

## Submission from Climate Justice Taranaki on the Discussion Document: Government Policy Statement on Housing and Urban Development (GPS-HUD), June 2021

1. Climate Justice Taranaki Inc. (CJT) is a community group dedicated to environmental sustainability and social justice. This includes issues of inter-generational equity, notably in relation to climate change, which will impact future generations' inalienable rights to safe water, food and shelter, crucial to sustaining livelihoods and quality of life. CJT became an incorporated society in 2015.
2. CJT appreciates the opportunity to submit on the GPS-HUD discussion document. The document is comprehensive, with an attempt to cover broad and multiple issues while giving emphasis to Māori needs and aspirations, as well as environmental sustainability. It is well crafted, albeit heavy on rhetoric.
3. The challenge is how to turn the rhetoric into tangible goals and actions. These will require well considered and effective reforms in legislation, policies and financial systems, to enable Māori to lead and meaningfully participate, for non-Māori to truly honour Te Tiriti o Waitangi, and for local councils to play an effective role.
4. Notably **major reforms in the monetary, taxation, education, justice and social security systems** are needed to level off inequality and enable Māori, low income earners, unpaid carers, community volunteers, disadvantaged and vulnerable people, to have access to the kind of desirable housing described in the document.
5. Former UN Special Rapporteur on housing Leilani Farha's report<sup>1,2</sup> for the UN Human Rights Council included recommendations that, *"New Zealand recognise the right to adequate housing as an enforceable right in law; develop and implement a comprehensive human rights-based housing strategy; ensure there was a complete prohibition of any evictions that might result in homelessness; and reduce housing speculation by adopting a capital gains tax and limiting debt-to-income mortgage ratios."*
6. A 2020 survey<sup>3</sup> revealed that 10 per cent of residential properties is owned by people who have 4 to 6 homes; another 10 per cent is owned by people with 7 to 20 homes; while another one sixth is owned by investors with more than 20 properties to their name. The recent extension of the Bright-line Property Rule<sup>4,5</sup> period is helpful but it's not clear whether it would have a substantial effect on reducing **speculative property sales or landbanking**.
7. The 2018 census revealed some 191,646 unoccupied dwellings, including nearly 40,000 in Auckland?<sup>6</sup> There's been a call from housing research and advocacy groups to **bring these empty homes into public ownership** to provide safe and healthy state homes for people in need<sup>7</sup>.
8. The speculative housing market, uncontrolled landbanking and decades of housing policies biased towards private homeownership, have heavily reduced the availability of rental properties for people who cannot afford to buy. Stats NZ's 2018 data indicated that there were 527,853 rental properties in NZ, of which 440,025 were privately owned<sup>8</sup>. Clearly, the government could do a whole lot more in providing affordable, healthy homes for people. The shortage of rental properties, in the absence of adequate pricing control, has led to unfairly high rents. It is a travesty that over a quarter of renters spend more

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<sup>1</sup> <https://www.undocs.org/A/HRC/47/43/Add.1>

<sup>2</sup> <https://www.newsroom.co.nz/unbridled-nz-housing-speculation-attacked-by-un-representative>

<sup>3</sup> <https://www.newstalkzb.co.nz/news/business/mum-and-dad-landlords-own-more-than-a-third-of-property/>

<sup>4</sup> <https://www.ird.govt.nz/propertytax>

<sup>5</sup> <https://www.rnz.co.nz/news/national/439062/what-is-a-bright-line-test>

<sup>6</sup> <https://www.stuff.co.nz/business/property/116027291/worrying-rise-in-empty-homes-in-auckland-highlighted-in-census-2018>

<sup>7</sup> <https://actionstation.medium.com/reimagining-housing-during-covid-19-and-beyond-recovery-aefec6a33f4a>

<sup>8</sup> <https://www.stuff.co.nz/life-style/homed/real-estate/124320645/nearly-80-per-cent-of-landlords-own-just-one-property-data-shows>

than 40 per cent of their income on rent and housing costs<sup>9</sup>. To make housing more affordable for renters, it's been suggested that **a cap<sup>10</sup> on rent at no more than 25% of the median income** would offer some longterm relief. This suggestion should be considered seriously.

9. In the late 1990s, a new legislation required the then Housing Corporation (later Housing NZ and now Kāinga Ora) to be run for profit rather than as a social service, resulting in the sales of many state houses to private investors (Paul, et al., 2020)<sup>11</sup>. The government sold the Housing Corporation's mortgage portfolio to private banks including Westpac, ANZ and TSB, which gained further control over NZ's housing system. Although the subsequent government (1999-2008) managed to grow the state housing stock a little, it also presided over the doubling of house prices from 2000-2007. *"Deregulated private banks facilitated a major rise in household debt through poorly regulated mortgage lending practices underpinned by low Reserve Bank interest rates and access to low-cost overseas funds,"* (Paul, et al., 2020). The next government (2008-2017) continued down the neoliberal grounded principles by establishing a social housing 'market' which failed to grow social housing stock but saw Auckland's house prices doubled over their watch. *"Mortgage credit was – and continues to – be extended to a significant degree to the wealthiest New Zealanders allowing tax-free capital gains investments in rental housing and fueling a speculative bubble underpinned by bank lending,"* (Paul, et al., 2020).
10. This is the crux of our housing problem, **a neoliberal monetary system that is built on debt**, primarily mortgage, administered by private banks to fuel housing speculation, price hike and landbanking, without adequate safeguards for potential first homeowners and tenants.
11. The International Monetary Fund explains<sup>12</sup>, *"whenever a new loan is made to a customer, the loan is disbursed by creating a new deposit of the same amount as the loan, and in the name of the same customer. This was a critical vulnerability of financial systems, it was thought, for two reasons. First, if banks are free to create new money when they make loans, this can – if banks misjudge the ability of their borrowers to repay – magnify the ability of banks to create financial boom-bust cycles. And second, it permanently ties the creation of money to debt creation, which can become problematic because excessive debt levels can trigger financial crises..."*
12. The GPS-HUD discussion document ignores these fundamental monetary and fiscal policy problems, but blame *"the persistent lack of housing supply", "restrictive or unresponsive land-use planning and regulation" and "community opposition to development in certain places"* instead (page 40-41 of document). The critical issue of our speculative property market is only addressed as the last of six focus areas, and not substantively (page 56-58). It does not explain what 'new demand-side measures' are proposed to limit speculative investment.
13. While we agree with increased investments in purpose-built rentals<sup>13</sup> (page 58), we caution the further **shift from public housing<sup>14</sup> to over-reliance on the private sector** to provide rental housing, as yet another neo-liberal agenda with little concern for social wellbeing. "In his review of New Zealand's housing reforms post 2010, Murphy (2019)<sup>15</sup> argued that *"underpinning the reform process was a set of market logics that framed the sector and tenants in new and contradictory ways... Under embedded and evolving neo-liberal governance practices, it is argued that the poor, the economically marginalised and most vulnerable, are being 'repackaged' (Blessing, 2016)<sup>16</sup> in ways that facilitate the expansion of capital and profit making"* (Murphy, 2019).

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<sup>9</sup> <https://www.stats.govt.nz/information-releases/household-income-and-housing-cost-statistics-year-ended-june-2019>

<sup>10</sup> <https://actionstation.medium.com/reimagining-housing-during-covid-19-and-beyond-recovery-aefec6a33f4a>

<sup>11</sup> Paul, et al. 2020. <https://www.policycommons.ac.nz/2020/10/06/transformative-housing-policy-for-aotearoa-new-zealand/>

<sup>12</sup> <https://www.imf.org/external/pubs/ft/fandd/2016/03/kumhof.htm>

<sup>13</sup> <https://www.stuff.co.nz/life-style/homed/real-estate/123862585/buildtorent-set-for-breakthrough-in-2021>

<sup>14</sup> <https://www.teaomaori.news/auckland-council-dumps-housing-policy-deemed-racist-opponents>

<sup>15</sup> <https://www.tandfonline.com/doi/full/10.1080/19491247.2019.1638134>

<sup>16</sup> <https://www.tandfonline.com/doi/full/10.1080/02673037.2015.1070799>

14. We also support mechanisms that **enable alternative tenures to outright home ownership**, like rent to buy, shared ownership<sup>17</sup> and co-housing<sup>18</sup>. But none of the listed four actions (page 58) directly address the flaws of the current monetary and fiscal policy issues, the excessive number of unoccupied homes, or make speculative buying and selling of multiple houses more difficult.
15. We are very concerned that the big push for building more houses fast without addressing the core issues<sup>19</sup> could be likened to pushing for more and more green technologies, ‘carbon’ forestry, renewable energy, even geo-engineering<sup>20</sup>, without stopping further fossil fuels extraction<sup>21</sup> and industrial animal agriculture. The result would be delayed climate action, further environmental destruction, social injustice and uncontrolled climate chaos. In the case of housing, it’d be sustained (if not rising) levels of homelessness, emergency housing<sup>22</sup>, illnesses associated with substandard homes, child poverty, social disconnection and inequality, loss of green space from urban sprawl and housing related GHG emissions. The discussion document puts it succinctly: *“The fact that more and more resource and effort have to be allocated to meeting urgent needs is often a consequence of delayed action on long-term systemic reform, because the outcomes from that are not as immediately tangible”* (page 67).
16. The NZ government together with the Reserve Bank have the ability to influence capital and credit flows. A case in point, in 2020, the Reserve Bank of NZ government cut interest rates to record lows, eased mortgage lending curbs and pumped \$100 billion into a quantitative easing (QE) program to stimulate the economy. The result was a record housing market boom<sup>23</sup> with an increase in house prices by 28.7% to a national median of \$820,000 in the year<sup>24</sup>. The same period also saw inflation risen to 2.7% (3.3% in Q2 2021, a 10 year high)<sup>25</sup>, prompting a decision to end QE in mid 2021<sup>26</sup>.
17. The NZ government and Reserve Bank could do things differently. Rather than having Treasury borrow money from commercial banks and facilitate more mortgage lending, the Reserve Bank could create its own money to fund public infrastructure and services, hospitals, schools and social housing. In addition to such **Direct Monetary Financing**, *“The **Sovereign Money** solution advocated by Positive Money is to have the Reserve Bank issue our electronic money as well as our notes and coins... While [Private banks] could no longer create money from nothing, they would have to attract deposits from those willing to invest. In this way loans from the private banks, once repaid would be available to be lent out again, thereby reducing the debt imperative... The boom and bust cycles would smooth out and the available money in the economy would rise based on increases in production of real goods and services, not on inflation of houses and farms...”* (Positive Money NZ website)<sup>27</sup>. **Tax reforms** such as the introduction of a well designed and executed wealth tax<sup>28</sup> and capital gains tax<sup>29</sup>, as well as strengthened social security notably Basic Income<sup>30, 31</sup>, would also help to ease social inequality.

<sup>17</sup> <https://www.nzhf.org/affordable-home-ownership/>

<sup>18</sup> <https://cohousing.org.nz/>

<sup>19</sup> <https://climatejusticetaranaki.files.wordpress.com/2021/04/toitu-2030-strategy-4pg-leaflet-print-version-ccredits5.pdf>

<sup>20</sup> [https://theraven.substack.com/p/saami-indigenous-back-down-gates?fbclid=IwAR0M2K7APpOkHb5IbOgBGMKikBbDdHyQSU3tBc\\_pMAi2I2bu3NJccGScRz4](https://theraven.substack.com/p/saami-indigenous-back-down-gates?fbclid=IwAR0M2K7APpOkHb5IbOgBGMKikBbDdHyQSU3tBc_pMAi2I2bu3NJccGScRz4)

<sup>21</sup> <https://our.actionstation.org.nz/petitions/no-new-petroleum-permits-in-onshore-taranaki-no-new-or-expanded-coal-mines-in-aotearoa>

<sup>22</sup> <https://www.teaomaori.news/cockroaches-violence-and-uncertainty-nicola-willis-says-motels-arent-working>

<sup>23</sup> <https://www.cnn.com/2020/12/11/rbnz-says-monetary-policy-not-best-way-to-cool-housing-market.html>

<sup>24</sup> <https://www.stuff.co.nz/life-style/homed/real-estate/125729804/house-prices-defy-expectations-to-rise-by-nearly-30-per-cent>

<sup>25</sup> <https://www.focus-economics.com/countries/new-zealand/news/inflation/inflation-jumps-to-nearly-10-year-high-in-q2>

<sup>26</sup> <https://www.bloomberg.com/news/articles/2021-07-14/rbnz-to-end-quantitative-easing-bond-purchases-reduce-stimulus>

<sup>27</sup> <https://positivemoney.org.nz/how-sovereign-money-works/>

<sup>28</sup> <https://www.stuff.co.nz/national/politics/124373315/new-zealanders-dont-want-the-most-wealthy-paying-less-tax-than-lowest-earners-green-party-says>

<sup>29</sup> <https://www.stuff.co.nz/business/money/300160055/a-wealth-tax-is-coming-westpac-economists-say>

<sup>30</sup> <https://www.basicincomenz.net/>

<sup>31</sup> <https://www.scoop.co.nz/stories/HL2007/S00095/universal-basic-income-left-right-and-centre.htm>

18. Leilani Farha also pointed out that over half of NZ's household wealth is tied up in land and housing, the value of which has risen by 91% over the last decade<sup>32</sup>. This structural reliance of the NZ economy on housing delays the development of other more productive sectors and underpins the spiralling house prices (Paul, et al., 2020). It has also led to **gentrification** in poorer parts of towns and cities, upsetting the social fabric of communities and pricing existing residents out of the area. Sometimes marketed as '**regeneration**' by the government, gentrification has displaced state housing tenants to accommodate higher income people during urban redevelopment. It is therefore crucial that the kind of urban redevelopment, regeneration and greenfield developments proposed in the discussion document (page 41) are implemented with the **welfare of low income tenants and homeowners** in mind. It would certainly be good to see "*more tailored development*<sup>33</sup> *happening on whenua Māori, by Māori for Māori*" as proposed.
19. The document points out that the market by itself will not deliver the outcomes that we want: sufficient quantity and varieties of homes that are affordable, safe, healthy, energy efficient, accessible (mobility needs) that meets the practical and cultural needs of all people, renters and owners (page 45). However, it denies that the "*government should be or will be the default housing provider and primary source of funding.*" It proposes more "*government investment and action as leverage to attract private and philanthropic capital (for example, Community Finance) to support the growth of non-government providers, for example... community and Māori housing providers*". But, given the severity of our **homelessness crisis – NZ being the worst**<sup>34</sup> **amongst the OECD countries**, and the mounting pressure on philanthropic organisations that are already struggling<sup>35</sup> during a pandemic, it is **immoral for the government to be evading this responsibility**.
20. We do generally support the actions proposed (page 46), but ask for a **much greater emphasis on the government providing direct investment to increase and upgrade public housing**, to support low-middle income families to access decent housing, and to enable iwi and Māori papakāinga on their own whenua. Any consideration for government investment in housing providers (Māori or otherwise, community or philanthropic) should **ensure that the building developments stay true to the core principles of meeting vulnerable people's needs and fostering community wellbeing and resilience**. For example, we wonder whether the announced housing plan<sup>36</sup> on Ngāti Whakaue whenua in Rotorua could not be developed more true to He Papakāinga, He Hāpore Taurikura Te Poupou Rautaki<sup>37</sup>.
21. We are largely in agreement with the analyses and proposals under the third focus area "*Support resilient, sustainable, inclusive and prosperous communities*" (page 47-49), notably the push towards fostering **inclusive, connected communities** with social, economic, education, cultural and leisure opportunities and good public and active transport, reduced housing emissions (high energy performance standards) and risks from climate change, and improved water and air quality. We would like to see **more support for sustainably designed, compact, medium-density housing development**<sup>38, 39, 40</sup> **in appropriate areas** to accommodate more families affordably and foster resilient, inclusive, connected communities. We ask for **greater protection for open green space, remnant vegetation and biodiversity**, and much less priority for car parks and roads.

<sup>32</sup> <https://www.undocs.org/A/HRC/47/43/Add.1>

<sup>33</sup> <https://www.teaomaori.news/housing-project-gets-whanau-out-cow-sheds-warm-homes>

<sup>34</sup> <https://archive-yaleglobal.yale.edu/content/cities-grow-so-do-numbers-homeless>

<sup>35</sup> <https://www.stuff.co.nz/taranaki-daily-news/news/300343843/public-donations-save-new-plymouth-emergency-shelter-from-closure>

<sup>36</sup> [https://www.teaomaori.news/ngati-whakaue-descendants-get-chance-buy-cheaper-new-houses?\\_ga=2.157849338.1393256886.1627044427-1874913216.1622283046&fbclid=IwAR0-84vU7Akh-bVULPOBXQTJAgaKfY\\_UFs7kenhHISbrSKq3YgSvA3ImkF4](https://www.teaomaori.news/ngati-whakaue-descendants-get-chance-buy-cheaper-new-houses?_ga=2.157849338.1393256886.1627044427-1874913216.1622283046&fbclid=IwAR0-84vU7Akh-bVULPOBXQTJAgaKfY_UFs7kenhHISbrSKq3YgSvA3ImkF4)

<sup>37</sup> <https://te-poupou-rautaki-eaglelabs.hub.arcgis.com/pages/the-strategy>

<sup>38</sup> <https://www.branz.co.nz/social-economics-industry-research/mdh/>

<sup>39</sup> <https://architecturenow.co.nz/articles/shifting-sands-new-zealands-medium-density-identity/>

<sup>40</sup> <https://www.stuff.co.nz/business/110155428/meet-charles-ma-the-28yearold-land-developer-behind-a-1-billion-auckland-housing-project>

22. The Infrastructure Acceleration Fund<sup>41</sup> announced by Housing Minister Megan Woods in June 2021 is aimed to accelerate the delivery of infrastructure like Three Waters and roading needed for housing development. How does the government ensure that accelerated delivery of such infrastructure to facilitate housing development is implemented in line with environmental sustainability, biodiversity conservation and climate mitigation, adaptation and resilience? CJT has serious concern over the emphasis on roading, as elaborated in our recent submission<sup>42</sup> on the Ministry of Transport's Hīkina te Kohupara discussion document. On Three Waters and energy, rather than centralised systems, more consideration should be given to localised, small-scaled systems such as **community-based renewable energy generation and smart microgrids**, to enhance **community resilience** in case of climate disruptions. Please refer to our submission<sup>43</sup> on the New Plymouth District Council's Ten Year Plan (2021-2031).
23. How will the GPS-HUD fit in with other existing and changing legislation and policies, notably the upcoming Natural and Built Environments Bill<sup>44</sup>, Emissions Reduction Plan (MBIE, MfE, MOT, MPI) and National Adaptation Plan (MfE lead<sup>45</sup>)? We note the mention of the Resource Management Reforms including the proposal for a Strategic Planning Act, and the review into the Future for Local Government in the document.
24. It is encouraging to see the **emphasis on Māori and MAIHI** (Māori and Iwi Housing Innovation Framework for Action)<sup>46</sup>, notably in *"Ensuring that Māori are partnering in the design and implementation of solutions, Te Tiriti o Waitangi obligations and settlements are upheld, and injustices are not repeated, and a new contemporary Treaty partnership is established that enable Māori to lead their housing solutions in the future... This requires us to engage early and often and invest in relationships, as well as build capacity and capability to support the right to self-determine better housing and urban solutions for iwi and Māori..."* (page 64), and *"As a representative of the Crown, Kāinga Ora must play the role expected of a Treaty partner to protect and enhance Māori interests. Te Tiriti o Waitangi and its articles and principles will be reflected across everything that Kāinga Ora does..."* (page 72). We hope these are genuine commitment that will be honoured and put into practice, earlier than later.
25. There are plenty of **lessons to be learnt from Māori papakāinga**<sup>47</sup> and related experiences, notably Parihaka<sup>48</sup> and Tapu Te Ranga Marae<sup>49</sup> which exemplified Māori values from whanaungatanga and manaakitanga to kaitiakitanga and environmental sustainability, with creativity.
26. In terms of Te Tiriti o Waitangi and to transform Aotearoa's housing policies for the better<sup>50</sup>, there needs also to be consideration of He Puapua<sup>51, 52, 53</sup>, its recommendations and any subsequent institutional and policy reforms that may be inspired from it.
27. To articulate our group's vision, we have attached below our *Toitū Taranaki 2030 – A Community Powered Strategy for a Fast and Just Carbon Neutral Transition*.<sup>54</sup> This document has been developed with input from other community groups and we would like it to be read as part of our submission.

<sup>41</sup> <https://www.hud.govt.nz/urban-development/the-housing-acceleration-fund/infrastructure-acceleration-fund/>

<sup>42</sup> <https://climatejusticetaranaki.files.wordpress.com/2021/06/cjt-submission-to-motransport-hikina-te-kohupara-with-toitu-23jun21.pdf>

<sup>43</sup> <https://climatejusticetaranaki.files.wordpress.com/2021/04/cjt-submission-npdc-long-term-plan-2021-web.pdf>

<sup>44</sup> [https://www.parliament.nz/resource/en-NZ/PAP\\_111932/566adf88416a4cac23b7f5fe7c2aa5f89e61b742](https://www.parliament.nz/resource/en-NZ/PAP_111932/566adf88416a4cac23b7f5fe7c2aa5f89e61b742)

<sup>45</sup> <https://www.beehive.govt.nz/sites/default/files/2020-12/Climate%20Change.pdf>

<sup>46</sup> <https://www.hud.govt.nz/maihi-and-maori-housing/maihi/>

<sup>47</sup> <https://www.mbie.govt.nz/assets/maori-and-public-housing-renewabl-energy-fund-round-1.pdf?fbclid=IwAR3RPpjCpW2LtdyF0FYFKG89gpdClnlGPVbllXj9ofh0LUNsoQYsrOy1tlo>

<sup>48</sup> <https://www.rnz.co.nz/news/te-manu-korihī/255722/parihaka-master-plan-in-the-works>

<sup>49</sup> <https://www.maoritv.com/docos/tapu-te-ranga-marae>

<sup>50</sup> <https://www.policycommons.ac.nz/2020/10/06/transformative-housing-policy-for-aotearoa-new-zealand/>

<sup>51</sup> <https://www.tpk.govt.nz/docs/undrip/tpk-undrip-he-puapua.pdf>

<sup>52</sup> <https://www.rnz.co.nz/programmes/the-detail/story/2018795469/what-is-he-puapua>

<sup>53</sup> <https://theconversation.com/separatist-or-radically-inclusive-what-nzs-he-puapua-report-really-says-about-the-declaration-on-the-rights-of-indigenous-peoples-163719>

<sup>54</sup> <https://climatejusticetaranaki.files.wordpress.com/2021/05/toitu-taranaki-2030-just-transition-community-strategy-apr21-web.pdf>