



**Notice of the ordinary meeting of the
Urban Development Subcommittee
*Te Kōmiti Āpiti, Whakahou Taone***

Date:	Tuesday 2 March 2021
Time:	9.00a.m.
Location:	Council Chamber, Civic House 110 Trafalgar Street Nelson

Agenda

Rārangi take

Chair	Cr Judene Edgar
Members	Her Worship the Mayor Rachel Reese Cr Mel Courtney Cr Kate Fulton Cr Brian McGurk Cr Pete Rainey

Quorum: 3

**Pat Dougherty
Chief Executive**

Nelson City Council Disclaimer

Please note that the contents of these Council and Committee Agendas have yet to be considered by Council and officer recommendations may be altered or changed by the Council in the process of making the formal Council decision.

Excerpt from Council's Delegations Register A1183061

Areas of Responsibility

- City Centre Programme, including the City Centre Spatial Plan
- Oversight of the City Centre Engagement Group
- Intensification Action Plan
- Housing Reserve – development of criteria for use and consideration of projects
- Social and affordable housing proposals
- Development Contributions and Financial Contributions
- Statutory tools, initiatives and projects relating to Urban Development and Housing

Powers to decide

- Appointment of a deputy Chair
- Developing, monitoring and reviewing strategies, policies and plans, with final versions to be recommended to Council for approval
- Undertaking informal community engagement on matters within the areas of responsibility

Powers to Recommend to Council

- Approval of final versions of strategies, policies and plans
- All other matters within the areas of responsibility or any other matters referred to it by Council

For the Terms of Reference for the Urban Development Subcommittee please refer to document A2505916.

1. Apologies

Nil

2. Confirmation of Order of Business

3. Interests

3.1 Updates to the Interests Register

3.2 Identify any conflicts of interest in the agenda

4. Public Forum

5. Confirmation of Minutes

There are no minutes for confirmation

6. Chairperson's Report

5 - 8

Document number R22695

Recommendation

That the Urban Development Subcommittee

- 1. Receives the report Chairperson's Report (R22695) and its attachment (A2582100).***

7. Julia Campbell, new Regional Director, Kāinga Ora - Introduction

8. Options for increasing housing supply

9 - 23

Document number R22552

Recommendation

That the Urban Development Subcommittee

- 1. Receives the report *Options for increasing housing supply (R22552)*; and**
- 2. Approves that officers will;**
 - a. *continue to work with Kāinga Ora to explore potential Specified Development Projects within the current work programme; and***
 - b. *report to Council any land purchase opportunities with potential to leverage housing supply as they arise; and***
 - c. *assess Council owned properties to see which have potential to leverage housing supply and report these to Council; and***
- 3. Notes that Council will be considering a change to the rating policy to address inequities in rating on large residentially zoned landholdings and provision for one Full Time Equivalent (FTE) staffed position in support of intensification in the draft Long Term Plan 2021-31.**

Chairperson's Report

1. Purpose of Report

- 1.1 To provide the Chairperson's Report to the Subcommittee.

2. Recommendation

That the Urban Development Subcommittee

- 1. Receives the report Chairperson's Report (R22695) and its attachment (A2582100).***

3. Background

Welcome to the first meeting of the Urban Development Subcommittee.

- 3.1 A lot of work has been underway since the committee was formed in November last year, both in terms of progressing existing projects such as the City Centre spatial plan, and new workstreams, in particular development of the Housing Reserve criteria.
- 3.2 With the Resource Management Act reforms, we also know that a lot of our potential workstreams may be interrupted or need to change to meet new legislative requirements, but we will endeavour to progress as much as we can. Our rule changes to enhance supply, intensification and affordability are critical for Nelson and deliver on the government's housing imperatives, so we hope that these workstreams may continue unabated.
- 3.3 Extensive research and discussions have taken place across local government, regional and national Community Housing Providers, government agencies, financial institutions, economists, Community Land Trusts, housing organisations and community funders to support the committee's housing reserve considerations. I would like to thank Nicky McDonald for leading this extensive piece of work and all of the various regional and national organisations who have given their time and experience so freely.
- 3.4 I would also like to acknowledge the support and guidance of Dr Kay Saville-Smith, Chief Science Advisor to the Ministry of Housing and Urban

Item 6: Chairperson's Report

Development. Her advice and expertise have been invaluable in our endeavours to find a sustainable solution that meets our community's and Council's expectations and long-term housing needs.

- 3.5 Through Dr Saville-Smith, Nelson has also been provided the opportunity to be part of the Centre for Research, Evaluation and Social Assessment (CRESA) *Affordable Housing for Generations* research programme. Nelson City Council's work on the housing reserve and supporting affordable housing will be the focus of an innovation case study on 'Realising Housing's Public Good – Funding and Developing 'fit for people' housing future' (see attachment 1).
- 3.6 We know that Council cannot 'fix' the crisis, but the key focus for this committee is ensuring we are evaluating what tools we have at our disposal and utilising them where and when we can. We need to work with, support and enable others, so that we can all contribute to easing the housing crisis. While we may not have the resources to roll out a game-changing plan, some of the rules we may change in the Nelson Resource Management Plan; or how we enhance our customer journey for developers; or how we support our local Community Housing Providers; or implementing the actions in our Intensification Action Plan; or collaborating with housing providers; may be a game-changer to enable others to bring housing to the market.
- 3.7 *Nāu te rourou, nāku te rourou, ka ora ai te iwi*
With your food basket and my food basket the people will thrive.
- 3.8 This whakatauki talks to community, collaboration and a strengths-based approach. It acknowledges that everybody has something to offer, a piece of the puzzle, and by working together we can all flourish.

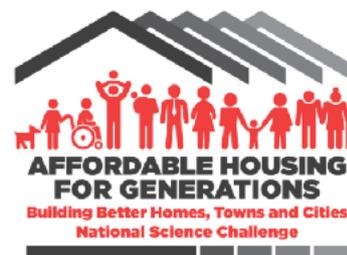
Author: Judene Edgar, Chairperson

Attachments

Attachment 1: A2582100 - Component E NCC Case Study [↓](#)

Nicky McDonald
Group Manager Strategy and Communications
Nelson City Council

22 February 2021
Via email



Dear Nicky

Innovation Case Studies: Realising Housing's Public Good – Funding and developing 'fit for people' housing futures

Thank you for your confirmation that you see value in Nelson City Council's participation in an innovation case study about affordable housing. This letter outlines our proposed approach.

The Nelson case study will focus on the Housing Reserve and the Council's associated interest in supporting the development of affordable housing. This case study is, along with other case studies, about recording and understanding the ways that local collaborations work to develop affordable housing suitable for different groups within communities, including low-income households, families, seniors and key workers. The case studies will identify and analyse solutions in different localities. The aim is to compile stories of the development of different models, as well as identifying and describing exemplars and good practice for investing in and increasing the supply of affordable housing.

The key questions asked in the research are:

- What are effective pathways for encouraging investment, sustained funding streams and development for affordable housing?
- How can household and community resources be maximized for affordable housing provision through diversified tenure?
- How can land use planning be harnessed for affordable housing?

This case study is part of the Affordable Housing for Generations Research Programme, funded through the Building Better Homes Towns and Cities National Science Challenge.

Who's doing the research?

CRESA (Centre for Evaluation, Research and Social Assessment) is leading this research. CRESA has been doing social research and evaluation for over 20 years, with a strong focus on housing and community development. You can contact them on: 0508 427372 (CRESA Freephone)

Key contacts for this research are:

- Kay Saville-Smith (programme leader): 027 4303 575; kay@cresa.co.nz
- Bev James (case study coordinator): 027 247 8353; bev@bevjames.nz
- Ruth Fraser (research administration): 021 670169; ruth@cresa.co.nz

What's involved for the Council?

To enable us to do the case study, we would appreciate access to the following:

- Relevant council data, information and documents about the development and implementation of the Housing Reserve.
- Identification of key people involved in the Housing Reserve who can be approached to seek their consent to be interviewed. There would be no obligation to be interviewed. All interviews would be voluntary, and confidentiality respected. We would start by interviewing key council staff.

What will the Council receive?

We will provide the council with a report that documents the history and evolution of the Housing Reserve, by December 2021.

In addition, Council will gain early access to other research and reports completed as part of the case study research. This will include rapid reviews of international literature on affordable housing innovation models. We will also produce best practice guidelines in affordable housing innovation, based on the case studies and international research.

Yours sincerely



Bev James

Cc: Kay Saville-Smith (Co-director Affordable Housing for Generations); Fiona Cram (Co-director Affordable Housing for Generations).

Options for increasing housing supply

1. Purpose of Report

- 1.1 To consider options to help address housing supply in Nelson.

2. Summary

- 2.1 This report follows a workshop with the Urban Development Subcommittee on 26 November 2020 on options for increasing housing supply. It responds to a request at that workshop for more information on how Council might positively influence housing supply.

3. Recommendation

That the Urban Development Subcommittee

- 1. Receives the report **Options for increasing housing supply (R22552); and***
- 2. Approves that officers will;*
 - a. **continue to work with Kāinga Ora to explore potential Specified Development Projects within the current work programme; and***
 - b. **report to Council any land purchase opportunities with potential to leverage housing supply as they arise; and***
 - c. **assess Council owned properties to see which have potential to leverage housing supply and report these to Council; and***
- 3. Notes that Council will be considering a change to the rating policy to address inequities in rating on large residentially zoned landholdings and provision for one Full Time Equivalent (FTE) staffed position in support of intensification in the draft Long Term Plan 2021-31.*

Item 8: Options for increasing housing supply

4. Background

- 4.1 Housing supply is one of the key Council priorities and is of high community and Central Government interest. There are a number of further opportunities that can be pursued should Council wish to take a more active role in supply.
- 4.2 The Council has made housing intensification and affordability a priority in the Annual Plan 2019/20 and the draft Long Term Plan 2021-2031.

5. Discussion

Housing Capacity, Supply and Demand

- 5.1 Although interrelated, capacity, supply and demand of housing means different things;
 - 5.1.1 Housing capacity – means land that is zoned residential, and is provided with (or planned to be in the Long Term Plan) wastewater, water, stormwater and transport infrastructure to support its development capacity.
 - 5.1.2 Housing supply – means the supply of housing brought to the market, including both rental and private ownership.
 - 5.1.3 Housing demand – means the demand for dwellings to meet population growth.
- 5.2 When demand for housing supply increases, so too do prices. This price increase is exacerbated when supply cannot keep up with demand. Some of the factors that affect housing market supply include mortgage rates, cost of building materials, employment, household incomes, migration and population growth rates.
- 5.3 House prices and rents have continued to increase in Nelson. For example, data produced by the Ministry for Housing and Urban Development indicates that in December 2020 house prices have increased by 54% over five years to now be a median of \$672k (compared to \$436k in 2015). Rents have also increased by 30% over five years to now be a median of \$428 per week (compared to \$328 per week in December 2015). Furthermore, as the average household income in Nelson is lower than the national average, housing at an affordable price point is constrained.
- 5.4 The National Policy Statement on Urban Development (NPS-UD) requires that Council ensure it has adequate housing capacity over the short, medium and long term. Housing capacity is met when adequate zoning and rules under the resource management plan, and adequate infrastructure servicing under the Long Term Plan and 30 Year Infrastructure Strategy are provided.
- 5.5 To plan for this the NPS-UD requires Council to undertake a Housing Capacity Assessment (a stocktake of current housing, including by type

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and location, projected 30 years into the future) and adopt or review a Future Development Strategy (FDS) (that sets out long term growth planning) every three years.

- 5.6 Council's last Housing Capacity Assessment was undertaken in 2018 and indicated that demand would outstrip capacity in 2027 under current Plan settings. Officers are currently updating Council's Housing Capacity Assessment in line with the requirement to have it completed before 31 July 2021. The updated assessment will identify if the capacity/demand relationship from the 2018 assessment still applies.
- 5.7 A workshop on the assumptions underpinning the assessment model is planned for this Subcommittee on 31 March 2021.
- 5.8 This report focuses on options available to Council to take a more active role in housing supply that sit outside of its current work programme.

Urban Growth Agenda

- 5.9 The Government has recognised the need for a more active role in housing supply, establishing its Urban Growth Agenda and introducing a range of additional urban growth initiatives that bring together a toolkit of development powers to assist with complex urban development. Key changes are set out below.

National Policy Statement on Urban Development

- 5.10 The Government gazetted its new NPS-UD in July 2020 replacing the previous 2016 statement on urban development capacity. The NPS-UD imposes several new requirements for Council, which has been assessed as a Tier 2 Urban Environment. The Government's objective under the NPS-UD is to direct local authorities to enable sufficient development capacity for housing and business so that urban areas can grow and change in response to the needs of their communities.
- 5.11 The NPS-UD directs councils to address potential barriers to development. It has a number of methods to influence housing capacity, the key provisions are set out below:

Plan provisions

- 5.11.1 Requires amendments to the district plan and regional policy statement, for example, to remove on-site parking rate requirements and to zone in a manner that allows development across a range of areas and rules that permit a range of housing types to be built.
- 5.11.2 Following preparation of the Housing and Business Capacity Assessment (HBA) in July 2021, Council will be required to immediately notify the Minister for the Environment if it determines there is insufficient housing capacity. The expectation in this scenario is that Council will then be directed to make

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changes to its Resource Management Act (RMA) planning documents to address and alleviate constraints.

- 5.11.3 The housing bottom lines policy requires local authorities to put the amount of development capacity sufficient to meet housing demand plus the competitiveness margin from their HBAs into their regional policy statements and district plans.

Decisions /strategies are based on evidence

- 5.11.4 Imposes a number of additional requirements on Housing and Business Development Capacity Assessments (HBAs), monitoring and reporting functions. Including assessment of how well the current and likely future demands for housing by Māori and different groups in the community are met, as well as the demand for different types and forms of housing, an affordability assessment, future estimates of housing demand, and monitoring and reporting of demand uptake across set criteria.

- 5.11.5 Requires preparation of a Future Development Strategy (FDS) to ensure sufficient development capacity (meaning for the short term capacity that is plan enabled and infrastructure ready) to provide for both standalone and attached dwelling types over the short, medium and long term.

- 5.12 The NPS-UD and current capacity assessments have raised a question as to the best way forward to meet the City's future demand and whether the City would benefit from Council taking a more active role in housing supply, or in support of that supply by others. Options that are not part of Council's current work programme are discussed in the following paragraphs.

Kāinga Ora- Homes and Communities

- 5.13 Kāinga Ora was established through two separate pieces of legislation. The Kāinga Ora-Homes and Communities Act 2019 that established Kāinga Ora as a Crown agency and the Urban Development Act 2020, that gave Kāinga Ora access to a range of existing development powers previously spread across multiple statutes and agencies.
- 5.14 Kāinga Ora is the Government's primary housing and urban development delivery arm with two key roles, firstly to be its own public housing landlord and secondly, to partner with the development community, including local government, on urban development projects.

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Specified Development Project

- 5.15 The Urban Development Act provides for the Specified Development Project (SDP) process that supports Kāinga Ora to initiate large urban development projects upon approval from the Minister. Kāinga Ora now has access to a range of development powers:
- that shorten planning and consenting processes; and
 - give them the ability to construct, move and change transport and water infrastructure; and
 - fund new infrastructure and other development activities; and
 - bring together parcels of land for development via compulsory purchase; and
 - reconfigure reserves for better use.
- 5.16 Under this provision, there is an opportunity for Council to propose an SDP as a way of advancing and enhancing housing supply through a streamlined process in partnership with Kāinga Ora.
- 5.17 The advantages of potentially partnering with Kāinga Ora on a SDP is that it could help to de-risk the Council development process while bringing large scale housing supply to the Nelson market. The process is likely to involve the amalgamation of properties to achieve intensification goals via compulsory purchase, actively increase uptake rates and demonstrate market feasibility of a new model of housing for Nelson.
- 5.18 Council officers have an ongoing relationship with Kāinga Ora and have had exploratory conversations as to potential projects that might meet its urban development project objectives. Kāinga Ora is currently working on a strategic plan for Tasman/Nelson/Marlborough and business cases on potential specific projects. Officers can provide an update at the meeting on recent advice from Kāinga Ora in relation to this option.
- 5.19 If a SDP proposal was potentially able to be advanced, officers will bring a report to this Subcommittee, outlining the proposal and its costs and benefits.
- 5.20 Officers support further exploration with Kāinga Ora on opportunities for a SDP to be progressed. The advantages and disadvantages of this option are discussed further under the options table (option 2) on page 10 of this report.

Other mechanisms

Urban Growth Partnerships

- 5.21 Urban Growth Partnerships have the potential to bring together Council and Government investment in an area.

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- 5.22 Urban Growth Partnerships between Crown, local authorities and mana whenua have resulted in joint plans and shared spatial planning programmes aligning investment in order to unlock housing potential. For example, this method has been used in the Hamilton-Waikato metropolitan area, Tauranga-Western Bay of Plenty and Queenstown Lakes.
- 5.23 Nelson and Tasman are both unitary Councils and already work together on a Future Development Strategy. Seeking an Urban Growth Partnership between the two Councils and Government might be more attractive to Government and help encourage its investment in large infrastructure projects (such as transportation) that also leverage housing growth as benefits would be experienced across both areas.
- 5.24 Officers have not recommended this option because of the additional time and resource that would be involved and due to it replicating some of the functions of the Future Development Strategy. The advantages and disadvantages of this option are discussed further under the options table (option 3) on page 10 of this report.

Crown Entities

- 5.25 A crown entity is an organisation that is established under the Crown Entities Act 2004. Crown entities remain a public body although are at arm's length from Ministers as they are governed by a board of directors.
- 5.26 A successful example is the Tamaki Redevelopment Company Ltd (trading as Tamaki Regeneration Company – TRC) that was established in 2012 by the Government (59% shareholder) and Auckland Council (41% shareholder) to deliver the Tāmaki regeneration programme. This resulted in Housing New Zealand's Tāmaki portfolio of public housing (valued at approximately \$1.6 billion) being transferred to TRC in 2016.
- 5.27 As noted above, this model has been used successfully in Auckland where there is a significant scale of development demand and capacity. Further research would be required to see if this model would work in Nelson should Council want to be directly involved in development, however the size of Council's land portfolio for this would be a limiting factor as would the Government's potential willingness to partner in this manner.
- 5.28 If Council wanted to explore this option further funding would be required to engage a consultant to assist officers to investigate and report on potential benefits of this option and requirements for its success.
- 5.29 Officers are not supporting exploring this option further believing it unlikely that Government would consider the potential scale of development in Nelson would warrant this type of intervention. More advantages and disadvantages of this option are discussed under the options table (option 4) on page 10 of this report.

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Urban Development Authorities

- 5.20 Urban Development Authorities (UDAs) are usually Council Controlled Organisations (CCO) with independent governance structures that have been established to advance urban development aspirations and objectives.
- 5.21 UDAs are common overseas where they have been used successfully, when there has been a market failure, to facilitate positive change in environments. Auckland and Christchurch have established UDAs. Wellington City Council has also taken steps to establish one however a change in governance direction led to a different approach being taken.
- 5.22 While UDAs based in New Zealand do not have special development powers they are well-positioned to partner with Kāinga Ora who can facilitate larger more complex projects, or progress projects in other ways. For example, Kāinga Ora could use its compulsory acquisition powers to consolidate properties within a development precinct and the UDA could leverage the acquisitions to attract development partners. UDAs can retain a relatively high degree of control over the housing and urban outcomes within a development precinct while relying on partnerships for delivery.
- 5.23 The most referred to example of a UDA in New Zealand is the Panuku Development Agency. Panuku is a council-controlled organisation set up by Auckland Council to manage its property portfolio and lead urban development projects. Panuku's main focus is on enabling and incentivising intensification in existing town centres by leveraging the Council's property portfolio. Priority development projects fall into three groups: full suburban regeneration (transform); facilitating revitalisation through a few key properties (unlock); using Council land to build houses (support). Panuku partners with other entities rather than building properties itself. The programme is funded by a mix of Council funding (through the Long Term Plan) and reinvestment of proceeds from property sales programmes. Additional funding for development projects comes from partnerships with Government, iwi, not-for-profit and commercial developers.
- 5.24 If Council wanted to explore this option further funding would be required to engage a consultant to assist officers to investigate and report on potential benefits of this option and requirements for success.
- 5.25 Officers are not recommending this option due to the cost implications involved in establishing a CCO. However, the advantages and disadvantages of this option are discussed further under the options table (option 4) on page 11 of this report.

Housing Strategies

- 5.26 Staff have undertaken a desktop review of other councils with housing strategies. A small number of councils have adopted a strategy with a focus on homelessness, social housing and equity of housing, and on bringing together key partners and stakeholders, such as government

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agencies, iwi and community housing providers, for example, to assist with housing supply in these areas.

- 5.27 Housing strategies by themselves do not directly enable a more direct role for council in enhancing housing capacity, although they can be a tool to bring together and make explicit the roles and responsibilities of the many parties involved in housing for communities.
- 5.28 Council, as a Tier 2 Urban Environment, is required to have a Future Development Strategy, undertake Housing Capacity Assessments and develop action/implementation plans. The information from these processes can be shared with other parties to inform their work and will reveal if there will be insufficient housing capacity, including by typology, in the near future.
- 5.29 For these reasons officers do not see the value in producing a Housing Strategy as a means to take a more direct role in housing supply. However, the advantages and disadvantages of this option are discussed further under the options table (option 5) on page 11 of this report.

Assess Council Owned Property for potential to leverage housing supply

- 5.30 Council has a property portfolio that includes a number of underutilised sites that may be able to be used for Council to bring housing supply to the market and demonstrate exemplar housing developments.
- 5.31 Officers receive expressions of interest from developers for Council owned sites for housing developments, particularly in and close to the city centre. The Betts Carpark process was a way for Council to de-risk development and provide developer certainty, and express interest in participating in such a process. Many of Council's properties are, however, subject to Public Works Act or other constraints on their sale and use.
- 5.32 A stocktake of Council property was undertaken by officers in 2016. The stocktake could benefit from an assessment of properties that have the potential to leverage housing supply. This could be undertaken by officers within existing resources but would require a joined up approach between this Subcommittee and the Strategic Development and Property Subcommittee which has delegation of Council's strategic property portfolio.
- 5.33 Officers are recommending this option. The advantages and disadvantages of this option are discussed further under the options table (option 6) on page 12 of this report.

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Work with developers on opportunities for Council to purchase property that leverage housing supply

- 5.34 Officers are also contacted by property owners from time to time who wish to sell inner-city property to Council. This represents an opportunity for Council to enhance supply by purchasing city centre properties to leverage residential outcomes and that could be delivered through a range of models.
- 5.35 Under this option officers would report to Council on any proposal to sell land that has potential as a housing development, for consideration.
- 5.36 Officers are recommending this option. The advantages and disadvantages of this option are discussed further under the options table (option 7) on page 12 of this report.

6. Other options currently being considered through Council's Long Term Plan process

Customer Journey

- 6.1 Council has identified intensification as a key housing outcome and has adopted an action plan in support. However, for intensification to be successful it will need to involve a much higher number of single landowners adding to housing stock than with greenfield development.
- 6.2 Therefore, Council is proposing an additional resource of 1FTE staff member through its draft Long Term Plan 2021-31 to support these landowners to navigate the resource and building consent process. This is important especially for the level of uptake for one-off developments that Council is seeking through the FDS.

Rating policy

- 6.3 Council is also considering changes to its Rating Policy through its Long Term Plan process. The current policy in the Funding Impact Statement in the Long Term Plan provides for properties greater than 15ha but zoned residential to be rated as if they are zoned rural, while sites under 15ha and zoned residential are rated as residential zoned land.
- 6.4 The suggested amendment to the Policy, if adopted following consultation, is expected to assist to incentivise the conversion of currently undeveloped residential zoned land to market and increase housing supply.

7. Options

- 7.1 Options for Council to take a more active role in housing supply are set out below. Council could choose any one, or a combination of, these options. Adequate resourcing needs to be provided if any options are to fit into the current work programmes.

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7.2 Officers recommend options 2, 6 and 7 have merit in enabling Council to have a more active role in housing supply in the short to medium term.

Option 1: Do nothing. This is the status quo option.	
Advantages	<ul style="list-style-type: none"> • No further resourcing required.
Risks and Disadvantages	<ul style="list-style-type: none"> • Although there is an action plan to support intensification, its actions are focused on operational matters to enable intensification, and will on its own not significantly impact housing supply. • Council does not make use of all the tools available to it, in seeking to achieve a change in housing supply and its intensification outcomes. • Council's priority of housing intensification and affordability is not adequately resourced and is reliant on implementation through the housing reserve which does not address all types of housing capacity that is required. • Government mandated housing capacity may not be able to be met, requiring notification to the Minister of the Environment. • Housing supply continues to be a significant issue in Nelson affecting business, employment and migration growth.
Option 2: Work with Kāinga Ora in 2021 to investigate any sites with the potential to be considered as a Specified Development Project.	
Advantages	<ul style="list-style-type: none"> • The tools provided under the Urban Development Act could have benefits in increasing housing supply in Nelson. • De-risks the development process from a Council perspective as Kāinga Ora or Central Government take the lead. • Has the potential to provide large scale supply to the Nelson market. • Has the potential to amalgamate properties to achieve intensification goals via compulsory purchase, actively increase uptake rates and demonstrate market feasibility of a new model of housing for Nelson.
Risks and Disadvantages	<ul style="list-style-type: none"> • Action depends on Kāinga Ora having the capacity and willingness to prioritise Nelson in their work programme.

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	<ul style="list-style-type: none"> • Will require allocation of officer resource to assist with business cases, administration of the process and provide a local government response.
<p>Option 3: Enter into an Urban Growth partnership with TDC and the Government.</p>	
Advantages	<ul style="list-style-type: none"> • Demonstrates a unified approach to housing across the regions which may attract Government investment. • Results in coordinated infrastructure and investment provision to support housing.
Risks and Disadvantages	<ul style="list-style-type: none"> • Would require additional staff and budget. • Replicates work achieved via the Future Development Strategy. • Would require significant setup time and potentially involve a public consultation process. • Decision making across two Councils could be slow and time consuming.
<p>Option 4: Investigate the potential benefits of establishing a Council-led urban development agency (UDA) and/or Crown Owned Entity to enable Council to participate in the local property market and/or partner with private developers to assist with housing supply.</p>	
Advantages	<ul style="list-style-type: none"> • Enables Council to have sufficient information to make an informed decision about whether this tool could have real benefits in increasing housing supply in Nelson.
Risks and Disadvantages	<ul style="list-style-type: none"> • Both of these options would be a long term tool as significant setup time would be required and the process would potentially include a public consultation process. • The size of Council's property portfolio may be a limiting factor. • The Government may not wish to partner via these particular tools, especially considering the urban growth agenda provides Kāinga Ora with the ability to have some of the powers of a UDA. • Requires resources for investigation and longer-term investment costs.

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Option 5: Develop a Housing Strategy in collaboration with the community.	
Advantages	<ul style="list-style-type: none"> • Has potential to formalise the commitments of a number of stakeholders that can help with housing. • A Housing Strategy will include actions from a range of partners which may reduce Council being seen as the provider of all the necessary functions. • Wide community engagement can lead to enhanced community and stakeholder buy-in.
Risks and Disadvantages	<ul style="list-style-type: none"> • Greater community and stakeholder involvement is likely to lead to a slower process. • May not create the change in housing supply that is sought. • May require allocation of additional officer time and resource.
Option 6: Assess Council owned properties to see which have the potential to leverage housing supply.	
Advantages	<ul style="list-style-type: none"> • Enables Council to consider if it can maximise use of its own assets to assist with housing supply. • Would help to identify what properties have potential to be developed for housing.
Risks and Disadvantages	<ul style="list-style-type: none"> • May require allocation of additional officer time and legal resource.
Option 7: Continue to work with developers on opportunities to leverage housing supply, and report to Council on these opportunities as they arise.	
Advantages	<ul style="list-style-type: none"> • Supports ongoing relationships with developers and projects that enable more housing and/or different housing types.
Risks and Disadvantages	<ul style="list-style-type: none"> • May require allocation of additional officer time and legal resource.

7.3 Officers have provided recommendations based on the ability to undertake projects within current resourcing.

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8. Conclusion

- 8.1 Council has a number of options to have a more active role to address housing supply in Nelson. Officers consider that options 2, 6 and 7 have merit in enabling Council to achieve a short to medium-term increase in housing supply.

9. Next Steps

- 9.1 Programme any of the options selected by Council into the work programme.

Author: Lisa Gibellini, Team Leader City Development

Attachments

Nil

Important considerations for decision making
1. Fit with Purpose of Local Government <p>The recommendations in this report support Council’s role to promote the social and economic well-being of communities in the present and for the future by identifying how Council can take a more active role in housing supply within its existing work programme.</p>
2. Consistency with Community Outcomes and Council Policy <p>This report supports the following community outcomes: Our urban and rural environments are people-friendly, well planned and sustainably managed; our infrastructure is efficient, cost-effective and meets current and future needs; our communities are healthy, safe, inclusive and resilient.</p>
3. Risk <p>This report seeks guidance on the options for increasing housing supply that can be achieved within officers current work programme, therefore the risk is considered to be low.</p>
4. Financial impact <p>The options in this report have a range of financial implications as outlined in the options section of this report.</p>
5. Degree of significance and level of engagement <p>This matter is of low significance because it is outlining options for Council to have a more direct role in housing supply and therefore no formal engagement has been undertaken. If any significant options are selected they will need to be reported back to Council consultation with the community may be required.</p>
6. Climate Impact <p>Climate impact has not been considered in preparation of this report.</p>
7. Inclusion of Māori in the decision making process <p>No engagement with Māori has been undertaken in preparing this report.</p>
8. Delegations <p>The Urban Development Subcommittee has the following delegations to consider options for urban development and housing</p>

Item 8: Options for increasing housing supply

Areas of Responsibility

- *City Centre Programme, including the City Centre Spatial Plan*
- *Statutory tools, initiatives and projects relating to Urban Development and Housing*

Powers to Decide

- *Developing, monitoring and reviewing strategies, policies and plans, with final versions to be recommended to Council for approval*

Powers to Recommend to Council

- *Approval of final versions of strategies, policies and plans*
- *All other matters within the areas of responsibility or any other matters referred to it by Council*