



**Notice of the Ordinary meeting of**

## **Nelson City Council**

### ***Te Kaunihera o Whakatū***

Date:	Tuesday 5 October 2021
Time:	9.00a.m.
Location:	Council Chamber Civic House 110 Trafalgar Street, Nelson

# **Agenda**

## ***Rārangi take***

**Chairperson**

Her Worship the Mayor Rachel Reese

**Deputy Mayor**

Deputy Mayor Judene Edgar

**Members**

Cr Yvonne Bowater

Cr Trudie Brand

Cr Mel Courtney

Cr Kate Fulton

Cr Matt Lawrey

Cr Rohan O'Neill-Stevens

Cr Brian McGurk

Cr Gaile Noonan

Cr Pete Rainey

Cr Rachel Sanson

Cr Tim Skinner

**Quorum: 7**

**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. For enquiries call (03) 5460436.

## **Council Values**

Following are the values agreed during the 2019 – 2022 term:

- A. Whakautetanga: respect
- B. Kōrero Pono: integrity
- C. Māiatanga: courage
- D. Whakamanatanga: effectiveness
- E. Whakamōwaitanga: humility
- F. Kaitiakitanga: stewardship
- G. Manaakitanga: generosity of spirit

## **Karakia and Mihi Timatanga**

### **1. Apologies**

An apology has been received from Councillor K Fulton

### **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. Hearing Submissions to the Representation Review – Final Proposal** **5 - 11**

Murray Cameron and Neville Male will be speaking to the Nelson Citizens Alliance submission

### **5. Public Forum**

Carrie Mozena, on behalf of the Nelson Tasman Housing Trust, will be speaking about the Housing Reserve proposal.

### **6. Mayor's Report**

### **7. Phase One of the Housing Reserve** **12 - 27**

Document number R26236

Recommendation

#### ***That the Council***

- 1. Receives the report Phase One of the Housing Reserve (R26236) and its attachment (A2748972); and***
- 2. Approves Phase One as set out in this report (R26236), including its proposed value of \$2 million as grant funding; and***

3. ***Notes Council may agree to approve funding to an aggregate total in excess of \$2 million if applications that meet the specified objective and criteria are received; and***
4. ***Approves the process, objectives, and outcomes for Phase One as set out in this report (R26236) (A2748972); and***
5. ***Approves the evaluation criteria as set out in A2748972; and***
6. ***Approves, in recognition of the housing crisis that Nelson is facing, that officers' recommendations on Phase One funding applications be brought directly to Council; and***
7. ***Notes that officers will continue to investigate the use of the Housing Reserve and report on this to the Urban Development Subcommittee with final sign off by Council.***

**Karakia Whakamutanga**

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## **Hearing Submissions to the Representation Review – Final Proposal**

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### **1. Background**

- 1.1 Council consulted on the Representation Review. Consultation closed on Friday, 17 September 2021. The following documents are attached:
  - 1.1.1 Representation Review Total Feedback at 20 September 2021 – Document A2751168
- 1.2 Hearing Schedule
  - 1.2.1 Nelson Citizens Alliance (10 mins) – Murray Cameron and Neville Male

### **Attachments**

Attachment 1: A2751168 - Representation Review - Total Feedback 20Sep2021  
[↓](#)

Item 5: Hearing Submissions to the Representation Review – Final Proposal: Attachment 1

Name	What are your thoughts on the proposed representation arrangements?	Do you have anything else you wish to add?
Gerald Renshaw	<p>With regard to the proposal for representation of the different wards, I feel this is an excellent idea as it might engender a feeling that I am being specifically represented by a councillor with an interest in my ward. However, I feel that the proposed wards are too large; dividing the city in half does not really make an appreciable difference to the level of representation, particularly when there are additional at large councillors attached to no specific ward. I would think that a minimum of 4 wards or perhaps up to 6, with maybe one at large councillor might provide for better representation.</p>	
John Fitchett	<p>If, and only if, there needs to be more than one General Ward, then I support the proposal to have two General Wards - and no more than two.                      I would prefer to have only one General Ward with 10 elected Councillors (in addition to the 1 Councillor from the Whakatu Ward) - if that was permissible.                      I support the decision not to have Community Boards - for the reasons set out on the website                      I would support an amendment to the Proposal - to restrict the General Wards to 3 elected Councillors; and 5 Councillors being elected "at large". The main reason for such view is to stop parochial politics. In reality there is no difference of "community of interest" between the 2 proposed Wards. Location is the only differentiation.</p>	<p>The "consultation" is simply an expensive farce; and I cannot accept the Mayor's statement (on the website) that "this is a great opportunity to help shape the future of democracy in this city". When Councillors adopted the Maori Ward proposal in May (rather than allowing a citizens' referendum as provided for by statute) they showed that they did not wish to follow the views of the majority of its citizens, and wanted to depart from the historic democratic principle of "one man/one vote".</p>
Lynn Cadenhead & Neil Deans	<p>1) We support Maori wards if that is what Maori want.                      2) We do not agree with splitting Nelson non-Maori ward into two wards based on geography as there is no appreciable difference between the population in these two wards. ie they are both urban with a similar average income.                      3) We also do not agree with the population per member for the Whakatu, (Maori) ward being about half of the population per member for the other wards, as this is inequitable and could have some perverse outcomes. This disparity could be improved by moving the "At Large" councillors into the non-Maori ward(s). The disparity would then be reduced to about 4664 for the non-Maori ward compared to 3280 for the Whakatu, (Maori) ward. This would be more equitable while keeping the total number of councillors the same.</p>	
Marty Wells	<p>I personally think that your proposal is biased and undemocratic. To give one race double the representation and a free pass is racism and demeaning to achieving Moari who could stand on their own merits.</p>	<p>I realise this is a government directive but they are underestimating the average voters and rate payers disapproval.</p>
Karen du Fresne	<p>I see no sense whatsoever in setting up a ward system in a city the size of Nelson. Also, I believe from the map of the proposed boundaries that because my property is on Bellevue Heights, I'd be in the Tahunanui/Stoke ward. I do all my shopping in the central city, I use central city facilities such as the library, banks, pharmacy, medical centre etc, and I have no particular connection with Tahunanui or Stoke. However, I am interested in issues relating to town planning, climate change mitigation, the environment etc which have implications for the whole Nelson area. Therefore I strongly support one general ward and one Maori ward to address issues specific to Maori.</p>	

A2751168

Item 5: Hearing Submissions to the Representation Review – Final Proposal: Attachment 1

<p>Nelson Citizens Alliance - Murray Cameron, Neville Male</p>	<p>Please find <b>attached</b> a copy of the REPRESENTATION REVIEW SUBMISSION furnished for your consideration.</p> <ul style="list-style-type: none"> <li>• We strongly recommend that the Nelson City Council adopt Representation Format OPTION 6.</li> <li>• In due course please advise at which Council meeting the Representation Review Submissions will be considered.</li> <li>• As indicated in its Submission the Nelson Citizens Alliance will want time, please , to speak to this Submission during the Public Forum of that meeting day.</li> </ul>	
<p>Margaret Cotton</p>	<p>There should be one Maori ward to represent Nelson, anyone can stand for council and be elected by the voting so if other Maori are wanting to represent the interests of Nelson they can stand for council and be voted in or not. This is democracy.</p>	<p>About time NCC listened to what the people they represent want. All the people. You should be ashamed and I hope you are voted out and we get some responsible people standing next term. There is obviously something wrong with the method of those standing for council present themselves to the public that so many get sucked in.</p>
<p>Richard Sullivan</p>	<p>I think its a good idea. It would be better to have councillors that better represent the communities. By having wards, including a Maori ward it is more likely that the council will reflect the demographics of the city.</p>	<p>Adding a Maori ward (and wards in general) is a good way to avoid the tyranny of the majority. Ensuring minority representation will lead to greater diversity of views being heard, and ultimately better decision making</p>
<p>Steve Holyoake</p>	<p>I support the plan.</p>	<p>Low Maori ward numbers may be concern for some but I feel 1 seat to represent Maori among 12 total means representaion will not be dispropotionate.</p>
<p>Wendy Portis</p>	<p>Councillors should all be voted in by elections.</p>	<p>Elected by ratepayers you are a councillor no other means should be introduced.</p>
<p>K. Gould</p>	<p>These decisions MUST be made by the rate payers NOT the mayor &amp; councillors.</p>	
<p>Campbell Rollo</p>	<p>This is a good simple way of holding our council elections the wards make sense in terms of the areas in each section &amp; for people in those areas it's easy to understand.</p>	
<p>Gretchen Holland</p>	<p>I have found the information provided about this process a bit confusing. Am I ONLY allowed to comment on the proposal that NCC resolved to adopted on 12 August? From other reading I believe this is Option 1 - Single General Ward/Ward only voting.</p> <p>I actually prefer Option 2 - Single General Ward/Mixed System Voting. I believe that this option gives more chance of more representation. Currently I have the choice of 12 candidates, in option 1 I believe I'll only have a choice of 7 but under option 2 I believe I might have a choice of 11. I apologise if I'm on the wrong track.</p>	<p>It is unfortunate that recent Covid Lockdowns have cancelled all opportunities for public information meetings on this subject. I had intended to attend one of these sessions. If I had been able to attend the above confusion would have been clarified. Could the consultation process end date been extended?</p>
<p>Henry Hudson</p>	<p>The vast majority of people, including many who identify as Maori, consider the imposition of a Maori ward as undemocratic. A vote in the Maori ward has about twice the weight of a vote in the other wards. If the Council persist in having wards why can't there be two: * Maori ward with one seat; * Nelson ward with eleven seats. The proposed ward divisions appear to be politically motivated.</p>	<p>Nelson City Council is only pretending to be a democracy.</p>

Item 5: Hearing Submissions to the Representation Review – Final Proposal: Attachment 1

Mike Rutledge	<p>I cannot see a rational argument for the proposed changes. Have pick-and-mix approach of wards, a Maori seat and at large councillors is just a mess waiting to happen. My argument is that such a convoluted approach will be very difficult for voters to understand and make participation in local democracy even more opaque for most.</p> <p>If you must have wards, ditch the at-large seats. However, my submission is that moving to a 2-ward system seems to achieve little. If a ward system was to be introduced I would suggest moving to at least 3, if not 4, wards to better ground local politicians in the communities they represent. This would give the diverse areas of our city a stronger voice at the governance table for issues that matter to them.</p>	
Jan Marsh	It sounds good. I'm especially pleased to see a provision for a Māori ward (I'm not Māori but very supportive)	
Arlene Akhlaq	I agree	No
Ray Weston	I support the proposed structure	
Thomas Radcliffe	<p>NOTE: Feedback only - not questions or enquiries regarding event you gave notice in the Nelson mail recently of your decision (among others) to establish a Māori ward the act quite clearly states ----- that the district be divided into one or more Māori wards</p> <p>It stated "divided" you have not divided the city this is in conflict with the requirement of the act sec19Z (4) b-(1)</p>	
Murray Cameron	<p>It looks like the NCC councilors have already decided amongst themselves all of the representation arrangements.</p> <p>This has been discussed and confirmed at the recent NCC meeting and reported as a final arrangement. You have asked for community views (consultation by deception) which satisfies the appropriate "Consultation" section of the Local Government Act.</p> <p>You have everything well established and set out as above - known as "Communities of Interest" - most strategic wording!!</p> <p>I would assume that prior to establishing the described "Representation Arrangements" all ratepayers would have the opportunity to see several representation models instead of having the model agreed to by sitting councilors. This is nothing short of an incestuous arrangement akin to a socially engineered fait of complii designed to comfortably suit the existing councilors. This is NOT certainly how citizens of Nelson/ratepayers would view open and plausible democracy - as espoused time and time again by the Mayor and councilors.</p>	<p>Please send to me all of the options for "Representation Arrangements" that were placed on the agenda at the last full Council meeting, in order that Councilors could have made considered and independent decisions.</p> <p>As this "Representation" decision is of such community interest and magnitude, as per the LGA it must now go out for community consultation with at least 3 or more models to choose from. This would be similar to asking for 3 quotes on a major project eg Building a new city library.</p>

# NELSON CITIZENS ALLIANCE

## NCC REPRESENTATION REVIEW SUBMISSION

**17 SEPTEMBER 2021**

### NELSON CITY COUNCIL'S CURRENT PROPOSAL

That Nelson City Council adopts representation review proposal – OPTION 4(a)

- That the Nelson City Council consists of a mayor and 12 councillors
- That two (2) General Wards be established
- Note: The Whakatū Māori Ward was established by the Government on 13 May 2021, for the 2022 & 2025 Local Government Elections. *This decision cannot be appealed by the Local Government Commission.*

#### NELSON BOUNDARIES

Name of Ward	Boundaries
Central Ward	As per NCC boundary map
Stoke-Tahuna Ward	As per NCC boundary map

#### MIXED SYSTEM OF VOTING TO BE ESTABLISHED

Wards	Members	Population		
		Councillor	Members	2018 Census
At large (all voters)	Mayor Three councillors	54590	3	54590
Central Ward (General roll)	Four councillors	6,458	4	25830
Stoke-Tahuna Ward (General roll)	Four councillors	6,370	4	25480
Whakatū Māori Ward (Māori roll)	One councillor	3,320	1	3280
Totals	12 + Mayor		12	

***“WORKING TOGETHER GETS BETTER RESULTS”***

**NELSON CITIZENS ALLIANCE SUBMISSION  
PROPOSAL for COUNCILLOR REPRESENTATION**

- Four (4) General Wards + One (1) Maori Ward
- Total 13 Councillors + Mayor
- Election of Councillors by Ward only as similar to the Maori Ward

**OPTION 6**

Wards	Councillors Per Ward	Population Per Councillor	Population at 2018
At large (all voters)	Mayor	54590	54590
North – East Ward	3	4080	12240
Central Ward	3	4530	13500
Southern Coastal Ward	3	4233	12970
Southern Hills Ward	3	4170	12510
Whakatū Māori Ward (Māori roll)	1	3,320	3320
Totals	13 + Mayor		

**OPTION 6**

**REPRESENTATION – ELECTORS CAN VOTE FOR THE FOLLOWING NUMBER OF MEMBERS**

General Roll	General Roll	General Roll	General Roll	Maori Roll
North-East Ward	Central Ward	Southern Coastal Ward	Southern Hills Ward	Whakatu Ward
1 Mayor	1 Mayor	1 Mayor	1 Mayor	1 Mayor
3 General Ward Councillors	1 Maori Ward Councillor			

**NOTE: The Nelson Citizens Alliance will be placing a request to the Council in order to present details of this submission at the next Council Meeting Public Forum.**

*“WORKING TOGETHER GETS BETTER RESULTS”*

### **Requirements Suggested for NCC for a Representation Review**

NELSON CITIZENS ALLIANCE wish to encourage all representation decisions to focus on:

- **Fit for Purpose of Local Government** – *Local Electoral Act (2001)*
  - *The fundamental process must support **democratic decision making and action by, and on behalf of, the community***
- **Risk** - NCC must consider requirements of **fair and effective representation** and what arrangements will best provide these for the Nelson community
- **NCC Survey Results** - Note: This survey received **only 249 responses**.
- *A poor survey response was largely due to a lack of publicity from NCC on this extremely important decision. Nelsonians were asked to respond to the survey with next to no knowledge of the options of the Representation Review. Local media articles and advertisements were not available.*
- *The NCC recommendations were driven by a minimal representative cluster of the 65-74 age group.*
- The survey was established to receive opinion feedback that supported an already pre-established Representation Format - i.e., Option 4(a)
- Survey Outcomes:
  - **Vote for Councillors in your Ward and the Mayor = 27%**
  - **Vote for Councillors in your Ward, some Councillors and the Mayor At Large = 52%**

**NELSON CITIZENS ALLIANCE strongly contends that:**

- ❖ Both of these survey options are very similar and thus results amalgamated display what **79%** of respondents really wanted.
- ❖ Survey respondents largely indicated they would like to see the Councillors in Wards to ensure voters could visibly see them. They would be able to fairly select the best candidate standing.
- ❖ This is **Fair and Democratic** action as indicated in the *Local Electoral Act and expounded by NCC*.
- ❖ Option 4(a) has been selected by current Councillors – not by an Independent Advisor/Panel.
- ❖ Option 4(a) suits many current councillors as it provides the best avenue to being re-elected.
- ❖ In Option 4(a) new candidates have greater difficulty in being elected due to their unknown qualities and exposure.

***Option 4(a) will ensure: Less accountability, less fairness, less democratic selection and less exposure of council candidates for the electorate to scrutinise.***

**NELSON CITIZENS ALLIANCE advocates that NCC adopts OPTION 6 on the basis of:**

- 1. Greater exposure and accountability for all possible candidates up for election**
- 2. Far greater opportunities for the public to view and scrutinise candidates pre-election**
- 3. Greater possibilities for local connection and access for the people of the councillor's ward**
- 4. Greater opportunities for councillors to become involved in their own community activities**
- 5. This will provide greater diversity and representation of a range of socio-economic groups**
- 6. This will provide a lesser likelihood that block votes can be engineered by groups with national political affiliations/parties. Ultimately this will pave the way for openness and greater independence for decision making at meetings. This will ensure Councillors focus on what is best for Nelson.**

***“WORKING TOGETHER GETS BETTER RESULTS”***

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## Phase One of the Housing Reserve

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### 1. Purpose of Report

- 1.1 To consider phasing the establishment of the Housing Reserve and initiating the first stage - Phase One of the Housing Reserve (Phase One). Phase One aims to address immediate housing needs ahead of fully establishing the Housing Reserve criteria.
- 1.2 The proposed objective of the Phase One proposal (which originated from a suggestion from the Chair of the Urban Development Subcommittee) is to respond to immediate housing needs by applying a portion of the Reserve for grant funding to enable partners to deliver an enduring supply of affordable housing in Whakatū Nelson.

### 2. Recommendation

#### *That the Council*

1. ***Receives the report Phase One of the Housing Reserve (R26236) and its attachment (A2748972); and***
2. ***Approves Phase One as set out in this report (R26236), including its proposed value of \$2 million as grant funding; and***
3. ***Notes Council may agree to approve funding to an aggregate total in excess of \$2 million if applications that meet the specified objective and criteria are received; and***
4. ***Approves the process, objectives, and outcomes for Phase One as set out in this report (R26236) (A2748972); and***
5. ***Approves the evaluation criteria as set out in A2748972; and***

6. ***Approves, in recognition of the housing crisis that Nelson is facing, that officers' recommendations on Phase One funding applications be brought directly to Council; and***
7. ***Notes that officers will continue to investigate the use of the Housing Reserve and report on this to the Urban Development Subcommittee with final sign off by Council.***

### **3. Background**

- 3.1 The Council has divested its community housing portfolio (142 bedsits and units) to Kāinga Ora with final settlement in March 2021. As a result of this process, Council agreed to establish a Housing Reserve using the proceeds (\$12 million). The Reserve has been established on the basis that its purpose would be *'to work with and support partners who have the ability to deliver social and affordable housing solutions for the community'*.
- 3.2 Consultation on the use of divestment proceeds and the establishment of what is now known as the Housing Reserve has been undertaken with the community over the several years that the divestment process has spanned. This includes as part of the Annual Plan 2019-20, Annual Plan 2020-21, and Long Term Plan 2021-31, where intensification and affordability of housing was also raised. In general, there is wide support for the Housing Reserve and its purpose (noted in 3.1 above).
- 3.3 At the beginning of this triennium, Council also decided that affordable housing and intensification would be one of its top three priority issues to address over the next three years.
- 3.4 An additional position (Strategic Housing Adviser) has been created via the 2021-31 Long Term Plan and sits in the City Development Team. The role is to support the Housing Reserve as well as a number of other housing projects that Council is actively involved in.

### **4. Discussion**

- 4.1 Since the Council's community housing portfolio divestment in March, officers have been exploring the different options by which the Housing Reserve might be allocated to maximise its effect and target social and affordable housing.
- 4.2 This has included a number of workshops with elected members; Council on 27 October 2020, the Urban Development Subcommittee on 2 March 2021, and on 14 September 2021, specifically on the concept of a phased approach.

## Item 7: Phase One of the Housing Reserve

- 4.3 Consultation on housing affordability and intensification has also been undertaken as part of the Long Term Plan 2021-31. A total of 669 submissions (including late submissions) were received and approximately one-third of submitters commented on the topic of housing affordability, with many agreeing that this is a key issue for the community.
- 4.4 Numerous meetings with different housing experts and stakeholders have been held to inform the best use of the Housing Reserve to maximise outcomes. These include: Nelson Tasman Housing Trust, Habitat for Humanity, Abbeyfield, Community Action Nelson, Community Housing Aotearoa, Community Housing Regulatory Authority, Ministry of Housing and Urban Development (MHUD), Director Centre for Research Evaluation and Social Assessment and Co-Leader Affordable Housing for Generations National Science Challenge Dr Kay Saville Smith, economist Shamubeel Eaqub, Wellington City Council, (Build Wellington and social housing management), Kāinga Ora, Rata Foundation, and the Dwell community housing provider.
- 4.5 Feedback from those with experience in other models has identified this is a complex process that requires significant analysis to ensure Council attains the results it seeks from the Reserve. Officers have yet to establish a final proposal for the Housing Reserve, and its objective and criteria, to be brought to the Urban Development Subcommittee for consideration, with final sign off by Council.

### **A Phased approach**

- 4.6 The housing crisis is growing at a pace and scale that outstrips other developed nations, with the average house spend to income now the highest in the OECD<sup>1</sup>. Meanwhile, CoreLogic's latest Housing Affordability Report (Q2) reports no change to the rapidly declining affordability with record house price growth despite the introduction of regulatory constraints.
- 4.7 Housing affordability has been a significant issue in Nelson for many years. Nelson is consistently one of the least affordable regions for housing in the country when incomes are taken into account. This places great stress on many households, particularly on our most vulnerable residents. In this environment, Council is acutely aware of the need to expedite the Housing Reserve as soon as is reasonably practicable.
- 4.8 The Phase One approach recognises that there is no better time to assist given the continuing increase in housing costs (build and land). Phase One can also help with the testing of proposed priorities, criteria, and process to assist in refining how the balance of the Housing Reserve, or parts of it, are applied going forward.

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<sup>1</sup> The Government Policy Statement on Housing and Urban Development (GPS-HUD)

## Item 7: Phase One of the Housing Reserve

- 4.9 The proposal is to use a portion of the Housing Reserve as grant funding for applications this year ahead of fully adopting the Housing Reserve objectives and criteria. The amount of funding proposed to be made available for Phase One is \$2 million. This amount has been suggested as appropriate to test the objective, criteria, and process, as set out in attachment A2748972, while offering support to more than one affordable housing development. It also does not significantly diminish the Housing Reserve (leaving around 85% of the Reserve still available).
- 4.10 Noting the overarching objective of this proposal to address immediate housing need, it is not proposed that the \$2 million allowance should be a 'hard cap' that cannot be exceeded if Council receives meritorious applications slightly in excess of that value. Council would have the flexibility to evaluate and approve applications that collectively exceed this when they are brought back for consideration.
- 4.11 This approach is supported by local stakeholders, as grant funding enables entities such as Community Housing Providers (CHPs) to increase their equity and ability to leverage other funding, including bank finance.
- 4.12 It is important to note that approving Phase One does not oblige or commit the Council to this method, its objectives, criteria, and process in the future. If it so chooses Council can decide on a different approach, to applying the remaining Housing Reserve.

### **Proposed Phase One process**

- 4.13 The proposal is to use a portion of the Housing Reserve (circa \$2m) as grant funding, with decisions on applications this calendar year.
- 4.14 If Council approves this approach officers will:
- Call for applications from entities with a local presence that are well-positioned to deliver affordable housing in Whakatū Nelson. (Noting the reasons for having a focus on affordable as set out below.) Applicants will be required to have an identified site and submit concept plans.
  - Use the attached criteria (A2748972) to evaluate applications. This is a simplified and streamlined approach based on MHUD's "Value for Money Evaluation Process and Criteria", that is used to assess loan funding applications from CHPs for public housing developments.
  - Evaluate applications. The proposal is for the evaluation panel to include officers and a representative from Kāinga Ora.
  - Bring funding recommendations back to Council this year for approval.
  - Continue to develop the Housing Reserve objectives and criteria for the use of the remaining funds and report these to Council for approval in the first half of 2022.

## Item 7: Phase One of the Housing Reserve

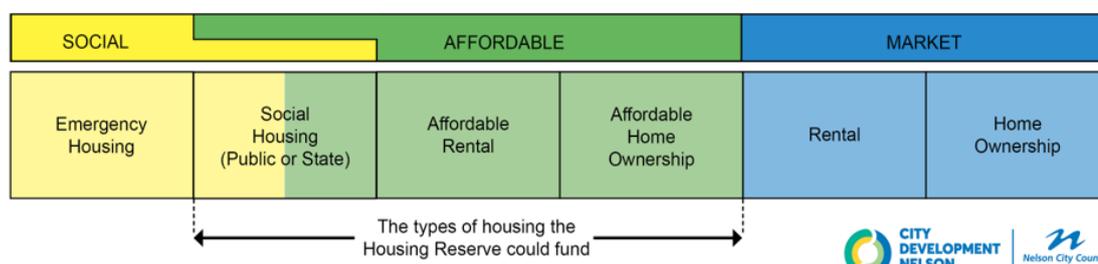
- 4.15 It is not proposed to cap the amount each entity may apply for, as each application would be evaluated on its own merits.

### Key matters that inform Phase One

#### Social-affordable housing

- 4.16 Consultation with the community on the Housing Reserve has been on the basis that the purpose of the Reserve would be *'to work with and support partners who have the ability to deliver social and affordable housing solutions for the community'*.
- 4.17 Affordable housing and housing affordability are two related but slightly different concepts. Affordable housing provides housing for low-moderate income households at a price that enables them to meet other essential living costs and have an acceptable standard of living. Although different measures are used, it is generally accepted that households should spend no more than 30% of gross household income on housing. Housing affordability, however, is a term that can be applied to all income groups, even those in higher-income bands can experience high housing costs.
- 4.18 Affordable housing commonly takes the following forms:
- Affordable rental – Long-term rental accommodation for low-moderate income households, provided at discounted or subsidised rents. For example, provided at 70-80% of market rates.
  - Affordable home ownership - Homes produced to sell at KiwiBuild price points or other affordable housing products, such as rent to buy (Progressive Home Ownership). Includes land sold to builders with a requirement to build affordable housing within a set timeframe.
- 4.19 There is no one definition of social housing, and it can be commonly used to describe both public and affordable housing.

#### HOUSING CONTINUUM - Whakatū Nelson



- 4.20 Social (public) housing is provided to individuals or families on the Housing Register who are eligible for the income-related rent subsidy (IRRS). Providers include Kāinga Ora (state housing), and CHPs registered with the Community Housing Regulatory Authority.

## Item 7: Phase One of the Housing Reserve

- 4.21 The Government currently provides registered CHPs with access to no-interest loan funding for public housing developments. However, no government funding is available for affordable housing developments. The Government also has its own Public Housing Plan which sets out its additional housing targets for Nelson. For these reasons, and in recognition of Council's own priority for affordable housing, Phase One is recommended to target affordable housing developments (i.e., affordable rental and affordable home ownership).
- 4.22 Phase One would be open to any entity that meets Council's objective and criteria. This includes any of Nelson's CHPs that are currently well-positioned to respond to Nelson's housing situation. An advantage of access to grant funding at this point is that it has the potential for CHPs in the process of planning social (public) housing developments to target the affordable rental market instead.

### **Enduring**

- 4.23 The proposal of having an enduring Housing Reserve has been raised by both Council and stakeholders. This could take the form of:
- 4.23.1 continual investment in, or recycling of the Reserve, so it continues to operate in perpetuity; or
  - 4.23.2 purchase of an asset, such as land, used in a manner that supports partners to deliver affordable (and/or social) housing on a perpetual basis; or
  - 4.23.3 housing (including the recycling of funding for housing) that is retained for affordable (and/or social) housing over its natural lifetime (50 years).
- 4.24 Officers are recommending that applicants to Phase One of the Housing Reserve meet the definition of 'enduring' in 4.23.3 above. As noted, this definition may be further developed, however, in the final Housing Reserve criteria.

### **Draft objective and priorities of the Phase One**

- 4.25 The proposed objective of the Phase One is (noting the definition of 'enduring' in 4.22.3 above):

*The Housing Reserve-Phase One will be invested to support and enable partners to deliver an enduring supply of affordable housing in Whakatū Nelson.*

### Summary of proposed outcomes sought

- 4.26 To be consistent with Council priorities, it is considered that applications to the Phase One of the Housing Reserve will need to:
- 4.26.1 Be delivered by capable, experienced development partners with a local presence; and

## Item 7: Phase One of the Housing Reserve

- 4.26.2 Deliver enduring affordable housing (e.g., housing for low-moderate income households at no more than 30% of that household's income); and
  - 4.26.3 Result in durable housing. This will be defined by the applicant but could mean one or more of; energy-efficient, affordable to run, sustainable (environmentally friendly, low-carbon), universal design, Homestar 6 criteria or other relevant ratings; and
  - 4.26.4 Use co-investment (e.g., leverage funding from other sources); and
  - 4.26.5 Commit to commencing the construction process of the development within 12 to 24 months.
- 4.27 A full set of the proposed evaluation criteria for which Phase One applications would be evaluated is attached to this report (A2748972).

### **5. Options**

- 5.1 The following options have been identified in relation to the Housing Reserve at this juncture.

#### **Option 1: Approve the Housing Reserve-Phase One**

- 5.2 This option involves a decision to phase the Housing Reserve and initiate the first stage (Phase One), a grants scheme for experienced, affordable housing development entities that have a local presence. This approach is responsive to immediate housing needs in Whakatū Nelson and the readiness of organisations to meet that need. It also recognises that there is no better time to assist given the continuing increase in housing costs (build and land). Additionally, grants are easy for officers to administer. It also provides an opportunity for officers, stakeholders, potential partners and Council to 'road test' the objectives, process, and criteria to inform best practice for the balance of the Housing Reserve.

#### **Option 2: Status quo: For officers to report to Council on all of the possible mechanisms for use of the Housing Reserve**

- 5.3 This option involves Council making any or all its decisions on the Housing Reserve at the same time. This could ultimately still result in a phased approach to funding; however, it would delay any decisions on funding approval until the objectives, process, and criteria of the Reserve in totality have been approved by Council. The primary advantage of this approach is that all the different options by which the Reserve might be used can be considered by Council together.

#### **Option 3: Consider individual funding requests to the Housing Reserve**

- 5.4 A further option to address immediate housing needs (in the absence of having the Housing Reserve objectives and criteria fully established) is to

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consider individual funding requests by way of a report/s to Council on an ad hoc basis. For example, this approach might support affordable housing developments that are currently ready to go. However, the disadvantage of this approach is that each request would be considered on its merits without a contestable evaluation process. It would also be more time consuming for officers and elected members. Moreover, this avenue is currently available to any party i.e., officers can receive requests now and would report these to Council.

<b>Option 1: Approve the Phase One. This is the recommended option.</b>	
Advantages	<ul style="list-style-type: none"> <li>• Responsive to immediate housing needs and the readiness of some organisations to meet that need.</li> <li>• Enables the delivery of housing while also providing a platform to test objectives, criteria and process.</li> <li>• Recognises that there is no better time to assist given the continuing increase in housing costs (build and land).</li> <li>• Provides a transparent, contestable process by which interested parties may apply.</li> <li>• Saves time as elected members (and officers) can evaluate applications in one lot at the same time.</li> <li>• Phase One can be monitored and evaluated for effectiveness and used to inform other Housing Reserve initiatives.</li> </ul>
Risks and Disadvantages	<ul style="list-style-type: none"> <li>• The Housing Reserve is partly reduced without a full analysis of options.</li> <li>• May slow down analysis of other Housing Reserve options as officers resource is diverted in the short term.</li> <li>• Amount allocated may not achieve considerable gains in additional housing.</li> <li>• Amount allocated may not be sufficient to fund all the applications that meet the criteria fully.</li> </ul>
<b>Option 2: Status quo- do not approve the Phase One but continue with full analysis of options</b>	
Advantages	<ul style="list-style-type: none"> <li>• Enables Council to consider a range of options and funding mechanisms at the same time.</li> <li>• Officers resource is not diverted from the full options analysis.</li> </ul>

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Risks and Disadvantages	<ul style="list-style-type: none"> <li>• Is a slower process that is less responsive to immediate housing needs.</li> <li>• It is likely that this process may still recommend grant money as part of the Housing Reserve approach.</li> <li>• Likely to attract additional spend generated from escalating housing costs (construction, property, and land), although this will still apply under option 1 for the remainder of the Reserve.</li> </ul>
<b>Option 3: Consider individual funding requests to the Housing Reserve via a report to Council.</b>	
Advantages	<ul style="list-style-type: none"> <li>• Requests can be individually considered.</li> <li>• May be more flexible.</li> </ul>
Risks and Disadvantages	<ul style="list-style-type: none"> <li>• Time intensive for officers.</li> <li>• Attracts higher risk – from both potential partners and ratepayers - due to consideration of proposals in an ad hoc manner without a clear process, objective, criteria, or transparent, contestable process.</li> <li>• Reduces opportunities to align with learnings from partners for best use of the Reserve.</li> </ul>

## 6. Conclusion

- 6.1 This report proposes a phased approach to the Housing Reserve to address some immediate housing needs while the criteria, process and objectives of the Reserve are being established and recommends that Council approve the Housing Reserve- Phase One as set out in this report.

## 7. Next Steps

- 7.1 If the Council approves the approach recommended in this report officers will work to the following timeline to advance the Phase One.
- 7.1.1 7 October 2021 – Applications open for 4 weeks. Officers will publicly call for applications to the Phase One, including a media release and an email to stakeholders with a local presence.
- 7.1.2 3 November 2021 - Applications close.
- 7.1.3 November – Officers evaluate applications with assistance from Kāinga Ora.
- 7.1.4 9 December – Report on recommendations to Council meeting.

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**Author:** **Gabrielle Thorpe, Senior City Development Adviser**

**Attachments**

Attachment 1: A2748972 - Phase One of the Housing Reserve - Evaluation  
Criteria [↓](#)

## **Important considerations for decision making**

### **1. Fit with Purpose of Local Government**

The intent of the Housing Reserve is to support the wellbeing of the community by working with and supporting others to provide adequate social-affordable housing in Whakatū Nelson.

### **2. Consistency with Community Outcomes and Council Policy**

During divestment of its community housing portfolio, Council has consulted with the community on the use of divestment proceeds and the establishment of what is now known as the Housing Reserve through the Annual Plan 2019-20, Annual Plan 2020-21, and Long Term Plan 2021-31, where intensification and affordability of housing was also raised.

The recommendations in this report are also consistent with Council's affordable housing and intensification objectives, which have been identified as a priority issue during this triennium for Council.

### **3. Risk.**

There is a risk that some parties may not agree with the Phase One approach as recommended in this report. This includes entities with other ideas about its use or who are ineligible to make an application to Phase One due to its criteria or the timeframe involved. Additionally, there is potential for challenge on the basis Council has not yet fully developed the objective, process, and criteria for the full Reserve.

These risks have been partly mitigated through the ongoing engagement with experts and stakeholders on the use of the Housing Reserve. Additionally, the phased approach provides an opportunity for Council to 'road-test' its proposed objective, process, and criteria by applying a portion of the overall Reserve to service immediate housing need before decisions are made on the balance.

### **4. Financial impact**

This report recommends that circa \$2m of the Housing Reserve is made available for Phase One grant funding. The Housing Reserve has been established through the divestment of Council's community housing, therefore, this decision has no further financing/funding impact. Likewise, there is existing officer resource to administer Phase One from within the City Development Team.

### **5. Degree of significance and level of engagement**

While there is a high degree of community interest in housing affordability in the region generally, this proposal has been assessed against Council's Significance and Engagement Policy as being of low significance overall.

## Item 7: Phase One of the Housing Reserve

No new funding is required, it does not involve any transfer of strategic assets and will have no impact on debt levels or Council's financial capability.

Additionally, Council has already undertaken considerable consultation on the establishment of the Reserve with the local community, and its possible use with experts and stakeholders. Establishing the Reserve was viewed favourably by the community and the objective proposed for Phase One is consistent with the overarching objective outlined in earlier consultation. For that reason, officers therefore consider Council is already adequately informed of community views in relation to this proposal.

### **6. Climate Impact**

Council has opportunities to demonstrate leadership arising from this decision by setting criteria that acknowledges and supports the development of durable housing.

### **7. Inclusion of Māori in the decision making process**

Engagement with iwi on the Housing Reserve, including the proposal for Phase One, was undertaken at the 28 September 2021 Iwi Managers Forum.

### **8. Delegations**

The Urban Development Subcommittee (UDS) has delegations to consider Housing Reserve. However, in accordance with section 5.2.2 of the Delegations Register, matters within the area of responsibility of a particular committee, subcommittee or subordinate decision-making body may be considered directly by Council instead on the recommendation of the Chief Executive and with the agreement of the Chair of the subcommittee and the Mayor. This has occurred in this case, and the Chair of UDS will report to the following meeting of the subcommittee regarding the reason for doing so, and the outcome of the matter at the Council meeting, in accordance with the Delegations Register.

## **Nelson City Council**

### **Housing Reserve – Phase One Grants Programme**

#### **Evaluation Criteria**

The following is the evaluation criteria for applications for Housing Reserve – Phase One grant funding.

These criteria are applicable to Phase One only. Council may decide to amend, change, or discard these criteria going forward.

#### **Phase One – Objective**

Phase One of the Housing Reserve will be invested to support and enable partners to deliver an enduring supply of affordable housing in Whakatū Nelson.

Therefore, to be eligible to apply to Phase One, proposals must deliver enduring, affordable housing.

*Enduring* in this context means housing (including the recycling of funding for housing) that is retained for affordable housing over its natural lifetime (50 years).

*Affordable* means housing for low-moderate income households that is provided at the cost of no more than 30% of the household's income.

#### **Criteria and process for applications for Phase One grant funding:**

The Phase One of the Housing Reserve is only open to proposals from developers or entities with a local presence that are well-positioned to deliver new affordable housing in Whakatū Nelson. This includes; Community Housing Providers registered with the Community Housing Regulatory Authority, iwi entities, and other developers or entities. Individuals are not eligible for funding and applications will not be considered.

Applications will be evaluated against the extent to which the housing proposal meets the following criteria.

#### **1. Ability to deliver**

Ability to deliver	Rating	30%
Experience, capacity, capability, and track record in delivery of affordable housing.	0-10	
Project readiness and timeline	0-10	

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Property Management, Maintenance and Tenancy Management experience	0-10	
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**Experience, capacity, capability, and track record in delivery of affordable housing:** Council is interested in providers who can deliver what they say and by when. Therefore, this section involves the assessment of a provider’s track record on previous projects, and capacity to deliver on the proposal. This includes any internal governance structures and staffing involved.

**Project readiness and timeline:** Council is seeking to support partners who are well placed to assist with Whakatū Nelson’s immediate housing need. This section involves assessing how ready the development is, its expected timeline for completion and the likelihood of achieving the development within this. Preference will be given to applicants that are ready to commence construction within 12 months noting that to be eligible to Phase One all projects must commit to construction within 24 months of signing the grant agreement.

**Property Management, Maintenance and Tenancy Management experience.** The Reserve is available to applicants that can add to the supply of affordable rental or rent to buy housing. Therefore, this section involves an assessment of how the provider plans to manage the properties once constructed.

## 2. Fit for purpose

Fit for purpose	Rating	40%
Site and design	0-10	
Social/community	0-10	
Environmental	0-10	
Affordable to run	0-10	

**Site and design:** Council seeks to fund quality new builds that incorporate good urban design principles and practices and are healthy and comfortable to live in. This includes appropriately sized spaces, easy and functional living, access to sunlight as well as design that meets different people’s needs over time e.g., universal design. Appropriate site selection forms part of this section, as well as the ability to connect to infrastructure.

**Social/community:** Projects that create connected neighbourhoods and communities are important. This section assesses where the planned housing is located and its closeness to amenities, services, and public and

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active transport links. The provision of communal space, outdoor space, and other appropriate tenant amenities also form part of this section.

**Environmental:** Council is seeking to support projects that are environmentally responsible and resourceful i.e., are energy and/or water-efficient, use sustainable (environmentally friendly, low-carbon) building materials, comply with Homestar 6 and/or other certified ratings. Council understands that this may involve additional cost and will consider this cost alongside its sustainability objectives.

**Affordable to run:** Housing that is affordable to run, energy-efficient, low maintenance, and easily repairable is more cost-efficient over time. Council is interested in whether projects are designed with a lower life cost.

### 3. Financial Viability

Financial viability	Rating	30%
Organisational financial position	0-10	
Co-investment	0-10	
Project budget	0-10	

**Organisational Financial position:** Council is seeking to fund organisations that are financially well-positioned to deliver.

**Co-investment:** One of Council’s objectives is to maximise the impact of the Housing Reserve where possible. For Phase One the Council will require a level of co-investment. This section assesses the value of contributions from the organisation and/or confirmed funding from other sources or partners against the Housing Reserve grant monies sought.

**Project budget:** Council needs to be confident that the development’s financing and costs are well understood and accounted for, including contingencies.

#### What will not be funded

- Retrospective development.
- Development outside of the Nelson territorial authority area.
- Development undertaken by the Crown.
- Feasibility studies or seismic assessments.
- Repayment or servicing of debt, refinancing of loans or underwriting of projects.
- Developments that otherwise do not meet the criteria.

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### **Process**

- 6.1 The Strategic Housing Adviser, City Development will be the responsible point of contact for all enquiries, applications, and monitoring and evaluation functions.
- 6.2 Applications to Phase One of the Housing Reserve will be open for four weeks, from 7 October 2021 to 3 November 2021. In general, late applications will not be accepted; however, they may be considered in specific circumstances at the discretion of officers evaluating the applications.
- 6.3 Applicants will apply using the Phase One of the Housing Reserve application form. This will be available via the Strategic Housing Adviser, Customer Services or Council's website.
- 6.4 Officers will assess applications with assistance from Kāinga Ora. Applicants may be asked for more information during this process, or to clarify the application or parts of it, to help with the evaluation process.
- 6.5 Officers will report on all the applications received and recommendations, to Council for final decisions on 9 December 2021.
- 6.6 Successful applicants enter into a funding agreement with the Council.

### **Accountability, monitoring, and evaluation reporting**

Recipients of Phase One of the Housing Reserve will need to complete accountability progress and final development reports. Reporting and updates will be every three months but may be requested more frequently. Reporting is also a chance to celebrate what has been achieved and photos and stories are welcomed, noting that Council may use any photos and extracts for promotional purposes including on its website.

Accountability reports are to be submitted to the Strategic Housing Adviser, City Development.

The Strategic Housing Adviser will report to the Urban Development Subcommittee on the progress and final evaluation of Phase One of the Housing Reserve.

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