



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



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# Christchurch Housing Accord Monitoring Report

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For quarter ending June 2015



# Executive Summary

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

## Highlights

### The housing market

Building activity remains strong with a continuing increase in the number of Code Compliance Certificates issued. The number of resource consents issued in 2015 has decreased steadily, however housing supply is still on track to meet demand by mid-2017. In the June 2015 quarter 295 residential resource consents were issued compared to 376 in the June 2014 quarter. The slowing in the residential resource consent pipeline will lead to a slowing in building activity as the housing shortfall is addressed.

In the past quarter Christchurch rents have lowered and housing affordability has improved slightly.

### Accord developments

Civil works commenced on the Awatea housing development of 237 homes. Cabinet considered the Accord fund in May 2015 and decided that the improving housing market and the 420 dwellings to be delivered at the Awatea, Welles and Colombo St developments, coming at a lower cost than initially thought, meant the balance of the fund was not required in Christchurch.

### Community Housing Provider establishment

The Council short-listed several parties interested in becoming partners in the Community Housing Provider. The Council has commenced negotiations with these partners on the form of the provider.

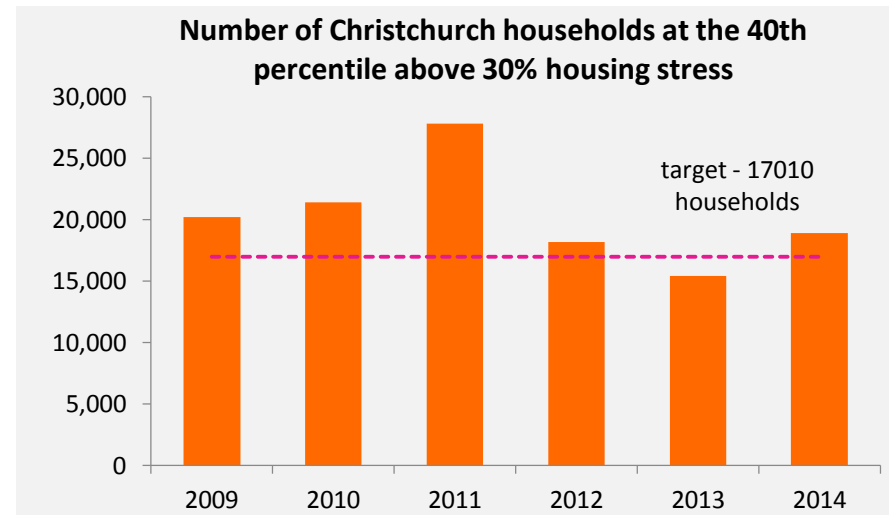
### Building consents

The proportion of building consents with a value of less than \$250,000 has increased after a drop in the March 2015 quarter.

# 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. Note – no change since the December 2014 report.**

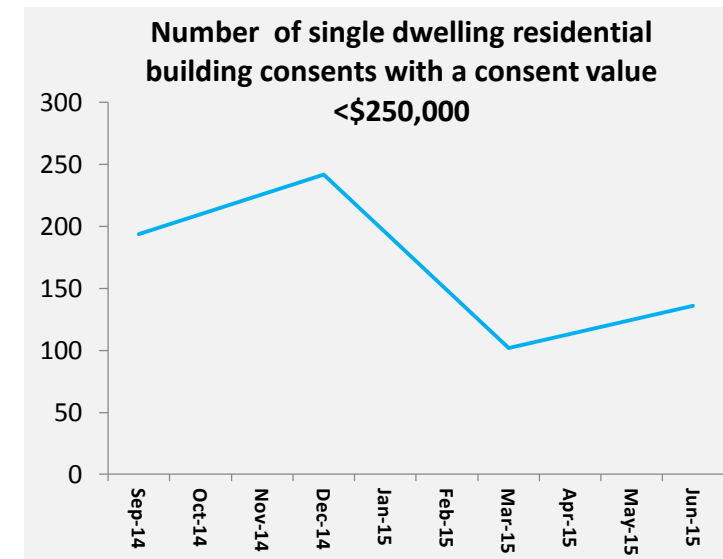
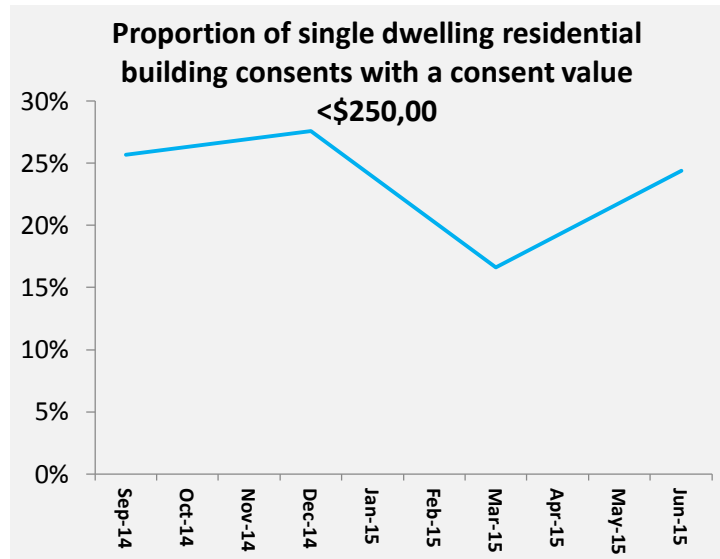


Source: Stats NZ's annual Household Economic Survey undertaken in June and published in late November, next update due November 2015. As at June 2014 there were 18,900 households at the 40<sup>th</sup> percentile of Christchurch household income (\$58,102) who are paying more than 30% of their income in housing costs. This is an increase from 2013, but still lower than pre-earthquake levels, most of the increase being from owner-occupiers in increased housing stress. The Accord's target is to reduce this number by 10% during the life of the Accord, a reduction to 17,010. Note: This data is to be treated with some caution, as there can be high sample errors as Christchurch City is below the survey's sample design area of Canterbury. This can lead to high variations in results from year to year.

# 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 from 26% of consents as at September 2014.



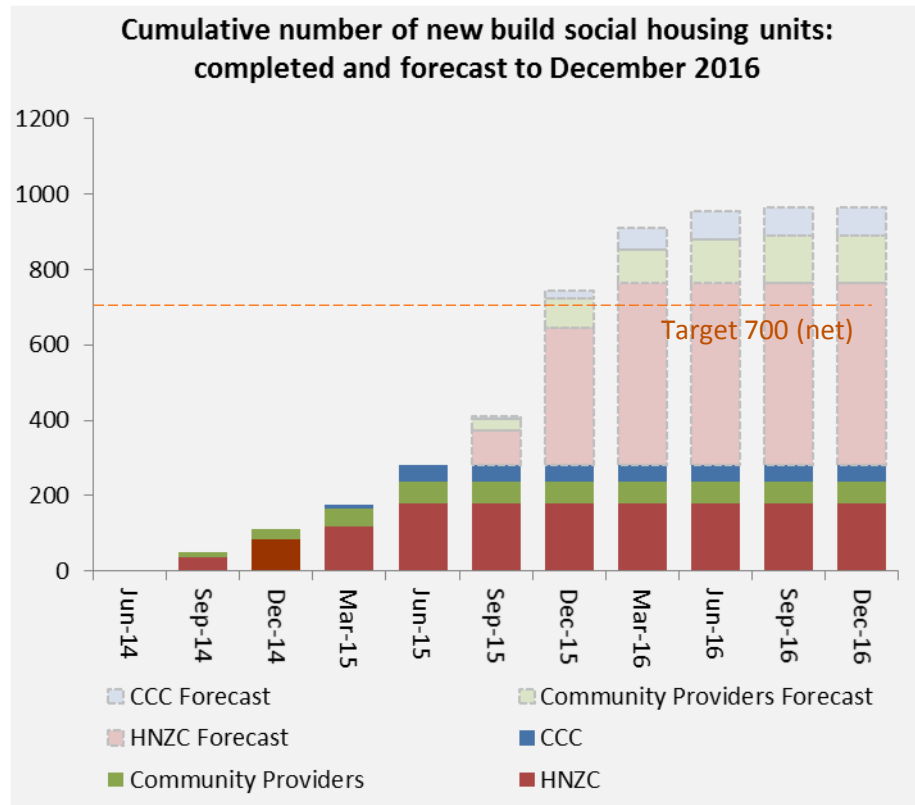
The Council issued **136** consents with a value of less than \$250,000 for the quarter ending June 2015 (**24%** of all single dwelling consents).

Note: The value of <\$250,000 excludes land costs and is an estimation of the total value of all goods and services to be supplied for the building work. The consents are for single dwellings. This data also includes replacement dwellings following a demolition.

# 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 30 June, **282** units had been completed. In the quarter ending June 2015:

- HNZC completed **60** units (179 total to date)
- Community providers completed **9** units (57 total to date)
- Council completed **36** units (46 total to date)

In the quarter ending September 2015 it is forecast:

- HNZC will complete **90** units
- Community providers will complete **33** units
- The Council will complete **5** units

The graph to the left illustrates the cumulative effect of projected quarterly completions towards the target of 700 by December 2016. This target should be exceeded by the end of 2015, with **744** units due. The 744 is lower than the 908 estimated in the previous Accord report to be completed by December 2015. The difference of 164 will now be completed by March 2016.

# 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: Sale and purchase agreements signed with CCC. Land use consents lodged.</p> <p>Awatea: Civil works have commenced on the first of three lots. The first 15 building consents associated with section 2 were issued by CCC at the end of June.</p> <p>Land: Cabinet considered allocation of the Housing Accord Fund capital contingency in May 2015. Cabinet agreed, in light of the improvement in the housing market and progress on the three developments funded already (delivering around 420 dwellings over the next two years), that the balance of the fund would expire.</p>	<p>Welles/Colombo: Purchase of the two sites settled in July. Pile testing has been completed at Welles St and building consents for screw piles at buildings 2 and 3 have been approved. Civil design has been completed for Colombo St and building consent has been lodged.</p> <p>Awatea: Similar house typologies will continue to be prepared and lodged. Engineering approval, land use and ECan consents will be lodged. There will be continued discussion to finalise the level of development contributions.</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.</p> <p>Council to progressively capitalise the entity or entities with \$50 million of land and assets.</p> <p>Identify opportunities for CCC and HNZA to work together.</p>	<p>Housing entity: Following an Expression of Interest seeking potential partners for the provider, short-listed organisations signed a Memorandum of Understanding with the Council regarding the establishment of the provider.</p>	<p>Housing entity: The short-listed parties are to agree on the structure for the provider and the key points for the lease between the Council and the provider. Council to confirm which properties will comprise the \$50 million of assets that will capitalise the entity.</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: design under development.</p> <p>CCC sites: Council is in negotiations with interested parties to develop sites at Andrews Crescent and Carey St.</p> <p>HNZC yet to advise if will proceed with its exemplar developments.</p> <p><u>Other</u> Riccarton racecourse: Work underway to draft legislation to enable the residential development to progress.</p> <p>Council finalised an 'end to 'end' customer service process for its planning and consenting processes.</p>	<p><u>Exemplars</u> Meadowlands: Resource consent application to be made.</p> <p>Andrews Crescent and Carey St to be considered by exemplar panel once designs are progressed.</p> <p><u>Other</u> Riccarton racecourse: Local Bill to begin public notification.</p> <p>Council's new customer service process is now in effect.</p>
Encourage innovative design and manufacturing processes	Use scale and scope of joint activities to encourage use of new technologies or manufacturing or construction techniques to reduce costs and improve productivity.	Use of prefabrication likely to be a key feature of Awatea, Welles and Colombo Street developments.	Ongoing discussions with preferred partners.

# Land Supply: Greenfield sections

Indicator	Current – April 2015	Previous - November 2014	Change
Potential Sections in greenfield priority areas (incl. land not zoned)	19,814	19,775	+ 39
Potential Sections within operative Living (residential) zones in LURP priority greenfield areas	10,592	10,553	+39
Sections consented or subject to application for subdivision in LURP greenfield areas	5,099	4,972	+ 127 sections
Percentage of potential sections zoned living in LURP greenfield areas with subdivision consent or subject to application for subdivision	48.1%	47.1%	+ 1%

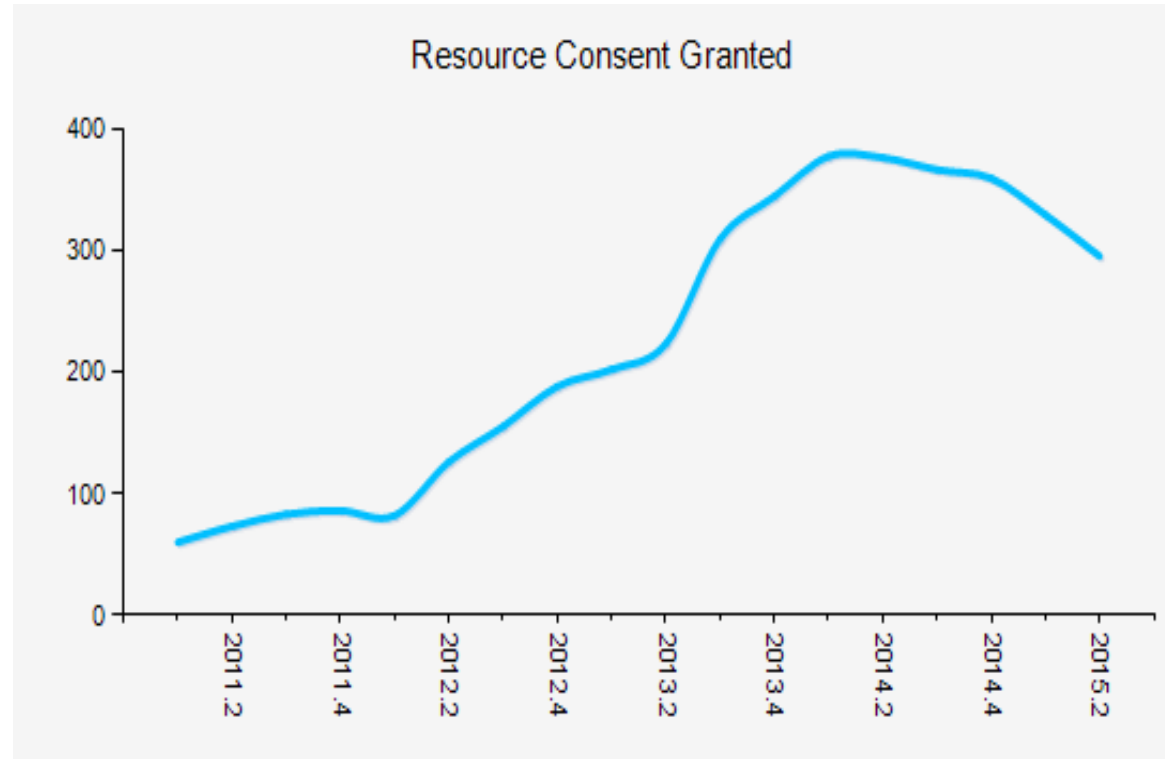
Source: Christchurch City Council. The next update will be included in the Accord's December 2015 monitoring report.



# Housing: Residential Resource Consents Granted

For the quarter ending June 2015, **295** residential resource consents were granted, **81** fewer than the 376 consents granted in the June 2014 quarter.

This was to be expected as building activity is addressing the housing shortfall generated by the earthquakes. Housing supply is still on track to meet demand by mid-2017.



# Land supply: key developments

## Key development resource consents granted in quarter ending June 2015:

DWELLING TYPE	NUMBER OF DWELLINGS	ADDRESS	DEVELOPER
Units	16 – 2 beds 15 – 3 beds 16 dual key	15b Bunyan Street, Waltham	Four Avenues Property Group Ltd.
	56 Residential units	200 Awatea Road, Halswell	Fletcher Residential
TOTAL	103		

## Resource consents applied for key developments in quarter ending June 2015:

- Earthworks application lodged for Meadowlands exemplar housing development

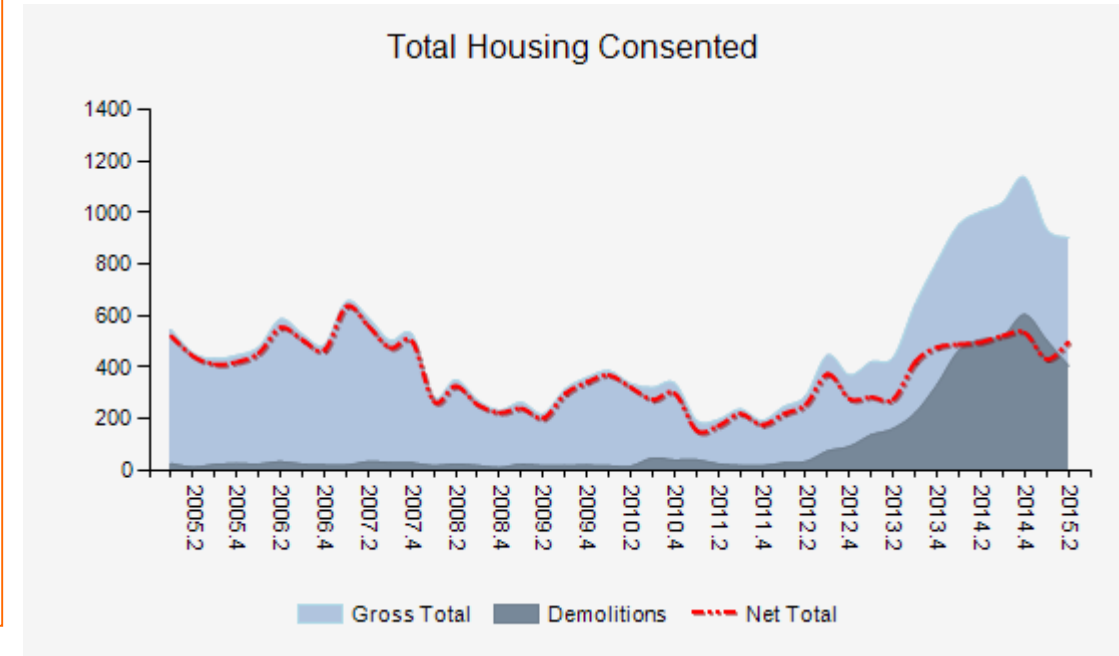
Note: The average statutory processing time for resource consents granted was 10 working days. Of those developers who had pre-application meetings with the Council, the time between these meetings and their lodging of an application ranged from 2 months to 1 year 2 months.

# Housing: Consents Issued

For the quarter ending June 2015, a gross total of **902** dwellings (houses and units/apartments) were consented; **101** fewer than the **1003** consented in the June 2014 quarter.

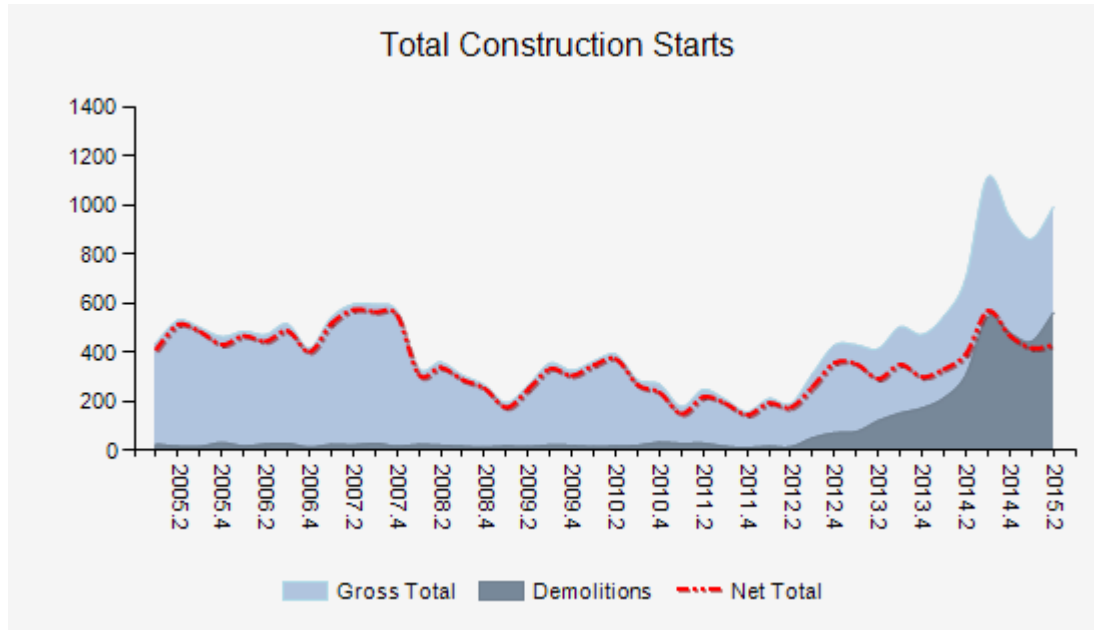
Around **55% (497)** of the gross total made a net addition to the existing housing stock.

The difference between the net and gross totals (**405**) reflects the increasing number of post-quake rebuilds that replace existing building stock.



# Housing Construction

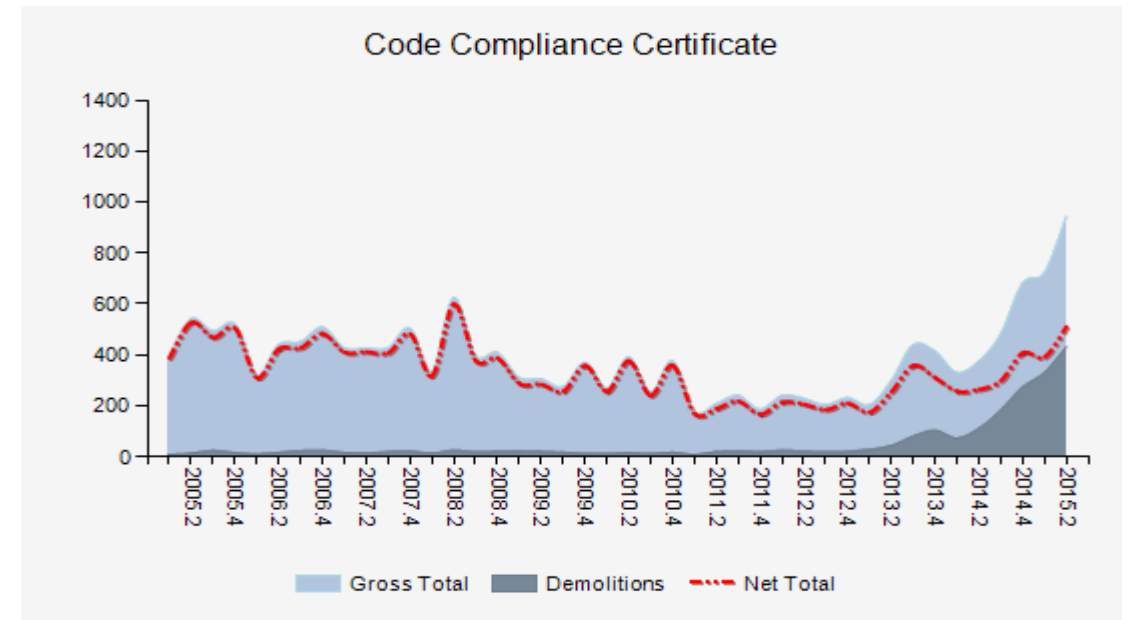
## Construction Starts – first building inspection



In the June 2015 quarter, a gross total of **992** dwellings (houses and units/apartments) reached their first inspection.

- This was an increase of **291** compared to the June 2014 quarter.
- **43% of the 992 (431)** are net additions to the housing stock.
- The balance (**561**) comprise post-quake rebuilds that replace existing building stock.

## Code Compliance Certificates

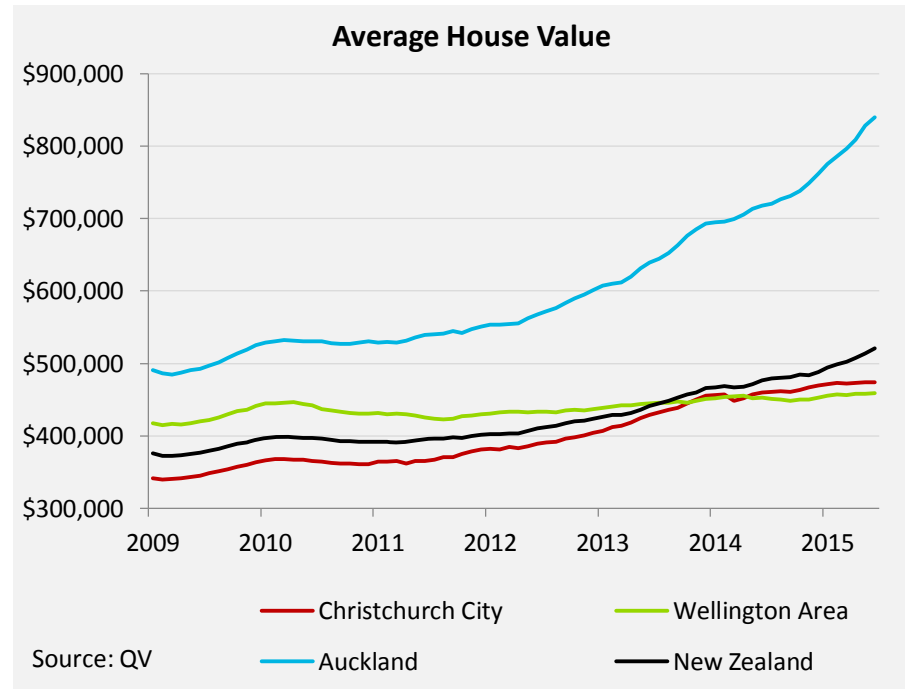


Construction was completed on a gross total of **943** dwellings (houses and units/apartments) for the quarter ending June 2015.

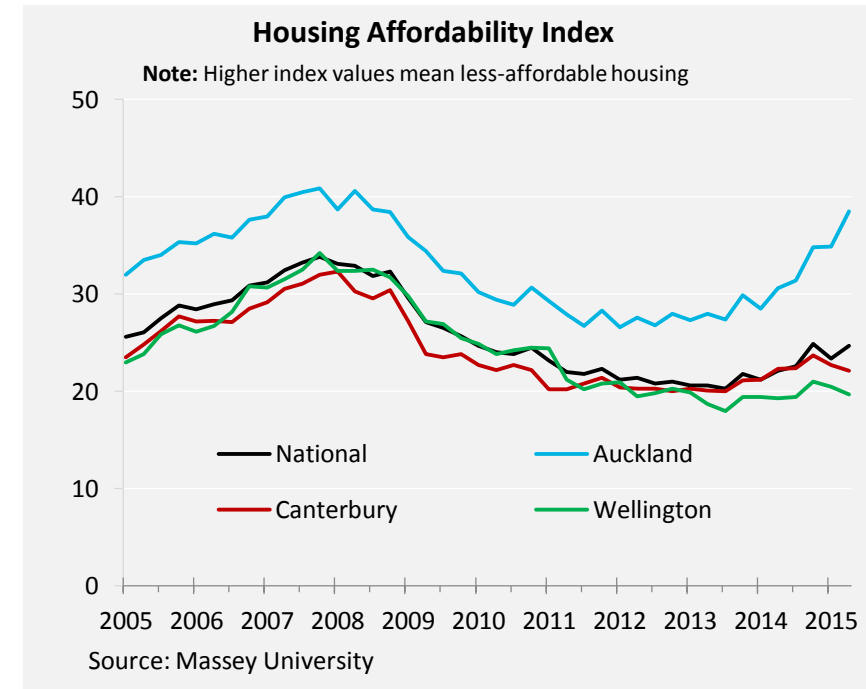
- This was an increase of **566 (or 150%)** compared to the June 2014 quarter
- **54% of the 943 (511)** are net additions to the housing stock.
- The remainder (**432**) are for houses to replace those lost in the earthquakes.

# Housing Affordability

## House Values



## Housing Affordability



At end June 2015, Christchurch City's average house value was **\$474,269**. This was \$14,903 above Wellington values but \$46,316 below the national average.

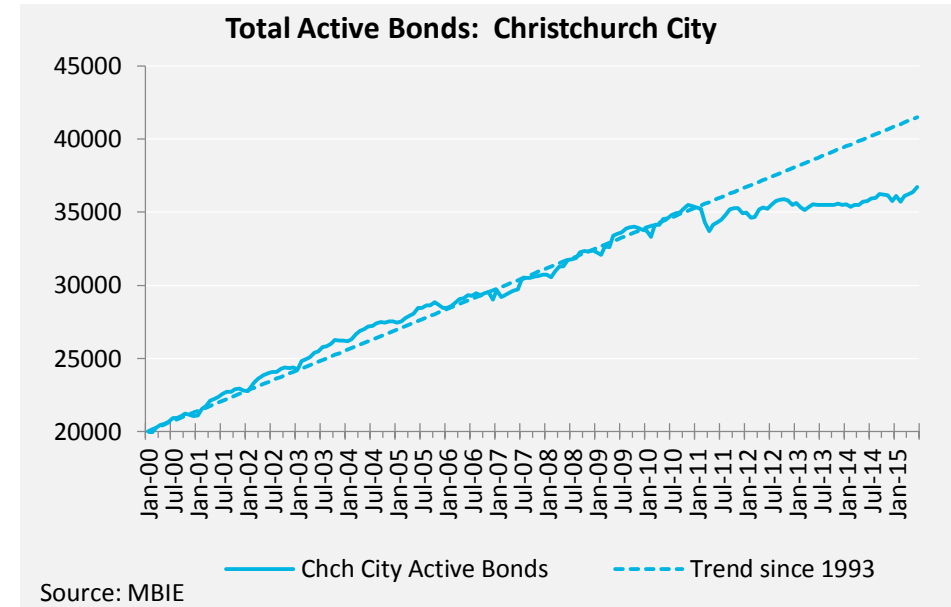
Canterbury's housing affordability improved 1% over the 12 months to June 2015, compared to a worsening of housing affordability of 11% in New Zealand over the same time.

# 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 36,720 active bonds as at end June 2015 compared to 36,087 at end March 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

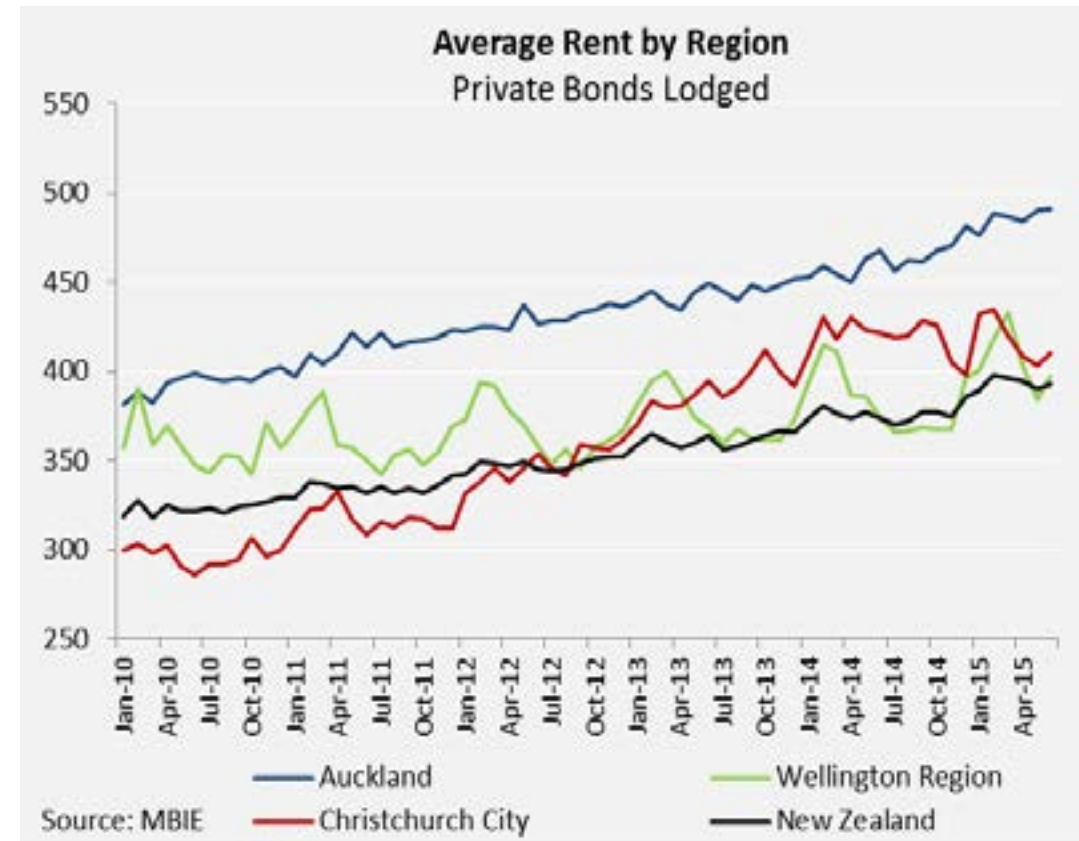
Overall demand on the rental market from the rebuild workforce and displaced households has peaked and is expected to decline over the next four years as the residential and commercial rebuild progresses. Demand for accommodation from migration continues at high levels, with a net increase in permanent and long-term migration of 5,391 in the year to June 2015, equivalent to 2,150 households.

# Rental Affordability

## Affordability

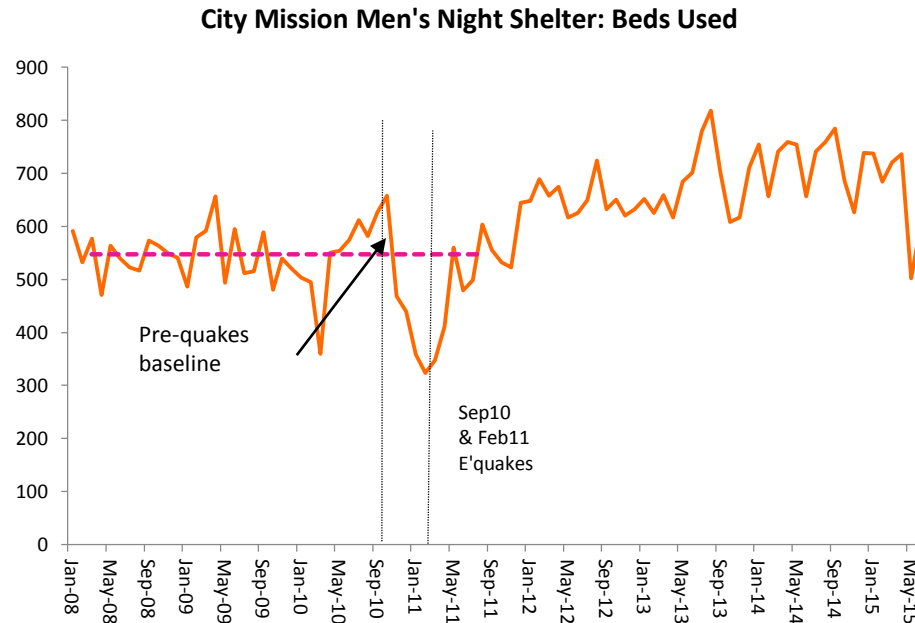
As at June 2015, Christchurch City rent has increased from pre-earthquake levels by 41%, compared with 24% for Auckland over the same period.

Christchurch rents are variable but have lowered slightly in recent months. Average Christchurch rent in June 2015 was \$410 per week, compared to its peak of \$434 in February 2015.



# Homelessness: overnight, short-term and social housing 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.

## Short-Term and Social Housing

### Short-Term Housing Response

The Ministry for Social Development contracts VisionWest and Comcare to provide short-term housing. As at the end of June 2015, **16** families and **11** single households were housed in short-term housing. **32** families and **34** single households were awaiting assistance. The average stay is less than 8 weeks and households exit into social or private rental housing.

### Social Housing

As at 30 June 2015, MSD had **180** and CCC **167** homeless applicants on their social housing wait lists. This compares to 150 applicants (MSD) and 148 applicants (CCC) at 31 March 2015. There may be some duplication between the wait lists.

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



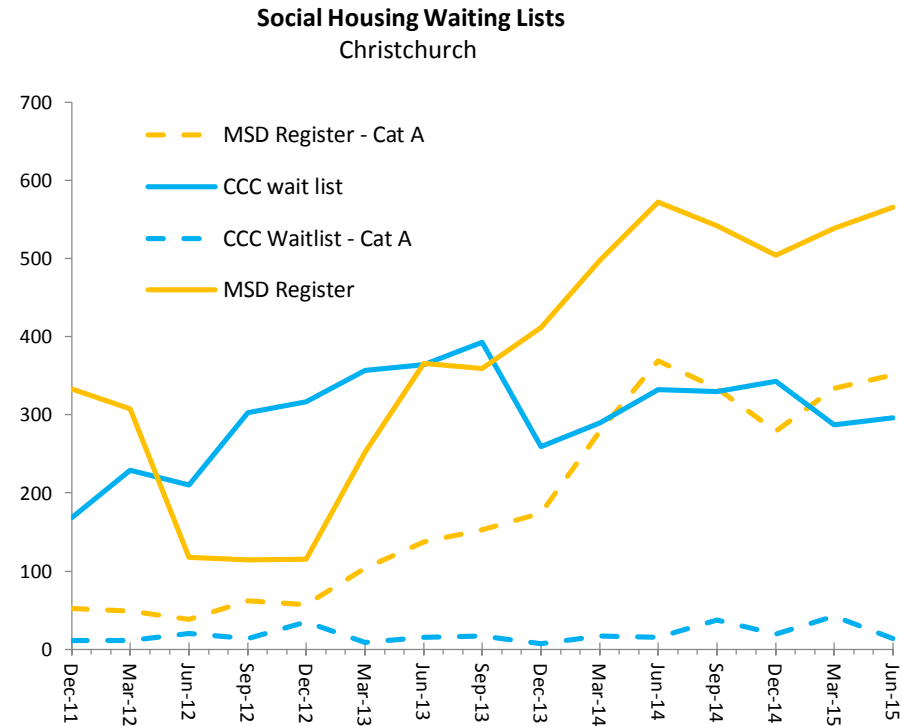
# Social Housing Demand

The MSD-administered Social Housing Register had **566** applicants for Christchurch as at end June 2015 (compared to 539 at end March 2015), including **351** A-priority applicants.

The Christchurch City Council wait list had **296** applicants as at end June 2015 (compared to 287 at end March 2015), including **14** A-priority applicants.

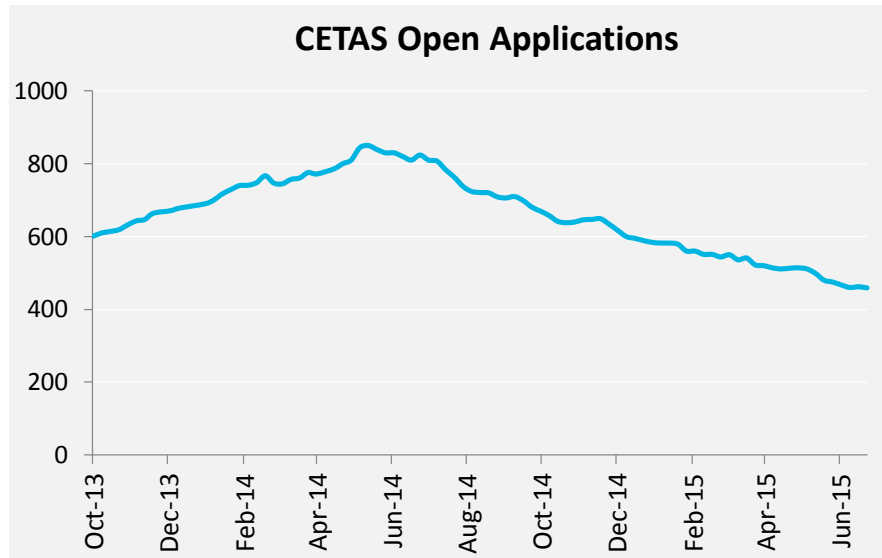
The 911 new social housing units available by March 2016 (as outlined on page 5) will help address the demand as shown on the the MSD register and Council wait list.

Note: Some applicants will be 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 is due to differences in policy settings and processes.

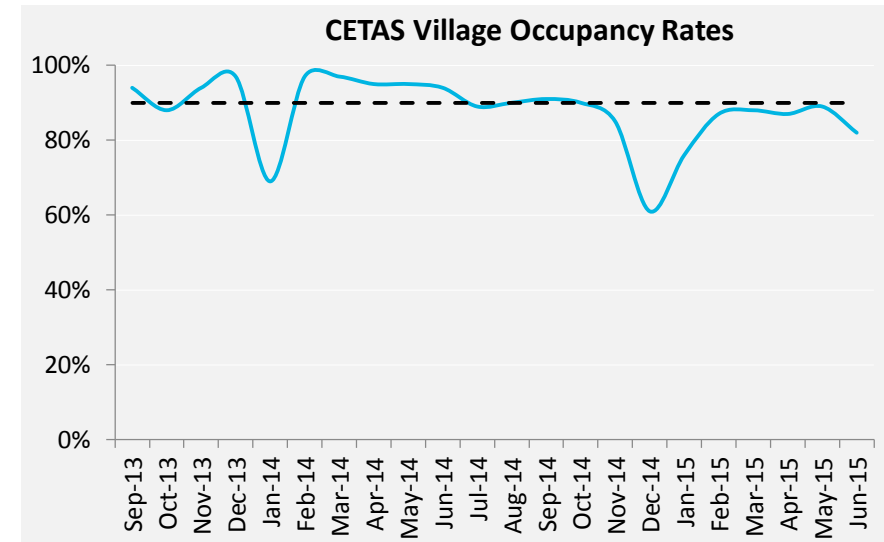


# Demand for Temporary Villages

## CETAS Applications



## Village Occupancy Rates



Due to the completion of the bulk of under-cap repairs, the total number of households on the register for the CETAS villages has passed its peak. However demand is expected to continue to be high due to the over-cap work which has a longer displacement period. Village occupancy rates were at 82% at the end of June 2015.