

Property Council New Zealand

Submission on

Government Policy Statement on Housing and Urban Development Discussion Document

30 July 2021

For more information and further queries, please contact

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Government Policy Statement on Housing and Urban Development: Discussion Document

1. Recommendations Summary

1.1. Property Council New Zealand (“Property Council”) welcomes an opportunity to provide feedback on the [Government Policy Statement on Housing and Urban Development: Discussion Document](#) (“discussion document”). While we support the majority of the proposals, we recommend the following:

Vision:

- Include broader context into the vision (e.g. supporting infrastructure, essential services);
- Ensure that different communities and their needs are reflected in the vision;

Outcomes:

- Thriving communities
 - Replace the current wording with ‘*Providing a wider range of opportunities so people can live in homes and communities that meet their employment, education, social and cultural wellbeing needs – places that are affordable, connected, environmentally sustainable, safe and inclusive*’;
- Wellbeing through housing
 - Include ‘ensure an adequate supply of housing accommodation (public and private) to satisfy current and future needs’ as an outcome to ensure delivery of wellbeing through housing;

Focus areas:

- Provide homes that meet people’s needs
 - Clarify actions the Government will take to provide more public rental markets (e.g. legislative settings to support Build-to-Rent developments in New Zealand);
- Re-establish housing’s primary role as a home
 - Focus on incentives to re-establish housing’s primary role as a home;
 - Provide a clear set of actions to address the cause of our housing crisis – lack of supply;

Proposed actions to ensure that more affordable houses are built:

- Building System reform
 - Develop a standardised national form for building product information requirements that can be adopted by local government;
 - Introduce a liability cap of 20 per cent for local government for building products to ensure a fairer allocation of risk and liability across the sector;
 - Incorporate internationally recognised products when looking to strengthen the New Zealand product certification scheme to help expand New Zealand’s building product market and promote competition while encouraging innovation;

- Ensure alignment between the Building System Reform and the wider work programme (e.g. Building Code annual updates, Climate Change Commission’s advice, Resource Management Reform and other relevant programmes);
- *Need to address materials and skills shortages*
 - Ensure the issue of materials and skills shortages is addressed (e.g. increased number of MIQs for skilled workers);
- *National Policy Statement on Urban Development*
 - Clarify how the Government Policy Statement on Housing and Urban Development (“GPS-HUD”) interrelates with the National Policy Statement on Urban Development (“NPS-UD”);
 - Review heritage settings under the NPS-UD to enable land to be freed up for “higher density” housing development, while protecting the best examples of heritage;
- *Greater Government’s contribution*
 - Ensure Government’s contributions are greater to fund housing and infrastructure;
- *Better coordination between local and central government*
 - Remove legal constraints on cost recovery, where fees have been set in statute;
 - Provide a comprehensive and independent in-depth analysis of costs associated with implementing Treaty settlement arrangements – costs both to councils and to iwi;
 - Introduce a “Partners in Regulation” protocol that would set out an agreed set of behaviours and expectations when developing and implementing legislation and regulation;
 - Extend coordination between local and central government district plans to ensure delivery of consistent and better outcomes throughout the country;
- *Role of the private sector*
 - Ensure a greater focus on the role of the private sector in addressing housing and infrastructure challenges;

Proposed actions to provide homes that meet people’s needs:

- *Alignment between different work programmes*
 - Ensure Government’s work programmes align with each other (e.g. Building Code rules and the Healthy Homes Guarantee Act);
- *Building for Climate Change programme*
 - Review the Building for Climate Change work programme to ensure it is not conflicting with the housing outcomes the Government has set to achieve under the GPS-HUD;
- *Population Strategy*
 - Develop a Population Strategy while making sure quality data and relevant population categories are used (e.g. skilled migrants; essential skills);

Proposed actions to invest in Māori-driven housing and urban solutions:

- *Resourcing Māori organisations to deliver solutions*
 - Acknowledge that Māori organisations require significant resourcing to play their part in addressing housing and infrastructure challenges;
- *Role of private sector*
 - Ensure there is a greater focus on the role of the private sector in addressing housing and infrastructure challenges;

Proposed actions to prevent and reduce homelessness:

- Supporting innovative solutions
 - Ensure actions are taken to address housing affordability issue (e.g. Build-to-Rent);
- Facilitating better utilisation of housing stock to increase accommodation availability
 - Ensure actions are taken to better match housing needs with what is offered in the market (e.g. explore options to improve occupancy rates both in the public and private sectors);

Proposed actions to re-establish housing's primary role as a home vs. a financial asset:

- Conflicting housing actions
 - Ensure consistency across Government's housing targets (i.e. re-establishment of housing's primary role as a home vs. making new buildings and associated markets more attractive to investors);
- Build-to-Rent incentives
 - Implement incentives to support development of Build-to-Rent in New Zealand (e.g. exempt Build-to-Rent developments from the interest deductibility proposal; exempt Build-to-Rent developments (under the Overseas Investment Act) as a separate type of development in a similar way the Government provides exemptions for retirement villages and student accommodation);

Implementation Strategy:

- Refine the Implementation Strategy to include steps explaining how proposed actions will be delivered in practice (e.g. regulatory framework);

Additional comments:

- Competitive infrastructure fund
 - Establish a competitive infrastructure fund for local councils to progress housing and infrastructure development;
- Better use of existing funding and financial tools
 - Encourage councils to make better use of existing funding and financing tools;
 - Ensure transparency when using funding and financing tools;
 - Ensure the role of foreign capital is reflected in the GPS-HUD.

1. Introduction

- 1.1. Property Council's purpose is; "Together, shaping cities where communities thrive". We believe in the creation and retention of well-designed, functional and sustainable built environments which contribute to New Zealand's overall prosperity. We support policies that provide a framework to enhance economic growth, development, liveability and growing communities.
- 1.2. Property is currently New Zealand's largest industry with a direct contribution to GDP of \$41.2 billion (15 per cent). The property sector is a foundation of New Zealand's economy and caters for growth by developing, building and owning all types of property.
- 1.3. Property Council is the leading not-for-profit advocate for New Zealand's largest industry – property. Connecting people from throughout the country and across all property disciplines is what makes our organisation unique. We connect over 10,000 property professionals, championing the interests of over 520 member companies who have a collective \$50 billion investment in New Zealand property.

1.4. This submission provides Property Council’s feedback on the discussion document. Comments and recommendations are provided on those issues that are relevant to Property Council’s members.

2. Vision

2.1. We believe that the vision as it is currently drafted is too narrow. It is focused on housing only, while a broader context should also be provided. This includes supporting infrastructure (e.g. transport, public amenities) as well as essential services.

2.2. There also needs to be a recognition of different communities and their diverse needs, as well as pressures and drivers that would be different in different places (e.g. rural vs. urban). This has to be reflected in the vision to ensure the right set of actions are identified.

3. Outcomes

3.1. While we agree that the proposed outcomes are important to be working towards, further refinement is required.

Thriving communities

3.2. It appears to be unrealistic that ‘everyone will be living in the communities that meet their employment needs’. This expectation is too great, and we believe this outcome should be refined to ensure it can be achieved. Therefore, we recommend replacing the current wording with the following – *‘Providing a wider range of opportunities so people can live in homes and communities that meet their employment, education, social and cultural wellbeing needs – places that are affordable, connected, environmentally sustainable, safe and inclusive’*.

Wellbeing through housing

3.3. It is important to note that meeting needs is different from meeting aspirations. We should acknowledge that renting is a realistic option for people for a long time to come and is a legitimate outcome to be working towards. Therefore, we recommend including an outcome to ‘ensure an adequate supply of housing accommodation (public and private) to satisfy current and future needs’. This must include steps to remove barriers to private sector investment in rental accommodation, and incentives for the private sector to develop new rental accommodation at scale.

4. Focus areas

4.1. We support the proposed focus areas. However, further refinement is required. Sections below provide further details.

Provide homes that meet people’s needs

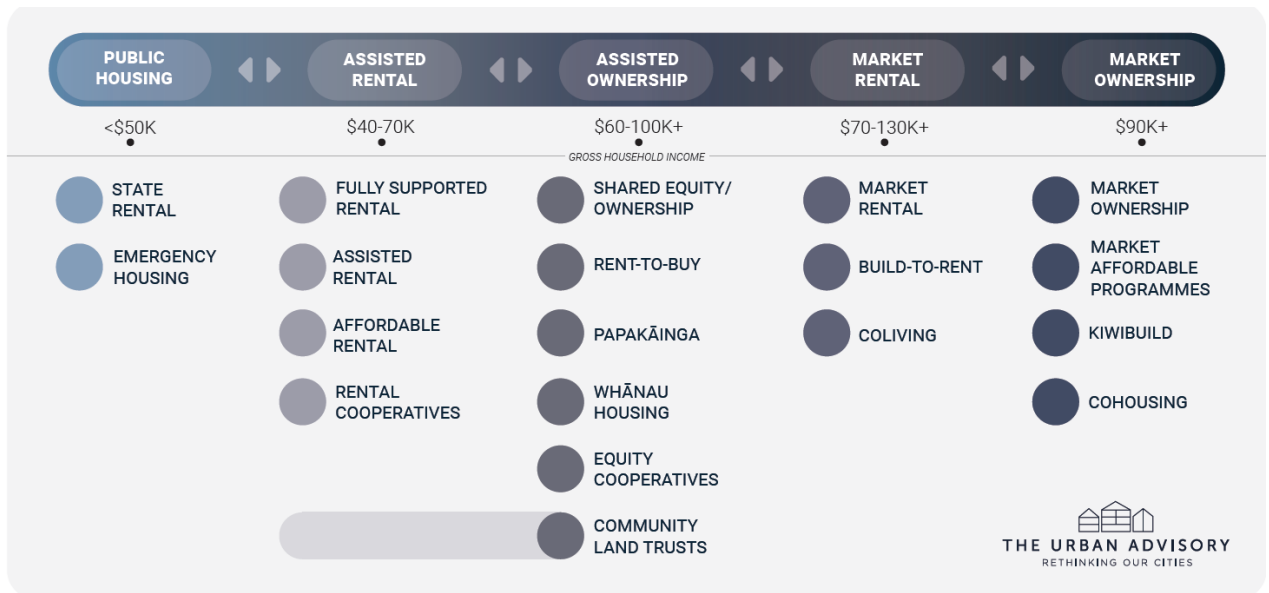
4.2. The Government wants to ensure every New Zealanders has an accessible, safe, warm, dry and affordable home to call their own, and which meets their needs and changing life circumstances – whether they are renters or owners. If the Government’s intention is to provide public rental market, it needs to be clarified how it will be delivered (e.g. ways the Government will provide certainty of tenure, such as Build-to-Rent – currently it is the owner who holds the key).

4.3. It is also important to acknowledge that there are different housing needs for different stages of life. Councils currently have rules about what houses should look like. However, sometimes councils push products in a similar direction. Diversity of needs and preferences has to be taken into consideration.

Re-establish housing’s primary role as a home

4.4. We believe that emphasis should be on incentives to re-establish housing’s primary role as a home (rather than on incentives to reduce speculative investments). We recommend taking out the ‘rather than a financial asset’ from the statement as it is conflicting with the Government’s intention to make new buildings and associated markets more attractive to investors.

4.5. Further to this, Government needs to provide a clear set of actions to address the cause of the housing crisis – lack of supply. New Zealanders need better access to quality housing and rental accommodation. Therefore, we recommend investigating the housing continuum (Figure 1 below) to explore the market for each of the options and produce specific actions as part of the overarching Government’s housing programme.



NB: Mitchell (2020) report table 1.1. Kiwibuild rules and intel about public housing requirements have been used to guide the income bands for Auckland. They are subject to change over time and will vary slightly across New Zealand.
Mitchell, I. (2020). Intermediate housing market and housing affordability trends in Auckland update 2020. Auckland: Auckland Council. <https://knowledge.auckland.org.nz/publications/intermediate-housing-market-and-housing-affordability-trends-in-auckland-update-2020/>

Figure 1. A future housing continuum for Auckland. Sourced from the Urban Advisory

5. Proposed actions to ensure that more affordable houses are built

5.1. We support the proposed actions. However, more could be done to ensure that an increased number of affordable houses are built. Sections below provide further details.

Building System reform

5.2. We support the Government’s intention to speed up and scale construction and make housing more affordable (e.g. off-site manufacturing and adaptive re-use). Massive obstacles to development are the cost of development. Prefabricated homes are potentially more cost-effective for an equivalent-sized house. For example, a factory-line production can save, on average, 15 per cent on construction costs. That would be a saving of \$32,000 for a 157m² house as well as time saving, as 60 per cent of

construction time can be saved due to the off-site construction.¹ However, we believe more work could be done to improve New Zealand's Building System.

5.3. In our recent submission to the Ministry of Business Innovation and Employment on the Building System Reform, we provided a list of recommendations to lift performance of the regulatory system and drive better outcomes for the building sector in New Zealand.² This includes:

- Developing a standardised national form to building product information requirements that can be adopted by local government;
- Introducing a liability cap of 20 per cent for local government for building products to ensure a fairer allocation of risk and liability across the sector;
- Incorporating internationally recognised products when looking to strengthen New Zealand product certification scheme to help expand New Zealand's building product market and promote competition while encouraging innovation;
- Ensuring alignment between the Building System Reform and the wider work programme (e.g. Building Code annual updates, Climate Change Commission's advice, Resource Management Reform and other relevant programmes).

Need to address materials and skills shortages

5.4. We support the Government's intention to invest in skills and training across industries to improve capability and capacity for development and delivery. However, there are at least two other areas in the sector that require urgent actions from the Government.

5.5. Particularly, the sector is currently facing materials and skills shortages, exacerbated by COVID-19. It is critical to address the issue to improve productivity of the sector and reduce the cost of infrastructure. It is concerning that these issues have not been referenced in the discussion document.

5.6. Back in May 2021, the Government announced 500 spaces a fortnight in managed isolation allocated over the next 10 months for skilled and critical workers.³ These include spaces for 300 specialised construction workers between June and October 2021. This number is too low to meet the constantly increasing demand for housing and infrastructure. Therefore, we recommend increasing the number to more accurately match the demand in the sector.

National Policy Statement on Urban Development

5.7. We support the Government's intention to implement the NPS-UD to ensure supply of development capacity for housing. However, some clarity should be provided around how GPS-HUD interrelates with the NPS-UD.

5.8. There is also a need to review heritage settings under the NPS-UD to enable land to be freed up for "higher density" housing development to meet community needs, while

¹ The ins and outs of buying a prefab home. 10 January 2020. Retrieved from <https://www.westpac.co.nz/rednews/property/the-ins-and-outs-of-buying-a-prefab-home/>

² Property Council's submission on Building System Reform (Phase II) - <https://www.propertynz.co.nz/submissions/submission-on-building-system-reform-phase-ii>

³ Thousands of MIQ spaces allocated to secure economic recovery. 10 May 2021. Retrieved from <https://www.beehive.govt.nz/release/thousands-miq-spaces-allocated-secure-economic-recovery>

protecting the best examples of heritage. This will help ensure delivery of more houses and supporting infrastructure to meet the growing demand.

Greater Government's contribution

- 5.9. We support direct government contribution towards new housing and urban development projects. However, there should be a greater Government funding of housing and supporting infrastructure. Central Government has long removed assistance, particularly in the regions, for over 20 years, in helping construct much needed infrastructure. With current growth pressures and long-term underinvestment in infrastructure, it is time that central government provides more and pays its fair share.
- 5.10. Previously, when infrastructure was keeping pace with our growth, central government was paying about a third towards needed infrastructure. This lack of input has led to less revenue being collected and less infrastructure being built.

Better coordination between local and central government

- 5.11. We also believe there should be a better coordination between local and central government. As indicated in the Productivity Commission report on local government funding and financing, there is a need to reset relationships between local and central government.⁴ A key cause of funding pressures on local government is the accumulation of functions and responsibilities that central government has passed to councils over the years (e.g. National Policy Statements, National Environmental Standards and higher standards for drinking water). Therefore, local government should have means to adequately fund its operations (e.g. recovering costs from regulated parties; direct funding contribution from central government). Failing to give local government such means may result in unfunded mandates.
- 5.12. The increasing tasks and responsibilities being placed on local government have now reached a point where the cumulative burden is difficult for many local authorities to manage. As a result, some councils, especially small ones, are unable to continue to comply with all the new responsibilities passed to them. This means that the policy objectives of central Government are not achieved.
- 5.13. As proposed by the Productivity Commission, the following measures should be considered to help rectify unfunded mandates:
- Removing legal constraints on cost recovery, where fees have been set in statute.
 - A comprehensive and independent in-depth analysis of costs associated with implementing Treaty settlement arrangements – costs both to councils and to iwi.
- 5.14. The Productivity Commission has also reiterated its previously proposed “Partners in Regulation Protocol”. The Protocol would set out an agreed set of behaviours and expectations when developing and implementing legislation and regulation. It would include a principle about central government explicitly considering the costs to local government of relevant new regulations, and the funding of the costs, in its Regulatory Impact Assessments.

⁴ Local government funding and financing. Final report. November 2019. Retrieved from https://www.productivity.govt.nz/assets/Documents/a40d80048d/Final-report_Local-government-funding-and-financing.pdf

5.15. Coordination between local and central government should also extend to district plans to ensure delivery of consistent and better outcomes throughout the country.

Role of private sector

5.16. We are concerned with emphasis on the Government's role only in the proposed actions around provision of affordable houses. While we support greater Government's contribution, a greater focus should also be on the role of the private sector in addressing housing and infrastructure challenges.

5.17. One of the key issues in the sector that needs to be addressed is the failure of central and local government to actively work with the private sector to enable urban growth and expansion. The Infrastructure Funding and Financing Act 2020 is an important step in resolving this challenge by building stronger relationships with the private sector. Collaboration with the private sector will likely result in more and better housing and infrastructure being provided within a shorter timeframe. While the Act is a positive first step, more work needs to be done to ensure the private sector plays its role in addressing infrastructure challenges (e.g. private sector being part of the Special Purpose Vehicle governance structure; make sure that joint strategic planning at a regional level takes into account the private sector's perspective).

6. Proposed actions to provide homes that meet people's needs

Alignment between different work programmes

6.1. One of the proposed actions refers to continuation of implementing a wider work programmes (e.g. Residential Tenancy Act, Healthy Homes regulations). It is important to make sure that these programmes (and what the Government is trying to achieve through them) align with each other. This will help ensure consistency and delivery of better outcomes for all.

6.2. Back in December 2017, the Government passed the [Healthy Homes Guarantee Act 2017](#) which enables standards to be made to make rental homes warmer and drier. However, we are concerned that it is still entirely possible to build code compliant houses (i.e. under the current Building Code rules) and apartments that are not legal to rent (further details are provided in our previous submission⁵). Therefore, we recommend the Government take this into consideration.

Building for Climate Change programme

6.3. We support the Building for Climate Change work programme⁶, which seeks to reduce emissions from the built environment while improving buildings indoor environmental quality. However, we are concerned that this will add to the overall costs, which will then be passed on to the eventual buyer/tenant. This is contradictory to the 'affordable houses' outcome the Government has set to achieve through the GPS-HUD. Therefore, we recommend the Government review the Building for

⁵ Property Council's submission on Building Code Update 2021 - <https://www.propertynz.co.nz/submissions/submission-on-the-building-code-update-2021-and-operating-protocols>

⁶ Property Council's submission on He Pou a Rangi – Climate Change Commission Draft Advice for Consultation - <https://www.propertynz.co.nz/submissions/submission-on-he-pou-a-rangi-climate-change-commissions-draft-advice-for-consultation>

Climate Change work programme to ensure there is no conflict with the outcomes the Government intends to achieve through the GPS-HUD.

Population strategy

6.4. We recommend the Government develop a Population Strategy that will set out a preferred population growth path. This will help reduce demand uncertainty and improve housing and infrastructure planning. It is important to make sure that quality data is used to produce accurate population projections.⁷ It is also important to include relevant population categories that would help with the housing and infrastructure planning (e.g. skilled migrants; essential skills etc).

7. Proposed actions to invest in Māori-driven housing and urban solutions

Resourcing Māori organisations to deliver solutions

7.1. We support the Government's intention to invest and support Māori organisations. However, many of these organisations are simply not structured to manage the risks they are taking on (e.g. governance and legal side of things, organizational structures and capability). Accounting for and resourcing this delivery risk is a critical success factor. There has to be an adequate recognition of the time and resources that are required to efficiently and effectively deliver all these services. This should be reflected in the proposed actions.

Role of private sector

7.2. We are concerned that the proposed actions are geared towards the Government to co-invest with Māori. It is not clear what role the private sector will play in this. As outlined in section 5 above, there should be a greater focus on the role of the private sector in addressing housing and infrastructure challenges.

8. Proposed actions to prevent and reduce homelessness

Supporting innovative solutions

8.1. Greater attention needs to be paid to resourcing the wide range of solutions that are available to address the root cause of the problem (i.e. housing affordability). One of the options is progressive redeployment of Government investment away from Accommodation Supplement and into innovative new tenures (e.g. Build-to-Rent).

Facilitating better utilisation of housing stock to increase accommodation availability

8.2. The Government's focus of the proposed actions appears to be only on new housing capacity to address homelessness, while significant opportunities exist through the existing housing stock. It is not clear whether the Government has taken actions to review the current underutilised homes.

8.3. It is important to note that household compositions tend to change with changing circumstances which quite often, if the right actions are not taken, result in uneven distribution of housing stock and a mismatch between housing needs with what is offered in the market (e.g. a couple or individual whose children have moved out continue living in a three-bedroom house).

⁷ Stats NZ advised risk 2023 census option would produce 'very poor quality data. Retrieved from <https://www.rnz.co.nz/news/national/421792/stats-nz-advised-risk-2023-census-option-would-produce-very-poor-quality-data>

8.4. Further to this, the recent Public Housing Quarterly Report showed that at least half of the waiting list applicants are single persons or sole parent (Figure 2 and Figure 3 below).⁸

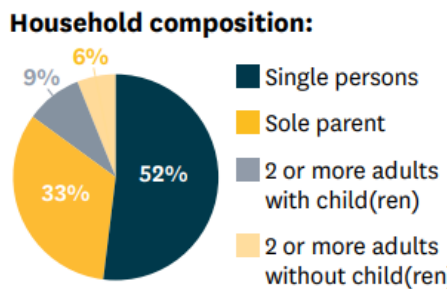


Figure 2. Characteristics of applicants on the Housing Register

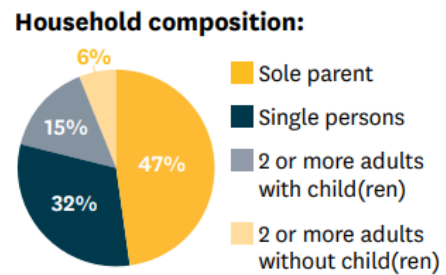


Figure 3. Characteristics of applicants on the Transfer Register

8.5. It is critical that the balanced approach is taken by the Government to ensure the housing capacity is spread evenly to address the issue. It is particularly important given that the number of individuals and families waiting for public housing increased to a new record of 23,687 - up from 22,521 in December 2020 - representing a 45 per cent increase or over 7000 households year on year.⁹

8.6. Given that a large amount of existing housing is currently under-utilised, options to improve occupancy rates both in the public and private sectors, should be explored. Better utilisation of existing housing stock would reduce pressure for new development, while reduced competition for development land would lower new housing costs.

9. Proposed actions to re-establish housing's primary role as a home vs. a financial asset

Conflicting housing actions

9.1. There seem to be conflicting actions as the Government aims to re-establish housing's primary role as a home rather than a financial asset while trying to make new buildings and associated markets more attractive to investors. It needs to be clarified what the Government is actually trying to achieve to ensure there is no conflict among desired housing outcomes.

Build-to-Rent incentives

9.2. The Government acknowledges that significant time and resource need to be spent working with investors, developers, and others to identify and nurture more diverse investment streams in property that deliver additional supply, including purpose-built rental supply (note: Build-to-Rent is the well-known term used around the world and we encourage the Government to not let go of it). We have seen increasing interest in Build-to-Rent development in New Zealand. However, the [Government's proposed changes to interest deductibility rules](#) will have a significant chilling effect on increasing supply at scale and pace.¹⁰

⁸ Ministry of Housing and Urban Development. (March 2021). *Public Housing Quarterly Report*. Retrieved from <https://www.hud.govt.nz/assets/News-and-Resources/Statistics-and-Research/Public-housing-reports/Quarterly-reports/Public-Housing-Quarterly-Report-March-2021.pdf>

⁹ New Zealand housing supports near \$1b in three months, public housing waitlist jumps another 1000. New Zealand Herald, 17 June 2021. Retrieved from <https://www.nzherald.co.nz/nz/new-zealand-housing-supports-near-1b-in-three-months-public-housing-waitlist-jumps-another-1000/LYEFUYIH57EOXYPDTZDTRI47XE/>

¹⁰ Government housing package backs first home buyers. 23 March 2021. Retrieved from <https://www.beehive.govt.nz/release/govt-housing-package-backs-first-home-buyers>

- 9.3. Further to this, [the 2018 restrictions on foreign ownership of residential land](#)¹¹ have created significant impediments for potential overseas Build-to-Rent investors to develop and own scale developments in New Zealand. The current exemption from the on-sale requirement for Build-to-Rent development applies only to new developments. While it is aimed at increasing housing supply, it has inadvertently prevented both overseas and New Zealand developers of Build-to-Rent from actually investing in new developments as once schemes are up and running the Build-to-Rent development cannot be on-sold to anyone other than a New Zealand, Australian or Singaporean entity. This restriction on liquidity creates an illiquid asset which is a deal-breaker for all institutional investors (whether NZ or offshore).
- 9.4. To amplify the potential of Build-to-Rent, the Government needs to create the right settings. Therefore, we recommend the Government exempt Build-to-Rent developments from the interest deductibility proposal to encourage this dynamic new asset class.¹² We also recommend exempting the Build-to-Rent (under the Overseas Investment Act) as a separate type of development in a similar way the Government provides exemptions for retirement villages and student accommodations.¹³ This will help the Government achieve its overarching goal of building more housing quickly and at scale.

10. Implementation strategy

- 10.1. While the implementation section of the discussion document provides an overview of how the Government will implement the GPS-HUD, further details are required around how the proposed actions are going to be delivered in practice. For example, there is no reference to how the proposed actions are going to be supported by regulatory framework. There is also no mention of how things will be done differently (i.e. innovative ways to address housing and infrastructure challenges).

11. Additional comments

Competitive infrastructure fund

- 11.1. There are a number of ways to improve New Zealand's institutional settings for a better provision of housing and supporting infrastructure. One of the options is establishment of a competitive infrastructure fund for local councils to progress infrastructure development that would otherwise not happen. In our previous submission on the NPS-UD¹⁴ we advocated for spatial planning to be undertaken at a regional level with central government participation and strong linkages to national strategy and policy. In practice this would see a spatial plan being developed at a regional level, with central government participation, funding and financing, signed off by the Minister of Housing and Urban Development. Central Government funding could occur by establishing a regional development fund covering all New Zealand. It would be accessible by local authorities who collaborate across the region to develop and deliver a regional spatial plan.

¹¹ Foreign buyers ban passes third reading. Retrieved from <https://www.beehive.govt.nz/release/foreign-buyers-ban-passes-third-reading>

¹² Property Council's submission on the Government's interest deductibility consultation - <https://www.propertynz.co.nz/submissions/submission-on-the-governments-interest-deductibility-consultation>

¹³ Property Council's submission on the Overseas Investment Amendment Bill (No3)- <https://www.propertynz.co.nz/submissions/overseas-investment-amendment-bill-no3-submission>

¹⁴ Property Council's submission on National Policy Statement on Urban Development - https://mk0propertycouncilby9.kinstacdn.com/wp-content/uploads/2021/03/190924-pcnz_submission_on_nps-ud-september19.pdf

11.2. The idea of a ‘competitive infrastructure fund’ could be similar to a regional development fund as it could be incorporated into the funding side when developing spatial plans.

Better use of existing funding and financing tools

11.3. Significant opportunities exist to make better use of existing funding tools. New Zealand’s local authorities have a wide range of funding and financing options, including general and targeted rates, fees and user charges, development contributions, debt and asset recycling. However, they often fail to use these tools effectively. New Zealand will continue to require significant capital investment over the coming years. Therefore, we recommend encouraging councils to make better use of existing funding and financing tools.

11.4. There should also be more transparency when it comes to using funding tools. Our position on transparency is consistent with the 2019 New Zealand Productivity Commission report on local government funding and financing¹⁵ which found that “councils’ rating practices are too often not transparent.” It is particularly relevant to a joint funding between the local and central Government.

11.5. Another key area that requires more attention is the role of foreign capital to support successful delivery of much needed infrastructure and houses (particularly Build-to-Rent). Overseas investment is a crucial source of capital given the limitations of New Zealand’s small capital market. There are very few local domiciled companies of scale that have the capability to undertake large-scale developments and these companies require sufficient investment including overseas capital. Therefore, we believe it should be reflected in the GPS-HUD.

12. Conclusion

12.1. Property Council would like to thank the Ministry of Housing and Urban Development for an opportunity to provide feedback on the GPS-HUD discussion document. While we support the majority of the proposals, there are certain parts that require further refinement. This includes refinement of the vision and outcomes; clarifying Government’s actions to provide more public rental housing and address lack of housing supply; further refinement of the Building System reform; addressing materials and skills shortages; clarifying how NPS-UD interrelates with GPS-HUD; greater Government’s contribution; better coordination between local and central government; better alignment between different work programmes; development of the Population Strategy; better use of exiting funding and financing tools; establishment of competitive infrastructure fund and further refinement of the Implementation Strategy.

12.2. For any further queries contact Natalia Tropicova, Senior Advocacy Advisor, via email: natalia@propertynz.co.nz or cell: 021863015.

Yours sincerely,



Leonie Freeman

Chief Executive, Property Council New Zealand

¹⁵ New Zealand Productivity Commission.(2019). *Local government funding and financing: Final report*. Retrieved from <https://www.productivity.govt.nz/inquiries/local-government-funding-and-financing/>