

30 July 2021

Submission of Infrastructure New Zealand on the discussion document regarding the Government Policy Statement on Housing and Urban Development

Executive summary

- a. Infrastructure New Zealand welcomes the opportunity to make a submission on the Ministry of Housing and Urban Development's discussion document regarding the Government Policy Statement on Housing and Urban Development (GPS-HUD).
- b. We applaud the ministry's intention to develop a government policy statement that will set out how central government and its partners will deliver housing outcomes and urban developments that will meet households' needs and aspirations, and communities' expectations.
- c. We are encouraged by the multi-year, multi-agency approach.
- d. We consider the timeline for the GPS-HUD's publication too ambitious and submit publication should be delayed, particularly in light of other relevant central government work programmes that are underway.
- e. The discussion document discusses housing for all New Zealanders but actually focusses on housing in the urban environment only. The remit of the GPS-HUD should be focussed on urban development and the vision should be renamed accordingly.
- f. There is a need for the GPS-HUD to recognise and acknowledge New Zealand's infrastructure deficit.
- g. The GPS-HUD will need to have regard for the perquisite infrastructure greenfield developments will need in order for those communities to be thriving and inclusive.
- h. The GPS-HUD should include a definition for affordable housing and it must also lay out the housing continuum.
- i. Central government has a wider role to play in the successful implementation of the GPS-HUD.
- j. An implementation plan and a monitoring framework should be published alongside the GPS-HUD.

- k. Infrastructure New Zealand anticipates significant work will be required after consultations close and we would welcome the opportunity to work with the ministry in finalising the GPS-HUD prior to it being published.

1. Introduction

- 1.1 This is Infrastructure New Zealand's submission on the discussion document on the Government Policy Statement on Housing and Urban Development (GPS-HUD).
- 1.2 Infrastructure New Zealand is New Zealand's peak industry body for the infrastructure sector. We promote best practice in national infrastructure development through research, advocacy and public and private sector collaboration. Our members come from diverse sectors across New Zealand and include infrastructure service providers, investors and operators.
- 1.3 Infrastructure New Zealand welcomes this opportunity to make a submission.
- 1.4 Please direct enquiries to Claire Edmondson, General Manager, at claire.edmondson@infrastructure.org.nz.

2. General

- 2.1 Infrastructure New Zealand congratulates the Ministry of Housing and Urban Development's intention to develop a government policy statement that will set out how central government and its partners will deliver housing outcomes and urban developments that will meet households' needs and aspirations, and communities' expectations.
- 2.2 We are encouraged by the multi-year, multi-agency approach proposed by the ministry for implementing the GPS-HUD.
- 2.3 The Infrastructure Commission, the Ministry of Education and the Ministry of Health have a critical role to play in shaping the urban environment and we submit they should be included as key partners in implementing the GPS-HUD.
- 2.4 We are encouraged by the discussion document's focus on homelessness and support the focus area on preventing homelessness.
- 2.5 The discussion document discusses Kāinga Ora's role at length. We invite the Ministry of Housing and Urban Development to consider the merits of expanding Kāinga Ora's remit to also offer market rentals in areas where the private sector is unable to meet demand.
- 2.6 The GPS-HUD should consider providing guidance on the weighting of competing priorities. For instance, greenfield developments produce significant emissions but there is also a need to increase housing supply, raising the question whether greenfield developments would need to become carbon neutral.
- 2.7 Infrastructure New Zealand notes the ministry is consulting on a discussion document that will inform the GPS-HUD, as opposed to consulting on a draft GPS-HUD. We are disappointed a draft GPS-HUD will not be consulted on, meaning Infrastructure New Zealand – alongside other partners and stakeholders – would not know how well our feedback has been incorporated.

3. Timeliness

- 3.1 Infrastructure New Zealand notes that the government intends to publish the GPS-HUD by 1 October 2021. We submit the timeline is too ambitious and rushed, especially given the:
 - New Zealand Infrastructure Commission is currently working on an infrastructure strategy
 - resource management system reforms that are currently underway.
- 3.2 We submit the government should pause the publication of the GPS-HUD, at least until:
 - The Aotearoa New Zealand Infrastructure Strategy 2050 has been adopted
 - the Natural and Built Environments and the Strategic Planning Bills are well-advanced in the Parliamentary process.

4. Remit and vision

- 4.1 The discussion document states that the GPS-HUD seeks a wide remit of bringing everything together. This is a commendable aspiration. However, in seeking to do so, there a number of pitfalls that need addressing.

A confused remit

- 4.2 The discussion document is for a government policy statement on housing and urban development; however, commentary, discussions, and proposals are focussed on housing in urban development (for instance, the discussion document considers the housing and urban system as one system).
- 4.3 The proposed vision and aspirations on the other hand seek to encapsulate housing outcomes for all New Zealanders which is contradictory and confusing. For instance, while the proposed vision is for all New Zealanders living in a healthy, secure and affordable home, there is no specific discussion on housing outcomes for those living in rural areas or thriving rural communities, e.g. integration of rural housing with infrastructure provision, and ensuring rural homes and buildings (such as rural community centres/halls) follow good design principles and are resilient to a changing climate.
- 4.4 Infrastructure New Zealand submits the government policy statement should instead be renamed to the Government Policy Statement on Urban Development.
- 4.5 We further submit that the proposed vision should be revised to the below:
Everyone Urban development in Aotearoa New Zealand promotes:
- a sense of belonging
 - thriving, inclusive and sustainable communities
 - lives in a healthy, secure and affordable homes. that meets their needs, within a thriving, inclusive and sustainable community
- 4.6 In the interests of consistency, the rest of this submission continues to use the abbreviation 'GPS-HUD'.

Need to recognise New Zealand's existing infrastructure deficit

- 4.7 The GPS-HUD will need to be realistic. To this end, we submit there is a need for the GPS-HUD to recognise and acknowledge New Zealand's infrastructure deficit, estimated to be around \$75 billion.
- 4.8 This is a salient point because the discussion document is primarily focussed on future developments that will occur and on the delivery of growth-related infrastructure that will be needed in future. In doing so, the consultation document does not consider the existing infrastructure deficit which is affecting quality of life, connectivity, inclusivity, sense of belonging and wellbeing.
- 4.9 Local government's share of the infrastructure deficit will particularly influence how much serviced/developable land is able to be supplied, in turn affecting the efficiency of the urban land market.
- 4.10 With many councils close to their debt ceilings, local government's ability to provide out-of-sequence serviced/developable land is even more constrained.

Need for a holistic approach

- 4.11 The consultation document states that the GPS-HUD's role is to bring everything together. We are encouraged by this wide remit. It also means that a holistic approach needs to be taken to urban development, that is, the GPS-HUD needs to have regard for and provide appropriate guidance regarding the perquisite infrastructure greenfield developments will need – this includes social infrastructure.

- 4.12 The discussion document highlights an expectation to see more land and development capacity made available for urban development (intensification) and new, well-planned and well-connected greenfield developments that avoid unnecessary urban sprawl.
- 4.13 Greenfield developments are currently mostly focussed on the supply of residential dwellings and do not have much to offer in terms of employment. There is a need to ensure greenfield developments provide meaningful employment to residents whether that be office, commercial and/or industrial activities. The most that usually gets delivered at the moment is limited opportunities in the retail sector. The same can be said for the provision of schools within walkable catchments in new greenfield areas.
- 4.14 Greenfield developments also usually lack adequate, reliable and rapid/frequent transport links. The current approach to greenfield developments often creates a reliance on private vehicles from the outset since public transport is only provided much later on. When public transport eventually does get provided, it is not as attractive an option because:
- most residents are no longer able to easily switch to public transport, especially where they are travelling much longer distances and where public transport options would require transfers (and waiting times between those transfers)
 - buses then become caught up in traffic congestion and where passengers require to transfer to another bus or train, they get significantly delayed.
- 4.15 If the status quo is not rectified, people living in greenfield areas will continue to have to travel long distances for school and work purposes which would worsen congestion and emission levels. In such an instance, the levying of congestion pricing and high emissions-related taxes would only be seen as punitive taxes.

5. Housing

- 5.1 Home ownership remains a key aspiration of New Zealanders. However, not every New Zealander is able to buy their own place, or buy a place that does not require them to make compromises.
- 5.2 We therefore welcome discussions on New Zealanders living in homes that are affordable, healthy, accessible, secure, and which meet their needs and aspirations whether they own or rent the home they live in.

Defining affordable housing

- 5.3 Infrastructure New Zealand submits it is critical the GPS-HUD include a definition for housing in the interests of completeness. A definition is essential to ensure discussions on affordable housing – for renters and prospective homeowners – are within context.
- 5.4 We favour the definition adopted in the Auckland Plan 2050 which is as follows:
Two complementary measures are used to define affordable housing: the 30 per cent gross income benchmark, measuring whether a household pays no more than 30 per cent of its gross income on housing costs; and the Median Multiple Measure, the ratio between median house price to annual household income.

Affordable housing a mirage

The affordable housing definition does have a key limitation in that it does not consider the size or type of dwelling that is being sold. As such, a small dwelling which does not necessarily meet a household's needs or aspirations can still be considered affordable.

A key theme emanating from feedback on the Draft Auckland Plan 2050 was along the lines that “\$650,000 for a shoe-box apartment is not affordable”. This is an important point in that policies are often targeted at price points and do not adequately consider the size or type of the dwelling actually being sold.

A narrow focus on price points only without consideration of a dwelling's size or type would do little in terms of enhancing people's wellbeing and homes that meet needs and aspirations.

The housing continuum

- 5.5 Infrastructure New Zealand further submits that the GPS-HUD should adopt the housing continuum as adopted by the Auckland Plan 2050 (Homes and Place outcome) which is as follows:



- 5.6 This will send a clear signal to community/social housing providers to operate within the ambit of this housing continuum so as not to inadvertently compete with the private market.

Rental supply

- 5.7 Infrastructure New Zealand is encouraged by the commentary on incentivising investment in new builds for rental and other tenures. Nonetheless, we need further details on what exactly is proposed to reduce speculative investment in existing housing stock and whether existing investors/owners of existing rental properties that are not brand new would be affected in retrospect, or whether only investors buying properties after the GPS-HUD is published would be affected (by dwelling as opposed to portfolio).
- 5.8 The discussion document makes mention of speculative investment but falls short of defining it. The GPS-HUD will need to be clear on exactly how it defines speculative investment in existing housing stock.
- 5.9 The discussion document also cites low Interest rates as a factor in dwellings as a financial investment. It is important to note that interest rates are now forecast to start increasing.

Local government as an enabler and delivery agent

- 5.10 Infrastructure New Zealand considers that central government has a wider role to play in the successful implementation of the GPS-HUD.
- 5.11 We submit there is also a role for the government in infrastructure provision, especially given the requirement for the adequate provision of social infrastructure – e.g. schools – in urban areas to achieve thriving communities. The table on pages 18-19 of the discussion document currently disproportionately places the burden on local government and limits central government roles and responsibilities to mainly setting the rules and direction.
- 5.12 Similarly, the discussion document considers local government as a partner in responding to homelessness and housing need. Anecdotes suggest that ratepayers generally consider this to

be a primary responsibility of central government and thus may not respond well to rates increases to fund related initiatives.

- 5.13 We note that while the Ministry of Social Development is included as a key partner in effectively delivering the GPS-HUD, its role in social housing and ending homelessness is not explicitly captured under the wider central government roles and responsibilities in the table on pages 18-19 of the discussion document.

6. Delivery and implementation

- 6.1 The consultation document notes that the GPS-HUD is intended to take a multi-decade outlook. As such, we are unable to support an implementation plan and a monitoring framework being drafted at a later date. We consider an implementation plan and a monitoring framework should be published alongside the GPS-HUD.
- 6.2 We go further and submit that the ministry should seek comments and feedback on its draft implementation plan and monitoring framework.

7. Conclusion

- 7.1 Infrastructure New Zealand thanks the Ministry of Housing and Urban Development for the opportunity to make a submission on its discussion document regarding the GPS-HUD.
- 7.2 We anticipate significant work will be required before the GPS-HUD is able to be published. Infrastructure New Zealand would welcome the opportunity to engage further with the ministry in finalising the GPS-HUD.

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