



**National Council of
Women of New Zealand**

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Wahine O Aotearoa

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29 February 2008

S08.06

**Submission to the Local Government and Environment Committee on the Affordable
Housing: Enabling Territorial Authorities Bill**

NCWNZ is an umbrella organisation representing 47 Nationally Organised Societies and National Members. It has 28 Branches throughout the country attended by representatives of those societies and some 150 other societies. It also has three satellite groups and three regional consultation groups. NCWNZ is representative of approximately 350,000 women, via its affiliated bodies. The function of NCWNZ is to work for the well-being of women, the family and the community at local, national and international levels through research, study, discussion and action.

Members from both NCWNZ Social Issues and Economics Standing Committees have studied this Bill and the submission has been reviewed by the NCWNZ Board and the Parliamentary Watch Committee. Because the Bill was introduced close to the end of 2007 it has not been possible to consult the wider membership. This submission therefore relies on Resolutions passed by NCWNZ Conferences from 1945 -1991, previous submissions, and individual study. NCWNZ has a long history of concern for affordable housing. In 1945 a resolution was passed "*that in all housing schemes the lower income groups should be catered for.*"

While we support moves to encourage territorial authorities to investigate options for low-cost building we are concerned that the costs involved in the preparation of the proposed housing needs scheme would be considerable and might dissuade the authorities from using the provisions of this Bill. We should not like to see increased costs falling on ratepayers. It seems possible that some of the required information might be held by Government Departments and we would support a collaborative approach to obtaining the information and sharing the cost.

A major problem that NCWNZ envisages is where house and apartment prices 'sky-rocketed' in places such as Queenstown. Key-workers such as cleaners, shop workers, school teachers can only afford property out of town, which makes transport a major cost. There are concerns that if developers face too many limitations they may be unwilling to go through the costs of resource consent for an inadequate profit.

Although the Bill is primarily related to new developments we would suggest that when territorial authorities are developing their housing needs plans they should give consideration to:

- Group housing schemes.
- Sweat equity schemes.
- Refurbishing & repairing existing houses.
- Establishing new eco villages.





An article in the 'Guardian Political Review' issue 52, 2007 has a comparison to today's shortage of reasonable housing with that of the 1930s and 1940s when the Government stepped in and funded houses from Reserve Bank minimum interest credits. It quotes from a publication 'State Housing In New Zealand' (1949):

"To finance its proposals the Government adopted the somewhat unusual course of using Reserve Bank credit, thus recognizing that the most important factor in housing costs is the price of money – interest is the heaviest portion in the composition of ordinary rent." Some of the Committee members have suggested that this approach might deal more effectively with the housing problems we are experiencing today.

Part 1 Cl 6 sections 1 - 3

(1) **This section of Clause 6 requires territorial bodies to make a housing needs assessment before using the provisions of the Bill.** As indicated above, where there is information held by Government bodies there should be no duplication of effort in drawing up housing needs assessments.

(2) **This section discusses the housing needs assessment policy.**

Some members felt that this issue was of such importance that it should be a requirement for all territorial authorities to make a housing needs assessment, but there was also considerable support for the position of the Bill which makes this option available but not compulsory.

(3) **he steps territorial authorities must take in making affordable housing policies** are acceptable to members.

The question of affordable housing is one of considerable concern to members who have consistently supported the view that governments should encourage the provision of low-cost housing for first home buyers. (Resolutions 8.6ff). We appreciate that this Bill gives territorial authorities the opportunity to move in this area, but would be disappointed if they were discouraged from action due to the financial cost of surveying the housing needs of regions and creating an affordable housing policy. We also feel that it would be valuable for the government to keep the matter under consideration to see whether the provisions of this Bill prove effective. We would like to see more action on solving the big problem of housing affordability.

Thank you for the opportunity to make this submission on a subject that has been at the forefront of NCWNZ policy since its beginnings.

Christine Low
National President

Christine Rattray
Social Issues Standing Committee Convener



Affordable Housing: Enabling Territorial Authorities Bill 189 S08/06

Presented to the Local Government and Environment Committee on May 15, 2008

Present:

Moana Mackey (L), Chair; David Benson – Pope (L); William Sio (L); Marian Hobbs (L); Jacqui Dean (N); Mark Blumsky (N); John Carter (N); Metiria Turei (Green).

Good morning, my name is Jean Fuller; I am a member of the Parliamentary Watch Committee for the National Council of Women of New Zealand. With me is Helen Bruce who is also a Parliamentary Watch Committee member.

This submission has been prepared by members of the Economics and Social Issues Standing Committees of the National Council of Women in consultation with the NCWNZ Board and myself as a member of the Parliamentary Watch Committee. While we would have wished to consult our wider membership, which spans the opinion spectrum, we were unable to do this due to the timing of the Bill. We are a voluntary body and like most New Zealanders our members have other commitments during the late December, January period. Our submission writers have made use of Resolutions accepted at National Conferences, previous submissions on this subject, and have undertaken separate research.

Affordable housing is not a new issue for us. Over the decades NCWNZ has many resolutions on this subject and one passed in 1945 seems especially relevant. In that year we asked that “lower income groups should be catered for in all housing schemes.”

Home ownership is described as the Kiwi dream but it is a complex decision which involves far more than economic considerations. It is often the moment when aspiration collides with reality.

In New Zealand thinking home ownership has long been viewed as a substantive factor in stabilising society and building communities. Many of our members recall that they were assisted into first homes through various schemes such as capitalisation of family benefit, group housing, or low-interest Housing Corporation loans. However, we understand that these were ideas of their time and their success depended in part on a highly regulated economy and on the continuity of jobs, personal relationships and community structures. All these conditions have changed and today’s solutions must reflect the 21st century situation, but we would urge planners not to ignore these time-tested ideas, but to look for what might still be appropriate.

Clauses 7, 8 set out the requirements for territorial authorities who decide to prepare a housing needs assessment. While some members felt that this step was so important that all territorial authorities should be required to undertake this study, others felt that there would be parts of the country where the problem was not sufficiently acute to warrant the work. A majority of our members expressed concern that the assessment could become a substantial, and largely irrecoverable, cost which would fall on ratepayers. It is felt that some of the information may be held by government agencies and these assessments might more logically be a joint effort, jointly funded by government and local bodies. It would be regrettable if the scheme failed because it was too expensive to undertake the research needed to produce the detail required in **Clauses 7, 8** of this Bill.



It is accepted that implementation of a scheme which requires affordable housing units to be included in developments will increase developers' costs, and probably adversely affect the unit prices. We note that territorial authorities are encouraged to provide some mitigation by variation of other costs. Councils which forgo this income may need to find it elsewhere and our members have expressed concern that rates could rise which, in turn, increases the cost of home ownership for all.

In recent years there have been serious issues when developments fail to the great detriment of those who have contracted to buy the houses. We would hope that any further compliance requirements would take into account the commercial viability of the development.

The present contraction in the housing market may go some way to increasing the affordability of houses. It is clear that this is a volatile situation and we would hope that the government continues to monitor any policy on housing affordability.

Comments

There were no questions for NCWNZ.

The previous submitter was a gentleman from Christchurch but unfortunately I did not get his name or his title. He made some interesting points.

- He expressed himself as being sympathetic to the concept but proved fairly critical of the execution outlined in this Bill, although strongly supportive of the Resource Management Act 1991 as a means of achieving something similar.
- He wondered who would buy the "affordable" houses given that the owners would be unable to realise capital gains in the normal way. This suggestion was clearly surprising to the Committee, and to me, but when you think about it there is some point.
- He felt that appropriate land was the big issue since it was undesirable to continue to expand subdivisions into farm land or to incur greater transport costs with ribbon development.
- He suggested that government had it in its own power to make a greater improvement through the redevelopment of the state-house estate, which was often of low density, and better situated with regard to amenities.

I think this is very nearly the end of submissions so it will be interesting to see what happens next in the Select Committee.

Jean Fuller, 9 May, 2008.