

## 8. CCC SUBMISSION TO PARLIAMENTARY SELECT COMMITTEE ON HOUSING AFFORDABILITY IN NEW ZEALAND



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### PURPOSE OF REPORT

1. The purpose of this report is to present the Council's submission to the Parliamentary Select Committee - Commerce Inquiry into Housing Affordability. This has been prepared following a seminar with Council with a range of input from across the organisation.

### EXECUTIVE SUMMARY

2. The Commerce Committee is a Parliamentary Select Committee which is inviting public submissions on any inquiry into housing affordability in New Zealand by 15 June 2007. The terms of reference are very broad and are directed toward the supply-side of housing cost, in particular land supply and council levies and processes.
3. The inquiry seeks to identify which components of the cost of housing can, and should be brought under control, or freed from restrictive controls with a view to increasing the affordability of housing.
4. The submission drafted for the Council's consideration addresses the terms of reference in three parts; the first considers the issue of housing cost and supply from a local government perspective. The second part examines the issue of affordability from the Council's perspective as a major and committed player in the housing market, and the third area considers the specific issues relating to housing within the context of Christchurch as a major urban centre.

### FINANCIAL AND LEGAL CONSIDERATIONS

5. There are no immediate or direct financial implications from the proposed submission. However, should the government consider legislative, regulatory or other changes as a result of the inquiry these could impact both directly on the marketplace and on the Council as a regulator or as an infrastructure provider.
6. The submission does signal to the government that the Council is preparing a case to put to the Crown for funding to support the continued provision of affordable housing in the city. This will, if successful in the future, assist the Council in continuing to deliver a comprehensive housing service to the community.

### STAFF RECOMMENDATIONS

It is recommended that the Council:

- (a) Approve the attached submission to the Parliamentary Select Committee Inquiry into housing affordability in New Zealand.
- (b) Nominate Councillor (name to be inserted) to speak to the Select Committee and present the Christchurch City Council submission.

## BACKGROUND ON THE INQUIRY INTO HOUSING AFFORDABILITY IN NEW ZEALAND

7. The terms of reference are very broad.
8. The terms of reference were taken to the Strong Communities Portfolio group for discussion; this was followed by a full council seminar on 8 May 2007. The issues raised by the Council were very wide ranging and most have been addressed in this submission.

### Terms of Reference

9. The preamble to the terms of reference outlines the reasoning for the inquiry is *to ensure that as many New Zealand families as possible will be able to achieve the traditional Kiwi goal of home ownership at a fair and reasonable price.*
10. *It also states it wishes to identify and quantify all components of the cost of housing for first home buyers in New Zealand and examine significant shifts over time.*
11. Particular interest should be taken in:
  - (a) The effect on land supply, and therefore the price for land, of both:
    - (i) restraints on land supply for new housing, and
    - (ii) land 'wastage' through 'large section only' subdivisions.
  - (b) Household ability to service debt, meet costs of ownership and the changing relationship between income, property prices and mortgage interest rates;
  - (c) Impact of increasing demand for residential properties by investors;
  - (d) Local authority planning and approval processes;
  - (e) Charges and levies imposed at all stages of the housing supply chain;
  - (f) Building material and building labour costs as compared with those in other similar economies and countries;
  - (g) Access to finance for house building on land in multiple ownership;
  - (h) Impact of changing preferences for home ownership;
  - (i) Range of financing products available for first home owners.
12. Identify which components of the cost of housing can and should be brought under control, or freed from restrictive controls, with a view to increasing the affordability of housing.
13. Identify intervention programmes that may improve the ability of individuals and families to purchase a home, their success and operation. Consideration will be given to:
  - (a) Schemes such as 'shared equity' and 'rent to buy", the capitalisation of benefits and a sell and build strategy for some state housing stock;
  - (b) How proven third sector housing organisations currently help individuals and families reach their home ownership goals.