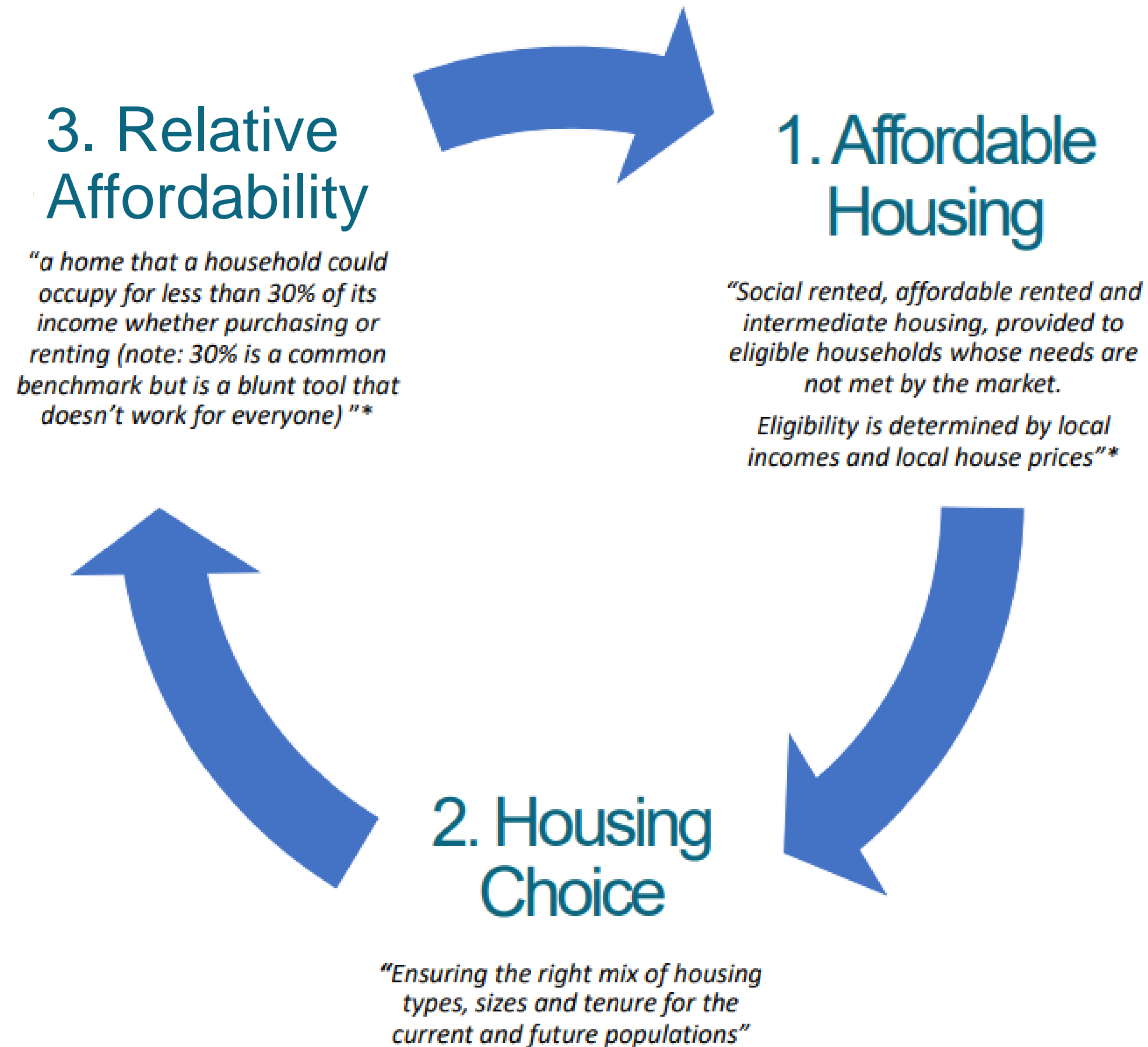


# Investigating Housing Outcomes

*“Using the growth capacity figures obtained by WCC through their Spatial Plan investigations to understand what types of housing is required now and in the future”*



# What are housing outcomes?



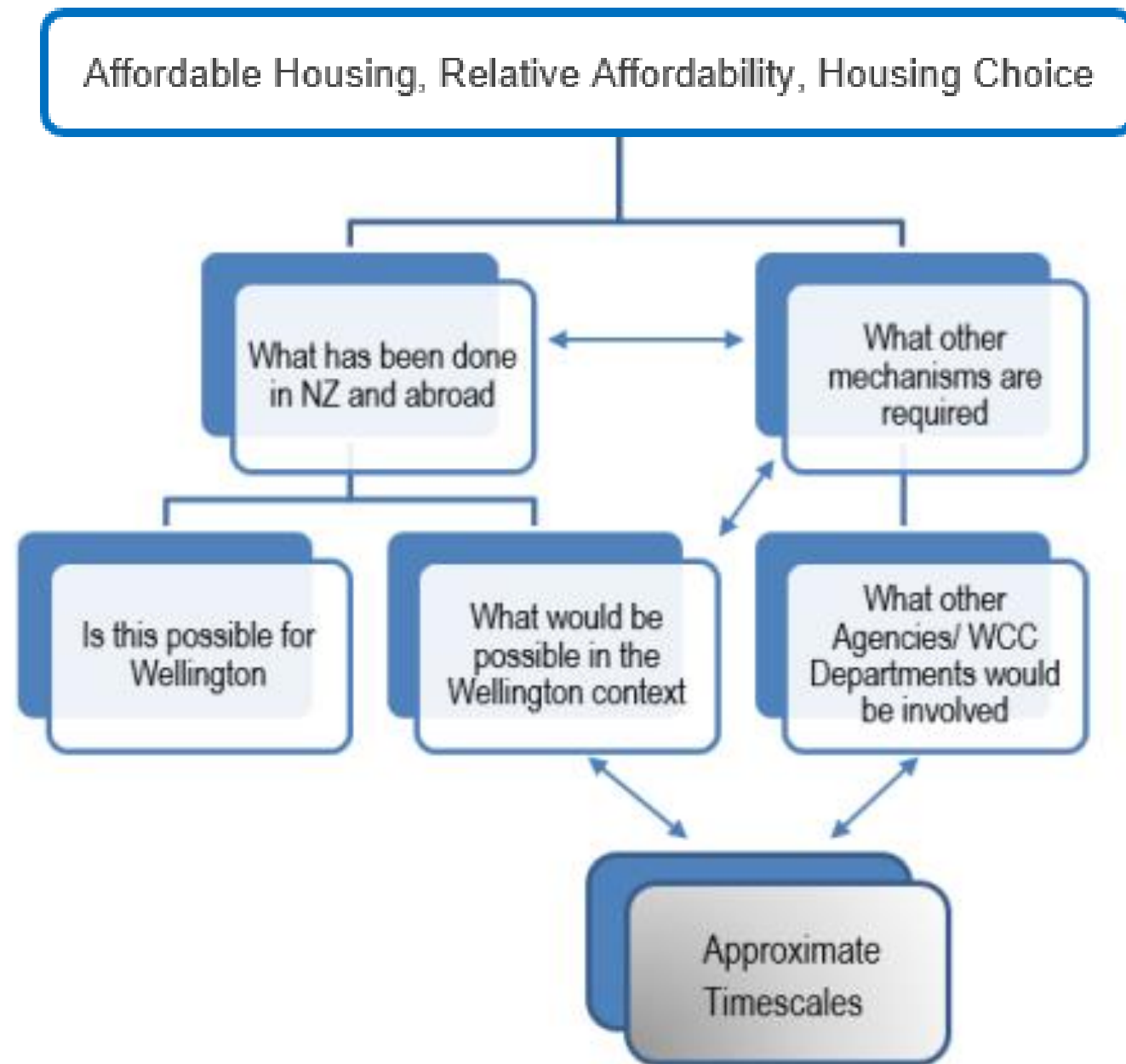
*\*There is no one definition for Affordable housing or affordability. WCC uses WHAM (Wellington Housing Affordability Model)*



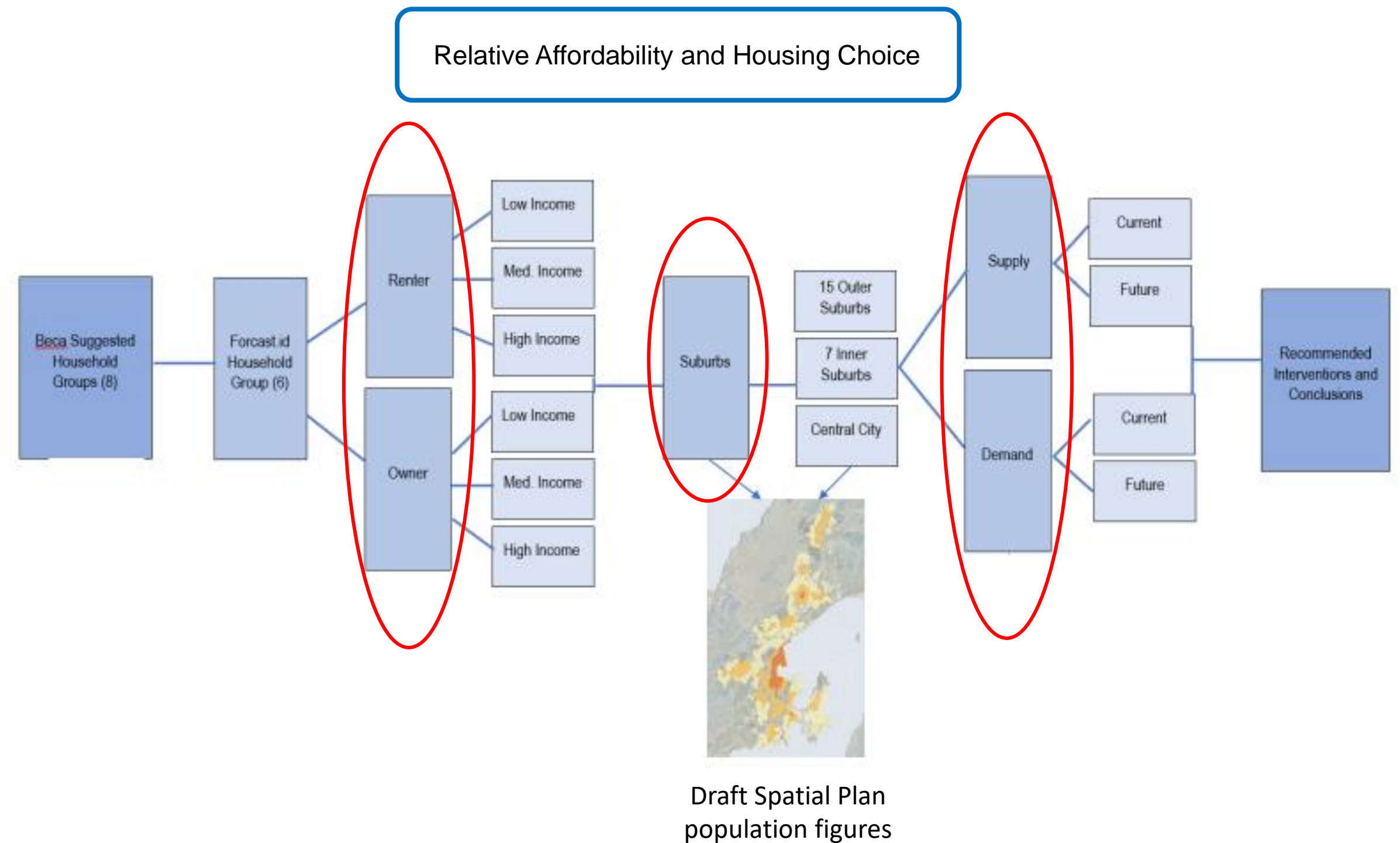
# The Housing Spectrum



# Qualitative Research

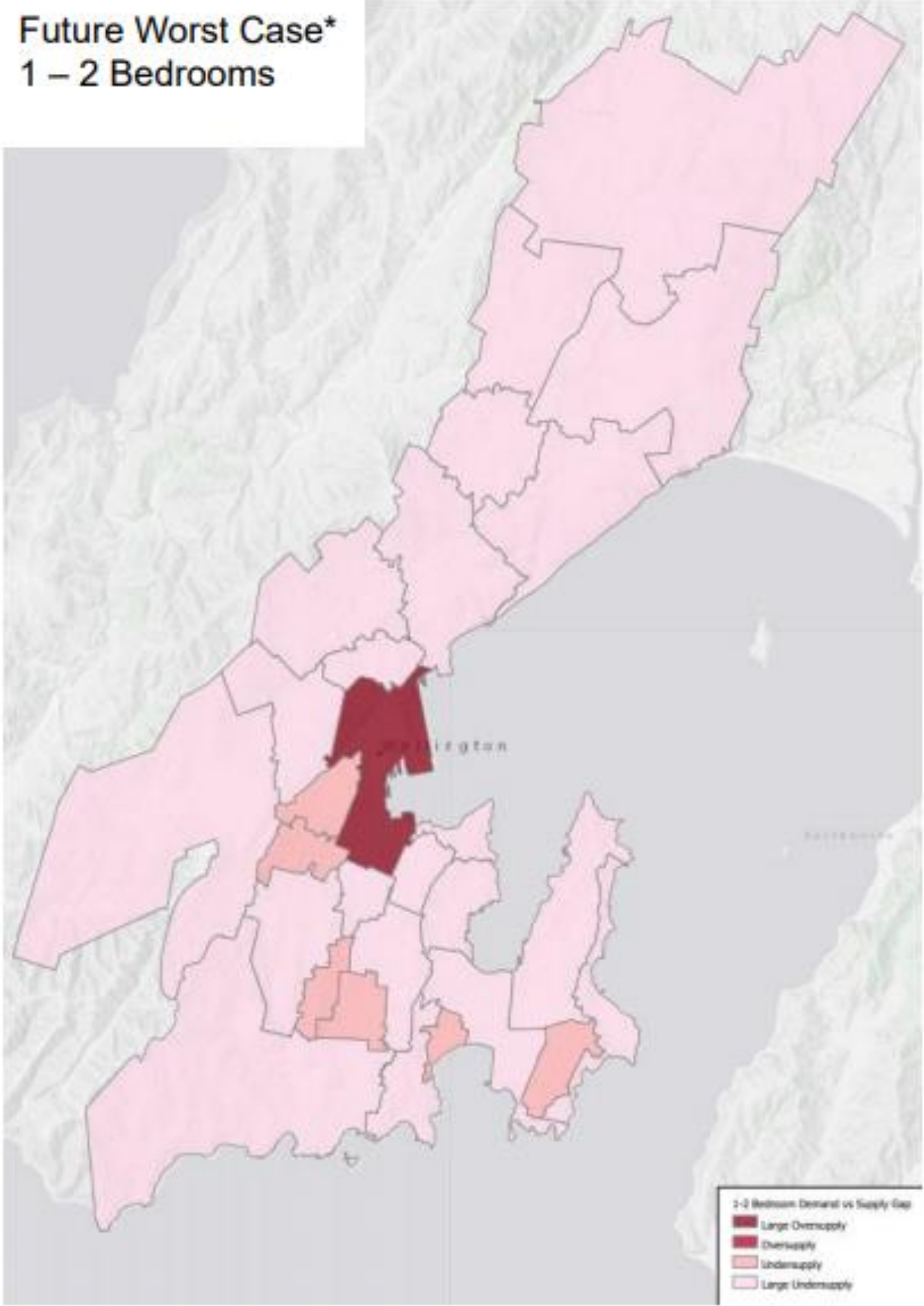


# Quantitative Research

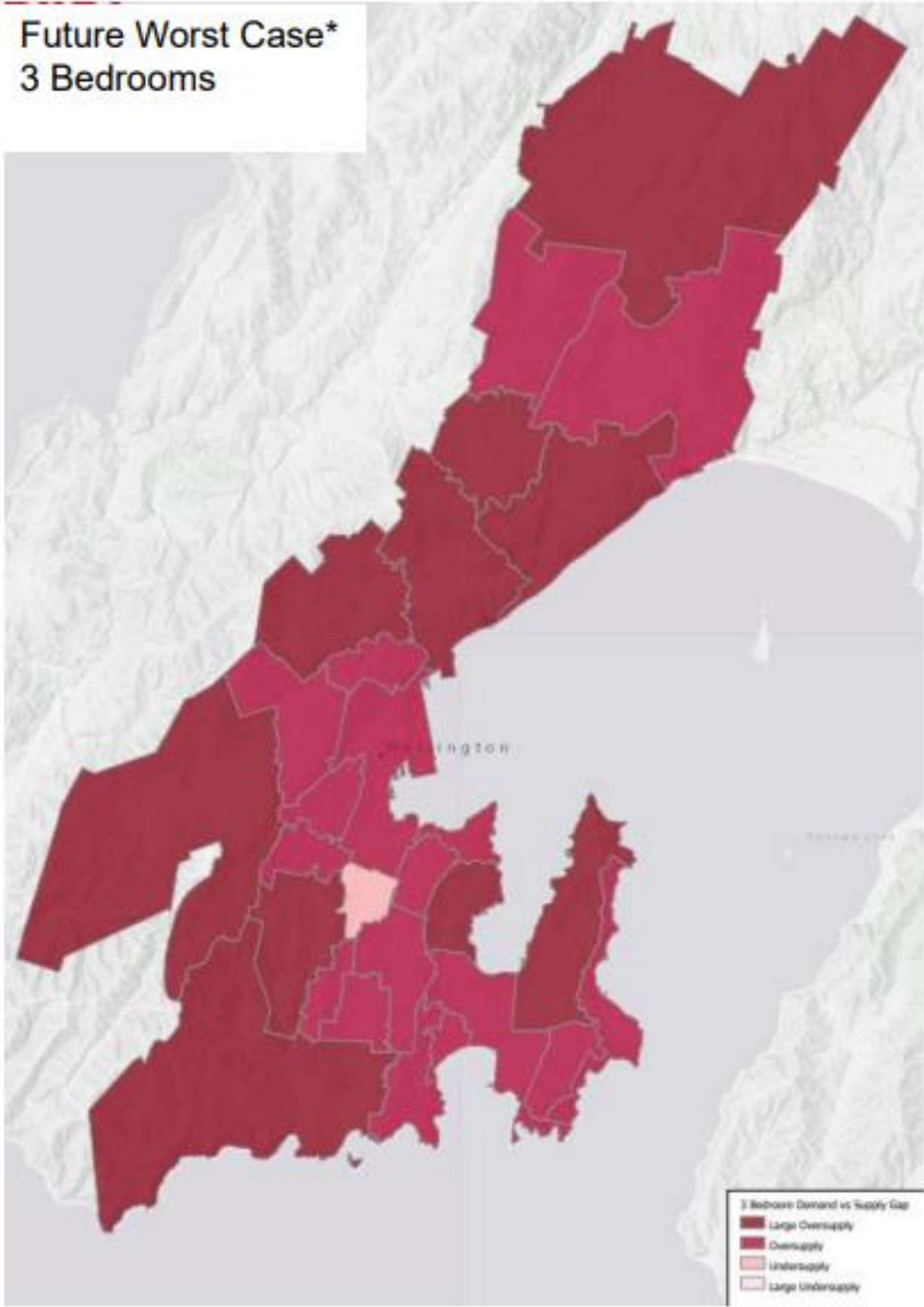


# Future state of supply v. demand (2043) without appropriate intervention through the District Plan:

Future Worst Case\*  
1 – 2 Bedrooms



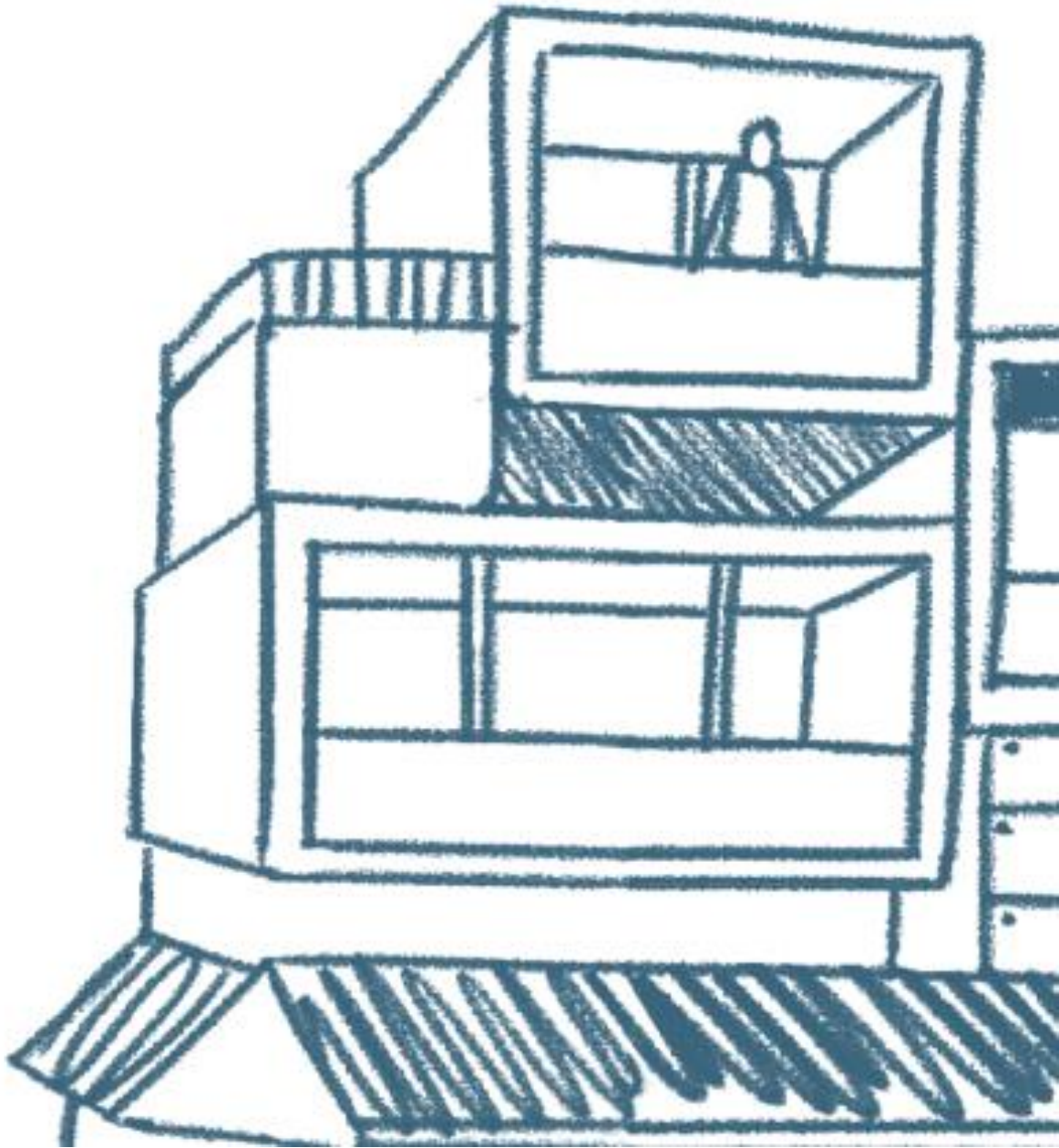
Future Worst Case\*  
3 Bedrooms



**Key**

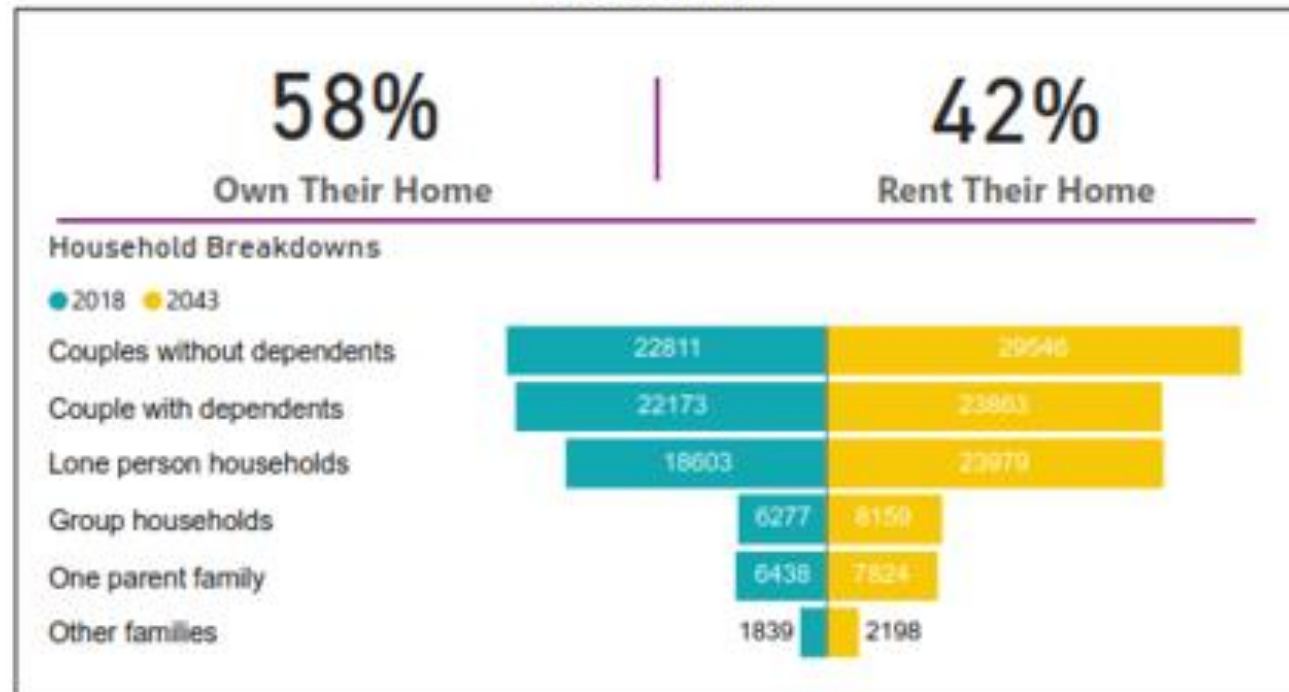
- Large Oversupply
- Oversupply
- Undersupply
- Large Undersupply

\* Still assumes some level of DP intervention through plan enablement or low level incentives - But market led response



# All Wellington

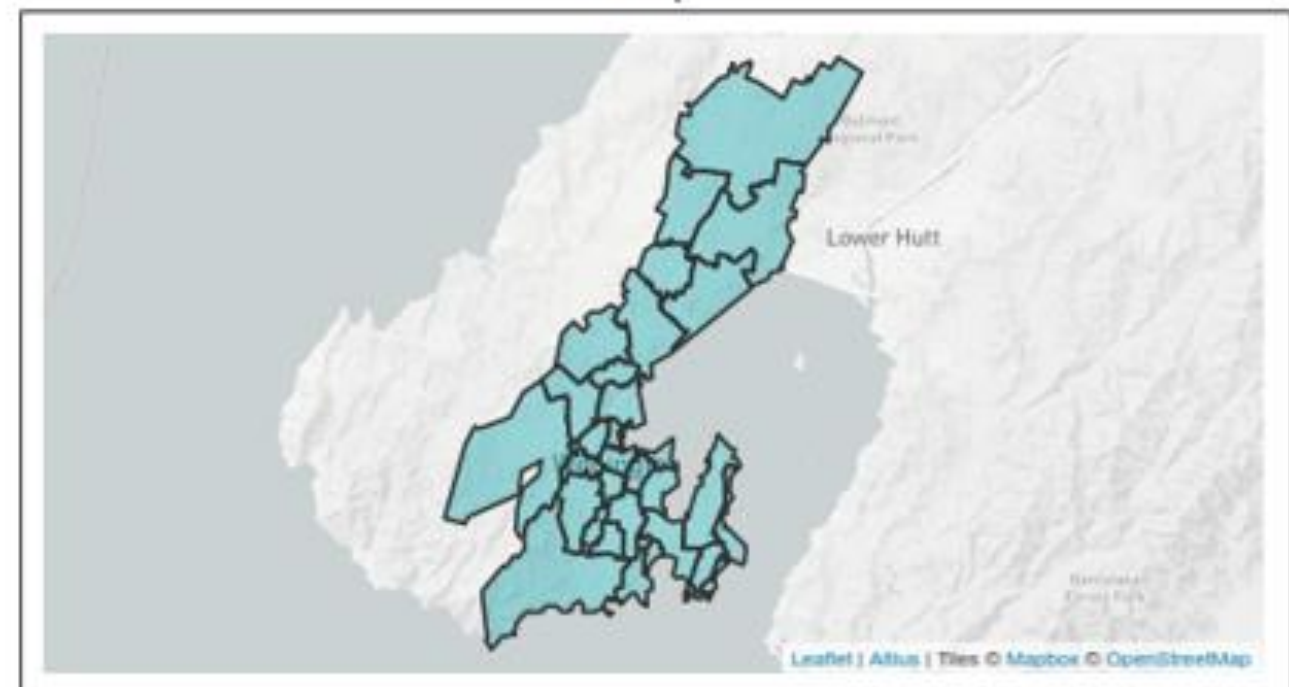
## Households



## Estimated Future Demand vs Supply



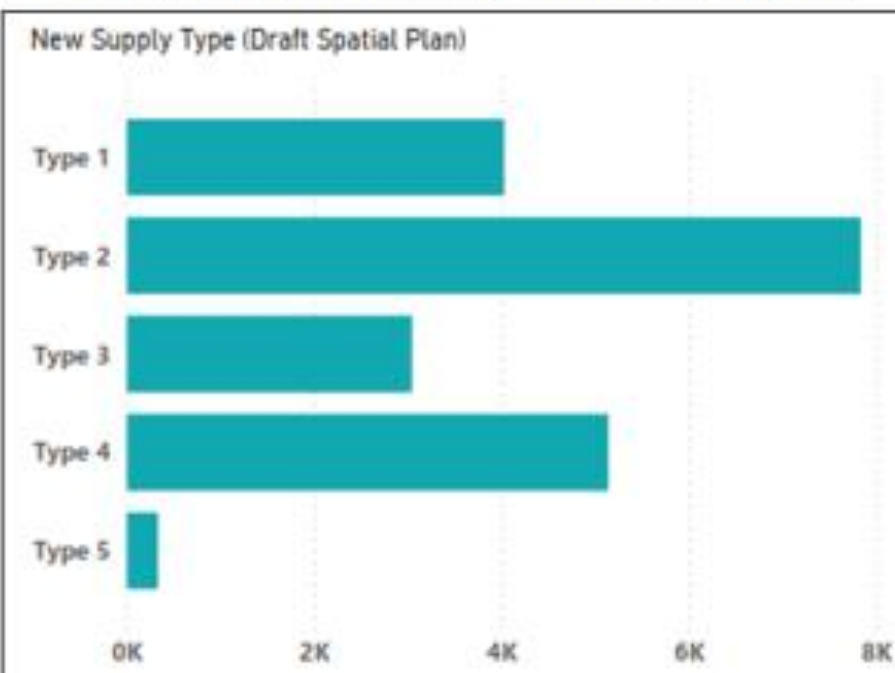
## Map



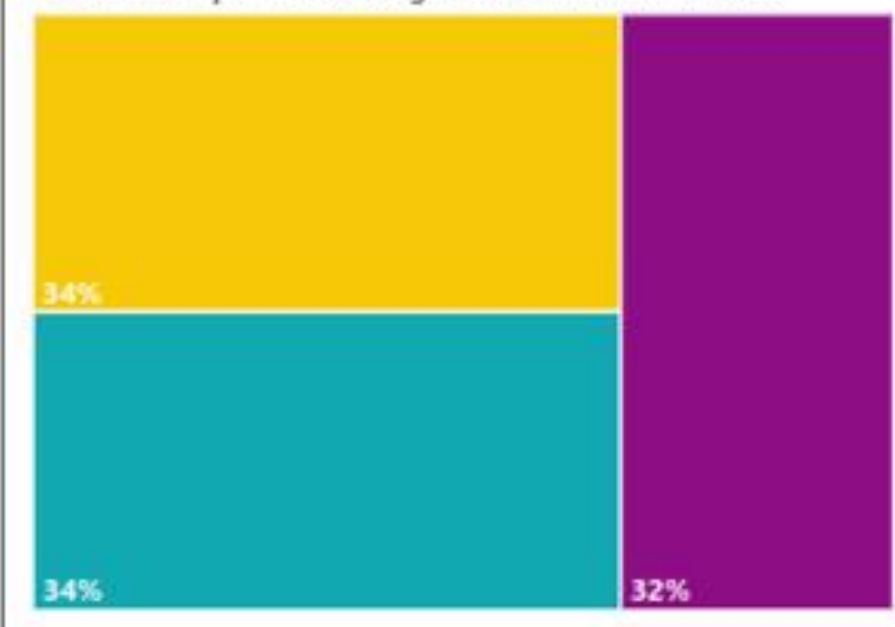
## Supply



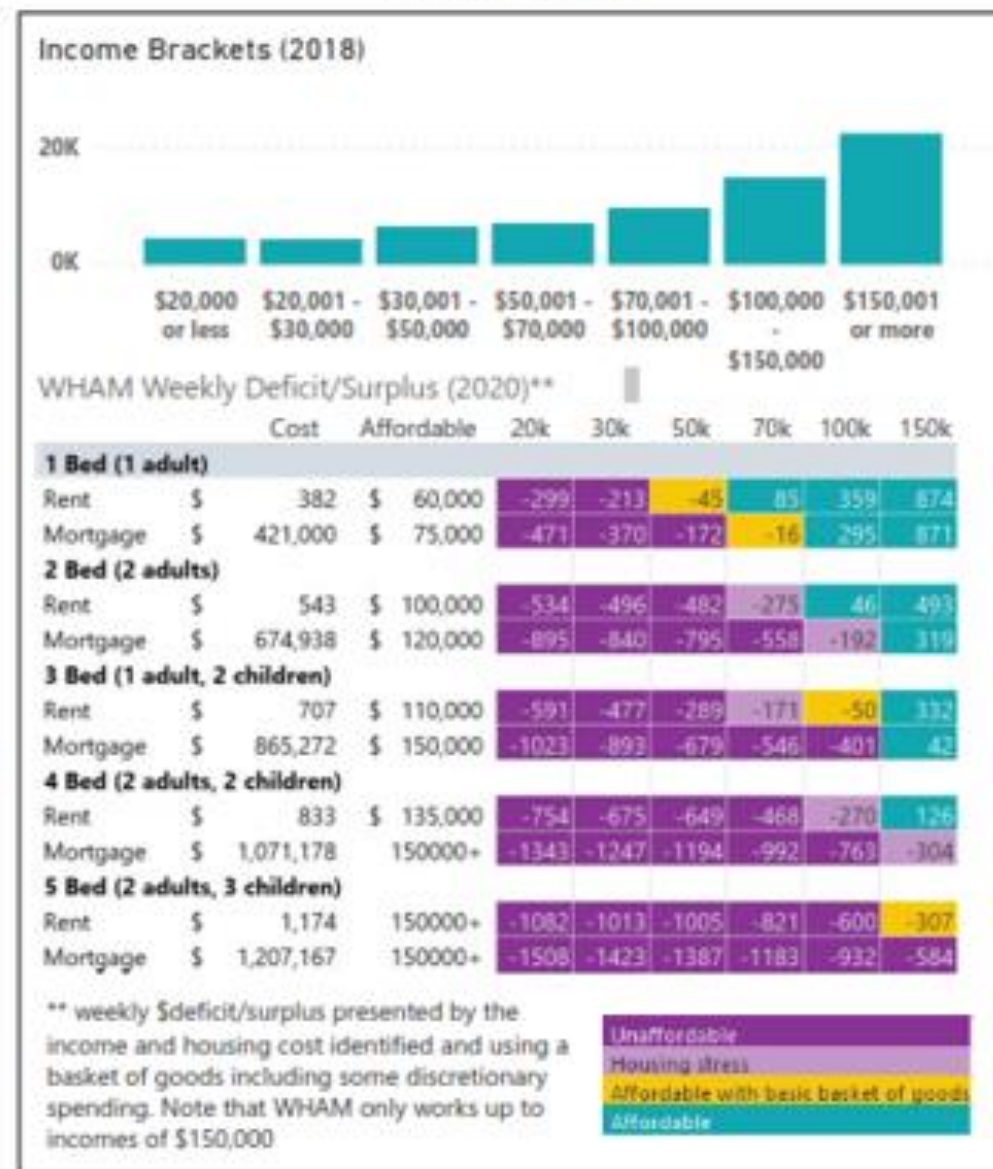
## Estimated New Supply Draft Spatial Plan



## Supply Type Breakdown



## Affordability



\*Estimated Demand is based on the current and future projections of household groups and some assumptions on the types of houses these groups would prefer to inhabit

Data Sources: Forecast ID, Stats NZ, WCC, CoreLogic

# Key Affordable Housing Findings

## Note:

- Market-orientated approaches to boosting housing supply have dominated globally
- Some global approaches seek to address housing affordability or social inclusion rather than providing housing exclusively for low income households
- Value capture of zoning (as opposed to a targeted rate to all) can incentivise land banking
- **DP mechanisms can include land zoning, incentivising planning provisions and legislative requirements such as inclusionary zoning.** Other mechanisms sit outside the DP process
- There is a strong case to address affordable housing in Wellington
- **Inclusionary Zoning is contentious in New Zealand. Therefore, it is vital to achieve:**
  - **organisational buy-in;**
  - **meaningful community and stakeholder engagement; and**
  - **A robust evidence base that includes an in-depth analysis of feasibility implications**

Auckland unitary Plan Hearings (2013) seen as a “tax” on the supply of dwellings (CHS Discussion Document 2020).

Auckland Council ‘Affordable housing’ reporting advised:

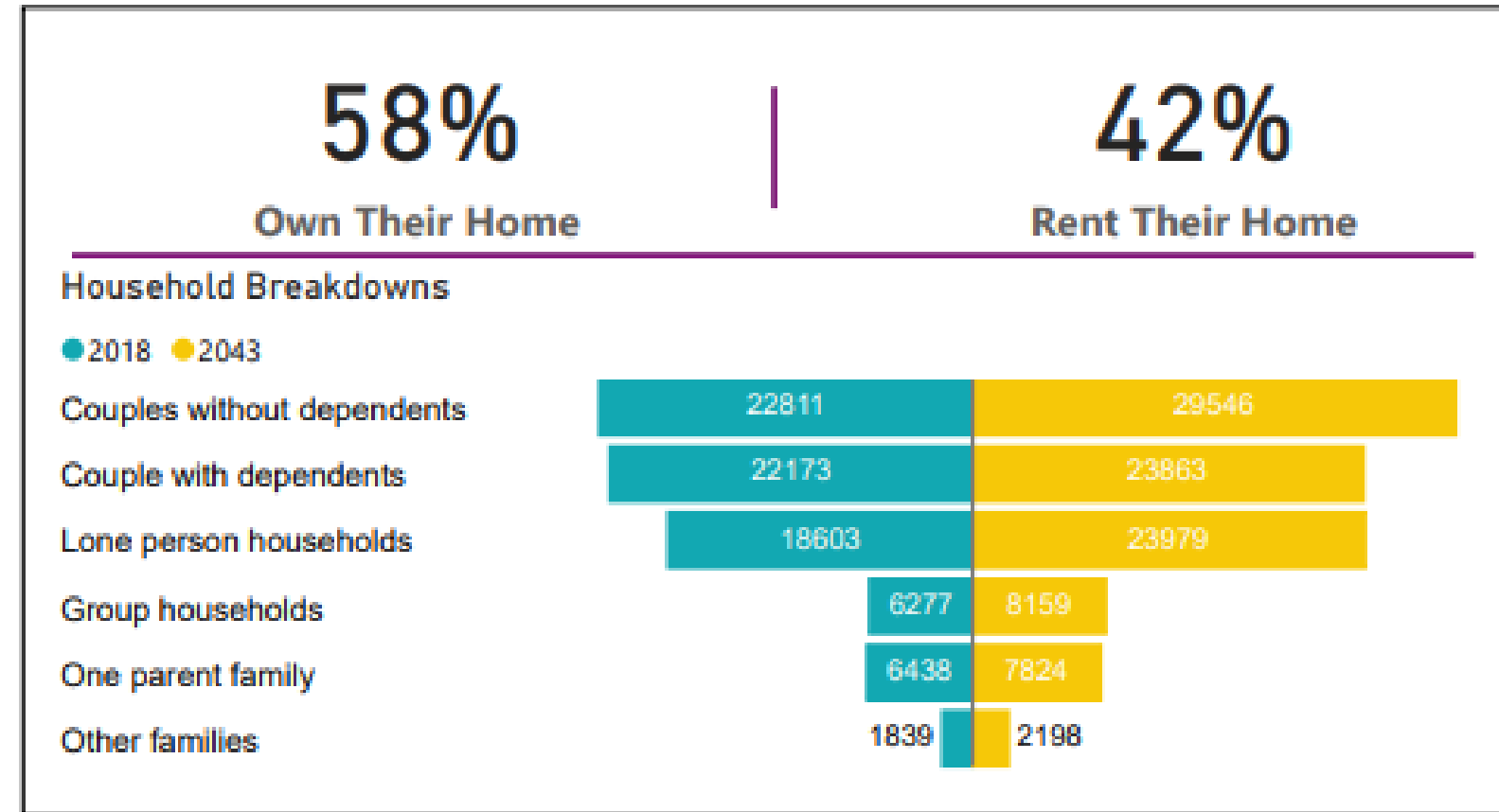
*‘not to make any changes to the Auckland Unitary Plan to include Inclusionary Zoning (IZ) but agreed to continue trying to advocate for IZ as part of central govt legislature change/forthcoming RM reform.’*



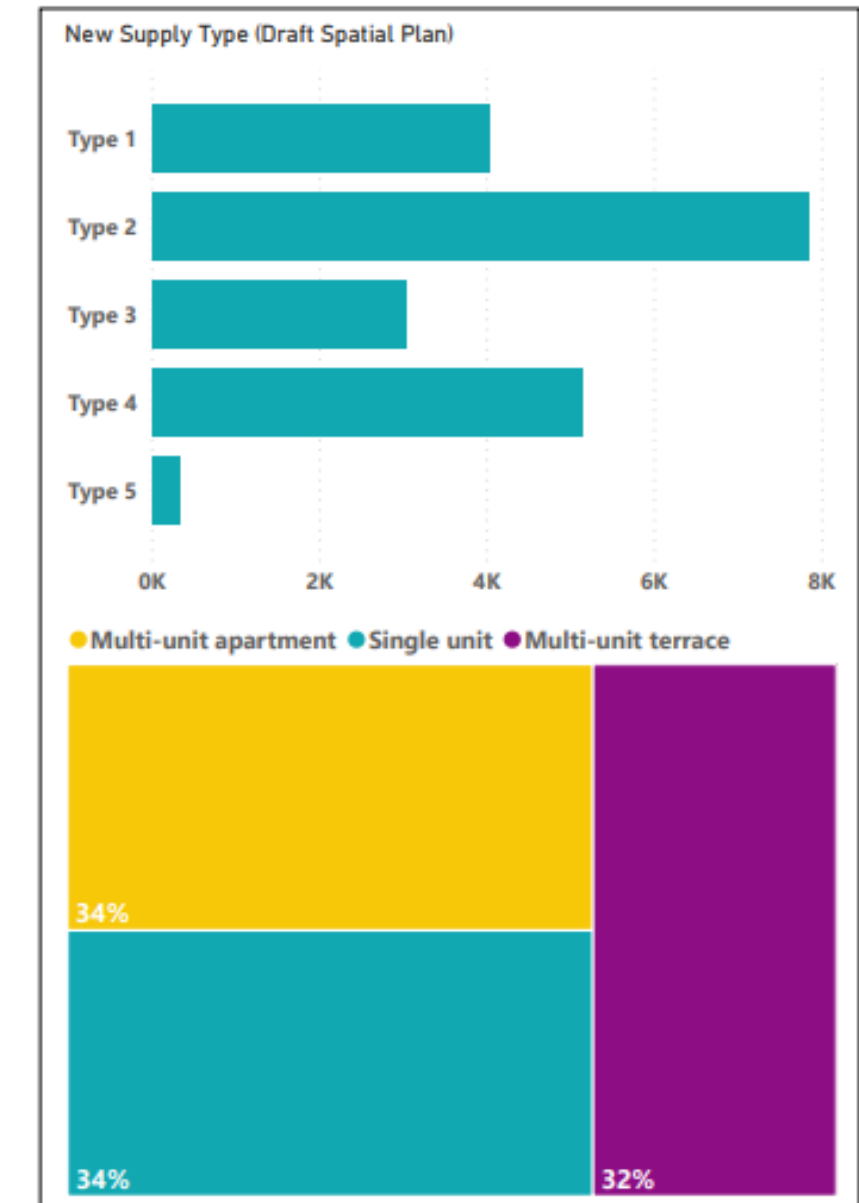
# Key Housing Choice and Affordability Findings

## Changes in household types:

- Couples without dependents and lone person households are increasing in number – indicating an **increase in demand for 1 and 2-bedroom homes**.
- At the same time, however, couples with dependents and group households still make up a significant chunk of households – so **future development needs to increase the enablement and provision of number of smaller households without significantly reducing the availability of larger homes**.



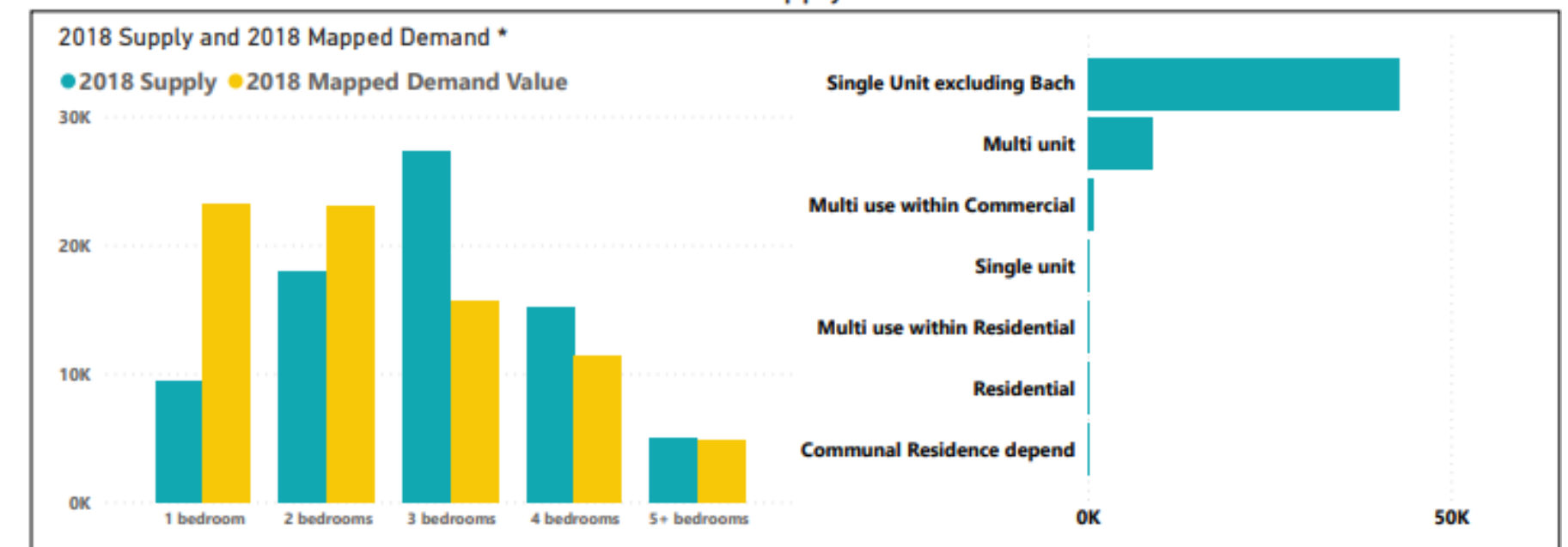
## Estimated New Supply Draft Spatial Plan



## Housing availability:

- Most suburbs have a **noticeable shortfall of 1-bedroom homes, and a smaller but still evident undersupply of 2-bedroom homes**.
- Conversely **most suburbs have an excess of 3-bedroom homes** – in many places the **supply is more than double the current demand**. In some cases this may force smaller households to buy or rent larger, more expensive homes than they need due to the lack of suitable smaller housing and oversupply of 3 bedroom homes. This **not only increases the portion of their income that these groups will need to spend on housing, but is an inefficient use of housing** in cases where people are renting / buying homes with more bedrooms than there are people (e.g. more household income being spent to access housing that isn't well-matched to housing need).
- Supply of 4 and 5-bedroom homes seem more closely matched to demand in most places.

## Supply

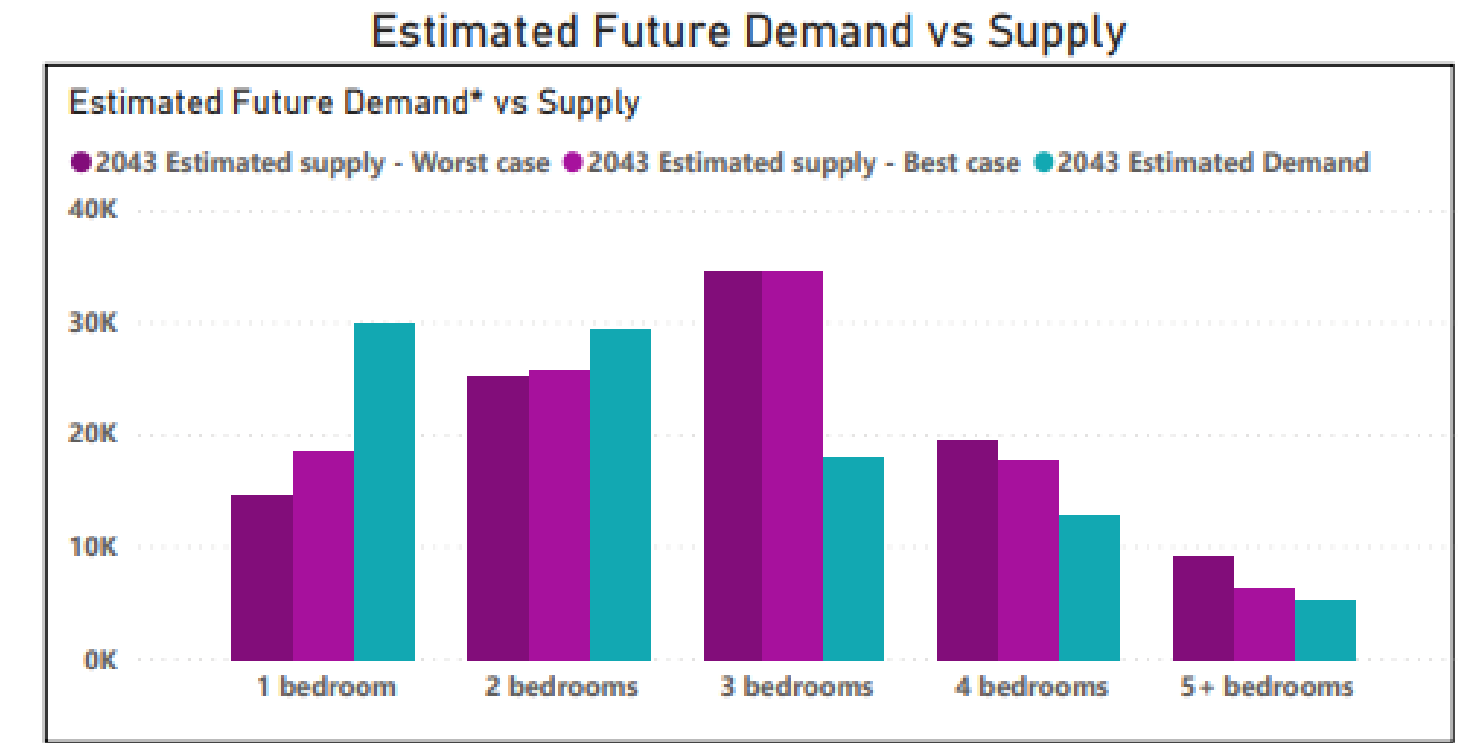




# Key Housing Choice and Affordability Findings (cont.)

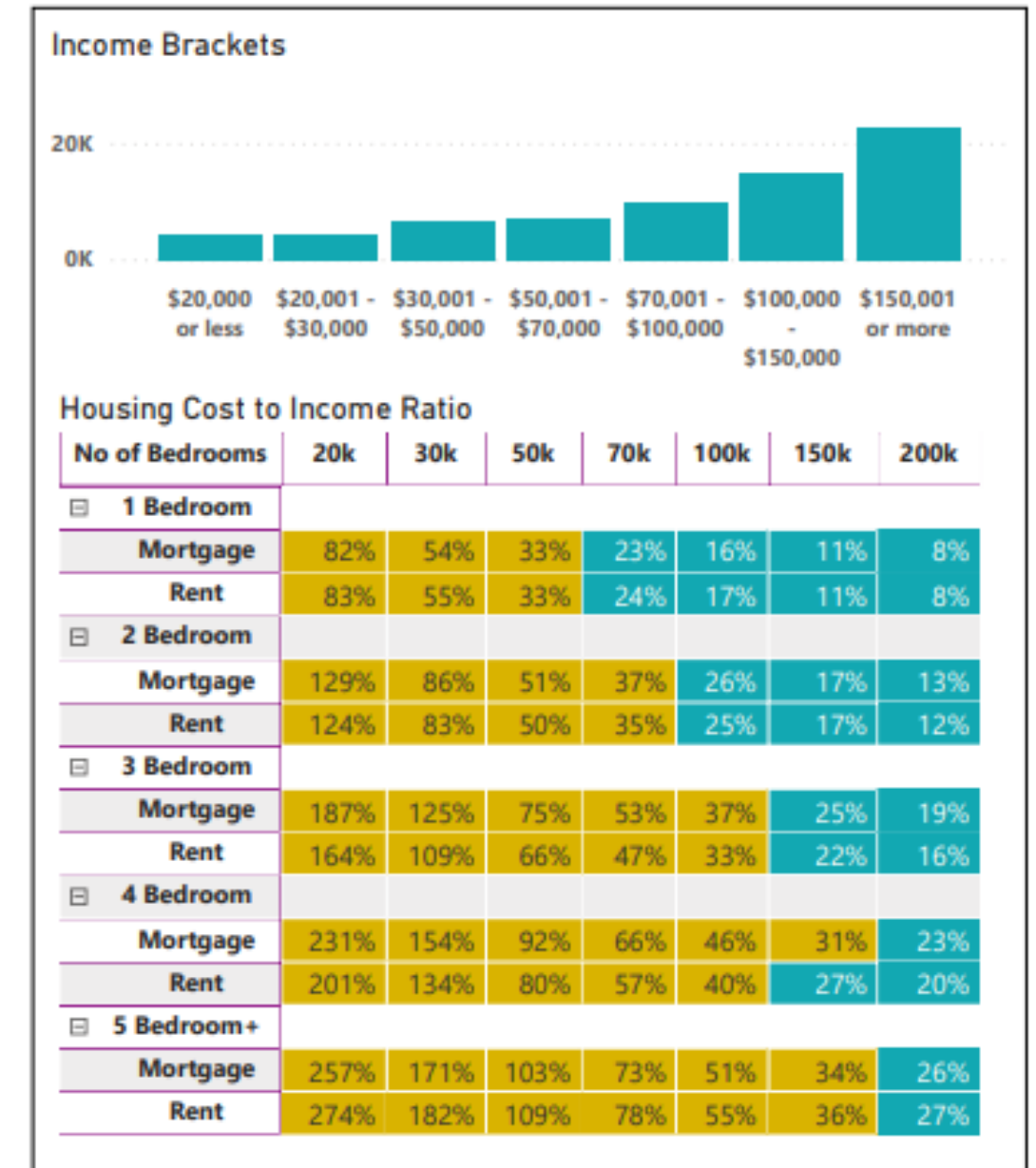
## Housing availability (cont.):

- These trends are expected to be similar in 2043, although the potential gap between supply and demand is typically projected to decrease somewhat.
- If the recommendations of the Draft Spatial Plan are implemented, the majority of new builds will likely be terraced housing and multi-unit dwellings, which has the potential to increase the proportion of smaller houses available in the local market. However, **the best-case scenario supply projections for each suburb are typically still not enough to match the projected demand for 1-2 bedroom houses.**



## Affordability:

- Housing affordability is fairly similar for renters and homeowners, although mortgage payments are typically slightly more affordable (by between 5-10%) than rent for 1 and 2 bedroom homes.
- **In almost all suburbs, all housing types / sizes are typically unaffordable for households earning less than \$50,000, and are only affordable for households earning more than \$100,000.**
- **The private housing market is unaffordable for those households earning less than \$30,000 – spending upwards of 80% of income on a 1 bed home and most larger homes are over 100% of their income.** There is a need to ensure that not only are more smaller houses being built to provide more affordable living choices, but also that housing costs become more affordable across all household sizes.
- Affordability of 3-bedroom homes is not substantially cheaper than other sized homes, despite there being such an oversupply of 3-bed homes in most suburbs. This could be because 3-bed homes are currently being rented to those who may otherwise be looking for 1 or 2-bedroom homes which better match their need. **Increasing the number of smaller homes may better match supply to need, and help ease the pressure of an unnecessary overspend of household income to access living choices that are larger and more costly than what a household actually requires.**
- In some neighbourhoods housing is particularly unaffordable – e.g. in Aro Valley even 1-bedroom homes are only considered ‘affordable’ (as a proportion of income) for those earning over \$70,000, while 2-bedroom homes are affordable for those households earning over \$100k.



\*Estimated Demand is based on the current and future projections of household groups and some assumptions on the types of houses these groups would prefer to inhabit  
 Data Sources: Forecast ID, Stats NZ, WCC, CoreLogic

# Proposed Response – Potential ‘System Approach’

Creation and establishment of an integrated ‘system approach’ that utilises a series of inter-connected interventions to plan and fund a sustained delivery of housing outcomes.



## Where to from here? – Short-to-medium-term opportunities to manage housing outcomes through the District Plan and other mechanisms

In relation to the various approaches and potential District Plan interventions identified above, the following are the key opportunities and potential next steps for consideration by the Council:

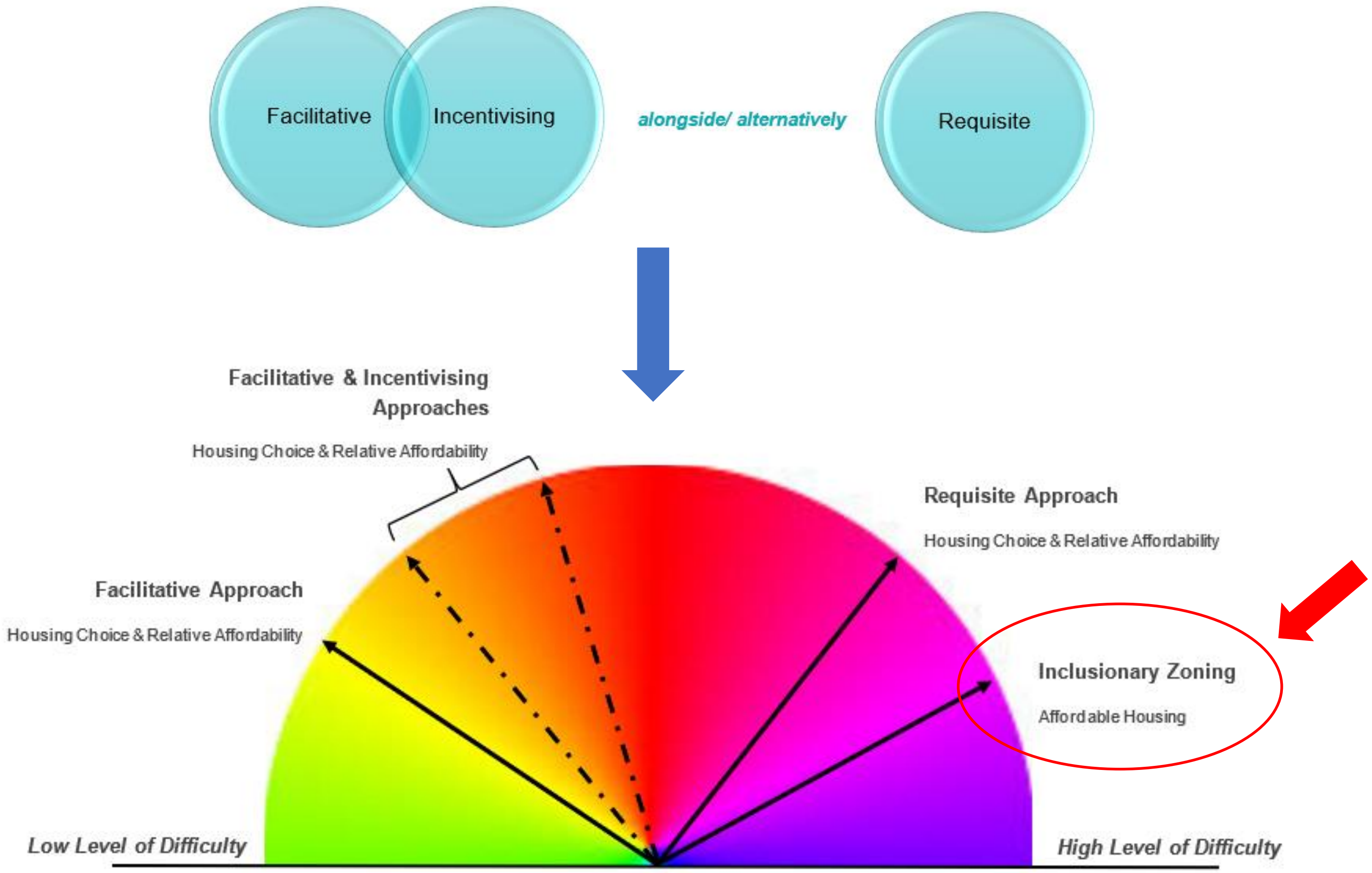
Key opportunities / next steps as part of the District Plan Review (achievable in the short-term)

Topic Area	Potential Option	Achievability timescale (years)	Housing Choice	Relative Affordability	Affordable Housing
1	<b>Land Supply/ Rezoning</b> Facilitative or requisite land supply/ rezoning opportunities to provide enablement for a wide range of housing options and choices, in various locations across the city, that seek to provide medium and higher density housing options in the most appropriate locations which are supported by key services and amenities (e.g. such as in close proximity to commercial centres and public transport hubs / facilities). Associated updates to objectives, policies, rules and standards will be required.	0 - 3	✓	✓	×
2	<b>Incentives</b> Opportunities to consider the use of incentives through District Plan provisions to promote and enable the delivery of more housing choice and relative affordability. This could take the form of provision 'bonuses' such as additional height (which may be difficult given the extent of the National Policy Statement on Urban Development's requirements on growth), non-notification, less onerous activity statuses, or financial dispensations such as reduced rates, resource consents fees or development contributions.	0 - 3	✓	✓	×
3	<b>Inclusionary Zoning</b> Development of an 'Inclusionary Zoning' mechanism through the District Plan Review process. Requiring development contributions for affordable housing as part of new development proposals is one tool that should be considered further. This would also need to be considered as part of Council's next review of their Development Contributions policy. The Queenstown Lakes Community Housing Trust case study example highlights that this is an approach which is available to the Council. Given Queenstown Lakes District Council (QLDC) are currently investigating the potential to incorporate 'Inclusionary Zoning' requirements as part of their own district plan review process there is opportunity for the Council to engage with QLDC as a means to understand the various challenges and opportunities available to Council.	0 - 3	×	×	✓

Key Opportunities beyond / outside the District Plan Review Process (achievable in the short term)

Topic Area	Potential Option	Achievability timescale (years)	Housing Choice	Relative Affordability	Affordable Housing
1	<b>Strategy and Governance</b> Investigate opportunities to pursue a similar approach to QLDC, including potentially engaging with the Mayoral Taskforce to discuss lessons and learnings from the Queenstown experience. Opportunity to develop a dedicated strategy for the delivery of affordable housing for Wellington.	1 - 3	×	×	✓
2	<b>Funding and Partnering</b> Opportunities to engage with Central Government with regards to future / alternative funding tools and approaches, including wider tax reform and opportunities in relation to Land Value Tax. Opportunities to continue engaging and building relationships with key support partners such as Community Housing Providers.	1 - 5	✓	✓	✓
3	<b>Commitment and Leadership</b> Potentially investigate opportunities for utilising Council land holdings to deliver an exemplar affordable housing project / development. Potential expansion of Council's existing role and function as a social housing provider, to also incorporate the provision of affordable housing.	1 - 5	×	×	✓
4	<b>Education and Awareness</b> Increasing knowledge and awareness in relation to affordable housing, relative affordability and choice, and options for Wellingtonians in housing need. Potential for Wellington City Council to play a key facilitator role to assist with Wellingtonians needing to navigate application and approval processes for obtaining affordable housing options.	1 - 5	✓	✓	✓

# Potential District Plan Intervention Approaches



# Next Steps – What to investigate further

1. WCC should investigate organisational appetite and confirm a clear direction for addressing housing outcomes. Each may require different DP responses (and other mechanisms), although there may be some overlap.

The following questions should be answered:

a. What are we trying to achieve

• Social inclusion	• Relative affordability	• Racial and economic diversity in neighbourhoods
• Housing choice	• Strengthened family units	• Promote balanced growth
• Affordable housing	• High quality housing that contributes to carbon zero goals	• Linking housing to essential supportive services

b. Who are we trying to help

• Low income households	• Disabled people	• LGBTQI+
• Māori & Pasifika	• Young people and students	• Key workers
• Other minority groups	• First time buyers	• Family violence survivors
• Older people	• Renters	• Refugees and migrants

c. How many / what type of DP interventions / mechanisms does this require?

d. Does it have an enduring role?

- Retained affordability - What other mechanisms would we need to have in place?

2. Answers above should be used to guide a selection of choices and process/ funding overlaps identified

3. Feasibility investigations should be progressed to support any proposed requirements within the proposed DP. This process will require consultation with stakeholders (e.g. developers and CHP's)

4. Early assimilation of housing outcome intentions with the community should be undertaken – Ideally would tie in with the District Plan Review.

# How different desired outcomes have overlap

1.

*What are we trying to achieve?*

Housing choice

Social inclusion

Affordable housing

Affordability

More than one at once?



*And/Or*

*What are we trying to achieve?*

Housing choice

Social inclusion

Affordable housing

Affordability

More than one at once?



2.

*Who are we trying to help?*

Low income households

Disabled people

LGBTQI+

Māori and Pasifika

Young people and students

Other minority groups

First home buyers

Family violence survivors

Older people

Renters

Refugees and migrants

Key workers

Does it have an enduring role?

Yes

*Who are we trying to help?*

Low income households

Disabled people

LGBTQI+

Māori and Pasifika

Young people and students

Other minority groups

First home buyers

Family violence survivors

Older people

Renters

Refugees and migrants

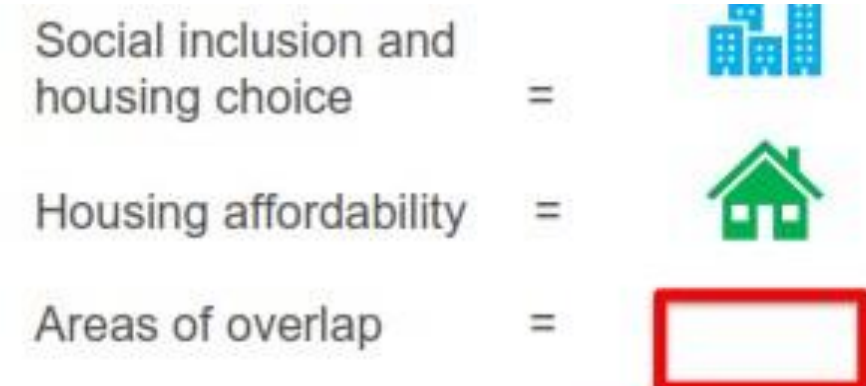
Key workers

Does it have an enduring role?

Yes

# Example: Design Choices for Affordable Housing Planning Requirements

Matrix of overlap of possible overlap in process:



Coverage	Delivery Form	Definition of Affordable	Percentage Set Aside	Retention Mechanism	Costs Offsets/ Value Uplift/ Incentives
Mandatory 	Housing 	Relative to market prices	Specific percentage e.g. 20% of total value 	Vest not for profit to retain home for rent 	Planning incentives e.g. rezoning 
Voluntary 	Land	Relative to median incomes 	Specific percentage e.g. 20% of value uplift	Vest not for profit to recycle share of capital gain 	Faster consenting 
Citywide 	Financial contribution 	Vested with public or not for profit organisations 	Determined by development feasibility	Covenant	Delayed DC's 
Select zones/ locations	On-site 	Shared ownership homes 	Determined by share of market renter households		Targeted rates
Min. development size	Off-site		Determined by overall target 		Grants 
					No cost offsets

# Beca – Proposed Roadmap of Next Steps



1. WCC organisational position on broad goals and target groups must be confirmed before recommendations on approaches and tools (and subsequent costing, risks, and effectivity) can be effectively scoped.



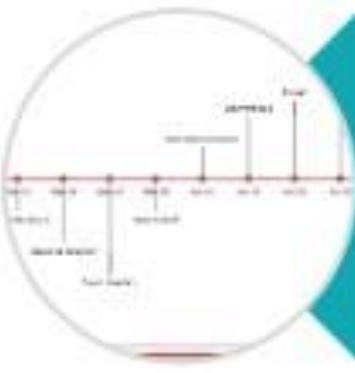
2. Developing a coherent citywide housing 'story', managing community involvement in the identification of target groups, and maximising community education opportunities through the up-coming stages of the District Plan review process will be important to prevent appeals on new housing related District Plan provisions.



3. The housing approaches and tools identified within this report will have direct and indirect implications on:

- existing Draft District Plan provisions; and/or
- proposed Development Contribution requirements; and/or
- development feasibility; and/ or
- the outputs of the Housing and Business Assessment; and/ or
- Long Term Plan funding requirements.

Once proposed housing approaches and tools are confirmed an evaluation of any implications and updates to the fore-mentioned should be considered / progressed as soon as practicable.



4. Given Wellington City Council's existing District Plan Review timeline and NPS UD requirement to implement intensification Policy 3 by August 2022, further investigation is recommended on timeline synergy (e.g. whether housing related District Plan provisions and associated mechanisms can be developed, tested, consulted, robustly evidenced, resourced, and funded within the available DP timescales – or if housing related updates to the district Plan will require an alternative timeline).



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everyday  
better.**