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Environment Committee  
Parliament Buildings  
Wellington, 6160

RE: Natural and Built Environment Bill

Community Housing Aotearoa – Ngā Wharerau o Aotearoa (CHA) thanks the Environment Committee for the opportunity to share our perspectives on the proposed Natural and Built Environment Bill (NBEB). The below submission reflects our perspectives and comments on the Bill.

CHA is an Incorporated Society and a peak body for the community housing sector. To achieve our vision of ‘all New Zealanders well-housed’, we have a strategic focus on supporting a well-functioning housing system and working toward the realisation of the right to housing. We are also mindful of the larger institutional and regulatory settings within which our members and other community organisations operate.

Our 82 provider members provide homes for nearly 30,000 kiwis nationally across 18,520 homes, and our 37 partner members include developers, consultants, and local councils. Community Housing Providers (CHPs) are primarily not for dividend entities that develop, own, and manage social and affordable housing stock, with rental and progressive homeownership tenure offerings. We work closely with national Māori housing advocate Te Matapihi, which represents Iwi-based and Māori community housing providers. More about us can be found [here](#).

CHA supports the intent and purpose of this Bill to generate greater clarity, efficiency, and sustainability for the planning of our natural and built environments. We encourage the Ministry of the Environment and the Environment Committee to consider how these reforms can better accommodate the provision of affordable housing and generate greater affordability.

One such tool for this end we advocate for is Inclusionary Housing (IH, also known as Inclusionary Zoning in other localities). **Inclusionary Housing (IH) is a planning tool commonly used overseas that requires or provides incentives for private developers to incorporate affordable housing into developments.** Under this regime – for projects over an agreed size or number of units - developers set aside a proportion of that development for ‘affordable housing’, land, or payment in lieu, often vested with not-for-profits for the purposes of providing affordable rental and homeownership options.

The RMA reforms are a once-in-a-decade opportunity to integrate Inclusionary Housing into our planning system to create retained affordable homes for generations. This submission will primarily discuss how Inclusionary Housing could be integrated into the structure established through the Natural and Built Environment Bill (NBEB) and subsequent regulation. For more information about how IH could function within our housing system, we encourage the Ministry for the Environment or the Environment Committee to contact us. We have recently published a report - *Inclusionary Housing: A Pathway Forward in Aotearoa New Zealand* - which outlines what IH is, how it generates affordable housing, and how it could be adopted into our planning system as it has been across the globe. This report can be found here: <https://communityhousing.org.nz/wp-content/uploads/2022/10/FINAL-IH-PAPER-3.pdf>. Furthermore,

our submission on the Spatial Planning Bill can be found here: [www.communityhousing.org.nz/chas-submission-on-the-spatial-planning-bill/](http://www.communityhousing.org.nz/chas-submission-on-the-spatial-planning-bill/)

CHA also reserves concerns that Inclusionary Housing programmes that exist under the current RMA may be affected by the reforms. Queenstown Lakes District Council (QLDC) operates a voluntary IH programme where land use concessions (or other benefits) are offered to developers in exchange for the provision of affordable housing (or in-kind contributions) which are transferred to an affiliated community housing provider, Queenstown Lakes Community Housing Trust. To June 2022, QLDC's IH programme has generated \$24.7 million in contributions towards the development of 243 affordable homes. QLDC is now progressing work to make this programme mandatory. We seek confirmation that these reforms will legislatively embed the ability of QLDC's IH programme to continue. The policy is widely supported in Queenstown and recent consultation processes across the country have demonstrated widespread public interest in IH programmes being adopted in many other communities.

### **Section 5 – System Outcomes**

Our comments begin at section 5 and the outlined objectives. CHA agrees that Aotearoa New Zealand requires greater housing supply, affordability and choice, and timely provision of infrastructure. Our concern is that the Bill does not outline effective mechanisms, policies, or powers conferred onto TLAs to substantively improve affordability. Greater supply alone does not create affordability. It especially does not incentivise the ongoing, or retained, affordable housing which is vital for the health of our communities. If the objective of the Bill and subsequent Natural and Built Environment Plans (NBEPs) is to improve affordability, the right system settings need to be in place. We encourage the NBEB and the National Planning Framework (NPF) to clarify and formalise how TLAs can utilise value capture (as included in the National Policy Statement: Housing and Urban Development) and Inclusionary Housing programmes - among other policies - to generate affordability and affordable housing.

Furthermore, CHA retains concerns with s5 (c) (ii) (please note the printing error in the numbering of this provision in the Bill) regarding the assertion that inflated land prices are a result of insufficient land supply for development. This is a widely held, but inaccurate belief which we discuss in detail in our latest report. Inflated residential land prices are often the result of easing zoning restriction and density allowances, both of which have been clear policy directions of this government. The Resource Management (Enabling Housing Supply and Other Matters) Amendment Act is one such example of this. The cost benefit analysis completed by PWC and Sense Partners for the government confirms this result from prior experience domestically. It is important that the stated system outcomes - and the assertions inherent within - are founded and consistent with wider policy objectives.

### **Section 58 - National planning framework must provide direction on certain matters**

The NBEB should require the NPF regulations to enable and specify the process for TLAs to implement IH policies within their locality. This would include relevant processes and methodologies for determining the composition of the IH policies, including:

- conducting a housing needs assessment; and
- defining housing market areas; and

- determining affordability measures; and
- implementation strategies; and
- deciding on the specifics of land transfer and retention mechanisms; and
- monitoring and review processes.

These were conditions within the Affordable Housing: Enabling Territorial Authorities Act 2008 (AH:ETA) which provided a legal framework for TLAs to implement Inclusionary Housing before it was eventually repealed. The primary and secondary legislation in the AH:ETA provides a proven model for IH implementation which could be emulated in the NBEB and the NPF.

CHA also recommends that the regulations establish a requirement and methodology for PRCs to undertake Housing Needs Assessment which inform the region's NBEP. Housing Needs Assessments should inform the decisions made by PRCs and subsequent housing strategies by stipulating where houses are needed, at what prices points and typologies, and what social infrastructure may be required to serve the community. This would be aligned with the requirements in the National Policy Statement – Urban Development and are beneficial for people-centric urban design.

The NBEB should – through s58 - require the subsequent NPF regulations to establish minimum standards or a definition for the term “affordable housing” to be used in all NBEPs. Without such a requirement in place in the NBEB, there is no obligation to include the definition in the NPF. This definition will inform the configuration of affordable housing policies, such as Inclusionary Housing. Without a definition or minimum standards in the regulations, there will be a lack of consistency between regions. These inconsistencies are detrimental to the health of our housing and land systems. A common definition of “affordable housing” are homes where weekly housing costs do not exceed 30% of the average gross household income in the region. This definition would be aligned with the affordability principle of the human right to a decent home.

### **Section 105 – What plans may include**

CHA believes this section is the logical place to be amended to enable Inclusionary Housing. Akin to s105 (1) (c) conferring onto TLAs the right to levy environment contributions, CHA believes an additional provision could be integrated into the Bill which allows TLAs to levy social contributions associated with new developments. This is the optimal section as CHA believes councils should have the discretionary ability to implement IH conferred to them in this national legislation with the specifics clarified later through regulation such as the National Planning Framework (see our comments on **Section 58**). The wording of such a provision would need to be carefully considered and configured. We do not offer any recommendations as to the precise wording of such an enabling provision; but encourage the Ministry for the Environment to consult legal advice for how IH could be implemented for which CHA offers our support throughout this process.

### **Section 108 – Matter that must be disregarded when preparing or changing plans**

CHA supports the intent of s108 (d). We are eager to see how this subsection is applied in practice by RPCs and the other bodies where similar provisions are relevant. Vocal groups have opposed housing

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developments citing the concerns included in this subsection; these concerns are often unfounded, harmful, and employed to block vital social infrastructure in the form of accessible and affordable housing.

### **Section 316 – Activities eligible for specified housing and infrastructure fast-track consenting process**

CHA supports provision s316 (f) (iii). The development of affordable housing in such overheated, competitive land and housing markets is often very difficult without subsidy, charity, and support from TLAs. This provision is something substantive that can ease the development of affordable housing and access to the required resource consents.

We would appreciate the opportunity to speak to the Committee regarding our submission.

Ngā mihi,

Paul Gilberd, CEO, Community Housing Aotearoa – Ngā Wharerau o Aotearoa

