

Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development Submission on the Immigration Inquiry Draft report

Overarching feedback about New Zealand’s absorptive capacity and the supply response to growth

Overall, we support the preliminary recommendations in the report, particularly recognition of the need to set clear objectives for immigration through a Government Position Statement, and to consider the country’s capacity to “absorb” more people.

We agree that high levels of immigration have exacerbated house price increases and have exceeded New Zealand’s ability to successfully accommodate and settle new arrivals. This has negatively impacted the wellbeing of some communities and certain cohorts of the population more than others. We suggest the paper could highlight the ‘distributional effects’ of immigration policy more explicitly.

The report makes the point that *policy reforms such as better planning, land use regulation, and improved funding and building of infrastructure would have significant wellbeing and productivity benefits for New Zealanders and should be pursued regardless of immigration levels*. This point provides an important nuance that could be more clearly drawn out in the report. That is that greater consideration needs to be given to the volume and composition of migration we support and to how we need to invest to support growth. The way this aspect has been reported in the press suggests that the point needs to be made more explicitly.

The proposed Government Policy Statement on Immigration could help support an investment approach that lines up with the Government Policy Statement on Housing. We look forward to seeing in the final report if you have other ideas for institutional arrangements that will support alignment between immigration and other policies.

It would be useful for the final report to explore what can be done to improve the predictability of future migration flows and how they impact settlement across New Zealand. This lack of predictability is just as much of an issue as growth because of the time it takes for the housing market to respond to the increase in demand. In terms of housing supply, lumpy or sudden increases in population growth are difficult to respond to (especially if they are unexpected and in places where the development economics for building new houses don’t stack up).

We hold a range of information about the gap between the housing need and housing stock in an area, the capacity of different places to deliver a supply response to growth and the resilience of communities across New Zealand to rising house prices. We can provide this to the Commission if you think it would help your analysis.

Feedback on considering the Treaty interest

We strongly support your recommendation that the Treaty interest should be reflected in immigration policy and institutions. In response to the Wai2750 Waitangi Tribunal inquiry into Māori housing and policy, the Crown has conceded that it “...did not take sufficient steps to address the growing numbers of Māori experiencing homelessness when the extent of the disparity between Māori and non-Māori could reasonably have been apparent to the Crown.” The relationship

between immigration, housing shortages and Māori outcomes in housing was raised during by claimants giving evidence and may form a part of Tribunal recommendations.

Specific comments and suggestions

We have some specific comments on the report.

Specific comments

We recommend the final report:

1. more explicitly acknowledge the impact of immigration on rents as well as house prices and the effect this has on overall housing affordability and people's wellbeing
2. acknowledge that not all parts of the country or all parts of the population will be equally impacted by immigration settings, because:
 - a. the volume and composition of immigration differs across the country
 - b. different areas have different ability to absorb population growth
 - c. different communities will have different resilience to the impacts of population growth
3. acknowledge the impact of immigration on internal migration (eg, immigration can drive up house prices which can "push" people to other parts of the country) and the fact that sudden changes in population are very difficult to predict and plan for
4. address the role that industries that benefit from migration could play in providing housing and/or infrastructure to support the additional population.