

Statement of Proposal for an

Affordable Housing Entity

in the Kāpiti Coast District

**Community consultation
June to July 2022**



Introduction

Housing is at the heart of creating strong communities and directly contributes to thriving environments and a vibrant local economy. Here in the Kāpiti Coast, there are significant and growing housing access and affordability issues.

Housing affordability has been identified as one of the seven focus areas in Council's recently approved Kāpiti Coast District Council Housing Strategy 2022. This includes the following action: *'explore how alternative tenure and ownership models could be incentivised or delivered in partnership with others.'*

This Statement of Proposal outlines Council's preferred option for the delivery of an affordable housing entity in Kāpiti. It also provides an overview of other options considered following research and discussions with organisations across New Zealand.

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Community consultation is open from Tuesday 7 June through to 5pm Friday 8 July 2022.

HAVE
YOUR
SAY

Have your say online at <https://haveyoursay.kapiticoast.govt.nz/affordable-housing> or by completing the form at the end of this document.

Background

Our commitment to housing

In 2021, as agreed with the community through consultation on our Long-term Plan 2021–41 (LTP), Council made the decision to ‘take a bigger role in housing’.

We are now focusing on increasing our activities to support and enable development, as well as looking at how we can contribute to improving housing options in the district.

One of the five community outcomes in our LTP is *‘our people have access to suitable quality housing in Kāpiti so they can live and thrive’*.

Our bigger role

Our recently adopted Kāpiti Coast District Council Housing Strategy 2022 (Housing Strategy), outlines the various roles the Council needs to take on to help deliver better housing outcomes for Kāpiti:

- Regulator/service provider through consenting and provision of infrastructure.
- Facilitation through advocacy to central government and connecting potential providers together.
- Funding/enabling through current asset ownership and consideration of housing provision in other projects where appropriate, such as town centres.
- As a housing provider (for example, Council owns a small number of older persons’ housing units).

Kāpiti Coast Housing Needs Assessment 2022

With growing concern around the housing and social needs of our district, Council commissioned a large-scale Housing Needs Assessment to look at what is happening, and what is likely to happen as our district continues to grow.

The Housing Needs Assessment showed that housing stress in our district is extensive and is having a domino effect that is negatively impacting a range of wellbeing outcomes (social, cultural, environmental and economic).

The lack of suitable housing is often the key issue that impacts other outcomes such as community connection, education and job security.



Kāpiti Coast Housing Needs Assessment 2022 (continued)

The Housing Needs Assessment outlines that the current market conditions are forcing existing residents to move from their homes, pushing people out of their communities. A small snapshot of data from the Housing Needs Assessment indicates the scale of the challenge:

Between 2001 and 2021:¹

House prices increased nearly four times faster than household incomes.	Lower quartile house price increased from \$130,000 to \$696,000
Rents increased approximately 40% faster than household incomes.	Lower quartile market rent is now \$432 per week

Over **88% of renters are unable to affordably purchase a dwelling at the lower quartile house price of \$696,000**, and only **5% could affordably service a mortgage associated with building a dwelling at the median market sale prices in 2021** – down from 21% in 2001.²

The Housing Needs Assessment provides an overview of solutions identified through the engagement process.³ The solutions can be grouped into three key areas:



WE NEED THE RIGHT HOUSING IN THE RIGHT PLACES.



WE NEED COORDINATION ACROSS AGENCIES.



THE PHYSICAL HOUSE AND THE WRAP-AROUND SERVICES REQUIRED TO MAKE SOLUTIONS LAST ARE BOTH ESSENTIAL.⁴

Currently, there is much more demand for social housing than there is social housing available.

In Kāpiti, the average time to house people in a Kainga Ora home in 2021 is 231 days.⁵ The Kāpiti Coast Housing Needs Assessment 2022 outlines:



There are **190 people on the public housing wait list**, but the need appears to be dramatically higher.



50 adults and 40 children are living in emergency housing.



200 people are living in boarding houses.⁶

¹ The Urban Advisory. 2022. *Not just a house, a life* (page 12). kapiticoast.govt.nz/your-council/projects/housing/housing-needs-assessment

² *Not just a house, a life* (page 40).

³ *Not just a house, a life* (page 101).

⁴ *Not just a house, a life* (page 101).

⁵ Ministry of Social Development

⁶ *Not just a house, a life* (page 91).

Learn more about the Housing Needs Assessment at kapiticoast.govt.nz/housing.

Kāpiti Coast Housing Strategy 2022

Our recently approved Kāpiti Coast District Council Housing Strategy 2022 outlines the Council's housing vision and objectives, the various types of roles Council can play, and actions for the short, medium and long term. This will enable us to prioritise investment and capitalise on partnership opportunities, manage risk and coordinate our housing response across other areas of our work.

One of the five key objectives in the Housing Strategy is 'there are a range of healthy and affordable homes for all Kāpiti residents'. Its purpose is to ensure there is a sufficient supply of social and affordable housing (rental and owner-occupied) to meet demand.

Objective **HEALTHY & AFFORDABLE**



There is a range of healthy and affordable homes for all Kāpiti residents¹

Housing Affordability is a key focus area in the Housing Strategy with an action to 'explore how alternative tenure and ownership models could be incentivised or delivered in partnership with others (e.g., build to rent, community land trust or leaseholder arrangements)'. This aligns with recommendations made in the Housing Needs Assessment and is the subject of this Statement of Proposal.

The Housing Strategy determines 'affordable housing' to be based on a household spending no more than 30% of their gross household income on housing costs (rent or mortgage). This is aligned with the measure used by the Ministry of Social Development.

Learn more at kapiticoast.govt.nz/housing.

Te tupu pai – Growing well

Our growth strategy, *Te tupu pai – Growing well*, sets out a vision and road map for how the district will grow sustainably over the next 30 years. This is to be done through encouraging well-planned development in the district and is a medium- to long-term response to the additional 32,000 people we expect to be living in the district by 2051.

Learn more at kapiticoast.govt.nz/growth-strategy

Draft plan change 2: Intensification

We recently consulted on the draft District Plan change to meet new Government requirements to enable more medium density housing and higher development in local and town centres to help address the district's housing shortage.

Learn more at kapiticoast.govt.nz/district-plan

¹ The Kāpiti Coast District Council Housing Strategy 2022

kapiticoast.govt.nz/your-council/projects/housing/our-role-in-housing/#Housing

Reasons for the proposal

What's our role?

We understand that housing is a complex issue and not solely the responsibility of any one organisation or sector. Council doesn't hold all the solutions to the housing crisis, but we can play a part and help others do the same. Council can partner with other agencies and sectors, and work with developers and community agencies, to support the delivery of a greater range of housing options for Kāpiti.

The proposal is in response to the following action identified in our Housing Strategy: *'Explore how alternative tenure and ownership models could be incentivised or delivered in partnership with others, for example, build to rent, community land trust or leaseholder arrangements.'*

Alongside this action in the Housing Strategy, the Council has an ongoing programme of strategic property purchases to support the growth and development of our district – part of our enabling role. This means we can be an active contributor to housing development partnerships by contributing capital, via land.

We also understand that alternative tenure options and ownership models such as rent-to-own and shared equity offer a step into secure affordable housing outside conventional public or private housing options.¹ An affordable housing entity has been considered to support the delivery of these options in a way that Council cannot.

One way of ensuring we have the necessary skills and expertise to support the delivery of our housing objectives is to set up an affordable housing entity, such as an independent community land trust.

Council owns and manages a portfolio of 118 older persons' housing units. This is a key focus area of our Housing Strategy, with an action to *'review existing Council older person housing land and other Council land to see if additional social housing can be built'*.

Council's older persons' housing is **not part of** this consultation. A separate review will be undertaken, which will include stakeholder engagement and public consultation.

¹ Kāinga Ora. (2020). *Diversifying the housing ecosystem: A case for change*.

Objectives

With a range of possible entities to assist with the delivery of affordable housing, it was important that Council was clear about its key objectives. The following objectives were developed for the entity and confirmed by Council:

- The entity can be established and/or operated in partnership with iwi and other partners.
- The entity is able to qualify for government funding and support.
- The entity is able to operate with a degree of independence and has access to necessary specialist skills and experience.
- The entity can provide affordable rentals and affordable housing ownership options to the local community.
- The entity is able to operate with financial sustainability over the long term.
- Any returns are to be reinvested into affordable housing.



Our preferred option

Our preferred option for an affordable housing entity in Kāpiti is the establishment of an **independent community land trust** that, along with Council, can partner with other organisations to deliver housing solutions and **support existing providers** to improve housing outcomes.

An independent community land trust (CLT) can partner with iwi and other organisations to deliver housing solutions and support existing providers, to improve housing outcomes in Kāpiti.

A CLT can hold land, transferred to it from Council or acquired on its own, for the purpose of delivering affordable and social housing. The CLT can use this land to create affordable housing solutions in partnership with community housing providers (CHPs) that can develop housing on the land. A CLT can also provide support to iwi and existing CHPs to deliver affordable housing options in our district.

Over time, the CLT could become a registered CHP, if it is able to meet the government's eligibility criteria and performance standards.

A **community land trust (CLT)** is an independent, not-for-profit organisation governed by a board of trustees made up of iwi, community residents and professional representatives with the purpose of providing permanently affordable housing opportunities for families and communities.

A **community housing provider (CHP)** is a not-for-profit organisation that meets housing need through a range of affordable rental and home ownership options and provides relevant wraparound services. An organisation must undergo a registration process to become a CHP which can take up to 24 months to complete.

Our preferred option

An independent CLT is the preferred option as it enables Council to provide support for immediate housing outcomes with existing partners and providers while, at the same time, establishing a trust to ensure a long-term focus on helping deliver a range of affordable housing options for the Kāpiti Coast.

A significant advantage of being a registered CHP is unlocking access to the Government's Income-Related Rent Subsidy (IRRS), which has been critical for other trusts across the country to achieve financial sustainability. It helps to bridge the gap between the cost of providing affordable housing rentals, and the rent that its tenants can pay. This subsidy is not available to council or council owned and controlled entities.

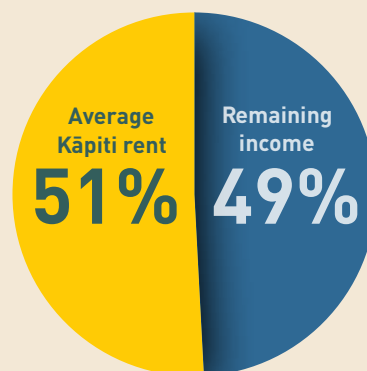
The **Income-Related Rent Subsidy (IRRS)** is a payment made by the Ministry of Housing and Urban Development (HUD) to Kāinga Ora – Homes and Communities and registered Community Housing Providers (CHPs) to cover the difference between rent paid by the tenants and the market rent for the property.

The amount of rent public housing tenants pay is generally set at 25% of their income.¹

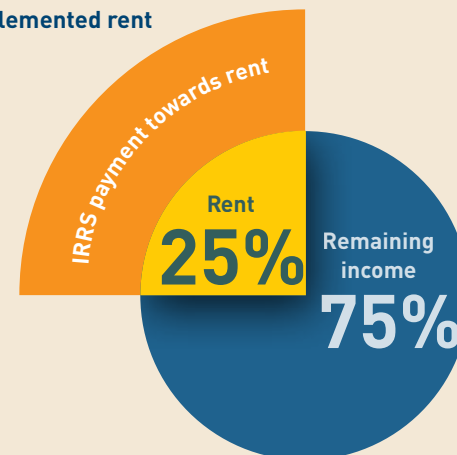
Social housing rental example²

Both scenarios: couple with 2 children and \$40,000 annual income.

Market rent



IRRS supplemented rent



Income thresholds for financial assistance are lower than the eligibility for public housing so not all people will qualify for financial assistance. Because of this, no accommodation supplement has been included in the income for the IRRS supplemented rent example. The maximum accommodation supplement has been considered in the market rent example.

¹ Source: hud.govt.nz/community-and-public-housing/increasing-public-housing/funding-for-new-public-housing-places/income-related-rent-subsidy

² Source: Mitchell I. et al. (2022). Research Report: Housing demand and need in Kapiti Coast District (Page 142). kapiticoast.govt.nz/your-council/projects/housing/housing-needs-assessment



Advantages of the preferred option

This preferred option combines the benefits a CLT can provide, with a focus on the Kāpiti Coast, and importantly allows us to continue to work with and support other providers in the district.

- A trust would be able to partner with iwi and other organisations to deliver housing solutions in Kāpiti.
- A trust can be structured to enable it to offer a wider range of housing services and tenure models.
- This option has the potential to deliver results sooner, by supporting already established CHPs and incentivising them to operate in the district.
- Once established, the trust could work with existing CHPs and be able to offer partnering and supporting options, as well as continuing to coordinate across the district to avoid duplication of effort.
- A trust would be able to access a wider range of funding sources, including the IRRS, if it registered or partnered with a CHP.

Relationship with council

To establish a CLT, a Trust Deed would be developed, which sets out the purpose and objectives of the trust to ensure it is focused on the intended purpose.

The Council would have no direct control over an independent CLT compared with a Council business unit or council-controlled organisation (CCO) model. A Memorandum of Understanding, between Council and the CLT, would guide how the two parties work together and make sure there is a shared understanding of issues and focus areas.

Other options considered

We considered various options for delivery of an affordable housing entity, following research and discussion with iwi, Community Housing Providers, Trusts, central government agencies and other councils from around the country.

From this research, four key options were identified for further review:

1. Establish a council-controlled organisation (CCO) focused on the delivery of affordable housing.
2. Establish an independent community land trust (CLT) to help deliver affordable housing.
3. Take a supporting role only with existing organisations to improve housing outcomes.
4. Establish an independent community land trust (CLT) to help deliver affordable housing options and take a supporting role with existing organisations to improve housing outcomes.

A CCO entity (option 1)

This option would involve the establishment of a council-controlled organisation (CCO) to provide affordable housing, like Hutt City, which has Urban Plus, a CCO that develops property.

A CCO focused on the delivery of affordable housing could develop houses on land transferred to it, or contract with developers to deliver housing.

Under a CCO entity, the assets and liabilities of the CCO would be on the balance sheet of Council.

A major limitation of the CCO option is that a CCO is unlikely to be able to access central government funding such as the IRRS. This payment helps cover the difference between rent paid by public housing tenants and the market rent for the property. The IRRS is not currently available to councils or CCOs (which are not seen as independent from Council).

A **council-controlled organisation (CCO)** is an entity owned or controlled by a council (or councils). The council would own more than 50% of the shares or has more than 50% of the voting rights. CCOs operate at arms-length from parent councils and have an independent board, appointed by the parent council.

Through the consultation on the Long-term Plan 2021–41, the community supported the establishment of a CCO, with further consultation to occur when Council identifies an activity that could be managed by a CCO. While staff identified that the establishment of a CCO does not meet the objectives of an affordable housing entity for Kāpiti, Council will continue to consider the establishment of a CCO for other purposes.



Establish an independent community land trust to help deliver affordable housing (option 2)

and

Take a supporting role only with existing organisations to improve housing outcomes (option 3)

Council reviewed these two options separately. It was agreed that combining these two options (option 4) was a more strategic and flexible approach that will enable us to deliver the right housing solutions for the community.

Summary

Each of the other entities considered have advantages and disadvantages, but none of them on their own would meet all the objectives sought for an affordable housing entity, given the known immediate need from the Housing Needs Assessment and Housing Strategy.

The combination of establishing an independent community land trust and supporting iwi partners and existing community housing providers to deliver housing outcomes in Kāpiti is seen as making the greatest contribution to our stated objectives.

Consultation process & share your views

The lack of affordable housing is a major issue affecting many people in the district. The views of our community are important to us and we want to know what you think.

As local government elections will be held in late 2022, the consultation process will be in two stages so that the newly elected Council will hear from submitters before making a decision.

The consultation timeline is outlined below:

Consultation opens	Tuesday 7 June
Consultation closes	5pm Friday 8 July
Staff analysis and review of submissions	August – September
Hearings by new Council (post local body elections)	New Council triennium
Submission analysis presented to new Council for decision	New Council triennium

How to find out more and share your views

Want more information?

This document is designed to give you an overview of potential affordable housing delivery entities for the Kāpiti Coast District, and provide detail on our preferred option of a combination of establishing a community land trust and supporting iwi partners and existing community housing providers to deliver housing outcome. There's more supporting information available to help your decision making. If you would like to read more, see haveyoursay.kapiticoast.govt.nz/affordable-housing.

Have a question?

There are a lot of complex matters involved in deciding on the best affordable housing delivery entity. If you have a specific question, please email haveyoursay@kapiticoast.govt.nz and we will do our best to answer it.

Want to chat?

You can talk with councillors about the proposed approach:

- online through their Facebook page
- via email – contact details can be found at kapiticoast.govt.nz/elected-members

How to share your views

- Online – go to haveyoursay.kapiticoast.govt.nz/affordable-housing and use the online form.
- On paper – fill out the form in this section and either:
 - drop it to one of our libraries or service centres
 - post your completed submission (to arrive by 5pm Friday 8 July 2022) to:
 Freepost Authority Number 166326
 Kāpiti Coast District Council,
 Private Bag 60601, Paraparaumu 5254
 Attention: Affordable housing consultation
- scan and email it to haveyoursay@kapiticoast.govt.nz.
- In person – there will be an opportunity to present your submission to Councillors in the new Council triennium (date to be confirmed). Complete the section at the end of the submission form if you would like to speak.

Submission form

Please give your feedback online at haveyoursay.kapiticoast.govt.nz/affordable-housing or fill out this form below and get it to us – see page 13 for options.

We need to receive your feedback by 5pm Friday 8 July 2022

Council is proposing to establish an independent community land trust that could partner with iwi partners and other providers to deliver affordable housing outcomes.

Do you support this proposal?

☐ **Yes**

☐ **No**

If **yes**, why?

If **no**, why?

If you have any other feedback on this topic, please comment here:

Do you wish to present your submission to Council?

☐ **Yes**

☐ **No**

Your Details

First name
Last name
Address
Email

Iwi affiliation

(optional)

If you identify as Māori, do you wish to state the iwi with which you identify?

If so, please tick all that apply.

- ☐ Ngāti Raukawa ki te Tonga
- ☐ Te Ātiawa ki Whakarongotai
- ☐ Ngāti Toa Rangatira
- ☐ Other iwi or hapū *(please state):*

Individual or organisation feedback

(please tick one)

Are you providing feedback:

- ☐ as an individual
- ☐ on behalf of an organisation

Please state organisation name:

- ☐ Please tick if you would like to be kept informed on the final outcome of this consultation and future work related to housing.

Publishing feedback

Your submission may be published on the Council website and provided in hard copy at our libraries and service centres. If you are providing feedback as an individual and you do not wish to have your name included when feedback is published, please tick below.

- ☐ I do not want my name published with my feedback.

If feedback is from an organisation, the organisation name will be included.

What happens to your feedback and personal details?

Councillors will consider your feedback as they make decisions on a final affordable housing delivery entity.

Personal information will only be used for the purpose it was collected for, in accordance with the Privacy Act 2020.

Share your views in person

(optional)

If you wish to present your submission to Council, please provide your contact details so we can arrange you to speak at a Council meeting (date to be confirmed, note timeline on page 13). You can come to a meeting or present via Zoom.

Phone
Email

The meetings will also be live-streamed.

