

**BEFORE THE AUCKLAND UNITARY PLAN INDEPENDENT HEARINGS PANEL**

**IN THE MATTER** of the Resource Management Act 1991 and  
the Local Government (Auckland  
Transitional Provisions) Act 2010

**AND**

**IN THE MATTER** of the Proposed Auckland Unitary Plan  
(PAUP), Part 2, Chapter C, 'Auckland-wide  
objectives and policies', 'General', '7.8  
Affordable housing'; Part 2, Chapter D,  
'Zone objectives and policies', '8.7  
Retirement village zone'; Part 3, Chapter H,  
'Auckland-wide rules', '6.6 Affordable  
housing'; Part 3, Chapter I, 'Zone rules', '21.  
Retirement village zone'; being Topic 061

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**STATEMENT OF PRIMARY EVIDENCE BY HARTWIG CLASEN**

**29 June 2015**

**in support of my original submission presented on 28 February 2014**

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**Submission:** 5219 – Points 12, 32 + 34

**Hearing Topic:** 061 – Part 2, Chapter C, 'Auckland-wide  
objectives and policies', 'General', '7.8  
Affordable housing'; Part 3, Chapter H,  
'Auckland-wide rules', '6.6 Affordable  
housing' (excl. Retirement village  
objectives, policies and rules)

**Hearing Date/s:** 20 – 22 July 2015

The primary submission was made under sections 123 and 125 of the Local Government (Auckland Transitional Provisions) Act 2010 and clause 6 of the First Schedule of the Resource Management Act 1991

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As a submitter I have no trade competition interest in the submission. As a resident of Auckland and member of the public I have an interest in the submission and wish to be heard in support it.

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## 1. Summary

- 1.1 My name is Hartwig Clasen, I am an individual, private submitter residing in Onehunga, and I presented my initial concerns and requested changes to the PAUP under submission number 5219. My stated concerns and sought changes for the PAUP parts covered by hearing Topic 061 were in relation to the notified Part 2, Chapter C, 'Auckland-wide objectives and policies', 'General', '7.8 Affordable housing', and in relation to Part 3, Chapter H, 'Auckland-wide rules', '6.6 Affordable housing'. The core issues, subtopics and themes were extracted from my submission text, and summarised and formulated into Points 12, 32 and 34. I made no submission on 'Retirement village' related objectives, policies and rules, and this evidence statement does therefore not cover that part of Topic 061. Some of my concerns regarding "*Neighbourhoods that retain affordable housing*" were already dealt with and heard under related Topic 013, for which I presented evidence on 01 December 2014 (re the 'RPS' and its objectives and policies under section 'B 2.4'). I also presented a further statement to clarify my evidence on 17 December 2014.
- 1.2 As mentioned, I have expressed my additional concerns about the notified PAUP's provisions for "affordable housing" in relation to section 'C 7.8' under 'Auckland-wide objectives and policies', as the objectives and policies do appear to be rather general, too unspecific and are lacking a clear criteria or direction, as to what proportion or level of dwellings would be expected to be "affordable". Hence under coded Point 12 in my submission (see also (B-6), Para [47]) I expressed my request that the objectives and policies should be amended, so they would be more specific, and would provide a clearer criteria or direction about what proportion of dwellings would be deemed as having to be "affordable".
- 1.3 In relation to Part 3 and Chapter H 'Auckland-wide rules' for 'Affordable housing' I stated under Point 32 of my submission (see also 'B-17), Para [89]), that it is my expectation that as part of the development controls under 'H 6.6.1.1' the proposed ratio for "*retained affordable housing*" for newly developed or newly created sites within the RUB should instead of only 10 percent for every 15 or more new dwellings/sites, be increased to at least 20 percent, or even be set at 25 percent.
- 1.4 Furthermore did I express under Point 34 of my submission that as per development control Rule 6.6.1.4.2(e) the eligibility requirements for "*retained affordable housing*" would be set less restrictively, as it would otherwise limit access to such housing to only relatively high earners. This concern and expectation was in the Submission Points Pathway Report (SPP) also wrongly interpreted as me wishing that this rules provision should be deleted altogether. Instead my request is for the income band based on the median income to be widened to include lower income earners.
- 1.5 I do largely maintain and intend to further support my position expressed in my submission dated 28 February 2014, and I do in principle also support submissions from some other submitters who seek to reserve a minimum percentage for retained affordable housing in new residential developments, same as in redevelopments of existing sites. It is my view, which appears to also be shared by David Mead, Planning Consultant, Dr Murphy, Professor in Property, and Dr Rehm, Property Lecturer, all presenting Auckland Council, that a requirement to provide for affordable housing is an appropriate method to implement the PAUP objective of new neighbourhoods containing low to moderate income households. Similar proactive measures should also be offered for existing neighbourhoods, which may be due for redevelopment, using both mandatory requirements and constructive incentives. I do not share the view of some opposing submitters that such a requirement to provide retainable affordable housing will inevitably have negative

impacts on overall cost, on quality and available quantity of future development and construction, so far as to outweigh the benefits of such mandatory and/or incentivised approaches. Also do I continue to seek that eligibility and access to affordable housing will be less restricted by the relevant Auckland Unitary Plan 'Development Control' rules on household income under 'H6.6.1.4.2 (e)' for persons in need of such housing. This appears to have already been accepted by Council, so that "mark-up" and "track change" documents do no longer appear to set a lower limit at 80 percent of median income.

- 1.6 Therefore, upon further reflection and review of all information, I request to:
- amend the background, objectives and policies under section 'C 7.8' so that they offer sufficiently clear enough details about the reasons for enabling and producing "affordable housing", about the types of measures to be used to do this, and in which kinds of zones or areas, and to what approximate degree more "affordable housing" will be made available and retained.
  - amend Rule 'H 6.6.1.1' to provide for a 15 to 20 percent ratio for retainable, affordable housing for new residential dwelling developments, or new vacant sites for the same (within the RUB), for more than 10 dwellings (instead of 15), dependent on land location, zoning and other planning criteria.
  - amend Rule H '6.6.1.4.2 (e)' to not apply a lower limit to the income range for households being entitled to "*retained affordable housing*" and rather simply use the maximum income of 120 percent of median income only.
- 1.7 My evidence will outline my position and provide information in support of my submission. By presenting this primary evidence, I do at the same time acknowledge, that the PAUP will in itself not be able to address most problems we face with the presently high demand for housing, with so far insufficient supply on offer, with natural, planning and regulatory restraints that exist, and with an increasing percentage of the Auckland population being unable to afford their own residential housing. These are issues that require to be addressed primarily at Central Government level, and that will also need to be addressed by other measures that may be taken by Auckland Council in the near to medium future. Nevertheless, I am convinced the PAUP can assist in offering affordable housing.
- 1.8 I wish to mention that I did not participate in mediation on this Topic. But I can inform the Panel that I read the updated 'Parties and Issues Report' (PIR) on this Topic 061 (released 05 June 2015), the 'Mediation Joint Statement' from 04 June 2015, the related 'Submission Point Pathway Report' (SPP), and also Part 1 of the 'Section 32 evaluation' for the PAUP, being on '2.21 Affordable housing'. I read the Panel's interim guidance document from 20 March 2015, relating to 'Part 1, RPS', '013 Urban Growth', particularly on 'B2.4', and I have also read the 'Mark-up text' provided by Council for mediation, dated 04 to 05 June 2015, same as the proposed "track changes" for mediation attached to the 'Mediation Joint Statement' mentioned above. I have read and reviewed the primary evidence presented by Council on this Topic 061, and I have also reviewed a number of reports by Statistics New Zealand, the Productivity Commission, by the Real Estate Institute of New Zealand (REINZ), certain relevant media reports - and a few sundry other reports on housing affordability issues from overseas and local sources, which I will not list in detail.

## 2 Introduction

- 2.1 My name is Hartwig Clasen, I am a private, individual submitter, and a resident of the suburb of Onehunga in South-Central Auckland. I have resided in Auckland for

most of the time I have lived in New Zealand, and I have a range of concerns about the proposed and notified Auckland Unitary Plan, including 'Part 2, Chapter C, 'Auckland-wide objectives and policies', 'General', '7.8 Affordable housing', and also in relation to Part 3, Chapter H, 'Auckland-wide rules', '6.6 Affordable housing'. The area I live in is proposed to largely be intensified and turned from a residential mixed housing suburban and single house zone into a terrace housing and apartment building zone. Apart from disagreeing with proposed zoning changes for my area, I have great concerns about the way urban housing development and growth will be implemented in future. As I know of persons dependent on fixed incomes having to pay over 50 or even 60 percent of their total income on rent alone, I am also very concerned about the presently inflated residential real estate and rental prices on the Auckland market, and I see a need that urgent action is taken to provide affordable housing to persons in the intermediate section of the housing market, and especially also for those who are unable to even reach median income levels.

- 2.2 While urban growth and planned intensification of certain parts of Auckland are given much focus and emphasis in both the Proposed Auckland Unitary Plan and the Auckland Plan, affordable housing does despite of a strong emphasis in the Auckland Plan though only get very marginal attention in the Unitary Plan. Both plans state clear objectives and policies, some of which are of great concern to me, given the fact that they seem somehow very distant from the stark realities we face.
- 2.3 As a submitter I provided evidence statements on Topic 013 covering relevant parts of the 'Regional Policy Statement' (RPS), being on section 'B 2.1', but in particular also on section 'B 2.4' *'Neighbourhoods that retain affordable housing'*. With this evidence statement I wish to provide further evidence pertaining to this Topic 061, which covers other parts of the PAUP that deal with "affordable housing", particularly 'C 7.8' and 'H 6.6'. I consider affordable housing as deserving a much higher priority to be given in the PAUP, as the present, notified provisions are completely insufficient to assist in encouraging, enabling, providing and retaining such housing for more residents with such needs in the Auckland region. Although the Auckland Unitary Plan can only offer limited assistance, it should do so as much as possible.

### **3 Scope of Evidence**

- 3.1 The evidence in this statement relates to, and further addresses, concerns I raised in my original primary submission from 28 February 2014, filed under reference number 5219, Points 12, 32 and 34. It offers qualified support for measures proposed in the PAUP to achieve a provision of more affordable housing, such as covered under Chapter C, 'Auckland-wide objectives and policies', 'General', '7.8 Affordable housing'. But it also expresses opposition to too restrictive eligibility criteria for those who may qualify for retainable affordable housing, as is contained in the notified text of Chapter H, 'Auckland-wide rules', '6.6 Affordable housing'. I also oppose some newer changes proposed by Auckland Council, which only further complicates an already rather complex approach Council now takes on this topic.
- 3.2 Point 12 of my submission covers my stated concerns re Chapter C, '7.8 Affordable housing': *"The Objective and the policies appear rather general and too unspecific, lacking a clear criteria or direction, as to what proportion or level of dwellings deemed "affordable" (for the stated types of households) will be expected, while also following any affordable housing assessments. This is in my view a rather poor and underdeveloped policy plan are for Council, which requires to be much more worked on, and thus clarified and more specified."*

- 3.3 Point 32 in my submission relates to my stated concern about the rule provision under Chapter H 6.6.1.1 'Affordable housing', 'Development controls': *"I submit my expectation that the proposed ratio for affordable housing dwellings (see 1.1) of at least 10 percent for every 15 new dwellings or vacant sites is increased to at least 20 per cent. It should even be considered to set the minimum requirement for retained affordable housing dwellings for such new dwellings and sites at 25 per cent, given the serious housing crisis in Auckland, which has led to an explosion of house and apartment prices, and substantial increases in rent."*
- 3.4 My submission Point 34, relating to Chapter H, 6.6.1.4.2 (e), 'Affordable housing' and 'Development controls' stated the following: *"I object to the strict guideline (or rule) set as per 6.6 1.4 2.e. (Eligibility for retained affordable housing) as this would limit access to such housing to only relatively high earners."*
- 3.5 For preparing my evidence I have reflected on my original submission document, I have reviewed various reports and sources already mentioned under 1.8 above, and I will endeavour to further clarify and stress my concerns, and the changes I request to "affordable housing" objectives, policies and rules in the PAUP. I intend to present information supporting my position and that will also describe and explain many of the causes for the lack of retainable affordable housing in Auckland, plus what solutions may be worth pursuing as part of PAUP provisions.
- 3.6 My evidence will cover the following issues and refer to suggested changes:
- Urban growth and housing in the Auckland Plan
  - Facts about Auckland housing demand and the lack of affordable homes
  - Reasons for the high demand and the lack of affordable housing
  - C 7.8 'Affordable housing' background, objectives and policies
  - H 6.6 'Affordable housing' development controls rules
  - Remaining concerns and conclusion

#### 4 Urban growth and housing in the Auckland Plan

- 4.1 The Auckland Plan which came into effect in 2012 has stated some clear objectives, policies and targets for urban growth and affordable housing. Chapter ten of the Plan lists three priorities and ten directives. Priority 1 is *"realise quality, compact urban environments"*, and on page 240 of that Plan the following targets have been set: To provide an additional 100,000 new dwellings from 2012 to 2022, 170,000 new dwellings from 2022 to 2032 and 130,000 new dwellings from 2032 to 2042. Under 'Priority 1' and Directive 10.2 on page 243 the Plan states *"Plan for a seven-year average of unconstrained development capacity (zoned and serviced with bulk infrastructure) at any point in time with a minimum of five years' and a maximum of ten years' capacity."*
- 4.2 Section 564 on that same page states the following:  
***"564\_ Achieving a quality compact urban environment requires a shift towards using land resources in a more efficient way. This necessitates urban intensification to achieve a higher density of housing and business activity, both in brownfields and greenfields, with emphasis on well-designed higher-density development in the right places. Planning for intensification will focus on the areas most suited to it, and be developed in consultation with local communities, taking into account their aspirations for an area (including character, heritage, transport and environmental considerations)."***

- 4.3 Chapter 11 of the Auckland Plan covers “**Auckland’s Housing**”. On page 268 the following targets were set: “Reduce the proportion of households which spend more than 30% of their income on housing costs from the average of 27% in 2011 to 20% in 2030.” It also states: “Maintain the proportion of people who own their own home to at least 64% (2006 baseline)” and “increase residential dwelling construction consents from 3,800 in 2011 to at least 10,000 per annum from 2020.” Other targets are mentioned as well, but I will refrain from listing them here. As **Priority 1** it lists “**increase housing supply to meet demand**”. **Priority 2** is “**increase housing choice to meet diverse preferences and needs**”. **Priority 4** states “**improve housing affordability and the supply of affordable housing**”. In total 4 aspirational priorities are listed and 8 directives. Directive 11.1 for instance states: “To develop and deliver an action plan to achieve the required increase in housing supply that specifically included “options to increase affordable housing for first home buyers”. The Plan gives details on the growing problem of housing being unaffordable for those around the median income in Auckland, and how more people are renting.
- 4.4 Section 637 of the Auckland Plan states – referring to a graph shown there: “**637\_** These graphs illustrate that about 28% of all households pay more than 30% of their gross income on housing, and that the problem is considerably worse for certain types of households. Specifically:
- ▶ 45% of rental households pay more than 30% of their gross income on housing costs
  - ▶ as household income reduces, households are more likely to pay more than 30% of their gross household income on basic housing costs
  - ▶ as many as 85,000 rental households earning less than \$70,000, pay more than 30% on their housing costs
  - ▶ of households in the \$50,000-\$70,000 band who own a home with a mortgage, 60% pay more than 30% of their income on housing costs.”
- 4.5 On page 286 the Auckland Plan lists principal tools available to Council to improve “housing affordability”:
- “**Box 11.3** Principal tools available to the Auckland Council to improve housing affordability” ....
- “**Planning and regulation**”
- In addition to providing sufficient unconstrained development capacity, options include:
- ▶ reviewing regulatory and assessment processes to provide a simplified, speedier and less costly consent process
  - ▶ **through the Unitary Plan** and Local Area Plans, **requiring developments to provide a mix of dwelling sizes and types**
  - ▶ fast-tracking developments and/or mitigating development contributions and consent fees for developments to increase the supply of a particular type of housing, or ease overcrowding in targeted areas
  - ▶ **providing density bonuses** as an incentive for affordable housing
  - ▶ auctioning of development rights to landowners. This would reduce the uncertainty associated with development, and therefore reduce overall costs, and create a mechanism for an ordered release of land\*
  - ▶ **considering other options** such as betterment levies, which capture for the community a proportion of the uplift in value that accrues to individual developers as a result of a change of use or development. Local or central government could choose to assign a proportion or all of the revenue collected to **subsidise affordable housing**; in the same way, it could decide to assign the revenue raised to another community good.

## 5 Facts about Auckland housing demand and the lack of affordable homes

- 5.1 As mentioned in the Auckland Plan<sup>1</sup>, about 45 percent of Auckland renters pay over 30 percent of their income in rent, and about 28% of all households pay more than 30% of their gross income on housing costs. The situation will have worsened since that Plan was published. Auckland Council provides only about 1,400 subsidised “social housing” units to mostly elderly people in need of such. Housing New Zealand is the major provider of “social housing” for those that are unable to afford their own rental or owned homes in the Auckland region and about 30,600 homes are provided by the Corporation. The community housing sector offers only a small number of homes to people in need. Government plans aim at expanding the community housing sector to provide about 20 percent of all “social housing”. According to data provided by ‘Community Housing Aotearoa’ and the ‘Auckland Community Housing Providers’ Network’ (ACHPN) their member organisations own and administer just over 1,000 homes in Auckland. Lack of affordable housing has led to overcrowding, negative health outcomes, increased stress and economic costs, for instance due to longer commuting between home, work and school.
- 5.2 According to a New Zealand Herald article from 19 Nov. 2014, titled ‘**State house plan hit by high costs**’<sup>2</sup>, Housing New Zealand are facing increasing problems with realising their plans to provide state social housing. On page A20 of that paper Simon Collins wrote that **the number of total state houses has actually dropped by 1,600 over the past three years, and plans for acquiring more state homes in Auckland appear to have been hit by rising land values.** Nationwide total Housing NZ stock has dropped to 68,125 on 30 September last year, the lowest since 2007. Although the Corporation planned to build 2,000 new homes between 01 July 2013 and 31 Dec. 2015, by 30 September last year only 274 homes (incl. 80 in Christchurch) had actually been built. **Although Auckland was due to get about half of the 2,000 targeted new homes, by the end of September or October only 118 had been “delivered”.** Under a side column heading “*What is causing the delay?*”, Simon Collins wrote: “*Government policy requires new social housing to be mixed in with private sale homes but Auckland’s skyrocketing land values price homes well above what Housing NZ and community providers can afford.*”
- 5.3 In May 2013 Central Government and Council agreed on a “**Housing Accord**”, and on 16 September 2013 the ‘Housing Accords and Special Housing Areas Act 2013’ came into force. Qualifying developments are afforded a more streamlined consenting process, rather than having to comply with the normal timeframes set out in the Resource Management Act. Since 08 October 2013 Auckland Council and the Central Government announced about over 80 “Special Housing Areas” (SHAs). These areas are deemed to be predominantly “residential” and must meet certain other criteria. Structures up to 6 storeys are permitted. A percentage of dwellings in a SHA must meet affordability criteria, which may be based on the median household income or median house price. The resource consent process is “permissive” and notified parties have only 20 working days to make a submission. Generally consent applications must be processed within 60 days. Limited rights of appeal against consent decisions appear to apply also. In some ways the SHAs and Housing Accord have undermined the proposed provisions contained in the PAUP.
- 5.4 Auckland Council has permitted developers to choose from **two options to meet the affordability criteria**, Option A. is setting a requirement that 10% of dwellings will be sold at 75% of the Auckland median house price, and Option B. is setting a requirement that 5% of dwellings meet the “retained affordable housing provision” at a set price point (based on the median income) similar to what section ‘B.2.4’ in the PAUP RPS proposes. In October 2014 about 352 “affordable dwellings” were either approved or were in progress, according to Council data (including one major site).

- 5.5 While intending to divest from a significant amount of its large state housing stock, central government has to this date not been able to offer new additional approaches, let alone finalised any contracts, for providing more affordable social housing through community housing providers. Developers in Special Housing Areas (SHAs) have in the meantime seen more planned dwellings being consented, but construction is lagging well behind. For the rest the demand for housing in the Auckland region is expected to be met by supply offered by players in the open market. Due to so far relatively low, insufficient consent numbers, and a lack of building activity, supply has though not kept up with demand for many years now.
- 5.6 The report '**Housing in Auckland**', '**Trends in housing from the Census of Population and Dwellings 1991 to 2013**'<sup>3</sup>, published by 'Statistics NZ' in December 2014 states under "Key findings" on page 10:  
**"Building consents in Auckland are lower per head of population than for New Zealand overall"**  
*"Building consents per head of population have decreased markedly in Auckland since the building boom years of the mid-2000s. From 2006 onwards, building consents in Auckland have been lower per head of population than for New Zealand overall. For example, in 2013, there were 358 building consents per 100,000 people compared with 423 building consents per 100,000 people in New Zealand overall. However, the number of building consents issued for new dwellings in Auckland has increased from the low point in 2009 to reach almost 7,000 in the year ended March 2014. Since 2006, the number of occupied private dwellings in Auckland has increased by 7.6 percent but the population of Auckland has increased by 8.5 percent."*
- 5.7 The same report says on page 13 under: "**Trends in building consents**"  
*"In recent years the number of building consents issued has been below the peak in the 1970s as figure 1 shows. Apart from a brief period in 2004, the subsequent rate of new building consents per head of population has been well below the rate in the 1960s and 1970s. Since the global financial crisis (GFC) there has been a slowing down in the growth of new dwellings in New Zealand."*
- 5.8 Building consents for residential dwellings were according to **other Statistics NZ reports** up only slightly on 2013, when for October 2014 they numbered 2,152 for the whole of New Zealand, seasonally adjusted though only 1,990 for the month. For the year until October 2014 that was a total of 24,363 and seasonally adjusted of 24,339 consents (all including apartments). A high percentage of these were for Canterbury and Christchurch, and others for Auckland, but it indicates that consents are well behind demand for housing. '**Interest.co.nz**'<sup>4</sup> reported on 28 November 2014 that **591 new dwelling consents for October 2014 were issued for Auckland**, while 686 new consents were issued for Christchurch. It is estimated that over 1,000 new dwelling consents per month are needed for Auckland to meet present population growth pressures. Immigration is estimated to increase Auckland's population by 21,000 per annum, according to that news item.
- 5.9 Statistics NZ figures on building consents for April 2015 showed that 215 additional consents were given, than in the same month a year before: '**Building Consents Issued: April 2015**'<sup>5</sup>:  
 It reported on 29 May 2015 that: "*In April 2015, building consents were issued for 2,112 new dwellings*". This was nationwide (see page 1). Then on page 3 it stated: "*Nine of the 16 regions consented fewer new dwellings in April 2015 than in April 2014. The regions with the largest movements were:*"
  - **Auckland– up 215, to 912**
  - **Canterbury – down 127, to 427 (a 22-month low)**
  - **Waikato – down 41, to 220."**

- 5.10 In the 'New Zealand Herald' from 07 March this year, the following article reported on the problems Auckland faces, lagging behind in consents and new construction: **"Brian Gaynor: Building consents highlight Auckland's problems"**<sup>6</sup>:
- "City's share of national building consents is out of balance given its size":  
"Dwelling consent data reveals that only 7,682 consents for the Auckland region were issued in the year to January, compared with 12,459 in the January 2003 year. **Auckland's share of the country's dwelling consent figures has fallen from 44.9 per cent in the 2003 year to 31 per cent in the latest period.** It is bizarre that Auckland is the country's fastest growing region and has 33.9 per cent of its population, yet has only 31 per cent of dwelling consents."*
- 5.11 That article continued: **"One of the major problems for the Auckland residential construction market is the Christchurch rebuild** and the vast amount of construction resources it has attracted. Canterbury consents averaged only 3,290 a year between 1992 and 2012 but shot up to 4,036 in the January 2013 year, 5901 in 2014 and 7,255 in the latest 12-month period. The number of Christchurch construction workers has gone from 11,970 to 27,870 in the past decade and the number of Auckland construction workers has risen from 26,190 to 34,690. This means **Auckland construction workers are now 27.7 per cent of the national total, compared with 29.6 per cent a decade ago**, while Christchurch construction workers are 22.2 per cent of the total compared with 13.5 per cent 10 years ago."
- 5.12 **"One of the main conclusions from these statistics is that any significant increase in housing activity, which the Auckland Council says should be at a rate of 13,000 new dwellings a year, won't happen until the Christchurch rebuild peaks and construction resources are re-allocated from the South Island to Auckland.** Another possible drag on Auckland house building activity is the establishment of the SuperCity in November 2010. This was supposed to speed up the consent process but there is little evidence of this. **The Auckland Council seems to be tied in knots with unitary plans, housing accords and other initiatives** that have generated a huge amount of reports and debate but **little increase in building activity.**"
- 5.13 **"Another feature of New Zealand residential construction is Aucklanders' desire for larger and larger houses and apartments.**
- The average floor space of an Auckland house consent has increased from 200sqm to 218sqm since the January 2003 year.
  - The average floor space of housing consents in the rest of New Zealand has fallen from 199sqm to 192sqm over the same period."
- The article continues with:  
*"The low level of house building activity in Auckland is because of several factors including the large amount of construction resources committed to Christchurch, **the high price of Auckland land making new developments less attractive** and the difficulty in obtaining resource consent for apartments.  
**The Auckland housing build of 7700 a year is well short of the 13,000 needed to meet the region's growing population.**  
**Existing house prices will continue to rise if this 13,000 target is not achieved,** particularly as the trading banks are awash in cash and continue to lend aggressively to residential property purchasers."*
- 5.14 The **'Housing in Auckland', 'Trends in housing from the Census of Population and Dwellings 1991 to 2013'**<sup>3</sup> also states the following (page 10):  
**"Home ownership rates are lower in Auckland than elsewhere in New Zealand"**  
*"In 1986 home ownership rates in Auckland were similar to the rest of New Zealand at 73.9 per cent and 73.6 per cent, respectively. Since then home ownership rates in*

Auckland have fallen relative to the rest of New Zealand. In 2013, 61.5 percent of Auckland households owned their home or held it in a family trust compared with 66.2 percent of households elsewhere in New Zealand.”

**“Auckland has the highest proportion of households in rental housing”**

“The percentage of households who rented their home was higher in Auckland than in any other region of New Zealand and has increased, at 35.4 percent in 2013, compared with 32.4 percent in 2006.”

- 5.15 The report **‘Housing in Auckland’** also states (see page 11):

**“Auckland has high housing costs relative to the rest of New Zealand”**

“Data from a range of sources shows that Auckland has high housing costs relative to the rest of New Zealand. Data from the Real Estate Institute of New Zealand has shown that **Auckland experienced a longer, and more sustained, increase in house prices than other regions.** The Household Economic Survey (HES) shows that households in Auckland spend more of their income on housing than households elsewhere in New Zealand. In 2013, households in Auckland that owned their home spent 15.2 percent of their income on housing compared with 12.0 and 10.6 percent in the Wellington and Canterbury regions, respectively.”

- 5.16 **“Around half of crowded households in New Zealand are now in Auckland”**

“While crowding has decreased in most of New Zealand since 1991, levels of crowding in Auckland have remained persistently high. This means that over time crowding has become increasingly concentrated in Auckland. In 1991, about a third (35.7 percent) of crowded households were in Auckland. By 2013 this proportion had increased to just under half (49.4 percent).

Crowding was highest in Māngere-Ōtāhuhu (42.6 percent or 26,949 people), followed by Ōtara-Papatoetoe (39.5 percent or 27,048 people). In the most crowded area units in Auckland, around 1 in 2 people were living in a crowded household.”

**“Over 200,000 people in Auckland live in a crowded household”**

“In 2013, 203,817 people in Auckland lived in a crowded household, of which 63,155 people were children aged less than 15 years. Young people aged 20–24 years were most likely to live in a crowded household. Crowding was highest among Pacific peoples with 45.3 percent living in a crowded household in 2013.”

- 5.17 Re “housing affordability” the **Statistics NZ** report says on page 12:

“Housing affordability in New Zealand, particularly in Auckland, has been a topic of growing concern for policy makers and researchers. There has been debate around the causes of rapidly rising house prices; **the increasing disconnect between income levels, rent increases, and house prices;** and the degree to which **affordability is actually a significant problem.** Researchers Bassett and Malpass (2013) attribute declining housing affordability to a range of factors, including **changes in household size and composition, increased building costs,** shifting government rules and local government regulations. The Productivity Commission (2012) in their Housing Affordability Enquiry noted a range of potential factors contributing to rising house prices ‘such as land supply restrictions, the **problems with achieving scale in new house construction and inefficiencies, costs,** and delays in regulatory processes’. They also highlighted **concern around affordability for renters** (although rents have not increased at the same rate as house prices) and noted ‘that the current approach to social housing in New Zealand will not provide sufficient support for many New Zealanders in need’.”

- 5.18 Page 17 of the same **Statistics NZ** report mentions one main reason behind increasing housing demand in Auckland:

**“Auckland is one of the fastest growing urban areas”**

“In 1991, the Auckland region had a usually resident population totalling 943,773 people. Just over 9 out of 10 people (878,223) were living in the urban area. Urban areas are statistically defined areas and are designed to identify concentrated urban settlements, without the distortion of administrative boundaries. By 2013, the

region's usually resident population totalled 1,415,550 people with 1,308,825 people living in the urban area. **This represents an increase in the urban population of around 430,000 people since 1991**, which is the equivalent of adding the populations of Christchurch and Palmerston North to Auckland urban area.

**Auckland's urban area experienced a growth rate of just under 50 percent between 1991 and 2013.** This growth rate was only surpassed by Tauranga, which experienced a 71.4 percent increase in population (an extra 50,151 people) over this period."

- 5.19 On their website '**Statistics NZ**' report (dated 05 June 2014, based on census data): '**International migration to and from Auckland region: 1996–2013**<sup>7</sup>':  
 "Auckland recorded the highest net gain of migrants from 1996 to 2013 when compared with the other regions in New Zealand, and was 1 of only 4 to record a net gain over this period. Auckland has a higher proportion of overseas-born residents than the other regions – especially migrants from Asia and the Pacific – due to this high net migration."  
 "Of those who specified a New Zealand address in 2013, almost one-half (48 percent) of PLT arrivals and 42 percent of departures were to and from Auckland."
- 5.20 The '**REINZ Auckland Regional Analysis**' for May 2015<sup>8</sup> reported:  
 "Sales volume in the Auckland region rose by 23 % compared to May 2014, with strong sales growth in Manukau (+33%) and Auckland (+26%). Compared to April sales rose by 14% across the region, including 32% in Manukau and 19% in Waitakere. Compared to May 2014 the median price increased by \$124,000 (+19.8%), with prices increasing the most in North Shore, Waitakere and Auckland. The region's median price rose \$29,000 (+4%) with prices rising 11.5% in Auckland and 8.4% in Waitakere. The number of days to sell improved by one day in May, from 30 days in April to 29 days in May. The number of days to sell improved by five days compared to May 2014. Over the past 10 years the average number of days to sell during May for Auckland has been 35 days." Figures provided in graphs show that the median house price in Metro Auckland for May 2014 was \$640,000 and for May 2015 \$771,500. Volumes sold were 2,249 in May 2014 and 2,749 for May 2015. The median price for the whole Auckland Region was \$625,000 for May 2014 and \$749,000 for May 2015, and volumes sold were 2,571 for May 2014 and 3,151 for May 2015. This reflects to a national median price of \$460,000 for May 2015, 7,989 total sales and average days to sell of 35 for the whole of New Zealand (REINZ 'Market Facts' from 12 June 2015). The same figures can be found on the REINZ "news release"<sup>9</sup> from 11 June 2015.
- 5.21 The '**New Zealand Productivity Commission**' presented a 'Research Note' titled: '**The effect of Auckland's Metropolitan Urban Limit on land prices**<sup>10</sup>, published in March 2013, by Guanyu Zheng, which tried to establish the "effect" of the Metropolitan Urban Limit (MUL) on land or section prices. Quote from 'Introduction':  
 "Another feature of New Zealand's housing market is that **section prices have grown more quickly than house prices over the last twenty years, suggesting that land supply may have become less responsive to increases in housing demand** (Figure 1a). Pressure on land prices has been particularly acute in Auckland and **land now accounts for around 60% of the cost of an Auckland house**, compared to 40% in the rest of the country (Figure 1b)."  
 "Auckland's Metropolitan Urban Limit (MUL) is a zoning restriction that defines "the boundary of the urban area with the rural part of the region" (Auckland Regional Growth Forum, 1999). Grimes and Liang (2009) find that **the MUL has had a significant impact on land prices in the city**, with the price of land just inside the MUL around 10 times higher than land just outside the MUL. In its Housing Affordability Inquiry published in April 2012, the New Zealand Productivity Commission used a similar methodology and found that the value of land just inside

*the MUL boundary is almost nine times greater than the value of land just outside the boundary (Figure 2).” “These results suggest that Auckland’s MUL is a binding constraint on land supply.”*

- 5.22 While that report shows only lesser relative price differences for land in areas completely within the MUL and also for land totally outside the MUL, it shows a marked price difference between land still 2 km within the MUL and up to 2 km outside of the MUL, particularly for the “lower quartile” and a bit less also for the “median” of valued land. But as tables 1 to 3 on pages 5 to 6 of the report show, there has been a significant increase in land prices in all areas, inside and outside the MUL, and all that the report appears to prove is, that land further away from the City Centre, but still within the MUL, has increased in value, especially such that was in earlier years priced lower. This means that increasing demand for land with development potential has gradually reached the MUL, thus pushing prices up to there, while land outside the MUL has remained relatively lower priced. It appears that since most land is purchased for residential housing development, which is usually done for single lots by the generally mostly smaller investor’s with their limited capability to raise capital, it has led to previously lower valued land being snapped up for mostly new residential development over recent years.
- 5.23 Under ‘**5. Conclusion**’ on **page 10** of that report we read:  
*“The empirical results presented in this paper indicate that the containment of Auckland region via the MUL results in upward pressure on residential land prices within the urban areas. This impact is found to be uneven with a much larger impact on land at the lower end of the price distribution. This suggests that the impact of the MUL on housing affordability is most pronounced for those at the lower end of the housing market. One reason for this is that lower priced land is more often found further out on the fringes of cities.”*  
 It appears that conclusions can be drawn from the MUL to the effects the now used Rural Urban Boundary (RUB) may have on land prices in future.
- 5.24 **Statistics NZ’s ‘International Travel and Migration: May 2015 – media release’**  
<sup>11</sup>, 22 June 2015:  
**Monthly net gain in migrants from Australia:**  
*“New Zealand had a seasonally adjusted net gain (more arrivals than departures) of 5,100 migrants in May 2015. Net migration has been fluctuating around this level for the last nine months, recently peaking at 5,500 in January 2015. This was the second month in a row that New Zealand has had a seasonally adjusted net gain of 100 migrants from Australia. Before April 2015 there had not been a net gain in migrants from Australia in over 20 years (since 1991).*  
**Annual permanent and long-term migration showed a record net gain of 57,800 migrants in the May 2015 year.** *Annual net migration has been setting new records for the last 10 months.”*
- 5.25 Auckland MP Phil Goff wrote in ‘**Stuff**’ on 03 May this year, under the heading ‘**Property investor’s dream a first-home buyer’s nightmare**’<sup>12</sup>:  
*“There is a crisis in Auckland as housing construction fails to keep up with rising demand. This results in huge house price inflation, with average prices rising in the city by some \$90,000 a year. It’s pushing house prices beyond the means of first-home buyers whose families are unable to subsidise them into a home. Home ownership in Auckland, once more than 75 per cent, has dropped to close to 60 per cent now. Real Estate agents report that **40 per cent of house buyers today are property investors**. As I call on houses around my Mt Roskill electorate, I see places which during the whole of my time as local MP have been owner-occupied now occupied by tenants. With property sales in Auckland averaging \$750,000 last month more and more people are being locked into renting.”*

## 6 Reasons for the high demand and the lack of affordable housing

- 6.1 By looking at the above information, it is clear, that Auckland Council is already lagging well behind the targets set for creating additional housing in the Auckland Plan, while central government and Housing New Zealand are themselves not delivering more housing, yes rather heading into the other direction, wanting to divest from social housing stock and provision of it. Smaller social and community housing providers are lacking resources and so far only deliver marginal housing stock and services. Building consents are slightly up on years before, but have not reached levels that are needed to meet demand. SHAs have only just taken off, and are also lagging behind expectations. The Unitary Plan is still being considered through various submission hearings, and private investors are now the major buying power on the local residential housing market, focusing more on the upper end of the market, offering better returns. But construction of new dwellings is well behind demand, and the market is slow to react and meet the high demand.
- 6.2 At the same time there has been continued natural growth of Auckland's population, and in the last two years a very significant increase of it due to immigration, both by returning citizens and residents coming back from Australia, and by new immigrants coming to New Zealand to work and live. Added to this comes further migration to Auckland from various regions across New Zealand, all adding to continued population growth. This uncontrolled growth is creating immense pressures on the housing market in Auckland, and due to a shortage of available dwellings, this has led to escalating prices, which has also attracted interest from off-shore investors, joining local ones, to potentially speculate with property rising in value.
- 6.3 Land value increases have occurred over most of the Auckland region within the Metropolitan Urban Limit (MUL) and are increasing also within the now proposed Rural Urban Boundary (RUB). **It would appear that increases in values are at least partly due to large scale land speculation**, where land and property owners are now well aware of the Auckland Plan and the now notified PAUP both being designed to facilitate the intensification of urban residential dwellings, which is made clear through wide scale re-zoning by Council. **40 percent of residential real estate buyers are now "investors"**, and it would appear that only well resourced investors are able to still buy property in the more central areas within Auckland, given the very high prices. They know and can rest assured, that no matter how high the present price is for land, with or without improvements, in the short to medium term future, they can gain significantly from holding onto land and on-selling it at a later time. With unrestrained immigration, with the determined growth agendas by Council and certain vested interests by business and other organisations, the continued demand for residential housing (and other land), together with the PAUP laying the ground for future developments in many re-zoned areas being multi-level dwellings, there is much to be gained from any investment. I dare to say, that the continued house price inflation is to a fair degree driven by exactly this, the intensification- and growth agenda. Present price levels cannot simply be explained by increased first home buying.
- 6.4 From the above reports and other available data it can be concluded that the main reasons for increasing pressures on the Auckland housing market are:
- natural population growth by Aucklanders
  - increasing immigration from outside New Zealand
  - increasing migration from other regions within New Zealand
  - NZ residents with available capital acting as buyers and investors
  - non NZ residents taking advantage of investment opportunities in Auckland

- income and wealth disparity between Auckland residents, leading to well off persons buying and inhabiting larger homes in often small numbers, while poorer persons are forced to over-crowd in mostly rental properties
- 6.5 Yet there is also sufficient evidence that the residential housing “market” in Auckland is also not quite as “over-heated” as media reports and public opinion often seem to perceive it, because so far many low income residents do manage to accommodate themselves and their families, albeit in often cramped conditions. The increasing numbers of persons that cannot even enter the ownership market, given their low income and insufficient savings, are not the ones that put demand pressure on the market, as they are actually shut out of it. The demand for homes is at least partly due to higher income earners with access to capital (savings or credit) seeking homes to live in, that are relatively central, which they still consider able to afford, despite the high prices. Additional demand pressure comes from investors, who make up about 40 percent of buyers, who also have access to capital, and who add to properties they already own. Then there is the largely unknown number of off-shore buyers, who may be in the process of becoming new permanent residents, who invest in homes to live in, for themselves or relatives, plus there are other off-shore investors, who are taking advantage of the potential returns and opportunities the New Zealand real estate market still offers them. There is anecdotal evidence that there is not yet that high a shortage of residential accommodation, because there are still a lot of rooms being offered for rent via auction sites like ‘Trade Me’. I have myself at times advertised a room, and found that demand is not that high for such rental accommodation, even if it is considered for medium to longer term use.
- 6.6 The trend for more housing being in the form of rental accommodation, increasingly also in the form of apartments, units and town-houses, shows that there is rather a shift in property ownership that is happening in Auckland, where fewer people own property, and an ever increasing number of Aucklanders either choose to, or are forced to, live in rental accommodation that they do not own. This represents a shift in wealth, which also shows itself in a growing income and wealth gap. It is creating further divisions in housing, also where low socio economic areas, such as parts of South Auckland, have a very high rate of rental housing, while higher ownership rates are found in parts of Central, and otherwise in the North and East of Auckland. There are of course hundreds if not a few thousand living in alternative accommodation like sheds, garages, caravans and some boarding houses, but while actual “homelessness” has increased, it has not yet reached that high levels.
- 6.7 In any case, there is a worrying trend, where home ownership appears to become the “privilege” of a smaller proportion of Auckland’s population, and the un-affordability of housing, which includes rental accommodation, will inevitably lead to more social division and associated socio-economic problems, which I understand the Auckland Plan and partly the Auckland Unitary Plan were designed to mitigate or reduce. Hence it would be logical to conclude, that mandatory requirements to provide affordable housing in neighbourhoods, and that in some areas incentives to create more affordable housing, are absolutely necessary and completely justified.
- 6.8 Besides of including a mandatory requirement for developers to provide a reasonable minimum percentage of affordable housing in medium to large scale new residential dwelling developments, and requirements and/or incentives to do so in existing neighbourhoods that are planned for subdivision and re-development, there is a need to take other urgent measures. Such should include lobbying and convincing Central Government to either introduce restrictions on immigration into Auckland from outside New Zealand, and/or to encourage immigration into other regions, which needs to be accompanied by regional development programs. Furthermore should Council apply pressure and lobby Central Government to

restrict off-shore buying by non-residents, which has to this date been permitted in an irresponsibly liberal fashion. Houses and apartments in Auckland are advertised and offered to prospective buyers in a number of overseas countries. From the figures we have for new residential building consents and the lagging behind in construction in Auckland, the present growth of the population, creating ever increasing demand for housing and also other infrastructure development is totally unsustainable. There is a shortage of affordable land in many areas, as new developments have already shifted out to suburbs and marginal areas bordering on the RUB, and insufficient new land is available elsewhere, at least short term. Also is there a shortage of construction workers, which is due to the continued reconstruction efforts in Christchurch tying up a sizeable number of them, which will continue for a few years to come. None of these issues will be resolved short term.

- 6.9 Recent actions taken by the Reserve Bank, to increase lending restrictions for investors and by raising loan to value ratios, same as by Central Government, to bring in new rules for off-shore buyers, are likely to only have a moderate impact, as real estate experts and bank economists have hinted. Non-action on restricting immigration, which is a major driver of demand, as about half or more immigrants choose to settle in Auckland, will result in continued pressures on demand and prices, for land and actual housing, and it will lead to much more serious overcrowding in low income and possibly also medium income homes, and eventually levels of homelessness this country will not have seen in recent history.

## **7 C 7.8 'Affordable housing' background, objectives and policies**

- 7.1 As my submission and this evidence relates to the PAUP, I can only focus on what better provisions may be integrated into the proposed, notified Plan. I am not convinced by the reservations and objections of certain submitters and further submitters, who consider a mandatory requirement for retained, affordable housing to be counter productive. From reading the SPP report I conclude that they are in their majority submitters involved in property management, development and in some cases construction, or in other cases business or individual property owners. I must assume that objections are mainly motivated by reluctance to accept further requirements and rules, without offering convincing enough arguments against this. It is my view that property owners acting as landlords should have a certain degree of social responsibility. There are some basic forms of social responsibility asked from landlords in the Residential Tenancies Act. Some social responsibility should be expected from developers of medium to large scale residential dwelling projects. It must include a preparedness to provide a reasonable percentage of "affordable" housing, which is according to the notified provisions in the PAUP even limited to only 10 percent of new dwellings or vacant sites in developments of over 15 units. An income range of 80 to 120 percent of the "median" income is mentioned, which is an income many Auckland households would not even have. This means there is in the notified PAUP even insufficient provision made for affordable housing.
- 7.2 The fact is that about 40 percent of residential home and land buying is done by investors, who do not appear to be discouraged by already high land and property prices. Over recent years much new construction has occurred in sizes and areas for houses that are more designed for the upper end of the market. Investors and developers have tried to maximise profits by catering for the better resourced, higher income earning buyers. There would not have been a need for Special Housing Areas (SHAs), had investors and developers catered also for the intermediate and lower cost housing sector, by building more new stock for that share of the market. This proves that there is no lack of an incentive to invest, but a lack of motivation to settle for some lower profit margins and lower returns, by also investing in affordable housing. I accept that some concessions may perhaps need to be made on size and

design of retainable, affordable dwellings, possibly also on zoned location, but it must be a dedicated aim achievable with the PAUP to ensure wider housing choices and a more balanced mix of dwellings throughout all Auckland's residential zones.

- 7.3 I have looked at the 'Section 32 Report' on "affordable housing" under '2.1.1 Policies' (pages 8 to 20), and at the projections presented for the feasibility of "inclusionary zoning" (IZ). I have looked at the evidence provided by Dr Rehm and Professor Murphy from Auckland University's Business School (Property Department), which show the effects of IZ on feasibility of developments on greenfields and brownfields land. In medium value areas (lower land value areas), development remains feasible with up to a 15 % requirement - and in higher value areas, 20 % or more of IZ requirement were considered possible. The analysis highlighted also that a sections only business plan was considered unlikely to be feasible in lower land value areas, even before considering IZ. Feasibility decreases the higher the development margin is set for a business model, and also the higher the IZ requirement is set, dependent on land value and zone. It is my view that this was only a limited study, in a very narrow setting and scenario, and I would not rule out that there are more favourable conditions to provide for retained affordable housing in varying forms in a wider range of other greenfield and brownfield areas. I also believe that a widely applied general requirement to provide retainable, affordable housing, not only on greenfield, but perhaps also brownfield land, even from medium size developments from 10 dwellings upwards, may result in lower land prices, combined perhaps with a levy on land holders that do not make unused, suitable land available within a certain time frame of 3 or 5 years. The analysis used for the PAUP may underestimate future potential for medium to large scale residential development in new and existing neighbourhoods.
- 7.4 While much development and construction of residential dwellings in Auckland occurs only on a small to medium scale, there is also potential for larger operators to enter the market. This may be in the form of private firms or corporations, or it could also be in the form of a re-orientated, better resourced Housing NZ Corporation, becoming itself active in construction. A larger operator would be able to take advantage of synergies, of bulk buying power for building materials, of employing a larger labour force that can be shifted from project to project. It could perhaps bring in more off-site pre-fabrication of structures or components, and also act as a buyer of larger lots of lands, and achieve more other efficiencies for construction of dwellings, which would offer better pricing for the end product. Even Auckland Council should perhaps consider to play a more pro-active role in providing affordable and social housing, by setting up a fund for gathering levies that can be charged on developers who may feel the obligation to provide for retained affordable housing cannot be met by them, so they would prefer an option to pay a charge to council instead, that could flow into a kind of social housing fund. Council may even consider a separate levy on ALL new residential developments needing consenting, to put into a social housing fund, used to fund housing provided by Council. It may be set at a level just 5 percentage points below the cost for the required or in some areas encouraged affordable housing share in a development. Or the Council could underwrite development projects, where affordable housing is a part, should problems unexpectedly arise for financing and providing this, due to developers facing financial difficulties, or due to sudden market changes leading to unexpected house price falls. These are just some considerations that should perhaps be made, besides of suggested new changes to the notified PAUP.
- 7.5 As for the PAUP I continue to expect that a firm requirement is introduced for all medium to large scale new residential developments, and at least an expectation also for certain "brownfield" type re-developments, the latter perhaps combined with incentives, to provide a reasonable percentage of affordable housing. It must apply

across the board for the future, so all developers and builders will be bound by it (perhaps with some strictly formulated and regulated exceptions), so that this will not distort competition between various developers and contracted construction companies. It would simply create new, additional rules to a level-playing field, and ensure that investors and developers will not simply continue to favour developments for the higher end of the market, which is fuelled also by well resourced new entrants to the residential housing market from overseas.

- 7.6 From the 'Draft Parties and Issues Report' (page 12) dated 05 June I have taken note that mediation on this Topic 061 has not achieved an agreed outcome. Two issues were stated, and the second one relates to the PAUP provisions for affordable housing. It states: *"The parties were unable to reach agreement on the appropriateness or practicality of incorporating affordable housing rules into the PAUP, but were agreed on incorporating objectives and policies."* The 'Mediation Joint Statement' on this Topic (from 04 June) reports on page 5: *"The Council acknowledged the Panel's interim guidance on Affordable Housing, however it maintained that regulation is appropriate within the PAUP and is a proactive and socially responsible approach in response to a pressing social issue and which can be open to further refinement through successive plan reviews."* *"The parties all agreed that it was appropriate to have objectives and policies that supported the provision of affordable housing but there was no agreement on the detailed wording of the objectives and policies because they would be dependent on the methods to be used to implement them. On the other hand many of the parties were of the view that the rules as proposed by the Council in the tracked changes version of the PAUP provisions were inappropriate and ineffective, and should not be imposed."*
- 7.7 On looking at the 'Mediation Joint Statement', I note that of the 13 parties that actually attended mediation, only 4 parties appear to have any interest and involvement in social or affordable housing provision, and the rest, except Auckland Council and the Ministry of Business, Innovation and Employment, were parties who represent property investment, development and construction business interests. In view of the imbalance of interests amongst the represented submitters or participants, it should perhaps not surprise that a more positive outcome could not be achieved. Hence on the balance of things, and also in consideration of my own submission and evidence, I am inclined to generally support the proposals put forward by Auckland Council to improve the provisions under both 'C 7.8' and 'H 6.6' of the PAUP. But I can only do so with some serious reservations, and with opposition to some newly put forward amendments, offering "bonuses" rather in more liberal application of rules in a number of residential and business zones.
- 7.8 Re 'C 7.8' I understand that a large part of the notified text under '**Background**' now appears to be treated as "out of scope", as it seems to be more appropriately placed under the Rules part, or is otherwise considered irrelevant under that section. I can generally agree with changes made to the text under the heading 'Background' as per proposed "track changes" attached to the above mentioned 'Mediation Joint Statement', dated 04/05 June 2015. I am confused though why the word "retained" has been deleted from the notified text, so I propose to perhaps replace it with "**retainable**", being less restrictive. Also can I agree with the changes in the same record under '**Objective**' (only listing 1.). I disagree with some of the proposed changes under '**Policies**', as they include some that I cannot support. Also am I still missing some clarity as I seek with my submission and under Para 1.6 above.
- 7.9 While I understand and appreciate that Auckland Council now offers more detail as to how and where more affordable housing should be encouraged and enabled, I do not accept the suggested "bonus" for developers to be allowed to build with additional density and / or height in the specified manner in certain zones. I can

accept some more density provisions and possibly height provisions for the Metropolitan Centre zones, and the Town Centre zones, but oppose the inclusion of such for the Local Centre and Mixed Use zones. Also do I oppose the too general terminology under “track changed” policy 1B. a) *“additional building height in ... those parts of the Terraced Housing and Apartment Building zone close to business zones”*. The wording “close to” is too broad, as it can mean something like directly bordering the business zone, or it may mean a whole block bordering on a business zone. I also oppose the proposed “track change” for *“b) additional dwelling units in Mixed Housing Suburban and Mixed Housing Urban zones”*. While I can accept additional dwellings being allowed as a “bonus” within the “Mixed Housing Urban zone”, I oppose the inclusion of “Mixed Housing Suburban”.

- 7.10 Also do I oppose a “bonus” offered for developers re-developing medium to large scale residential developments as proposed under “track change” *“c) additional building height on large sites within the Mixed Housing Suburban zone”*. Apart from these concerns and objections I can mostly agree with proposed “track change” “1C” and “1D”. Also can I agree with the proposed “track changes” for policies 2 and 3. Please see **Attachment 1** for a draft containing my suggested text changes, based on the mentioned “track changes” for mediation in the ‘Mediation Statement’.

## 8 H 6.6 ‘Affordable housing’ development controls rules

- 8.1 While I appreciate that Auckland Council is endeavouring to satisfy the expectations of other larger submitters on the PAUP part covered by this Topic, I am of the view that Council is offering too far reaching concessions to developers. Given the facts and comments I presented in my evidence above, I see less justification to meet certain expectations of investors and developers by becoming overly compromising and flexible. The objections raised by certain submitters with vested business interests against requirements for affordable housing provisions in the Rules part under ‘H 6.6’ are according to evidence from Professor Murphy and Dr Rehm and their quoted further references and reports actually without much justification. I would therefore suggest a firmer, clearer and more robust set of guidelines and rules under ‘H 6.6’ than proposed by Mr Mead, Planning Consultant for Council.
- 8.2 In my evidence I will now only focus on the particular sections and subsections of **‘H 6.6’** that my **submission Points 32 and 34** relate to, given time and other restraints in preparing this statement. I request that the Independent Hearing Panel and Auckland Council reconsider the remaining sections under ‘H 6.6’ by also considering my complete evidence in this matter. I will not offer any detailed, proposed changes for sections ‘H 6.6.1.2’ and ‘H 6.6.1.3’ in **Attachment 2**, as the repeated changes made prior to and during mediation, and now as part of the new evidence for the hearing by Mr Mead, have in my view made the whole provisions overly complex, so that they are confusing and hard to follow. All I can suggest and ask is that my submission, and the evidence provided here, will be considered for consequential changes that will be necessary. **Attachment 2** will only focus on my suggested changes in relation to notified ‘H 6.6.1.1’, with the few changes I have noted from the “track changes” by Council. I have also based my suggested changes as part of this evidence to **‘H 6.6.1.4.2 (e)’** on the notified text, incorporating the “track changed” version that was attached to the ‘Mediation Joint Statement’, but not any of the other many changes made to ‘H 6.6.1.2’ and ‘H 6.6.1.2’. These further change suggestions are contained in **Attachment 3**.
- 8.3 While my submission did not specifically related to **‘H 6.6.1.4.2 ( c)’** I would nevertheless take liberty to also suggest and request a change to that subsection. Buyers of retained or “retainable” affordable housing should be required to occupy

or hold onto their dwellings for at least 5 years, rather than the so far suggested 3 years, and if they sell before that time has lapsed, any capital gain from the sale of the dwelling should be required to be paid or foregone to a fund administered by Auckland Council, for the purpose of investing in social housing projects. Again see Attachment 3 for my requested text changes. Perhaps Council wishes to reconsider, whether also levies could be charged against ALL new residential developments, to assist funding Council's own social housing developments, which would further assist the enormous pressures that have built up within the Auckland housing market, particularly effecting the fast growing number of persons not even able to afford homes around the so-called median price for homes in Auckland. Also should "bonus" offers perhaps rather focus on "fast track options" for consent processing for larger residential developments over 10 units or vacant lots, rather than compromising plan rules for various zones that were notified with the PAUP.

- 8.4 Instead of involuntarily assisting the continued land value increases benefiting land bankers and speculators, developers should accept the requirement for providing a fair proportion of affordable housing, and not give in to unreasonable demands by land owners. There must also be some room to improve efficiencies in construction, and in processing consents for new dwelling developments, at which developers, builders and Council may wish to look, in order to reduce costs, so that up to 20 percent of affordable housing can be made more feasible for at least new developments across the whole of Auckland. Where necessary, perhaps some moderate, acceptable compromises may need to be made on minimum dwelling sizes and on dwelling design, but overseas experiences seem to prove, that such do not need to lead to low building standards, like at some poor apartment block structures in parts of Auckland's CBD, or that led to the "leaky home problem".

## **9 Remaining concerns and conclusion**

- 9.1 This Topic 061, like some other ones, has proved to have been a very complex and comprehensive one to deal with, and the continued changes made to the notified PAUP text, prior and during mediation, and now again through evidence for the hearing, has proven me yet again, that the whole process of the PAUP is not assisting many ordinary citizens to follow and participate in it. As was to be expected, participation in mediation and the hearing process in general continues to be dominated by the familiar larger, better resourced submitters and further submitters, who are able to afford legal representation, planning and other expert consultants. I appreciate that much expert knowledge and understanding is required to deal with the more technical, legal and high level administrative side of things, but the PAUP hearing process would have been easier to follow and participate in, had it been broken down in a few stages, instead of being handled in this manner.
- 9.2 This complete evidence statement with my comments and some suggested changes to the relevant PAUP parts covered by Topic 061 is being submitted for consideration by the Independent Hearing Panel, by Council and by other submitters. I intend to be heard in support of my submission at the final hearing on this topic.

Yours sincerely

**Hartwig Clasen**

**Place and Date:**

**Auckland, New Zealand,**

**29 June 2015**

**10 References:**

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## 11.

## APPENDIX

### Attachment 1:

Suggested Wording of relevant section(s) 'C 7.8 'Affordable housing':

### 7.8 Affordable housing

The following objectives and policies do not have legal effect until the Unitary Plan is operative.

#### Background

The provision of ~~retained~~ *retainable* affordable housing will ~~ensure~~ *assist with enabling* wider housing choices and a more balanced social mix in ~~neighbourhoods~~ *new housing developments*. This in turn will help to address regional objectives relating to ~~promoting a compact urban form while enabling social and economic well-being, and transport and land use integration~~. It will also ~~extend the effectiveness of scarce public resources by increasing overall housing output through partnership with the not-for-profit housing sector.~~

An affordable housing assessment will need to be prepared for all applications for resource consent that are required to provide a percentage of retained affordable housing. The assessment will provide the details as to how and where the required retained affordable housing will be provided within the development.

Where required, retained affordable housing must be provided within the development. Through a resource consent, the retained affordable housing may be provided on sites in the vicinity of the development. This may include arrangements where the retained affordable housing is delivered by a separate body, such as a community housing provider.

### Objective

- ~~1. The proportion of dwellings that are affordable to households in the intermediate housing market is increased across Auckland.~~
1. Housing choices for low to moderate income households are incorporated into new neighbourhoods and in redevelopments of existing neighbourhoods.

### Policies

1. Require a proportion of new dwellings to be ~~retained~~ *retainable* affordable housing in new large-scale residential subdivision or residential developments enabled by new plan changes within the RUB.
  - 1A. Enable additional dwelling density and/or height in plan changes that meet Policy 1, where this height and density does not adversely affect significant natural resources contained within Overlays.
  - 1B. Encourage *and enable* the incorporation of affordable housing choices for low to moderate income households into redevelopments of existing neighbourhoods, through a bonus of:
    - a) additional building height in ~~Local~~, Town and Metropolitan Centre zones, ~~the Mixed Use Zone~~ and those parts of the Terraced Housing and Apartment Building zone ~~close to directly adjacent~~ to business zones.
    - b) additional dwelling units in ~~Mixed Housing Suburban and Mixed Housing Urban~~ zones
    - c) additional building height on large sites within the Mixed Housing Suburban zone where this additional height or density is well designed and does not significantly affect the amenity of adjacent sites.
  - 1C. Require affordable housing provided by Policy 1 and 1B to be affordable in relation to a mix of both:
    - a) median house prices in the region (price-relative affordable housing)
    - b) regional median household incomes (income-related affordable housing).
  - 1D. Require the long term retention of income-related affordable dwellings so that they remain affordable to future low to moderate income households and ensure price-relative affordable dwellings are directed, in the first instance, to the needs of low to moderate income households.
2. Provide for ~~retained~~ *retainable* affordable housing that is:
  - a) not dissimilar in external design to market rate housing within the development and that is located throughout the development
  - b) ~~and that is~~ located throughout the development
  - c) provides a mix of dwelling sizes.
3. Provision of affordable housing outside the development site should only occur where this leads to a superior outcome in terms of access to services and community mix.

## Attachment 2:

Suggested Wording of relevant section(s) under 'H 6.6.1.1 'Affordable housing', 'Development controls':

### 6.6 Affordable housing

The following land use and development controls do not have legal effect until the Unitary Plan is operative.

#### 1A. Land Use Controls

##### 1 Development controls

##### 1A.1 Number of affordable houses

###### Purpose:

To ensure the provision of a mix of housing, in new neighbourhoods enabled by plan changes, there is a mandatory requirement for ~~40~~ 20 per cent of new dwellings in *medium* to larger developments to be affordable houses. In some neighbourhoods already zoned for residential development, a bonus is available to encourage provision of affordable dwellings.

##### 1A.1.1 Plan Changes that provide for residential activities

###### 1.1 Number of retained affordable housing dwellings

1. Where a new development within the RUB, that has been enabled by a plan change approved after the Unitary Plan has been made operative, contains more than ~~45~~ 10 dwellings or involves the creation of more than ~~45~~ 10 vacant dwelling sites, then at least 20 per cent of the total number of dwellings or vacant sites within the development must be ~~retained~~ *retainable* affordable housing that meets the standards set out in H 6.6.1.. ~~Where a framework plan applies, this requirement applies to the entire framework plan area.~~
- 1A. Where a re-development within the RUB, that has been enabled by a plan change approved after the Unitary Plan has been made operative, contains more than 10 dwellings or involves the subdivision into more than 10 vacant dwelling sites, then at least 15 percent of the total number of dwellings or vacant sites within the development must be *retainable* affordable housing that meets the standards set out in H 6.6.1.1.
2. The requirements in Rules 1 and 1A for ~~retained affordable housing~~ does not apply to any development that ~~is solely providing~~ will provide more than 15 or 20 per cent of dwellings as social housing delivered by Housing New Zealand, the council or a registered community housing provider, or is a Retirement Village.
3. Where the calculation of the required ~~retained~~ *retainable* affordable housing results in a fractional dwelling, any fraction will be disregarded.

**Attachment 3:**

Suggested Wording of relevant section(s) under 'H 6.6.1.4.2 (e) 'Affordable housing', 'Development controls':

**1.4 Eligibility for retained retainable affordable housing**

1. ~~Retained Retainable affordable housing must only be either sold or rented to eligible households. An eligible household is either:~~
  - a. ~~sold to a registered community housing provider, Housing New Zealand or the council who is registered with the council as being a pre-approved purchaser, and whose criteria for renting and/or sale meets the eligibility criteria set out in 2 below~~
  - b. ~~sold to a household assessed by the council as meeting the eligibility criteria in 2 below.~~
2. To be eligible for retained retainable affordable housing:
  - a. at least one member of the household must be and will remain a New Zealand resident or citizen
  - b. at least one member of the household at the time of purchase ~~the application to council~~ must be employed on at least a part-time basis (more than 20 hours a week) with an employer within Auckland
  - c. the property must be used exclusively as the household's primary residence for a minimum of three **five** years
  - d. households ~~that seek to purchase dwellings~~ must have sufficient assets to provide the required deposit
  - e. Households must have an income ~~of between 80 and~~ not exceeding 120 per cent of the regional median household income.
3. Households who have assets that would enable them to meet their housing needs in Auckland without recourse to affordable housing will not be eligible to rent or own retained retainable affordable housing.

**P.S.:**

**A PDF copy of this evidence statement will be submitted to the Independent Hearing Panel by email!**