

This submission is made on behalf of;

The Business and Housing Group

This is a wide-ranging association of more than thirty individuals and companies, ranging from the Property Council, major residential and business developers, through to social housing suppliers. Major retailers Foodstuffs (Auckland) and Progressive Enterprises are also included.

These parties are vitally concerned in the future of Auckland Development, continue to take an active role in the debate over the Auckland (Spatial) Plan, and funding options in the long Term Plan including development contributions under the local Government Act 2002. A central focus of concern is the very low level of building consents at the present time.

This has been running at around 3000 -3500 per year for the last four years. By comparison the Auckland Plan predicts that an average rate of 11,000pa will be required over the next 30 years.

Of course this mismatch between supply and demand increases both price and rental of homes and is a significant reason for the lack of affordability.

Submission

The focus of this submission is entirely upon Auckland. However with now a third of the population of the country, and easily the fastest growth this is where problems are generally occurring.

1. Overview

We all know that pictures and graphs tell a thousand or ten thousand words, particularly to busy politicians!

Thus it would be helpful to include comparative Massey home affordability indices for different household types in Auckland.

The falling index shown for Auckland in the recent past is most deceiving, and may well be skewed at the very top end of the market by current low finance costs, particularly mortgage rates.

Although the subsequent bullet points on p3 touch on income, age, ethnicity etc disparities, this is not enlarged upon.

However those in the field are in fact fully aware that a current affordability index 'off-the-scale', would be given for many sectors of the South Auckland Community, and increasingly for many families with two income earners.

Information appearing in the NZ Herald and studies by Demographia and others in recent times, indicate percentages of income spent on housing (mortgage and rental), far higher than 30% by lower income quintile groups.

These numbers are of course easily disguised when housing becomes unaffordable. Family groups share, making accommodation overcrowded and unhealthy, and producing other very unacceptable side effects. This is a reason for the sharp drop in quintile 1 rate in the graph on p4 for 2010.

The comment about intermediate renter numbers declining, driven by falling interest rates, is strongly disagreed with. Ask any private landlord, or better still advertise a fictional property in that range, and wait for the flood of applicants.

2. Housing as a house/land package

The comments on P4 and P5 under this heading are generally agreed with. They illustrate many

of the difficulties, and that there is no 'silver bullet' in the issue of housing affordability. In particular the issues of:-

Land release.

Control of contribution costs.

Reduction of unnecessary planning processes.

Increasing incentives for affordable housing.

Somehow controlling construction costs.

Attempting to understand the needs and characteristics of the elements of Auckland Society. This means recognition that Asian/Polynesian/European/Maori society varies greatly.

The graph on P5 is particularly illustrative.

On P6 the comments on delivering home ownership over a very short period, illustrate other community problems.

The premise that renting is a 'choice' is disputed, it is forced upon those who cannot afford to buy.

The statement is made on P7 "There is a challenging transition ahead that will potentially have significant impacts on the behaviour and performance of the housing sector in terms of delivery of fit-for-purpose housing for low income groups.

This submission has no idea what the statement is suggesting. HNZC is planning to sell dwellings, local government has no money or inclination to invest in the sector identified, and there are no private sector players and no incentive to enter the market.

What does it mean? Perhaps containers on camping grounds! Explanation should follow.

3. Opportunities to improve affordability

Planning

The statement that – "The widespread planning preference for increasing residential density, and limiting greenfield development to achieve this, places upward pressure on house prices across the board" – is agreed with.

However the "widespread" approach has been far from universal, although widely held at local government level, by those with secure well paid employment, often not affected by the prescribed outcomes.

The further last three paragraphs on P8 are strongly agreed with, and have been strenuously extolled to councils since the Auckland Growth Strategy of 1999, a fatally flawed document, which became cast in the law by the LGAAA 2004.

The additional comment is made that with the amalgamation of Auckland, and the need for a new combined Unitary Plan, it can be confidently predicted that under existing situations, it will be 7-9 years before the release of significant land comes about, in order to exert downward pressure on prices.

FOCUS

Q – When did say 90% of Aucklanders aspire to own their own home?

A – In the period 1970 – 1990, despite some periods of 'oil shocks' and the like.

Q – What were the essential differences between that period and 1990-2011?

A – 1. Initially Government funded home assistance schemes for ownership. High costs needed high taxes.

2. Availability of Land.
3. Council co-operation in development.
4. Pre RMA, obsessive procedures, overbearing urban design and engineering standards.

Q – What changed with the RMA 1991?

A – A requirement that any application must consider adverse effects. This has gradually been refined through political correctness, cautious council staff, protective individuals in society and sometimes the Environment Court, guided in part by irrelevant overseas dogma of New Urbanism, to a ridiculously expensive extent.

When a small 6-7 lot subdivision can require:-

- a) An assessment of effects (None that are not obvious).
- b) A geotechnical report.
- c) A contamination report.
- d) A landscape report.
- e) A traffic report and sign off by Auckland Transport.
- f) Neighbours consent for no reason at all.
- g) Full engineering design and Watercare Services sign off.
- h) Pre-lodgement meeting, lodgement meeting and further discussion answering questions, all at a cost of \$100,000, just to get Resource Consent, it is no wonder that the landowner will not proceed!

Q – 7.1 Asks what can TAs do to improve processes. The above matters need to be addressed, but the development sector is not confident of a change in the mindset needed.

Q – 8.1 Tables 8.3 and 8.1 need to be read together, and to be further clarified for a complete picture of contributions. While it is true that there is a wide variation across Auckland, broadly speaking the combination of Dev Con and other contributions, can be expected to lie in the \$50,000 to \$70,000 range.

Much of this cannot presently be contested, and this is both wrong, and a barrier to affordable development.

Q – 8.2 This is a dangerous area, since the power wielded by city hall is almost overwhelming already. However historical disputes between councils, or perhaps even between CCO in the future, should be able to be avoided through use of an arbiter.

Q – 9.1 – 9.3 No Comment

Q – 11.1 It is submitted that the Commission understands the issues – but the problems are with available resources.

Q – 11.2 An increase in the Social Housing Fund is the only significant way, and this must involve pride of ownership.

Q – 11.3 Nobody fully understands it – although social agencies best understand the consequences. Deprivation, overcrowding, poverty, drug and alcohol abuse, violence, crime generally, truancy, hopelessness, ghettos and slums.

Q – 114 A long slow job of education, larger houses, lower than usual rents.

Chapter 12 No Comments.

Generally the role of Central Government and the relevance that can be exerted on outcomes for Auckland remain obscure.

The final report, and any further legislative changes or other forms of direct intervention are awaited with interest.