

Inquiry into Housing Affordability
New Zealand Productivity Commission
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Dear Sir/Madam

Thank you for the opportunity to make a submission on the Draft Housing Affordability report. Rotorua District Council would like to have the following points considered during the completion of this document. The feedback provided in this letter has been based only in the information provided in the summary version of the draft report.

Planning

It is disappointing to read throughout the summary document the emphasis put on planning principles being one of the major causes of housing affordability when there are so many other factors that contribute to this problem. The macroeconomic climate, migration and economic growth have also big implications into housing affordability.

The release of large tracts of greenfield beyond the existing urban boundaries is not going to deliver immediate results for the housing affordability issue. In fact it can produce negative effects such as increased transport costs and commuting time (related to lifestyle quality). Also, the potential need of additional facilities (hospitals, schools, shops, etc) would impact in some way the gain of having more affordable houses. It is not clear from the summary document whether those costs have been evaluated

Other factors such as the alternatives uses of land are also considered when local authorities are making decisions about releasing large tracts of land. Land with high quality soils and high agricultural potential should be left for that purpose. If a significant amount of productive land is dedicated to urban purposes the opportunity costs lost could be high enough to cause issues of food affordability.

Local authorities base their decisions on where and when to release land weighing various economic and environmental factors and under this umbrella are supportive of the Productivity Commission recommendations suggested in the summary document.

The inquiry intends to relate to territorial authorities New Zealand wide, significant focus is given to Auckland, with the majority of the recommendations applying to this area. Auckland is predicted to experience significant population growth over the upcoming years, which supports the recommendation provided by the inquiry to provide for the immediate release of residential land in order to reduce land scarcity, increase options and reduce land/house value. A further analysis from the Productivity Commission into which areas within Auckland need further land released would be appropriate.

This scenario is not applicable to a number of territorial authorities that are not predicted to experience significant population growth. The demand for houses directly affects the price and therefore to reduce prices there needs to be an oversupply of houses, this aligning with the need for a higher supply of residential land as recommended within the report. Who will be willing to drive this oversupply is the big question. Developers will not have the incentive to provide for new houses if they will not get the expected return for their investments regardless of an increase in the availability of land for development.

The NZ Productivity Commission needs to consider the high difference in house affordability between the main urban centres such as Auckland and Wellington and the rest of NZ when assessing local government policies. No matter how much the policy framework is changed that high difference would always exist.

Building Regulation

The report leans towards implying that the current legislation (Building Act 2004 and Building Code) is inadequate in that it requires higher standards than that desired by the home owner and restricts the ability for innovative materials or processes to be considered.

It should be noted that the key principles of the Building Act is to provide for sustainability and the protection of people/occupiers of buildings. It should also be noted that the lack of regulation and the administering of this at the time has led to the leaky building crisis. These two recommendations from the report seem to be at odds with the principals of the Building Act.

The report then goes on to explain how the enforcement of the building regulations need to be enhanced to avoid inconsistent and slow enforcement and the subsequent delay in project completion or increase in cost. Actions including the external auditing of territorial authorities in relation to the number of buildings consents placed on hold, and the time taken from submission to approval are given.

The delay in approval of consents and project completions does not solely lie with the territorial authorities. Many of the frustrations are a result of the skill level within the construction industry with insufficient knowledge of the legislation and how to demonstrate compliance when applying for building consents.

The report requests further information relating to '*opportunities to drive greater national consistency and efficiency in the building regulatory system through consolidation of building consent functions or from contestable market for building consenting and inspection services*'. Whilst this in fine in theory there will be no take up by private providers due to the lack of insurance available for these situations. This will leave the government to instigate and fund a public scheme providing the financial back up when things go wrong.

Infrastructure

The suggestions from the Commission on how to accurately reflect the costs when implementing development contribution charges are welcomed. However, the summary report is silent in the role of financial contributions and local authorities would benefit from a more in depth analysis into this area.

Rural Maori housing

Providing for Maori housing is a major issue for our district, it affects urban and rural areas and presents many challenges from a planning perspective.

In light of this period where treaty settlements are happening at a fast pace we suggest the Productivity Commission provide more guidance to territorial authorities on how to address Maori housing in urban and rural areas.

Again, thank you for the opportunity to make this submission. If you have any enquiries regarding this submission please feel free to contact me.

Kind Regards

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