

Attached is my submission to the draft Auckland plan made 9/12/11.

It covers the issue of housing affordability, please accept it as part of my submission.  
Some additional comments are:

- 1) Green initiatives are costly. The restriction on the MUL (a green initiative) has sent land values up dramatically. ie a property in Tua Place, Mangere had a value in 1995 of \$30,000, today it has a QV of \$185,000. Over 600% in 16 years. This is typical throughout South Auckland.
- 2) Poorly conceived and piece meal plan changes. The ARC restricted the MUL but did not follow through with a corresponding easing of Local Authority District Plan controls, to make infill housing more possible. Infill housing is restricted by existing neighbouring property rights and various environment court decisions based on the expectations created in the District plans. So we see neighbours taking a 'not in my back yard approach' to development because of the District Plans.
- 3) The regulatory environment is too tough. For about 20 years I ran Accent Construction Ltd building about 50 houses per year. For the past five years I have given up. After a few infill projects during which I had to deal with unreasonable neighbours endlessly, I gave up development. One such development was at Seymour Road in Howick, we bought 4000m<sup>2</sup> and cut it into 4 sites. One neighbour objected concerning the removal of 3 protected trees (a green initiative) in total 3 arborist reports were prepared. The council peer review report recommended the removal of all the trees. However the neighbour continually objected and caused a 2 year delay and cost \$20,000 in: replacement planting; regulatory fees and specialist reports. Eventually we were allowed to remove 2 of the 3 trees. But the process was just too hard and the outcome unsatisfactory. What business man wants to run a business that upsets neighbours? I'm not going to sign up for Mike Lee's infill housing if it brings with it conflict into my life. The way the District Plans are written conflict is often inevitable.
- 4) After more than five years out of the business I'm about to build 56 apartments in 353 Murphys Road, Flat Bush. This development will be high density (194 households/Ha) it is low rise housing on a green fields site. But what a waste of my career for the last 5+ years all due to green initiatives that are killing the housing industry and scaring off investment and initiative. We now have Auckland Council wanting a transformational shift in favour of a commitment to Environmental Change and Green Growth. What a disaster! The Environment Auckland report dated 2010 warned against this in its conclusions.
- 5) Throughout the 1990's and early 2000's I worked from Mahia Road in South Auckland. We together with about 50 other builders were customers of Placemakers Takanini. There were a limited number of more significant builders like us who built more than 20 houses per year. Most of those guys have now either left NZ or given up. Placemakers Takanini has closed down altogether. The industry has been decimated by the ARC who have adopted more and more green initiatives without any understanding of the implications.

## Presentation to Auckland Council, regarding the Draft Auckland Plan - 11/12/11

The second transformational shift as contained within the Draft Auckland Plan states: 'Strongly commit to ENVIRONMENTAL action and green growth'.

I wish to oppose this initiative.

I am speaking from my background as a builder and developer and am directing my concerns at the consequence of green initiatives and its flow on effect to affordability and availability of entry level housing.

My concerns are these:

Firstly: the terminology of transformational shift misrepresents what is needed with respect to the environment. A 'transformational shift' is not a call to maintain our current efforts but to ramp them up. If this initiative becomes law it will give green issues unprecedented priority. My business has involved dealing with legislation produced as a result of documents such as the Draft Auckland Plan. Statements that are described as 'transformational' and call for 'action' in foundation documents like this one, end up carrying significant weight going forward.

And Secondly : Green initiatives all have a price tag and some of them are massively expensive relative to the real environmental advantage. And unfortunately the people who fear worst from the cost of our environmental endeavors are those who are least capable of bearing it. Green initiatives have both cost and consequence in terms of both affordability and availability, so much so that it does put housing out of reach for some of Aucklands most disadvantaged people.

I strongly believe we need to balance our environmental gains against affordability.

1. One of the foundational documents used in preparing the Draft Auckland Plan has been the ARC 'State of the Auckland Environment' report dated 2010. This report does not conclude that we either should or must have a 'transformational shift' or any other form of 'quantum leap' in our approach to the environment. The state of the environment as recorded in that document does not give cause for alarm, and the conclusions reached in that document do not paint a particularly bleak picture that would give rise to a transformational shift. The report recognizes some challenges ahead and records some good gains already made, but it does not call for a massive shift in our approach to the environment. Why then are we being asked to commit to 'environmental action'? and why then are we all being asked to commit to 'green growth' without any acknowledgment of its overbearing cost?
2. The same report recognizes that the easy gains to be made with respect to the environment have already been made. Tackling the remaining problems will be more difficult and more expensive and harder to obtain bang for buck.
3. In the reports concluding remarks, a cautionary warning note is made about lofty ideals (such as transformational shift 2), the report says '*we cannot have it all*' it goes on to say '*we need to be conscious of the difficult social and economic challenges that our region faces. If care is not taken our environmental management can exacerbate some of these challenges.*

*Housing availability and consequential issues of affordability and overcrowding are some such issues.'*

4. For 20 years I ran a construction business in the heart of South Auckland. Typically we would built about 50 houses per year. In order to build houses we also did a lot of land subdivision. We employed a lot of people.
5. To understand the implications of legislation, I want to talk about an example. In 1993 we bought 10 acres off the Auckland Area Health Board in Robertson Road Mangere. At that time a 110m<sup>2</sup>, new 3 bedroom brick house cost us \$55,000 to build. The kind of people that were buying these houses were very hard up but they were wanting to improve their lifestyle and position, many of them were on the minimum wage or close to it. It was very difficult for them to buy. At that time the insulation legislation changed and in so doing it added about \$500 to our costs. I remember thinking that extra \$500 would put home ownership out of reach for some of the people I had been dealing with, that little bit extra (1%) would make it that much harder to afford and it would exclude some from home ownership. Now right there is the problem! Every time you put the standards up, you take away the possibility of home ownership from more people.
6. Over the years we built hundreds of houses for Housing New Zealand and for the open market, most of these were in low cost areas of South Auckland. We regularly saw people living in squalid and cramped conditions. The type of conditions that we hear about in the news. The point is: we need to see that every time we increase either our building standards or our expectations of having an even more 'green' environment, we commit ourselves to added costs, these costs are not only significant but prohibitive for the poor segment of our community. Home ownership becomes more and more impossible for some.
7. Do not be fooled for a moment, a commitment to 'green growth' is a commitment to significant expenditure. It is a commitment to widening the gap between the haves and the have-nots. You cannot have transformational shift 2 ie a commitment to Environmental Action and green growth at the same time as you have transformational shift 5 (which says 'Substantially raise the living standards for all Aucklanders and focus on those most in need.' These two ideals are in conflict.
8. Let me give you two examples. The first is Watercare Services Ltd, they have come under increasing pressure to deliver quality water and to dispose of our sewerage in an environmentally friendly way. So they have listened to the sustained will of the people to improve services and become more 'green'. They have employed skilled engineers who have come up with the best solutions. The upshot is that to be connected to the water supply in Auckland, it now incurs an infrastructure growth charge of around \$7,500. Prior to this a water meter cost around \$500. That is what it costs to commit to green growth. Who does it affect the most? Those who are at the bottom of the heap. With these new charges from Watercare, owning a home has just become a whole lot more difficult for Aucklands most in need.

9. The second example is to do with the cost of land. When we built the homes in Mangere in 1995 the value of the land was \$30,000. That same land is now worth a staggering \$180,000, or six times as much in 16 years. Over that same period the average wage rose just 36%. That is 600% versus 36%. It is just not fair for South Aucklands poor to have to deal with this situation.
10. The reason land values have gone through the roof is to do with ARC policy to restrict the Metropolitan Urban Limit. We believe it is more 'green' to be less spread out and have less and shorter car journeys. There is some truth to this but the brunt of this policy is borne by our most needy families who are living in garages and sub standard accommodation and who have no way of keeping up with spiraling land values. If we released more 'green field' subdivisions, land values would reduce. These new subdivisions can certainly be required to be medium density (20 + dwellings/Ha). New green field sub-divisions need to be encouraged and developed with speed to correct the current land shortage and consequent high values.
11. A contributing factor to the poverty in South Auckland is the high ideals we now have for our environment. Whether it is passing a law to say that all homes must have a higher level of insulation or whether it is restricting the urban sprawl and so hiking up land values. These things are all good if we as a society can afford it, but the truth is some of us cannot. In making legislative improvements we mustn't forget that every improvement takes home ownership away from those who need it most. We forget that home ownership has and continues to be a way out of poverty. I'm not saying that insulation (one of the most basic green qualities a building can have) isn't a good thing – of course it is! – what is not a good thing, is that it is the poor in our society that actually pay the highest price for these constantly improving standards as ownership becomes less unattainable.
12. We need bureaucrats who will put their hand up and say I understand the benefits of transformational shift number two. And while, in an ideal world it would be good, we just cannot afford to adopt such a lofty policy at this time. The reason we cannot afford it is because we will be passing laws that will prohibit some members of our community from being able to afford home ownership and we recognize home ownership as being an important aspiration for all Aucklanders. There are too many Aucklanders that can't afford a house, let alone a well insulated house, let alone a 'green' house.
13. We need to make some choices; either we want to lift those most in need at the bottom of the heap up, or we want to be more green. Ideally we would like to do both but as the 'State of Auckland' report says we cannot 'have it all'. I am asking you to choose in favour of the more needy in our society and firmly argue against transformational shift number 2. We need to be very careful what we legislate understanding its flow on cost and consequence and then move with wisdom and balance.

Thanks for your attention.

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