

BUILDING FOR COMMUNITIES — NOT FOR PROFIT

THIRD SECTOR HOUSING POLICY INTERVENTION STRATEGIES IN PRACTICE

An exploratory study of; (1) not-for-profit housing systems in selected countries, (2) the policies that enabled their emergence and growth, (3) how those systems and policies have contributed to improved housing access, affordability and quality outcomes, especially for people where conventional property ownership or market pricing is out of reach, and (4) how such systems and policies can be simulated here in New Zealand to help shape better future housing environments.



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ABSTRACT

Dysfunction within the New Zealand housing sector relating to market stability and affordability is starkly evident and echoes systemic problems in many other countries. House prices, annual price growth, housing overburden costs and building costs are simply unsustainable. House price data from the Organisation for Economic Cooperation & Development (OECD) for the period 2000-2023 shows real house prices in New Zealand increased at more than 3x the rate of all OECD countries and more than 5.5x the rate of Euro area countries within the OECD. Housing affordability, measured by price-income ratio, worsened ~98% over the period, compared to ~22% for all OECD countries and ~21% for all Euro area countries. Further, the housing cost overburden rate (i.e. share of population spending more than 40% of household income on housing costs) for households here in the bottom quintile of income distribution was the 2nd highest in the OECD for owners with a mortgage and 3rd highest for private renters. Ideology based 'quick-fix' policy favouring greenfield and suburban infill development to build lower density and mainly market-priced housing has failed to produce improved, socially-diffuse, housing affordability. What it has ushered in is market instability, a boom in 'for-profit' residential investment property, rapid price and rent growth and expensive housing — especially for lower income households. Our housing eco-system feels a bit like a never ending game of Jenga — where both the property-owning majority and renting minority have a big financial interest in keeping the pieces stable but where our politicians are the only ones allowed to play. Uncertainty and instability pervades. What seems very clear is that we're never going to subdivide our way to better housing outcomes — only social inequality. This research framework explores policy approaches adopted in selected European countries with mature third sector housing systems and actors achieving improved and more socially-diffuse housing outcomes and what can be learned and applied here in New Zealand. The research reveals that in the selected countries third sector housing policy interventions facilitated via dedicated state and municipal institutions and tools have made a positive contribution to improved and socially-diffuse housing outcomes and market stability — where not-for-profit public and private housing forms a major part of total housing stock. Key third sector building blocks include; pan-political consensus, spatial planning and housing law and policy focused on improved housing outcomes not growth, state and municipal actors proactively involved, and, in particular, low-cost funding and guarantee tools for not-for-profit housing actors and low-cost land opportunities. Not-for-profit housing systems and actors follow social (rather than commercial) imperatives and require tenure (ownership or rental) to be based on cost (not market price), with surpluses reinvested into new affordable housing development through revolving fund mechanisms. They often prioritise low to middle income segments of the market, referred to as "the missing middle", overlooked by the state and for-profit developers. Policies focused on facilitating a "multi-stakeholder" not-for-profit housing sector — the "third sector" that is neither public nor for-profit housing — have been shown to lower housing costs, widen access to capital, improve housing affordability (including in the non-regulated for-profit sector) and improve housing quality.

ACKNOWLEDGEMENTS

I need to firstly acknowledge and thank Wendy, my tolerant partner of 40 years, and my (adult) children, for their steadfast support as I grappled with the very point of starting a late-life academic odyssey focused on revealing a solution to persistent, vexing and globally pervasive systemic housing market dysfunction that has spawned countless scholarly papers, articles, industry studies and media and political opinion — almost all pre-occupied with *laissez-faire* free-market theory, ideology and policy, and the antithesis of this research.

Secondly, I need to thank my principal supervisor Prof. John Tookey for his encouragement, support and patience — from when I first broached the research idea in 2021, through enrolment, getting cold feet and withdrawing in 2022, then enrolling again and finally commencing study in 2024 and on to completion!

I also feel I need to mention someone who has had no direct involvement in my research journey — but has indirectly influenced my research architecture, exploratory study, questioning and practice. Prof. Yuval Noah Harari — historian, philosopher and bestselling author of ‘Sapiens: A Brief History of Humankind’. He made the following comments in a ‘Lives Well Lived’ podcast series interview with philosophers Prof. Peter Singer and Prof. Kasia de Lazari-Radek.¹ The comments strongly resounded.

“If the only thing you rely on is your intellect very likely you will reach [the] wrong conclusion. You will not know the truth. You have to observe directly. You have to put the books aside and do practice.”

The term ‘do practice’ can mean (amongst other definitions) the actual application or use of an idea, belief, or method, as opposed to theories relating to it. Drawing on my deep experience as a practitioner in the property sector I feel this definition neatly segues into how we arrived at the housing mess we’re in — becoming sidetracked by political dogma and economic paradigms whilst at the same time ignoring (even denying) what’s actually happening in ‘real life’ around us.

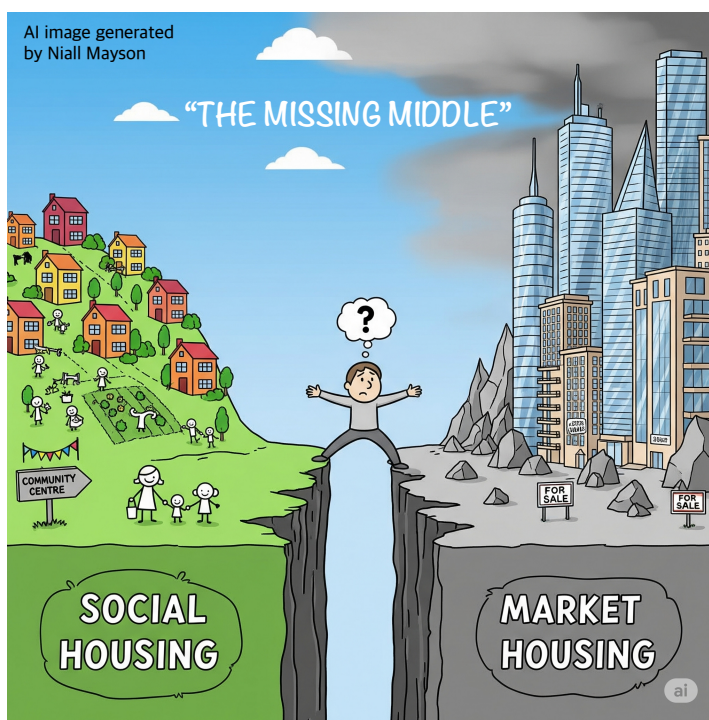
I’ve referred back to Prof. Harari’s comments frequently along my research journey. A reality check when I became disheartened in my work or struggled to find practical solutions that might lead toward better housing outcomes for those in society neglected by the state or ignored by the market. We will never know the truth if we don’t put workable solutions into practice or (worse still) just keep doing the wrong things.

The solutions are there in plain sight — we just need the collective wisdom to make them happen.

¹ Prof. Peter Singer and Prof. Kasia de Lazari-Radek (Hosts). Lives Well Lived (Season 1, Episode 4) [Audio podcast episode]. In *Knowing the truth about yourself* with Prof. Yuval Noah Harari. Apple Podcasts. <https://tinyurl.com/662tph55>

ATTESTATION OF AUTHORSHIP

I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person (except where explicitly referenced or defined in the acknowledgements), nor used artificial intelligence tools or generative artificial intelligence tools (except where clearly stated, described and referenced), nor material which to a substantial extent has been submitted for the award of any other degree or diploma of a university or other institution of higher learning.



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CONTENTS

ABSTRACT	i
ACKNOWLEDGEMENTS	ii
ATTESTATION OF AUTHORSHIP	iii
DIGITAL DOCUMENT NAVIGATION	iii
1. INTRODUCTION	1
1.1. It feels a bit like a game of Jenga.....	1
1.2. Subdividing society — the years 2000-2025.....	3
1.3. Who will build and pay for the infrastructure required for housing?.....	8
1.4. Changing the conversation.....	11
1.5. Disrupting the housing ecosystem.....	16
2. METHODOLOGY	19
2.1. Scoping literature review.....	19
2.2. Research question.....	20
2.3. Comparative (exemplar) research.....	21
2.3.1 Definition and choice of the reference area.....	21
2.4. Research paradigms.....	24
3. KEY DIMENSIONS OF NOT-FOR-PROFIT (COOPERATIVE) HOUSING	26
3.1. Founded on shared social values versus individual commercial imperatives.....	26
3.2. Wider access through alternative tenure and operating models.....	35
3.3. Housing policy interventions focused on improved affordability.....	40
3.3.1 State and municipal sector enablement.....	57
3.3.2 Capital supply and cost.....	61
3.3.3 Spatial planning and housing policy and law.....	86
3.3.4 Inbound net migration and population growth.....	104
3.3.5 Systemic risk diversification.....	116
3.3.6 Building capability, quality and cost.....	121
3.3.7 Land supply and cost.....	132
3.4. Social equality in decision-making, governance and management.....	145
4. CONCLUSIONS AND RECOMMENDATIONS FOR FUTURE RESEARCH	149
4.1. The ideological dichotomy between growth and social equality must be resolved.....	149
4.2. Greenfield land and infill development will not lead to improved affordability.....	150
4.3. Let’s face it, the market will not deliver improvements in housing affordability.....	151
4.4. Social investment in infrastructure or user pays?.....	152
4.5. The public sector will need to be more (not less) involved.....	153
4.6. We need to have an honest conversation about the role of property in society.....	155
4.7. Recommendations for future research.....	156

REFERENCES	157
LIST OF FIGURES	167
LIST OF SOCIAL COMMENTARY CARTOONS	167
LIST OF TABLES	168
GLOSSARY	169
APPENDICES	178

1. INTRODUCTION

1.1. It feels a bit like a game of Jenga

Dysfunction within the New Zealand housing sector relating to market stability and affordability is starkly evident. It's disingenuous for anyone to contend that house prices, annual price growth and volatility, housing overburden costs and building costs are sustainable. House price data from the Organisation for Economic Cooperation & Development (OECD) for the period 2000-2023 shows nominal house prices here increased ~395% compared to ~177% for the OECD member cohort and ~113% for Euro Area countries (within the OECD).² During the same period real house prices here increased ~209% compared to ~62% for the OECD cohort and ~37% for the Euro Area countries.³ Housing affordability here, measured by price-income ratio, worsened ~98% over the period compared to ~22% for the OECD cohort and ~21% for Euro Area countries.⁴ Further, the housing cost overburden here for households in the bottom quintile of income distribution (i.e. share of population spending more than 40% of household income on housing costs) was the 2nd highest in the OECD for owners with a mortgage and 3rd highest for private renters.⁵

Ideology based 'quick-fix' policy favouring greenfield and backyard subdivision to build low density houses has failed to produce improved, socially-diffuse, housing affordability. What it has ushered in is market instability, a boom in 'for-profit' residential investment property, rapid price and rent growth and expensive housing — especially for low income households. Politicians on both the left and right have been unable to implement the policies needed to achieve long-run housing market stability and improve housing affordability and other outcomes.

Our housing eco-system feels a bit like a never ending game of Jenga — where both the property-owning majority and renting minority have a big financial interest in keeping the pieces stable but our politicians are the only ones allowed to play.⁶ It always ends in a mess and when the next lot of politicians rebuild the puzzle it looks just the same!

² OECD Data Explorer. *Nominal house price indices*. Retrieved 15-08-2024, from <https://tinyurl.com/228hjnn8>

³ OECD Data Explorer. *Real house price indices*. 15-08-2024, from <https://tinyurl.com/bdebsvrs>

⁴ OECD Data Explorer. *Price to income ratio*. Retrieved 15-08-2024, from <https://tinyurl.com/3x7sh8sj>

⁵ OECD Affordable Housing Database. *HC1.2. Housing costs over income*. Retrieved 15-08-2024, from <https://tinyurl.com/3dwdk9xp>

⁶ Stats NZ Infoshare. *Estimated Households in Private Occupied Dwellings*. Retrieved 04-09-2024, from <https://tinyurl.com/nhjmrv3a> indicates 64.54%. Stats NZ Aotearoa Data Explorer. *Dwelling occupant status and dwelling type*. [Census 2023]. Retrieved 01-11-2024, from <https://tinyurl.com/2nddbb3e> indicates 66% up to an implied 68% based on households renting.

Our housing affordability statistics make depressing reading. We're one of only eight OECD countries where low income households' rent burden is more than 40% of disposable income — but it's not just tenants that are facing this issue. OECD data also shows we are one of just three countries where households servicing a mortgage are "more likely to be overburdened by total housing costs than tenants renting in the private market."⁷ Worryingly, much of the OECD data referred to above for New Zealand relates to June 2017 (except for % of the population spending more than 40% of disposable income on housing costs which relates to 2021). Reserve Bank of New Zealand (RBNZ) data shows that for the period July 2017 to Dec 2023 (inclusive) house prices increased another 42.77%.⁸ In short, many OECD countries perform better than New Zealand on housing affordability and positive outcomes appear to be more diffuse across income brackets.

The unrestrained price growth we've experienced here in New Zealand and the somewhat *laissez-faire* political attitudes that accompanied it, have been ascribed by some to free market ideology.⁹ Maybe that's true and OECD statistics certainly highlight the stark reality of that thinking for lower income households. Essentially the poorer you are the bigger the housing cost overburden.

Politically-expedient generalisations such as 'we need more houses' are not particularly helpful and may be entrenching the housing policy 'doom loop' we currently find ourselves in. For example, the 2023 Census counted 2,056,578 private dwellings of which 88.3% were occupied (1,815,958)¹⁰ and 1,780,527 households in occupied private dwellings (with 32% renting).¹¹ Notwithstanding inconsistencies in the data it seems clear there are more dwellings than households. We don't simply need more houses — we need more affordable and higher quality houses, more subsidised social houses for those who really do need them and new tenure models to expand the range of housing options. Especially for lower income households. What is less clear is the composition of our existing housing stock — how it is used, why so much is vacant (short or longer-term), the size, quality and age, how we can use land and build more efficiently, and how we can diversify market risk. We don't know what an optimal mix of social rental, private rental and for-profit and not-for-profit owner-occupier housing should look like here. Optimal in the context of providing a wider range of tenure and non-market options and improved and socially-diffuse housing outcomes.

⁷ OECD Affordable Housing Database. *HC1.2. Housing costs over income*. Last updated 15-04-2024, from <https://oe.cd/ahd>

⁸ RBNZ. *Key Statistics. Housing. HPI*. Retrieved 02-05-2024, from <https://www.rbnz.govt.nz/statistics/key-statistics/housing>

⁹ Balchin, P., Rhoden, M. (2002). *Housing Policy: An introduction*, Routledge, London and New York.

¹⁰ Stats NZ Aotearoa Data Explorer. *Dwelling occupant status and dwelling type*. [Census 2023]. Retrieved 01-11-2024, from <https://tinyurl.com/2nddbb3e>

¹¹ Stats NZ Aotearoa Data Explorer. *Count of households*. [Census 2023]. Retrieved 01-11-2024, from <https://tinyurl.com/yvr3cbzt>

What is very clear is we're never going to subdivide our way to better housing outcomes — only growing social inequality. Based on a review of approaches taken by selected European countries achieving better market stability and improved and more socially-diffuse housing outcomes, is that we will need (more) proactively involved state and municipal sectors and a long-term policy agenda with pan-political buy-in. The inevitable ideology-based 'flip-flop' on policy settings that follows each election day is a major barrier to achieving those objectives. Any notion that the state should step back and leave it to the market to deliver more affordable and better quality housing is not supported by the evidence. The recent housing policy direction has been a failure. If we value socially-diffuse access to good quality and affordable housing, as a foundation for a well-functioning society, it is timely to re-think our housing sector policy approach. Diversifying our housing tenure options, to enable wider access to secure, better quality, affordable housing, is an easily implementable option. Our policy intervention strategies will need to be longer-term and, as such, will need transcend political party ideology or agenda.

1.2. Subdividing society — the years 2000-2025

State policy focus post-2000 aimed at addressing housing affordability has increasingly moved toward enabling private sector land and housing supply and can be characterised as reactive rather than proactive, short-term rather than sustained, and piecemeal as distinct from integrated. Our housing outcomes are amongst the poorest in the OECD — especially for the poorest in our society. To depict the last 25 years of housing policy as effectively 'subdividing society' is not purely a metaphysical notion — it is very much a physical urban reality. If the objective was to improve affordability — it's failed. If the objective was to enable large-scale urban subdivision, record house price inflation and widening social inequality — it's arguably been a complete success.

Policy introduced during the Fifth National Government term (2008-2017) includes the Housing Accords and Special Housing Areas Act 2013 (now repealed) to spot zone land for development in high growth urban areas¹², piecemeal fiscal and monetary policy measures aimed at cooling the property market and improving affordability, including the 'Bright-Line Test'¹³, maximum loan-to-valuation ratios (LVRs)¹⁴ and the National Policy Statement on Urban Development Capacity 2016 (since replaced)¹⁵. All have failed to cool the property market or improve housing affordability.

¹² [Housing Accords and Special Housing Areas Act 2013](#).

¹³ [Taxation \(Bright-Line Test for Residential Land\) Act 2015](#).

¹⁴ RBNZ. Macroprudential policy. *Loan-to-value-ratio restrictions*. Retrieved 16-09-2024 from, <https://tinyurl.com/3areyu5r>

¹⁵ National Policy Statement on Urban Development Capacity 2016. Retrieved 16-09-2024 from, <https://tinyurl.com/5f6y5uvf>

The Sixth Labour Government term (2017-2023) ushered in new policy in the form of KiwiBuild¹⁶, the Resource Management (Enabling Housing Supply and Other Matters) Amendment Act 2021¹⁷ and Medium Density Residential Standards (MDRS)¹⁸, other changes to planning legislation¹⁹ and the National Policy Statement on Urban Development 2020²⁰ aimed at boosting density in urban areas. All similarly failed to stabilise the market or improve housing affordability.

The Sixth National Government term (2023-) has accompanied new policy in the form of the 'Fast Track Approvals Bill' (FTAB)²¹ in early 2024 and 'Going for Housing Growth' strategy²². Housing Minister Chris Bishop said on 4 July 2024 that housing strategy would in effect "flood the market with opportunities for development and over time drive down land prices and the cost of housing".²³ The policy will require certain local authorities to zone land to cater for 30 years of demand. Quite how such demand will be accurately calculated given the multitude of contributing factors is yet to be explained. The policy erroneously assumes that following implementation by local authorities there will be a surge of available land for development and that increased housing supply and housing affordability will somehow follow. However, there is no evidence the policy will improve housing outcomes here — whether supply, affordability, security of tenure, quality or market stability. It is highly unlikely to reduce the cost of land or, more particularly, the cost of land development. A more likely outcome from a flood of available land zoned for development and implied lower land prices, is property owners land-banking and land development itself being unviable. Further, the policy won't address the cost of building, it doesn't address skilled labour availability or cost, it doesn't address sector supply chain issues such as competition and new materials availability and it doesn't facilitate innovation in building systems. All need to be fixed if we want to achieve enduring improvements in our housing outcomes, especially affordability. The last thing we need is a lot more unaffordable homes and especially if this coincides with sub-optimal, disjointed urban development outcomes and exacerbated demand on our already under-capacity and under-funded infrastructure. State policy is conflating housing affordability issues with political party ideology, in this instance 'growth' — instead of focusing on improved outcomes.

¹⁶ KiwiBuild emerged as a Labour Party policy in 2012 and was allocated \$2 billion in the 14-12-2017 'mini' budget.

¹⁷ [Resource Management \(Enabling Housing Supply and Other Matters\) Amendment Act 2021](#).

¹⁸ Medium Density Residential Standards. Retrieved 16-09-2024 from, <https://tinyurl.com/yju6brpy>

¹⁹ New Directions for Resource Management in New Zealand (June 2020). Retrieved 14-09-2024 from, <https://tinyurl.com/53max9v3>

²⁰ National Policy Statement on Urban Development 2020. Retrieved 14-09-2024 from, <https://tinyurl.com/mvhchrt2>

²¹ Sixth National Government. *Fast Track Approvals Bill*. [Proposed Legislation]. Retrieved 1-11-2024 from, <https://tinyurl.com/vrw5b7hj>

²² New Zealand National Party. *Going For Housing Growth*. [Policy Document]. Retrieved 17-09-2025 from, <https://tinyurl.com/3pkm25hx>

²³ Chris Bishop announces plan to 'flood' country with new homes. [YouTube]. Retrieved 14-09-2024 from, <https://tinyurl.com/y4meet7u>

We can think differently when it comes to taxation policy. Clearer capital gains tax rules have made it harder for those speculating in property but haven't improved market stability, affordability or quality. Do we need a more enabling taxation regime? For example, tax rebates for larger-scale housing initiatives and a capital gains tax on all housing that incentivises long-term ownership and market stability, as in Switzerland. There, if you sell within a short time of buying any capital gain (less the value of improvements made) is taxed at a very high rate. If you sell after say 20 years you pay tax on any net capital gains at a much lower rate. It's a capital gains regime on all housing but incentivises long-term ownership and promotes market stability.²⁴

One thing for certain is that we shouldn't look to the RBNZ, or short-term monetary policy, for a long-term solution to our housing issues. Lowering the official cash rate (OCR) only makes property more attractive for investors. Increasing the OCR makes it harder for first home buyers trying to get into the market and more risky for those who have just got into the market. Macro prudential measures such as stricter LVRs make it harder for first home buyers to get into property ownership. The RBNZ Governor said using interest rates to target house prices is not within RBNZ's mandate and monetary policy is best used to manage overall consumer price inflation stability, rather than being used to target a specific asset price.²⁵ Innovation in low-cost capital mechanisms to fund housing and related infrastructure will however be required and that implies pan-political agreement which, based on political party ideology differences here, remains illusive.

Rules forcing Councils to allow increased housing density within the existing urban boundary and to expand land availability outside the existing urban boundary will offer a perfect environment for those with access to land and capital to profit from speculation and development. It is unlikely to improve housing affordability, quality and spatial efficiency and more likely to create poor planning outcomes. What will the impact be to our character suburbs and natural environments? What impact will ad hoc brownfield development have on our already beleaguered infrastructure? Who pays for the cost of capacity increases or new infrastructure? The ongoing discussion about reform of the Resource Management Act 1991 (RMA) and replacement with new legislation could potentially create a worse consenting bottleneck through the transition phase — as planners, developers, architects, lawyers etc. grapple with understanding the new legislation. Such was the case during transition from the Town & Country Planning Act to the much more enabling RMA.

²⁴ UBS. *Real estate capital gains tax: calculation and guarantees*. [Website blog]. Retrieved 26-8-2025 from, <https://tinyurl.com/3jztvyep>

²⁵ Adrian Orr. *Housing Matters*. Speech delivered to the Property Council of New Zealand 2021(P12).

While the policy focus remains on land subdivision for building detached, low-density, owner-occupier housing — often informed by econometric modelling — improved housing access, affordability and quality may remain illusive. The MDRS is a good example of the disconnect between economic paradigms (or political ideology) and market reality. Econometric modelling indicated an additional 53,683 dwellings could result in Auckland from the MDRS by tripling the allowable housing density on a typical lot.²⁶ However, that is simply the result of an equation in a spreadsheet based on the modeller’s assumptions. The best econometric modelling can’t make owners subdivide or re-develop their property — especially the very large cohort in Auckland constrained by cross lease, unit title, and leasehold land complexities (discussed in Section 3.3.6). There’s also an entire housing value chain that’s left out of the econometric model — land assembly, capital and financing structures, design and engineering processes, resource planning and local authority consenting processes, construction systems, materials and labour logistics, provision and funding of the necessary infrastructure, right through to the end sale or tenancing.

Those expecting greenfield land supply to deliver affordable housing need to understand the commercial vectors. Large-scale land development is hugely time-consuming and can easily take up to five years just to achieve initial stage title releases — even given enabling resource and building consent policy and regulations — and up to 20 years for project completion (see Figure 1). A typical large-scale land or building development can involve up to 30 or so technical specialists that need to be identified, appointed, briefed and managed through the various stages of the project life-cycle. Any land development has to work financially, optimise economic and seasonal cycles and satisfy occupier needs and wants. Regardless of raw land availability, property owners or investors aren’t going to deliver cheaper sections if they can’t develop land below a certain cost (because of construction or raw material inputs), or the project doesn’t achieve the required return above the weighted cost of capital (equity/debt), or they can simply ask and get a higher price.²⁷

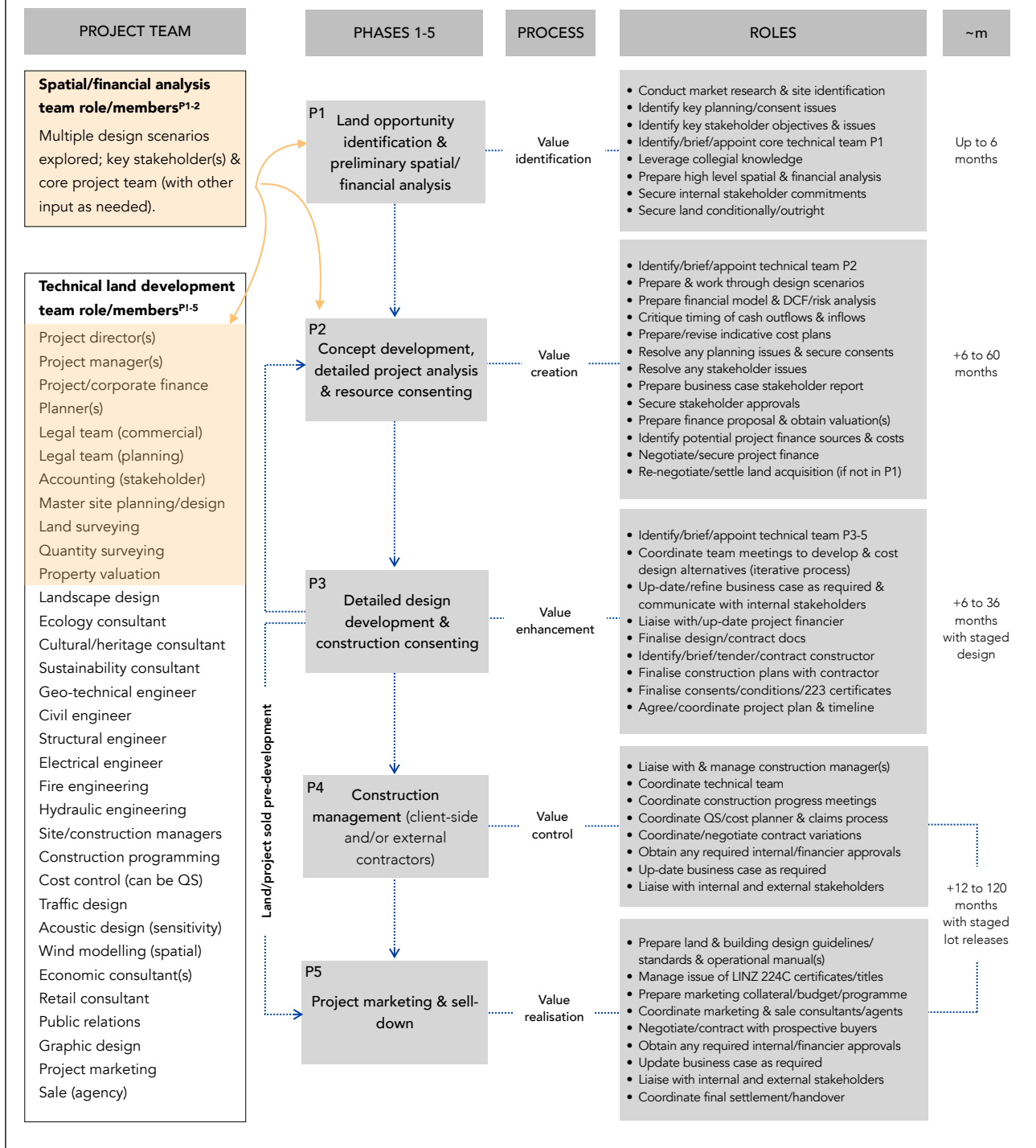
Because large-scale land development can take such a long time to become cashflow positive — it is highly risky. As such, corporate developers and investors (both listed and unlisted) here in New Zealand typically require a minimum pre-tax Internal Rate of Return (IRR) over the life of the project in the order of ~20% — which implies an even bigger financial margin (expressed as EBIT/costs). The commercial vectors inherent in greenfield developments are discussed further in Section 3.3.

²⁶ PwC and Sense Partners. *Cost Benefit Analysis of proposed Medium Density Residential Standards*. (2021). Retrieved 16-09-2024 from, <https://tinyurl.com/4e6z6wcr>

²⁷ Tookey, J.E. (2017). *The mess we’re in: Auckland’s housing bubble from a construction sector perspective*. The Policy Observatory, Auckland University of Technology. Retrieved 16-09-2024 from, <https://tinyurl.com/5c8nj4yh>

Figure 1
Conceptual large-scale land development life-cycle

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Regardless of the potential tripling of density on a residential lot, a fast-track consenting process by-passing community input, a state directive for local authorities to cater for 30 years of demand (whatever that means), or the most elegant econometric modelling²⁸, the MDRS, ‘Fast Track’ legislation and ‘Going for Housing Growth’ initiatives seem unlikely to roll out as planned.

²⁸ Syll, L. (2018). *The main reason why almost all econometric models are wrong*. World Economics Association. [Website Commentary]. Retrieved 16-09-2024 from, <https://tinyurl.com/mwf46s9x>. See Glossary for a definition of econometrics and article abstract summary.

Before leaving this section, it is helpful to also consider the influence population and migration have on housing demand. Migration policy is a thorny issue avoided by politicians who fear being labelled xenophobic by opposition parties, media and voting public. It is however an integral component of our housing ecosystem which deserves a long-term strategy and careful integration with other housing policy. The significance of the direct relationship between inbound foreign migration and housing demand is evident in the ~930,728 migrants estimated by the OECD to have arrived here between 2011-2021²⁹. As a percentage of our total population this represents an average annual rate of inflow of ~1.8% or ~3.67x the average OECD rate of inflow. That level of population growth cannot occur without placing significant pressure on our housing ecosystem and should not be left to occur in policy isolation. This aspect is explored further in Section 3.3.4.

Some fresh thinking on housing policy is overdue with the conversation widened beyond economic and political ideology, construction and materials supply companies, banks, investors and others with a financial interest in the traditional value chain. It may be insightful to amplify the voices of those who are less focused on financial gain and economic growth and more concerned with improving housing affordability, quality and efficiency. In particular, not-for-profit housing entities, occupiers, architects, social demographers, ecologists, academics with an educational or research interest in housing policy, technical delivery and cultural history and impacted local communities.

1.3. Who will build and pay for the infrastructure required for housing?

Successive left and right leaning housing policy flip-flops have highlighted the absence of any long-term pan-political housing strategy or integrated housing related policy. There is no better example of this than the need to plan for, fund and build the infrastructure that goes hand-in-glove with land and housing development and the complete absence of any plan or workable funding mechanism. Unfortunately it has taken successive infrastructure failures to even commence this conversation — but at least it is now underway. Whether a viable long-term solution to housing supply, affordability and quality issues lies with land supply, land cost, building supply, building cost, market or third-sector solutions, doesn't really matter if the infrastructure capacity cannot cope, needs to be expanded, doesn't exist and needs to be built, and needs to be funded. Drinking water, storm-water, waste-water, roads, electricity, public transport hubs/fleets, schools etc. Greenfield land development will absolutely need new infrastructure — either stand-alone or an extension of existing infrastructure. Brownfield development will already have access to existing infrastructure — the question mark there is about the future capacity and replacement horizon.

²⁹ OECD Data Explorer. *International migration database. Inflows of foreign population*. Retrieved 15-08-2024 from, <https://tinyurl.com/muan4k2u>

A 2021 report prepared for the New Zealand Infrastructure Commission by Sense Partners estimates the deficit in catch-up and future funding at ~NZ\$244 billion with up to ~NZ\$1trillion needed over the next 30 years to keep up with upgrades/renewals³⁰. To avoid further burdening our already failing and under-funded public infrastructure, a national spatial development strategy needs consideration based on sustainable growth and fundable infrastructure — and which has pan-political agreement (central and local government) and, importantly, community consensus.

Facilitating densification of our major urban centres in advance of the necessary infrastructure and related funding to support this amounts to poor public policy and will entrench the infrastructure investment catch-up loop we're in. The MDRS policy aimed at densifying major urban centres will cause significant unplanned infrastructure impacts. As noted earlier, modelling of the potential policy impacts in Auckland indicated up to 53,683 additional dwellings. Based on the latest Stats NZ estimates of the average number of people per dwelling in Auckland that equates to ~156,000 additional people.³¹ How that relates to or will affect growth already planned for by Auckland Council is unclear. The Auckland Council Unitary Plan was preceded by years of planning, budgeting, independent expert input, extensive analysis, public submissions and judicial review. It was informed by other policy documents including the Long-Term Plan and ratepayer consultation regarding future rating costs. Where and how urban housing can occur is meticulously detailed. The MDRS policy was informed by econometric modelling and densification can occur anywhere.

Questions arise as to where, how and when the envisaged housing densification will occur in the target high growth cities, what the unplanned infrastructure implications are and who pays for this. By way of example, the unplanned transport and 3-waters (potable, storm, waste) infrastructure costs associated with the Milldale housing development in Auckland amounted to some \$91.3 million for a future housing density of up to ~9,000 dwellings.³² The estimated maximum intensification envisaged for Auckland alone from the MDRS policy is nearly 6x the density of Milldale — on top of densification already provided for in the Auckland Unitary Plan. The infrastructure required to enable the Milldale development was funded by a public-private-partnership (PPP) comprising the developer, Auckland Council (i.e. the ratepayers), Crown Infrastructure Partners and ACC (i.e. the taxpayers) in the form of a Special Purpose Vehicle.

³⁰ Sense Partners. (2021). *New Zealand's infrastructure challenge: Quantifying the gap and path to close it*. New Zealand Infrastructure Commission. Retrieved 16-09-2024 from, <https://tinyurl.com/2h4emvmj>

³¹ Stats NZ Infoshare. *Family and household projections: 2018(base)-2043*. Retrieved 16-09-2024, from <https://tinyurl.com/2dhmbje2>

³² Crown Infrastructure Partners. *Milldale development bulk housing infrastructure — Questions and Answers*. Retrieved 16-09-2024 from, <https://tinyurl.com/52cxjy83>

The owner of each new lot created at Milldale will also be levied for 30 years into the future at an initial annual cost of \$650 per terrace or apartment home and \$1,000 per stand-alone home. Auckland Council will recover any other infrastructure costs from property rates. The individual property levy at Milldale is increased at a rate of 2.5% p.a. (compounding) so over a 30 year period the owner(s) of a stand alone home at Milldale will have paid ~\$44,000 (over and above their normal Council rates). Maybe a fair PPP cost-sharing balance was achieved with the Milldale project — but the developer has passed on a lot of the cost to future home owners. The MDRS was silent on how required infrastructure would be funded. PPPs are relevant in the context of any large-scale housing development whether greenfield subdivision or brownfield build-to-let — but it is difficult to see how PPPs can apply to dispersed medium density housing as per MDRS type policies. That means additional infrastructure capacity funding would have to either come from property developers in the form of financial contributions levied against projects, now very unlikely (see PP75-77, P152), or municipal funding paid for through rates increases. Whatever approach is adopted, it is just another cost in the value chain. And what is the point of something like the MDRS if it is simply adding a whole lot more unaffordable, lower-density, owner-occupier housing?

Government could contribute directly to shortfalls in local authority infrastructure funding and that is already a contentious and unresolved issue. Beyond direct intervention, Government could also assist in encouraging innovation in our construction infrastructure capacity through targeted fiscal policy such as tax incentives, co-investment, subsidies, and direct grants. A precedent for direct grants exists in the form of the New Zealand Screen Production Rebate for film productions.³³ Rio Tinto Aluminium (formerly Alcan Aluminium) has been subsidised by taxpayers since 1971 in the form of very cheap electricity.³⁴ If grants and subsidies are OK for movie and aluminium production — why not for affordable home production? Examples of proactive Government enablement might include industrial-scale building materials procurement, off-site manufacture (OSM) and on-site 3D construction printing systems and approbation of international materials standards/certifications. Devising our own home grown standards hasn't exactly produced the best building outcomes — with repair costs arising from the 'leaky homes crisis' estimated at up to NZ\$23 billion and the after effects still persisting today.³⁵ The building materials and construction sectors certainly need focused political attention and disruption by enabling new key actors, materials and technologies.

³³ Ministry of Innovation, Business & Employment. *New Zealand Screen Production Rebate*. <https://tinyurl.com/cv34jh5>

³⁴ Wikipedia (2024). *Tiwai Point Aluminium Smelter*. Retrieved 27-09-2024 from, <https://tinyurl.com/48dbxrx6>

³⁵ Wikipedia (2024). *Leaky homes crisis*. Retrieved 27-09-2024 from, <https://tinyurl.com/y577zphu>

1.4. Changing the conversation

We've long been sold the notion that to get ahead in life we need to own property — idyllically celebrated in the 1960s book 'The Half-Gallon Quarter-Acre Pavlova Paradise'.³⁶ For this to make financial sense, particularly for first home buyers, it requires a very big deposit, regular income, a large bank loan (at a stable low interest rate) and continually escalating house prices.

But, as has been playing out in real-time since mid-2021, interest rates can rise rapidly over a short period, incomes can disappear with redundancy and property values can stagnate or fall. The floating interest mortgage rate reported by the RBNZ increased by 89.04% from 30 June 2021 to 31 August 2024 and over the same period the 2-year fixed mortgage rate increased by 91.93%.³⁷ The unemployment rate over the same period increased 15% to 143,000 people³⁸ and total property values from 30 June 2021 to 31 December 2023 declined by 1.06%.³⁹ The current focus on debt-funded property ownership is simply not sustainable for everyone — especially low and middle income households — and for many people the aspirational 'Pavlova Paradise' dream of property ownership is simply out of reach. To get ahead as a society we will need to do much better than relying on property ownership and unearned capital gain to get ahead. We need to lift the physical wellbeing, productivity, wages and living standards of all New Zealanders. As noted earlier, the overburden housing cost for low income owner-with-mortgage households in New Zealand is among the highest in the developed world. Our love affair with property ownership, or at least the traditional, detached, low-density, bank-loan version, may actually contribute to widening the inequality gap. Improving housing affordability and access to secure, quality housing, may need some reflection on the primacy of conventional property ownership — especially given the continued high cost here of land and building.

We should rethink our policy focus, challenge our traditional ownership norms and widen the tenure options. One obvious alternative to owning is renting and although the primary focus of this research is on not-for-profit (cooperative type) housing systems (equity, rental and hybrid), it also seems appropriate to briefly touch on matters impacting the for-profit private rental sector.

³⁶ Mitchell, Austin Vernon (1972). *The Half-Gallon Quarter-Acre Pavlova Paradise*. Christchurch: Whitcombe and Tombs.

³⁷ RBNZ. *Key Statistics. Housing. Mortgage Rates*. Retrieved 13-09-2024, from <https://www.rbnz.govt.nz/statistics/key-statistics/housing>

³⁸ Statistics NZ. *Unemployment rate*. Retrieved 13-09-2024, from <https://www.stats.govt.nz/indicators/unemployment-rate>

³⁹ RBNZ. *Key Statistics. Housing. HPI*. Retrieved 13-09-2024, from <https://www.rbnz.govt.nz/statistics/key-statistics/housing>

The proportion of households renting varies in direct relationship to the proportion of households that own their own home. As noted earlier, the ownership share here is ~66% — which is the lowest level since 1951. The home ownership share here has been on a downward trajectory since 1991 from a high of ~74% and has only briefly been above the (current) EU average between 1981 and 1996. Since 1900 it has been as low as ~50% (in 1936). But does a declining home ownership rate really matter? At the time of writing the highest estimated country ownership rates (rounded) are China (~96%), Laos (~96%), Romania (~95%) and Kazakstan (~95%).⁴⁰ In the EU, as at 2022, ~69% of households owned their home. The share of households renting is greater than here in Switzerland (~58%), Germany (~54%), Austria (~49%), Denmark (~40%), France (~37%) and Sweden (~36%).⁴¹ The quite high proportion of households renting in a number of developed countries calls into question our continued pre-occupation with ownership over renting. The City of Vienna is the largest residential landlord in Austria with ~220,000 rental apartments and ~80% of the population rent with ~42% in some form of social housing. In Zurich ~90% of the population rent. In many European cities renting is very much the norm.⁴²

As noted earlier, OECD data shows that New Zealand is one of only three countries where households servicing a mortgage are more likely to be overburdened by housing costs than tenants renting in the private market — when the total costs of ownership (e.g. insurance, rates, maintenance and utilities etc.) are taken into account. These additional costs are applicable for outright home owners too.

Housing markets in the EU are also quite different in terms of housing type — notably the share of people living in flats which in EU cities is estimated at ~72%.⁴³ In New Zealand stand-alone homes dominate the landscape (but it is changing slowly). For the year ending September 2024, ~47% of new residential building consents were for stand-alone houses.⁴⁴ With just over a third of households here already renting, and effectively shut out of home ownership (because of the cost of building and/or buying), we're unlikely to improve housing supply and affordability with a continued emphasis on greenfield land supply and stand-alone owner-occupier dwellings.

⁴⁰ Wikipedia. *List of countries by home ownership rate*. Retrieved 16-09-2024 from, <https://tinyurl.com/3w4wrjfi>. [Note: The data is fluid].

⁴¹ eurostat. *Housing in Europe — 2023 edition*. Retrieved 16-09-2024 from, <https://tinyurl.com/ye25k83f>

⁴² The URBED Trust. (2018). *Learning from international examples of housing affordability*. Retrieved 16-09-2024 from, <https://tinyurl.com/yf9by87c>.

⁴³ eurostat. *Housing in Europe — 2023 edition*. Retrieved 16-09-2024 from, <https://tinyurl.com/ye25k83f>

⁴⁴ Stats NZ. (2020). *Building consents issued: Sept 2024*. Retrieved 25-11-2024 from, <https://tinyurl.com/3zy7f9tn>

What's missing here is housing affordability and that doesn't suggest property ownership as the panacea — or at least 'ownership' in the conventional sense — especially if we had more housing options and more proactive public sector, private sector and not-for-profit housing actors. Our housing overburden costs aren't helped by very limited tenure options and a small number of key market actors with scale — especially in the not-for-profit sector. An increased public and private sector focus on brownfield higher-density multi-unit housing may offer a sustainable way to achieve scale, improve spatial efficiency, lower the cost per housing unit, improve housing supply, lower the housing cost burden as a percentage of income and other benefits such as better design and quality, shared facilities, co-working spaces, closer proximity to public transport and employment.

So with large-scale private rental housing being an apparent neglected component of our housing ecosystem — what's held the sector back? In the United Kingdom, in New Zealand and to a lesser extent in Australia, conventional investment wisdom preferred commercial property over residential property and this presented a substantial barrier to developing residential rental property at scale. This preference has been attributed to a fund management sector notion that total returns for commercial property were better than for residential property. The Montague Review (2012), a report aimed at examining barriers to investment in the private rented sector in the United Kingdom, found the opposite to be true and that, outside the United Kingdom, investors perceived the private rented sector as an inflation and currency hedge and one that offered multiple exit strategies. For example, aggregation, flotation (companies, trusts), break-up and disposal to individual investors (in part or in full). Liquidity was noted as a positive factor.⁴⁵

That report presaged a global trend by listed property companies, real estate investment trusts and pension funds to aggregate global large-scale residential rental portfolios. This investment strategy has exacerbated tensions between corporate for-profit and social objectives — and it is hard to see housing affordability goals and shareholder dividend demands happily co-existing.

Unfortunately, the majority of multi-unit projects built here are for-profit, comparatively small scale and predominantly destined for sale on completion at prices that can hardly be described as affordable. Higher density, good quality, build-to-let options, for long-term tenancy, are scarce.

⁴⁵ Sir Adrian Montague. (2012). *Review of the barriers to institutional investment in private rented homes*. Department for Communities and Local Government. Retrieved 16-09-2024 from, <https://tinyurl.com/yc5648xp>

A small number of private sector companies have signalled an increased interest in the large-scale rental housing sector. Kiwi Property Group has initiated a build-to-let housing programme to maximise land assets already owned in Auckland — which makes commercial sense given the adjacency of those projects to retail, recreation, health, education and transport facilities. The key question is whether residential apartments in those or other similar projects will remain as rental stock long-term or (as is more likely) eventually be sold down into the market.

This is where the state and not-for-profit actors play an important role in maintaining adequate levels of rental housing stock and in moderating rents. In the absence of a permanent large inventory of quality rental housing and appropriate tenancy regulation, occupiers will remain exposed to rent-hiking, insecurity of tenure and financialisation of residential housing assets.

Another recent entrant in the build-to-let space is not-for-profit organisation Simplicity Living with an ambitious build-to-rent housing programme. The expressed intent is to build up to ~10,000 quality apartments/townhouses for long-term rental at affordable rents.⁴⁶ This offers an alternative pathway for those people seeking more affordable rental options and much needed impetus to shift our focus away from ownership to long-term security of tenure and quality.⁴⁷ Many more not-for-profit organisations with a similar social and long-term investment intent are needed to disrupt the rental housing sector. A broader selection of key market actors with scale, especially social and private not-for-profit actors, is a glaring hole in our housing ecosystem.

A component of state policy can be to encourage private sector investment in rental housing. However, any state enablement of for-profit actors should ideally be predicated on building up and holding long-term housing stock — not simply facilitating development followed by sale. The for-profit sector has an important role to play in the housing ecosystem — but it is difficult to see how it can positively contribute to improved affordability for low to middle income households when maximising shareholder wealth is the prime objective and housing output is at market prices. There are a number of small socially-focused housing trusts and entities with viable not-for-profit operational strategies. What they generally lack is scale backed by a proactive, innovative, pan-political public sector housing agenda. What would help is a shift in political mindset away from land development and growth to improved affordability, security of tenure and quality outcomes.

⁴⁶ Simplicity Living. (2021). *Simplicity Living* Q&A. [Website Blog]. Retrieved 16-09-2024 from, <https://tinyurl.com/s793nyf9>

⁴⁷ RNZ. (2022, March). Affordable build to rent developments. [Website article and interview podcast]. Retrieved 16-09-2024 from, <https://tinyurl.com/3b7cy329>

Typically, the major barriers to building affordable housing for not-for-profit organisations are access to and the cost of capital and the cost of land and building.⁴⁸ The not-for-profit rental housing sector is very small here but could become an important component of the housing ecosystem if enabled through state policy. An inspiring exemplar in the United Kingdom is not-for-profit rental housing provider Peabody Group who are responsible for ~107,000 homes in London and the South East.⁴⁹ That equates to ~41% more than our entire state (Kāinga Ora Homes and Communities) social housing stock.⁵⁰ Peabody Group has demonstrated what can be achieved over time with a not-for-profit housing vision, good governance, innovation and, very importantly, access to low-cost, socially-focused capital. It should be an easy formula for the state to follow.

The financial challenges confronting many not-for-profit community housing providers are not shared by corporate and institutional property investment actors. Such actors are able to leverage their scale and resources to access capital at a lower cost and to acquire and rezone land for development. They convert the advantages of scale into profits and dividends for their financial stakeholders — and the benefits are not passed on to the individual property occupiers or owners. In the for-profit sector, an ongoing challenge will be maintaining a viable rental housing model that satisfies investors' target returns above the cost of capital and other strategic objectives. Investors/developers will need a defined strategic and operational plan that is robust enough to withstand our quicksilver housing policy — whilst remaining 'investment grade' as perceived by local and overseas fund managers and institutions, and attractive to tenants. Of course if it's a not-for-profit housing system, the commercial (capital and rental growth) imperatives become obsolete — with the objective instead being on delivering secure, good quality housing and improved social outcomes at the lowest possible cost.

There are many countries and cities achieving improved housing outcomes where the state and municipal sectors are much more 'invested' with wider not-for-profit housing pathways to better housing outcomes for those people where housing priced at market rates is unattainable. In New Zealand the housing ecosystem is two dimensional. It is (almost all) private ownership or private rental — with a very small state-funded social housing component (paid rental or free).

⁴⁸ Westpac and Deloitte. (2024, July). *Next Step Forward. Westpac NZ Shared Home Ownership Report*. [PDF] P.26. Retrieved 16-09-2024 from, <https://tinyurl.com/4n37xn75>

⁴⁹ Peabody Group. (2024). *About us*. [Website]. Retrieved 16-09-2024 from, <https://tinyurl.com/mua9zye9>

⁵⁰ Kāinga Ora. *Managed Stock National Summary September 2024*. [PDF]. Retrieved 22-02-2025 from, <https://tinyurl.com/yuucps7>

In New Zealand ~66% of households own their own home with ~34% renting from private landlords or in some form of social housing. The Kāinga Ora Homes and Communities (state) social housing stock equates to ~3% of all private residential housing stock. That’s hardly an overly involved state social sector. The balance represents a very large for-profit private landlord rental sector — one which is weakly regulated — with comparatively high and steadily rising rentals contributing to our poor housing cost-overburden outcomes noted earlier.

A ‘hands-off’ market-led policy agenda and a ‘same-old same-old’ approach to housing options just isn’t going to achieve the improvement in housing outcomes successive Governments say they want and New Zealand desperately needs. That’s pretty obvious based on the state of the market. We will need other options for people who don’t fit the social housing criteria or for whom private rental and conventional property ownership at market prices is out of reach. The not-for-profit housing systems that have successfully widened access to affordable housing in many European societies offer similar potential to also positively disrupt and diversify our housing ecosystem.

1.5. Disrupting the housing ecosystem

European government-enabled social housing programmes that gained momentum post World War 2 (especially cooperative equity and rental systems) demonstrate how public sector vision and proactive involvement can achieve improved housing outcomes — where the private sector can’t. It’s estimated ~24% of the population in Sweden and ~50% in Stockholm live in cooperatives.⁵¹ In Norway it’s ~14% and ~32% in Oslo.⁵² In Denmark it’s ~7% and ~29% in Copenhagen.⁵³

Cooperative housing is private sector but not-for-profit and the focus is on providing collectively owned and managed affordable housing rather than individual property ownership for personal investment or capital gain. It is a different mindset to the private sector model. Cooperative home owners pay for an interest (or share) in the apartment owning entity (i.e. not the apartment) that comes with occupation and voting rights and common facilities. They often also pay a small rental fee for maintenance. It’s a bit like the company share apartment structures that pre-dated the Unit Titles Act 1972 and still exist here today. The ingoing cost is much less than what people would have to pay to buy a freehold housing unit. If owners want to move on they sell their interest.

⁵¹ Statistics Sweden. (2023). *Number of dwellings by type of ownership & year*. Retrieved 24-11-2024 from, <https://tinyurl.com/4xrmky6>

⁵² Statistics Norway. (2024). *Dwellings by type of building & type of owner*. Retrieved 24-11-2024 from, <https://tinyurl.com/ym972yyp>

⁵³ Statistics Denmark. (2024). *Occupants by county, time & ownership*. Retrieved 17-09-2024 from, <https://www.statbank.dk/20065>

Like any system, it's not perfect and has been noted to be susceptible to favouritism to get on the apartment waiting list or to buy an interest. There are also increasing threats confronting the sector with the commodification of residential property globally being especially noticeable in some housing markets (Denmark being one example).⁵⁴ But not-for-profit cooperative housing has structurally diversified the market in a number of European countries and enabled many people to gain access to affordable, good quality housing that would otherwise be out of reach.

There are alternatives to traditional housing ownership and bank-debt funding structures but substantive change won't happen without socially progressive political leadership. Not-for-profit housing is an area where fresh thinking really is needed in New Zealand, at both a policy and practice level, to effect a shift in consumer attitudes from the form and tenure of housing we're used to. Policy interventions will have to focus on the actual problem — whether access, affordability, quality— if politicians are serious about improving housing outcomes. Countries doing better than here are proactive in facilitating not-for-profit housing systems and actors, fiscal incentives, property tax reform, the provision of low-cost funding mechanisms for both housing and infrastructure and access to low-cost (public) land development opportunities.

Not-for-profit housing systems are not a replacement for our two dimensional owner-occupier or private rental approach to housing. However, such housing systems are a glaring omission from our housing ecosystem — offering the potential to positively diversify the market as evidenced in countries where third sector housing forms a substantial component of total housing stock. Not-for-profit brownfield cooperative housing development is lower risk than developing greenfield land for housing and offers spatial quality/efficiency advantages and time/cost savings.

It's understandable people feel they want to own the home they live in. For example, seeing your hard earned money going into something you own instead of to a landlord and the poor choice and quality of a lot of rental housing. But the main reason is the expectation of tax-free capital gain. Sadly, the rapid price growth we have experienced over recent years has pushed property ownership (in the conventional form we are familiar with) beyond the reach of many low to middle income households. The ~395% increase in nominal house prices from 2000 to 2023 is simply not sustainable and it is unsurprising our rate of home ownership hovers between stasis and decline.

⁵⁴ Bruun, M. H. (2018). *The financialization of Danish cooperatives and the debasement of a collective housing good*. Critique of Anthropology, 38(2), 140-155. Retrieved 17-09-2024 from, <https://doi.org/10.1177/0308275X18761960>

The Tax Working Group (TWG) was established by the Sixth Labour Government in 2017 with its purpose to “provide recommendations that would improve the fairness, balance and structure of the tax system over the next 10 years.” The TWG sought diverse input including public consultation and released an interim report in September 2018 with final recommendations released on 21-02-2019. In relation to capital gains, the TWG recommended “a realisation-based tax that is applied to gains on a broad range of assets. The gains would be taxed at full rates, with no discount and no allowance for inflation” (but would exclude the family home and certain personal assets).⁵⁵ The TWG has since disestablished with its documentation migrated to Inland Revenue. Any prospect of a broad capital gains tax on assets (including property) remains illusive.

The prospect of a capital gains tax on assets, like the foreign migration topic, is a discussion that politicians strenuously try to avoid. Especially at election time. However, our society will not thrive if we have to rely on ever escalating property prices and un-taxed capital gains to get ahead. That has the whiff of a country-level Ponzi scheme.⁵⁶ A more diverse housing ecosystem together with a progressive property taxation regime — carefully designed to penalise speculation, reward long-term ownership and stabilise the property market — could result in vastly improved and socially-diffuse housing (and hence societal) outcomes. Property taxation is a topic for thoughtful research.

What seems clear from recent policy is improved housing outcomes will require a public sector with much more ‘skin in the game’ to achieve market stability and housing affordability. Reliance on ‘the market’ has failed to achieve improved outcomes. We deserve a more forward-thinking and pan-political housing policy agenda. Open minds about what ‘home’ may look like in the future — especially in our biggest urban areas — are needed. We need more socially-progressive policy interventions to ensure all New Zealanders can attain secure, quality, affordable housing.

In this context, the focus of this research is exploring cooperative housing systems in selected European countries and the social norms and policies that enabled their emergence and growth, how those systems and policies have contributed to improved housing access, affordability and quality outcomes there, especially for people where conventional property ownership or market pricing is out of reach, how such systems and policies compare to our housing systems, and how cooperative housing systems might be enabled here to positively diversify our housing market.

⁵⁵ Tax Working Group. *Future of Tax. Final Report Volume 1. Recommendations*. (P55). Retrieved 27-09-2024 from, <https://tinyurl.com/3uaf3ny6>

⁵⁶ U.S. Securities and Exchange Commission. *Ponzi Scheme*. Retrieved 05-12-2024 from, <https://tinyurl.com/582txrbv>

2. METHODOLOGY

2.1. Scoping literature review

The research architecture reflects the multi-dimensional and complex nature of the exploratory study subject matter and four main research parts (see Section 2.2). A scoping literature review covering a wide range of sources has been undertaken to inform the research parts and distill key dimensions — the evidence for not-for-profit housing. Research into not-for-profit housing policy and systems often focuses on the triangular relationship between the state, the housing provider and the market. However this over-simplifies the multitude of 'features' and 'value contributions' evident from not-for-profit housing in practice — as noted by Griffiths, E., et al (2024) in a study of 100 cooperative housing initiatives in Europe⁵⁷ and succinctly articulated by Crabtree-Hayes, L., et al (2019).⁵⁸ The 'features' and 'value contributions' identified by the research authors (e.g. collective self-help, democratic decision-making, the role of spatial planning and design, housing as a common good) have helped to frame the scope of the literature review (Section 3).

The SPICE conceptual framework (Booth, 2006)⁵⁹ has been utilised to help formulate a single answerable research question against which findings relating to each of the four main research parts (see Section 2.2) can be consistently tested within the comparative reference areas (see Section 2.3). The SPICE mnemonic (Setting, Perspective, Intervention, Comparison, Evaluation) is an extension of PICO (Population, Intervention/Interest, Comparison, Outcome) with two changes to the classification system. The 'population' component in PICO is divided into both 'setting' and 'perspective' in recognition that information practice is a 'social science' and not a 'hard science' and, as Booth points out, any evaluation in practice involves the subjective view of the researcher. The second change is replacement of 'Outcome' with 'Evaluation'— allowing a much broader interpretation including 'outputs', 'impacts' and 'less tangible effects'.

This research framework is appropriate for what is very much a 'qualitative' and wide-ranging exploratory study. It has assisted with question formulation, which itself informs research structure and, importantly, allows scope for further question refinement and discovery of other questions as the exploratory study proceeds.

⁵⁷ Griffiths, E., Jepma, M., Savini, F. (2024). *Beyond collective property: a typology of collaborative housing in Europe*. International Journal of Housing Policy, 24:1, 121-141. Available from, <https://tinyurl.com/42k4ay46>

⁵⁸ Crabtree-Hayes, L., Grimstad, S., McNeill, J., Perry, N. (2019). *Articulating Value in Cooperative Housing: International and Methodological Review*. Available from, <https://tinyurl.com/j4j526hx>

⁵⁹ Booth, A. (2006). *Clear and present questions: formulating questions for evidence based practice*. Library Hi Tech, Vol. 24 No. 3, pp. 355-368. Available from, <https://tinyurl.com/4p4npeba>

2.2. Research question

This exploratory study can be divided into four main areas of interest (parts), as follows.

- (1) Not-for-profit housing systems, particularly cooperative, in selected states and cities.
- (2) State/city policy interventions that enabled the establishment and success of those systems.
- (3) How those housing systems and policy interventions have helped to widen tenure options and improve access, affordability, security of occupation and spatial quality outcomes, particularly for low to middle income households.
- (4) What learnings could be applied in our local context to help shape thriving future communities and improved housing outcomes.

Applying the SPICE conceptual framework to the four parts of the research topic, a single 'exploratory' research question has been formulated, as follows.

In the reference area (Setting), for people where conventional property ownership or market pricing is out of reach (Perspective), how have not-for-profit cooperative housing systems and policy interventions (Intervention) compared in contributing to improved housing access, affordability, security of occupation and spatial quality outcomes (Comparison) and what is the potential for such systems to positively diversify our housing ecosystem to help shape thriving future communities and improved housing outcomes (Evaluation)?

As touched on in Section 2.1, it is the research question itself that informs the remaining study architecture that follows. Booth says "...the most appropriate study design should be selected for each type of question", referencing the following statement in the article 'It's time to stop squabbling over the "best" methods' (Sackett and Wennberg, 1997)⁶⁰.

"Our thesis is short: the question being asked determines the appropriate research architecture, strategy, and tactics to be used—not tradition, authority, experts, paradigms, or schools of thought."

Using SPICE, 'Setting' above relates to country, city or specific housing initiative. The research is focused mainly on the 'Perspective' of low to middle income households seeking affordable, good quality housing with security of tenure — because this cohort of households is experiencing the poorest housing outcomes in New Zealand. The 'Interventions' of primary interest are 'not-for-profit' 'cooperative housing' systems and the related 'housing policies' that have enabled these. The reasons for focusing on the 'not-for-profit' sector are, firstly, because this has largely been ignored in New Zealand as potential important contributor to a diverse and vibrant housing sector and, secondly, the 'for-profit' housing sector is already well enabled by state policy here.

⁶⁰ Sackett, D.L. and Wennberg, J.E. (1997). *Choosing the best research design for each question*. British Medical Journal, Vol. 315 No. 7123, p. 1636. Available from, <https://tinyurl.com/mur4dywz>

‘Cooperative housing’ has many derivatives but the research focus is on European not-for-profit equity, rental and hybrid cooperative housing systems that emerged in the early 1900s and then gathered momentum after World War 2. The various typologies are summarised in Section 3.2. ‘Comparison’ describes the contribution of not-for-profit housing systems and policy interventions in the research reference area countries in improving access, affordability, spatial quality and tenure outcomes and how these countries and New Zealand compare. ‘Evaluation’ is conducted through synthesising and discussing the empirical research comparisons made throughout Section 3 and what policy interventions might be appropriate here to improve our housing outcomes.

2.3. Comparative (exemplar) research

Parts 1 and 2 of this exploratory study (noted in Section 2.2) necessitate first selecting a reference area comprising states and/or cities with established not-for-profit housing sectors and actors achieving consistent long-term housing market stability and better access, affordability, spatial quality and tenure outcomes. Additional relevant selection considerations include country-level population and economic parity. It is important to note the exploratory nature of this comparative research and the limits of inference on housing outcomes arising from unique geo-social contexts.

2.3.1 Definition and choice of the reference area

The 38 member states of the Organisation for Economic Co-operation and Development (OECD) offer a relevant (and diverse) reference area with comparable country-level data across a wide variety of classifications. A suitable dataset to assist choice of the comparative reference area is the ‘OECD Affordable Housing Database’ — the purpose of which is to help member countries monitor access to good-quality affordable housing and strengthen the knowledge base for policy evaluation.⁶¹ It should be noted that OECD housing cost definitions, data collection gaps and timing variations amongst reference states, impose some qualitative limits on research inference. In addition, there are countries performing well against some OECD housing cost metrics but are underperforming on economic metrics (e.g. GDP per capita, inflation etc.) and also have limited or no established history of cooperative housing. Other countries may perform well against both OECD housing cost and economic metrics and have mature co-operative housing sectors but population size and sheer economic scale complicate direct comparisons. The OECD data does offer a general ‘sense’ of how a particular country is doing in relation to other countries or the OECD cohort across the range of housing cost metrics — those chosen being real house prices (inflation adjusted), affordability (price-income) and overburden cost (low income households).

⁶¹ OECD. *Affordable Housing Database*. Retrieved 15-08-2024 from, <https://tinyurl.com/3dwdk9xp>

Euro area countries, a European Union (EU) data sub-set within the OECD data, have generally performed better (at the median) than the OECD member cohort, or New Zealand, since 2000 — when measured against nominal and real house prices, price-income (affordability) and housing cost overburden metrics. Europe also has a long history and diversity of social housing systems that may provide valuable insights on how to improve housing outcomes in our local context.

For the purposes of establishing a reference area exhibiting some parity with New Zealand’s population and economic scale, countries have been included (or excluded) based on the following criteria; (1) better overall performance than New Zealand post-2000 measured on available OECD data for real house price growth, housing affordability and selected housing cost overburden rates for lower income households, (2) located in Europe with mature third sector housing systems, (3) an economy performing better than New Zealand in terms of GDP per capita based on latest available OECD data and (4) an average annual population size >4 and <10 million based on OECD data post-2000. Using this criteria, a reference area has been chosen (see Table 1).

Table 1

Reference area countries — housing & economic data comparisons post 2000

Country	Real house prices %Δ (ascending) ¹	Affordability price-income ratio %Δ ²	Housing cost overburden (% pop rent) ³	Housing cost overburden (% pop own) ⁴	Social housing % of total stock ⁵	GDP per capita ⁶	Average population for the period ⁷
Euro area	36.7%	-2.0%					
Austria	61.2%	21.9%	21.1%	15.6%	24%	\$73,910	8,472,745
OECD median	61.8%	23.2%	35.8%	26.1%	6%	\$59,450	
Denmark	71.2%	45.6%	33.6%	14.5%	30%	\$77,223	5,585,728
Norway	104.2%	61.6%	36.7%	15.1%	17%	\$104,446	4,955,476
Sweden	141.8%	58.3%	43.8%	7.8%	42%	\$68,802	9,545,852
New Zealand	209.4%	98.2%	57.4%	54.4%	<4%	\$52,877	4,450,004

Notes to Table 1

¹ Ratio of the nominal house price index to the consumers’ expenditure deflator. Seasonally adjusted. OECD database 15-8-2024.

² Nominal house price index divided by the nominal disposable income per capita (affordability). OECD database 15-8-2024.

³ Share of pop. in bottom quintile of income dist. spending >40% of disposable income on rent. OECD database 15-8-2024.

⁴ Share of pop. in bottom quintile of income dist. spending >40% of disposable income on mortgage. OECD database 15-8-2024.

⁵ Social housing includes: state subsidised rental, municipal, cooperatives. OECD (2021). *Brick by Brick: Building Better Housing Policies* (P64). Country-specific data sourced from relevant state statistical series (see Table 2).

⁶ Total economy 2023. Calendar and seasonally adjusted. \$US dollars per person, PPP converted. OECD database 15-8-2024.

⁷ Average of historical annual population mid-year est. for the period 2000-2022. OECD database 15-8-2024. For NZ Stats NZ data.

The reference area countries noted in Table 1 provide helpful context throughout various parts of this research project although research scope constraints does not allow a detailed examination of not-for-profit housing policy interventions (or case studies) in all of the countries. However, the research literature reviewed and the corresponding discussion is able to draw on (at a high level) not-for-profit housing policy interventions and outcomes in most reference area countries. Based on the research literature findings and discussion — especially the comparatively quite nuanced not-for-profit housing policy strategies and tools utilised in the reference countries — there is potential for more detailed research in selected markets (see Section 4.7).

As noted earlier, a scoping literature review has been undertaken examining the evidence for not-for-profit (cooperative) housing — to distill key characteristics which influence and/or contribute directly to improved housing outcomes (see Section 3). At the core of improved housing outcomes is affordability and the research examines the multi-variate ecosystem influencing this — the many non-economic factors overlooked in deference to purely economic factors (see Section 3.3).

Applying a European-centric contextual research *lens*, the New Zealand housing ecosystem is described and contrasted where possible to provide a *local* perspective. That is, how we are doing and where the gaps are. Given our geographic proximity and housing market similarity to Australia, it would seem appropriate for the research architecture to also describe and then compare, synthesise and discuss the literature findings in the context of the inchoate not-for-profit housing sector in Australia. However, due to the already wide scope and written output of this research project, it was decided to leave comparative research of the Australian not-for-profit housing sector as an opportunity for future research.

As well as exploring some previously well researched dimensions of not-for-profit housing, the descriptions, comparisons, syntheses and discussions arising from the scoping literature review in Section 3 also touch on other dynamic, taboo, and less tangible factors, such as the financialisation of housing, political agenda and the appetite (or otherwise) for active state and municipal sector involvement, economic ideology, social justice, public choice, inbound foreign migration and population growth pressures, mechanisms to access low-cost capital and land development opportunities, property taxation and fiscal incentives, regulation, commercial imperatives and social norms. It has not been possible to explore all in detail in this research and better understanding these dynamics offers ongoing opportunities for future research.

2.4. Research paradigms

'Evaluation' within the research framework extends from the syntheses of the body of empirical research insights and discussions from Sections 1 and 3 to the conclusions noted in Section 4 (including opportunities for further related research). This research approach is focused on revealing systemic issues inherent in the New Zealand housing ecosystem through comparative research of not-for-profit housing policy and systems adopted by exemplar states and cities exhibiting better affordability and other housing outcomes to highlight opportunities for these policies and systems to positively disrupt the market-led status quo here. Gaps are evident between epistemological perspectives, theory and models and housing policy flowing from these and ontological observations of housing outcomes noted throughout Section 1. Much housing related research is focused on *laissez-faire* free-market ideology and theory and the housing legislation, policy and strategy that typically flows from this epistemological thinking has failed to improve housing outcomes. Indeed 'ontologically' the opposite is the case. Our politicians appear to be mesmerised by a kind of myopic market-based pre-determinism of what is economically legitimate and this is consistently getting in the way of improved housing outcomes.

Housing policy since at least 2000 has relentlessly relied on a singular economic paradigm that by increasing housing supply prices will somehow fall and affordability will follow — a notion and outcome that remain illusionary based on ontological reality which is manifested in more market-priced housing and urban sprawl. Metaphorically it is like 'flogging a dead horse'. The notion that the theoretical laws of supply and demand can explain and resolve what is a very complex subject influenced by multiple interdependent factors is exactly that — a notion. This echoes the earlier statement by Prof. Yuval Noah Harari at the start of this research, "If the only thing you rely on is your intellect very likely you will reach [the] wrong conclusion. You will not know the truth. You have to observe directly. You have to put the books aside and do practice." Thus departing from an ontological positivist paradigm of a 'single truth' that exists externally to the researcher and perhaps moving closer to a constructivist approach that progressively reveals insights on how the research problem can be solved. Of course, regardless of the methodology adopted, the researcher cannot help but be influenced by his/her experiences in the world which in turn will influence the research process and output — as method, individual and experience are not independent of each other. This is the central principle of interpretivism which is that reality is a subjective and social construct based on learned experience as opposed to an objective 'truth'.⁶²

⁶² Fodouop Kouam, A.W. (2024). *Interpretivism or Constructivism: Navigating Research Paradigms in Social Science Research*. International Journal of Research Publication (Volume:143, Issue:1). Retrieved 25-09-2025 from, <https://tinyurl.com/3dzbu72p>

Constructivism and interpretivism paradigms therefore both contribute to the shape of this research methodology in the sense that they give weight to "...knowledge's subjective nature, context's importance, and the social construction of reality." (Fodouop Kouam, A.W., P3).

The research architecture here deliberately seeks to avoid single "paradigms, or schools of thought" as suggested by Sackett and Wennberg and instead utilises a hybrid approach which flows from the research question developed in Section 2.2 (see Booth). To restate this: "In the reference area, for people where conventional property ownership or market pricing is out of reach, how have not-for-profit cooperative housing systems and policy interventions compared in contributing to improved housing access, affordability, security of occupation and spatial quality outcomes and what is the potential for such systems to positively diversify our housing ecosystem to help shape thriving future communities and improved housing outcomes?" That question is designed to provide a consistent reference point against which to test assumptions, norms and biases and uncover valuable insights from selected exemplar countries as to how they have addressed the problem of providing access to affordable good quality housing. At the centre of our housing problem is *affordability* (or lack thereof) and the research sets out an ontological expression or categorisation of the interdependent factors affecting this in Figure 9. These factors are explored and discussed throughout Section 3 based on observation of exemplar housing systems and policy interventions. Undertaking desk-based comparisons of exemplar country not-for-profit housing systems and related policy interventions is appropriate due to their demonstrable success in improving housing affordability and other outcomes in the reference group, together with shared democratic, institutional, social, economic, land tenure and property sector characteristics. There is little to be gained from 'reinventing the wheel' and limited resources to do so.

The research methodology settled on utilises a combination of a scoping literature review (drawing from academic texts, articles, data, industry studies, websites, blogs, and various forms of news and social media), observation of exemplar country best-practice in housing policy interventions aimed at improving affordability and other outcomes, comparisons with our legislative and related policy interventions, reflexivity practiced in the form of introspective thought drawn from personal experiences and discussion on the differing realities (especially social norms) within each reference group country, and distillation of insights to form conclusions on what might be applied (within our own unique social construction of reality) to positively disrupt/diversify our housing sector.

3. KEY DIMENSIONS OF NOT-FOR-PROFIT (COOPERATIVE) HOUSING

3.1. Founded on shared social values versus individual commercial imperatives

Examples of cooperative groups, societies, fraternities and other entities involving artisans, trade merchants, agricultural workers, religious groups and even criminal clans can be seen throughout history. Akkadian guilds⁶³ in ancient Sumeria (c. 2200 BCE), collegiums⁶⁴ in ancient Rome (c.800 BCE), the universities of Bologna (1088 CE) and Paris (1150 CE) which originated as student guilds and, nearer to current times, Freemasonry⁶⁵ (14th Century) and the Cosa Nostra and 'Ndrangheta (18th Century) in Italy⁶⁶, all evidence organised cooperation for the benefit of those providing a good/service — often in response to others seeking to control or exploit them. Such tensions are visible in the long tradition of sociological writings on labour and capitalist systems — laying the foundation for many of the cooperative movements (including housing) we see today.

The idea of modern cooperative action is often associated with the Rochdale Society of Equitable Pioneers⁶⁷ founded in 1844 in the town of Rochdale, Greater Manchester, England. The focus of the Rochdale Society on egalitarian socialist principles is no surprise given that at least 15 of the estimated 28 original members were avowed followers of 'Owenism' — the social philosophy of 19th Century social reformer Robert Owen.⁶⁸ Widespread poverty in Britain after the Napoleonic Wars (1803-1815) came to a head in Scotland in April 1820 in the form of the Radical War (also known as the Glasgow Revolt and Scottish Insurrection). Contrary to the moniker, the Radical War was one week of industrial strikes and calls for constitutional and labour reform — ideas that had emerged in the United Kingdom of Great Britain and Ireland during the early period of the French Revolution but were repressed during the Napoleonic Wars and the economic downturn which followed. The root issue was the Industrial Revolution — the exploitation of labour and unfair working conditions — high unemployment and food prices, and *laissez-faire* government.⁶⁹ Local weavers James Wilson, John Beard and Andrew Hardie, were singled out as leaders of the unrest, rounded-up, hanged and beheaded for their efforts to improve the lot of their fellow countrymen.

⁶³ Wikipedia (2024). *Guild*. Retrieved 13-11-2024 from, <https://en.wikipedia.org/wiki/Guild>

⁶⁴ Wikipedia (2024). *Collegium*. Retrieved 13-11-2024 from, [https://en.wikipedia.org/wiki/Collegium_\(ancient_Rome\)](https://en.wikipedia.org/wiki/Collegium_(ancient_Rome))

⁶⁵ Wikipedia (2024). *Freemasonry*. Retrieved 13-11-2024 from, <https://en.wikipedia.org/wiki/Freemasonry>

⁶⁶ Wikipedia (2024). *Sicilian Mafia*. Retrieved 13-11-2024 from, https://en.wikipedia.org/wiki/Sicilian_Mafia

⁶⁷ Wikipedia (2024). *Rochdale Society of Equitable Pioneers*. Retrieved 11-11-2024 from <https://tinyurl.com/4shzxnae>. It is important to note the *Fenwick Weavers' Society* (est. 1761), a precursor to the Rochdale Society, may have influenced its surplus redistribution model.

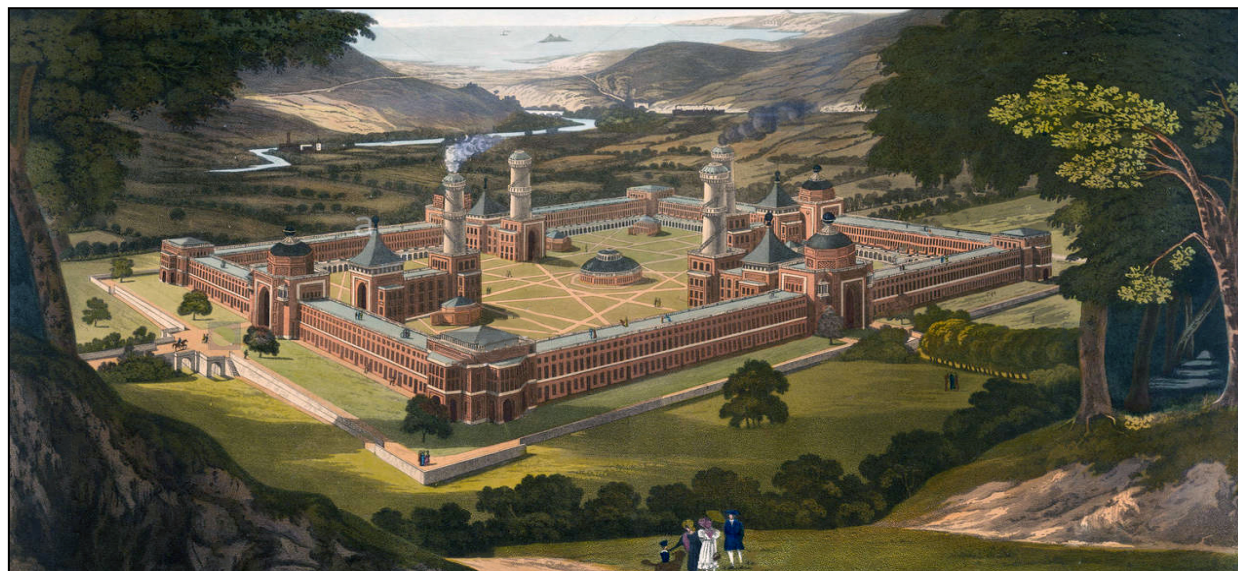
⁶⁸ Wikipedia (2024). *Owenism*. Retrieved 11-11-2024 from, <https://tinyurl.com/2xn53j9k>

⁶⁹ Wikipedia (2024). *Radical War*. Retrieved 11-11-2024 from, <https://tinyurl.com/3v52crhz>

Due to unease at the brutal treatment of the radicals and continued unrest, the County of Lanark commissioned industrialist Robert Owen to produce a report for poverty relief — which became his utopian rural ‘cooperative village’ plan. Owen had already garnered a reputation as a social reformer through his management from 1800 and eventual ownership of the New Lanark cotton mill — originally founded by his father-in-law, Scottish cotton merchant and philanthropist David Dale⁷⁰, during the Scottish enlightenment period at the end of the 18th Century.⁷¹ Approximately 2,500 people worked at the mill, many from workhouses in Edinburgh and Glasgow and, building on the progressive social reforms already introduced by David Dale, Robert Owen continued to improve working conditions and established the first school for children there in 1817. The cotton mills were commercially successful so when Owen’s business partners raised concerns about the cost of his welfare initiatives — he bought them out. Although Owen’s ‘cooperative village’ plan and others such as the ‘Motherwell Scheme’ at Orbiston⁷² in Lanarkshire and New Harmony⁷³ Indiana in the United States (see below) did not succeed, his work and ideas accompanied a surge in social activism and altruism manifested through cooperatives and experimental communities, as well as trade unions and labour exchanges championed through the efforts of contemporaries William Thompson⁷⁴ and Thomas Hodgskin⁷⁵.

Figure 2

New Harmony, Indiana, United States — depicted as proposed by Robert Owen



⁷⁰ Wikipedia (2024). *David Dale*. Retrieved 11-11-2024 from, https://en.wikipedia.org/wiki/David_Dale

⁷¹ Wikipedia (2024). *Scottish Enlightenment*. Retrieved 12-11-2024 from, https://en.wikipedia.org/wiki/Scottish_Enlightenment

⁷² Donnachie, I. (2006). *Orbiston: The First British Owenite Community 1825-28*. Spaces of Utopia: An Electronic Journal. ISSN 1646-4729. <https://ler.letras.up.pt/uploads/ficheiros/1635.pdf>

⁷³ Wikipedia (2024). *New Harmony, Indiana*. Retrieved 15-11-2024 from, https://en.wikipedia.org/wiki/New_Harmony,_Indiana

⁷⁴ Wikipedia (2024). *William Thompson*. Retrieved 15-11-2024 from, [https://en.wikipedia.org/wiki/William_Thompson_\(philosopher\)](https://en.wikipedia.org/wiki/William_Thompson_(philosopher))

⁷⁵ Wikipedia (2024). *Thomas Hodgskin*. Retrieved 15-11-2024 from, https://en.wikipedia.org/wiki/Thomas_Hodgskin

Owen’s ideas had been influenced by prominent thinkers in sociology — some who had preceded him as well as those of the same era — and drew on a wide body of ideas including economists David Ricardo and Adam Smith (the axiom labour is the source of all wealth), utilitarian Jeremy Bentham (the greatest good for the greatest number) and social philosopher and trade union advocate William Thompson (balancing scientific materialism with rational morality). These ideas follow a sociological tradition and timeline dating back thousands of years. From the musings of Socrates, Plato and Aristotle on individualism, social organisation, stasis and decay through cycles of growth, prolonged conflict, military and authoritarian control, moral decay and revolution — and on to philosopher and economist Karl Marx (capitalism vs socialism) and, more recently, those of the same ilk as economist Thomas Piketty (economic inequality).⁷⁶

Consistent themes evident in the sociological writings of these philosophers, economists and writers are social cohesion, equality, *improvement* as distinct from *growth* and alternative systems to the status quo — especially for lower income members of society for whom the predominant system is not working well. The tradition of sociological thought itself embodies the historic and ongoing tensions in society between those who control capital and resources and those whose labour it is built on. Such tensions are unlikely to be resolved anytime soon (if ever) — a notion nicely summed up by Robert Nisbet in referencing the writings of theologian Ernest Troeltsch from *Historismus und Seine Probleme* on whether or not we have reached a ‘golden age’ of sociology.⁷⁷

“What is ultimately and crucially required in such an age, Troeltsch writes, is a spark that is ignited during that very brief period when the two social orders are of almost equal power in the loyalties they inspire and the incentives they arouse in reflective minds. As Troeltsch describes the process, it is not the transition as such that is precipitative; it is the confrontation, so to speak, of the two orders: the old one moribund, and the new one not yet wholly grown. Out of such confrontation comes friction—to be seen in the problems, often agonizing, that become transmuted into the moral philosophy, the art, and the science of the age—and out of the friction comes the flame of creativity manifest in new insights, new perspectives, and new ideas. We cannot be sure of a golden age until we see what follows.” Ernst Troeltsch

The political discourse on friction between ‘the two orders’ echoes back through time. With expanding settlements and populations, increasing levels of local and regional trade, the emergence of new metallurgical industries, trades, farming practices and crops and growing demand for agricultural goods, the value of land and related resources dramatically increased.

⁷⁶ The depth of work of the writers and philosophers noted above is outside the scope and focus of this thesis and themes in brackets therefore reflect what each is perhaps most associated with.

⁷⁷ Nisbet, R.A. (1967). *The Sociological Tradition*. Heinemann, London.

Wealth accumulation that followed facilitated the emergence of new classes of social elites, with the control of property in all its various forms, and especially land, at the very centre. With this came economic inequality (Frankopan, P., 2023).⁷⁸ Prof. Peter Frankopan says,

“The establishment of permanent settlements required that ideas take shape about personal possessions, including movable and non-movable goods, and about access to and control of land and the resources it could yield. The development and existence of social hierarchies in the ancient as well as the contemporary world are often associated with urban settings and all with property ownership — whether of fields, crops, animals or goods — whose relevance is enhanced by higher population densities: wealth accumulation and transmission enable the creation of social elites and therefore shape political structures and decision-making. Wealth disparities became a signature of the populations that urbanised earliest and most intensively.” Prof. Peter Frankopan (*The Earth Transformed. An Untold History*, 2023)

There is an indelible link that can be drawn between the accumulation of wealth founded on the control of property related resources and social inequality and the long tradition of sociological discourse and ‘new ideas’ aimed at resolving ‘friction’ between the ‘two orders’ (to use Troeltsch’s language). The vigorous philosophical and sociological discourse in the mid to late 1800s directed at re-balancing the division between the ‘two orders’ (i.e. improving the living conditions of low wage workers), attracted intellectuals from throughout Europe — and Manchester, in England, seemed to be *de rigueur* for anyone interested in studying some of the best and worst labour practices and living conditions. One such German intellectual was (the then 21 year old) Friedrich Engels, who was sent to Manchester in 1842 by his textile industrialist father to study the latest factory management systems — how to extract maximum value from low wage labour. The family succession planning spectacularly backfired. Engels was so appalled at what he saw this laid the foundation for a lifetime of socialist writings, including his famous collaboration with Karl Marx — ‘The Communist Manifesto’ — which introduced their ideas of socialism as a result of the conflicts inherent in capitalism. Engels also entered the fierce housing debate raging during the mid to late 1800s with his polemic series ‘The Housing Question’ published in *Der Volksstaat* between 1872 and 1873.⁷⁹ Here Friedrich Engels directed his criticism at two leading social reformers of the time, Pierre-Joseph Proudhon and Emil Sax. Pierre-Joseph Proudhon favoured an end to private landlordism and its precarious housing conditions, by creating a ‘rent-to-buy’ scheme for the proletariat, whereas Emil Sax proposed a ‘house and garden’ ownership scheme to transform workers into capitalists. Both entrenched private property rights within the existing system.⁸⁰

⁷⁸ Frankopan, P. (2023). *The Earth Transformed. An Untold History*. Bloomsbury, London. P83-84.

⁷⁹ Engels, F. (1872). *The Housing Question*. Retrieved 20-11-2024 from, <https://tinyurl.com/3hc4rbcr>

⁸⁰ ACME: An International Journal for Critical Geographies. (2016). *Introduction: The housing question revisited*. 15(3): 580-589

Friedrich Engels labelled them ‘bourgeois socialists’. He didn’t see a ‘housing crisis’. Rather, as pointed out by Stuart Hodkinson (2012), he saw a ‘crisis of capitalism’ — manifested in the exploitation of low wage workers and poor living conditions. From Engels’ perspective there was only one solution — working class revolution and property expropriation.⁸¹ The rest is history.

German social reformer and intellectual Victor Huber adopted a slightly less confrontational and more practical approach. After visiting Manchester in England in 1844 to inspect the housing and living conditions of the working class, he proposed a new model to improve their situation. He put his *Innere Ansiedlung* (internal occupation) model into practice in Germany via involvement in the not-for-profit building firm ‘Citizens of Berlin’ which built six homes for 15 families — eventually demolished some 35 years later to make way for much higher density housing.⁸²

The vexing issues associated with how to improve the standard and cost of housing for the poorest in society has not only occupied the minds of the many intellectuals with the time and money to be able to contemplate and write on them — but also professionals involved in delivering housing. The Congrès Internationaux d’Architecture Moderne (CIAM), founded in Switzerland in 1928, helped bridge the gap between the ideological discourse and the practical realities of execution. Ideas emanating from CIAM on architectural and urban theory and design are often closely associated with French architect Le Corbusier and have attracted much criticism however its membership came to include many of the leading architects and planners of the era such as Walter Gropius, Alvar Aalto and Ludwig Mies van der Rohe. The first CIAM meeting resulted in the *La Sarraz Declaration*, backed by 24 European architects, which stated that architecture should be linked to the general economic system and design focused on minimum working effort through the rationalisation and standardisation of building components (a push against the prevailing *Beaux-Arts* schools of architecture). The 1929 meeting was convened to focus on the theme of ‘affordable housing for the lowest income wage earners’ with an emphasis on efficiently designed apartment housing, including the need to site buildings for maximum light and sun and repetitive low-cost construction.⁸³ The advent of World War 2 disrupted CIAM’s momentum, but its aftermath arguably laid the foundation for the emergence and success of the cooperative housing movement in many European countries scrambling to recover and rebuild their societies.

⁸¹ Hodkinson, S. (2012). *The return of the housing question*. *Ephemera* 12, 423-444. Referenced by Larsen, H., Hansen, A., MacLeod, G., Slater, T. (2016). *The Housing Question Revisited*. *ACME: An International Journal for Critical Geographies*. 15(3): 580-589.

⁸² Wikipedia (2024). *Victor Aimé Huber*. Retrieved 15-11-2024 from, https://en.wikipedia.org/wiki/Victor_Aimé_Huber

⁸³ Congrès Internationaux d’Architecture Moderne (CIAM). Retrieved 21-11-2024 from, <https://tinyurl.com/56p6urn5>

Suddenly the *idea* of cooperative housing made sense and was given urgency by the sheer enormity of the rebuilding programmes required for many countries and this together with the social cohesion that immediately followed the war (and for that matter follows any adverse event), coalesced to provide the perfect environment within which to extinguish the political *laissez-faire* and deference to 'the market' that had pervaded western economies (at least temporarily). How quickly good ideas become eroded by the fog of time and the opportunity of untaxed capital gain.

Notwithstanding the long tradition of social intellectualism and early cooperative endeavour, there is no doubt the Rochdale Society played a big part in the emergence and success of the thousands of cooperatives and related non-government organisations (NGOs) that now operate in many countries around the world. The Rochdale Society itself, after various mergers with other like-minded groups, still operates today as The Co-operative Group — one of the world's largest consumer cooperatives owned by millions of members and employing circa 70,000 people.⁸⁴

Perhaps the Rochdale Society's most enduring legacy can be found in the *Rochdale Principles* that evolved from its founding rules.⁸⁵ The Rochdale Principles were adopted by peak cooperative body the International Co-operative Alliance (ICA) in 1937 as the Rochdale Principles of Co-operation. These principles were updated in 1966 as the Co-operative Principles and again in 1995 as part of its 'Statement on the Co-operative Identity' — the values and principles of the cooperative movement (see Figure 3).⁸⁶ As such, the Rochdale Principles continue to inform the values of many existing and new cooperatives around the world.

It is appropriate to pause here and reflect on where we are currently at in terms of cooperative phenomena worldwide — to add some context and weight to the very purpose of this research. The *idea* of organised cooperation to address a common need, notwithstanding its very long stop-start gestation through history, is no longer a fringe or fleeting one. Cooperatives today, in their multitude of forms, are a very real contributor to society. It is estimated that ~12% of humanity is involved in ~3 million cooperatives around the world employing ~280 million people. In 2023, the 300 biggest cooperatives reported annual turnover of over US\$2,400 billion.⁸⁷

⁸⁴ The Co-op Group. [Website]. Retrieved 11-11-2024 from, <https://www.co-operative.coop/>

⁸⁵ Wikipedia (2024). *Rochdale Principles*. Retrieved 11-11-2024 from <https://tinyurl.com/eab8r7h>

⁸⁶ The International Co-operative Alliance. [Website]. Retrieved 14-11-2024 from, <https://ica.coop/en>

⁸⁷ World Cooperative Monitor. *Exploring the cooperative economy. Report 2023*. Retrieved 15-11-2024 from, <https://tinyurl.com/6atbfjsw>

Figure 3*International Co-operative Alliance Statement on the Co-operative Identity (extract)***Definition of a Cooperative**

A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

Cooperative Values

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Cooperative Principles

The cooperative principles are guidelines by which cooperatives put their values into practice.

1. Voluntary and Open Membership

Cooperatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2. Democratic Member Control

Cooperatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives members have equal voting rights (one member, one vote) and cooperatives at other levels are also organised in a democratic manner.

3. Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

4. Autonomy and Independence

Cooperatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

5. Education, Training, and Information

Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

6. Cooperation among Cooperatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

7. Concern for Community

Cooperatives work for the sustainable development of their communities through policies approved by their members.

Synthesis

The desire and capability to direct resources to meet a particular need is embedded in our DNA — whether for individual or community benefit. Cooperatives also benefit individuals, but they do so by bringing them together to meet a *common* need without abandoning personal responsibility. The success of this *shared common values* philosophy is self-evident in the sector’s momentum. This momentum has also carried through to the cooperative *housing* subset (i.e. not-for-profit equity and rental cooperatives/collectives and social rentals including state, municipal and charitable). Data for the reference group of European countries that are the focus of this research is summarised below in Table 2.

Table 2

Reference area countries — cooperative/social housing data comparisons

Country	Total housing stock ¹	Total social housing stock (%) ²	Total coop housing stock ³	Total coop housing stock (%) ³	Major City	Total housing stock ¹	Total social housing stock (%) ²	Total coop housing stock ³	Total coop housing stock (%) ³
Sweden ⁴	5,212,028	42%	1,267,868	24%	Stockholm	516,820	67%	259,106	50%
Austria ⁵	4,083,200	24%	972,400	24%	Vienna	942,611	42%	395,897	42%
Norway ⁶	2,720,882	17%	377,060	14%	Oslo	353,256	35%	111,354	32%
Denmark ⁷	2,749,456	30%	201,466	7%	Copenhagen	326,018	49%	94,943	29%
New Zealand	2,056,578	<4%			Auckland	611,895	<4%		

Notes to Table 2

¹ Estimated total dwelling numbers (occupied and vacant unless noted as otherwise below).

² Social includes subsidised/free state rental and municipal housing and cooperatives (where available).

³ Estimates for all cooperative housing typologies (where available).

⁴ Statistics Sweden. Number of dwellings by region and type (2023). Retrieved 27-11-24 from, <https://tinyurl.com/bejv4ps8>

⁵ Statistic Austria. Microsensus Housing 2023 (Occupied Dwellings). Retrieved 27-11-24 from, <https://tinyurl.com/2sxztb9v>

⁶ Statistics Norway. Table 10149 (2024). Retrieved 29-11-2024 from, <https://tinyurl.com/ym972yyp>

⁷ Statistics Denmark. Table BOL101 (2024). Retrieved 29-11-2024 from, <https://tinyurl.com/2p8hmfpx>

Clearly the provision of state, municipal and private sector socially-focused housing has made substantial progress since the time of the Scottish Enlightenment period and early social housing initiatives in both Europe and America. This is especially evident in European countries including Sweden, Norway, Denmark and Austria where social housing represents a substantial component of total housing stock.

In Sweden ~42% of housing stock is socially focused with ~24% in cooperatives. In the capital Stockholm ~67% of housing stock is socially-focused with cooperative housing accounting for ~50%. In Austria and the City of Vienna cooperative housing respectively represents ~24% and ~42% of housing stock. In Norway and the capital Oslo cooperative housing represents ~14% and ~32% respectively of housing stock.

Insights

This hasn't happened by accident but rather through deliberate state enabled not-for-profit housing policy interventions to provide for those segments of society that the private sector does not (or cannot) cater for. This clearly demonstrates that socially-focused housing initiatives can co-exist alongside those of the for-profit private sector. Friedrich Engels was probably right at the time to contend there was a 'crisis of capitalism' rather than a 'housing crisis' however his solution — working class revolution and property expropriation — was unnecessarily singular and harsh. Pierre-Joseph Proudhon's favoured solution of an end to private landlords through some form of 'rent-to-buy' and Emil Sax's vision of transforming workers into 'property capitalists' were also similarly lacking in both adaptability and housing market reality.

History tells us that it doesn't have to be one system or the other. Alternatives to the private sector *status quo* for those in society not well served by it can happily co-exist. The question is more about the role of the state and why some governments, particularly post-Thatcher, have almost exclusively favoured 'for-profit' over 'socially-led' solutions. Margaret Thatcher's dismantling of municipal social housing in the United Kingdom through her 'right-to-buy' scheme being a prime example. That created an experimental circular transfer of property rights that went from council social housing provider and tenant, to private owner-occupier, to private landlord and tenant, to those same tenants then drawing on government welfare rent subsidies. The policy did not improve long-run housing affordability but did result in the transfer of millions of social houses to the private landlord sector. At the time however it proved a big winner at the electoral ballot box.⁸⁸

History also tells us that free market laws of supply and demand do not apply for (all parts of) the housing market.⁸⁹ The successful not-for-profit housing sectors referred to earlier and the fact we have some of the highest housing cost overburden rates in the OECD are both testament to that.

⁸⁸ Larsen, H., Hansen, A., MacLeod, G., Slater, T. (2016). *The Housing Question Revisited*. ACME: An International Journal for Critical Geographies. 15(3): P 583. Available from, <https://tinyurl.com/ycyjevrx>

⁸⁹ Klein, M. (2020). *When spectres return. Housing reform and the idea of a good home*. (P9). First published in *dérive* N° 65 (Okt - Dez / 2016) Housing the Many / Stadt der Vielen. Retrieved 28-11-2024 from, <https://www.eurozine.com/when-spectres-return/>

3.2. Wider access through alternative tenure and operating models

Cooperative housing systems are a ‘work-in-progress’ resulting from a long history of sociological discourse and the trialling of socially-focused ideas in practice. They offer tangible alternatives to conventional private ownership and private landlord rental options — where market pricing has pushed access beyond the reach of those with limited (or no) capital and/or low incomes.

As noted in the Section 3.1, the for-profit sector where left alone does not, by choice, provide for low to middle income households in the form of ‘affordable housing’. It does so only when the state or municipal authorities require it. Examples of country-specific interventions are listed in the OECD Affordable Housing Database reports ‘PH5.1 Measures to property developers to finance affordable housing construction’ and ‘PH6.1 Rental regulation’. These include, tools such as inclusionary zoning, minimum affordable housing quotas in new projects, land taxation or appropriation following up-zoning and even corporate welfare in the form of taxation credits/ deductions and subsidised land.⁹⁰ In the private rental market state intervention is usually in the form of rental controls. By way of example, controls applied to housing stock of a certain age or type, maximum increases per annum, required parity with comparable housing stock, increases pegged to an index etc.⁹¹

An inherent flaw in the nature of these housing sector interventions is that they are reliant in some way on for-profit private sector actors — the property developers, investors and owners — to deliver the ‘affordable’ output, when their business models are founded on maximising profit, return on investment, or shareholder wealth. The interventions noted neglect the option of directly enabling not-for-profit actors to deliver affordable housing — when there is ample evidence showing they are entirely capable of doing so. Private developers will only provide an affordable housing output if incentivised (i.e. subsidised) to do so. Or where doing so offers something (always much bigger financially) in return. For example, land up-zoning and the realisation of substantial unearned capital gains (i.e. meaning the gain is only possible through decisions made by the state or municipality). State housing subsidies too often go to market actors at the root of the problem rather than to those who are shut out of the housing market by those same actors. Housing policy can overtly enable the not-for-profit sector to provide alternative housing options and widen market access.

⁹⁰ OECD Affordable Housing Database. PH5.1. *Measures to property developers to finance affordable housing construction*. Retrieved 02-12-2024 from, <https://tinyurl.com/2743uesw>

⁹¹ OECD Affordable Housing Database. PH6.1. *Rental regulation*. Retrieved 02-12-2024 from, <https://tinyurl.com/38wb3nj3>

Cooperative housing systems come in many forms. These have emerged through country-level policy development and implementation mechanisms to meet a specific housing need — influenced by the societal values of both the voters and politicians. It is helpful to summarise the typologies and (sometimes confusing) terminologies. For example, cooperative housing, co-housing, collaborative housing, collective housing, community housing, mutual housing and co-ownership. Recently, the term ‘collaborative housing’ has been increasingly used by researchers to categorise the “variegated” cooperative housing systems — on the basis that “collaboration” is a common factor in the differing models and better describes the process involved as distinct to the legal structure or physical outcome (Czischke, D., et al 2020).⁹² Whilst this is true at one level and may be convenient for the specific purposes of those researchers, the term fundamentally differs very little from ‘cooperative housing’ — and one can equally argue that ‘legal structure’ informs both the ‘process’ and ‘outcome’. More importantly, the term ‘collaborative’ comes without the direct connection to the values referred to earlier that are closely associated with the long-gestation of the cooperative movement. Further, it risks homogenising the cooperative housing sector rather than embracing the diversity and potential offered by each distinct system⁹³ — to positively disrupt the status quo of conventional private owner-occupation and landlord rental.

For clarity, Cambridge Dictionary defines ‘collaborative’ as “involving two or more people or organizations working together for a particular purpose”⁹⁴ and ‘cooperative’ as “an organization or company that is owned and controlled by a group of members who each have a share in it” and also “showing a willingness to act or work together for a shared purpose.”⁹⁵

Cooperative housing systems and their core characteristics are summarised in Table 3 drawing from multiple sources including a re-worked classification of common models offered by Cooperative Housing International (CHI) — one of the eight sectoral sub-organisations of peak cooperative movement body International Cooperative Alliance (ICA) referred to in Section 3.1.⁹⁶ This is by no means a complete inventory of all systems, in all territorial jurisdictions. Rather, it serves to highlight how these cooperative housing systems differ, albeit slightly, from each other and, more importantly, how they substantially differ from conventional property ownership systems.

⁹² Czischke, D., Carriou, C., Lang, R. (2020) *Collaborative Housing in Europe: Conceptualizing the Field*. *Housing, Theory and Society*. 37:1, 1-9. Available from, <https://doi.org/10.1080/14036096.2020.1703611>

⁹³ See Griffith, E, et al (2024) and Crabtree-Hayes, L., et al (2019) referenced in Section 2.1 (Methodology)

⁹⁴ Cambridge Dictionary. *Collaborative*. Retrieved 030-12-2024 from, <https://tinyurl.com/46r5pdb8>

⁹⁵ Cambridge Dictionary. *Cooperative*. Retrieved 030-12-2024 from, <https://tinyurl.com/2kps884c>

⁹⁶ Cooperative Housing International. *Cooperative Housing Models*. Retrieved 08-12-2024 from, <https://tinyurl.com/2vdbecdk>

Table 3 ...continued over
Cooperative housing typologies — core characteristics

Type/ Characteristic	Ownership (Full, limited or mutual equity)	Mutual Aid (Sweat-equity)	Rental	Right of Use/Occupancy
Not-for-profit status	Housing provided at cost sometimes with state or municipal funding — both the upfront cost (where new) and ongoing OPEX. Any surplus is reinvested in the cooperative.	Housing provided at cost sometimes with state or municipal funding — both the upfront cost (where new) and ongoing OPEX. Any surplus is reinvested in the cooperative.	Housing provided at cost sometimes with state or municipal funding — both the upfront cost (where new) and ongoing OPEX. Any surplus is reinvested in the cooperative.	Housing provided at cost sometimes with state or municipal funding — both the upfront cost (where new) and ongoing OPEX. Any surplus is reinvested in the cooperative.
Legal structure	Shares/membership in a cooperative corporation (or society) with a right to occupy (often a lease) paid with equity.	Shares/membership in a cooperative corporation with a right to occupy paid for with personal 'sweat equity'.	Membership/lease in a cooperative corporation with a right to occupy.	Membership/lease in a cooperative corporation with a right to occupy.
Land/building/ unit owning entity	Cooperative. In some cases the land might be provided by the state or municipality via a long-term lease. Can be supported with state subsidies, low-cost loans, tax concessions etc.	Cooperative. In some cases the land might be provided by the state or municipality via a long-term lease. Can be supported with state subsidies, low-cost loans, tax concessions etc.	Cooperative. In some cases the land might be provided by the state or municipality via a long-term lease. Can be supported with state subsidies, low-cost loans, tax concessions etc.	Cooperative. In some cases the land might be provided by the state or municipality via a long-term lease. Can be supported with state subsidies, low-cost loans, tax concessions etc.
Mortgage holder (if any)	Cooperative. Loans or mortgages using the individual unit as security is usually not allowed. Cooperatives can offer loans to shareholders for specific purposes (e.g. kitchen renovation).	Cooperative. Loans or mortgages using the individual unit as security is usually not allowed. Cooperatives can offer loans to shareholders for specific purposes (e.g. kitchen renovation).	Cooperative.	Cooperative.
Common space ownership	Collective.	Collective.	Collective.	Collective.
Equity appreciation	Shares can appreciate in value based on market pricing but realisation of any extra value is often limited by the rules of the cooperative (e.g. after a minimum occupancy in the cooperative). This is especially true in the case of limited and mutual equity cooperatives.	The collective ownership model provides a right to occupy a unit rather than ownership. As such unit pricing remains non-market — protecting members from eviction, predatory pricing, local suburb gentrification and housing aggregation.	Shares and deposits paid to secure a unit are returned at cost when the tenancy ends.	The right of use model provides a long term right to occupy a unit rather than own it. Unit pricing is non-market — protecting members from eviction, predatory pricing, local suburb gentrification and housing aggregation.
Unit pricing mechanism	Allows for market pricing unless the cooperative rules stipulate a formula. In the case of limited equity cooperatives the purchase price is often income based and the sale price is controlled to ensure housing remains accessible and affordable for future occupiers.	Units are not priced in the open market. Pricing is essentially consistent with what the member contributes individually in 'sweat equity'.	Rent is set below market to provide access for low income households — often circa 30% of the occupier's income. Rent varies with income.	Right of use/occupancy cooperatives are not equity based. Rather, the unit occupiers pay a monthly contribution to cover maintenance and OPEX costs. This ensures that housing remains accessible to low income households.
Selling/transfer/ liquidity	Shares can be sold to the new unit occupier sometimes with approval of the cooperative. Sometimes ownership is income based, especially if state subsidies come with conditions imposed. In the case of a mutual, when a member leaves, the shares can be sold to existing owners.	Units cannot be sold and are owned collectively by all members — negating the risk of displacement through sale or eviction and ensuring long-term housing security/stability.	Units cannot be sold and are owned collectively by all members — negating the risk of displacement through sale or eviction and ensuring long-term housing stability.	A key feature of right of use cooperatives is the low entry cost. Occupiers pay a small membership fee (or share cost). Units cannot be sold and are owned by all members — negating the risk of displacement through sale or eviction and ensuring long-term housing stability.

Table 3...continued

Type/ Characteristic	Ownership (Full, limited or mutual equity)	Mutual Aid (Sweat-equity)	Rental	Right of Use/Occupancy
Unit use/ occupation rights	Specific unit occupation rights and responsibility for upkeep. Collective use of common areas such as access-ways, kitchens, workspaces, gardens.	Specific unit occupation rights and responsibility for upkeep. Collective use of common areas such as access-ways, kitchens, workspaces, gardens	Specific unit occupation rights and responsibility for upkeep. Collective use of common areas such as access-ways, kitchens, workspaces, gardens	Specific unit occupation rights and responsibility for upkeep. Collective use of common areas such as access-ways, kitchens, workspaces, gardens
Governance	All decisions relating to the property, common areas, management and ongoing maintenance are made collectively through a democratic process often via an elected board. One vote per member.	All decisions relating to the property, common areas, management and ongoing maintenance are made collectively through a democratic process often via an elected board. This starts at the planning and build phase and continues on through the life of the housing initiative. One vote per member.	All decisions relating to the property, common areas, management and ongoing maintenance are made collectively through a democratic process often via an elected board. One vote per member.	All decisions relating to the property, common areas, management and ongoing maintenance are made collectively through a democratic process often via an elected board. This starts at the planning and build phase and continues throughout the housing life-cycle. One vote per member.
Collective responsibility	Unit shareholders have collective responsibility for decisions relating to the management, maintenance and the financial health of the cooperative. They are expected to participate. Management can be contracted out.	The core difference with Mutual Aid Cooperatives is members contribute 'sweat equity' — skills, resources, labour — to build and manage the housing, reducing costs and cementing solidarity. Outside technical skills are contracted in as needed.	Unit shareholders have collective responsibility for decisions relating to the management, maintenance and the financial health of the cooperative. They are expected to participate. Management can be contracted out.	Typically the cooperative is responsible for building the project and ongoing decisions relating to the management, maintenance and the financial health of the cooperative. They are expected to participate. Usually self-managed to reduce costs.
Share of property OPEX	Usually pro-rata, paid monthly, dependent on ability to pay or where the shareholding comes with state or other subsidies or is income capped. In the case of mutuals costs may be set at 35% of net income and adjustable to allow for income fluctuations. Owners agree and set the OPEX budget which is based at cost.	Pro-rata, paid monthly. Owners agree and set the OPEX budget which is based at cost.	Usually paid monthly, dependent on ability to pay where and any state or other subsidies. All members agree and set the OPEX budget which is based at cost.	Usually paid monthly, dependent on ability to pay where and any state or other subsidies. All members agree and set the OPEX budget which is based at cost.
Countries where common	Sweden, Norway, USA, Denmark, Austria, Switzerland. Mutual Equity cooperatives are notable in the UK.	Originated in Uruguay and has now expanded throughout Central & South America countries — including in El Salvador, Bolivia and Paraguay.	Germany, Switzerland, Austria, Denmark, Canada.	Finland, Denmark, Spain.
Challenges	Without price controls, cooperatives in high demand areas can experience rising share prices and thereby shut out low income households. The model can assist low income families into housing but can require supplementary state or NGO support.	The structure is suitable for assisting low income households into housing. It often needs on-going financial and technical support from the state and/or charities which can be challenging.	The structure is suitable for assisting low income households into housing. It often needs on-going financial and technical support from the state and/or charities which can be challenging.	The structure is suitable for assisting low income households into housing. It often needs on-going financial and technical support from the state and/or charities which can be challenging.
Differences to conventional home ownership	Residents do not own their unit separately but own shares in the cooperative with a right to occupy. Occupiers usually cannot mortgage their unit which gives protection against predatory tactics by funders or aggregators. There are usually rules on the re-sale process and unit pricing. Decisions are made collectively.	The underlying principle is the provision of affordable housing as a common good. A key characteristic is 'self-help' — especially in the planning and building phases. The model by-passes the market, enabling affordable access to quality housing for low and middle income families. Very adaptable to the local context.	Residents have mixed-incomes — increasing socio-economic and ethnic diversity. Often non-profit rental housing cooperatives are very involved in their local community supporting others and local initiatives. Ability to pay is income related.	The model is designed to ensure collective control, affordability based on non-market pricing and housing quality. Typically a cooperative takes collective responsibility for building the project. The cooperative units cannot be converted to private property.

Synthesis

The classifications in Table 3 represent a high level summation to enable an appreciation of the core differences across the main cooperative systems. The 'ownership' classification has grouped the three main types of 'equity' housing cooperatives together. Mutual Aid housing cooperatives are also 'equity' based however the key differentiating characteristics of hands-on 'self help' and the contribution of 'sweat equity' through the complete project life-cycle — planning, building, governance, management — is so distinct as to warrant a separate category.

There are other housing systems with characteristics close to those inherent in cooperatives, such as Community Housing Trusts. However these typically offer access via conventional individual home ownership pathways — either outright purchase, rent-to-buy, or rent — and usually do not exhibit the collective ownership, governance, on-going management and scale characteristics offered by those not-for-profit systems noted in Table 3. Notwithstanding this, Community Housing Trusts make a valuable contribution within our current housing ecosystem.

The term 'co-housing' has recently emerged in the media as an alternative to traditional individual home ownership. In reality co-housing is co-ownership which is an established 'concurrent estate' option within the Torrens⁹⁷ legal title system here in New Zealand — either as 'tenants in common'⁹⁸ or 'joint tenants'⁹⁹ or via shared ownership in a trust, company or partnership. Co-housing should not be confused with cooperative housing as the two have different legal status and co-housing offers none of the core characteristics of cooperative housing referred to earlier.

Company share apartments that still exist in some of our main cities are however very much a form of cooperative housing and exhibit many of their core characteristics — except perhaps the 'not-for-profit' values and affordable housing objectives underpinning most housing cooperatives.

Insights

The recurrent theme across the cooperative housing typologies listed in Table 3 is the overt social (i.e. not-for-profit) objective of providing affordable, secure, good quality housing for lower income members of the community who otherwise would not be able to access this, through organised community action, ownership, governance and management.

⁹⁷ Wikipedia (2024). *Torrens title*. Retrieved 23-12-2024 from, <https://tinyurl.com/7xs735h5>

⁹⁸ Wikipedia (2024). *Concurrent estate. Tenancy in common*. Retrieved 23-12-2024 from, <https://tinyurl.com/bdd5kpsz6>

⁹⁹ Wikipedia (2024). *Concurrent estate. Joint tenancy*. Retrieved 23-12-2024 from, <https://tinyurl.com/3xczzv5>

3.3. Housing policy interventions focused on improved affordability

The term ‘housing affordability’ has very different meanings and relevance based on the country context and personal circumstances of the occupant. For many low to middle income households impacted by the high cost of housing the term has very tangible meaning and consequences — including limited or no access to quality housing, little money left over for food on the table or other essentials and sometimes emergency housing (if they are fortunate) or sleeping rough. For most politicians around the world the term ‘housing affordability’ is personally intangible and financially inconsequential. Their taxpayer-funded salaries and pensions insulate them from the daily challenges faced by the many households overburdened by rent or mortgage payments.

The OECD measures housing affordability using a variety of metrics such as cost, price, income, quality etc. In relation to housing ‘cost’ it adopts the ‘affordable’ threshold as being <30% of household gross disposable income and the ‘overburden’ threshold as >40%. At a country level the overburden ‘rate’ is the proportion of households or population exceeding that level.¹⁰⁰ As noted in Section 1, recent OECD data indicates the housing cost overburden rate in New Zealand for households in the bottom quintile of income distribution as the 2nd highest in the OECD for owners with a mortgage (at ~54%) and 3rd highest for private renters (at ~57%). Politicians in New Zealand have successfully conflated the words ‘housing’ and ‘affordability’ to mean ‘housing supply’. Or more simply, a lack of housing. Whether that is due to ideological reasons or political expediency — we’ll leave it to the market to self-regulate or it’s just too hard — is unclear. What is clear, as highlighted in Section 1, is that we do not have a shortage of housing here, we have a shortage of *affordable* housing. What is equally clear is that an increase in the supply of residential sections and housing does not by itself, especially if delegated to the private sector, result in improved ‘housing affordability’ — especially for low to middle income households. Any notion by politicians, economists or investors that delegation to the private sector, or deference to the economic laws of supply and demand, will result in lower housing prices, is not matched by reality.

Access to good quality and affordable housing is a foundation for any well functioning society. In some countries this is constitutionally enshrined as a ‘human right’. Notwithstanding this, there is a widening gap between any such constitutional principles, law, political rhetoric and housing affordability statistics. Opaqueness regarding ‘affordable housing’ definitions, the multitude of housing typologies and the boundary between ‘affordable’ and ‘social’ housing does not help.

¹⁰⁰ OECD Affordable Housing Database. HC1.5. Overview of affordable housing indicators. Retrieved 27-12-2024, from <https://tinyurl.com/nhdt73pm>

The OECD produces a range of housing affordability indicators which offer some guidance, Table 4 is a re-worked composite of discussions and tables from the OECD Affordable Housing Database document 'HC.1.5. Overview of affordable housing indicators' (referred to earlier) and the 2021 OECD report 'Building for a better tomorrow: Policies to make housing more affordable'.¹⁰¹

Table 4

Selected OECD housing affordability indicators

Indicators	What it measures	Restrictive weaknesses	Observations
Price-income ratio OECD HM1.2 OECD House price tracker	The financial burden of buying or renting is measured via real house or rent price indexes (at the median). The price-income ratio offers a high-level picture of the relationship over time between median nominal house prices and incomes (as indexes at an aggregate level). So, if nominal house prices are increasing faster than nominal income levels it is evident that housing is becoming less affordable.	For policy makers the price-income ratio provides high-level data suitable for cross-country comparisons and highlighting potential systemic market deficiencies. However, it offers no insights on factors directly influencing housing price-income evolution, or any granularity in relation to the distribution of housing costs (i.e. loan costs to purchase housing), who does or doesn't have access to housing, or the quality of the housing.	Because the measure uses aggregated data at a country level it offers little help for policy makers in targeting specific socio-economic subsets that may be more in need of housing support. The OECD has recently developed a new online tool to provide more granularity at a regional and urban level however this still provides no insights across income distributions, residual income after allowing for housing costs, or quality etc.
Expenditure-income ratio OECD HC1.1 OECD HC1.2	Measures spending on housing at an individual household level. The data can be broken down by tenure, income and regions. Affordable housing cost is set at ≤30% of gross disposable income. Housing overburden cost is set at ≥40% of gross disposable income. The country overburden rate is the share of total households spending more than this on total housing costs.	The thresholds adopted by the OECD and EU (Eurostat) for whether housing cost is 'affordable', 'acceptable' or an 'overburden' are arbitrary. They are not necessarily meaningful for low income households where even housing costs of just 10% of gross income may leave little surplus.	The ratios provide high-level data suitable for making cross-country comparisons and highlighting potential systemic market deficiencies. However, the inherent weakness in these ratios is that they do not capture a household's ability to pay, or what income may be left over after housing costs for other essentials, housing quality, or subjective factors that might ameliorate household perceptions of housing cost.
Residual income OECD HC1.3 Shelter poverty indicator Housing hardship measure	After housing mortgage or rent costs, households face many other costs including heating and water utility costs, insurances and repairs and essentials. As poor quality housing can be hard to heat and energy costs are high, the OECD measure is the financial ability of households to heat the dwelling.	The OECD data offers some granularity across low income tenure categories but is for Europe only and does not measure the total household basket of essential living costs. It risks use as a convenient 'filter' with which to screen people out (limiting the state role) and offers few insights on systemic market issues, housing quality or less tangible indicators (e.g. health and wellness).	Residual income measures what income is left over after allowing for housing costs. For policy makers there is a risk of conflating 'cost of living' issues with a housing cost 'crisis' — when an inability to pay for non-housing cost 'essentials' may be more closely related to the cost of those essentials than to the actual cost of housing.
Housing quality OECD HC2.1 OECD HC2.2 OECD HC2.3	Measures what households pay for in terms of housing quality/standards. The indicators are the overcrowding rate (rooms per household member), the number of households without a flushing toilet and deprivation rate which measures maintenance issues.	Housing quality is multi-dimensional and subjective based on cultural norms. For example, unit design, size, light and outlook, energy efficiency, facilities, outdoor space, common areas etc. Data collection, updating, and comparisons across countries would be difficult.	Due to obvious socio-economic and geospatial differences across countries, regions and cities, what constitutes an acceptable housing quality standard (based on the metrics noted opposite) will vary markedly. In-market empirical research will be more insightful.
Subjective factors OECD HC1.4	Draws on respondent survey data on (1) housing stress and insecurity, (2) willingness to support housing policies and the OECD Risks that Matter Survey, Eurofound Living, working and COVID-19 dataset (2023) and Household Pulse Survey of the U.S. Census Bureau (2023).	In-market empirical research can be very insightful at a country, regional or city level. However, this indicator is by its very nature subjective and individual responses on what constitutes housing stress, security, or support for state or city housing policies should be viewed within the specific local context.	The OECD survey responses highlight an anomaly where housing satisfaction can still be high in countries where households on average pay a higher share of disposable income on housing — as is the case in some Nordic states — indicating a willingness to pay more for secure quality housing and services.

¹⁰¹ Adema, W., Plouin, M. (2021). *Building for a better tomorrow: Policies to make housing more affordable*. [OECD Technical Report]. Retrieved 05-01-2025, from <https://tinyurl.com/2ssfjnvx>

What constitutes 'affordable housing' depends very much on the perspective of the individual/household. Some in higher income brackets may think nothing about spending more than 40% of disposable household income on housing costs. Depending on earning ability there may still be substantial residual income after deducting housing costs for expenditure on essential items and for discretionary spending. This will not be the case for many low income households, where even housing costs equivalent to say 10% of disposable income may represent a major financial burden — with the balance income barely sufficient to meet essential non-housing expenditure.

OECD guidance on the use of ratios as an expression of housing affordability is they offer insights for policy makers but come with inherent restrictive weaknesses. As noted in Table 4, the price-income ratio enables cross-country data comparisons and can illuminate systemic market dysfunction — but not the factors directly influencing housing price-income evolution. This ratio is criticised for offering little granularity in relation to distribution of housing costs, who does or doesn't have access to housing, who is most in need, or the quality of the housing. But it 'is what it is' and it seems somewhat frivolous to fault it for what it isn't. The same could be said of the expenditure-income affordability and overburden ratios — where the affordable housing cost is set at $\leq 30\%$ of gross disposable income and the housing overburden cost is set at $\geq 40\%$ of gross disposable income. The OECD delimits the efficacy of these ratios to the extent they don't identify a household's ability to pay, what residual income may be left over for non-housing essentials, the quality of housing, or other subjective factors that might influence perceptions of housing affordability. But *residual income*, *housing quality* and *subjective factors* are housing affordability indicators in their own right and each should not be derogated for not being something it can't be.

The residual income measure has generated a wide body of research and offers a convenient tool for state agencies charged with identifying those most acutely suffering from the high cost of housing, or simply unable to pay anything. Policy makers need to ensure such measures do not confuse the 'cost of living' with a 'housing crisis' — when a household's inability to pay for non-housing cost 'essentials' might more accurately reflect the high cost of those, or the combined cost of housing and essentials, or a corresponding inability to escape the low-wage economy.

Is one measure of housing affordability more important or relevant than another? That will depend on the country, regional, urban or socio-economic context and even on the values, ideology and commercial agenda of the researcher. If the researcher is concerned with specific household needs then residual income may be insightful. If the focus is illuminating systemic market issues, it won't.

Prof. Michael Stone *et al* (2011) contend that the “logical flaws in the ratio approach led inexorably to the residual income concept of affordability” and “the appropriate *indicator* of tension between housing costs and incomes is thus the difference between them—the residual income after paying for housing—rather than the ratio.”¹⁰² The authors traverse a wide field of housing affordability definitions to inform operationalisation of home purchase and renter residual income models and standards for varying household incomes and types to transcend limitations of current approaches. In backgrounding application of the model they note an inability of the current benchmark to explain market reality, “...it would suggest that prices have reached a level of affordability where there could not be any further growth, but in fact they keep growing”(P44). This statement encapsulates the limitations and value of quantitative approaches generally in addressing housing affordability. A residual income model may offer a helpful framework for measuring ‘ability to pay’ along a sliding scale of disposable incomes for varying household and tenure types — analysing the *symptoms* of a dysfunctional housing market — but offers no insights into the *structural* causes of that dysfunction or how to *improve* housing outcomes for all members of society. A residual income model also assumes housing affordability for households that do not meet the residual income standard or criteria is of no concern for policy makers. However, it is reasonable to expect that politicians should be very concerned with lifting the performance of the country across all income distributions. Indeed the authors note that “problems have well and truly reached up the income distribution ladder such that they are no longer limited to the lowest income tiers or to renters...”(P44). This is very evident in the OECD data referred to earlier.

In New Zealand, the state provides free primary and secondary school education, and free or subsidised healthcare, for all citizens. It does not differentiate between or exclude households that may have the financial means to pay for private education or healthcare and is concerned with lifting educational and health outcomes for all citizens. Why would the state not be similarly invested in improving *housing* outcomes for all citizens through both direct provision and indirect enablement? Although secure, affordable and good quality housing for all citizens is fundamental to the success of any well-functioning society, the mechanisms to enable that are glaringly absent in New Zealand domestic law (see Section 3.3.3). Policy makers here have (quietly) evidenced a long commitment to the right to adequate housing, including affordability, security of tenure and associated infrastructure, for all citizens, via approbation of two key United Nations covenants.¹⁰³

¹⁰² Stone, M., Burke, T., Ralston, L. (2011). *The Residual Income Approach to Housing Affordability: The Theory and the Practice*. Australian Housing and Urban Research Institute. P5. Retrieved 20-01-2025 from, <https://tinyurl.com/5c9npedr>

¹⁰³ The Universal Declaration of Human Rights (1948). *Article 25(1)* and the International Covenant on Economic, Social and Cultural Rights (1991). General Comment No. 4. Retrieved 21-01-2025 from, <https://tinyurl.com/faf8r6th>

The Universal Declaration of Human Rights (UDHR) was ratified by New Zealand in 1948 and in Article 25(1) confirms the right of “Everyone” to “...a standard of living adequate for the health and well-being of himself and of his family, including...housing...”. Article 11(1) of The International Covenant on Economic, Social and Cultural Rights (ICESCR), signed by New Zealand in 1968 and ratified in 1978, further reinforces a commitment to the provision of adequate housing for all citizens where it states “...The States Parties to the present Covenant recognize the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions. The States Parties will take appropriate steps to ensure the realization of this right...”.

What constitutes “adequate” housing in the UDHR and ICESCR covenants was defined and adopted at the Sixth Session of the Committee on Economic, Social and Cultural Rights (CESCR) on 13 December 1991.¹⁰⁴ The CESCR affirmed that the right to adequate housing applies to all (6. P2) on the proviso that “Policies and legislation should correspondingly not be designed to benefit already advantaged social groups at the expense of others.” (11. P5). The CESCR acknowledged social and cultural differences between states but identified seven core factors relating to the right to adequate housing that “must be taken into account” by states (8. P3-4), summarised in Table 5.

Table 5

CESCR General Comment No. 4: The Right to Adequate Housing (Art. 11 (1) of the Covenant)

Core aspects of housing adequacy	Explanatory notes
Legal security of tenure	Tenure refers to a variety of forms including; private and public rental, cooperative housing, lease, owner-occupier, emergency housing and informal settlement. States should consult on and ensure legal security of tenure and legal protection against forced eviction, harassment etc. for persons/households currently lacking such protection.
Availability of services, materials, facilities and infrastructure	An adequate house must contain certain facilities: natural and common resources, safe drinking water, energy for cooking/heating/light, sanitation/washing, food storage, refuse disposal, site drainage and emergency services.
Affordability	Housing costs should not compromise other essential needs and be commensurate with incomes. State subsidies, finance and rent controls should be available to assist persons/households unable to procure affordable housing.
Habitability	Housing must be adequate to protect from adverse climate, health and structural vectors and ensure physical safety.
Accessibility	Adequate housing must be made available/prioritised to disadvantaged groups: elderly, children, disabled, severely ill or medically stigmatised, disaster prone communities. State policy and legislation should facilitate this objective.
Location	Adequate housing whether in urban or rural contexts must be made available close to employment options, health-care services, schools, childcare centres and other social facilities and in ecologically suitable environments.
Cultural adequacy	Housing construction and materials and related policies must enable expression of cultural identity and diversity whilst not compromising on modern technologies/facilities.

¹⁰⁴ United Nations, Office of the High Commission for Human Rights. *CESCR General Comment No. 4: The Right to Adequate Housing (Art. 11 (1) of the Covenant)*. (1991). Retrieved 21-01-2025 from, <https://tinyurl.com/47tb5tf8>

For the purposes of "...full realisation of the right to adequate housing.." the CESCR General Comment No. 4: The Right to Adequate Housing (Art. 11 (1) of the Covenant) notes that each member state will take whatever steps necessary to achieve that purpose based on their particular circumstances, however it "...will almost invariably require the adoption of a national housing strategy...". It further notes paragraph 32 of the 'Global Strategy for Shelter to the Year 2000' which "defines the objectives for the development of shelter conditions, identifies the resources available to meet these goals and the most cost-effective way of using them and sets out the responsibilities and time frame for the implementation of the necessary measures"(12.P5).

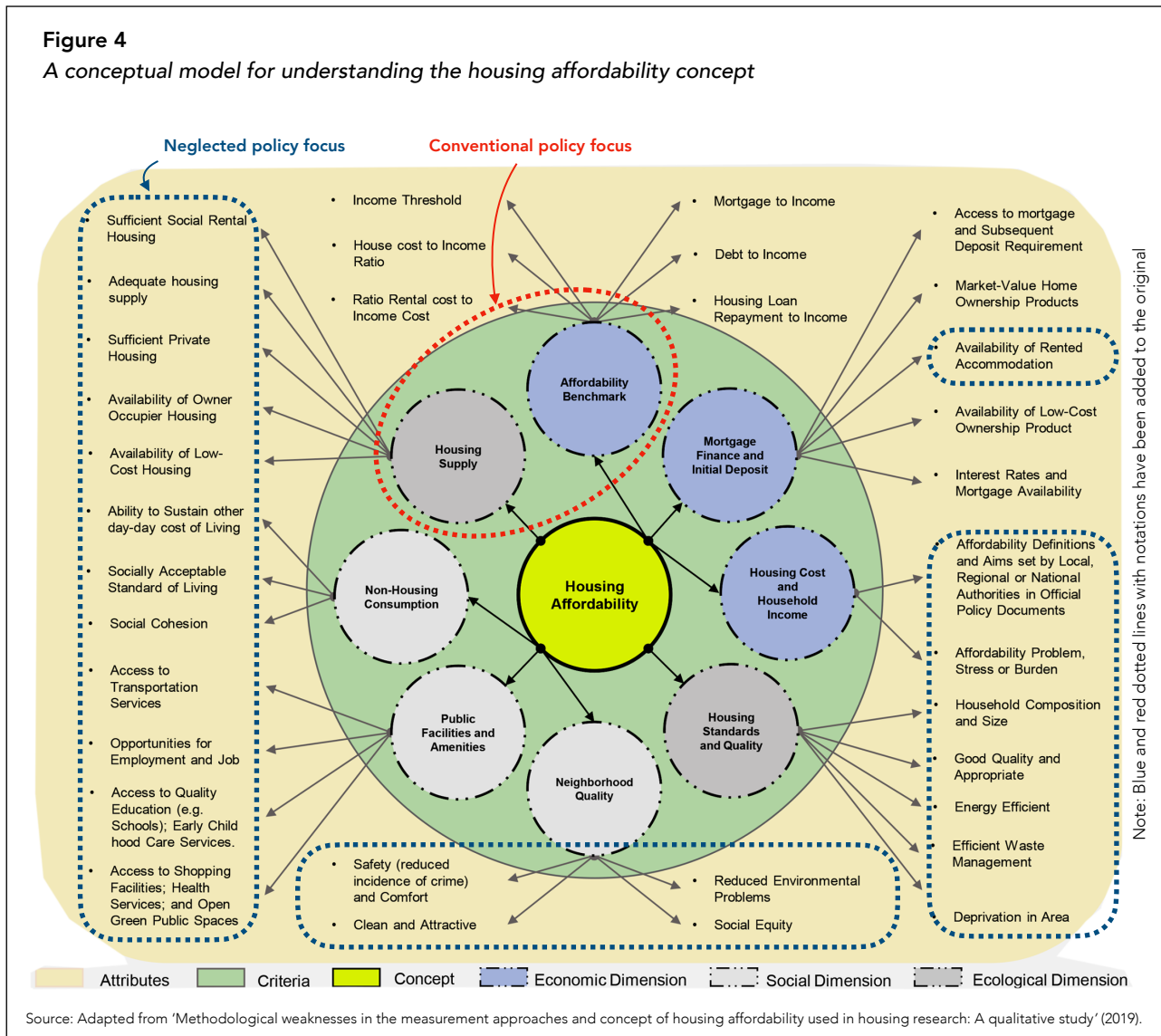
It is apparent that New Zealand has fallen well short of its international commitments on provision of adequate housing across all core aspects noted in Table 5. Tenure options here are limited and reliant almost entirely on private for-profit housing (both for rental and ownership). Availability of infrastructure is financially constrained and access to affordable housing materials and choice is hampered by limited competition in the supply chain. Too many low income households have little disposable income left over after housing costs for essentials. Housing rent controls are weak and state subsidies limited. The quality of housing exemplified by the 'leaky homes crisis' is a national disgrace. Disadvantaged and disaster prone communities are often reliant on regional and local support with only ad hoc state intervention. State policy has focused mainly on greenfield land development located distant from employment and public transport and housing typologies are culturally 'vanilla'. Housing affordability is amongst the worst in the OECD. We can do better.

Synthesis

Governments (globally) seem stuck in a kind of *neo-classical economics* vacuum which has literally sucked affordability (and equality) out of the housing market. Reliance on the for-profit sector to increase supply of land and in doing so somehow *magic-up* housing affordability out of thin air, has been 'found-out' to be flawed. The definitions and tools historically used to measure affordability may be contributing to our economic ideology-based and ad-hoc housing policies which seem to ebb and flow with each election cycle. There is much literature on deficiencies relating to the concept and definitions of housing affordability — which lean heavily toward economic factors. Such weaknesses in traditional approaches to measuring housing affordability are examined in the research article 'Methodological weaknesses in the measurement approaches and concept of housing affordability used in housing research: A qualitative study' (Ezennia, I.S., Hoskara, S.O., 2018). The authors note that measuring housing affordability dates back more than 40 years and over this timeline a huge number of approaches have been developed by researchers of "diverse orientation" leading to what some describe as "methodological chaos" and a "vexed" concept.

They further note that housing affordability literature “reveals an abundance of differences and at times contradictory definitions, concepts, techniques and methodological ideas...” and “...the nearly sole reliance on the conventional approaches in the reformations of policy instrument, despite their over-whelming weaknesses.”¹⁰⁵ The authors map out a multi-dimensional model of the housing affordability ecosystem (see Figure 4).¹⁰⁶ Many factors (especially non-economic) are often partially, or even entirely, neglected by policy makers (highlighted by the dotted blue lines).

Figure 4
A conceptual model for understanding the housing affordability concept



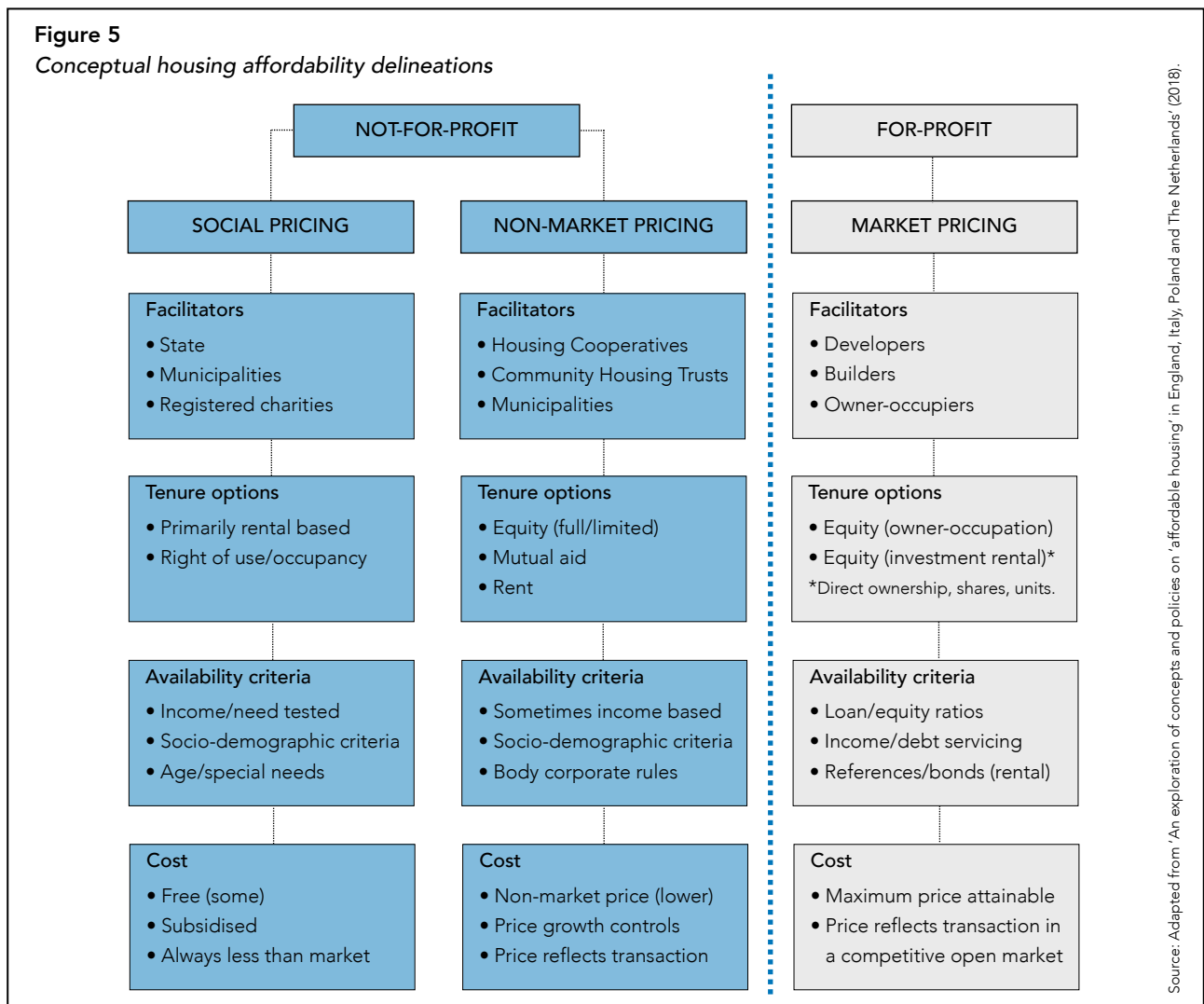
Clearly affordability is influenced by much more than purely economic factors — yet the definitions and tools bureaucrats and policy makers tend to focus on when seeking to address affordability represent just two components of the overall ecosystem above. ‘Benchmarks’ and ‘Supply’.

¹⁰⁵ Ezennia, I.S., Hoskara, S.O. (2019). *Methodological weaknesses in the measurement approaches and concept of housing affordability used in housing research: A qualitative study*. PLoS ONE 14(8): e0221246. <https://doi.org/10.1371/journal.pone.0221246>

¹⁰⁶ Adapted from an open access reproduction from the authors paper noted in footnote 105 in turn adapted from works by Arman M, Zuo J, Wilson L, Zillante G, Pullen S. (2009), Mulliner E, Smallbone K, Maliene V. (2013) and Mulliner E, Malys N, Maliene V. (2016).

Whilst the affordability definitions discussed earlier and the many *non-economic* dimensions noted in Figure 4 individually, or collectively, provide a sense of housing ‘affordability’ at a ‘high level’, they only hint at market dysfunction and provide no tangible insights in relation to the fundamental root causes of the high cost of housing — or more importantly how to fix these. Further, a focus on ‘definitions’ seems a bit like “fiddling while Rome burns” — it doesn’t really matter — when improving housing affordability may be as simple as increasing the permanent level of housing stock outside the ‘for-profit’ sector.

The continued reliance on the ‘for-profit’ private sector to provide affordable housing seems a fundamental part of the problem. As housing affordability is an issue particularly impacting low to middle income households, and the provision of affordable housing is not something the ‘for-profit’ housing sector (if left to itself) caters for, it is relevant to examine ‘market’ and ‘non-market’ delineations within the components of the affordability ecosystem noted in Figure 4. These delineations are conceptualised in Figure 5.



As noted in Figure 5, outside the open market there are two distinct not-for-profit¹⁰⁷ delivery pathways — social and cooperative housing — where pricing is below market. In New Zealand <4% of total housing stock sits on the ‘not-for-profit’ side of the dotted line — and the cost of housing for low to middle income households is amongst the highest in the OECD.

The ‘for-profit’ and not-for-profit’ delineations shown in Figure 5 are adapted from affordable housing concepts, policies and trends examined by Czischke and van Bortel (2018) in England, Italy, Poland and The Netherlands.¹⁰⁸ Trends highlighted by the authors included social housing sectors “facing stagnation” with no evidence of growth and “policy uncertainty and market volatility” evident across the affordable housing landscape in the countries studied. They note that “affordable housing in all four countries is becoming a more distinct field, in parallel to social housing” and that “social (public) housing is mostly accommodating people on very low-incomes and those with special needs.” Recommendations for policy makers arising from this research include the need for government agencies, at all levels (state, regional, local), to enable the “preconditions for affordable housing to develop — notably in terms of access to affordable land and finance.” This is especially important in the context of continued house price volatility and growth, the high cost of private sector finance, commodification of housing assets and investor priorities maximising profit. Concluding remarks by the authors highlight where the policy focus might best be directed to improve affordability. That is, the variegated ‘not-for-profit’ terrain that exists between the provision of ‘social’ housing — increasingly being reduced to that of a ‘safety net’ for those with no (or very low) income or special needs — and the ‘for-profit’ housing sector. Low to middle income households that do not meet eligibility criteria for ‘social’ or ‘for-profit’ housing (including young families, elderly, single persons, essential service workers) need wider ‘affordable’ options. The authors say,

“Against this backdrop, the emergence of alternative forms of affordable housing provision stands out. These include a wide variety of self-organised collective housing provision initiatives, also called resident-led or ‘collective housing’... While not (yet) in large numbers, the strategies applied in these initiatives represent examples of (social) innovation, notably in the field of non-profit-maximising models for affordable housing. These bring up opportunities for socially responsible lending by private actors, as well as crowd funding. Policy makers at different levels ought to support these initiatives and link them up with their own policies and programmes to support the development of affordable housing.”

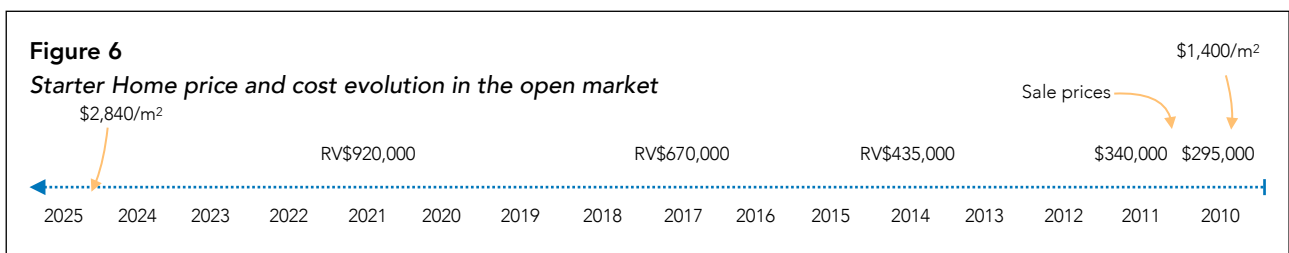
¹⁰⁷ Wikipedia (2024). *Not-for-profit organization*. A legal entity that does not distribute surplus funds to its members and is formed to fulfil specific objectives. Retrieved 22-01-2025 from, <https://tinyurl.com/n7smjkh5>

¹⁰⁸ Czischke, D., van Bortel, G. (2018). *An exploration of concepts and policies on ‘affordable housing’ in England, Italy, Poland and The Netherlands*. *Journal Housing and the Built Environment* (2023) 38:283-303. Retrieved 07-01-2025 from, <https://tinyurl.com/8ucn5jcm>

The ‘elephant in the room’ here, that is the issue no politician wants to talk about when it comes to declining housing affordability, is the continued reliance on the private (for-profit) sector for the delivery of affordable housing. In New Zealand, except for tiny state, municipal and charity social housing sectors and a very inchoate community housing sector, housing delivery is entirely reliant on the for-profit private sector. But both the land and building components come with substantial built-in profit margins to cover the ‘risk and reward’ of the land developer, the house builder, the building materials distributor and others in the value chain. Any notion that the for-profit sector can deliver truly ‘affordable housing’ is both financially and ideologically irreconcilable.

What happens to public housing when it is subsumed in the open market is graphically illustrated in the house price evolution of the winning design (following completion) in the Housing New Zealand ‘Starter Home’ design competition launched in 2008 (Saville-Smith, K., 2023).¹⁰⁹ When announcing the initiative then Minister of Housing Maryan Street said “Housing affordability is a critical issue for Kiwis who work hard and save but are still not able to buy their own home”. The then Minister of Building and Construction Shane Jones noted “The cost of building a house means that for many people, particularly first-home buyers, building is not an option. This competition will help show that with innovative designs of homes that are not unnecessarily large, building a home can also be an option.”¹¹⁰

Criteria for the design competition included innovation, functionality, design, floor area no bigger than 120m² and a build cost of no more than \$1,400/m². Eventually some 160 starter homes were built at costs ranging between \$1,600-\$1,700/m². Public property records show that the 125m² winning Starter Home design, built by Housing New Zealand at 125C Prestons Road in Otaru Auckland, initially sold on 06-11-2010 for NZ\$295,000 and then again the following year on 25-07-2011 for NZ\$340,000. The property has since remained in the same ownership and has a 2021 (current at 2024/25) rating valuation of NZ\$920,000 (see Figure 6).



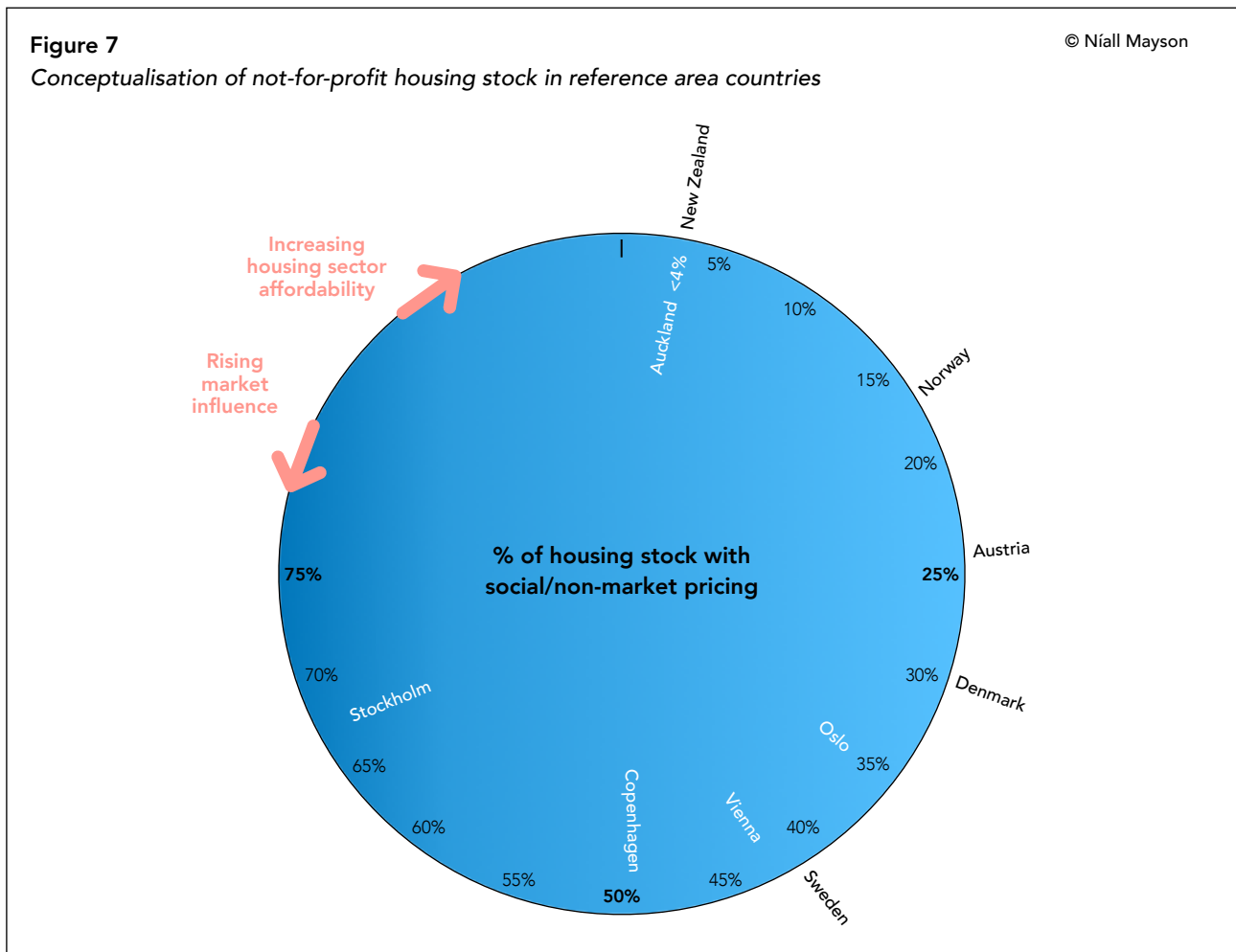
¹⁰⁹ Saville-Smith, K. (2023). *Build Costs, Prices, and Affordable House Retention: A case study of the Starter Home*. Building Better Homes, Towns and Cities National Science Challenge, Affordable Housing for Generations, June, 2023, Wellington: AFHG, BBHTC

¹¹⁰ New Zealand Government (2008). Starter home design competition announced. [Press release]. Retrieved 10-1-2025 from, <https://tinyurl.com/yxmjku26>

So since entering the open market just over 14 years ago the estimated capital value of the Starter Home has increased by circa 212%, nominally 15% p.a. The property has a current estimated land value of NZ\$565,000 and a building improvements value of NZ\$355,000.¹¹¹ This therefore implies a depreciated building value of NZ\$2,840/m² — more than twice the target 2010 new build cost (based on the 2008 design competition cost maximum of NZ\$1,400/m²).

That level of price growth could not have happened had the Starter House been retained in the social housing pool or was developed utilising a ‘not-for-profit’ housing structure (e.g. cooperative housing). Under either of those scenarios house pricing would have been strictly controlled based on need, socio-demographic profile, strict income thresholds, or a set non-market pricing formula.

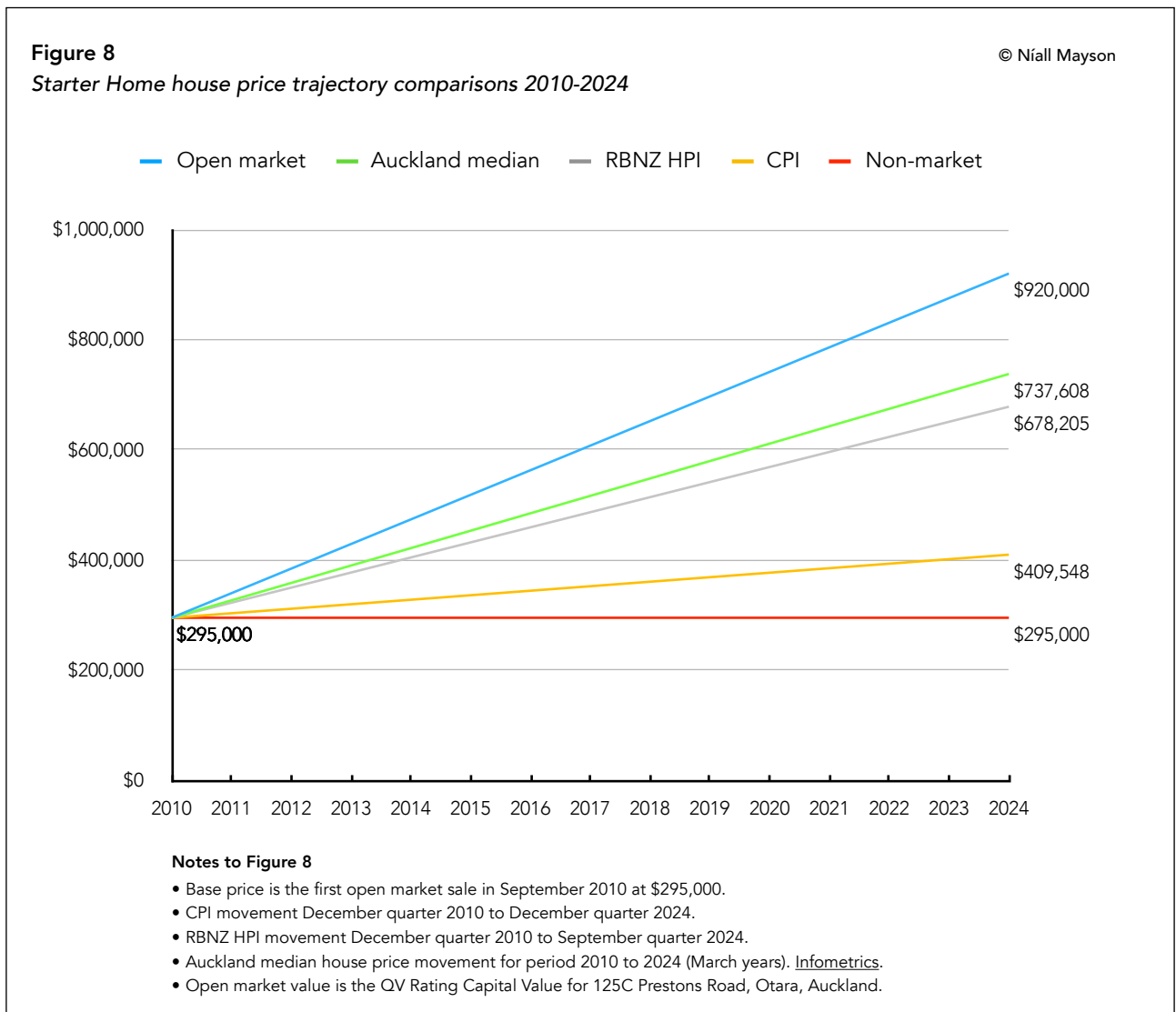
Reference area countries have made substantial progress in establishing a large permanent stock of not-for-profit housing. New Zealand has a long way to go to diversify its very two-dimensional and largely for-profit housing base (see country/city comparisons in Figure 7).



¹¹¹ TradeMe Property. Property record for 125C Prestons Road, Otara, Auckland. Retrieved 10-1-2025 from, <https://tinyurl.com/5ek6v7rm>

At a theoretical level, in two housing markets A and B with otherwise identical characteristics, increasing the proportion of housing stock that is not-for-profit in market A will improve total housing market affordability in relation to market B and that improved housing affordability will be maintained over time. That is simply because there is a greater proportion of overall housing stock in market A where pricing is based on some form of non-market criteria — with profit and capital appreciation expectation/realisation removed from the equation. The contribution of profit and capital gain expectation/realisation to declining housing affordability varies but is substantial.

Figure 8 shows the comparative house price trajectories for the Starter Home discussed earlier, either if developed and subsumed in the open market (the proxy current market value), or developed and retained in some form of not-for-profit housing structure subject to non-market pricing criteria. For further market context, actual price movement comparisons are also shown for the Auckland median house price, RBNZ HPI and CPI (from 2010-2024 (see Figure 8 notes).



The comparative data timelines in Figure 8 do not align exactly but are more than satisfactory for demonstrating the value of non-market price housing systems. The equity, limited equity and mutual aid cooperative housing systems categorised and discussed in Table 3 exert some form of control on the re-sale of shares or occupancy right, and the sale price, through the cooperative rules. Invariably the purpose of a housing cooperative is to provide affordable housing over the long-term. Housing cooperatives can allow for appreciation of equity but where this is provided for in the rules it is usually limited in some way. For example, the in-going price of shares and right of occupancy plus the value of any agreed improvements made by the occupant. Often, however, shares in an equity housing cooperative are returned at cost when the occupancy ends.

Exactly what form of not-for-profit housing system might be used as an alternative to for-profit housing is largely irrelevant for the purpose of demonstrating the concept of housing affordability improving as the proportion of not-for-profit housing stock increases. Even in the situation where equity growth was linked to movement in say the consumer price index, this would limit price evolution to well below any of the open market house price indicators shown in Figure 8. Rounded up, the equity appreciation comparative figures over the period shown are 39% (CPI), 130% (RBNZ HPI), 150% (Auckland median house price) and 212% (QV proxy current market value). And of course 0% if shares in an equity housing cooperative are returned at cost.

The potential for runaway pricing in an unregulated market is starkly evident in the proxy open market price of \$920,000 for the Starter Home shown in Figure 8. The lack of targeted market intervention in the housing sector fosters market instability — high prices and rapid price growth. If that Starter Home had been developed within a not-for-profit system future pricing would have remained *affordable* for future households seeking housing. The very point of the Starter Home competition was, as the Minister stated, to “help show that with innovative designs of homes that are not unnecessarily large, building a home can also be an option”. The Starter Home competition was an admirable initiative and the winning design demonstrated that innovative design, quality and lower cost can coalesce in the form affordable housing. The politicians simply forgot what happens next if the property is then left to the open market.

Any unregulated market will extract the highest price available for the supply of goods or services. There is nothing ideologically flawed with the idea of growing shareholder or personal wealth by taking on risk and adding value above the cost of capital through the application of flair and effort.

That will continue to work for the proportion of property owners who already own and transact in that system and those that have the financial resources to pay the asking price. But the system is showing signs of stress and dysfunction. The rate of home ownership is on a slowly declining trajectory and many households are experiencing severe housing overburden costs with little money left for essentials. It seems politically reckless to continue to look to the unregulated for-profit sector to deliver affordable housing when *profit-taking* is embedded in the *modus operandi* and represents such a large component of the overall housing cost and barrier to affordability.

A report prepared by DTZ Research in 2004 for the Centre for Housing Research, Aotearoa New Zealand (now defunct), concluded that affordability is a house *price*, not *cost*, issue (P92)¹¹², notwithstanding referencing earlier work by Russell Kenley (2003)¹¹³ that found housing costs in New Zealand were ~50% higher than in Australia (P71). Housing price and cost are obviously inextricably joined by profit margin to achieve the required return on investment. This can be expressed as $\text{Price} = \text{Construction Costs} + \text{Profit Margin} (= \text{target ROI})$.

Section 1.2 touched on the requirement for land developers and property investors to achieve a minimum return on investment over a project life-cycle — typically in the order of a pre-tax Internal Rate of Return (IRR) of ~20% through a discounted cash flow (DCF) analysis. The selection of the required reinvestment rate depends on the financial obligations of the specific business entity to any shareholders and creditors together with taxation and which contribute to its weighted average cost of capital (WACC). A target reinvestment rate above WACC will add to shareholder wealth and the rate selected is usually dependent on what is supportable in the specific industry or investment area and the management skills of the entity. Assuming a static target IRR, the implied project margin, expressed either as a percentage of net earnings before interest and tax (EBIT) or after interest, will vary +/- based on the nature, complexity and length of the project. The implied margin for a complex and large-scale greenfield land development project with very long development and sell-down timelines can be substantial. This is due to unavailability of positive net cash flows from any land development occurring toward the end of the project life-cycle and being substantially discounted via the DCF analysis to calculate their net present value (NPV) to an investor. The time required to recover the cash outlay is referred to as the payback (or payout) period and up to that point the project cash flows accumulate (negatively) and accrue interest. This has direct implications for the price of any housing tied to greenfield land development.

¹¹² DTZ Research (2004). *Housing Costs and Affordability in New Zealand*. Centre for Housing Research, Aotearoa New Zealand. Retrieved 05-02-2025 from, <https://tinyurl.com/5d89z9ax>

¹¹³ Kenley, R. (2003). "Strewth Mate! It's a rip off" *Architecture New Zealand*, No 4 July August 2003. PP92-94.

The impact project *profit margin* has as a component of final price is demonstrated in Table 6 — which is a simulation of cost components for a large-scale greenfield land development project comprising ~3,500 housing unit equivalents (HUEs) with a 10-year development horizon.

Table 6

Components of land cost and price — in descending magnitude

LAND DEVELOPMENT COST COMPONENT ¹	% of total costs pre application of IRR	% of gross income post application of IRR~20%
Margin for profit & risk (<i>contributing to end price</i>) ²		42.09%
Construction	49.08%	28.42%
Greenfield land acquisition (<i>as zoned for a bulk lot development</i>)	20.26%	11.73%
Contingency (<i>on total escalated construction costs</i>)	6.45%	3.73%
Escalation (<i>during construction phase</i>)	6.44%	3.73%
Interest ³	5.14%	2.98%
Municipal development contributions	5.11%	2.96%
Project marketing fee	2.59%	1.50%
Professional fees (<i>incl. disbursements</i>)	2.34%	1.36%
Ecological/community development	0.99%	0.57%
Stakeholder O/H reimbursement	0.54%	0.31%
Insurances (<i>all risks</i>)	0.36%	0.21%
Legal conveyancing	0.35%	0.20%
Municipal land rates, consent monitoring, bulk title issue	0.24%	0.14%
Promotion/advertising, collateral, supporting technical reports	0.08%	0.05%
Bank facility fees	0.04%	0.03%
Totals	Total costs 100%	Gross realisation 100%

¹ Derived from the author's proprietary modelling/resources. Gross realisation = Gross sales (or price).

² Unlike other project costs, the project *margin* is elastic within the constraint of the maximum price the market will sustain.

³ Notional. Calculated at the periodic interest rate applied against the total cumulative project cash flows up to project payback.

In the above example, the implied project margin required to achieve the target IRR of ~20% represents the largest component of all those making up gross realisation. The magnitude, in this case ~42%, is simply due to the very long project timeline in this hypothetical model (based on both actual and estimated costs). Every project is different and typically financial margins can vary between ~20% to ~30%. The target IRR will depend on the contributing factors discussed earlier. The example above is for greenfield land development before any more intensive subdivision or housing is built — which in turn will attract margins on materials, plant and equipment, trade and professional inputs and a margin for profit and risk (and taxation). These margins can be either fully or partially negated with not-for-profit housing systems sited on brownfield or public owned land.

Insights

When thinking about many of the issues discussed, it is important to refer back to the for-profit and not-for-profit delineations shown earlier in Figure 5. Not-for-profit pricing mechanisms include both ‘social pricing’ and ‘non-market pricing’. Non-market pricing co-exists happily in the private sector realm — but outside for-profit motivation. The political approbation of policies focused on enabling not-for-profit housing actors and increasing the stock of non-market priced housing is an easy path toward improved housing affordability. However, in New Zealand, policy makers have instead focused on enabling for-profit commercial actors to develop land and housing — thereby embedding overburden costs within a housing sector almost exclusively priced at market. As noted in Figure 7, <4% of all housing in New Zealand (and Auckland) is estimated to be social and non-market pricing. This compares to Sweden with ~42% of housing stock with social and non-market pricing and ~67% in Stockholm (including all forms of social rental housing and housing cooperatives).¹¹⁴

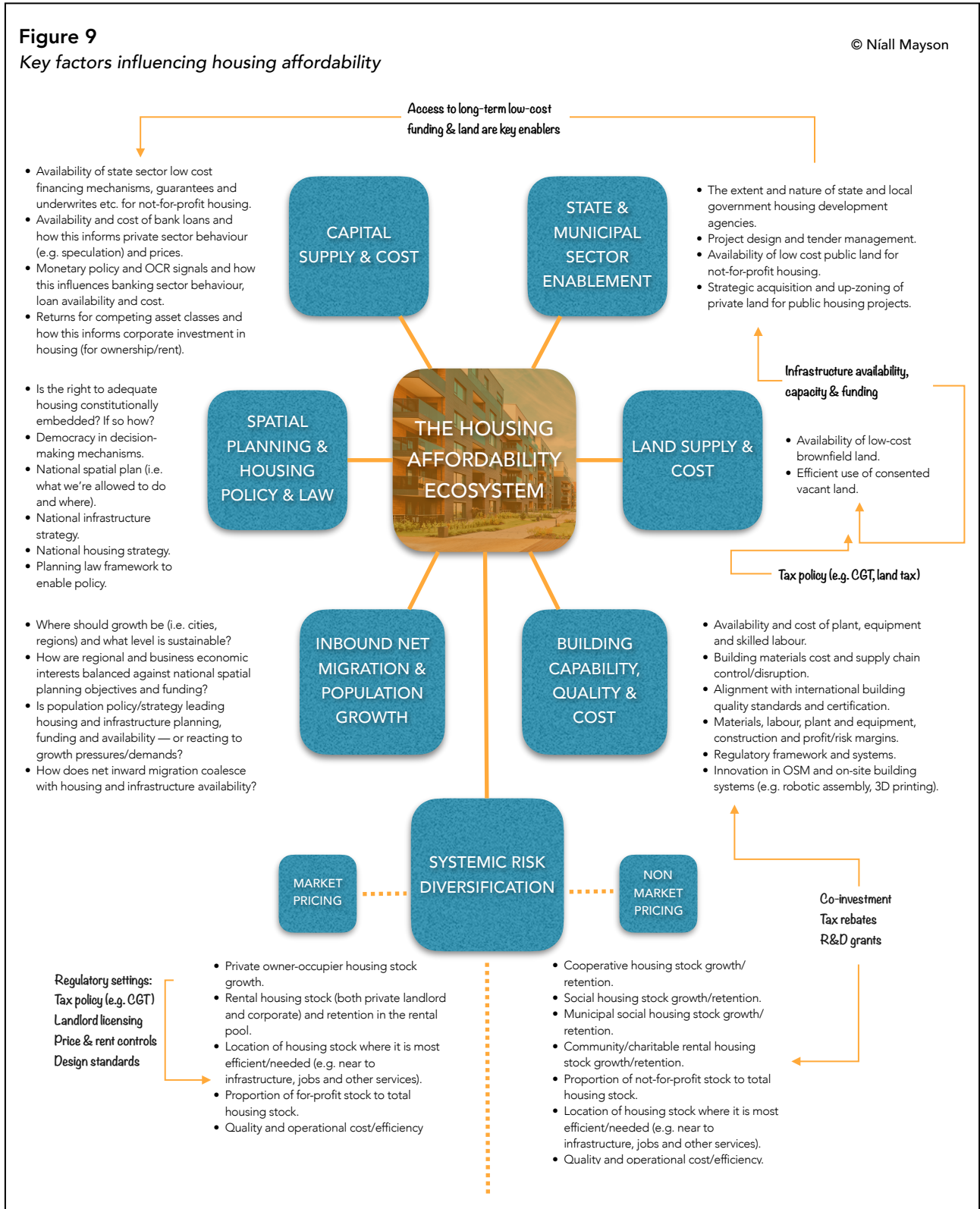
Much of the very large body of academic research on the issue of housing affordability has tended to focus on trying to define it rather than on the key factors influencing it and, more importantly, how to improve and maintain housing affordability over the long-term. Obviously finding enduring solutions is important and urgent for those most in need — the low to middle income households struggling to access and pay for adequate housing. However, as noted previously, improving system-wide housing affordability should also be of concern to policy-makers. Placing increasingly narrow definitions around what constitutes *housing affordability*, *affordable housing* and *need* is a convenient tactic for politicians to justify a shrinking state responsibility for the provision of social housing. This is evident in some European countries (see Czischke, van Bortel) and here in New Zealand with the announcement by the Sixth National Government of an effective freeze on social housing stock — with the building of new stock and renovation of existing stock more or less balanced by demolition and the disposal of existing social houses sited in gentrified suburbs.¹¹⁵

Reducing the role of the state to the provision of social housing for only those parts of society on the lowest incomes, or with special or emergency needs, is not an enduring panacea for the high cost of housing. This *reductionist* policy approach ignores the causal factors of market dysfunction which, if not addressed holistically, will simply guarantee an increasing demand for social housing.

¹¹⁴ Statistics Sweden. Number of dwellings by region and type (2023). Retrieved 05-02-25 from, <https://tinyurl.com/bejv4ps8>

¹¹⁵ Sixth National Government. *Turnaround plan to get Kāinga Ora back on track*. [Beehive Press Release]. Retrieved 06-02-2025 from, <https://tinyurl.com/4f34pwa3>

Figure 9 is a conceptualisation of the housing affordability ecosystem highlighting key overlapping factors influencing affordability — synthesised from the earlier literature review and Figures 4 and 5 — which can be utilised as an iterative framework to inform *proactive* housing policy interventions. The components of this framework are discussed in Sections 3.3.1 to 3.3.7.



3.3.1 State and municipal sector enablement

State enablement features strongly in reference country housing sectors in a variety of forms including construction funding and guarantee mechanisms and housing agencies operating at a state and/or municipal level. Such agencies are empowered via housing legislation to facilitate the procurement of low-cost capital and land for large-scale not-for-profit housing projects — social, cooperative, rental and ownership. Functions can include identifying and making available under-utilised public land, strategically acquiring and up-zoning private sector land suitable for housing projects, master planning, coordinating design competitions and tenders, authorising and monitoring housing providers etc. All states and municipalities with large proportions of not-for-profit housing stock have affordable housing enablement systems embedded in the housing ecosystem proactively facilitating not-for-profit urban housing — whether new or regeneration.

The nearest equivalent in New Zealand is Kāinga Ora Homes and Communities (Kāinga Ora)¹¹⁶, a social and urban housing development agency monitored by the Ministry of Housing and Urban Development (MHUD)¹¹⁷. MHUD itself emerged in 2018 from a re-structuring of state housing related entities within Treasury, the Ministry of Social Development (MSD) and the Ministry of Business Innovation and Employment (MBIE) and in 2019 Housing New Zealand Corporation, Hobsonville Land Company and Kiwibuild merged to become a new Crown Entity — the Housing and Urban Development Authority (Kainga Ora) — under the Kāinga Ora–Homes and Communities Act 2019¹¹⁸. Kāinga Ora has two main functions; (1) provision of rental housing and related services, loans and advice for those sections of society who need it most and (2) the initiation and facilitation of urban development on its own account or with other parties.

In terms of housing, Kainga Ora’s functions encompass public housing, community housing, affordable housing, homes for first-home buyers and market housing. Quite why it is enabled by the Kāinga Ora–Homes and Communities Act 2019 to “initiate”, “facilitate” and “undertake” “market housing “... “whether on its own account, in partnership, or on behalf of other persons”, is unclear. This seems an ill-fitting inclusion in the legislation — especially when for-profit market pricing has been shown to negatively affect affordability and initiating, facilitating and undertaking non-market priced housing would better address affordability issues.

¹¹⁶ Kāinga Ora Homes and Communities (Kāinga Ora). [Website]. Retrieved 22-02-2025 from, <https://kaingaora.govt.nz/>

¹¹⁷ Ministry of Housing and Urban Development (MHUD). [Website]. Retrieved 22-02-2025 from, <https://www.hud.govt.nz/>

¹¹⁸ Kāinga Ora–Homes and Communities Act 2019. Retrieved 22—2-2025 from, <https://tinyurl.com/2a98ca8p>

Notwithstanding a specific legislative function to provide “public”, “community”, affordable” and “first-home” housing, Kāinga Ora's entire large-scale urban development portfolio comprises just eight projects. The *social* housing share within those on completion is estimated at ~30% of the total — substantially replacement or upgrading of existing stock. The *affordable* housing share is estimated at ~30% with no apparent restrictions on future sale or pricing. Planned new homes at full market pricing comprise ~40% of the total. So in the absence of any long term pricing controls on the *affordable* housing component these homes will eventually become subsumed within the open market — meaning ~70% of the homes in the Kāinga Ora large-scale housing programme are or will be *market homes* at full market pricing. The data in Table 7 has been collated from various Kāinga Ora websites (including those noted below) — some of which contain conflicting information. The data does however provide an indication of the direction state housing agency Kāinga Ora is taking — which is heavily skewed toward market housing.

Table 7
Kāinga Ora urban development sites — large-scale projects

Project	~Social housing (new, & replacement of existing)	~Affordable housing	~Market housing	~Total planned housing stock (on completion)
Hobsonville Point ¹	-	811	3,243	4,054
Northcote ²	480	-	1,220	1,700
Roskill ³	3,667	3,667	3,667	11,000
Oranga ⁴	433	433	433	1,300
Mangare ⁵	3,333	3,333	3,333	10,000
Tāmaki ⁶	3,500	3,500	3,500	10,500
Te Rā Nui (Porirua) ⁷	2,000	1,000	1,000	4,000
Lakeside (Waikato) ⁸	-	330	1,320	1,650
Totals ⁹	13,413	13,074	17,716	44,204
Housing shares ⁹	30.34%	29.58%	40.08%	100%

Notes to Table 7 (data inconsistencies are evident in Kāinga Ora's main website and in the project websites noted below)

¹ See <https://hobsonvillepoint.co.nz/>. Affordable housing target 20% of total. No data on existing or new social housing.

² See <https://northcotedevelopment.co.nz/>. Market homes based on allocation of social & total of ~1,700.

³ See <https://roskilldevelopment.co.nz/>. 1/3 social homes, 1/3 affordable homes & 1/3 market homes.

⁴ See <https://orangadevelopment.co.nz/>. Conflicting data on housing allocations. 1/3 each for social, affordable & market.

⁵ See <https://mangeredevelopment.co.nz/>. 1/3 social homes. 2/3 affordable & market homes split 50/50.

⁶ See <https://tamakiregeneration.co.nz/>. 1/3 social homes, 1/3 affordable shared ownership & rental homes & 1/3 market homes.

⁷ See <https://teranuidevelopment.co.nz/>. 2,000 existing state homes to be upgraded & 2,000 new affordable & market homes built.

⁸ See <https://lakeside.nz/>. Affordable housing target of 20% of the total. No data on new social housing.

Kāinga Ora is further enabled via the Urban Development Act 2020¹¹⁹ “to facilitate urban development that contributes to sustainable, inclusive, and thriving communities” through “specified development projects”. At the time of writing Kāinga Ora had put forward two “specified development projects” for consideration by the relevant Ministers (Housing and Finance) — one of which was declined and the other which was still awaiting a decision.

Synthesis

A key urban development function within the Kāinga Ora—Homes and Communities Act 2019 is for Kāinga Ora to provide a leadership or co-ordination role including “by supporting innovation, capability, and scale within the wider urban development and construction sectors” and “leading and promoting good urban design and efficient, integrated, mixed-use urban development”. Yet promotion of innovation in the kind of tenure systems and integrated spatial design approaches exemplified by many European equity and rental housing cooperatives is glaringly absent in Kāinga Ora’s output. The same can be said for the promotion of innovation, capability and scale in new off-site and on-site housing construction systems which are specifically noted in the legislation but also absent in Kāinga Ora’s output. These are all key factors influencing housing affordability and highlighted in Figure 9 — but are of little (if any) interest to the for-profit actors currently invested in the traditional housing sector value chain. Yet it may be through innovation in new not-for-profit housing systems, enablement of not-for-profit actors and sector capability building where the biggest improvements in affordability lie. Clearly the relevant legislation anticipates and enables Kāinga Ora as a hands-on actor in the housing ecosystem through the direct provision of “public”, “community”, “affordable” and “first-home” housing and through a “leadership” and “coordination” role in both “innovation” and “capability” building.

The fact that direct provision by Kāinga Ora of net new “public” housing has been effectively capped by the Sixth National Government¹²⁰, the building of “community”, “affordable” and “first-home” housing has been largely left to the for-profit sector — with “market housing” unsurprisingly predominating — and little (if any) intellectual or capital investment is occurring in “innovation” and “capability”, indicates dissonance at a management, governance, funding or political level (or all). In the absence of ideology-free thinking and long-term pan-political housing policy, constitutionally protected, improvements in housing affordability may remain illusive. The evolution and focus of the housing statutory ecosystem is examined further in Section 3.3.3.

¹¹⁹ [Urban Development Act 2020](https://tinyurl.com/43dtfeve). Retrieved 25-2-2025 from, <https://tinyurl.com/43dtfeve>

¹²⁰ RNZ (2025, February). *Chris Bishop reveals plan to 'turn around' Kāinga Ora*. [Website article and video]. Retrieved 25-2-2025 from, <https://tinyurl.com/3sn9wkrr>

The building of housing will occur with or without state intervention — including cooperative housing. However, it is hard not to draw a direct link between the very low level of state sector enablement of social and other not-for-profit housing here in New Zealand and our dire housing affordability statistics. Our state funded social housing stock is extremely low by international standards and much policy aimed at improving housing affordability is actually focused more on assisting the for-profit sector to try and achieve this outcome (akin to corporate welfare). It is not by luck that reference area countries with the highest proportions of not-for-profit housing stock to total stock also have comparatively low housing cost overburden rates — especially for households in the bottom quintile of income distribution that own their own home (see Table 8).

Table 8**Reference area countries — social housing stock & overburden cost**

Country	Social housing % of total stock ¹	Housing cost overburden (% pop own) ²	Housing cost overburden (% pop rent) ³
Sweden	42%	7.8%	43.8%
Denmark	30%	14.5%	33.6%
Austria	24%	15.6%	21.1%
Norway	17%	15.1%	36.7%
OECD median	6%	26.1%	35.8%
New Zealand	<4%	54.4%	57.4%

Notes to Table 8

¹ Social includes both state subsidised rental and municipal housing and cooperatives. See Table 2 for further country detail.

² Share of pop. in bottom quintile of income dist. spending >40% of disposable income on mortgage. OECD database 15-8-2024.

³ Share of pop. in bottom quintile of income dist. spending >40% of disposable income on rent. OECD database 15-8-2024.

Insights

As discussed in Section 1.4, any state enablement of for-profit actors should be limited to those with the corporate objective of building up and holding long-term housing *rental* stock — not simply facilitating development followed by sale. For-profit developers or investors need no state assistance when it comes to developing housing for sale and that model does not contribute to enduring improvements in affordability — especially for low to middle income households. Of course the for-profit sector will continue to have a role to play within the housing ecosystem for those households that can afford to pay full market prices. However, it is difficult to see how the for-profit sector can positively contribute to improved affordability when maximising profit and shareholder wealth is the prime objective and housing output is subsumed within the open market.

The fallacy implicit within the notion that *for-profit* actors can deliver *affordable* housing simply by subdividing and building more, has been outed by both our terrible housing affordability statistics and the Starter Home initiative discussed earlier. Yet our politicians and key state housing agency continue to facilitate and subsidise the for-profit sector to do exactly that. Profit *motif* and the *quantum of profit margin* required by the for-profit sector to reward it for *risk* and *opportunity cost* represent major barriers to improved and enduring housing affordability. Other not-for-profit systems founded on social values will be required to achieve that outcome.

The not-for-profit sector offers untapped potential for generating enduring improvements in housing affordability — as the model is predicated on *social* and *long-term* objectives in stark contrast to the *self-reward* and *short-term* commercial objectives inherent in the for-profit sector. Further, cooperative housing, as a *system*, offers the state a potent and easily implemented tool with which to positively disrupt the housing market — as is evidenced in those countries where cooperative housing typologies represent a substantial component of total stock. Sadly the not-for-profit housing sector is somewhat neglected by the state here in New Zealand. The small number of socially-focused community housing providers lack efficiencies of scale and, crucially, access to low-cost capital and low-cost land. It is in these latter two areas where state enablement can foster both scale and improvements in housing affordability — as evidenced in the reference area countries noted earlier.

3.3.2 Capital supply and cost

State sponsored low cost capital and financing mechanisms feature prominently as key enablers of not-for-profit housing and improved housing affordability outcomes. A 2021 OECD report 'Brick by Brick: Building Better Housing Policies'¹²¹ highlights the positive contribution of state financing initiatives supporting long-term investment in affordable and social housing through revolving funds in Austria and Denmark. In Austria, typically ~60% of a social housing project is financed via 35-year maturity public loans with interest at ~0.5-1.5% p.a. plus equity contributions from the housing association and ~40% funded via 25-year maturity bank loans with interest at ~1.5% p.a. The initial financial structuring of each housing association project and the ongoing operation are governed by the Limited-Profit Housing Act (which came into existence following World War 2 in 1945) and are based on cost-recovery only and the continuous reinvestment of surpluses into new construction or renovation and requires each project to stand alone financially.

¹²¹ OECD (2021). *Brick by Brick: Building Better Housing Policies*. P64. Retrieved 25-2-2025 from, <https://doi.org/10.1787/b453b043-en>

In Denmark, the National Building Fund established in 1967 is an independent institution outside the state budget but an integral component of national social and affordable housing strategy. It is accessed mainly by housing associations. Project funding is based on a share of tenants' rents which are set at ~2.8% p.a. of the total property acquisition cost, as well as contributions to mortgage loans from the housing associations set at ~2%. A share of tenants' rent is allocated to pay-down the housing association's loan during the initial 30 years after which it is allocated to the state for 10 years and then the National Building Fund. This mechanism enables each housing organisation to borrow for its own housing project and also contribute to other activities such as new social housing initiatives, renovations and social master plans co-financed with municipalities.

The 2023 OECD report 'Strengthening Latvia's Housing Affordability Fund' examines housing funding support initiatives introduced in 2022 to address housing under-investment, declining quality and affordability and it peer reviews these against more mature funding systems in Austria, Denmark, Slovakia and the Netherlands.¹²² The contrasting approaches are summarised in Table 9.

Table 9

Comparison of housing funding systems — Austria, Denmark, Slovenia, Netherlands

State	Structure	Enabling legislation	Linkages to housing policy
Latvia	The Housing Affordability Fund (est. 2022) is administered via Latvia's development finance institution (Altum), Latvia's public asset manager, the Ministry of Economics and local municipalities.	Regulation of the Cabinet of Ministers No. 459 on 14 July 2022.	A yet to be finalised national housing strategy and housing affordability guidelines under development.
Austria	Each limited profit housing association typically finances 100% of land cost and 10-20% construction cost from a mix of equity, tenant rents (3-7%) and low cost state loans regulated at a municipal level.	The Limited-Profit Housing Act established in 1945 which controls initial financing and ongoing management based on cost-recovery and reinvestment of surpluses.	National policy is governed by the Limited-Profit Housing Act and implemented mainly at a regional level via housing regulations and subsidies.
Denmark	The National Building Fund established as an independent institution in 1967.	(1) 1946 Housing Subsidy Act and (2) 1949 Built-up Areas Act.	The state sets targets for social housing via master plans to avoid over-concentration in specific locations. Projects are co-financed by the National Building Fund and each municipality which makes final decisions to ensure social housing meets local needs.
Netherlands	Housing associations are backed by a state and municipality guarantee fund that enables access to lower cost capital.	The New Housing Act (2015) defines the core tasks and responsibilities of housing associations.	The state sets overall housing policy and the enabling regulatory framework for housing construction, ownership and rent.
Slovenia	The Housing Fund of Republic of Slovenia (HFRS) est. in 1991 plus 8 municipal housing funds.	(1) 2003 National Housing Act, (2) 2008 Public Funds Act, (3) 2015 Resolution on the National Housing Programme for the period from 2015 to 2025 (ReNSP15-25), (4) Article 78 of the Constitution of the Republic of Slovenia (decent housing).	The National Housing Programme (NHP) defines state objectives implemented by the HFRS. The National Housing Act provides a legal framework for the NHP and HFRS. The HFRS identifies priority areas for housing development and investment.

Adapted from Table 3.1 in the 2023 OECD report 'Strengthening Latvia's Housing Affordability Fund'.

¹²² OECD (2023). *Strengthening Latvia's Housing Affordability Fund*. P39. Retrieved 26-2-2025 from, <https://doi.org/10.1787/84736a67-en>

The purpose of the OECD report was to provide Latvian policy-makers with a progress score card and peer state benchmarks for strengthening Latvia’s recently introduced housing funding strategy and subsequent housing outcomes over time. The initiative by Latvia to establish a state level housing funding framework was taken, following recommendations from the OECD, to revive a somewhat sluggish housing market and the very low level of social housing in comparison to other OECD and European states — at less than 2% of total housing stock. The OECD report notes that although Latvia has a comparatively high rate of home ownership, much of the housing is poor quality, requiring upgrading or replacement, and there is a quite large “missing middle” — households that earn too much to qualify for public housing support yet not enough to obtain a bank mortgage. This echoes the size of, and gaps in, New Zealand’s social housing sector.

The comparisons in Table 9 illuminate the varied nature of state housing funding enablement frameworks and, perhaps more importantly, the linkages between foundation legislation, housing funding structures and policy implementation mechanisms and priorities (i.e. what, how, where). The OECD country report for Latvia offers a helpful current case study with recommended step-by-step policy actions (and simulation) for structuring state funding support mechanisms for both social and affordable housing — based on selected peer country best practice benchmarks (including two research reference group countries, Austria and Denmark).

Recommended policy actions are split into three main parts — summarised in Table 10 — and offer a useful framework for examining New Zealand’s public housing funding and delivery mechanisms.

Table 10...continued over

Strengthening Latvia's Housing Affordability Fund — recommended policy actions

Summary of the OECD recommended policy actions based on peer practices		
Part 1 Setting up a revolving fund scheme to channel investment into affordable housing	1	Ensure alignment of the Fund with housing affordability guidelines and local targets developed with municipalities.
	2	Establish a supervisory board to oversee operations of the Fund and its evolution over time.
	3	Ensure the scope of the Fund’s activities is aligned with complementary interventions to address housing challenges.
	4	Expand the scope of the Fund over time based on a local mapping of needs.
	5	Facilitate the emergence of new housing actors, such as housing associations and/or limited-profit developers.
	6	Assign a greater strategic role to municipalities in planning the Fund’s housing investments.
	7	Plan an active involvement of tenants in the activities of the Fund from the start.

Adapted from the 2023 OECD report ‘Strengthening Latvia’s Housing Affordability Fund’.

Table 10...continued**Strengthening Latvia's Housing Affordability Fund — recommended policy actions**

Summary of the OECD recommended policy actions based on peer practices		
Part 2 Funding and financing affordable housing through a revolving fund scheme	8	Assess infrastructure pre-conditions for development of approved projects with municipalities.
	9	Pursue options to build additional equity for the Fund.
	10	Line-up financing instruments to support scaling and future financial sustainability of the Fund.
	11	Develop a risk assessment framework and allocate additional funding cover.
Part 3 Operating a revolving fund scheme for affordable housing	12	Monitor the production, allocation and affordability of the housing units produced through the Fund.
	13	Channel tenant contributions for building improvements to a common fund.
	14	Assign officers with legal, property, economic and financial expertise to manage, supervise and monitor the Fund.
	15	Develop the Fund's data infrastructure.
	16	Set up a dedicated website for the Fund to increase its visibility and facilitate the exchange of information.

Adapted from the 2023 OECD report 'Strengthening Latvia's Housing Affordability Fund'.

Discussion & synthesis

The following discussion touches on policy recommendations 1-11 in Table 10 with comparative observations/synthesis in relation to the New Zealand context. Summary findings then follow.

All countries reviewed in the OECD report have specific legislation to regulate the housing funding and financing mechanisms and operations – with Latvia's at an inchoate stage compared to the peer comparison countries. In Austria and Denmark the enabling legislation is put into effect via national housing targets planned and delivered at a sub-national level, in Slovenia legislation is implemented through a housing strategy and prioritisation analysis and in the Netherlands funding is allocated through the national housing policy framework delivered via housing associations. Denmark and Slovenia have dedicated stand-alone funds to direct investment into affordable housing — the difference with Latvia being it has embedded its housing fund within an existing state finance entity. Austria and Netherlands do not have stand alone funds and instead channel funding through a system of key actors and financing tools which collectively operate like a revolving fund — with money allocated via housing associations and government entities. In New Zealand there is no legislation enabling a stand alone fund for the purpose of financing affordable housing and, with the repeal in 2010 of the 'Affordable Housing: Enabling Territorial Authorities Act 2008'¹²³, no companion legislation linking to housing affordability related regulation.

¹²³ [Affordable Housing: Enabling Territorial Authorities Act 2008](#)

However, as noted earlier in Section 3.3.1, state housing agency Kāinga Ora is empowered under its legislation to facilitate public housing, community housing, affordable housing, homes for first-home buyers and under Subpart 3 (13) (1) (c) to “provide people with home-related financial assistance” and to “make loans, or provide other financial assistance, to local authorities and other entities for housing purposes”. Unfortunately, Kāinga Ora’s ability to fulfil this part of its mandate is limited to the extent it is funded to do so by the elected government — which is subject to the fickleness of political party housing agenda.

The various funding channels available through the Ministry of Housing and Urban Development (MHUD) are disjointed and subject to constant change — reallocation, reduction, removal — with related housing outcomes somewhat opaque. The main funds are briefly described as follows.

The \$350 million Affordable Housing Fund¹²⁴ administered by MHUD was established to help grow the affordable housing sector and address the needs of households struggling to meet the cost of a market rental but unable to qualify for public housing. According to the MHUD website as at March 2025 the Affordable Housing Fund had provided \$150 million in two rounds of grant funding to not-for-profit organisations to deliver newly built affordable rental housing via its Affordable Rental Pathway — and resulted in ~174 homes.

The NZ\$3.8 billion Housing Acceleration Fund (HAF)¹²⁵ was announced in 2021 “to increase the pace, scale, diversity and affordability of new housing supply for buyers and renters” with four main components, being; (1) the NZ\$1 billion Infrastructure Acceleration Fund, (2) NZ\$2 billion in lending for the Kāinga Ora land programme and large-scale projects, (3) the NZ\$50 million land for housing programme to develop under-utilised state land, (4) the NZ\$350 million Māori Infrastructure Fund, and (5) NZ\$350 million to support affordable housing on municipal, iwi and private land. The HAF is weighted toward enabling housing infrastructure and land development (on both public and private land). However, as at March 2025 little progress had been made toward the objective of increasing “affordability of new housing supply for buyers and renters” with none of the “specified development projects” put forward by Kainga Ora under the Urban Development Act 2020 approved and, as noted in Table 7, ~70% of the Kainga Ora’s large-scale housing programme stock being (or likely to become) market homes at full market pricing.

¹²⁴ Ministry of Housing and Urban Development. *Affordable Rental Pathway*. [Website]. Retrieved 6-3-25 from, <https://tinyurl.com/3s8urhbf>

¹²⁵ Ministry of Housing and Urban Development. *Housing Acceleration Fund*. [Website]. Retrieved 6-3-25 from, <https://tinyurl.com/mym6dzt>. *The housing supply and affordability investment package*. Retrieved 2-4-2025 from, <https://tinyurl.com/4mx3v7m6>.

The \$400 million Progressive Home Ownership Fund¹²⁶ was established to help people into their own homes via rent-to-buy, shared equity (ownership) and leasehold schemes from approved providers. As at March 2025 the MHUD housing dashboard noted approximately 1,456 homes that had been built with assistance from the Progressive Home Ownership Fund.¹²⁷

In comparison to all countries in the OECD report, New Zealand’s housing funding legislative and regulatory framework appears overly complex and fluid and unhelpfully opaque in terms of the eligibility criteria and outcomes. Of most concern is the sinking lid on additional social housing and the quantum of state funding allocated to promote for-profit housing at full market pricing instead of building up the long-term stock of not-for-profit housing (rental and equity) at non-market pricing. This is a significant barrier to achieving improvements in housing affordability.

By way of comparison, the Austrian housing funding legislation is simple, stable and transparent. The very name of the legislation — Limited Profit Housing Act — provides clarity as to where the state focus lies. All national housing policy flows from this Act — implemented by municipalities.

Policy action 1 — Ensure alignment of the Fund with housing affordability guidelines and local targets developed with municipalities.

Latvia’s housing affordability guidelines target priority groups that include not only “vulnerable households” but also “middle-income households” referred to as the “missing middle” and those households seeking to purchase housing at market prices. These guidelines are intended to form the basis of the country’s strategic housing agenda and priorities for quality and affordability.

The legislative target priority household focus of Kāinga Ora highlighted earlier is broadly similar to Latvia. Where it differs from Latvia and with the other peer country approaches is in the lack of connectivity with clear affordable housing guidelines, transparent funding criteria and quantifiable affordable housing outcomes. As noted earlier, in New Zealand, the linkage between state policy and delivery at the local municipal level was severed with the repeal in 2010 of the ‘Affordable Housing: Enabling Territorial Authorities Act 2008’. The purpose of that legislation was, among other reasons, “to enable a territorial authority, in consultation with its community, to require persons doing developments to facilitate the provision of affordable housing”.

¹²⁶ Ministry of Housing and Urban Development. *Progressive Home Ownership Fund*. [Website]. Retrieved 6-3-25 from, <https://tinyurl.com/2p9f7xcp>

¹²⁷ Ministry of Housing and Urban Development. *Housing Dashboard*. [Website]. Retrieved 6-3-25 from, <https://tinyurl.com/33r7ejpe>

As touched on in Section 1.2, the requirement for municipalities to provide for affordable housing has been supplanted by a state *directive* for certain municipalities to plan for 30 years of housing growth — on the erroneous assumption that this would, to quote the Minister, “...drive down land prices and the cost of housing”. The absence of clear affordable housing stock targets implies a complete reliance on market-priced housing to somehow drive down housing costs — when the opposite outcome is the reality. The ability for local municipalities to plan for and deliver their local housing needs, especially affordable housing, has been overridden by political party agenda.

Policy action 2 — Establish a supervisory board to oversee operations of the Fund and its evolution over time.

Latvia has embedded its new housing fund within an existing state development finance institution as a matter of expediency and to align it with housing renovation funding already provided through that entity. The OECD recommended introducing a more independent supervisory board to oversee the Latvian housing fund’s operation as it evolves — citing the experiences of Denmark and Slovenia. In Denmark, composition of its National Building Fund board reflects the social housing sector’s composition and comprises two members who are social housing tenants (elected by the Tenants’ National Organisation), one elected by the National Association of Municipalities, one each elected by the Copenhagen municipality and Frederiksberg sub-municipality and the chair and four members elected by the National Association of Housing Associations. The board’s function, operations and decisions are directed via the Public Administration Act. It is a structure enshrined in legislation that ensures stability, continuity and independence and is representative of parties actively involved in the social housing sector — rather than a board appointment process subject to personal ministerial preference, shoulder tapping, and fluid political party agenda.

In New Zealand, membership of the board of Kāinga Ora—Homes and Communities is through appointment by the relevant ministers who “must appoint members to the board who, collectively, have knowledge and experience of, and capability in, — (a) New Zealand’s housing and urban development system, including public housing and community housing, urban planning and design, infrastructure, construction, and regeneration; and (b) perspectives of Māori; and (c) the Treaty of Waitangi (Te Tiriti o Waitangi) and its principles and Te Ture Whenua Maori Act 1993; and (d) perspectives of public housing tenants; and (e) perspectives of developers; and (f) perspectives of local government; and (g) business generally; and (h) public sector governance and government processes.” (See Section 10 of the Kāinga Ora—Homes and Communities Act 2019).

The appointment process scope is broad and therefore open to interpretation and political bias. By way of example, the board could conceivably comprise solely private sector developers who “collectively, have knowledge and experience of, and capability in” housing, urban development and public sector governance and process and “perspectives” of Maori, the Treaty of Waitangi, public housing tenants and local government and developers. That outcome is unlikely to have been the intent of those who drafted the legislation but is possible under it. By way of expansion, one might hope and expect that rather than appointing a member who simply had “knowledge and experience of, and capability in...perspectives of public housing tenants”, the minister would appoint a current or former public housing tenant, or perhaps a member recommended by say a tenant advocacy group or peak community housing body such as Community Housing Aotearoa. This would ensure balance in the composition and “perspectives” of the board members and avoid a situation where such “perspectives” favoured political ideology or the commercial interests of key housing actors *developing* housing and minimised the interests of households *occupying* such housing.

As at March 2025, six of the seven member Kāinga Ora—Homes and Communities Board are listed on its website as professional directors or business people with just one having a direct former role in social housing (noting also the legislation under Section 10 of the Act requires not fewer than eight members). There are none overtly representing social housing tenants or community housing interests and certainly none who *are* public housing tenants. This is in stark contrast to the process for board member election to the National Housing Fund in Denmark which has precise rules and is weighted toward those *occupying* the housing (i.e. two members must be social housing tenants) and the housing associations and municipal entities *delivering* the housing.

OECD recommendations for oversight of the Latvian housing fund operations included creating clear procedural processes and ensuring that membership of the board making decisions on loans for public housing included, amongst others, “Tenants of the affordable units produced through the fund” (P43). These recommendations are pertinent for Kāinga Ora—Homes and Communities where its legislation seems well intentioned at providing balance in the composition of board members guiding decisions on public housing expenditure — but where the execution in reality does not reflect that intent. A more independent structure with a clear and transparent board appointment process, weighted toward housing *occupiers* instead of *developers*, would avoid that disconnect and also, importantly, side-step political flip-flopping every election cycle.

Policy action 3 — Ensure the scope of the Fund’s activities is aligned with complementary interventions to address housing challenges.

In the peer countries reviewed by the OECD the scope of activities able to qualify for funding support includes construction, maintenance and renovation and is geographically broad. The Austrian legislation also allows funding support for the purchase of existing housing stock for conversion into social and affordable housing (which is rare) with decisions generally left to each limited profit housing association. In Denmark funding can be accessed for developing social master plans co-financed by and coordinated with municipalities to avoid social hotspots and for stimulus investment in social and affordable housing and technical infrastructure. Funding criteria in the Netherlands can be linked to criteria such as minimum quality and efficiency standards.

Overall, OECD recommendations in this policy area, based on peer country practice, are focused on ensuring coordination and availability of funding support to address the full suite of housing challenges. For example, construction, renovation and maintenance, housing acquisition and conversion, neighbourhood revitalisation and investment in related infrastructure (P46).

In New Zealand, outside of a small annual state public housing operational budget, available funding for housing projects is very disjointed — representing a significant obstacle to achieving alignment between complementary policy interventions and ultimately achieving improvements in housing affordability. Calls for housing funding assistance are managed through three main funds, being the Affordable Housing Fund, Housing Acceleration Fund and Progressive Home Ownership Fund, and allocated across multiple categories covering affordable housing, infrastructure, Maori infrastructure, large-scale projects, land for housing and progressive home ownership. As noted earlier, outcomes are weighted toward development of *for-profit* housing at full market prices.

Consolidation of the various available funding streams in New Zealand may assist in better alignment between the various policy intervention strategies and in achieving the overarching objectives of improvements in not-for-profit social and community housing availability, affordability and quality. A single fund would also be more efficient and greatly improve transparency. The Danish National Building Fund is an exemplar of a singular funding mechanism — supporting wide-ranging affordable housing related activities including new builds, renovations, conversions, municipal-led and co-finance master planning, localised social investment schemes and sector-wide stimulus programmes during economic downturns.

Policy action 4 — Expand the scope of the Fund over time based on a local mapping of needs.

OECD recommendations for Latvia are to base its housing fund's activities on a rigorous needs assessment in collaboration with municipalities. This can be effected by collation of housing data at a local level through consultation and by enabling a strategic role for local municipalities in identifying and deciding on investment priorities. That is, a bottom-up rather than top-down approach which (intuitively) will better reflect localised needs.

New Zealand has a complex legal framework that provides the basis for municipal needs-based planning in the form of the Resource Management Act 1991 (RMA). This legislation is currently earmarked for replacement. As detailed in the 13-6-2024 New Zealand Government Cabinet paper 'Going for Housing Growth: Implementing the First Stage' and ratified in the subsequent Cabinet Minute dated 27-6-2024, the somewhat right-leaning Sixth National Government has (strangely) signalled a quite Soviet-era style planning approach — issuing directives to the five largest municipalities to "...provide sufficient, live-zoned development capacity (both 'up' and 'out') to support 30 years of housing demand, that is economically feasible to deliver..." (P2,9.2)¹²⁸

In that Cabinet paper there are no clear parameters around what "30 years of housing demand, that is economically feasible" represents and the directives seem more akin to business goals rather than enlightened economic or social advancement initiatives based on local needs. Contrary to the current local government default under the RMA which requires municipalities to develop a spatial plan every 10 years that is based on local needs informed through community consultation and a defined (democratic) submission process, as well as sustainable infrastructure and ratepayer funding capacity, municipalities are now required by Government to plan for *housing demand*.

Nowhere in the June 2024 Cabinet paper is there a requirement to plan for social or community housing, or provide for specific housing affordability improvement targets or funding mechanisms for facilitating social and community housing providers to deliver affordable housing. The policy is predicated on facilitating commercial developers — to the extent that "In addition to being live-zoned, development capacity will need to be assessed as being feasible (commercially viable for a developer to build at a profit), to ensure that the type of development capacity councils enable is likely to be able to be developed in practice." (P9, 42). Rather than a housing strategy founded on facilitating affordable housing it is instead predicated on enabling developers to build at a profit.

¹²⁸ New Zealand Government Cabinet Paper (13-6-2024) and Cabinet Minute (CAB-24-MIN-0228.01) dated 27-6-2024). *Going for Housing Growth: Implementing the First Stage*. Retrieved 25-03-2025 from, <https://tinyurl.com/5335c24s>

The stated objective of the Going for Housing Growth strategy in the Cabinet paper is to “improve housing affordability and increase competition in urban land markets by significantly increasing the supply of developable land for housing, both inside and at the edge of our urban areas.” (P27, 2). The Going for Housing Growth strategy to support this objective is based on the twin notions that (1) simply providing “sufficient, live-zoned development capacity (both ‘up’ and ‘out’) to support 30 years of housing demand” (P2,9.2) will somehow deliver affordable housing because (2) our poor housing affordability is “in large part due to restrictions on housing supply” (P1, 6). The Cabinet paper offers no evidence to support either notion or how reliance on the private sector through “development capacity” settings that “ensure” it is “commercially viable for a developer to build at a profit” will deliver affordable housing. There is a complete absence of overt affordable housing strategies, targets and funding mechanisms for enabling not-for-profit social and community housing providers.

Unlike New Zealand, none of the countries in the OECD report have a singularly dedicated housing ministry (or risk of silo mentality) and instead delegate responsibility through ministries with a much broader ambit. For example, in Austria and Latvia housing policy falls within the mandate of the Ministry of Economics, in Slovenia it is the (rather presciently named) Ministry of Solidarity-based Future and in Denmark it is the Ministry of Social Affairs and Housing. The linking in Denmark of multi-portfolio social and housing policy areas under a single ministry perhaps offers an exemplar lead actor approach — given obvious overlapping and complementary social and housing needs and demands. For example, policy areas covered include disadvantaged children and youth, senior citizens, socially excluded adults, disability, family law, civil society, housing and construction legislation, public housing, international relations, data and research. Whilst inclusion of international relations policy within this diverse ministry may seem like an outlier, it is closely aligned to housing demand pressures arising from net migration inflows in the overall EU context.

What is evident through this discussion is that, in comparison to the OECD countries noted above, New Zealand has well established institutions and mechanisms to support housing development based on mapping and analysis of local needs. However, there is a noticeable disconnect between political rhetoric on the need to improve housing affordability and the top-down implementation mechanisms which are based almost entirely on enabling housing supply and delivery by the for-profit sector. It also seems apparent that a singular portfolio ministry does not necessarily produce effective solutions to address housing affordability dysfunction. Indeed, as in Denmark, a ministry with oversight for interrelated social and housing policy areas may produce better outcomes.

Policy action 5 — Facilitate the emergence of new housing actors, such as housing associations and/or limited-profit developers.

In order to strengthen Latvia’s housing affordability fund the OECD has suggested facilitating the emergence of “new housing actors” such as housing associations and limited profit housing developers — essentially creating and supporting a distinct “third sector” that is not state owned and not-for-profit. The OECD notes this “multi-stakeholder” model is very established in Austria — where circa 24% of total housing stock is social — as well as in Denmark and the Netherlands (P53, *Strengthening Latvia’s housing affordability fund, 2023*). The Netherlands multi-stakeholder system involves; (1) central government which regulates the housing market (including key actors) and sets eligibility criteria for social housing, (2) municipalities which set the vision and local targets and regulate land policy and (3) housing associations which build most of the housing stock. This is facilitated through a combination of the special purpose Waarborgfonds Sociale Woningbouw (WSW) fund and two public banks through loan guarantees (independent of the state budget).¹²⁹

Not-for-profit housing actors generally follow strict rules that require rents or other forms of tenure to be based on cost, with surpluses reinvested into new affordable housing development. They also tend to target low to middle income segments of the market, often the “missing middle” referred to earlier, that are not the focus of for-profit developers. Households in this (substantial) cohort are often ineligible for either subsidised public or bank loans and lower cost not-for-profit providers can offer access to quality housing that would otherwise be difficult to attain. Further, a study of 50 years of housing related data in Austria, concluded the not-for-profit rental housing sector also has a measurable price dampening effect on the (non-regulated) for-profit market as well as improvements in overall housing quality (Klein et al, 2023).¹³⁰

It is evident from the above discussion that policies focusing on facilitating a “multi-stakeholder” not-for-profit “third” housing sector through state housing affordability funding and/or guarantees can improve the effectiveness of such funds, widen access to capital, lower housing costs, improve housing affordability (in both the social and for-profit sectors) and improve housing quality. This is especially relevant for New Zealand where the not-for-profit housing sector is in its infancy.

¹²⁹ The Social Housing Guarantee Fund (WSW) facilitates access to capital markets on optimal terms for housing corporations to build and manage social housing through guarantees on interest and repayment obligations for third-party loans.

¹³⁰ Klien, M., Huber, P., Reschenhofer, P., Gutheil-Knopp-Kirchwald, G., Kössl, G. (2023). *The Price-Dampening Effect of Non-profit Housing*. WIFO Research Briefs 6, WIFO. Retrieved 25-3-2025 from, <https://tinyurl.com/eu8p365w>.

Research précis

This study of 50 years of micro-census and housing data examined the impact of non-profit housing in Austria on the for-profit housing segment and concludes that non-profit housing associations have a significant impact on the overall Austrian housing market, both in terms of quality and rent levels. It showed that a 10 percent increase in the share of non-profit housing associations leads to an average decrease in non-regulated rents of 30 to 40 cents/m² or about 5 percent cheaper rents in the non-regulated rental sector.

Policy action 6 — Assign a greater strategic role to municipalities in planning the Fund’s housing investments.

Closely aligned with OECD policy action recommendations 1 and 4 above, this recommendation is intended to ensure the scope of Latvia’s housing affordability funding closely reflects local needs. By way of example, setting the housing vision and guiding decision-making in relation to the location of proposed affordable housing. The OECD refers to the approach taken in Denmark, where municipalities are key actors in the social housing implementation process. To be able to access Denmark’s National Housing Fund, housing associations are first required to submit a fiscal plan — including a description of the challenges, statistical supporting data with a budget estimate, and 25% local co-financing — and gain agreement from the governing municipality. It is municipalities in Denmark that decide on the location and socio-economic mix of dwellings and which housing associations can build. Priority is given to groups such as families with children, disabled and those discharged from institutional care, as well as the elderly and homeless people.

Rather than strengthening the role of municipalities in developing local housing vision, strategy and facilitating affordable housing solutions, successive New Zealand Governments have diminished this. An example, noted earlier, is repeal in 2010 of the ‘Affordable Housing: Enabling Territorial Authorities Act 2008 — one purpose for which was “to enable a territorial authority, in consultation with its community, to require persons doing developments to facilitate the provision of affordable housing”. There is no direct mention of working with or enabling municipalities within the *Functions* part of the Kāinga Ora—Homes and Communities Act 2019 (Part 1, Subpart 3, 13), no direct mention in the *Operating principles* part (Part 1, Subpart 3, 14) and no mention in *The Government policy statement on housing and urban development* part (Part 2, Subpart 1). There is also no direct enablement of municipalities to lead housing initiatives in the Urban Development Act 2020 — its purpose being to empower Kāinga Ora to undertake this role.¹³¹ It is accepted it could be implied that municipalities may be empowered by Kāinga Ora through delegation (under Subpart 3 Delegations, 297) or some other mechanism to give effect to some of its functions — but such empowerment is not overt or required as, for example, it is in Denmark and Austria.

Currently in New Zealand, the opposite appears to be the case, with municipalities increasingly downgraded to more of a follower role within a very top-down state housing policy agenda now clearly predicated on housing *growth* — not housing *affordability*.

¹³¹ [Urban Development Act 2020](https://tinyurl.com/43dtfeve). Retrieved 31-3-2025 from, <https://tinyurl.com/43dtfeve>

Policy action 7 — Plan an active involvement of tenants in the activities of the Fund from the start. Affordable housing funding structures that by default are “revolving” — that is, surpluses from occupier contributions are reinvested in both the specific housing complex then in other housing projects — signals the active involvement of such occupiers as the ultimate beneficiaries. In Denmark, housing associations are administrated democratically through a management board, with tenants forming the majority and any important changes to the rules, (i.e. refurbishment, rent increases, sales etc.) requiring a majority vote (n.b. sale of an entire complex needs state consent). In the Netherlands, tenants are regarded as key actors in the housing eco-system and enjoy strong tenancy protection regulations. Tenant organisations provide representation for tenants and also owner-occupiers on topical issues affecting housing — including affordability, quality, municipal planning — and municipalities and housing associations meet annually to discuss future housing strategies enabled by state funding.¹³²

The main OECD theme for Latvia’s Housing Affordability Fund is ensuring “tenants are represented on the Fund’s Supervisory Board and participate in decision-making” — whether voicing local needs, deciding on maintenance and renovation or electing representatives on the Tenant Committee to manage individual tenancy matters (in relation to dwellings financed and built through the Fund). (P57).

In New Zealand there is no legislated representation on the boards of the two main state housing entities making decisions on social, affordable or market housing funding calls (i.e. MHUD and Kāinga Ora) for the actual (current or even former) *occupiers* of such housing and no mandated linkages with those state entities and any tenancy advocacy groups in relation to the setting of housing vision. However, for existing housing and tenure holders, New Zealand has well developed oversight institutions in relation to individual tenancy and other property rights. State agency Tenancy Services, part of the Ministry of Business, Innovation and Employment (“MBIE”) provides information on rights and responsibilities as a landlord, tenant or unit title owner. Tenancy Services has four keys areas of responsibility; (1) administering the Residential Tenancies Act 1986, Unit Titles Act 2010 and the Healthy Homes Guarantee Act 2017, (2) dispute resolution services and the Tenancy Tribunal, (3) holding tenant bond money in trust and (4) monitoring/enforcing compliance with the Residential Tenancies Act, Healthy Homes Guarantee Act and associated regulations.¹³³

¹³² Housing Futures. Housing strategies for cities around the globe. [Blog]. *Woonbond: Representing the tenants of the Netherlands*. Author: Johan Crites, 20 May 2015 re-blogged 11-1-2018. Retrieved 30-3-2025 from, <https://tinyurl.com/8dj8mrjr>

¹³³ Tenancy Services. [Website]. Retrieved 31-3-2025 from, <https://www.tenancy.govt.nz/>

Policy action 8 — Assess infrastructure pre-conditions for development of approved projects with municipalities.

The OECD highlights the provision of *economic and social infrastructure* as a pre-condition for enablement of affordable housing — offering the following definition as a guide.¹³⁴

“Infrastructure is the set of fundamental facilities and systems that support the provision of goods and services essential to enable, sustain, or enhance societal living conditions and protect the surrounding environment from erosion and other disasters that reduces the usefulness for economic purposes. The set of fundamental facilities and systems are composed of public and private physical structures as well as intellectual property products supporting the effective operation of these structures. The following functions are considered to be provided by economic infrastructure: transport; utilities (provision of energy, water, and sanitation and waste management); flood protection and water management; and IT and communications. Social infrastructure relates to the provision of the following functions: education; health; public order and safety; culture; and recreation.” (OECD, 2021)

The OECD notes that revolving fund schemes for affordable housing generally do not fund major economic infrastructure — but it is important to assess and understand economic and social infrastructure pre-conditions for potential housing locations in co-operation with the relevant municipality. This can include identifying regional housing demand stimuli such as planned economic development projects.

The debate in New Zealand over who pays for the required infrastructure to support urban development remains unresolved — further complicated by the Sixth National Government's housing *growth* agenda. The economic infrastructure across almost every category is currently under intense scrutiny following ongoing failures, capacity constraints, and funding gaps. As noted in Section 1.3 the deficit in catch-up and future funding has been estimated at circa NZ\$244 billion and circa NZ\$1 trillion required over the coming 30 years to keep up with upgrades and renewals. Aware of the obvious disconnect between its housing expansion objectives and infrastructure funding availability, the Sixth Labour Government promulgated the Infrastructure Funding and Financing Act 2020 — ostensibly for the purpose of providing “a funding and financing model for the provision of infrastructure for urban development...”. Urban development under the Infrastructure Funding and Financing Act 2020 includes public housing, community housing, affordable housing, homes for first-home buyers, and market housing (Part 1, 3. Purpose).¹³⁵

¹³⁴ OECD Working Party on National Accounts (2021). *Defining infrastructure*. Retrieved 31-3-2025 from, <https://tinyurl.com/25s4vr77>

¹³⁵ *Infrastructure Funding and Financing Act 2020*. Retrieved 31-3-2025 from, <https://tinyurl.com/2k28b7va>

The Act can be used for funding water and wastewater utilities, transport infrastructure such as roads, rail, ferries, community infrastructure such as reserves, and environment infrastructure to manage environmental risks. The legislation enables municipalities to pass on the funding responsibility for new housing related infrastructure to other parties and avoid infringing their statutory maximum debt levels — the rationale being that such debt constraints are hindering urban development. Previously municipalities did in fact have the ability to fund new housing related infrastructure by applying financial contributions on a per household basis for new housing developments. Such financial contributions were usually required to be paid by the developer in advance of project commencement as a condition of consent. The new model in the Act enables the establishment of special purpose vehicles (SPVs) to fund infrastructure projects supporting housing development. SPVs will repay any finance raised by charging a levy to those who benefit from the infrastructure. This new model shifts the obligation of payment for housing infrastructure from the property investor/developer (or municipality, or central government) to each individual property rating unit created in the housing development. As defined by the legislation, the beneficiary of the infrastructure is no longer the investor/developer undertaking the development but instead is now individual property owners within it.

The Ministry of Housing and Urban Development anticipates that funding for such SPVs will be sourced from the private sector.

“Funding raised through the Act’s model is usually capital from the private market. To be able to borrow capital, lenders require that interest is paid on the amount borrowed. Interest payments are the price of debt financing. Like a mortgage, the larger the capital and the longer the repayment term, the greater the total amount of interest accrues to the principal amount borrowed.”¹³⁶

The approach raises questions regarding sustainability of the legislation given its reliance on private capital seeking a market return on investment and especially the obvious cumulative negative effects on (end-user) housing affordability in such SPV projects. This potential issue was noted earlier in Section 1.3 in relation to the Milldale housing development in north Auckland. The Infrastructure Funding and Financing Act 2020, currently under review by the Sixth National Government, is akin to a kind of ‘pass-the-parcel’ mechanism for housing related infrastructure funding responsibility and seems unlikely to foster the pre-conditions necessary to promote affordable housing and improve other housing outcomes.

¹³⁶ Ministry of Housing and Urban Development. [Website] *Our work. The Infrastructure Funding and Financing Act 2020*. Retrieved 1-04-2025 from, <https://tinyurl.com/3hhhrk2v>

The NZ\$1 billion Infrastructure Acceleration Fund (IAF), part of the Government’s \$3.8 billion Housing Acceleration Fund (HAF) noted earlier, was established to invest in infrastructure supporting new housing developments in locations facing the biggest supply and affordability issues. Aims of the IAF to remove barriers to new housing supply include; (1) opening up land for housing development, especially land close to employment and local amenities, (2) funding critical infrastructure, (3) allowing a wider mix of housing, for example, townhouses, units, apartments and standalone houses, that is affordable for lower income households to own or rent, and (4) freeing up development-ready land and accelerating housing development to moderate growth in house and land prices. As also noted earlier, notwithstanding the admirable intent of the HAF and IAF, little progress has been made toward the objective of increasing “affordability of new housing supply for buyers and renters”. As at March/April 2025 the status of “specified development projects” put forward by Kāinga Ora under the Urban Development Act 2020 remained unclear, the majority of Kāinga Ora’s large-scale housing programme stock is (already or likely to become) market homes at full market pricing (see Table 7) and the policy agenda of the Sixth National Government prioritising market housing growth and pausing investment in public housing have placed a cloud over the future of all MHUD and Kāinga Ora housing funding programmes.

One other dedicated fund established to support infrastructure is the NZ\$1.2 billion Regional Infrastructure Fund administered by Kānoa, the regional development and investment unit within MBIE. The initial focus of this fund is flood resilience and Māori economic development related projects. Funding is not available to purchase land and the high growth urbanisations of Auckland, Wellington and Christchurch are explicitly excluded from funding eligibility.¹³⁷

A key factor in the success or otherwise of current, or future, Government housing policy will be the extent to which the state proactively facilitates New Zealand’s infrastructure strategy and needs through current and new direct intervention mechanisms — including dedicated funds, long-term and low-cost loans, and state guarantees. For funding certain categories of infrastructure such as new motorways and tunnels, perhaps SPVs, private-public-partnership (PPPs) and even purely private structures, are appropriate. However, such private sector funding models based on cost-shifting from the for-profit housing developer to the occupier are devoid of any notion of collective social responsibility and directly conflict with the lowest-cost objectives of not-for-profit housing providers. They are simply loading on costs within a housing value chain already very overloaded.

¹³⁷ Kānoa Regional Economic Development & Investment Unit, Ministry of Business, Innovation and Employment. [Website]. *About the Regional Infrastructure Fund*. Retrieved 2-4-2025 from <https://tinyurl.com/3nmwvz3t>

Policy action 9 — Pursue options to build additional equity for the Fund.

Options for building equity in affordable housing funds and expanding housing stock vary by country. Examples include retained earnings and partial allocations from rental payments, occupier equity contributions, reinvestments by housing associations and municipal housing companies, direct grants, subsidies and tax incentives.

In Austria, the revolving nature of the funding mechanisms requires that public housing loans are repaid to municipal authorities for reinvestment in new housing developments. In addition, limited profit housing associations are required to direct surpluses from basic rent payments (after allowing for loan repayments) into new housing projects. Such surpluses for reinvestment increase substantially at loan maturity (i.e. at the point the loan principal is repaid and interest costs cease).

The OECD cites the successful use of tax credits in the United States to attract investment from private investors for affordable housing. The Low-Income Housing Tax Credit (LIHTC) scheme established via the Tax Reform Act of 1986 currently provides approved state and local agencies with ~US\$10 billion in annual budget authority for the purpose of issuing tax credits “for the acquisition, rehabilitation, or new construction of rental housing targeted to lower-income households.” States must allocate a minimum of 10% of tax credit allocations for not-for-profit housing developers and higher tax credit rates can be made available for projects located in areas of high deprivation. Dwellings built under this scheme have a maximum price attached and the incomes of occupiers accepted into housing must be below the area income median. The scheme works by the federal government issuing the tax credits to state and local governments for allocation to developers of affordable housing projects who compete for the credits and convert these into equity through on-sale to private investors. Investors can progressively claim the tax credit following completion of the housing project. For the period 1987 to 2022 the LIHTC has supported development of ~3.6 million affordable housing units¹³⁸ which comprise ~2.56% of total housing stock in the United States.¹³⁹ However it is arguably a form of direct taxpayer equity funding for private sector developers and tax minimisation for the investors who purchase the tax credits. The equivalent in taxpayer funding may have been better utilised if all allocated to not-for-profit housing developers to scale-up the total stock of affordable housing.

¹³⁸ U.S. Department of Housing and Urban Development. [Website]. *Low-Income Housing Tax Credit (LIHTC): Property Level Data*. Retrieved 04-04-2025 from, <https://tinyurl.com/bdd2ts9w>

¹³⁹ United States Census Bureau. Retrieved 04-04-2025 from, <https://tinyurl.com/yckh4u9w>

The LIHTC approach differs markedly to the affordable housing funding mechanisms in Denmark and Austria which are specifically structured to facilitate access to low-cost capital for not-for-profit housing providers. In the case of Denmark the funding mechanisms lie outside of the state budget and in Austria the impact to the state budget is minimal.

The principal sources of equity funding for affordable housing in Denmark and Austria are summarised in Table 11.

Table 11

Comparison of equity sources for funding affordable housing — Austria, Denmark

State/Mechanism	Austria	Denmark
Typical sources of funding	<ul style="list-style-type: none"> Equity is provided by the limited profit housing association (LPHA) equating to ~14% of building costs and 100% of land cost. Equity can increase through (1) rent payments from older housing stock where the loan has been repaid and (2) interest on the LPHA equity limited to 3.5% p.a. Tenants contribute ~3% to ~7% on average by a downpayment which cannot exceed 12.5% of total building costs. If the tenant vacates the initial downpayment less 1% p.a. depreciation is returned. Public loans ~36% on average regulated by local authority housing subsidy law at an average yield of ~1% p.a. (2021) Commercial bank loans ~39% on average. 	<ul style="list-style-type: none"> Foundation equity for the National Building Fund came via political consensus in 1966 and contributions from an increase in social housing stock. Today funding is sourced via (1) a share of the tenants' rent calculated at 2.8% p.a. of the initial total property acquisition cost and (2) housing associations' contributions to loans ~3% of the property development cost. Municipal loans ~8% to ~12% of the investment cost which are both interest and principal repayment free for up to 50 years. A downpayment by tenants of 2% upon occupation. Commercial loans ~86% to ~90% of the investment cost which are usually 30-year variable rate mortgage loans. State subsidies are available for both mortgage and rent relief.
Revolving fund equity dimensions	<ul style="list-style-type: none"> Surpluses generated by each LPHA from the base rent or interest payments on LPHA equity are required to be reinvested into affordable public housing. Loans for housing from the public financing scheme must be repaid to local authorities for reinvestment into future housing projects. 	<ul style="list-style-type: none"> During the first 20 years of the loan repayment period tenants' rental contributions are adjusted through indexation after which the rate of increase drops until year 45. After repayment of the commercial and public loans tenants continue to pay the same rent level with 2/3 allocated to the National Building Fund (essentially a form of saving scheme for tenants).
Impact on the state budget	<ul style="list-style-type: none"> Each limited profit housing association is an independent organisation separate to the state. Public loans to each LPHA are required to be repaid and are shown in the national accounts as such. Public grants for housing are a minor component in the accounts. 	<ul style="list-style-type: none"> The National Building Fund is entirely independent from the state and has no impact on the state budget and national accounts.

Adapted and summarised from Tables 4.3 and 4.5 in the 2023 OECD report 'Strengthening Latvia's Housing Affordability Fund'.

In Australia, a tangential approach taken to widen access to funding for affordable housing projects is through grants to community housing providers focused on *capacity building* — in support of applications for state funding from either the National Housing Infrastructure Facility or the Affordable Housing Bond Aggregator (a division of the National Housing Finance and Investment Corporation). The Australian context is recommended for future comparative research.

New Zealand has no legislated approach to equity structuring or sourcing for affordable housing funding mechanisms and this is (largely) left to the ideological whim of the incumbent government.

Policy action 10 — Line-up financing instruments to support scaling and future financial sustainability of the Fund.

Improved housing outcomes arising from state enablement of a diverse range of not-for-profit housing providers and tenure options inside a housing market ecosystem — to underpin housing affordability — are evident within those European countries that exemplify such wider ‘choice’ and in the literature discussed earlier. Widening the range of financing options to “mobilise capital from public and private sources...” is similarly something the OECD considers “fundamental” to help scale public housing funds (P72). Examples include loans, grants, rebates, bond-backed loans, housing bonds and equity. A comparison of financing enhancement mechanisms deployed within the Netherlands, Austria, Denmark and Australia are summarised in Table 12.

Table 12

Comparison of financing mechanisms — Netherlands, Austria, Denmark, Australia

State	Financing mechanisms ¹
Netherlands	<ul style="list-style-type: none"> • The Waarborgfonds Sociale Woningbouw (WSW)² is a state and municipal backed housing sector guarantee fund that enables housing corporations (legal entities permitted under the Housing Act to operate in public housing) to access commercial loans at lower interest rates than would otherwise be possible. 98% of housing corporations are registered with WSW for this purpose. • WSW stands as a mutual guarantee company for commercial loans registered housing corporations enter into. • Commercial loans guaranteed by WSW are ~0.75% below non-guaranteed loans and average 19 years (extendable to 50 years). • Risk is mitigated by; (1) the capital and cash flow of each housing corporation, (2) WSW's own capital reserves supplemented if necessary by liquidation of the assets of any distressed participant in the scheme, (3) the mutual guarantee of the participants and (4) as a last resort, interest-free loans from the state and municipalities. • This multi-layer surety system and implicit very low probability of state intervention means the guarantee is not considered a contingent liability on public finances. • A key actor in the social housing sector is public bank BNG — originating as the Gemeentelijke Credietbank (municipal bank) in 1914 to support the Netherlands municipal sector — which has a unique strategic social purpose and is designated by the Dutch Central Bank as being of national systemic importance.³ BNG has developed and issued ESR (environmental, sustainability and governance) bonds in international capital markets to support local housing corporations in developing affordable housing.
Austria	<ul style="list-style-type: none"> • In Austria Housing Construction Convertible Bonds (HCCBs) have featured as a valuable financing mechanism since 1993 and are issued by the subsidiaries of six competing special purpose banks with a commitment to supporting affordable housing development and investment.⁴ • HCCBs are exempt from tax on capital gains up to an interest rate of 4% for individuals, private investors and SMEs (the original provisions for housing bond purchase deductibility against employee tax assessments having been repealed in 2011). • HCCBs are backed by the issuing bank but are not state guaranteed.
Denmark	<ul style="list-style-type: none"> • In Denmark, as with the Netherlands, commercial mortgage loans represent the main financing channel for housing developers. • In 2018 the Government introduced a supporting financing mechanism issuing state-guaranteed mortgage bonds to back such commercial loans — successfully lowering interest rates for individual social housing providers.
Australia	<ul style="list-style-type: none"> • The Australian Affordable Housing Bond Aggregator (AHBA) is a subsidiary of Housing Australia formerly the National Housing Finance and Investment Corporation established in 2018 to facilitate financing of affordable housing projects by community housing providers (CHPs) through bond issues to enhance investor confidence.⁵ • Bonds that underpin CHP loans from AHBA are issued by Housing Australia in the wholesale capital market. • The AHBA loans can be used by CHPs for building new affordable housing stock, maintenance and debt refinancing. • Bond investors are provided with a Government guarantee to strengthen investor confidence and reduce the loan interest cost.

¹ Adapted and summarised from Boxes 4.4, 4.5 and 4.6 in the 2023 OECD report ‘Strengthening Latvia’s Housing Affordability Fund’.

² Waarborgfonds Sociale Woningbouw (WSW). Retrieved 26-04-2025 from, <https://www.wsw.nl/over-wsw>

³ BNG. Retrieved 26-04-2025 from, <https://www.bngbank.com/>

⁴ AHURI (2012). *International measures to channel investment toward affordable rental housing: Austrian case study*. Retrieved 26-04-2025 from, <https://tinyurl.com/5ankmy2z>

⁵ Housing Australia (formerly National Housing Finance and Investment Corporation). Retrieved 26-04-2025 from, <https://www.housingaustralia.gov.au/>

The Austrian housing construction legislative framework introduced in 1993 to promote access to affordable long-term finance for housing construction is an interesting exemplar in proactive state intervention to address a market gap. The economic context at the time was one of substantial population growth, high interest rates, rising rents and a shift in rent subsidies from central to local government. These rapidly changing economic dynamics coalesced to create political momentum for new mechanisms to provide low cost capital for promoting affordable housing (as an additional measure to rent subsidies). The outcome manifested itself in the form of the Federal Act on Tax Measures to Promote Housing Construction (Bundesgesetz über steuerliche Maßnahmen zur Förderung des Wohnbaus Bundesgesetzblatt — BGBl 1993/253) which created the legal basis for the institution of Housing Construction Banks (of which there are now six imbedded within commercial banks) and the issuance of housing bonds. Proceeds from the bond issues received by the Housing Construction Banks are re-distributed by the parent commercial bank as loans to the developers of residential housing projects (including limited profit housing associations). As at 2023 an estimated €23.3 billion in capital for affordable housing projects had been raised since promulgation of the enabling legislation.¹⁴⁰

In New Zealand, there is no legislated state scheme for the guarantee, or underwrite of housing loans or bonds and there is no appropriation budgeted in Vote Housing and Urban Development 2024/25 for establishment of any such scheme.¹⁴¹ In October 2024 the Sixth National Government announced a “limited time” underwrite of pre-sales required as a condition of bank finance approval in consented ready to build housing projects of 30 or more units for qualifying property developers. The scheme is not for affordable housing — with no price caps for eligible buyers.¹⁴² In March 2025 the Government announced an interim public lending facility of up to NZ\$150 million for the Community Housing Funding Agency — an associate of private lender Community Finance — to support loans to approved community housing providers. Housing Minister Chris Bishop said “The Government is moving to level the playing field between Kāinga Ora and CHPs by establishing Crown lending facilities of up to \$150 million for the Community Housing Funding Agency...” which “will lay the foundation for CHFA to borrow hundreds of millions or billions of dollars.” Borrowing is one thing, lowering the interest cost below the market level is another.

¹⁴⁰ Koessl, G. (2024). *Housing bonds and their role for limited-profit housing associations in Austria*. CIRIEC International, Université de Liège [Working Paper]. Retrieved 28-4-2025 from, <https://tinyurl.com/47ep3hvj>

¹⁴¹ The Treasury (2024). *Vote Housing and Urban Development — Social Services and Community Sector — Estimates of Appropriations — 2024/25*. Retrieved 28-4-2025 from, <https://tinyurl.com/2x8ybb2h>

¹⁴² Chris Bishop announces plan to reduce financing barriers for CHPs. Retrieved 28-4-2025 from, <https://tinyurl.com/ya5jvetx>

As noted earlier, state housing policy in New Zealand of late has been largely focused on enabling the private sector to deliver for-profit housing and has studiously avoided direct or off-the-books guarantees or underwrites of funding schemes. Yet exemplar housing funding policy in reference group countries has demonstrated that such schemes have resulted in accessing and lowering the cost of private sector capital for construction of tens of thousands of affordable homes annually. The ability of the state to guarantee loans is live in housing legislation — as noted earlier in the *Kāinga Ora—Homes and Communities Act 2019* — but in a somewhat dormant state.

New Zealand was once an early innovator in direct state support of housing — both in legislation and related public institutions. These included the *Government Advances to Settlers Act 1894*, the *Workers’ Dwellings Act 1905*, the *State Guaranteed Advances Office*, the *State Advances Department*, the *Mortgage Corporation*, the *State Advances Corporation*, the *Housing Construction Department* (subsumed within the *Ministry of Works*), the *Housing Corporation of New Zealand* (devolved in 1992 into three separate entities including a separate *Ministry of Housing*) and *Housing Corporation subsidiary Community Housing*. The next 30 years evidenced a somewhat chaotic and closed loop process of housing legislation promulgation, amendment and repeal — with accompanying reform, merger, devolution or cessation of related state housing entities, strategies and funding mechanisms. The waxing and waning of socially-focused housing related policy over the past 110 years driven by political agenda is discussed in Section 3.3.3.

Policy action 11 — Develop a risk assessment framework and allocate additional funding cover.

Tiered stakeholder structures and specific tools to spread housing construction funding risk are evident in the exemplar countries discussed earlier. Due to the inevitable involvement of non-government actors in delivering affordable housing (including not-for-profit providers as well as private developers) the OECD highlights the importance of formalised risk management systems in mitigating potential losses arising from financial defaults and funding shortfalls.

As noted in Table 12, in the Netherlands the *Waarborgfonds Sociale Woningbouw (WSW)* stands as a mutual guarantee company for commercial loans registered housing corporations enter into. Risk is mitigated by; (1) the capital and cash flow of each housing corporation, (2) WSW’s own capital reserves supplemented if necessary by liquidation of the assets of any distressed participant in the scheme, (3) the mutual guarantee of the participants, and (4) as a last resort, interest-free loans from the state and municipalities. This multi-layer surety system and implicit very low probability of state intervention means the guarantee is not considered a contingent liability on public finances.

In Austria, Housing Construction Convertible Bonds (HCCBs) are backed by the issuing bank (but are not state guaranteed). In Denmark, commercial mortgage loans represent the main financing channel for housing developers and in 2018 the Government introduced a supporting financing mechanism issuing state-guaranteed mortgage bonds to back such commercial loans. Denmark's National Building Fund also operates a collaborative back-up scheme called the "scheme of fifths" which spreads any funding gap between five participating stakeholders; (1) the specific housing association, (2) the National Building Fund, (3) the municipality, (4) other housing associations, and (5) the mortgage bank. To support financial losses or gaps in funding the commercial bank issues a loan and the cost is shared between the stakeholders. (P76). In New Zealand, there are no state underwrite or guarantee tools to support affordable housing construction funding and no risk mitigation tools to support financial losses or shortfalls.

Policy actions 12-16 recommended by the OECD to strengthen Latvia's housing fund are to do with actually *operating* a revolving fund scheme and are not necessary to discuss at this point in the research for exemplar comparison purposes. However, in summary, these are focused on ensuring the effective management and monitoring of such funds, in particular; (1) any new housing targets are allocated to households that otherwise would struggle to access such housing, (2) the occupier cost is balanced against the development and operating costs whilst ensuring affordability, (3) new housing remains well managed and maintained, (4) systems ensure monitoring of progress and ongoing compliance, and (5) there are systems to facilitate occupier input and complaints. (P80).

Insights

Whilst the exemplar countries noted in the OECD report have differing systems for facilitating affordable housing, consistent themes emerge. All systems are founded on socially-focused law with clear policy linkages — that is, the what, how and where of affordable housing delivery. In the case of Austria and Denmark the relevant foundation legislation dates back ~80 years and in both countries it is implemented at a sub-national (municipal) level through affordable housing targets.

Proactive state involvement and tools to facilitate access to low-cost capital for affordable housing projects feature in all countries noted in the OECD report. Denmark, Slovenia and Latvia operate stand-alone housing funds for this purpose, whilst Austria and the Netherlands coordinate systems of key actors and financing tools to channel funding via housing associations and government entities — which exhibit the characteristics of self-perpetuating (not-for-profit) revolving funds.

In the OECD exemplar benchmark states of Austria, Denmark and the Netherlands, key participants in the decision-making processes around master planning, funding allocation and affordable housing delivery are the relevant local municipalities, not-for-profit housing associations, and importantly the ultimate beneficiaries of the affordable housing — being the occupiers (whether tenants or owners). Furthermore, the decision-making processes in these states are designed to ensure availability of funding to support the complete life-cycle of housing related challenges — social planning, construction, renovation, maintenance, acquisition, conversion, neighbourhood revitalisation and investment in related technical infrastructure.

The benefits of a diversified housing ecosystem, in particular a strong 'third sector' that is neither state owned nor for-profit, are evident in states which have facilitated high proportions of social to total housing stock. Such benefits include improved housing affordability, design quality, operating efficiency and downward pressure on for-profit housing rents and prices. All states noted in the OECD report overtly target and facilitate not-for-profit housing actors in enabling legislation and funding support mechanisms, including multi-tiered risk sharing, that are largely independent of the state budget. These not-for-profit housing providers are private sector — but their operating model is founded on *lowest cost delivery* and *improved housing and other social outcomes*.

The OECD highlights the importance of 'localisation' in the strategic planning and delivery of affordable housing initiatives — to ensure project funding reflects actual local housing needs. The key role of municipalities is particularly evident in Denmark where access to its National Housing Fund by Housing Associations is predicated on submission to, and approval by, the governing municipality of a detailed fiscal plan showing the location and social mix of housing and ~25% local co-financing.

A key pre-condition for the enablement of affordable housing noted by the OECD is provision of the necessary economic and social infrastructure. Economic infrastructure encompasses transport, utilities, flood protection and water management, IT and communications. Social infrastructure covers education, health, public order and safety, culture and recreation. Responsibility for the provision of such infrastructure is noted by the OECD as being outside the remit of funding mechanisms set-up to support affordable housing providers and specific projects. However, identification and assessment of local housing demand stimuli, for example planned economic development or other projects, in cooperation with key state and municipal actors, is viewed as an important part of the funding procurement process for affordable housing.

Specific mechanisms to facilitate access to low-cost capital for affordable housing projects is identified in the OECD report as a fundamentally important enabler of the not-for-profit ‘third sector’. It is a consistent theme in a wide body of international research on housing affordability including research conducted in Australia — a close territorial neighbour of New Zealand having a housing ecosystem exhibiting similar structural characteristics and price pressures. A report conducted for the Australian Housing and Research Institute (AHURI) examining the potential use of Housing Supply Bonds (benchmarking the Austrian Housing Construction Convertible Bond mechanisms and outcomes) concluded that access to government-backed low-cost capital and the use of risk reduction tools for affordable housing providers was critical to the success of such a scheme in Australia.¹⁴³ In the executive summary from that report the authors focus on the success of the Austrian Housing Construction Convertible Bond scheme in delivering...

“... adequate, affordable and secure rental housing in one of Europe's most stable and affordable housing markets, as well as playing an important role as an economic stabiliser in that country.” (P2)

and further that...

“The key message from the Austrian model specifically (and from the international experience generally) is that low cost private finance for affordable rental housing needs to be coupled with risk reducing measures such as public collateral, repayment guarantees, adequate levels of assistance and well regulated providers. Government involvement is critical.” (P3)

Finally, multi-stakeholder involvement is noted as a key enabler of affordable housing systems, to; (1) ensure local needs are met, (2) widen options for accessing equity and (3) diversify risk. In Austria, equity is sourced from each housing association, tenants in the housing project, public loans and commercial loans. The common financing tool, Housing Construction Convertible Bonds, are backed by the issuing bank. In Denmark, equity is sourced from the National Building Fund, municipal loans, tenants, commercial loans and (in some instances) state subsidies. The Government in Denmark also recently began issuing state-guaranteed mortgage bonds to back commercial loans (and lower interest rates). In the Netherlands commercial loans issued to housing associations for building affordable housing are guaranteed by the Waarborgfonds Sociale Woningbouw (WSW) — backed by a cascading risk mitigation system comprising the housing corporation's capital, WSW's own capital, the mutual guarantee of the participants, and (as a last resort) interest-free loans from the state/municipality. This system successfully lowers capital cost.

¹⁴³ Lawson, J., Milligan, V., Yates, J. et al. (2012). *Housing Supply Bonds—a suitable instrument to channel investment towards affordable housing in Australia*. Australian Housing and Urban Research Institute (AHURI). Retrieved 6-05-2025 from, <https://tinyurl.com/59tvzc2y>

3.3.3 Spatial planning and housing policy and law

Section 1.2 touched on the very fluid nature of the suite of housing related legislation in New Zealand, especially over the last 20 or so years, and the discussion in Section 3.3.1 and Section 3.3.2 hinted at the labyrinth like framework of government entities — each with overlapping mandates for housing and infrastructure planning, delivery and regulation. However, housing outcomes are informed not only by state housing and infrastructure policy, law and regulation, but also by the wider ‘spatial’ policy and law context within which such housing is developed.

The word spatial is defined in the Cambridge Dictionary as “relating to the position, area, and size of things”.¹⁴⁴ There are numerous schools of thought on what ‘planning’, ‘strategic planning’, ‘spatial planning’ and ‘strategic spatial planning’ mean and no consensus or consistent approach — with individual states applying their own perspective. Recent approaches to strategic spatial planning are categorised and discussed by Dr. Abbas Ziafati Bafarasat in his article ‘Reflections on the Three Schools of Thought on Strategic Spatial Planning’ (2014).¹⁴⁵ In this article he ruminates on each school of thought, being; (1) The Performance School, (2) The School of Innovative Action and (3) The School of Transformative Strategy Formulation. Key characteristics of each school have been derived from his discussion and are summarised in Table 13 (with selected references for further reading noted for researchers not wanting to digest the entire reference set).

Table 13...continued over

Pondering ‘Reflections on the Three Schools of Thought on Strategic Spatial Planning’

School of thought ¹	Key characteristics (derived from the discussion by Abbas Ziafati Bafarasat)
Performance	<ul style="list-style-type: none"> • Public sector consensus on objectives, with input from key actors (e.g. NGOs or corporate interests) occurs in advance of democratic/public participation or consideration of more detailed or contentious matters which might side-track progress. • Efficiency and certainty in decision-making is prioritised over wider ‘inclusion’ to improve the quality of outcomes — facilitated through key public institutions and (where there is inclusion) key technical/knowledgeable actors. • Where public consultation occurs it may be “soft” in scope based on pre-determined options to avoid contention. • There can be advantages where outputs (e.g. national policy statements, regional plans, and urban structure plans etc.) transcend regional boundaries or require integration. • Perhaps summarised as a top-down, bureaucratically-led, big picture approach to spatial planning prioritising efficiency in decision-making by key actors and consensus over contention. Influential in the ‘European Spatial Development Perspective’. <p>Selected references extracted from the article for further reading (informing the characteristics noted):</p> <ul style="list-style-type: none"> - Hajer, M., Zonneveld, W. (2000). “Spatial Planning in the Network Society-rethinking the Principles of Planning in the Netherlands.” <i>European Planning Studies</i> 8 (3): 337–55. - Van der Valk, A. (2002). “The Dutch Planning Experience.” <i>Landscape and Urban Planning</i> 58 (2–4): 201–10. - Faludi, A., Altes, W.K. (1994). “Evaluating Communicative Planning: A Revised Design for Performance Research.” <i>European Planning Studies</i> 2 (4): 403–18. - Shipley, R., Utz, S. (2012). “Making It Count: A Review of the Value and Techniques for Public Consultation.” <i>Journal of Planning Literature</i> 27 (1): 22–42. - Healey, P. (1997). <i>Collaborative Planning: Shaping Places in Fragmented Societies</i>. Vancouver, Canada: UBC Press.

¹ From ‘Reflections on the Three Schools of Thought on Strategic Spatial Planning’ (Abbas Ziafati Bafarasat, 2014).

¹⁴⁴ Cambridge Dictionary. *Spatial*. Retrieved 15-5-2025 from, <https://tinyurl.com/3pfssfhw>

¹⁴⁵ Ziafati Bafarasat, A. (2014). *Reflections on the Three Schools of Thought on Strategic Spatial Planning*. *Journal of Planning Literature*. Vol. 30(2) 132-148. Retrieved 15-5-2024 from, <https://tinyurl.com/4zaspuhc>

Table 13...continued

Pondering 'Reflections on the Three Schools of Thought on Strategic Spatial Planning'

School of thought ¹	Key characteristics (derived from the discussion by Abbas Ziafati Bafarasat)
Innovative Action	<ul style="list-style-type: none"> • A bottom-up selective spatial planning approach having an “integrative focus on a limited set of goals and places”. An opportunity for community-led social innovation to lead to spatial innovation. • Community-led governance approach facilitating more democratic and equitable spatial strategies and perceived outcomes. • Offers a platform for “grass-roots” communities to negotiate social economy priorities with the state and better resourced private sector actors. • Risks creating friction between community-level spatial objectives and perceived institutional neo-liberal policy objectives. • Can shift media perception of decision-making responsibility on contentious issues or trade-offs to the community level around issues such as housing and transport. • Characterised by inconsistent treatment of stakeholders and projects particularly the separation of community-level participants from the strategy-making level. Spatial planning does not always feature in consensus-making processes at neighbourhood level projects. <p>Selected references extracted from the article for further reading (informing the characteristics noted):</p> <ul style="list-style-type: none"> - Oosterlyncx, S., Albrechts, L., Van den Broeck, J. (2011). “Strategic Spatial Planning through Strategic Projects.” In <i>Strategic Spatial Projects: Catalysts for Change</i>, edited by Stijn Oosterlyncx, Jef Van den Broeck, Louis Albrechts, Frank Moulaert, and Ann Verhetsel, 1–13. Abingdon, UK: Routledge. - Bowles, S., Gintis, H. (2002). “Social Capital and Community Governance.” <i>The Economic Journal</i> 112 (483): F419–36.
Transformative Strategy Formulation	<ul style="list-style-type: none"> • Recognises the important role of the entire “stakeholder society” and “local knowledge” in adopting a fully collaborative approach to achieve quality strategy formulation. • Stakeholders with less leverage are not left behind in efforts to build consensus. • Utilises formal systems to facilitate collaboration and open debate at the strategy-making level and produce specific policies, plans and projects (including location and form). • Limitations within this approach are noted to include its “feasibility” (e.g. the required logistical and financial resources) and actual “transformative” capacity (e.g. where the focus is too broad and stymies buy-in). <p>Selected references extracted from the article for further reading (informing the characteristics noted):</p> <ul style="list-style-type: none"> - Healey, P. (1997). <i>Collaborative Planning: Shaping Places in Fragmented Societies</i>. Vancouver, Canada: UBC Press. - Innes, J. E. (1996). “Planning through Consensus Building: A New View of the Comprehensive Planning Ideal.” <i>Journal of the American Planning Association</i> 62 (4): 460–72. - Healey, P. (2003). “The Revival of Strategic Spatial Planning in Europe.” In <i>Making Strategic Spatial Plans: Innovation in Europe</i>, edited by Patsy Healey, Abdul Khakee, Alain Motte, and Barrie Needham, 3–19. London, UK: Routledge.

¹ From ‘Reflections on the Three Schools of Thought on Strategic Spatial Planning’ (Abbas Ziafati Bafarasat, 2014).

Whilst acknowledging a surge in interest in strategic spatial planning Dr. Ziafati Bafarasat says “this has not, however, led to an agreement over a specific set of procedures and priorities” and referencing Prof. Luigi Mazza (2013) says “that if strategic planning is everything, maybe it is nothing”.¹⁴⁶ He offers his own understanding of strategic spatial planning, which is that...

“...it mediates between the respective claims on space of the state, market, and community around three considerations: stakeholder involvement, policy integration, and implementation. The relative weight given to each of these considerations defines the optimum scale/scales of strategic spatial planning”. (P132)

Prof. Mazza proffers a slightly different take on this kind of mediation process in his comments on the 2013 article “Practicing Strategic Planning: In Search of Critical Features to Explain the Strategic Character of Plans” by Prof. Louis Albrechts and Prof. Alessandro Balducci¹⁴⁷, asking...

¹⁴⁶ Mazza, L. (2013). *If Strategic Planning Is Everything, Maybe It's Nothing*. disP - The Planning Review. Vol 49:3, PP40-42. Retrieved 16-5-2024 from, <https://tinyurl.com/mpcxbmay>

¹⁴⁷ Albrechts, L., Balducci, A. (2013). *Practicing Strategic Planning: In Search of Critical Features to Explain the Strategic Character of Plans*. disP - The Planning Review. 49:3, PP 16-27. Retrieved 16-5-2025 from, <https://tinyurl.com/mr5xydyd>

“Why should/would a range of people, etc., come together to design plan-making processes, etc.? Would it be their inclination for active citizenship, their commitment to the public interest, or their compliance with a planning-participation law? In other words, is this coming together voluntary or statutory? If it is voluntary, what kind of legitimization does it have, and if statutory, what kind of effectiveness does it offer?” (P40).

He goes on to point out that, except for rare exceptions, in any coming together of experts, communities and politicians, it is the politicians that always have the last say...

“...in practice, plan-making is dependent on political decision-making; there are obviously interactions, but only one final political word.” (P41).

In the journal article 'Practicing Strategic Planning: In Search of Critical Features to Explain the Strategic Character of Plans', Prof. Louis Albrechts and Prof. Allesandro Balducci draw on their personal experiences in examining the features that make a plan 'strategic', the differences with more traditional planning approaches and the processes involved. They qualify observations by noting “there are different traditions of strategic planning and there is no one way or best way to do strategic planning” and “...there are phases of territorial development when traditional planning tools are insufficient or even unfit to govern processes of urban transformation”. (P16). They say the strategic spatial planning process takes a “collective” view of the environment and resources to focus in on a small number of “strategic key issues” and “place-specific qualities and assets (social, cultural, and intellectual, including the physical and social qualities of the urban or regional tissue) in a global context.” (P18). This collective view, or “knowledge” as they describe it, is not delimited to a small number of key actors (e.g. public authorities and commercial interest groups) but rather “...comprises the knowledge of experts, the knowledge of lay people and the knowledge of people with unique local information” (P19). In this way, they say, the process “... allows for a broad (multi-level governance) and diverse (public, economic, civil society) involvement during planning, decision-making, and implementation processes.” (P20).

Prof. Louis Albrechts and Prof. Allesandro Balducci say the process of strategic spatial planning involves managing the transition from “comprehensiveness” to “selectivity”. They describe this ‘comprehensiveness’ as a limitation of traditional planning in that “it is impossible to do everything that needs to be done”. Whereas strategic spatial planning relates to “action and implementation. Things must get done!” This entails “... policy statements, plans, programs, actions (short-, medium- and long-term), decisions and resource allocation that define what a policy is in practice, what it does, and why it does it – from the point of view of the various affected publics.” (P20).

Successful implementation of any plan requires establishing effective and enduring relationships between what are often quite disparate yet interdependent interest groups through a period of change. Prof. Louis Albrechts and Prof. Alessandro Balducci call this process a “co-production”, where public actors need to “trust the creativity from below, i.e., the wisdom of crowds...” and a social process that “...stimulates the ability to view problems, situations and challenges in new and different ways and to invent and develop original, imaginative futures in response to these problems, situations and challenges.” (P21). They say the “essence” of feasible and effective “multi-level governance” is centred on “the elaboration of a mutually beneficial dialectic between top-down structural policies and bottom-up local uniqueness.” (P23).

In their concluding remarks, Prof. Louis Albrechts and Prof. Alessandro Balducci transport us back to the opening comments in the article. They say,

“Strategic spatial planning is indeed not a single concept, procedure, or tool: it is a set of concepts, procedures, and tools that must be tailored carefully to whatever situation is at hand if a desirable outcome is to be achieved. There is no recipe, we have to design each process by itself, but we can still learn from experience.” (P24).

Synthesis

Strategic spatial plans outlining a vision at a country, city or community level are all very well but they are by default highly situational, often temporary, based on fluid political or interest group preferences and, in any event, will inevitably require some form of more structured planning (plans and zoning) and institutions and technicians to effect that vision. There will be inevitable tensions in the political, institutional, commercial and citizen interactions, but that is not a reason to dismiss or favour either ‘strategic spatial planning’ or the more traditional approach of ‘zoning’ — often preferred at a community-level due to the implicit higher level of specificity (certainty).

Arguments over the definitions or efficacy of the various planning ‘schools of thought’, whether ‘strategic’ or ‘spatial’, miss the point when all that really matters are outcomes arising from the product of such planning. It’s strongly redolent of the lack of consensus on definitions of ‘housing affordability’ discussed in Section 3.3 — which needlessly divert attention from what might be a more meaningful debate on the factors actually contributing to a lack of housing affordability and, more importantly, how to address these. The most elegant and extensively debated strategic or spatial plan in the world is nothing more than a collection of useless words, numbers and visuals if that plan doesn’t result in improved and socially-diffuse urban, rural, and environmental outcomes.

The ‘European Spatial Development Perspective’ (ESDP)¹⁴⁸ — agreed at a meeting of ‘The Informal Council of Ministers responsible for Spatial Planning’ at Potsdam in May 1999 — closely resembles the Performance School of Thought (as noted in Table 13). Although it is legally non-binding on member states, the ESDP influences European Union (EU) spatial policy aimed at achieving balanced and sustainable development within the collective EU territory. It is relevant to touch on here given the European-centric make-up of research reference group countries.

The ESDP itself is founded on a triad of foundation goals informing EU policy, being: economic and social cohesion; conservation of natural resources and cultural heritage; and, more balanced competitiveness of the European territory (see opposite, ESDP P10). Within that context, EU Ministers responsible for spatial planning agreed in 1994 on a set of three underlying policy guidelines for spatial development in the EU, as follows: development of a balanced and polycentric urban system and a new urban-rural relationship; securing parity of access to infrastructure

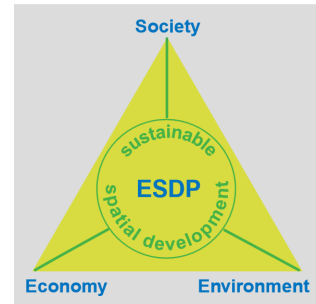


Image source: European Commission ESDP (1999). P10. See ref. 145 herein.

and knowledge; and sustainable development, prudent management and protection of nature and cultural heritage (P11). The ESDP coalesced in 1999 from these interconnected principles. The ESDP is necessarily high-level — with the policy options described intended to achieve balanced and integrated spatial development and other outcomes within the EU territory. Those most closely aligned to urban development are transcribed and/or summarised in Table 14.

Table 14...continued over

Policy Aims & Options for the Territory of the EU

Policy aims ¹	Policy options ¹
<p>Polycentric Spatial Development and a New Urban-Rural Relationship</p>	<ul style="list-style-type: none"> • Strengthening of several larger zones of global economic integration in the EU, equipped with high-quality, global functions and services, including the peripheral areas, through transnational spatial development strategies. • Strengthening a polycentric and more balanced system of metropolitan regions, city clusters and city networks through closer co-operation between structural policy and the policy on the Trans-European Networks (TENs) and improvement of the links between international/national and regional/local transport networks. • Promoting integrated spatial development strategies for city clusters in individual Member States, within the framework of transnational and cross-border co-operation, including corresponding rural areas and their small cities and towns. • Strengthening co-operation on particular topics in the field of spatial development through cross border and transnational networks. • Promoting co-operation at regional, cross-border and transnational level; with towns and cities in the countries of Northern, Central and Eastern Europe and the Mediterranean region; strengthening North-South links in Central and Eastern Europe and West-East links in Northern Europe.

¹ Derived from, *ESDP European Spatial Development Perspective*, European Commission. (1999).

¹⁴⁸ European Commission. (1999). *ESDP European Spatial Development Perspective*. Retrieved 16-5-2025 from, <https://tinyurl.com/9hwcwsc5>

Table 14...continued

Policy Aims & Options for the Territory of the EU

Policy aims ¹	Policy options ¹
Urban-Rural Partnership	<ul style="list-style-type: none"> • Maintenance of a basic supply of services and public transport in small and medium-sized towns in rural areas, particularly those in decline. • Promotion of co-operation between towns and countryside aiming at strengthening functional regions. • Integrating the countryside surrounding large cities in spatial development strategies for urban regions, aiming at more efficient land use planning, paying special attention to the quality of life in the urban surroundings. • Promotion and support of partnership-based co-operation between small and medium-sized towns at a national and transnational level through joint projects and the mutual exchange of experience. • Promotion of company networks between small and medium-sized enterprises in the towns and countryside.
<p>Parity of Access to Infrastructure</p> <ul style="list-style-type: none"> - Efficient and Sustainable Use of the Infrastructure - An Integrated Approach for Improved Transport Links and Access to Knowledge - Polycentric Development Model: A Basis for Better Accessibility 	<ul style="list-style-type: none"> • Strengthening secondary transport networks and their links with TENs, including development of efficient regional public transport systems. • Promotion of a spatially more balanced access to intercontinental transport of the EU by an adequate distribution of seaports and airports (global gateways), an increase of their service level and the improvement of links with their hinterland. • Improvement of transport links of peripheral and ultra-peripheral regions, both within the EU and with neighbouring third countries, taking into account air transport and the further development of corresponding infrastructure facilities. • Improvement of access to and use of telecommunication facilities and the design of tariffs in accordance with the provision of “universal services” in sparsely populated areas. • Improvement of co-operation between transport policies at EU, national and regional level. • Introduction of territorial impact assessment as an instrument for spatial assessment of large infrastructure projects (especially in the transport sector). • Better co-ordination of spatial development policy and land use planning with transport and tele-communications planning. • Improvement of public transport services and provision of a minimum level of service in small and medium-sized towns and cities. • Reduction of negative effects in areas subject to high traffic pressure by strengthening environmentally compatible means of transport, levying road tolls and internalising external costs. • Promoting the interconnection of inter-modal junctions for freight transport, in particular for transport on the European corridors, especially regarding shipping and inland navigation. • Co-ordinated and integrated infrastructure planning and management for avoiding inefficient investments (for example superfluous parallel development of transport infrastructure) and securing the most efficient use of existing transport infrastructure.

¹ Derived from, ‘ESDP European Spatial Development Perspective’, European Commission. (1999).

At the time of developing the ESDP the EU family comprised a core group of 15 member states (EU15), another 10 ascension states (CEEC10) plus Cyprus. All are now EU members. Within the EU15 the economic centre of gravity was largely represented by a “pentagon defined by the metropolises of London, Paris, Milan, Munich and Hamburg” and “some isolated islands of significant growth (e.g. Barcelona, Region of the Øresund¹⁴⁹)”. The ESDP was intended as a tool for strengthening the EU sphere of economic influence and also widening the benefits flowing from this for all member states and across the urban/rural divide,

“A spatial development perspective restricted to a polycentric development of individual metropolitan regions is not in line with the tradition of maintaining the urban and rural diversity of the EU. For this reason a polycentric settlement structure across the whole territory of the EU with a graduated city-ranking must be the goal. This is an essential prerequisite for the balanced and sustainable development of local entities and regions and for developing the real locational advantage of the EU vis-à-vis other large economic regions in the world.” (P20).

¹⁴⁹ Wikipedia. Øresund Region. Retrieved 27-05-2025 from, <https://tinyurl.com/4t6dmap5>. In brief — the area centred around the Øresund Strait and the two cities of Copenhagen in Denmark and Malmö in Sweden connected by the Øresund Bridge.

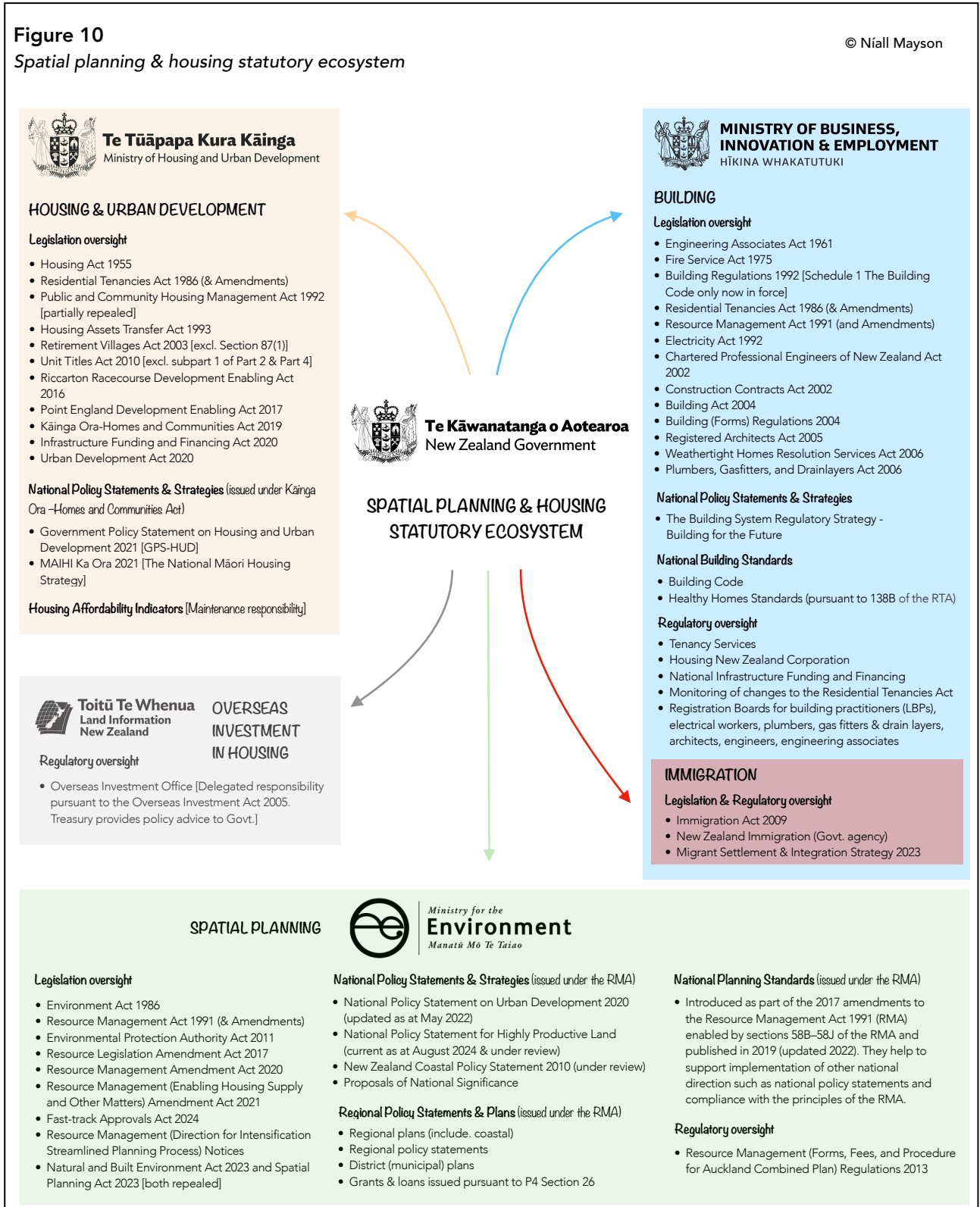
Whilst the ESDP was penned 26 years ago, the spatial planning and development challenges that gave impetus to its creation are just as relevant today — especially, continuing urban sprawl and social segregation. The ESDP notes the negative consequences of uncontrolled urban growth, which include higher levels of private transport and energy consumption, more costly infrastructure and services, and detrimental effects on the quality of both rural amenity and the natural environment. (P65). In relation to social segregation (exclusion/inequality) the ESDP accepts that "differences in income and lifestyles are reflected in different needs in terms of housing and residential location and in different possibilities for satisfying these needs" and cautions "the importance of the social dimension in the sustainable development of urban areas...". (P66).

Ultimately, the ESDP leaves it for individual member states to determine their own spatial planning direction and it exists largely to strengthen interconnectivity, balance and sustainability within the EU territory (as noted earlier). Within that context, those European states that have established strong, enduring and mutually-beneficial interdependence between state-level spatial planning (vision) and municipality-level implementation of affordable housing master plans and projects (practice) have certainly succeeded in achieving improved and more socially-diffuse housing outcomes. That hasn't occurred by chance — but through overt state policy founded on balancing economic growth with social and environmental outcomes and the tools to support that goal. The deliberate and prescribed triangular connectivity between the state (housing policy, spatial plans, funding tools), municipalities (regional master/social planning) and community (occupiers, housing developers, funders, projects), is perhaps no better exemplified than in Austria.

Strategic spatial planning that leads to improved housing affordability outcomes seems very unlikely to occur within a 'laissez-faire' economic ideology political 'vacuum' — currently characterised in New Zealand by short-term party agenda and a predilection toward for-profit market-led solutions — which has sucked-up all the air. We need a strategic spatial planning system friendly to improved and socially-diffuse housing outcomes with pan-stakeholder buy-in.

Within this research 'spatial' refers to the planning and regulation in New Zealand of the relationships between resources, activities and affected stakeholders at the widest scale. As the focus of this research is examining the potential for not-for-profit housing systems to improve 'housing affordability' in New Zealand, the interconnected framework of spatial planning and housing policy and law is explored applying this lens.

The spatial planning and housing statutory ecosystem in New Zealand (policy, law, regulation) is administered by three key ministries — the Ministry of Housing and Urban Development (MHUD), the Ministry of Business, Innovation & Employment (MBIE), and the Ministry for the Environment (MFE). The ambit of Land Information New Zealand and New Zealand Immigration (a subset of MBIE) also exert an indirect influence on housing outcomes. Figure 10 offers a high-level overview.



The legislative ecosystem depicted in Figure 10 may not encompass all relevant law and policy however the information has been extracted directly from the websites of the three key ministries. MFE is responsible for administering a diverse portfolio of (~9) spatial planning acts, plus key national and regional policy statements, national planning standards and related regulations that (combined) inform (at the widest scale) where and how development can occur and how natural resources are used and managed in New Zealand. Within that overarching spatial planning legal framework, MHUD administers a large portfolio of (~11) acts and key policy statements and strategies that together inform specific housing outcomes including, by way of example, scale, density and form. MBIE is responsible for administering an extensive portfolio of (~13) building related acts, plus the building code and related standards and for regulating numerous building practitioners (e.g. architects, engineers, plumbers, electricians, builders) and a number of crown entities that directly influence urban development and housing outcomes (e.g. Housing New Zealand Corporation now subsumed within Kāinga Ora Homes and Communities, Crown Infrastructure Partners Ltd and Tenancy Services). MBIE is also responsible for administering immigration law and New Zealand Immigration (the key agency for implementing strategy and regulations). Inbound migration has exerted substantial pressure on the New Zealand housing market in recent years — and this aspect is explored further in Section 3.3.4. A final piece of the statutory framework is the influence of foreign investment regulation which is administered under delegated authority from the relevant Minister by Land Information New Zealand.

Against that backdrop, the primary legislation in New Zealand that informs spatial planning, the RMA, is in the process of being replaced. The Sixth Labour Government began the process in 2022 with introduction of the Natural and Built Environment Bill¹⁵⁰ and the Spatial Planning Bill¹⁵¹ which went on to become the Natural and Built Environment Act 2023¹⁵² and the Spatial Planning Act 2023¹⁵³. These Acts, plus the proposed (and now abandoned) Climate Adaption Act, together were intended to fully replace the RMA. However, following election in November 2023, the Sixth National Government proceeded to repeal this legislation in December 2023 via section 5(1) of the Resource Management (Natural and Built Environment and Spatial Planning Repeal and Interim Fast-track Consenting) Act 2023¹⁵⁴.

¹⁵⁰ Natural and Built Environment Bill 2022. Retrieved 11-6-2025 from, <https://tinyurl.com/y7kvnktw>

¹⁵¹ Spatial Planning Bill 2022. Retrieved 11-6-2025 from, <https://tinyurl.com/2cjkmj3c>

¹⁵² Natural and Built Environment Act 2023. Retrieved 11-6-2025 from, <https://tinyurl.com/4u58wz7a>

¹⁵³ Spatial Planning Act 2023. Retrieved 11-6-2025 from, <https://tinyurl.com/533bpybm>

¹⁵⁴ Resource Management (Natural and Built Environment and Spatial Planning Repeal and Interim Fast-track Consenting) Act 2023. Retrieved 11-6-2025 from, <https://tinyurl.com/2hkbmzyv>

This legislation was quickly followed by the Fast-track Approvals Act 2024¹⁵⁵, the purpose of which is to “...facilitate the delivery of infrastructure and development projects with significant regional or national benefits” (Part 1, 3), and the Resource Management (Consenting and Other System Changes) Amendment Bill 2024, which (amongst other matters) prioritised implementing the Sixth National Government’s ‘Going for Housing Growth’ policy and provided municipalities with a “housing growth” planning alternative to the Medium Residential Standards (see Section 1.2).

The Fast-track Approvals Act 2024 creates a number of pathways for the promoters of commercial and infrastructure project developments, or one of 149 projects listed in Schedule 2 of the Act, that can satisfy certain criteria in the Act, to apply direct to the Environmental Protection Agency (EPA). The Act provides for the relevant Minister to (personally) have final say on decisions, either via transfer from the EPA or by calling-in the decision (Section 76). The Resource Management (Consenting and Other System Changes) Amendment Bill 2024 “enables councils to opt out of the MDRS if they demonstrate 30 years of housing growth capacity”. This rather top-down directive...

“...provides the Minister for the Environment with new intervention powers to ensure compliance with national direction, including housing and business development capacity assessments. The Bill grants the Minister for the Environment new powers to direct councils to prepare or amend documents in accordance with national direction, and to direct what type of plan change is used to give effect to national direction...”. (Proposals, *Housing growth*)

The Sixth National Government has continued work aimed at RMA replacement legislation — taking a quite different direction founded on “property rights”. In a media release on 25-3-2025 the Minister Responsible for RMA Reform Chris Bishop said “Replacing the RMA with new legislation premised on property rights is critical to the government’s mission of growing the economy and lifting living standards for New Zealanders” ... “We must rationalise the system to ensure a tight scope where only those affected get a say” and “We cannot have Tom, Dick, and Harry weaponise the planning system to block progress from the opposite end of the country.”¹⁵⁶ The statements signal a departure from the democratic checks and balances in the RMA system. The Sixth National Government’s direction could not be more distant from the spatial planning approaches described earlier by Profs. Albrechts and Balducci, in particular, the leveraging of collective “knowledge” which is not restricted to public authorities and commercial interests, but rather utilises a diverse selection of experts, lay people and those with unique local information.

¹⁵⁵ Fast Track Approvals Act 2024. Retrieved 11-6-2025 from, <https://tinyurl.com/4fd8vntr>

¹⁵⁶ Sixth National Government. *New planning laws to end the culture of ‘no’*. [Beehive Press Release]. Retrieved 11-06-2025 from, <https://tinyurl.com/25x3cs7e>

Profs. Albrechts and Balducci view spatial planning as a social and transparent “co-production” where public sector actors need to trust the wisdom of the many and the “essence” of “multi-level governance” as a “mutually beneficial” relationship combining “top-down structural policies and bottom-up local uniqueness” — the antithesis of the Sixth National Government’s RMA reforms.

The Sixth National Government’s proposed new spatial planning regime is premised on protecting the unfettered rights of property owners — whilst at the same time seeking to diminish the rights of those who previously had every opportunity to voice their perspective in relation to a property or resource use and/or adverse effects arising from that use, on them and/or the environment, and the spatial composition of the country and community in which they live. It would seem that “Tom, Dick, and Harry” and indeed anyone without property rights (i.e. in an ownership capacity), may soon have less (or no) opportunity to impart their local “knowledge” and protect their rights.

In a media release dated 20-9-2024 the Sixth National Government announced the establishment of an Expert Advisory Group (EAG) to prepare recommendations on a new legislative system to replace the RMA based on ten core design features agreed by Cabinet (detailed in Table 15).¹⁵⁷

Table 15

Sixth National Government’s 10 core design features for RMA reform

RMA reform core design features ¹
<ul style="list-style-type: none"> • Narrow the scope of the resource management system to focus on managing actual effects on the environment. • Establish two Acts with clear and distinct purposes – one to manage environmental effects arising from activities, and another to enable urban development and infrastructure. • Strengthen and clarify the role of environmental limits and how they are to be developed. • Provide for greater use of national standards to reduce the need for resource consents and simplify council plans. This would mean that an activity which complies with the standards cannot be subject to a consent requirement. • Shift the focus away from consenting before activities can get underway, and towards compliance, monitoring and enforcement of activities’ compliance with national standards. • Use spatial planning and a simplified designation process to lower the cost of future infrastructure. • Realise efficiencies by requiring one regulatory plan per region, jointly prepared by regional and district councils. • Provide for a rapid, low-cost resolution of disputes between neighbours and between property owners and councils, with the potential for a new Planning Tribunal (or equivalent). • Uphold Treaty of Waitangi settlements and the Crown’s obligations. • Provide faster and cheaper processes with less reliance on litigation, contained within shorter and simpler legislation that is more accessible.

¹ Transcribed from, *Replacement for the Resource Management Act takes shape*. [Beehive Press Release]. See full reference below.

In March 2025 the EAG released a package of recommendations in a report titled ‘Blueprint for resource management reform: A better planning and resource management system 2025’.¹⁵⁸

¹⁵⁷ Sixth National Government. *Replacement for the Resource Management Act takes shape*. [Beehive Press Release]. Retrieved 12-06-2025 from, <https://tinyurl.com/bdzkk935>

¹⁵⁸ Sixth National Government. *Blueprint for resource management reform: A better planning and resource management system 2025*. Retrieved 12-6-2025 from, <https://tinyurl.com/nhamjszf>

At the legislative level, the EAG recommendations are to replace the RMA with two new Acts that separate land-use planning and natural resource management, being:

1. A Planning Act focused on regulating the use, development and enjoyment of land; and
2. A Natural Environment Act (NEA) focused on the use protection and enhancement of the natural environment.

A document issued by the Ministry for the Environment summarising and comparing the EAG recommendations against Cabinet paper recommendation notes that the Planning Act is intended to “narrow the scope of the resource management system and the effects it controls, with the enjoyment of private property rights as the guiding principle.” This is to provide “...greater protection of and ability to use property as its owners see fit. It will set a higher bar for regulatory restrictions on a property.” The NEA framework for the use, protection and enhancement of the natural environment is informed by the Cabinet recommendation which is to ensure “the NEA purpose recognises that protection and enhancement must be proportionate as the act is intended to be enabling.” Both Acts will “require justification reports if departing from approaches to regulation standardised at a national level.”¹⁵⁹

The recommended approach to management of effects under the new legislative system is one based on the economic concept of externalities, “meaning effects (relating to land use) borne solely by the party undertaking the activity would not be controlled.” (See Cabinet paper recommendation 8). Whilst the concept of economic externalities (both negative and positive) is extensively discussed in the literature, exactly what is meant by the Cabinet minute in relation to its ‘application’ in determining land use effects remains unclear. The crude definition in the Cabinet minute flags the potential for dispute around both what negative land use effects are and how in fact these are borne solely by the party undertaking the activity. Definitions would need to be very precise in final law.¹⁶⁰ Of the many other RMA reforms recommended, major departures from the current system include a single mandatory national policy direction (NPD) under each Act, national standards under each Act for the purpose of implementing the NPD and nationally standardised zones under the Planning Act and a single regulatory plan per region. Separate regional policy statements are recommended to be eliminated and replaced by spatial plans to enable “future urban areas, and growth and development...”. The detail is absent but the Cabinet direction is very clear and that is *enjoyment of private property rights* and *growth* will take precedence.

¹⁵⁹ Ministry for the Environment. *Resource management reform. Comparison: Expert Advisory Group Blueprint recommendations and Cabinet paper recommendations*. Retrieved 13-6-2025 from, <https://tinyurl.com/336pss5a>

¹⁶⁰ Discussion and references in relation to the concept of *economic externalities* can be found in the [Glossary](#).

The Sixth National Government’s RMA reforms are very much in the mood of the ‘The Performance School’ described earlier and summarised in Table 13. The top-down, big-picture style of spatial planning that prioritises ‘efficiency in decision-making’ over ‘inclusion’ for political expediency.

The magnitude of change implicit in the RMA reforms is immense, the completion timeline remains uncertain, and the outcomes (spatial, environmental, societal) will not become apparent for many years. Drawing on an earlier observation, the reforms will be a pointless waste of money and time if they do not result in improved and socially-diffuse urban, rural, and environmental outcomes. Strategically planning ‘spatially’ for improved housing affordability outcomes would seem rather straightforward — however the long-sighted political vision needed is currently blurred by the Government’s myopic pursuit of housing growth. An easily implemented example of long-term strategic spatial planning is statutory provision for more intensive development on state and municipal-owned land for affordable housing developments (i.e. land suitable for affordable housing close to required infrastructure and other facilities) — in a similar way the EAG and Cabinet recommendations provide for “substantial flexibility in land use on Māori land.” Another example is prioritising state and municipal owned land for not-for-profit housing providers in a national spatial plan supported by other statutory tools and funding mechanisms (i.e. in associated legislation) to facilitate the master planning of affordable housing developments and coordination of the key state, municipal and not-for-profit housing actors — as is the case in Austria. A very much, top-down and bottom-up approach to strategic spatial planning echoing characteristics of the ‘School of Transformative Strategy Formulation’ noted earlier in Table 13 that recognises the entire “stakeholder society” and “local knowledge”. Improved housing affordability can readily be planned for in New Zealand, at the widest strategic spatial level, at little or no cost to taxpayers. But it hasn’t. A word search in the EAG Blueprint and Cabinet paper recommendations for terms that might directly enable not-for-profit housing or improved housing affordability reveals nothing.

Tables A1-A4 in the Appendices provide a summary of 34 pieces of legislation and related policy administered by the ministries noted in Figure 10, the extent to which the purpose, provisions, or content of each is aimed at not-for-profit type housing policy interventions and observations in relation to gaps or potential intervention pathways. The relevant legislation or policy was searched using either the New Zealand Legislation website¹⁶¹ or specific document (PDF) search panel. The search terms used relating to housing are; social, public, not-for-profit, affordable, affordability.

¹⁶¹ New Zealand Legislation. [Website]. Retrieved 16-6-2025 from, <https://legislation.govt.nz/> for legislation reviewed in Tables A1-A3

The findings point to a lost sense of social purpose in our housing related suite of law and policy. Of the 34 pieces of spatial planning and housing related legislation or policy documents reviewed, mention of “not-for-profit” or “third sector” type providers appears twice. Where improving housing affordability is specifically mentioned in the purpose, objects and/or provisions of law or policy, the preferred approach is always based on increasing the supply of land and housing and the assumption this will somehow automatically lead to improved housing affordability. It is not necessary to repeat all observations noted in Tables A1-A4, but it is perhaps helpful to highlight where potential pathways for not-for-profit policy interventions exist in that statutory ecosystem.

Insights — glimmers of hope within the statutory ecosystem

The Environment Act 1986 provides the legal basis for appointment and work of the Parliamentary Commissioner for the Environment. It provides a frame for protection of environmental values and sustainability of resources for future generations and a requirement to take a “balanced account” of the “sustainability of natural and physical resources” and “needs of future generations”.

Although there is nothing that overtly informs the housing policy interventions of interest, the focus on “sustainability” implies options other than the ‘market’ housing solutions predominating much of our recent legislation.

The Resource Management Act 1991 (RMA), rightly or wrongly, is on the way out and there is no need to dwell on it other than to note (while it remains current) that ‘national direction’ under the RMA could be used to better enable not-for-profit housing solutions. The kind of Ministerial directions aimed at RMA amendment and replacement legislation and fast-tracking for-profit land supply and housing intensification, could just as easily be directed at enabling the not-for-profit housing sector. For example, as noted earlier, prioritising public owned land for not-for-profit housing in national/municipal spatial plans supported by funding tools in other legislation.

The National Policy Statement on Urban Development 2020 notes in its objectives that “Planning decisions improve housing affordability by supporting competitive land and development markets” and it requires specific territorial authorities to analyse how planning decisions and the provision of infrastructure affects the affordability and competitiveness of the local housing market. However, there is nothing that informs housing affordability or provides a pathway or tools to enable delivery of affordable housing or not-for-profit housing providers (including approved community housing providers). For land and development markets to be truly competitive ‘not-for-profit’ housing providers would need to be enabled to diversify the residential property market.

'Proposals of National Significance' are exceptionally large and complex proposals with regional or national impacts with the application process managed by the Environmental Protection Agency. At present it is a development pathway that appears to be used exclusively for energy related projects. The Minister has discretion to make a direction under this pathway that a proposal is of national significance to facilitate a large-scale multi-stakeholder social or not-for-profit housing initiative. If it's OK for an energy project why not nationally significant housing proposals focused on socially-diffuse affordable housing outcomes?

The 'National Planning Standards' (NPS) are a tool introduced as part of 2017 RMA amendments with the purpose of making territorial authority plans and policy statements easier to prepare, understand and comply with, and support national direction. The NPS provides an opportunity to introduce not-for-profit housing initiatives at the territorial authority strategic planning level, for example, through the 'District-Wide Matters Standard' (see Section 7 Strategic Direction). Another opportunity is via the Zone Framework Standard (see Section 8 Mandatory Directions). Doing so would signal the importance of 'not-for-profit' housing at the highest spatial planning level and smooth the way for projects promoted by not-for-profit housing providers.

State agency 'National Infrastructure Funding and Financing' (NIFF) is promoted on its website as the "shopfront" for private capital investment in public infrastructure. NIFF operates four funding programs of which two (the 'IRG' and 'Better Off') are directed at housing related infrastructure. Just one social housing project is noted as having received funding via the NIFF funding programs and this pathway offers potential for very large-scale social housing initiatives to access funding for associated infrastructure where it is presently unavailable or under capacity.

The Housing Act 1955 (HA) gives the Minister broad powers for state housing purposes to set aside state land, take land (under the Public Works Act 1981), buy or lease property and dispose of land and property. The HA also enables money appropriated by Parliament to be used for developing any state housing land as sites for all types of buildings which are desirable for the general residential development of the area. The Minister can also take over and administer the functions of Kāinga Ora-Homes and Communities under the HA. The HA offers a pathway for not-for-profit housing policy interventions via direct Ministerial intervention — especially if supported by minimum housing rights enshrined at a constitutional level.

The Public and Community Housing Management Act 1992 was introduced to reform the provision of social housing by establishing a framework for a multiple-provider social housing market. In particular; defining eligibility for social housing and income related rent through needs assessment, referral of prospective tenants to NGO social housing providers, facilitating the growth, standards and regulation of the community housing sector. Part 9 provides for Ministerial powers enabling any state agency, department or other state entity to perform the role of the social agency and receive Ministerial directions. Part 10 relates to the registration and regulation of community housing providers in order to ensure tenants are appropriately housed; and to support the growth of a fair, efficient, and transparent community housing sector. While the legislation has enabled a multi-provider social housing market it has not provided the funding or other tools to properly enable and develop a strong not-for-profit housing sector. The legislation allows approved community housing providers to make profits from their tenants and there is no requirement for community housing stock (that has benefitted from state funding) to remain as social housing. The Ministerial 'direction' provisions offers potential to develop a 'third sector'.

The Kāinga Ora-Homes and Communities Act 2019 accompanied the amalgamation of a number of housing state entities including Housing New Zealand Corporation, Hobsonville Land Company and Kiwibuild as the Housing and Urban Development Authority (Kāinga Ora). Its main functions are; (1) provision of rental housing and related services, loans and advice for those sections of society who need it most and (2) the initiation and facilitation of urban development on its own account or with other parties. As noted in Section 3.3.1, this legislation anticipates and enables Kāinga Ora as a hands-on actor in the housing ecosystem through provision of public, community, affordable, first-home and market housing and through leadership, innovation and capability building. Such leadership includes "supporting innovation, capability, and scale within the wider urban development and construction sectors" and "leading and promoting good urban design and efficient, integrated, mixed-use urban development". Yet promotion of innovation in not-for-profit cooperative housing tenure systems or promotion of innovation, capability and scale in new off-site and on-site housing construction systems are conspicuously absent in Kāinga Ora's output. This legislation contains a lot of the 'nitty-gritty' needed to enable the not-for-profit housing sector and much more could be achieved utilising its existing provisions. The Sixth National Government has however prioritised *growth* and *private capital* over *improved affordability* and *not-for-profit* outputs. In the absence of housing rights entrenched constitutionally via pan-political consensus, and an adequate budget appropriation, the most well intentioned legislation is impotent.

The Urban Development Act 2020 was introduced “to facilitate urban development that contributes to sustainable, inclusive, and thriving communities.” To that end, it provides a mechanism to streamline and consolidate processes for selected urban development projects initiated, facilitated, or undertaken by Kāinga Ora—Homes and Communities; and provides powers for the acquisition, development, and disposal of land used for the purpose of Kāinga Ora performing its urban development functions. It offers pathways for development of both affordable and not-for-profit housing projects by Kāinga Ora and others but these outputs to date have been minuscule in relation to ‘market housing’ output which, as noted in Section 3.3.1, is likely to eventually represent ~70% of Kāinga Ora output under the current project settings.

The Government Policy Statement on Housing and Urban Development (GPS-HUD) is a key document informing housing focus and outputs at a national level. The GPS-HUD focus areas include; more affordable homes being built, enablement of people into affordable homes with security of tenure and prioritising housing’s role as a *home* not an *investment*. It was developed alongside MAIHI Ka Ora 2021 (The National Māori Housing Strategy) to be implemented side-by-side. The intent sounds all very good however it has not resulted in any meaningful improvements in housing affordability or facilitation of an expanded not-for-profit housing sector. Further, the status of the GPS-HUD and its overlap with the NPS-UD 2020 noted earlier is opaque in light of the Sixth National Government’s *growth* priority.

The Immigration Act 2009 and related policy has the potential to create and also mitigate downstream negative outcomes from in-bound migration such as demand for housing and price escalation, building sector workforce capacity, and infrastructure constraints (including public funding). There is an opportunity for housing policy and law to inform immigration law and strategy. At present there is no linkage and a noticeable absence of any sustainable population or growth strategy. As noted in Section 3.3.2, Denmark combines the inter-dependent housing, construction, social, migration, data and research portfolios under a single ministry to achieve better policy alignment.

The Overseas Investment Act 2005 sets out specific provisions relating to overseas investment resulting in increased housing and large-scale build-to-rent or shared equity type projects. The legislation could readily be used as a tool to prioritise investment in housing funding mechanisms (e.g. housing bonds for affordable housing projects) or not-for-profit housing projects. Essentially prioritising ‘affordability’ as a housing outcome — instead just increases in housing stock.

Insights — a neo-liberal wrecking-ball

The Sixth National Government's growth agenda and steady stream of Ministerial directions have achieved no improvements in housing affordability. Instead, uncertainty pervades at multiple stakeholder levels in the housing sector — the territorial authorities, community and emergency housing providers, individual property owners, tenant households and environmental NGOs. The Government announcement on 25 June 2025, which will force Auckland Council to allow development of residential apartments up to 15 levels in height around three train stations on the new City Rail Link, is just one more in a growing list of top-down Ministerial directives — all of which are focused on growth not affordability. Minister for Auckland Simeon Brown said "The City Rail Link is a game-changing investment in the future of Auckland. It will unlock significant economic opportunity, but only if we have a planning system to allow businesses and residents to take advantage of it...Enabling greater housing intensification along this corridor will help us maximise the benefits of this investment and provide more homes in a city geared up for growth." The Government had recently directed Auckland City to allow developments up to six levels in height but Housing Minister Chris Bishop added "The government has decided that these requirements, while a step forward, don't go far enough."¹⁶² The statements are more what you'd expect from a property developer than Government Ministers. An enduring link between housing intensification and improved housing affordability does not exist. Some of the most densified cities are also some of the least affordable (e.g. London, New York, Tokyo, Hong Kong, Singapore).¹⁶³ The magnitude, complexity, contingent disruption, open-ended timeframe and underlying intent of RMA reforms have not been adequately justified by those promoting the need for change.

The main beneficiaries of the RMA and associated legislative reforms (to date) are the owners or promoters of the 149 projects scheduled for fast-tracking through the RMA consenting process and those property investors, developers and land-bankers with a for-profit interest in land and related housing development. It feels like a neo-liberal wrecking-ball has been swung through the combined spatial planning and housing legislative ecosystem with little care for, or understanding of, the widespread and lasting consequences. Rather than a strategic spatial planning approach that values the knowledge of all stakeholders and prioritises socially-diffuse outcomes, the Minister's directions more closely resemble a kind of Medieval fiefdom with decisions being delivered by decree and property rights allocated by fealty to extract the highest revenues.¹⁶⁴

¹⁶² Radio NZ. *City Rail Link: Govt clears way for taller buildings around stations*. Retrieved 1-7-2025 from, <https://tinyurl.com/2s3mxjfn>

¹⁶³ Mercer. *Cost of Living City Ranking 2024*. Retrieved 1-7-2025 from, <https://tinyurl.com/m5za38yf>

¹⁶⁴ Wikipedia (2025). *Fief*. Retrieved 29-6-2025 from, <https://tinyurl.com/mmxjnfjx>. n.b. Fealty includes rents, fees, taxes, monopolies, etc.

3.3.4 Inbound net migration and population growth

If there is a single policy area that exhibits all the right ingredients to generate controversy — foreign inbound migration is likely it. Foreign migrants and especially refugees, are frequently weaponised by right-leaning politicians around the world to scaremonger race-based votes from target constituents. In a perverse twist on this in New Zealand, the socialist-leaning Labour Party was labelled racist and xenophobic when raising legitimate concerns about the lack of controls on foreign purchases of residential property and pressure this was exerting on housing prices and affordability here.¹⁶⁵ Increasingly, certain migrants have been the target of 'golden visa' schemes and met with open arms where they bring specific skills and especially money to invest. It seems that foreigners are very welcome if they bring in their capital but if all that is involved is meeting a minimum international human rights quota they should be restricted. Inbound net migration is an interdependent part of our housing ecosystem and it warrants a long-term strategy integrated with our full suite of spatial planning and housing policy and law. As noted in Section 1.2, the influence inbound migration has on housing demand is evident in the magnitude of the ~930,728 migrants estimated by the OECD to have arrived here in the period 2011-2021 (see Table 16).¹⁶⁶

Table 16

Inbound foreign migration in reference group countries

STATE/YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total foreign migrant inflow & av. % of pop
Austria	109,921	125,605	135,228	154,260	198,658	158,746	139,329	131,724	134,966	121,311	139,543	1,549,859
% pop	1.31%	1.49%	1.60%	1.81%	2.30%	1.82%	1.58%	1.49%	1.52%	1.36%	1.56%	1.62%
Denmark	34,572	35,490	41,342	49,039	58,695	54,641	49,041	45,259	42,268	37,810	47,274	495,999
% pop	0.62%	0.64%	0.74%	0.87%	1.03%	0.95%	0.85%	0.78%	0.73%	0.65%	0.81%	0.79%
New Zealand	71,781	71,719	75,405	90,676	101,514	104,021	103,428	104,221	124,742	54,489	28,164	930,728
% pop	1.64%	1.63%	1.70%	2.01%	2.20%	2.21%	2.15%	2.13%	2.51%	1.07%	0.55%	1.80%
Norway	70,759	70,012	66,934	61,429	59,068	58,508	49,774	44,406	44,570	30,818	46,604	603,450
% pop	1.43%	1.40%	1.32%	1.20%	1.14%	1.12%	0.94%	0.84%	0.83%	0.57%	0.86%	1.06%
Sweden	75,852	82,597	95,361	106,100	113,868	142,986	124,976	114,431	98,235	65,789	74,626	1,095,389
% pop	0.80%	0.87%	0.99%	1.09%	1.16%	1.44%	1.24%	1.12%	0.96%	0.64%	0.72%	1.00%
OECD	5,314,995	5,342,315	5,685,160	6,139,339	7,090,106	7,441,413	7,620,646	8,184,038	8,375,133	5,178,442	5,961,927	72,334,082
% pop	0.41%	0.41%	0.43%	0.46%	0.53%	0.56%	0.57%	0.60%	0.61%	0.38%	0.43%	0.49%

Source: OECD Data Explorer. International migration database. Inflows of foreign population. Retrieved 15-08-2024 from, <https://tinyurl.com/muan4k2u>

¹⁶⁵ NZ Herald (2015). *Political roundup: Labour's dangerous racial politics*. Retrieved 2-7-2025 from, <https://tinyurl.com/3dw6mtvu>

¹⁶⁶ OECD Data Explorer. *International migration database. Inflows of foreign population*. Retrieved 15-08-2024 from, <https://tinyurl.com/muan4k2u>

Table 16 shows that as a percentage of our total population inbound foreign migration represents an average annual rate of inflow of ~1.8% or ~3.67x the average OECD rate of inflow. Subject to the balancing effects of overall migrant flows, that level of externally-sourced population growth will place obvious pressure on our housing ecosystem if the required residential dwellings and related infrastructure (both economic and social) have not been planned for, funded and built.

Inbound migration and the absence of any kind of strategy here in New Zealand is something that captured the attention of the New Zealand Productivity Commission (NZPC) and was the subject of its wide-ranging 2022 report 'Immigration — Fit for the Future'.¹⁶⁷ The opening comments in that document by NZPC chair Dr. Ganesh Nana highlight the need for a more integrated approach to inbound migration policy, where he says "The Commission's core recommendation is for the Government to more effectively manage absorptive capacity together with migrant inflows to ensure consistency with expected population growth."

The mandate of the NZPC is on improving our national productivity and its report is undertaken applying that lens. The report echoes concerns raised in this research that a lot of New Zealand's economic policy has been focused on growth instead of the relevant issue. For the NZPC that issue is productivity. In this thesis the focus is on how to improve housing affordability. The NZPC says, "Much of New Zealand's economic policy and strategy – including immigration policy – has been focused on GDP growth rather than improvements in productivity. Yet it is productivity growth that matters most for improvements in living standards and wellbeing more generally." It concludes that "immigration is not likely to be the solution to the productivity challenges facing 21st century Aotearoa, nor is it the cause or source of our productivity problems."

In relation to housing and related infrastructure, the NZPC found that investment in public-funded infrastructure had not matched growth in population — especially post GFC — and this has resulted in the infrastructure 'gap' highlighted in Section 1.3 of this research. In relation to housing specifically the NZPC notes "Increased housing demand (for example from population increases) has a larger impact on prices today than it did in the past. House prices now rise more rapidly because housing supply is slower to respond to demand. When demand for housing increases, New Zealand now builds one-quarter to one-third fewer homes now than the middle years of the last century." Government policy has conflated *growth* with both *productivity* and *affordability*.

¹⁶⁷ New Zealand Productivity Commission. (2022). *Immigration – Fit for the future*. Retrieved 7-7-2025 from, <https://tinyurl.com/5cc22vsp>

The NZPC calls for a government policy statement (GPS) on migration to improve the transparency and quality of decision-making. In relation to planning for population growth, the NZPC says “A GPS would promote longer-term credibility about population projections and planning ranges for migrant volumes. It would increase certainty for the general public, businesses, communities and other stakeholders such as local government. This in turn would help these parties to plan and implement long-term investments” and that “By requiring Ministers to make clear policy choices about migration (including fiscal and regulatory choices) a GPS would inform the public about how the Government will adjust migration and/or absorptive capacity should net population growth threaten to put damaging pressure on the latter.” The absorptive capacity noted by the NZPC encompasses transport, communications, land supply, housing infrastructure and associated health, education and community infrastructure and is “not a fixed constraint” but rather something that needs to be planned for in the context of population.

Like migration, population growth is a touchy subject influenced by many factors, including socio-demographic mix, ageing trends, economic trends, global threats, migration inflows and outflows, personal fundamental beliefs (e.g. religion or what’s sustainable for the planet), human DNA (natural selection)¹⁶⁸ and of course state policy. The China one-child policy is perhaps the most controversial example of the state attempting to influence population — with the downstream outcomes (remaining) opaque and obvious human rights questions flagged.¹⁶⁹ New Zealand has no national population strategy defining what is socio-economically beneficial or sustainable and given the potential for reputational self-implosion it is unsurprising that politicians have studiously avoided the topic. But population strategy need not only focus on population at the national level. It can be much more nuanced, for example, proactively directing where growth might best occur *sustainably* so as to utilise scarce resources more efficiently and ensure any benefits flowing from population clusters are more socially-diffuse. However, the suite of national policy statements and ministerial directives on urban development between 2017 and 2025 more closely resemble ‘picking winners’ policy weighted toward urban areas already enjoying a large share of economic activity. For example, the Auckland Region accounts for ~38% of national GDP¹⁷⁰ and the “Golden Triangle” of Auckland, Hamilton and Tauranga ~50% of both national GDP and population.¹⁷¹

¹⁶⁸ Wikipedia. *Natural selection*. Retrieved 7-7—2025 from, <https://tinyurl.com/3mz6frac>

¹⁶⁹ Wikipedia. *One-child policy*. Retrieved 7-7—2025, from, <https://tinyurl.com/uzubx36y>

¹⁷⁰ Knowledge Auckland. *Economy*. Retrieved 7-7-2025 from, <https://tinyurl.com/4zjy48pn>

¹⁷¹ MBIE. *The Waikato regional story*. Retrieved 7-7-2025 from, <https://tinyurl.com/5c8mx7e8>

There is no evidence-based linkage in the entire suite of urban development and housing policy statements and ministerial directives with socio-demographic trends, including net migration inflows and nothing that examines the sustainability of the choices made in relation to economic and social infrastructure availability and funding, or our natural environment. It's all about growth.

The influence inbound net migration has on housing markets has been the subject of research in many countries including here in New Zealand with variable findings. In a 2008 Motu working paper 'Housing Markets and Migration: Evidence from New Zealand' the authors found no evidence increases in foreign born migrants to an area is positively correlated to increases in house prices "despite there being a strong correlation over time at the national level". In contrast, the authors noted a "strong positive relationship between inflows of New Zealanders previously living abroad into an area and the appreciation of local housing prices, with a one percent increase in population resulting from higher inflows of returning Kiwis associated with a 6 to 9 percent increase in house prices." The researchers were careful to qualify the findings based on the choice of time period and also noting other factors may be more influential on house price growth.¹⁷² A follow-up working paper by Motu in 2019, of the same title, similarly found that "Although international migration flows are an important contributor to population fluctuations, we find little evidence of systematic effects of international or domestic migrant composition of the local population on prices or quantity". The researchers concluded "that on average a 10-percent increase in local-area population is associated with an increase in house sale prices of 4-6.5 percent. We find similar but somewhat weaker effects of population on apartment sales prices; but no effects on rents."¹⁷³

In a University of Waikato working paper 'The Effects of Immigration on Local Housing Markets' (2019) authors Dr. Bill Cochrane and Prof. Jaques Poot review evidence from Canada, France, Italy, New Zealand, Spain, Switzerland, United Kingdom and United States which indicates "immigration will lead to higher house prices and rents, and lower housing affordability." The researchers concluded that "On average, a one percent increase in immigration in a city may be expected to raise rents by one-half to one percent and the effect on prices is about double that."¹⁷⁴

¹⁷² Stillman, S., Maré, D. C. (2008). *Housing Markets and Migration: Evidence from New Zealand*. Motu Economic and Public Policy Research Trust. Retrieved 8-7-2025 from, <https://tinyurl.com/23ap9232>

¹⁷³ Hyslop, D.R., Le, T., Maré, D.C., Stillman, S. (2019). *Housing Markets and Migration — Evidence from New Zealand*. Motu Economic and Public Policy Research Trust. Retrieved 8-7-2025 from, <https://tinyurl.com/4vwrdf8>

¹⁷⁴ Cochrane, W., Poot, J. (2019). *The Effects of Immigration on Local Housing Markets*. Retrieved 8-7—2025 from, <https://tinyurl.com/5azk6xwb>

In framing their research methodology the researchers draw on their earlier work (Cochrane and Poot, 2016)¹⁷⁵ and include a summary of factors influencing the housing market (see Table 17).

Table 17

Factors influencing the housing market

SUPPLY of residential space in a local housing market	Market OUTCOMES	DEMAND for residential space in a local housing market
<ul style="list-style-type: none"> • Price and rent per unit floor area. • Expectations regarding future prices and future economic conditions. 	<ul style="list-style-type: none"> • Equilibrium market price and rent per unit floor area. 	<ul style="list-style-type: none"> • Price and rent per unit floor area. • Expectations regarding future prices and future economic conditions.
<ul style="list-style-type: none"> • Stock of dwellings offered for housing services. • Dwelling units offered for sale or rent in any period. 	<ul style="list-style-type: none"> • Current stock of dwellings. • Turnover of units for sale or rent. 	<ul style="list-style-type: none"> • Stock of units demanded for housing services. • Dwelling units demanded for purchase or rent in any period.
<ul style="list-style-type: none"> • Physical depreciation of the existing stock. • Additions and alterations. • Construction of new dwellings. 		<ul style="list-style-type: none"> • Current population and number of households. • Household formation and dissolution. • Internal and International migration.
<ul style="list-style-type: none"> • Availability and cost of land for residential construction. • Land and infrastructure development costs. • Construction costs. • Availability of design & building workforce, plant & equipment, building materials. 	<ul style="list-style-type: none"> • Proportion of the stock that is owner-occupied. • Proportion of households renting housing services. • Proportion of households owning residential real estate. 	<ul style="list-style-type: none"> • Consumer preferences regarding housing services, tenure and amenities. • Income and wealth. • Return on other types of assets.
<ul style="list-style-type: none"> • Interest rates and the availability of finance. • Structure and regulations of the housing, building, real estate and financial markets. • Connectivity and spillovers between local housing markets. 	<ul style="list-style-type: none"> • Housing affordability. • Indicators of mismatch: Unoccupied dwellings, crowding, homelessness. 	<ul style="list-style-type: none"> • Interest rates and the availability of finance. • Structure and regulations of the housing, building, real estate and financial markets. • Connectivity and spillovers between local housing markets.

Source: Transcribed from, 'The Effects of Immigration on Local Housing Markets' (2019) and drawing on, 'Past Research on the Impact of International Migration on House Prices: Implications for Auckland' (2016). See full references.

The researchers emphasise that the housing market is complex, “affected by many forces of demand, supply, institutions, regulations and other forms of public intervention” and that it is unsurprising the literature shows both statistically significant and insignificant effects. The factors influencing the housing market in Table 17 have been allocated by the researchers to ‘supply’, ‘demand’ and ‘outcome’ categories and fairly represent the housing market *status quo* at a high level — with the following qualifications. An obvious omission pertinent to this research is the non-segmentation of the “stock of dwellings...” between market-priced and not-for-profit (i.e. public, community) housing. Not-for-profit interventions (law, policy, providers) both diversify and exert a moderating influence on the market — as evidenced in the European reference countries.

¹⁷⁵ Cochrane, W., Poot, J. (2016). *Past Research on the Impact of International Migration on House Prices: Implications for Auckland*. Retrieved 8-7-2025 from <https://tinyurl.com/4vr54ytz>

This omission could be because the not-for-profit sector is presently tiny in New Zealand, or it is not considered by the researchers to have any influence on the housing market, or its potential for influence has not occurred to the researchers. State law and policy (and notably taxation) are not specifically mentioned but could be implied from the “Structure and regulations...” reference under both supply and demand. Although the 2019 research referred to earlier is focused on the influence of immigration on housing markets, it is not specifically noted as a factor in Table 17. The influence of inbound migration as a factor could be implied from the reference to “...population and number of households” under the ‘demand’ column, but there is no attempt to segment between, for example, internal migration, inbound net migration and natural population growth. This may be because conclusions for the six hypothesis noted in the earlier 2016 working paper suggested (as a generalisation) immigration exerted little influence on rising housing costs in the subject market (Auckland) and did not justify a change of policy settings. Finally, ‘infrastructure’ is referenced in Table 17 but only in terms of cost, when availability and capacity are key factors influencing the market. Whilst housing affordability was not the focus of the 2016 and 2019 working papers referred to above, inbound migration and population growth are integral components of the housing affordability ecosystem. The factors in Table 17 represent housing market influences but these lack the specificity of the factors described in Figure 9 (and discussed here) which is needed to adequately inform housing affordability policy interventions. However, the 2019 working paper provides a helpful summary (and discussion) of a wide range of research on the influence of inbound migration on housing costs in various countries examined — summarised in Table 18.

Table 18...continued over

Summary of research on the effects of inbound migration on housing costs

Author(s)	Housing market	Est. %Δ in house costs per migrant inflow =1% of the local population	Notes
Saiz, A. ¹	USA	+1% (rents)	Saiz examined the migrant surge from Cuba to Miami in 1980 and its impact on Miami housing costs. The migrant inflow added 9% to the renting population which caused rents to rise 8%-11% more than comparable cities.
Mussa et al. ²	USA	+0.8% to +1.6% (rents) +9.6% (house prices)	A 1% increase in the statistical area population from migrant inflow raised rents 0.8% and up to 1.6% in the surrounding statistical areas perhaps caused by renters/sellers relocating.
Sá, F. ³	UK	-1.7% (house prices)	Sá found that a migrant inflow = to 1% of the local population reduces house prices by 1.7%. Sá postulates that the negative effect is caused by less qualified migrants clustering in certain areas with locals moving out (spatial sorting) and that higher educated migrants will exert pressure on housing demand, balancing negative effects of “white flight”.

Source: Adapted and/or summarised from, ‘The Effects of Immigration on Local Housing Markets’ (2019). See earlier full reference.

¹ Saiz, A. (2003). *Room in the kitchen for the melting pot: immigration and rental prices*. Review of Economics and Statistics, 85(3): 502-521.

² Mussa, A., Nwaogu, U.G., & Pozo, S. (2017). *Immigration and housing: A spatial econometric Analysis*. Journal of Housing Economics, 35(1): 13-25.

³ Sá, F. (2015). *Immigration and house prices in the UK*. The Economic Journal, 125(587), 1393–1424.

Table 18...continued

Summary of research on the effects of inbound migration on housing costs

Author(s)	Housing market	Est. %Δ in house costs per migrant inflow = 1% of the local population	Notes
Aitkens, X. ⁴	UK	+0.14% to +0.18% (rents)	The research found that a migrant inflow = to 1% of the local population raises the average housing rent cost by 0.14% to 0.18%.
Akbari, A. H. ⁵ Aydede, Y. ⁵	Canada	~0% (house prices)	The research examined census data for the period 1996 to 2006 and concludes that any effect on house prices from migrant inflows is close to zero (and only by those resident in Canada for 10+ years).
Gonzalez, L. ⁶ Ortega, F. ⁶	Spain	+2% (house prices)	The research found that inflows of migrants (of working age) will lead directly to a lift in demand for home ownership and prices. Over the research period (1998-2008) circa 25% of the house price increases and 50% of housing stock increases were attributed to migration inflows with the average migrant inflow of ~1.7% p.a. raising housing prices by ~2% p.a.
Sanchis-Guarner, R. ⁷	Spain	+3.1% (house prices) +0.8% (rents)	The research examines data from 2001-2012 and finds elasticities of approximately 0.8% for rents and 3.1% for house prices. The research also found native internal mobility adds to housing costs and removing this effect lowered the overall effect by ~1/3.
Accetturo, A. ⁸ Manaresi, F. ⁸ Mocetti, S. ⁸ Olivieri, E. ⁸	Italy	+0.5% (house prices)	The research examined 20 large Italian cities for the period 2003-2010 concluded that a 10% increase in the total inbound migrant population would increase average house prices by 5%. For areas where migrants settle a 10% increase in the migrant population was found to lower local house prices by ~2% (relative to the city av.).
d'Albis, H. ⁹ Boubtane, E. ⁹ Coulibaly, D. ⁹	France	0% (house/rent prices)	The research examined non-EU immigration and concluded this had no major impact on regional property prices. The researchers attribute this to the fact that non-EU immigration is mostly family-related and requires the availability of suitable housing and that 44% of rented housing in France is in the social sector (negating price effects).
Degen, K. ¹⁰ Fischer, A.M. ¹⁰	Switzerland	+2.7% (house prices)	The researchers examined data from 85 Swiss regions between 2001-2006 and found that migration inflows = to 1% of the local population increases the price of single-family homes by ~ 2.7% (with a larger effect for higher density multi-family housing).
Coleman, A. ¹¹ Landon-Lane, J. ¹¹	New Zealand	+8% to +12% (house prices)	This research examined the relationship between inbound migration, housing supply and house prices at the aggregate national level for the period 1962-2006. It found a migrant inflow = to 1% of the population is associated with a 8%-12% increase in house prices after one year (with a slightly larger effect after three years). Reasons given by the researchers include housing supply constraints, seller expectations, the ratcheting effect of continued inbound migration, land costs inflating faster than CPI.
McDonald, C. ¹²	New Zealand	+8% (house prices)	This research examines data between 1990 and 2013 and finds a migration inflow = to 1% of the total population leads to an 8% increase in house prices over the next three years with an additional house built per ~6 new migrants.

Source: Adapted and/or summarised from, 'The Effects of Immigration on Local Housing Markets' (2019). See earlier full reference.

⁴ Aitken, A. (2014). *The Effects of Immigration on House Prices and Rents: Evidence from England and Wales*. Royal Holloway, University of London.

⁵ Akbari, A. H. & Aydede, Y. (2012). *Effects of immigration on house prices in Canada*. *Applied Economics*, 44(13), 1645–1658

⁶ Gonzalez, L. & Ortega, F. (2013). *Immigration and housing booms: Evidence from Spain*. *Journal of Regional Science*, 53(1), 37–59.

⁷ Sanchis-Guarner, R. (2017). *Decomposing the Impact of Immigration on House Prices*. CReAM Discussion Paper CDP 06/17. London: Centre for Research and Analysis of Migration, University College London.

⁸ Accetturo, A., Manaresi, F., Mocetti, S., & Olivieri, E. (2014). *Don't stand so close to me: The urban impact of immigration*. *Regional Science and Urban Economics*, 45(0), 45–56.

⁹ d'Albis, H., Boubtane, E. & Coulibaly, D. (2017). *International Migration and Regional Housing Markets: Evidence from France*. IZA DP 10516. Bonn: IZA Institute of Labor Economics.

¹⁰ Degen, K. & Fischer, A.M. (2017). *Immigration and Swiss house prices*. *Swiss Journal of Economics and Statistics*, 153(1), 15-36.

¹¹ Coleman, A., & Landon-Lane, J. (2007). *Housing Markets and Migration in New Zealand, 1962-2006* (No. DP2007/12). Wellington: RBNZ.

¹² McDonald, C. (2013). *Migration and the Housing Market* (AN2013/10). Wellington: RBNZ.

Synthesis

The research by Dr. Bill Cochrane and Prof. Jaques Poot and summarised in Table 18 highlights the wide variability of findings on the effect of net inbound migration on housing rents and prices. In a few instances inbound migration was shown, post settlement, to create price decreases, with spatial sorting (locals moving out and native internal migration) creating both price increases and decreases. On the various models utilised in the research in Table 18 Dr. Bill Cochrane and Prof. Jaques Poot note that “At the national level, migration and the housing market are strongly correlated over the business cycle, but it is difficult to control for the endogeneity of migration.” They conclude, “In any particular case study, the observed impact will depend on the spatial unit of analysis, on the time frame over which the impact is measured, and on the demographic and economic composition of the immigrant flow. Specifically, household size and the human capital of the migrants will play important roles. Additionally, the institutional factors that influence the price elasticity of the supply of new dwellings will lead to different estimates for different countries.”

In a recent study in Switzerland titled ‘How Does Immigration Affect Housing Costs in Switzerland?’ the results show that post enactment in 2002 of the ‘Agreement on the Free Movement of Persons’ with the European Union... “the growth of the foreign population has had a sizable positive impact on the prices of single-family homes and owner-occupied apartments...”. The authors note the potential importance of the research findings for policy makers noting “Despite the undisputed positive effects of (particularly) high-skilled immigration on labour market outcomes and the economic development of an advanced economy such as Switzerland... associated increases in housing prices particularly harm low-income individuals who do not own housing property. Ignoring these effects can generate resistance to liberal migration policies, as observed in Switzerland...”.¹⁷⁶ Differential effects of migration (inbound and internal) on property prices (and spatial sorting) in Sweden is explored in a thesis by Adam Tyrcha where he notes, “An important finding and contribution is that there is evidence of differential impacts of migration in terms of their impact on private housing cooperatives when compared to owner-occupied housing. In terms of foreign-born migration in major cities, the coefficient is weaker for private housing cooperatives than for owner-occupied housing overall, at 0.823 compared to 1.119, indicating that the price impact of migration is larger for owner-occupied housing than cooperatives.”. The effect of internal migration (in major cities) on prices was more impactful on housing cooperatives.¹⁷⁷

¹⁷⁶ Hefler, F., Grossman, V., Osikominu, A. (2023) *How Does Immigration Affect Housing Costs in Switzerland?* IZA DP No. 15958. Bonn: IZA Institute of Labor Economics. (PP38-39)

¹⁷⁷ Tyrcha, A.A. (2020). *Migration and Housing Markets – Evidence from Sweden*. Robinson College, Cambridge University. (P138)

Insights

Such variations in measured price effect based on housing type (e.g. single-family homes, apartments etc.) found by the researchers is logical given the myriad of influencing factors including migrant household size, education and wealth, public housing subsidies, neighbourhood entry price etc. Once migrants are established in a neighbourhood other dynamics emerge which in turn influence ongoing spatial (re)sorting and resultant housing price trajectories. These kinds of interplays within the housing ecosystem is a research area warranting more focus (by others).

Ignoring negative downstream effects on the housing ecosystem (and related infrastructure) from inbound migration, by actively encouraging this but not planning for the consequences, is politically reckless. It should be obvious to anyone that inbound migration has an effect in every housing market in the form of instantaneous demand for accommodation from the time of arrival (whether short-term visitor, rental, owner-occupied, community, public social, or emergency). Researchers or politicians seeking answers on the ethnicity-driven effect of inbound migrants on housing costs are unnecessarily complicating the field of research and the policy debate — when the key insights sought ought to be the system-wide negative effects of unplanned increases in population from total inbound migration and what policy interventions are needed.

Furthermore, the research techniques used to analyse migrant-induced price effects and the wide variability in findings raises legitimate concerns about their validity. The body of research noted herein and summarised in Table 18 adopt a variety of quantitative econometric modelling techniques — but most commonly ordinary least squares (OLS)¹⁷⁸ which is used to find the best fit line through a set of data points by minimising the sum of the squared residuals (the differences between the actual and predicted values) and instrumental variables (IV)¹⁷⁹ estimation used to correct for endogeneity problems (noted by Dr. Bill Cochrane and Prof. Jaques Poot, 2019) which occur when explanatory variables in a regression model are correlated with the error term.

Notwithstanding commonality in modelling techniques, as highlighted earlier, the results show considerable variability. The body of research noted found that a migrant inflow equal to 1% of the local population alters the average housing prices by between -1.7% and +12%. That variability in the research findings gives little confidence in either the efficacy of the econometric modelling techniques or the results — with the variation in house price effects at over 10%.

¹⁷⁸ Wikipedia (2025). *Least squares*. Retrieved 11-7-2025 from, <https://tinyurl.com/yc67utwh>. (See Glossary).

¹⁷⁹ Wikipedia (2025). *Instrumental variables estimation*. Retrieved 11-7-2025 from, <https://tinyurl.com/ysnnn5ep>. (See Glossary).

In his 2008 article ‘The main reason why almost all econometric models are wrong’ (referred to in Section 1 and noted in both the References and Glossary), economist Prof. Lars Syll delivers a stinging critique of econometric modelling as a method for revealing or understanding real world relationships — and he is not alone. His comments below resonate with concerns in this research;

“...economists using statistical methods think that algorithmic formalisms somehow give them access to causality. That is, however, simply not true. Assuming ‘convenient’ things like ‘faithfulness’ or ‘stability’ is to assume what has to be proven. Deductive-axiomatic methods used in statistics do not produce evidence for causal inferences. The real causality we are searching for is the one existing in the real world around us.” Prof. Lars Syll (2018)

To support his provocations Prof. Lars Syll draws on similar criticisms by statistician Prof. David Freedman regarding the efficacy of the statistical techniques in revealing causal relationships;

“In the social sciences ... regression is used to discover relationships or to disentangle cause and effect. However, investigators have only vague ideas as to the relevant variables and their causal order ... I see no cases in which regression equations, let alone the more complex methods, have succeeded as engines for discovering causal relationships. (Freedman, D. 1997)¹⁸⁰

Prof. Lars Syll spends some time decomposing shared criticisms made by John Maynard Keynes in a comprehensive critique of Tinbergen’s econometric work in 1939 “which focused on the limiting and unreal character of the assumptions that econometric analyzes build on”. Regarding Tinbergen’s assumption that the relationship between the variables studied is linear, Keynes said,

“It is a very drastic and usually improbable postulate to suppose that all economic forces are of this character, producing independent changes in the phenomenon under investigation which are directly proportional to the changes in themselves; indeed, it is ridiculous.” (Keynes, J.M. 1939)¹⁸¹

Prof. Lars Syll likens the concerns expressed by Keynes as a ‘fallacy of reification’ (also known as the ‘fallacy of misplaced correctness’ and other names) — essentially turning a hypothetical construct into a real event/thing.¹⁸² A summary Haiku¹⁸³ from the 2019 Motu working paper referred to earlier perhaps best sums up the real world relationship between inbound migration and housing costs;

“People need houses.
More people higher prices,
wherever they’re from.” (Hyslop, D.R., Le, T., Maré, D.C., Stillman, S. 2019)

¹⁸⁰ Freedman, D. (1997). *From Association to Causation via Regression*. *Advances in Applied Mathematics*. 18, 59-110 (P60). Retrieved 11-7-2025 from, <https://tinyurl.com/d966m5hz>

¹⁸¹ Keynes, J. M. (1939). *Professor Tinbergen’s Method*. *The Economic Journal*. (P564). Retrieved 11-7-2025 from, <https://tinyurl.com/yn7nz2zb>

¹⁸² Wikipedia (2025). *Reification*. Retrieved 11-7-2025 from, <https://tinyurl.com/yhtkn3yc>

¹⁸³ Wikipedia (2025). *Haiku*. Retrieved 11-7—2025 from, <https://tinyurl.com/3defr2b5>

Inbound migration and house price data for New Zealand between 2011 and 2021 is shown in Table 19. The price elasticity of the migrant inflows is tested at a modest multiplier of 3% (i.e. an inflow equal to 1% of the local population raises the average house price by 3% (red shaded)).

Table 19

Inbound migration effects on the New Zealand housing sector

METRIC/YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	TOTALS %Δ AV.
A. Foreign migrant inflows ¹	71,781	71,719	75,405	90,676	101,514	104,021	103,428	104,221	124,742	54,489	28,164	930,728
A. % of population ²	1.637%	1.627%	1.698%	2.008%	2.202%	2.207%	2.149%	2.127%	2.505%	1.070%	0.551%	1.80%
B. All migrant inflows ³	84,801	83,629	91,187	105,468	118,882	125,642	131,598	128,982	108,679	70,847	49,580	1,099,863
B. % of population ²	1.93%	1.90%	2.05%	2.34%	2.58%	2.67%	2.73%	2.63%	2.18%	1.39%	0.97%	2.12%
Nominal house prices ⁴	73.45	76.73	83.53	88.96	100.00	114.18	121.60	125.97	129.90	143.11	180.98	146.42%
%Δ in the index Y/Y	-	4.47%	8.87%	6.49%	12.41%	14.18%	6.50%	3.59%	3.12%	10.17%	26.46%	9.63%
Price Δ implied for A @ 3%	-	4.88%	5.09%	6.02%	6.61%	6.62%	6.45%	6.38%	7.52%	3.21%	1.65%	5.44%
Price Δ implied for B @ 3%	-	5.69%	6.16%	7.01%	7.74%	8.00%	8.20%	7.90%	6.55%	4.18%	2.91%	6.43%
% of Δ for migrant inflow A	-	109.24%	57.40%	92.74%	53.23%	46.69%	99.22%	177.55%	240.64%	31.58%	6.25%	91.45%
% of Δ for migrant inflow B	-	127.39%	69.42%	107.87%	62.34%	56.39%	126.24%	219.73%	209.65%	41.06%	11.00%	103.11%
1 new build/6 new migrants ⁵	11,964	11,953	12,568	15,113	16,919	17,337	17,238	17,370	20,790	9,082	4,694	155,027
Persons per household ⁶	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.6	2.6	2.6	2.6	2.66
New households added for A	26,586	26,563	27,928	33,584	37,598	38,526	38,307	40,085	47,978	20,957	10,832	348,943
New dwelling consents ⁷	13,662	16,929	21,290	24,717	27,132	30,066	31,087	32,996	37,627	39,420	49,007	323,933
Dwelling deficit/surplus for A	-12,924	-9,634	-6,638	-8,867	-10,466	-8,460	-7,220	-7,089	-10,351	18,463	38,175	-25,010

¹ OECD Data Explorer. International migration database. Inflows of foreign population. Retrieved 15-08-2024 from, <https://tinyurl.com/muan4k2u>

² OECD population data accessed 15 August 2024.

³ Stats NZ Infoshare. Permanent and long-term arrivals for all citizenships: New Zealand 2011-2021. Retrieved 12-07-2025 from, <https://tinyurl.com/4brs97sf>

⁴ OECD data accessed 15 August 2024. Nominal house price index. Seasonally adjusted, not calendar adjusted. Base 2015 = 100.

⁵ McDonald, C. (2013). Migration and the Housing Market (AN2013/10). Wellington: RBNZ. [Estimated demand for 1 new build per 6 new migrants for inflow A]

⁶ Stats NZ Infoshare. Family and household projections: 2018(base)-2043. Retrieved 16-09-2024 from <https://tinyurl.com/2dhmbje2>

⁷ Stats NZ Infoshare. Building consents: New Zealand 2011-2021. Retrieved 12-07-2025 from, <https://tinyurl.com/mus62cf2>

Table 19 contains both foreign (A) and total migrant (B) inflow data. The foreign migrant inflow for 2014 added 2.008% to total population. In the same year the nominal house price index increased 6.49% over the prior year. Applying a migrant inflow multiplier of 3 implies a house price increase of 6.02%. Without adjusting for time differences (if any) this in turn implies that foreign inbound migrant flows explained some 92.74% of the house price increase. This would leave little room for other price influences such as low interest rates, speculation, tax free capital gain, supply constraints, building labour and material constraints etc. Whilst it is highly likely that inbound migration will have an upward pressure on house prices, if we look at A data for 2018 and 2019 it reveals major anomalies — with the multiplier effect explaining 177.55% and 240.67% of the price increase. Which, to use Keynes’s terminology, is clearly ridiculous. Based on the actual house price data it would seem unwise to rely on the econometric methodologies to reveal the relationship between that and migrant inflows. Other metrics in Table 19 are more concrete and insightful.

More illuminating is the impact of net migrant inflows at the household level and the pressure this places on existing housing stock, new residential house builds and building sector capacity constraints. We can see that between 2001-2021 (at an average rate of 2.66 persons per household) inbound foreign migration (data A) brought an estimated 348,943 new households into the New Zealand housing sector whilst over the same period an estimated 323,933 new dwellings were added to the existing total stock — producing a deficit of 25,010 dwellings from foreign inbound migration alone. The potential contingent demand pressure for 155,027 new builds from new migrants at a rate of 1 new build per 6 new migrants (see McDonald, 2013) is equivalent to ~48% of total new dwelling consents over the same period. Data B only amplifies these metrics.

Of course there will be balancing effects on the potential demand pressure from variable inflows of foreign migrants and outflows of both New Zealand visa holders and foreign migrants and whether their departure increases housing availability. By way of expansion, during 2024, ~38% of the ~72,000 departing New Zealand citizens were aged 18-30 (with ~56% going to Australia) and ~64% of the ~130,900 migrant arrivals of non-New Zealand citizens were aged 18-44.¹⁸⁴ A missing link in the data is how many of the departing migrants owned a residential property which then became available in the market. The net inbound migration of non-New Zealand citizens was ~72,000 which is ~27,692 households. It is reasonable to assume that most of those new households will have required a home (to purchase or rent). Applying the previous rate of demand of 1 new build per 6 new migrants would imply an additional ~12,000 new build dwellings might be required — equal to ~36% of dwellings consents issued in 2024. On that metric, notwithstanding inflows/outflows, pressure from net migration on the housing market remains (for existing and new build dwellings). Another issue not covered in Table 19 data is the effect of regional migration flows and clustering. Based on employment data, an estimated ~50% of migrants coming here between 2022 and 2024 are in Auckland.¹⁸⁵ This places undue pressure on already highly stressed housing and building sectors in Auckland and highlights the uneven benefits/costs arising from unplanned growth.

The issues raised in this section are directly associated with the absence of clear state policy on sustainable inbound net migration and population and a lack of interconnectedness with housing and related policy. The Sixth National Government is singularly focused on 'growth' — with the effects of that, both financially and and environmentally, left for future generations to resolve.

¹⁸⁴ Statistics NZ (2025). *Net migration falls in 2024*. [Website]. Retrieved 12-07-2025 from, <https://tinyurl.com/5cp33fzn>

¹⁸⁵ Infometrics (2025). *Migration surge follows a familiar pattern*. [Website]. Retrieved 12-07-2025 from, <https://tinyurl.com/2n7ysen8>

3.3.5 Systemic risk diversification

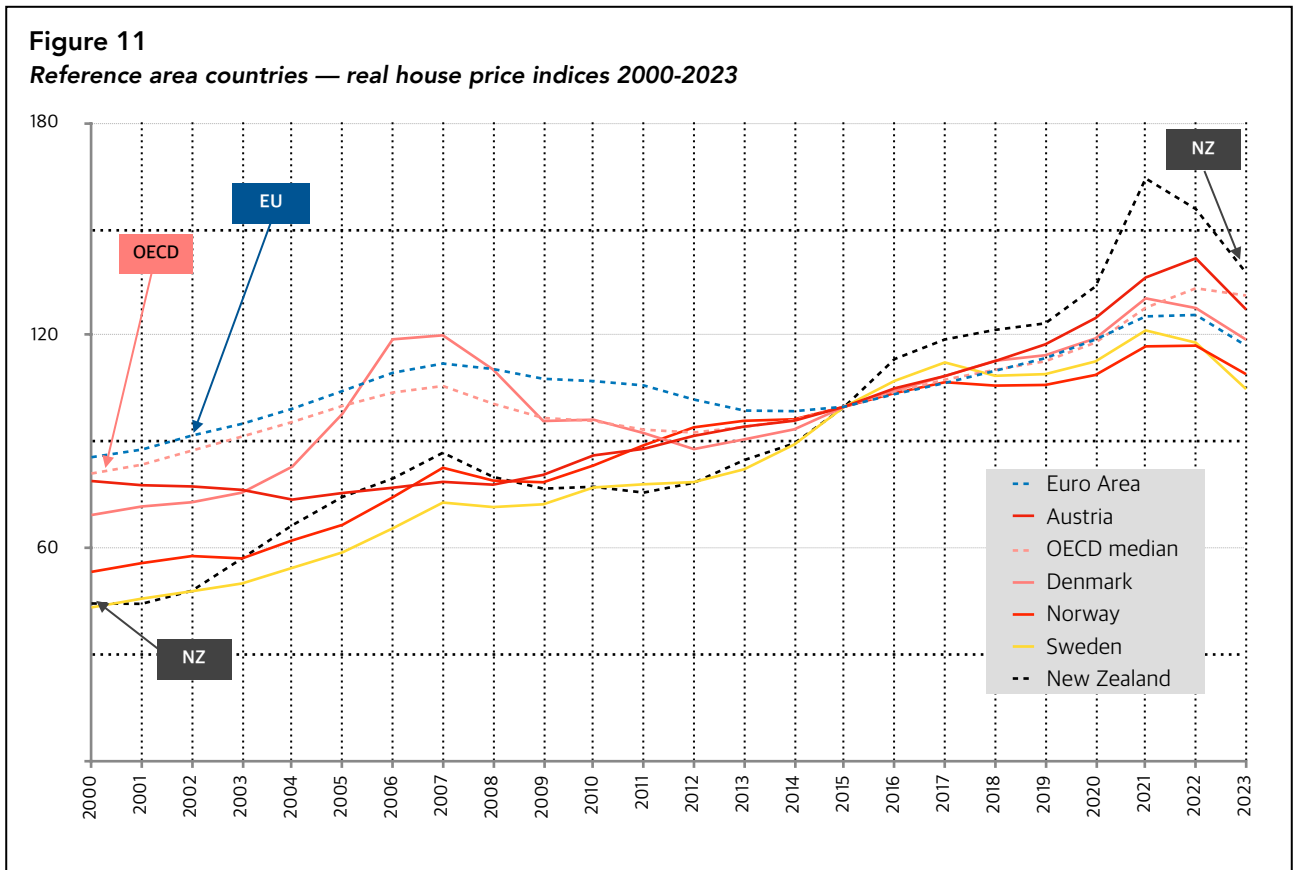
Section 1.1 touched on the dysfunction evidenced in the New Zealand housing sector measured against comparative house prices, house price growth and volatility and housing overburden costs. OECD data for New Zealand, reference area countries and the OECD and EU cohorts is shown in Appendix Tables A5-A8 and summarised in Table 20 below. The OECD data accessed 15-08-2024 is rounded and seasonally (but not calendar) adjusted (with a 2015 base =100).

Table 20

Reference area countries — housing prices, volatility, affordability & overburden costs

REAL HOUSE PRICE INDICES 2000 & 2023					PRICE-INCOME RATIO INDICES 2000 & 2023				OVERBURDEN RATE (bottom quintile share of pop.)		
STATE	2000	2023	%Δ ↓	STDEV	STATE	2000	2023	%Δ ↓	STATE (2022)	Rent (private)	Owner (mortgage)
Euro Area	86	117	37%	10	Euro Area	91	109	21%		↓	Random sorting
Austria	79	127	61%	21	OECD	96	118	22%	Austria	21%	16%
OECD median	81	131	62%	14	Denmark	86	106	23%	Denmark	34%	14%
Denmark	69	119	71%	18	Norway	77	112	46%	OECD	36%	26%
Norway	53	109	104%	21	Austria	83	124	49%	Norway	37%	15%
Sweden	43	105	142%	25	Sweden	63	100	58%	Sweden	44%	8%
New Zealand	45	138	209%	34	New Zealand	61	120	98%	New Zealand	57%	54%

New Zealand’s affordability demise is nicely captured in the comparative real house price indices plotted in Figure 11. Metaphorically — getting a big head start in 2000 and finishing last in 2023.



Revisiting the OECD data (from Tables A5-A8) summarised Section 1.1 and Table 20, shows real house prices here in New Zealand increased ~209% compared to ~62% for the OECD member cohort and ~37% for Euro Area countries (within the OECD). Nominal house prices here increased ~395% compared to ~177% for the OECD cohort and ~113% for Euro Area countries (within the OECD). Housing affordability, measured by price-income ratio, has worsened ~98% over the period, compared to ~22% for the OECD cohort and ~21% for Euro Area countries (within the OECD). Finally, the housing cost overburden here for those households in the bottom quintile of income distribution (i.e. the share of population spending more than 40% of household income on housing costs) is the 2nd highest in the OECD for owners with a mortgage (~54% compared with ~26% for the OECD cohort) and 3rd highest for private renters (~57% compared with ~36% for the OECD cohort). New Zealand underperforms on all metrics against reference group countries. In addition, real house price data (i.e. the ratio of the nominal house price index to the consumers' expenditure deflator in each country from the OECD national accounts database) exhibits greater variance (or risk in financial terms) from the average over the period than the OECD cohort, Euro Area countries (within the OECD) or reference group countries. Using STDEV¹⁸⁶ as a risk measure, New Zealand exhibits ~2.4x the risk of the OECD cohort and ~3.2x the risk of Euro Area countries.

Synthesis

In exploring why the New Zealand market has unperformed both the OECD member and Euro Area cohorts (within the OECD) it may be helpful to first compare the composition of the housing stock in reference group countries alongside the relevant metrics (see Table 21).

Table 21

Reference area countries — social housing % of total stock vs housing costs

Country & Major city	Social housing share of total housing stock ¹ ↑	Housing cost overburden (% pop own) ²	Housing cost overburden (% pop rent privately) ²	Price-income ratio indices 2000-2023 %Δ ³	Real house price indices 2000-2023 %Δ ³	Real house price indices 2000-2023 STDEV ³	Major city social housing share of total major city housing stock ¹ ↑
Sweden <i>Stockholm</i>	42%	8%	44%	58%	142%	25	67%
Denmark <i>Copenhagen</i>	30%	14%	34%	23%	71%	18	49%
Austria <i>Vienna</i>	24%	16%	21%	49%	61%	21	42%
Norway <i>Oslo</i>	17%	15%	37%	46%	104%	21	35%
OECD median	6%	26%	36%	22%	62%	14	N/A
New Zealand <i>Auckland</i>	<4%	54%	57%	98%	209%	34	<4%

¹ Tables 1, 8 and 20 (n.b. social housing includes state subsidised rental, municipal, cooperatives).

² Share of pop. in bottom quintile of income dist. spending >40% of disposable income on private rent or owner with mortgage. OECD database 15-8-2024.

³ Table 20.

¹⁸⁶ Van Horne, J., Davis, K., Nicol, R., Wright, K. (1990). *Financial Management & Policy in Australia*. Third Ed. Prentice Hall. Part 3. Measuring risk: The standard deviation. PP57-60

The data summarised in Table 21 shows that reference group countries are well ahead of New Zealand in terms of provision of all types of social housing stock (i.e. state subsidised rental, municipal and cooperative) and well ahead of the OECD average. The average share of social housing stock to total housing stock across the four European reference countries is ~28% (ranging from ~17% to ~42%) compared with ~6% for the OECD cohort and <4% for New Zealand. At the major city level the difference is more pronounced with the average share of social housing stock to total housing stock across the four European reference countries at ~48% (ranging from ~35% to ~67%) compared with <4% for Auckland City.

The moderating influence that a large quantum of social (third sector) housing can have on the overall market stability is evident in the data in terms of much lower real house price growth and price volatility (risk) in the European reference countries compared to New Zealand. An average STDEV of ~21 in the European reference countries compared to ~34 for here. Conceptually, assuming social housing price growth (and therefore STDEV) of zero over the time series and based on the current STDEV of ~34 (2000-2023), the share of social housing to total housing stock in New Zealand would need to be ~38% to match the European reference country average STDEV of ~21. Given our existing social sector housing stock comprises <4% of total housing stock, New Zealand has a lot of social sector home building to do on that metric.

Of course whether a zero STDEV could be achieved within the social housing sector would depend not just on the ratio of social housing stock in the market but also on all the mechanisms used to control price growth within that market subset. However, unlike market housing, many social housing providers strictly limit price on resale, for example, by simply returning the equity on exit, or matching price to an agreed measure such as CPI or ingoing equity plus improvements value. With real house price growth of ~209% for the period 2000-2023 (~2.21x the growth of European reference group countries), ~2.4x the STDEV of the OECD cohort, and ~3.2x the STDEV of Euro Area countries, New Zealand needs solutions to stabilise the market. Continued reliance on the for-profit sector will not achieve that objective. Diversification of the market by enabling third sector not-for-profit housing providers can assist that objective — as evidenced in the data. For example, Table 21 data shows that in Sweden, for the bottom quintile of income distribution, the housing overburden cost for those renting in the private sector is high (at ~44% of that population, ~57% for New Zealand) — but is very low for those who own (at ~8%, compared to ~54% for New Zealand). It is hard to ignore the potential contribution of the not-for-profit housing sector to that ownership metric — with ~24% of housing in Sweden and ~50% in Stockholm in cooperatives.

As noted earlier in Section 3.3.2, a 2023 study commissioned by the Vienna City Administration ‘The Price Dampening Effect of Non-Profit Housing’ showed that as well as diversifying and hence de-risking the total housing market, the Gemeinnützige Bauvereinigungen (not-for profit housing associations or GBVs) generate spill-over beneficial effects that also permeate the for-profit sector (Klien *et al*, 2023). For example, price-dampening on the non-regulated market and improvements in housing quality. A summary of the key research findings is presented in Table 22.

Table 22***Beneficial effects of third sector housing on the market — learnings from Austria***

Market effect	Notes
Cost-based rents	In Austria Gemeinnützige Bauvereinigungen (GBVs or not-for-profit housing associations) are regulated under the Limited-Profit Housing Act (Wohnungsgemeinnützigkeitsgesetz, WGG). The WGG specifically regulates the operations of GBVs to ensure adherence to social common good objectives (i.e. not relying just on the individual GBV values or constitution).
Socially-diffuse housing outcomes	The GBV business model is oriented toward the cost-based provision of housing for a broad cross-section of income distributions as opposed to a profit maximisation motive. This is regulated through key principles contained in the WGG; cost-recovery, limited profit, reinvestment of any operating surpluses, tightly defined business scope and personnel, and audit requirement.
Correcting pricing imperfections by widening housing options	Modelling shows that under market oligopoly conditions, a higher GBV share of the total market can democratise market power, improve competition, and lower prices through cost-based rents.
Sector diversification and scaling-up	The WGG was introduced in 1945. In 1971 GBV rental housing comprised ~9% of total housing stock in Austria. Not-for-profit housing now accounts for ~24% of total housing stock and ~42% in Vienna. Scaling-up takes political consensus and time.
Improved housing quality	In the 1970s ~30% of Austrian housing had no inside toilet (and less again in Vienna) with the poorest housing quality exhibited by private rented housing. GBVs set new standards which have permeated the overall housing sector (both renting and owning).
Lower house prices and market volatility	For-profit housing rents are significantly higher in Austria compared to GBVs and exhibit higher volatility in demand-induced housing booms. GBV rents evolve outside the open-market with the cost-recovery model limiting both prices and volatility.
Price-dampening in the for-profit sector	Every 10% increase in the overall housing stock share of ABVs reduces (non-regulated) private sector rents by ~5%.

Source: Adapted and/or summarised from, *The Price Dampening Effect of Non-Profit Housing* (2023). See earlier full reference (or Bibliography).

Insights

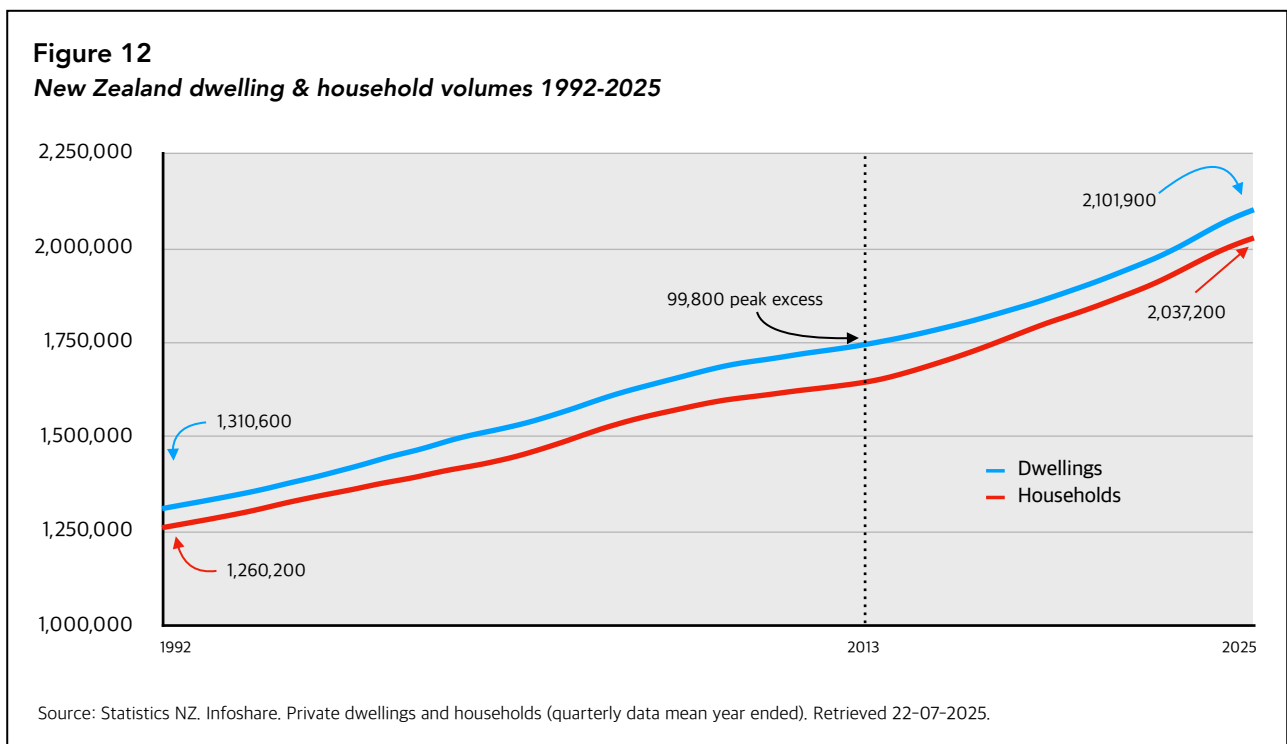
In Austria the Wohnungsgemeinnützigkeitsgesetz, (Limited-Profit Housing Act) was introduced in 1945 to support the initial financing and then ongoing management of housing associations based on a cost-recovery model and reinvestment of any operating surpluses within the not-for-profit housing system. This was bolstered in 1993 via Housing Construction Convertible Bonds (HCCBs) issued and backed by six competing special purpose banks (which lie outside the state sector). Today social housing comprises ~24% of total housing stock in Austria and ~42% in Vienna.

In Denmark foundation legislation to support the social housing sector included the 1946 Housing Subsidy Act and the 1949 Built-up Areas Act. The National Building Fund came into existence in 1967 following political consensus in 1966 and has been responsible for supporting a thriving cooperative housing sector through a multi-stakeholder funding system comprising occupiers (rent and equity), municipalities (public loans), commercial loans, and state subsidies (mortgage and rent relief). This system was strengthened further in 2018 with the introduction of state-guaranteed mortgage bonds to back the commercial loans and thereby lower the risk and cost of capital. The National Building Fund is independent of the state with no impact on the state budget or national accounts. The framework allows the state to set targets for social housing via master plans to avoid over-concentration in specific locations and has supported development of a large and diverse social housing sector comprising ~30% of all housing in Denmark and ~49% in Copenhagen. In the Netherlands social housing programs and providers are supported by a mix of state level policy and regulations for housing construction, ownership and rent under the New Housing Act 2015 which operates in tandem with the Waarborgfonds Sociale Woningbouw (WSW) or Social Housing Guarantee Fund. The WSW is a state and municipal backed guarantee fund to enable social housing providers to access low cost commercial loans through a cascading risk mitigation system which comprises the mutual guarantee of all participants and (as a last resort) interest-free state/municipal loans. A key actor in the system is public bank BNG, established in 1914 to support the municipal sector, which has a unique social purpose and raises funds in capital markets to support affordable housing projects.

Common across the diverse range of housing strategies adopted by reference group countries is pan-political consensus focused on achieving socially-diffuse access to lower cost, better quality housing that is enshrined in law and supported through deliberate state policy interventions to enable the third sector — the not-for-profit housing providers and wider community stakeholders. Essentially, a self-sustaining socially-focused not-for-profit housing system with minimal impact on state finances alongside a for-profit model focused on extracting as much as it can from society. The housing strategies promoted by reference group countries demonstrate that egalitarian not-for-profit housing systems can coexist with their capitalist counterparts. It is not a choice of one or the other but rather recognition that for-profit housing developers and investors, given their motive is to maximise financial returns, cannot adequately cater for those parts of society earning too much for subsidised housing but too little to afford market prices. Inspired political leadership, socially-focused objectives and carefully constructed legislation and policy have coalesced in these countries to widen access to better quality housing, improve affordability and lower price volatility.

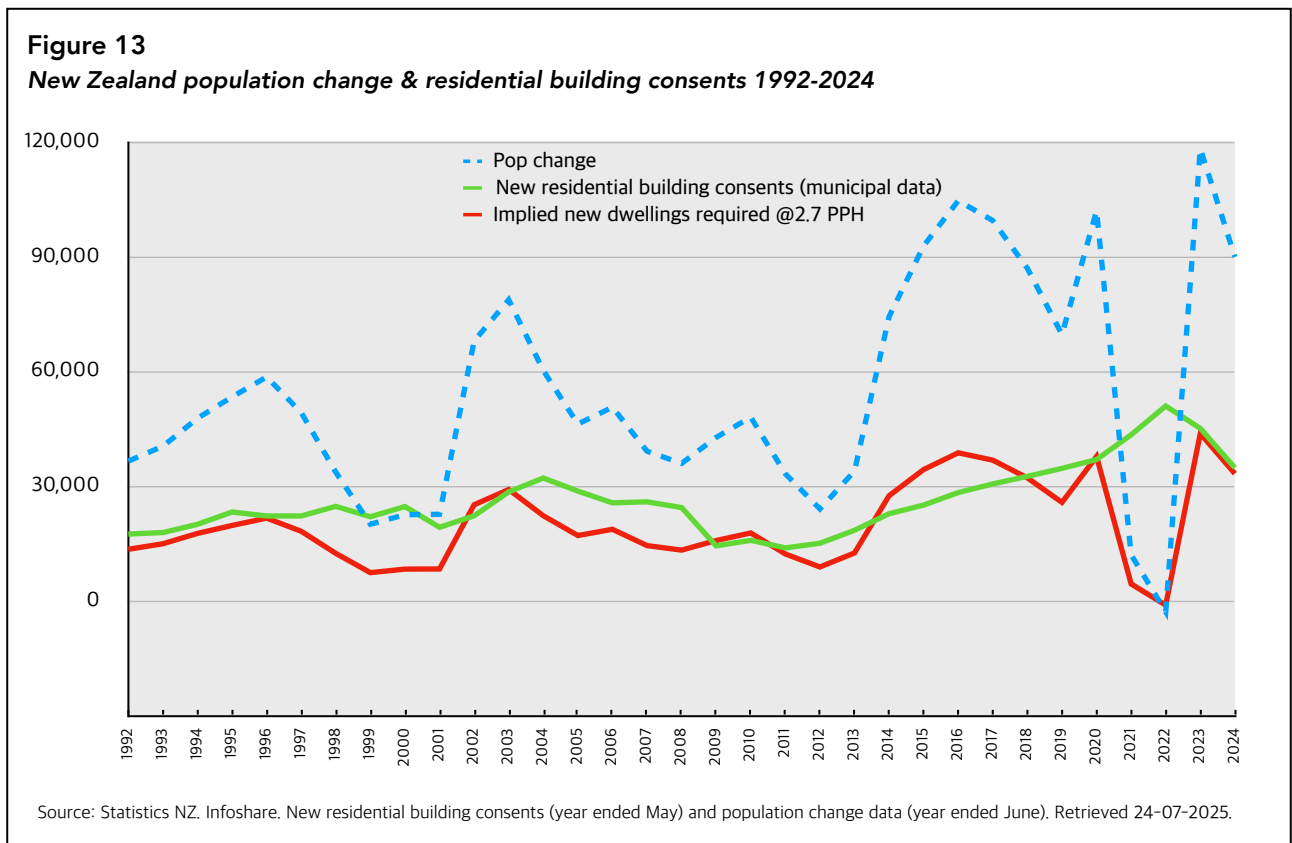
3.3.6 Building capability, quality and cost

There is ongoing conjecture about the ability of New Zealand’s residential building sector to deliver high quality and affordable housing that meets our future needs. In this context, there is a complete absence of any population growth or inbound net migration strategy with pan-political agreement to inform projected or sustainable demand for housing (either new or existing). Rather than being deliberate and evidence-based, recent Government housing policy could be described as ‘seat of the pants’ based on political ideology or expediency. Each election cycle, the political slogan “we need more houses” is promoted as the panacea for our poor housing affordability — manifested in the Sixth National Government’s ideological ‘Going For Housing Growth’ policy. The Resource Management Act (RMA) became a proverbial ‘whipping boy’ — blamed for stymieing growth — and this presaged a frenzy of Ministerial directives to municipalities to densify their urban areas via the Medium Density Residential Standards (MDRS) discussed in Section 1.2, the ‘picking winners’ style Fast Track Approvals legislation shortlisting 149 projects (some of which had previously failed to meet environmental and other tests under the RMA) and the reform and eventual replacement of the RMA in the shape of the proposed new Planning Act and Natural Environment Act discussed in Section 3.3.3. The absence of a population growth strategy and strategic spatial plan to support the frenetic pace of change in spatial planning and housing policy and law raises two simple questions. Do we actually need more houses? Will more houses improve affordability? The volumes of dwellings and households for the period 1992-2025 is presented in Figure 12 and shows a continual excess of private dwellings over households averaging ~74,500.

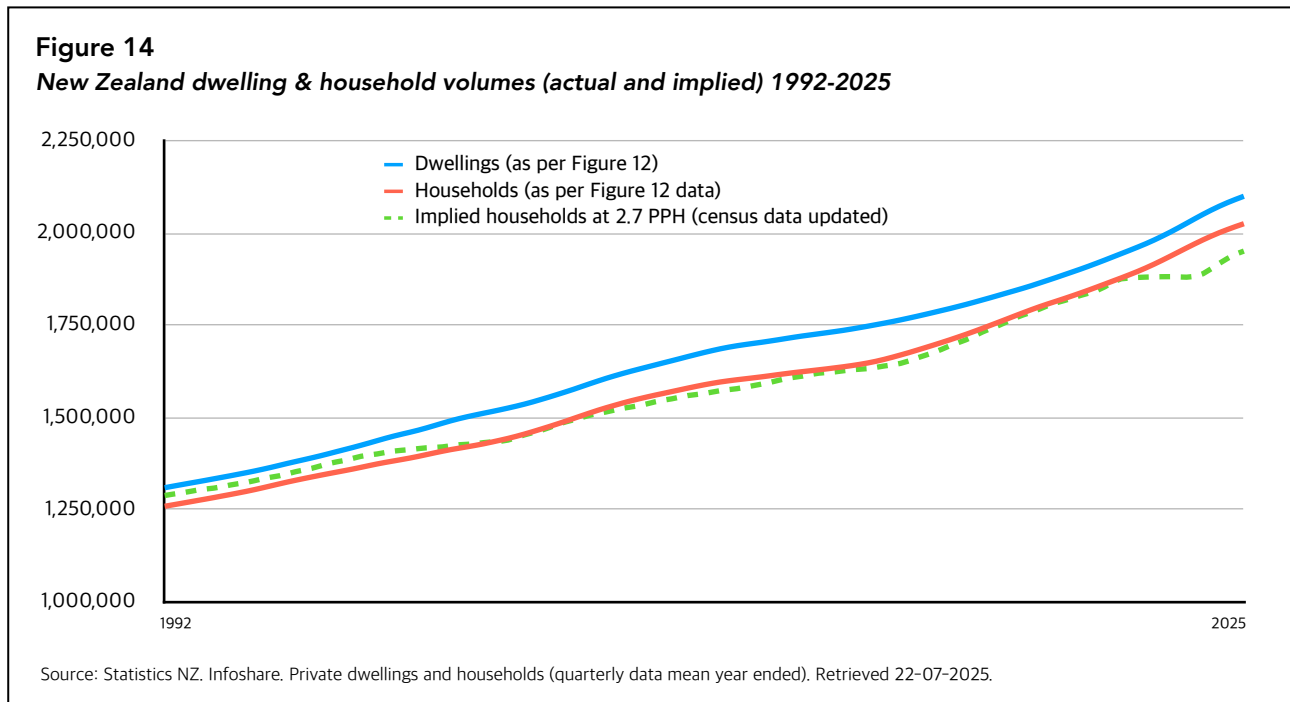


The opening paragraphs of this research highlighted statistics revealing an excess of dwellings over households. Setting aside the inconsistencies noted in the housing numbers and definitions, data in Figure 12 indicates an excess of dwellings over households every year from 1992 through to the first quarter of 2025. The excess varies over the data series with a peak of ~99,800 dwellings in 2013 (Q2-3) and as at 2025 (Q1) it was ~74,600 dwellings (almost exactly the series average).

Another way of looking at the data is the amount of population change in relation to the number of building consents for new residential dwellings. While the quantum of population change does not reveal the exact number of new dwellings needed at a particular place in time it offers a sense of whether the sector is keeping pace or falling behind. By way of expansion, change in population comes from natural population growth and net migration. All new inbound migrants (i.e. a single person or family) will need a home as soon as they arrive, whereas demand for a dwelling from natural population growth (i.e. = the fertility rate) won't occur until some future time. Ignoring demographic and timing nuances, if we assume all population change creates demand for an additional dwelling at the rate of 2.7 persons per household (the long-term average rate) that represents a notional ceiling on demand for additional dwellings. Figure 13 shows the relationship between population change, new residential building consents (i.e. detached houses, apartments, townhouses) and the implied demand for additional dwellings between 1992 and 2004.



The data series in Figure 13 indicates that new residential building consents have keep pace with net increases in population, generating a net surplus of dwellings over the period 1992-2024. A further way to look at the data is at the total population level. Figure 14 shows the total number of dwellings implied from total population over the period at an average rate of 2.7 persons per household against both total dwellings and total households over the period 1992-2025.



Figures 12-14 show that the total dwellings count has stayed ahead of the total households count since 1992 and residential building consents have (more or less) reflected net population change. Saying we need more houses is pure political theatre. Saying that freeing-up greenfield land to build more housing will improve housing affordability is just a textbook supply-demand theory unsupported by reality and promoted for political expediency. In short, it's easier than dealing with the real issue which, for New Zealand, is housing affordability.

Revisiting the points raised in Section 1.2, large-scale greenfield land development is very time-consuming, costly and because of the risks involved implies a very high return on investment. If the minimum return on investment needed to add to shareholder wealth cannot be achieved the project won't happen. There are a very small number of developers with the resources required to undertake large-scale greenfield land development (mostly listed or high net worth private entities) and they are not going to sell land cheaply simply because of the Minister's directives to make more land available for development. Developers will sell sections for the highest price possible — not at the price economics supply-demand theory says should happen with increased land supply.

Synthesis

As noted earlier, notwithstanding raw land availability, property owners or investors aren't going to deliver cheaper sections if they can't develop land below a certain cost (because of construction or raw materials inputs), or the project doesn't achieve the required return above the weighted cost of capital (equity/debt), or they can just ask for and get a higher price.

The blur of housing policies introduced since 2008 (the Fifth National Government) and 2025 (the Sixth National Government) and including the Sixth Labour Government terms in between, have all failed to dampen heat in the property market (prices) or improve housing affordability and instead have accompanied steep house price inflation and widening social inequality. These policies, especially the recent Ministerial directives, seem more likely destined to usher in cascading and unplanned for environmental, infrastructure, urban character and fiscal negative consequences. There is no population growth strategy to support the Sixth National Government's growth agenda. There is no planning for or sequencing of the infrastructure to support growth and the funding required is expected to come from direct private sector investment or through public-private-partnerships (PPPs). There is no attempt to scope out the capability of the building sector to meet the Government's growth agenda or scale-up human capital and physical resources through training schemes, fiscal incentives, increased competition in the materials supply chain, or innovation in new building systems such as off-site manufacturing. Furthermore, the reports that informed the MDRS do not attempt to measure the residential building sector's capability to deliver the modelled increases in housing density or for that matter the availability or capacity of the required infrastructure to service the modelled increases.

What is not revealed from data in Figures 12-14 is composition of our existing land and housing stock — occupancy/vacancy (short- or long-term) and why, the quality and remaining utility value of dwellings (to inform replacement strategy), how we can use land and build more efficiently, and how we can diversify market risk. We don't know what balance of social rental, for-profit private rental and owner-occupier housing, and not-for-profit (third sector) housing would be optimal in the context of enabling (over time) a wider range of non-market housing options with improved and socially-diffuse housing outcomes (both cost and quality). What is very clear from the OECD data is that we need more affordable houses, more subsidised rental houses for those that need them and alternative housing options for the large cohort of New Zealanders stuck between public housing and housing at market prices. That is, those people who earn too much to qualify for public housing or a rent subsidy but too little to qualify for a mortgage on a property priced in the unregulated (open) market. We don't need more houses we need a housing *affordability* strategy.

Section 1.3 touched on housing quality issues and in particular the very public ‘leaky homes crisis’, the financial consequences of which are still unresolved for some. It was a national disgrace that was allowed to occur with little (if any) responsibility evidenced from the public sector governing or executive officials, or politicians, who presided over it. Rather, the building sector and ratepayers were left to remedy the defects and cover the cost. Concerns about the poor quality of some new builds are again emerging across the country casting a shadow over both standards in the industry and the ‘Licensed Building Practitioner Scheme’ launched in 2007 to improve such standards.¹⁸⁷ Cross-party efforts to improve housing standards in the private rental sector through the ‘Healthy Homes Standards’ have been widely implemented by landlords and are to be lauded.¹⁸⁸

The utility value and replacement horizon of much of New Zealand’s existing housing stock and density, form and function of future housing stock, remains unclear. A 2017 Auckland Council report titled ‘Arrested (re)development? A study of cross lease and unit titles in Auckland’, highlights some of complexities inherent in any efforts to upgrade, or add to housing stock in our large urban areas — not found in the econometric models informing political decision-making in relation to the Medium Density Residential Standards (MDRS). In particular, complex land tenure constraints within the cross lease and unit title ownership systems which are highly likely to impact future housing (re)development.¹⁸⁹ The report followed release of the *Auckland Plan* — a key objective of which was a *compact city* to be realised through urban densification.¹⁹⁰ Implicit in achieving increased urban density is the rezoning of land for more intensive development. Where any such urban land is fee simple (freehold) containing a single dwelling, any decision by that (or future) property owner to (re)develop the property more intensively is quite straightforward. Land that is cross lease or unit title comes with inherent complications arising from multiple ownership and legally binding consent/voting provisions. Leasehold land (of which there is a lot in Auckland) also comes with obvious complexities due to the freehold title being owned by one party (often a religious, charitable, municipal, or Iwi entity), and the leasehold interest in the land and dwelling on it owned by the occupier. Leasehold land is not the focus of the Auckland Council report however it should be noted that a substantial number of residential dwellings and unit title apartments are situated on leasehold land — adding a further complicating layer to the decision-making process.

¹⁸⁷ OneRoof. (2025). *Has New Zealand’s next leaky building crisis already begun?* [Website]. Retrieved 28-07-2025 from, <https://tinyurl.com/36hsdsry>

¹⁸⁸ Residential Tenancies (Healthy Homes Standards) Regulations 2019. Retrieved 28-07-2025 from, <https://tinyurl.com/63fcykuc>

¹⁸⁹ Fredrikson, C. (2017). *Arrested (re)development? A study of cross lease and unit titles in Auckland*. Auckland Council technical report, TR2017/025. Retrieved 26-07-2025 from, <https://tinyurl.com/mr2hs2s2>. (See Glossary for cross lease, unit title and leasehold definitions).

¹⁹⁰ Auckland Council. (2012). *The Auckland Plan. The world’s most liveable city*. Retrieved 26-07-2025 from, <https://tinyurl.com/3t95pc9t>

Against this background, the report found that cross lease and unit titles accounted for ~31% of all titles in Auckland and that ~81% of the land parcels associated with those titles were zoned for more intensive housing development in the Auckland Unitary Plan (now expanded by the MDRS).¹⁹¹ Further, the report noted ~44% of those titles contain dwellings nearing the end of their physical/economic life — with ~46% of dwellings on cross lease titles constructed in the period leading up to and including the 1970s (~23% in the 1950s-1960s and ~23% in the 1970s). Auckland is estimated to account for ~47% of all cross lease titles and ~53% of all unit titles in New Zealand — presenting a significant barrier to the objective of increased densification (whether as envisaged by the Auckland Unitary Plan or MDRS). The report concludes that “Cross lease and unit titles, and their complicated ownership structures, may limit redevelopment...” and “...it is likely that land assembly or ownership assembly must first take place. Land or ownership assembly is a constraint that can prevent development, but mechanisms, to agglomerate land and ownership, such as the use of urban development authorities, are a way of overcoming this constraint.” Exactly how such “assembly” of private property would occur (e.g. via designation or compulsory acquisition under the Resource Management Act or Public Works Act, body corporate takeover, legislative reform or new legislation) is left unanswered. Constraints within our land tenure system represent significant and unplanned for obstacles confronting both urban densification and housing stock up-grade or replacement strategies and, referring back to the comment in Section 1.2, “the MDRS, ‘Fast Track Approvals Bill’ and ‘Going for Housing Growth’ initiatives seem unlikely to roll out as planned.”

These land title and tenure complexities are avoided for housing cooperatives where ownership of both the land and residential units resides entirely with the cooperative, the constitution provides for maintenance, upgrading and eventual replacement of the housing estate, and there is a guiding statutory framework regulated at the state level and implemented at the municipal level.

The declining quality of housing stock is something that many countries have had to confront. As highlighted in Section 3.3.2, Latvia is currently in the midst of addressing this very issue through introduction of new laws and funding mechanisms with OECD and expert guidance based on European exemplars. A prominent example of the state confronting the poor quality of its housing stock head-on is the *Miljonprogrammet* ‘Million Homes Programme’ in Sweden (1965-1974). It is informative to explore how the idea emerged and the building goal, equivalent to ~ $\frac{1}{3}$ of existing housing stock, was exceeded in a country with a population less than ~8 million at the time.

¹⁹¹ [Auckland Unitary Plan \(decisions version\) approved by Auckland Council on 19 August 2016.](#)

In a paper titled “The Million Homes Programme: a review of the great Swedish planning project” (Hall, T., Vidén, S., 2005) the authors describe the housing and political dynamics that ultimately coalesced in the form of the *Miljonprogrammet*, the challenges involved, how it was achieved, and how history has viewed it.¹⁹² Sweden was fortunate to avoid involvement in World War 2 and the contingent widespread damage to housing stock and the *Miljonprogrammet* was conceived to address other issues associated with rapid urbanisation including housing shortages, decade-long waiting lists to obtain a state rent-regulated home and comparatively low housing standards. In the early 1960s these factors, combined with rising prosperity and increasing demand for better quality homes, had already kick-started a surge in building and in 1965 the Riksdag (Swedish Parliament) leveraged this momentum with an ambitious goal to build 100,000 homes every year over the next 10 years to resolve the issues. The goal later became known as the *Miljonprogrammet* and the period 1961 and 1975 called ‘the record years’.

Preconditions for achieving the goal included state loans, industrial-scale construction systems and provision of land by municipalities. The goal was reached before the end of 1974. During ‘the record years’ ~40,000 apartment blocks containing ~920,000 apartments (66%) and ~480,000 single-family houses (34%) were built. Standardised design, scale and prefabrication (exterior and internal components) were prioritised by the state for financial and other support and regarded as necessary to produce affordable housing of an appropriate standard. As such projects comprising 1,000+ apartments that could be replicated were offered preferential mortgage terms (PP303-304). Of the apartment housing, ~50% was built by municipal housing entities, ~30% by tenant-owned cooperative building societies and ~20% housing by private rental housing corporations. The early ‘Modern Movement’¹⁹³ influenced the architectural style of concrete tower blocks typically site-cast (only ~15%-20% pre-cast) of which ~50% were three-storey slab blocks, ~20% lower slab blocks and row houses and others between six and eight storeys high. The majority of the single-family homes were built by private developers in identical groups, often ‘catalogue’ designs, using prefabricated components with timber being the most common material for both framing and exterior cladding. The authors note that during ‘the record years’ housing standards were vastly improved with household overcrowding (affecting ~34% of households in 1960) and lack of ablution facilities (affecting ~45%) reduced to ~5% of housing stock by 1975.

¹⁹² Hall, T., Vidén, S. (2005). *The Million Homes Programme: a review of the great Swedish planning project*. *Planning Perspectives*, 20 (July 2005) 301-328. Routledge, Taylor & Francis Online. Retrieved 28-07-2025 from, <https://tinyurl.com/u849kee7>

¹⁹³ Wikipedia (2025). *Modern architecture*. Retrieved 28-07-2025 from, <https://tinyurl.com/3ehrrfje>

The homogeneity of design has attracted criticism and also accolades but what cannot be faulted is the realisation of an ambitious building goal and access for a very large cohort of households to something that was previously unattainable — affordable and good quality housing (PP305-308). The authors generalise that in comparison to rented apartment estates in “Berlin, Madrid, Rome, Paris, Riga, Budapest, Bratislava and the UK” built during the 1960s and 1970s “the technical quality of construction is higher, the flats are better planned and equipped, greater interest is devoted to the external environment and public and private services are better developed” (P323).

Leading up to (and following) the *Miljonprogrammet* state intervention in the housing market was not a new phenomena for Sweden and this is succinctly recorded in the paper ‘Housing in Sweden: An Overview’ (2017).¹⁹⁴ The Swedish Riksdag approved state support for housing construction in 1917 in response to poor housing conditions and a lack of building activity but this was curtailed in 1922 and deferred to the market. It wasn’t long before the Riksdag felt the need to intervene again during a farming downturn and unemployment crisis in the early 1930s where it introduced loans and subsidies aimed at improving rural housing conditions. By the end of World War 2 a stalled housing construction sector had resulted in the overcrowding and poor quality of housing that pressured the Riksdag to intervene again — introducing low cost state loans to boost construction and rent controls to protect existing occupiers. State loans of up to 100% of initial outlays ushered in the establishment of Municipal Housing Corporations (MHCs). Sweden’s Social Democrats who held office from 1932 to 1976 promoted “universal” housing as a “non-subservient” priority and did not differentiate based on socio-economic classification. State support was implemented via municipalities and enabled through both funding and fiscal measures. What followed was another housing sector hiatus which presaged the *Miljonprogrammet* (described earlier). In 1991 a neo-liberal centre-right coalition embarked on a two-pronged approach of housing sector privatisation and prioritisation of private ownership — transferring risk from the state to both municipalities and individual house owners. The preferential treatment of MHCs was diminished and means testing was introduced — signalling a shift toward private sector delivery of housing and a shrinking state role. State loans and fiscal incentives for municipalities were removed and interest rate subsidies and guarantees diluted. In an article titled ‘Supply of Housing in Sweden’ (Emanuelsson, R., 2015) the author attributes these reforms, and challenging economic conditions during the banking crisis in the early 1990s, to one of the largest ever declines in Swedish construction activity (P50).¹⁹⁵

¹⁹⁴ Turner Centre for Housing Innovation. (2017). *Housing in Sweden: An Overview*. UC Berkley. Retrieved 28-07-2025 from, <https://tinyurl.com/2j22z4rm>

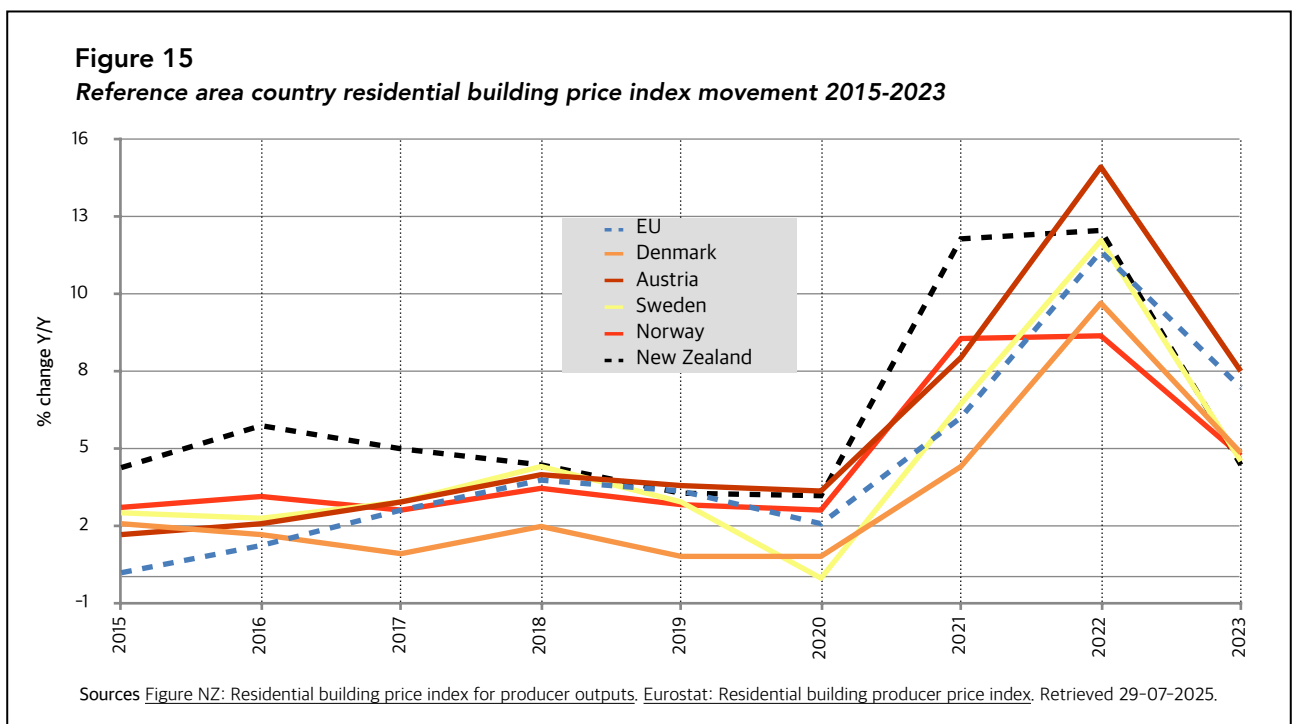
¹⁹⁵ Emanuelsson, R. (2015). *Supply of housing in Sweden*. Sveriges Riksbank Economic Review 2015:2. Retrieved 28-07-2025 from, <https://tinyurl.com/32x9prey>

As a result of the centre-right coalition government reforms, municipal housing corporation borrowing terms reverted to market with obvious cost implications. The suite of neo-liberal reforms and political preference for private ownership, which included legalising conversion of public social rental housing to cooperative housing, had a negative and long-lasting impact on the construction of rented accommodation. Data from the Swedish National Board of Housing, Building and Planning shows only marginal increases in the total number of rental properties for the period 1990-2011 while at the same time the number of tenant-owned properties increased by more than ~300,000 (~180,000 of which were converted from rental homes). The surge of such conversions was especially evident in the Stockholm region, where for every residential rental property built in the period 1991-2010, an estimated three were lost to ownership conversions. (P57).

A positive outcome from the ebb and flow of housing policy in housing mix was the emergence of a quite large (equity) cooperative housing sector. Today not-for-profit housing (in all its forms) comprises ~42% of all housing stock in Sweden and ~67% in Stockholm. Cooperative housing stock (rental and ownership) comprises ~24% of total housing stock in Sweden and ~50% in Stockholm. This large proportion of social housing in the overall market was undoubtedly assisted by the rapid expansion in public housing stock during the *Miljonprogrammet* supported by direct state intervention and implemented at the municipal level. The neo-liberal reforms that dismantled low-cost state loans and other fiscal incentives and introduction of condominiums as a legal tenure facilitated the transfer of public rental housing to the private owner market and generated financial windfalls for those purchasers — echoing Margaret Thatcher’s reform of the municipal housing sector in the United Kingdom through a similar ‘right-to-buy’ scheme (noted in Section 3.1). Fallout from the neo-liberal policy wrecking-ball has a long tail and Sweden is once again in the grip of a housing shortage and (like many countries) experiencing price escalation and volatility — especially in large urban areas (i.e. Stockholm) and the unregulated parts of the housing market.

Distinct differences emerge from Sweden’s housing policy compared to that in New Zealand. There is a long social tradition that good quality and affordable housing should be available ‘universally’. Political consensus and state intervention — low-cost loans, guarantees, tax incentives, municipal involvement, regulation — have provided the impetus when needed. Sweden’s municipal housing corporations operate autonomously as not-for-profit entities and compete in the open market. Cooperative housing comprises a large share of housing stock. Market risk is diversified, with a mix of public, cooperative and private actors (social rental, not-for-profit and private ownerships).

Also relevant to this section is the very high cost of building which has become a vexing and unresolved issue in many developed housing markets. The root cause remains illusive and is likely multi-dimensional, involving a combination of market oligopoly (both constructors and materials supply chain), skilled labour and training constraints, lack of innovation and limited actors in manufacturing systems, downright 'greedflation', and political *laissez-faire*. Political vision, innovation in building pre-fabrication systems and the scaling-up of resources that accompanied the *Miljonprogrammet* is absent. Figure 15 shows year-year residential building cost growth for the period 2015-2023 for reference area countries based on producer price indices.



The data indicates a steep increase in residential building prices after 2020 for all countries and this was particularly pronounced in Austria. Over the period New Zealand experienced the highest average annual increase at 5.91% and a cumulative increase of 53.21%. The lowest was Denmark with an average annual increase at 2.88% and a cumulative increase of 25.9%. The EU average annual increase was 4.08% with a cumulative increase of 36.7%. The average annual and cumulative increases for New Zealand are ~45% above the respective EU average figures for the period. It is fair to note however that all countries (apart from perhaps Denmark) have experienced very high residential building price inflation. Potential solutions are worthy of further research — innovation in building products, off-site and automated on-site manufacturing systems and state interventions to facilitate investment in R&D and attract new suppliers and manufacturers to widen competition.

Insights

Advances in OSM and new technologies such as onsite 3D construction printing may offer a pathway to more affordable housing construction. However, the number of OSM producers with scale is still relatively limited worldwide and even in Sweden, which has been an innovator in OSM since at least the time of the *Miljonprogrammet*, market oligopolies can stifle competition and affordability. It is estimated that OSM systems are used in up to ~84% of new single family homes in Sweden (which make-up ~30% of new dwellings).¹⁹⁶ The balance ~70% is multi-family homes of which ~30% is estimated to use some form of prefabrication — either wood frame (~10% and mainly in projects up to ~4 storeys), or concrete frame (~90%). As such OSM systems are used in ~45% of all Swedish housing construction (see Turner Centre for Housing Innovation, 2017).

Japan is also regarded as an innovator in prefabrication techniques which accounted for ~13% of detached and semi-detached new builds in 2022. The adoption of prefabrication techniques there was a deliberate choice post World War 2 to address housing shortages. Being located on the Pacific Rim Japan (like New Zealand) is prone to earthquakes, as well as cyclones and floods, and the major sector actors have invested heavily in R&D to develop proprietary performance and quality standards for enhanced seismic resistance, structural integrity, and product durability.¹⁹⁷



Of course innovation in building systems and materials development, or supply chain disruption from new entrants or adoption of international product certification systems, will count for little if any cost savings arising from such measures are simply captured by private market actors as profit. In the absence of third sector actors applying a 'lowest-cost' housing model this will happen. State policy interventions facilitating innovation in building systems is an area warranting future focused research (for others).

¹⁹⁶ BRANZ. (2018). *Global growth in prefab*. Build magazine. Build-168-91. Retrieved 30-07-2025 from, <https://tinyurl.com/28auft6v>

¹⁹⁷ Chau, H.-W., Jamei, E., Muttill, N., Noguchi, M. (2024). *Japanese Prefabricated Housing Manufacturers*. Encyclopedia 2024, 4, 1073–1090. Retrieved 31-07-2025 from, <https://tinyurl.com/3cwuarzh>

3.3.7 Land supply and cost

Land is intrinsically linked with the supply of housing. The up-zoning of rural land for expansion at the urban fringe, or for new settlements, has been one of the most commonly used policy tools for enabling increased housing supply — especially in New Zealand. Other approaches utilising non-rural land resources include brownfield land re-zoning for residential development, the conversion of commercial buildings for residential living, the re-development of existing multi-family apartment complexes and the densification of existing urban land (whether currently in residential or some other land use). Of course, individually, none of these approaches to enabling additional land supply and/or housing will necessarily result in improved housing affordability — especially if the land and subsequent housing becomes subsumed in the open market.

The theoretical assumption that increased land supply will automatically result in both lower land and house prices does not compute. Section 1.2 highlighted the technical resource coordination complexities, elongated timeframes, and the high cost and financial return on investment associated with for-profit actors developing greenfield land. The drawn-out completion timeframe for every large-scale land development project to become cashflow positive accompanies substantial risk and it is unsurprising that the few private actors with the resources to undertake these require an IRR over the project life-cycle in the order of ~20% (which implies an even bigger project margin in financial terms). By its very nature large-scale greenfield land development will not deliver low-cost land or achieve long-term improvements in housing affordability.

It should be obvious to anyone that for-profit actors in the open market will extract the highest price possible, whenever possible. However, politicians here in New Zealand still focus, almost exclusively, on greenfield land supply and deferment to the market. It is all very well for the state to ensure the regulatory and economic settings to encourage private sector investment in housing are robust — but reliance on the market to deliver improvements in housing affordability is another matter entirely. Unfortunately the state funding of for-profit actors to deliver affordable housing (at a pre-agreed price threshold below market) in a small number of state-led projects has proceeded without any apparent mechanism to retain this housing long-term at non-market prices. Table 7 in Section 3.3.1 provided a summary of the share of social, affordable and market housing within eight 'large-scale' urban development projects undertaken by state housing agency Kāinga Ora Homes and Communities. The data suggests that ~70% of ~44,204 homes across eight projects in the large-scale housing programme are or will likely become market priced homes (see Table 23).

Table 23**Kāinga Ora large-scale housing programme — headline data**

Project	~Social housing (new, & replacement of existing)	~Affordable housing	~Market housing	~Total planned housing stock (on completion)
Housing	13,413	13,074	17,716	44,204
Housing shares	30.34%	29.58%	40.08%	100%

Note See [Table 7](#) for data sources.

Further, the ~13,413 social houses in Table 23 does not represent a net addition as a proportion is simply replacing existing social housing stock. To exacerbate the situation in February 2025 the Sixth National Government announced an effective a moratorium on Kāinga Ora’s social housing programme which may represent a sinking lid if houses at the end of their life are not replaced.

Private actors have an important role in the overall housing ecosystem but it is politically naive to think they can deliver long-term improved affordability for low and middle income households when maximising profit is their prime motivation. Especially when at least ~70% (~30,790 homes) of the Kāinga Ora large-scale programme housing stock could have instead been allocated to and delivered by not-for-profit housing actors, at cost, and retained long-term at non-market pricing. Thus building-up a permanent stock of not-for-profit housing and at the same time lowering systemic risk and suppressing market housing prices (see Section 3.3.5). That boat has well and truly sailed — but it serves to demonstrate how readily both the third sector and housing affordability gains can be integrated within state land and housing development programmes.

Enabling and locking-in improvements in housing affordability will require state level not-for-profit housing policy interventions specifically aimed at that very outcome. Leaving the market to itself and instead facilitating a ‘lowest-cost’ model via a third sector *housing life-cycle* approach. That is, specific law to define third sector actors, any required land/property tenure structures, sector regulation, funding and guarantee mechanisms — encompassing initial land zoning, provision and master-planning, through to delivery and long-term management of the end housing product. State housing policy is heavily weighted toward market actors to the detriment of housing prices and affordability. The challenge for politicians is crafting land and housing policy interventions that strike a balance between the individual rights of landowners and non-landowners and (common good) social, economic and environmental outcomes (Hartmann, T., et al., 2025).¹⁹⁸

¹⁹⁸ Hartmann, T., Jehling, M., Wenner, F., Hengstermann, A., Schindelegger, A. (2025). *Land Policies in Europe. Land-Use Planning, Property Rights, and Spatial Development*. Springer Open Access. Retrieved 1-08-2025 from, <https://tinyurl.com/38fdw3xe>

Synthesis

Land policy to enable housing supply is a dynamic multi-stakeholder challenge which Norway, Sweden, Austria and Denmark take on with differing approaches but some common actors.

Norway

Over 30 years ago, to avoid adverse ecological and social outcomes arising from greenfield land development as a means of enabling land supply, politicians in Norway decided on a different strategy to meet the 'common good' objectives of its land policy (*Arealpolitik*). This transition, which started in the early 1990s, is focused around the core objectives of; (1) densifying existing industrial/brownfield sites, (2) mixed-use development, and (3) reducing the need for car based transport (Holsen, T., *et al.*, 2025).¹⁹⁹ This transition marked a distinct shift away from prior land policies which were designed to promote home ownership via the provision of low-cost land to non-profit housing associations and which have contributed to ~77% of the population and ~72% of households owning their own home (outright or part shareholding).²⁰⁰

Densification policies in Norway have not prioritised *consolidation* of land through infill of existing suburban (or green) fabric within cities and instead have focused on the transformation of under-utilised industrial land into densified mixed-use activities with a high proportion of private owner-occupied housing (Holsen, T., *et al.*, P140). A precursor for any new urban plan is access to high-capacity light rail (either existing or new) which implies public sector investment. In Norway, land densification policy is dependent on private sector actors initiating zoning plans. The legislative planning framework allowing any party (public or private) to submit a detailed zoning plan (similar to our RMA) dates back to circa 1924 and is (very likely) a catalyst in the emergence and growth of not-for-profit housing associations and other housing developers. The reliance of private actors motivated by profit to deliver new housing projects creates tensions with municipalities who are motivated by public good outcomes (e.g. sustainability). The resulting 'negotiation process' to find common ground can in turn lead to project inertia and important decisions regarding provision of infrastructure being postponed to future stages (P144). The absence or deferment of development infrastructure planning in Norway has resulted in the same kind of cost-shifting evidenced with the Milldale development in Auckland (highlighted in Section 1.3) — negotiation trade-offs which incentivise private developers to offload the cost of new infrastructure onto other parties.

¹⁹⁹ Holsen, T., Hengstermann, A., Elvestad, H.E. (2025). *Land Policy in Norway: Exploring the Boundaries of Planning Striving for Density and Car-Free Living*. Land Policies in Europe. Land-Use Planning, Property Rights, and Spatial Development. PP137-153. Springer Open Access. Retrieved 1-08-2025 from, <https://tinyurl.com/38fdw3xe>

²⁰⁰ Statistics Norway (2025). 14070: *Dwelling ownership, by sex and age*. *Persons*. 14068: *Dwelling ownership, by household type*. *Households*. Retrieved 6-8-2025 from, <https://tinyurl.com/5n7b5cm4>

A unique feature of Norway's land policy is the concept of *betterment* which is governed under the Planning and Building Act and implemented by municipalities which are responsible for land use planning within their jurisdiction. When a transformative public planning process changes land from rural to urban and increases the property value (unearned betterment), the municipality has discretion, based on a range of factors including the quantum of increase and other public good matters, to impose a levy for the benefit of the wider community. The levy is not always imposed and ambiguity in the valuation processes have created tensions and disputes (PP148-149). It is however a mechanism that offers potential fiscal benefits and socially-diffuse land use outcomes.

A recent study has highlighted how “path dependence linked to rule design, history and culturally conditioned norms and strategies lead to inertia in institutional adaptability” and “why desired politically motivated adjustments in rule-making do not always work as intended” (Elvestad, H.E., Holsen, T., 2025).²⁰¹ This path dependency is evident in the evolution of Norwegian land policy over the last 100 years leading to the current *sustainable densification* approach which is founded on the notion that urban sprawl in itself is *unsustainable*. Norway is confronted by many of the same land policy dilemmas as New Zealand. In particular the (contradictory) challenge in a country with extensive land and very low population density of locating appropriate areas for sustainable densification and the inevitable tensions that arise amongst the key actors in achieving a balance between private property rights and the (common good) social, economic and environmental outcomes noted earlier. However, a noticeable difference in land policy approach is the realisation by politicians in Norway, some 30 years ago, that greenfield development is unsustainable and the resulting political consensus that prioritised the densification of brownfield land for mixed-use development and reduction in car-based transport. New Zealand land policy evidences a path dependency still rooted in facilitating urban sprawl across rural land, car-based transport and prioritising private market actors and economic gains over social and environmental values.

Sweden

In Sweden the generally accepted principle in relation to the provision of housing is 'good housing for all' — with no prioritisation based on income. The two main factors informing land policy (and ultimately housing) in Sweden are *land ownership* and the *land allocation process* (regulating the selection and role of the developer) — and both are dominated by municipalities through their extensive land holdings and statutory responsibilities under the Planning and Building Act.

²⁰¹ Elvestad, H.E., Holsen, T. (2025). *Valuation practices in urban land readjustment cases in Norway*. Land Use Policy 145 (2024) 107242. Norwegian University of Life Sciences. Elsevier. Retrieved 6-8-2025 from, <https://tinyurl.com/yej658uk>

The City of Stockholm began land banking about 150 years ago and this has influenced the location and form of an estimated ~70% to ~80% of housing development through land allocations. Today housing entities owned by the City of Stockholm manage ~15% of the housing stock — even though they are prohibited from competing against private actors on unequal terms under a law change introduced in 2011 (see reference note below).²⁰² The dominant role of municipalities via land ownership and land allocation is found throughout Sweden. A 2013 report by the Swedish National Board of Housing, Building and Planning estimated that (at the time) ~11% of municipalities in Sweden owned 100% of land where housing was planned or underway and ~74% owned at least a portion of land that was anticipated to be used for housing (Caesar, C., 2015).²⁰³

Responsibility for land allocation delegated by the state under the Planning and Building Act (*plan-och bygglagen*) requires municipalities to "promote urban development that creates equal, good and sustainable living environments." Land allocation in the Planning and Building Act is "a contract between a municipality and a developer that provides the developer with the sole right to negotiate with the municipality, for a limited time and under defined conditions, over the transfer or concession of a certain land area owned by the municipality, for development".²⁰⁴ This is achieved through "comprehensive plans (*översiktsplan*), legally binding detailed development plans (*detaljplan*) for regulating individual urban development projects and legally binding building permits (*bygglov*) required for the construction of new buildings" (Candel, M., Paulsson, J., P4).²⁰⁵ It is this combination of land ownership and allocation that gives all the power to the municipalities in their negotiations with developers and enables them to direct where and how development occurs and importantly what (common good) conditions will be imposed to meet their delegated legislative obligations. If agreement between the developer and the municipality is not reached on all matters, the allocation contract is terminated and land transfer does not occur.

²⁰² Hansson, G.A. (2025). *Land Policy in Sweden: The Paradoxical Difficulty of Creating Affordable Housing at the Intersection of Municipal Land Allocation, Local Planning and Housing Policy*. Land Policies in Europe. Land-Use Planning, Property Rights, and Spatial Development. PP173-185. Springer Open Access. Retrieved 7-08-2025 from, <https://tinyurl.com/38fdw3xe>

Reference note

The author notes this law arose from negotiations between the Tenants' Union (which has a major role in rent setting in Sweden) and the Federation of Property Owners due to European Union (EU) 'fair competition' rules. The Tenant's Union was against the proposal to means-test social housing, and instead supported the 'good housing for all' position. The EU context adds an additional layer of complexities for all members in balancing state independence in land policy and decision-making with EU rules. Another example is the UE objective of reducing the amount of land being sealed to zero by 2050 — effectively capping the total supply of building land.

²⁰³ Caesar, C. (2015). *Municipal land allocations: integrating planning and selection of developers while transferring public land for housing in Sweden*. Journal of Housing and the Built Environment. (2016) 31:257–275. Retrieved 6-8-2025 from, <https://tinyurl.com/rvjztp5n>

²⁰⁴ Planning and Building Act (2010:900). Sweden. Retrieved 7-8-2025 from, <https://tinyurl.com/557mmv3e>

²⁰⁵ Candel, M., Paulsson, J. (2023). *Enhancing public value with co-creation in public land development: The role of municipalities*. Land Use Policy 132 (2023) 106764. KTH Royal Institute of Technology, Sweden. Elsevier. Retrieved 7-8-2025 from, <https://tinyurl.com/3ec2juuk>

Land allocation in Sweden can be described as a co-creation process with the delivery of defined “public value propositions” undertaken by both municipalities and developers (Candel, M., Paulsson, J., P13). However, sometimes these public values take a back seat to financial imperatives. For example, in areas where land values are high the allocation process has been noted to incentivise municipal decision-makers to favour higher value projects (and therefore financial returns to the municipality) over affordable housing projects. Such bias can emerge if the interests of actors with unequal political or financial influence are given precedence over the interests of other less influential stakeholders. Dr. Melissa Candel and Prof. Jenny Paulsson conclude their research by saying, “Municipalities must find a balance between flexibility for collaborative innovation and maintaining a legitimate and fair process that upholds their other public values for good governance” (P14).

A noticeable difference between land policy in Sweden and elsewhere in Europe is the avoidance of ‘inclusionary zoning’ (i.e. a planning tool requiring a proportion of affordable housing in projects undertaken by for-profit actors with the objective of achieving more socially-diverse communities). Swedish land policy “explicitly shuns means-testing as part of the Swedish unitary housing system where equal treatment is a cornerstone”. Rents in Sweden are instead based on negotiations between property owners and the Tenants’ Union which fall outside the ambit of municipalities and as such there is “no model with the effect that lower income groups get priority in allocation of lower rent apartments that result from land policy” (Hansson, G.A., P181). The primary tool for enabling affordable housing projects in Sweden today is the granting of municipal leasehold land. The trade-off is lower immediate financial returns to the municipality compared to allocating and then transferring (selling) land to the selected housing developer. While the city of Stockholm is extremely well positioned to deliver affordable housing through its large land bank and “planning monopoly”, the political desire needed to “evoke a change in actors’ priorities and initialise institutional reform” to address the shortfall in affordable housing remains sidetracked by short-term financial gain (Hansson, G.A., P183).

The Swedish land allocation system has been successful in balancing sometimes contradictory stakeholder interests and the deferment of land transfer to the completion of legally binding detailed development plans (*detaljplan*) “stimulates instant construction” and enables the municipality to maintain its leverage throughout the process (Caesar, C., P272). In New Zealand the role of municipalities has been diminished with the state preferring a system based on centralised ministerial planning related directives and prioritisation of for-profit market actor interests.

Austria

Land policy in Austria is a delicate balancing act (or negotiation process) between upholding personal property rights protected since 1867 in constitutional law (*Staatsgrundgesetz*, Article 5)²⁰⁶ and policy interventions aimed at the wider public interest. It epitomises the challenge highlighted at the start of this section for politicians in crafting policy interventions that strike a fair balance between the individual rights of landowners and the wider common good (social, economic and environmental) objectives.

The inclusion of land in Austrian public policy has been dated to the Liberal Revolutions of 1848 which started in Italy and spread to France, Germany and Austria.²⁰⁷ Whilst having a muted initial impact on the dominance of the political elite, widespread unrest eventually led to land tenure reform and the granting of property rights to broader sections of society in Austria. Responding to a housing shortage post World War 1 and squatting issues, state and municipal interventions aimed at acquiring land for building purposes included the *Wiener Bauordnung* (Viennese Building Code, 1930) and a large-scale municipal housing programme. Post World War 2, State Spatial Planning Acts (*Raumordnungsgesetze*) governed by the nine federal states (*Bundesländer*) have provided the regulatory framework for spatial planning and land use in Austria. When housing affordability emerged as a political ‘hot potato’ in the 1970s the Federal Government introduced the Land Acquisition Act 1974 (*Bodenbeschaffungsgesetz*) as a mechanism for public entities to acquire land, particularly for social housing programs. Following this period, and accompanying the rise in neo-liberal economic and political ideology, socially-focused land policy fell off the legislative radar. It has only recently re-emerged in Austria in response to ecological issues (urban sprawl, biodiversity, and soil sealing) and rapidly rising property prices which have impacted housing affordability in Austria (and many other European countries) post-GFC in 2008 (Schindelegger, A., Seher, W., 2025).²⁰⁸ In this context it is evident land policy in Austria moves with the political sway rather than being a result of consistent ideological consensus — a product of “the balance of power which comes with regulating different ideas” addressing a current need (Schindelegger, A., Seher, W., P21).

²⁰⁶ Bundesrecht konsolidiert: Gesamte Rechtsvorschrift für *Staatsgrundgesetz* über die allgemeinen Rechte der Staatsbürger. Retrieved 8-8-2025 from, <https://tinyurl.com/67sdxwp2>

Research note

Staatsgrundgesetz Article 5. Property is inviolable. Expropriation against the will of the owner may occur only in the cases and in the manner determined by law.

²⁰⁷ Britannica (2025). *Liberal Revolutions 1848*. Retrieved 8-8—2025 from, <https://tinyurl.com/yc48nfjk>

²⁰⁸ Schindelegger, A., Seher, W. (2025). *Land Policy in Austria: Affordable Housing Against the Background of Limited Land Resources*. Land Policies in Europe. Land-Use Planning, Property Rights, and Spatial Development. PP19-32. Springer Open Access. Retrieved 7-08-2025 from, <https://tinyurl.com/38fdw3xe>

In Austria ~62% of land is mountainous terrain, ~47% is in forest and ~28% is hilly to moderately flat²⁰⁹. A 2016 study indicated that ~7% of land in Austria has to date been developed for residential, commercial and infrastructure uses which at face value does not seem high. However, in relation to the total area of land which is considered habitable it is ~17% (595m² per capita) which is well above the European Union (EU) average (389m² per capita). The rate of land consumption was also much higher in Austria (+32.2% between 1996-2006) compared to the EU (+8.8% between 1990-2006)²¹⁰. In this context, together with the fact private property rights in Austria are “inviolable” and little can happen without the owner’s consent, efficient use of land suitable for housing and other activities is a high priority. Compulsory land acquisition for public social good purposes is provided for in Austrian law and where this occurs compensation is provided via a pre-defined procedure — but other options are usually preferred. For these reasons Austrian planning law disregards physical ownership and instead adopts an “idealised planning process with a rationalistic approach” with no obligation by property owners to implement changes to land use (Schindelegger, A., Seher, W., P24).

In Austria, municipalities are key actors in implementing land policy through spatial planning and detailed zoning and urban development plans and local infrastructure. Each of the *Bundesländer* take responsibility for interconnecting infrastructure. Land funds (owned and operated by states as commercial entities with a not-for-profit purpose) are also key actors and support municipalities in land acquisition and land-banking (for both housing, commercial and infrastructure purposes) via low cost loans. Typically such acquisitions occur on the open market but prior to rezoning. The Federal Republic also controls substantial land holdings inherited from the last Austrian Emperor — mainly forests and waterways (Schindelegger, A., Seher, W., P26).

Land policy in Austria is effected via three main pathways; active, passive and procedural. Active land policy is manifested in strategic land-banking by municipalities that can be used to negotiate with private landowners and other parties. They are supported in this via land funds where needed. Passive land policy is effected via land parcel ‘re-adjustment’ (which often includes land already zoned for building but excludes land in active agricultural use). The process is managed by a state authority and if collective agreement is reached any increase in property value remains with the beneficiaries. Procedural land policy is manifested in the municipal responsibility for spatial plans.

²⁰⁹ Wikipedia (2025). *Geography of Austria*. Retrieved 8-8-2025 from, <https://tinyurl.com/bd69bfaw>

²¹⁰ Getzner, M., & Kadi, J. (2019). *Determinants of land consumption in Austria and the effects of spatial planning regulations*. *European Planning Studies*, 28(6), 1095–1117. Retrieved 8-8-2025 from, <https://tinyurl.com/4x3bn6x3>

This involves identifying aspects such as “development hot-spots” and “essential facilities”. It is at this interface where areas for affordable housing can be ring-fenced but subject to strict criteria so that the process does not amount to “factual expropriation”. Municipalities can via this pathway spot-zone land for affordable housing. To ensure design quality architectural competitions are often used and municipalities retain control of access to the end product to ensure those sections of society most in need are prioritised (Schindelegger, A., Seher, W., P28).

In summary, meeting demand for housing in Austria is almost entirely dependent on municipalities (especially for affordable housing) and public ownership of land is key to this objective. The state government provides support through land funds and readjustment processes only as necessary. As well as supporting affordable housing, active land policy is also used for densification initiatives and for providing space for green infrastructure (Schindelegger, A., Seher, W., P30).

Denmark

Denmark consists of the Jutland Peninsula (which is part of European Continent) together with an expansive archipelago of ~1,400 islands (excluding self-governing Faroe Islands and Greenland) of which ~440 are named ~70 are inhabited.²¹¹ It is estimated at present that ~7.6% of land is occupied by buildings and built-up areas and a further ~6.6% is occupied by roads, railways and other artificial surfaces. Agricultural crops account for ~59.5% of land and forests ~13.4%. The balance land is in nature (lakes, streams and dry habitats) with a small portion unclassified.²¹² Notwithstanding the expansive nature of the geography, land suitable for building is limited and strictly controlled through a comprehensive administrative framework — substantially reformed in 2007. The top-level former administrative bodies, *amter* (county), were disestablished and consolidated into five regions. However (unlike the former *amter*), these regions have no power to raise funds directly and so rely on financing their operations through contributions from central government and *kommunes* (municipalities). Coincidentally in 2007, the former 271 municipalities were consolidated into 98. Administrative responsibility for national spatial planning had previously been shared between central government, counties and municipalities, but after reformation this administration is largely distributed between the central government and municipalities.²¹³

²¹¹ Wikipedia (2025). *List of Islands of Denmark*. Retrieved 9-8-2025 from, <https://tinyurl.com/xs45csbb>. Wikipedia (2025). *Geography of Denmark*. Retrieved 9-8-2025 from, <https://tinyurl.com/38x9k6te>

²¹² Statistics Denmark (2025). *Land use accounts*. Retrieved 9-8-2025 from, <https://tinyurl.com/3jvwihu8>

²¹³ Ministry of Land, Transport, Infrastructure and Tourism (MLIT). *An overview of spatial policy in Asian and European Countries*. Retrieved 9-8-2025 from, <https://tinyurl.com/24ftv3cy>

At the national level, a focus of spatial planning has been *connectivity*. This is evident from the introduction of the 'Finger Plan' concept in 1947 through to more recent strategies for transport corridors between the main urban areas and European neighbours (some of which have been very controversial) including the 'Big H' in the 1950s, Øresund Bridge (completed in 2000) and 'Fehmarn Belt Fixed Link' (the world's longest submersed tunnel scheduled for completion in 2029). The "Finger Plan" has been a consistent theme in Denmark's spatial planning in Copenhagen up to the 2007 reforms and is based on location of urban development along key traffic axis (i.e. the fingers of a hand) linking suburban areas with the city of Copenhagen (the palm) and preserving the areas between traffic axis as green open spaces (the wedges between the fingers).²¹⁴

The land use planning hierarchy comprises national state plans, municipal plans (structure plans) and local development plans regulated via the Planning Act 1991 (with the latest revision in 2018). Under the Planning Act land is categorised into three broad zones — urban, summer house areas and rural — with the objective of preventing inappropriate development in open spaces and consolidating urban development where it is planned for. Lot specific land use planning is administered by the 98 municipalities through municipal plans which include controls on aspects such as use, height, density etc.

A stark difference between Denmark and New Zealand is the integrated framework that links spatial and housing law and policy with the institutions that have responsibility for planning and housing delivery and the end users of the product. The state sets out the national spatial planning expectations via the Planning Act. It sets targets for social housing via master plans implemented by the municipalities. Housing projects are co-financed via the National Building Fund and each municipality which makes final decisions to ensure social housing meets local need (see Table 9).

The future challenge for Danish policy makers in responding to ongoing demand for affordable housing, is that more suitable land than is available will likely be needed to also satisfy pressure from other competing demands for land. In particular, renewable energy projects, food production and lowland retirement for climate adaption.²¹⁵ This is a challenge shared by many countries — including New Zealand.

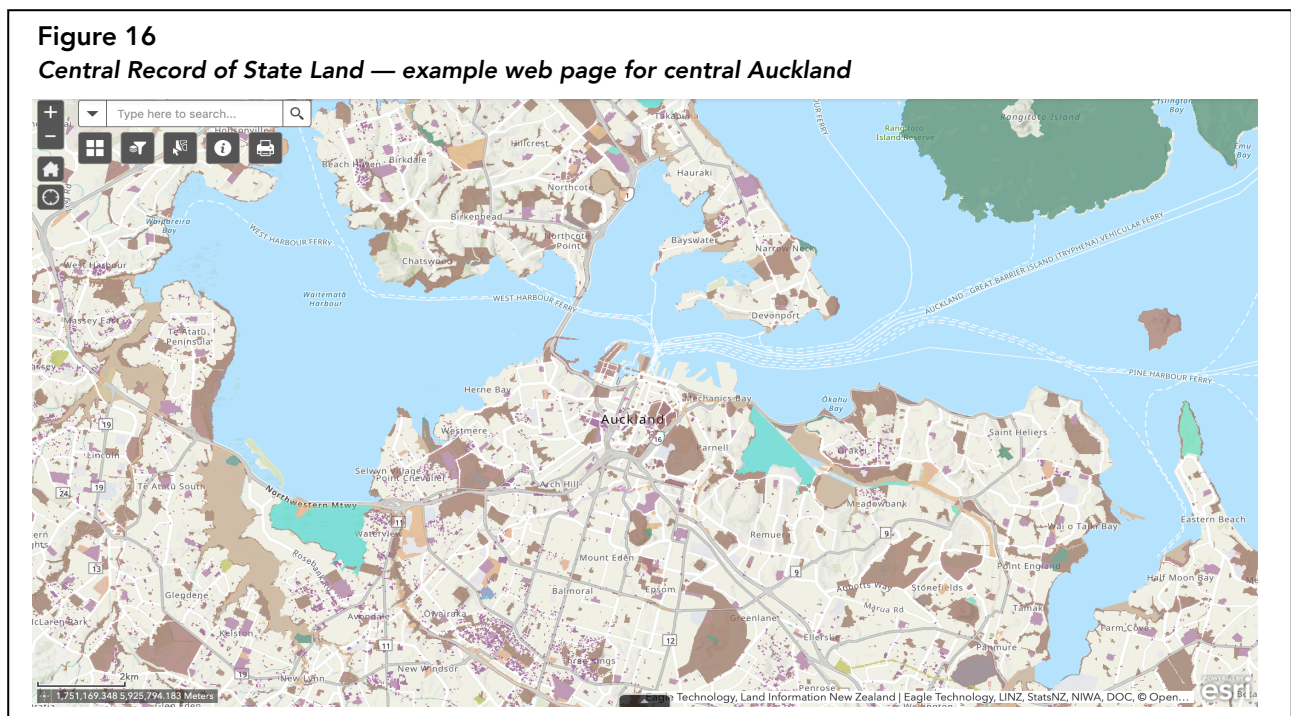
²¹⁴ Sørensen, Eva, Torfing, Jacob. (2019). 'The Copenhagen Metropolitan 'Finger Plan': A Robust Urban Planning Success Based on Collaborative Governance', in Paul 't Hart, and Mallory Compton (eds), *Great Policy Successes*. Oxford Academic (online ed). Retrieved 9-8-2025 from, <https://tinyurl.com/bdhsnw8s>

²¹⁵ Ormstrup Vestergård, L., Refsgaard, K. (2022) MAP Position Paper (Denmark). Land use and climate change. Retrieved 9-8-2025 from, <https://tinyurl.com/3hfwf8dpy>

Insights

A consistent theme in the land policy approaches in Norway, Sweden, Austria and Denmark is the active role of municipalities in implementation via localised master planning and detailed development plans. This is not unlike the land policy approach which has prevailed in New Zealand — up until lately. A noticeable difference between land policy in these countries and in New Zealand is strategic use of land-banking and planning monopolies to achieve wider ‘public good’ outcomes — whether for affordable housing, infrastructure or other uses. It is *controlling master plans, detailed plans and especially land that provides the leverage in negotiations with key actors.*

In New Zealand, the state owns significant harbour land holdings estimated at ~2 million hectares made up of national parks, reserves, rivers and land occupied by schools, hospitals and other state agencies. While not all of this land is suitable or immediately available for building on, a lot will be. Land Information New Zealand (LINZ) is the agency responsible for managing state land. Although LINZ offers public access to the Central Record of State Land database (see Figure 16) there appears to be no publicly available detailed breakdown or summary of land parcels by territorial authority that can be interrogated by land use or industry category.²¹⁶ This is notwithstanding a 2015 report by the Productivity Commission of New Zealand identifying exactly such a public land inventory as an essential tool for identifying surplus state land that could be used for housing development.²¹⁷



²¹⁶ Land Information NZ. *Central Record of State Land*. Retrieved 8-8-2025 from, <https://tinyurl.com/3rxzsj7>

²¹⁷ New Zealand Productivity Commission. (2015). *Using land for housing*. Wellington, New Zealand: New Zealand Productivity Commission. Retrieved 23-09-2025 from, <https://tinyurl.com/4v4x8rjd>

The brown shaded area in Figure 16 is a small selection of state owned land in Auckland City administered either by the state or by other public entities such as Auckland Council and, acknowledging not all of the land will be suitable or available for building, is extensive. It would be helpful to organise this online tool as a relational database to allow interrogation by one or multiple fields. For example, territorial authority, owner (state/municipality), land use (residential, commercial, industrial, road, reserve, utility, rail, airport, waterway etc.), industry (education, health, utility etc.) and managing entity (state/municipal/agency). That would at least provide a starting point to help inform independent research, public land policy, land use efficiency and potential surplus state or municipal land suitable for housing and other development.

More illuminating is the 2018 report '*Publicly owned land in Auckland*' for Auckland Council which contains a quite comprehensive decomposition of land use.²¹⁸ The report identified ~44,240 land parcels that were publicly owned equating to ~9.45% of total land parcels in the Auckland region, covering ~93,542 hectares or ~19.12% of the Auckland region land area. Land owned by Auckland Council accounted for ~40% of all publicly owned land in the region whilst a substantial ~33% was in unidentified public ownership. The balance of ~27% was state owned (see Tables 24 and 25).

Table 24

Parcels and area of publicly owned land in the Auckland region

Public entity	Parcel #	% of parcels	Land area (ha)	% of land area
State	26,187	59%	25,494	27%
Municipality	12,399	28%	37,164	40%
Other public	5,654	13%	30,884	33%
Totals	44,240	100%	93,542	100%

Source Transcribed and adapted from, '*Publicly owned land in Auckland*'. Auckland Council technical report, TR2018/025.

Table 25

Area of publicly owned land in the Auckland region by land use (zoning) category

Land use (zoning)	State	Municipality	Other public	Total	% of land area
Rural	14,367	3,502	201	18,070	19%
Residential	3,127	331	57	3,515	4%
Business	450	537	50	1,037	1%
Public open space	4,353	29,766	7,389	41,508	44%
Other land uses	3,197	3,028	23,187	29,412	31%
Totals	25,494	37,164	30,884	93,542	100%

Source Transcribed and adapted from, '*Publicly owned land in Auckland*'. Auckland Council technical report, TR2018/025.

²¹⁸ Fredrickson, C. (2018). *Publicly owned land in Auckland*. Auckland Council technical report, TR2018/025. Retrieved 9-8-2025 from, <https://tinyurl.com/4uvxdhat>

The data indicates extensive public sector landholdings with ~22,622 ha (~24%) in urban land use zoning that might yield potential for more efficient land use, up-zoning, and densification. Examples include land adjacent to (or the air rights above) rail transport corridors and train stations, surplus land occupied by hospitals (or the air rights above these) that could be more efficiently used for building housing for critical health care workers (who often struggle to access affordable housing), surplus ministry of education land, under utilised parks and other open spaces such as public golf courses where affordable housing could be built around the perimeter whilst retaining some green areas for shared open space, and even unformed legal roads. The Auckland region report highlights the urgent need for better land data granularity across all publicly owned land categories in New Zealand to inform land policy and state and municipal decisions regarding public land asset management.

Too often political decisions to dispose of public assets are made on the basis it doesn't make financial sense for the state to own high value land or other property when the money can be better used elsewhere. In an official Government media release in February 2025, referring to state social housing located in a high value Auckland suburb, Housing Minister Chris Bishop said, "Frankly, a much better use of that money and crown capital is to divest from those high cost, high value homes in areas of Auckland where those houses exist" and reinvest elsewhere. Which as the Minister bluntly put it, "... is not Remuera by the way."²¹⁹ This is a myopic, elitist and short-term approach almost always based on political ideology regarding the role of the state and the market and exactly where such disposal proceeds are ultimately "better used" is always opaque. Further, it negates any future opportunity for 'social mixing' of low income distribution households within more affluent suburbs (including access to higher performing schools and other public facilities) in preference to locating such households in 'low value' suburbs. It also presumes the state's only social responsibility is to those households that qualify for housing through income-testing and that those parts of society that do not qualify but cannot afford market prices are not its focus. For example, rather than sell such 'high value' land the state could retain and lease this to not-for-profit housing providers thus securing both affordable housing and social integration outcomes.

Once public land is disposed of its social utility value is lost to the market. Where land is needed in the future for public use the state will pay full market prices. A more prescient approach would be to re-cycle public land holdings and strategically add to these for the highest and best 'social' use.

²¹⁹ RNZ (2025). *Kainga Ora 'turnaround' plan: Govt looking into sale of 200 homes worth about \$2m each*. Retrieved 11-8-2025 from, <https://tinyurl.com/4t7jm8xj>

3.4 Social equality in decision-making, governance and management

The importance of socially-diffuse access to good quality and affordable housing as a foundation for a well functioning society is evident in the legislation, policies and housing systems in those countries that place social values above purely economic ones. It is no accident that cooperative systems (including housing) have flourished in countries where *social equality* pervades the culture. In Sweden, it is evident in the ethos of ‘good housing for all’ and in Norway it is the ‘common good’ objective of its *Arealpolitikk* (see Section 3.3.7), in Denmark it is reflected in their ‘housing for all’ mantra²²⁰ and acceptance of the need for non-market housing interventions²²¹, and in Austria it is epitomised in the ‘Vienna model’ of “affordable housing as a public task”.²²²

This ‘social conscience’ permeates not only the foundation law and policy in those countries but also the public institutions empowered with implementing housing law and policy, the decision-making processes within those entities and the housing tenure systems adopted. In the absence of such structural mechanisms, any *balance* between individual property rights and wider ‘common good’ social, economic and environmental outcomes would disappear like *quicksilver* and instead be promptly replaced with outcomes favouring those with the most political or financial leverage.

Whatever system of collective public decision-making is adopted within a political system (e.g. first past the post or mixed member proportional) or outside of politics in society (e.g. unanimous, majority, committee, delegated, proxy etc.) is arguably less important than ensuring such public choice exists in the first place and is enabled to be exercised through transparent rules. Such rules for collective decision making are needed because we live in concentrated socio-economic groups within which the need for collective action and decisions arises (Mueller, D.C., 1979).²²³ Prof. Dennis Mueller nicely sums up the risk of not having agreed democratic processes that involve all relevant stakeholders or leaving decisions to the politicians (or those that have their ear) by saying, “...the basic challenge facing a community is achieving a consensus, or the dilemma of decision-making in its absence” (P270). Having a policy framework that engages all stakeholders is germane to achieving democratic decision-making and socially-diffuse housing and related outcomes.

²²⁰ SPUR. (2022). *Housing for Everyone, the Danish Way*. [Website blog]. Retrieved 11-8-2025 from, <https://tinyurl.com/2hb8xevf>

²²¹ European Parliament. *Housing policy in the EU member states*. Directorate General for Research Working Document Social Affairs Series - W 14. 3.1 Denmark. Retrieved 11-8-2025 from, <https://tinyurl.com/yfb9s8vn>

²²² City of Vienna. (2025). *Policy—social housing*. [Website]. Retrieved 11-8-2025 from, <https://tinyurl.com/mr4az7y3>

²²³ Mueller, D.C. (1979). *Public choice*. Cambridge surveys of economic literature. Cambridge University Press. P263.

The idea of coming together in a cooperative manner and the structures around which this is achieved is one that has occupied scholars throughout history. Prof. John Rawls positions this idea at the centre of his *theory of justice* where he says, “Thus we are to imagine that those who engage in social cooperation choose together, in one joint act, the principles which are to assign basic rights and duties and to determine the division of social benefits” (Rawls, J., 1972).²²⁴ In the absence of such social structures and processes *equality* would very quickly be diminished by a minority possessing more influence (power) through money, political connections and even coercion at the expense of the majority. Such has been the societal pattern language for thousands of years — society favouring those born into certain economic and social circumstances over others and influencing their expectations of life and their place in it. Prof. Rawls put it as follows,

“In this way the institutions of society favour certain starting positions over others. These are especially deep inequalities. Not only are they pervasive, but they affect men’s initial chances in life; yet they cannot possibly be justified by an appeal to the notions of merit or desert. It is these inequalities, presumably inevitable in the basic structure of any society, to which the principles of social justice must in the first instance apply.” Prof. John Rawls (*A Theory of Justice*, P7).

The ‘justice’ Prof. Rawls is referring to is ‘social justice’ or more specifically, “the way in which the major social institutions distribute fundamental rights and duties and determine the division of advantages from social cooperation” (P7).

Synthesis

As noted at the outset of this section, similar notions of social justice and equality permeate the law in Austria, Denmark, Norway and Sweden and are especially visible in housing policy and the public institutions mandated with administration. An example of social equality in practice is in the membership of the board of the Danish National Building Fund which is required by law to be representative of the social housing sector itself. Two board members must be current social housing tenants (elected separately by the Tenants’ National Organisation), one member is elected by the National Association of Municipalities (as key actors in the Danish housing sector), one each is elected by the Copenhagen and Frederiksberg municipalities with the chair and four members elected by the National Association of Housing Associations. The structure provides stability, continuity, independence and reflects the parties actually involved in delivering the social housing — not a board that represents ministerial preferences or fluid political party agenda.

²²⁴ Rawls, J. (1972). *A Theory of Justice. The Main Idea of the Theory of Justice*. P11. Oxford University Press.

In contrast, not long after the current Sixth National Government was elected the Housing Minister replaced all but two members of the existing board of key public social housing agency Kāinga Ora Homes and Communities with a hand-picked board, few (and perhaps none based on personal resumé) of whom appear to have an active role in the social or not-for-profit housing sectors (certainly not as a current tenant representative).²²⁵ This is hardly consistent with the norms of institutional social justice or equality in decision-making. It is the antithesis of stability, continuity, independence, and fair sector representation and instead blatantly reflects ministerial preference and political party agenda manifested in a diminished state budget for social housing operations.

Section 10 of the Kāinga Ora Homes and Communities Act 2019 provides for a board that fairly represents the sector (see Section 3.3.2). In short, it says relevant ministers must appoint members to the board who, collectively, have knowledge and experience of, and capability in, various urban, housing, business and public governance related matters. Sectors specifically mentioned but opaquely represented (if at all) include "public housing", "community housing" and the "perspectives" of "public housing tenants" and "local government". Legislative nomination, as in Denmark, would remove any risk of political selection bias. By way of example, "public housing" could be represented by a former Chair/CEO of the agency, "community housing" could be represented by the Chair/CEO/appointee of Community Housing Aotearoa (the peak body for community housing providers in New Zealand representing ~175 members), "public housing tenants" could be represented by an appointee of tenant advocacy organisations such as Tenant Advocates Network or Aratohu Tenant Advocacy, and "perspectives of local government" could be represented by the Chair/CEO of Local Government New Zealand. In addition, Kāinga Ora's parent ministries could each have a nominated representative. Sectoral depth and balance around the board table is lacking — especially municipal sector and hence local representation.

Key actors in all reference country housing sectors that "distribute fundamental rights and duties and determine the division of advantages from social cooperation" in Prof. John Rawl's idea of the institutional systems of "social justice", are the municipalities. They are at the epicentre of spatial planning, master planning and detailed planning as the conduit of state land and housing policy and they provide the local insight needed to ensure social housing is matched to the local need. To quote from Section 3.3.3 they are "the elaboration of a mutually beneficial dialectic between top-down structural policies and bottom-up local uniqueness" (Albrechts, L., Balducci, A., 2013).

²²⁵ RNZ (2024). *Minister announces new Kāinga Ora board, lays out 'expectations'*. (3-07-2024). Retrieved 12-8-2025 from, <https://tinyurl.com/26mp6z3u>

Insights

Two ever present threats to the full expression of local-level democracy are *neoliberalism* and the *financialisation* of assets — both of which hinder market stability and social equality in housing. Financialisation is evident in the rise of residential property as a preferred investment class for many corporate and high net worth investors — portrayed by Prof. Thomas Piketty as *rentiers*.²²⁶ He says the place of such *rentier capitalists* in society is a result of a perfect market for capital “in which each owner of capital, including the least capable of heirs, can obtain the highest possible yield.” (P536) . He sums up *inequality* implicit in this *rentier society* as “ $r > g$ ” (essentially the rate of return on private capital is greater than growth in the economy) which he contests “has nothing to do with market imperfections and will not disappear as markets become freer and more competitive”, an economic idea he dismisses as an “illusion”. He says “real democracy and social justice require specific institutions of their own, not just those of the market, and not just parliaments and other formal democratic institutions.” (P537). Not all economists agree with Prof. Thomas Piketty, which is fine, but somewhat surprising (even selfish) given the obvious extent of inequality globally.²²⁷ The threat of neoliberalism mentioned above is the *laissez-faire* attitudes of the politicians who allow inequality to prevail and do nothing to facilitate non-market institutions to help alleviate this — for housing represented by third sector policy interventions (or lack thereof).

The state is not a business to be run solely for the benefit of the *rentier society*. At least not since freedom from monarchs, fiefs and other forms of autocracy was achieved through democracy. Democracy itself is a precious institution that should be managed with care by those entrusted with upholding its core principle of social equality for all members of society. In the housing sector, cooperative tenure systems with their collective decision-making structures are time-tested and have proven highly resilient and successful where encouraged to emerge and enabled to flourish. Once established, this third sector can operate independently of both the state and the for-profit sector — with decisions then being made democratically by the housing users instead of for them by the *rentier society*. Where politicians defer to neoliberalism such decisions will continue to be made by a small group of *rentiers* who will extract the highest possible yield. So which system do we want to determine our future housing environments? As James Surowiecki signs off in his book ‘The Wisdom of Crowds’, “..decisions that democracies make may not demonstrate the wisdom of the crowd. The decision to make them democratically does.”²²⁸

²²⁶ Piketty, T. (2013). *Capital in the Twenty First Century*. (P535). Harvard University Press, 2014.

²²⁷ The Guardian (2025). *Ex-world leaders call for ‘powerful shift’ as they warn of extreme inequality*. [Website]. Retrieved 13-8-2025 from, <https://tinyurl.com/2895den3>

²²⁸ Surowiecki, J. (2004). *The Wisdom of Crowds. Why the Many Are Smarter Than the Few*. Abacus (2005).

4. CONCLUSIONS AND RECOMMENDATIONS FOR FURTHER RESEARCH

4.1. The ideological dichotomy between *growth* and *social equality* must be resolved

This research illuminates the political folly of neoliberal housing policy and any expectation the market can or would want to deliver improved housing affordability. OECD housing data paints a crystal clear picture of long-run policy entrenching housing inequality, manifested for New Zealand in runaway house price inflation and some of the worst housing cost overburden rates for low-income households (both renting and owner-with-mortgage). *Laissez-faire* economics stalks the political corridors here — epitomised by the Sixth National Government’s ‘Going For Housing Growth’ policy. In releasing this the Housing Minister said it would “flood the market with opportunities for development and over time drive down land prices and the cost of housing”. This policy is little more than a bunch of meaningless words arranged around the idea that *growth* is the right (even ideologically righteous) path. And, what does ‘Going for Housing Growth’ even mean? The Sixth National Government vaguely defines this *growth* as ‘30 years of demand’ and that underpins a series of spatial planning directives issued to certain municipalities. But what is ‘30 years of demand’? Is it based on the historical short-term, medium-term, long-term or some other arbitrary level of demand projected into the future and more particularly will it improve outcomes? Growth will not alleviate the *inequality* in housing outcomes. Growth will not result in lower land or housing prices and will not widen access to good quality and affordable housing for those sections of society who do not qualify for income-tested social housing or a bank mortgage. Growth will not ameliorate the high cost of building, skilled labour shortages, building material supply chain oligopolies, and our infrastructure quality, capacity and funding deficits. Growth will not facilitate innovation in new off-site and on-site building systems or result in improved environmental outcomes. All of these dimensions, both within and impacting on our housing ecosystem, need to be specifically addressed if we are serious about achieving long-term improvements — especially housing affordability. What nobody needs is more unaffordable housing at market prices.

Growth will however likely result in inefficient land use, overloading of already under-capacity and under-funded technical and social infrastructure, poor spatial and ecological outcomes, and more development opportunities for private actors who will seek the highest possible price. Hope that social equality will emerge from the market is just that. Prof. Thomas Piketty says of the dichotomy,

“Economic growth is quite simply incapable of satisfying this democratic and meritocratic hope, which must create specific institutions for the purpose and not rely solely on market forces or technological progress.” Prof. Thomas Piketty (*Capital in the Twenty-First Century*, P122).

4.2. Greenfield land and infill development will not lead to improved housing affordability

If the objective of recent land policy in New Zealand has been to improve housing affordability — for sure it's failed. If the objective has been to enable large-scale subdivision and development opportunities for market actors, record house price inflation and social inequality — then it's been a massive success. It is very clear we can never subdivide our way to improved and socially-diffuse housing outcomes. We need more honesty from politicians who promote the fast-tracking of greenfield land projects as a means of improving housing affordability — as such projects are simply promoting growth and development opportunities for market actors. The commercial vectors inherent in large-scale greenfield land development — long project timeframes, high land development costs, seasonal constraints, high risk, high return on capital — are the antithesis of lower land and housing prices.

By way of expansion, even given a benign land consenting regulatory context it can take up to ~5 years for a large-scale greenfield project to achieve initial property title releases and up to ~20 years for full project completion. Due to the unavoidability of positive net cash flows from any large-scale land development occurring toward the end of the project life-cycle, corporate developers and investors in New Zealand typically require a minimum pre-tax Internal Rate of Return (IRR) of ~20% to offset risk — implying a much bigger project financial margin (EBIT/costs). Regardless of the quantity of raw land available for building housing, developers will only embark on a project if the commercial vectors achieve the minimum return on investment and they will always sell land at the highest price possible — which has obvious implications for the cost of any housing tied to greenfield land development. Where further intensive subdivision is needed and housing is built, additional margins will be added to the materials, plant and equipment, trade and professional inputs plus a margin for profit and risk (and taxation). These margins can be either fully negated or ameliorated with not-for-profit housing sited on brownfield or low-cost public-owned land, of which there is an ample supply of opportunities (if we just stop selling it to market actors).

Norway, which exhibits similar population density and urban living metrics to New Zealand (see Table A9), abandoned greenfield land development as a spatial planning strategy for enabling housing over 30 years ago — concluding it was ecologically and socially unsustainable. It has also avoided infill housing (in existing suburban and green areas) and instead prioritises transformation of brownfield land (under-utilised or former industrial sites) into mixed-use communities — with key site selection criteria being access to high capacity public transport (e.g. light rail). Spatial land policy here is still prioritising bulldozing through the countryside on a relentless quest for growth.

4.3. Let's face it, the market will not deliver improvements in housing affordability

A self-defeating flaw in state housing policy interventions over the past 25 years aimed at improving housing affordability is that these have been largely dependent on for-profit private sector actors — the property developers, owners, corporate investors — to deliver the 'affordable' output, when their prime objective is maximising profit, return on investment, or shareholder wealth. These for-profit housing market actors are simply uninterested in delivering affordable housing — and who can blame them when they're in business to get the highest possible return on their capital. This *rentier society*, as Thomas Piketty characterises it, will not provide an affordable housing output unless incentivised by the public sector in some financial way to do so. Examples include tax breaks and land up-zoning (betterment) generating instant (unearned) capital gains (i.e. meaning the gain is only possible through decisions made by the state or municipality). Housing subsidies too often go to for-profit market actors at the crux of housing affordability dysfunction rather than not-for-profit actors providing affordable housing (based on a lowest-cost model) for those earning too much to qualify for social housing but too little to be of interest to the market.

Public sector housing policy focused simply on *growth* or *incentivising* private actors to deliver affordable housing (usually a very small component of housing stock in new developments that eventually finds its way into the market anyway) needs to be called out for what it is — corporate welfare pimped-up as government being seen to be doing something to address affordability. Housing *growth* and the continued reliance on the *for-profit* sector will not reduce housing costs.

If it's a not-for-profit (e.g. cooperative) housing system, the commercial (capital and rental growth) objectives are swapped-out for a *shared common values* philosophy aimed at delivering secure, good quality housing at the lowest possible cost for the largest number of people. Bringing together a disparate group of individuals to meet a *common* need whilst at the same time upholding personal responsibility and democratic involvement. There is ample international evidence the third sector is entirely capable of responding to a need for affordable housing at scale when proactively enabled by state law, policy, institutions, funding tools, delivered locally — Austria, Denmark, Norway and Sweden being notable exemplars examined in this research.

Many European states in addressing housing shortages or high prices have responded with third sector policy interventions and successfully diversified, de-risked and stabilised their housing sectors. Those with the highest proportion of not-for-profit housing have been most successful. Laissez-faire neoliberalism is an ever present obstacle which New Zealand is yet to overcome.

4.4. Social investment in infrastructure or user-pays?

The poster child for the absence of coherent housing strategy is our lack of enabling infrastructure. The urgent need to plan for, fund and build the infrastructure needed to support more affordable housing, while at the same time fast-tracking large-scale housing projects, exemplifies the depth of our housing policy dysfunction. It has taken a succession of infrastructure failures around the country to just commence the conversation on how to fix this disconnect, but solutions (especially how to fund the infrastructure) are still a long way off. It doesn't really matter what the long-term solution is for improving housing affordability and quality, if the economic and social infrastructure capacity can't cope, doesn't exist and needs to be built, or can't be funded. That is, transportation, utilities (energy, water, sanitation and waste management), IT, schools, hospitals, and public safety, culture and recreation. Greenfield land development implies immediate demand on the existing infrastructure capacity and/or the requirement for new infrastructure. Brownfield development sites will already have access to all (or most) infrastructure that may be needed which may or may not require increased capacity (i.e. because of conversion from another land use to residential housing or mixed-use).



The proposed funding model in the Infrastructure Funding and Financing Act 2020 offloads the obligation for funding housing related infrastructure from the property investor/developer and the state to the 'end user' — the individual property owner. The proposed model is a 'pass-the-parcel' mechanism for housing related infrastructure funding and raises valid questions about the role of the state and sustainability of the legislation given its heavy reliance on private capital (which will be seeking the highest possible return on investment) and the obvious cumulative negative effects on (end-user) housing affordability. Essentially compounding housing overburden costs. For an idea of what a user-pays approach might end up like, look no further than our electricity sector.

In Austria, Denmark, Norway and Sweden provision of housing is viewed as a social 'objective' or 'task', with the state taking on full responsibility for enabling the necessary related infrastructure.

4.5. The public sector will need to be more (not less) involved

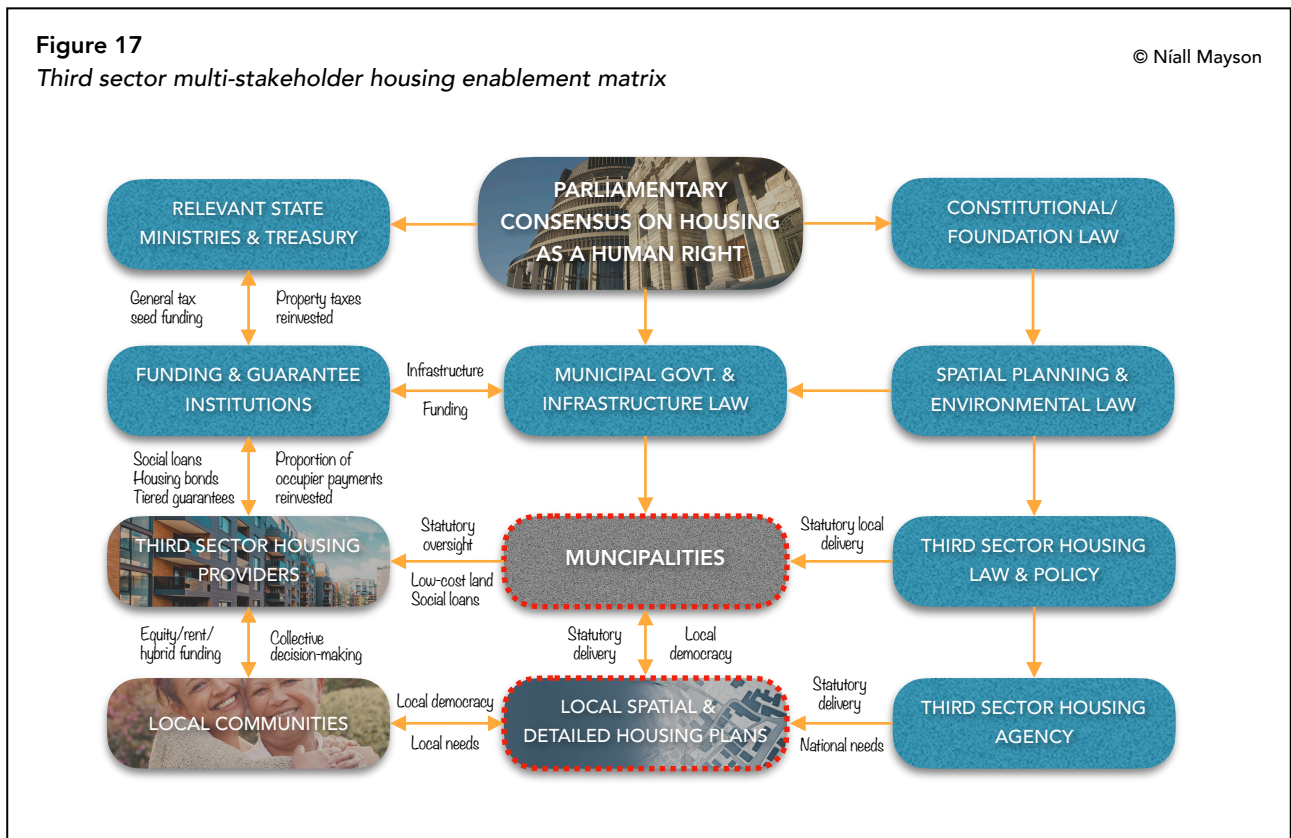
The language our elected politicians too frequently use in relation to housing issues is unhelpful. Typically they conflate housing affordability with legislative roadblocks, a shortage of land to build housing on, municipalities preventing development and labels such as ‘nimby’ and ‘housing crisis’. The shallow rhetoric fuels the current political agenda which is focused on policies to “flood the market with opportunities for development”, mainly for private sector actors, whilst diminishing the state and municipal legislative and institutional ‘checks and balances’ that previously guided such urban and greenfield land transformation.

We do not have a housing shortage or a housing crisis. We do however have an acute housing *affordability* crisis and an acute shortage of *social* and *emergency housing* for those households whose financial and other circumstances require this. The level of state social housing here in New Zealand, at ~3% of total housing stock, is shamefully low in comparison to many other developed countries and which current social housing policy has now effectively capped. Diminishing the provision of social housing for those parts of society on the lowest incomes, or with special or emergency needs, whilst ignoring the causal factors of market dysfunction which led to the need for such social housing in the first place, guarantees the long-term demand for such social housing. In reducing the role of the state in the provision of social housing and at the same time promoting market opportunities through its growth agenda, the Sixth National Government is both signalling exactly where its priorities lie and failing our international commitments to “...recognize the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing and to a continuous improvement of living standards” (Section 3.2 ,P43).

It is an absence of state policy interventions aimed at addressing the underlying factors influencing housing affordability and a focus on growth and market-led solutions that is contributing to the demand for social housing in the first instance. Private owner-occupied and rental housing now dominates the urban landscape here, accounting for ~97% of all housing stock. But the state is not a business to be run for the benefit of just ~66% of our society who already own property and have access to capital — leaving the other ~34% paying full market rents. There is an alternative. Based on overseas exemplars of countries achieving more socially-diffuse access to affordable and high quality housing, the third sector represents a well-tested model for diversifying and de-risking our housing market and lowering housing costs. Yet private not-for-profit social or community housing barely registers in its share of total housing stock or in attention from successive governments.

The third sector has enormous potential to positively transform our housing sector but it won't emerge and flourish without hands-on public sector enablement (both state and municipalities). Presently, laissez-faire economic ideology and 'top-down' policy holds sway here at the expense of pan-political consensus, social equality in our decision-making structures, and housing outcomes. In Austria, Denmark, Norway and Sweden, all highly developed economies that are performing better than New Zealand across a range of economic and housing metrics, the state is actively involved as an enabler in the provision of "universal" affordable good quality housing — an outcome considered a social "good" or "task" rather than something entrusted to the market. Comparison of spatial planning and housing law and policy in these countries and in New Zealand demonstrates that social equality in housing outcomes will only occur as a result of specific laws, policies, public institutions, funding tools, alternative tenure systems and housing providers focused on achieving the desired outcome — whether improved affordability, wider access, or quality. In all countries, municipalities have a central role — in spatial planning, detailed planning, supply of land, and oversight of housing providers. They are the critical interface between "top-down structural policies and the bottom-up local uniqueness" (Albrechts, L., Balducci, A., 2013).

The various third sector multi-stakeholder housing law, policy, institutions, and delivery frameworks explored within this research are conceptualised below as an interconnected matrix (see Figure 17).



4.6. We need to have an honest conversation about the role of property in society

As a society we have become path dependent on the bank mortgaged property ownership model. However for ~34% of our society this aspirational dream of having your own home through the traditional ownership pathway is frankly unrealistic. There is ample international inspiration for other pathways to access affordable, high quality housing with long-term security of tenure. We just need to move on from the expectation of never-ending property price growth and (unearned) tax-free capital growth to get ahead in society. If that is the only option to get ahead here then we can kiss goodbye any prospect of universally improved wellbeing, wages and living standards.

At the time of writing these conclusions, and in the midst of a prolonged period of economic inertia, the national average house price was ~\$910,000 and in our biggest city Auckland the average price was ~\$1,396,000.²²⁹ Those prices are hardly affordable for a large and growing part of our society and it should be no surprise that the rate of home ownership is in a downward trend. Regardless of future price movements (whether up or down) we clearly need better options for those temporarily in social or emergency housing and those with no other choice but paying full market rents. Third sector not-for-profit housing systems offer a compelling alternative and one that will need proactive public sector intervention to successfully establish and gain momentum — but can then exist largely outside of the national accounts. Such has been the experience in the research reference countries — whatever third sector policy approach they have adopted.

It really comes down to a simple *public choice* about what kind of society we want to live in. If we wait for the market to provide solutions to housing affordability we will all be long dead. Thomas Piketty said it more eloquently where he described the idea of equality emerging from the free market as an “illusion” and that “real democracy and social justice require specific institutions of their own” (Section 3.4, P147). For housing equality that institution is the not-for-profit third sector.

Section 3.1 explored the sociological discourse going back thousands of years on issues including social cohesion, equality, improvement as a separate idea to growth, and new systems to challenge the status quo — all relevant for low income members of society lacking status or capital. These issues lie at the heart of this research into alternative tenure solutions for such members of society.

The solutions are there in plain sight — we just need the collective wisdom to make them happen.

²²⁹ QV (2025). *QV House Price Index*. July. Retrieved 25-8-2025 from, <https://tinyurl.com/yk3ss9dv>

4.7. Recommendations for future research

This research has applied a European-centric lens in comparing exemplar not-for-profit housing policy interventions and outcomes against those in New Zealand. Further detailed comparative research into the specific institutional constructs that support such third sector housing would be productive. To this end Austria, Denmark and their capital cities offer compelling potential for simulation — given the extensive and successful adoption of third sector housing strategies.

A natural extension of this research would be conducting empirical research through interviews and/or surveys to capture the perspectives of key housing sector actors. Here in New Zealand, peak public actors include the Ministry of Housing and Urban Development, Kāinga Ora Homes and Communities, the Ministry of Building, Innovation and Employment, the Ministry for the Environment and very importantly municipalities (represented by their collective body Local Government New Zealand). A key not-for-profit housing sector actor is Community Housing Aotearoa and its (~175) member cohort. These actors will offer important practical insights in relation to confronting housing affordability issues and potential alternative third sector solutions.

Given our geographic proximity to Australia, its similarity in residential property tenure and housing systems, and the emergent (but still inchoate) cooperative housing sector there, it may also be appropriate to extend comparative housing sector research to that market.

Property taxation has been the focus of much research by government appointed and other tax experts and it attracts a lot of media interest (especially around election time). The question of taxation reform has increasingly zeroed in on either a capital gains or a land tax (or both). But we need to be careful what we wish for. What we don't need is another layer of cost which ultimately manifests in higher house prices. What is needed in our housing market is improved stability and affordability. The potential for a progressive property tax regime carefully designed to penalise property speculation and land banking, but reward long-term ownership, and hence foster stability in the housing market, is a subject that warrants comparative (exemplar) country research.

The idea of 'collective' property ownership which lies at the heart of cooperative housing is not new and can be seen in many countries around the world (e.g. collective Māori land ownership). This highlights the adaptability of third sector housing systems and their potential applicability in emerging economies and those rebuilding after natural disasters or conflict (e.g. Gaza, Ukraine) — an alternative pathway to market-led recovery. This represents an opportunity for future research.

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LIST OF FIGURES

Figure 1. Conceptual large-scale land development life-cycle	07
Figure 2. New Harmony, Indiana, United States — depicted as proposed by Robert Owen	27
Figure 3. International Co-operative Alliance Statement on the Co-operative identity	32
Figure 4. A conceptual model for understanding the housing affordability concept	46
Figure 5. Conceptual housing affordability delineations	47
Figure 6. Starter Home price and cost evolution in the open market	49
Figure 7. Conceptualisation of reference area not-for-profit housing stock.....	50
Figure 8. Starter Home house price trajectory comparisons 2010-2024.....	51
Figure 9. Key factors influencing housing affordability.....	56
Figure 10. Spatial planning & housing statutory ecosystem.....	93
Figure 11. Reference area countries — real house price indices 2000-2023.....	116
Figure 12. New Zealand dwelling & household volumes 1992-2025.....	121
Figure 13. New Zealand population change & residential building consents 1992-2024.....	122
Figure 14. New Zealand dwelling & household volumes (actual and implied) 1992-2025.....	123
Figure 15. Reference area country residential building price index movement 2015-2023.....	130
Figure 16. Central Record of State Land — example web page for central Auckland.....	142
Figure 17. Third sector multi-stakeholder housing enablement matrix.....	154

SOCIAL COMMENTARY CARTOONS

The missing middle.....	iii
Minister announces new offsite housing strategy.....	131
When does the infrastructure go in.....	152

LIST OF TABLES

Table 1. Reference area countries — housing & economic data comparisons post 2000	22
Table 2. Reference area countries — cooperative/social housing data comparisons	33
Table 3. Cooperative housing typologies — core characteristics	37
Table 4. Selected OECD housing affordability indicators	41
Table 5. CESCR General Comment No. 4 The Right to Adequate Housing (Art.11(1))	44
Table 6. Components of land cost and price — in descending magnitude	54
Table 7. Kāinga Ora urban development sites — large-scale projects	58
Table 8. Reference area countries — social housing stock & overburden cost	60
Table 9. Comparison of housing funding systems — Austria, Denmark, Slovenia, Netherlands.....	62
Table 10. Strengthening Latvia's Housing Affordability Fund — recommended policy actions	63
Table 11. Comparison of equity sources for funding affordable housing — Austria, Denmark.....	79
Table 12. Comparison of financing mechanisms — Netherlands, Austria, Denmark, Australia.....	80
Table 13. Pondering 'Reflections on the Three Schools of Thought on Strategic Spatial Planning'	86
Table 14. Policy Aims & Options for the Territory of the EU.....	90
Table 15. Sixth National Government's 10 core design features for RMA reform.....	96
Table 16. Inbound foreign migration in reference group countries.....	104
Table 17. Factors influencing the housing market.....	108
Table 18. Summary of research on the effects of inbound migration on housing costs.....	109
Table 19. Inbound foreign migration effects on the New Zealand housing sector.....	114
Table 20. Reference area countries — housing prices, volatility, affordability & overburden costs...116	
Table 21. Reference area countries — social housing % of total stock vs housing costs.....	117
Table 22. Beneficial effects of third sector housing on the market — learnings from Austria.....	119
Table 23. Kāinga Ora large-scale housing programme — headline data.....	133
Table 24. Parcels and area of publicly owned land in the Auckland region.....	143
Table 25. Area of publicly owned land in the Auckland region by land use (zoning) category.....	143

APPENDIX TABLES

Tables A1-A4. Not-for-profit housing policy interventions in New Zealand legislation & policy.....	178
Tables A5-A8. OECD housing prices and ratios for reference group countries.....	189
Table A9. Selected population metrics — Norway & New Zealand.....	191

GLOSSARY

Affordability

Affordability in relation to housing has a variety of definitions (and measures). In general terms affordable housing can be described as that which is provided outside market related pricing (for rent or purchase). Provision is often based on need predetermined against a standardised measure such as a maximum proportion of housing costs to income and which leaves sufficient residual income to meet other basic household costs. The OECD indicator for affordable housing is where the housing cost is $\leq 30\%$ of gross disposable income and for housing overburden cost where housing cost is $\geq 40\%$ of gross disposable income.

Selected further reading

- OECD Affordable Housing Database. *HC1.5. Overview of affordable housing indicators*. See <https://tinyurl.com/nhdt73pm>
- OECD (2021). *Building for a better tomorrow: Policies to make housing more affordable*. [Technical Report]. See <https://tinyurl.com/2ssfjnvx>
- Czischke, D., van Bortel, G. (2018). *An exploration of concepts and policies on 'affordable housing' in England, Italy, Poland and The Netherlands*. *Journal Housing and the Built Environment* (2023) 38:283-303. See <https://tinyurl.com/8ucn5jcm>
- International Encyclopedia of Housing and Home (2012). Elsevier. See DOI:[10.1016/C2009-1-28377-8](https://doi.org/10.1016/C2009-1-28377-8)
- See also [Section 3.3](#).

Cooperative

The definition applied herein is that of the 'International Cooperative Alliance Statement on the Co-operative Identity' which states "A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically-controlled enterprise."

Selected further reading

- The International Co-operative Alliance. [Website]. See <https://ica.coop/en>
- Cambridge Dictionary. *Cooperative*. See <https://tinyurl.com/2kps884c>
- See also [Section 3.1](#).

Cooperative Housing

The main cooperative housing typologies herein are equity (full, limited and mutual aid), rental and right of occupancy. For all typologies the housing is provided at cost — sometimes with state or municipal funding — for both the upfront cost (where new) and ongoing OPEX. Any surplus is reinvested in the cooperative. The legal structure varies but provides for collective ownership/control usually via shares/membership in a cooperative corporation (or society) with an attached right to occupy. In equity cooperatives occupiers usually cannot mortgage their unit or convert it into private property which protects against predatory tactics by aggregators. There are rules on the re-sale process and unit pricing is usually non-market. Key characteristics of housing cooperatives include 'collective' decision-making and 'self-help'. The model by-passes the market, ensuring collective control, better affordability, access and housing quality for low and middle income families and is very adaptable to the local context. Often ability to pay in non-profit rental housing cooperatives is income related.

Selected further reading

- The International Co-operative Alliance. [Website]. See <https://ica.coop/en>
- See also [Table 3](#).

Community housing

Community housing projects usually do not exhibit the collective ownership, governance, on-going management and scale characteristics of not-for-profit cooperative housing systems. Typically community housing is provided via a private or public (municipal) housing entity (often a charitable trust) using conventional home ownership pathways including outright purchase, progressive ownership such as rent-to-buy, and rent.

Selected further reading

- Community Housing Association. *Community housing*. See <https://tinyurl.com/3r629bpa>

Co-housing

Co-housing herein refers to a co-ownership 'concurrent estate' option within the Torrens legal title system here in New Zealand — either as 'tenants in common' or 'joint tenants' or via shared ownership in a trust, company or partnership. Co-housing offers none of the core characteristics of cooperative housing.

Selected further reading

- Wikipedia. *Torrens title*. See <https://tinyurl.com/7xs735h5>
- Wikipedia. *Tenancy in common*. See <https://tinyurl.com/bdd5kpz6> and *Joint tenancy*. See <https://tinyurl.com/3xczzv5>

Econometrics

Econometrics can be defined as the “application of mathematical and statistical techniques to economic problems” by formulating a model using the best available data and using statistical techniques to test hypotheses underlying the model¹. Mathematics has been noted in the literature as being part of the study and application of economics going back to at least the early 1800s — the influence of which gathered momentum post 1930 with the introduction of modern probability and other statistical tools (Paul Samuelson, 1976).² Although economics can be defined a ‘non-laboratory science’, the dynamic context in which the field exists offers a large body of data (evidence) against which theories can be tested and it is in this context that econometrics has evolved (Richard Lipsey, 1979).³ Richard Lipsey notes that “universal hypotheses cannot be proved to be correct” simply because the analysis is based on a “finite number of actual observations” and the possibility of larger data sets conflicting with the theory cannot be ruled out. For similar reasons a categorical disproof of an hypothesis is also not possible. (PP44-45).³

There are obviously both promoters and protagonists for and against the use and efficacy of econometric modelling. However, this research is concerned less with theory and more with real world outcomes. In this context, the observation by this author of economic theory constantly getting in the way of improved housing outcomes, the article "[The main reason why almost all econometric models are wrong](#)" by Prof. Lars Syll resonates (referred to in Sections 1.2 and 3.3.4 of this research and recommended below for further reading).⁴ The following quotes are from the article.

“...economists using statistical methods think that algorithmic formalisms somehow give them access to causality. That is, however, simply not true. Assuming ‘convenient’ things like ‘faithfulness’ or ‘stability’ is to assume what has to be proven. Deductive-axiomatic methods used in statistics do not produce evidence for causal inferences. The real causality we are searching for is the one existing in the real world around us.” (Syll. L. 2018)⁴

“In the social sciences ... regression is used to discover relationships or to disentangle cause and effect. However, investigators have only vague ideas as to the relevant variables and their causal order ... I see no cases in which regression equations, let alone the more complex methods, have succeeded as engines for discovering causal relationships. (Freedman, D. 1997)⁵

“It is a very drastic and usually improbable postulate to suppose that all economic forces are of this character, producing independent changes in the phenomenon under investigation which are directly proportional to the changes in themselves; indeed, it is ridiculous.” (Keynes, J.M. 1939)⁶

Instrumental variables (IV) estimation

IV is applied when explanatory (predictor) variables of interest are correlated with the error term (the difference between what a model predicts and what actually happens) causing OLS to give biased results. IV is used to correct for these (endogeneity) problems.⁷ The first published evidence of IV estimation has been attributed to Philip G. Wright in his book, 'The Tariff on Animal and Vegetable Oils' (1928). However, there is also evidence his son Sewall Wright used IV in a 1925 analysis of corn and hog cycles that he had undertaken during WWI and Philip Wright also raised the identification problem in a 1915 book review of Henry Moore's 'Economic Cycles: Their Law and Cause (1914).⁸

Ordinary least squares (OLS) regression

Least squares regression is a statistical optimisation technique (first described in 1805) for finding the best line fit through a set of data points by minimising the sum of the squares of the differences between the observed and predicted values of the model.⁹ The best line (*vis à vis* statistical properties) is that which makes the sum of the squares of the differences small as possible.¹⁰ Perhaps a good place to end on the topic is a quote from 'Statistics' (Ilersic, A.R., Pluck, R.A., 1979) where on time series calculations the authors say "As with the racing tipster...so with econometricians and statisticians. If they really could forecast the outcome or future...they would not be wasting their time telling someone else about it!"¹¹

Selected further reading

- A Dictionary of Economics (1972). Edited by Bannock, G., Baxter, R.E., Rees, R. Penguin Books. *Econometrics*. P129.¹
- Samuelson, P.A. (1976). *Economics*. Tenth Ed. McGraw-Hill. P844.²
- Lipsey, R. G. (1979). *An Introduction to Positive Economics*. Fifth Ed. Weidenfeld and Nicolson. Chapter 3, PP37-51.³
- Syll, L. (2018). [The main reason why almost all econometric models are wrong](#). World Economics Association.⁴
- Freedman, D. (1997). [From Association to Causation via Regression](#). *Advances in Applied Mathematics*. 18, 59-110 (P60).⁵
- Keynes, J. M. (1939). [Professor Tinbergen's Method](#). *The Economic Journal*. (P564).⁶
- Wikipedia (2025). [Instrumental variables estimation](#).⁷
- Stock, J.H., Trebbi, F. (2003). [Retrospectives: Who invented instrumental variable regression?](#)⁸
- Wikipedia (2025). [Least squares](#).⁹
- A Dictionary of Economics (1972). Edited by Bannock, G., Baxter, R.E., Rees, R. Penguin Books. *Least squares regression*. PP249-251.¹⁰
- Ilersic, A.R., Pluck, R.A. (1979). *Statistics*. Fourteenth Ed. *Time series, Fitting a straight line trend*. P260.¹¹

Externalities

Externalities can occur when consumption of a good or service by one consumer "has a direct effect on the welfare of another." 'Goods' can be generally defined as something that offers 'utility' value (i.e. need, fulfilment, pleasure) through consuming that good. An example in relation to the effects of an activity is where say a person who wants more privacy builds a high fence which blocks the sunlight of another person/property (A Dictionary of Economics, 1972).¹ 'Economic externality' is defined as a favourable effect whereas 'external diseconomy' can be thought of as negative effect (Paul Samuelson, 1976). Samuelson notes that there are "countless other externalities where sound economics would suggest some limitations on individual freedom in the interest of all." (P477).² Government interventions can be used to deal with economic diseconomies to increase efficiency in the system. Such diseconomies are referred to as market failures (Richard Lipsey, 1979).³ Lipsey notes examples of "...regulatory bodies of all sorts, public parks, clean air and rivers..." which are available to everyone and "therefore would not be produced in a completely free-market economy." (P436)

Selected further reading

- A Dictionary of Economics (1972). Edited by Bannock, G., Baxter, R.E., Rees, R. Penguin Books. *Externalities*. PP158-159.¹
- Samuelson, P.A. (1976). *Economics*. Tenth Ed. McGraw-Hill. PP476-478.²
- Lipsey, R. G. (1979). *An Introduction to Positive Economics*. Fifth Ed. Weidenfeld and Nicolson. Chapter 31, PP436-437.³

Financial metrics/terms

Discounted cash flow (DCF) analysis

DCF is based on the reinvestment concept that (1) when money is invested 'in the bank' it attracts interest, (2) when it is used in a project (or taken out of the bank) it is denying the investor that opportunity and (3) money earned from a project can again be reinvested 'in the bank' to attract interest. Therefore to decide whether a project is worthwhile or not it can be allocated a minimum earnings rate (opportunity cost) below which the project would not be viable. The opportunity cost can be defined as the return available from the next best alternative investment. The required reinvestment rate (RRR) selected by an investor depends on the financial obligations to any shareholders and creditors (i.e. ordinary shares, preference shares, bonds and other forms of debt) together with taxation and which contribute to its weighted average cost of capital (WACC). A target reinvestment rate above WACC will add to shareholder wealth and the rate selected is usually dependent on what is supportable in the specific industry or investment area and the management skills of the entity. DCF analysis is used to determine the value of an investment today based on estimates of future costs and revenues. This involves the periodic sequencing (monthly/yearly) of all future project cash outflows and inflows and the calculation of (1) Net Present Value (NPV) by discounting these at the (periodic) required rate of return and (2) the Internal Rate of Return (IRR) to establish the actual investment/project yield (to compare against RRR).

Selected further reading

- Van Horne, J., Davis, K., Nicol, R., Wright, K. (1990). *Financial Management & Policy in Australia*. Third Ed. Prentice Hall. PP167-202.
- Investopedia. Discounted Cash Flow (DCF). Retrieved from, <https://tinyurl.com/3czycbap>

Earnings before interest and taxes (EBIT)

EBIT is all revenue less all expenses and is a measure of profitability. It can also be referred to as operating earnings/profit and profit before interest and tax. It is a useful measure for investment/company comparisons (in the same class/sector) before capital structure costs or taxes. It can be expressed as follows:

EBIT = Gross revenue - Cost of goods sold (COGS) - Operating expenses (OPEX) or EBIT = Net income + Interest + Taxes

Selected further reading

- Van Horne, J., Davis, K., Nicol, R., Wright, K. (1990). *Financial Management & Policy in Australia*. Third Ed. Prentice Hall. PP359-368.
- Investopedia. EBIT. See <https://tinyurl.com/bdzy65nd>

Internal rate of return (IRR)

Internal Rate of Return (IRR) is a time-weighted measurement and the rate at which the net discounted cash inflows and outflows (discounted at the required reinvestment rate and period) equals zero (i.e. where NPV = 0). This indicates performance of an investment (project) by establishing the actual yield. It is useful where a target reinvestment rate has not been established, or to compare between different investments (although PV achieves this), or between the pre-determined required rate of return and actual return achieved. It can be calculated by software function or manually through interpolation by apportionment which requires applying two trial discount rates to the same series of cash flows to obtain a negative and positive NPV and which can be expressed mathematically as:

$$IRR = R1 + (R2 - R1) \times \left(\frac{NPV1}{NPV1 - (-NPV2)} \right)$$

where

R1 is a trial discount rate (%) that returns positive NPV1 against the net periodic cash flow sequence

R2 is a trial discount rate (%) that returns negative NPV2 against the same net periodic cash flow sequence

Interpolation example (R1=20%, R2=30%)

$$IRR = 20\% + (30\% - 20\%) \times \left(\frac{\$50,000}{\$50,000 - (-\$2,000)} \right)$$

$$IRR = 20\% + (10\% \times 0.96)$$

$$IRR = 29.6\%$$

Net present value (NPV)

Every future cash flow, whether negative or positive, has a present value to an investor. A future cost has a negative present value and future income will have a positive present value. An investment will achieve the required rate of return when the discounted cash flows inflows (discounted at the required reinvestment rate and period) exceed the discounted cash outflows. Summation of the negative and positive flows produces either a positive or negative NPV.

Selected further reading

- Van Horne, J., Davis, K., Nicol, R., Wright, K. (1990). *Financial Management & Policy in Australia*. Third Ed. Prentice Hall. PP167-202.
- See also [Present Value \(PV\)](#)

Payback period (payout period)

The payback (payout) period is the point (in months, years) at which it takes cash inflows to equal or exceed cash outflows. Put another way, the period required to recover the outlay. Generally this measure becomes increasingly of interest as investment *risk* increases (e.g. changes in legislation, society, market supply/demand, perception/fashion etc.). It is not a measure of profitability but rather an indicator of the acceptability of project return/liquidity/risk.

Selected further reading

- Van Horne, J., Davis, K., Nicol, R., Wright, K. (1990). *Financial Management & Policy in Australia*. Third Ed. Prentice Hall. P171.

Present value (PV)

The worth at the present time of a monetary unit (\$1) which will be collected at a given future time when discounted at the effective rate per period for the number of periods occurring from the present time to the future date of collection. An alternative way of describing this is the present value of a future amount which if invested now would compound to the future amount over a given period at a specified interest rate with a specified frequency of adding interest. The effective interest rate is the periodic rate to be applied each interest period and is found by dividing the nominal annual rate by the number of periods in a year. The definition can be mathematically expressed as:

$$PV = (1+i)^{-n}$$

where

i = the effective periodic interest rate and

n = the number of periods (exponent)

Selected further reading

- Van Horne, J., Davis, K., Nicol, R., Wright, K. (1990). *Financial Management & Policy in Australia*. Third Ed. Prentice Hall. PP167-202.
- Science Direct. Present Value. See <https://tinyurl.com/2b9kp4aa>

Standard deviation (STDEV)

STDEV can be used to measure the risk of an investment (or decision). In financial policy risk is viewed as the possibility that the return of a particular investment may deviate from the expected return. The bigger the magnitude of deviation (variation) from the expected return and probability of it happening, the bigger the risk.¹ The STDEV software function (e.g. Microsoft Excel, Google Sheets, Apple Numbers) returns the standard deviation which is a measure of dispersion of a set of numeric values based on their (unbiased) sample variance (i.e. how spread out the data is from its mean).²

Selected further reading

- Van Horne, J., Davis, K., Nicol, R., Wright, K. (1990). *Financial Management & Policy in Australia*. Third Ed. Prentice Hall. Part 3. Measuring risk: The standard deviation. PP57-60¹
- Apple Numbers Functions.²

Weighted Average Cost of Capital (WACC)

WACC is an organisation's average cost of capital from all sources (i.e. ordinary shares, preference shares, bonds and other forms of debt) proportionally weighted and can be adjusted for tax. It can be used to inform the required rate of return for an organisation and is a measure for determining whether a prospective investment will add to or erode shareholder wealth. It can be expressed as: $WACC = (\text{proportion of debt}) (\text{debt cost}) + (\text{proportion of equity}) (\text{equity cost})$.

Selected further reading

- Van Horne, J., Davis, K., Nicol, R., Wright, K. (1990). *Financial Management & Policy in Australia*. Third Ed. Prentice Hall. PP258-276.
- Investopedia. *Weighted average cost of capital (WACC)*. See <https://tinyurl.com/4swcbdxs>
- Science Direct. *Weighted Average Cost of Capital in Investment*. See <https://tinyurl.com/58kc8w53>
- Science Direct. *WACC and free cash flows*. See <https://tinyurl.com/ywhz4cmn>

Not-for-profit

A legal entity that does not distribute surplus funds to its members and is formed to fulfil specific objectives.

Selected further reading

- Wikipedia. *Not-for-profit*. Retrieved from, <https://tinyurl.com/n7smjkh5>
- Financial Conduct Authority (UK). *Non-market-price-transaction*. See <https://tinyurl.com/3ypumyf2>

Non-market-price (transaction)

A price paid that differs materially (more or less) from the market price.

Selected further reading

- Financial Conduct Authority (UK). *Non-market-price-transaction*. Retrieved from, <https://tinyurl.com/3ypumyf2>
- Science Direct. *Non market valuation*. See <https://tinyurl.com/mry2e89n>

Housing (and other) bonds

Income or redeemable bonds are a form of promissory note or security issued by a borrower of money (often a corporation, bank or state entity) promising to pay interest at an agreed rate and frequency for a fixed duration (bond maturity). At bond maturity the borrower promises to pay back the principal amount at face value. With some bond issues the borrower is able to pay back the bond early at a pre-agreed price. Payments of both interest and principal must be made as per the terms of the bond issue regardless of any changed financial circumstances of the borrower. Failure to do so will result in borrower default and legal action for redress as with any type of debtor. The distinction between a bondholder and stockholder is bondholders are providing a loan to the borrower (e.g. corporation) and stockholders are providing 'equity' capital. Stockholders benefit from any profits of the corporation but are also impacted by any losses so are taking on more risk. Dividend payments to stockholders rank after bondholder fixed payments. Bonds are generally lower risk and bondholders correspondingly receive lower but regular income. As an investment, common stock has tended to perform well during periods of rapid inflation — whilst during periods of economic depression some borrowers have become bankrupt and defaulted on their bond obligations. Bonds issued by public entities may be accompanied by a state guarantee to enhance credit terms (i.e. lower the cost of borrowing).^{1, 2}

Written records of promissory notes, redemptions, loans and other contractual undertakings date back at least 3,700 years — as evidenced by stone tablets excavated at Nippur in Iraq.³ More recent (now largely archaic) bond variants include consols, perpetual and bearer bonds. Consols (or consolidated annuities) were Government issued perpetual bonds that paid a fixed amount of money each year — some with no maturity date — and redeemable at the option of the issuer. The first consols were issued in 1751 by the Bank of England. Subsequent issues were made to redeem and consolidate United Kingdom Government debt to reduce the coupon (interest) rate and to raise funds for specific purposes such as war or reconstruction.

The United Kingdom Government began to redeem old perpetual bonds in 2014 (with most dating back to World War I issues but some dating to the Crimean and Napoleonic wars and South Sea Bubble crisis of 1720).⁴ Bearer bonds are not registered so the bearer is the presumptive owner. They date back to before the American Civil War but since the 1980s have been effectively banned in the United States due their anonymity and use in illegal activities. More contemporary types of bonds include mortgage bonds (secured by property), and hybrid convertible bonds. Convertible bonds emerged in response to persistent price inflation which deterred investors due to the erosion of the purchasing power of the original investment. Convertible bonds can be converted into stock at the holders election at a pre-agreed date and conversion rate. If price inflation remains low the investor receives a steady low-risk income stream without the principal deteriorating much in purchasing power. If price inflation forces stock prices up the bondholder can elect to convert the bond into stock to protect the purchasing power of the original investment.¹

The Austrian Government has successfully utilised convertible bonds since 1993 as a funding mechanism to attract capital for the purpose of constructing affordable housing. Housing Construction Convertible Bonds (HCCBs) are issued by the subsidiaries of six competing special purpose banks with a commitment to supporting affordable housing development and investment. HCCBs are exempt from tax on capital gains up to an interest rate of 4% for individuals, private investors and SMEs (the original provisions for housing bond purchase deductibility against employee tax assessments having been repealed in 2011). HCCBs are backed by the issuing bank but are not state guaranteed.⁵

Selected further reading (see also Sections 3.32 and 5)

- Samuelson, P.A. (1976). *Economics*. Tenth Ed. McGraw-Hill. PP109-111.¹
- Van Horne, J., Davis, K., Nicol, R., Wright, K. (1990). *Financial Management & Policy in Australia*. Third Ed. Prentice Hall. PP644-652.²
- Chiera, E. (1922). *Old Babylonia Contracts*. University of Pennsylvania. Retrieved 02-05-2025 from, <https://tinyurl.com/22u6djwf> ³
- Actuaries in Government. *Perpetual bonds - an investment for life*. [Blog]. Retrieved 01-05-2025 from, <https://tinyurl.com/bddkcuja> ⁴
- Koessl, G. (2024). *Housing bonds and their role for limited-profit housing associations in Austria*. CIRIEC International, Université de Liège [Working Paper]. Retrieved 28-4-2025 from, <https://tinyurl.com/47ep3hvj> ⁵

Peak organisations

European Union

The European Union (EU) was founded in 1951 following World War 2 by six countries — Belgium, France, Germany, Italy, Luxembourg, and the Netherlands. Membership now comprises 27 countries with a further 9 candidate countries awaiting accession and 1 country awaiting approval for candidature. The institutional setup of the EU comprises 7 European institutions (European Parliament, European Council, Council of the European Union, European Commission, Court of Justice of the European Union, European Central Bank, European Court of Auditors), plus 9 other EU bodies and over 30 decentralised agencies with specific roles spread across the EU. The population within the EU territory is estimated at over 448 million (~5.6% of the world's population). The EU estimates that ~3.1% of the people who reside in a particular EU country have the nationality of another EU country, and ~6.1% have the nationality of a non-EU country. The urban/rural population residency location is estimated at ~39% in a city, ~36% in towns, and ~25% in rural areas. A feature of the EU is the 'open border' concept (defined by the Schengen area). All EU Member States, except for Cyprus and Ireland, are members of the Schengen area and 4 non-EU countries (Iceland, Norway, Switzerland and Liechtenstein) are also part of Schengen.

Selected further reading

- European Union. [Main website landing page]. Retrieved 30-5-2025 from, <https://tinyurl.com/rk4sbd84>
- European Union. *Facts and figures on the European Union*. Retrieved 30-5-2025 from, <https://tinyurl.com/4zm9t4df>
- Wikipedia. *Schengen Area*. Retrieved 30-5-2025 from, <https://tinyurl.com/382nnhux>

Organisation for Economic Cooperation and Development

The Organisation for Economic Cooperation and Development (OECD) emerged in 1961 from the Organisation for European Economic Co-operation (OEEC) — formed to administer American and Canadian aid under the Marshall Plan for the reconstruction of Europe after World War 2. The OECD's mandate since has been to improve global outcomes by “advising governments on policies that support resilient, inclusive and sustainable growth”. It produces evidence-based policy analysis and recommendations, standards and global policy networks, and works in close collaboration with G7 and G20 countries. There are currently 38 member countries that contribute to and utilise the OECD's data and analysis to inform policy decisions. The European Union participates in the OECD's work pursuant to Supplementary Protocol No. 1 to the OECD Convention.

Selected further reading

- OECD. [Website About page]. Retrieved 30-5-2025 from, <https://tinyurl.com/2tbmsf4a>

Spatial (planning, design)

Spatial can be defined as “relating to the position, area, and size of things”.¹ Spatial planning and strategic spatial planning have different meanings depending on the context and Profs. Louis Albrechts and Alessandro Balducci describe it as “a set of concepts, procedures and tools that must be tailored carefully to whatever situation is at hand...”² Spatial design transcends the boundaries defining the traditional professional specialisations of building architecture, landscape architecture, urban design, interior design and public art. It is concerned with the transitions between multiple realms whether exterior, interior, private or public.³

Selected further reading

- Cambridge Dictionary. *Spatial*. Retrieved 15-5-2025 from, <https://tinyurl.com/3pfssfhw>¹
- Albrechts, L., Balducci, A. (2013). *Practicing Strategic Planning: In Search of Critical Features to Explain the Strategic Character of Plans*. *disP - The Planning Review*. 49:3, PP 16-27. Retrieved 16-5-2025 from, <https://tinyurl.com/mr5xydyv>²
- Wikipedia (2025). *Spatial design*. Retrieved 26-6-2025 from, <https://tinyurl.com/mru962rm>³
- See Table 13

Third sector

The third sector comprises organisations that are outside both the public sector and private sector and are typically not-for-profit. In many countries and industries these organisations represent a major share of sector activity and assets, including; housing, finance, insurance, food production and distribution, health services, education, trade unions, welfare and community support services. Third-sector organisations differ in nature within each sector but exhibit certain shared characteristics, in particular; they operate independently from the state (but often receive state support and/or funding), the objective is not to make profits with operating surpluses typically reinvested in the entity or sector, and they are guided by specific social and environmental values and objectives. The third sector often plays an important role in advocating for those in the lower income distributions of society and for change and innovation, and provides significant employment. It often fills market gaps that are poorly serviced (or ignored) by both state and for-profit profit actors.¹ Housing cooperatives are a very visible part of the third sector and housing ecosystem in many European countries.²

Selected further reading

- Corry, O. (2010). *Defining and Theorizing the Third Sector*. University of Cambridge, UK. Retrieved 15-07-2025 from, <https://tinyurl.com/ynp3h92b>
- Newcastle University. [Website]. *What is the third sector and what does it do?* Retrieved 15-07-2025 from, <https://tinyurl.com/4b3y6ccm>¹
- See [Section 3.2](#).²

Torrens title system

Torrens title derives its name from Irish-born Robert Richard Torrens (1812–1884) a former Premier of South Australia. It is a land registration and transfer system. Tenancy in common is a type of concurrent estate in which each owner has separate and distinct shares of the same property. Joint tenancy is a type of concurrent estate in which the co-owners have an equal share and right of survivorship, so that if one owner dies, their interest will pass to the surviving owner(s).

Selected further reading

- Wikipedia (2024). *Torrens title*. Retrieved 23-12-2024 from, <https://tinyurl.com/7xs735h5>

Unit title

Unit title, also described as a 'strata title' or 'stratum estate', is common in buildings with multiple owners. Each owner of a unit title owns the relevant apartment/unit and any accessory units (e.g. garages, car parks, private courtyards or storage areas contained in the record of title) and an undivided share of the ownership of the common property (including lifts, lobby areas, common laundries, driveways and gardens etc.).¹ Each unit title owner will automatically become a member of the body corporate and usually pay an annual levy to cover budgeted expenses (e.g. insurance, management, long-term maintenance fund (LTMF), rubbish collection, cleaning communal areas etc.). Any body corporate costs that have not been included in the budget can also be payable by way of a special levy. The regulations governing unit titles are included in the Unit Titles Act 2010 (including S89 covering the powers and duties of body corporate) and the Unit Titles Regulations 2011.²

Selected further reading

- settled.govt.nz (2025). Retrieved 31-07-2025 from, <https://tinyurl.com/ys5pya54> ¹
- Unit Title Services (2025). Retrieved 31-07-2025 from, <https://tinyurl.com/rhdkvezx> ²
- Unit Title Regulations 2011. Retrieved 31-07-2025 from, <https://tinyurl.com/y3jswsmr> ²
- Powers and duties of body corporate. Unit Titles Act 2010. Retrieved 31-07-2025 from, <https://tinyurl.com/bdhv5b2v> ²

Cross lease title

An owner of a cross lease has two interests in the property: (1) a share of the freehold title in common with the other cross leaseholders and (2) a leasehold interest in the particular area and building occupied by the owner. Cross leases are usually for 999 years at a nominal rent (which is generally not asked to be paid). A cross lease title usually includes a flats plan showing the footprint of the building the owner is entitled to occupy. Usually any changes to the flats plan footprint or shared areas has be agreed upon by all or a majority of the owners. Sometimes consent from other owners is also required for things like painting the exterior or making non-structural changes/additions to the building occupied like a deck or putting up a fence. The terms of the lease are registered on the title.

Selected further reading

- settled.govt.nz (2025). Retrieved 31-07-2025 from, <https://tinyurl.com/ys5pya54>

Leasehold land

With leasehold property ownership, one party owns the freehold land, and the party pays owns an exclusive right to possession of the land and the buildings on it for a specific period of time according to terms set out in a lease (lessee's interest) and pays (ground) rent. In some cases, the leaseholder owns the buildings or other improvements on the land. The lease terms set out the rent payable to the freehold owner, the ground rent review conditions, and rates and other expenses. At the end of the lease term, the leaseholder has to return the land and the buildings to the freehold owner in the condition specified in the lease.

Selected further reading

- settled.govt.nz (2025). Retrieved 31-07-2025 from, <https://tinyurl.com/ys5pya54>

APPENDICES

TABLE A1...continued over

Not-for-profit housing policy interventions in New Zealand legislation & policy

Ministry for the Environment legislative, policy and regulatory oversight			
Legislation/policy	Legislation/policy direction ¹	Legislation/policy content ²	Observations ²
Environment Act 1986	<ul style="list-style-type: none"> Provides for appointment of a Parliamentary Commissioner for the Environment. Provides for consents to be granted for any Act to ensure that, in the management of natural and physical resources, full and balanced account is taken of (i) the intrinsic values of ecosystems; and (ii) all values which are placed by individuals and groups on the quality of the environment; and (iii) the principles of the Treaty of Waitangi; and (iv) the sustainability of natural and physical resources; and (v) the needs of future generations. 	<ul style="list-style-type: none"> Key search terms appear nil times in this legislation. There is nothing that informs housing affordability or provides a pathway or tools to enable delivery of affordable housing or not-for-profit housing providers. 	<ul style="list-style-type: none"> The legislation provides the legal basis for the appointment and work of the Parliamentary Commissioner for the Environment. The Act provides a frame for the protection of environmental values and sustainability of resources for future generations etc. through the granting of consents but nothing that directly informs housing outcomes or urban development. The requirement to take a “balanced account” of the “sustainability of natural and physical resources” and “needs of future generations” implies options other than purely ‘market’ solutions.
Resource Management Act 1991 (current as at 5-4-2025)	<ul style="list-style-type: none"> The purpose of this Act is to promote the sustainable management of natural and physical resources. Sustainable management means managing the use, development, and protection of natural and physical resources in a way, or at a rate, which enables people and communities to provide for their social, economic, and cultural well-being and for their health and safety while—(a) sustaining the potential of natural and physical resources (excluding minerals) to meet the reasonably foreseeable needs of future generations; and (b) safeguarding the life-supporting capacity of air, water, soil, and ecosystems; and (c) avoiding, remedying, or mitigating any adverse effects of activities on the environment. 	<ul style="list-style-type: none"> Key search terms appear nil times in this legislation. There is nothing that informs housing affordability or provides a pathway or tools to enable delivery of affordable housing or not-for-profit housing providers. 	<ul style="list-style-type: none"> This is the key piece of spatial planning law but is currently the subject of reform and replacement (see Section 3.3.3). Recent amendments have been focused on increasing housing land supply through intensification requirements. The singular term ‘housing’ or ‘house’ appears ~150 times across 95 sections of the Act. Almost all relate to <i>housing supply</i> or <i>land for housing</i> or <i>intensification</i> or are words in the title of legislation. Sections 30 and 31 refer to a function of regional and territorial councils being “the establishment, implementation, and review of objectives, policies, and methods to ensure that there is sufficient development capacity in relation to housing and business land to meet the expected demands of the region.” Section 77G refers to the duty of specified territorial authorities to incorporate MDRS and give effect to policy 3 or 5 in residential zones as per the Resource Management (Enabling Housing Supply and Other Matters) Amendment Act 2021 which amends the RMA for that purpose. Section 80I allows for regulations requiring tier 2 territorial authorities to alter a district plan based on a recommendation from the relevant Minister having regard to district <i>housing price-income</i> metrics.

¹ Summarised and/or transcribed from the relevant legislation, policy or other document or website.

² Searched within the relevant legislation using the search tool on the New Zealand Legislation website. See <https://legislation.govt.nz/>. Search terms relating to housing include; social, public, not-for-profit, affordable, affordability.

TABLE A1...continued

Not-for-profit housing policy interventions in New Zealand legislation & policy

Ministry for the Environment legislative, policy and regulatory oversight			
Legislation/policy	Legislation/policy direction ¹	Legislation/policy content ²	Observations ²
Environment Protection Authority Act 2011	<ul style="list-style-type: none"> The Act's purpose is to establish an Environmental Protection Authority (EPA) to contribute to the efficient, effective, and transparent management of New Zealand's environment and natural and physical resources. 	<ul style="list-style-type: none"> Key search terms appear nil times in this legislation. There is nothing that informs urban development or housing affordability or provides a pathway or tools to enable delivery of affordable housing or not-for-profit housing providers. There are linkages to other legislation concerned with urban development where the EPA provides technical and admin support (mainly in relation to environmental legislation). 	<ul style="list-style-type: none"> The scope of the Act is narrow and the functions of the EPA opaque. The Act refers to efficient and effective management of "physical resources" which has the same meaning as the RMA however there is nothing overt in respect to urban development. The EPA where requested by the Minister is required to provide technical and admin support to persons making decisions in relation to environmental legislation. Another function is to provide support services to any Independent Hearings Panel (IHP) established under Schedule 3 of the Urban Development Act 2020 to consider submissions on draft development plans prepared by Kāinga Ora and the application of decisions relating to the RMA or the Resource Management (Natural and Built Environment and Spatial Planning Repeal and Interim Fast-track Consenting) Act 2023.
Resource Legislation Amendment Act 2017	<ul style="list-style-type: none"> This Act made ~40 amendments to: the RMA, Conservation Act 1986, Reserves Act 1977, Public Works Act 1981, and Exclusive Economic Zone and Continental Shelf (Environmental Effects) Act 2013, Resource Management (Forms, Fees and Procedure) Regulations 2003. 	<ul style="list-style-type: none"> Key search terms appear nil times in this legislation. There is nothing that informs housing affordability or provides a pathway or tools to enable delivery of affordable housing or not-for-profit housing providers. 	<ul style="list-style-type: none"> The singular term 'housing' appears ~2 times in 1 section of the Act. These relate to <i>housing supply or land for housing or intensification</i>. Sections 30 and 31 refer to a function of regional and territorial councils being "the establishment, implementation, and review of objectives, policies, and methods to ensure that there is sufficient development capacity in relation to housing and business land to meet the expected demands of the region."
Resource Management Amendment Act 2020	<ul style="list-style-type: none"> The intent of this Act is to reduce the RMA complexity, improve processes and certainty and increase public participation opportunities. 	<ul style="list-style-type: none"> Key search terms appear nil times in this legislation. There is nothing that informs housing affordability or provides a pathway or tools to enable delivery of affordable housing or not-for-profit housing providers. 	<ul style="list-style-type: none"> Largely procedural changes adding to or updating changes made under prior related legislation.
Resource Management (Enabling Housing Supply and Other Matters) Amendment Act 2021	<ul style="list-style-type: none"> The purpose of the Act is to direct specified territorial authority to incorporate medium density residential standards and intensification policies into district plan. 	<ul style="list-style-type: none"> The 'affordable housing' search term appears ~3 times in the Act in the descriptions for the 149 projects in Schedule 2. The other search terms appear nil times. There is nothing that informs housing affordability or provides a pathway or tools to enable delivery of affordable housing or not-for-profit housing providers. 	<ul style="list-style-type: none"> The singular term 'housing' or 'house' appears ~65 times across 32 sections of the Act. All relate to <i>housing supply or land for housing or intensification</i> or are words in the title of legislation.

¹ Summarised and/or transcribed from the relevant legislation, policy or other document or website.

² Searched within the relevant legislation using the search tool on the New Zealand Legislation website. See <https://legislation.govt.nz/>. Search terms relating to housing include; social, public, not-for-profit, affordable, affordability.

TABLE A1...continued

Not-for-profit housing policy interventions in New Zealand legislation & policy

Ministry for the Environment legislative, policy and regulatory oversight			
Legislation/policy	Legislation/policy direction ¹	Legislation/policy content ²	Observations ²
Fast Track Approvals Act 2024	<ul style="list-style-type: none"> The purpose of this Act is to facilitate the delivery of infrastructure and development projects with significant regional or national benefits. Schedule 2 lists 149 eligible projects for inclusion in the streamlined consenting process. 	<ul style="list-style-type: none"> The 'affordable housing' search term appears ~3 times in the Act in the descriptions for the 149 projects in Schedule 2. The other search terms appear nil times. There is nothing that informs housing affordability or provides a pathway or tools to enable delivery of affordable housing or not-for-profit housing providers. 	<ul style="list-style-type: none"> The singular term 'housing' appears ~2 times in 1 section of the Act and 9 times in Schedule 2 relating to the general description of housing projects.
Resource Management (Direction for Intensification Streamlined Planning Process) Notices (2022-2025)	<ul style="list-style-type: none"> The purpose of the Notices is to accelerate implementation of housing intensification policies, especially the Medium Density Residential Standards (MDRS) and National Policy Statement on Urban Development (NPS-UD), in specified territorial authorities (TAs). The Notices utilise a Streamlined Planning Process under the RMA. The Notices for each relevant territorial authority are listed on the Ministry for Environment's website. 	<ul style="list-style-type: none"> Key search terms appear nil times in the Notices. There is nothing that informs housing affordability or provides a pathway or tools to enable delivery of affordable housing or not-for-profit housing providers. 	<ul style="list-style-type: none"> The Notices are a tool to facilitate housing "intensification" originally as per the MDRS enabled by the Resource Management (Enabling Housing Supply and Other Matters) Amendment Act 2021. Recent directions by the Minister have allowed optional approaches by territorial authorities to in implementing the Sixth National Government's "Going For Housing Growth" agenda.
Natural and Built Environment Act 2023 [repealed]	<ul style="list-style-type: none"> The purpose of the Act was to (a) uphold the health of the natural environment; and (b) the relationship between the health of the natural environment and its capacity to sustain life; and (c) the relationship between the health of the natural environment and the health and well-being of people and communities; and (d) the interconnectedness of all parts of the environment; and (e) the relationship between iwi and hapū and te Taiao that is based on whakapapa. The means for achieving the purpose of the Act at a national level is via the national planning framework and at the regional level, in plans 	<ul style="list-style-type: none"> Key search terms appear nil times in this legislation. There is nothing that informs housing affordability or provides a pathway or tools to enable delivery of affordable housing or not-for-profit housing providers. 	<ul style="list-style-type: none"> The singular term 'housing' or 'house' appears ~120 times across 53 sections of the Act relating to referral to the EPA for <i>Fast Track</i> consenting, <i>land development capacity</i>, or words in the title of legislation, or certain types of residential use (as below). The Act provided exceptions in relation to consideration of adverse effects, for certain types of residential use, such as rental housing or housing for people with disability needs or who are beneficiaries; or residents requiring support or supervision in their housing because of their legal status or disabilities. Those protections were of course removed with repeal of the Act.
Spatial Planning Act 2023 [repealed]	<ul style="list-style-type: none"> The purpose of this Act was to provide for regional spatial strategies that assist in achieving the purpose of the Natural and Built Environment Act 2023. 	<ul style="list-style-type: none"> Key search terms appear nil times in this legislation. There is nothing that informs housing affordability or provides a pathway or tools to enable delivery of affordable housing or not-for-profit housing providers. 	<ul style="list-style-type: none"> The singular term 'housing' appears ~2 parts of the Act, 1 in relation to population and demand for housing and 1 in legislation title.

¹ Summarised and/or transcribed from the relevant legislation, policy or other document or website.

² Searched within the relevant legislation using the search tool on the New Zealand Legislation website. See <https://legislation.govt.nz/>. Search terms relating to housing include; social, public, not-for-profit, affordable, affordability.

TABLE A1...continued

Not-for-profit housing policy interventions in New Zealand legislation & policy

Ministry for the Environment legislative, policy and regulatory oversight			
Legislation/policy	Legislation/policy direction ¹	Legislation/policy content ²	Observations ²
National Policy Statement on Urban Development 2020 (current as at May 2022)	<ul style="list-style-type: none"> The National Policy Statement for Urban Development (NPS-UD) 2020 sets out the objectives and policies for planning for well-functioning urban environments under the RMA. It incorporates amendments made by section 77S(1) of the RMA (as inserted by the Resource Management (Enabling Housing Supply and Other Matters) Amendment Act 2021). It also incorporates amendments made by the Minister under section 53(2) of the Resource Management Act 1991 and notified in the New Zealand Gazette on 11 May 2022 as the National Policy Statement on Urban Development 2020 Amendment No 1 (Notice ID: 2022-go1767). 	<ul style="list-style-type: none"> The search term 'affordability' appears ~3 times in the NPS-UD. The other search terms appear nil times. There is nothing that informs housing affordability or provides a pathway or tools to enable delivery of affordable housing or not-for-profit housing providers (including approved community housing providers). 	<ul style="list-style-type: none"> There is 1 reference to housing 'affordability' in Part 2 (2.1) Objectives noting "Planning decisions improve housing affordability by supporting competitive land and development markets." There is 1 reference in Subpart 3 (3.9) in relation to a requirement for tier 1-3 territorial authorities to monitor 'affordability'. There is 1 reference in Subpart 5 (3.23) requiring tier 1-2 territorial authorities to analyse how planning decisions and the provision of infrastructure affects the affordability and competitiveness of the local housing market. For land and development markets to be truly competitive 'not-for-profit' housing providers would need to be enabled. However, there is nothing in the NPS-UD to enable not-for-profit housing providers or facilitate access to state and/or municipal land for affordable housing to diversify the residential property market options. The generic term 'housing' appears ~70 times in the NPS-UD (1 time in legislation title), almost all in relation to housing demand, supply, and development capacity.
National Policy Statement for Highly Productive Land (current as at August 2024 & under review)	<ul style="list-style-type: none"> The purpose of the National Policy Statement for Highly Productive Land (NPS-HPL) is to provide direction to improve the way such land is managed under the RMA. This is achieved through clear and consistent guidance to councils on how to; (1) map and zone highly productive land and (2) manage the subdivision, use and development of this non-renewable resource. The NPS-HPL provides weak protection of highly productive land with exemptions for urban rezoning where land is required to meet demand for housing or business land (see observations). 	<ul style="list-style-type: none"> Key search terms appear nil times in the NPS-HPL. There is nothing that informs housing affordability or provides a pathway or tools under the exemption provisions to facilitate delivery of affordable housing or not-for-profit housing providers. The exemption provisions apply at a generic level only for the purpose of meeting demand for housing/business land (see observations). 	<ul style="list-style-type: none"> Territorial authorities may allow urban rezoning of highly productive land if: (a) the urban rezoning is required to provide sufficient development capacity to meet demand for housing or business land to give effect to the NPS-UD; and (b) there are no other reasonably practicable and feasible options for providing at least sufficient development capacity within the same locality and market while achieving a well-functioning urban environment; and (c) the environmental, social, cultural and economic benefits of rezoning outweigh the long-term environmental, social, cultural and economic costs associated with the loss of highly productive land for land-based primary production, taking into account both tangible and intangible values. If highly productive land is the subject of an approved plan change the land ceases to be defined highly productive land even if the change is not yet included in maps in an operative regional policy statement.

¹ Summarised and/or transcribed from the relevant legislation, policy or other document or website.

² Searched within the relevant legislation using the search tool on the New Zealand Legislation website. See <https://legislation.govt.nz/>. Search terms relating to housing include; social, public, not-for-profit, affordable, affordability.

TABLE A1...continued

Not-for-profit housing policy interventions in New Zealand legislation & policy

Ministry for the Environment legislative, policy and regulatory oversight			
Legislation/policy	Legislation/policy direction ¹	Legislation/policy content ²	Observations ²
New Zealand Coastal Policy Statement 2010 (under review)	<ul style="list-style-type: none"> The New Zealand Coastal Policy Statement 2010 (NZCPS) guides territorial authorities in their day-to-day management of the coastal environment. It is the only compulsory National Policy Statement under the RMA which requires there to be a NZCPS at all times. The Sixth National Government is currently reviewing the NZCPS. The lead Government agency is the Department of Conservation with oversight from the Ministry for the Environment. 	<ul style="list-style-type: none"> The search terms appear nil times. There is nothing that informs housing affordability or provides a pathway or tools to enable delivery of affordable housing or not-for-profit housing providers (including approved community housing providers). 	<ul style="list-style-type: none"> The NZCPS promotes consolidation of existing coastal settlements and urban areas to avoid or mitigate urban sprawl or sporadic settlement/growth (Policy 6). In strategic planning territorial authorities must (a) consider where/how/when to provide for residential/urban development and other activities in the coastal environment, and: (b) identify areas of the coastal environment where certain activities/subdivision/use/development:(i) are inappropriate; and (ii) may not be appropriate without consideration of effects through a resource consent process, notice of requirement for designation, or Schedule 1 of the Act process; and provide protection from inappropriate subdivision/use, and development in such areas via objectives/policies/rules (Policy 7).
Proposals of National Significance	<ul style="list-style-type: none"> Nationally significant proposals are exceptionally large and complex proposals with regional or national impacts. Decisions on these are made by a Board of Inquiry or the Environment Court. The Environmental Protection Agency (EPA) administers the application process. There are three ways a project can attain nationally significant proposal (NSP) status. If an application has been lodged with a territorial authority, the Minister may make a direction that it is an NSP on their own initiative (and 'call it in'), or the authority may request that the Minister makes a direction that it is an NSP. An applicant may also lodge a proposal directly with the Environment Protection Authority (EPA), which will then make a recommendation to the Minister whether to make a direction on its NSP status. 	<ul style="list-style-type: none"> The search terms are not applicable in relation to this legislative tool. Of the 6 projects administered prior to 2009 by the Ministry for the Environment <u>all</u> relate to energy generation. Of the applications managed by the EPA under the RMA consultation category <u>all</u> relate to energy projects. The EPA also manages the Fast Track approvals process under the Fast Track Approvals Act 2024 (see Fast Track website). 	<ul style="list-style-type: none"> There is nothing that overtly provides for major social and/or private not-for-profit housing initiatives that could be regarded as being of National Significance. This mechanism could offer a pathway for enabling large-scale multi-stakeholder social and not-for-profit housing initiatives. If it's OK for an energy project why not nationally significant housing schemes focused on socially-diffuse affordable housing outcomes?
National Planning Standards 2019 (updated February 2022)	<ul style="list-style-type: none"> The National Planning Standards (NPS) were introduced as part of the 2017 RMA amendments and effected by sections 58B–58J. The purpose of the NPS is to make council plans and policy statements easier to prepare, understand and comply with and support other national direction. 	<ul style="list-style-type: none"> The search terms appear nil times. The generic term 'housing' appears 1 time in a zone description. The terms 'social' and 'community' appear in the zone descriptions. The NPS offers a potential pathway for significant housing projects under Section 8 (3) Special Purpose Zones (see observations). 	<ul style="list-style-type: none"> The NPS provides an opportunity to introduce not-for-profit housing initiatives at the territorial authority strategic planning level, for example, through the 'District-wide Matters Standard' (see Section 7 Strategic Direction). Another opportunity is via the Zone Framework Standard (see Section 8 Mandatory Directions).

¹ Summarised and/or transcribed from the relevant legislation, policy or other document or website.

² Searched within the relevant legislation using the search tool on the New Zealand Legislation website. See <https://legislation.govt.nz/>. Search terms relating to housing include; social, public, not-for-profit, affordable, affordability.

TABLE A2...continued over

Not-for-profit housing policy interventions in New Zealand legislation & policy

Ministry of Business, Innovation & Employment legislative, policy and regulatory oversight			
Legislation/policy	Legislation/policy direction ¹	Legislation/policy content ²	Observations ²
Residential Tenancies Act 1986 (as at March 2025) [Encompasses the Residential Tenancies (Healthy Homes Standards) Regulations 2019 introduced under section 138B of the RTA.]	<ul style="list-style-type: none"> The Residential Tenancies Act 1986 (RTA) governs the relationship between landlords and tenants, setting out the rights and responsibilities of both parties in residential tenancies. It's goal is to achieve a fair framework for rental agreements, ensuring properties are maintained in a reasonable state of repair and cleanliness. The Healthy Homes Standards became mandatory in May 2025. 	<ul style="list-style-type: none"> The search terms are not applicable in relation to this legislation as it is entirely directed at the 'relationship' between tenants and landlords and ensuring each satisfy their obligations via the regulatory oversight of the Tenancy Tribunal. There is nothing that ensures housing affordability or provides a pathway or tools to enable delivery of affordable housing or not-for-profit housing providers. 	<ul style="list-style-type: none"> The legislation may not adequately recognise or provide for cooperative type hybrid rental/equity structures (i.e. where occupation involves a combination of a right to occupy, an equity payment, and a monthly rental payment). Such tenures may become subject to the provisions of the RTA (by default) which could conflict with specific cooperative constitutions. A feature of the RTA is the constant change favouring either the landlord or tenant based on political ideology.
Residential Tenancies Amendment Act 2016	<ul style="list-style-type: none"> The Residential Tenancies Amendment Act 2016 (RTA16) introduced new smoke alarm and insulation requirements to improve the health and safety of tenants, and introduced a new expedited channel to return abandoned properties to the market more quickly. 	<ul style="list-style-type: none"> The search terms are not applicable in relation to this legislation as it is entirely directed at the 'relationship' between tenants and landlords and ensuring each satisfy their obligations via the regulatory oversight of the Tenancy Tribunal. There is nothing that ensures housing affordability or provides a pathway or tools to enable delivery of affordable housing or not-for-profit housing providers. 	<ul style="list-style-type: none"> The legislation may not adequately recognise or provide for cooperative type hybrid rental/equity structures (i.e. where occupation involves a combination of a right to occupy, an equity payment, and a monthly rental payment). Such tenures may become subject to the provisions of the RTA (by default) which could conflict with specific cooperative constitutions. A feature of the RTA is the constant change favouring either the landlord or tenant based on political ideology.
Residential Tenancies Amendment Act 2020	<ul style="list-style-type: none"> The Residential Tenancies Amendment Act 2020 (RTA20) introduced changes to improve tenants' security and stability while protecting landlords' interests, ensure the law balances the rights and responsibilities of tenants and landlords and helps renters feel at home and modernise the 30 year old RTA so it can respond to the changing trends in the rental market. 	<ul style="list-style-type: none"> The search terms are not applicable in relation to this legislation as it is entirely directed at the 'relationship' between tenants and landlords and ensuring each satisfy their obligations via the regulatory oversight of the Tenancy Tribunal. There is nothing that ensures housing affordability or provides a pathway or tools to enable delivery of affordable housing or not-for-profit housing providers. 	<ul style="list-style-type: none"> The legislation may not adequately recognise or provide for cooperative type hybrid rental/equity structures (i.e. where occupation involves a combination of a right to occupy, an equity payment, and a monthly rental payment). Such tenures may become subject to the provisions of the RTA (by default) which could conflict with specific cooperative constitutions. A feature of the RTA is the constant change favouring either the landlord or tenant based on political ideology.
Residential Tenancies Amendment Act 2024	<ul style="list-style-type: none"> The Residential Tenancies Amendment Act 2024 (RTA24) made changes to the RTA and RTA20 affecting tenancy termination keeping pets. 	<ul style="list-style-type: none"> The search terms are not applicable in relation to this legislation as it is entirely directed at the 'relationship' between tenants and landlords and ensuring each satisfy their obligations via the regulatory oversight of the Tenancy Tribunal. There is nothing that informs housing affordability or provides a pathway or tools to enable delivery of affordable housing or not-for-profit housing providers (including approved community housing providers). 	<ul style="list-style-type: none"> The legislation may not adequately recognise or provide for cooperative type hybrid rental/equity structures (i.e. where occupation involves a combination of a right to occupy, an equity payment, and a monthly rental payment). Such tenures may become subject to the provisions of the RTA (by default) which could conflict with specific cooperative constitutions. A feature of the RTA is the constant change favouring either the landlord or tenant based on political ideology.
Resource Management Act 1991 (current as at 5-4-2025)	<ul style="list-style-type: none"> See earlier analysis under the Ministry for the Environment. 	<ul style="list-style-type: none"> See earlier analysis under the Ministry for the Environment. 	<ul style="list-style-type: none"> See earlier analysis under the Ministry for the Environment.

¹ Summarised and/or transcribed from the relevant legislation, policy or other document or website.

² Searched within the relevant legislation using the search tool on the New Zealand Legislation website. See <https://legislation.govt.nz/>. Search terms relating to housing include; social, public, not-for-profit, affordable, affordability.

TABLE A2...continued

Not-for-profit housing policy interventions in New Zealand legislation & policy

Ministry of Business, Innovation & Employment legislative, policy and regulatory oversight			
Legislation/policy	Legislation/policy direction ¹	Legislation/policy content ²	Observations ²
Building System Regulatory Strategy — Building for the Future	<ul style="list-style-type: none"> The strategy focus is how MBIE can maximise its performance (as a building system regulator). It aims to transcend the purely "bricks and mortar" thinking around design and construction to achieve positive social, economic and environmental outcomes. 	<ul style="list-style-type: none"> The search terms "affordable" and 'affordability' appear 1 time each (see observations). The term 'social' appears ~10 times in relation to wellbeing, values, and impacts. There is nothing that informs how housing affordability might be improved through say innovation in housing construction systems or fiscal incentives to attract large-scale new entrants in the value chain. 	<ul style="list-style-type: none"> The strategy comment "Tensions between equally important outcomes, such as high-performing buildings and affordable housing, may require trade-offs" assumes affordable housing cannot be high-performing. This is not true as proven by many affordable, high-quality not-for-profit housing projects in the EU and other countries where affordable housing systems are state-enabled.
National Infrastructure Funding and Financing Ltd (formerly known as Crown Fibre Holdings and Crown Infrastructure Partners)	<ul style="list-style-type: none"> National Infrastructure Funding and Financing (NIFF) is noted on its website as the Government's investor "shopfront" for private capital investment in public infrastructure. 2 of 4 NIFF funding programs ('IRG' and 'Better Off') are directed at housing related infrastructure (see observations). As at Dec 2024 state funding under the IRG program totalled NZ\$2.69b and an estimated \$45.2m related to housing. Funding under the 'Better Off' program is currently NZ\$500m. There are 2 examples listed under the 'Projects' tab on the NIFF website relating to housing — the Milldale project SPV levy model noted in Section 1.3. and Frederik Street Social Housing project. Milldale is a 'market' priced housing project for which NIFF organised NZ\$48.9m in public funding in 2018. Frederik Street provides shelter/support for the homeless or those with disabilities or waiting for public social housing. IRG allocated NZ\$10m in funding in 2023. 	<ul style="list-style-type: none"> Part of NIFF's mandate is to support infrastructure to enable housing and urban development through the implementation of alternative financing models. In August 2020 the Government enacted a legislative tool under the Infrastructure Funding and Financing Act 2020 (IFF) and appointed NIFF to the role of lead agency. The tool is intended to redirect the cost of new infrastructure away from property developers (who previously paid for this) to "property owners who benefit, including across generations" [NIFF Website re IFF] There is nothing in the NIFF mandate or funding programs that inform or facilitate affordable housing systems or provide, or pathways or tools to enable not-for-profit housing providers. NIFF is clearly a vehicle to encourage and facilitate private sector funding for infrastructure related projects. 	<ul style="list-style-type: none"> The IRG program is aimed at new community facilities such as sports and recreation centres, swimming pools, social housing, increased land supply for housing, improved transport links, social infrastructure (such as The Kind Foundation and City Missions), and increased tertiary education facilities, whilst supporting construction employment. Of the completed projects as at Dec 2024 ~8.6% of total funding was allocated for 16 housing related projects 5 of which are NGO owners. Of active projects as at Dec 2024 ~7.5% of total funding is allocated for 5 housing related projects of which 1 is an NGO owner. Funding under the 'Better Off' program includes the delivery of "infrastructure and/or services that enable housing development and growth, with a focus on brownfield and infill development...". Whether the IRG funding has enabled housing that remains as permanent non-market housing stock is opaque.
Immigration Act 2009 (current as at 5 April 2025)	<ul style="list-style-type: none"> The purpose of the Immigration Act (IA) is managing immigration in a way that "...balances the national interest, as determined by the Crown, and the rights of individuals" in a way (amongst others) that "supports the settlement of migrants...". 	<ul style="list-style-type: none"> The search terms appear nil times. There is nothing in the IA that links with a population or growth strategy. The relevant Minister determines policy from time-to-time through issuing "Immigration instructions" which have immediate effect. 	<ul style="list-style-type: none"> There is an opportunity to inform immigration law/policy via a national population and growth strategy that is sustainable, fundable and avoids unintended outcomes (e.g. housing sector price stress and housing overburden costs).
New Zealand Migrant Settlement & Integration Strategy (updated 2023)	<ul style="list-style-type: none"> The New Zealand Migrant Settlement and Integration Strategy (NZMSIS) is based on five "outcomes" one of which is that migrants "live in homes and in communities that meet their long-term needs and goals". 	<ul style="list-style-type: none"> There is nothing in the NZMSIS that links with population/growth strategy. The "housing" related outcome offers nothing to inform sustainable downstream housing outcomes — building sector capacity, infrastructure funding or capacity, and affordability. 	<ul style="list-style-type: none"> As noted in Section 1.2, in the period 2011-2021 New Zealand's inbound migration rate was ~3.67x the OECD average — with negative flow-on housing price/cost outcomes. There is an opportunity for housing policy to inform immigration policy.

¹ Summarised and/or transcribed from the relevant legislation, policy or other document or website.

² Searched within the relevant legislation using the search tool on the New Zealand Legislation website. See <https://legislation.govt.nz/>. Search terms relating to housing include; social, public, not-for-profit, affordable, affordability.

TABLE A3...continued over

Not-for-profit housing policy interventions in New Zealand legislation & policy

Ministry of Housing and Urban Development legislative, policy and regulatory oversight			
Legislation/policy	Legislation/policy direction ¹	Legislation/policy content ²	Observations ²
Housing Act 1955 (as at 23-12-2023)	<ul style="list-style-type: none"> The Housing Act 1955 (HA) gives the Minister broad powers for state housing purposes to set aside state land, take land (under the Public Works Act 1981), buy or lease property and dispose of land and property. The HA also enables money appropriated by Parliament to be used for developing any state housing land as sites for all types of buildings which are desirable for the general residential development of the area. The Minister can also take over and administer the functions of Kainga Ora-Homes and Communities under the HA. 	<ul style="list-style-type: none"> The search terms appear nil times. There is nothing that informs housing affordability or provides a pathway or tools to enable delivery of affordable housing or not-for-profit housing providers. 	<ul style="list-style-type: none"> The HA has been the subject of regular amendment. Whilst there is nothing in the HA that directly informs or offers a pathway for more affordable housing or not-for-profit housing providers is does offer a pathway via direct Ministerial intervention. That option is open to the political whim of the incumbent government. If linked to certain housing rights enshrined at a constitutional level the HA could offer a pathway for not-for-profit housing policy interventions.
Residential Tenancies Act 1986 (as at March 2025) [including Amendments]	<ul style="list-style-type: none"> See earlier analysis under the Ministry of Business, Innovation & Employment. 	<ul style="list-style-type: none"> See earlier analysis under the Ministry of Business, Innovation & Employment. 	<ul style="list-style-type: none"> See earlier analysis under the Ministry of Business, Innovation & Employment.
Public and Community Housing Management Act 1992 (as at 1 July 2023) [partially repealed]	<ul style="list-style-type: none"> The purpose of the remaining Part 7 of this Act relating to Kāinga Ora housing is to reform the provision of social housing by establishing a framework for a multiple-provider social housing market. In particular; defining eligibility for social housing and income related rent through needs assessment, referral of prospective tenants to NGO social housing providers, facilitating the growth, standards and regulation of the community housing sector. Remaining Part 8 relates to community housing providers, income related rents, placement and state reimbursement. Remaining Part 9 relates to Ministerial powers enabling any state agency, department or other state entity to perform the role of the social agency and receive Ministerial directions. Remaining Part 10 relates to the registration and regulation of community housing providers in order to ensure tenants are appropriately housed; and to support the growth of a fair, efficient, and transparent community housing sector. 	<ul style="list-style-type: none"> The term 'affordable' appears 1 time under Section 179 in relation to compliance and intervention and 1 time in the Interpretation section relating to the meaning of a community housing provider (other than Kāinga Ora) which requires the object of providing either social rental housing or affordable rental housing or both. The terms 'social' and 'community' housing appear numerous times in relation to definition and compliance under the remaining Parts 7-10 of the Act. There is nothing that informs housing affordability or provides a pathway or tools to enable delivery of affordable housing or not-for-profit housing providers. Approved and registered community housing are not required to provide affordable housing under the meaning of community housing provider and there is no definitions of affordable housing or housing affordability. Section provides definitions in relation to calculation of income-related rents and information in relation to compliance. 	<ul style="list-style-type: none"> Much of this legislation has been repealed. The sections that remain largely inform the regulation and compliance of approved community housing providers and income related rents. The legislation has enabled a multi-provider social housing market but it has not provided the tools or funding mechanisms to properly enable and develop a strong "third" not-for-profit housing sector. The legislation allows approved community housing providers to make profits from their tenants and there is no requirement for community housing stock (that has benefitted from state funding) to remain as social housing.

¹ Summarised and/or transcribed from the relevant legislation, policy or other document or website.

² Searched within the relevant legislation using the search tool on the New Zealand Legislation website. See <https://legislation.govt.nz/>. Search terms relating to housing include; social, public, not-for-profit, affordable, affordability.

TABLE A3...continued

Not-for-profit housing policy interventions in New Zealand legislation & policy

Ministry of Housing and Urban Development legislative, policy and regulatory oversight			
Legislation/policy	Legislation/policy direction ¹	Legislation/policy content ²	Observations ²
Unit Titles Act 2010	<ul style="list-style-type: none"> The purpose of the Unit Titles Act 2010 (UTA) is to provide a legal framework for ownership and management of land and associated buildings and facilities on a socially and economically sustainable basis by communities of individual owners and, in particular,— (a) to allow for the subdivision of land and buildings into unit title developments comprising units that are owned in stratum estate in freehold or stratum estate in leasehold or licence by unit owners, and common property that is owned by the body corporate on behalf of the unit owners; and (b) to create bodies corporate, which comprise all unit owners in a development, to operate and manage unit title developments; and (c) to establish a flexible and responsive regime for the governance of unit title developments; and (d) to protect the integrity of the development as a whole. 	<ul style="list-style-type: none"> The search terms are not applicable here but the UTAs' purpose is relevant to the extent it provides a legal basis for ownership of a unit title by "communities" of individuals and ownership of common land held on behalf of unit owners. There is nothing that ensures housing affordability or provides a pathway or tools to enable delivery of affordable housing or not-for-profit housing providers. 	<ul style="list-style-type: none"> The legislation could be adapted for and applied to cooperative housing projects. Equally, apartment company share structures could also be adapted and applied to suit the constitutional rules of cooperative housing projects.
Riccarton Racecourse Development Enabling Act 2016	<ul style="list-style-type: none"> The purpose of this Act is to support Christchurch's recovery following the earthquakes of 2010 and 2011 by facilitating the development of ~600 homes at Riccarton Racecourse and for this purpose revoking reserve status and rezoning the required land. 	<ul style="list-style-type: none"> The term 'affordable' appears in relation to the Act's requirement for the development scheme to provide for a minimum of 180 affordable homes as per the definitions under Section 6. Affordable means the price at which a buyer would be eligible under the HomeStart program or \$450,000. 	<ul style="list-style-type: none"> Nothing in this legislation relating to the minimum 180 affordable homes prevents those from being resold into the open market at full market prices.
Point England Development Enabling Act 2017	<ul style="list-style-type: none"> The purpose of this Act is to make reserve land available for housing development and for this purpose revoking reserve status and rezoning the required land. 	<ul style="list-style-type: none"> There is nothing that informs housing affordability or provides a pathway or tools to enable delivery of affordable housing or not-for-profit housing providers. 	<ul style="list-style-type: none"> As noted in Section 3.3.1, the parties responsible for developing the land have allocated ~2/3 of the land for social and affordable houses however there appears nothing to prevent the affordable housing being sold into the open market on re-sale.
Kāinga Ora-Homes and Communities Act 2019 (current as at 21-10-2021)	<ul style="list-style-type: none"> The purpose of this Act is to establish Kāinga Ora-Homes and Communities with functions encompassing housing, urban development and related policy. Objectives include provision of good quality, affordable housing choices to meet diverse needs. 	<ul style="list-style-type: none"> The term 'affordable' housing appears just 3 times in 3 sections. The term 'social' housing appears only 4 times in 4 sections and ~12 times in the schedules. The term 'public' housing appears 55 times, mainly in the title of legislation. The Act seems well intentioned but the Sixth National Government has prioritised growth and private capital over social sector housing expansion. 	<ul style="list-style-type: none"> As noted in Section 3.3.1, the Act anticipates and enables Kāinga Ora as a hands-on actor in the housing ecosystem through provision of public, community, affordable and first-home housing and through leadership, innovation and capability building. The building of the above housing has however been largely left to the for-profit sector — with 'market housing' predominating.

¹ Summarised and/or transcribed from the relevant legislation, policy or other document or website.

² Searched within the relevant legislation using the search tool on the New Zealand Legislation website. See <https://legislation.govt.nz/>. Search terms relating to housing include; social, public, not-for-profit, affordable, affordability.

TABLE A3...continued

Not-for-profit housing policy interventions in New Zealand legislation & policy

Ministry of Housing and Urban Development legislative, policy and regulatory oversight			
Legislation/policy	Legislation/policy direction ¹	Legislation/policy content ²	Observations ²
Infrastructure Funding and Financing Act 2020	<ul style="list-style-type: none"> The purpose of this Act is to provide a funding and financing model for the provision of infrastructure for urban development, which includes; public housing, community housing, affordable housing, homes for first-home buyers, market housing, urban renewal and related activities. (See Part 1, Section 3). The provision of infrastructure is the focus. 	<ul style="list-style-type: none"> The terms ‘affordable’ ‘community’ and ‘public’ housing appear 1 time each in the Act’s purpose. The legislation enables the funding of infrastructure for ‘market’ housing and offloading the cost of this from (what was historically) the developer to the individual rating unit by way of a special annual levy. There is nothing that informs housing affordability or provides a pathway or tools to enable delivery of affordable housing or not-for-profit housing providers. 	<ul style="list-style-type: none"> The new financing model enables the establishment of special purpose vehicles (SPVs) to fund infrastructure supporting urban development. SPVs will repay any finance raised by charging a levy to those who benefit from the infrastructure. This model shifts the obligation of payment for housing infrastructure from the property investor/developer (or municipality, or central government) to each individual property owner in the housing development. As noted in Section 3.3.1 the model relies on private capital seeking a market return on investment and is inconsistent with promoting housing affordability.
Urban Development Act 2020	<ul style="list-style-type: none"> The purpose of this Act is “to facilitate urban development that contributes to sustainable, inclusive, and thriving communities.” To that end, it provides a mechanism to streamline and consolidate processes for selected urban development projects initiated, facilitated, or undertaken by Kāinga Ora–Homes and Communities; and provides powers for the acquisition, development, and disposal of land used for the purpose of Kāinga Ora performing its urban development functions. 	<ul style="list-style-type: none"> The terms ‘affordable’ ‘community’ and ‘public’ housing appear 1 time each under the meaning of ‘urban development’ (Section 10). There is nothing that informs housing affordability or provides a pathway or tools to enable delivery of affordable housing or not-for-profit housing providers. 	<ul style="list-style-type: none"> As noted earlier in Section 3.3.1 Kāinga Ora’s entire large-scale urban development portfolio comprises 8 projects with ~40% at market pricing from the outset. In the absence of any price controls on the ‘affordable’ homes component, ~70% of all such urban development is likely to eventually become ‘market’ homes at full market pricing (see Table 7). In addition, at the time of writing, Kāinga Ora has only put forward two “specified development projects” for approval from the Minister under its mandate, one of which was declined and the other awaiting a decision.
Government Policy Statement on Housing and Urban Development 2021	<ul style="list-style-type: none"> Focus areas of the GPS-HUD included; more affordable homes being built, enablement of people into affordable homes with security of tenure and prioritising housing’s role as a <i>home</i> not an <i>investment</i>. It was developed alongside MAIHI Ka Ora 2021 (see below) and to be implemented side-by-side. 	<ul style="list-style-type: none"> The GPS-HUD priority on affordable housing is apparent with the search terms ‘affordable’ homes or housing appearing ~70 times. The terms ‘community’ housing and housing providers appear ~22 times and the term ‘public’ housing appears ~18 times. The term ‘not-for-profit’ or ‘third’ sector appear ~3 times. 	<ul style="list-style-type: none"> The intent of the GPS-HUD deserves credit however it has not resulted in any meaningful improvements in housing affordability or facilitation of an expanded not-for-profit (third) housing sector. The status of the GPS-HUD and its overlap with the NPS-UD 2020 noted earlier is opaque in light of the Sixth National Government <i>growth</i> priority.
MAIHI Ka Ora 2021 [The National Maori Housing Strategy]	<ul style="list-style-type: none"> The overall vision for MAIHI Ka Ora is for all whānau to have safe, healthy affordable homes with secure tenure, across the Māori housing continuum. Priorities (amongst others) include enabling Maori-led solutions and housing supply. 	<ul style="list-style-type: none"> The term ‘public’ housing appears ~5 times, ‘community’ housing 1 time, and ‘affordable’ or ‘affordability’ ~4 times. ‘Not-for-profit’ doesn’t feature. There is nothing that informs housing affordability or provides a pathway or tools to enable delivery of affordable housing or not-for-profit housing providers (including approved community housing providers). 	<ul style="list-style-type: none"> The strategy refers to the NPS-UD 2020 and unfounded assumption that improved housing affordability will follow any increase in land supply. There is a noticeable absence of ‘not-for-profit’ ‘collective’ housing systems which would seem well suited to Māori land ‘collective’ ownership.

¹ Summarised and/or transcribed from the relevant legislation, policy or other document or website.

² Searched within the relevant legislation using the search tool on the New Zealand Legislation website. See <https://legislation.govt.nz/>. Search terms relating to housing include; social, public, not-for-profit, affordable, affordability.

TABLE A4

Not-for-profit housing policy interventions in New Zealand legislation & policy

Land Information New Zealand legislative, policy and regulatory oversight			
Legislation/policy	Legislation/policy direction ¹	Legislation/policy content ²	Observations ²
Overseas Investment Act 2005 (as at 25-02-2025)	<ul style="list-style-type: none"> • The purpose of this Act is to acknowledge that it is a privilege for overseas persons to own or control sensitive New Zealand assets by—(a) requiring overseas investments in those assets, before being made, to meet criteria for consent; and (b) imposing conditions on those overseas investments. • Part 2 of the Act sets out when consent is required for overseas investment in New Zealand and criteria for consent. • Part 3 of the Act sets out specific provisions relating to overseas investment resulting in increased housing and large-scale build-to-rent or shared equity type projects. • The Act is regulated under delegated responsibility by the Overseas Investment Office (Land Information New Zealand). 	<ul style="list-style-type: none"> • The search terms are relevant here to the extent the Act provides legal pathways for foreign investment in New Zealand residential property subject to certain criteria/conditions. • The search terms appear nil times. 	<ul style="list-style-type: none"> • The legislation could readily be used as a tool to prioritise investment in housing funding mechanisms (e.g. housing bonds for affordable housing projects) or not-for-profit housing projects. • Currently the Act offers investment pathways for certain types of build-to-rent or shared-equity type arrangements or large-scale projects and does not prioritise 'affordability' as a housing outcome — only increases in housing stock.

¹ Summarised and/or transcribed from the relevant legislation, policy or other document or website.

² Searched within the relevant legislation using the search tool on the New Zealand Legislation website. See <https://legislation.govt.nz/>. Search terms relating to housing include; social, public, not-for-profit, affordable, affordability.

TABLE A5
OECD real house prices indices 2000-2023

STATE/YEAR	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	%Δ	STDEV
Euro Area	85.8	87.9	91.9	95.2	99.4	104.4	109.5	112.1	110.6	107.9	107.2	106.0	102.0	98.9	98.7	100.0	103.5	106.7	110.1	113.7	118.9	125.4	125.8	117.2	36.7%	10.38
Austria	79.0	77.9	77.5	76.5	73.8	75.7	77.1	78.8	78.0	80.8	86.3	88.1	91.8	94.4	96.0	100.0	105.2	108.6	112.9	117.6	125.0	136.4	141.8	127.4	61.2%	21.05
OECD median	81.2	83.6	87.6	91.6	95.7	100.2	104.0	105.8	100.8	96.8	96.0	93.5	92.7	94.3	96.3	100.0	104.1	107.6	110.4	112.8	118.1	127.9	133.4	131.3	61.8%	13.91
Denmark	69.5	71.9	73.1	75.8	83.1	98.0	119.0	120.1	110.5	96.0	96.3	92.6	88.0	90.8	93.6	100.0	104.5	108.6	112.9	114.5	119.2	130.5	127.8	118.9	71.2%	18.00
Norway	53.4	55.9	57.9	57.2	62.3	66.7	74.5	82.8	79.2	78.7	83.4	89.1	94.2	96.0	96.4	100.0	103.8	106.9	105.9	106.1	108.9	117.0	117.2	109.2	104.2%	20.58
Sweden	43.4	45.9	48.0	50.2	54.6	58.9	65.7	73.0	71.7	72.5	77.2	78.1	78.7	82.3	89.3	100.0	107.3	112.5	108.7	109.2	112.7	121.5	118.0	105.0	141.8%	25.16
New Zealand	44.5	44.4	48.1	57.2	66.6	74.6	79.7	87.0	80.2	76.9	77.4	75.8	78.6	84.9	89.7	100.0	113.4	118.9	121.6	123.5	133.9	164.3	155.7	137.7	209.4%	33.67

OECD data accessed 15 August 2024. Seasonally adjusted, not calendar adjusted. Base 2015 = 100.

Australia	47.9	51.5	59.5	68.9	72.2	71.9	74.2	79.6	80.2	81.4	89.0	85.2	83.1	86.6	92.9	100.0	104.8	112.2	108.8	102.5	106.7	122.8	124.5	118.9	148.3%	21.41
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TABLE A6
OECD nominal house prices indices 2000-2023

STATE/YEAR	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	%Δ	STDEV
Euro Area	67.2	70.5	75.1	79.5	84.7	90.7	97.4	102.0	103.5	100.2	101.0	102.2	100.1	98.1	98.4	100.0	104.0	108.5	113.8	118.8	125.0	134.9	144.4	142.8	112.6%	20.3
Denmark	54.1	57.2	59.3	62.3	69.1	82.9	102.9	105.6	100.2	88.2	90.6	89.1	86.7	90.1	93.5	100.0	104.6	109.7	114.6	117.2	122.3	136.5	143.1	137.1	153.4%	25.0
Austria	59.4	59.9	60.2	60.4	59.2	62.2	64.7	67.8	68.5	71.2	77.3	81.5	86.9	91.2	94.7	100.0	106.7	112.1	118.8	126.0	135.5	151.0	168.5	163.7	175.7%	34.6
OECD	62.8	65.8	69.8	74.3	79.1	84.5	89.7	93.3	91.6	88.0	88.6	88.5	89.4	92.1	95.6	100.0	105.3	111.1	116.5	121.3	128.8	144.8	164.9	173.9	177.1%	28.7
Norway	40.3	43.0	45.2	45.9	50.6	54.8	62.3	70.1	69.4	70.7	76.5	82.6	88.2	91.8	94.3	100.0	107.0	112.4	114.0	116.8	121.8	134.5	141.6	140.8	249.8%	32.1
Sweden	35.7	38.5	41.0	43.7	47.8	52.0	58.5	65.7	66.5	68.6	74.0	75.9	76.8	80.8	88.4	100.0	108.2	115.4	114.4	117.2	122.1	134.5	139.3	131.9	269.5%	33.1
New Zealand	34.4	35.0	38.7	46.3	54.5	62.2	68.5	76.0	72.7	71.5	72.9	73.4	76.7	83.5	89.0	100.0	114.2	121.6	126.0	129.9	143.1	181.0	182.0	170.2	395.0%	44.3

OECD data accessed 15 August 2024. Seasonally adjusted, not calendar adjusted. Base 2015 = 100.

Australia	33.6	37.4	44.4	52.4	55.6	56.7	60.6	67.0	69.6	72.4	80.9	79.1	78.9	84.1	91.7	100.0	105.5	114.3	112.7	108.1	113.9	133.8	142.7	144.3	329.6%	32.0
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TABLE A7
OECD price-income ratios 2000-2023
(indicator of housing affordability)

STATE/YEAR	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	%Δ
Euro Area	90.7	90.6	94.2	97.0	100.4	104.7	108.3	109.8	108.3	106.1	106.0	105.4	103.6	101.3	100.2	100.0	101.7	103.4	105.2	107.0	112.5	116.6	118.2	109.4	20.6%
OECD	96.4	97.7	100.9	104.3	106.9	111.1	113.0	113.1	107.2	102.7	101.0	97.6	96.1	98.2	98.9	100.0	102.8	104.8	105.7	106.2	108.1	115.6	122.9	117.5	21.9%
Denmark	85.8	85.9	85.2	86.4	92.8	107.0	127.5	130.3	122.1	104.1	101.3	96.5	92.3	94.3	97.0	100.0	100.8	103.0	105.0	104.1	108.6	119.3	114.5	105.7	23.2%
Norway	77.2	81.7	78.5	74.6	79.0	78.7	94.8	100.7	94.5	92.0	96.0	99.6	102.1	101.3	100.5	100.0	106.4	108.3	107.0	105.8	108.0	112.1	117.2	112.5	45.6%
Austria	83.3	82.8	82.0	79.7	75.8	75.1	75.0	75.2	74.0	77.1	83.3	85.8	88.4	93.2	94.9	100.0	103.7	105.9	109.2	113.4	124.6	134.0	136.5	124.2	49.2%
Sweden	63.5	63.3	64.5	67.1	72.3	76.1	81.1	85.5	81.9	82.2	85.7	84.3	82.0	84.8	90.8	100.0	105.1	109.4	105.2	104.3	109.4	113.7	111.4	100.4	58.3%
New Zealand	60.7	58.5	64.3	71.3	79.8	87.8	91.3	94.3	90.1	84.6	83.1	79.2	81.5	86.7	92.6	100.0	108.8	111.6	110.3	108.4	112.5	136.1	131.1	120.2	98.2%

OECD data accessed 15 August 2024. Seasonally adjusted, not calendar adjusted. Base 2015 = 100.

Australia	67.7	69.7	81.1	91.6	88.2	89.7	91.3	88.7	87.8	94.2	86.6	85.2	88.4	93.1	100.0	105.1	112.4	107.6	100.5	100.2	113.4	118.0	119.9	77.1%
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TABLE A8
OECD price-rent ratios 2000-2023
(indicator of housing ownership profitability)

STATE/YEAR	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	%Δ
Austria	96.2	94.3	93.3	89.7	85.0	86.3	87.8	90.2	90.0	89.3	93.4	95.2	97.2	99.0	98.9	100.0	103.5	104.5	106.7	109.9	113.5	124.1	137.3	123.8	28.7%
Euro area	86.4	89.5	93.4	96.9	101.3	106.3	111.8	114.8	114.3	108.8	108.1	107.8	104.1	100.6	99.5	100.0	102.9	106.1	109.9	113.2	117.7	125.4	132.2	127.3	47.2%
OECD	86.6	88.6	91.5	95.5	99.6	104.2	107.7	108.9	104.2	98.5	98.3	96.4	95.3	96.2	97.8	100.0	103.0	106.2	108.9	110.6	115.0	126.8	137.8	134.7	55.5%
Denmark	78.1	80.4	81.3	83.0	89.7	105.2	127.9	128.6	118.7	101.4	101.4	96.8	91.8	93.4	95.2	100.0	103.2	106.6	110.0	111.5	115.2	127.0	130.5	121.6	55.7%
Sweden	63.5	63.3	64.5	67.1	72.3	76.1	81.1	85.5	81.9	82.2	85.7	84.3	82.0	84.8	90.8	100.0	105.1	109.4	105.2	104.3	109.4	113.7	111.4	100.4	58.3%
Norway	61.2	63.0	63.3	61.9	66.8	70.9	78.8	87.1	83.7	82.4	86.7	91.6	96.0	96.8	96.9	100.0	105.0	107.9	107.6	108.3	111.3	121.4	125.1	119.6	95.5%
New Zealand	42.9	48.3	52.4	60.7	69.4	77.3	83.2	89.7	83.3	80.7	81.1	80.2	81.9	87.3	91.0	100.0	111.7	116.4	117.8	118.3	126.1	154.6	149.2	133.6	211.0%

OECD data accessed 15 August 2024. Seasonally adjusted, not calendar adjusted. Base 2015 = 100.

Australia	58.1	62.6	72.6	84.1	87.2	86.8	89.9	94.2	90.9	88.6	94.8	88.7	84.9	87.6	93.2	100.0	104.7	112.7	110.4	105.5	112.3	132.1	137.7	130.6	124.9%
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TABLE A9

Selected population metrics — Norway & New Zealand

Year	Norway pop.	New Zealand pop.	Norway pop. density p/km ²	New Zealand pop. density p/km ²	Norway urban population	New Zealand urban population
2025	5,623,071	5,251,899	15	20	85.90%	83.60%
1995	4,358,993	3,674,428	12	14	73.90%	85.60%
1955	3,428,526	2,139,672	9	8	50.20%	73.50%
1995-2025 % Δ	64.01%	145.45%	66.67%	150.00%	71.12%	13.74%

Source Worldometer (an elaboration of United Nations data). [Norway](#), [New Zealand](#). Retrieved 19-8-2025.