



**Hon Clayton Cosgrove**

**MP for Waimakariri**

Minister for Building and Construction  
Minister of Statistics  
Associate Minister of Finance  
Associate Minister of Justice  
Associate Minister of Immigration



26 APR 2007

Bob Harvey  
Mayor of Waitakere  
Private Bag 93 109  
Henderson  
Waitakere 0650

**COPY FOR YOUR  
INFORMATION**

*Harry O'Rourke  
all councillors  
Elena Cunningham*

Dear Mayor Harvey

### **Implementation of Weathertight Homes Resolution Services Act**

I am writing to update you on recent reforms aimed at getting leaky homes fixed sooner, settling disputes faster and enhancing consumer protection for homeowners.

The new Weathertight Homes Resolution Services Act 2006 came into force on 2 April 2007, providing both claimants and respondents with a more speedy, flexible and cost-effective pathway for resolving leaky home disputes as an alternative to the courts.

The new Act includes:

- a more comprehensive assessment so people can claim for potential as well as actual non-weathertight damage,
- a coordinated approach to resolving multi-unit claims,
- a new streamlined lower-value claim process,
- more effective and efficient dispute resolution including time-limited mediation,
- consumer protection through territorial authorities placing WHRS notices on Land Information Memorandum (LIM) reports.

In particular, a new Weathertight Homes Tribunal is established to provide completely independent adjudication for leaky home claims with enhanced powers to settle claims faster, new offence provisions when parties fail to appear when summoned or disobey an order of the Tribunal, a more investigative approach and more active management of claims.

The Government has announced a two-year financial assistance pilot scheme so eligible claimants can fix their home first and argue liability second by accessing either a guarantee of support for a private loan, or as a last resort, a direct loan from Housing New Zealand Corporation.

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accessing either a guarantee of support for a private loan, or as a last resort, a direct loan from Housing New Zealand Corporation.

As I outlined to you recently, these improvements to services for owners of leaky homes are part of a wider programme of work by the Government to reform the building and construction industry to ensure that New Zealand homes are built right first time.

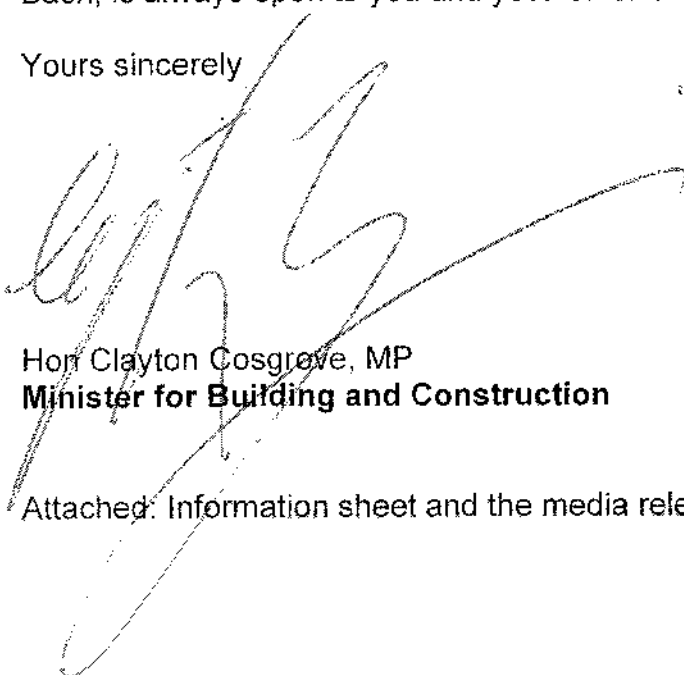
Other measures include an information programme aimed at consumers affected by non-weather-tightness; investigating options to increase the availability and take-up of home warranty insurance; raising the bar for the industry through licensing those who design and build our homes and buildings, while protecting the Kiwi DIY tradition; setting new standards for our buildings through a top-to-bottom review of the New Zealand Building Code; and strengthening the building consent process through accreditation and monitoring.

In relation to the placing of WHRS notices on the LIM, you will be aware that my Department has been working with territorial authorities through LGNZ on a consistent approach to notification of claim events for LIM purposes, and that the Department and LGNZ have now signed a protocol that sets out how the LIM notification process will work.

I am sure you will agree that the success of these reforms depends in large part on the healthy working relationship developed between central and local government, and the building and construction industry. I would be grateful if you would pass on my personal thanks to your Council officers for their active engagement with my Department throughout this reform period.

As you know, my door, and that of the Department's Chief Executive Katrina Bach, is always open to you and your Chief Executive.

Yours sincerely



Hon Clayton Cosgrove, MP  
**Minister for Building and Construction**

Attached: Information sheet and the media release (28 March 2007)

Key measures in the Act are summarised below.

#### **Assessment**

- providing more comprehensive assessor reports for WHRS claimants
- allowing people to claim for potential, as well as actual, weathertightness- related damage.

#### **Claims management**

- improved information, advice and guidance
- allowing bodies corporate to take a class action approach with regard to apartment blocks
- allowing claims relating to multi-unit complexes that will not be eligible under new criteria to be withdrawn and be brought under the correct provision within 1 year without affecting limitation periods.

#### **Dispute resolution**

- introducing a new streamlined process for lower-value claims
- establishing a new Weathertight Homes Tribunal under the administration of the Ministry of Justice to provide more independent adjudication services
- introducing a new adjudication process for standard claims provided by the Tribunal, involving compulsory preliminary conferences and time-limited mediation before claims move to a hearing
- enhancing the power and authority of members of the new Tribunal, including new criminal offence provisions when parties fail to appear when summoned or disobey an order of the Tribunal
- having clear objectives for Tribunal members to facilitate a more investigative approach
- allowing WHRS settlements and determinations to be enforced in the District Court regardless of value.

#### **Consumer information and protection**

- requiring territorial authorities to place WHRS notices of existing and new claims brought, and their outcomes where known, on Land Information Memorandum reports

The WHRS Act will be administered by two government agencies.

1. Weathertight Services at the Department of Building and Housing receives claim applications and provides assessment, information, guidance and mediation services.
2. The Weathertight Homes Tribunal supported by the Ministry of Justice, is a judicially independent Tribunal that provides adjudication for claims.

Hon Chris Carter

Minister of Housing

Hon Rick Barker

Minister for Courts

Hon Clayton Cosgrove

Minister for Building and Construction



28 March 2007

## Media Statement

### Owners of leaky homes to benefit from reforms

Owners of leaky homes will get a better deal when a range of new reforms comes into force next week, Ministers Chris Carter, Rick Barker and Clayton Cosgrove said today.

The key reforms are an enhanced dispute resolution service and a new independent Weathertight Homes Tribunal, established under the Weathertight Homes Resolution Services Act 2006. In addition, a pilot financial assistance scheme will also start operating on April 2, 2007.

The enhancements to Weathertight Homes Resolution Services (WHRS) include a ~~streamlined claims process, beefed up assessment reports where claimants can claim~~ for potential as well as actual non-weathertight damage, time-limited mediation and a new fast-track option for claims under \$20,000.

"These reforms will mean faster resolution of claims so homeowners can get compensation from the liable parties, and get their homes fixed," said Building and Construction Minister Clayton Cosgrove. "People will also be encouraged to repair their homes and then claim back costs through the enhanced claims process."

The government's two-year financial assistance pilot will provide access to bridging finance for WHRS claimants who meet the criteria. Claimants will be able to apply to the Housing New Zealand Corporation (HNZC) for a guarantee of support for a private loan, or as a last resort, a direct loan from the Corporation at market rates.

"People who cannot fund repairs themselves or access finance from a private lender will be able to apply for the money needed to fix their home first and argue liability second," said Housing Minister Chris Carter.

"This scheme has been set up as a pilot to assess the level of need and to gather important information, such as to what extent lack of access to finance is a reason for claimants not repairing their homes early. The pilot will be evaluated over a two year period, with progress reports to Ministers every six months."

The third key reform is the establishment of the Weathertight Homes Tribunal, which also starts operating from 2 April.

"The new Tribunal will provide completely independent adjudication for leaky home claims. It will draw on the expertise of the Ministry of Justice which will be providing administrative support to the Tribunal," said Minister for Courts Rick Barker.

The new Tribunal will have enhanced powers to settle claims faster. Rick Barker explained that these powers included calling all parties together in a preliminary conference to set the ground rules, enforcing time limits for each stage of the adjudication process and for mediation, not allowing delaying tactics, and ordering parties to appear. The Tribunal will also have new offence provisions when parties fail to appear when summoned or disobey an order of the Tribunal, and it will take a more investigative approach.

The Tribunal will have offices in Auckland and Wellington, and will hold hearings in other regions as required.

"Last year the Government made a commitment to owners of leaky homes to have a new improved service up and running by April 2007, and this commitment has been honoured. The new service, the financial assistance pilot and the independent Tribunal are now a reality and as a package they will benefit homeowners at every step of the claim process," Mr Cosgrove said.

Enquiries on the new reforms can be made by calling the Department of Building and Housing on 0800 324 477. From Monday 2 April 2007, the Weathertight Homes Tribunal can be contacted directly on 0800 777 757 or online at [www.justice.govt.nz/wht](http://www.justice.govt.nz/wht) and enquiries on the financial assistance pilot can also be made by calling the Housing New Zealand Corporation on 0800 801 601.

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**For further information contact:**

**Nick Maling, press secretary for Housing Minister Chris Carter, 04 470 6874, 021 890170;**

**Robyn Cubie, press secretary for Building and Construction Minister Clayton Cosgrove, 04 471 9136, 021 227 9136;**

**Donovan Ryan, press secretary for Courts Minister Rick Barker, 04 471 9556, 021 227 9556.**

## **Background Information:**

### **Enhanced dispute resolution process**

#### **What are the key measures in the WHRS Act 2006 that become operational on April 2 2007?**

Key measures in the Act include: the establishment of a new Weathertight Homes Tribunal; a more comprehensive assessment and broadened definition of damage that can be claimed for; changes to voting thresholds to make it easier to make multi-unit claims; a new streamlined lower-value claims process; the requirement that territorial authorities place WHRS notices of existing and new claims on Land Information Memorandum reports; and better advice and guidance for claimants.

#### **How will the Act help owners of leaky homes?**

The main benefits for homeowners include: the ability to claim for potential as well as actual damage; more comprehensive assessment reports of damage and what is required to fix it; improved information and guidance for claimants; faster and more effective resolution of claims; anticipated lower legal and evidential costs, and reduced barriers to claims by bodies corporate and owners of homes in multi-unit complexes.

#### **Who can apply to get the new beefed up assessment reports?**

New WHRS claimants and claimants yet to be decided eligible will be able to get these new beefed up assessment reports (that can be used as expert evidence). Claimants who have already received assessment reports will be able to apply to the new Weathertight Homes Tribunal to have their claim widened to include any potential damage, for which a further report may be required.

### **Weathertight Homes Tribunal**

#### **How do people use the new Weathertight Homes Tribunal?**

Affected homeowners first apply to the Department of Building and Housing (DBH) to have their home assessed and claim eligibility decided under the WHRS Act 2006. If an owner's claim is found eligible and the repairs required are assessed at over \$20,000 (or the repairs already made cost over \$20,000), the claimant may then apply to the Tribunal for adjudication. Claims for \$20,000 or less follow a more streamlined process within the DBH. If a settlement is not reached this way, a claimant with a lower-value claim may then apply to the Tribunal for adjudication. The outcome of adjudication by the Tribunal will be a published decision as to who is responsible for the leaks, who should pay, and how much – it is legally binding on all parties.

#### **What happens to people already in the claim process?**

Existing claimants who have not yet reached the adjudication stage under the old system will be going to the new Tribunal if they opt for adjudication. However, existing claimants who are already in adjudication can continue in the old system (under the WHRS Act 2002) or can chose to apply to the new Tribunal for adjudication under the WHRS Act 2006.

### **Pilot financial assistance scheme**

#### **What is the Government trying to achieve with the financial assistance pilot?**

The pilot is designed to provide WHRS claimants who cannot fund early repairs themselves or access finance from a private lender, with the opportunity to repair their homes earlier (before disputes are resolved). Interest paid on the bridging finance may then be claimed back as part of the overall claim.

Early repair of homes has a number of benefits. It can result in reduced health risks, better information on the exact cost of repair, and it prevents further deterioration of the property (therefore the potential for contributory negligence claims). Early repair also puts homeowners in a much improved situation when it comes to reselling their homes.

#### **How will the pilot scheme work?**

Those applying for lending assistance need to have an eligible WHRS claim. They will be encouraged to approach their own lender in the first instance. If they are unable to obtain finance from their current lender, then Housing New Zealand Corporation (HNZC) could act as a guarantor for the loan from another lender. If this is not possible, then HNZC has the discretion to offer claimants a direct loan, at market rates, in order for them to under take repairs. It has been allocated \$7.1 million capital funding in Budget 2006 to make available for direct loans.

### **What can the money be used for?**

The loan can only be used to make the home weathertight. It does not cover other alterations or furnishings that would have been replaced anyway due to wear and tear. It can, however, be used for professional fees related to obtaining the loan or fixing the claimants' home, or for a lawyer to draw up the contract with the builder. Other examples include; valuer reports, engineering reports and legal advice on the loan documentation.

### **What are the eligibility criteria for lending assistance?**

- The borrower has been declined assistance from their lender.
- Applicants have a current eligible WHRS claim.
- The borrower is a New Zealand citizen or a permanent resident, and owns only one home.
- The borrower has a Full Assessment Report or certified equivalent. There are three ways to get a full assessment if you are a claimant pre 1 April 2007 - apply to the DBH which may deem your pre 1 April assessment to be a full assessment; apply to the Weathertight Homes Tribunal for wider remedies and the Tribunal may order an additional assessment be completed; or some claimants will have commissioned their own reports which, upon review by DBH, will be considered sufficiently comprehensive to qualify as full assessment.
- The maximum loan is \$225,000 including a 10 percent provision for professional fees and, depending on certain conditions, a 20 percent contingency amount for unexpected costs.
- The borrower must satisfy the lenders' debt serviceability criteria which are consistent with having sufficient cash flow to meet the repayments. In lending terms this will be either a loan-to-value servicing ratio of 95 percent or a debt-to-income servicing ratio of 45 percent.
- A loan-to-value ratio of not more than 120 percent for standalone buildings and 90 percent for multi-units. This means the borrower could borrow up to 120% of the value of the valuation on the property.
- Trusts will need to satisfy additional eligibility criteria before receiving lending assistance:
  - the trustees must make an application as a home owner
  - the trust's assets include only one home
  - the trustees are New Zealand citizens or permanent residents
  - the home is occupied by at least one beneficiary of the trust

### **Is there flexibility in how the criteria is applied?**

Yes, if an application does not meet standard eligibility criteria, it can be considered on a case-by-case basis. It is estimated that around 90 percent of all claimants will fall under the \$225,000 lending cap, but HNZN has limited discretion to lend beyond the cap in special circumstances.

### **Will the pilot scheme help all WHRS claimants?**

No, the scheme won't help those who are able to borrow privately to pay for their house repairs. Homeowners will also have to make a judgement call about whether early repair of their home suits their financial circumstances. Housing New Zealand will be careful to avoid putting borrowers in the undesirable position of carrying interest-bearing debt that they are unable to manage. If homeowners are unable to meet loan repayments, they will likely be advised to pursue their claim first and then conduct repairs after settlement.

### **Will the eligibility and lending criteria be reviewed during the two-year pilot?**

Ministers will be advised of the progress of the pilot every six months. Should it become apparent that the lending criteria need adjustment, then any changes will be presented to Ministers for their consideration and decision. The pilot is intended to run for two years starting in April 2007. It will be evaluated and, at that stage, Government will make a decision on the next steps.

### **Has the intended target audience for this pilot been consulted, and how many will benefit?**

Yes. The DBH and Ministers have held a number of discussions with representatives of the Leaky Homes Action Group during the development of the lending assistance policy. The number of people assisted will depend on the size and duration of direct loans issued, as well as the number of guarantees provided by HNZN. The pilot will be regularly evaluated to test demand.

### **How can people get information about the pilot financial assistance scheme?**

People who don't have an eligible WHRS claim should ring the Department of Building and Housing on 0800 3244 77. Those who already have an eligible WHRS claim should contact their claims advisor. Enquiries to HNZN can also be made by calling 0800 801 601.

## APPENDIX 3 (Item B – Leaky Buildings)

### Weathertight Update & Strategy

Influencing Government

April 2007

#### Currently:

- Money being wasted on process
- Councils, government and home owner spending most money to go through process AND fix home
- This will not change

#### It is accepted:

- All homes constructed between 1992 & 2004 that used face fixed monolithic cladding to exterior have a high risk of failure
- Poor quality workmanship, design & inspections increases speed and extent of damage only
- In excess of 80,000 people are living in homes that have already failed or are at high risk of failing
- In excess of 80,000 NZers are exposed to unacceptable financial and health risks

#### The cost for 80,000 NZers:

- Average cost to fix \$150k
- Number of homes – in excess of 30,000
- Dollars to spend – at least \$4.5 billion
  
- How much of that \$4.5 billion will come from council and other parties?

#### THE GOAL:

80,000 NZers need to fix their homes

all efforts must be on ensuring that these homes to get fixed

#### The cost for Councils:

- Of the 30,000 at risk homes only 12,000 will become claims
- Average cost to settle claim - \$150K
- Total claim settlement cost - \$1.8 billion
- Councils will pay between \$360 million and \$1.8 billion to home owners depending on other parties solvency
- Councils will spend \$300 million on legal & expert costs
- Best case scenario - \$660 million
- Worst case scenario - \$2.1 billion

Clearly:

- An unfair burden on ratepayers

And:

- Home owners still \$2.4 billion short

Sustainable solution:

- Cost sharing of remedial work between
  - Government
  - Home owner
  - Relevant council
- Government has option to gain contribution from private sector
- Government to determine cost to fix
- Agreement on respective contributions

The government is culpable:

- 1993 – Canada identifies problem
  - 1994 – BRANZ holds stucco seminars
  - 1995 – Chem free framing timber introduced
  - 1998 – BIA starts investigating weathertightness
  - 1999 – Prendos warns BIA
  - 2002 – Hunn Report
  - 2003 – councils introduce cavity requirement
  - Late 2004 – government finally acts
- ..... A decade for government to act

Compelling argument:

- The economic impact of the leaky building problem will have dire consequences to government's economic goal
- The health impacts on 80,000 NZers will be a burden on the health and budget and will prevent achievement of government's health outcomes
- Current Building Act 2004 setting councils up to fail

Government must help to pay for these homes to be fixed:

- Government adopted a legalistic approach to their involvement - based on the courts conclusions
- Appealing to governments moral responsibility has not worked

So:

- Need to provide to government a compelling argument and sustainable solution

Way forward:

- Mayors to meet with Prime Minister and Minister of Finance in June

Actions:

- Establish mayoral group to attend meeting
- Completion of economic & health research
- Preparation of advocacy material

**Advocacy material - issues:**

**Questions -- sustainable solution:**

- Private certifier buildings -- how should govt manage these?
- Homes that are outside the 10 year limitation -- how should govt manage these?
- Will the option of litigation be removed or will it be an either or choice?
- If litigation still an option then what happens where council picks up 100% - will govt make up 80%
- RiskPool -- govt said won't pick up liability responsibilities of insurers so what extent is RiskPool cover relevant to proposed govt contribution?

# Eisenhower Fellowship Program Report On New Zealand & Australia Rick Sauer

## Summary

As a recipient of a 2007 Eisenhower Fellowship, I traveled for a month and a half during February and March 2007 to New Zealand and Australia to examine their approaches to addressing affordable housing and community development issues. This was an opportune time to visit as the soaring costs of housing have attracted increased media attention and more intensive discussion by policymakers aiming to craft new solutions to expand access to affordable housing opportunities as well as promote more sustainable development. Both countries have experienced a doubling of home prices in the past five years, driving housing affordability out of reach of a broad segment of the population. While this increase is strikingly similar to what Philadelphia's real estate market has experienced, the context is different as are the tools available to policymakers, the roles of the public, non-profit and private sectors in responding, and the integration of housing with community development.

## Fellowship Objectives

I identified the following main goal and key interests for my fellowship:

Goal: Gain a comprehensive picture of how different sectors in New Zealand or India are analyzing urban issues and addressing their housing, community development, and sustainable neighborhood revitalization needs through successful programs, policies, and strategies/partnerships.

- Gain an understanding of how local government is implementing affordable housing and community development policy and planning
- Investigate innovative public/non-profit partnerships that foster comprehensive and sustainable community revitalization efforts that promote equity
- Explore models for resident engagement in revitalization efforts
- Seek out best practices and strategies in affordable housing and community revitalization

## Observations: The Current State of Housing and Community Development in New Zealand & Australia

*Rising Home Values.* Affordable housing has become a more major issue in New Zealand, as home prices have more than doubled country-wide in the past five years, driven in part by a favorable investment climate. The average cost to buy a home in New Zealand is now \$356,000 (~\$250,000 U.S.) or more than 7 times the average New Zealand household income of \$50,000. Real estate values have increased even more in high growth areas such as tourist-oriented towns like Queenstown, as well as in the country's largest city, Auckland, where the average home now costs over \$530,000 (\$371,000 U.S.), representing one of the highest average income-to-home cost ratios in the world. As a result, national home ownership rates have dropped dramatically as first-time buyers have been priced out of the market. While the cost of renting a home has not risen as quickly, typical rents for a three-bedroom flat in a decent Auckland neighborhood are still substantial – \$1,700-\$2,200 per month (~\$1,200-\$1,500 U.S.). Buying a home in one of Australia's urban areas such as Sydney and Melbourne, comes at an even higher cost. Real estate prices have escalated dramatically in the last several years, with areas closer in to Central Business Districts gentrifying and displacing lower-income households.

While Philadelphia has also witnessed a doubling in its real estate values over the past six years pushing decent housing out of reach of more households, our housing values were starting from a lower level translating to a smaller, although still problematic, income-to-home cost ration of 1 to 4. Moreover, in Philadelphia as in many large older metropolitan areas in the United States, decades of disinvestment in urban neighborhoods has left large swaths of blight and abandonment that require a significantly broader focus than housing (e.g. commercial corridor revitalization, workforce issues, greening, etc.). As a result, a more comprehensive community development corporation model has been put in place than the community housing association model in New Zealand and Australia.

*Development Patterns & Public Housing:* While all three countries exhibit sprawling patterns of development, New Zealand and Australia tend to have lower-density development consisting primarily of one-story homes. In addition, unlike the typical “donut syndrome” in urban areas in the United States where lower-income families tend to be concentrated in the inner city and the more affluent tend to live further out in the suburbs, Australian and New Zealand urban areas have high land values in the urban core, resulting in most lower-cost housing (and thus lower income households) being located out on the suburban fringes. The exception is where the public sector still owns high-rise social housing developments built in the 1950s and 1960s in the core.

So, while in the United States you would typically find a very disinvested and low-income neighborhood surrounding high-rise public housing developments, in Melbourne public housing developments are practically the only affordable housing inventory remaining in gentrified inner-city neighborhoods surrounded by homes selling for \$600,000 to \$1 million (Australian). In New Zealand, most of the social housing inventory developed by the federal government was built as large-scale suburban style developments in the 1950s and 1960s, a portion of which was sold off by the conservative federal government in power in the 1980s. Like the public housing stock in the United States, Australia and New Zealand’s social housing stock was under-maintained for years, and so a key focus now is modernizing this stock and reconfiguring large-scale social housing estates.

*Housing Assistance:* Like in the United States, the provision of public/social housing in New Zealand and Australia has evolved from targeting working families to helping those people with the most significant housing needs, resulting in concentrations of the lowest-income families often struggling with multiple problems. As a result, all three countries have been trying to address the concentration of poverty in public housing developments and impacts on the surrounding community through reconfiguration and modernization of larger public housing estates.

In general, most direct housing assistance in both Australia and New Zealand is targeted to the lowest-income renter households. This contrasts with the United States, which employs a larger array of programs that address a broader range of needs across incomes and housing tenure types, such as greater support for homeownership.

*Community Development & Sustainability:* Overall, in New Zealand and Australia the connection between affordable housing development and community development is not as strong as it is in the United States. In part, this is because the level of neighborhood deterioration is not as pronounced as in older urban areas in the United States. But, it also appears to be due to the public and non-profit sector agencies in these countries being more focused on a single issue (i.e. affordable housing) than taking a more coordinated and comprehensive approach to community development. There is, however, a stronger focus in both New Zealand and Australia than the United States on sustainable development, which the United States can learn from.

Housing & Community Development System: The affordable housing systems in New Zealand and Australia are not as developed as in the United States. While the United States has a more complex financing system for affordable housing development and greater private sector involvement (both the philanthropic and banking sectors), there are also added complications and challenges in navigating such a system. Likewise, the non-profit development sector has a longer track record in the United States and a larger number of supports in place. Given the early stages of the development of their broader affordable housing systems, New Zealand and Australia have the opportunity to implement a streamlined system that could be more efficient.

Public Sector Role: While my assumption was that local government in New Zealand and Australia would play a lead role in addressing affordable housing and community development needs, this is not typically the case in either country. In the United States the provision of affordable housing has devolved from primarily a federal government role to more of a shared responsibility among a range of actors, with a significant part being played by local government as well as the non-profit and private sector. In part this is due to both countries having a history of more European-style, social welfare-oriented federal governments. Until recently, the national government has provided resources for most social benefits including housing. However, over the past ten years, federal funding for affordable housing in Australia has been cut by 30% which is on par with the U.S. experience. In addition, in Australia state level government is where the primary responsibility lies with implementation. By contrast, in New Zealand the common perception is that the broader responsibility for addressing affordable housing needs lies with the federal government, probably due to the country's relatively small size.

Following are highlights of my findings.

### **1. Gain an understanding of how local government is implementing affordable housing and community development policy and planning**

In New Zealand the primary responsibility for addressing affordable housing needs lies with the federal government. While some local governments still own social housing – primarily “pensioner housing” built for seniors in the 1950s – other jurisdictions have sold off their inventory to avoid increasing maintenance costs. More than once in my meetings with City Council staff, it was mentioned that affordable housing is a federal and not a local government responsibility. This perception still holds true even though the previous New Zealand federal government led by the National Party significantly reduced the federal role in the provision of affordable housing and privatized a significant portion of its social housing inventory.

Given the recent rise in real estate values, some local governments and the Housing New Zealand Corporation (the federal housing agency) are now trying to implement new solutions. However, planning laws in place (e.g. the Resource Management Act) are more focused on conservation measures than promoting affordable housing. For example, the Queenstown Lakes District Council is working to leverage resources from the private sector and has created an Affordable Housing Trust to support affordable housing development. In order to fully implement these goals, they are embarking on a multi-year process to change their District Plan and/or their Long Term Council Community Plan, a required ten year plan developed with an extensive community comment process that is challenging to amend.

The City of Christchurch, which owns over 2,650 units of social housing (the largest locally-owned inventory in the country), has drafted a Social Housing Strategy, which outlines how City Council will address the challenges of affordable housing over the next 20 years. As part of the process, there is a public consultation period to obtain input.

In response to the tremendous demand for affordable housing in Auckland, the City has allocated \$9 million to build new affordable housing (the City previously sold off its social housing stock to the federal government). In addition, as part of a larger Regional Growth Strategy and policy to foster more sustainable development patterns by encouraging higher-density development near major transit line stations, the City is also collaborating with the Housing New Zealand Corporation to redevelop large social housing estates through initiatives such as the Tamaki Community Renewal Project.

Likewise in Melbourne, Australia, the City's 2030 long-range plan seeks to create "a fairer city" by encouraging more affordable housing near activity centers with shops, jobs, health services, public transport, libraries, child care and schools. The Victoria State government also controls the release of land to reinforce the growth corridors envisioned in the plan.

While both New Zealand and Australia have a history of providing social housing through the public sector, affordable housing development through the non-profit community sector is a more recent phenomenon, especially in New Zealand. The combination of the lack of adequate funding to build new affordable housing, the limited availability of developable land, and lack of local government support, has limited the capacity and growth of local non-profit community housing associations.

Given the expanding housing affordability crisis, the Labour Party government currently in office has increased its role in the preservation and expansion of the country's affordable housing supply. At the same time, they realize the need to better engage local government, as well as the community and private sector in order to better address this issue. However, many of the necessary policies and planning tools needed to more effectively address this crisis are not currently in place at the local level. In response, Labour Party Ministers have identified the following three strategies to expand the supply of affordable housing:

- 1) **Strategic Use of Planning Mechanisms** – Planning and regulatory mechanisms, along with financial incentives and other tools could be used to require new housing developments to include some affordable housing. In New Zealand, the Resource Management Act and the Local Government Act do not specifically include planning or financial mechanisms for use to supply affordable housing. Despite this, both Acts contain provisions that arguably allow councils to pursue affordable housing objectives. Needed changes to facilitate the use of such tools at the local level are being explored.
  - 2) **Third Sector Partnerships** – To become sustainable, the community based housing sector needs to further expand both the scale of its operations and its management capability. If this is to happen, expanded sources of funding and different structures will need to be developed.
  - 3) **Development Projects for Urban Transformation** – For Auckland to maximize its competitive advantage and to generate Economic Transformation, it is vital that the city remains an appealing and affordable place in which to live and do business. Several proposed larger-scale projects provide opportunities to use publicly-owned land to create sustainable communities with a mix of tenure and population, including affordable housing opportunities.
- 2. Investigate innovative public/non-profit partnerships that foster comprehensive and sustainable community revitalization efforts that promote equity**

One area where both Australia and New Zealand are leagues ahead of the United States is promoting and implementing sustainable solutions into city planning, housing included. Following are several examples of the exciting work they are undertaking in both countries:

- Under the leadership of Mayor Bob Harvey, the City of Waitakere, which encompasses the western portion of the Auckland region with over 200,000 residents, took the unprecedented step of declaring itself an eco-city in the early 1990s. Following an extensive participatory planning process, the City created a vision to foster a more sustainable city. To implement this vision, they developed a town center around a new commuter rail line using green building techniques, fostered the creation of new jobs in the ship building and movie industries, cleaned-up streams and put in place development controls for the surrounding mountains. With support from the City, the Earthsong Eco-Neighborhood has created New Zealand's first co-housing community based on permaculture principles and eco-design.
- In Melbourne, Australia, the Melbourne 2030 long-range plan seeks to create "a fairer city" by encouraging more affordable housing near activity centers with shops, jobs, health services, public transport, libraries, child care and schools. To help achieve this goal, the State of Victoria has designated six non-profit community housing associations to receive increased resources to play a more pro-active third-sector role in addressing affordable housing needs. One such group, Melbourne Affordable Housing, is joint-venturing with a private developer on a 150 unit development that will include 50 long-term affordable apartments. This development is part of the much larger Docklands Redevelopment Project that also includes a sports arena, entertainment precinct, and corporate headquarters in an old industrial area in of Victoria Harbor.
- The tribes of the indigenous Maori peoples of New Zealand have taken on a more comprehensive approach to community development as well. One urban Maori tribe in the Wellington area that I visited was taking a comprehensive approach to addressing a range of needs among its residents through the development of homes, a marae (spiritual hall), a health care and community center, an artist studio and gift shop, a café, radio station, and youth sports league and related facilities, in addition to managing the local elementary school. Another large Maori tribe on the country's South Island also had a comprehensive social service system in place in addition to running several tourist-industry related businesses to create revenue for the tribe and employment opportunities for the tribe.

### **3. Explore models for resident engagement in revitalization efforts**

As part of their public housing restructuring efforts, Housing New Zealand Corporation (the federal housing agency) has implemented a Community Renewal Initiative in six communities around the country that contain a significant concentration of their social housing inventory. The program provides staff and resources over several years, and combines physical improvements in housing, with initiatives to address underlying community issues such as crime, unemployment, and health problems. The model's goal is to work with tenants and build the capacity of and empower communities to continue this work for the long-term. Significant impact was noticeable in the five Renewal communities I visited.

The State of Victoria, Australia is also implementing a Neighborhood Renewal program to strengthen communities where their social housing inventory is concentrated by upgrading housing, creating job opportunities and building community partnerships.

#### 4. Seek out best practices and strategies in affordable housing and community revitalization

Housing Innovation Fund: As part of its efforts to build capacity among community housing associations and local government to develop and preserve affordable housing, the Housing New Zealand Corporation has created the Housing Innovations Fund. While the fund has been reliant on a one-time appropriation from the federal government, it provides flexible funding that can be used to fund a range of activities involved in developing affordable housing from the planning phase through construction.

Housing Preservation: While other local governments have sold off their affordable housing inventories, Wellington City Council and Housing New Zealand Corporation recently reached an agreement to upgrade the City's social housing stock and preserve it as long-term affordable housing. In exchange for an infusion of \$220 million (~\$150 million U.S.) in federal funds, the City will upgrade its existing social housing inventory and maintain it as affordable housing for at least another 30 years.

Inclusionary Housing: As referenced above, the Queenstown Lakes Districts Council on the South Island is working to leverage funds from the private sector to support affordable housing for service workers in the local tourist economy. They are currently negotiating with developers on a voluntary basis to contribute land to support affordable housing development by a recently formed local non-profit housing trust. They are also starting the process of modifying their District Plan to address the provision of affordable housing need so that they can implement a local Inclusionary Housing ordinance.

Hobsonville: Housing New Zealand Corporation is planning a joint venture to build a large-scale, mixed-use and mixed-income community in the Auckland area to demonstrate the commercial viability of sustainable urban development. The development will include people of all ages, households and income, generate local employment opportunities, and have strong ties to the regional transport network.

Health Housing Program: This program represents a collaboration between Housing New Zealand Corporation and local Health Boards to improve the health status of households and alleviate overcrowding to reduce disease risk. It accomplishes this by upgrading existing homes to improve design, ventilation/ insulation/heating and adding bedrooms, and by improving access to healthcare services for residents. The program has resulted in increasing numbers of tenants seeking early health care and a 37% drop in hospital admissions.

Sustainable Development: Implementation of a range of sustainable development practices, including green building techniques, re-use of rain water for irrigation and other grey water purposes, energy efficiency and use of solar hot water heaters, growth management plans and incentives to encourage higher density development near transit lines.

## Key Challenges

While New Zealand in particular has demonstrated its ability to quickly develop and implement public policy to respond to key needs, several challenges confront both countries in their quests to more effectively address their affordable housing and community development needs:

- 1) Educating local government that affordable housing is a core issue for them to address
- 2) Developing a dedicated and ongoing funding source to expand the supply of affordable housing and leverage resources from other sectors
- 3) Expanding capacity of community housing associations to undertake affordable housing development
- 4) Doing a better job at linking affordable housing investment to broader community development strategies

## Leadership Development

I came with the expectation of learning from others, which I did, but also enjoyed the challenge and opportunity of providing insight and guidance on solutions that can be borrowed from the United States and employed overseas. I hadn't thought in advance that I would be viewed as the expert, but I was called on in that capacity on a number of occasions and believe I stimulated some good thinking/discussion on how to address key affordable housing and community development issues.

For example, I was asked to make presentations on approaches used in the United States to housing and community development as part of two workshops on funding for community housing held in Wellington and Auckland. There was lively discussion, and participants commented in evaluations on how my presentations were stimulating and made participants think. I also made formal presentations to about 25 staff from both the Department of Housing for the State of New South Wales in Australia and the national office of Housing New Zealand Corporation in Wellington. This later presentation in particular led to a number of follow up meetings with Housing New Zealand leadership to discuss approaches to affordable housing and developing a stronger connection between housing and community development.

In addition to sharpening my presentation skills, the experience also provided opportunities for personal growth and development, and helped re-energize me for my work back home.

## Future Interaction

Prior to the travel component of the Fellowship I was planning to become involved in Eisenhower activities, as I saw the value of making connections with various alumni when I was planning for my travels. My dinners with alumni overseas reinforced the value in being part of this larger network and the desire to "give back" to future fellows coming to the United States. I plan to follow-up with practitioners I've met in New Zealand as well. I also look forward to opportunities to interact with larger groups of alumni to discuss key issues impacting Philadelphia and other urban areas, and sharing my knowledge on housing and community development issues.

## Romancing the Waitakeres Ranges

Features News - Sunday, May 13, 2007

**Stephanie Brookes**, Contributor, Titirangi, New Zealand

If New Zealand has always been on your "1,000 places to see before I die" list, then an intriguing place to visit, only 30 minutes from Auckland airport, is the Waitakere Ranges, a vast expanse of native rainforest.

The Waitakeres Ranges is a 16,000-hectare parkland of outstanding beauty. The one-hour scenic drive through the Ranges is studded with tree ferns, giant Kauri trees and spectacular views.

It's easy to fall in love with the soft romantic waterfalls, misty bays and birdlife. If you prefer beaches, then at the doorstep of the Ranges are the wild, rugged, black sand beachscapes of Piha, Murawai, Whatipu, Karekare and Bethells.

The discovery of the Waitakeres starts at Titirangi, the main township, which is more like a village. Titirangi has much to offer visitors, including a monthly craft market, arty cafes and a vibrant eclectic atmosphere where you can really soak up the local community spirit.

As Titirangi is so close to Auckland (30 minutes), it's a great meeting place that attracts an interesting crowd, who sometimes come just to catch the latest art exhibition at the local Lopdell House Art Gallery.

To continue on your trip simply take the road marked "Waitakere Scenic Drive (Route 24)", which leads out of Titirangi.

The drive is ranked one of the finest in New Zealand.

Overhangs of giant ferns brush the car windows on your left while the dramatic towering heights of the Ranges are visible on your right.

This is a world of pristine nature full of rich smells of an earthy forest and the endless calls of the native birdlife. All this can be achieved from your vehicle before even stepping out to take one of the 146 forest trails offered in the parkland.

Only 10 minutes from Titirangi is the Arataki Visitors Center. From the center there are over 250 kilometers of walking trail each clearly signposted; with map in hand you have everything you need for a weekend of discovery.

The views from the center give an early insight into what awaits. A spectacular lookout across the forested valley provides views that stretch out to the Manukau Harbor and several far-reaching beaches.

The displays at the center give you a wonderful overview of the multitude of bird and animal life that abound in this region. The small side trail that starts at the center takes you to the Kauri Cathedral Grove -- a walk not to be missed.

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If you love waterfalls the next port of call must be the Fairy Falls. A delightful easy rainforest walk of just 30 minutes one way leads to a series of pools and a giant drop.

Don't miss a walk across the wooden bridge that crosses the top of the falls. From here you can watch the water cascade over the escarpment.

From this point you have access to a variety of west coast beaches. Karekare ,the dramatic beach where the film *The Piano* was shot is nearby, as is Piha, which is famous for its surf.

Bethells Beach -- a personal favorite -- is a desolate black sand beach that conveys the perfect sense of Mother Nature at her wildest.

It is often windswept and after a one- or two-hour walk along the beach, you can treat yourself to a piping-hot cappuccino and a home-baked muffin dusted with icing sugar from the mobile caravan caf,.

Sit under a local straw-thatched umbrella or take a rest next to the hitching post, where the locals tie their horses and listen to the wind dance through the toetoe grass.

The Waitakeres is the sort of place that, once discovered, provides the promise of many return visits.

The rediscovery is always as good as the romance of falling in love with the place for the first time.

### **Things to look out for**

Titirangi Book and Writers Festival -- September

Titirangi Music festival -- Easter

Craft market Titirangi Library car park -- last Sunday of every month

Lopdell House Art Gallery -- various exhibitions

Annual horse races at KareKare Beach

### **Attractions**

Beaches:

French Bay -- charming

Cornwallis Beach -- beautiful winter beach walk

Kaitarakihi Beach-Manukau Harbor -- great picnic spot

Karekare (next to Piha Beach) -- location for *The Piano*

Bethells Beach -- filming location for *Xena Warrior*

Murawai Beach -- the gannet colony

KitiKiti Waterfall Track -- Piha

Rainforest Express Train

[www.watercare.co.nz](http://www.watercare.co.nz)

tel (09) 302 8028

Waitakere Tramline

[www.waitakeretramline.org.nz](http://www.waitakeretramline.org.nz)

Local vineyards

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see list at [www.WaitakereWeddings.co.nz](http://www.WaitakereWeddings.co.nz)  
(click on visitor's information)

**Eating in Titirangi**

Breakfast -- The Hardware Caf, and Konditori Boss Caf,

Lunch -- The Hardware and Barossa

Dinner -- Takahe, Handi Tandoori (Indian), Toby's and Barossa

Best Coffee in Titirangi -- The Hardware

Lunch at Elevation, along scenic drive route 24 -- stunning views

**Accommodation**

Chalet in The Ferns -- fully self-contained guest cottage

phone: +64 9 817 1956

mobile: +64 274 979 262 (Kate Mora)

e-mail: [stay@thefernschalet.co.nz](mailto:stay@thefernschalet.co.nz)

[www.theferns.co.nz](http://www.theferns.co.nz)

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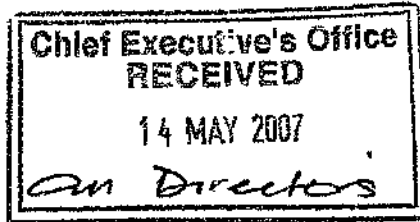
14 MAY 2007



THE DEPARTMENT OF INTERNAL AFFAIRS

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11 May 2007

Mr Harry O'Rourke  
 Chief Executive  
 Waitakere City Council  
 Private Bag 93109  
 Henderson 0650  
 WAITAKERE CITY

*ALD*

698665

Dear Harry

**Commonwealth Local Government Conference: Auckland 2007**

I would like to take this opportunity to thank you for Waitakere City Council's hospitality during the Commonwealth Local Government Conference in March.

In particular, the time and care taken by staff organising the Twin Streams study visit and arranging an itinerary for the visiting sponsored delegate, were most appreciated.

The Conference attracted some 600 delegates overall, including Heads of Government, Ministers and local government representatives from over 40 countries. Feedback from delegates has been very positive. Many noted the programme of study visits as a highlight.

Delegates particularly enjoyed travelling to areas outside central Auckland and learning about local initiatives such as the Twin Streams partnership project, first-hand. Both visiting New Zealand and international delegates commented on being made to feel very welcome and the benefits of discussions with local practitioners.

I understand that Waitakere City Council was host to a sponsored delegate before the Conference started. I am very grateful for the time, effort and resources councils throughout the country have put in to making these sponsored council visits (a new initiative for Commonwealth Local Government Forum conferences) a success. I know that the delegates found these visits insightful and the opportunity to exchange ideas and learn about New Zealand local governance very beneficial. I hope that council officers also benefited from the experience.

Thank you again for Waitakere City Council's hospitality. The support of local councils played an important part in making the Conference a success.

Yours sincerely

Christopher Blake  
 Chief Executive

Chief Executive	<input checked="" type="checkbox"/>
Corporate Services	<input type="checkbox"/>
City Services Moselle	<input type="checkbox"/>
Consultancy Services	<input type="checkbox"/>
ECO - WATER	<input type="checkbox"/>
Strategic Group	<input type="checkbox"/>
Consent Services	<input type="checkbox"/>
Field Services	<input type="checkbox"/>



**Office of Hon Mark Burton, M.P. for Taupo**  
Minister of Justice  
Minister of Local Government  
Minister in Charge of Treaty of Waitangi Negotiations  
Minister Responsible for the Law Commission  
Deputy Leader of the House

14 MAY 2007

Mr Bob Harvey  
His Worship the Mayor  
Waitakere City Council  
Private Bag 93109  
Henderson 0650  
WAITAKERE CITY



Dear Bob

**Commonwealth Local Government Conference: Auckland 2007**

I would like to express my sincere thanks to you and your Council for the hospitality shown to delegates attending the fourth Commonwealth Local Government Conference held in Auckland during March. The commitment of your council to host sponsored delegates and your personal involvement in the Twin Streams study visit and the 'Eco-budgeting' Breakaway Session were most appreciated.

As Minister of Local Government, I was delighted at the large number of councils that agreed to host sponsored delegates so they could see New Zealand local government at work. I am also grateful to councils for the time and resources they dedicated to making the visits so successful. For many of the sponsored delegates, this was the highlight of their time in New Zealand and they took away many pleasant memories. They spoke of the warm welcome they received and how they found learning about New Zealand local governance both informative and enjoyable. I hope that council officers also benefited from the experience.

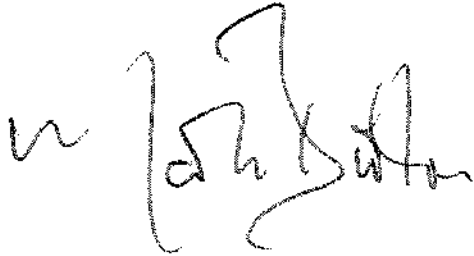
Overall, the programme of council visits for sponsored delegates (a new initiative for Commonwealth Local Government Forum conferences) was very successful and is one that the Forum is keen to repeat in future.

The study visits during the Conference were also very well received by conference delegates. They particularly enjoyed having the chance to visit areas outside central Auckland and discuss practical local initiatives such as the Twin Streams community partnership project, with the people involved. The study visits provided an important New Zealand dimension to the programme and contributed significantly to the Conference's success. The breakaway sessions too were popular with many delegates who appreciated the opportunity to discuss issues relating to the Conference theme in detail.

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Thank you again for your support and the hospitality shown by your Council.  
On a personal note, I hope that you found your experience as a conference  
delegate a positive one.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mark Burton'. The signature is written in a cursive style with a large, stylized initial 'M'.

Hon Mark Burton  
**Minister of Local Government**