
Letter of support for delivery of Affordable Housing and the importance of creating Mixed Tenure Housing

*A letter from the Auckland Community Housing Providers' Network
27 September 2018*

The Auckland Community Housing Providers' Network (ACHPN) is a coalition of 20 community housing providers. These not for profit organisations provide 5778 supported emergency, social and affordable houses for a range of low income families. Many of these families were previously living in expensive, poor quality, crowded accommodation with, at best, limited security of tenure.

Community Housing Providers determine housing as affordable when housing costs are established by what the household can afford to pay, based on their income. They apply the universally recognised benchmark that housing is affordable when a household spends at or around 30% of their gross income on their housing costs, and that affordability is determined as a discount to market prices.

While ACHPN supports all initiatives that increase the supply of new housing, including housing intensification, this support is always on the basis that higher levels of housing density must provide a broad range of housing solutions. These solutions should reflect the housing needs of people in the existing community, who are often impacted by the regeneration or redevelopment of their neighbourhoods.

ACHPN is concerned about plans to develop high concentrations of limited tenure housing in many communities in Auckland – predominantly public (social) housing owned by Housing New Zealand (HNZC). ACHPN has real concerns about how these communities will fare in 10-20 years. Historical evidence shows that they typically become areas of underinvestment and neglect, with households becoming marginalised as a consequence of being defined by where they live and the home they live in.

Furthermore, high concentrations of single tenure housing, especially in new developments, removes housing choice for families, as these developments only normally deliver either private sale housing or public housing. Such housing removes the ability for households to transition from public rental housing to affordable housing (as there is none). It also restricts the ability for families who are renting in the market to become home owners, as the new housing is too expensive or the wrong size.

Consequently, when existing households in the community have no housing choice, they become marginalised and are forced to move elsewhere, usually to the edges of Auckland, with the added costs of travel and separation from their communities, schools and jobs.

The new housing approach taken by ACHPN is different. We try to understand and define the existing community's housing needs and this then informs and determines how to provide the most appropriate housing. ACHPN members work on the basis that no one

tenure should be dominant, using the rule of thumb that a new housing development should roughly have a housing tenure mix that provides public rental housing (between 20% to 30%), affordable housing options (30% to 40%) and competitively priced market housing (20% to 40%). The final split of tenures is determined by the community's household cohort needs.

We know that providing existing and new households with a wide range of stable affordable housing options enables households to become active participants and contributors to their communities for the long term. The wider community benefits achieved through the supply of affordable secure housing is considerable. It retains and improves diversity within communities, leads to more engaged communities (as families no longer worry how they will pay their rent and stay in their home, no matter how bad it is) and it removes the fear of where they might be living next week.

Independent research conducted for the Housing Foundation found stable, secure affordable housing results in improved education outcomes, reduced health costs and fewer work days lost through illness. Households move from subsistence living to being active members of their community and their neighbourhood and importantly, they are able to economically participate in their community and therefore to Auckland's economy.

Government has a target to delivery approximately 6,400 new public rental houses by 2022. Most of these new homes will be built by heavily intensifying existing HNZC sites. In addition, Government has recently launched its KiwiBuild programme and aims to build 100,000 new homes across New Zealand, with 50,000 targeted for Auckland these next ten years. Some of these homes will also be built on HNZC owned land. These plans will considerably change the make up of these communities, reducing the range of tenure options for families and households who are not eligible for public housing and cannot afford KiwiBuild.

KiwiBuild is targeted at households who in Auckland will generally need a gross household income greater than \$100,000. The Auckland Chief Economist recently reported that for a household wanting to purchase a KiwiBuild home priced at \$649,000 will need a minimum gross household income greater than \$110,000, on the assumption they have a deposit of \$130,000 (20% of the house price). If they have a 10% deposit of \$65,000 then they will need a gross household income of \$125,000.

Other research reports identify there are upwards of 200,000 households who are too poor for KiwiBuild but too wealthy to be eligible for public housing. Typically, these households have gross incomes of between \$55,000 to \$100,000. They have no choice but to rent expensive and frequently poor quality or overcrowded housing, some distance from their place of work and their home community.

Many of these households are employed in key sectors and roles that are essential for Auckland's economy. There is no Government housing programme targeted at these households. It is highly unlikely the private sector will build homes to meet their needs without further incentives from the Government. Consequently families remained trapped and increasingly marginalised in Auckland's housing sector and are the households most likely to flee Auckland for more affordable locations. These key workers are essential for

Auckland economy and economic and social growth and are commonly being referred to as the working poor.

ACHPN actively supports the work currently underway in Auckland Council through the Mayoral Housing Taskforce as we believe it will make a positive difference in how housing affordability is defined and delivered as well as influencing how different types of housing tenure are supplied within Auckland.

We recognise Council is able to influence in several ways how affordable housing is supplied. As well as directly ensuring developments provide a range of affordable housing choices, we need to ensure these options provide for key workers who are vital to the performance of Auckland's economy.

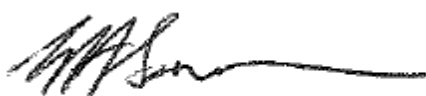
Council's influence should include inputting into state regeneration programmes to ensure this range of options is provided for existing communities. Council can also influence the supply of affordable housing through the rezoning and consenting of new developments through Inclusionary Zoning. This is where Council, through planning regulations, can ensure affordable housing (particularly retained affordable housing) is supplied in new consented developments and that the affordable housing is classified as retained affordable housing.

This definition of retained affordable is important as it ensures the new affordable housing remains affordable for the duration of the house and is not lost to the open market once affordability restrictions are removed after a set period of time. These restrictions typically apply to housing that is defined as Market Affordable Housing and are sold at a price point artificially set below the market price. Without this retention, Market Affordable Housing can be sold into the open market after a set period of time with the seller reaping all of the capital gain once the sale occurs, in a one-off opportunity. Market Affordable Housing then becomes just Market Housing. ACPHN believes this will be the case with KiwiBuild houses and other housing programmes where houses are simply priced at a discount to market.

Finally Council can also directly influence the delivery of affordable housing by using its own assets in key locations, such as the redevelopment of Council-owned assets through Panuku's Transform and Unlock programmes, providing options particularly for key workers in the city.

The Auckland Community Housing Providers network is keen to support and work with Council, both directly through the Mayoral Housing Taskforce and with Council officers in supporting Council to deliver on its Mayoral Housing Taskforce targets.

On behalf of the Auckland Community Housing Providers' Network

A handwritten signature in black ink, appearing to read 'H. Simonsen', with a long horizontal flourish extending to the right.

Hope Simonsen
Chair