

The Provision of Housing in Auckland Aotearoa

In contemporary discussions, housing is often discussed through the lens of capital accumulation; however, at its most fundamental levels, homes are where we eat, sleep, spend most of our days and develop deeper ties to our communities. The trend of increasing housing unaffordability is therefore concerning. This report aims to assess the provision of housing within Auckland, the complex policies that underlie the current unaffordability crisis, and the policies that aim to fix it. The performance of Auckland Council, Kāinga Ora, and other relevant agencies will be evaluated, and further policy recommendations will be made.

Urban Growth

Urban growth is essential to the flourishing of cities, and the provision of housing is an essential aspect in catering for said growth. Glaeser et al. (2006) state that the elasticity of the housing supply is essential to the sustained growth of urban areas.

Housing: A Tool for Wealth Accumulation & Inequality

Housing is not merely a tool for urban growth and contains a range of externalities that can have wide-ranging effects. Causa et al. (2019) found that mortgages and home ownership can act as an opportunity for wealth accumulation, especially for first homeowners. However, they also expose them to economic vulnerabilities. Furthermore, assessing the effect of homeownership, Causa et al. (2019) found that homeownership rates negatively impact wealth inequality within a country. Krammer et al. (2022) found that wealth inequality can increase crime. Therefore, housing can act as a tool for wealth accumulation. However, uneven access to housing can widen wealth and social inequities and amplify their adverse effects.

The Externalities of Housing

An analysis of unaffordable housing and its adverse effects by Kang (2021) found that housing unaffordability may lead to financial stress and overcrowding, leading to increased psychological stress and social isolation due to the shame associated with substandard housing conditions. However, the effects of housing instability are not limited to mental health. Stahre et al. (2015) found that those with housing insecurity often delay visiting doctors and are more likely to have risk factors such as smoking. Studies done closer to home in Aotearoa illustrate that damp, cold housing increases the risk of Asthma and Rheumatic Fever (Butler et al., 2003; Oliver et al., 2017).

A report by Lubell et al. (2007) found that providing affordable, healthy homes may lead to increased residential stability, which improves children's educational outcomes and nutrition and reduces adverse health outcomes associated with substandard living conditions and stress. Affordable, healthy homes can improve health and educational outcomes; however, housing unaffordability, instability, and substandard housing conditions can lead to our populations' diminished mental and physical health. Therefore, providing affordable, healthy housing is essential for healthy populations and urban growth.

Housing Affordability in Auckland

A data set by the Ministry of Housing and Urban Development (n.d) illustrates that in nineteen years between December 2003 and December 2022, house prices rose by 244%; meanwhile, median household income only increased by 107%. Due to house prices outstripping median household income growth and increasing interest rates, the mortgage serviceability indicator has decreased by 33% and the deposit affordability indicator by 40%.

Furthermore, the average weekly rent for a three-bedroom house in Auckland was \$642 in April 2023 (Barfoot & Thompson, 2023). The average household income in 2022 was \$79,128, therefore, weekly household income was \$1521 (Stats NZ, 2023). An established ratio for measuring rent affordability is a rental expenditure to total income ratio of less than 30% (Rea et al., 2008). Utilising the rents and incomes established in this paragraph, the ratio of rental expenditure to total income is around 42%, suggesting housing unaffordability also extends to the rental market. Given that homeownership rates fell to an almost seventy years low in 2020 (Stats NZ, 2020), rental unaffordability is increasingly concerning.

Origins of the Housing Crisis

An analysis by Xu and Gao (2021) illustrates that Auckland has experienced significant expansion in population and built-up urban areas since its settlement. Most of the urban growth was accommodated through outward sprawl; however, this posed challenges, as the cost of new infrastructure and maintenance of existing infrastructure stacked up, the Metropolitan Urban Limit (MUL) was established. Constraining land supply, the MUL curtailed sprawl; however, as Xu and Gao (2021) state, this policy implementation coincided with increased demand for housing and is partially responsible for the increase in house prices. However, the Resource Management Act 1991 (RMA) is another significant contributor to the housing crisis (Treasury NZ, 2021); furthermore, zoning regulations and more have long hindered intensification within cities. Hindering intensification at a time when Auckland's land supply was limited, and housing demand was fast growing is how the housing crisis in Auckland was synthesised.

Quality of Housing Stock

A report by Goodyear (2020) stated that 1 in 5 homes in Aotearoa are damp and 1 in 6 had mould larger than an A4-sized piece of paper; furthermore, 1 in 5 Aotearoa lived in a home that was always or often. As stated previously, cold, damp housing can lead to adverse health effects such as asthma or rheumatic fever, and this is made more concerning as these problems were over-represented in non-owner-occupied homes. In response to the growing concern surrounding substandard living conditions, the Healthy Homes Standard legislation was introduced in 2019, specifying the minimum heating, insulation, and ventilation standards for rental properties (Tenancy Services, n.d.).

Policies for the Remedial of Unaffordability

To remedy the unaffordability crisis facing Auckland, the government has introduced a variety of legislations to enable densification through infill development and allow for population growth within the MUL. The National Policy Statement on Urban Development (NPS-UD) requires councils to enable the development of at least six storeys within the walkable catchments of existing and planned rapid transit stops and the edge of the city centre zone, metropolitan centre zones, and neighbourhood centre zones, it also removes the parking minimums (excluding mobility parking) allowing more of the land, which is redeveloped to consist of dwellings, and at higher densities (Ministry for the Environment, 2022).

The Resource Management Act (Enabling Housing Supply and Other Matters) Amendment Act 2021 introduces the Medium Density Residential Standards (MDRS), which transforms most of the land previously zoned for single-family homes to allow up to 3 residential sites per site, up to three stories, allowing the construction of townhouses across the city and massively increasing potential housing supply ("Understanding the Resource Management (Enabling Housing Supply and Other Matters) Amendment Act 2021," 2022).

An analysis by the Ministry of Housing and Urban Development (2021) estimates that in a five-to-eight-year forecast period, up to 39,200 additional dwellings would be constructed in Tāmaki Makaurau; this significant boost in the supply of housing is sure to lessen the unaffordability currently experienced.

Furthermore, the Bright-line property tax was lengthened to ten years which required the payment of tax made on earnings from the sale of properties if sold within a certain period to discourage speculation and price increases (NZ Labour Party, n.d.).

Kāinga Ora

Kāinga Ora develops and provides state, affordable and market homes; by increasing the supply of housing and the provision of state and affordable housing, Kāinga Ora aims to lessen the effects of the unaffordability crisis (Kāinga Ora, 2022). In 2012/20222, Kāinga Ora constructed 1815 social housing units (Kāinga Ora, 2022). Furthermore, Kāinga Ora acknowledges the importance of healthy homes and commits to boosting housing supply and densification (Kāinga Ora, 2022).

Case Study: Eastern Busway

The Eastern Busway is a multi-faceted infrastructure project. The project involves developing rapid transit and active transport facilities and partnering with Watercare to upgrade the Howick Water Main to provide the infrastructure necessary to upzone walkable catchments near proposed stations (Auckland Transport, n.d.; Eastern Busway, n.d.; Watercare, n.d.). The Eastern Busway is an excellent example of how infill development can be accommodated within Auckland through targeted transit and water infrastructure upgrade projects. Whilst this project is promising, transit-oriented development has yet to be observed, and no similar projects are being planned or implemented. This dig-once approach

to upgrading infrastructure ensures less disruption and more cost-effective projects; and provides a high standard of living to those who live in future transit-oriented developments.

Recommendations for the betterment of outcomes

Whilst Auckland has made considerable strides in recent years to address the unaffordability crisis, further steps can be taken to improve outcomes. Looking at the Eastern Busway case study, one primary recommendation is targeted transit and infrastructure upgrades for higher quality, denser developments. The second recommendation is increased funding to Kāinga Ora to construct and provide more homes. Furthermore, a ghost homes tax, as proposed by Te Pati Māori, would incentivise those with vacant homes to rent out homes and increase supply (Te Pāti Māori, 2021). Lastly, a land value tax would incentivise higher-intensity developments and prevent land banking (Gupta, 2016).

Conclusion:

In conclusion, Auckland has experienced a significant housing shortage leading to unaffordable housing, falling homeownership rates, and increased renting of substandard housing. In recent years there have been significant attempts to remedy the problem. The introduction of legislation to allow for more dense development within the MUL, attempts to curb speculation, and Kainga Ora's involvement in increasing market and social housing supply are a move in the right direction. However, additional policies could be implemented to incentivise higher-intensity developments and the renting of ghost homes. A significant barrier to denser infill development to address the housing shortage is the need for infrastructure upgrades. Further investment in transit and wider infrastructure upgrades will decide whether denser developments to enable increased housing supply are plausible.

Overall, however, there is light at the end of the tunnel; with a significant increase in housing supply in sight, the unaffordability crisis could finally end.

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