



# Will RMA sort the housing crisis?

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## Spare a thought for Minister Nick Smith in trying to get a handle on the housing crisis in Auckland

With a form of property madness having enveloped the city, aided and abetted by the media, house prices have gone through the roof, almost literally.

Daily the NZ Herald and other media breathlessly report another spectacular increase in house prices. The implication is that these increases reflect a great public good.

Saner voices however, such as NZEIR principal economist Shamubeel Eaqub, describe Auckland's housing as "essentially a Ponzi scheme because you need more and more entrants to keep prices rising and that's exactly what's happening in the housing market".

The consequences of Auckland's housing madness on the young and the poor are diabolical. Today it is no longer possible for large numbers of people in Auckland to access the property ladder, nor is it easy to rent.

The social impacts of failing to adequately house, at affordable prices, will live with Auckland and New Zealand for a long time. And when the house-price madness bursts, all New Zealanders will feel the pain.

Unfortunately, and while the potential options for the central government are wide, Minister Smith's political options are in my opinion limited unless he can persuade his colleagues to break out of their philosophical straitjacket.

The option being explored by Minister Smith is to change the Resource Management Act (RMA) to address the housing crisis. As I have commented previously, I don't believe this will have any meaningful impact. Many governments have argued, and made changes to our planning laws to make it easier to deliver better outcomes for business and communities. The 1953 and 1977 Acts respectively gave way to the RMA 1991 to better encapsulate environmental principles of sustainable management.

Interestingly, the former Acts managed to

provide a framework for adequate housing availability and affordability through a number of decades, as has the RMA for a good period of its existence. In my opinion, sustainable management, if interpreted and applied correctly, already provides direction to policy makers to take into account economic, social, cultural and environmental outcomes in the provision of land for housing. Maybe the key issue is how the Act is being applied, rather than how it is written?

Shamubeel Eaqub argues that Auckland prices are being driven up by a number of factors, including tight land supply, the high cost of building, lack of infrastructure supply and high net migration. I would add a lack of central government support for building, or supporting the building of, lower cost housing, which has for almost a century been a role of the state.

### Optimistic options

So let us look at a few options for the government, some of which as noted may be philosophically out of reach but which may need to be reworked. Firstly, I would advocate for a central government national policy statement on urban land supply. Minister Smith has indicated that this would need a change to the RMA to enable, and if this is so, I would support a change to that extent.

The policy statement needs to direct councils and policy makers to provide adequate land and infrastructure for housing, employment and commerce. There is a need to free up more land, whether green field or brownfield, and the need is urgent.

Additional measures already introduced, such as the Special Housing Areas (SHA), will only be effective long-term if there is a national policy framework around the supply of urban land. Currently the incentive to be a SHA lies in land banking to get capital gain. This needs to be changed.

Secondly, and to address the issue that many housing and business developers see as a major impediment, the government

may need to be more active in the practice of planning. In particular, this needs to be at the sharp end of policy definition, but significantly at the actual consenting of development.

This has been partly tried in the past, but needs to be more embedded with central and local officials working together so that each party understands the processes and develops a common culture and understanding around development. If the Minister wants to effect change, I would argue that this is a key area in which to focus. As a minimum, it will help central government better understand the complexities at the coal face.

I agree with Minister Smith when he expresses a need for a greater focus on economic imperatives, but as I have argued I believe this focus is already contained in the RMA. Certainly when I was a local government practitioner I was clear that the RMA and Local Government Act required me to do so.

However, I do think it is valid that many in my planning profession focus far too much on design and amenity outcomes, ignoring the 'cost' that many of these rules have on economic well-being. Too many rules are cast in the name of good urban design, however defined, with little appreciation that business, employment or wealth creation can often be negatively impacted or foregone. The cost of doing business for many can be too great. If the rules are too plentiful and overly prescriptive, the 'money' will go elsewhere.

I have little doubt that the cost of housing has been driven up in part by rules which purport to lead to good environmental outcomes but end up denying the young and the poor access to housing.

My third pitch is that the current government needs to get serious about supporting public housing. Minister English has advanced social housing, owned and administered by the largely not-for-profit sector to provide housing for the socially and

economically disadvantaged. I support the aspiration of the government's social housing initiative but being involved on several boards with interests in such housing, I know it will be slow and dependent on significant central government support.

In the meantime it is imperative that the central government builds, or financially incentivises, the building of more low-cost public housing. Without such support, the deteriorating impacts on the young and poor will continue to escalate exponentially, especially in the larger cities.

Interestingly the central government does have the ex-

perience on tap, as in the Hobsonville Land Company and in the Tamaki Redevelopment Company in Auckland, but these need to be significantly expanded in order to deliver housing, including public housing, on scale.

There are other areas of government policy that would help Minister Smith out of the housing crisis, including an assessment of the impact of migration on the Auckland housing market. While not all the additional 75,000 extra Auckland residents in the last two years were migrants, the ability of any council to plan for these additional people is an enormous challenge. Indeed it is almost

impossible to build infrastructure at a rate to accommodate such population growth without major central government support.

For the sake of completeness I would add to Minister Smith's bucket list the need to provide a suite of measures to tackle housing speculation, including a fairer taxation regime on capital gains, measures to address the uncompetitive material supply market and increasing the supply of qualified tradespeople. The minister may want to enquire into the quality of the new million-dollar houses being built in some of the newer housing subdivisions, but that is another story.

I do not envy the minister in sorting out the housing crisis enveloping our largest city. Most of the cards lie with the government however, most of which in my opinion will need to be dealt.

I just happen to believe that simply changing the RMA will not deliver on more affordable or available housing.

*Leigh Auton has 35 years' local government experience and is a chairman/director/trustee on several boards and provides consulting advice to public and private sector companies*

## Council collaboration secures regular regional flights

**Councils have worked with air transport providers to secure regular flights for their communities after Air New Zealand announced in November that its flights to Kaitaia, Whakatane and Westport would cease because customer demand could not sustain its 50-seat aircraft**

However, the local government sector has successfully and proactively worked together to find alternative solutions for each of these communities:

Far North District Council arranged with Great Barrier Airlines for daily flights between Kaitaia and Auckland

Whakatane District Council worked with Air Chathams to arrange a locally branded service between Whakatane and Auckland

Buller District Council negotiated with Sounds Air to secure new flights between Westport and Wellington.

LGNZ President Lawrence Yule says this is a strong example of the sector collaborating, which highlights the good work that councils do for communi-

*"The flights that councils have secured for these regions will be very beneficial to their communities"*

ties. "Ease of travel between regional New Zealand and our cities helps to enable regional business people to successfully conduct business," Mr Yule says.

"Mayors of districts where air transport services are under threat have been communicat-

ing with each other about these challenges and have held joint discussions with Air New Zealand and the Prime Minister. The flights that councils have

secured for these regions will be very beneficial to their communities."

The flights councils have secured also make it easier for locals who have moved out of the area for work to return home to visit family and friends and help keep these airports open for

other essential air services such as the travel of medical staff.

The council initiatives followed Air New Zealand's review of regional aircraft operations as it sought to address the challenges of poor operating economics of its 19-seat fleet while leveraging economies of scale from its 50- and 68-seat fleets.

Air New Zealand decided to exit its 19-seat fleet by August 2016 and announced it would suspend services to Kaitaia, Whakatane and Westport following revelations that its subsidiary Eagle Airways was losing \$1 million a month operating the smaller fleet.

## WHY ARE THINGS NOT HAPPENING AS YOU PLANNED?

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