



Nelson Housing Accord

Nelson Housing Accord (the Accord)

1. This Accord between Nelson City Council (the Council) and the Government is intended to result in increased land supply for housing and therefore improved affordability of homes in Nelson.

Background

2. An adequate supply of land for housing and housing affordability are key elements in maintaining a well-functioning, dynamic district with a strong economy and healthy communities. Nelson is experiencing issues around the affordability of housing. While supply of zoned land is being maintained subject to servicing, the availability of land parcels in locations and at a rate that might influence affordability is a matter for consideration.
3. Nelson City has a steady demand for new housing due to both a growing population, driven by positive net migration and natural increase (more births than deaths), and an ageing population, which is driving a trend towards more one and two-person households. Nelson's population experienced an average annual growth rate of 1.3% between 2006 and 2016, and projections are for the population to grow by 0.7% annually over the next ten years. Home ownership rates have remained stable over the last decade, at 68% of households.
4. As indicated in the National Policy Statement on Urban Development Capacity (2016), the main Nelson Urban Area (which includes Richmond and Hope), is classified as a medium growth area. The Nelson City Council is therefore required to ensure there is sufficient development capacity to meet projected demand for both residential and business land, as well as providing an additional margin of feasible development capacity.
5. The urban area of Nelson is geographically compact and new residential development is constrained by topography of hills, valleys and coastal areas. Much of the urban area is subject to natural hazards such as flooding, earthquakes, and inundation from the sea. Nelson currently has residential zoned land with capacity for at least an additional 5,700 dwellings, although a significant proportion still requires infrastructure servicing.
6. Nelson has experienced housing affordability issues in recent years with the ratio between Nelson house prices and wages remaining relatively high¹. This means house prices have been at least five times annual wages. It is generally accepted that a ratio of three or less is a good marker for housing affordability.
7. The Council and Government agree that joint action is needed to improve housing supply and affordability in Nelson.
8. This Accord is part of the Government's housing affordability programme,

¹ This information is from <https://www.interest.co.nz/property/house-price-income-multiples> , an independent financial research service.

which includes initiatives to address:

- The supply of land available for residential purposes.
The efficiency and timeliness of the provision of infrastructure to new development.
The cost of construction materials.
Compliance costs.
Productivity in the construction sector.

Purpose

9. This Accord will provide the basis for collaboration between the Government and Council to support an increase in housing and improve housing affordability in Nelson.
10. This Accord recognises that by working collaboratively the Government and the Council can achieve better housing outcomes for Nelson.
11. The parties acknowledge that improving housing affordability is a complex issue and requires consideration of wider issues, not all of which will be able to be addressed under this Accord.

Priority Actions

12. This Accord is a tool to facilitate development aligned with the Council's policy and regulatory framework including the Nelson Resource Management Plan and the Long Term Plan. This framework includes initiatives to:
 - Enable a mix of housing types, including more affordable homes
 - Encourage developers through a package of incentives to prepare their land and build houses more quickly than has been the case over the last three years. (Note: developers do not necessarily build houses but the generic term "developers" in this Accord is also intended to cover housing companies.)
 - Increase developer confidence in the Council to encourage a more collaborative approach between the Council and developers that results in a commitment to bring a continuous supply of land and houses to the market over the long term.
 - Better align public infrastructure investment and private sector housing development.
13. The Council will work collaboratively with the Tasman District Council should any areas for potential housing development be identified by either Council across territorial boundaries or be serviced by infrastructure from the other Council.

14. Under this Accord the Government and the Council agree to:

Aim	Actions	Commitments
<p>Increase the supply and affordability of housing in Nelson with a particular preference for development in existing urban zoned land (residential, city center and suburban commercial zones) that are either serviced or planned to be serviced through projects included in the Long Term Plan.</p>	<p>Encourage developers to subdivide and prepare their land and build houses following release of serviced urban zoned land more quickly than has been the case over the last three years.</p> <p>Encourage housing developments to provide for a mix of house types and homes that can be sold at different price points.</p> <p>Maintain an appropriate supply of undeveloped zoned and serviced land for residential development to ensure a healthy degree of competitive pressures amongst developers, and in accordance with the requirements under the NPS Urban Development Capacity.</p> <p>Encourage the infill or redevelopment of suitable urban zoned land to yield greater density of new dwellings that may be more affordable.</p> <p>Review planning provisions for residential living in Nelson to provide greater flexibility around housing choices.</p>	<p>The Council will progress actions to encourage faster development of serviced urban zoned land</p> <p>The Council will consider mechanisms which may include differential rating and development control powers to speed up supply and improve affordability.</p> <p>The Council will review the Nelson Resource Management Plan to ensure it responds appropriately to development demand by delivering the framework to allow increased housing supply and housing choice.</p> <p>The Council will review the Long Term Plan to ensure that the infrastructure projects needed to ensure the efficient development of urban zoned land for housing supply occurs to match predicted demand, as required by the NPS Urban Development Capacity.</p> <p>The Council will continue to collaborate with the residential development community to exploit opportunities to utilise already urban zoned and serviced land that is suitable for increased density of more affordable new dwellings.</p>
<p>Have a constructive relationship with developers, balanced by the need to retain financial prudence and process integrity.</p>	<p>Monitor resource and building consenting processes to ensure that they are efficient and do not create unnecessary delays to development.</p> <p>To engage early in pre-application discussions particularly to address servicing and design needs and implications through the Major Projects Team and other initiatives.</p>	<p>The Council will establish a Developer's Forum for the purpose of discussing issues of common interest.</p> <p>The Council will seek further opportunities to manage regulatory processes so that it can better anticipate and facilitate residential developments that contribute to the supply of affordable housing.</p>

Special Housing Areas

15. Upon commencement of this Accord, the Council will have the ability to recommend the creation of Special Housing Areas to the Minister for Building and Housing under the Housing Accords and Special Housing Areas Act 2013 (the Act). If the Government agrees, the recommended Special Housing Areas could be established by Order in Council, enabling the Council to access the powers available under the Act for consenting.

Targets

16. The Council and Government agree on the importance of targets to give effect to the purpose of this Accord. Both parties to the Accord accept that the targets are, necessarily, ambitious to meet Nelson's housing needs.
17. These targets will be achieved through a combination of private sector development, direct Council and Government action and through collaborative action with other agencies. The targets will need to be achieved mainly by private housing developers, notwithstanding Council has an active role in making serviced land available for housing. This Accord is about enabling private investment in housing and will require both Council and Government to work closely with the development and housing sector. Council and Government further agree within their respective areas of control to endeavour to achieve the agreed targets within the timeframe of this Accord.
18. The agreed medium-term targets are:

Housing Supply	Baselines		Previous Accord		Aspirational Targets		
	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	Year1 2017/ 2018	Year2 2018/ 2019	Year 3 2019/ 2020
Yield of serviced residential lots (titled) from residential zoned land	119	111	100 (125) actual	100	150	150	150
Total dwellings consented	240	170	240 (180) actual	240	300	300	300

Note: The targets above will be measured against Council gathered and publicly available information as appropriate. Baseline and aspirational targets are for the period 1 July to 30 June. Data for July to December 2016 indicate Nelson is currently on track to achieve an annual total of 152 new residential lots and 258 new dwellings consented.

19. Achieving the targets for dwellings will meet projected short-term residential demand of an average of 300 dwellings a year. Statistics New Zealand population projections assume Nelson's relatively high recent net migration gains (500 extra residents each year) will continue in the short-term but, beyond 2018, net migration gains are projected to be maintained at the long-term average (300 residents/year).

Factors Outside Scope

20. This Accord does not limit the Council, or the Government, coming to differing positions in respect of Government programmes of reforms to the Resource Management Act or other legislation. The Government welcomes submissions from Council at the appropriate stages in the process.

Governance and Processes

21. Governance of this Accord will rest with a Joint Steering Group comprised of the Minister for Building and Construction and the Mayor and Deputy Mayor of Nelson. The Joint Steering Group has the ability to amend this Accord, including targets, upon agreement. The targets shall be reviewed annually, subject to reports on progress and the state of the building/construction sector.
22. To operate this Accord, the Council and Ministry of Business, Innovation and Employment will establish an Officials Working Group, which will meet and form sub groups as it deems necessary to advance the implementation and meet the objectives of this Accord.
23. This Officials Working Group will report to the Joint Steering Group at least biannually and will prepare any progress or monitoring reports requested by the Joint Steering Group.
24. The Joint Steering Group will meet at least once every six months to review the progress in implementing and achieving the targets of the Accord. A full review of the effectiveness of the Accord and actions taken under it will be carried out after its first 12 months of operation.

Monitoring and Review

25. In order to ensure that the purposes and targets of this Accord are achieved, the Joint Steering Group will monitor and review the implementation and effectiveness of this Accord. In order to do this officials will meet as appropriate to:
 - Review progress in implementing the Accord.
 - Review progress towards the Accord targets.
 - Discuss and agree other areas of joint action or information sharing.

Commencement of the Accord

26. This Accord will take effect from the date of ratification by the Council.

Dispute Resolution

27. Prior to either party exercising the right to terminate this Accord under clause 27, the parties agree that they shall first comply with the dispute resolution process set out in clause 26.

28. The dispute resolution process is as follows:

- The initiating party must immediately, and in writing, bring the dispute to the attention of the other party.
- The Joint Steering Group must hold an initial meeting for the purposes of resolving the dispute within 10 business days of the dispute being brought, in writing, to the attention of the non-initiating party.
- If, for any reason, the Steering Group is unable to resolve the dispute in the initial meeting, the Steering Group must reconvene for the purpose of resolving the dispute within 20 business days of the date of the initial meeting.
- If the Steering Group remains unable to resolve the dispute at the second meeting then either party may elect to terminate the Accord in accordance with clause 27.
- Pending final resolution of the dispute the parties must continue to perform their obligations under this Accord as if a dispute had not arisen.

Termination of the Accord

29. Subject to first complying with the requirements of clauses 25 and 26, either party may terminate this Accord, on any of the grounds set out in clause 28, by giving not less than three (3) months notice to the other.

30. The grounds on which this Accord may be terminated are:

- Failure to reach the agreed targets as set out in the Accord, whether the failure results from inaction or ineffective action;
- Failure on the part of the Council to exercise the powers and functions of an Authorised Agency under the Act;
- The parties agree that there is an irretrievable breakdown in the relationship. Notwithstanding any other provision of this Accord, the parties agree that clauses 25 and 26 shall not apply to a termination on this ground; or
- Nelson is removed from Schedule 1 of the Act, in accordance with that Act (e.g. if Nelson no longer meets the affordability and land supply criteria provided for under that Act).

31. The Accord will terminate on 16 September 2021 if not already terminated by either party. In the event that notification of termination is given by either party, the Accord will terminate three months from notification or on 16 September 2021, whichever comes first.

Publicity

32. The Mayor and the Minister for Building and Construction agree that any communications or publicity relating to this Accord will be mutually agreed prior to release.

Ratification

33. The Accord, signed below in agreement to its terms and objectives is subject to ratification by the Council.

Signed on this

13th

day of

June

2017



Hon Dr Nick Smith
Minister for Building and Construction



Rachel Reese
Mayor of Nelson