

In the Matter of the **New Zealand Productivity Commission**

And

In the Matter of the **Draft Housing Affordability Report**

Submission on behalf of Habitat for Humanity Greater Auckland Limited

Date: 10 February 2012

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Submission by Habitat for Humanity Greater Auckland Limited

To: Inquiry into Housing Affordability
New Zealand Productivity Commission
PO Box 8036
The Terrace
Wellington 6143

By email: housinginquiry@productivity.govt.nz

1 Summary of submission

- 1.1 Habitat for Humanity is an international not-for-profit organisation. The ultimate goal of Habitat for Humanity is to eliminate poverty housing and homelessness by building adequate and basic housing.
- 1.2 Habitat for Humanity Greater Auckland Limited (**Habitat for Humanity**) is part of the Auckland Community Housing Providers' Network, which is a network of affordable housing providers.
- 1.3 In general, Habitat for Humanity supports the findings and recommendations set out in the Draft Housing Affordability Report. However, Habitat for Humanity

considers that the following additional points should be further addressed:

- 1.3.1 The socio economic and distributional impacts, particularly on different ethnic communities of past and present Council policies in Auckland, needs to be further researched. This would enable future policies to be developed that better address the special needs of these communities.
- 1.3.2 Notwithstanding the Christchurch earthquake, census data for Auckland is urgently required in order to better understanding current trends and develop more robust future housing policies. Therefore the decision to postpone the census should be revisited.
- 1.3.3 The wider detrimental economic impacts of over-investment in housing due to higher than normal returns as a result of land supply constraints should be highlighted further. For example, higher land prices mean that fewer resources are available for public goods, such as recreational open spaces and transport infrastructure.

2 Introduction

- 2.1 Habitat for Humanity is an international not-for-profit organisation. Since 1976, Habitat for Humanity has built, repaired and renovated homes in more than 90 countries, with a new house being completed every 10

minutes. Habitat for Humanity has housed more than 2 million people worldwide.

- 2.2 In New Zealand, Habitat for Humanity works in partnership with people of goodwill and families in housing need, to eliminate sub-standard housing by building, renovating and selling simple, decent houses on an affordable basis.
- 2.3 Habitat for Humanity believes that simple, decent and affordable houses are a basic human right. The extent to which the inhabitants of any city or area enjoy fulfilment of this basic human right strongly correlates to the level of social cohesion and resultant social indicators including but not limited to health, employment, education, family violence levels and crime. In short, housing looms large in any measure of liveability and policy improvements are required in order to address housing affordability issues, particularly in Auckland.
- 2.4 Habitat for Humanity Greater Auckland is part of the Auckland Community Housing Provider Network, which is a network of affordable housing providers. The following organisations are members of the Auckland Community Housing Provider Network:
 - 2.4.1 Auckland Housing Association
 - 2.4.2 Auckland Community Housing Trust
 - 2.4.3 Bays Community Housing Trust
 - 2.4.4 Community of Refuge Trust

2.4.5 Habitat for Humanity Auckland

2.4.6 Lifewise and the Airedale Trust

2.4.7 Monte Cecilia Housing Trust

2.4.8 New Zealand Housing Foundation

2.4.9 VisionWest Community Trust

3 General support for findings and recommendations

3.1 In general, Habitat for Humanity is largely supportive of the findings and recommendations set out in the Draft Housing Affordability Report.

3.2 In particular, Habitat for Humanity is supportive of the findings and recommendations relating to urban planning and the need for both intensification within existing urban boundaries and orderly expansion beyond them to promote greater affordability of land and houses (recommendations R7.1 to R7.4). Habitat for Humanity opposes the proposed 'rural urban boundary' (RUB) set out in the Auckland Council's Draft Auckland Plan.

3.3 Habitat for Humanity is also particularly supportive of any measures that will develop and improve the ability of the third sector to provide affordable housing.

4 Urban planning and housing affordability

4.1 Habitat for Humanity supports the view that an immediate increase in land for development would help address affordability by redressing the current housing

shortage (page 104). It also agrees that this may require collaboration between central and local government, the private sector and the third sector (page 105).

- 4.2 Habitat for Humanity generally supports recommendations R7.1 to R7.4. In terms of R7.1, Habitat considers that housing is a more fundamental issue in Auckland than transportation and should be the highest priority for Auckland Council. For example, there are detrimental health consequences of poor housing, particularly for children, including preventable diseases such as rheumatic fever.
- 4.3 In regard to R7.4, in addition to the bullet points for territorial authorities to take into account, Habitat submits that territorial authorities should also:
- 4.3.1 increase their institutional understanding of economic principles, particularly property economics. Unless Councils better understand the economic consequences of policies, they will not be able to promote the social, economic, environmental, and cultural well-being of their communities, taking a sustainable development approach, as required by section 3 of the Local Government Act 2002. This economic understanding is also required to properly undertake functions under the Resource Management Act, including section 32 analysis of proposed policies.

- 4.3.2 develop fast track consent processes that incentivise land amalgamation and comprehensive development. This would enable options to purchase to be put on multiple properties to be settled subject to the outcome of a shortened consenting process effected within a predictable timeframe. Such policies have been developed in overseas jurisdictions (eg. Langley in Vancouver).
- 4.4 The Productivity Commission has specifically asked for submissions on how territorial authorities could streamline and speed up their planning and consenting processes to improve housing supply responsiveness (Q7.1). In addition to comments above, territorial authorities need to carefully balance rights of existing land owners to protect their amenity values etc verses the rights of those that are currently excluded from the property market from having the opportunity to own a home. Councils need to be aware of rent seeking behaviour and need to ensure that opportunities are not suppressed in order to avoid decreasing overall societal welfare and preventing economic growth. The development community are generally the proxies for those that need houses, as the people in need seldom participate in planning hearings etc.
- 4.5 Habitat for Humanity submits that housing supply responsiveness could be improved in the following ways:
- 4.5.1 Housing supply responsiveness would be improved if land release and intensification are linked to land values. Land values are

indicative of scarcity. Accordingly, the planning system should be amended so that it is responsive to values.

4.5.2 A minimum 20-year land supply should be identified in zoning maps and an appropriate amount, based on economic and industry advice, should be available in a serviced state immediately able to respond to increases in demand.

4.5.3 A betterment tax could be a way of recovering from the owners, some of the windfall gain in value that is associated with rezoning of land. Such recovery could then be used either to subsidise the construction of affordable houses or to offset some of the Development levy. Both of these effects enhance affordability and concurrently discourage landbanking of land that is predicted to be rezoned. It is conceded that it could also discourage the development of land by making that activity less profitable. Careful design and monitoring of any betterment tax regime would be required. This should apply equally to urban land as to greenfield land.

5 **Charging for infrastructure**

5.1 The positive work of community housing providers, such as Habitat for Humanity, is severely compromised by the protracted regulatory consent processes to obtain consents and the expensive fees, development

contributions and levies associated with any development.

- 5.2 In order to assist the development of third sector housing providers, Habitat for Humanity considers that consent processing fees, and development and financial contributions should be reduced or waived in relation to affordable housing that is provided by not-for-profit organisations. Such concessionary treatment is necessary to ensure that community housing providers can continue to operate and grow. It is contended that the construction of affordable-level housing, whether for home ownership or rental purposes is unprofitable for the for-profit sector under prevailing conditions and is only likely to occur if it is incentivised or subsidised to a significant extent. Failure to stimulate construction of new dwellings in this sector of the market is likely to result in dire consequences.
- 5.3 If charges are not waived in relation to community housing, Habitat for Humanity considers that such costs should be recovered progressively as a rates surcharge for newly developed affordable housing sites over a pre-determined period. This would free up capital to invest in building more affordable houses. If such a policy was to be adopted across the board, Councils would become answerable to their electorate for their decisions relating to these charges rather than answerable only to developers who possess limited political clout and merely pass on these costs as part of the overall sale price of the properties they develop.
- 5.4 Further, in order to encourage a causal nexus between the purpose for which the charges are sought and the

development, Habitat for Humanity suggests that councils should be required to credit an applicant with any funds that are collected for a purpose, but which are not used for that purpose within a particular timeframe.

- 5.5 At the very least, Habitat for Humanity agrees that Council charges should be subject to simplification, greater transparency and judicious use (page 127). Habitat for Humanity considers that the government should prepare 'best practice guidelines' to development contributions and that these guidelines should be incorporated into the Local Government Act (R8.1).
- 5.6 The guidelines should include criteria for assessing the circumstances where development contributions may be reduced or waived. For example, the guidelines should specify that development contributions may be reduced or waived where affordable housing is provided by not-for-profit community housing organisations. If the guidelines are sufficiently prescriptive, then community housing groups such as Habitat for Humanity can be distinguished and 'floodgates' risk will be avoided.
- 5.7 Habitat for Humanity also supports the recommendation that the government leads training to enable councils to implement the 'best practice' guidelines (R8.2) and the recommendation that councils be subject to regular reporting and auditing processes to demonstrate compliance with the guidelines (R8.3).
- 5.8 The Productivity Commission has asked for comments on the advantages of making decisions about development contributions contestable through changes

to the Local Government Act that would enable a merits-based test (Q8.1).

5.9 Habitat for Humanity considers that changes to the Local Government Act should be made to allow council decisions in relation to development contributions to be challenged in Court on the basis of merits. A merits-based test would further encourage councils to properly assess whether it is appropriate to recover development contributions in various circumstances, including in relation to housing provided by not-for-profit community housing organisations.

5.10 The Productivity Commission has asked what mechanisms could be used to discourage frivolous litigation (Q8.2). In appropriate situations, security for costs can temper frivolous litigants.

6 Building Regulations and Affordability

6.1 Habitat for Humanity agrees with the perception that timeframes for the issue of resource and building consents are often not met. In the past, Habitat has experienced costly delays often arising from trivial matters. This makes the timeframes for obtaining consents very uncertain with serious costing and therefore project viability uncertainties. It also stifles innovation.

6.2 Habitat for Humanity supports the recommendation that external auditing of the 'stop the clock' provisions be carried out to discourage these provisions from being used excessively (R9.1). Habitat considers that councils should be held accountable for complying with

timeframes. It considers that a cultural change is needed in local authorities to ensure consents are processed on a case-by-case basis in a pragmatic and efficient manner. Currently Councils lack a client focus culture and appear to take very conservative decisions with a “this is why you can’t do it” approach rather than a “how can we help make this work?” approach.

- 6.3 Habitat for Humanity has also observed that changes to the building code have resulted in a significant increase in costs. These increases have a profound effect on community housing providers, such as Habitat for Humanity. A proper cost/benefit exercise does not appear to have been carried out for many of the changes to the building code. For example, the insulation code requires standard double glazing of windows, even in Climate Zone 1. This is unnecessary in many of Habitat’s homes and is costly for not-for-profit organisations to provide. However, in order to demonstrate that single glazed windows are sufficient, a heat engineer must be engaged at a cost of approximately \$500 per house. Additional costs such as these resulting from changes in the building code quickly add up and have added considerable pressure on community housing providers.
- 6.4 At the lower end of the housing market, changes to the building code have had a disproportionate effect on housing affordability. Whilst the changes to the building code will undoubtedly improve the standard of homes, it will leave more and more people behind in the lower socio-economic sector often living in grossly sub-standard and deteriorating housing stock without hope for improvement.

- 6.5 In order to survive and grow, it is necessary for Habitat for Humanity to achieve economies of scale. Accordingly, Habitat for Humanity agrees with the recommendation that the multi-proof building consent process be reviewed with a focus on identifying barriers to its application, and suggesting ways to overcome these barriers (R9.5).
- 6.6 The Productivity Commission has asked the following specific questions:
- 6.6.1 How can we get fast diffusion of knowledge about what works and what doesn't? Are there ways of improving feedback loops about building innovations? (Q9.1)
 - 6.6.2 What are the potential advantages and disadvantages (and current barriers) to the consolidation of BCAs? (Q9.2)
 - 6.6.3 What are the potential advantages and disadvantages from a contestable market for building consenting and inspection services, either publicly or privately provided? (Q9.3)
- 6.7 In response to Q9.1, Habitat for Humanity considers that groups such as BRANZ are providing very good advice at present in the form of publications and series. However, Habitat wonders if there are sufficient research resources in New Zealand to provide specialised knowledge on building innovations. Habitat for Humanity submits that the government should address this issue.

6.8 In relation to Q9.2, in Habitat for Humanity's experience, the smaller councils are much more responsive and the processes are less costly. Larger councils also tend to work in silos where it seems there is often overlapping and underlapping responsibility for various matters. So, in Habitat's experience, the consolidation of BCAs does not necessarily improve quality, responsiveness and efficiency. The following measures would help to improve these things:

6.8.1 Electronic files so that multiple council officers could work on a file at one time (rather than a paper file that is passed from department to department).

6.8.2 A tracking system whereby applicants can monitor the progress of the application similar to that offered by Courier Services.

6.9 In response to Q9.3, Habitat for Humanity considers that a contestable market for building consenting and inspection services will result in more responsive outcomes, which will improve the processes.

7 **Where housing affordability bites**

7.1 Community housing providers, such as Habitat for Humanity, face considerable challenges, such as:

7.1.1 The scarcity of development land at affordable values due to limits on land availability.

7.1.2 The lack of specific reference to the importance of housing in the Resource

Management Act 1991 (RMA) and therefore a lack of priority for this issue in plans, policies and resource consent applications. The RMA currently does not recognise housing as a fundamental human need in Part 2 and if it did so, decisions of the Court would elevate housing development in the Court's overall balancing exercise. This would create a more enabling planning environment for housing.

- 7.1.3 The protracted regulatory consent processes and expensive fees, development contributions and levies.
- 7.1.4 The scarcity of affordable working capital and a stable source of long term funding for social housing.
- 7.1.5 The challenge of being small, low overhead, flexible organisations with the ability to focus locally, but with the need to grow to achieve affordable housing solutions at scale.
- 7.2 The case study attached to these submissions at Appendix 1 illustrates the challenges that Habitat for Humanity faces.
- 7.3 Habitat for Humanity agrees that much of its focus is on providing housing solutions to those who meet the criteria for a state home, but cannot access on because none are available (page 178).
- 7.4 Growing the capability of the community sector will be a big challenge (page 176). In order to grow, Habitat for

Humanity must be able to achieve cost reductions through larger-scale developments. It is submitted that research should be carried out to establish and assess what has been done overseas (particularly in Australia) to develop scale in the third sector. The findings of such research would assist in developing the third sector in New Zealand.

7.5 Habitat for Humanity supports the recommendation that the Social Housing Fund be increased to better meet the expectations of future social housing provision through the community housing sector (R11.2). The third sector needs long term, ongoing support in order to survive and grow. In addition, Habitat for Humanity submits that the following recommendations should also be made:

7.5.1 The Social Housing Fund has in recent years increased from \$12M to \$20M and in the latest year to \$40M. Whilst these increases are large in percentage terms, the totals each year are dwarfed by the size of the overall Housing Vote. They have always fallen well short of the Community Housing sector's ability to leverage the funds to produce housing outcomes at per house costs around half the cost of providing an additional State rental unit. Habitat submits that the fund be increased progressively by an order of magnitude to at least \$400M to seriously address the problems the fund seeks to overcome.

7.5.2 Habitat for Humanity proposes that the Social Housing Fund be established in such a way as

to provide assured ongoing support from year to year. Habitat contends that multi-year funding is a pre-requisite to enable the Third Sector Housing providers to confidently ramp up their housing provision capacity on a cost-efficient basis. Although HIF funds, and now SHU funds have been available every year since their introduction in 2003, in more recent years there has been no assurance of continued funding and the granting of funds has appeared to have been somewhat inconsistent. This has not provided the right environment in which a strong Third Sector Housing capability could be grown.

- 7.6 The Commission has noted (at page 180) that there appears to be some need for caution in the likelihood of the third sector to provide lower-cost rental accommodation at scale. The Commission has said that it welcomes further submissions on this matter.
- 7.7 Habitat for Humanity believes that there is a need for caution. The third sector is keen to expand and grow, but is yet to achieve at-scale capability (see 7.5.2 above). Accordingly, the third sector needs support (for example, in the form of grants from the government and concessions from local authorities) in order to become financially sustainable. Habitat for Humanity currently relies heavily on support from contributors (in the form of gifts in kind, concessionary loans etc), but requires much more by way of funding subsidies if it is to reach its potential and contribute to the alleviation of the serious housing problems New Zealand faces in a very significant manner. There needs to be a recognised

period of 'ramping up'. The government can implement the following measures to facilitate growth of the third sector:

- 7.7.1 Long term contractual and funding arrangements with central and local government to provide certainty in business planning for third sector providers.
- 7.7.2 Levering off surplus central and local government land in appropriate locations to build affordable houses.
- 7.7.3 Transfers of existing stock to the third sector, but the houses need to be able to be sustainably managed as recognised in the report.
- 7.7.4 Develop innovative models and programmes to transition people from renting to ownership to create more diverse and robust communities.
- 7.7.5 Transfer of expertise and knowledge from relevant government departments through temporary secondments etc.
- 7.7.6 Collaborative research on commercial relationships between the third sector and the public sector in similar jurisdictions to New Zealand to provide models for third sector housing development in New Zealand.

- 7.8 The Productivity Commission has asked whether it has understood all the issues for the sustainability and scalability of community housing provision and what else it should consider (Q11.1).
- 7.9 Habitat believes that the Commission has displayed a comprehensive understanding of the Community and Social Housing Sector with several amplifications as follows:
- 7.9.1 Habitat agrees that the sector is small and somewhat fragmented but notes that there has been a recent trend towards collaboration for enhanced programme delivery and there are at least two informal alliances that have been formed to explore ramping up collaboration and seeking to deliver housing outcomes “at scale”. In Auckland, the Auckland Community Housing Providers’ Network was formed out of an interest meeting in July 2010 and now meets monthly and has 10 participating member organisations. It has appointed a staff person to further the joint interests of the network and has an objective of significantly increasing social housing outcomes in Auckland. A similar group has met in the Wellington region.
- 7.9.2 With respect to Box 33, Habitat would add one more comparative advantage of Community Housing Providers. Habitat believes that Community Housing Providers are “closer to the coalface” and therefore have a better understanding of, and are more responsive to,

the needs of their client groups. Many Community Housing organisations provide extended, “wrap-around” support, beyond their housing needs of their clients giving rise to more stable outcomes.

- 7.9.3 With respect to Box 34, Habitat notes that the SHU’s specific objectives call for the development of a sector that becomes self-sustaining over time through the emergence of viable economic models for the provision of social and affordable housing. The Commission elsewhere notes that New Zealand has almost no institutional/corporate investment in the private rental market, in part because the yields are too low for them to invest. Habitat doubts that a truly self-sustaining sector is realistically possible given the low yields for investors who can charge market rents and that the sector is expected to charge a social rent at 75 ~ 80% of this already unprofitable level. This is especially relevant in the Auckland market where valuation of existing stock would need to drop by as much as 40% in order to reinstate yields that would encourage further private or institutional investment in affordable rental stock. Habitat believes that either public subsidy of the sector needs to remain on a long term basis or there needs to be a period of very substantial injection of capital into the sector to stimulate at-scale growth.

- 7.10 The Commission has asked how scale in the third sector could be achieved, other than through stock transfers, extending income related rents to the community providers, or through the Social Housing Fund (Q11.2).
- 7.11 Habitat believes that a pre-requisite to a strong third sector is the existence of an active peak body. Community Housing Aotearoa (CHA) currently exists and is fulfilling this role well albeit constrained by operating budget available. A significant proportion of the operating funding for CHA has to date come from Housing NZ Corporation. That funding stream has now ceased and as yet there are no assurances that the SHU will provide any continuity. Habitat is concerned that the services provided by CHA are likely to be severely curtailed if new funding does not become available within the next 3 ~ 6 months. In the event that the Social Housing funding available annually increases to the proposed \$400M, it is probable that CHA could be funded by member subscription or levy. If the fund is to remain at its current level, Habitat submits that the SHU should make adequate funding available to allow both continuity and development of this service.
- 7.12 See section 7.7.6 above where Habitat proposes that Government-funded research is facilitated to study how other countries have built the capacity of their Third Sector Housing Providers.
- 7.13 The Commission has asked whether it has understood the current affordability issues in the private rental market (Q11.3).

7.14 Habitat agrees with most of what the Commission has written about the private rental market. Habitat offers the following additional comments:

7.14.1 The claim of a projected decrease in the numbers of intermediate renters offset by an increase in the number of relatively well-off renters is a surprise to Habitat and it doubts that this projection is correct with respect to the Auckland market.

7.14.2 With respect to security of tenure for renters, Habitat believes, based on anecdotal evidence, that security of tenure is an extremely serious issue for low income renters who even fear using the Tenancy Tribunal to seek redress for grievances with Landlords because of the perceived risk that a 90 day letter (no reasons needed) terminating the tenancy will be issued. Notwithstanding this restrained behaviour on the part of low income renters, the rate of churn is especially high within this group. This is especially valid for Auckland where competition for available rental units is intense.

7.14.3 The claim that the private rental market has grown significantly over the past two decades masks the apparent current declining trend within Auckland. Habitat suspects that much of this claimed growth may have occurred before and during the periods of especially high house sale price escalation. Those who invested in the market at an early stage may

still be receiving satisfactory yield based on their purchase prices, rather than the current valuation. However, it is suggested that the average age of landlords, many of whom are described as mum and dad investors, is steadily rising. As these landlords die, it is expected that the next owners will have a higher yield expectation and this could exacerbate an already adverse affordability situation for renters.

- 7.15 The Commission has asked what is required in order for the private rental market to deliver better outcomes, particularly for those tenants who are likely to rely on the market for long-term accommodation (Q11.4).
- 7.16 Habitat suggests one or all of the following to help improve the lot of long-term renters:
- 7.16.1 Accreditation system for landlords
 - 7.16.2 Building Warrant of Fitness for rental units
 - 7.16.3 Star rating system for rental units
 - 7.16.4 Removal of the ability of landlords to issue a 90 day notice of termination without due cause and inclusion of provisions that allow termination notices to be contestable through the Tenancy Tribunal
 - 7.16.5 Adoption of a system of terminating tenancies somewhat akin to that used in the termination of employees. This system would allow instant

termination for gross infringements on the part of tenants but would require due warning to be given for lesser infringements and continuing unsatisfactory behaviour by tenants to allow termination. There are many lessons learned from the application of the Employment Relations legislation that could be used to refine any such system if adopted within a revised Residential Tenancy Act.

7.16.6 Introduction of a “Landlord of the Year” award as a new category in the various “Business of the year” events that are currently staged in some of the main centres.

7.17 Habitat concedes that some of these suggestions are unfavourable to Landlords and could have the effect of increasing prevailing rents or reducing the rental unit supply. Nevertheless, Habitat believes the ideas have merit and may require some incentivisation to mitigate the possible negative effects.

8 **Rural Maori housing**

8.1 The Productivity Commission has asked several specific questions in relation to rural Maori housing. The questions and Habitat’s responses are set out below.

8.1.1 Has the Commission understood how housing contributes to the wellbeing of Maori communities, allowing that individuals will place different weightings on different elements? (Q12.1)

- 8.1.2 Habitat believes that this question is best answered by Maori. However, it has observed that the inability for Maori to build on land they own, because of the difficulty in raising finance, creates a disempowering disconnect. Also, Maori appear to have a powerful spiritual attachment to their land of a manner that is not easily understood by non-Maori
- 8.1.3 Furthermore, the wide availability of under-developed Maori land provides a cost-effective opportunity to provide new affordable housing units at scale
- 8.1.4 Has the Commission appropriately balanced social, cultural, and economic challenges and opportunities for building housing in rural Maori communities? (Q12.2)
- 8.1.5 Some Maori land exists in areas where there is a low level of employment opportunities. Habitat suggests that in such areas, an inter-departmental approach is taken to facilitate and incentivise the formation of employment-generating enterprises
- 8.1.6 Are the options the Commission explored for improving the ability of lenders to lend viable? How else might certainty of future demand or security for loans be achieved? (Q12.3)
- 8.1.7 Habitat suggests consideration is given to a hybrid guarantee scheme where the Government, Trusts and individual insurance

schemes jointly cover the risk. This would have the benefit of reducing the risk for each party, thereby also reducing the reticence that is associated with absorbing the full risk.

- 8.1.8 Would the unit titles model or retirement villages approach to licences to occupy be useful for housing developments on Maori land? Are they worth further exploration? (Q12.4)
- 8.1.9 Maori groups of various sizes often have a desire to see housing development on their land but possibly lack the knowledge or confidence to tackle such daunting projects. Habitat has observed that Maori housing projects are often much more complex than conventional developments and recognises that much tenacity is needed to see projects through to successful conclusions. Habitat suggests the creation of specialised training opportunities for those with housing project aspirations to attend.
- 8.1.10 Habitat also endorses initiatives such as the National Maori Housing Hui to be held in Paihia towards the end of March. Habitat believes that opportunities should be provided for Maori to network and receive encouragement and support to enable them to work towards successful housing projects. Habitat suggests that the SHU employs one or more Maori Housing Project Advisors who could be deployed on request to work closely

with local runanga, Maori Trusts or even Hapu groups to help guide them through the processes.

9 Future opportunities for being heard

9.1 Habitat for Humanity wishes to be contacted in relation to any further opportunities to be heard in relation to the Housing Affordability Report.

Date: 10 February 2012

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Warren Jack

for and on behalf of Habitat
for Humanity Greater
Auckland Limited

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Appendix 1

Case Study: Clendon

Subject: Case Study ~ land prices in Auckland

Prepared by: Warren Jack

Date: 31 October 2011

Habitat for Humanity acquired 23 sites in Clendon in October of 2002 for \$1,060,000. The average size of those sites was 950 sq m and they were eventually subdivided to yield sites for 42 housing units with a mixture of 2, 3, 4 and 5 bedroom designs. In total the aggregate land area was 21,846 sq m giving a price per square metre of \$48.52. Although there were 6 bigger sites the majority of these sites are around 800 sq m with an average price of \$38,500 and capable of being sub-divided.

More recently in November 2007 Habitat purchased a single site of 6,166 sq m in Wymondley Road, Otara which it then developed into 16 lots averaging 299 square metres. The average developed cost of these sites was \$129,000 based on input costs only ie excluding any developer's margin. The average cost of each developed square metre was \$431.44

Habitat's most recent land purchase was of 4 sites in Hall Ave, Mangere at a price of \$175,000 each, average area 469 sq m and cost per sq m of \$373.00.

Item	Clendon	Wymondley	Hall Ave
Purchase date	Oct 2002	Nov 2007	Aug 2009
Number of sites	23 (subsequently subdivided)	16 (after subdivision)	4
Gross land area	21,846 sq m	4,787 (excl roading)	1,876
Average area/site	950 sq m	299 sq m	469 sq m
Purchase price incl development	\$1,060,000	\$2,064,000	\$700,000
Average \$/site	\$46,086 \$38,500 for 800 sq m site	\$129,000	\$175,000
% increase cf 2002 (per site price)	0%	335.1% over 5 yrs	454.5% over 7 yrs
Average \$/sq m	\$48.52	\$431.44	\$373.13
% increase cf 2002 (per sq m cost)	0%	889.2%	769.0%