

Local Government and Affordable Housing

Councils directly provide 14,036 (less than one percent) of the national housing stock. For most councils, this simply means to directly provide council-owned dwellings. They do not appreciate how everyday council activities can affect the availability of affordable housing. A majority of councils rate housing affordability as a very significant problem, but think they are ‘relatively helpless’ to act directly. However, almost a third of councils think they could potentially have a wider role in addressing affordable housing.

Based on research by the Centre for Research, Evaluation and Social Assessment (CRESA) and Public Policy and Research, investigating the current and potential role of local government in increasing affordable housing in their areas. The methodology includes: (i) a self-reported structured questionnaire of all territorial local authorities (92 percent response rate) covering council housing stock numbers, acquisition, management and maintenance, as well as current uses, targeting, demand and adequacy; (ii) an analysis of key planning and policy documents of ten councils; (iii) in-depth interviews with seven councils that actively address affordable housing; and (iv) an assessment of international experience. This research was jointly funded by CHRANZ and the Auckland Regional Council.

Most councils appear unaware of the enormous body of international research and evidence-based policy on local authority involvement in affordable housing. The majority think that, when they carry out routine statutory, regulatory and planning responsibilities (including rating policies, district planning, land use and transport), it has ‘little or no impact’ on housing affordability.

Internationally, leadership and political commitment are fundamental to effective local government involvement in housing. A revitalised multi-pronged approach is needed. It requires joint understanding and action from both central and local government, and a break with past practices. Specifically, councils need local housing strategies that leverage housing outcomes for economic and social benefits, and that link housing outcomes to transport, environmental sustainability and infrastructure goals.

Key Points

- Most councils believe lack of affordable rental and owner-occupied housing is a significant problem that is more serious than unemployment, crime or pollution.
 - Councils directly provide 14,036 dwellings. Almost all (97 percent) are for long-term rental, and most (95.3 percent) are for older people.
 - Most councils provide housing because they acquired pensioner housing stock under highly subsidised housing funding provided by central government.
 - Council stock is managed relatively passively and is largely detached from any real analysis of affordable housing dynamics, and any robust monitoring or research into the nature of housing need.
 - Councils lack clarity of their roles in affordable housing and lack capacity and capability to act.
 - Two-thirds of councils think that council housing has little or no impact on affordable housing.
- Specifically, 71 councils think that providing council land has no (or unknown) impact on the availability of affordable housing.
- Most councils have little knowledge of overseas practices and are unaware of substantial evidence-based research on local authority involvement in affordable housing.
 - Almost half the councils have no view on how they might be able to encourage the supply of affordable housing in their areas.
 - Overseas experience shows that active leadership is critical and effective council participation is not dependent on the legislative framework.
 - Priorities for action are: joint central and local government approaches; better analysis and evidence-based research; capacity and capability building; and local strategies that link housing to transport, environmental sustainability and infrastructure outcomes.

Findings

Council Housing Stock: Numbers and Targets

A significant majority (87 percent) of participating councils directly provide housing. Nationwide, councils provide approximately 14,036 dwellings. The average number per council is 207. The range varies considerably, from six units to 2,651 units for Christchurch City Council.

Council housing stock is mostly one-bedroom, and there is a fairly high proportion (15.3 percent) of 'bedsits'. Stock is primarily targeted to older people. Eighty-eight percent of councils providing houses target older people. The next most common target group is disabled people (27.9 percent of councils). No council reports targeting the housing needs of young people.

Is Housing an Issue for Councils?

Most councils think that housing affordability (for both renters and home owners) is a significant problem, and many think that it is at least partly their responsibility. Almost a third of councils see themselves as potentially having a responsibility. A further fifth think the responsibility lies equally between local and central government.

Despite this acknowledgement, many councils have a passive approach and see themselves as 'relatively helpless' to act directly. Almost two-thirds see direct housing provision as having 'little or no impact' on affordable housing in their areas. Furthermore, the majority appear to believe that fulfilling their statutory, regulatory and planning responsibilities (such as district planning, rating policies and requirements under the Building Act, land use and transport) has 'little or no impact' on the availability of affordable housing.

FINDINGS CONTINUED

Almost half the councils express no view on how they might encourage the supply of affordable housing in their areas.

Barriers to Councils Providing Affordable Housing

The research investigates why councils seem to be so 'little engaged' with the issue of affordable housing. The main barriers councils cite are:

- restricted land supply;
- over-heated coastal land prices;
- lack of funding and finance;
- ambivalence over their role in housing;
- lack of guidelines about tools and mechanisms to use;
- legislative barriers;
- low incomes among residents;
- developers' focus on high-priced and large houses; and
- use of covenants to exclude people in need of affordable housing and providers targeting those populations.

The authors conclude that there are more fundamental issues at play. Most councils lack the capability and capacity to act, and collect very little information to underpin debate. Importantly, they have an 'extremely limited' understanding of the impacts of core council activities on housing affordability despite the enormous body of international research and evidence-based policy. They show little evidence of being able to articulate the connections between affordable housing and achievement of desired economic and social outcomes.

Specific Council Actions to Address Affordable Housing

In addition to directly providing houses, almost one-half of councils undertake retrofit activities, almost one-third provide accommodation support services for older people and one-quarter provide general information and advice.

Although three-quarters of councils have some relationship with other agencies involved in housing, few have formal housing partnerships. Just over one-quarter have a formal relationship with Housing New Zealand Corporation.

A small number of councils are actively involved. Generally, these councils:

- recognise the strategic importance of housing for economic and social outcomes sought in the Local Government Act 2002;
- develop a coherent housing policy framework with housing in planning documents;
- have partnerships with private and community organisations to promote the supply of affordable housing;
- actively invest in housing initiatives including grants, land banking, land swaps, land leases, rates rebate and lending; and
- improve management of consenting processes and infrastructure planning.

International Experience

Leadership is critical. It is more important than any particular mechanism or tool used. Overseas, effective councils generally have:

- political commitment and will;
- local housing strategies and implementation plans;
- awareness of the potential wider impact on housing when they exercise their own statutory responsibilities; and
- willingness to overcome regulatory and planning barriers.

Few New Zealand councils actively adopt any of the internationally accepted and long-standing approaches used to address affordable housing supply. International approaches combine both regulatory and non-regulatory measures and include direct provision, use of council assets to support affordable housing, and funding and financing affordable housing.



RESEARCH BULLETIN

Ways Forward for New Zealand

Active leadership from both central and local government is a must for a joint revitalised local and central government approach.

Priorities include:

- agreement on the respective roles and responsibilities of central and local government;
- extending funding to a wider range of vulnerable groups – not just pensioner housing;
- central government support (including legislative change) for councils to take up tools used overseas;
- embedding central and local government responses in robust evidence-based strategies with formal relationships with the community and private sector;
- commitment to improve capacity and capability building, and to share knowledge between councils; and
- comprehensive local housing strategies that identify vulnerable groups, leverage housing outcomes for economic and social benefits in the community, and link housing outcomes to transport, environmental sustainability and infrastructure outcomes.

Further Information

This bulletin is based on the report *Local Government and Affordable Housing*. A copy of the report and this bulletin can be found on the CHRANZ website under “Our Publications”.

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