

## **Q&A: Riccarton Racecourse housing development**

### **1. What sort of homes will be included in the development?**

The Trustees that govern Christchurch's Riccarton Racecourse propose to build at least 600 new homes with approximately 30 per cent – or 180 – of these targeted at the more affordable end of the market. These affordable homes will be priced below the \$450,000 house price cap for Christchurch under the Government's new KiwiSaver HomeStart first home buyer support package that will come into effect 1 April.

### **2. Why is this special legislation needed?**

Riccarton Racecourse is currently classified as a recreation reserve. This status poses impediments to the Trustees' plan to undertake this housing development. Further, under its settlement legislation, Ngāi Tahu has a Right of First Refusal (RFR) over the land should the reserve status of the land be revoked.

The Government's proposed legislation would revoke the reserve status of the land and require the Trust to honour Ngāi Tahu's Right of First Refusal, thus enabling residential development to take place on the site. A Local Bill, promoted by Christchurch City Council, will also be required and officials have been liaising with the council over this.

### **3. Why is the Government doing this?**

13,000 Christchurch homes have been lost to the earthquakes in 2010 and 2011, and the Government is committed to doing all it can to help replace this housing.

The shortage is reflected in the sharp post-2011 increases in house prices and rents to \$403,500 and \$434 per week, respectively.

Building consent figures have increased dramatically to 4400 new dwellings in 2014 – three times the long-term average and up 73 per cent on the previous year. However, the new supply is disproportionately targeted at the higher price bracket.

This intervention enables new supply to be provided within 12 kilometres of the CBD and at reasonable prices for displaced and new homeowners.

### **4. Is this part of the Christchurch Housing Accord?**

The Christchurch Housing Accord aims to increase the immediate and longer term supply and affordability of homes in Christchurch. This legislation was not an initiative previously agreed to under the Accord at the time it was signed, but it nonetheless reflects the joint commitment made by the Government and the council at the time to increase the supply of affordable housing in the city.

### **5. What are the next steps?**

The next step is for Christchurch City Council to formally resolve to advance the necessary local Bill and to proceed with the required public notification process under Parliament's Standing Orders.

The Ministry of Business, Innovation and Employment also needs to advance work with the Riccarton Racecourse Trustees on the development scheme that will set out the timing and details of the housing project. Conditions to be included in the development are retention of significant trees, ensuring all properties have suitable fibre conditions and how the 30 per cent affordable housing target will be delivered.

#### **6. When will construction be complete?**

The aim will be to have construction commencing late 2015 and early 2016 with homes and sections delivered in phases from 2016 onwards.

The final completion date will depend on a number of factors, including market conditions. These kinds of details will be set out in a development scheme, which will be put to the Minister for Building and Housing for approval before development of the land can proceed.

#### **7. Is the Right of First Refusal being bypassed?**

No. The racecourse is reserve land and under Ngāi Tahu's settlement legislation, it is subject to a Right of First Refusal when sold. This means before it can be sold on the open market it must first be offered to Ngāi Tahu on commercial terms.

The proposed legislation will not remove or alter Ngāi Tahu's existing rights over the land, but will provide a mechanism for the Trustees to honour these rights.

The Trustees and Ngāi Tahu Property have agreed to enter into a commercial relationship to develop the site in partnership, which is in line with the intention of the Right of First Refusal to give Ngāi Tahu an opportunity to purchase relevant land on commercial terms before it is offered to the wider market.

#### **8. Can this happen in other situations?**

No. This is a bespoke legislative solution for a unique situation and should not be considered a precedent for other situations. The legislation will ensure that the Trustees honour Ngāi Tahu's rights in relation to the sale of the land.

#### **9. Is the Government gifting this Crown land to Ngāi Tahu and the Trustees of the Racecourse? If so, why aren't they paying for it?**

The land was vested with the Trust in 1878 via legislation subject to the conditions that included the ability to make money off the land not directly required for racing, and to put that money towards maintaining and improving the reserve or for the encouragement of racing on the site. However, the conditions on the land are such that it can only be leased for up to seven years at a time, which would only enable poor quality temporary housing.

These conditions have resulted in a large tract of land alongside the race track that is relatively poorly used as a reserve, but is also generating little income for the Trustees to use to maintain or improve the remainder of the reserve.

The proposed approach will better use this land by providing houses, particularly more affordable ones that Christchurch needs, while allowing the Trust to more effectively monetise the value locked in this land. The Trustees will use this additional income for its original purpose. Ngāi Tahu is partnering with the Trustees on commercial terms.