

# Preliminary Investigation on Inclusionary Zoning

Post-PC2 commitment to explore Inclusionary Zoning under the Future Urban  
Development Plan Change programme

**District Planning**  
**22 May 2025**

*Prepared for the Climate and Environment Committee*

**Strategy  
and Growth**

  
**Kāpiti Coast**  
DISTRICT COUNCIL  
Me Huri Whakamuri, Ka Titiro Whakamua

# Purpose of today's briefing



- ▶ Build on Council's Housing Strategy 2022 – identified Inclusionary Zoning as a key action
- ▶ Follow staff commitment post-PC2 to explore Inclusionary Zoning as a complementary tool
- ▶ Provide an overview of Inclusionary Zoning (what, why and how)
- ▶ Explore key elements and how they translate into practice
- ▶ Share insights from NZ and international examples
- ▶ Outline how other councils are progressing, and what's emerging at the regional level
- ▶ Prompt discussion on whether Kāpiti should remain engaged in shaping a shared, regional approach

**Note:** 'Inclusionary Zoning' (IZ) and 'Inclusionary Housing' (IH) are used interchangeably in this presentation. While IZ is more familiar in planning conversations, IH better reflects the focus on delivering affordable homes through these policies.



**MARKET RATE  
HOUSING**



**AFFORDABLE  
UNITS**



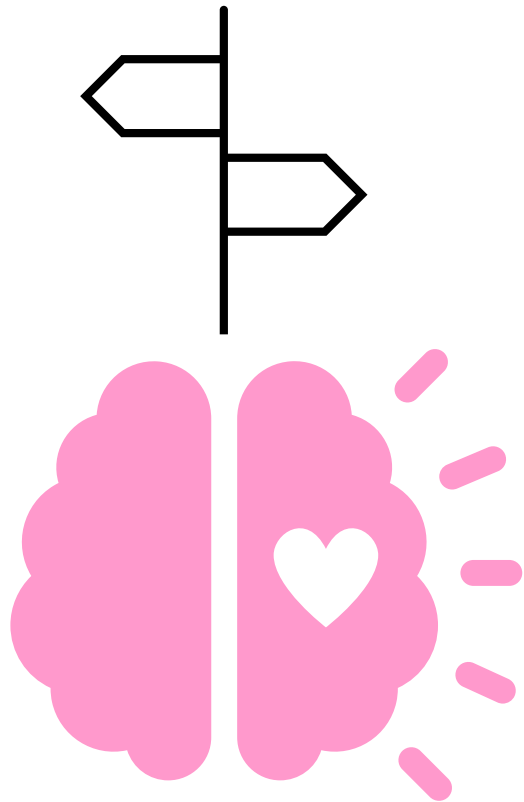
# What is Inclusionary Zoning?

*A planning tool that mandates or incentivises private developers to include Affordable Housing within new market-rate developments.*

- Ensures housing is affordable and accessible for low- and moderate-income households (typically < 30% of income)
- Requires homes to be **permanently affordable**, not just at first sale or rent.
- Delivers real outcomes – new affordable homes, not just targets or subsidies
- Supports both affordable rentals and ownerships, depending on local needs
- Promotes inclusive, mixed-income communities and improves community resilience



# What is Inclusionary Zoning NOT?



- ✗ Not just social housing
- ✗ Not a temporary discount
- ✗ Not funded by rates or central government
- ✗ Not separate or segregated housing

Often misunderstood as ...	But in reality is ...
Social / emergency housing	A planning tool applies to private developments
A Council / ratepayer-funded programme	Paid by developers, not by council budgets
One-off discount	Homes stay affordable long-term
One-size-fits-all	Tailored to local needs and development patterns
A quick / temporary fix	A long-term supply-side solution
A housing waitlist solution	Focused on delivering new supply of affordable homes
A silver bullet	One of many tools in a broader affordable housing strategy

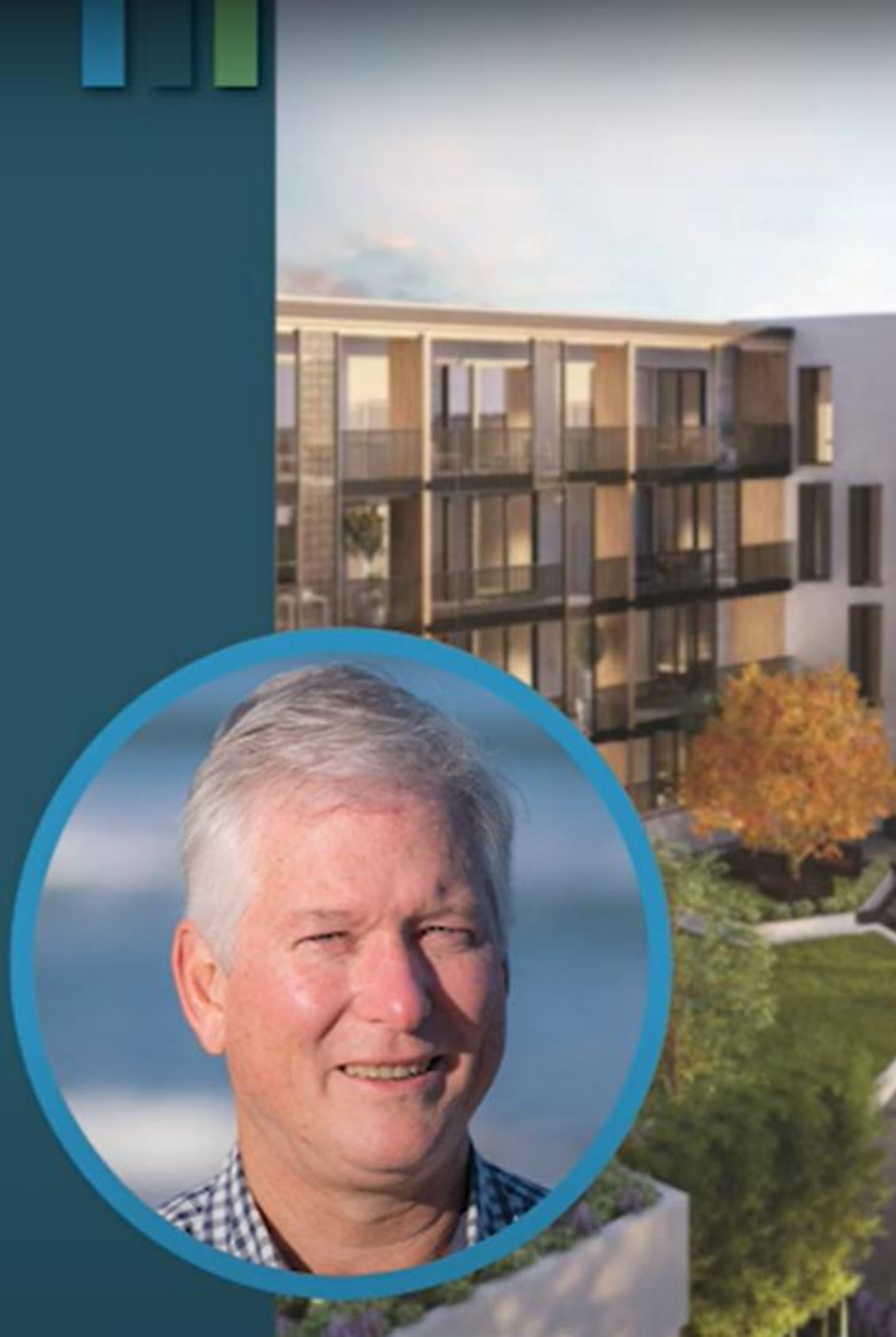
# Why Inclusionary Zoning?

- The housing market in NZ (including Kāpiti) remains among the most unaffordable in the world
- Kāpiti's Housing Needs Assessment identifies a shortfall in affordable housing, particularly for households in the intermediate housing market
- IZ enables councils to capture land value uplift from planning changes and reinvest it into meeting that need
- **It works** – Well-designed IZ programmes overseas have consistently delivered affordable homes
- It offers a supply-side solution that complements other housing and wellbeing initiatives

*"If not this, then what? If not now, then when?"*

– **Chris Glaudel**

Deputy CEO,  
Community Housing Aotearoa

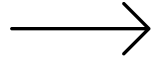


# How Inclusionary Zoning works



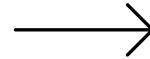
## Policy setup

Local rules set  
affordable housing  
requirements



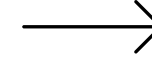
## Development

Affordable homes  
built in large  
developments



## Delivery

Affordability  
preserved using  
legal tools



## Ongoing affordability

Managed by trusted  
housing providers

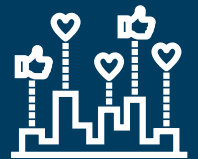
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Many IZ models allow flexibility – affordable homes may be delivered on-site, off-site, or via financial contributions into affordable housing projects elsewhere

For successful implementation, IZ requires the following:

Key Elements		Enablers
1.	Affordability requirement	➡ Robust policy framework and mandates
2.	Defined eligibility criteria	➡ Based on local housing needs assessment
3.	Long-term affordability	➡ Legal retention tools (resale caps, ground leases, etc.)
4.	Delivery via new developments	➡ Flexible delivery options + feasibility testing (on-site, off-site, or FCs)
5.	Integration with planning system	➡ Enforced via District Plan and consent conditions
6.	Permanently affordable homes	➡ CHPs, land trusts or iwi housing entities
7.	Monitoring & enforcement	➡ Dedicated staff, tools, and systems to oversee
8.	Cultural and legal integrity	➡ Exempt Māori land under Te Ture Whenua Māori Act 1993
9.	Equitable outcomes across the region	➡ Regional alignment through shared frameworks and RPS direction enabling IZ across all districts

# Turning Policy into Practice



# Preliminary Research – International Context

## Canada – Toronto

- Mandatory IZ policies (2021) embedded in planning rules (transit station areas)
- 5-22% requirement phased in by 2030
- Applies to large-scale developments (typically >100 units)

## UK – London (44,000 Affordable Homes in 2020)

- Affordable Housing negotiated via section 106 agreements (councils & developers)
- Typical targets 35-50%, depending on borough viability assessment

## USA – Boston, San Diego (170k homes across 886 jurisdictions)

- Boston: Lowered threshold to 7 units; increased affordability to 17-20%
- San Diego: Mandated 10% IZ with on-site, off-site or in-lieu contribution options

## Australia – South Australia & Sydney

- South Australia: 15% IZ target in new developments (since 2005)
- City of Sydney: IZ enabled via Voluntary Planning Agreements

## South Africa – Johannesburg

- First South African city to adopt mandatory IZ (2019)
- 30% of affordable housing required for 20+ units projects

## Key Lessons

IZ programmes work best when:

- supported by strong legislative frameworks
- tailored to local market conditions
- flexibility for developers
- reviewed and updated regularly
- aligned with housing need and feasibility
- incentives and delivery tools are provided

# Preliminary Research – NZ Context

## Queenstown Lakes District Council (QLDC)

- Proposed a mandatory Inclusionary Housing policy (IHP) in 2024
- Would have required developer contributions to affordable housing
- In July 2024, the IHP recommended withdrawal due to limited supporting analysis
- Council remains committed to housing affordability and is exploring alternative

## Wellington City Council

- In March 2024, voted not to include Inclusionary Zoning in its District Plan
- Cited legal and practical complexities under current legislation
- Continues to explore other affordable housing mechanisms
- Early works has helped inform broader regional discussions through the WRLC

## Waipā District Council

- Progressing Draft Plan Change 24 to add Inclusionary Zoning into its District Plan
- Partnering with Bridge Housing Charitable Trust to support delivery of affordable housing
- Focused on planning-led initiatives to improve housing affordability

## Waikato District Council

- Developing a Housing Strategy with Inclusionary Zoning under consideration
- Aims to respond to local housing affordability and supply challenges
- Focused on long-term, strategic planning solutions

## Hamilton City Council

- Collaborating with Waipā and Waikato District Councils (**Future Proof Partnership**)
- Aims to streamline policy, provide developer clarity, and support equitable housing supply across the region
- Emphasising coordinated growth planning

## Key Lessons

- Councils tailoring IH to local needs
- Partnerships with CHPs are key to delivery
- Legal clarity for effective implementation
- Regional collaboration is emerging as a key strategy

# Local and Regional Action on Affordable Housing



**Strategy  
and Growth**



## Kāpiti Coast District Council

- **Housing Strategy (2022):** Local plan for affordability, diverse housing types, and partnerships:
  - Inclusionary Zoning (being explored as an affordability action)
  - Review of Older Persons' Housing portfolio (Council-funded)
- **Better Off Funding (BOF):** \$500K allocated to housing programme:
  - Affordable Housing Seed Fund (\$200K)
  - Data consolidation for Housing Needs Assessment update
  - Support for papakāinga initiatives
  - Kāpiti Rapid Rehousing Advocate
  - Additional Dwelling Guide
- **Affordable Housing Trust:** Kāpiti Housing Solutions
  - Established in 2023 with iwi and community partners (non-BOF)
  - Not decided to become a registered CHP at this stage

## Wellington Regional Leadership Committee (WRLC)

- Exploring a regional Inclusionary Zoning approach
- Focused on shared planning, partnerships, and legislative advocacy

# Key Issues limiting local action

## Legal Uncertainty

- Legal clarity remains limited under current resource management framework
- Councils acting alone may face legal and policy risks

## Economic Feasibility

- Requires balancing affordability with ongoing market viability
- Risk of deterring development and slowing housing supply if not well-calibrated

## Developer pressure

- Risk of driving away development from the district

## Resourcing and Capability

- Administering Inclusionary Housing stock (e.g. assessing eligibility, affordability monitoring, managing resale) is resource-intensive

## Shared Housing Markets

- Housing need and market dynamics cross district boundaries



## Why act now?

- IZ is a proven and adaptable approach
- Builds on strong momentum – Housing Strategy, BOF projects & Kāpiti Housing Solutions already underway
- Responds to growing community demand for affordability and action
- Leverages current regional work and a timely window to help shape emerging frameworks to influence emerging frameworks
- Enables more inclusive, mixed, and resilient communities

## Why go together?

- Reduces pressure on individual councils by sharing responsibility
- Enables consistent, region-wide policy – avoids developer confusion and competition
- Unlocks shared expertise, legal advice, and data infrastructure
- Strengthens Council's ability to deliver on affordability and housing diversity objectives
- Builds on WRLC's existing work and momentum
- Strengthens advocacy for national legislative change

# The Case for a Regional Approach



***“Councils working together have a far greater chance of influencing national change than going it alone.”***

**- WRLC Housing Workstream Summary, 2023**

# Strategic Direction and Next Steps

- **Purpose:** Today's goal is to inform and prompt discussion
- **Regional context:** IZ is gaining traction across the Wellington region through WRLC
- **Kāpiti's position:** Ongoing participation ensures alignment with local affordability objectives
- **Opportunity:** Early involvement enables Kāpiti to influence the design of a coordinated framework
- **No decisions are sought today:** Further updates will follow as the regional work progresses
- **Contingency:** Should regional efforts stall, Kāpiti may explore district-level alternatives

## You may wish to consider:

- Recommending that staff engage with WRLC on Inclusionary Zoning workstream
- Receiving further updates as the regional framework evolves
- Remaining open to local options if regional alignment proves unviable

# Extra Slides



# “Permanently Affordable” example (QLCHT)

Example of “Permanently Affordable” housing mechanism

## Queenstown Lakes District, New Zealand

**Mechanism:** Developer contributions (land, money, or dwellings) go to the Queenstown Lakes Community Housing Trust (QLCHT).

**Retention:**

- QLCHT uses models like Secure Home (99-year ground leases with resale restrictions).
- Buyers own the house but lease the land at a fixed affordable rate.
- When resold, the home must go to another eligible buyer, and the price is capped (indexed to inflation, not market value).

**Result:** Ensures affordability is locked in across generations, and assets remain in the community.

Source: <https://www.qlcht.org.nz/programmemes/secure-home-programmeme>

# Key Elements of IH (detailed version)



## POLICY SETUP & FRAMEWORK

- 1. Policy settings determined locally (or nationally)**  
Councils set the rules on how many homes, how long they remain affordable, and who qualifies
- 2. Affordability is clearly defined**  
“Affordable” is linked to income, not just market discounts
- 3. Applies only to larger developments**  
Thresholds (e.g., 10+ dwellings) ensure proportionate application

## IMPLEMENTATION IN PRACTICE

- 1. Affordable homes required in new developments**  
Developers must include affordable homes in eligible developments
- 2. Flexible delivery options for developers**  
Options may include on-site, off-site, or via financial / development contributions
- 3. Eligibility criteria based on local needs**  
Targeted to specific income groups or employment roles
- 4. Enforced through Planning Framework**  
Delivered via District Plans, or resource consent conditions

## LONG-TERM DELIVERY & OVERSIGHT

- 1. Affordability is locked in over time**  
Legal tools ensure ongoing affordability (e.g., resale caps)
- 2. Managed by trusted organisation**  
Typically handled by CHPs or land trusts
- 3. Ongoing monitoring & enforcement**  
Councils or partners oversee compliance and affordability over time