



Briefing

Engaging with mayors to accelerate the identification of land			
Date:	12 May 2021	Security level:	In Confidence
Priority:	High	Report number:	BRF20/21040920

Action sought		
	Action sought	Deadline
Hon Dr Megan Woods Minister of Housing	Note the contents of this briefing	20 May 2021

Contact for discussion				
Name	Position	Telephone		1st contact
Anne Shaw	Deputy Chief Executive, Housing Supply, Response and Partnerships, Ministry of Housing and Urban Development	s 9(2)(a)		✓
Nick Maling	General Manager National Services, Kāinga Ora – Homes and Communities			
Bronwyn Hollingsworth	Kaiaki, Housing Supply, Response and Partnerships, Ministry of Housing and Urban Development	04 832 2592		

Other agencies consulted
Kāinga Ora – Homes and Communities

Minister's office to complete

<input type="checkbox"/> Noted <input type="checkbox"/> Seen <input type="checkbox"/> Approved <input type="checkbox"/> Needs change <input type="checkbox"/> Not seen by Minister <input type="checkbox"/> Overtaken by events <input type="checkbox"/> Declined <input type="checkbox"/> Referred to (specify) <hr/>
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<p>Comments</p>
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Date returned to HUD:



Briefing

Engaging with mayors to accelerate the identification of land

For: Hon Dr Megan Woods, Minister of Housing

Date: 12 May 2021

Security level: In Confidence

Priority: High

Report number: BRF20/21040920

Purpose

1. This briefing recommends a list of mayors to engage with to accelerate the identification of vacant council land for housing. It also provides you with suggested talking points and place-based context to support your engagement.

Recommended actions

2. It is recommended that you:
 1. **Note** we recommend you engage with mayors in Napier, Palmerston North, Nelson, Whanganui, and the Hamilton-Waikato Metropolitan area because historic delivery of new builds has been challenging in each location
 2. **Note** Rotorua, Tauranga, Whangarei, and Hastings have been excluded because of the significant work already underway in those locations
 3. **Note** officials are available to offer further advice and to support you at any meetings/forums you may wish to undertake with mayors or local authorities
 4. **Note** officials will report back to you on development options and next steps where vacant council land is identified
 5. **Note** HUD and Kāinga Ora will provide you quarterly reporting about progress and opportunities to deliver new build housing with councils, including where you can help address any council-related barriers or constraints we are experiencing.

Noted

Noted

Noted

Noted

Noted



Anne Shaw
Deputy Chief Executive, Housing Supply,
Response, and Partnerships

12 PS/21



Nick Maling
Deputy Chief Executive, Kāinga Ora –
Homes and Communities

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Hon Dr Megan Woods
Minister of Housing

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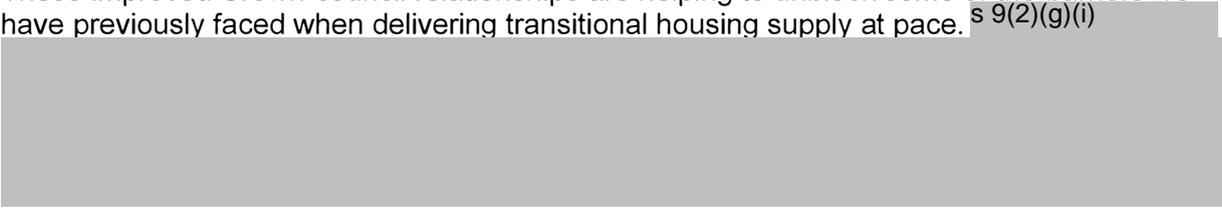
Background

3. Te Tūāpapa Kura Kāinga – The Ministry of Housing and Urban Development (HUD) and Kāinga Ora – Homes and Communities (Kāinga Ora) are working at pace to deliver a robust pipeline of new build public and transitional homes.
4. Accessing suitable land in the right places is critical to the development of this pipeline and is the biggest challenge we face when seeking to build pace and scale. You asked officials to look at opportunities for engagement where you can support build activity. This briefing responds to that request.
5. Local and regional councils are responsible for managing significant areas of New Zealand's publicly owned land. The main purposes councils own land are reserves (parks and recreation and cemeteries), for utilities (gas, water, and electricity infrastructure), and for specific purposes (housing or landfill sites).
6. A key reason councils would not redevelop vacant council land is the potential for negative community reaction, particularly where social housing is involved. HUD and Kāinga Ora have greater experience here in dealing with these types of concerns. A joined-up approach across the Crown, local government, and iwi, will be more effective in managing community concerns than those parties progressing in isolation.
7. Council-owned land can have similar public works considerations to Crown-owned land, where iwi land may have been acquired by or for local government despite opposition. HUD and Kāinga Ora may have a role in assisting with agreeing land arrangements between Council and iwi.
8. We understand that mayors and councillors often tell you they have vacant council land and that they are willing to partner to develop it. However, both HUD and Kāinga Ora have had varying results when following up on these opportunities, often finding the intent and messaging from mayors does not filter down to council employees, or that the land requires significant remediation to make it buildable.

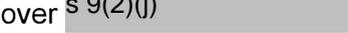
Work we are progressing to identify land

9. Our delivery leads routinely engage with councils, iwi, and churches to seek and progress land for housing. In recent weeks we have had promising discussions with Community Housing Providers (CHPs) to understand more about what land they have available and where it is located. Several opportunities have been added to HUD's public housing opportunities register for progression with the relevant CHP.
10. Kāinga Ora is also:
 - reviewing land holdings to identify sites ear-marked for re-development that could be utilised in the short-term prior to redevelopment activity commencing in the medium term; and
 - growing its team of market acquisition specialists in the regions to ensure it identifies and maximises as many appropriate land opportunities as possible.
11. These activities could help improve our land supply while the recently announced housing policy changes are implemented. The Housing Acceleration Fund (HAF), for example, is currently being designed with applications for funding expected to be open in the second half of 2021, following Cabinet decisions. The HAF, along with the Kāinga Ora Land Programme will significantly improve our ability to build at pace and scale in the medium term by:
 - buying and opening up more land for housing development, particularly in locations close to jobs and amenities
 - helping to fund critical infrastructure needed for that development, and
 - bringing forward the supply of development ready land and accelerating housing development can also help put downward pressure on existing house and land prices.

Shifts in approaches are leading to improved engagement and local solutions

12. HUD and Kāinga Ora have shifted toward regional, place based approaches, with Kainga Ora also appointing regional directors who are responsible for driving housing activity in each region. This shift is already improving relationships at a local level (particularly with councils). Our understanding of local supply barriers and how to address them for each community is also improving. For example, in 2021 engagement with many local authorities across the South Island has increased with almost all councils now acknowledging some level of local housing problem. Most are open, transparent, and available to discuss how they can assist and partner with central government to alleviate pressures in their district.
13. Similarly, through the urban growth partnerships we have established interagency priority development task groups that are actively exploring how to accelerate affordable housing and land supply in these critical locations, drawing on a range of new and established tools and methods. A key focus of HUD's urban growth partnerships has been alignment of infrastructure investment and successful growth management. This is being progressed through joint spatial plans between central government, local government, and iwi. The implementation of these joint spatial plans involves an increased focus on the delivery of housing objectives (e.g. Smart Growth Joint Housing Action Plan). We are also ensuring that central government agencies support council staff as much as possible, where appropriate.
14. These improved Crown council relationships are helping to unblock some of the barriers we have previously faced when delivering transitional housing supply at pace. ^{s 9(2)(g)(i)}

15. Your engagement with mayors will help reinforce and support the increasingly promising conversations and joint programmes we have established or are in the process of establishing with key local authorities.

We recommend focussing your engagement in areas where new build delivery has been challenging

16. Delivery teams continue to canvass the market for new places, and we are seeing on average over ^{s 9(2)(j)}  secured in the transitional housing pipeline each month.
17. ^{s 9(2)(j)} 
18. We have several high quality developments coming online over the next couple of months that will improve outcomes in key focus areas. For example, HUD has partnered with Wellington City Mission to deliver 70 places in central Wellington. This extensively remodelled facility will provide accommodation and support for COVID 19 motel clients. The project will also enable HUD to exit three motels it contracted as part of the Government's immediate response to COVID 19.
19. Work is underway to build our pipelines and accessing vacant council land could be one way to quickly accelerate activity in key regions. We recommend targeting engagement in Napier, Palmerston North, Nelson, Whanganui, and the Hamilton Waikato Metropolitan area. These locations have been prioritised because:
 - Build ready land is in short supply, with all locations constrained by a lack of infrastructure, land banking, and increasing land costs.
 - the majority are key focus areas for the Public Housing Plan, due to limited pipelines as well as increasing demand

- s 9(2)(j)

- historic delivery of new builds in each location has been challenging.

20. Contact information for each mayor in these locations is provided at Annex A. Suggested talking points and key messages to support your engagement have been provided at Annex B. Demand and supply context specific to each region has been provided at Annex C.

21. Where vacant council land is identified, the type of housing we deliver will also depend on site size, how long the land is available for, and key demand data in that region. We are actively developing partnerships with iwi. Delivery options include the progression of Off-site Manufactured housing and officials will work closely with iwi and stakeholders, to understand what housing mix works best for each community.

22. Officials will report back to you on progress where land is made available through your engagement. We will also provide you quarterly reporting about opportunities to deliver new build housing with councils, including where you can help address any council-related barriers or constraints we are experiencing.

s 9(2)(f)(iv)

Rotorua, Tauranga, Hastings, and Whangarei have not been recommended as priorities for engagement because of work already underway

27. Rotorua has been excluded because of the significant work already underway across multiple agencies, including with Rotorua Lakes District Council, to develop immediate actions to address urgent homelessness and motel use. Similarly, Hastings has been excluded because it already has an established place-based response, where conversations between Council, HUD, Kāinga Ora, and other stakeholders are more advanced than in the areas noted above.

28. Tauranga and the Western Bay of Plenty District have also been excluded because you recently engaged with Tauranga City Council Commissioners in May 2021. You are also attending the SmartGrowth Leadership Group again with iwi and local government leaders in Tauranga in June 2021, which is due discuss many of the constraints we would have recommended raising.

29. Whangarei has been excluded because Kāinga Ora has already received a list of potential sites owned by Whangarei District Council and is actively undertaking due diligence to assess suitability. While site evaluation is at an early stage, there are some promising opportunities which could support development at pace and scale. Discussions between Whangarei District Council, Kāinga Ora, and HUD to progress strategic policy work to enable further development opportunities are also underway.

Risks and issues

35. Where vacant council land is identified, agencies will undertake due diligence to assess site suitability for new build housing. Officials will also work through each council's disposal process. This is likely to be different in each region and could have different notification requirements which may impact our ability to progress at pace. For example, if a council's disposal process requires it to undertake public consultation, new build development could be delayed by approximately 12 months and potentially longer if there is an appeals process.
36. As noted above, discussions with Councils should include iwi at the earliest opportunity to ensure that where iwi have an interest in land this is identified. This may also enable other longer-term opportunities for new supply through partnerships with Māori and iwi to develop whenua Māori and housing solutions that take a Māori and Iwi Housing Innovation (MAIHI) led approach.
37. In some cases, Council land is also subject to Rights of First Refusal (RFRs) (if there is underlying Crown title, or if the land has been transferred to a title from Crown). The land may also be subject to other Treaty settlement obligations and interests. Kāinga Ora also has significant obligations on it in terms of iwi and Māori involvement in housing that need to be part of all its processes. s 9(2)(g)(i)
38. There is also a risk that Ministerial engagement with mayors may raise expectations that HUD and Kāinga Ora will be about to launch an intensive housing response with their council, similar to the recent work in Rotorua. Such a response would have resourcing implications for both agencies which would need to be carefully managed. Delivering more public and transitional

housing is our priority and where vacant council land is identified, we recommend progressing opportunities through our established programmes, processes, and relationships.

Next steps

39. Officials are available to offer further advice and to support you at any meetings/forums you may wish to undertake with local government.
40. Officials will report back to you on progress where land is made available through your engagement.
41. You will receive the next transitional housing dashboard and pipeline report by mid-May 2021 which outlines HUD and Kāinga Ora's progress toward delivering 2,000 additional places under the Public Housing Plan 2021-24.
42. HUD is preparing a Cabinet paper to seek agreement to establish a dedicated funding appropriation to support a contracting model for emergency housing, in line with the approach recently agreed to by Ministers for Rotorua.

Annexes

43. Annex A: Mayors recommended for engagement
44. Annex B: Suggested talking points
45. Annex C: Place-based context for each region.

Annex A: Mayors recommended for engagement

Location	Council	Mayor	Contact details
Napier	Napier City Council	Kirsten Wise	Telephone: 09 470 3029 Email: mayor@wdc.govt.nz
Hamilton-Waikato Metropolitan Area	Hamilton City Council	Paula Southgate	Telephone: 07 838 6976 Email: paula.southgate@council.hcc.govt.nz
	Wāipa District Council	Jim Mylchreest	Telephone: 07 872 0060 Email: Jim.Mylchreest@waipadc.govt.nz
	Waikato District Council	Allan Sanson	Telephone: 07 824 5847 Email: mayor@waidc.govt.nz
Palmerston North	Palmerston North City Council	Grant Smith	Telephone: 06 351 4417 Email: mayor@wdc.govt.nz
Whanganui	Whanganui District Council	Hamish McDouall	Telephone: 027 407 6516 Email: hamish.mcdouall@whanganui.govt.nz
Nelson	Nelson City Council	Rachel Reese	Telephone: 03 546 0242 Email: mayor@ncc.govt.nz

Annex B: Suggested talking points

1. Firstly, I would like to take this opportunity to thank you for your commitment to improving the housing outcomes and wellbeing of whanau in your region.
2. I am proud of how central and local government have worked together in recent years, particularly as part of the COVID response where we leveraged our respective strengths to house people from the streets into warm, dry, safe housing.
3. This Government is committed to improving outcomes and addressing the housing crisis. The shortage of houses is a critical issue for New Zealand and remains a key priority for this Government to fix.
4. As you are no doubt aware, the Public Housing Plan 2021-2024 was released earlier this year which sets out the Government's public and transitional housing supply intentions for the coming years.
5. My expectation is that these new places are predominantly new builds, thus increasing New Zealand's overall housing stock, with a focus on ensuring housing is delivered in a range of locations where there is significant need, particularly in our regions.
6. As you know, a critical enabler for new build supply is land – particularly land that is close to amenities, employment, and transport links. Councils have a critical role to play here, both in terms of identifying land for development, but also in enabling the most efficient and effective use of land by, for example, working with government to uplift zoning requirements to improve density.
7. To accelerate the construction of new builds in your region, I'm interested in understanding more about what vacant land your council holds, including land size, location, how long it is available for, and if there are any remedial or infrastructure works required to ensure it can support housing.
8. s 9(2)(f)(iv)
9. Where land is identified, I will ask my officials to work with your teams to identify options for delivery. This would depend on the nature of the land and its location but could include, for example, Kāinga Ora partnering with you to deliver housing on land that you retain ownership of.
10. s 9(2)(f)(iv)
11. I would also like to take this opportunity to ask that where land is identified that local government progresses with resource consenting at pace to ensure we are delivering supply as quickly as possible. This could include, for example, working with officials at Kāinga Ora to progress specific consenting fast tracking for developments.
12. I'm also interested in understanding how central government can support you to meet your broader housing objectives. Apart from infrastructure, what other critical barriers is your council facing? How can we help here?
13. I am aware that communities can have concerns about transitional housing being developed in the neighbourhoods. I would like to discuss how we can work together to address these concerns. What are the key concerns, and what support do you need from HUD and Kāinga Ora to help address them? I am confident that a joined-up approach across the Crown, local government, and iwi, will be more effective in managing community concerns than if we progress in isolation.

14. Where transitional housing is identified as the best option for land you identify, officials will ensure that experienced support service providers are in place to provide the wrap around support necessary to help transition households into longer-term sustainable housing.

Annex C: Place-based context for each location

Location	Demand context	Supply context										
Hamilton-Waikato Metropolitan Area	<p>Hamilton and the Waikato region has experienced strong population growth fuelled by growing economic opportunities and improved transport links.</p> <p>There are a large number of renters, but rental growth has been consistent with average growth across New Zealand. It is likely the strong growth in new construction has moderated growth in rents across the market (yet they remain unaffordable for those on low and fixed incomes.)</p> <table border="1"> <thead> <tr> <th colspan="2">Current demand as at 31 March 2021</th> </tr> </thead> <tbody> <tr> <td>Housing Register</td> <td>2,383</td> </tr> <tr> <td>Distinct EHSNG households</td> <td>1,341</td> </tr> <tr> <td>Contracted motels</td> <td>s 9(2)(j)</td> </tr> <tr> <td>COVID places</td> <td></td> </tr> </tbody> </table>	Current demand as at 31 March 2021		Housing Register	2,383	Distinct EHSNG households	1,341	Contracted motels	s 9(2)(j)	COVID places		<p>Development rates are high, with an average of 340 building consents per month for new homes across Waikato in the year to February 2021.</p> <p>However high land prices may be constraining the supply response and will be inflating housing costs. Housing remains unaffordable for those on low incomes.</p> <p>302 additional public and transitional housing homes to be delivered across Waikato by June 2022, with 662 more to be delivered by June 2024</p>
Current demand as at 31 March 2021												
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Palmerston North	<p>Population growth has created housing shortage in Palmerston North, and nearby towns are growing after shrinking in the 1990s/2000s. Previous focus on investing in redevelopments of existing public housing (i.e., demolition, rebuilding and refurbishing of exiting stock) rather than new build, and shortage of land on the outskirts of the city, contribute to a housing shortfall.</p> <p>While renting and owning is still relatively affordable compared to local income, this is worsening, with sharp rent growth in the last 8-12 months. There are low levels of private rental stock available.</p> <table border="1"> <thead> <tr> <th colspan="2">Current demand as at 31 March 2021</th> </tr> </thead> <tbody> <tr> <td>Housing Register</td> <td>716</td> </tr> <tr> <td>Distinct EHSNG households</td> <td>265</td> </tr> <tr> <td>Contracted motels</td> <td>s 9(2)(j)</td> </tr> <tr> <td>COVID places</td> <td></td> </tr> </tbody> </table>	Current demand as at 31 March 2021		Housing Register	716	Distinct EHSNG households	265	Contracted motels	s 9(2)(j)	COVID places		<p>Construction here has been limited, with an average of 40 building consents per month for new homes in the year to February 2021.</p> <p>Palmerston North City Council has been reluctant to approve Kāinga Ora's standard house plans and site layout. Council planners are also hesitant to approve temporary, relocatable homes (requiring back sections, out of sight of the street and meeting specific requirements about landscaping).</p> <p>Most of the residentially zoned land on the city outskirts is reportedly owned by a small number of developers who are releasing sections slowly for development. As such, Kāinga Ora has primarily been engaged with redeveloping existing stock and sites.</p> <p>328 additional public and transitional housing homes to be delivered in the central region by June 2022, with 287 more to be delivered by June 2024.</p>
Current demand as at 31 March 2021												
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Napier	<p>Growth in population has outpaced new housing supply. This has led to rising rents - 43% in the last 5 years. Lower income households face both access and affordability challenges.</p> <table border="1"> <thead> <tr> <th colspan="2">Current demand as at 31 March 2021</th> </tr> </thead> <tbody> <tr> <td>Housing Register</td> <td>752</td> </tr> <tr> <td>Distinct EHSNG households</td> <td>296</td> </tr> <tr> <td>Contracted motels</td> <td>s 9(2)(j)</td> </tr> <tr> <td>COVID places</td> <td></td> </tr> </tbody> </table>	Current demand as at 31 March 2021		Housing Register	752	Distinct EHSNG households	296	Contracted motels	s 9(2)(j)	COVID places		<p>Private construction has not kept pace with growth between 2013 and 2018- one new dwelling was constructed for every 8.5 new residents in Napier.</p> <p>While land is available there is tension between use for residential and agriculture use. Land in the area is also vulnerable to natural hazards such as flooding and coastal erosion.</p> <p>A significant amount of land is being land banked by private investors, who are releasing sections slowly for development, impacting prices in the region</p> <p>444 additional public and transitional housing homes to be delivered in the East Coast region by June 2022, with 628 more to be delivered by June 2024.</p>
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<p>Nelson</p>	<p>Residential building consents have been fairly steady over the past 5 years but struggling to keep pace with growth.</p> <p>Nelson household incomes (recorded for Nelson, Tasman, Marlborough and the West Coast combined) are 22.9% below the national median. This results in a higher level of unaffordability for both renters and property purchasers, even though house and rental prices in Nelson are slightly below the national median.</p> <table border="1" data-bbox="405 360 804 523"> <thead> <tr> <th colspan="2">Current demand as at 31 March 2021</th> </tr> </thead> <tbody> <tr> <td>Housing Register</td> <td>264</td> </tr> <tr> <td>Distinct EHSNG households</td> <td>216</td> </tr> <tr> <td>Contracted motels</td> <td>s 9(2)(j)</td> </tr> <tr> <td>COVID places</td> <td></td> </tr> </tbody> </table>	Current demand as at 31 March 2021		Housing Register	264	Distinct EHSNG households	216	Contracted motels	s 9(2)(j)	COVID places		<p>The relatively high sales prices in Nelson mean that new development should be economically viable, but geographical constraints and a lack of land mean new building is happening in Tasman District (Richmond and surrounding areas), rather than Nelson.</p> <p>There is limited greenfield land for development and there is also limited residential-zoned land. Where land is available, there is often strong competition for it, pushing up prices, and impacting our ability to progress it for PH and TH.</p> <p>250 additional public and transitional housing homes to be delivered in the Tasman region by June 2022, with 248 more to be delivered by June 2024.</p> <p>HUD and Kāinga Ora are continuing to have regular and constructive supply conversations with Nelson City Council (NCC). NCC recognises its role in delivering housing, particularly in light of the creation of its Housing Reserve, which is to be used for supporting affordable and social housing projects in Nelson. This reserve was created following the transfer of its housing portfolio to Kāinga Ora earlier this year. Despite conversations regularly occurring between officials and council, we have recommended Nelson as a priority for your engagement because our transitional housing pipeline is limited here, and we see value in you raising how the council can support and facilitate temporary housing at pace and scale.</p>
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<p>Whanganui</p>	<p>Whanganui is experiencing its strongest population growth since 1996, and a growing number of low-income households are struggling to secure accommodation.</p> <p>From a low starting point, housing costs have increased sharply, rents are up nearly 60% in five years and house prices doubled over the same period.</p> <table border="1" data-bbox="405 783 804 943"> <thead> <tr> <th colspan="2">Current demand as at 31 March 2021</th> </tr> </thead> <tbody> <tr> <td>Housing Register</td> <td>264</td> </tr> <tr> <td>Distinct EHSNG households</td> <td>216</td> </tr> <tr> <td>Contracted motels</td> <td>s 9(2)(j)</td> </tr> <tr> <td>COVID places</td> <td></td> </tr> </tbody> </table>	Current demand as at 31 March 2021		Housing Register	264	Distinct EHSNG households	216	Contracted motels	s 9(2)(j)	COVID places		<p>There is a shortage of housing. Population grew 7.5% between 2013 and 2018 but new dwellings grew 2.5%. Low house prices mean most people buy existing homes. Demand for new build housing has been extremely low.</p> <p>444 additional public and transitional housing homes to be delivered in the East Coast region by June 2022, with 628 more to be delivered by June 2024.</p>
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