The Problem

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8.9%
Auckland households experiencing crowding

15.8%
Aucklanders living in crowded households

22.7%
Households overcrowded in the Counties Manukau District

44%
Pacific households considered overcrowded

The Scale of Unmet Need

In 2023, 38.5% of Pacific peoples nationally lived in crowded households, the highest rate of any ethnic group (Environmental Health Intelligence New Zealand [EHINZ], 2025). Pacific peoples experience severe housing deprivation at a rate of 657.3 per 10,000 people, more than three times the national average (Statistics New Zealand [Stats NZ], 2024). Within Tāmaki Makaurau, 44% of Pacific people live in crowded households (Auckland Council, n.d.). In the Eastern Busway corridor community of the Manukau District crowding rates reach 22.7% (EHINZ, 2025). Pacific children aged 0–14 face a crowding rate of 42.3% nationally (EHINZ, 2025).

Health and Wellbeing Consequences

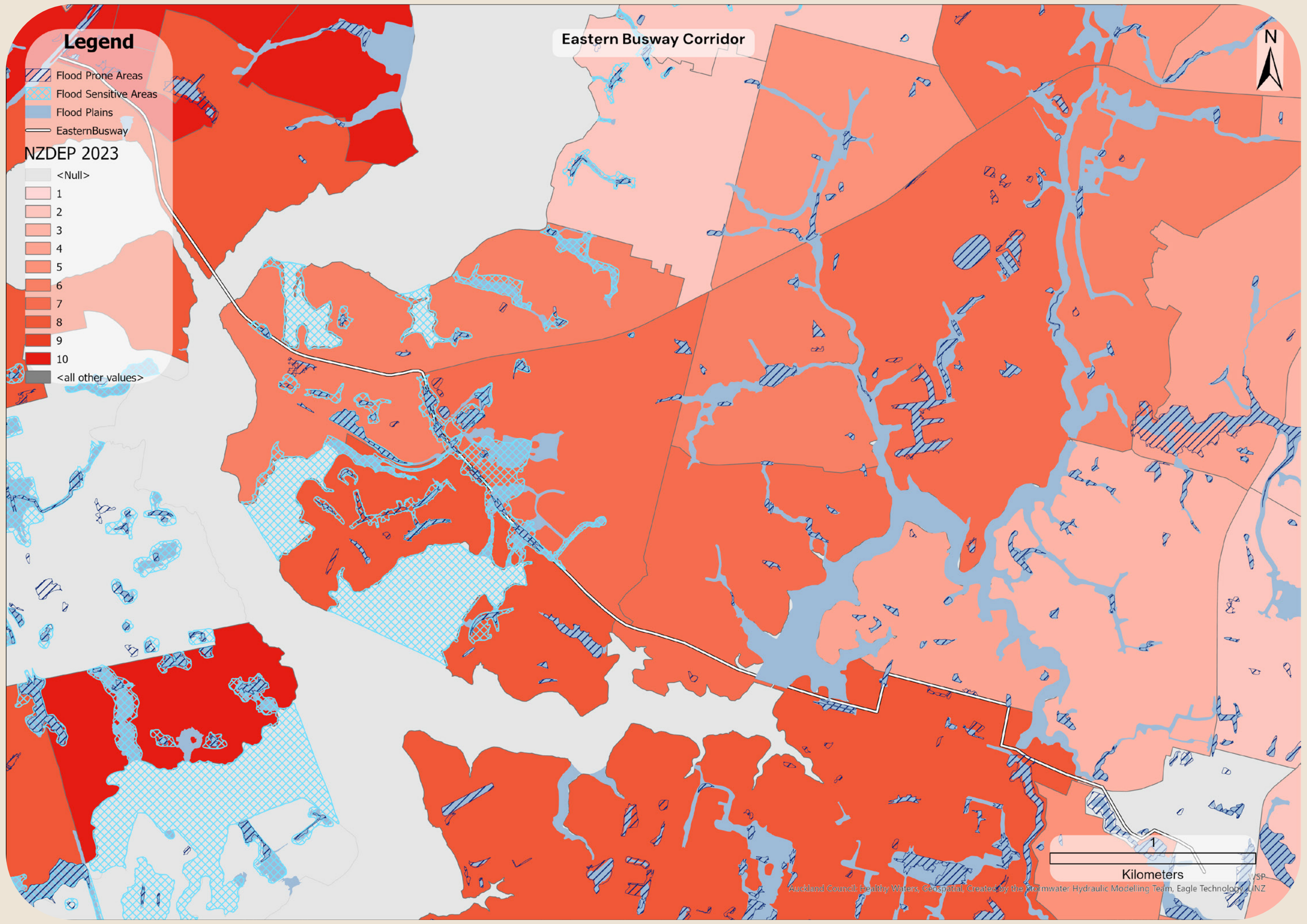
Household crowding is estimated to account for approximately 90 hospitalisations per year for Māori and 692 for Pacific peoples annually, representing 17% and 25% of admissions for those groups respectively (Johnson et al., 2018). Children face elevated rates of meningococcal disease, rheumatic fever, and respiratory infection directly linked to overcrowding (Johnson et al., 2018). The Waitangi Tribunal (2024) has affirmed that Māori who represent approximately one-third of all severely housing-deprived people face a systemic housing failure arising from Crown obligations not met under Te Tiriti o Waitangi. The pattern of deprivation documented for Māori applies with equal severity to Pacific peoples concentrated along the Eastern Busway corridor (Stats NZ, 2024).

The Corridor Context

The Eastern Busway, connecting Botany to Panmure represents approximately $1.4 billion in public transit investment. Combined with the City Rail Link, the two projects total approximately $4.8 billion in committed transit infrastructure in Auckland (Filippova & Sheng, 2020). This public investment is already generating private land value uplift along the route. NZDep analysis confirms that communities along the Eastern Busway corridor are predominantly in deprivation deciles 8, placing the corridor at the intersection of greatest housing need and greatest public investment. Flood vulnerability is present but localised, a cluster of housing near Ti Rakau Drive represents a specific hotspot of intersecting flood risk and high deprivation (NZDep 8) illustrating a pattern in which the least-resourced communities bear the most climate exposure (Auckland Council, 2026).

Why Current Mechanisms Have Failed This Group

The private market does not build large affordable rental dwellings. Developer incentives consistently favour studios and two-bedroom units sized for investors, not extended families. The NPS-UD's removal of density restrictions has increased supply, but predominantely small-to-medium market townhouses without generating the four to five-bedroom affordable rental housing that Pacific extended families require. Auckland's 2015 attempt at inclusionary zoning was rejected by the Independent Hearings Panel partly because no methodology existed to calculate a defensible contribution percentage (Austin, 2026a). The result is a systematic market failure for the most overcrowded household type in the country. Supply-side upzoning alone cannot solve a problem rooted in tenure, affordability, and dwelling size, additional mechanisms are required to direct the gains of intensification toward the households who need them most.



The Mechanism

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Land Pooling
UDA 2020 powers

→

Intensification
NPS-UD upzoning

→

Uplift Capture
Targeted rate

→

CHP Fund
Ring-fenced LVC

→

Affordable Rentals
4–5 bed long term affordable rentals for Pacific whānau

Stage	Mechanism	Legislative basis	International precedent
1	Land Readjustment	Urban Development Act 2020	Japan kukaku seiri - Korea LRA
2	Land Value Capture	Targeted Rate via Auckland Unitary Plan	Perth +40% - London £13bn
3	Inclusionary Zoning	Queenstown PC24 Inclusionary Zoning	Queenstown HOPE methodology
4	Community Housing Provider	Social Housing Reform Act 2013	Ngāti Whātua - Banff Corp

Stage 1 - Land Readjustment

Kāinga Ora, drawing on compulsory acquisition powers under the Urban Development Act 2020 (New Zealand Government, 2020), pools fragmented, flood-prone, and underutilised parcels along the Eastern Busway corridor into consolidated developable lots. Landowners receive proportionally smaller but fully serviced and floodproof replacements, similar to the Japanese and Korean systems (Matsui, 2019; UN-Habitat & IUTC, 2018). Land readjustment is a proven method utilised for the development of approximately 30% of all national urban land in Japan (Matsui, 2019). Participation in the Eastern Busway context is anticipated to be partially voluntary. At the Ti Rakau Drive flood-risk hotspot specifically, landowners with degraded, flood-affected properties face a genuine incentive for participation. LR returns climate-resilient, serviced, intensified developments in exchange for flood-vulnerable stock. Compulsory acquisition powers under the UDA 2020 provide a backstop for non-participating holdouts, addressing the holdout problem that prevented voluntary LR in earlier New Zealand contexts (De Souza, 2018).

Stage 2 - Land Value Capture

Public transit investment generates private land value uplift on adjacent parcels. Auckland's Northern Busway produced a measurable average price increase of 3.69% within 800 metres of stations (Filippova & Sheng, 2020). The Western Line upgrade generated an estimated NZD 605–667 million in aggregate residential land value uplift across its corridor (Grimes & Young, 2010, as cited in Winter, 2023). A targeted rate or developer contribution levy authorised under the Urban Development Act 2020 would be able to capture uplift in land values and dedicate that funding towards a community housing provider (CHP). The New Zealand Treasury (2018) identifies targeted rates and negotiated development contributions as the most viable LVC instruments within current NZ legislation, noting that a full Value Capture Tax would require further legislative development. This proposal adopts the targeted rate pathway as legislatively operational.

Stage 3 - Inclusionary Zoning

Private developments on consolidated parcels are subject to an IZ requirement. A specified percentage of total dwellings must be transferred to registered CHPs at below-market prices. This proposal does not specify a percentage. Following the Queenstown methodology (Austin, 2026a), a defensible IZ contribution rate must be calculated at a later date. Auckland's 2015 attempt at inclusionary zoning was rejected by the Independent Hearings Panel partly because no such formula was presented; the Queenstown Lakes District's Plan Change 24 succeeded precisely because its methodology was independently defensible (Austin, 2026a; New Zealand Government, 2008). If this programme progresses to implementation under HAP-2, a formal Queenstown-style methodology would be commissioned prior to IZ clause drafting.

Stage 4 - CHP Delivery and Affordability Retention

Dwellings will be transferred to the CHP via IZ. The CHP will further develop and manage them as large-family affordable rental housing, specifically targeting Pacific extended families with multi-bedroom rentals. The CHP will receive income-related rent subsidies (IRRS) under the Social Housing Reform (Housing Restructuring and Tenancy Matters Amendment) Act 2013, supplemented by the CHP fund generated through value capture. The CHP will also utilise the Community Housing Funding Agency (Willis & Bishop, 2025) that provides Crown-guaranteed lending at reduced rates up to $80 million reducing the capital cost of corridor-level development. Long-term affordability will be retained through a ground lease and covenant structure assessed in full in Part 2 of this document.

Critical Assessment

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Panmure	Williams Ave	Pakuranga	Te Taha Wai	Koata	Pohatu	Botany
Decile 10	Decile 8	Decile 6	Decile 8	Decile 8	Decile 4	Decile 6

Strengths S1-S4

S1 - Legally Defensible
UDA 2020 compulsory acquisition powers, targeted rate provisions, and better ment clauses provide an existing legislative vehicle. No primary legislation amendment required.

S2 - Internationally Proven
3,700 km² or 30% of national urban land urban land developed in Japan. 436 km² across 23 cities in Korea, with Gangnam recovering 90% of costs. 40% uplift in land values in Perth. £13bn generated in land value due to London's Jubilee line.

S3 - Climate change co-benefit
Flood-prone landowners near Ti Rakau Drive receive climate-resilient replacement land. Eliminates housing from highest-risk catchments. Aligns with PC120 objectives. Provides not only resilient, but more sustainable ways of living.

S4 - Structural Affordability
Ground lease removes land cost from CHP balance sheet. Affordability is structural and not policy-dependent. Does not rely on any single government's IRRS commitment by raising funds separately from IZ and LVC.

Weaknesses W1-W4

W1 - Mechanism complexity
Four-stage integration of Land Readjustment, Land Value Capture, Inclusionary Zoning, and Community Housing Provider delivery. New Zealand has no established Land Readjustment framework.

W2 - Political vulnerability
Government has reduced Kāinga Ora's capital programme. IRRS subject to policy change. IHP historical scepticism toward IZ creates further risk if perceived as a development tax.

W3 - Landowner resistance
Compulsory acquisition without NZ precedent likely faces legal challenge. Hold-out problem acute in fragmented title areas. Korean experience: disputes managed over decades of iterative revision.

W4 - IHP nexus risk
Auckland's 2015 IZ attempt failed without a defensible formula. Queenstown precedent assumes translation from tourism to BRT context — requires formal demonstration at feasibility stage.

Strategic Fit & Future Viability

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PROGRAMME RELEVANCE

Financial
Partially self-financing via LVC. Targeted rate and developer contributions legislatively operational under UDA 2020. CHFA lending reduces CHP financing costs.

Legal & Technical
UDA 2020 compulsory acquisition provides existing vehicle. Queenstown PC24 methodology transferable. No primary legislation amendment required to pilot.

Moral and Treaty
Waitangi Tribunal (2024) affirms Crown duties under Articles 2/3. Pacific peoples face the most severe crowding rates in the country. HAP-2 operationalises these.

Climate Resilience
Flood-prone land consolidation addresses intersecting climate and housing vulnerability. Eliminates risk in highest-risk catchments.

This proposal represents a genuine, first-principles alternative to supply-side upzoning. Its adoption as a pilot programme for one Eastern Busway station area with a formal feasibility and methodology study commissioned under HAP-2 is recommended.

Opportunities O1-O4

O1 - Committed infrastructure
Eastern Busway funded and under construction. Land Value Capture case grounded in investment already made.

O2 - NPS-UD mandate
Land Readjustment programme aligns with existing national policy, promoting intensification within rapid transit catchments and well functioning urban neighbourhoods.

O3 - CHP sector capacity
Community Housing Funding Agency providing 80 million dollars of borrowing per CHP, A+ credit rating, $200m social bonds issued. Delivery infrastructure operational.

O4 - PC120 flood context
Downzoning of flood-vulnerable land increases voluntary LR participation incentive at Ti Rakau Drive.

Threats T1-T4

T1 - Developer opposition
Inclusionary Zoning framed as development tax. Land Value Capture funding reduces but does not eliminate opposition vector.

T2 - Kāinga Ora constraint
Further balance sheet constraints may limit delivery capacity. Urban Development Act Special Purpose Vehicle alternative adds governance complexity.

T3 - RMA consent risk
Land Readjustment consolidates titles but does not bypass resource consent. Neighbourhood level opposition is possible at corridor nodes.

T4 - IRRS policy risk
Programme reduces but cannot eliminate dependance on Income Related Rent Subsidies. Land Value Capture reserve fund must stress-test significant IRRS reduction.