



**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
HIKINA WHAKATUTUKI



Christchurch Housing Accord Monitoring Report

For the period ending December 2016



Executive Summary

This report provides an overview of the Christchurch housing market and an update on priority Accord actions.

Highlights

Progress against key targets

Target A, Housing Stress:

The number of households in housing stress appears to have stabilised at pre-quake levels. However, the survey results are not consistent with other data that shows improvement in affordability.

Target B, Building Consents:

The proportion of all new buildings consents with a value of less than \$250,000 was 46% for the period ending December 2016. In the 2016 calendar year the proportion of building consents under \$250,000 ranged from 31% to 47%. The September 2014 baseline is 35%.

Target C, Social Housing:

The rebuild target was exceeded in December 2016 with 854 social housing units having been built against a target of 700 by that date.

The housing market

For the period ending December 2016, a gross total of 1763 dwellings (houses and units/apartments) were consented. Around 81% of the gross total made a net addition to the existing housing stock. Christchurch rents have lowered in recent months and housing affordability continues to improve for market housing.

Accord developments

The Welles development and super block 2 of the Awatea development are on track for completion in mid to late 2017. Completion of the Colombo site and the remaining site at Awatea have been delayed due to hearings and resource consent appeals. These sites are now due for completion in mid 2018.

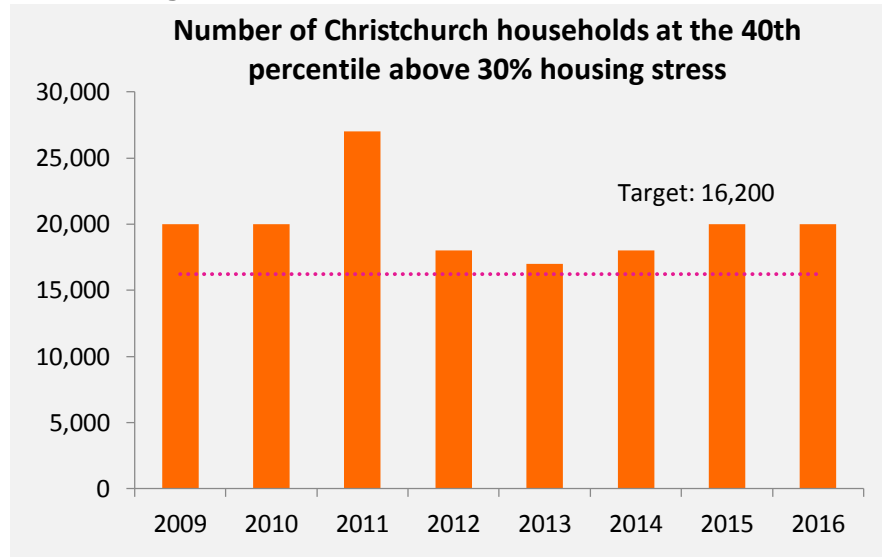
Community Housing Provider establishment

The Otautahi Community Housing Trust opened for business on 3 October 2016 and was registered as a CHP on 18 October 2016. The management of tenancies has been transferred from CCC and the Trust are now placing people into tenancies from the MSD Social Housing Register. The Trust are appointing a Property Development Manager and intend to commence housing development on parcels of land being transferred from CCC.

Progress against Key Targets: Target A

Aim: Increase the immediate and long term supply of affordable homes in Christchurch

Target A: A 10% reduction in the number of households at the 40th percentile of household income paying more than 30% of household income on housing.



Target A is measured using the Household Economic Survey data. However, this survey has high sample errors at the Territorial Authority level. The Accord members consider the survey results do not reflect the housing affordability improvements apparent in the market.

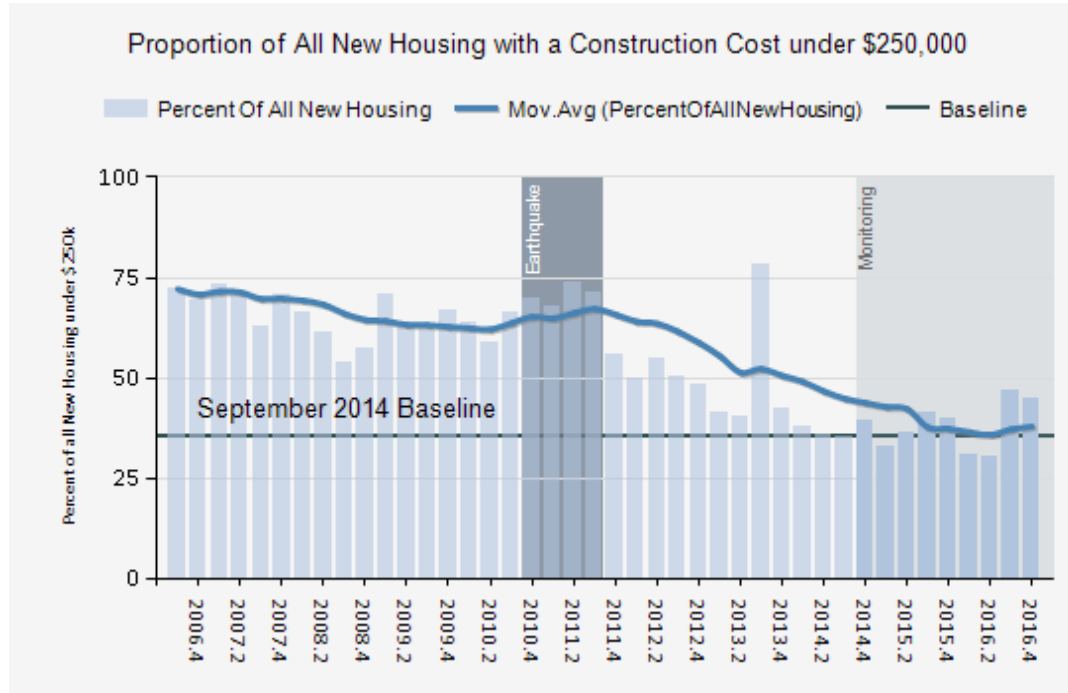
In June 2014 the number of households at the 40th percentile paying >30% on housing was 18,000. A 10% reduction would reduce this to 16,200. As at June 2016 there were 20,000 households with a household income of \$73,200 or less (the 40th percentile) that were paying more than 30% of their income on housing costs. The survey data suggests a 21% drop in the number of renters in housing stress was offset by an increase in the number of owners in housing stress. The survey results are not consistent with other data sources that indicate housing affordability is improving. Incomes increased 3 percent from 2015, interest rates dropped 0.7%, and house prices remained stable with a modest 3.6% increase in average value.

Source: Stats NZ's annual Household Economic Survey undertaken in June and published in late November.

Progress against Key Targets: Target B

Aim: Increase the immediate and long term supply of affordable homes in Christchurch

Target B: An increase in the proportion of new build consents with a consent value of less than \$250,000

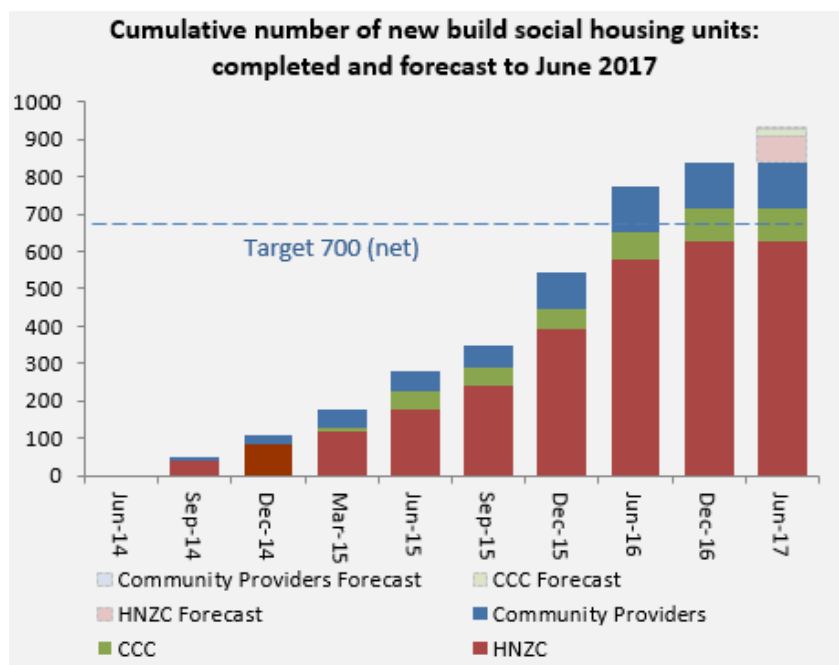


Previous Accord quarterly reports have reported progress against Target B using data for single dwelling consents only. Due to improvements in data collection and analysis the report can now provide the value of all residential dwellings under \$250,000. This is illustrated in the above graph which shows that for the six months to December 2016, 46 percent of new housing consented (756 out of 1641 units and dwellings) had an estimated construction cost of less than \$250,000 compared to the September 2014 baseline of 35%. The outlying value of 75.4% in the September 2013 quarter may be due to the completion of stalled pre-quake construction projects, or to an upswing of greenfield construction during that quarter. It should also be noted that this target is not indexed to inflation or wage growth.

Progress against Key Targets: Target C

Aim: Support the sustainable provision of social housing in Christchurch

Target C: 700 (net) additional social housing units are added to the total social housing stock in Christchurch from the date of signing of this Accord to the end of 2016.



Number of new build social housing units

As at 31 December 2016, **854** units had been completed. In the period ending December 2016:

- HNZC completed **49** units (643 total to date)
- Community providers completed **2** units (123 total to date)
- Council completed **16** units (88 total to date)

In the period ending June 2017 it is forecast:

- HNZC will complete 70 units
- Community providers will complete 3 units
- The Council will complete 16 units

The graph to the left illustrates the cumulative effect of projected quarterly completions towards the target of 700 by December 2016. This target was exceeded by June 2016, with 772 units completed. By December 2016 a total of 854 new social housing buildings were completed.

Priority Actions

Action	Description	Progress	Next steps
Increase the supply of temporary and affordable housing	<p>Develop medium density affordable housing on Council land.</p> <p>Develop innovative mixed tenure housing on Government-owned land at Awatea site (Carrs Rd).</p> <p>Identify surplus Crown and Council land and buildings appropriate for residential development.</p>	<p>Welles/Colombo:</p> <p>Construction is on track for the Welles development. Construction has been delayed for Colombo development due to hearing on resource consent and associated appeals.</p> <p>Awatea:</p> <p>72 homes were completed in 2016, of which 52 have sold and settled.</p> <p>39 (54%) of these homes are affordable.</p> <p>The first 5 out of 10 shared equity homes are included in these sale figures.</p>	<p>Welles/Colombo:</p> <p>Completion of Welles Development is expected in late 2017. Completion on the first block of the Colombo development is now expected early 2018.</p> <p>Awatea:</p> <p>Development on super block 2 is due for completion mid-2017. Completion of superblock 3 is now due in late 2018.</p>
Improve the supply and quality of social housing	<p>Establish a housing entity capable of meeting the registration requirements for a Community Housing Provider. Council to progressively capitalise the entity or entities with \$50 million of land and assets.</p>	<p>Housing entity:</p> <p>The Otautahi Community Housing Trust (the Trust) opened for business on 3 October 2016 and was registered as a CHP on 18 October 2016. The management of tenancies has been transferred from CCC and the Trust are now placing people into tenancies from the MSD Social Housing Register.</p>	<p>Housing entity:</p> <p>The Trust are appointing a Property Development Manager and intend to commence housing development on parcels of land being transferred from CCC.</p>

Priority Actions continued

Action	Description	Progress	Next steps
Remove regulatory impediments to residential development	<p>Monitor progress of housing related actions in the LURP and address issues impeding supply and affordability of residential development.</p> <p>Monitor resource and building consenting processes to ensure that they are efficient and do not create any unnecessary delays to development.</p>	<p><u>Exemplars</u> Meadowlands development First homes on the site under construction. Consents for two further stages being finalised.</p> <p>CCC sites: Carey St - Ongoing evaluation of scheme with commercial partner. Andrews Crescent – initial scheme did not progress, options report to go to Council</p> <p>HNZC sites: No commitment to progress by HNZC until wider area masterplanning commitments are clarified.</p> <p><u>Other</u> Riccarton racecourse: A Deed relating to Right of First Refusal was signed between the Racecourse Trustees, Ngai Tahu and the Crown in August.</p> <p>Consenting processes: Council’s innovative ‘end to end’ planning and consenting process (Partnerships Approval Process) is now part of business as usual.</p>	<p><u>Exemplars</u> Meadowlands: Continued negotiation of consents with CCC. Commercial negotiations ongoing between land and house developers.</p> <p>CCC sites: Carey St - Ongoing evaluation of scheme with commercial partner. Andrews Crescent – initial scheme did not progress, options report to go to Council</p> <p>HNZC sites: No commitment to progress by HNZC until wider area masterplanning commitments are clarified.</p> <p><u>Other</u> Riccarton racecourse: The racecourse Trustees must submit a Development Scheme for approval. The Scheme must be approved via Order in Council by 22 June. Following approval of a development scheme the Acts will come into full force and revoke the reserve status of the development land to enable residential development.</p> <p>Resource and building consenting processes: Council will continue to monitor implementation.</p>

Land Supply: Greenfield Sections

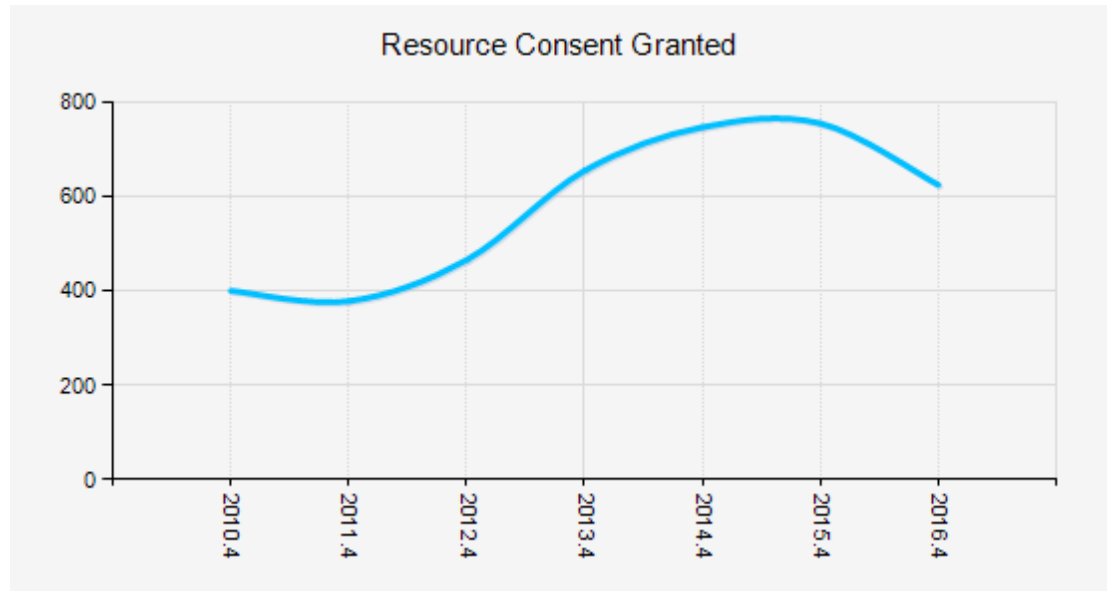
Indicator	Current – December 2016	Previous – April 2016	Change
Potential Sections in greenfield priority areas (incl. land not zoned)	19,319	19,864	-545 (Due to recalculation of areas)
Potential Sections within operative Living (residential) zones in greenfield priority areas	19,319	10,642	+8,677 (all sites now zoned)
Sections consented for subdivision in greenfield priority areas	5,244	6,299	-1,055 (change in calculation process)
Percentage of potential sections zoned residential in greenfield priority areas with subdivision consent	27%	59%	-32% due to increase in zoned sections

Source: Christchurch City Council. The next update will be included in the Accord's June 2017 monitoring report.

Note: The number of sections consented now looks at sections created in the data set. It doesn't include any sites that are 'subject to application' as there were some double-ups in the counting and sites that shouldn't have been included. All sections now zoned due to the completion of the district plan review.

Housing: Residential Resource Consents Granted

For the period ending December 2016, **624** residential resource consents were granted, 130 fewer than the 754 consents granted in the December 2015 period. This is to be expected as building activity is addressing the housing shortfall generated by the earthquakes. Market housing supply is still on track to meet housing demand by mid-2017.



Note: Due to a recent change to more efficient data collection methods this information is represented in an annual format for this report. Historical data has been imported from previous data sources. The overall trend remains the same as before.

Land supply: key developments

Key development resource consents granted in period ending December 2016:

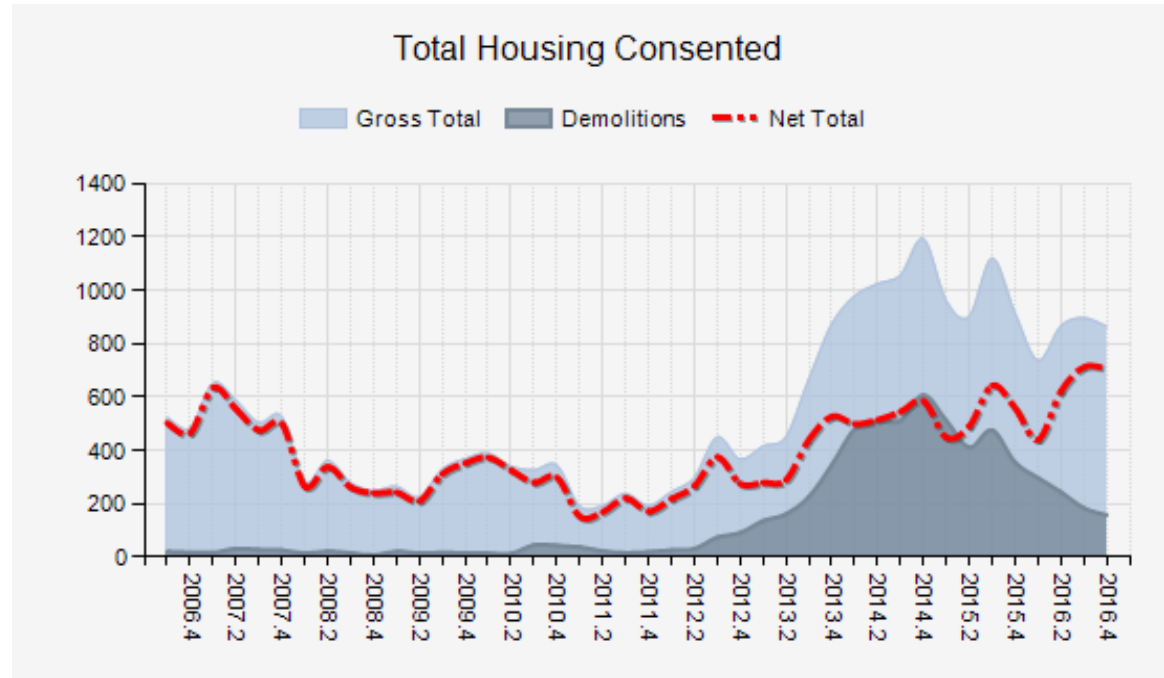
DWELLING TYPE	NUMBER OF DWELLINGS	ADDRESS	DEVELOPER
Unit	54	189 Deans Ave	Rexton Global Ltd
Unit	39	221 Buchanans Rd	C S Luney
Unit	18	158 Awatea Rd	Andy Hak Hung Wong
Unit	16	109 Canon St	Horncastle Homes
Unit	15	69 Suva St	Michelle Properties Ltd
Unit	10	150 & 152 Fitzgerald Ave	Michael Gourley
Unit	10	206 Salisbury St	Stephen Pawson et al
TOTAL	162		

Housing: Building Consents Issued

For the six months ending December 2016 the total amount of housing construction consented fell 13 percent from the 2036 units and dwellings consented for December 2015 to 1763 in the current period.

Around 81% of the gross total made a net addition to the existing housing stock.

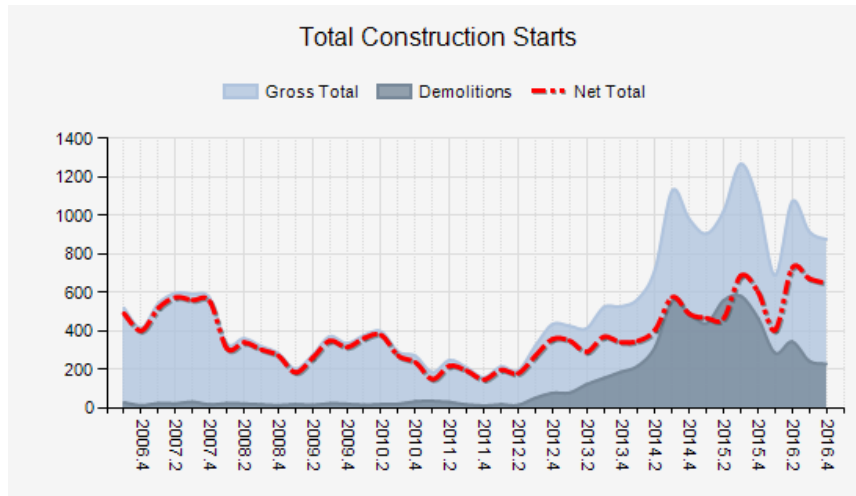
The difference between the net and gross totals reflects the number of post-quake rebuilds that replace existing building stock.



Source: Christchurch City Council. These figures may differ from Stats NZ due to differences in methodology.

Housing Construction

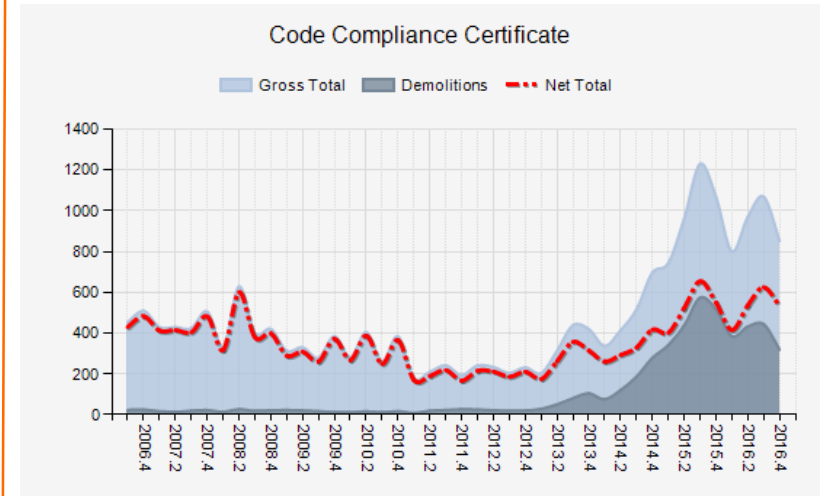
Construction Starts – first building inspection



In the period ending December 2016, a gross total of 1791 dwellings (houses and units/apartments) reached their first inspection.

- This was a decrease of 23 per cent compared to the December 2015 period.
- **74% of the 1791** are net additions to the housing stock.
- The balance comprise post-quake rebuilds that replace existing building stock.

Code Compliance Certificates

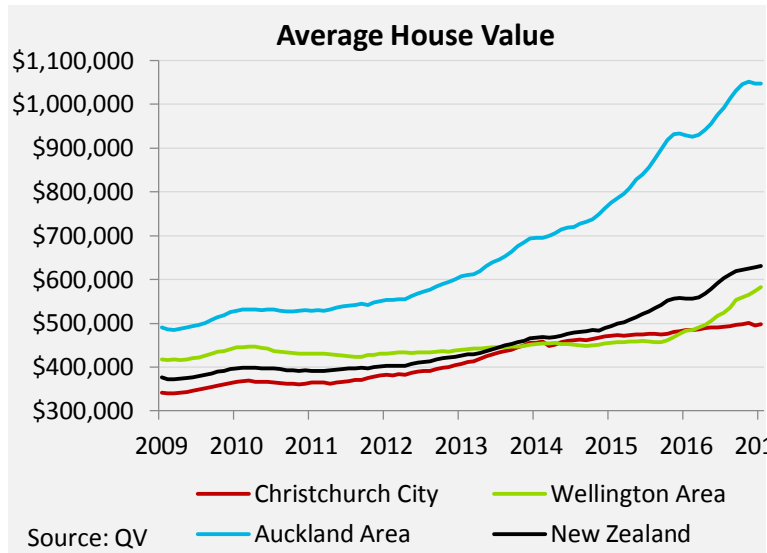


Construction was completed on a total of 1920 dwellings (houses and units/apartments) in the period ending December 2016.

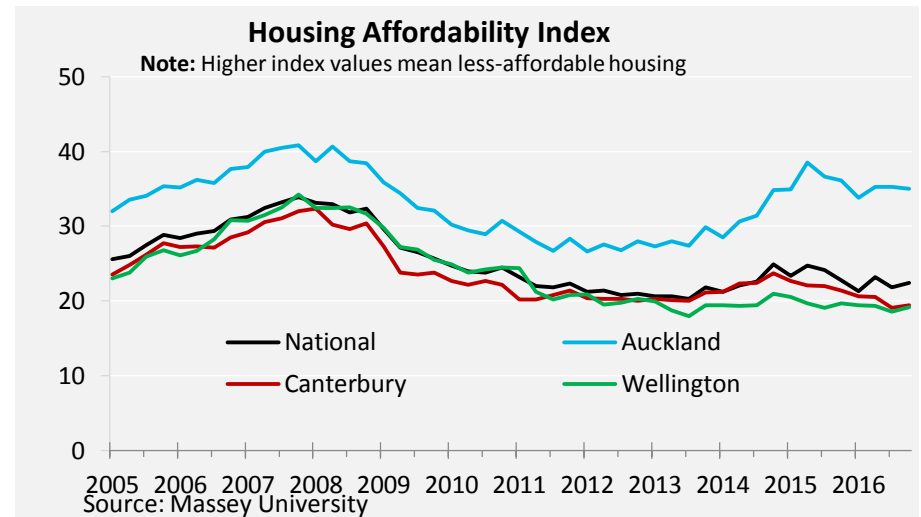
- This was a decrease of 16 per cent compared to the December 2015 period.
- **60% of the 1920** are net additions to the housing stock.
- The remainder are for houses to replace those lost in the earthquakes.

Housing Affordability

House Values



Housing Affordability



At end December 2016, Christchurch City's average house value was **\$494,000**. This was \$80,000 below Wellington values and \$134,000 below the national average. Average Christchurch City house values increased by 3% in the year to December 2016, compared to a national increase of 12%.

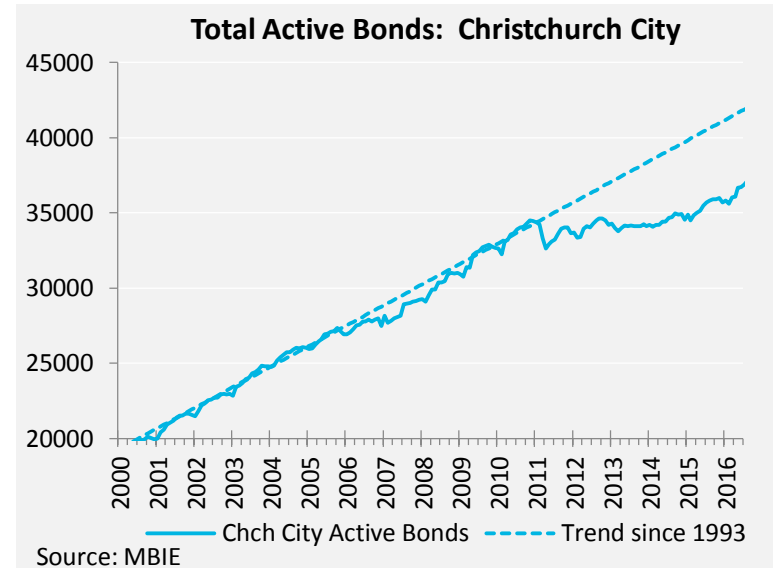
Canterbury's housing affordability improved 9.4% over the 12 months to December 2016, compared to an improvement in housing affordability of 1.7% in New Zealand over the same time.

Rental supply and demand

Rental Supply

There has been an increase in bonds since the beginning of 2015 consistent with reducing pressure in the market. There were 37,046 active bonds as at end December 2016 compared to 35,678 at end December 2015.

Active bonds continue to be below the long-term growth trend line as a result of the loss in rental housing stock due to the earthquakes and post-earthquake rebuilding.



Rental Demand

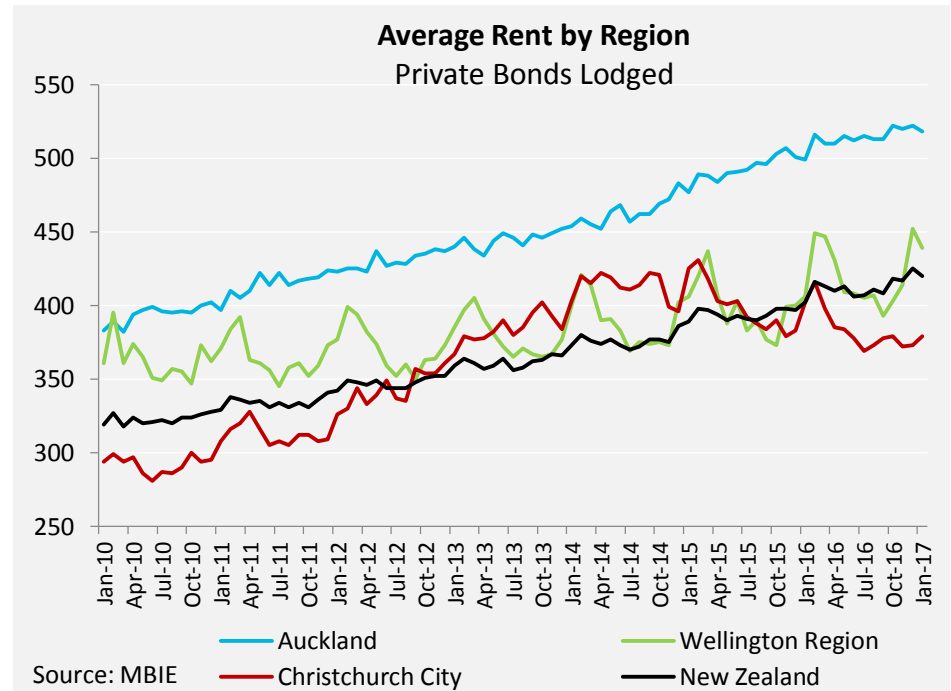
Overall demand on the rental market from the rebuild workforce and displaced households has peaked and is expected to decline over the next few years as the residential and commercial rebuild progresses. Based on the projected rate of repair, housing supply will match demand in around May 2017.

Rental Affordability

Affordability

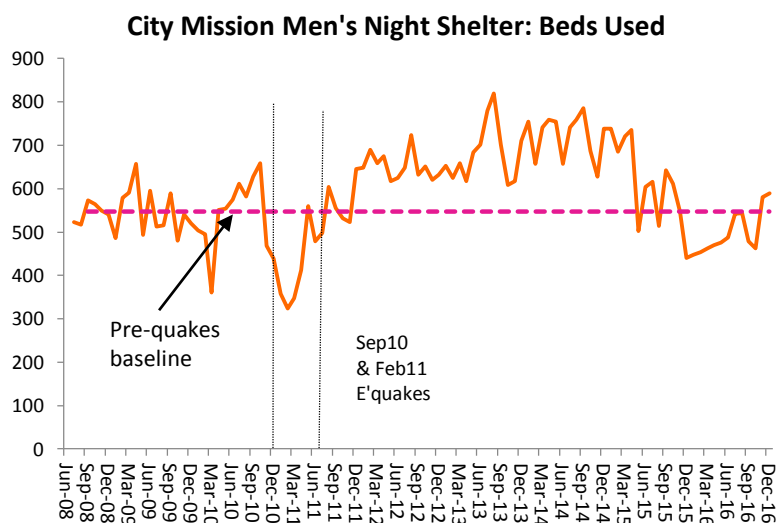
As at December 2016, Christchurch City rent has increased from pre-earthquake levels by 31%, compared with 32% for New Zealand over the same period.

Average Christchurch rent in December 2016 was \$373 per week, compared to a high of \$431 in February 2015.



Homelessness demand

Overnight housing demand



The City Mission has a 28-bed night shelter for men. The above graph illustrates the demand for this shelter following the earthquakes. Demand has slightly increased in 2016.

Note: Homelessness is difficult to measure. Not all homeless people use the above services.

Social Housing demand

CCC and MSD Wait Lists

The Otautahi Community Housing Trust (the Trust) is a registered CHP and places applicants from the MSD Social Housing Register. When applicants enquire about housing at the Trust, they are directed to MSD so they can register their need for social housing.

As at December 2016, 206 people were registered as having an interest in being housed by the Trust. These applicants are in various stages of applying to be on the MSD Social Housing Register.

The Ministry of Social Development had 92 homeless applicants at end December 2016 compared to 62 homeless applicants at end December 2015.

Note: Homeless applicants are those who are sleeping rough/in cars/caravans, in insecure or temporary housing, or are exiting prison or a hospital. The homeless category is based on the reason that an applicant has identified themselves as needing social housing. Those registering with the Trust are largely a subset of the MSD waiting list, although the Trust cannot fully confirm the subset size.

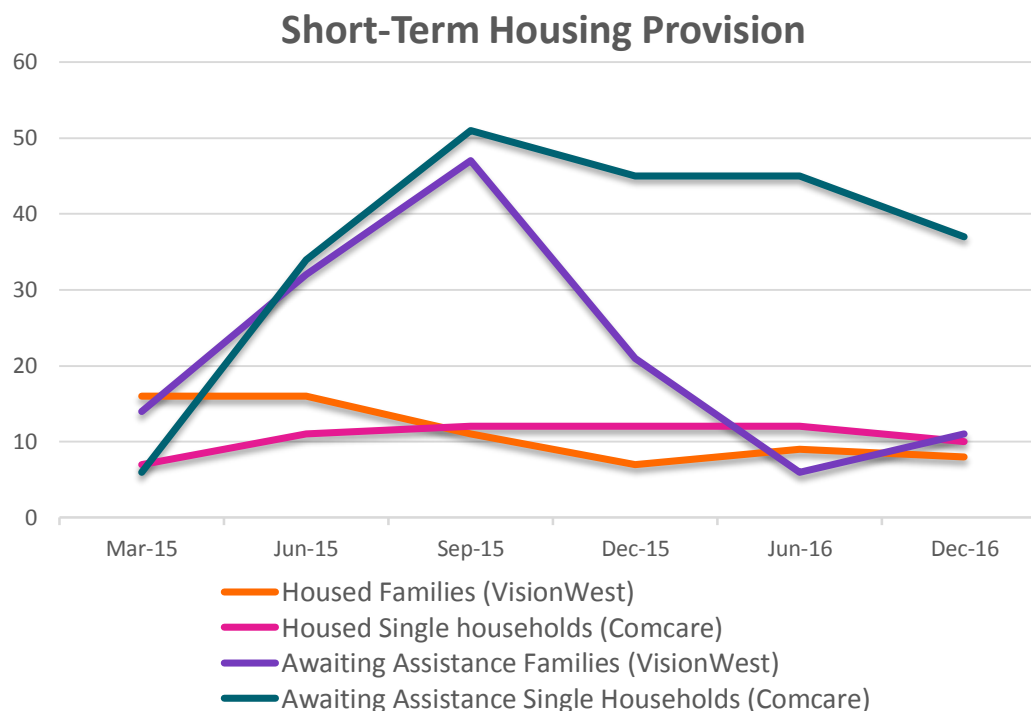
Homelessness: short-term housing response

VisionWest and Comcare services: short-term housing

The Ministry of Social Development contracts VisionWest and Comcare to provide short-term housing for families and single households.

VisionWest: As at 15/12/16 – there were 11 families in service and 14 families on the waitlist. The average length of stay is 42 days.

Comcare: Contract has been extended for a further 12 months. As at 15/12/16 – there were 10 clients in service and a further 37 clients awaiting service. The average length of stay is 61 days.



Homelessness: Transitional housing responses

Christchurch Methodist Mission: Homes for the Homeless – for young people and families

In July 2015 CCC provided funding for one year to the Christchurch Methodist Mission to provide transitional housing for six homeless households. The project has now been completed, with the final tenancies ending in November 2016. It highlighted the difficulties faced for the households to sustain long term tenancies

During the project six private sector tenancies were established for four families and two groups of youth, who had previously been homeless or were facing imminent homelessness. CMM provided tenancy management for all of the tenancies, as well as wraparound social support for the families. Youth and Cultural Development provided wraparound social support for the youth.

Christchurch City Mission: Transitional housing for families

The City Mission, CCC and the Ministry of Business, Innovation and Employment provided funding for the Christchurch City Mission to refurbish a shelter to provide transitional housing for up to three homeless families, which opened in December 2015.

While the units remain well utilised there have been major issues with tenant behaviour. Our intake social worker still works intensively with these clients but because of poor history with previous landlords and the closing of Vision West accommodation, finding alternative affordable accommodation is proving very difficult. The Mission is therefore currently reviewing the financial ramifications of converting the units into a night shelter for families where no rent is paid, but a weekly savings scheme is compulsory as part of a structured social work plan with the client/family.

Presbyterian Support - Supported Accommodation for Youth

In July 2015 the Supported Accommodation for Youth initiative commenced in Christchurch. The Ministry of Social Development contracts Presbyterian Support to assist up to 8 young people at a time.

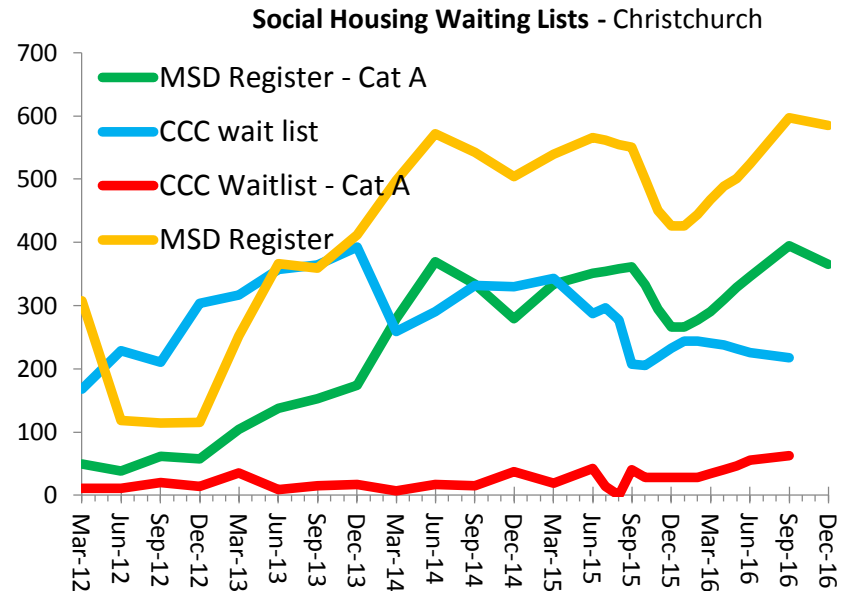
This service provides both housing and mentoring. The service has just gone through a transition, and 1 person had been placed into the programme as at December 2016. Support is now changing from 16-19 year olds to 16-19 year olds with dependant children. Previously, 6 young people were housed as at 31 December 2015.

Social Housing Demand: MSD and CCC recorded

The MSD-administered Social Housing Register had **585** applicants for Christchurch as at end December 2016 (higher than 524 at end June 2016, and 426 in December 2015). The register includes **365** A-priority applicants.

The Otautahi Community Housing Trust is a registered CHP and places applicants from the MSD Social Housing Register.

As at 1 March 2017, 159 people (a subset of the MSD list) are registered as having an interest in being housed by the Otautahi Community Housing Trust.

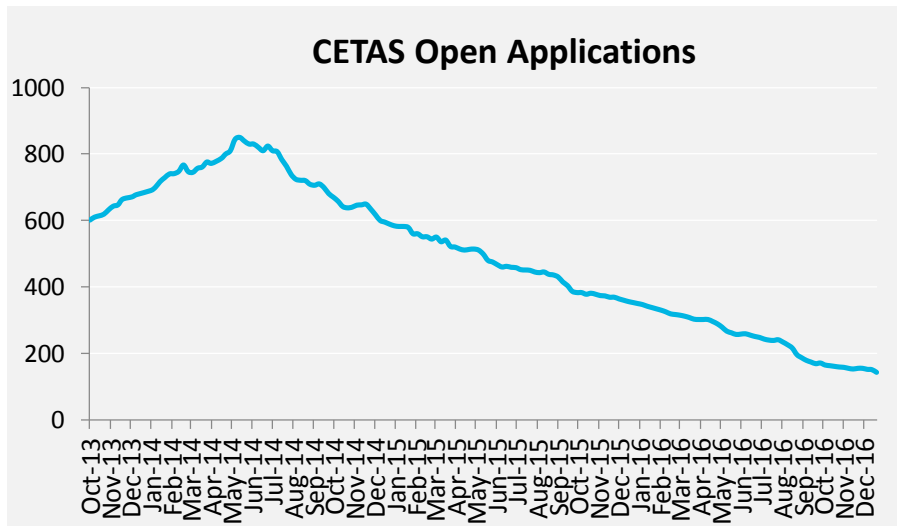


Note: This is the first reporting period where only the MSD waiting list is used. Wait lists are no longer kept by the Council as the new Trust now monitors those registered with MSD as having an interest in being housed by the Trust, as well as those who are not and still expressing an interest with the Trust.

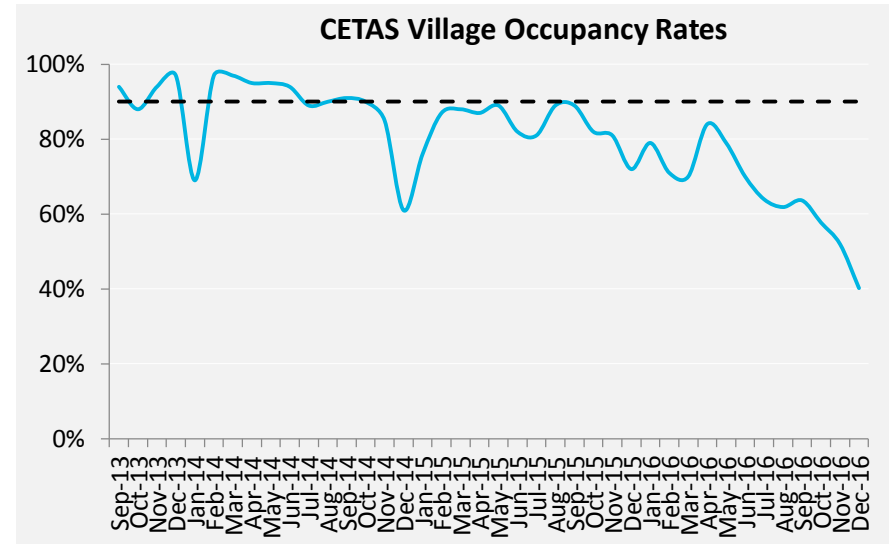
For previous wait list data, some applicants will have been recorded on both the MSD Register and the Council wait list. The difference in the proportion of A category applicants in the MSD and Council lists was due to differences in policy settings and processes.

Demand for Temporary Villages

CETAS Applications



Village Occupancy Rates



Due to the completion of the bulk of under-cap repairs, the total number of households with open applications for support has reduced from its peak of 850 applications in May 2015 to 143 applications at the end of December 2016. Kaiapoi village closed in April 2016. Village occupancy rates at the three remaining villages at December 2016 were 40%, with negotiations underway for their sale and reuse given low demand and the ability of displaced residents to find suitable options in the private rental market.