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The affordability of housing assessed

A report released today by the Productivity Commission on housing affordability in New Zealand has identified a range of factors the Commission says are getting in the way of affordable housing for Kiwis.

Commission Chair Murray Sherwin says "It is fundamental to the success of communities that comfortable, affordable housing is available, particularly at the lower end of the property ladder. Younger people and those on lower incomes currently have much less chance of ever purchasing their own home."

The Commission has found that taxation was not a key driver of the recent housing boom.

"We carefully considered the claims that housing is tax advantaged, but concluded that any advantage is much smaller than often suggested" said Mr Sherwin.

Containment policies such as 'Smart Growth' and Auckland's Metropolitan Urban Limit (MUL) were also found by the Commission to have an adverse effect on housing affordability by limiting the availability of land for housing.

"Pressure on land prices needs to be reduced and the Commission has recommended that there be an immediate release of new land for residential development in high demand areas such as Auckland and Christchurch".

"Councils should also ensure they aren't putting up barriers to development and should take a less constrained approach to urban planning. There also needs to be a review of regulatory processes with the aim of speeding up and simplifying consent processes".

"There is no need for our homes to be expensive - we can construct quality, affordable homes. But, it will take councils and developers to work together so that sections can come to market quickly at a price that allows the building of homes at an affordable price".

The Commission has also recommended reconsideration of current social housing reforms.

"The community housing sector has a unique and very valuable role to fill. It can provide below market rents and more security of tenure than is available from private landlords. It is also well suited to providing the range of 'wrap around' services required by many social housing tenants with needs that run well beyond just affordable housing."

"But, the social housing sector will need considerable assistance if it is to scale up to the extent required, and do so within a reasonably short timeframe. The Social Housing Fund set up to help the community housing sector grow is not equal to the task demanded of it", said Mr Sherwin.

The Commission has presented its findings to Government. For a copy of the final report, and summary materials, visit www.productivity.govt.nz

About the New Zealand Productivity Commission

- Established in April 2011
- An independent crown entity with a dedicated focus on productivity
- The Commission carries out in-depth analysis and research on inquiry topics selected by the Government (currently housing affordability and international freight transport services).
- The Commission's aim is to provide insightful, well-informed and accessible advice that leads to the best possible improvement in the wellbeing of New Zealanders.

For further information about the Productivity Commission or its inquiry into housing affordability, please contact:

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