

# CHRISTCHURCH SOCIAL AND AFFORDABLE HOUSING – FIVE YEARS ON

March 2016

*Five years on from the earthquakes that devastated Christchurch, Angie Cairncross and Chris Glaudel from Community Housing Aotearoa (CHA) look at where things are now and whether they really are 'back on track'.*

Local authorities throughout New Zealand are facing the challenges of ageing stock, increasing operating costs and rising demand for housing. Christchurch City Council is experiencing the same challenges but, not surprisingly, the earthquakes have exacerbated the demands on housing. This is even more pertinent for Christchurch as they have a large housing portfolio and play a significant role in the provision of social and affordable housing in their city.

Five years on from the earthquake we see many pragmatic and innovative responses to the housing rebuild that are being made to redress housing imbalances. We also see that things are better in Christchurch – but not for everyone. Opportunities have been taken and opportunities have been missed. Most of the rebuild has focused on the mid to high-end of the housing market. Private developers have responded well for those with the ability to invest \$500,000 or more for a new home.

A large portion of the housing previously available to Christchurch's low income renters and house hunters was lost in the earthquake and the main replacement is what is being provided by the community housing sector, HNZA and CCC. What has also become apparent is there is still a large group with limited access to affordable housing. Many lower income households are experiencing housing stress due to increased demand for a smaller supply of lower cost rentals.

## **When the earthquakes hit**

The earthquakes that affected the Canterbury region in 2010/11 destroyed a significant amount of housing and damaged much more. By mid-2013, the Christchurch Emergency Recovery Authority (CERA) estimated around 16,000 properties as severely damaged and over 9,000 uninhabitable. In total, there were over 171,000 properties in greater Christchurch with a dwelling claim to the Earthquake Commission. To put this in perspective, the 2013 Census recorded a total residential dwelling stock of 183,792 dwellings in greater Christchurch – meaning over 90 percent of dwellings received some damage (Goodyear: 2014;p14).



Lower income households faced a much more difficult market. As owner-occupiers needing temporary accommodation combined with an influx of temporary building workers, demand for rental housing increased substantially. Between August 2010 and early 2013, the average weekly rent in the greater Christchurch area increased 31% (Gartner; 2013). Affordable options became quite limited and housing insecurity increased.

Comparing the pre-earthquake period with 2015, mean weekly rent in greater Christchurch increased by 44 percent compared with a 20 percent increase

across New Zealand. In that same period, low income households have been particularly affected by a 69 percent reduction in available low cost rental accommodation (CERA, 2015:9).

Rosemary Goodyear’s 2014 research found the number of people living in temporary dwellings (consisting of private dwellings in a motor camp, mobile dwellings not in a motor camp and improvised dwelling or shelter) in greater Christchurch had increased by around 50 percent between 2006 and 2013, compared with a 24 percent increase in the Auckland region.

### **The main players in affordable and social housing provision**

The key players in social and affordable housing in Christchurch are the Christchurch City Council (CCC), Housing New Zealand (HNZC) and the community housing sector. Affordable housing – sometimes called social housing – is accommodation where the total housing costs are affordable to those living in that housing unit, often by way of the Income Related Rent Subsidy (IRRS) provided by the Government or through below market rents.

It is most often provided by the Government, local government or community non-profit organisations (community housing organisations). The table below gives an indication of the affordable housing available in Christchurch in 2014.

**Table 1: Affordable/social housing in Canterbury in October/November 2014**

	<b>Number of homes</b>
<b>CCC</b>	2,283
<b>HNZC</b>	6,498
<b>Community housing sector</b>	347

### **Christchurch City Council (CCC)**

Christchurch was the first local authority in New Zealand to provide social housing in the early 1920s by providing homes for the elderly. A wide range of people are now eligible for the council’s housing including the elderly, disabled persons, sickness or unemployment beneficiaries and people on very low incomes.

Prior to the Canterbury earthquakes, there were 117 complexes and more than 2,640 housing units throughout Christchurch and Banks Peninsula. There are currently 2,283 open units and council intends to return housing stock levels to 2,366 units by June 2018.

### **Council as landowner and policymaker**

James Hadlee, Housing Assets and Partnership Manager for Christchurch City Council (CCC), said over 97 percent of their stock was damaged in the earthquake. Though much of it was minor damage, there has been considerable investment to get stock back to an acceptable state due to the ageing portfolio. Insurance did not cover rebuilds for all the housing stock.



Part of council’s housing redevelopment includes new and innovative exemplars involving land use recovery plans and the creation of mixed income, mixed tenure communities leveraging the land available to council. These developments will have one-third affordable, one-third market and one-third social housing. They have entered into a number of partnerships with community housing organisations and HNZC.

## Council as housing provider

In a 2014 review of their housing, the CCC decided to find a financially viable alternative structure for operating its housing portfolio in the future. On 23rd February 2016, they announced the formation of a standalone company as a community housing provider to provide the tenancy management for their tenants. The new Ōtautahi Housing Trust could be eligible to receive the Government's Income-Related Rent Subsidy (IRRS) and would:

- Have more flexibility in the future ownership, management and development of council's own social housing portfolio;
- Ensure the portfolio has a financially viable and sustainable future; and
- Maintain the capacity to provide the current number of social housing units in council's portfolio and act as a catalyst for the provision of at least 1,000 additional units in the city.

The Ōtautahi Community Housing Trust will be operational in the second half of 2016.

Councillor Andrew Turner says the council is focused on rebuilding quality social housing that will continue to meet the needs of the community for many years to come. Outsourcing the management of the housing to a community housing entity allows the council to retain its commitment to providing social and affordable housing.

CCC has taken the opportunity to do things differently. They have responded to the challenge of the earthquakes devastation creatively and collaboratively. Councillor Andrew Turner, says, "As we rebuild and replace units, it's an opportunity for us to set a new standard by building modern social housing that's carefully designed and cost effective." ([www.ccc.govt.nz](http://www.ccc.govt.nz))



## Housing New Zealand

Housing New Zealand (HNZC) is the largest provider of social and affordable housing in the area. HNZC suffered substantial losses to its Canterbury housing stock and 95 percent of its 6,200 properties were damaged. To enable the repair and rebuild program to be achieved efficiently, HNZC established the Canterbury Earthquake Recovery office.

Their mission was to repair and rebuild damaged properties by the end of 2015 with minimal disruption to tenants' lives, and while working within the financial parameters of the insurance claim's settlement. The progress report for November 2015 (see Table 2 below) shows, while all the repairs

had been completed on time, half of the new build houses are yet to be completed. They are expected to be completed by mid-2016.

**Table 2: Canterbury HNZC: CERA Progress Report, November 2015**

November 2015	Projected	Completed	Not completed
Repairs	5,000	5,055	0
New builds	700	323	386

## The community housing sector

The Government's Social Housing Fund allocated \$21 million over three years (2013 to 2015) to support non-government provision of new social and affordable housing in Canterbury, matched by \$10 million from the Canterbury Community Trust. Three housing projects were contracted to deliver a total of 51 homes at an investment of \$13 million in 2013. Further funding was announced in March 2014 for five community housing providers to receive \$14 million to build a further 75 units in Christchurch (CERA 2015).

In 2015, the Te Wai Pounamu community housing provider network was set up with the aim of increasing the supply of adequate housing (as defined by the United Nations<sup>1</sup>) in the South Island. One of the key tasks of the network is to identify the level and type of unmet housing need in the area.

Originally focused on Christchurch, the group has broadened its scope to include all of the South Island and the following organisations: Ōtautahi Community Housing Trust (OCHT), Cobham Street Trust, Methodist Mission, Habitat for Humanity, New Zealand Housing Foundation, Emerge Aotearoa, Vision West, Accessible Properties, Community Housing Trust, Mike Greer Homes, Christchurch City Council, Pathways to Housing Trust, Salvation Army, Abbeyfield, Tenants Protection Association, Comcare, Queenstown Lakes Community Housing Trust, Nelson Tasman Housing Trust, Compass Housing, Keys Social Housing, Ngai Tahu and Beckenham Housing Trust. Many of these groups have come together in new partnerships with the CCC and HNZA.

Collaborative and innovative responses have begun to address the demand for affordable housing in Christchurch, particularly over the last year:

The \$12 million Hornby Project is a collaborative partnership between the Government, Christchurch City Council, New Zealand Housing Foundation, Abbeyfield, Housing Plus Charitable Trust, The Salvation Army and Christchurch Methodist Mission. The 44-home development will include rental housing for older people, supported rental housing for a range of households, income related rent social housing, and affordable rental and shared home ownership housing.



The Awatea Project – a partnership between MBIE (Ministry of Business, Innovation and Employment) with Fletcher Residential – will deliver 237 new homes, of which 89 will be at a purchase price of less than \$400,000. Fifty of these will involve shared equity ownership with the New Zealand Housing Foundation to assist families into home ownership who would otherwise be unable to achieve this goal. We look forward to seeing how this project progresses.

Garry Moore of the Community Housing Trust says, “The solution to affordable housing is a complex one and requires relooking at all current structures and searching for new ways of getting families into their own homes.”

## The current housing situation in Christchurch

As we've already mentioned, the Christchurch housing market is showing signs of improvement but not for all people. While there's more housing available and rents have gone down slightly, there is still a large gap in the

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<sup>1</sup> Adequate housing has seven standards: security of tenure; habitability; accessibility; affordability; availability of services, materials, facilities and infrastructure; location; and cultural adequacy.

availability of affordable housing. The end result is a large group of homeless people and heavy demands on emergency housing.

Both MBIE and CERA's 2015 reports highlight the progress of Christchurch's rebuild, particularly in the residential sector. They also point out that the new supply is disproportionately targeted at higher price brackets with strong growth in houses priced greater than \$480,000. This is above the current average house price in Christchurch of \$472,000 as at March 2015. MBIE's report comments:

*"While demand for more affordable housing is strong in Christchurch, there is a crowding out effect taking place with the market mostly focused on demand for higher priced housing with better margins and lower development risk, particularly when pre-sold or drip fed to the market to avoid over supply and/or a reduction of profit margins."* (MBIE, 2015: 3)

CERA's 2015 (2015; 20) wellbeing report on housing affordability and availability points out the proportion of low cost private rental housing available has decreased significantly post-earthquakes. The report goes on to say, while it is expected that supply and demand for housing in Christchurch is likely to be matched in about 2017, it is likely the supply of low cost rental housing for particular sub-populations, such as young people and those previously dependent on boarding houses, will not be replaced.

Paul Cottam (Principal Advisor Social Policy, Christchurch City Council) admitted there is a difficulty for lower income households to access affordable housing in Christchurch: "There are questions about who's getting the housing and where they are getting it. The new housing that is being built is geared to the mid-to-higher income market. This makes what council are doing with their mixed-income, mixed-tenure housing development partnerships very important."

These statements suggest the collaborations Government, local government, building industry and community housing organisations are entering into are crucial to levelling the playing field in the Christchurch housing market. More needs to be done to provide the range of housing required by lower income households.

Trade Me Property rent price index (December 2015) showed the Christchurch rental rates coming down over 2015 as it adjusted following the Canterbury earthquakes and the city's rebuild: *"Christchurch began 2015 with an average weekly rent of \$450 but fell to end the year at \$420. Compared to 2014, median weekly rents are down 6.7 per cent in the Garden City and we're not seeing any signs of a halt at this point"*, according to Head of Trade Me Property, Nigel Jeffries.

City Missioner Michael Gorman says, "Christchurch is still absolutely needing safe affordable housing. I think we have enough housing but most of it is four-bedroom, two-bathroom homes, which people on lower incomes will never be able to afford." (RadioNZ; December 2015).

The latest CERA quality of life survey conducted in Christchurch in September 2015 found ongoing stress was an issue for 20 percent of respondents. Situations for this group included a high portion who were living with a health condition or disability (56 percent), living in temporary housing (57 percent), low income (under \$60,000, 72 per cent, and under \$30,000, 59 percent) of Pacific, Asian or Indian ethnicity (66 percent) or renting their dwelling (67 percent).

Helen Gaytoni of the Tenants Protection Association says, while there are a lot more properties to rent in Christchurch, the majority of them are unaffordable to low income families: "Many of the tenants we see are locked into leases that were set at the inflated after-earthquake levels and they are unable to break the lease to look for cheaper alternatives. Many tenants are living in poor housing in conditions that can only be described as well below par."

Homeless shelters are full and, in 2015, the Christchurch City Mission accommodated 729 different men in its 30-bed night shelter. In the same year, the seven-bed women's night shelter accommodated 189 women (Stuff; January 2016).

Fairfax NZ/ Help for the Homeless founder Amy Burke says there remains a lack of affordable housing in Christchurch



Waiting lists for HNZC and CCC housing went down last year as housing rebuilds began to be completed, easing some of the pressure on affordable housing demand. Yet community housing organisations say there is still a large group of homeless who are not attempting to go on the social housing waiting lists. They may have an income while they live in their car or they think they won't be assessed as a priority for housing so there is no point going through the assessment process.

Annette Sutherland, Housing Support Services Manager for Comcare, believes there is a group who are falling through the gaps: "If you are single and on a benefit, you can't afford a property at rents so close to Auckland levels. We lost a lot of the housing at the cheaper end of the market and no one is building these except social housing providers. The HNZC and CCC rebuilds are going well but there are groups of tenants who are unlikely to be eligible for the IRRS so there is a gap in what's available. What we need is the small apartment, hostel type accommodation that low income workers and single beneficiaries can access so that these people can move out of living in their cars, couch surfing or in unsafe housing."

Comcare regularly has 40 referrals at any time for emergency housing or housing support from people who are homeless or in extreme housing difficulty, most of whom are not yet on the Ministry of Social Development's register for social housing. Nearly all of these referrals would meet the A-priority for access to social housing. The gap for them is not so much the lack of eventually gaining social housing but the difficulties in the process – that is, the time it takes to access this housing and how unsafe their situations may be during their wait.

### **Some things to ponder**

On the 22nd February this year, Minister for Social Housing Paula Bennett made this announcement:

*"Housing was one of the biggest post-quake challenges facing Christchurch, but a concerted effort by the community, building sector, council and Government has enabled us to recover as quickly as practically possible. With the completion of projects in the pipeline, Christchurch will have, by 2017, the safest and warmest stock of private, state and community housing in the country."*

We agree there are signs of positive change in the Christchurch housing market. Many of the rebuilds and new housing developments are being completed and people have found homes – but what would it take to ensure all Cantabrians have access to appropriate housing?

What happened in Christchurch could happen anywhere in New Zealand and there are lessons that have been learned:

- Collaborations that include community housing organisations, council, private sector and Government are key to addressing targeted housing need;

- Mixed income, mixed tenure developments are crucial to the development of healthy communities;
- Understanding the full picture of housing need is necessary to addressing the full continuum of housing solutions; and
- Access to a more uniformly and readily available IRRS would make addressing the housing situation easier. Isn't it time to tackle the distortions caused by not allowing local authority tenants access to the IRRS?

Collaborations between local and central Government, the building industry and the community housing sector are an important part of addressing the unequal access to affordable housing that has existed since the earthquakes. But they have only been a small part of the rebuild and most developers have missed their opportunity to create mixed communities in collaboration with the community housing sector.

How could we have ensured they were a larger part of the mix?

Scott Figenshow, Community Housing Aotearoa Director, says building mixed income, mixed tenure housing is the way forward for resilient and sustainable communities.

*"The community housing sector has learned a lot from the catastrophe Christchurch has faced and the rebuild that is still taking place. We've learned that it's not just about replacing physical structures but that there is more involved in creating homes in a community. How houses and communities are designed in relationship to each other, the environment, tenant and home owner requirements and the overall community, determines how that community develops and sustains itself."*

The Christchurch rebuild has shown us there is an important role for the community housing sector to play in levelling the playing field in the housing market so all people can access a home.

Garry Moore of the Christchurch Community Housing Trust comments: "If we left it up to private developers alone, there'd be even more people sleeping in cars. Government need to come to the party to supply access to capital for community housing providers so we can make sure all Cantabrians are well-housed".

The Christchurch City Council has used this catastrophe as an opportunity to do things differently; to redesign their older housing and make effective use of the land they have available, and to work in partnership with other social and affordable housing organisations. CCC has reconfigured the management of their housing to ensure the sustainability of its housing portfolio.

The new Ōtautahi Housing Trust Chairman, Alex Skinner, comments: "The new structure means we would be working hand-in-hand with other housing providers and social agencies to strengthen the services currently provided to those in our city who need affordable housing the most".

Things are better – yes – but not for everyone. There have been opportunities taken and opportunities missed.

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