

NZ Productivity Commission

Housing Affordability – Issues Paper, June 2011

A. Personal

Jonathan Maplesden – Senior Licensed Land Surveyor and Town Planner. 40 years of consultancy experience, almost all in the greater Auckland area. Retired in 2004 from one of the major consultancy firms. Since then owned and operated on own account. Very wide experience and involvement in the wider community of South Auckland/Manukau City – community board member, ratepayers' association president, sporting and cultural groups.

Areas of Special Interest

- Housing affordability.
- Facts based assessment of growth parameters.
- Avoidance of undue delay and consequent cost in planning and consenting process generally.
- A desire to recognize that Auckland is very highly rated internationally, as a quality environment, and to ensure that this is maintained.
- To avoid the blind ideologies of Smart Growth and New Urbanism and move forward to a jointly accepted vision of sustainable suburbs with open spaces, perhaps even emulating the 'splatter' of Sydney, providing a range of housing densities suitable for the cross-section of community needs.

B. Background

1. The Issues Paper appears to be national in perspective, however there are substantially two case studies in New Zealand
 - i. Auckland
 - ii. The rest
2. Auckland, particularly in parts, is in CRISIS regarding housing affordability.
3. This is evidenced by
 - i. Up to 65% of net median household income being spent on median housing costs – a disaster for lower socio-economic groups, in particular those on social welfare.
 - ii. Over the period 1996 – 2006 (note the absence of a census in 2011) an average population growth in Auckland of 25,000 – 30,000 p.a. Household building consents average 11,000 p.a. (approx 3 residents per home) in the period 1996 – 2006. However only 3,500 in the period 2007 – 2010 (NZ Statistics).

Q: Where are the others living?
A: Overcrowding

- iii. Private housing companies have very largely closed given up fighting the costs of compliance, and delays in the development process.
- 4. Auckland is subject to particular planning legislation, the LGAAA 2004, which to a large extent transcends the enabling provisions of the RMA 1991.
- 5. In the matter of housing affordability, in Auckland where the crisis grows ever deeper, both Central and Local Government have procrastinated for many years. The References schedule at the rear (p55 – 58) of the Issues Paper is evidence of this. A plethora of inquiries, reports, studies and the like have reviewed the situation with an increasingly furrowed brow. However those responsible for the reports do not deal with the outcomes, and are not really affected. They go home to warm beds in leafy suburbs.
- 6. Those directly involved tend not to have a coherent voice in the affordable housing debate, broadly they are:
 - i. The young and unemployed
 - ii. Solo parents predominantly mothers
 - iii. Immigrant and poorly educated
 - iv. The increasingly large proportion of the population which is elderly, on fixed incomes, and facing rising costs and healthcare worries.

Outcomes are rising health costs, poor educational results, badly distorted crime and violence figures, alcohol and drug abuse. Attached is a snap shot article from NZ Listener April 19 2008.

Has anything really changed since then?

Hard hitting studies from David Craig, academic from Otago and Auckland Universities, clearly demonstrate that they have not improved. They must!

C. Questions from the Document

Q1 Housing is a right in New Zealand. Accordingly the focus must be on lower income households. However answers also lie in the broader market. If the funding basis is changed for middle income earners, the links in the chain are improved.

Q2 Figure 1 is by nature simplistic, eg finance availability and cost affects supply and demand – but the main issues are covered.

Q3 It is not overly dramatic to state that this is the single biggest issue for Auckland in 2011 – much more so than any other single matter. Over the last 15 years, the population of the region has grown by nearly 1.5 million (see B. 3. c. ii. above), yet the supply of houses has fallen behind the level needed to accommodate the increase satisfactorily, by broadly 25-30,000.

This is a tragedy, not only for the people involved – forced into overcrowding, but also for Auckland and the country as a whole. Building firms have down-sized and often closed, the entire materials supply chain has contracted and the result has been a greatly reduced tax take, and corresponding increase in social welfare payments.

A major double whammy.

The question as to whether there is a better framework to study the housing market than Figure 1, is really academic. The market is a jig-saw, the references given at the end of the paper fully illustrate that NO-ONE has the answer. There are some 50 of these from N.Z. and overseas, and many, many more can be accessed from the internet. In fact there is a whole industry in writing papers on the subject!

However the time is overdue to slow down on the academics, and do things.

Pages 10-12 are a reasonable assessment of the complexities of the housing market – particularly the concise bullet points of analysis on page 12. The information on page 13 is largely factual, but illustrates the dramatic rise in the H.P.I. over the period 2001 – 2011. As stated, reduction in house prices since the global financial crisis, have only been about 5 per cent. This compares badly with all the other OECD countries shown, except Australia – buoyed by the high employment and rising salaries of the mining industries.

Note – the Housing Price Index relates directly to the Housing Price Ratio, which is perhaps more correctly described as a Housing Unaffordability Index. The higher the point on the graphs in figure 3 on page 15, the more unaffordable it is to rent or buy accommodation. The graphs seem to be for N.Z. – Auckland itself is significantly worse.

Q4 Factors

1. Increasing demand – falling supply
2. Local Government planning policy – particularly A.R.C. Without doubt this has been well meaning, and followed the advice of staff in many ways. However it has also been incompetent, and is now leading to overcrowding and the creation of ghettos and slums.
3. The Local Government Auckland Amendment Act 2004. This is a disaster and needs to be repealed!
4. Combination of costs from Building Act changes, licensing of builders etc.
5. Local body charges, contributions and the like. The industry fell by two thirds in 2007, but not many planners, urban designers, engineers, building consent staff etc were reduced. Consents and the costs thereof take longer, and the effect is daunting to say the least. When the range of contributions required by the Local Authority approaches \$70,000 - \$80,000 per lot, before land, construction, consultancy fees, selling and legal costs, and way before building a house, the situation has gone mad.
6. Raw land price kept artificially high by lack of supply. The best evidence of this is the difference between land price inside and outside the Metropolitan

Urban Limits, which is about a factor of 10.

Answers

Some of these can be addressed, but it probably now needs central government intervention. For more on the subject see Wendell Cox "The Costs of Smart Growth Revisited – a forty year perspective"

Q5 The period from 2000-2007 did represent a 'bubble', but this was induced significantly by the 1999 Growth Strategy and the ARC policies that followed.

Q6 Affordability of home ownership is out of the reach of many. Even those in regular employment that have the costs of family, family car etc are forced into renting. That compounds the problem in a market of limited housing stock. In many locations, weekly rental of \$600 - \$800 is now common, saving a deposit for a house becomes hopeless. The problem is heightened by perceived qualities of school areas and employment centres. Unemployment up to 15-17% in some areas, whole environment goes bad – housing costs are lower but area undesirable etc.

Q7 Not really – see Q6. Average and median are not the same thing. Sub markets as a whole driven by school catchments or perceived 'upper', 'middle' or 'lower' socio-economic areas.

Q8 See Q7. Schools, sea views, convenience.

Q9 Multiple reasons, but much of rural NZ died with job losses, followed by rural schools. People driven to major cities for jobs; where importing, distribution and then the service industry have thrived. Tourism is touted a lot, but most of the employment is low paid (drivers, maids, etc) and the tour operators are often overseas based anyway.

Pg15 I do not consider that there has been any improvement in affordability in Auckland since 2007 (figure 3). The ratio indicated of House Price to disposable income under 5 is excessive, but incorrect. A figure for medium house price in many Auckland suburbs is around \$400,000. This indicates a disposable income (presumably after tax) of some \$80,000 or gross income before all taxes of well over \$100,000. Even with two income earners this is daunting, and leaves the family open to any increase in mortgage rates, and is a long way from median incomes.

Q10 It is simplistic to expect a single measure to do the job. The house, and funding and income markets are too complex. Resulting graphs are looked at with glazed eyes – real case studies are better.

Q11 Unaffordability has never been higher than now. See earlier answers for reasons.

Q12 Of course they do!! Many now have no aspirations to be home owners.

Q13 Unless there is a real willingness to understand the problems, the consequences for the country and Auckland in particular are disastrous. Rising unemployment in the construction industry, falling levels of income tax, rising socio-economic costs etc all combine into a sorry scene.

P17 Generally a fair summary, which highlights the massive number of people receiving the supplementary housing accommodation benefit.

P18 Box 1 is helpful but illustrates that there are comparatively few people to which funds are available.

Welcome Home – Whilst probably the most attractive scheme a median income family of say \$50,000 pa with no deposit, borrowing \$350,000 would find repayments difficult if they were to also eat!

Kainga Whenua really is only relevant to very few.

Kiwi Saver is helpful but \$3,000 - \$5,000 towards the deposit does not go far, and withdrawing their own money is a hard step, given life decisions – including that these days partnerships last an average of less than 9 years.

Gateway again is helpful but we are 28,000 houses short now – in total community housing only builds a few and HNZN has its hands full maintaining existing stock. NZ Housing Foundation does great work, but again does not reach many in need.

Q14 I doubt that it is possible – the feast is a movable one.

Q15 As for previous answers – it is mostly supply and demand – see the world according to Keynes!

Q16 Rental affordability will get worse and worse and worse, unless more houses are built. Landlords are also frightened of capital gains tax, which should be irrelevant.

Q17 Beneficial but not great.

Figure 4 This necessarily stops at the 2006 census. Home ownership in Auckland has significantly declined since then, and is now almost certainly under 60%. The contrast with OECD is significant and highlights the error of often espoused data on NZ reliance on home ownership.

Q18 Unaffordability 1,2 and 3 – student loans (the same thing in a different way), later marriage.

Q19 There is very little 'preference' for renting, the only real instance that this occurs is when a family cannot afford to buy what they need.

Q20, 21 Complex and overlapping – not very helpful.

P22 2003 research now very dated, but the proportion may well still be similar. However in terms of housing affordability it is Figure 3 on P15 which is dramatic.

Q22 In Auckland there has been very little investment in housing at all over the last four years. Offshore investment is a feature in the purchase of raw land. But this mainly serves to keep the price up which reflects partly in the price of any housing developed.

Q23 Factors have been finance availability, council contribution levels and other costs of compliance, interest rates (although presently under control), personal job security – generally those that are obvious. Most property investment is for long term personal occupation, or is inflexible to realize. This makes people cautious in an uncertain world. Accordingly the opportunity must be made both more affordable and more certain.

Q24 Investor activity – or the lack of it, has not driven house prices of existing stock down. Basically it cannot since people are geared into what they have through existing mortgages. It is only when the drama of a mortgagee sale occurs that a lower price would occur. However a 'glass ceiling' is created, which cannot be broken through, and a reduction in further housing has occurred.

Q25 The returns are so low and outgoings on property management so high. It is a dangerous field in many locations, both literally and figuratively.

Q26 Commissions here are excessive compared to Australia in particular. Historically many agents were simply nice people attracted into a rising market. Most of those are now gone but the general air of laziness remains.

Q27 There is certainly scope to improve practices, but how is harder. A meaningful qualification in conveyancing, covenants, finance terms etc would help – but no doubt be resisted by lawyers and others – and justify increased fees. Requirements for a lower base fee, but performance related bonuses are probably better.

Box 2 The arguments for intensification appear to assume that we are already low density. This is NOT the case in Auckland (see a number of studies Demographia et. al). We are actually already a medium to high density city, blessed with much open space. Doctrines of 'New Urbanism' promulgated by urban designers and politicians as standards for other people to live by cannot work. Simplistically they sound attractive, but the cost of housing is increased (sound and fire proofing, lifts or other access methods etc, demolition of existing stock, resource consent costs etc) and mean that the builder cannot contemplate a profitable project – accordingly he will not start the work. The public sector has no money.

Thus a) Intensification generally has no benefits, although there are always exceptions to every generalization.
 b) There will be little or no revitalization or reinvestment in existing developed areas by these methods. Those 'upper-class' areas where it could work, resist it strongly and are declared Heritage Zones or similar.

Hence politicians and planners living in Orakei and Howick lecture the rest of us that densities should be trebled near the railway in Manurewa, Massey or

Otahuhu. Nothing happens except talk and more reports (Spatial Plan etc) and slums and ghettos are created through rising rents and overcrowding.

Reduced car dependence in a rainy city the shape of Auckland is a myth. Bus use is rising (gold card incentive) and rail will, but cross-town trips etc mean we have to keep up investment in roads and encourage smaller, hybrid and solid-state electric cars to reduce and eliminate carbon emissions.

NOTE again – The population is rising by 25 – 30,000 per annum, nearly 900,000 in 30 years, roading investment must recognize this. Of that number maybe 300,000 can be accommodated in the existing urban area by infill – although no-one really knows how. The rest will have to go to greenfields, if not the periphery of Auckland then Hamilton – already not much more than a southern suburb.

The arguments for urban expansion are for wider than the three given – the main one is that it is inevitable, and the ignorant artificial constraints of the Growth Strategy 1999, the LGAAA 2004 and MUL which followed MUST be overturned.

Q28 the question is too simplistic – nobody suggests an open slather in the greenfields. However under present legislation intensification cannot happen, and expansion is fraught with the delay, costs, consultation and just plain frustration of the process. We fiddle about, write reports, alleviate, mitigate, castigate etc, etc (read Watergate) – while Rome burns. The biggest costs are human ones among those for whom housing is unaffordable. However see the wealth of planning data from America and Australia on this subject.

Q29 It would be nice to think that somehow we could get our planners and politicians to have an open mind on this subject. This would then allow intensification where it can occur, and well planned greenfield expansion in other areas. Both will allow competition, get the construction industry moving (a key driver), and economic growth.

Q30 What is happening now is environmentally destructive. Although the newer areas that are environmentally designed for storm water treatment etc have improved the quality of downstream waterways – the costs associated with building and maintaining has driven up the price of land, houses and rates. This all leads to other areas being overcrowded, which are very poorly equipped to cater for the influx.

Q31 Students, some young married couples or singles are happy or prefer to live in dense, often central city settlements. Those with children prefer some room for private recreation, usually on site in the 450m² – 550 m² range, with not too much land to maintain and within easy reach of good schooling. The retirement age and the aged, increasingly seek the company of peers or family in a closer settlement. Reasons are pretty obvious really.

P26 The paragraphs on city growth expansion illustrate the different political policies - not the desire of the people. The 2,000ha extension of the MUL since

1999 (assuming this is correct), may perhaps include 1,500 ha of residential land. At 14 units per ha and 3 people per unit, 63,000 people are provided for. Even if the entire area of 2,000ha was residential at 15 units per ha and 3.2 people per unit only 96,000 people would be housed. The population increase between 1999 and 2011 is at least 320,000. This is why the house price is driven up, overcrowding occurs and ghettos are created.

The intention of most covenants is not to 'land bank' but to maintain the quality of an area for the benefit and certainty of purchasers.

Q32 Yes. Inertia, suspicion and paranoia of Council, plus the cost and time in plan changes. These will take at least 5-8 years for a sizeable area and cost millions of dollars. In an era of financial difficulty, bank funding has been difficult in the extreme.

Q33 Patently and obviously yes.

Q34 see 32 above.

Q35 Yes to both. However the infrastructure providers also face the same uncertainty of outcome as the land owner. They cannot reticulate or service an area without certainty. The proposal can fail at the Environment Court, even after 5-7 years, \$8-10million and with most concerns allayed!

Q36 No – they ignore them in most cases and are ideological clap-trap – see previous answers.

Q37 Very rarely in the residential field, in my considerable experience.

P27 The dominant planning legislation in Auckland is the LGAAA 2004. This is not mentioned. However it should be repealed.

However the RMA 1991 was intended to be an enabling document. It still can be, but the web of policy statements and plans woven out of it has stopped Auckland in its tracks. To some extent this is make work practice by professional staff. In 2007-2011 we have a third less of the development than we had over the previous ten years. Yet we have ever more staff writing more and more rules to inhibit development. An example is current Plan Change 20 to the Manukau Plan for Flat Bush. The area has been done to death, but the change contains 60 pages of amended engineering standards, that do not apply anywhere else in Manukau, as well as what is left of the entire chapter that applies everywhere else. It is a nightmare!

Q38 YES – YES – YES

Q39 Repeal the LGAAA 2004. Appoint an Auckland Metropolitan Area Commissioner with real authority, and central government give her/him a mandate to recognize the problems and get moving again. The Spatial Plan provisions in the Auckland Empowering Act may have been seen as a way of doing this, but it will have trouble doing so. This is primarily because those

writing it, and approving it, were the same individuals who created the problems. People are hard to convince that they have been wrong for years!

Q40 Yes – often immensely. A change in approach.

Q41 Yes – years in Environment Court, plus legal and other costs. Occasional horror stories of kick-back payments for peripheral parties.

P29 Box 3 is helpful and in fact follows the intention of LGA 2002 for deciding Development Contributions. Unfortunately we also have a parallel system of some contributions being set arbitrarily under the Resource Management Act 1991, by the service provider themselves. This the latest Watercare Services Ltd schedule (Auckland CCO) has per lot charges of \$7,000 to over \$20,000, depending on location. There was no consultation, no review opportunity or appeal provisions – basically like it or lump it!

The LGA 2002 methods appear rigorous and are linked to the 10 year LTCCP. However what is growth and where I.L.O.S. and maintenance start and finish are very grey, and hotly debated areas.

P30 No-one should misunderstand that developer charges are paid by house buyers – not developers. All costings are carried out before any project is commenced. This is why certainty is so important. Any nasty surprise in contributions, charges, interest rates etc will either be passed on or stop the project – no risk adverse provider will continue and knowingly bankrupt himself. The House Price Unit calculations may be correct, but it did not generally include increased margins, and certainly did not do so by 2010 – there weren't any. The Shand Inquiry was also at the end of good years. The expected take now in 2015/16 may well not exceed 2006/07.

Payments should be linked to when demand occurs, that is at C.C.C. on the built form. Anything earlier is merely for the convenience of Council, penalizes the developer and is illogical.

All the bullet point issues are valid. There has been a history of political and officer over assessment and mis-use of funds. See Neil Developments v North Shore City High Court result.

Box 4 this is simplistic as the raft of matters covered is not included – but the broad indication is compelling.

Q42 - Infrastructure means publicly owned drains and roads. Parks in new areas should be funded by the new development, but with care that land is provided and funds spent, in that catchment. Pools should be included in that recreation fund.

- Libraries are difficult because use is falling with online services etc. Rates seem the best option.
- Other public buildings and services, art gallery, arts etc serve the entire ratepayer base.

- Schools are funded by Central Government and should be.
- Private service providers, gas, electricity, telephone, should compete and offer services that developers can purchase.

Q43 Not justified in most cases. Overcharging – a system of assessment not transparent. Councils regard the developer as a cash cow – but it is not the developer who pays!

Q44 See 43

Q45 Sometimes – an issue can be dealt with by targeted rates, not development contributions, but equity and transparency are the key.

Q46 The main problem is that too often the individuals involved do not comprehend who is being charged, and what the outcome is. It is used as a way of keeping rates down as political expediency.

Q47 Yes totally at the time of development – it should though be described as the price of land. Note urban land has no value only price.

Q48 There are books on this and disputed outcomes. It can be argued that the delivery of matters identified in Q42 above, could be delivered by rates more cheaply, and the politicians would scrutinize the projects carefully in order to keep costs under control. The swings and roundabouts of catchment and development benefit even out over time.

P33 in Auckland 2000 – 2010 there is no 'typical year'! Housing consents 2000 – 2006 averaged 10,500, 2007 – mid 2011 averaged under 3,500 – a DISASTER.

P34 Information from page 33 is reflected figure 7. The four bullet points above are very general and need analysis.

P35 No comment.

Q54-61 Costs are high, there is a lack of competition in building materials supply, and the licensing of builders and changes to standards have led to higher costs. However none of these are felt to be of great significance.

P37 Figure 9 showing an annual population increase of 40,000 with some spikes for migration is salutary. This broadly confirms NZ Stats figures for Auckland of 25,000 - 30,000 pa.

P38 What the H.P. unit figures do not say is who the people are and where they go. 2006 data is also now dated. Auckland has many different subsectors and the next census mesh block data will be fascinating!

Q62 Others know these answers – but many kiwis chasing 'young man' jobs and incomes in Australia, save hard and come back. This trend has been evident in recent years.

Q63 Above answer influences prices, and will so more.

Q64 Yes. Rural work fallen off over the last 20 years. For example the dairy factory closes, leading to the school and any other service industry – look around Waikato, Taranaki, Horowhenua etc.

Q65 Pasifika, Indian immigrants have large and extended families. Japanese, Chinese and some others, eg South African, European increasingly small ones. Big families, more mouths to feed, generally lower paid work or benefit – unaffordable housing.

Q66 See above.

Q67 Crystal balls are dangerous, but do not assume that households will get smaller, children may just be delayed.

Q68 These trends are not constant and vary from community to community. However they are undeniable if unhealthy in some respects. There are signs that a change in expectations from that of the last 10 years is underway – but it is difficult to legislate on this topic, in our society.

Q69 Rates certainly affect affordability – buyers add up all the numbers. Otherwise people do not have particular regard to the likelihood of CGT unless of course they are multiple home owners.

Q70 See 69. However historically investors have seen property as more reliable and often better returns than other forms. Tax can be avoided, either legally or illegally, more easily.

Q71 Neutral.

Q72 I don't know.

None of the macroeconomic influences have a bearing on the lower socio-economic sector.

Q73 Of course, but growth has been negative lately.

Q74 Theoretically lower rates should attract and stimulate, but increased deposits counteract this.

Q75 Historical question that is currently irrelevant.

Q76 No comment.

Figure 11 This is misleading, at least in NZ. It is a result of share prices falling, not house prices rising.

Figure 12 The rising level of lending in the Housing Sector shown for 2007 – 2011 is very, very hard to believe.

Figure 13 Is unsurprising, very general in nature and only appears to be in regard to home owners. Any level over 120-130% gives no room to move when shocks happen.

Figure 14 Common sense – not really helpful.

Q79 Innovation fallen off since 2007 – larger deposit required, banks cautious, second tier fallen off.

Q80 Not now.

Q81 It probably remains fully exposed, but this has a level of security. The cooling has helped banks, but was caused partly by their own policies.

Q82 No further comment.

Q83 The level of renting is increasing, but not through choice but necessity among medium to lower income earners.

Q84 It is responsive, but not the main ones. If rental becomes too expensive, people need a roof – they have to share with family or friends. Borrowing constraints are a major to 'getting on the ladder'.

Q85 Yes – see previous.

Q86 Not as much as the level of housing has.

Q87 This is at a level where it makes little difference to a buyer, although it helps a renter.

Figure 15 Graphs are across the board, the index for low income sector would be up 5 or 6 times – a disaster!

To progress these matters get a small group together,
Eg Arthur Grimes, Adrienne Young-Cooper, Phil McDermott, Michael Barnett plus maybe David Halsey – Fletcher Residential, Real Estate Institute.
Get some sense talked into Auckland Council now!

Note: See Michael Barnett NZ Herald. The best plan – keep it simple August 2 2011 for clarity of thought.

"God-awful" homes

A fortnight ago, the *Listener* reported on the horrific housing conditions many poverty-stricken tenants in south Auckland find themselves in. Since then, some tenants have been evicted. BY DAVID FISHER

Nine-month old Mahe Taulava slept through the other night, one of the few times in his short life that his rest has gone unbroken. All it took was for Housing NZ to do its job – an achievement it appeared to manage only because of media attention.

For six months, Mahe and his mum, Seini, have lived in South Auckland's boarding houses, most recently in Abiru Lodge in Mangere. It is one of those properties that Housing Minister Maryan Street has described as "God-awful" and "squalid" after a visit prompted by *Listener* enquiries. Seini said Mahe was bitten by fleas and would cough until he woke up – his mother blames damp walls.

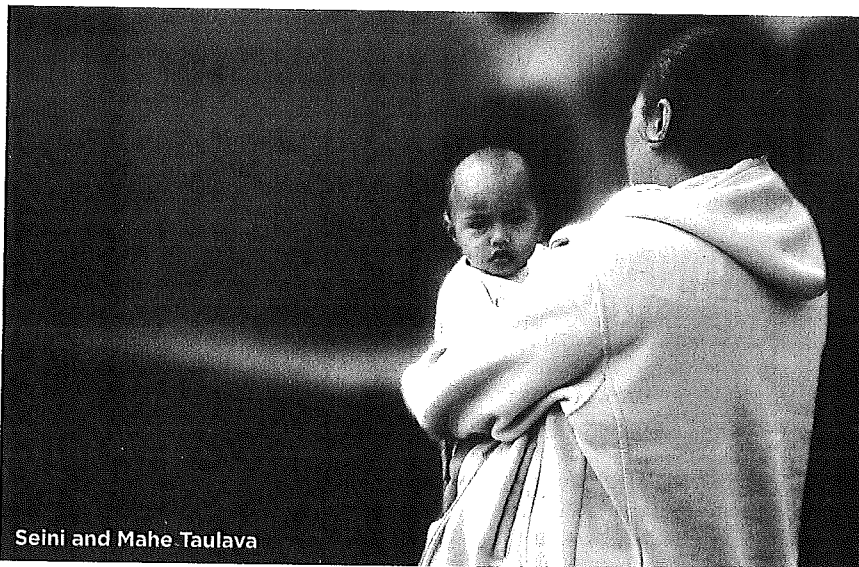
After the *Listener* article, she says she was evicted. Others at the boarding house say they were also threatened with eviction unless they signed statements rejecting views in the article – that Abiru Lodge was too crowded to support the many families who lived there only because they had no alternative. But Seini refused to sign. She says that night, as she and Mahe were sleeping, her door was kicked open by the manager. She says she was told to be gone by morning.

The following day I asked the lodge manager what Seini was to do. "That's her problem," she said. As we moved the few belongings from the 3m by 4m room that cost Seini \$190 a week, a man arrived saying he represented majority shareholder and police detective Chris Mantell. The man began shoving me and demanding that I leave. Mantell told TVNZ's *Close Up* that Seini left of her own accord.

I called the Monte Cecilia Housing Trust, which located the last emergency shelter space in Auckland, at De Paul House in Northcote. As we headed there, I also rang Housing NZ's Auckland media spokeswoman, Belinda Abernethy, to tell her of Seini and Mahe's plight.

Housing NZ has almost 500 people on its official waiting list for houses in Mangere – a figure that underplays the extent of south Auckland's problem. Of those, it lists seven as "urgent" cases.

Two hours after my call, Housing NZ



Seini and Mahe Taulava

had found two possible houses for Seini. It was late on a Friday, and there was no furniture in the Otara house, so the Housing NZ staff member who showed us around the houses brought a mattress from her own home. She then collected a food parcel to see Seini through the weekend.

Housing NZ operations director Celia Patrick said its staff had rallied around to help Seini, organising furniture, utensils and the food parcel. A staff member had also helped Seini look for second-hand furniture and taken her to Work and Income to get paperwork needed for a fridge.

Patrick said the agency provides homes and a stove for people in need. "Tenants are responsible for supplying their own furniture and additional appliances. This has always been the case. In most cases, tenants prefer to do this.

"Housing NZ has acted to help the tenant in this case because of the unusual circumstances of her situation."

Street has called a "crisis meeting" in south Auckland to discuss the boarding houses. There is such a severe state house shortage in south Auckland that Housing NZ even has a staff member dedicated to placing would-be state house tenants with private landlords. It takes no responsibility in the hand-off – it says any deals done are between tenant and land-

lord. The lodges do not yet come under the Residential Tenancies Act.

Housing NZ referred people to many lodges, including Abiru Lodge, until late last year. Street told Parliament that Housing NZ has not recently referred people to Abiru and Kiwiana lodges. Yet Housing NZ staff have told the *Listener* it has continued to refer people "informally" to Abiru Lodge and neighbouring Kiwiana Lodge. Within days of Street's statement to Parliament, two Housing NZ staff members told the *Listener* the opposite. "Informal" is the key word: staff say nothing is written down, no records are kept and no managers are told.

Street, a former board member of Housing NZ Corporation before coming into Parliament in 2005, says she knew nothing about the boarding houses until the *Listener* raised the issue.

Phil Heatley, National's housing spokesman, says that those in Mangere are "part of the growing underclass in New Zealand that John Key has been warning us all about".

"[Maryan Street] is more interested in hiding the problem in an election year, and protecting the corporation, than in facing up and dealing with the causes. How else do you explain vocal tenants only now being miraculously housed when the corporation has known about these rat-infested houses for years?" ■

Grand designs

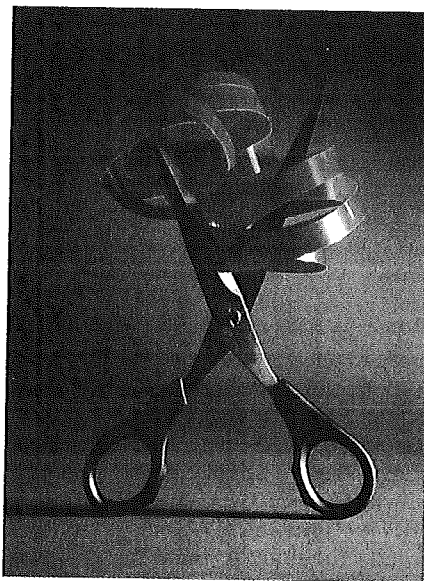
Plans to cut red tape should be just the beginning,

Whenever New Zealanders gather to talk about home renovations, almost everyone has a horror story to tell. It may be about tradespeople, retaining walls or neighbours, but more often it involves the battle against bureaucracy. Consequently, the Government's recently-announced plans to unravel at least a small amount of red tape in the construction industry are welcome, though they will do little to ease the cost of building for most people.

The claim by Building and Construction Minister Shane Jones that the plans to reduce regulation are "a result of a Government that has been listening and which is now prepared to act" stretches credibility. To the contrary, some of the plans are a result of the Government not listening. When much of the extra red tape was introduced, mostly in response to the leaky homes crisis, there were warnings that some of the measures would add significantly to the delay and expense of building houses, while doing nothing to improve their quality.

But in their fervour to be seen to be doing something about leaky homes, if only to diminish their own liability, the Government and local councils went ahead with a raft of new regulations hoping and intending they would work. Unfortunately, the pendulum swung too far.

Two years ago the Master Builder's Federation told a parliamentary select committee that it now required about 30 pages of detailed plans to secure a building consent on an average home, compared with just nine or 10 pages a few years ago. New plans took twice as long to produce and required more office staff, and sometimes it took longer to get consent than it did to build the house. The federation estimated that \$30,000 of



Sometimes it takes longer to get consent than it does to build the house.

the cost of a new house was attributable to unnecessary red tape.

Architects make similar complaints. The slim district schemes they once worked to and knew almost by heart are now collected together in several thick volumes in most territorial authority areas and few people are fully conversant with them. The tolerance of homeowners to paying architects to oversee the progress of their building and resource consent applications through councils has a limit. Increasingly, a large part of a builder's or architect's day is spent dealing with regulations. As compliance costs have increased, so too have frustration and aggravation in the building sector.

The Government could go much

further than its latest proposals in attempting to ease the compliance burden and, therefore, in bringing down the cost of building for everyone, as well as reducing the aggravation and frustration.

There is certainly merit in the idea, for example, that a developer building 50 houses of the same design should require only one building consent, rather than 50 consents. But few people will see any need for only property developers to be given a helping hand. Why should councils not simply hold pre-approved design templates that any qualified builder may build? And though plans to make it easier for some people to get a building consent will be welcomed, resource consents are an additional layer of compliance that the Government has scarcely mentioned.

Ironically, the Government comes to the problem of housing affordability just as the marketplace has begun its own correction. There are many contributors to housing affordability and factors like low wages, high interest rates and high taxation, compared with the countries with which New Zealand normally compares itself, contribute a great deal. These matters are not something the Ministers of Housing and Building and Construction can deal with alone.

But the Government needs to be careful. Increasing housing affordability can be re-phrased as making houses cheaper. This means not only building lower-cost houses but dropping the price of existing homes. Homeowners who have seen the value of their houses rise markedly may be wary about the Government taking actions aimed at deliberately trying to reduce the value of the single biggest asset most New Zealanders will ever own. That's turning into a horror story all of its own. ■