

Far North District Council Scoping Report for the Preparation of a Housing Strategy




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Executive summary

This report presents the results of a high-level scoping exercise, including a desktop analysis of demographic and industry trends and stakeholder engagement, undertaken to identify the current challenges in planning and providing for housing needs in the Far North District.

The assessment shows that the housing issues facing the Far North District are significant and relate to a broad number of issues, not all of which can be addressed by Council alone. Issues identified relate to shortfalls in housing supply, location, affordability, susceptibility to natural hazards, public and private investment, and broader economic development in the district.

Housing lays the foundation for people's well-being and is an important part of planning for the future growth of the District. As acknowledged in the recent amendments to the Local Government Act, Council has the mandate to play a role in supporting community well-being along side its regulatory and infrastructure functions. Addressing housing needs to be considered across all areas of Council's operation and a collaborative approach is required.

The housing challenge

Housing demand is greater than housing supply

Housing has become less affordable for both homeowners and renters.

Government and social housing investment has increased but there is still unmet demand.

Northland has the worst standard of housing in Aotearoa. Some houses in the district are substandard and unconsented.

The Far North's population is growing and aging.

There were 480 applicants on the Housing Register in March 2023, compared to 90 in March 2018.

More than a quarter of Māori are living in crowded houses where at least one more bedroom is needed.

Low house prices in some areas of the district create a disincentive to developers due to increasing construction costs.

The Far North has a high deprivation level, which means some people will be more susceptible to environment risks and less able to protect themselves from environmental hazards.



Executive summary

Developing a Housing Strategy

To address the housing issues facing the district, it is recommended that Council consider developing a Housing Strategy in partnership with Iwi / mana whenua and other stakeholders across both the public and private sectors. Whilst Council does not have the mandate or resources to tackle the issues alone, given the role Council has in planning for growth, it is considered best placed to lead the development of the Strategy.

It is recommended that the objectives and purpose of the strategy would be to:

- set a long-term vision for housing in the district with clear and achievable goals to meet the vision.
- identify bespoke solutions to the housing issues facing the Far North that demonstrate a genuine collaborative effort to solve the complexities of the issues identified.
- set out the roles and responsibilities of the stakeholders involved and include a clear definition of the role Council will play in supporting housing outcomes.
- enable identification of funding requirements to support actions identified.

Council could model its approach to developing the Strategy on the award-winning approach that Hastings District Council took in 2019. The Hastings District Council developed its strategy with Central Government agencies (like Kāinga Ora, MHUD, MSD, Te Puni Kōkiri), the District Health Board, Iwi trusts and an independent advisor. It received an award for its 'ground-breaking collaborative approach'.

The following recommendations are given to support Council scope the process for developing the strategy. A shorter term action plan is also provided on the following page.

- **Adopt a best practice approach** - Consider sending a delegation to, or meeting virtually with, Hastings District Council to learn more about how that Council developed its strategy, what it cost, why it has been so successful, and what it has been able to achieve since its inception. This could include the Mayor and Councillors who lead the housing and urban development portfolios, along with key staff who will be Council's champions and strategy development leads.
- **Establish a collaborative governance group** - Set up a Housing Strategy working group or taskforce with representatives of key Government agencies, Iwi partners, and other stakeholders that compliments and supports already established groups including Whai Kāinga and Te Pouahi. Establish a clear Terms of Reference for the working group to ensure that a genuine commitment and collaborative approach to developing the strategy creates buy-in, investment, and action.
- **Gain a better understanding of the issues to be addressed** - Complete more research (or pull together information held by representatives on the working group) and engagement to better understand the key housing issues at the district level.
- **Identify targeted actions** - Complete an intervention analysis to determine the interventions most likely to address particular issues like housing supply or substandard housing. This could include regulation change, investment, or information and advice.

The Strategy development should:

- Include Māori as partners.
- Be based on reliable information and data (both quantitative and qualitative).
- Identify a range of cross-agency actions and resourcing needs.
- Be developed collaboratively to create commitment and buy-in.
- Integrate with and support Council's existing role in strategic planning and regulation for housing development (i.e. through its District Plan and Spatial Plans).
- Provide funding through its Long-Term Plan to support the development of the Strategy.

Recommended focus areas and actions to be considered

Developing a Housing Strategy and an approach to its development that is based on robust information and effectively engages with the community and stakeholders will take time. Council needn't wait for a Housing Strategy to be developed before taking a more active role in helping to address known issues. This assessment has identified at a high-level some actions that could be considered alongside working towards developing a Housing Strategy. It is recommended that this is workshopped with Council to integrate some short-term - preliminary actions in Council's long term planning. The summary below includes some actions to be considered. Priority actions are highlighted yellow.

Recommended focus areas and priorities	Policy actions	Advocacy and partnerships	Infrastructure investment and planning	Consenting and regulatory processes
Support mechanisms that increase housing supply and housing affordability	<p>Complete a residential capacity and feasibility assessment as part of the district wide Housing and Business Land Capacity Assessment (HBA) to understand how well placed the District is to meet future needs.</p> <p>Assess Council's policies to ensure they enable feasible development opportunities.</p>	<p>Continue and prioritise work to inform communities about the District Plan and land development process, and how people can influence and contribute to the review of Council policy.</p> <p>Establish working relationships or a task force with the development sector to gain an understanding of how Council can support housing outcomes and work towards enabling development that is in line with Council's vision and objectives.</p>	<p>Continue to support an integration of spatial planning with infrastructure planning</p> <p>Investigate use of developer agreements and development contributions as a source of funding for infrastructure that supports housing development.</p> <p>Identify and confirm infrastructure needed to support housing outcomes including both social infrastructure and infrastructure required to service potential areas for growth.</p>	<p>Continue to pursue technology and process improvements that streamline and accelerate consenting processes. This includes the integration of GIS systems with Council's consenting system and the sharing of consenting information with partner agencies and organisations.</p> <p>Provide education to improve the quality of consent applications</p>
Taking the lead in supporting a collaborative - all of government approach to supporting housing in the district	<p>Confirm the scope of the housing strategy in consultation with potential partners, including an engagement strategy and allocate funding required.</p>	<p>Set up a Housing Strategy working group or task force with representatives of key Government Agencies, Iwi partners, and other stakeholders that complements and supports groups already in existence (for example Whai Kainga and Te Pouahi).</p> <p>Support Council staff or elected members to join and actively support existing working groups</p>	<p>Identify potential funding streams across other agencies, including iwi and hapū, that could support infrastructure provision to growth areas or housing delivery.</p> <p>Support a collaborative approach across agencies delivering infrastructure to the district so that infrastructure plans are co-ordinated with growth planning.</p>	<p>Identify improvements for how Council can work with Kainga Ora to improve consenting processes for Social Housing Development.</p>
Supporting improved housing outcomes for Maori	<p>Identify how Council can best support papakāinga and development of Māori owned land for housing (e.g. review how the DP enables papakāinga housing).</p>	<p>Work with TPK to support Māori engage in funding opportunities, and support the distribution of information about TPK to local Iwi and hapū.</p>	<p>Review how current infrastructure planning supports the servicing of Māori owned land, that could be used for housing, and incorporate this as an outcome to be considered in the development of the infrastructure plan.</p>	<p>Establish a specific role(s) within Council to support Māori housing applicants through the regulatory process i.e. a land development liaison officer or equivalent. This role could assist community housing providers as well.</p>
Focusing on improving the quality of existing housing and improving wellbeing outcomes	<p>Collate existing data from across the various agencies, undertake a gap analysis and source additional data on the quality of existing housing in the district i.e. what is contributing to poor housing quality, and the wellbeing implications</p> <p>Integrating housing quality as a wellbeing target as part of the development of the wellbeing strategy for the district and understanding what role Council can play.</p>	<p>Connect communities to information about home improvement grants and subsidies that are available for things like insulation and heating (e.g. the Warmer Kiwi Homes programme run by EECA).</p>		<p>Investigate how improved reporting on consent data could give a better insight into the quality/age of existing housing stock and the feasibility of new development.</p> <p>Investigate the impact of short stay accomodation (e.g. AirBnB) on housing supply.</p>
Supporting an increased supply in social and emergency housing across the district and in areas of need.	<p>Work with Kāinga Ora and other social housing providers to integrate forward plans for increased social housing provision with Council's spatial planning work stream.</p>	<p>Educate the community on the needs of housing in the district and how social housing can support communities.</p>	<p>Review Council's land portfolio to identify sites that may provide an opportunity to support housing development opportunities.</p>	<p>Identify improvements for how Council can work with Kāinga Ora to improve consenting processes for Social Housing Development.</p>

1. Introduction

The Property Group Limited (TPG) has been engaged by the Far North District Council (Council) to undertake a scoping exercise to identify the current issues and barriers in planning and providing for the housing needs of the district. The purpose of the scoping exercise is to identify the next steps for Council to consider in developing a Housing Strategy.

Council is one of many stakeholders that has a role to play in improving housing outcomes in the Far North. By identifying the issues and barriers to addressing them, Council will be more informed about the contribution it can make, not only as a regulatory authority, but as a leader and advocate for community wellbeing.

The review is intended to inform Council's understanding of what its role could be in supporting housing needs across the housing spectrum, given it has a broad scope under the purpose of the Local Government Act to improve the wellbeing of the Far North community. The assessment should inform a broad understanding of Council's role in supporting housing in the district.

The report recommends that Council develops a housing strategy in collaboration with other key stakeholders in the district. The strategy should inform a series of clear actions that results in a more integrated approach to address the Far North's housing challenges.

The Council is encouraged to commence the development of a housing strategy alongside more short-term actions to shape current programmes of work to address housing issues raised in this report, and opportunities to be more involved in programmes of work currently being led by other stakeholders.

Approach

TPG completed a relatively brief and high-level assessment of housing issues and barriers to addressing them. The assessment included a review of the policy and housing contexts that Council is working within. It also looked at the key housing needs in the district, what Council is already doing in the housing space, and describes the work of other stakeholders.

The assessment included a brief review of relevant Council documents and other available data such as population and household projections, and relevant statistics from the Ministry of Housing and Urban Development's 'Housing Dashboard'.

A key part of the assessment was a series of interviews with Council staff, Councillors who lead the housing portfolio, and a range of other stakeholders representing Iwi trusts and Central Government agencies. The purpose of this in-person engagement was by no means intended to canvass the full range of stakeholders in the Far North, only enough to inform this initial research and help understand the key housing issues the Far North is facing and barriers to addressing them.

An analysis of this information was undertaken, and a summary table produced which sets out:

- Key housing issues;
- Barriers to addressing the key housing issues;
- The roles Council could play in helping address the barriers to the issues; and
- A list of other stakeholders who can also influence the barriers and housing issues.

The report also lists short-term opportunities Council can act on while a housing strategy is being developed.

The housing continuum

The housing sector uses the concept of a housing continuum to show types of housing in the market. The continuum is used by policymakers to consider the likely impacts of interventions on the market.

The continuum represents the range of tenures from homelessness through to private ownership. The left side of the continuum represents higher degrees of reliance on subsidies, and lower income earners / households. The right side of the continuum represents higher degrees of independence, and higher earners / households.

The continuum is a useful tool to understand the different areas that Council can intervene in the market to influence housing supply and affordability, as illustrated below. The Far North District is experiencing issues around supply and affordability across the housing continuum with a pressing need to address lack of housing from emergency housing through to affordable home ownership.

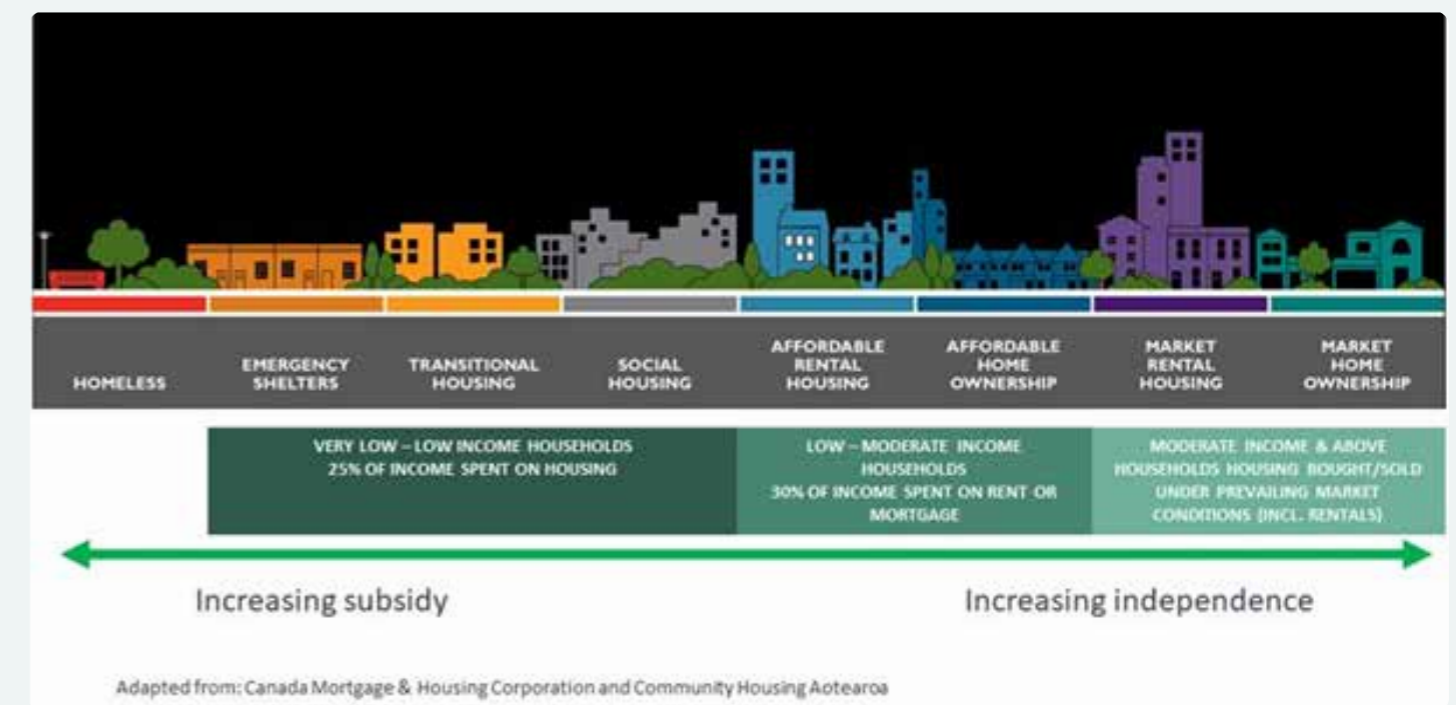


Figure 1: The housing continuum.

2. The housing policy context

The housing sector in New Zealand has been under increasing pressure to meet growing housing demand. As a result, the Government has developed an array of policies, plans, programmes and funding mechanisms under the Urban Growth Agenda to address the need for both public and market housing delivery. The following section provides a summary of the relevant plans and policies and what this means for the development of a Council housing strategy.

Local Government (Community Well-being) Amendment Act 2019

In 2019, the Local Government (Community Well-Being) Amendment Act changed the purpose of the Local Government Act (LGA) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.

At the time of reinserting the four well-beings into the LGA, then Minister for Local Government Nanaia Mahuta said that:

“We face serious challenges such as the impact of population growth, climate change and ageing infrastructure. A broader focus in the way councils meet the challenge of setting priorities and planning for the future is required.

Reintroducing an emphasis on the four well-beings will engage councils and citizens on an intergenerational approach to improving quality of life outcomes in our towns and cities”.

The LGA provides Council with a broad mandate to determine in the Far North communities, whether an activity fits within this purpose. With respect to the housing challenges the district faces, Council can consider intervening across the housing continuum if it determines that interventions fit within its purpose under the LGA. Any intervention needs to be assessed against Council’s ability to fund that intervention and alongside the other purpose of the LGA which is to enable democratic decision-making.

Review into the Future for Local Government

The recently completed independent review into the Future of Local Government is noted here because several of the challenges that Council is facing with regard to housing are reflected in some of the recommendations of the review, which have been abbreviated for the purpose of this report.

These include:

- Central and Local government committing to align wellbeing priorities and agree place-based investment plans.
- Entrenching the purpose of local government to embed intergenerational wellbeing and local democracy at the heart of local government.
- Introduce new provisions in the LGA that explicitly recognise local government as a partner to Te Tiriti o Waitangi and Te ao Māori values to strengthen authentic relationships in the local exercise of kāwanatanga and rangatiratanga.
- Introduce a requirement for councils to develop partnership frameworks with hapū/iwi and Māori and for Government to review the requirements for engaging with Māori across legislation that impacts local

government.

- Central Government makes a greater investment in local government.
- Cabinet is required to consider the funding impact on local government of proposed policy decisions.
- Central Government to provide funding to supplement local government funding to enable hapū/iwi and Māori to partner with councils and support councils to build Te Tiriti and Te ao Māori capability and relationships.
- Establish a Crown department to facilitate a better working relationship between local and central government that focuses on a relational-based operating model, brokering place-based approaches to complex challenges, and maximising intergenerational wellbeing for its communities.

While these are independent recommendations made to the Government, they seek to address several of the challenges Council is currently facing. For example, how to be more integrated across government agencies and Māori involved in housing delivery, how to better engage with iwi Māori and involve Māori in local government processes, and how to fund much needed housing interventions that will result in improved intergenerational wellbeing in the Far North.

The findings and recommendations of this report highlight that these challenges are not unique to the Far North and other councils across Aotearoa are facing similar issues. We recommend that Council continue to pursue a more integrated approach to addressing housing challenges alongside Government and other stakeholders.

Public Housing Plan 2021-2024

The Public Housing Plan (MHUD, 2021) sets the Government’s public housing supply intentions. Northland is identified within the plan as a priority area with a high proportion of Māori in housing need. Supply is targeted towards Whangārei with some new supply in the Far North where high housing deprivation has been identified. The Public Housing Plan acknowledges the need to work differently to deliver housing through Māori and Iwi Housing Innovation (MAIHI) government can support Kaupapa Māori and whānau centred approaches to enable delivery by Māori to Māori. The key focus areas have been identified based on the following factors:

- Sharp rise in housing costs
- Reliance on motels for emergency housing
- Overcrowding
- Populations increases which have outpaced construction
- Infrastructure not able to support development
- Housing deprivation.

The plan proposes 2,557 public housing places and 311 transitional housing places in Northland by 2024.

Government Policy Statement on Housing & Urban Development

The Government Policy Statement on Housing and Urban Development was developed to set a direction for housing and urban development in New Zealand. It has been developed alongside MAIHI Ka Ora – The National Māori housing strategy. The vision of this strategy is that all New Zealanders live in homes and communities which meet their needs and aspirations. The four main goals it sets to achieve are as follows:

1. Thriving and resilient communities
2. Wellbeing through housing
3. Māori housing through partnership
4. Adaptive and responsive system.

These goals will be achieved through reducing barriers to building, building more homes where people need them, helping people into affordable homes and helping people in urgent housing need.

Within this policy statement, government acknowledges the history of Māori housing and responds to these needs through Kaupapa Māori approaches. MAIHI sets a precedent for collaborating across agencies and working with Māori to increase housing supply.

National Policy Statement for Urban Development

The National Policy Statement for Urban Development (NPS-UD) requires local authorities to provide sufficient development capacity to meet demand for both housing and business growth over the short, medium and long term. Land needs to be both zoned for development and serviced by adequate infrastructure.

The NPS-UD seeks to enable development of well-functioning urban environments that enable people and communities to provide for their social, economic, and cultural well-being, and for their health and safety, now and into the future.

Council's proposed District Plan explains that FNDC does not meet the NPS-UD definition of a 'tier 3' urban environment, but that Council can recognise the methods in the NPS-UD as a best practice guide to achieve well-functioning urban environments.

The PDP also explains that the Kerikeri-Waipapa Spatial Plan is being developed in line with the Future Development Strategy provisions in the NPS-UD, which will set the template for integrated growth planning.



3. A snapshot of housing and need in the Far North

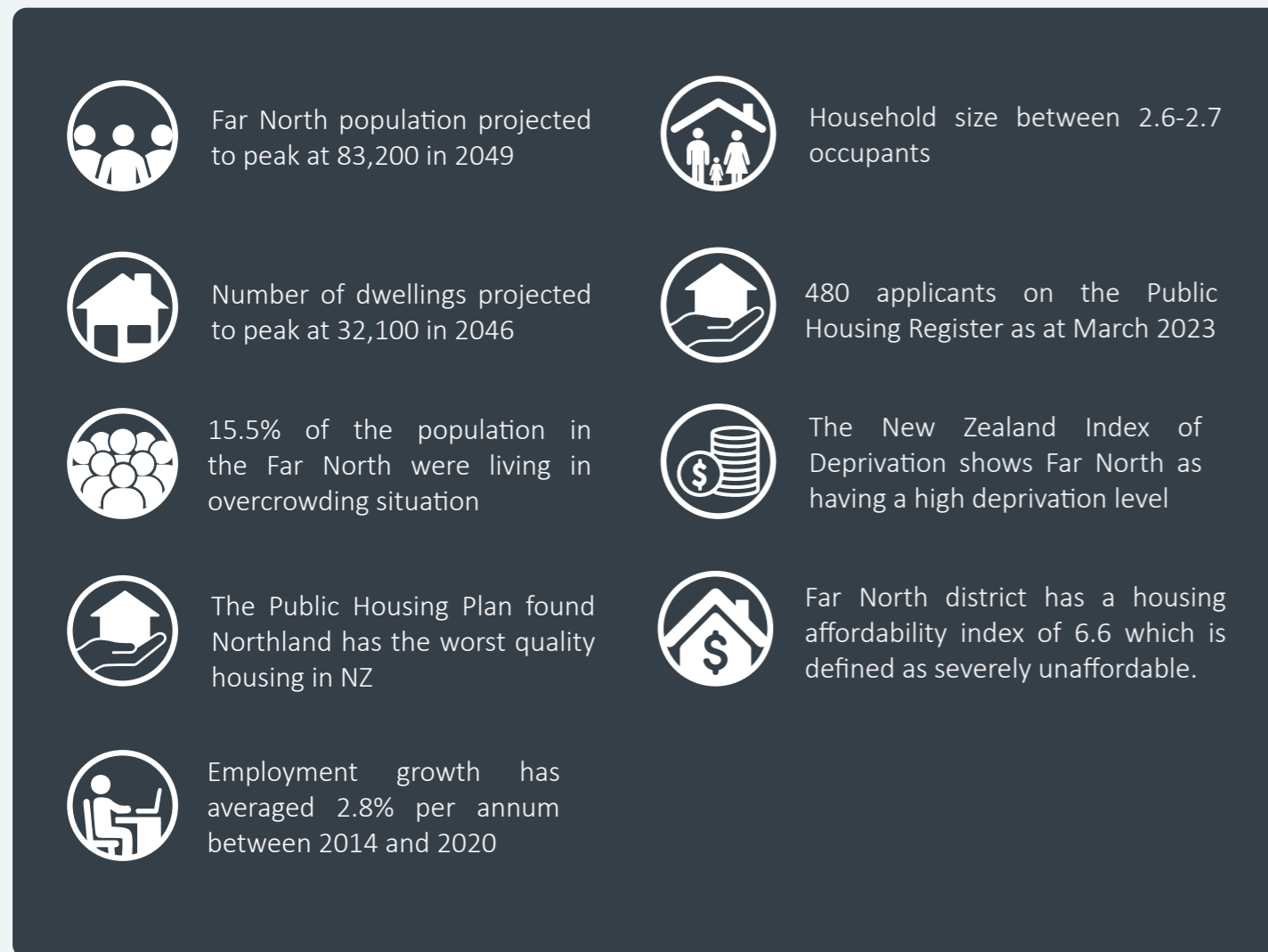


Figure 2: A snapshot of housing statistics in the Far North.

The following statistics have been taken from the Ministry of Housing and Urban Development’s ‘Local Housing Statistics’ dashboard and Infometrics data. The statistics are indicators of housing need, rental affordability, and home ownership affordability in the Far North.

Population projections

Infometrics reported in May 2022 that Far North District’s population grew gradually from 54,500 in 1996 to 60,600 in 2013, then rocketed to 72,500 in 2021. Under the medium projection, the population is projected to grow moderately to each 80,200 in 2034, followed by slow growth until a peak of 83,200 in 2049. Thereafter, the population is projected to gently ease to 81,500 in 2073.

The 65-years-and-older age group has been the Far North’s fastest growing in the past two decades, growing

113% between 2001 to 2021. It will continue to be the fastest growing age group in the coming two decades, projected to grow 64% between 2021 and 2041 under the medium scenario as the last of the baby boomer generation transitions into the age group. This age group is projected to grow from 14,800 in 2021 to 24,300 in 2041 and remain around this level for the remainder of the projection period.

The 45-64-year-old age group grew steadily in the 2000s but isn’t expected to grow further as it will have significant outflows. The 20-44-year old age group grew strongly in the previous decade and is projected to remain around their current size for the projection period. This reflects modest levels of net migration projected. 0-19 age group is projected to remain near its current level of 19,300 throughout the projection period.

From the 2018 Census, it is estimated that 33,100 people in the Far North identified with Māori ethnicity, 49% of the total population in the district. This is projected to grow to 40,200 (50%) in 2034 under the medium scenario.

Household projections

A household is defined as a grouping of individuals and/or families living in the same dwelling and sharing facilities with each other.

Average household size is projected to remain relatively steady. Over the projection period, the average household size in the Far North is projected to ebb and flow within the 2.6 to 2.7 persons per household range. The strongly aging population will keep average household size lower until around 2040, driven by the baby boomer generation forming typically small households of couples or singles in their retirement years. After this point, the average household size will start increasing. The number of households in the Far North is projected under the medium scenario to grow from 25,700 in 2018 to 31,400 in 2034, before peaking at 32,100 in 2046.

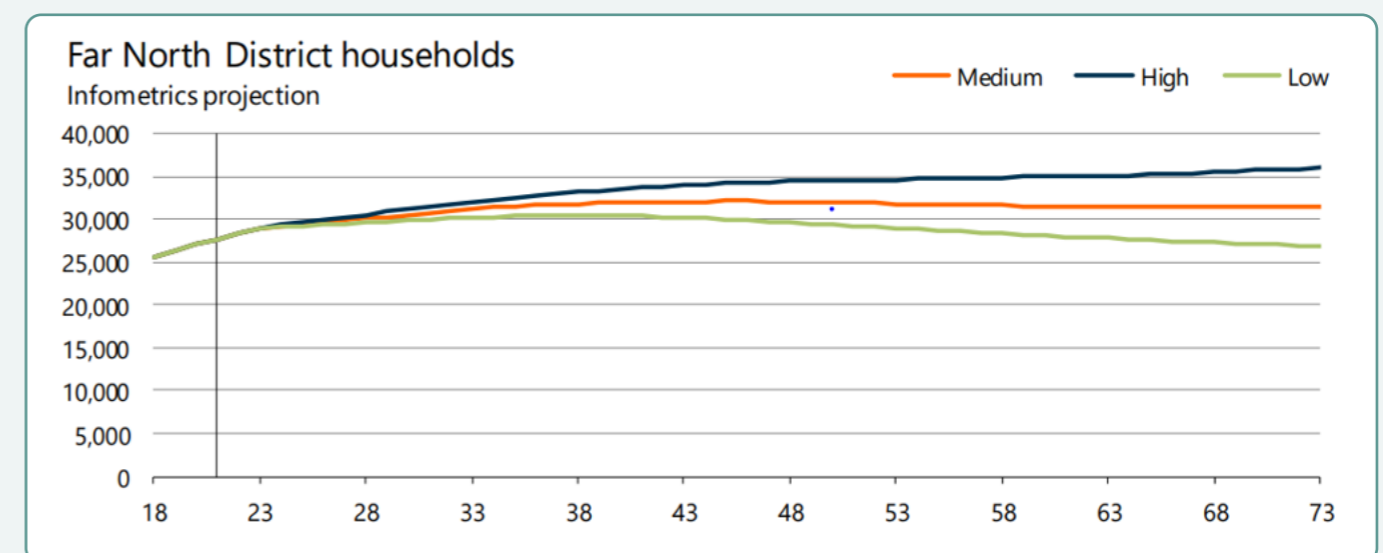


Figure 3: Far North District population projections May 2022

Housing register

As at March 2023, there were 480 applicants on the Public Housing Register in the Far North District compared to 90 applicants in March 2018 (MBIE, 2023). There is demand for Public Housing and Emergency Housing Special Needs Grants in the District. In the quarter ending 31 March 2023 there were 93 Emergency Housing Special Needs Grants to the value of \$246,808.

In September 2022, the Far North was above the national average for the number of people on the Housing Register per 10k population.

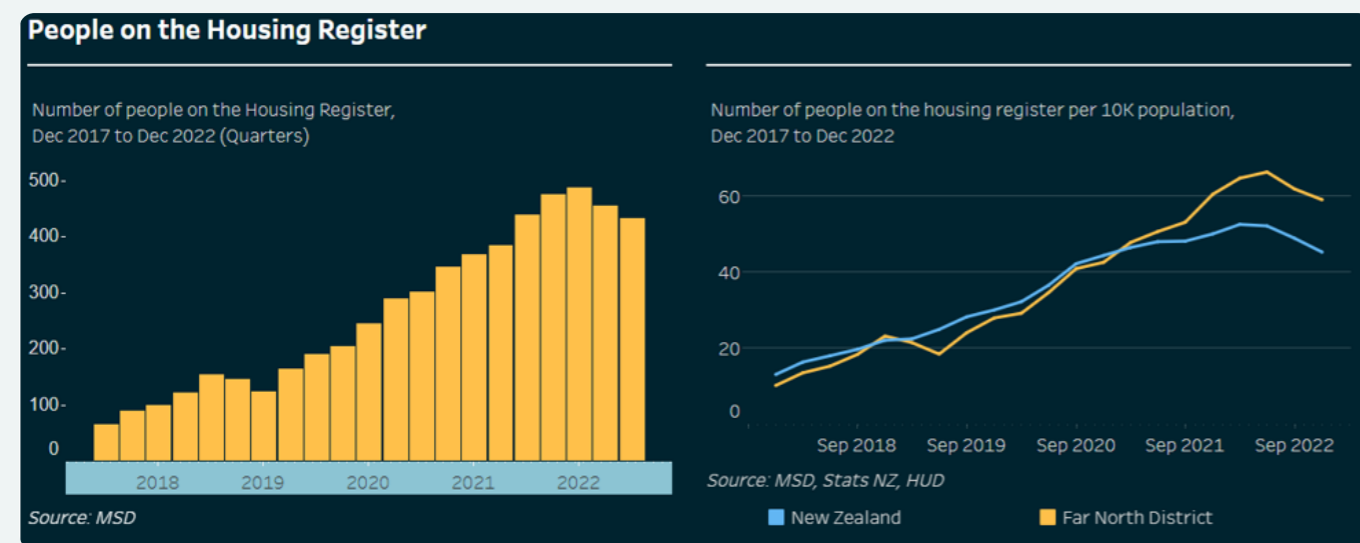


Figure 4: People on the Housing Register (MSD, 2023)

Housing needs

Overcrowding

Based on data from the 2018 Census, 15.5% of the population in the Far North were living in overcrowded homes. For Māori overcrowding in the Far North is 27.6%. These statistics are far higher than the New Zealand average of 10.8%

Overcrowding can have both a negative effect on mental and physical health even in situations where the dwelling is of a reasonable standard. In New Zealand, the Canadian National Occupancy Standard (CNOS) is used to assess a household's requirements. The following standards apply:

- There should be no more than 2 persons per bedroom;
- Children less than 5 years of age of different sexes may reasonably share a bedroom;
- Children 5 years of age or older of opposite sex should have separate bedrooms;
- Children less than 18 years of age and of the same sex may reasonably share a bedroom; and
- Single household members 18 years or older should have a separate bedroom, as should parents or couples.

In using this measure, households requiring at least one additional bedroom are considered to experience some degree of overcrowding.

Socioeconomic deprivation

Through Environmental Health Intelligence NZ (EHINZ, 2018), Massey University provides information and intelligence on how the environment affects the health of Aotearoa New Zealand's population.

EHINZ complete socioeconomic deprivation profiles for deprivation, using the New Zealand Index of Deprivation (NZDep). Higher levels of socioeconomic deprivation are associated with worse health outcomes. There are also connections between socioeconomic deprivation and environmental risk.

In general, people who live in more deprived areas (for example, NZDep2018 decile 9 and 10) are more susceptible to environmental risks. They may also have less capacity to cope with the effects of environmental risks, and fewer resources to protect themselves from environmental hazards for example;

- They may not be able to afford good quality housing or a house large enough for their family.
- They may not be able to afford to heat their house adequately or insulate it.
- They may not have money to repaint their house before it gets in poor condition, exposing them to lead paint dust.
- They may not have a car to drive to health care services or move away from a flood risk.
- They may live closer to environmental hazards such as industrial sites or main transport routes.
- They may work and live with much higher levels of environmental stress (such as noise, overcrowding, and less security), which may put them at higher risk of psycho-social health problems.
- They may be more likely to have access to poor quality drinking-water supplies.

Determining deciles as part of NZDep 2018 takes into account the following measures:

- People with no access to the Internet at home.
- People aged 18-64 receiving a means tested benefit.
- People living in equivalised households with income below the income threshold.
- People aged 18-64 who are unemployed.
- People aged 18-64 without any qualifications.
- People not living in their own home.
- People aged under 65 living in a single parent family.
- People living in equivalised households below a bedroom occupancy threshold.
- People living in dwellings that are always damp and/or always have mould greater than A4 size.

Based on the NZDep 2018, Far North has a decile 7-10 rating representing a high deprivation level.

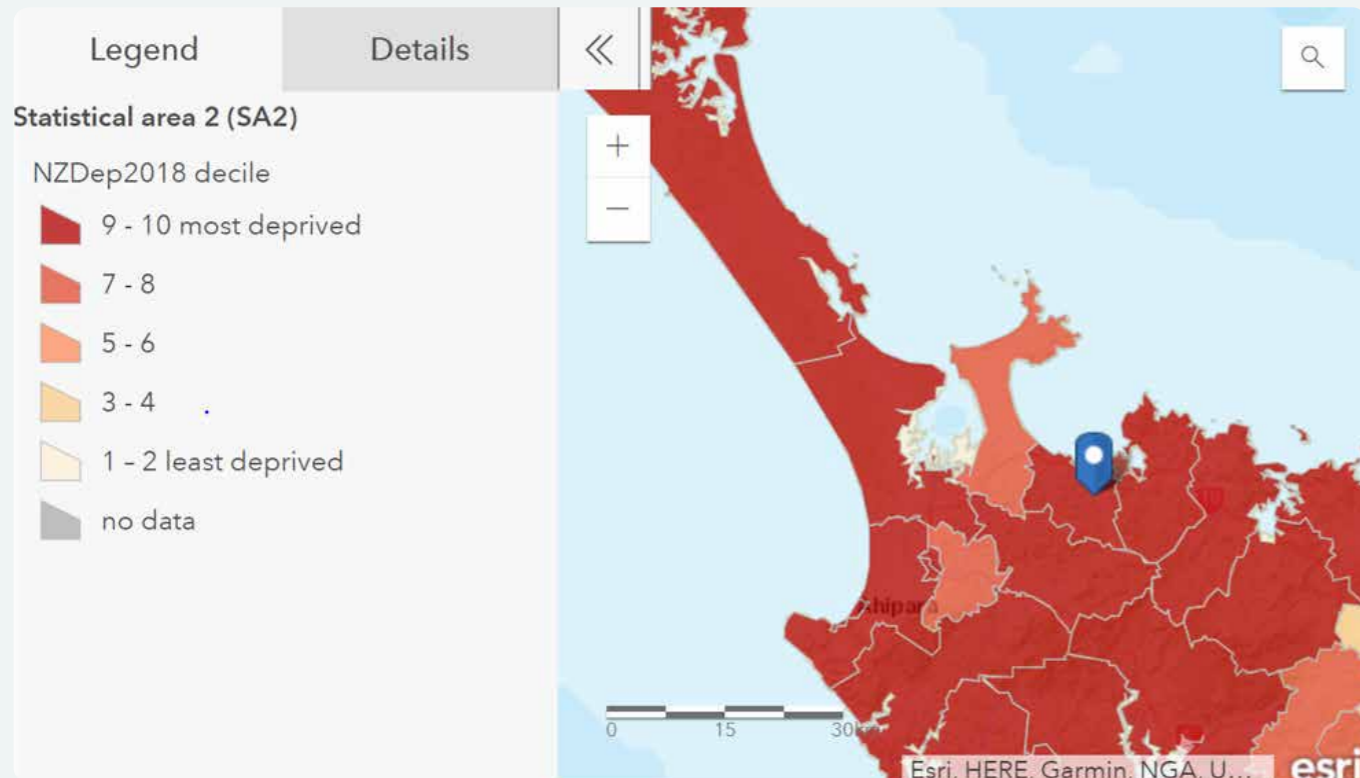


Figure 5: NZDep2018 Far North Region

Housing Quality

Poor housing conditions are one of the mechanisms through which social and environmental inequality translates into health inequality, which further affects quality of life and well-being. As reported in the Public Housing Plan, with dampness, mould, and a lack of basic amenities, Northland has the worst housing in New Zealand, amid low incomes and overcrowding. It is also a hot spot for rheumatic fever.

Housing quality was raised as a major issue for the district through stakeholder interviews. There is a significant number of substandard, unconsented homes in this district which are not accounted for in public data, some of which will have been impacted by the repeated weather events. Community feedback indicates that due to lack of supply of good quality housing this issue is normalised and tolerated.

Housing Affordability

Affordable housing is important for whānau well-being. For lower-income households, high housing costs relative to income are often associated with severe financial difficulty and can leave households with insufficient income to meet other basic needs such as food, clothing, transport, medical care and education.

At a national level, New Zealand is a severely unaffordable housing market when compared with international markets as demonstrated in The Demographia International Housing Affordability Report (The Urban Reform Institute & The Frontier Centre for Public Policy, 2023). The report found Auckland has a severely unaffordable median multiple of 10.8. This is a modest improvement from last year, but Auckland ranks 88th in affordability out of 94 markets.

The below table provides the definitions of housing affordability ratings. Auckland is currently over double the median multiple for severely unaffordable.

Demographia Housing Affordability Ratings

Housing Affordability Rating	Median Multiple
Affordability	1.0 & Under
Moderately Unaffordable	1.1 & 4.0
Seriously Unaffordable	4.1 to 5.0
Severely Unaffordable	5.1 & Over

Median multiple: Median house price divided by median household income

Table 1: Demographia Housing Affordability Ratings

At a more local level the Far North district has a housing affordability index of 6.6 as per Infometrics data, which although sits under the national average of 7.4 for the whole of New Zealand is still considered severely unaffordable based on the above ratings.

Te Tūāpapa Kura Kāinga - Ministry of Housing and Urban Development developed The Change in Housing Affordability Indicators. The Change in Housing Affordability Indicators show how affordability of renting a home, saving for a deposit, and servicing a mortgage for people entering the market has changed over time. Each indicator compares price change with growth in median household income. They provide insight into affordability nationally, regionally, and by Territorial Authority (MHUD, 2023).

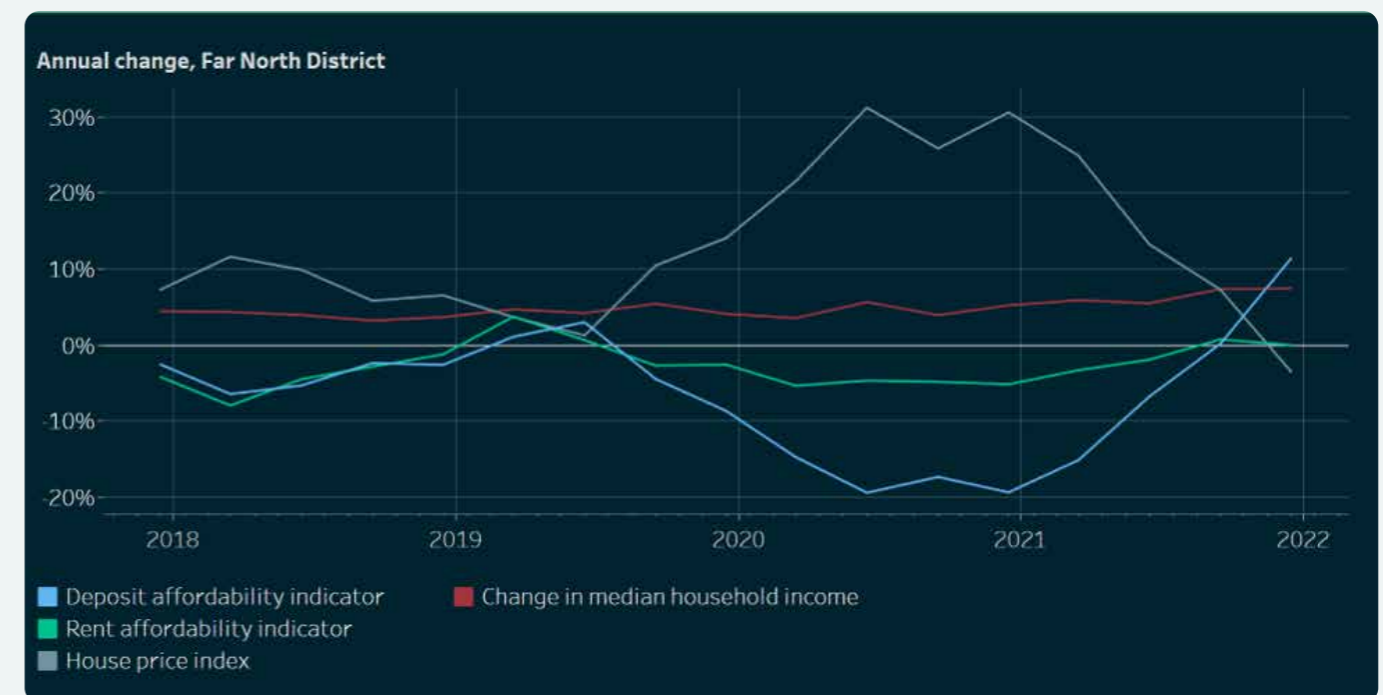


Figure 6: Far North District Housing Affordability Indicators December 2018 to December 2022.

Rental affordability

Rents are becoming less affordable in the Far North District, whereas on average in New Zealand they are becoming more affordable.

The second graph on the ‘rental affordability’ dashboard below shows the change in rental affordability from March 2003 to December 2022. A downward line represents rents becoming less affordable, and an upward line represents rents becoming more affordable.

Average weekly rent in December 2022 was \$539, compared to \$336 in December 2017 and \$509 in December 2021.

Lower quartile weekly rent in December 2022 was \$455, compared to \$288 in December 2017 and \$433 in December 2021.

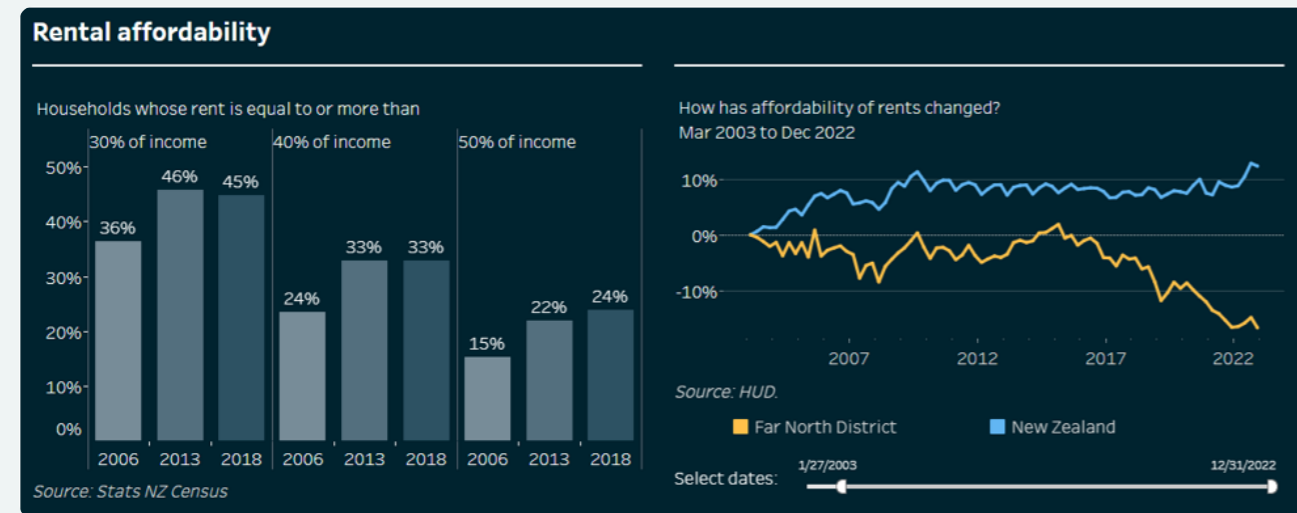


Figure 7: Rental affordability

Home ownership affordability

Home ownership in the Far North has become less affordable over the last 20 years. The first graph shows the ratio of median sales to median income. The upward line represents home ownership becoming less affordable.

The second graph represents the change in the affordability of a house deposit. A downward line represents deposits becoming less affordable. The Far North is shown by the yellow line and New Zealand by the blue line. Housing deposit affordability in the Far North is generally aligned with the national trend.

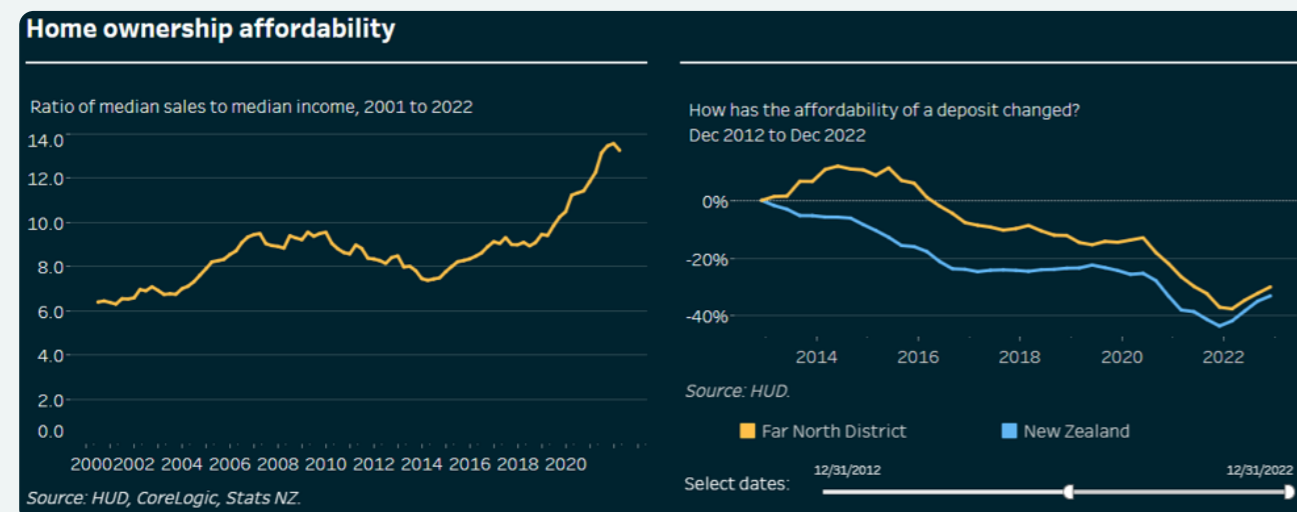


Figure 8: Home ownership

Māori housing outcomes

The dashboard provides data about Māori housing in 2018. The two indicators are number of Māori living in crowded and non-crowded housing, and the proportion of Māori homeowners compared to non-Māori.

The first graph shows that while there were a total of 15,830 Māori living in homes with either spare bedrooms or no extra bedrooms required, there were a total of 6,030 Māori living in overcrowded (1 bedroom needed) or severely overcrowded (2+ bedrooms needed) housing.

The second graph shows that across the three years statistics are presented – 2006, 2013, and 2018, Between 34%-38% of Māori individuals owned the home they lived in.

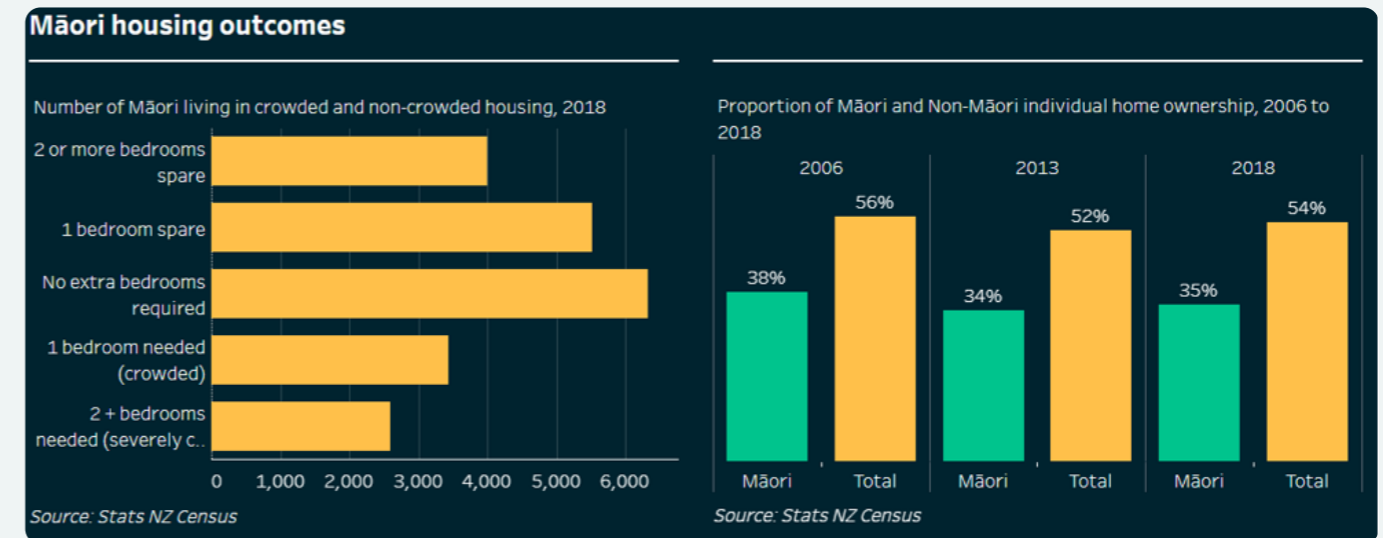


Figure 9: Māori housing outcomes

Housing demand & supply

Rapid population growth in the district has outstripped housing supply resulting in the Far North currently being 4,500 houses short, although some research suggests that the region is missing up to 9,000 dwellings. This represents the region underbuilding by about 500 dwellings a year.

Some areas such as Hokianga, Kaikohe and Kaitaia have such low house prices that there is no financial incentive to build. The district’s remote location has an impact on construction costs and access to labour.

The majority of development being carried out is through Kāinga Ora and Iwi/CHPs through government via funding streams and although Government investment in the district has increased over recent years there is a severe undersupply of housing in the district which results in the level of overcrowding and number of whānau living in substandard housing.

Employment Growth

Infometrics data from May 2022 shows that Far North District employment has grown strongly in recent years, averaging 2.8% per annum between 2014 and 2020, reaching 25,810 as COVID-19 struck New Zealand. Disruption associated with COVID-19 led to slower employment growth, but no decline in job numbers in the Far North. For the remainder of the 2020s, employment growth is forecast to average 1.3% per annum, reaching a level of 29,232 in 2030. Employment is forecast to peak at 30,520 in 2039, and ease slightly thereafter.

The headwinds of environmental regulation and carbon pricing faced by livestock farming may adversely affect employment in more remote parts of the district. Strong growth across a variety of service industries is also likely to take place in the three main centres, again driving population growth in the district’s main centres.

4. Council's current role in housing

Overview

Based on the research completed as part of this report, Council's role in housing to date has largely been in its capacity as a regulatory authority. It sets housing development policy via its District Plan and administers that policy through assessing resource and building consents for new houses.

Council is adopting a more integrated approach to future development through the spatial plan process which is being done in alignment with the Future Development Strategy process set out in the National Policy Statement for Urban Development. The intention here is to take a more integrated approach to growth planning.

The Far North faces two key challenges in its urban areas, being 'urban sustainability' and 'affordable infrastructure'. The following sections on the proposed District Plan and the Kerikeri-Waipapa Spatial Plan explain these in more detail and how the Council's approach through spatial planning will provide a more integrated plan to address them.

The Council has also been a provider of housing through its 'Housing for the Elderly' pensioner housing portfolio. The Council considered divesting this portfolio to a housing provider better placed to provide this type of housing and additional support services, and final decisions are yet to be made.

Proposed District Plan

Council's Proposed District Plan (PDP) was notified in 2022 and identifies two key urban issues: 'urban sustainability' and 'affordable infrastructure'. The PDP describes the two issues as follows:

Urban sustainability

A permissive approach to development has led to adverse impacts on urban character, amenity and infrastructure provision and created incompatible land uses. In the District, there are a number of commercial and industrial activities on unserviced rural land which have located there due to lower costs and minimal regulation. This has resulted in an inefficient use of existing infrastructure and has made infrastructure planning and deployment difficult to forecast and undertake. Some urban zoned land (commercial, mixed use, industrial, and residential) in the District is not currently serviced by infrastructure. An urban zoning leads to an expectation that services are either already available or will be provided to enable development to occur. However, demand for urban infrastructure must be balanced against what the communities can afford. Consideration should be given to the provision of on-site infrastructure to promote community resilience to climate change. The National Policy Statement on Urban Development Capacity 2020 has emphasised the need for the Council to coordinate land for growth and infrastructure.

Affordable infrastructure

The ability to provide the infrastructure expected by the District's communities is limited by its low population density, socio-economic constraints, the impacts of natural hazards and climate change, and incompatible land uses. This has resulted in parts of the District having limited access to efficient, resilient and affordable infrastructure and services. A lack of consolidated and coordinated development has resulted in inefficient use of existing infrastructure and has compromised the affordability of future infrastructure provision. There are costs associated with not protecting infrastructure from incompatible land uses and adapting to climatic and technological changes. This can limit infrastructure providers in what they provide, where, and at what cost.

Council's current review of district plan-enabled capacity that formed part of the PDP demonstrated that there is sufficient urban zoned land to support more than the anticipated levels of population growth- in a high growth scenario. It is unlikely that the full capacity will be delivered by the development sector. This leads to potential inefficiencies in infrastructure planning due a limited understanding of where growth will be concentrated. It will be important for Council to understand how much of capacity is likely to be both feasible and reasonably expected to be taken up by the development sector to more effectively plan for housing growth in the district.

Proposed District Wide Spatial Strategy

This project will commence in 2024. The DWSS will seek to inform the functions of place in a co-ordinated way across the district, considering constraints and opportunities to identify locations for growth and density over the long term (30 to 50 years) including identification of necessary connections and significant infrastructure requirements. It will align with district level objectives defined by Far North 2100 and the Long Term Plan. The DWSS will be developed with mana whenua and stakeholders including planned public engagement at key milestones. It will guide upzoning of land for housing and business activity in future iterations of the district plan and provide certainty to service providers and developers.

Kerikeri-Waipapa Spatial Plan

The Kerikeri-Waipapa Spatial Plan sets out long term (30+ years) growth planning for Kerikeri- Waipapa, providing high-level direction for integrated development and servicing. The Plan is being guided by the provisions in the NPS-UD for preparing what's called a Future Development Strategy.

This requires Councils to engage with a wide range of parties including other local authorities, central government agencies, hapū and iwi, infrastructure providers and the development sector.

The process Council is working through for the development of this spatial plan could set a benchmark for future growth planning in the district. The spatial plan will guide upzoning of land for housing and business activity in future iterations of the district plan and provide certainty to service providers and developers. Taking a more integrated approach to development through the spatial planning process should contribute to addressing the key issues of urban sustainability and affordable infrastructure identified in the PDP. The District Wide Spatial Strategy, when completed, will incorporate this spatial plan as a sub-district area plan, providing more granular detail for areas that are forecast to experience highest growth in the district.

Pensioner Housing Portfolio

The Council owns and manages a portfolio of 144 units in 12 locations across the district. These need significant investment to make sure they remain fit for purpose into the future. Council's website notes that there is a waiting list of more than 100 people in need of this accommodation.

As part of its Long-Term Plan 2021-31, Council deliberated three proposals for the future of the housing portfolio and agreed to start the process to identify one or more providers to divest the units to. Council agreed to sell the units if it was confident that it would be in the best interests of the tenants and wider community in the long term.

Council acknowledged that CHPs are subject to a level of regulation in the provision of social housing and would be better placed than the Council to provide a service that is more sustainable and financially viable, and one that includes the wraparound services that tenants need as well. CHPs can also access Government funding that Council can't, through the income related rent subsidy for example.

Our understanding is that Council went to market with an EOI document that received a range of responses from commercial and Iwi housing providers, and that Council has decided to retain some control over the housing portfolio, rather than divest it entirely. We understand that conversations with interested providers are ongoing, but that no final decisions about alternative structures or Council's role in the housing portfolio has been made.

5. Other stakeholders

Ministry of Housing & Urban Development Te Tūāpapa Kura Kāinga

Ministry of Housing and Urban Development (HUD) shapes the strategies and work programmes for housing and urban development in New Zealand. HUD's role includes making significant, long-term change, while also helping people and communities with their immediate needs.

HUD have become involved in supporting the provision of housing in the Far North in response to a range of housing issues in the district. HUD have worked closely with Kāinga Ora, CHPs, Te Puni Kōkiri and Ministry for Social Development to address the housing issues currently facing the district. HUD has established steering groups to address their four current focus areas for the district, these include:

1. *Affordable housing*
2. *Building on Papakāinga land*
3. *Consenting*
4. *Homelessness in Whāngarei*

Kāinga Ora

Kāinga Ora's role is to place people from the Housing Register into homes, providing tenancy services to public housing tenants, and maintains and develops public houses. Kāinga Ora also provide home ownership products and other services. Kāinga Ora are charged with delivering more public, transitional, and affordable housing to help meet supply and leading and coordinating urban development projects.

Kāinga Ora's role is to build to budget which means delivering 300 public housing placed by 2024. The Government has announced another 3,000 places to be built across the Country, and Kāinga Ora are waiting to see how many of these are allocated to the Far North. The regional plan focuses on development in the major centres and Kāinga Ora currently has active projects in Ruakākā, Whāngarei, Kaikohe, Kerikeri and Kaitaia. Kāinga Ora aims to treat the district plan as the will of the community and works to lodge complying consents.

Kāinga Ora has a good working relationship with HUD through the Whai Kainga Group. There is an opportunity for Kāinga Ora to support investment in Māori land through buying or leasing properties within new projects. Kāinga Ora are in regular contact with Far North Holdings to ensure that they are aware of each other's projects. As all iwi groups in the Far North are resettlement, Kāinga Ora have had limited engagement with hapū.

Kāinga Ora also administers the Government's Infrastructure Acceleration Fund (IAF). The IAF is a fund of approximately \$1billion to support new or upgraded bulk infrastructure to enable new homes to be built in areas of high housing need. The Far North has received IAF funding for infrastructure to support housing in Kawakawa and Kaikohe.

Kawakawa will receive \$25.6 million for a road extension and significant water infrastructure upgrades. This will enable around 300 homes to be built, 180 of these homes will be part of the proposed Te Mataora development delivered by Ngā Kāingamaha o Ngāti Hine Charitable Trust. The Trust's plans for the development include aged-care apartments and more affordable homes, to create an intergenerational community.

Kaikohe will receive \$23 million in IAF funding to provide flood management and significant wastewater and stormwater upgrades to improve the current network and provide for future growth. This infrastructure will enable the building of around 365 new homes on three different sites in Kaikohe. Both public and papakāinga homes are among the planned housing developments.

Hapū

Hapū are working with HUD to deliver housing in remote areas which is outside of Kāinga Ora's mandate. As part of this, TPG have engaged with Aupōuri Ngāti Kahu Te Rarawa Trust (Awanui) and Te Waka Pupuri Pūtea Trust (Kaitaia). These Trusts are currently working on affordable housing projects being delivered through HUDs Whai Kāinga Whai Oranga funding stream. These Trusts both sit under the umbrella of Te Hiku Iwi Development Trust.

In late 2022, HUD and Te Pouahi o Te Taiokerau signed a Heads of Agreement for \$55 million in funding to deliver housing through Whai Kainga Whai Oranga. The funding breakdown is:

- \$30m for housing supply
- \$20m for infrastructure
- \$2.69m for project development support
- \$2.3m for operational costs

It is important that FNDC engage with Te Kahu o Taonui and Te Hiku Iwi Development Trust who are collectives of iwi/hapū in the North in the next stage of this project.

Far North Holdings

Far North Holdings Limited (FNHL) is the commercial trading and asset management arm of Council (FNDC). FNHL are responsible for managing a range of property, maritime and transport assets on behalf of Far North ratepayers. FNHL are responsible for using assets to increase employment and investment in the Far North to benefit local communities and businesses.

FNHL are currently working with a number of Community Housing Providers (CHP's) within the district to support them deliver housing outcomes and will be a key stakeholder in the development of a Housing Strategy.

Others

There are a range of other stakeholders involved in housing provision in the Far North who we would recommend Council consult with in the next stage of this project, these include:

- Local Community Housings Providers
- Ministry of Social Development
- Te Puni Kōkiri
- OUR Kerikeri Community Charitable Trust
- Foundation North
- Ministry of Health and District Health Board



6. Identified issues and barriers

This table presents a summary of the key issues that were identified through the desktop research and interviews completed as part of this scoping exercise. The issues are presented with implications, along with barriers to addressing them. The recommended focus areas and actions on page 6 are actions Council can consider to help address these in the short-term, in lieu of a cross-agency Housing Strategy being developed. Many of the issues are complex and require a co-ordinated approach to address.

Issue	Implication(s)	Barrier(s) to addressing the issue
Housing supply can't keep up with the demand caused by population growth in the District.	<ul style="list-style-type: none"> Some people end up living in substandard housing, overcrowded houses, or in extreme cases, become homeless. 	<ul style="list-style-type: none"> Housing development isn't feasible. Cost of construction and capital is too high. Household income levels are low. There is a lack of diversity (and therefore, affordability) in housing stock.
Lack of integration and coordination between stakeholders involved in housing outcomes across the housing continuum.	<ul style="list-style-type: none"> Funding for large-scale housing developments like those under the IAF programme are put at risk. Delivery is delayed or slow because of poor communication between parties involved. Relationships between stakeholders can break down. 	<ul style="list-style-type: none"> Lack of clarity and understanding of each other's role. Lack of clarity and agreement about the roles of different organisations in improving housing outcomes across the housing spectrum.
Housing may not be resilient to natural hazard events and effects of climate change.	<ul style="list-style-type: none"> Some houses may underperform in severe weather events. This could lead to damaged housing and displaced people which puts pressure on housing support services. Housing development could occur in places at future risk if insufficient information is available to inform the suitability of future development areas. 	<ul style="list-style-type: none"> Some people find it hard to access finance to upgrade houses that need maintenance or improvements. Climate change and natural hazard information is evolving and adaptation is challenging and costly in retrospect.
Lack of Māori Housing development	<ul style="list-style-type: none"> There is an undersupply of Māori led housing projects like papakāinga. 	<ul style="list-style-type: none"> Lending on Māori land has been a long-standing barrier for whānau, hapū and iwi looking to return to provide housing on their whenua. The provision of infrastructure to remote locations can be challenging and costly. On-site servicing may be required. There is a lack of understanding about how to develop Māori land and what support exists. There are many iwi in the Far North that haven't settled with the Crown and this causes delays to potential investment in housing projects.
Some of the Far North housing stock is in poor condition	<ul style="list-style-type: none"> This can lead to poor health and wellbeing outcomes of tenants. Housing can underperform in severe weather events. 	<ul style="list-style-type: none"> Some people will find it hard to finance maintenance and improvement works needed to improve the quality of their houses. Perceived power imbalance between landlords and renters could affect the number of tenants willing to request improvements to rental properties for fear of being evicted.
Uncoordinated growth planning	<ul style="list-style-type: none"> Inefficient use of infrastructure which increases costs to ratepayers and tenants. Council is unprepared to collect development contributions or agree to make well-informed agreements with developers. Community expectations for levels of service are unmet. 	<ul style="list-style-type: none"> Growth planning is uncoordinated and lacks good data to inform decision-making. Budget and affordability.
Potential impact of short stay accommodation (AirBnB) on housing supply.	<ul style="list-style-type: none"> Some of the existing housing stock is sitting vacant. 	<ul style="list-style-type: none"> The extent of this issue is unknown and further work is required to determine the impact.

7. Case study - Hastings District Council

An example of a successful housing plan and the role Council can play in addressing complex housing challenges.

The Hastings District Council (HDC) case study presented below is an award-winning collaborative approach to addressing housing challenges. The case study is intended to showcase what HDC achieved by working alongside other stakeholders involved in housing delivery and improving community wellbeing.

The section describes what HDC did and sets out examples of the types of roles that Council takes in leading or supporting housing actions in its district. The purpose of this is to set out a range of options Council has in supporting housing in the Far North. A recommendation of this report is to meet with HDC to understand how their strategy was developed, how much it cost, and why it has been deemed so successful.

In 2019, Hastings District Council (HDC) embarked on a 'Place Based Housing Plan', which was a 'bespoke solution to build new houses and papakāinga across Hastings, address homelessness and carry out repairs on existing Māori-owned homes to make them healthier and more liveable'. In 2021, a medium to long-term strategy was developed 'with the aim of delivering sustainable, positive change through a programme of work encompassing affordable housing, social housing, market housing, Māori housing, senior housing, and RSE accommodation, alongside skills training and employment creation'.

The contributors to the development of the strategy included local government, Central Government agencies like Kāinga Ora, MHUD and MSD, Te Puni Kōkiri, the District Health Board, Iwi trusts and an independent advisor.

HDC received an award for its 'ground-breaking collaborative approach' at the Local Government Professionals Aotearoa Awards in May 2021. The plan emerged at a time when the waitlist for social housing in Hastings increased from 57 people to approximately 640 people in five years.

The judges of the award explained that:

- "This is an excellent example of a council taking a leadership role to identify a local issue and mobilise a diverse collection of actors to deliver an outcome in actual bricks and mortar".
- "This is another example of the community-based solution that Parliament intended when it restored well-being to the statutory purpose of local government in 2019".

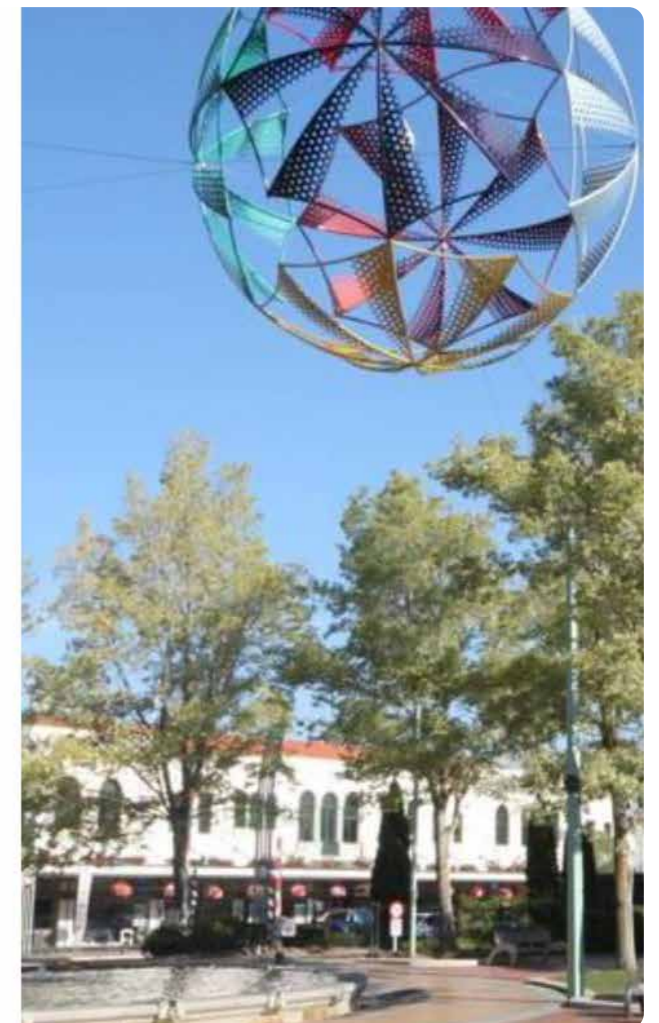
The HDC website explains the achievements under the plan:

"Over the last year this work has resulted in: three new papakāinga developments; two mixed model housing developments, with another three well advanced in the planning, available to people who will be living in their homes; ongoing progress with major residential subdivision developments; dedicated seasonal worker accommodation to take pressure off the rental market; changes to district plan rules to encourage higher density and inner city housing; and Crown funding for accelerated social housing projects."

Hastings place-based approach

A range of complex and inter-related housing issues in Hastings District are putting pressure on whānau and communities

December 2019



The vision

The strategy set a vision for Hastings that:

Every whānau and every household has access to a safe, stable, healthy, affordable home in a thriving resilient community with access to education, employment and amenities.

The strategy sets out a range of outcomes under the headings:

- Working together and building local capacity
 - This include building partnerships, supporting CHPs, and increasing market supply.
- Affordability and suitability
 - Housing typologies consistent with need, social and affordable housing, gap between home ownership of Māori and non-Māori is closed, progressive home ownership schemes.
- Māori housing
 - Housing plans of Iwi and post-settlement entities are realised, effective partnerships for housing solutions for Māori, innovative solutions for Papakāinga.
- Land and regulatory settings
 - Urban intensification, greenfield land available for development while protecting productive land, more comprehensive regulatory process, more comprehensive range of tools is applied to support housing development.
- Community well-being
 - Vulnerable members are housed safely, tamariki living in unhealthy housing reduced, reduce the need for emergency and transitional housing, sufficient social housing supply increases through CHPs.
- Reduced external pressures
 - Tourism contributes to economy without putting pressure on housing, sufficient housing to accommodation seasonal workers without impacting negatively on local resident needs.

The programme of work within the strategy has six workstreams, with supporting actions. The actions have identified leads and partners, and timeframes for completion. This makes is clear what each stakeholder's role is and creates accountability for delivery.

This is an example of a housing strategy which was developed collaboratively, has clearly defined roles and responsibilities, and an accompanying action plan to support the achievement of agreed housing outcomes. The strategy supports the range of housing needs right across the housing continuum.

Council's Role in Housing

Some of the actions in the Strategy that Council takes a lead role on include:

- Facilitate multi-agency regeneration of places through development of a Master Plan.
- Create detailed land development plans for affordable housing.
- Create strategic development plans for Council's own land holdings to identify locations for affordable housing developments over the long-term (including potential land acquisitions).
- Develop business case for new housing developments to transition whānau living in motels into homes.
- Determine initiatives to improve housing situations for homeless people.
- Investigate viability of undertaking an intensive housing project with the purpose of incentivising further private sector developments.
- Proactively engage with developers and have responsive policies and regulatory processes to increase quantum of housing within the existing urban boundary.
- Update and align medium-long term projections for household growth with the quantum of land available and the timing of its release.
- Review planning and consenting processes so they support new housing development with the potential for mixed ownership and affordability.
- Attract more CHPs to the District to increase the provision of public housing.

Some of the actions in the Strategy that Council takes a support role on include:

- Support Te Puni Kōkiri Māori Housing Network to develop papakāinga housing. Council to explore how further support can be provided for papakāinga through regulatory processes.
- Support TPK to investigate the potential to develop different types of papakāinga housing based on collective whānau. This could be a larger communal structure with intergenerational living on Maori land, possibly marae based.
- Support Iwi trusts to develop land they own.

