

Housing

Housing in Auckland is unaffordable. Demographia's 2013 International Housing Affordability Survey estimates that it takes 6.7 median household incomes to purchase a median house in Auckland. That not only makes Auckland the least affordable city in New Zealand, but rates it less affordable than New York, Brisbane, Seattle and Perth. Since the Demographia survey was conducted in 2012, Quotable Value estimates Auckland prices have increased between 12-13 per cent, making our homes less affordable than suburban London.

This is extremely damaging to our people and our economy. We already have families living in cramped and unhealthy homes because there simply is nowhere else they can go. Young Aucklanders are leaving their families and our city because they cannot afford to live here. Our economy is suffering because 12 percent capital gains are attracting investment into non-producing housing assets at the expense of the productive economy. Price inflation is now so bad and represents such a risk to the wider national economy that the Reserve Bank of New Zealand has signalled its intent to more heavily regulate bank lending. In short, we have a housing crisis in Auckland right now.

It doesn't have to be this way. We know that because the Productivity Commission showed that as recently as the early 2000s, New Zealand's ratio of household income to house prices was around 3.0. And if we go back to the early 1990s, it was closer to 2.5. Auckland house prices have always been higher than the rest of the country, but if Auckland's ratio of incomes to house prices was restored just to where it was a decade ago, house prices would be around half of what they are today.

Far from being restored to their historical levels, or even remaining constant as in other regions of New Zealand, house prices in Auckland are now increasing far beyond other economic and population indicators. Of even greater concern, they will continue to do so because the issue is one of supply. We simply are not building enough houses. To meet population growth, Auckland needs to build between 10,000-15,000 homes annually. Over the last three years we have built between 3000 and 5000 houses per annum. We cannot stop house prices escalating until we address the factors that are inhibiting supply.

In its 2012 report, the Productivity Commission outlined the impediments to housing supply. It made a number of recommendations to Government, several of which directly concerned the activities of the Auckland Council. The most significant of these related to constraints upon land release, constraints upon building heights, constraints upon lot size, development contribution charges and consenting performance.

We must change the policy settings of the Auckland Council to better balance the core necessity to provide shelter with wider objectives. In the immediate term, that means signing and implementing the Housing Accord with the Government. In the longer term it means picking up those recommendations of the Productivity Commission which relate to Council responsibilities and changing the Council's approach to growth management.

The Housing Accord

The most urgent housing priority is getting the Accord signed with Government so that we can increase supply and provide our people with a most basic necessity of life. The Housing Accord is not a permanent solution, but it will give communities and the Council time to agree where we can grow the city up and where we can grow the city out. I will sign the Accord and ensure that the Council's role in providing 39,000 homes over three years is executed efficiently and with accountability.

Action

I will ensure the Council implements the Accord to ensure we get as many houses as we can built so that we address the supply constraint keeping house prices elevated. I'll work closely with the Government to identify areas which meet both local and Central Government needs and prioritise Council regulatory responsibilities so that we maximise the opportunity presented by the Accord.

A new approach to Growth management

As the Accord is implemented over the next term of Council, we must turn around misconceptions about the cost of growth. We need to recognise that every resident, whether born in Auckland or elsewhere, brings something special that benefits us all and that we each contribute to the long term economic and social well-being of the region. This acknowledgement is critical to responding to growth because it fundamentally challenges the policy settings currently increasing house prices.

Existing Council approaches to growth emphasise the costs and not the benefits. Development levies send a signal to new residents that they are a burden to others. Complex consenting processes prioritise old residents over new. Land release policies prevent residents from moving to the periphery of our city and building heights prevent them moving into our city.

This approach simply has to change because it is hurting us all. We must recognise that we are blessed with growth in Auckland and, while there are challenges, by working together with residents, local boards and central government we can turn these challenges into opportunities.

Action

As leader of the Auckland Council, I will consider it my role to align Council rules and policies with the needs of the region. As Mayor of the Auckland region, I will consider it my role to understand those community concerns which are holding back the delivery of more homes and provide concerned residents with a positive vision for Auckland's future. These two processes – the reform of dysfunctional Council policy and the nurturing of residential support – will be progressed in tandem and will not be rushed, if I am Mayor.

I have a four point housing plan to present to Council that I will seek support to immediately implement as Mayor:

1. Engage communities on development decisions

While the Housing Accord is being implemented, it's crucial to get out into the suburbs of Auckland and find out from the local experts - you! - where, when and how we grow. Local residents are the best advisors when it comes to understanding how high we can develop and how far. I am not about forcing growth on communities that do not want it. This is local democracy and I want as many decisions as possible to be made locally.

2. Investigate the most efficient way to grow

As the Council engages with communities over how they want their local area to grow, I will direct Council technical experts to investigate the costs of different forms of growth in all parts of the city. I'm going to find out how much it costs to provide water, transport and other critical Council services to different parts of Auckland and I'm going to find out when these services will be ready to accommodate more growth. Then I'm going to use this information to inform communities and public departments alike so that we pursue an evidence-based, efficient approach to growth management.

3. Identify Priority Growth Areas for medium term development

As the Council develops information about the potential for each part of Auckland to accommodate residents, I will feed that information back to communities so that they can make informed decisions about how they grow. If a suburb or centre or other community of interest is prepared to meet the costs of its services and does not want intensified living or new development, I will not force change upon that group. Those areas and those development solutions which sustain both community support and capacity will become Priority Growth Areas for faster, more efficient and more effective housing development.

4. Phase Growth

Currently, we're not staging growth, we're simply trying to fit another million people within the confines of the city. Under the current approach some parts of Auckland with inadequate infrastructure will exhaust their capacity within the first few years of the 30 year plan. Other areas, meanwhile, may never be developed at all – but we'll still have to provide the infrastructure and communities still must face the prospect of radical change in a short period of time. This is going to impose huge costs – financial and emotional – on residents. I will seek to concentrate development in Priority Growth Areas and fill that growth in the short-medium term. As these areas reach capacity, new medium term development opportunities will be opened up.

To phase housing delivery so that we get results quickly, I will work to remove impediments to development in Priority Growth Areas. I will seek efficiencies across Council to reduce dependency upon those development contributions which make it more costly and difficult to provide housing. In addition, I will remain open to all innovative development proposals which may improve the supply of housing without passing disproportionately high costs onto wider residents.

These measure together address the major impediments to increased housing supply identified by the Productivity Commission and will deliver more and more affordable housing for Aucklanders.

Satellite Centres

Longer term, we need a vision for the city which excites and energises residents about the opportunities our dynamic growth presents. A satellite centre approach to growth management focuses growth and investment on a specific area over an abbreviated timeframe so that infrastructure investments do not sit idle and so that residents can see the progress of their region. We can make better use of limited financial resources and we can provide new, vibrant and attractive places for our people to live.

Satellite centres will be near railway or busway stations with direct, rapid transit to the other's CBD so that we maximise our existing transport investments and stop wasting limited resources. They will contain jobs, activities, opportunities and, of course, accommodation. With new Council services and close collaboration with development experts, satellite centres will be places people want to live. Partnering with the housing and construction sectors, we can ensure satellite centres provide housing at the price people are willing to pay. And by focusing growth and investment around public transport, we can reduce the incentive to expand metropolitan boundaries into our rural hinterland.