

## **Housing Subcommittee AGENDA**

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### **Notice of Meeting:**

An ordinary meeting of the Housing Subcommittee will be held on:

**Date:** Monday 13 August 2018  
**Time:** 9.30am  
**Venue:** Committee Room 1, Level 2, Civic Offices,  
53 Hereford Street, Christchurch

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### **Membership**

Chairperson	Councillor Glenn Livingstone
Deputy Chairperson	Councillor Phil Clearwater
Members	Councillor Vicki Buck
	Councillor Anne Galloway
	Councillor Yani Johanson
	Councillor Deon Swiggs

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**8 August 2018**

### **Principal Advisor**

John Filsell

Head of Community Support,  
Governance & Partnerships

Sarah Drummond

Committee and Hearings Advisor

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Note: The reports contained within this agenda are for consideration and should not be construed as Council policy unless and until adopted.  
If you require further information relating to any reports, please contact the person named on the report.

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## HOUSING SUBCOMMITTEE - TERMS OF REFERENCE

<b>Chair</b>	Councillor Livingstone
<b>Membership</b>	Councillor Clearwater (Deputy Chair), Councillor Buck, Councillor Galloway, Councillor Johanson, Councillor Swiggs
<b>Quorum</b>	Half of the members if the number of members (including vacancies) is even, or a majority of members if the number of members (including vacancies) is odd.
<b>Meeting Cycle</b>	As required
<b>Reports To</b>	Social, Community Development and Housing Committee

### ***Responsibilities***

The Housing Subcommittee is responsible for:

- Examining a broad range of issues including homelessness, youth housing, emergency housing, social housing, the future of Council's housing stock, housing affordability schemes for first home buyers, the rental market and housing density
- Reviewing and advising on housing policy, legislation and related issues.
- Overseeing the Council's housing asset management including Otautahi lease and reporting matters
- Providing advice on particular housing matters that support Council's decision making across the continuum of social, affordable and market housing, including innovative housing solutions that will increase the supply of affordable housing
- Facilitating collaborative action across the continuum of social, affordable and market housing with Central Government agencies, e.g. Ministry for Business, Innovation and Enterprise (MBIE), Ministry of Social Development (MSD), The Tenants Protection Association (TPA), NGO's, Te Wai Pounamu Community Housing Providers Network, Housing NZ Corporation (HNZC), Canterbury District Health Board (CDHB) and providers of mental health accommodation, Department of Corrections, representatives from the disability sector, and NZ Coalition to End Homelessness (NZCEH)
- Monitoring the delivery of the Housing Policy 2016 priority actions across its 8 key goals
- Overseeing the Council's actions in relation to housing from the Greater Christchurch Partnership (UDSIC) Strategy
- Overseeing the Social Housing Strategy 2007
- Support Council's participation and leadership within the Christchurch Housing Accord.

The Subcommittee will work in close collaboration and partnership with the community, government and private sectors to find new ways and set clear targets to address housing issues including increasing the supply of affordable and social housing in Christchurch.

The Subcommittee will report back to, and obtain its strategic direction and priorities from the Social, Community Development and Housing Committee on all aspects considered under these Terms of Reference.

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## STAFF REPORTS

C	6.	<b>Staff briefing on Tiny Houses and Airbnb</b> Paul Cottam will provide a verbal update to the committee regarding Tiny Houses.  Gavin Thomas and Alison McLaughlin will provide a verbal update to the Committee on Airbnb in Christchurch	
C	7.	<b>Goulding Avenue Community Housing Evaluation .....</b>	<b>9</b>
C	8.	<b>Resolution to Exclude the Public .....</b>	<b>27</b>

**1. Apologies**

There were no apologies received at the time the agenda was prepared.

**2. Declarations of Interest**

Members are reminded of the need to be vigilant and to stand aside from decision making when a conflict arises between their role as an elected representative and any private or other external interest they might have.

**3. Confirmation of Previous Minutes**

Attached are the notes from the Housing Subcommittee meeting held on [Friday, 15 June 2018](#) (refer page 5).

**4. Deputations by Appointment**

There were no deputations by appointment at the time the agenda was prepared.

**5. Presentation of Petitions**

There were no petitions received at the time the agenda was prepared.

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## Housing Subcommittee OPEN MINUTES

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**Date:** Friday 15 June 2018  
**Time:** 9.30am  
**Venue:** Committee Room 1, Level 2, Civic Offices,  
53 Hereford Street, Christchurch

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**Present**

Chairperson	Councillor Glenn Livingstone
Deputy Chairperson	Councillor Phil Clearwater
Members	Councillor Vicki Buck
	Councillor Anne Galloway
	Councillor Yani Johanson

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15 June 2018

**Principal Advisor**

John Filsell  
Head of Community Support,  
Governance & Partnerships

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- Part A**      **Matters Requiring a Council Decision**  
**Part B**      **Reports for Information**  
**Part C**      **Decisions Under Delegation**
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The agenda was dealt with in the following order.

**1. Apologies**

Part C

**Committee Resolved HSTF/2018/00006**

**Committee Decision**

That the apology from Councillor Swiggs be accepted.

Councillor Clearwater/Councillor Johanson

Carried

**2. Declarations of Interest**

Part B

Councillor Livingstone declared an interest in Item 1.

**3. Confirmation of Previous Minutes**

Part C

**Committee Resolved HSTF/2018/00007**

**Committee Decision**

That the minutes of the Housing Subcommittee meeting held on Friday, 6 April 2018 be confirmed.

Councillor Livingstone/Councillor Clearwater

Carried

**4. Deputations by Appointment**

Part B

**4.1 Deputation Housing for Home and Family.**

Val Carter and Sandra Talbot will speak on behalf of Home and Family regarding Social Housing.

**Committee Resolved HSTF/2018/00008**

Part B

That the Housing Subcommittee:

1. Request that Councils Facilities and Property Team, make contact with Home and Family to case manage, the provision of guidance, on the provision of tiny houses on 64 Barrington Street and other related matters.

2. Thanks Val Carter and Sandra Talbot for their deputation.

Note: The Committee notes that there was a suggestion to engage and invite other Community Services Providers to work collaboratively with Home and Family and Council.

Councillor Clearwater/Councillor Johanson

Carried

## 5. Presentation of Petitions

### Part B

There was no presentation of petitions.

## 6 Resolution to Exclude the Public

Committee Resolved HSTF/2018/00009

### Part C

That at 10.23am the resolution to exclude the public set out on pages 8 to 9 of the agenda be adopted.

Councillor Livingstone/Councillor Clearwater

Carried

The public were re-admitted to the meeting at 11.29am.

Meeting concluded at 11.30am.

CONFIRMED THIS 13<sup>th</sup> DAY OF AUGUST 2018

COUNCILLOR GLENN LIVINGSTONE  
CHAIRPERSON





## 7. Goulding Avenue Community Housing Evaluation

Reference: 18/719771

Presenter(s): Paul Cottam, Principal Advisor Social Policy

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### 1. Purpose and Origin of Report

#### Purpose of Report

- 1.1 The purpose of this report is to inform the Housing Subcommittee about an evaluation of the housing developments that were carried out on Council land in Goulding Avenue that was sold to community housing providers in 2012.

#### Origin of Report

- 1.2 This report is staff generated, and follows on from a visit by Housing Subcommittee members to Goulding Avenue earlier this year.

### 2. Significance

- 2.1 The information in this report is of low significance in relation to the Christchurch City Council's Significance and Engagement Policy.
  - 2.1.1 The level of significance was determined by the report being for information only.
  - 2.1.2 The community engagement and consultation outlined in this report reflects the assessment.

### 3. Staff Recommendations

That the Housing Subcommittee:

1. Receive the Goulding Avenue Evaluation Report.
2. Note that the information in the report is intended to help inform Council decisions on supporting social and affordable housing.

### 4. Key Points

- 4.1 The Goulding Avenue development was seen as being a successful example of delivering a mixed tenure model of social and affordable housing using publicly sourced land. The scheme was found to have created more value than any one party could have achieved on their own.
- 4.2 Requirements for a mix of housing types and tenures is recommended for future projects utilising public land, including clear policies on land sales and valuation for social benefit to provide clarity, and more streamlined development processes for community housing providers.

### 5. Context/Background

#### Purpose of Evaluation

- 5.1 In 2012 the Council sold 1.4 hectares of land at Goulding Avenue, Hornby, at below market valuation to a consortium of community housing providers with the intent of creating social and affordable housing. The consortium is nearing completion of building 44 new homes, across a range of tenures including shared ownership, affordable rental, social rental and a 12-room residential group home for seniors.

- 5.2 Following a visit of the Council's Housing Subcommittee to Goulding Avenue earlier this year, an evaluation report (the Report) was carried out by Community Housing Aotearoa (CHA) to evaluate the delivery of the social and affordable homes on the previously owned Council land (Attachment One). The purpose of the Report was to determine how successful it was to use local authority land for such purposes. The matters the evaluation considered were:

- What tenure, type and mix of housing was delivered;
- How it was delivered and to whom;
- What barriers or obstacles were addressed along the way; and
- What were the lessons learned

### What was delivered?

- 5.3 Following the Council's decision to sell a parcel of land in Goulding Avenue, the sale price and conditions of the land were negotiated. This included a legal instrument which linked the use of the land (for only social and affordable housing) to its discounted market value.
- 5.4 Once the contract went unconditional the development proceeded straightforwardly, due in large part to the experience of the consortium lead, the New Zealand Housing Foundation (NZHF), with their own developments as well as with those of the other partners. Abbeyfield and Housing Plus acquired completed lots from NZHF and took responsibility for their own home building. The other type of development was the acquisition of completed homes by the Salvation Army and the Christchurch Methodist Mission. The homes provided by each partner are summarised in Table One.

Organisation	Homes	Tenure
New Zealand Housing Foundation	4x3 bedroom 6x4 bedroom	Affordable home ownership
Abbeyfield New Zealand	12x1 bedroom 1x2 bedroom	Affordable rental group home for seniors
Housing Plus Charitable Foundation	8x2 bedroom	Affordable rental
Christchurch Methodist Mission	3x2 bedroom	Social rental
Salvation Army	2x3 bedroom	Affordable and Social rental

**Table One: Homes provided by each partner organisation**

### What was learned?

- 5.5 Several barriers had to be addressed during the scheme. The first one was developing a valuation methodology for the purchase of the land that allowed for both the development of social and affordable housing and recognised, or protected, the Council's contribution. Much time, effort and resource was spent developing and negotiating these terms, which was new territory for the Council.
- 5.6 A second barrier for the consortium was dealing with different parts of the Council, partly due to the nature of the development, which at times resulted in a lack of consistency in the way processes were dealt with. The evaluation report recommends identifying a single point of contact within the Council to be responsible for coordination across business units to complete similar future transactions.
- 5.7 Development contributions were identified as a significant cost. During the scheme the Council implemented a policy on development contributions rebates for community housing providers, which has helped with the Housing Plus and Methodist Mission housing.

### Evaluation Findings

- 5.8 The Report noted a number of findings on the scheme's implementation. These included:
- The Goulding Avenue development being a successful example of delivering a mixed tenure model of social and affordable housing using publicly sourced land. The scheme was found

to have created more value than the Council could have achieved either on its own, or by selling to the open market.

- The strength of the consortium approach, aligned by a simple yet powerful shared goal (safe, secure, and affordable housing), being led by a capable organisation (NZHF) with consistent leadership from the other three consortium members.
- Innovations included the legal mechanism developed in this scheme to retain affordability to justify below-market sales, and more recently the Council's policy to waive development contributions from community housing providers.
- The decisions made by the Council have placed it in a leadership role in implementing policies and practices that make a meaningful difference to the delivery of social and affordable housing by community housing providers.
- The development aligning with both the Council's Social Housing Strategy Goals at the time of approval in June 2012, and the Council's Housing Policy (2016). It was seen as an example of turning strategy and policy into tangible results.

### Evaluation Recommendations

5.9 The evaluation report identified a number of recommendations from the Goulding Avenue sale for social and affordable housing:

- Continue to support community housing providers to deliver mixed-income, mixed-tenure homes, through approaches such as the scheme's shared risk, responsibility and accountability approach between the Council and the community housing providers.
- Adoption of clear policies on land sales and valuation for social benefit will provide clarity and a more streamlined process.
- Use an experienced development organisation with a track record locally and/or nationally when subdivision and related consents are required.
- Clear understanding of the respective roles and responsibilities of parties in a consortium style development (possibly contained in a written Partnership Agreement).
- Requirements for a mix of housing types and tenures for future projects, given this scheme demonstrates the ability to deliver an integrated range from social rental to assisted ownership.
- Preference in future projects for community housing providers that are either registered with the Community Housing Regulatory Authority or which have charitable status to ensure the retention and recycling of the public contribution.

### Conclusions for Council

5.10 The Report provides the Council with useful information on how publicly owned land can be used and developed for a range of social and affordable housing models and tenures. This will likely be of help as the Council considers both the redevelopment of its social housing portfolio and how it wishes to continue to support community housing providers across the housing continuum.

### Attachments

No.	Title	Page
A <a href="#">↓</a>	Goulding Avenue Evaluation Report - June 2018	13

## Confirmation of Statutory Compliance

Compliance with Statutory Decision-making Requirements (ss 76 - 81 Local Government Act 2002).

(a) This report contains:

- (i) sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages; and
- (ii) adequate consideration of the views and preferences of affected and interested persons bearing in mind any proposed or previous community engagement.

(b) The information reflects the level of significance of the matters covered by the report, as determined in accordance with the Council's significance and engagement policy.

## Signatories

<b>Author</b>	Paul Cottam - Principal Advisor Social Policy
<b>Approved By</b>	Emma Davis - Acting Head of Strategic Policy Brendan Anstiss - General Manager Strategy and Transformation



# GOULDING AVENUE EVALUATION REPORT

## ABSTRACT

Christchurch City Council sold 1.422 hectares of land at Goulding Avenue, Hornby, to a consortium of community housing providers at below market valuation with the intent of creating affordable and social housing to benefit the people of Christchurch.

Community Housing Aotearoa  
15 June 2018



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## INTRODUCTION

Christchurch City Council sold 1.422 hectares of land at Goulding Avenue, Hornby, to a consortium of community housing providers at below market valuation with the intent of creating affordable and social housing to benefit the people of Christchurch. The consortium is nearing completion of building 44 new homes, across a range of tenures including shared ownership, affordable rental, social rental and a 12-room residential group home for seniors.

The Council commissioned this report to evaluate the delivery of the social and affordable homes on the previously owned Council land. The purpose of the report is to determine how successful it is to use local authority land for such purposes. The specific parameters considered to measure the success of the project are:

- What tenure, type and mix of housing was delivered, and if it remains as social and/or affordable housing;
- How it was delivered and to whom and at what price points relative to the open market;
- What barriers or obstacles were addressed along the way; and
- What were the lessons learned?

The outcomes observed are then evaluated against Christchurch City Council's Social Housing Strategy Goals at the time of approval in June 2012 and the Christchurch City Council Housing Policy 2016.

The Goulding Avenue development is identified as a successful example of delivering social and affordable housing using publicly sourced land. The scheme has succeeded in creating retained affordability and a mix of affordable and social housing in a mixed-tenure, mixed-income community.

This scheme demonstrates some great innovations and examples that other councils could use to enable the provision of additional affordable and social housing in sustainable mixed-tenure communities using Council-owned land without any direct financial cost to the Council. These include CCC's recently adopted policy to waive development levies and the legal instrument developed in this scheme to retain affordability and justify below-market sales.

### Highlights

- The decisions made by CCC have placed it in a leadership role in implementing policies and practices that make a meaningful difference to the delivery of affordable and social housing by community housing providers.
- The strength of the consortium approach, aligned by a simple yet powerful shared goal (safe, secure, and affordable housing) and led by the highly capable and respected NZHF. Within that the consistent leadership provided from within the three key members of the consortium.
- The Goulding Avenue built environment has delivered a real example of a tenure blind development that integrates well within the local community. The attention to quality design and construction combines with the ongoing management commitment of participating community housing organisations to create a small and sustainable community.
- The development has met the goals of both Christchurch City Council's Social Housing Strategy Goals at the time of approval in June 2012 and the Christchurch City Council Housing Policy 2016.

## PROJECT DESCRIPTION

Christchurch City Council sold 1.422 hectares of land at Goulding Avenue, Hornby, to a consortium of community housing providers at below market valuation with the intent of creating affordable and social housing to benefit the people of Christchurch. The sale was agreed by Council on 7 June 2012 and settlement occurred on 12 December 2013. The consortium is completing the development of 44 new homes, across a range of tenures including shared ownership, affordable rental, social rental and a 12-room residential group home for seniors. The final 11 homes are expected to be occupied beginning in July 2018.

The consortium partners include New Zealand Housing Foundation (NZHF or Housing Foundation), Abbeyfield New Zealand, Housing Plus Charitable Foundation, Christchurch Methodist Mission and The Salvation Army.

The homes provided by each partner are summarised as:

Organisation	Homes	Tenure
New Zealand Housing Foundation	4 X 3 bedroom 6 X 4 bedroom	Affordable home ownership
Abbeyfield New Zealand	12 X 1 bedroom ensuite 1 X 2 bedroom (housekeeper)	Affordable rental group home for seniors
Housing Plus Charitable Foundation	8 X 2 bedroom	Affordable rental
Christchurch Methodist Mission	3 X 2 bedroom	Social rental
Salvation Army	8 X 2 bedroom 2 X 3 bedroom	Affordable and Social rental

All the homes delivered will remain as social and affordable homes. 34 of the total homes will be owned as rental housing over the long-term by the charitable organisations which developed them. The ten affordable ownership homes developed by the Housing Foundation for first home buyers are currently co-owned by the families living in the homes and NZHF. It is anticipated that within fifteen years the families will have bought out the NZHF share and be sole owners. All proceeds received by NZHF will be re-deployed to develop more affordable homes.



## HISTORY

In 2009 the Council resolved to sell this block of land to the Housing New Zealand Corporation or other agencies committed to the provision of social or affordable housing as the land was deemed as surplus to needs at that time. A Request for Proposals was released in May 2010. The property was marketed for this purpose and a New Zealand Housing Foundation led consortium responded. That proposal was identified as best aligning with the Council's vision for the land. This proposal was developed to the stage that a final report was considered by the Council in June 2011.

At its meeting of 23 June 2011, the Council resolved:

*"That the offer for purchase of the site by the NZ Housing Foundation be declined and the process commenced as a result of the February 2009 resolution for the sale and development of the site for social or affordable housing be terminated."*

The main concern appears to have been the proposed purchase price. The earthquakes of 4 September 2010 and 22 February 2011 also contributed to Council officers identifying additional needs related to its own housing portfolio. The Consortium Partners, the New Zealand Housing Foundation, Abbeyfield and Housing Plus Charitable Foundation (The Salvation Army and the Christchurch Methodist Mission became involved later) submitted a revised proposal to purchase the land and develop it for Affordable and Social Housing purposes to the Council Housing and Community Facilities Committee on 11 May 2012. At the full Council meeting on 7 June 2012, Council formally agreed to sell the land to the Consortium.

Following the decision to sell, the Housing Foundation led negotiations with Council officers and solicitors on behalf of the Consortium. They also progressed with Subdivision and Land Use consent applications and engineering plans. After two and a half years negotiation, and significant legal costs, a conditional contract to purchase the land was effective on 6 November 2013.

Much of the time and effort negotiating the purchase of the land from Council was spent in coming to an agreement on price, acceptable to both parties. This was a complicated negotiation because the terms and conditions of the sale restricted how the land was to be used (only for social and affordable housing) and required that the Council would retain a significant financial interest in the land. The retained Council financial interest is by way of a legal instrument that provides for Council to be paid the difference between the 'open market unrestricted use value' and the 'restricted use value' (sale price) should any part of the developed land move out of a social or affordable housing use. This amount is apportioned across each new lot.

The sales price paid to Council is the restricted market value of the land considering the terms and conditions that were agreed between the parties. The difference between the restricted and unrestricted market values is referred to as 'the Discount Amount' in the negotiations and contract documentation. It can also be considered as the 'contribution' by Council to support the development of social and affordable housing on the site.

The contract went unconditional one week after the conditional contract was signed and earthworks commenced on the site on 18 November 2013. From this point, the development proceeded through the normal site development and consent milestones without incident. Construction started on the first home, for Abbeyfield, on 24 November 2014. The final homes are scheduled for occupancy this July.

## HOW THE PARTNERS WORKED TOGETHER

The Consortium structure allowed organisations to participate at different levels depending on their interests. New Zealand The Housing Foundation played the leading role of overseeing the acquisition, consenting and site works of the property. They also were responsible for the home construction of their shared equity homes and for The Salvation Army homes. Housing Foundation is an experienced developer and has the technical skills required to progress the work. They took on the most risk as the developer.

The next level of involvement is the participating partner roles of Abbeyfield and Housing Plus. They acquired completed lots from the Housing Foundation and took responsibility for their own home building. Each commissioned the architectural services and builders to complete their homes. This increased their risks, but allowed them to directly receive potential cost savings and earn a margin as developer.

The final level of involvement is the acquisition of completed homes by The Salvation Army and the Christchurch Methodist Mission. The Salvation Army engaged the Housing Foundation as their developer to deliver completed homes. They faced no development risk as their Agreement for Sale and Purchase obligations were contingent on the delivery of the homes. In a similar manner, the Christchurch Methodist Mission is acquiring completed homes developed by Housing Plus. They agreed to a long-term land lease arrangement when Housing Plus was unable to secure capital funding for all their homes.

## WHAT EACH PARTNER DELIVERED

### **New Zealand Housing Foundation (Housing Foundation)**

The Housing Foundation has developed ten affordable homes for ownership through their shared equity programme. They are either three or four-bedroom standalone homes for first home buyers. The families purchased between 65-80% of the home, based on the full value at the time of sale, with the balance retained by NZHF. The amount purchased varied by family income and the amount available to make payments of up to 33% of gross household income (average across the families is 30%) to meet mortgage requirements.

Over time, the families increase their ownership amounts by purchasing the remaining equity to become sole owners. The families own an initial 71.8% of equity or \$3,414,808 of the total shared equity homes. The Housing Foundation retains \$1,341,000 of equity across the homes, which will be recycled into additional affordable homes as the families progress into full ownership. The families can choose to increase their ownership percentage at any time. The share that Housing Foundation owns does not cost the household, as Housing Foundation does not charge rent or a fee on the part it retains for the first 15 years.

The Housing Foundation's mission is to relieve poverty by providing affordable housing for low income households in New Zealand. In addition to maintaining good credit and being able to meet mortgage requirements, the families needed to be first home buyers, committed to the community and were often supported by a recognised community leader or group.

The shared equity model enabled families to purchase their home share for only 75% (on average) of the June 2017 Christchurch median home price of \$455,000. This is a unique product offering in the market that was only feasible with the combination of the Council land and other government subsidy programmes available at the time.

#### **Abbeyfield**

Abbeyfield has developed an affordable group home for 12 seniors in one-bedroom ensuite units along with a two-bedroom housekeeper's unit. Abbeyfield's uniqueness stems from their focus on housing for older people, serving residents 65 years and older. The Abbeyfield model is promoted as a home and an answer to the needs of companionship, affordability and practical support to enable older tenants to live independently, with dignity. The home is staffed by a housekeeper/cook who lives on the premises and takes care of the shopping and preparation of the two main meals of the day, taken at the family dining table. Like any family home there is a communal lounge, dining room, kitchen and laundry. Residents are involved in the management of their home and can comment on the selection of who may join their household. Their focus for residents is to provide affordable homes for socially isolated elderly people.

The rent is set based on a pension allowance income level plus a living allowance to cover the cost of providing the daily meals, power, etc. The total charge is currently \$360/week. Other private renting options would likely result in higher rental charges and not provide the social supports of the Abbeyfield home. The residents may qualify for pensioner housing operated by the Ōtautahi Community Housing Trust or for social housing. Abbeyfield homes provide an additional affordable housing choice for seniors.

#### **Housing Plus Charitable Foundation**

Housing Plus is completing the development of 11 two-bedroom homes, eight of which they will own and manage. The remaining three will be purchased by the Christchurch Methodist Mission, with Housing Plus retaining the land under a 33-year lease. Housing Plus provides homes to people with mental health issues who benefit from being in good housing in a stable community. Their focus is on those with low incomes who would benefit from a low level of support. The homes will be rented to either two singles or to couples at a rate of \$160/week for each room (approximately 80% of market rent). Residents receive the Accommodation Supplement available to all lower income New Zealanders to offset their housing expenses. The below market rents are possible with the governmental and philanthropic capital grant support available at the time. The homes are expected to be occupied beginning in July when construction is completed. They will be owned by Housing Plus long-term.

#### **Christchurch Methodist Mission**

The Christchurch Methodist Mission has a 33-year lease from Housing Plus Charitable Foundation for the land on which their three two-bedroom homes are being built. All three homes will be social rentals with residents accepted from the Social Housing Register maintained by Ministry of Social Development. The Mission has a 25-year contract with MSD to provide the social rentals. The social housing residents pay 25% of their income toward rent, with MSD contributing the difference between the resident contribution and the agreed weekly rent contracted by MSD. All residents are evaluated for eligibility and housing need by MSD prior to referral to the Mission for a placement decision. There is a preference for clients with mental health experience which aligns with the Housing Plus criteria for the homes.

The Christchurch Methodist Mission is committed to providing warm, affordable and secure accommodation to those who need it most, ensuring that new tenants get the support they require. The homes are expected to be occupied beginning in July 2018 when construction is completed. They will be owned by the Christchurch Methodist Mission long-term upon the expiration of the land lease.

### The Salvation Army

The Salvation Army acquired eight two-bedroom and two three-bedroom homes that were developed by the New Zealand Housing Foundation. Nine of the homes are social rentals, with an additional affordable rental reserved for their on-site Mission and Place coordinator. The three-bedroom coordinator's home is provided at a discounted rent of 74% of the lower quartile based on MBIE bond data for the area. The other nine homes are social rentals with residents accepted from the Social Housing Register maintained by the Ministry of Social Development. The social housing residents pay 25% of their income toward rent, with MSD contributing the difference between the resident contribution and the agreed weekly rent contracted by MSD. All residents are evaluated for eligibility and housing need by MSD prior to referral to The Salvation Army for a placement decision.

## EVALUATION

To determine the success of the Council approach to the land transaction, the outcomes of the Goulding Avenue development are evaluated against two sets of Council criteria. These are the Christchurch City Council Social Housing Strategy Goals at the time of approval in June 2012 and the Christchurch City Council Housing Policy 2016. Both sets were identified as relevant to the evaluation due to the overlapping periods when the homes were completed.

The results of the Goulding Avenue development stack up strongly with both the 2012 and 2016 Goals. The Housing Policy 2016 includes a set of Principles in addition to the Goals, which are again met on all points.

### **Evaluation of Goulding Avenue against Christchurch City Council's Social Housing Strategy Goals at the time of approval in June 2012.**

Strategy Goals	Outcome
Partnership	<p>Sale of land to Consortium with no ongoing Christchurch City Council fiscal involvement other than the encumbrance.</p> <p>The scheme demonstrates a good example of how a partnership involving CCC and the consortium members can deliver better outcomes than any of the partners could have achieved on their own.</p> <p>The partnership delivered a more diverse mixed tenure development than if CCC had sold the land to HNZC for Social housing or built additional council housing.</p>
Demand Management	Provides additional Social and Affordable housing for low to middle-income households. Both rental and ownership tenures are provided.
Location and Distribution	The site is well served by local infrastructure including a community centre, library, shopping centre and public transport. Five medical centres provide a choice of GP. The site is large enough to encompass a range of tenures in a balanced mix.
Brokerage and Advocacy	The Council has demonstrated support for non-Council housing initiatives with Government and community housing provider backing.
Compatibility and Integration	Despite initial concerns about potential for conflict with the mixed usage model, the development demonstrates a well-integrated and compatible result. Important elements to achieve

	this include good design and active on-going involvement of the community housing providers.
Service Sustainability	A sustainable community has been developed at no on-going cost to Council. The community housing providers have set home prices and rents at levels affordable for low to middle income households. Those on the lowest incomes have support through the Income Related Rent Subsidy. Innovative delivery models include group housing for seniors and shared-equity ownership.

**Evaluation of Goulding Avenue against Christchurch City Council Housing Policy 2016.**

Principles	Outcome
A human right	The Goulding Avenue development aligns with the human rights' framework in that it provides homes that meet all seven of the United Nations' indicators of adequate housing.
Security of tenure	Both rental and ownership tenures are provided in the development. The ownership tenures provide full security. The rental tenures are all offered with ongoing security of tenure conditional on compliance with the Residential Tenancies Act.
Collaboration	The project is a collaborative effort of five community housing providers. All participants acknowledged and valued the collaborative approach. In their interviews, they identified their strong internal connections, but also the contributions of external partners that supported their efforts.
Quality of life	The completed homes and neighbourhood support a good quality of life. The site is well served by local infrastructure including a community centre, library, shopping centre and public transport. The Salvation Army has a site-based member of staff who provides a presence and support for the whole community under a pastoral model, which includes welcoming all new residents in all homes.
Quality of housing	The new homes are of high quality materials and finishes. There is a mix of designs providing a variety of styles. Solar hot water heating is incorporated into 25 of the homes.

Goals	Outcome
Demand analysis	The Goulding Avenue development has provided a range of housing serving social, affordable and assisted ownership housing market segments. The five providers involved all identified demand for different products, from shared homes for seniors to home ownership for families.
Building knowledge	The five partners in the collaboration all increased their knowledge of housing development through their participation. They gained a deeper understanding of each other's unique contributions and approach to providing community housing. For those partners without experience in land development, their technical knowledge of the consenting and site works increased.
Mixed housing	The development provides a range of housing types and tenures rarely seen in Christchurch (or New Zealand) on a single site.



Inclusive housing	Inclusion is fostered through the provision of differing housing types and tenures. A wide range of ages are catered to from children to seniors. The Salvation Army on-site staff member further fosters community interaction and inclusion.
A range of responses	The development demonstrates a non-regulatory response by the Council through the sale of land at a restricted value in exchange for positive outcomes demonstrated by this evaluation, contributing to the Council's Housing Policy principles and goals.
Acute needs	The social and affordable homes directly address acute housing needs, with some of the partners targeting specific high needs groups such as mental health consumers.
Retaining affordable housing	All the homes developed are currently retained by the non-profit community housing providers. Ten of the 44 homes will eventually become privately owned. Equity gains prior to full ownership are proportionately split with the community housing provider. The equity share realised by the community housing provider is retained and recycled to provide additional affordable homes.
Housing quality	The new homes are of high quality design, materials and finishes. There is a mix of designs providing a variety of styles. Abbeyfield, Housing Plus and Christchurch Methodist Mission have incorporated solar panels for hot water heating.

## BARRIERS/OBSTACLES and how they were surmounted

### Barrier: Valuation Methodology

The key principle for the land transaction was to sell at a value that facilitated the development of social and affordable homes. Council had not done this before, so it took a long time to resolve legal aspects in relation to agreeing a valuation methodology and ensuring that affordability was retained. For example, the parties needed to document how to provide a guarantee or certainty of future use and provide an obligation that the future owner will protect ratepayer investment – at the same time as allowing development to proceed. Initially a lease model was considered but this was not pursued. The parties spent a significant amount of time and resource to craft a resolution. The resulting legal instrument enabled development to proceed while ensuring a legally enforceable retention mechanism of the 'Discount Amount' apportioned across each lot.

### Recommendation:

- Work with other local authorities to develop and adopt a common approach to valuation of land offered for social and affordable housing developments.
- Develop council policies and adopt guidelines and processes regarding sale of Council property for community housing provision based on this experience.
- Include the adopted valuation methodology, guidelines and processes in the notice materials for future development opportunities.

**Barrier: Council Structure and Processes**

The nature of the transaction required the Consortium to engage with multiple business units within the Council. Each of these units had its own business unit priorities, mandates and points of view resulting in a lack of consistency in the way this process was dealt with by Council business units. The stop/start nature and changing commercial requirements of Council were also identified as a barrier to timely delivery of the homes.

At various points, the providers needed to call upon councillors, MPs, government officials, and funding partners to assist with roadblocks.

**Recommendation:**

- Identify a single point of contact within Council responsible to coordinate across business units to complete future transactions.
- Provide an overview of Council processes, including the hierarchy of relationships and committees required to sign off, for future transactions.
- Complete the recommendations identified in the Valuation Methodology above.

**Barrier: Development Contributions**

The development contributions paid to Council were identified as a significant cost. While development was on-going, Council implemented a policy on development contributions. This is benefiting the Housing Plus Charitable Foundation / Christchurch Methodist Mission homes which are qualified to receive relief.

**Recommendation:**

- Continue to provide development levy waivers for community housing.

## LESSONS LEARNED AND RECOMMENDATIONS

The community housing providers involved all identified the key role of the New Zealand Housing Foundation in the success of this project. The Housing Foundation brought experience and expertise the other partners did not have. They fulfilled a critical collaboration and leadership role – having a vision of what you can do in partnership and strong principles in developing the site.

There is a high level of trust amongst the partners. This served them well through the various ups and downs of the process. This trust went beyond the organisations to the personnel involved – with staff demonstrating a strong commitment to a partnership approach rather than ego driven self-interest. They all had the same goal – safe, secure housing for those in need. There were perceived to be no hidden agendas and all parties felt that they could communicate openly and share concerns.

The involvement of each of the community housing providers contributed to a stronger outcome than any individual organisation could deliver alone – including offering a broader range of housing and tenure options. The resulting mix of ages, tenures and affordability ticked many of the evaluation criteria boxes.

The Goulding Avenue development is an example for other communities on how to deliver a mixed-income, mixed-tenure neighbourhood. The key elements to the success of the scheme are the involvement of Community Housing Providers, their charitable status and the adoption of a restricted value approach to the sales price. This has resulted in an integrated community offering a

choice of housing options while preserving the value contributed by Council.

The Goulding Avenue development has taken a considerable length of time from the initial Council decision in 2009 to completion in 2018. The two major earthquake events in September 2010 and February 2011 were significant disruptors to all normal activity. Council priorities were rightly focused on immediate issues related to these over an extended time.

The novelty of the discounted land sale was challenging for Council. Officers and the community housing providers had to negotiate complex documents without the benefit of adopted policy and related guidelines. With the added disruption from the earthquakes, it is understandable that this progressed slowly. Future transactions will be able to progress faster if Council follows through on the recommendations to formally adopt a restricted value land sale policy for social and affordable housing purposes with related guidelines and procedures.

The funding environment played a key role in getting across the line and enabled the mixed tenure and diverse housing types delivered. The community housing providers utilised capital grants and favourable loans from the Housing Innovation Fund and the Social Housing Fund programmes which are no longer in place (in addition to IRRS contracts). Significant philanthropic contributions also supported the range affordable homes.

The Government funding settings have changed, and the same level of philanthropic funding cannot be relied upon. The ability to deliver the same range of outcomes will require a review of the current funding settings against the objective of delivering a mixed tenure affordable housing development.

#### Recommendations

To build on the lessons of this development, identified below are items in addition to the recommendations related to barriers/obstacles identified earlier in this evaluation.

- Do more schemes like this! Continue to support community housing providers to deliver mixed-income, mixed-tenure homes.
- Adoption of clear policy on land sales and valuation for social benefit will provide clarity and a more streamlined process.
- Consortium and Council; shared risk, responsibility and accountability. The approach delivered more than Council or any of the individual partners could achieve alone.
- Use an experienced Development organisation with a track record locally and/or nationally when subdivision and related consents are necessary. In situations where there are build ready sites, a lower level of experience is sufficient.
- Clear understanding of the respective roles and responsibilities of each of the partners in the consortium (possibly contained in a written Partnership Agreement).
- Requirements for a mix of housing types and tenures is recommended for future projects. This example demonstrates the ability to deliver an integrated range from social to assisted ownership.
- Preference in future projects for Community Housing Providers that are either registered with the Community Housing Regulatory Authority or which have charitable status to ensure the retention and recycling of the public contribution.



## CONCLUSION

The Goulding Avenue development is a successful example of delivering social and affordable housing using publicly sourced land. All the homes developed are currently retained by the non-profit community housing providers. Ten of the 44 homes will eventually become privately owned, with a portion of the equity created retained and recycled by the community housing provider.

The scheme has succeeded in creating retained affordability and a mix of affordable and social housing in a mixed-tenure, mixed-income community. It has created more value than the Council could have achieved either on its own, by selling the land to HNZN or by selling to the open market. Although the exact dollar value of the benefit is difficult to estimate financially, the wider benefits to the community by promoting the wellbeing of people in Christchurch greatly exceeds the discounted land contributed by council to the Consortium in lieu of an open market sale.

This scheme demonstrates some great innovations and examples that other councils could use to enable the provision of additional affordable and social housing in sustainable mixed-tenure communities using Council owned land without any direct financial cost to the Council. These include CCC's recently adopted policy to waive development levies and the legal mechanism developed in this scheme to retain affordability and justify below-market sales.

The development aligns with both the Christchurch City Council's Social Housing Strategy Goals at the time of approval in June 2012 and the Christchurch City Council Housing Policy 2016. It is an example of turning strategy and policy into tangible results in which the community can be rightfully proud.



## 8. Resolution to Exclude the Public

*Section 48, Local Government Official Information and Meetings Act 1987.*

I move that the public be excluded from the following parts of the proceedings of this meeting, namely items listed overleaf.

Reason for passing this resolution: good reason to withhold exists under section 7.

Specific grounds under section 48(1) for the passing of this resolution: Section 48(1)(a)

### Note

Section 48(4) of the Local Government Official Information and Meetings Act 1987 provides as follows:

“(4) Every resolution to exclude the public shall be put at a time when the meeting is open to the public, and the text of that resolution (or copies thereof):

- (a) Shall be available to any member of the public who is present; and
- (b) Shall form part of the minutes of the local authority.”

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public are as follows:

ITEM NO.	GENERAL SUBJECT OF EACH MATTER TO BE CONSIDERED	SECTION	SUBCLAUSE AND REASON UNDER THE ACT	PLAIN ENGLISH REASON	WHEN REPORTS CAN BE RELEASED
9	PUBLIC EXCLUDED HOUSING SUBCOMMITTEE MINUTES - 15 JUNE 2018			REFER TO THE PREVIOUS PUBLIC EXCLUDED REASON IN THE AGENDAS FOR THESE MEETINGS.	