

Chairperson and Committee Members

ENVIRONMENT AND COMMUNITY DEVELOPMENT COMMITTEE

2 FEBRUARY 2012

Meeting Status: **Public**

Purpose of Report: For Decision

**SUBMISSION TO NEW ZEALAND PRODUCTIVITY
COMMISSION ON HOUSING AFFORDABILITY INQUIRY
DRAFT REPORT**

PURPOSE OF REPORT

- 1 This report seeks the Committee's approval of the attached draft submission to the New Zealand Productivity Commission on its draft Housing Affordability Inquiry report.

SIGNIFICANCE OF DECISION

- 2 The Council's significance policy is not triggered by this report.

BACKGROUND

- 3 The New Zealand Productivity Commission (the Commission) is an independent Crown Entity that has conducted a Housing Affordability Inquiry according to terms of reference released by Government ministers in March 2011.
- 4 An Issues Paper was released by the Commission in June 2011, with 60 submissions received by the closing date in August. The Council did not make a submission on that Issues Paper, but Local Government New Zealand made a submission that raised a number of concerns with the framing of some of the issues and the validity of some of the problem statements.
- 5 Based on the submissions on the Issues Paper, other engagement including stakeholder meetings, and original research, the Commission produced its draft report on 16 December 2011, with submissions closing 10 February 2012. The draft report is available at <http://www.productivity.govt.nz/draft-report-engagement/967>. A final report to Government is due from the Commission on 16 March 2012.
- 6 The Commission's draft report points out that access to affordable quality housing has an important impact on people's wellbeing, but that increasingly home ownership is getting beyond the reach of many New Zealanders. This is particularly so for younger people and others on low incomes, and is particularly difficult for those living in Auckland and other larger cities.
- 7 The Commission has concluded that housing supply needs to be more responsive to emerging demand. It believes that more new affordable houses need to be built to ease competition for existing houses, reduce price pressures, and increase housing quality and the choices available for tenants and prospective buyers.

- 8 The Commission's draft report covers the need for land release for development, construction costs, local government regulatory performance, social housing and the role of the tax system in terms of housing affordability.
- 9 The attached submission (see Appendix One) comments on the Commission's draft report, including its findings and recommendations.

CONSIDERATIONS

- 10 The attached draft submission states that Council agrees with the Commission about the importance of housing affordability and many of the negative trends that have occurred in New Zealand in recent decades. However, the draft submission also points out that Council has a number of concerns relating to the Commission's findings and recommendations.
- 11 The draft submission outlines Council's primary concerns as follows:
 - The Commission has put undue emphasis on those mechanisms to improve affordability relating to land supply and has failed to adequately consider other mechanisms relating to housing demand, infrastructure costs, housing covenants, taxation and finance systems, and legislative complexity. The relatively unmanaged release of more land for development is not a silver bullet to the delivery of affordable housing, and could create its own problems.
 - The Commission has not adequately recognised the potential of the "compact growth" approach to provide for significant growth via intensification and infill within existing urban areas.
 - The Commission's report demonstrates a lack of understanding of the relationship between good quality urban environments and economic development and growth.
 - The Commission's proposal to allow merit-based challenges on individual development contributions would not increase certainty for anyone, and is unnecessary. The range of development contribution charges throughout the country reflects local issues, and community defined levels of service expectations.
- 12 The draft submission first outlines the need for a holistic view on the housing affordability issue, then goes into more detail on the specific factors affecting housing affordability that the Council considers the Commission has inadequately considered, before raising other concerns the Council has with the Commission's report.

Financial Considerations

- 13 There are no financial considerations.

Legal Considerations

- 14 There are no legal considerations.

Delegation

- 15 The Environment and Community Development Committee has the delegated authority to approve submissions:

7.19 Authority to review and approve any submission on any issue that is being made on behalf of Council.

RECOMMENDATIONS

- 16 That the Environment and Community Development Committee approves the draft submission (Appendix One of report SP-12-459) to the New Zealand Productivity Commission on its Housing Affordability Inquiry draft report, subject to any changes made by the Committee.

Report prepared by:

Jim Ebenhoh

Sustainable Development Manager

Approved for submission by:

Gael Ferguson

Group Manager Strategy and Partnerships

ATTACHMENTS:

Appendix 1: Kāpiti Coast District Council draft submission to the New Zealand Productivity Commission on the Housing Affordability Inquiry draft report.