

Q&A: Tauranga and Western Bay of Plenty Housing Accords

1. What is a Housing Accord?

A Housing Accord is an agreement between the Minister of Housing and a council to work together to address housing supply and affordability issues in a city or district. The Housing Accords and Special Housing Areas Act 2013 states that a Housing Accord must be in writing, set out agreed targets, set out how the parties will work together to achieve the purposes of the Act, and provide for either party to terminate the agreement with no less than three months' notice.

2. When will the Accords be ratified?

It is expected that the Tauranga Housing Accord will be ratified by councillors on Monday 18 August to take immediate effect.

The Western Bay of Plenty District Council has agreed to the Accord in principle. Formal ratification will be decided by council resolution on 19 August 2014. From that date, the Accord will take effect.

3. How long will the Accords be in place?

It is expected the Accords will remain in place until 16 September 2016, when the repeal provisions in the Housing Accords and Special Housing Areas Act take effect.

4. What has been the process for developing the Housing Accords?

The Mayors of Tauranga and the Western Bay of Plenty and the Minister of Housing discussed the potential for a housing accord earlier this year after Cabinet's agreement in January to add the districts to Schedule 1 of the Housing Accords and Special Housing Areas Act 2013. Council and Government officials have met regularly since to work out the details of the Accord.

The Minister of Housing has successfully sought delegated authority from Cabinet to enter into Housing Accords with Territorial Authorities.

5. What are Special Housing Areas?

Upon commencement of the Accord, the Councils will have the ability to recommend Special Housing Areas (SHAs) to the Minister of Housing. SHAs are discrete geographic areas within which the more permissive resource consenting powers of the Act can be used. SHAs will be formally declared by Order in Council on the recommendation of the Minister of Housing.

When recommending special housing areas, the Councils (and then the Minister) may include criteria for 'qualifying developments' within the special housing areas (i.e. developments that can use the fast-tracked and more permissive planning and consenting processes outlined below). These criteria can include height limitations, a minimum number of dwellings and a percentage of affordable dwellings.

6. How will Special Housing Areas be selected?

These areas will be selected by the Councils. These are areas where there is clear demand for housing, and where there is already suitable infrastructure or there are plans for it to be built.

7. How would a resource consent for a qualifying development be approved?

Qualifying developments must be predominantly residential and must meet any height or affordability criteria that the Council specifies for the SHA they are in. Applications for resource consents for qualifying developments can only be made for developments in SHAs. The application would be considered by the Councils and the consents would need to be processed within 60 working days, except for excluded time periods as defined in section 88C of the Resource Management Act 1991.

If the resource consent application is combined with a plan change (or variation) request, the application must be processed within 130 working days.

8. How do the Accord targets compare with historic levels of house building?

Building consents since 2009 have averaged at just over 600 per year in Tauranga. The Accord will help the city to grow the rates of building consents and construction activity in Tauranga, back up to the rates seen throughout the 1990s, of approximately 1000 consents per year.

In the Western Bay of Plenty, building consents since 2009 have averaged at just fewer than 200 per year. The Accord is expected to increase the rate of building consents in the district from 200 consents per year to 325 in the first year and 350 in the second. This represents a 75 per cent increase.

9. What else is the Government doing to improve housing supply and affordability?

The Accord is just part of the Government's wider programme to support housing supply and affordability. The Government also has work underway on the cost of building materials, development contributions, building productivity and compliance costs to improve affordability nationwide.

10. Why do we need a Housing Accord?

Both Tauranga and the Western Bay of Plenty have housing affordability problems. Under the Housing Accords and Special Housing Areas Act 2013, a region or district where the median mortgage payment is greater than 50 per cent of the median pay is deemed as having significant housing supply and affordability issues.

Last year the median house price in Tauranga was \$367,500. The mortgage payment required to service the median house exceeds 62.7 per cent per cent of the median weekly take-home pay for an individual in Tauranga. Similarly in the Western Bay of Plenty, the median house price was \$325,500. The mortgage payment required to service the median house is 62.9 % of the median weekly take-home pay for an individual in the Western Bay of Plenty.

To address this issue, the Government is taking necessary steps to increase supply and create more affordable housing options for the people of Tauranga and the Western Bay of Plenty.

11. How does the Tauranga Housing Accord and Western Bay of Plenty Housing Accord relate to each other?

Tauranga and Western Bay of Plenty each have housing affordability problems. However, the linkages between the two markets should not be ignored. Tauranga's urban sprawl now extends beyond the original Territorial Authority boundaries, so both districts should be looked at when combatting housing affordability in the wider Western Bay area.

The two Accords announced today show the Government's commitment to developing better housing affordability outcomes in the Western Bay area.