

Question 1

How should the Commission think about the concept of housing affordability – its meaning and measurement? Should the Commission focus its work on affordability as it impacts on lower income households or should the focus be broader and examine the market as a whole?

Question 1 Response:

Focus on entire market

Question 2

Does this stylised framework (Figure 1) capture all the important determinants of housing affordability? Are there others that are important?

Question 2 Response:

3x annual income

Question 3

Is there a more appropriate framework for examining the housing market and issues of affordability?

Question 3 Response:

Intergenerational transfer of wealth. What can the older generation contribute and give to the young?

Question 4

What factors have caused recent housing price increases? Are some of them temporary?

Question 4 Response:

Very low interest rates, wealth and bandwagon effects.

Question 5

What evidence is there that there was a 'bubble' in housing prices? Were house prices previously undervalued?

Question 5 Response:

Increase in multiple - average house price to average annual income.

Question 6

What effects have price rises in housing had on the affordability of home ownership?

Question 6 Response:

Young people leave the country to seek opportunity elsewhere.

Question 10

How should affordability for home buyers/owners be defined and measured, both in principle and in practice (taking account of data availability)? Is it possible to assess affordability using a single measure?

Question 10 Response:

In each income decile, is there a variety of housing available at 3x annual income?

Question 11

What has happened to affordability over time and what has caused this? Is it lower now than at times in the past? Does it reflect different influences to previous episodes of declining/increasing affordability?

Question 11 Response:

Very cheap money has allowed people to bid up house prices to a level unsupported by fundamentals, such as the utility of the building. The wealth effect made us feel rich, but most young people feel the truth - that it is fake.

Question 16

What factors have influenced the price of renting relative to house purchase prices? Are the current rental affordability trends likely to persist, or are they temporary?

Question 16 Response:

Rent subsidies are landlord subsidies - they raise the market price across the board.

Question 17

What has been the impact of existing government programmes to assist first home buyers?

Question 17 Response:

Easy money means higher cost housing.

Question 25

Why is there little institutional investment in the private rental market in New Zealand?

Question 25 Response:

No large corporation believes they can maintain assets at such low cost and/or low standards as private landlords.

Question 28

What are the relative costs and benefits of intensification and expansion (greenfields development) to urban planning? What research literature and overseas developments are most relevant to New Zealand?

Question 28 Response:

Rendall, Mr. Stacy, et al., (2011), "Transport Energy Footprinting"
http://www.hardingconsultants.co.nz/ipenz2011/downloads/Rendall_Stacy.pdf

Bishop, T., Proposal for Development of Residential Intensification Guidelines using a collaborative approach
<https://docs.google.com/viewer?a=v&pid=explorer&chrome=true&srcid=0B5loi...>

Question 29

How do these different approaches to urban planning support competitiveness and economic growth?

Question 29 Response:

Allow people to get on with it.

Question 30

To what extent do these different approaches to urban planning support environmental objectives?

Question 30 Response:

Higher density housing greatly reduces transport energy requirements.

Question 31

In New Zealand, do home owners prefer living in dense urban settlements or less dense suburban developments? What are the reasons for this preference?

Question 31 Response:

No other quality option. Belief in ever rising property values means leveraging up.

Question 32

Has there been a reduction in the rate of land release, either at the urban fringe or in in-fill areas? If so, why?

Question 32 Response:

Very difficult planning and building consent process.

Question 33

Are local authorities' land release policies enabling or constraining the supply of land for development?

Question 33 Response:

Constraining. Do not release fringe, make small-scale, high quality infill development more

Question 51

Compared with overseas, are there specific New Zealand conditions or peculiarities that necessarily require additional or more costly building controls and standards? For example, New Zealand's geography, topography, seismic activity, wind conditions, water quality, etc.

Question 51 Response:

No, in fact we have far less density of people, so fewer regulations should be needed.

Question 54

Are construction costs higher than they need to be? If so, why?

Question 54 Response:

Lack of competition among certified building products. Very costly to certify building products.

Question 56

To what extent is the market structure and lack of economies of scale in the New Zealand market a factor in driving the costs of building materials? What are the barriers to achieving greater economies of scale in New Zealand?

Question 56 Response:

Only large companies can navigate the complicated regulatory environment. They have no incentive to help the system become easier to navigate.

Question 58

Why is there not more standardisation in New Zealand's building and construction sector? Is this driven by consumer preferences or industry approach?

Question 58 Response:

Industry prefers non-standard sizes.

Question 59

Have skill shortages in the housing and construction industry contributed to rising housing prices and reduced affordability? Are such shortages temporary or are there long-term issues? Have the costs of skills shortages been more significant in particular regions? What impact will the Christchurch rebuild have on skill shortages in the housing and construction industry nationally?

Question 59 Response:

Only a few people can navigate the complex system by themselves. Young designers / builders / engineers / architects have no chance to work collaboratively, to understand deeply what they are doing so as to be able to contribute as they desire.

Question 67

How have household preferences for housing changed? What future demographic trends will be important in influencing housing demand?

Question 67 Response:

Older people prefer larger houses - they know It Is Theirs. Younger people don't see the point, and it is not possible anyway. If you make the house yourself then It Is Yours.

Question 73

Has growth in household incomes been a major factor affecting housing demand, prices and affordability?

Question 73 Response:

No, growth in banks flogging cheap money

Question 74

To what extent have changes in real and nominal interest rates over the last decade stimulated demand and increased housing prices?

Question 74 Response:

Very large

Question 87

To what extent does the design and administration of the Accommodation Supplement influence housing consumption, tenure choices or affordability?

Question 87 Response:

Accommodation Supplement is a landlord subsidy