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**Defining the role of the state:**  
**The response of the Christchurch City Council to the question of**  
**'housing affordability'**

A Dissertation  
submitted in partial fulfilment  
of the requirements for the Degree of  
Master of Environmental Policy

at  
Lincoln University  
by  
Shona MacMillan Jowett

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## **Abstract**

Abstract of a Dissertation submitted in partial fulfilment of the requirements for the Degree of Master of Environmental Policy.

Defining the role of the state: The response of the Christchurch City Council to the problem of 'housing affordability'

by

Shona MacMillan Jowett

'Housing affordability' has been a term used to refer to a problem that arises when the costs of housing are seen as being unreasonably high in relation to incomes. In the United Kingdom and Australia the local town planning systems have been used to address housing affordability issues. This response in countries that share New Zealand's town and country planning history raised the question for this research of the local government response to housing affordability issues in the city of Christchurch, New Zealand. This research was undertaken during the fifth year after the 2010/2011 Canterbury earthquake series. Research conducted by the Centre for Housing Research Aotearoa New Zealand and the New Zealand Productivity Commission present quite different pictures of the housing affordability problem, suggest different solutions and indicate different roles for levels of government, the community housing sector and the housing market. The research undertaken for this dissertation aimed to address the question of the role of the state, through the lense of a local response to housing affordability issues, in the context of a central government response focused on land supply and reforming the Resource Management Act 1991.

**Keywords:** housing, affordable, affordability, housing affordability, affordable housing, Christchurch City Council, local government, Christchurch

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## List of Abbreviations

AHETA	Affordable Housing (Enabling Territorial Authorities) Act 2008
CCC	Christchurch City Council
CERA	Canterbury Earthquake Recovery Authority
CHP	Community Housing Provider
CHRANZ	Centre for Housing Research Aotearoa New Zealand
DC	Development Contributions
HAMP	Housing Activity Management Plan
HASHAA	Housing Accords and Special Housing Areas Act 2013
HNZC	Housing New Zealand Corporation
IHP	Independent Hearing Panel
NGO	Non governmental organisation
NZPC	New Zealand Productivity Commission
pRCDP	proposed Replacement Christchurch District Plan
LGA	Local Government Act 2002
LTP	Long Term Plan
LURP	Land Use Recovery Plan
RMA	Resource Management Act 1991

# Chapter 1

## Introduction

### 1.1 Housing affordability and affordable housing

From the discussions taking place both in Parliament and in the media, it would appear that there is a housing affordability problem in New Zealand. A lack of affordable housing can have significant social, health and economic impacts. Poverty and housing costs are related, particularly where households are in private rental homes. People unable to compete in the housing market are likely to make trade-offs between the cost of housing and its adequacy, leading to overcrowding, unhealthy or inefficient homes, or living far away from services and employment, which can lead to high transportation costs. Financial stress can be harmful, and social cohesion may be undermined by transient populations living in inadequate conditions. Economically, an inability to afford housing can affect the ability of employers to attract and retain employees, restraining economic development (CHRANZ, 10/2006).

In a general sense 'affordable housing' can be thought of as housing – rented or bought - that can be afforded by those on low or moderate incomes. In policy, it may be referred to as a specific programme to make housing available for low-income earners, which could be provided as social or subsidised housing, or a range of other housing products delivered affordably through the private sector (Gurran, 2011). The concept of housing affordability can be a measure of the relationship between incomes and house prices, with more or less sophisticated measures in use that consider residual income, income distribution in a population, or housing related stress. Affordable housing is sometimes considered to be a 'diversity of housing tenures'. This conceptualisation reflects a shift in discourse around housing assistance, away from social or public housing and towards a broader range of housing products, needs and target groups (Gurran and Whitehead, 2011, p. 1196).

### 1.2 Housing affordability as a problem for New Zealand

Housing affordability as a problem has been defined differently by differently interests, leading to a range of solutions suggested and pursued by interested parties. Thorns (2009) draws attention to the complexity of the concept of housing affordability, and the distinct effects that housing affordability challenges have on different sectors of society and different locations over time. For Thorns, the housing affordability problem is a result of the relationships between a large number of factors that lead to housing outcomes that are not always healthy, evenly distributed, or secure.

Local government has been drawn into the housing affordability debate as part of the problem, due to their responsibilities related to land supply, planning processes under the Resource Management Act 1991 (RMA) and local regulation. In light of the pressure being placed on local government by central government, alongside international examples of greater regulation and planning being used to secure more affordable housing (Gurran and Whitehead, 2011; Gurran, 2003; Austin et al., 2014), this research posed the question of what the local government response has been in Christchurch, New Zealand.

### **1.3 Housing affordability in Christchurch, New Zealand**

Christchurch is in a unique situation; after the 2010/2011 earthquakes the shifts in population and a sudden loss of houses from the greater Christchurch housing stock saw increases in rents and removed many of the once more affordable houses from the market. Christchurch's affordability problems may level off as more housing stock comes to market in new subdivisions, but a new normal may have been reached in terms of rents and house prices. Houses are being built, but where are the affordable houses in the Christchurch recovery?

Christchurch City Council (CCC) has provided social housing since 1921 and has embraced a 'wider concern for social wellbeing' (Perkins and Thorns, 2001, p. 651). Changes to the Local Government Act (LGA) in 1989 and 1996 were expected to limit local authorities functions in social policy, but CCC used the annual and ten-year strategic plans to state a strong social policy agenda (Perkins and Thorns, 2001). Given this recent history, I was interested in how CCC had responded to another social issue; housing affordability.

### **1.4 The scope of this research**

This research aims to build an understanding of the role of the state and the current role of CCC through its actions and policies to improve local housing affordability. This research had four objectives, which led to four central research questions:

**Objective 1:** *To understand the role of local government, by looking at a local response to housing affordability.*

**Research question 1:** *What is the role of local government in the issue of housing affordability?*

**Objective 2:** *To identify definitions of the 'housing affordability' problem, and relate them to the policy and planning actions that are being suggested.*

**Research question 2:** *How has the affordability problem been defined and what tools of the state are used to respond to the problem?*

**Objective 3:** *To use a specific locality to explore the role of the state through the lens of housing affordability as a policy and planning problem.*

**Research question 3:** *How has the CCC responded to local housing affordability issues?*

**Objective 4:** To understand interactions between levels of government over an issue that could be seen as both nationally and locally significant.

**Research question 4:** *How does local government interact with the influences of central government, and other sectors engaged in housing issues?*

This research is limited to Christchurch, and does not attempt to analyse or explain housing cost issues across New Zealand, but it will refer to central government policy for improving housing affordability.

Through the course of this research I have come to understand the complex nature of policy questions around market goods; housing draws in many sectors and interests that coordinate to deliver housing – local government is only one of many influences.

## **1.5 The structure of this dissertation**

This dissertation begins with a literature review of the important theory and research relevant to the role of the state, local government, and planning in New Zealand. Theory of planning, its role, and its balance with other influential forces is outlined, and the concept of housing affordability is introduced through an explanation of its problem definition and the role of the state in housing. Two brief overseas examples of local responses to housing affordability are given. The research methods used for this research are then explained in chapter 3. Chapter 4 introduces the city of Christchurch, as the case study for this research. Chapters 5 and 6 outline the findings of the research, first identifying the range of definitions for the problem of housing affordability, and then outlining the Christchurch City Council's response to housing affordability within that context. Chapter 7 brings some of the main ideas from the literature review together with the main findings, to reflect on the existing research. The conclusion in chapter 8 then poses further questions raised by this research, and makes some final statements on the nature of the issue of housing affordability.

## Chapter 2

### Literature review

This chapter presents concepts from theory on the role of the state and local government, the local government activity of planning, and policy responses to housing issues. The role of the state underpins governmental responses to issues. These responses can change across time, place, and political ideologies. In the case of housing affordability, there has been a significant amount of responsibility directed at local government by central government, hence the particular focus of this research on the role of local government and planning. Specific local policies from Christchurch and problem definition from different levels of government and other interests will be examined in chapters five and six of this dissertation.

#### 2.1 The role of government and the state

‘Government is a form of collective action’, involving ‘formal structures’ that undertake activities and make policy (Spicker, 2000, p. 122). The state is distinguished from government in being an institution, rather than a collective or group of individuals, with agencies and procedures providing for the organised formation and delivery of policy (Spicker, 2000). Through time, place, political ideologies and governments, the role of the state can change. Concepts of the state and its role effect the range of provisions made by the state for the wellbeing of its citizens.

##### 2.1.1 The state as a provider of social protection

The concept of social protection is broad and encompasses a range of protections, services and safeguards to protect those ‘at risk of being in need’ (Standing, 2007, p. 512). The political ideology of socialism is grounded in egalitarianism, co-operation, and a concept of freedom from poverty rather than freedom from constraint, and socialists generally engage in ‘three fundamental activities: they offer critique, an alternative and a theory of transition; that is, they reveal defects in society, suggest better arrangements and indicate how these improvements are to be achieved’ (Geoghegan, 2014, p. 73).

Generally in a welfare state the government acts in the interest of citizens, providing social protections that are essential to people’s welfare but not delivered to all through the market. Privatisation involves the injection of marketplace principles into welfare provision, which rests on the view that the market is a superior provider of collective action. This form of social protection

provision is seen as often inadequate and continues to require the state to carry on its responsibilities to citizens in some form (Spicker, 2000). By providing welfare the government is redistributing resources, and is therefore concerned with wealth distribution and its consequences. Different models of the welfare state have been described by Esping-Anderson in 1990 as the liberal welfare state (where social policy is targeted, subsidies are controlled and removed when incomes pass a set limit, resulting in residualist outcomes), the social-democratic welfare state (social policies serve the whole population with few restrictions, presenting a cost to society but typically delivering good quality social services), and the conservative-corporatist welfare state (reliant on welfare from within families, supplying most of the population with 'graded welfare goods', producing wealth disparities). The concept of welfare pluralism from Evers in 1988 acknowledged the wide range of players in welfare provision, and moves beyond the 'one-dimensional spectrum between welfare provision either by state or market institutions' (Matznetter & Mundt, 2012).

Communitarianism suggests that the 'particular balance between rights and responsibilities or rights and the common good will vary with the cultural and historical context, across societies and over time' as conditions of society change, and this balance is affected by forces outside a society (Etzioni, 2014, p. 246). Communitarianism's view of the debate over coercive societal organisation versus voluntary exchange in the economy is that it overlooks the important role of the third sector; families, voluntary or community organisations where social transactions occur and which function according to different principles to that of the state or the economy. This approach sees humans as social animals, acting in groups with informal forms of social order in the large number of transactions between people (Etzioni, 2014).

The role of the state in social protections is in relation to that of the market and the third sector. Mintrom (2012) frames the role of governments as a centralised organisation acting to achieve outcomes that an unorganised society cannot achieve in smaller decentralised groups. Governments exist so that human potential can be advanced and 'terms for peaceful coexistence' can be set (Mintrom, 2012, p. 29). Government fills in when the private sector cannot improve the human condition, implying there are limits to the abilities of decentralised social organisations. Other social institutions such as family, religion and business co-exist with governments; it is the interaction between these institutions that is the focus of discussions of the role of government. This view emphasises the importance of cooperation and coordination in society, which government cannot, or should not, always take responsibility for. While policy tools 'can do an enormous amount to promote positive social outcomes' by guiding and structuring social interactions (Mintrom, 2012, p. 28), it is best if individuals exercise self-control and co-operate without government intervention to conserve the resources that governments might spend on quelling disruptive behaviour or social ills (Mintrom, 2012, p. 28).

### **2.1.2 Neoliberalism and the role of the state**

The various processes of neoliberalisation have also challenged the role of the state as a provider of social protection and welfare. Peck and Tickell (2002) summarise neoliberal economic thought as a form of free-market economic theory, which is used as a dominant rationalisation for government reform. It was an ideology that was politicised and implemented most notably by Reagan in the United States, Thatcher in the United Kingdom, and Roger Douglas in 1980s New Zealand (Peck & Tickell, 2002).

While neoliberalism is not a 'single organised project', it can be argued to encapsulate some coherent ideals, philosophies and rhetoric: reducing government regulation and interference in the market; an increased government role in supporting and encouraging wealth creation and economic growth; pressure to reduce the cost of government; increasing efficiency (van den Nouwelant et al., 2014); extolling the benefits of free trade, flexibility, individualism, competitiveness (within and between localities), and a dislike of collectivism. While advancing the idea of small states that do not intervene in the market, neoliberals have used the power of the state to pursue goals associated with their ideals (Peck & Tickell, 2002). Opposition to these principles is framed as outdated and 'suspiciously collectivist' while neoliberal approaches to macro-economic management have become normalised as a commonsense approach that simply allows natural (market) forces to operate (Peck & Tickell, 2002, p. 381). This discourse, combined with the political and economic power that rallies behind it, makes neoliberal thought self-actualising and able to reform the world in its own image (Peck & Tickell, 2002). Neoliberalism has been influential in changing the perceived role of the state, and in New Zealand the role of the state shifted dramatically under these ideas in the 1980s and '90s.

Neoliberalism has not fallen out of favour despite some of its negative consequences. Instead it is reconstituted into 'interventionist and ameliorative forms' that accept some government intervention and institution building, like the Third Way of the 1990s (Peck & Tickell, 2002, p. 388). Neoliberal policy has stretched to include forms of community organisation and partnership models for delivering programs. The way that promoters of neoliberal ideals respond to its negative aspects demonstrates the flawed nature of the ideology but also its resilience to challenges; an example is the shift from 'rollback' (deregulation and dismantling of the state) to the more proactive and aggressive 'rollout' neoliberalism (construction of regulation that supports neoliberal reforms). Rollout allowed conservative politicians to make changes while left leaning politicians were forced to defend existing institutions against reform (Peck & Tickell, 2002).

### 2.1.3 Neoliberalism and the city

Not only are there mutations and hybrids of neoliberal doctrine evolving at a national scale, but they are also evolving at the city or urban level (Peck et al., 2009, p. 63). Neoliberalism is being reproduced, extended and mutated in cities, rather than being imposed from the national level on the urban context, making cities central sites for the evolution of actually existing neoliberalism (Peck et al., 2009, p. 65). Peck et al. (2009) suggest that cities, as centres of growth, economic activity and innovation, are strategically significant for neoliberal rollback, while the devolved power held by local authorities makes cities an interesting site for neoliberal rollout. Cities are now 'critical nodes and points of contention in the evolving scalar politics of neoliberalisation' (Peck et al., 2009, p. 57). Local authorities and their policies can be used to try out deregulation and privatisation in an attempt to revitalise local economies. Examples of neoliberal policy experiments are place-marketing, public-private partnerships, redevelopment schemes, and new types of social control, among other changes to the local government system (Peck et al. 2009:58).

Peck et al. (2009) asks whether the contradictions and crises of neoliberal projects will lead to openings for more progressive governance of cities, or if neoliberal projects will be further entrenched and continue to underpin governance of urban space. The later outcome would presumably lead to 'leaner and meaner urban geographies', place-marketing and competitive cities that are less democratic. There is also the possibility that these crises will lead to alternative movements, and notably struggles for fair housing could make space for 'progressive alternatives to neoliberalism' and reregulation of cities. One of the key ways of doing that is to make 'new forms of urban solidarity' (Peck et al. 2009:65).

The neoliberal logic carried into the realm of urban planning and local government could view planning as a 'problematic distortion of market mechanisms for meeting demand for things like housing' (van den Nouwelant et al., 2014, p. 2). The neoliberal logic or trend in this context has shaped how governments at local and national levels have responded to the unmet need for affordable housing. A once supply-side focussed policy response of direct provision of housing had shifted to demand-side assistance for income and rent, which led to a residualisation of remaining social housing, now targeted to those most vulnerable (van den Nouwelant et al. 2014). Van den Nouwelant et al. (2014) conclude that the idea of using planning tools to encourage and enable the provision of affordable housing by the private sector is 'heavily couched in a neoliberal rhetoric of government stepping back from housing market intervention beyond the initial planning stage' (van den Nouwelant et al. 2014:10). Their case studies reflect a policy of improving conditions for developers, removing barriers and providing greater certainty. However they also found that the planning system alone was not enough to provide affordable housing in new developments; it was

also necessary for the government to take up a role as subsidiser and investor – a more active role for government that conflicts with a neoliberal approach that might restrict the government’s role to facilitating or enabling (van den Nouwelant et al. 2014).

#### **2.1.4 What is the role of the state?**

The shifting role of the state raises the question of what its current role is in social protection and the welfare of citizens. From the wide variety of ‘states’ discussed in literature, the idea of state versus market is far too simplistic. The communitarian idea that the balance between rights and responsibilities is continually shifting is a useful concept for considering the role of state in relation to social contexts, and the idea of a facilitating or enabling state may better reflect the way that the state engages with economies and society.

#### **2.1.5 The role of local government**

The particular role of local government is also relevant to the question of the role of the state. Local government is justified as providing for ‘representation at the community level’, though arguments have also been made for its educational, political participation, and efficiency benefits (Drage, 2008, p. 27). Arguments for local government in a democracy express a need for a hierarchy of elected, administrative bodies to spread power (or undermine power held centrally), and bring democracy and decision making closer to communities where decisions can better reflect local needs; local representatives can claim similar authority to central government representatives through regular elections. In this view, there is value in decisions being made by many and in different places, where a ‘dispersal of power’ can encourage innovation and initiative, and produce a better quality government and a more healthy democracy than centralisation could. Local councillors have power over policy, implementation, and finances, while living and working in the community they represent. This is argued to give them a more direct impact and involvement, compared to central government representatives (Drage, 2008, p. 29). Local knowledge of local needs can lead to efficient local services that respond to diverse needs and local issues that the rest of the country has little or no shared interest in. Yet local government is only one of many powerful players (unions, media, lobby groups, political organisations, business, and central government) influencing local decisions. Local councils can also lack diversity in representatives, calling into question the benefits of local representation (Drage, 2008).

New Zealand’s system of local government has evolved over time in terms of boundaries and responsibilities (Cheyne, 2002). Just as the role of the state has changed at central government level, so has the role of local government. An objective of this dissertation is to understand the role of local government, by looking at a local response to housing affordability issues. Planning is an activity

undertaken by local government in New Zealand. District Plans are formed under the Resource Management Act 1991 (RMA), and Long Term Plans under the Local Government Act 2002 (LGA). What planning is and what it can be reasonably expected to do can also change across time, place and governments.

## **2.2 Planning as a tool of local government**

What planning is and what it does changes and reflects different moments in history (Thompson, 2012). Planning can be seen as a response to pressure applied by individuals and organisations concerning the ‘opportunities, losses and inequalities associated with urban change’ (Rydin, 2011, p. 7). Planning is not just designing a direction for urban development; it involves trying to achieve that direction through a combination of measures, and intervening in the rights of individuals for a particular public interest (Rydin, 2011); planning is ‘intervention with an intention to alter the existing course of events’ (Campbell and Fainstein, 2003, p. 6). Planning raises questions of when and why to intervene, and what is being intervened in. Subsumed in the question of why we plan, are questions of what society wants, the limits on planning and the state to deliver that, and what is legitimate state action (Rydin, 2011).

### **2.2.1 Utopian planning**

The origins of planning are sometimes taken back to urban utopias designed to deliver physical solutions to physical and societal problems. Ebenezer Howard’s garden cities, Le Corbusier’s radiant city, and Frank Lloyd Wright’s decentralisation reflected the ideals that each planner held. They ‘looked beyond their own troubled time to a new age each believed was imminent, a new age each laboured to define and to build’ as ‘ideal types’ of cities, and each ideal physical transformation was ‘the outward sign of an inner transformation in the social structure’ (Fishman, 2012, p. 29). They were in a context of rapid population growth and city expansion, and a loss of control over growth; ‘speculation – the blind force of chance and profit – determined urban structure’ (Fishman, 2012, p. 32).

Utopian thinking is explained by Friedmann as the ‘capacity to imagine a future that departs significantly from what we know to be a general condition of the present’ (Friedmann, 2012, p. 90). Planning has an ‘enduring tradition of utopian thought’ (Friedmann, 2012, p. 91), and in designing and implementing changes in the physical environment to improve people’s lives. Ideal visions are still of interest for planning, despite utopias having become an out-dated and even anti-social idea (Hardy, 2000).

Hardy suggested that quasi-utopias (‘perfect cities in an imperfect world’) have actually led to more positive outcomes than utopian visions (Hardy, 2000, p. 61); these are ideal cities that did not

attempt to transform society, but expected improvements to follow on organically. In the garden city movement, visions were compromised to make the ideas a reality, and by a combination of idealism, realism, and appropriateness to their contexts they succeeded (Hardy, 2000). Hardy (2000) suggests that the lack of success for utopias is less a result of them not being embraced, and more a consequence of dependence on capitalism and markets as distributive mechanisms. There has also been a wariness of systems that take too much control, and may lead to a dystopian reality (Hardy, 2000, p. 73). Lessons learned from utopias are that it is better to look at ideas that are idealistic but are also possible, and that 'no matter how good ideas are in the abstract, society has to be in harmony with their basic assumptions; in other words, there has to be cultural compatibility'; garden cities achieved both (Hardy, 2000, p. 74). Planning and utopianism go best together when there is only a partial relationship (Hardy, 2000). Hardy (2000) suggests a post-modern redefining and reconstruction of utopia with concepts of social justice, community and citizenship (Hardy, 2000).

### **2.2.2 The market-planning duality**

Campbell and Fainstein (2003) explain planning as the human *activity* and the city or region as the *phenomenon*, which both adapt to and transform each other. Planners share their influence over environments with developers, businesses, elected representatives and others, so their urban visions have to compete with the visions of other powerful interests and groups, and they must do this within a democratic system; 'thus, despite the planning ideal of a holistic, proactive vision, planners are frequently restricted to playing frustratingly reactive, regulatory roles' (Campbell and Fainstein, 2003, p. 8). The ability of actors to achieve their objectives depends on their economic or political power, so outcomes of urban change may be in favour of those who can direct development. Those outcomes may benefit some sectors of society, while disadvantaging others (Rydin, 2011).

Gleeson and Low explain that 'planning is a contested public activity, which sits uncomfortably with today's dominant assumption that the market can solve all social problems' (Gleeson & Low, 2000 in Thompson, 2012, p. 16). Yet planning is also needed to steer and balance societies activities, otherwise the social and ecological foundations of society would be destroyed. The market-planning duality is implicit in questions of when to intervene and why, and is a 'defining framework in planning theory' (Campbell and Fainstein, 2003, p. 6). Depending on one's view of market forces (the market is rational and natural, or it is uncertain and unjust), one's view of where planning may justifiably intervene in the market will differ. Thompson suggests that between these extremes is the view of planning as a mediating force in the market (Thompson, 2012). The idea of a clear division of market and planning may be inaccurate with the existence of public-private partnerships and planners working in the private sector, which raises the question of who can best serve the 'public interest'.

The concept of the public interest has endured through planning, but is challenged by the recognition of many public interests in a society (Campbell and Fainstein, 2003).

Planning has a range of means to try to achieve desired ends: direct provision of developments; indirectly 'persuading, encouraging and incentivising the private sector' to deliver desired developments; using or making available public land; controlling development; subsidies; providing infrastructure; providing financial incentives or taxes; regulation of land use within zones in plans; negotiating tradeoffs; or providing information and education (Rydin, 2011, p. 12). All of these approaches have the potential to generate opposition – they use public funds and limit people's rights over their property – and if the private sector is expected to deliver developments, they must be financially viable (Rydin, 2011). In this view, planning is not a complete solution for all problems associated with urban development, although Rydin notes it can be tempting to frame it in this way. Planners are only partly responsible for outcomes, and planning efforts can fail. Planning is a political exercise, and there are limits to what it can achieve, and what society can reasonably expect from it (Rydin, 2011). Rydin's view of planning raises the question of what society is willing to accept as outside the scope of state or collective action, and what will be left to the market or other forces to determine.

Neoliberalisation has made the standing of planning quite uncertain, and planning may need some reevaluation and a case made for its existence and its social, environmental and economic interventions (Gleeson and Low, 2000). When crises unfold, 'the case for an alternative 'revalued planning' must be ready, and carefully articulated within a broader vision for a humane, fair, ecologically responsible society'; it will be a political challenge to maintain planning (Gleeson and Low 2000, p. 283).

### **2.2.3 As a tool of the state, how is planning used?**

The questions of what planning is, what it has been over the last century, and what it can do, echo the previous discussion of the role of the state. Planning is carried out locally by councils and representatives, and likely with community engagement. The activity of planning can be a useful undertaking to observe to consider the role of the state, and this was the approach taken for this research to achieve the objective of understanding the CCC response to housing affordability issues in Christchurch, with planning as one of its tools.

## **2.3 Housing and the state**

This dissertation has used a particular housing issue, housing affordability, to understand the role of the state. Houses and homes can be conceptualised as both traded commodities and places to live; they are a 'hybrid of money and material' (Perkins & Thorns, 2012, p. 73). Houses are basically

'spatially organised building materials in particular sites', and they have different symbolic and physical natures, which can change with new technologies, policies, tastes and family makeup (Perkins & Thorns, 2012, p. 74). This section discusses the concept of housing, and views on government responses to address housing issues.

Rydin (2011) frames housing as a 'basic human need', but as people are mobile and housing is largely not, a mismatch between housing demand and supply can result in housing shortages and a lack of affordable housing. Demand is influenced by demographic and social change, and the planning system may be charged with responsibility for meeting needs and responding to pressures when planning policy acts as an interface between the role of the market and the public sector in housing (2011, p. 35).

Both the public and private sectors influence housing supply. Planning may be given the role of balancing the impacts of development, yet there is often a reliance on the private sector to build housing, which can leave the public sector with a relatively passive role. Rydin suggests that when the state sector is reliant on the market to deliver housing, the needs of developers should be taken seriously, but that government resources (both financial and legislative) can be used to make planning more proactive by purchasing land, requiring certain types of housing, leading housing developments, or subsidising the community sector. Conceptions of the ideal urban form can guide development towards the ideal housing of the time, influence planning policy or find favour within the private sector. The trend towards increased density and infill development being promoted over Greenfield suburbs is an example of this. Rydin (2011) concludes with the question of whether affordable housing is something that planning should have responsibility for. Planning's impact on affordability depends heavily on the housing market, available credit and the dominant form of tenure. It is suggested that planning is a hard road to follow to achieve affordable housing, especially in countries where owner-occupation is the dominant form of tenure. Rydin suggests there is a need for more affordable rentals but that this comes down to housing policy and requires a subsidy, although innovative planning policies can help. For this reason a partnership between housing policy and planning is needed to achieve affordable housing (Rydin 2011).

### **2.3.1 Housing as home**

Housing policies, and policies that affect housing, influence renting and home-owning patterns and the relationship between where and how people live in houses. In different places the tenure options and cultural understandings of ownership (with exclusive or collective rights), property, land, place and home will differ. 'Home' can have an emotional quality and is linked to other concepts of social inclusion, security, community and stability and ideal ways to live together. Utopian ideologies

grounded in planning, design and improving housing can follow on from these concepts of housing (Perkins & Thorns, 2012, p. 170).

### **2.3.2 Housing as wealth**

Booms and busts in housing markets can create wealth which is transferred through housing. As a result housing is valued for its wealth accumulation capacity. Housing marketisation favours those who can afford to participate in housing markets and reduce any debt (Perkins & Thorns, 2012). An emphasis on the economic value of houses devalues its other uses, which is a threat to creating a sustainable living environment; instead of long term maintenance of houses as important community infrastructure, there can be short term makeovers of houses and rapid turnover of ownership. Housing is often allocated by a market and the choice people have in this market depends on their access to resources. Governments might intervene to balance inequities within the market, but Government schemes for home-ownership may encourage housing marketization (Perkins & Thorns, 2012).

### **2.3.3 State responses to housing issues**

Houses can hold wealth, while providing essential shelter; the multiple functions and uses of housing make its provision a complex issue planning and policy.

Different government and state approaches to housing can be seen in slum clearances, high-rise apartment blocks, and public housing projects. Angel (2000) suggests the voice of housing as an issue has been lost, or 'squandered ... on defective visions', and after the 'disillusion with urban utopias' and 'the shrinking of government ambitions', the 'tired housing voices have fallen silent' and taken to different fields to try to enact change in housing (2000, p. 3). Angel suggests that despite housing policies, society continues to house itself out of necessity and because there are people willing to provide it; there is a housing market and housing has an exchange value. 'The housing market is a sensitive, complex, and largely unknowable entity, subject to fits and starts, unpredictable, merciless, unstable, and almost totally dependent on forces outside itself' but it is an important social construct and housing policy must 'face the housing market ... and make it behave' because 'there is too much at stake' (Angel, 2000, p. 4). In Angel's view, the challenge then is to support and enable the housing market to function in the interests of society.

A pressing housing problem discussed by Ball (1983) is the ability of households to meet housing costs, which can be influenced by the state through reform or subsidies. One way of framing the problem is to focus on housing costs and whether they are equitable; this view is 'consumption-orientated' (Ball, 1983, p. 13). The two 'conceptual categories' in this view are the household and the state, and the relationship between them is 'the effect of state policies on households' consumption

of housing'. Ball suggests a break is needed from a consumption-orientated approach, and instead housing issues should be looked at in relation to wider societal changes and the societal conditions created by the state (Ball, 1983, p. 14). Housing provision involves 'particular social relations', and providing housing through a particular tenure 'is the product of particular, historically determined social relations associated with the physical processes of land development, building production, the transfer of the completed dwelling to its final user and its subsequent use' (Ball, 1983, p. 17). Informed by this view of housing, the way to change housing provision is by changing the social relations in housing provision. However with this approach, the outcomes of that social change cannot be predicted. This makes the drawing of ideal developments or technical solutions an inappropriate approach to addressing housing problems. What is more important is that social change adheres to principles and reform is linked to the circumstances that the state is intervening in. Social change must be economically possible and relatable to people, or it risks being utopian in nature. Ball has argued for the principle of taking housing provision out of the control of the market, and to giving 'people greater control over this vital aspect of their lives' (Ball, 1983, p. 371).

There are a range of potential actions that a government can deploy through policy. Mintrom (2012) summarised these as: market making tools (enabling markets to persist, improving a market, or creating markets for things); taxes (revenue raising and excise); subsidies (in the form of services, safety nets, incentives or rebates); regulation (technical, economic or social); direct service provision (by funding alone or direct provision); partnering with or facilitating other organisations to provide desired outcomes; providing information or campaigns; or developing strategies or frameworks (Mintrom, 2012).

#### **2.3.4 The role of the state in housing**

Housing is used as a financial tool by some, but it is used as shelter by many more. While housing is often described as a market commodity, the state may continue to have some role in their building, tenancy and transfer, depending on the government at the time and the accepted role of the state. A question for this dissertation was what the state's response has been to a housing affordability problem. An objective of this dissertation is to understand the current role of the state in housing outcomes, particularly in relation to housing affordability. Depending on the state, there can be a role for both local and central government in housing. This raises the question of how the housing policy problem has been defined, which actions from the state are seen as possible, and which are not. This dissertation argues that different problem definition at central and local government levels have led to different responses from each level, but responses that are nevertheless interrelated.

## **2.4 Housing affordability and affordable housing**

In a general sense 'affordable housing' can be thought of as housing – rented or bought - that can be afforded by those on low or moderate incomes. In policy, it may be referred to as a specific programme to make housing available for low-income earners, which could be provided as social or subsidised housing or a range of other housing products delivered affordably through the private sector (Gurran, 2011). The concept of housing affordability can be a measure of the relationship between incomes and house prices, with more or less sophisticated measures in use that consider residual income, income distribution in a population, or housing related stress. Affordable housing is sometimes referred to as a 'diversity of housing tenures', and reflects a shift in discourse around housing assistance, away from social or public housing and towards a broader range of housing needs and target groups (Gurran and Whitehead 2011:1196).

A lack of affordable housing can have significant social, health and economic impacts. Poverty and housing costs are related, particularly where households are in private rental homes. People unable to compete in the housing market are likely to make trade-offs between the cost of housing and its adequacy, leading to overcrowding, unhealthy or inefficient homes, or living far a long distance from services and employment, which can lead to high transportation costs. Financial stress can be harmful, and social cohesion may be undermined by transient populations living in inadequate conditions. Economically, an inability to afford housing can affect the ability of employers to attract and retain employees, restraining economic development (CHRANZ 10/2006).

Murphy (2014) observed that housing affordability is often viewed as a simple question of housing costs, but that housing affordability is the outcome of 'complex housing supply and demand dynamics' (Murphy, 2014, p. 893). Several factors that contribute to housing affordability are: income and ability to pay; the price of buying or renting a house; the cost of finance and credit; demographics and household formations; labour market and employment conditions, which influence incomes and ability to participate in the market; as well as the range of factors affecting supply of housing – land use zones, availability and cost of labour and building resources (CHRANZ, 10/2006).

### **2.4.1 Not a problem for all**

Housing affordability is not a general problem, and it affects people and places differently. In any house price boom or slump 'different sectors of the population both reap the gain and feel the pain', with young, single- and low-income households being most affected (Thorns, 2009, p. 185). In 2008 it was noted that 'the weakening of the [housing] market was occurring principally in the lower end of properties ... it's an affordability slowdown' (Thorns, 2009, p. 173). Homeownership rates dropped

from 73% in 1991 to 62.28% in 2006, but this occurred unevenly across the population. It is important to disaggregate housing data to see the effects of affordability on different cohorts (Thorns, 2009).

#### **2.4.2 A metric for affordability?**

There is no agreement on the best measure of 'affordability' (Thorns, 2009). Throughout this research a number of definitions have been found in local planning documents, and various views have been expressed on preferred measures of affordability. Murphy (2014) has argued that the lack of one universally used metric means that a metric can be chosen to meet desired ends. With fast policy transfer occurring between countries, international institutions and consultancies are able to latch onto and frame crises 'for which their answer is always some variant of neoliberal policy' (Prince, 2012 in Murphy, 2014, p. 897). Planning restrictions might be placed at the centre of housing affordability problems, and cities with low levels of land use regulation may be championed as exemplars of housing affordability (Murphy, 2014). Another way of gauging affordability is to consider the 'intermediate housing market' which is described as the 'proportion and number of households unable to purchase a dwelling at the lowest decile and quartile house price' (Thorns, 2009, p. 174). The size of that market is an indication of people being left out of the housing market and unable to afford to buy a house. This market shrunk in New Zealand between 1996 and 2001, but grew again from 2001 to 2006. As homeownership declined, people paying rent and the private rental sector grew. With little intention from central government to expand social housing, the community housing and private rental sectors would need to grow to meet housing demand (Thorns, 2009). This view of housing affordability could focus attention more on those renting, rather than on the relationship between median house price and median incomes.

The Annual Demographia International Housing Affordability Survey uses the 'median multiple' – median house price divided by median income – to assess housing affordability. This measure rates metropolitan centres from affordable (median multiple 3.0 or under), to severely unaffordable (5.1 and over) (Demographia, 2015). New Zealand is ranked overall with a median multiple of 5.2, Christchurch at 6.1, Wellington at 5.3, and Auckland at 8.2 (Demographia, 2015). The median multiple measure has been incorporated into the Housing Accords and Special Housing Areas Act 2013 (HASHAA), which allows central government and the Housing Minister to influence land supply for residential development (Murphy, 2014). The measure of severe unaffordability used in the HASHAA is taken directly from the Demographia survey, and the discourse has focused on the failure of local government to enable development, and 'excessive planning regulation' (Murphy, 2014, p. 900). A supposedly necessary trade-off is created between affordability and planning by simplifying the dynamics of house prices down to a single cause, rather than engaging with the existing

literature, other metrics, and seemingly ignoring the views of UN-HABITAT (which views median multiples of 3-5 as acceptable) and the OECD (which says the income-to-price ratio is insufficient to assess affordability) (Murphy, 2014). Murphy (2014) argued that simple explanations for housing affordability issues suppress serious measurement and definitional problems (Murphy, 2014).

### **2.4.3 Many factors but limited solutions – The NZPC report**

A range of aspects affecting housing affordability were identified in New Zealand Productivity Commission's (NZPC) *Housing Affordability* report: land development and land prices; policies restricting land supply; new housing supply being focused on the high end of the market, yet there are more smaller households; housing affordability differing significantly between regions; the small scale and low productivity nature of the residential building industry; lack of competition in the materials industry; and regulations and planning. The report concludes by emphasising the necessary interconnectedness of different tools in order to impact housing affordability, and recognises that 'opportunities for improving housing outcomes are likely to be found in many places' (NZPC, 03/2012, p. 9). Yet the ultimate aim for the NZPC is to make the housing market able to meet housing needs affordably in the long term (NZPC, 03/2012). Few solutions, in relation to the number of contributors to housing affordability issues, are suggested in the NZPC's report, but it takes particular aim at urban planning and the regulatory framework around land and building. The NZPC noted that 'while housing is largely a private market, the way in which the market operates is heavily influenced by its regulatory and institutional framework', and so the focus was on ways to improve that regulatory framework (NZPC, 03/2012, p. 13). Urban planning practices of intensification and urban limits are framed as problematic for housing affordability, so suggested solutions are: less constraining planning; more land for development; simplified and fast regulatory processes; consideration of benefits of urban development; guidelines for development contribution charges; and less impediments to housing supply (NZPC, 03/2012). Building regulations are also seen as affecting cost through imposing standards, administration and application costs, delays, and restricting innovations in the building sector. Suggestions from the NZPC to lower these costs are to reduce delays, set housing standards 'at a level that maximises their net benefits', enable innovations, and improve information flows (NZPC, 03/2012, p. 17). There were a number of other factors neglected in terms of suggested solutions, including funding of the community housing sector, tax incentives, and the structure of the building industry, even though one of the three main themes of the NZPC report's recommendations is to pursue opportunities to increase the scale and reduce costs in land development and construction.

While rents in the 2000's increased at around the rate of inflation - less than house prices - those in the two lower income quintiles still spend more than 30% of their income on rent. Intermediate

renters – those who are in employment but cannot afford to buy a lower quartile priced house – have increased to 58% of renters (NZPC, 03/2012). Rental affordability (spending less than 30% of household income on housing costs) has started to affect middle income earners, there are issues with poor housing quality for renters, and renting into old age presents possible financial hardship for retirees. Yet the NZPC suggests there are no policy options to improve rental affordability and the recommended approach is to improve housing affordability for all houses which will enable more people to become homeowners, and allow social housing to become targeted to the lowest income earners (NZPC, 03/2012, p. 19). The lack of options for responding to housing affordability problems suggests a limited role for the state in housing affordability problems.

With central government promoting the median multiple measure of affordability, and pressure being placed on local government activities to resolve housing supply and affordability issues, local government seemed to be a good subject of focus for this research.

#### **2.4.4 Housing affordability and the state in New Zealand**

The policy response from New Zealand governments to housing affordability has changed through the 1980s, '90s and 2000s, with a reduced role of government and a larger role for the market. Some initiatives discussed in the last year of the Fifth Labour Government (large scale housing developments, the use of public land, reviewing zoning, and the passing of the Affordable Housing (Enabling Territorial Authorities) (AHETA) Act in 2008) all reflected a willingness to intervene in the housing market (Thorns, 2009).

Two Acts of Parliament, the AHETA Act 2008 and the HASHAA 2013, construct quite different roles for, and relationships between, central and local government. The AHETA Act enabled local housing needs assessments, local affordable housing policies, and enabled actions to affect the supply-side of affordable housing, like inclusionary zoning, linkage zoning (requirements for affordable housing along with commercial developments), financial contributions, development incentives, and the ability to void covenants that exclude affordable housing. Legal advice at the time was that it would be possible to justify the use of inclusionary zoning under the RMA, but a legal challenge to the justification was expected. The AHETA Act was created as a special purpose legislation because its purpose and principles were different to those of the RMA and LGA; housing affordability would compete with other considerations under the RMA, and would be disproportionately important in the LGA. The Act took some guidance from section 106 of the UK's Town and Country Planning Act 1990, which enables negotiation between developers and consenting authorities over 'planning obligations', for the purpose of bringing the 'development in line with the planning system's principle objective of sustainable development' (Cooney, 2009, p. 257). The AHETA Act was repealed by the successive National government (Cooney, 2009).

The purpose of the HASHAA is to 'enhance housing affordability by facilitating an increase in land and housing supply in certain regions or districts ... identified as having housing supply and affordability issues' (section 4). The Minister for Housing enters into a housing accord with a territorial authority that sets out an agreement on targets and how the parties will work together. The HASHAA has a limited lifetime; the process for establishing special housing areas is to be repealed in 2016, and the rest of the Act will be repealed in 2018 (section 3).

These are two broad approaches from central government level. There are further options for responses at the local level, but these are somewhat structured by the bounds of centrally determined legislation, particularly the RMA and LGA.

#### **2.4.5 Planning under the Resource Management Act 1991**

The potential for the planning system to affect housing affordability has been heavily influenced by the nature of New Zealand's planning system. Gurran (2003) explains that with residential development applications going through local government, and councils playing a part in the 'location, quantity, quality, and affordability of housing supply within their area' (Gurran, 2003, p. 393), local government has been identified internationally as a key player in housing affordability, a logical partner for higher levels of government, and an appropriate site for strategic policy for housing outcomes. In the UK, planning has been used to achieve 'social and distributional objectives', whereas in Australia local authorities have a limited ability to pursue such objectives through the planning system (Gurran and Whitehead, 2011, p. 1194). 'Different institutional, market and legal frameworks generate different instruments and outcomes' (Austin et al., 2014, p. 453), and reflect different conceptions of the housing affordability problem and appropriate corresponding solutions. New Zealand and Australia's planning systems have a limited ability to make community gains as can be done in Britain. The UK system is directed at distribution concerns and ensuring enough land and affordable housing. In Australia with a more market-oriented approach, higher prices are seen to come from policies that restrict activities (such as limits on urban sprawl) or that try to secure benefits (like amenity values) from developments (Gurran and Whitehead, 2011).

The policy and planning possibilities at a local level in New Zealand have changed with the reform of New Zealand's resource management and planning legislation. The planning system under the Town and Country Planning Act 1977 was reformed through the resource management law reform process, which produced the Resource Management Act 1991 alongside changes to the Local Government Act 1974. The reforms refocused New Zealand's planning system away from urban planning and social objectives, and towards sustainable management of the environment (Perkins and Thorns, 2001). Gleeson (1994) argues that the RMA signalled a shift in planning ideology from town and country planning in a welfare state, to a 'biophysical environmental planning ethos' with libertarian

underpinnings (Gleeson, 1994, p. 82). The shift reflected the will of central government to move from state intervention to a decentralised regulatory system using economic tools to manage the environment (Gleeson, 1994). The role of the planning system after 1991 is to manage effects within a context of private property rights. Once the environmental limits or bottom lines were in place in City or District plans, society and the market were free to determine efficient use of resources and economic and social outcomes. The environmentally focused approach to planning defined the environment in a naturalistic sense where human societies and communities are parts of 'biophysical ecosystems'. This view of society has been criticised as reductionist and ignoring the 'significant social theoretical tenet that cities are a significant product of human culture' (Perkins and Thorns, 2001, p. 642). If this aspect of urban spaces is ignored then we 'preclude the question of our cities and other aspects of our constructed and social environment from the serious consideration which they deserve' (Aasen, 1992 in Perkins and Thorns, 2001, p. 639). The ability of local government to address community issues like adequate housing is excluded from the planning system (Gleeson, 1994).

Further RMA reform since 2009 has focused on simplifying, streamlining, and ensuring 'the planning system facilitates urban growth and related infrastructure' (Cheyne, 2015, p. 8). This was justified by central government's 'agenda to foster economic growth and prosperity', reduce 'regulatory burdens', increase housing affordability, help Canterbury to recover from a natural disaster (Cheyne, 2015, p. 7), increase recognition of the urban environment and ensure adequate land supply for future housing demand by 'obliging councils to proactively plan for and manage urban growth' (Gurran et al., 2014, p. 193).

#### **2.4.6 Planning under the Local Government Act 2002**

New Zealand's system of local government came from the United Kingdom with colonisation, and was modified to meet practical needs; 'local government really started life as a practical and operational contrivance lacking any fundamental constitutional conception. It is a defect from which we still suffer' (Palmer and Palmer, 2004 in Cheyne, 2008, p. 2). Local government in New Zealand is also a 'creature of statute', with powers provided by the Local Government Act 2002 (LGA), and a weak constitutional status as it is 'subject to the whim of national governments' (Cheyne, 2008, p. 3).

The purpose of local government was changed in 2002 to 'enable democratic decision-making and action by, and on behalf of, communities' and 'to promote the social, economic, environmental, and cultural well-being of communities, in the present and for the future' (LGA 2002 s 10(a-b)). This purpose was underpinned by the concept of sustainable development, and gave councils a 'power of general competence'. Yet this broad power was limited by political will, staffing and funds (Cheyne, 2010) and central government retained a good deal of the power in the relationship while giving

discretion to local government (Cheyne, 2008). Central government at the time thought it was 'essential that [local government] be empowered to address development as it impacts on all dimensions of the wellbeing of current and future generations' (Cheyne, 2008, p. 8). The reforms reflected a preference for an activist view of local government over a minimalist view, but the purpose was reformed again in 2012 to remove the promotion of the four well-beings (social, economic, environmental, and cultural) and the power of general competence from local government's role (Cheyne, 2015).

#### **2.4.7 Local government responses to housing affordability in Australia and the United Kingdom**

The local response in Australia and the UK are of interest to this research to show what has already been demonstrated in the area of housing affordability. Local government approaches to increasing affordable housing have evolved differently in different countries: in the UK there has been a shift from local government directly producing social housing to enabling and influencing the production of affordable housing by housing associations and the market, and in the US local governments 'stimulate supply of low and moderate income housing through planning mechanisms' (Gurran, 2003, p. 397). The direct inclusion of social objectives like affordable or appropriate housing within local government activities appears to be difficult, so what might instead be emphasised are environmental or economic outcomes (Gurran, 2003). The literature on Australia and the UK provides an interesting comparison of two different local government approaches to housing affordability.

Gurran and Whitehead (2011) compare the planning systems of Australia and the UK, which despite similar starting points, have evolved differently and have different philosophies regarding housing provision. Austin et al. (2014) place the planning systems of Australia, England and New Zealand along a spectrum between two poles; regulatory and discretionary. England, with a more discretionary planning system, was able to modernise its planning system quickly to be able to provide affordable housing. Individual planning permissions must be sought and granted against plan expectations and merit based assessments of each site. New Zealand and Australia are placed towards the regulatory end of the spectrum, New Zealand having a very formal system with an emphasis on environmental impacts, while Australia - with zoning, discretionary assessment and negotiation powers - could be considered to be somewhere between the UK and New Zealand on Austin et al's spectrum. New Zealand and Australia's planning systems have a limited ability to make community gains as can be done in England (Gurran and Whitehead, 2011).

## **Australia**

In Australia, housing assistance has been seen as the responsibility of the commonwealth and was never integrated into the planning system, so piecemeal planning responses to housing need have developed locally; 'Australia's record of planning mechanisms for affordable housing is a series of pilot schemes, small-scale bespoke projects, and some false starts' (Gurran and Whitehead, 2011, p. 1207). Changes made at higher levels of government may undermine instruments developed locally, and generally do not work with the planning system to achieve outcomes. Gurran and Whitehead place the local planning mechanisms in Australia into four categories: retention or offsetting the loss of affordable housing; tools to overcome barriers to more diverse housing; incentives for voluntary contributions to affordable housing; and mandatory requirements. Most schemes involve redeveloping brownfield sites and are subsidised by government in some way (Gurran and Whitehead, 2011, p. 1207).

## **The United Kingdom**

In the UK, successful use of planning for affordable housing is attributed to the planning system and the 'separation of development rights [which are government owned] and land ownership'. Local authorities were able to give themselves permission to build on their own land, supported by a housing finance system. Changes to the subsidy system at national level partly drove a move away from direct provision, and further changes in the 1980s shifted the new build activity to the not-for-profit sector housing associations, who received finance and bought land in the private market. As land prices rose, the potential for the planning system to secure affordable housing gained traction and policy actions to do this emerged (Gurran and Whitehead, 2011, p. 1200). Section 106 of the Town and Country Planning Act 1990 allowed local authorities that could demonstrate a need for affordable housing to require a proportion of affordable housing at the development plan stage, and in 1998 it was determined that a development could be rejected for inadequate provision of affordable housing; 'the affordable housing requirement was thus finally fully embedded in general planning legislation', and additional policies have been implemented since (Gurran and Whitehead, 2011, p. 1201). Legislation frames affordable housing as a 'material consideration' and is part of assessing the impact of proposals (Gurran and Whitehead 2011:1204). Section 106 allows for flexibility of local authorities and developers, with local authorities following general guidelines – and an 'indicative rather than prescriptive development plan' – but still able to assess proposals case-by-case and taking other factors into account (Gurran and Whitehead 2011:1204). Flexibility has been criticised by both sides however, as disadvantaging local authorities who may be weaker parties in negotiations with developers, and generating added costs for developers from the associated uncertainties. Section 106 has required that affordable housing be built into developments, rather than isolating larger numbers of affordable houses. This raises the tension between providing a

greater number of affordable houses in a mono-tenure way, and achieving mixed communities. This inclusionary zoning approach was a response to exclusionary tactics that kept people on low incomes out of some areas, but it might not address the broader barriers in the planning system to more diverse housing (Gurran and Whitehead, 2011).

### **Recommendations and conclusions from overseas experience**

The justification for development contributions (DCs) are different in Australia and the UK. In Australia DCs pay for the infrastructure costs associated with a new development, whereas in the UK DCs are a way of capturing and sharing with the public some of the 'unearned windfall' that comes from development permission (Gurran and Whitehead, 2011, p. 1197). Because in the UK every development must obtain planning permission, the value uplift on property occurs at the point of planning permission being issued, which differs from zoning based systems where the value uplift occurs with zoning and land designation where development rights are implied by land zoning in statutory plans. This weakens the case for securing contributions like affordable housing (Gurran and Whitehead, 2011).

Main conclusions from Gurran and Whitehead are the importance of aligning housing policy and planning to consider affordable housing, and that the intermediate housing models that require less government resources are more politically acceptable than social rental housing, and are becoming prominent (Gurran and Whitehead, 2011, p. 1210). In Australia the interest in using planning for affordable housing has coincided with a growing affordable housing development industry, but Gurran and Whitehead suggest that use of the planning system will need to become more widespread before a real dent is made in addressing affordable housing shortages, which would require changes to legislation to allow affordable housing requirements to be put on developments. Political will is seen to be lacking in Australia where it is present in the UK, leading to an emphasis on market solutions to housing issues (Gurran and Whitehead, 2011, p. 1211).

Gurran (2003) refers to research from 1991 and the conclusions made then that most local governments were 'inactive and resistant to innovation, responding to conservative public attitudes rather than attempting to influence community opinions' (Gurra, 2003, p. 398). A wide range of tools were used by the local governments and states that were active in housing, but it seems from Gurran's conclusions that coordination between levels of government and the existence of a housing strategy or a strategic framework around local government housing activities were particularly important for local government to have an active role in housing objectives. Participants in Gurran's research saw housing strategies as important for raising housing issues within and outside of councils, to establish a rationale for local government housing activities, and for coordinating relevant agencies (Gurran, 2003, p. 405).

## **2.5 Conclusion**

The role of the state, at central and local government levels, has evolved in New Zealand, and presents a framework for government action and responses to defined problems. The role of the state, problem definition, and possible solutions are interrelated, and it is these aspects of the housing affordability problem that this research sought to understand. With the questions raised by the existing literature of New Zealand's current central and local response to housing affordability problems, I narrowed my focus for this dissertation to the local response from Christchurch City Council to housing affordability problems exacerbated by the 2010/2011 Canterbury earthquakes.

## Chapter 3

### Research methods

The overall aim of this research was to understand the role of the state, through studying the policy and planning response from local government to housing affordability issues.

#### 3.1 Research objectives

Depending on the state, both local and central government may have a role in housing. An objective of this research was to understand the role of local government, by looking at a local response to housing affordability.

Research question 1: what is the role of local government in the issue of housing affordability?

Just as there are differing views on the role of the state, there are differing views of what problems housing policy should address and how it should do this. An objective of this research is to address the question of how the housing affordability problem has been defined, and which policy and planning actions are seen as possible.

Research question 2: how has the affordability problem been defined and what tools of the state are used to respond to the problem?

Planning is an activity carried out locally and nationally. Housing affordability is considered an important issue in some cities and regions, and due to the highly specific nature of the issue, a specific locality is being used to explore the role of the state through the lens of housing affordability as a policy and planning problem.

Research question 3: how has the CCC responded to local housing affordability issues?

Both central government and local government having an influence on housing raises the question of the interaction between centrally and locally conducted policy and planning. An objective of this research is to understand interactions between levels of government over an issue that could be seen as being both nationally and locally significant.

Research question 4: how does local government interact with the influences of central government and other sectors engaged in housing issues?

### **3.2 Methodology**

While quantitative methods can produce data in numbers or statistical form, qualitative methods can provide explanations of facts and the relationships seen between variables (Flick, 2006). Qualitative research methods can be used to produce empirical studies with 'locally, temporally and situationally limited narratives' studied as local practices and knowledge, from which theories are developed (Flick, 2006, p. 12). Because this research is concerned with an explanation of the role of the state, local government and planning and policy and how they interact around the issue of housing affordability, qualitative methods are appropriate to investigate the relationship between those groups of actors and their actions.

The quantitative research process can be designed as a linear research process, using existing literature to form a hypothesis that is tested against empirical objects of research, where observed conditions are broken down into distinct variables. An alternative is the grounded theory approach, which prioritises the conditions being studied, and theories are formed by working with data found in the field. The theoretical framework for the study is not developed until the issues under study are observed, relying on the interpretation of data. Complexity is increased by including the context around the subject (Flick, 2006). This has been the approach used in this research, by continually moving between what was observed and bodies of existing knowledge and theory.

Research methods can reflect particular epistemological assumptions associated with qualitative approaches to studying society (Travers, 2001). In this research I have sought to understand local government actions through council officers' understanding of CCC actions, and have taken an interpretive approach. There is a distinction made between positivist and interpretive approaches; positivists align themselves with natural sciences and assert that only observable phenomena can count as knowledge, whereas interpretivists emphasise the 'dynamic, constructed and evolving nature of social reality' (Devine & Heath, 1999 in Travers, 2001, p. 8). Interpretivists seek to understand 'how people understand their own actions', whereas positivists might try to understand and explain the causes of people's actions (Travers, 2001, p. 8). Travers notes that interpretivists could be seen as 'unashamedly descriptive', taking people's accounts at 'face value' or contrasting different accounts, rather than seeing their accounts as 'incomplete or deficient' as a realist might (Travers, 2001, p. 11).

### **3.3 Christchurch City Council's response as a case study**

The response of the CCC to housing affordability issues has been used as a case study in this research to understand the role of local government and the state in relation to housing affordability issues. Christchurch was chosen as the location for study because of the housing affordability issues experienced since the 2010/11 earthquakes, and for the city council's previously active role in housing. The contemporary response to housing issues was seen as a way to understand the current role of the state.

Flyvbjerg argues that the use of case studies in social science is valid and important, though it comes under criticism from those preferring to emphasise the importance of generalisation. Flyvbjerg (2001) sees generalisation as one of a range of research skills, and one which knowledge gained from a detailed case study can legitimately inform. The closeness of case studies to their real-life object of study in all its rich detail is important for developing a 'nuanced view of reality' and of human behaviour as not simply governed by rules, and to allow feedback between the researcher and those who are being studied (Flyvbjerg, 2001, p. 72). The case study can hone in on lived experiences and situations to test the views that are held by a researcher in relation to the phenomena under study. Case material can force researchers to revise their hypotheses, and it is 'falsification and not verification which characterises the case study' (Flyvbjerg, 2001, p. 82). Case studies could counter the verification bias that human understanding is thought to have (Flyvbjerg, 2001).

The choice of case study is important and will depend on the issue under study and its context. Flyvbjerg (2001) explains four types of cases that are chosen to maximise the usefulness of a small number of case studies: extreme cases that illustrate something in a dramatic way; maximum variation cases that differ; critical cases that have strategic importance; and paradigmatic cases that 'highlight more general characteristics of the societies in question' (Flyvbjerg, 2001, p. 80). The use of CCC in the current post-earthquake context could be seen as an extreme case where housing issues have been dramatic, but also as a case that highlights the role of the state in a more general sense.

### **3.4 Research methods**

To address each question, a combination of research methods was used including a literature review, secondary data, and interviews to gather primary data.

#### **3.4.1 Literature review**

I have used existing research and literature in the areas of planning, housing policy, local government, and political science to define the overall aim of the research, form research objectives, identify research questions, and to survey existing knowledge of the role of the state in housing

affordability. Chapter 2 has outlined important concepts from theory of the state, local government, housing policy and planning. These high level views of the state and policy influenced the overall aim of this research. More specific research objectives have been identified to help address that aim. The existing research and literature will then be used to interpret and understand what has been seen in the CCC's response in the discussion in Chapter 7.

Flyvbjerg (2001) suggests that in fact a predictive theory cannot exist in social science; what social science can offer is 'concrete, context-dependent knowledge' to which the case study is well suited (Flyvbjerg, 2001, p. 72). I am not using theory or literature to hypothesise or prove a theory.

Campbell and Fainstein (2003) describe planning theory as running alongside planning practice, prescribing what should be done, or reflecting something once it has occurred. A gap between theory and practice may reflect the discrepancies between what planning theorists and literature suggest as an ideal and what planners in a certain context can realistically contribute to that ideal (Campbell and Fainstein, 2003). This research will use the case of the CCC response to housing affordability issues to reflect on existing knowledge.

### **3.4.2 Further use of existing research and literature**

To address the second research question, how the housing affordability problem has been defined and what policy and planning tools are available to local government, it is necessary to understand what is currently possible in local policy and planning in New Zealand. To gather this information I have used secondary data and existing research to understand what tools have been available in the past, and what tools are available now.

### **3.4.3 Planning documents and council records**

To address research questions three and four, I have used the planning documents produced by the CCC and others to view the official position taken by council. The planning documents used in this research recognised housing affordability as an issue or stated addressing it as an objective. Those mentions of housing affordability and the actions identified to address it provided a specific initiative to look at to make some observations about the nature of the CCC response to housing affordability issues. These documents often presented a final decision or approach taken, but not the context or explanation behind the decisions or actions. A further source of secondary data has been the agenda and minutes from meetings of council and council committees, particularly the Housing Committee which became the Communities, Housing and Economic Development Committee. These sources provided more discussion around the decisions and actions of council. Documents used in research should be seen as a 'means for communication' or a version of reality produced for a purpose (Flick,

2006, p. 248). Rather than viewing documents as 'information containers' they should be seen 'as a way of contextualising information' (Flick, 2006, p. 249).

#### **3.4.4 Interviews**

In addition to council meeting minutes and actual planning documents, interviews gave a further explanation of why an approach was taken, and provided primary data. Some similar questions were asked of interviewees, but the interviews differed according to each participant's expertise.

Interviews were semi-structured and began with a list of questions that were supplemented by extra questions during the interview. Semi-structured interviews were appropriate for this research to gather the viewpoints of interviewees which are 'more likely to be expressed in an openly designed interview situation than in a standardised interview or questionnaire' (Flick, 2006, p. 149).

Interviewees have a 'complex stock of knowledge about the topic under study', referred to as a 'subjective theory' (Flick, 2006, p. 155), which a semi-structured interview can help to draw out. The interviews conducted for this research began with open questions, followed by questions regarding particular CCC initiatives, and later included questions driven by existing research. These more focused questions were a way to test the assumptions in literature against the subject matter, which interviewees may 'take up or refuse according to whether they correspond to their subjective theories or not' (Flick, 2006, p. 157).

I recorded eight out of a total of ten interviews, which were then transcribed and sent back to interviewees to confirm the use of their quotes. For the interviews that were not recorded, notes were taken during the interview. Some interviews did not lead to the direct use of quotes in this dissertation, but helped to inform my understanding of the CCC response to housing affordability.

Interviewees completed consent forms which explained the research and provided options for how they were to be recognised in the final report and how their quotes would be attributed. This form has been included in this dissertation as Appendix A. Interviews were conducted in meeting rooms or at the offices of the interviewees.

#### **Interviewees**

I used one initial contact to find the first two interviewees. Five council officers from different parts of the council were interviewed to gain an understanding of how and why each tool that referred to housing affordability was employed. Council officers allowed themselves to be identified as being from council, but not by name or job title. Towards the end of the research I conducted a follow up interview with the first interviewee. Two city councillors were also interviewed. Outside of council, one developer interested in affordable housing provision was interviewed, as was one academic from Lincoln University, and a director of a community housing organisation. I believe the range of council

officers was sufficient to be indicative of the council's response to housing affordability, while the developer and the community housing perspective helped to reflect on that response and the interaction with other sectors. Interviewees are identified, or not identified, according to their preference. Some interviewees requested to remain anonymous for the use of some quotes. The interviewees quoted in this dissertation are as follows:

Council officer 1

Council officer 2

Council officer 3

Cr Andrew Turner, Councillor representing Banks Peninsula ward, Chair of the communities, housing and economic development committee

Scott Figenshow, Director of Community Housing Aotearoa, former Senior Policy Analyst in Strategic Planning at Queenstown Lakes District Council

Simon Mortlock, Director of Danne Mora Holdings Ltd – the developer for 'Meadowlands' the north Halswell exemplar housing development

### **Interpreting qualitative data from interviews**

Primary and secondary data provided a large quantity of information, raising the question of what to include and exclude from the dissertation, and how to ensure a limited loss of authenticity from the interview data that is 'justifiable through an acceptable degree of neglect of certain aspects' (Flick, 2006, p. 108). 'Systematic triangulation of perspectives' can help here. Triangulation refers to combining methods and theoretical perspectives when considering a phenomenon. Data triangulation refers to the use of data from different people, and theory triangulation refers to the use of multiple perspectives when approaching data. The concept started as a way to validate results, and is now seen as a sound 'strategy of theory construction', and perhaps not so much for validating results but as an 'alternative to validation which increases scope, depth, and consistency in methodological proceedings' (Flick, 2006, p. 390). During this research, literature was considered alongside the primary and secondary data. To reach the main points made through this dissertation I moved between the primary data, secondary data and the literature a number of times. Software was not used to analyse the interviews, but interviews were used to identify the main approaches of the CCC to housing affordability, and interviews were then also used to understand and represent perspectives on these approaches.

### **3.5 Ethics in research**

While no formal ethics approval was required while interviewing people in their professional capacity, ethical considerations were still central to interactions with interviewees and the use of primary data. It is important that the people who gave their views are represented accurately and recognised as best suits them.

Consent forms were used to explain the research project and give the interviewees options for how their comments could be included in this dissertation and their required level of anonymity.

Permission was sought to record interviews, and participation in this research was voluntary.



agricultural settlement of carefully selected Anglican families, with a cathedral and college at the heart of its future capital city' (Rice, 2008, p. 13). In 1851 with many new arrivals spreading into the Canterbury Plains for farming, it seemed the original plan of a compact settlement would not work. The character of the dense city centre, with its neo-gothic architecture, did not extend further out into the developing suburbs; these would be laid out in a grid with wide streets and detached bungalows. Christchurch's 'Englishness' has been said to be a 'feat of imagination' and in fact the city is more recognisable as a 'New World town' (Falconer, 2015, p. 268).

From the early 1850s, some people in Christchurch chose to live on rural sections, and by 1870, there were almost as many living in the rural precursors to suburbs as there were in the inner city. St Albans, Papanui, Merivale and Upper Riccarton were early cases of this in the 1850s and 1860s, with Fendalton being slower to develop. Avonside and Linwood developed to the East, but Opawa, St Martins and Beckenham were rural until the 1900s. Sydenham, the 'railway town', was the first borough beyond the inner city, with a population half the size of Christchurch city, and with a population larger than all the other suburbs' populations combined (Rice, 2008, p. 41). The expansion of the steam-tram network encouraged growth in more distant suburbs like Spreydon, Beckenham, Sumner and New Brighton in the 1880s-90s (Rice, 2008, p. 59). In the 1920s, most houses were on large sections, with flower gardens, lawns and vegetable gardens. Households largely fed themselves from their own gardens during the Depression years of the 1930s; indeed 'gardening for them was a serious necessity' (Rice, 2008, p. 86), and hence so was the land their houses sat on.

The 1960s saw new housing, more cars and buses, and new suburbs as the city expanded further, particularly in the north-west of the city (Rice, 2008, p. 126). More of the farmland in the north-west and north-east of the city was built over in the 1950s and 60s. New Brighton became joined to the city by buildings, and Hornby and Halswell became 'satellite dormitory suburbs', which were at the time under the authority of Papanui and Waimairi Counties and Riccarton Borough, outside the Christchurch City Council's boundary (Rice, 2008, p. 131). In the 1990s the Port Hills became desirable property; Cashmere, Huntsbury, Mt Pleasant, St Andrews Hill, and land above Sumner were in-filled, while Westmorland was an entirely new development. Most suburban expansion however, took place on the flat land, where farmland was subdivided into Westlake, Broomfield, Hyde Park, Casebrook, Burwood and Parklands. Those who could afford a rural setting moved further outside the city (Rice, 2008, p. 159). Christchurch's population was estimated at 365,700 in 2007, with record numbers of immigration, and an average population increase of 3,000 per year. The increasing population put pressure on the existing housing stock, creating opportunities for developers to gain from new subdivisions and inner city redevelopment, so building activity in the 2000s was described as 'frenetic', or fast-moving in an uncontrolled way (Rice, 2008, p. 165). Tradespeople were in demand, and new suburbs arose on Styx Mill Road and Northwood, and further afield in Pegasus

(Rice, 2008). At the same time apartment towers were built to the north of Hagley Park and at Victoria Square, and flats and townhouses were also built in suburbs like St Albans and Linwood, where they replaced old villas (Rice, 2008). The nature of Christchurch as a low-density suburban city, where single houses on single lots have continued to expand out from the city centre, provides context for the housing market in Christchurch.

### **4.3 The 2010/2011 Canterbury Earthquake Series**

The 2010/2011 Canterbury earthquake series began with a magnitude 7.1 earthquake near Darfield on 4 September 2010, with many more quakes and aftershocks over the following months, including the magnitude 6.3 earthquake on 22 February 2011 (Goodyear, 2014). As a result thousands of dwellings and buildings became unsafe and were demolished (Wilson, 2014), and significant population shifts occurred within, to and from greater Christchurch. The earthquakes are a significant part of the Christchurch context for both local and central government as well as housing in Christchurch.

## Chapter 5

### The problem with housing affordability

This chapter will address the research question of how the housing affordability problem has been defined and which policy and planning option are seen as possible.

The problem of housing affordability has been constructed in different ways that suggest different responses to increase housing affordability. Problem definition, the identification of solutions and the assignment of responsibility for carrying out those solutions is central to understanding the role of the state in housing. As one respondent observed, the way we define the problem of affordable housing influences what players have a role in addressing the problem and what tools we see as available to address it:

*Housing is framed as a market good. ... You tend to get locked into market solutions, so you end up sort of tinkering as it were with policy settings to enable the market to do its thing [with] faith in the market that it will deliver. So in effect bodies like council end up being cheerleaders on the sideline for the market without really recognising how the market is incentivised or what it wants to do ... But in my opinion if you frame the issue of housing as a public good or in terms of community or social infrastructure ... I think then you start to see that a range of players have valid and active roles to play in it, so not just the private sector but the public sector, central government, local government and the community sector (Council Officer 2)*

This respondent also observed that problem definition influences the tools that might be used, like inclusionary zoning where a proportion of affordable housing can be required:

*If you frame the problem as housing as a vital public good or community good, for the overall healthy functioning of society, good health and education outcomes and so on, then that might lead you on to things like having affordable housing as a matter of importance or planning matter in the RMA so it has to be taken into account when you get plan changes or up-zoning or something like that. ... Usually it takes the form of providing a percentage of affordable housing, in cash or kind, so this is relatively common in other parts of the world, South Australia for example (Council Officer 2)*

This chapter surveys problem definition expressed in secondary and primary data, which reinforces the view that housing affordability is an outcome of the interactions of many factors. In contrast, the national level response from central government has taken a narrow view of the possible solutions. The metric used to assess this problem is also debateable, although one metric from Demographia

International has been included in legislation. The complexities of the issue of housing affordability are arguably being suppressed by some actors but are also being grappled with by others.

## **5.1 Housing affordability as the outcome of complex relationships**

The majority of both secondary and primary data gathered during this research has reinforced the view, common to literature on housing affordability, that this is a complex and multifaceted problem for which there is not just one solution:

*It is complicated, there are a lot of different elements, you can't just say this one thing, like more supply in Auckland, will solve it (Council Officer 1)*

A developer trying to deliver affordable housing said that this was a challenging undertaking. The parties involved in the steps along the housing supply chain work with different motivations, there are costs at each step, and there is added complexity when trying to influence the next step to achieve more affordable housing:

*It's a very complex subject. It's delivering the right product with the right methodology, the right build, the right consenting process, with the right financial commercial terms, with the right design. You've got to get all your ducks in a row (Simon Mortlock).*

### **5.1.1 Central government's focus**

While the NZPC housing affordability report emphasised the negative impact that local government regulations have on housing affordability, the report was selective in its identification of targets for addressing housing affordability. Likewise, the response of central government to the report was selective in its identification of the problem and solutions. Central government's response to the NZPC report included four key aims: increasing land supply; reducing costs and delays of the RMA process and of infrastructure provisions; and making the construction sector more productive. Local government decisions were seen as having wide-reaching effects, so local authorities are expected to share a commitment to improving housing affordability (English, 29/10/2012). Central government appears to have taken a narrow view of the housing affordability problem and the tools that can be used to address it, with a focus on local government responsibilities under the RMA. They also do not account for differences in housing affordability across the country, which poses some difficulty for a national response.

The focus on making more land available for residential development was also questioned by one respondent:

*Everyone says government should be more involved, and Minister Smith has said it's all about land supply, but Christchurch has proven that it's not, and you can supply as much land as you like but it's not the problem, it's more*

*about how funding works and housing as a form of investment. There's more of a need to perhaps use capital gains taxes to take the sting out of speculation but also to use incentives (rates or development contributions) to guide the nature of supply - i.e. building market confidence to develop a mix of housing types and sizes... (Anonymous)*

One respondent's view on using a multitude of different available tools was that,

*There's no reason why you wouldn't want to use all the tools at your disposal to address this quite complicated problem. If you're going to use all the tools at your disposal, you would create incentives so that some of the supply of the new housing was affordable; you would have financing that enabled people in particular circumstances to access housing; you would want to look at connections between housing location and transport and access to employment; you would want to look at when there is public investment, how is that public investment retained, recycled and redeployed from one generation to another (Scott Figenshow)*

A respondent emphasised that if multiple tools are being used, then 'how they work and how they work together becomes really important', and a district plan, for instance, 'would only ever be one of the tools':

*If you're trying to solve a very complicated problem like housing affordability, if there's a choice of 15 tools available to you, but you only want to find one that's going to solve it, well that's part of the problem we've got, when actually each of these things does a wee bit and you're actually only going to address the problem by turning a whole lot of tools on and making sure that they work very well with each other (Anonymous)*

## **5.2 Contested definitions of 'housing affordability'**

The disagreement between different perspectives on definitions of housing affordability problems – and their implied solutions – was reflected throughout the interviews conducted for this research. The measure proposed by the Demographia survey was also suggested to be insufficient by one respondent, who also would have liked to see the concept include people earning up to 120% of the median income to better recognise people struggling to find affordable rentals and homes to own:

*I think we need to get away from the multiple median concept that Demographia and some others talk about because that's a simplistic measurement that's just so bound up with a simplistic solution i.e. just free up the land, more sprawl ... So it gets debated and discussed a lot but inevitably you usually end up at the usual point where a household should not spend more than 30% of their income ... sometimes it's talked about in terms of households up to the 40<sup>th</sup> percentile of household income paying no more than 30%, so in other words the bottom two quintiles of household income (Council Officer 2)*

There appears to be ongoing consideration of what 'housing affordability' means, and who should be considered as facing housing affordability issues. The '30/40 rule' was used by another respondent,

though the challenge in saying what is and is not affordable, and the rough nature of the measure was seen as a problem:

*It's hard to say what's affordable and what's not, I do stick to the 'it's affordable if the lower 40% of income earners spend no more than 30% of their income'; it's very, very rough obviously (Council Officer 1)*

The CCC Housing Activity Management Plan (HAMP), which provides detail of the council activity of housing as included in the Long Term Plan (LTP), defines affordable housing as,

*Secure accommodation for the wider population whose measurement is linked to the household's ability to meet their housing costs, while leaving sufficient income to maintain an acceptable standard of living. The Royal Commission on Social Policy adopted a rental affordability threshold based on rents being in the range of 25% to 30% of gross income. A similar assessment of home ownership affordability is used by finance institutions when calculating mortgage repayments (CCC, 17/11/2014, p. 2)*

Social housing is distinct, and is defined as,

*Not-for-profit housing programmes that are supported but not necessarily delivered by [central or local] government to help low and modest income households and other disadvantaged groups to access appropriate, secure and affordable housing [i.e. within their means]. Social Housing has also been used to describe situations where the market had been unable to provide housing for those on very low incomes and/or those experiencing other barriers. In this sense, the term is quite different from affordable housing, although the two can be confused and used interchangeably (CCC, 17/11/2014, p. 2)*

From these definitions it appears affordable housing concerns the ability to pay for housing and refers to a threshold of 25-30% of gross income to be considered 'affordable'. While social housing is said to be confused with affordable housing, it differs in explicit reference to disadvantaged groups, supported housing, being not-for-profit, and the market failing to provide for some sectors of society.

While the Land Use Recovery Plan (LURP) contains mechanisms to deliver more affordable housing, it also acknowledges the lack of a nationally agreed definition of affordable housing, while using the term frequently and requiring affordable housing to be a consideration for the medium density exemplar housing projects required to be developed under its Action 8 (CERA, 12/2013).

### **5.3 Uneven impact of the 2010/11 Canterbury earthquakes on housing**

As Thorns (2009) emphasised, housing affordability is a problem for only some. People and places are affected differently over time, and disaggregating population and housing data enables effects to be seen on different cohorts and income bands.

In an analysis of the 2013 census data, one of Goodyear's main conclusions was that while 'housing issues have increased as a result of the earthquakes ... the effects have been smaller than anticipated' (Goodyear, 2014, p. 10). Overall, the impacts as assessed by Goodyear were a decline in occupied private dwellings, a small increase in household crowding (from 3.2% to 3.3% of households), and a larger increase in the number of people living in 'other private dwellings', such as motor camps (Goodyear, 2014, p. 10). The effects are more dramatic for some people and in particular areas, for example between 2006 and 2013 the proportion of households that were crowded in Aranui increased from 20.9% to 26.1%, and the number of boarding houses in Christchurch city reduced from 24 to 15 (yet the number of people accommodated has risen from 207 to 297 people) (Goodyear, 2014). Prior to the earthquakes there were around 179,000 houses in the greater Christchurch area, with 150,000 in Christchurch City. By the end of 2011, 8000 houses in greater Christchurch had been 'red-zoned' and 4200 were uninhabitable, the majority of which were in Christchurch city, creating a 6.2% drop in greater Christchurch's housing stock. Much of this loss occurred in the eastern suburbs where houses were more affordable. The sudden removal of houses from the total housing stock created pressure for renters and displaced owner-occupiers. Low-income renters were most affected, and struggled to compete with rebuild workers and displaced residents for the increasingly expensive rental properties (CCC, 17/11/2014). Research into post-disaster housing issues shows them worsening particularly for low-income households (Goodyear, 2014).

### **5.3.1 Social housing**

In a 2007 survey of New Zealand councils' housing activities CCC was seen as having an 'active and innovative' approach to housing, having provided housing for the elderly and choosing to retain its stock when other councils were selling theirs (Saville-Smith et al., 2007, p. 19). In 2007, CCC had a Housing Strategy, partnerships with a housing trust and Housing New Zealand Corporation (HNZC), reduced rents for community organisations, and was buying blocks of land in future high demand areas (Saville-Smith et al., 2007).

Before September 2010, the Council's housing portfolio held 2,649 units, which was reduced to 2,215 in 2015 due to earthquake damage and red zoning (CCC, 17/11/2014). Housing New Zealand Corporation (HNZC) units were also affected and social housing overall (provided by HNZC, CCC and non-government providers) lost 1000 out of around 9000 units (CCC, 17/11/2014). In December 2012, CCC held 2,210 units and HNZC held 5,441 units, after a decline of 439 and 330 units respectively. 97% of HNZC housing sustained some form of damage (Goodyear, 2014). In April 2015, the Council's housing was close to completely occupied, with over 350 people on the waiting list (Robinson & Cairns, 01/04/2015). In August 2015 there were 2,279 council units open (CCC,

08/10/2015). Goodyear concludes that the decline in social housing has reduced the capacity to house low-income people, particularly in the city, and that 'pre-earthquake inequalities in housing situations have persisted' (Goodyear, 2014, p. 10).

As apparent in the bar graphs below, the number of social housing applicants on waiting lists has fluctuated within the years since the earthquakes, and has been generally higher than the approximate 200 applications on waiting lists seen in 2007. Waiting lists appear to be reducing since January 2015.

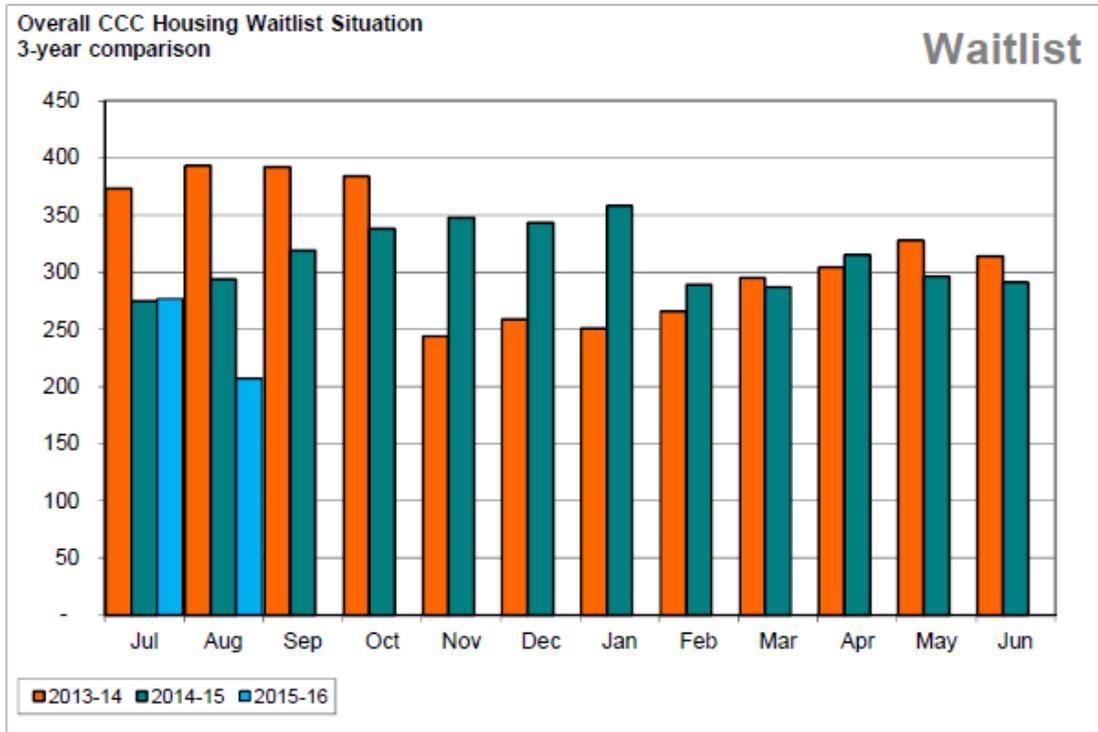
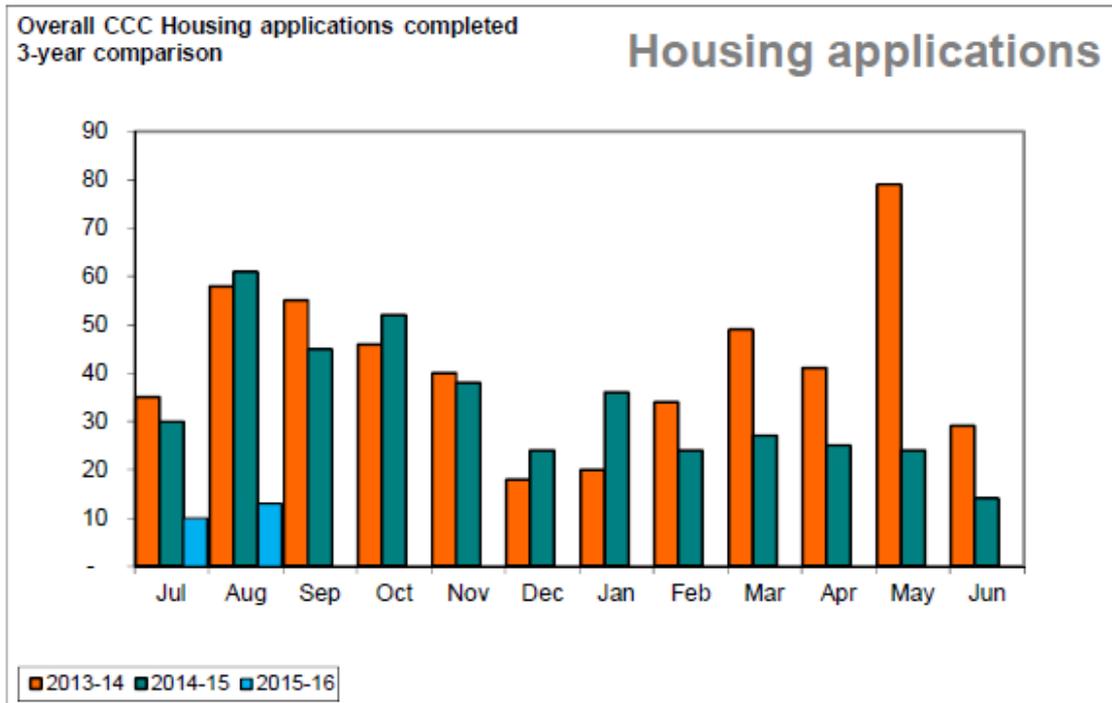


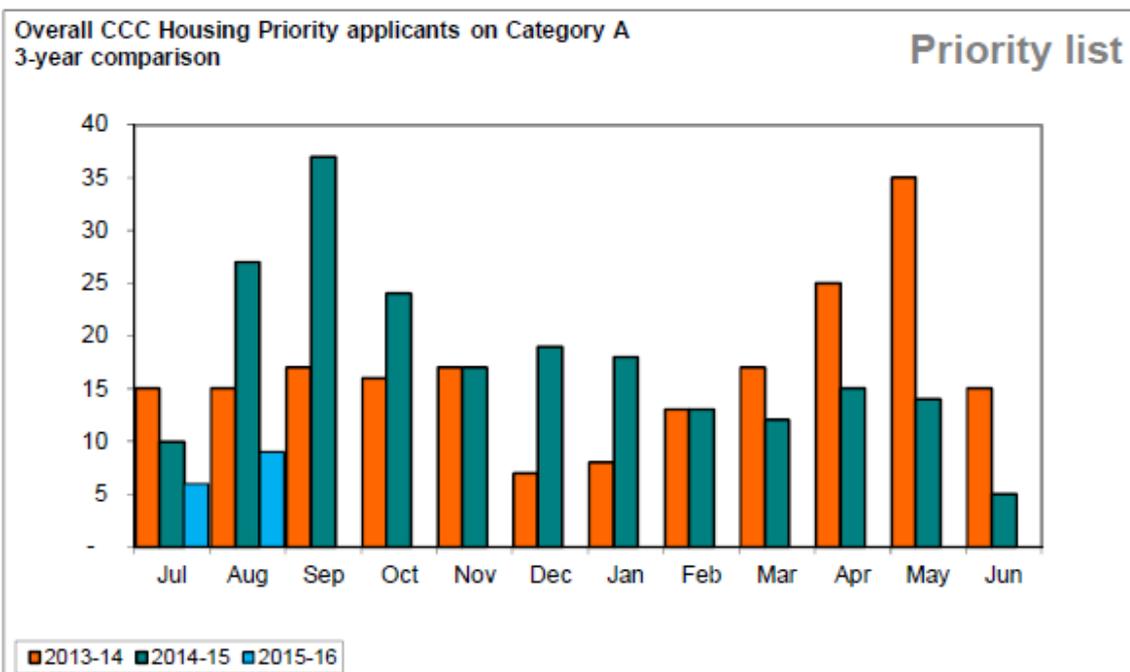
Figure 2 Three year CCC Housing waitlist comparison (CCC, 08/10/2015 p. 214)

Similarly, applications for social housing have risen and fallen within the last three years, but appear to have reduced from January 2015 onwards.



**Figure 3 Three year CCC Housing applications comparison (CCC, 08/10/2015 p. 215)**

The number of applicants assessed as being in urgent and immediate need also seem to be reducing since January 2015. However considering the peaks in May and September 2014, the numbers for July and August 2015 seem low but they were at similar levels in December 2013 and January 2014 before rising again.



## 5.4 Housing costs in relation to incomes

A report from the Ministry of Business Innovation and Employment on housing pressures in Christchurch suggested housing affordability had decreased, and more people were living in insecure housing. It also showed that house prices and median rents had risen faster than New Zealand's overall increase in prices, but this alone did not indicate a decline in affordability, which depends on incomes (Goodyear, 2014). While median weekly rents rose faster than anywhere else in New Zealand between 2006 and 2013, in relation to median income they 'remained largely unchanged' over the same period. The median rents cost around one-quarter of median income, and median household incomes in greater Christchurch rose over this period (by 14.4%, while nationally they rose 4.1%). The number of households in the lowest income quintile fell by 17%, but this may have been due to the higher likelihood of low-income families to leave Christchurch after the earthquakes, or perhaps new employment opportunities after the earthquakes. Despite these figures and the appearance of rising incomes, around half the households in the lowest income quintile still spent over 49% of their income on rent. It would be consistent with overseas experience that low income households are particularly affected, which also suggests their recovery will lag behind their wealthier neighbours (Goodyear, 2014). Income to housing cost ratios appear unchanged overall, but low-income households are 'experiencing considerable rental affordability issues', which they appear to have dealt with by sharing accommodation, crowding and living in inadequate dwellings for their reasonable needs (Goodyear, 2014, p. 73).

All types and tenures of housing were affected by the earthquakes, but particularly affected were those in more affordable housing in the east of Christchurch. While respondents noted that supply is currently catching up to demand in the middle- to high-end of the housing market, there may still be a shortage of affordable rentals and second-hand houses to buy:

*There's a lot of talk about how the market will be able to recover and it may well recover as a whole perhaps in terms of overall supply but it's the question of supply of affordable houses that's the issue (Council Officer 2)*

*We won't have a house price affordability issue soon, it'll just plateau because aggregate supply will meet aggregate demand but ... I think we'll still have a gap with affordable rental because the rents have hit a new normal ... and also the houses that were affordable pre-earthquake were mostly in the east and we have physically lost those houses - they're not there anymore, and they were affordable because they were seen as being in a less desirable location. Many of them were older so they'd trickled down through the market over the decades. For example we had 250 beds in boarding houses in the inner city. ... They're all gone, they're not being replaced, because we don't have institutional investors who are building*

*new ... so the affordability issues I think are mostly around having affordable rental (Council Officer 1)*

## **5.5 Conclusion**

There are many factors that combine to produce the outcomes of affordable or unaffordable housing, and depending on the problem definition for housing affordability issues these factors may be targeted or ignored by central or local government responses. Declining housing affordability is an issue for some people and some places, and while Christchurch's housing stock was affected by the earthquakes there were areas and sectors of society worse affected than others.

## Chapter 6

### The Christchurch City Council's response to housing affordability

This chapter will address the research questions of the role of local government in housing affordability issues, how the CCC has responded to the issue, and how local government has interacted with central government and other sectors.

In 1921 the local council of Christchurch became the first local authority to respond to housing shortages by direct provision of homes for the elderly, beneficiaries and people in hardship. Supported by loans from the State Advances Department, the council built houses on council-owned land, and purchased existing dwellings (CCC, 23/05/2012). This provision grew over the 1970s and '80s, encouraged by low interest loans for the purpose of social housing, and though this funding source ceased in the 1990s, the Council continued its role in housing – a role which has been comparatively large; they are the second largest social housing provider in New Zealand after the HNZA (CCC, n.d.). Central government housing policy has a strong influence on local government's response to housing affordability, but CCC policy and planning does not always follow the central government approach to housing.

#### 6.1 Central government policies for affordable housing

The HASHAA and AHETA Acts were notably different approaches to housing; the former establishing individual agreements between central and local government, and the later enabling a set of tools – including local housing policies - for local government use. One respondent reflected on the difference between the two approaches, after the AHETA being repealed:

*I just find it ironic that then they've come in with special housing area legislation, which wasn't nearly as robust as what that AHETA act allowed for, so they've been signing up these accords that have no consistency around how they deal with affordability at all (Anonymous)*

Interestingly, the CCC is in the process of developing a high level council policy on housing with an emphasis on social and affordable housing. The council has tried to take a collaborative approach in developing the policy and has held workshops with the community and private sectors to establish a common framing of the local housing issues to develop a policy that has principles and goals:

*I think the advantage in what we're trying to push for here is a high level policy that then translates directly down to implementation plans, so not having to do a strategy just for the sake of it (Council Officer 2)*

Other current policy from central government provides subsidies for rental homes, grants to first-home buyers and aims to shift the provision of social housing into the community sector. Prime Minister John Key and the National Government value home ownership ‘because it provides stability for families, strength for communities and security in retirement’ (National n.d.). The income-related rent subsidy (IRRS) that is available to tenants in HNZC housing has been extended to approved community housing providers, but not to local government social housing (National, 2014). One respondent also questioned this approach;

*It appears that it's just a measure of fiscal constraint by central government, but you're actually disadvantaging a whole segment of tenants. Why is someone who lives with a different landlord able to be better off than those who live with council just because they live with council? (Anonymous)*

## **6.2 An extraordinary post-quake governance setting**

The governance and planning in greater Christchurch after the earthquakes has been extra-ordinary in terms of leadership, central government and public involvement, and tools used to guide development and activities. The Canterbury earthquakes have led to a situation where central government is involved in the local recovery and the planning and policy that intersects with aspects of recovery. A significant part of the recovery is replacing housing stock and accommodating the shifts in population across the City. The issue of housing affordability is being addressed within this extraordinary context.

Central government's earthquake response changed local governance. The Canterbury Earthquake Recovery Authority (CERA) was created to lead, partner with communities and coordinate the ongoing recovery (CERA n.d.(a)). Under s 11 of the Canterbury Earthquake Recovery (CER) Act 2011, the chief executive of CERA was given powers to develop a recovery strategy, to then be considered by the earthquake Minister. The Recovery Strategy was the ‘key reference document’ to guide and coordinate work under the CER Act, like the Recovery Plans which dealt with matters directed by the Minister (CER Act, s 16(2)). The Central City Recovery Plan was to be led by the CCC (CER Act, s 17(1)) who developed a draft Central City Plan, but responsibility for this was taken by the Christchurch Central Development Unit, a business unit established within CERA in April 2012 (Brownlee, 18/04/2012). In doing so, central government removed a significant planning responsibility from the Council.

The regional council, Environment Canterbury, working with district councils, CERA, the New Zealand Transport Agency, and Ngai Tahu, was tasked with developing the Land Use Recovery Plan (LURP) – a statutory document arising from the unsuitability of the available planning instruments to deal with earthquake effects, that included 50 actions to be undertaken and directed changes to be made to

district plans and the Canterbury Regional Policy Statement. The LURP measures were to create opportunities for rebuilding, providing for 40,000 new dwellings in greater Christchurch through new greenfield land and intensification of existing urban areas (CERA, 12/2013).

The process of deciding on the proposed Replacement Christchurch District Plan (pRCDP), to replace the Christchurch City Plan, is being conducted through an accelerated process. The Canterbury Earthquake (Christchurch Replacement District Plan) Order 2014 was an Order in Council which directed the CCC to prepare a replacement plan and enabled an Independent Hearings Panel (IHP) – appointed by the earthquake and Environment Ministers, who also set the Terms of Reference for the IHP – to make decisions on the proposed plan by 9 March 2016. These directions from central government have an impact on local policy and planning through the truncated process for the pRCDP:

*We need to bear in mind that ... this isn't a business as usual scenario with regards to putting the Plan together. Yes, Council have put forward a draft but the ultimate decision makers on this are the Independent Hearing Panel and the Minister, and we've got this statement of expectations which is a ministerial document, which everything has got to align to. For all this is council's district plan, it's kind of Council's replacement district plan in name only ... in as much as so much of what's in it is driven by the statement of expectations which is a ministerial document (Cr Andrew Turner)*

The pRCDP also has some drivers from higher statutory documents - the Regional Policy Statement, the LURP, and the Recovery Strategy – which have affected the approach the Council has taken to affordable housing.

*I think you need to take a look at some of the higher order legislation, particularly the CER Act. There are sections and subsections within that act that require the Council to give effect to or not be inconsistent with the LURP. So in terms of the pRCDP, it has had a very, very strong influence on where we've gone in terms of intensification and those LURP actions (Council Officer 3)*

### **6.3 Activities under the Local Government Act 2002**

The purpose of local government under the LGA is now to enable local democratic decision making, meet the community's needs for efficient, effective and appropriate infrastructure and local public services, and to perform regulatory functions (section 10). The role of a local authority is then to give effect to that purpose and perform duties assigned to it under the LGA (section 11). Core services in this role include network infrastructure, public transport services, waste collection, avoiding or mitigating natural hazards, and recreational facilities and community amenities (section 11A). To perform its role, a local authority can undertake any activity or business, subject to the LGA and for the benefit of the district (section 12), and must act in accordance with principles listed under section

14, including transparency, democratic accountability, efficiency and effectiveness, having regard to the views of all communities and future interests, sound business practices and assessment of returns on activities, and a sustainable development approach.

While these shifts in the role of local government specified by central government through legislation influence council's actions, CCC has found ways to retain housing as a council activity. Affordable and social housing is also not considered to be a part of Council's core business, but is still a significant concern and interest for the City:

*It's one of those things we're keen to get word out there that we're doing things positively in this space. Affordable housing is a concern, it's a huge concern, and yet it's not council's core business, but at the same time it's something that council has got a core interest in because it's for the good of the city ... and it means people can remain here and settle here, and finances can work and all of that sort of thing ... It's not our core business but it's something we're keen to address where we can (Cr Andrew Turner)*

Council's legal advice was that unless the Council has been expressly given the duty or right to undertake an activity, then it is necessary to consider if the activity fits within the scope of the purpose of local government under the LGA. Section 10(1)(b) states one of the purposes is to 'meet the current and future needs of communities for good-quality local infrastructure', and local authorities should give effect to that purpose, having particular regard to some core services, including 'community infrastructure'. However, because of the public nature of local or community infrastructure, legal advice to the Council was that 'public sector rental housing can be regarded as being "social infrastructure", a term that has been adopted by central government and which appears to be in more common usage', and which includes housing in the National Infrastructure Report 2013. The legal view was that 'whilst it is not totally certain, affordable and social housing fall within the definition of local infrastructure for the purposes of the LGA 2002' (CCC, 24/04/2014, p. 2). While the Council is constrained by its role as set out in the LGA, the legal advice has established a justification for Council to continue its activities in social housing, and taking on a new activity in the area of affordable housing. The need for legal advice on council activities and to justify it under the LGA reflects the influence of the Act on council, but also the creative approach being taken by CCC to justifying an activity that is not explicitly stated as the role of local government.

One respondent referred to another way of justifying Council involvement in housing. Their view was that there was no reason why they should not be involved:

*Particularly say if council turned its mind to consider it, so they had a discussion with the community and formulated some policy on it (Council Officer 2)*

Democratic representation of the local community can also justify an active role in housing.

Through the LTP and the HAMP, the CCC has articulated an expanding role in housing, beyond its role in social housing. The HAMP identifies three housing challenges facing the Council: supporting the housing market to recover; addressing the impact of the earthquakes on social housing; and addressing the long term financial sustainability of council's social housing. Prior to the earthquakes the council's role was in planning and consenting, while housing needs were met by other parties without council support. The council's role has been broadened from social housing to helping the private market to recover and meet housing need, in light of the impacts of the earthquakes and its entry into the Housing Accord on 11/09/2014 which committed the council to working with central government to address affordability (CCC, 17/11/2014):

*With strategy we need to start recognising council's role in a broader range of housing, so that includes affordable housing and home ownership in the strategy. So what we're doing is starting to up front, more explicitly recognise that we need to be taking an active interest in these areas (Council Officer 2)*

#### **6.4 Activities under the Resource Management Act 1991**

District Plans are prepared under the RMA, and the limits of what the pRCDP can include was explained by one respondent, although they did note that this has been stretched by other territorial authorities:

*There are certain parameters and boundaries of where the district plan can go ... the thing is, a District Plan effectively can't impose a rule that says you will sell at a certain price point, or that you will market cheap housing, though there are other jurisdictions, other territorial authorities that have had a go at it ... A plan sets parameters, basically, it sets bottom lines and it sets strategic directions and then markets themselves work within those parameters, within those strategic directions. To a degree it's a market directing tool, it supports and directs, but it's not a total command and control document (Council Officer 3)*

The idea of inclusionary zoning, requiring affordable housing in exchange for up-zoning land or granting resource consent, is not seen to fit well within the RMA framework. One respondent explained the Council had looked very hard at inclusionary zoning, but ultimately set it aside:

*Because of its very uncomfortable fit with the RMA ... Great, if our planning framework allowed for it basically. We have very different planning legislation from the UK where obviously inclusionary zoning is quite common ... we haven't gone that far in the pRCDP. Once again our approach is a supply approach. We're dealing with a sort of higher order of philosophy through national government of a pretty much free market approach as well ... a general drive away from regulation and towards market economics, in that sense we felt it was probably not the right time for an attempt at inclusionary zoning (Anonymous)*

Although as another respondent explained, inclusionary zoning is a tool they would continue to work on for possible future use:

*I think if we do a bit of work in the inclusionary zoning area then it can get us into a good position for plan change proposals, because after the revised or replacement District Plan is approved by the commissioners next year ... then there's a three year moratorium before developers can start coming along and start pounding our door down again and saying we want a plan change ... So what I'm getting at there is if we've done some work in the inclusionary zoning space then at least we can be ready, say, in three years' time at the end of the moratorium... But it's still looking for opportunities particularly in brownfield high-density areas (Council Officer 2)*

While inclusionary zoning does not seem possible at present, it is continuing to be considered.

One respondent suggested the Council lacked a framework for affordable housing, hence it does not feature strongly in the pRCDP, but does in the LURP exemplar projects required by Action 8.

*Affordability, except in the case of the exemplars which are through the LURP, doesn't really figure in the District Plan, so there's no planning framework that means that affordable housing ... as far as I'm aware ... must be contained in a housing development. There are all sorts in both the LURP and the District Plan, all sorts of rules that allow greater intensification, which may well lead to affordability, but those exemplar projects, there's certainly a requirement for affordability within those (Cr Andrew Turner)*

Reflecting what is seen as possible through the pRCDP, is the inclusion of zoning to enable more social and community housing, which one respondent discussed as:

*In a way it's not inclusionary zoning, it's not that, but in a way it's sort of zoning something to say if you're going to do social and affordable housing you can get more density, we'll try and make it easy for you (Council Officer 1)*

Zoning is being used to enable, and perhaps encourage, more affordable housing. Yet the actual outcomes will depend on the individual initiatives of developers and property owners. What has also been possible through the pRCDP is a focus on a range of housing choices and densities.

Within chapter 3 of the pRCDP, Strategic Directions, objective 3.3.4 is 'housing capacity and choice', which states the goal for enabling 23,700 dwellings through intensification, brownfield and greenfield development, and enabling a range of housing types, densities and locations to meet the needs of Christchurch residents, including 'affordable, community and social housing and papakāinga'. There is a focus on housing supply and choice, with affordable housing being one part of that focus.

More affordable housing is also one of a number of effects to arise from higher density housing. Chapter 14, Residential, states that an increased housing supply will meet diverse needs and ‘assist in improving housing affordability’ (14.1.1). Policies that contribute to increasing housing supply are higher density in the city centre (50 households per hectare) and medium density developments within and around Key Activity Centres (30 households per hectare), and low and medium density areas that deliver 15 households per hectare (14.1.1.1). Policy 14.1.1.2 on social housing provision enables small scale medium density social housing developments in residential areas, and Policy 14.1.1.7 enables redevelopment of social housing sites with increased density and range of housing types. One respondent explained the relationship between affordability and density:

*As a general rule of thumb the larger the building the more expensive it is, or the more land that it sits on, the more expensive the property is. That’s a pretty strong generalisation but there’s a reasonable correlation between land size, building size and property price. As a general theory ... each unit within a higher density development should have a lower price point compared to lower density development, so that’s one way that we’re looking to address that (Council Officer 3)*

Yet affordability is not the only driver for intensification policies:

*I guess while the council is interested in housing affordability it also has an interest in other areas of sustainability as well, and that it’s just more sustainable and viable to get more from the same amount of land. But yes we are mindful, as part of that overall rationale for intensification, housing affordability is part of that, but it’s only one of a handful of other drivers, those are around effectiveness and efficiency. For example it’s more effective and more efficient to service a higher density area, stormwater, electricity, etc and those sorts of things than it is in a lower density area (Council Officer 3)*

Discussion of affordability is often brought back to the issues of density or intensification, and higher density is regularly described as a mechanism for increasing affordability. One respondent explained that the affordability question does come back to density ‘in terms of what we can do under an RMA plan’, but also noted that

*The district plan is only one of the council’s tools in its toolbox, obviously, there’s the Annual Plan, and Long Term Plan and general council policy. The council of course is unusual in that it’s a social housing provider as well (Council Officer 3)*

The reasons for policies appear to have multiple drivers and anticipated effects, and housing affordability is now being included in this mix.

The LURP notes the loss of between 10,000 and 20,000 dwellings due to the earthquakes, and a relatively high proportion of those being more affordable houses, social houses and rentals (CERA,

12/2013). The provision of 'smaller, more affordable homes' is part of providing more choice in housing and meeting diverse needs, and related to this in the LURP is the encouragement of intensification, infill housing, and terrace and town houses. Yet the main discussion of affordable housing is framed around demand for medium density housing and how 'the quality, attractiveness and affordability of medium density developments directly influence the market demand for these housing types' (CERA, 12/2013, p. 18). Affordability in the LURP appears to be a demonstration of medium density living that may or may not prove to be affordable for a diverse range of people at different income levels. The exemplar developments to be enabled under Action 8 of the LURP are to demonstrate medium density housing, but some will include some social housing and a mixture of tenures (CERA, 12/2013). While some affordable housing may come out of these mechanisms, the main focus appears to be on intensification and helping the housing market to recover. The relationship between higher density and affordability is one that has not been explained or justified in detail in the planning documents, but was described by respondents as a theoretical relationship that is likely to lead to relatively affordable housing:

*Some things in [the LURP] talk about provision and retention of affordable housing, but what that really translates to is supporting the market to get back on its feet, [and] what's being called 'relative' affordable housing ... whereby there's no sense that affordable housing will be retained in the long term ... Rather it's about building small houses on small sections at a market price ... and there's nothing to say that [affordability] will be kept or retained. In fact it's highly likely that it will be lost as affordable housing the very first time it's sold, ... because it's still within a neoliberal market framework of building and delivering housing, as opposed to tackling issues such as capturing value uplift when you rezone or upscale from rural to urban or low density to higher density (Council Officer 2)*

## **6.5 Relative or retained affordable housing**

The use of density and intensification to achieve affordable housing implies housing that is affordable by design; small houses on small lots. This is in comparison to retained affordable housing (where the housing is somehow retained as affordable, for instance through shared ownership), and the two indicate very different approaches to providing affordable housing through the market or through other means.

Action 8 of the LURP directs the CCC to enable medium density 'exemplar' projects that meet criteria including affordable housing and mixed tenure (CERA, 12/2013). The only development with exemplar status is the North Halswell 'Meadowlands' development, while two community housing redevelopments being planned as exemplars will be delivered by CCC, one at Andrews Crescent. Andrews Crescent was an opportunity to create some retained affordable housing:

*Something we're pushing for here is to try and get some of the housing on those sites of more of a retained nature rather than a relative nature ... A retained nature would be along the lines of co-ownership or shared equity models, where you try to capture that value uplift and recycle it ... There's about 90 odd units altogether and I think about 20 of them are going to be affordable housing, ... so we're hoping 10 of those 20 will be of a retained affordable nature and the other 10 will be relative, so they'll be sold straight away but the other ten we're trying to factor in a shared equity scheme, so if we get this up and running we can start repeating that for our other social housing sites (Council Officer 2)*

The Andrews Crescent approach to affordable housing is being driven by the Council but will also depend on the partnership entered into with a developer:

*Getting some retained affordable housing has proven a bit harder. We're getting a lot of pushback from the developers in terms of price points ... the prices they're putting forward are affordable housing in the relative sense ... the opportunities for retention or shared equity are limited, if at all, which is a bit unfortunate at this point (Council Officer 2)*

A mixture of retained and relatively affordable housing is planned for the Meadowlands exemplar, with retained affordable housing achieved through the involvement of a charitable trust. The development will include 22% affordable housing; 10% achieved through shared equity or proportional ownership, and 12% affordable by design. The approach taken by Meadowlands developers has been described as 'design led' and different to the usual 'subdivide and build' developments.

*It's been very much a hands-off approach to what is built on the sections, whereas here at this stage we are requiring certain housing typologies and certain price points to be reached by the builder. It's quite a different Approach. It's very controlling ... It's very much a comprehensive development, based on urban design principles ... (Simon Mortlock)*

This approach also emphasises public amenity which has not increased accordingly as private amenity has decreased with higher density housing.

*That's what the whole argument's all about; small lots, small houses, and people live in a more compact area with a higher level of public amenity. That's the key. Without higher public amenity this doesn't work ... We had some internal debate about whether this was the right or the wrong way to go... But we stuck to our guns, and the world has changed since we started and small sites are becoming universally understood and accepted. Although, not necessarily put into effect properly – that is the critical component: if you're going to do medium- and high-density, you've got to have high quality outcomes and expectations (Simon Mortlock)*

However the people the affordable housing is targetted at are young families struggling for a house deposit.

*The irony is that people to be able to afford these 'affordable houses' they have to be earning significant income to qualify ... here it's \$60,000 [a year]. The affordability is really about helping young families (with double-incomes) who can't afford the deposit, can't afford the mortgage ... These people tend to buy second-hand houses, which is probably where they could normally have started off in the past, but in Christchurch we've lost a lot of our second-hand homes. So the people further down the food chain can't even afford that (Simon Mortlock)*

This focus is in line with the concerns of the charitable trust whose involvement is seen as essential to delivering retained affordable housing through the shared equity portion of the houses.

*The reality is that this development will not generate the top income earnings that you could get by doing a traditional development. Hopefully it'll be largely as profitable, but we're not looking to squeeze every last dollar out of it. We're trying to get the social outcomes as well ... It needs the trust to support that view, and the proportional ownership contribution [from the Trust] is several million dollars (Simon Mortlock)*

They were clear that the affordability component of the development should not be achieved by subsidising housing, but by accepting a lower rate of return on an investment.

*That is the critical thing, because if you subsidise or discount it, how many can you do ... the solution is quite obvious to me, as long as you're prepared to recognise that philanthropy has got to be involved in it as well, and that's not gifting, that's investing, I'm not suggesting there be grants, it's investing but accepting a lower rate of return, it's all about the return you'd accept for your investment (Simon Mortlock)*

The role of the Council in the development was described as theoretical and modest by naming the development an 'exemplar'. Though the CCC's contribution has not been in the form of funding, this interviewee did think that Council had done all they could to support the development, and in the end it was up to the developer to deliver the housing.

## **6.6 Three main approaches to affordable housing**

The approach of CCC to addressing affordable housing shortages appears to be a multi-pronged approach including direct provision of housing, while supporting and enabling the housing market.

### **6.6.1 The changing face of direct provision**

CCC is retaining a role in the direct provision of social housing, but with a plan to deliver it through a community housing provider (CHP) registered as a charity to allow council housing tenants to access the income-related rent subsidy (IRRS) available to HNZN tenants and more recently tenants of community housing providers. The council's social housing does not receive funding from rates and has been struggling to maintain its units. In this new arrangement, expected in 2016, the council would retain a 49% share in the CHP and ownership of its housing, but would also transfer \$50

million of land and assets to the CHP. The other parties of the CHP are Age Concern Canterbury, Christchurch Methodist Mission, Canterbury District Health Board, and the Rata Foundation (Law, 25/10/2015).

CCC is also redeveloping some council housing sites to incorporate a mixture of social, affordable and market priced housing at higher densities. Andrews Crescent is a council-owned social housing site that is in the process of being redeveloped as a mixture of higher-density social, affordable and market priced housing. One of the desired outcomes of the development is 'building real communities with the social housing pepper potted through that development', where those in social housing are not stigmatised. The development is aimed at 'continuing to deliver against council's key performance indicators for social housing' while:

*At the same time beginning to get additional spinoffs of affordable housing in those same developments. It achieves a number of objectives, apart from just the affordable housing objective ... in terms of creating communities, in terms of not stigmatising social housing tenants because of that pepper potting and so on ... So there are some good social outcomes other than just our [key performance indicators] of providing affordable housing. Obviously providing social housing is something the council sees huge social value in as well (Cr Andrew Turner)*

## **6.6.2 Supporting the market**

CCC has also taken on a supporting role, using its resources and services to support or incentivise housing developments. The purpose of the Christchurch Housing Accord is to support housing initiatives by incentivising private investment, using public assets and collaborating with other parties. The emphasis in Christchurch is on affordable rental and affordable home-ownership, as well as sharing costs to rebuild social housing damaged in the earthquakes (Christchurch City Council, 11/09/2014). Under the Accord the council agreed to use council land at Colombo Street, Welles Street, and Awatea Road for housing developments, to identify public assets that could be used or developed for housing, and to streamline Council processes for affordable housing developments (Christchurch City Council. 11/09/2014). The developments at 350 Colombo Street and 36 Welles Street are a mix of townhouses and apartments being built by Fletcher Living, including 38 relatively affordable dwellings at price points of \$450,000 or less, to fit within the limits of the HomeStart scheme grants, and to help achieve the government's goal of balancing Christchurch's housing market by 2018 (Hume & Spink, 09/05/2015). The housing accord's notable projects are also discussed as showing good will from central and local government but not likely to cause major changes for affordable rentals:

*It's not going to achieve a lot in and of itself, obviously it's good will from both parties and there are some specific developments happening which is good, in Welles and Colombo streets and that should be more done at a*

*medium price, and it's medium density and it's showcased and that's a good thing but the accord isn't going to solve our remnant affordable rental problem when the dust has settled (Council Officer 1)*

With ongoing debates over use of Council funds for social housing, the Council has decided that they could be more active in housing as a catalyst, making it more affordable or possible to deliver affordable housing. Touching on the issue of use of council resources for housing, one respondent suggested that given the constraints local government is operating under:

*It seems to me that one of the best things council can really do is just, and this is probably not particularly earth shattering, is simply make the best use of its own resources; its land, typically its social housing land that its got, to redevelop that [land] (Council Officer 2)*

The implication here is that the Council has assets it can use, so although it may not be directly providing entire housing complexes, assets and funds are being used to assist housing developments. Council can also use the tools it has direct control over:

*Certainly some things on development contributions, so things that we're directly in control of or that we might charge for, stuff like that. So I think that there is scope with what we're working on to help the community sector or the not for profit sector. [Upfront costs are] much more of an issue for them (Council Officer 2)*

One respondent problematised this role of the council in housing developments:

*[Council have] got a limited resource and limited ability to influence, unless they're prepared to throw money at the problem. Most developers look upon council as totally inexperienced and lacking any knowledge, and so why would you go to council to ask for advice on how to do a development? In fact if anything the reverse... Whereas we've taken the reverse view and said we'll work in conjunction with council and try to do it that way, but I hazard a guess it's not a common view, and we'll see whether it's the right view ... Council need to understand where they can be useful, and I think at this stage what council does is it operates in silos (Simon Mortlock)*

### **6.6.3 Enabling the market**

It is also clear from respondents that the rules and policies in the pRCDP that are more permissive may lead to affordable housing, but implied in this statement is that it is not expected to be a direct outcome.

*The overall cut and thrust of both the LURP and the District Plan is to be more permissive, to reduce the requirements for notification, and in many cases to allow greater intensification, so that may lead to affordability. Removing barriers to entry and removing compliance costs arguably would reduce costs to the developer that you would expect to be passed on to the market. Intensification means that you can get more smaller houses or more smaller units on a site, [and] you would also think [that] would lead to*

*affordability as well ... You don't have a planning mechanism that prescribes that 10% of every development must be affordable housing but you have rules in place that are likely to drive outcomes that produce affordability ... There's a big part of the RDP which is ... if you put the rules in place then the market will [respond to] those rules, whether that turns out to be the case or not we don't know ... So I mean there are provisions in there that may well address affordability, but affordability would be a secondary outcome rather than a primary outcome (Cr Andrew Turner)*

The effectiveness of enabling the market to provide affordable housing is debateable, and may lead to relatively affordable housing, but according to one respondent the market should not be asked, or expected, to deliver retained affordable housing. Instead 'it's a question of sorting out some very clear roles' for the entity holding on to the equity in the land (which this respondent thought should remain in public or partly-public hands), and for the delivery of the actual housing stock, which is normally the role of a private sector builder:

*We pay the private sector builders a price plus a profit margin to deliver a completed house - that's what they're very good at doing and we should absolutely be utilising them to do that. But we shouldn't be asking them to handle retention, shared ownership, or tenancy management services, because that's not consistent with what they're set up to do very well. That's just not a fair match to their skill set (Scott Figenshow)*

As for the role of retaining affordable housing and achieving equity, this respondent thought that a combination of community and government provision was appropriate, but that there was still 'a lot of work to be done yet around sorting out the best role that councils and community housing organisations can play together'.

## **6.7 Conclusion**

The role of local government is taking a range of forms using both the LGA and RMA avenues and the other policy and planning tools made available during the earthquake recovery. This role is subject to legislation and the power devolved from central government, but is also demonstrated by the actions taken by CCC that are not prescribed. The council is taking quite a creative approach with its own tools, while trying to enable and support the housing market to deliver more affordable housing outcomes.

## Chapter 7

### Discussion

This research aimed to understand the role of the state through the lense of a local government response to a local problem. The objectives were to understand the role of local government in housing affordability, to use a specific locality as a case study to explore this role, to identify definitions of the 'housing affordability' problem, and to understand interactions between levels of government over a nationally and locally significant issue.

#### 7.1 The role of the state

The response from both central and local government levels seem to support the view of there being many forms of the interaction between state and market, and that the one-dimensional scale of state and market is not representative.

As was emphasised by one respondent during this research, the way housing affordability is defined as a problem influences the parties that are seen to have a role in adressing the problem, and the appropriate tools to use. While the NZPC identified many factors contributing to housing affordability issues, they limited their recommended solutions to the regulations around housing. The Government's response was then mainly a focus on the RMA, speeding up regulatory processes, and making land available. Central government are also trying to shift their social housing into the community housing sector, indicating their view that it is not the role of the state to hold social housing or to be a landlord.

In contrast, the housing challenges raised by CCC in the HAMP included supporting the recovery of the housing market, addressing earthquake impacts on social housing, and the financial sustainability of its social housing stock. Rather than divesting themselves of social housing at a time when housing affordability is a concern, CCC has retained this role but restructured the operations of its social housing to access the IRRS in response to central government policy of expanding the subsidy to CHP's, but not to councils. In CCC's recognition of housing challenges, the housing market, the council, and the community housing sector (included in the council's CHP) all have important roles to play.

It would appear from the differing perspectives of local and central government that the importance of the third sector or the community housing sector is agreed upon, but the role of the state is not. The fact that the IRRS was not extended to tenants of council housing could be seen as a way for

central government to discourage councils from directly providing social housing, and from having a larger role in social housing than the government might think is appropriate for the state. The removal of the power of general competence for local authorities under the LGA further reinforces this view. Despite this, the CCC has used legal advice to justify their continued active role in social housing and an expanding role in affordable housing. However, as Cheyne (2008) suggested, the role of local government is still vulnerable to the whims of central government.

As Peck et al. (2009) argued, neoliberalisation or the reduced role of the state is not necessarily being imposed on a local setting by central government, but the framework set and maintained through central government legislation has an influence on local government actions; the creation of a CHP to make council housing financially sustainable is an example of this. However the current development of a council policy for housing, with an emphasis on social and affordable housing, reflects the ability of the council to respond to housing issues outside of the frameworks provided by, and responsibilities devolved from, central government. One respondent said that a multi-pronged approach is needed to a challenging and complicated problem like housing affordability. What comes with the use of multiple tools is the need to coordinate them; how all the tools work, and how they work together, becomes very important. Gurran (2003) noted the importance of strategy or strategic frameworks for Councils to respond to housing affordability, helping to raise housing issues, establish a rationale for local government action and to coordinate work by different agencies. The development of an overall policy by CCC is another area of difference to central government, who described their approach to Christchurch's housing affordability issues as a 'rolling maul', where they were looking for the next step as they go (New Zealand Government, 08/05/2015). Considering the use of many tools, and a 'rolling maul' approach, a strategy for housing affordability would seem like an appropriate development from both central and local government.

Therefore, I would argue that the role of the state is being partially determined at both central and local levels of government, and not only by the existing frameworks for state intervention, but also by the actions taken by council. These actions are not necessarily required of the CCC, but are undertaken because actors within council see addressing housing affordability as a concern and part of their role. There are limits on the role of the council; inclusionary zoning was not attempted at this time because of its uncomfortable fit with the RMA and the strong role of central government in Christchurch, but it is being worked on for future use. For this reason, I would argue that the emphasis placed by Peck et al (2009) on local hybrids of neoliberalisation is important to consider, and that when asking questions about the role of the state, the local implementation of decentralised or devolved roles is an important aspect. The council's recent effort to support community housing providers and include them, and the housing industry, in the development of a high level housing policy, and the inclusion of community organisations and the District Health Board

in their CHP could be seen as a new urban solidarism (Peck et al., 2009). While the council has somewhat lessened its role in social housing, it retains ownership of the assets and will be a party working with others to continue providing local social housing.

The concept of actually existing neoliberalism, and of the continuing renegotiation of the balance between rights and responsibilities and individual rights and the common good, I think are useful concepts, and reflect the changing role of the state in providing social protections.

## **7.2 The role of planning**

In New Zealand the framework for planning has an influence on what planning is and what local governments can do with it. As noted by a number of respondents when asked about the ability of the Council through the planning system to respond to housing affordability problems, there is no framework through which the delivery of affordable housing can be required, and residential density is used to try to encourage affordability by design. The council's response to affordable housing, in terms of the main RMA planning document (the District Plan), appears to have been strongly influenced by the RMA and the rules that would be conventionally accepted within its planning toolbox, such as residential densities and height restrictions. However it seems this understanding of the framework could be challenged; as one respondent noted, the Proposed Auckland Unitary Plan and the Queenstown Lakes District Council District Plan have both included requirements for a proportion of affordable housing.

Gleeson (1994) suggested that the adequacy of RMA plans for addressing urban issues had yet to be seen. Grundy (1995) suggested the extent to which sustainable management is articulated in a way that could justify planning intervention to drive social and economic outcomes will depend on planners. Given the important role of the LTP and other council policies in the CCC's response to an affordable housing issue, I would argue that the council's approach to social and economic issues will also depend on local policy makers, not only planners. This reflects the importance of both policy and planning in local government in New Zealand, perhaps as a result of our planning system which has allowed local social issues to be tackled under the LGA (Perkins and Thorns, 2001). As Perkins and Thorns (2001) suggested, politics will also influence whether councils are active on social and economic issues. Queenstown Lakes District Council has tested, and Auckland Council will test, the limits of the RMA for incorporating affordable housing outcomes in their plans. However each local experience of testing housing affordability in RMA plans is likely to be quite unique. A judgement from Judge Chisholm in 2011 dismissed appeals against a plan change made by Queenstown Lakes District Council which would levy a requirement on certain developments to provide affordable housing, finding that it was appropriate to use the RMA for inclusionary zoning. Activities would be assessed for their impact on the supply of and demand for affordable housing, perhaps requiring

mitigation of 'the effect of the development on affordable housing' (Infinity Investment Group Holdings Limited v Queenstown Lakes District Council at [11]). The judgement frames the plan change as a 'response to constraints on the use and development of land' [Infinity Investment Group Holdings Limited v Queenstown Lakes District Council at [13]] arising from its own plan, and as promoting sustainable management, enabling people to provide for their wellbeing, and mitigating effects of land use constraints on communities. The particular land use constraints in Queenstown may have enabled this decision to be made. Each testing of the RMA may require the arguments for its use in issues like housing affordability to be made anew by other local authorities. Yet the AHETA Act was seen to have demonstrated that 'Parliament recognised the connection between developments and affordable housing and that territorial authorities had an important role to play in that regard' (Infinity Investment Group Holdings Limited v Queenstown Lakes District Council at [67]). Gleeson's (1994) idea that the capacity of the RMA to address urban issues had not yet been seen is pertinent to this research. It would be interesting to further examine the capacity of our unique planning system to respond to various issues. This research began to explore this question, in light of the Australian and UK experiences.

Far from seeing the District Plan that is prepared under the RMA as the only tool in the Council's tool box to address housing affordability, respondents frequently said that it would only ever be one of the tools they could use.

In a sense there are some utopian values coming through in some of the council's actions; building communities, pepper potting social housing throughout market housing, and tenure neutrality of the social housing redevelopment sites. This approach is reminiscent of more utopian planning approaches, where changes to the built environment create social changes and benefits. However, while ideals of equality and community building are reflected in the concept of a mixed tenure development, it seems the reality will depend on the developer that is responsible for delivering the finished housing product. With the necessity of engaging the private and community sector in the redevelopment of these social housing sites, it may be that there will only be a partial relationship between the vision and the reality, which according to Hardy (2000), would be for the best. The fact that these ideals are occurring in individual developments (Andrews Crescent and Meadowlands) on a case by case basis, rather than across a whole city, raises questions as to the ad hoc nature of planning for housing outcomes. What this dissertation research has found could represent the early days in what appears to be an evolving role for CCC in housing outcomes in Christchurch.

## Chapter 8

### Conclusion

The issue of housing affordability draws in central and local government policy, planning, resource management issues and the housing market. Decision-making power and the ability to influence housing outcomes can be spread across levels of government as well as across the public and private sectors, depending on the roles taken up by the state and the relationships between different actors and sectors.

In undertaking the research for this dissertation, I have seen that the CCC appears to be making use of its own resources within a policy and planning environment that makes it challenging to address social issues that arise from a lack of affordable housing. There is perceived to be no framework within the RMA to include housing affordability, so in Christchurch the local response has taken the form of relatively affordable housing and social housing. The LGA has provided another path for councils to pursue social objectives, like social housing, and the extent to which this is used appears to depend on politics, planners, and policy analysts at both central and local government level. The post-quake setting has provided other tools – the LURP, an express District Plan review, a Housing Accord – and there have been affordable housing components within these, but they are likely to produce relatively affordable housing rather than retained affordable housing.

#### 8.1 Policy and planning

The findings of this research have emphasised the important role that local government can have in housing, which can become a social and equity issue. The creative ways in which the planning and policy framework are used in New Zealand draws attention to the policy and planning practitioners and the local policy and planning processes. As Gleeson (1994) suggested, perhaps we have yet to see and appreciate the adequacy of RMA plans for addressing urban issues, and as Perkins and Thorns (2001) stated, politics will determine whether councils are active on social and economic issues.

There seems to be an attempt being made at local level to grapple with the complex nature of the housing affordability problem, particularly in the effort to include a range of perspectives in the development of a council policy on housing. I wonder though if this is an issue that is better dealt with locally, due to the particular nature of housing markets in different cities and regions. This could

suggest that local government needs to be better supported and resourced to respond to local housing issues, as the tools under the AHETA Act might have done.

It also appears that in New Zealand, local policy has an important place alongside planning. A better understanding of the interface between policy and planning would be valuable to furthering the understanding of the case study used in this research.

## **8.2 Housing affordability**

The concept of housing affordability is a difficult concept to pin down, yet it is being used to justify policy and responses from local and central government levels. With the Demographia survey and the NZPC's report *Housing Affordability simplifying the solutions to housing affordability problems*, I think that the existing research that challenges simplistic understandings (Thorn, 2009; Murphy, 2014) is particularly valuable for a better understanding of the contributing factors to unaffordable housing. Housing affordability may in fact not be a very useful term when trying to understand the uneven distribution of gains and losses that occur across the housing market, depending on a person's housing tenure status.

## **8.3 Further research**

'Housing affordability' seems to be a poorly defined yet widely used concept in policy and government. More work needs to be done to understand the influence of different factors on housing affordability. The effects that the cost of housing has on people of different ages and income levels is also important, and a broader perspective on secure and healthy housing could perhaps better meet a wider range of housing needs. The recent high profile nature of the issue of housing affordability will hopefully be maintained so that issues of inadequate housing, or housing that requires an unreasonable proportion of a household's income, continues to be an issue of concern for decision-makers and the population at large.

Further research could consider the outcomes from the current initiatives, and the influence that each organisation or actor has had in determining housing outcomes. A comparative study could be conducted by observing the response of other territorial authorities, for example Queenstown and Auckland. This would be valuable considering the importance of local responses for housing outcomes in what I have observed in Christchurch. This research has raised further questions: do the outcomes of decisions made in councils have any influence for other councils dealing with similar issues? Has Queenstown, and might Auckland, change perceptions of what it is possible to achieve locally and through planning? Is the suggested relationship between increased density and housing affordability being demonstrated in practice?

## Appendix A

### Interview information sheet and consent form

**Name of project:** The role of local government in the provision of innovative affordable housing

**Research description:** The objective of this research is to investigate, and then outline in a final dissertation, the role of local government in Christchurch and Auckland in enabling innovative and affordable housing in response to housing affordability problems.

#### Interviewee Consent Form

I have read and understood the description of the above-named project. On this basis I agree to participate as a subject in the project, and I consent to publication of the results of the project based on the level of anonymity I have requested below. I understand that I may at any time withdraw from the project, including withdrawal of any information I have provided.

Level of anonymity I am consenting to (*please indicate your preferred option*):

- My name, job title and identifying characteristics will be kept confidential and my anonymity will be preserved. I will be identified as an 'interviewee'.
- My name and job description will be attributed to all quotes and information provided in this interview
- I will view any information or quotes that are proposed to be used and attributed to me. I may decide which quotes will be attributed to my name, and which will be used anonymously.

Name: \_\_\_\_\_

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

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