

Housing **O**ur **P**eople in our **E**nvironment

Hope Strategy Update – October 2007



Volume 2 - Guidelines

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Part E – Methodology for an Affordable Housing Impact and Mitigation Statement

The methodology set out in the following Section 2 establishes how the Council would expect an Affordable Housing Impact and Mitigation Statement (AHIMS) to be undertaken. Alternative methodologies and figures are not precluded, but it will need to be demonstrated that a sufficiently robust methodology that considers the matters raised in this section and Part D of this Strategy has been applied. This replicates information from Appendix 11 of the District Plan (as proposed).

Please note that Section 1 of Appendix 11 of the District Plan is not replicated here, as the design criteria it references are explained in more detail in the HOPE Strategy Update-Part B referenced above.

SECTION 2: Affordable Housing Impact and Mitigation Statement (AHIMS)

The Affordable Housing Impact and Mitigation Statement (AHIMS) should conform to the following methodology. A satisfactory AHIMS need only consider the proposed increase in development above what is currently anticipated by the District Plan. For example, Permitted, Controlled or Restricted Discretionary activities are generally considered as 'anticipated' and need not be considered; Plan Changes, Discretionary and Non Complying activities are not anticipated and must be considered.

If the demand calculated by the AHIMS is less than 0.8 of a Household Equivalent Unit of Demand per Table 4, the Council will not expect action to be taken to mitigate the impact of the development on housing affordability.

Part A. Provide an impact statement that assesses the demand for affordable housing to be generated by the development:

By reference to either Table 3:

Table 3: Assumed Demand for Affordable Housing by Expected Land or Building Use

Expected land or building use	Affordable Housing Units of Demand generated per 1000 m ² of gross building floorspace
Visitor Accommodation	1.26
Commercial –intensive (includes retail, office, café)	4.36
Commercial – large format (includes bulk retail, wholesale, yard based)	3.36
Residential	0.37

Or, by completing an alternative assessment which has regard to the methodology and matters considered in the HOPE Strategy, Volume 2, Part D – Affordable and Community Housing Demand, Allocation and Implementation. Such an alternative assessment should include the following steps:

1. Assess the employment that the development is likely to generate (full time and part time, permanent and temporary):
 - a. In the case of residential development this should include employment generated during construction and ongoing servicing of the dwellings (such as maintenance). It should also include employment generated by demand for supporting commercial and non-commercial services (e.g. retail and public services such as education, police, fire and recreation).
 - b. In the case of commercial, non-residential development (e.g. visitor accommodation, retail, office, tourism facilities) this should include all expected permanent employment demands created by the development but does not include multiplier effects (for example, the employment demands of those houses needed for households that are required to address the employment demands of a development need not be accounted for). Account should be taken of the employment demand assumed to be already derived from the residential sector (i.e. double counting of employment demand between land uses should be avoided).
 - c. The employment to be generated by non-residential activities can be disaggregated into one or more relevant employment sectors, (for example Table 3 shows three employment sectors).
2. Assess the number of housing units generated by employment in these sectors, taking into account multiple job holders and the average number of employees per household:

- a. Resident households
- b. Temporary Worker Households.

3. Assess the number of Affordable Housing units required to meet the housing needs of these households, taking into account the income profile of the employment generated, by employment sector, house prices and rental values.

Part B. Develop a mitigation plan

The Mitigation Plan needs to determine the range of methods that will be used to encourage:

- a. a supply of Affordable Housing consistent with the profile of housing need developed through the Impact Statement from Part A above,
- b. the contribution towards Community Housing (refer to Definitions)

Methodology for a Mitigation Plan

This shall be undertaken through steps 1-3 below. Where a table provides information for fulfillment of the step the development has the option to use the data in the table in lieu of determining the data for that development.

1. Affordable Housing: determine the extent to which supply-side methods will be able to mitigate the Affordable Housing demand, including:
 - a. The range and number of housing types likely to be provided within the development (e.g. the size and mix of units, including residential flats, townhouses, apartments) by a calculation specific to the development or by reference to Table 4. Note that the total number of Affordable Housing units resulting from Part A (above) are

to be satisfied through a variety of unit sizes. This should be in accordance with Table 4, unless it can be demonstrated that the profile of housing need for the development or subdivision should be satisfied by an alternative mix. The number of units provided shall be adjusted according to the application of the Relative Household Equivalent listed in Table 4:

Table 4: Units Mixes, Minimum Sizes and Relative Household Equivalents

Unit Type by Number of bedrooms	Minimum Residential Unit size (Area sqm)	Percentage of Affordable Housing Stock	Relative Household Equivalent
Studio (0 bedroom)	35	5%	0.8
1	45	25%	1.0
2	70	40%	1.6
3	90	15%	2.0
4	115	15%	2.6

- b. The mix of housing units, in terms of affordability to Low Income or Moderate Income Households (see Definitions), that are to be permanently provided exclusively for residential use (i.e. cannot be converted to Visitor Accommodation), by a calculation specific to the development or by reference to Table 5:

Table 5: Unit Mix by Affordability for Resident Households

Table 5: Unit Type by Number of bedrooms	Resident Households		Total
	Low Income	Moderate Income	
Shared living / Dormitory	0%	0%	0%
Studio	2%	3%	5%
1 BR	12%	13%	25%
2 BR	20%	20%	40%
3 BR	7%	8%	15%
4 BR	7%	8%	15%
TOTALS	48%	52%	100%

- c. Accommodation that is designed specifically for and retained for Temporary Worker Households (where needed), by a calculation specific to the development or by reference to Table 6:

Table 6: Unit Mix by Affordability for Temporary Worker Households

TABLE 6 Unit Mix	Temporary Worker Households		Total
	Low Income	Moderate Income	
Shared living / Dormitory	70%	0%	70%
Studio	20%	2%	22%
1 BR	2%	2%	4%
2 BR	2%	2%	4%
3 BR	0%	0%	0%
4 BR	0%	0%	0%
TOTALS	94%	6%	100%

2. Determine the proportion of Affordable Housing that will be contributed as Community Housing (meaning that it is subject to Retention Mechanisms). This is to be 30% of the Affordable Housing demand, or an alternative figure taking into account:
- a. the likely effect of the supply-side measures (as outlined in 2 above)
 - b. income assistance such as from central government for low income households (likely to be households with an income of less than 80% AMI)
 - c. the need to retain a mixed community
 - d. the need to assist and to encourage a more stable permanent resident population in the District.

The Community Housing contribution is expected to:

- a. include vesting with the Community Housing Trust via the Council of a fair and reasonable proportion, generally not less than 40% of the total Community Housing contribution to ensure permanent affordability for current and future generations:
 - i. For this 40%, the specific sections of land shall be transferred to the Trust at nil consideration, and any completed housing units (if agreed) shall be transferred to the Trust with the land component of the completed unit at nil consideration, and a price established for the residential portion that enables an eligible Household to reside in the unit by means of rental or regulated ownership. A conversion to cash may be negotiated if necessary.
 - ii. The balance (of 60% or less) of the Community Housing contribution can remain within the private market place, and deliver units at an affordable sale or rental value, but must be subject to an enforceable, recognised Retention Mechanism such as
 1. a covenant supported by a Memorandum of Encumbrance registered against the title to the land (prescribing the method of computation of resale value; rental levels; dedicated use as housing for Resident Households or housing for Temporary Worker Households; and/or eligibility of occupiers, and a means of enforcement of those covenants) as accepted by the Council, in favour of the Council and Community Housing Trust; or

2. other means if agreed by the Council

Further clarification can be found through Volume 2 of the HOPE Strategy.

- b. Be protected through the development process through the use of caveats, conditions of consent and/or consent notices, as appropriate
 - c. be spread across the range of households identified in the assessment (Part A) above, and provide a mix of tenures
 - d. be spread throughout the development so that they are not exclusively clustered in one area or section
 - e. be provided on-site unless extenuating circumstances can be demonstrated such as where the development is small in scale, or there is an over concentration of Affordable Housing units within a particular area, or where it is inappropriate to locate residential activities within the development site.
3. Define the methods that are to be used to deliver the Affordable and Community Housing required including one or a combination of the following;
- (i) With respect to Plan Changes:
 - a. Site and/or zone standards that require a certain number, density, range and type of housing units;
 - b. Defining the Community Housing Contribution rate and securing its delivery;

- c. Whether any density bonuses or similar tools should be provided to encourage the supply of Affordable and Community Housing units, subject to the need to provide certainty over the affordability, scale, location and design of development that may result from the application of such bonuses.

(ii) With respect to Resource Consent Applications

- a. The provision of Affordable and/or Community Housing in accordance with site and zone standards (if existing);
- b. The demonstration of the provision of Affordable and Community Housing to be made in accordance with the District-wide Objectives and Policies at the time of submission of an Outline Development Plan (if required by the zone's provisions) or at the time of other Resource Consent application for development or subdivision;
- c. Defining the Community Housing Contribution rate and securing its delivery.