



**Absolutely Positively
Wellington City Council**

Me Heke Ki Pōneke

WELLINGTON CITY HOUSING ACCORD

Wellington City Housing Accord (the Accord)

1. This Accord between Wellington City Council (the Council) and the Government is intended to increase housing supply and improve affordability of homes in the Wellington City district by providing an environment that facilitates development.

Introduction

2. An adequate supply of housing and housing affordability are key elements of maintaining a well-functioning, dynamic city with a strong economy and healthy communities. Currently, the Wellington housing market is experiencing issues around the supply and affordability of housing.
3. Wellington is New Zealand's third largest city with around 200,400 residents and it is estimated that there will be around 246,692 people living in Wellington City by 2043. The City has some 77,466 dwellings and the population is expected to grow at a rate of 0.7% per annum until the year 2043. The number of households in Wellington is also expected to increase by almost 21,388. This means that approximately 715 dwellings a year need to be built to keep pace with population and household growth in Wellington. However, based on the number of new dwellings that have been built over the last decade, it is estimated there is a housing supply shortfall of around 3,842 dwellings.¹
4. The 2014 Demographia International Housing Survey rated the Wellington housing market as 'severely unaffordable' as the median house price was 5.5 times the median income. Unaffordable homes contribute to increased pressures on families and communities, on the social housing system and on Council and Government support. Further, with proportionately more household income being spent on housing less money is available for investment in other areas of the community and business.
5. The Council and the Government agree that joint action is needed to improve housing supply and affordability in Wellington City. Both parties seek to work collaboratively to focus on the distinct housing issues facing Wellington. To provide a basis for this collaboration the Government and Council have entered into this agreement (the Wellington City Housing Accord).
6. The Housing Accords and Special Housing Areas Act 2013 (the Act) bestows powers on the Council to streamline consent and plan change processes for residential developments in areas designated as Special Housing Areas. The Act is part of the Government's housing affordability programme, which includes initiatives to address:
 - the supply of land available for residential purposes
 - the efficiency and timeliness of the provision of infrastructure to new development
 - the cost of construction materials
 - costs and delays in regulatory processes
 - productivity in the construction sector.
7. The Accord is a tool to facilitate development aligned with the Council's policy and regulatory framework including the District Plan. It is also a key component of the Council's wider housing programme. This programme includes initiatives to:
 - ensure housing developments provide a mix of housing types, including more compact affordable homes
 - encourage developers through a package of incentives to prepare their land and build houses more quickly than has been the case over the last three years

¹Wellington City Council population forecasts as at June 2014: <http://forecast.idnz.co.nz/wellington>

- increase developer confidence in the Council to encourage a more collaborative approach between the Council and developers that results in a commitment to bring a continuous supply of land and houses to the market over the long term
- promote construction of houses that are energy efficient and, where possible, incorporate green technology
- better align public infrastructure investment and private sector housing development.

Purpose

8. This Accord seeks to help Wellingtonians with their current housing issues and to lay foundations for a thriving housing market to complement the City's economic growth objectives by increasing the supply of housing and improving housing affordability.
9. This Accord recognises that by working collaboratively the Government and the Council can achieve better housing outcomes for the City. In particular, this Accord will facilitate development aligned with the District Plan by accelerating the consenting process and making it simpler and easier to understand.
10. The Accord describes how the Government and the Council will work collaboratively.

Scope of the Accord

11. The Accord outlines:
 - a set of agreed principles to guide how Government and the Council will work together to improve land supply for housing
 - priority actions agreed and commitments made under this Accord
 - targets for the Accord and the monitoring and review of progress made under the Accord
 - processes by which the Minister of Housing and the Mayor and their officials will work together to achieve the purpose and targets of this Accord
 - the circumstances under which the Accord can be ended.

Principles to guide how the Government and the Council will work together

12. The Government and the Council agree that they and their organisations will :
 - **Work collaboratively** to facilitate an increase in housing supply in Wellington City, by working in productive partnerships together and with others who may contribute to delivering the Accord priorities
 - **Allocate appropriate resources**
 - **Prioritise** achievement of the targets in this Accord
 - **Adopt a no surprises approach**, sharing information in a timely manner, with appropriate regard to the likely sensitivity of some information
 - **Seek to resolve differences quickly.**

Priority Actions

13. Under this Accord the Government and the Council agree to:

Aim	Actions	Commitments
Increase the supply of affordable housing in Wellington City	Incentivise ² developers to prepare their land and build houses more quickly than has been the case over the last three years Ensure housing developments provide a mix of house types and include more compact affordable homes to be sold at different price points	The Council will progress actions to encourage faster development and the development of more affordable homes.
Implement the powers provided by the Act to work with developers	Monitor resource and building consenting processes to ensure that they are efficient and do not create unnecessary delays to development.	The Council will seek opportunities to streamline regulatory processes so that they are flexible and facilitate residential developments that contribute to the supply of quality affordable housing.

Targets

14. The Council and Government agree on the importance of targets to give effect to the purpose of this Accord. Both parties to the Accord accept that the targets are, necessarily, ambitious to meet Wellington’s housing needs.
15. These targets will be achieved through a combination of private sector development, direct Council and Government action and through collaborative action with other agencies including, but not limited to, Housing New Zealand Corporation, Greater Wellington Regional Council and the New Zealand Transport Agency.
16. The agreed medium-term targets are:

Targets – total number of sections and dwellings consented				
Year one	Year two	Year three	Year four	Year five
1,000	1,500	1,500	1,500	1,500

Note: Sections measured at point of resource consent and dwellings measured at building consent.

² For the purposes of this Accord the parties agree that “incentivise” broadly means encourage, remove barriers, be open for business and make working with the Council easy. Incentivising development may therefore be through financial or non-financial incentives. The types of incentives provided will remain an implementation decision for the Council.

Special Housing Areas

17. Upon commencement of this Accord, the Council will have the ability to recommend the creation of Special Housing Areas to the Minister of Housing under the Act. If the Government agrees, the recommended Special Housing Areas could be established by Order in Council, enabling the Council to access the powers available under the Act to streamline resource consent approvals.

Factors outside scope

Resource Management Act and other legislative reforms

18. This Accord does not limit the Council, or the Government, coming to differing positions in respect of Government programmes of reforms to the Resource Management Act or other legislation. The Government welcomes submissions from Council at the appropriate stages in the process.

Governance and Processes

19. Governance of this Accord will rest with a Joint Steering Group comprised of the Minister of Housing and the Mayor and Deputy Mayor of Wellington City. The Joint Steering Group has the ability to amend this Accord, including targets, upon agreement. The targets shall be reviewed annually, subject to reports on progress and the state of the building/construction sector.
20. To operate this Accord, the Council and Government will establish an Officials Working Group, which will meet and form sub groups as it deems necessary to advance the implementation and meet the objectives of this Accord.
21. This Officials Working Group will report to the Joint Steering Group at least quarterly and will prepare any progress or monitoring reports requested by the Joint Steering Group.

Monitoring and Review

22. In order to ensure that the purposes and targets of this Accord are achieved, the Joint Steering Group will monitor and review the implementation and effectiveness of this Accord. In order to do this officials will meet as appropriate to:
 - review progress in implementing the Accord
 - review progress towards the Accord targets
 - discuss and agree other areas of joint action or information sharing.
23. The Joint Steering Group will meet biannually to review the progress in implementing and achieving the targets of the Accord. A full review of the effectiveness of the Accord and actions taken under it will be carried out after its first 12 months of operation.

Commencement of the Accord

24. This Accord will take effect from the date of ratification by the Council.

Dispute Resolution

25. Prior to either party exercising the right to terminate this Accord under clause 27, the parties agree that they shall first comply with the dispute resolution process set out in clause 26.

26. The dispute resolution process is as follows:

- The initiating party must immediately, and in writing, bring the dispute to the attention of the other party.
- The Joint Steering Group must hold an initial meeting for the purposes of resolving the dispute within 10 business days of the dispute being brought, in writing, to the attention of the non-initiating party.
- If, for any reason, the Steering Group is unable to resolve the dispute in the initial meeting, the Steering Group must reconvene for the purpose of resolving the dispute within 20 business days of the date of the initial meeting.
- If the Steering Group remains unable to resolve the dispute at the second meeting, then either party may elect to terminate the Accord in accordance with clause 27.
- Pending final resolution of the dispute the parties must continue to perform their obligations under this Accord as if a dispute had not arisen.

Termination of the Accord

27. Subject to first complying with the requirements in clauses 25 and 26, either party may terminate this Accord, on any of the grounds set out in clause 28, by giving not less than six (6) months' notice to the other.

28. The grounds on which this accord may be terminated are:

- Failure to reach the agreed targets as set out in the accord; whether the failure results from inaction or ineffective action;
- Failure on the part of the Council to exercise the powers and functions of an Authorised Agency under the Housing Accords and Special Housing Areas Act.
- The parties agree that there is an irretrievable breakdown in the relationship. Notwithstanding any other provision of this Accord, the parties agree that clauses 25 and 26 shall not apply to a termination on this ground; or
- Wellington is removed from Schedule 1 of the Housing Accords and Special Housing Areas Act, in accordance with that Act (e.g. if Wellington no longer meets the affordability and land supply criteria provided for under that Act).

Publicity

29. The Mayor and the Minister of Housing agree that any communications or publicity relating to this Accord will be mutually agreed prior to release.

Ratification

This Accord is subject to ratification by the Council. If it is not ratified the parties agree that this Accord will be at an end.

Signed on this 24th day of June 2014

Hon Dr Nick Smith
Minister of Housing

Her Worship Celia Wade Brown
Mayor of Wellington