

## Auckland Regional Public Health Service

Rātonga Hauora ā Iwi o Tamaki Makaurau



Working with the people of Auckland, Counties Manukau and Waitemata

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

### Submission on the Housing Affordability Inquiry Draft Report

1. Thank you for the opportunity for the Auckland Regional Public Health Service (ARPHS) to provide a submission to the Housing Affordability Draft Report.
2. The following submission represents the views of the Auckland Regional Public Health Service and does not necessarily reflect the views of the three District Health Boards it serves. Please refer to Appendix 1 for more information on ARPHS.
3. ARPHS understands that all submissions will be available under the Official Information Act 1982, except if grounds set out under the Act apply.
4. The primary contact point for this submission is:

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## **INTRODUCTION**

5. Thank you for the opportunity to provide additional material for the Productivity Commission's (the Commission's) consideration.
6. ARPHS has carefully reviewed the Commission's Housing Affordability Inquiry Draft Report (the Draft Report) and is pleased to see that the Commission has made the links between housing and health at both the individual / family level and the whole of society / government fiscal level.
7. ARPHS believes that the Draft Report can be improved in a number of areas:
  - Redrafting a small number of areas (e.g. Tenure Choice and Health Impacts of Housing and Urban Sprawl)
  - Understanding and incorporating the role of councils as choice architects in its findings.

## **REVISIONS TO THE TEXT OF THE DRAFT REPORT**

8. ARPHS believes that there are a number of areas where the Commission's assessment of housing issues needs further refinement.

### **Tenure Choice or Hobson's Choice?**

9. In its commentary around tenure choice the Commission has reached the conclusion that community preferences have changed with wording such as:

“The rental market has expanded to accommodate an increasing number of households that favoured renting over home ownership given increasing (relative) affordability in the rental market.

This large swing in tenure choice exacerbated the growth of the rental sector...”<sup>1</sup>

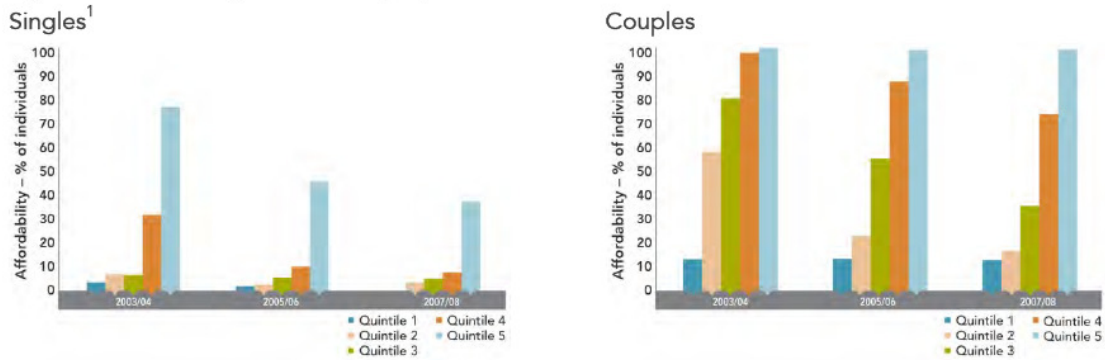
10. ARPHS accepts that there are a proportion of individuals, couples and families who for a variety of reasons, such as those set out on page 183 of the Commission's report, will prefer rental over the more traditional choice of home ownership.
11. ARPHS does not believe that for the majority of individuals and families who are potential occupiers of affordable homes that there is real choice over tenure. As indicated by the Commission's own graphs (in section 4 set out below) show that housing is unaffordable for the majority of:
  - Individuals in income quintiles 1 – 5.
  - Couples in income quintiles 1 – 3.
  - Individuals in ages at which household formation predominately occurs.
  - Couples in ages at which household formation predominately occurs.
  - Non European couples.

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<sup>1</sup> Draft Report Executive Summary page 6.

12. These are national figures. While incomes in Auckland are slightly higher than the national average so is the price of housing. ARPHS believes that the Commission has correctly concluded that the affordable housing situation in the Auckland region is worse than the majority of the remainder of the Country.

Figure 4.4 Housing affordability by income

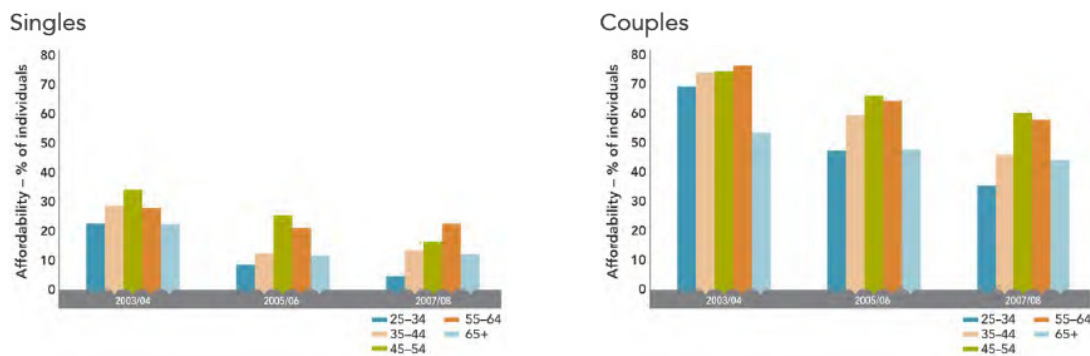


Source: Productivity Commission and Treasury calculations using Statistics New Zealand Survey of Family, Income and Employment data

Notes:

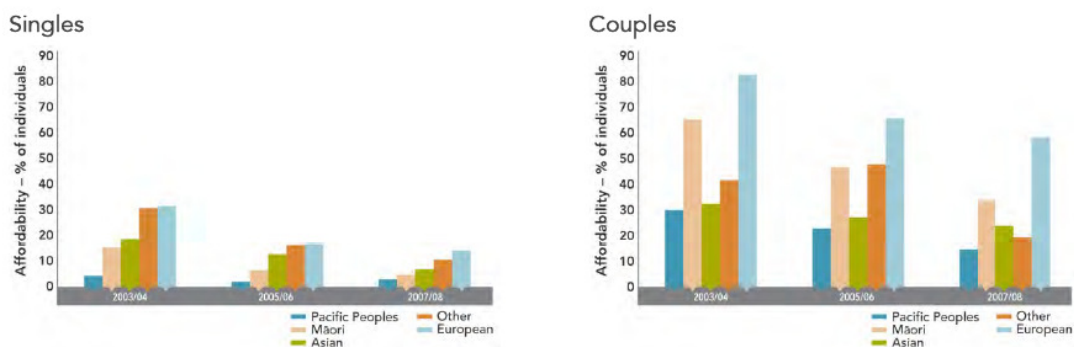
1. The figure for quintile 1 in 2007/08 is not presented for confidentiality reasons since the number of those who could afford was very small. Income quintiles are based on non-home owners and are calculated separately for singles and couples.

Figure 4.5 Housing affordability by age



Source: Productivity Commission and Treasury calculations using Statistics New Zealand Survey of Family, Income and Employment data

Figure 4.6 Affordability by ethnicity



Source: Productivity Commission and Treasury calculations using Statistics New Zealand Survey of Family, Income and Employment data

Notes:

1. Ethnicity was prioritised using the old Statistics New Zealand hierarchy.

13. If one cannot purchase an affordable home one's tenure choice is either; the private rental market or Housing New Zealand Corporation (HNZC). Under the HNZC social allocation model only those putative tenants classified as being "At Risk" or in "Serious Housing Need" are eligible for a place on an HNZC waiting list. ARPHS understands that due to the demand / supply mismatch only those at the higher end of the risk category are actually accepted onto the HNZC waiting list.
14. ARPHS believes that most members of the intermediate market and those who are too poor to afford to buy, but not deemed sufficiently needy to be successful under the HNZC social allocation model do not have tenure choice. They effectively have Hobson's choice<sup>2</sup>. They can enter the private rental market, or not form a separate household and live in some form of shared household.
15. ARPHS believes the current wording of the Commission's report misstates the true situation and over emphasises the utility and attractiveness of private rental accommodation as a partial solution to housing affordability and true choice in tenure.

### **Demand Pressure on Rents**

16. ARPHS notes the Commission's comments that "demand pressure may already be working to increase rents in bigger cities".<sup>3</sup> Recent publicity in the New Zealand Herald<sup>4</sup> suggests that in Auckland this pressure is already working to increase rents. This in turn will lead to an increase in that proportion of Auckland households facing housing stress and consequential flow on effects for Government's finances through increased demand for the Accommodation Supplement.

### **Health Impacts of Housing and Urban Sprawl**

17. In its comments on Urban Planning and Housing Affordability under the discussion of 'flow-on effects' the Commission appears to have confused the issues of health affects from poor housing and the health impacts from urban sprawl in its comments:

"These wider "environmental impacts" may need to be set against the social and health consequences of unsatisfactory housing..."<sup>5</sup>
18. Poor quality housing (i.e. damp, cold) or overcrowded housing has impacts on health no matter where it is located, be it in the urban core of a town or city, a peripheral suburb or in the rural hinterland.
19. Urban sprawl brings with it a separate set of health consequences e.g. air pollution and green house gas production from traffic, and urban environments that are too car centric, which do not encourage individuals to use active transport and poorer quality public transport.

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<sup>2</sup> A choice in which only one choice is offered, named after Thomas Hobson a livery stable owner in the 16<sup>th</sup> century who offered customers no choice in which horse they were able to rent from him.

<sup>3</sup> Draft Report page 6.

<sup>4</sup> NZ Herald 2012-02-03 *Housing need goes beyond role of politics*, accessible through [http://www.nzherald.co.nz/property/news/article.cfm?c\\_id=8&objectid=10783035](http://www.nzherald.co.nz/property/news/article.cfm?c_id=8&objectid=10783035) and a series of news items in the preceding days.

<sup>5</sup> Draft Report page 93.

20. “The way we plan our cities and towns affects the health of New Zealanders. There is a strong link between urban design and aspects of poor health that place a large burden on our communities and health services.”<sup>6</sup> ARPHS provided substantial comment on these issues to the Auckland Council in its submissions to the Auckland Unleashed Discussion Document<sup>7</sup> and the Draft Auckland Plan.<sup>8</sup> An extract from one of these submissions is attached as Appendix 2 by way of providing the Commission an overview of these issues.
21. ARPHS believes that the health issues associated with poor quality housing and urban sprawl should be presented as separate issues in the Commission’s final report.

## **A Holistic Approach to Housing Affordability**

### *Definition of Affordable*

22. ARPHS supports the Commission’s view that a holistic approach should be taken to housing affordability. It believes that there are a number of factors that influence affordability which Box 3 of the Commission’s Draft Report<sup>9</sup> overviews.
23. ARPHS is disappointed that the Commission has not chosen to propose a definition of affordable housing. As noted in the recent Briefing for the Minister of Housing:

“The internationally recognised measure of ‘housing stress’ is when households pay more than 30 percent of their gross household income on accommodation.”<sup>10</sup>
24. ARPHS believes the adoption of the widespread definition of less than or equal to 30% of gross income provides a useful yardstick around which discussion of affordability can be focused and the subsequent success of actions to address affordability measured.

### *Accessibility*

25. ARPHS is also disappointed that although the Commission recognises in Box 3 that “Affordability is influenced by the costs of accessibility” it does not go on to discuss the issue of accessibility in its chapter on urban planning and housing affordability.

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<sup>6</sup> Public Health Advisory Committee. Healthy Places, Healthy lives: Urban Environments and Wellbeing. 2010. Available at: <http://www.phac.health.govt.nz/moh.nsf/indexcm/phac-healthy-places-healthy-lives?Open>

<sup>7</sup> ARPHS (2011) *Feedback on Auckland Unleashed – The Auckland Plan Discussion Document* accessible through [http://www.arphs.govt.nz/Portals/0/Health%20Information/PDFs/20110602\\_HealthSectorFeedbackToAucklandUnleashed.pdf](http://www.arphs.govt.nz/Portals/0/Health%20Information/PDFs/20110602_HealthSectorFeedbackToAucklandUnleashed.pdf)

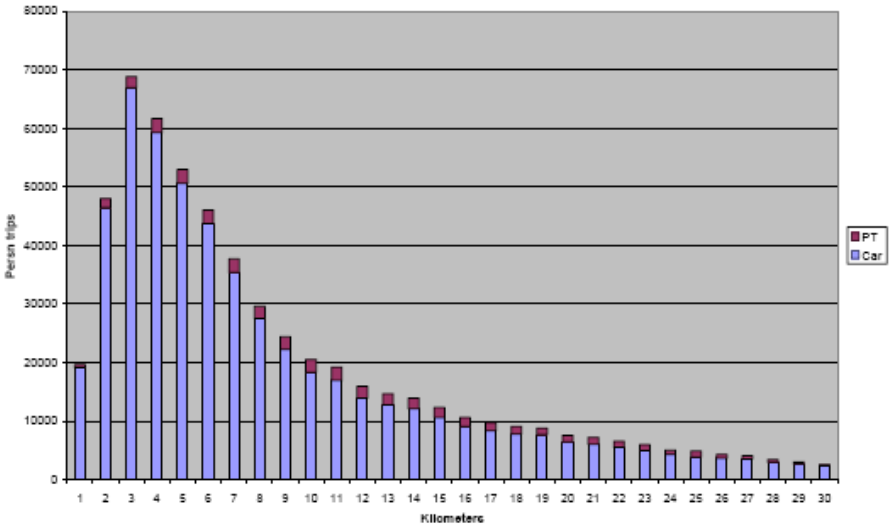
<sup>8</sup> Arphs (2011) *Submission to the Draft Auckland Plan*, accessible through <http://www.arphs.govt.nz/Portals/0/Documents/submissions/ARPHSsubmissiontotheDraftAucklandPlan.pdf>

<sup>9</sup> Draft Report Page 7.

<sup>10</sup> Department of Building and Housing (December 2011) *Briefing for the Minister of Housing*, accessible through <http://www.dbh.govt.nz/UserFiles/File/Publications/Sector/briefing-incoming-minister/bim-housing-2011.pdf>

- 26. The Commission’s recommendation 7.2 proposes bringing significant tracks of greenfield and brownfield land to the market in Auckland. There is little point in reducing the cost of the house / land package by freeing up greenfield land, if it only results in the creation of dormitory suburbs, consisting of nothing but housing, located at the periphery of the urban area. As outlined in ARPHS comments in paragraph 20 and Appendix 2, there are a wide range of consequences for public health that arise from the way in which suburbs and towns are planned.
- 27. From the health services perspective the current numbers and locations of higher level secondary and tertiary health facilities<sup>11</sup> are unlikely to increase (or change) and residents of new greenfield suburbs will have less accessibility to such facilities than those nearer to the centres of the urban area.
- 28. Affordable housing in peripheral dormitory suburbs will then lead to increased household expenditure to access work, education, health and cultural / recreational facilities. A greenfield location may also be further from pre-existing family and friends and as such encourage further travel for social purposes, further reducing the apparent cost advantage of the affordable home.
- 29. The issues in Auckland, due to its population size and geographic spread, may be a different order of magnitude to that faced in other centres. Figure 1 provides an overview of morning peak trip numbers and distances travelled by Auckland residents. This shows that while most morning trips are 5 km or less there are substantial numbers whose peak hour trip is 10 km or more.

**Figure 1: Trip Lengths By Mode (2008) Morning Peak Period ) 0700 - 0900 (ARC Auckland Transport Model 2008<sup>12</sup>**



<sup>11</sup> Health facilities can be grouped into primary – e.g. a general practitioner’s surgery, secondary – local hospitals offering a broad range of services e.g. Waitakere Hospital and tertiary – hospitals that offer higher level more specialised care e.g. Middlemore Burns Unit. The increasing capital cost of secondary and tertiary care, plus the need for increasingly specialised staff to operate them, means that further higher level facility development is likely to be concentrated on current hospital campuses.

<sup>12</sup> ARC (2008) *Trends and Issues (Transport Challenges) WP 2010/08* accessible through [http://www.arc.govt.nz/albany/fms/main/Documents/Transport/RLTS/RLTS2010WP08%20Trends%20and%20Issues%20\(Transport%20Challenges\).pdf](http://www.arc.govt.nz/albany/fms/main/Documents/Transport/RLTS/RLTS2010WP08%20Trends%20and%20Issues%20(Transport%20Challenges).pdf)

30. Unless greenfield development creates communities with jobs, education, health and cultural / sporting facilities it will shift the distribution of trip lengths towards longer distances. This will increase pre-existing pressures around traffic congestion, air pollution and green house gas production that face the region. This will also reduce the cost advantage the Commission expects an Auckland greenfield affordable home to have.
31. ARPHS recommends that the Commission incorporates further material around the impacts on housing affordability from the increased travel requirements that the creation of mere dormitory suburbs will bring. Greenfields development should only proceed if it creates functioning communities with jobs, education, health, social and recreational facilities within easy reach.

## **SUGGESTED ADDITIONS TO THE REPORT**

### ***Question 7.1 How can territorial authorities streamline and speed up their planning and consenting processes to improve housing supply responsiveness?***

32. In its discussion around the role of local authorities the Commission has explored the role of the local authority as a regulator and in question 7.1 sought further information on how planning and consenting processes can be sped up.
33. ARPHS believes that there is an additional role that local authorities have which should be included in the Commission's final report. This is the role of the local authority as a choice architect. A choice architect has the responsibility for organising the context in which people make decisions.<sup>13</sup> As a choice architect a local authority has the ability to use behavioural theory<sup>14</sup> to influence the decisions that developers and others make in the types and numbers of houses that they bring to the market.
34. Local authorities are choice architects and have influence over developers by virtue of their:
  - Influence in areas such as urban design, building design and development through, the incentives and disincentives its policies, plans and strategies provide for developers and builders to behave in particular ways.
  - Place-shaping role, where the investments a council makes in reserves, town centres, public transport etc will influence how desirable an area is to the public. This will be one of the factors considered by developers in whether they think development in an area will be both saleable and profitable.

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<sup>13</sup>Thaler RH, Sunstein CR (2008). *Nudge Improving Decisions About Health, Wealth, and Happiness*, Yale University Press, New Haven.

<sup>14</sup> The Thaler & Sunstein reference and the UK Institute for Government Mindspace Report provide a useful overview of how the behavioural theory techniques can be used to influence behaviour, accessible through <http://www.instituteforgovernment.org.uk/publications/2/>

35. In its submission<sup>15</sup> to the Auckland Unleashed Discussion Document ARPHS considered the issue of how the new Auckland Council could support the provision of affordable housing and suggested that the Council should consider the:
1. Explicit inclusion of affordable housing in the spatial plan and district plan.
  2. Reduced consenting and building approvals fees.
  3. Reduced development and financial contributions for affordable housing (or delaying the levying of such contributions until the sale of a property to its eventual domestic owner).
  4. Use of Council owned land for affordable housing in developments, in partnership with a commercial developer.
  5. Develop an equity sharing scheme where Council owned land is being used for housing.
  6. Employment of key account managers to shepherd affordable housing developments through Council's processes.
  7. Active partnership and involvement of Auckland Transport and Council's parks department to ensure that affordable housing developments are effectively connected to the public transport network and have easy access to quality open space.
  8. Consideration of the role that Council might play in direct provision of social housing.
36. As the Commission notes, over 80% of new housing stock is concentrated in the upper two quartiles of total housing stock<sup>16</sup> by value. This situation will do little to address the shortage of affordable housing. In terms of council fees and charges ARPHS believes that Section 101 of the Local Government Act gives a local authority the ability to fund its costs for consenting affordable housing developments on a different basis to housing generally.
37. In setting its funding policy a council has to consider a number of factors. ARPHS believes that there are grounds to believe that affordable housing delivers a broader range of benefits than does other housing.<sup>17,18</sup> Housing is one of the key enablers of a healthy life and as such affordable housing delivers benefits across society as a whole due to its role in reducing inequalities. A more refined funding policy in this area, will help tilt the 'playing field' towards affordable housing.
38. Subsequent to the release of the Auckland Unleashed Discussion Document the Auckland Council released its Draft Auckland Plan and ARPHS was pleased to see that it had incorporated a number of its suggestions into the Chapters on Urban Auckland, Auckland's Housing and the proposed implementation actions in Chapter 12.<sup>19</sup> Such as "Provide incentives and fast-track developments that provide greater choice and diversity and reduce construction costs".<sup>20</sup>

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<sup>15</sup> Ibid.

<sup>16</sup> Draft Report. page 144

<sup>17</sup> Wilkinson R & Pickett K (2010 ) *The Spirit Level: Why Equality is Better for Everyone*, Bloomsbury Press, New York

<sup>18</sup> OECD, 2011, *Divided We Stand: Why Inequality Keeps Rising*, accessible through [http://www.oecd.org/document/51/0,3746,en\\_2649\\_33933\\_49147827\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/51/0,3746,en_2649_33933_49147827_1_1_1_1,00.html)

<sup>19</sup> Auckland Council, 2011, *Draft Auckland Plan*, accessible through <http://www.aucklandcouncil.govt.nz/EN/AboutCouncil/PlansPoliciesPublications/theaucklandplan/DRAFTAUCKLANDPLAN/Pages/home.aspx>

<sup>20</sup> Draft Auckland Plan, Chapter 9 – Auckland's Housing Implementation actions page 230 – 232, accessible through



39. We await the release of the final Auckland Plan with interest and hope that the Commission will be able to review the proposed actions and incorporate comment on its views of the inaugural Auckland Plan actions in its own final report.

## CONCLUSION

40. In conclusion we believe that the Commission has produced a Draft Report of high quality. We believe that the issues raised in this submission should be incorporated into the final Commission Report.

Yours sincerely



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Dr Brad Novak  
**Medical Officer of Health**  
**Auckland Regional Public Health Service**

## **Appendix 1 - Auckland Regional Public Health Service**

Auckland Regional Public Health Service (ARPHS) provides public health services for the three district health boards (DHBs) in the Auckland region (Auckland, Counties Manukau and Waitemata District Health Boards), with the primary governance mechanism for the Service resting with Auckland District Health Board.

ARPHS has a statutory obligation under the New Zealand Public Health and Disability Act 2000 to improve, promote and protect the health of people and communities in the Auckland region. The Medical Officer of Health has an enforcement and regulatory role under the Health Act 1956 and other legislative designations to protect the health of the community.

ARPHS' primary role is to improve population health. It actively seeks to influence any initiatives or proposals that may affect population health in the Auckland region to maximise their positive impact and minimise possible negative effects on population health.

The Auckland region faces a number of public health challenges through changing demographics, increasingly diverse communities, increasing incidence of lifestyle-related health conditions such as obesity and type 2 diabetes, outstanding infrastructure needs, the balancing of transport needs, and the reconciliation of urban design and urban intensification issues.

**APPENDIX 2 SUMMARY OF RESULTS FROM PUBLICATIONS THAT HAVE ANALYSED THE HEALTH IMPACTS OF SPATIAL PLANNING**

Publication	Areas (within spatial planning) that have an impact on health outcomes	Spatial planning policy areas to be addressed
<p><b>The Kings Fund, NHS London Healthy Urban Development Unit</b></p> <p>'The health impacts of spatial planning decisions' Report<sup>21</sup></p> <p>United Kingdom</p> <p>2009</p>	<ul style="list-style-type: none"> <li>▪ Provision of (safe and easily accessible) space for increased exercise- and moderate exercise improves health outcomes</li> <li>▪ Reduction in traffic reduces air pollution</li> <li>▪ Green spaces improves mental health and increased physical activity</li> <li>▪ Traffic interventions reduce accidents</li> <li>▪ Improving insulation and heating in houses improved health and wellbeing</li> </ul>	<ul style="list-style-type: none"> <li>▪ Air pollution</li> <li>▪ Noise pollution</li> <li>▪ Lack of safe community spaces</li> <li>▪ Poor/unsafe access to food shops/health services</li> <li>▪ Cold and damp housing</li> <li>▪ Heat waves</li> <li>▪ Road traffic accidents</li> <li>▪ Sedentary lifestyles</li> <li>▪ Poor land use mix failing to encourage local employment</li> <li>▪ Poor housing/building design</li> <li>▪ Flooding</li> </ul>
<p><b>The Marmot Review Team (for the National Institute for Health and Clinical Excellence)</b></p> <p>'Implications for Spatial Planning' Report<sup>22</sup></p> <p>United Kingdom</p> <p>2011</p>	<ul style="list-style-type: none"> <li>▪ Pollution</li> <li>▪ Green and Open space</li> <li>▪ Transport</li> <li>▪ Food</li> <li>▪ Housing</li> <li>▪ Community participation</li> <li>▪ Social isolation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Improving action travel</li> <li>▪ Improving access to good quality open and green spaces</li> <li>▪ Improving the quality of food in local neighbourhoods</li> <li>▪ Improving the energy efficiency of housing</li> <li>▪ Support locally developed, evidence based community regeneration programmes</li> <li>▪ Fully integrate the planning of transport, housing, environmental and health systems</li> </ul>
<p><b>Public Health Advisory Committee (PHAC)</b></p>	<ul style="list-style-type: none"> <li>▪ Features of urban sprawl promote:               <ul style="list-style-type: none"> <li>- Physical inactivity and associated diseases</li> <li>- Road traffic injuries: Traffic accidents are strongly</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Develop urban infrastructure that promotes active transport</li> <li>▪ Develop features of urban form that promote positive</li> </ul>

<sup>21</sup> Boyce T and Patel S. The health impacts of spatial planning decision. The King's Fund. London Healthy Urban Development Unit. 2009

<sup>22</sup> The Marmot Review Team. The Marmot Review: implications for Spatial Planning.2010. Available: <http://www.nice.org.uk/guidance/index.jsp?action=download&o=53895>

<p>'Healthy Places, Healthy lives: Urban Environments and Wellbeing' Report<sup>23</sup></p> <p>New Zealand</p> <p>2010</p>	<p>associated with certain features e.g. multi-lane streets, high traffic volume and high vehicle speed</p> <ul style="list-style-type: none"> <li>- Greater emissions and air pollution from urban sprawl which increase respiratory disease and cardiac conditions</li> <li>- Poor diet and associated diseases: Residents living furthest from multinational fast-food outlets have greater vegetable intake.</li> <li>▪ Low density development: <ul style="list-style-type: none"> <li>- People can be socially isolated and have reduced social cohesion</li> </ul> </li> <li>▪ Location and density of alcohol outlets: <ul style="list-style-type: none"> <li>- Increased rates of injury and violent crime in areas with a high density of alcohol outlets.</li> </ul> </li> </ul>	<p>health outcomes (e.g. a controlled number of alcohol outlets, and increased quality of and access to open spaces)</p> <ul style="list-style-type: none"> <li>▪ Attempt to build explicit consideration of human health into environmental standards, regulations and initiatives</li> <li>▪ Provide health services in locations where they can be easily accessed by active and public transport</li> </ul>
<p><b>Auckland Regional Public Health Service (ARPHS)</b></p> <p>'Improving Health and Wellbeing: A Public Health Perspective for Local Authorities in the Auckland Region' Report<sup>24</sup></p> <p>Auckland</p> <p>2006</p>	<ul style="list-style-type: none"> <li>▪ Urban Development</li> <li>▪ Transport</li> <li>▪ Food, drink and tobacco</li> </ul> <p>These factors impact on issues such as:</p> <ul style="list-style-type: none"> <li>- Adequate and affordable housing</li> <li>- Access to transport and employment</li> <li>- Access to health facilities</li> <li>- Injury and crime prevention</li> <li>- Air pollution</li> <li>- Noise</li> <li>- Water quality (drinking and recreational)</li> <li>- Access to food (fresh v takeaways)</li> <li>- Access to alcohol</li> </ul>	<p>Develop a regional framework for coordinating health and sustainable development planning and decision making that looks to:</p> <ul style="list-style-type: none"> <li>▪ Decrease air pollution</li> <li>▪ Improve water quality (drinking and recreational) monitoring systems</li> <li>▪ Increase physical activity through active transport and open space use</li> <li>▪ Improve the quality and affordability of housing.</li> <li>▪ Reduce environmental hazards</li> </ul>

<sup>23</sup> Public Health Advisory Committee. Healthy Places, Healthy lives: Urban Environments and Wellbeing. 2010. Available at: <http://www.phac.health.govt.nz/moh.nsf/indexcm/phac-healthy-places-healthy-lives?Open>

<sup>24</sup> Auckland Regional Public Health Service. Improving Health and Wellbeing: A Public Health Perspective for Local Authorities in the Auckland Region 2006. Available at: [http://www.arphs.govt.nz/Publications\\_reports/reports/sophar06/sophar06\\_report.asp](http://www.arphs.govt.nz/Publications_reports/reports/sophar06/sophar06_report.asp)