

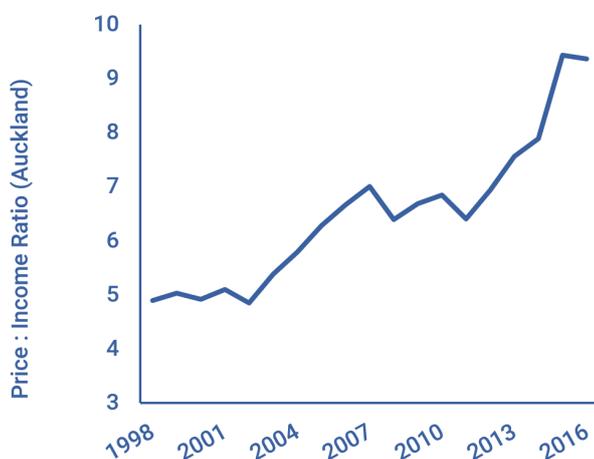
# The House Price Problem

**ACT believes that the cost of housing is unacceptably high.** Auckland has a significant housing shortage. The price of an average house in Auckland is nearly ten times the income of an average household. Internationally, three times the median income is considered 'affordable'. The high price of houses means mortgage payments and rents are higher. Household budgets feel the pressure.

The high cost of housing is widening the gap between people who own houses, and who don't. People who own houses have increasing wealth as house and land values increase. People who don't are paying more in rent and their income is not keeping pace. It is getting harder for renters to save for a deposit on their house. High rents are a cause of deprivation for low-income families.

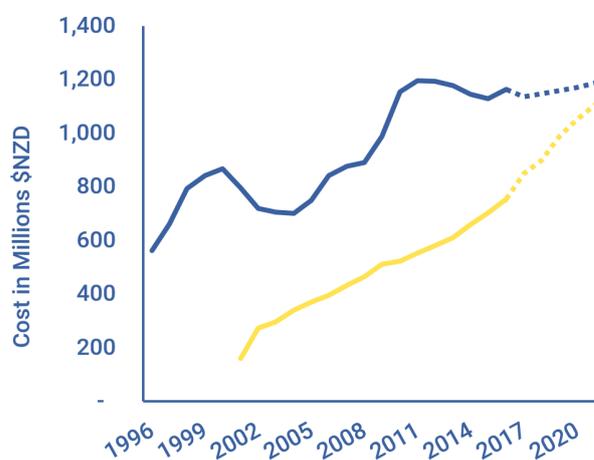
The housing shortage is placing costs on taxpayers as well. The high cost of private housing means the Government spends more on social housing through the Income Related Rent subsidy, and funds more support in Accommodation Supplements.

## Auckland Houses: Out of Reach



The price of a median house in Auckland was 9.4 times the median yearly household income in 2016. The cost of housing relative to income is rising in the rest of New Zealand as well.

## The Cost of Housing Support



The historic and projected cost, in millions, of Accommodation Supplements, (blue) and Income Related Rents (yellow). These costs are rising as housing becomes more unaffordable.

## The Resource Management Act:

ACT believes that the major cause of the housing shortage in our cities is the RMA. Council plans and policies under the RMA determine whether enough houses will be built.

The Act gives too much power to councils to restrict development. It requires councils to provide for environmental protection and conduct consultations, but doesn't require them to consider property rights of owners, economic growth or provide for an adequate supply of housing.

The number of new dwellings consented nationwide each year is still well below its peak of 39,000 in 1974. The Government's Housing Accords and Special Housing areas have been a band-aid on a broken planning system but they do not address the fact that the RMA in its current form is not fit for purpose to deal with a major housing shortage in our main urban centres.

# ACT's Housing Affordability Policy

**ACT believes that the shortage of housing can be filled by private developers, when local and central government get out of the way.** We would change the planning law that controls development of cities, and we would give councils the funding incentives to approve more consents.

We care about the social impacts of high house prices, and believe the shortage of housing is a problem that can be solved by making our planning and building laws fit for purpose.

## Take Cities Out of the Resource Management Act.

ACT would rewrite the Resource Management Act, and introduce new supply-focused urban planning legislation for cities of 100,000 people or more. Urban environments, and areas at the edges of our cities should not be regulated and protected in the same ways as undeveloped natural environments.

ACT's urban development legislation would prioritise supplying land and infrastructure, in response to demand. We would set price thresholds above which land would be automatically released for development. It would include obligations to set out future infrastructure corridors.

We would make zoning less restrictive, with fewer levels and types of zoning. We would strengthen property rights for existing owners by limiting objection rights to people who are directly affected, rather than allowing third parties to have a say.

## Share GST Revenue to Build Infrastructure.

ACT would share a portion of GST revenue collected from the construction of new housing with the local council to incentivise them to approve planning of new homes.

The shared revenue would help cover the cost of infrastructure like roads, water and sewerage which councils must build to support new development. The cost of this infrastructure currently disincentivises approval of new houses and subdivisions.

We also allow councils to use more flexible funding mechanisms for infrastructure. This could include permitting special targeted rates on new developments, to pay for the new infrastructure. Councils need both more flexibility and stronger incentives to plan for more housing.

## Compulsory Insurance for New Buildings.

ACT would reduce the cost of compliance for builders, and reduce the financial risk on councils, by removing council building certification, in favour of a compulsory bond or insurance over new buildings. Requiring insurance for the replacement of the building would ensure standards are upheld while reducing the time spent on council inspections and red tape.

Replacing council building certification with compulsory insurance would incentivise insurers to find the most reliable builders and best building supplies to insure. The builders' incentive would be to get the best premiums and service, by proving they are building high-quality homes. Insurers could sign-off on building materials that are certified overseas, where councils are reluctant to today.



**This is an agenda to fundamentally reform the housing market. Our great country deserves nothing less from its politicians.**

David Seymour - ACT Leader