

Auckland Regional Public Health Service

Rātonga Hauora ā Iwi o Tamaki Makaurau



Working with the people of Auckland, Counties Manukau and Waitemata

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14th June 2007

Inquiry into Housing Affordability in New Zealand
Secretariat
Commerce Committee
Parliament House
Wellington

Submission from the Auckland Regional Public Health Service to the Commerce Select Committee Inquiry into Housing Affordability in New Zealand.

1. Thank you for the opportunity for the Auckland Regional Public Health Service to provide a submission to the Inquiry into Housing Affordability in New Zealand.
2. This submission represents the views of the Auckland Regional Public Health Service (ARPHS). ARPHS provides public health services for the three district health boards in the Auckland region (Auckland, Counties Manukau and Waitemata District Health Boards), with the primary governance mechanism for the Service resting with Auckland District Health Board. This submission represents the views of the ARPHS and does not necessarily represent the views of the three District Health Boards.
3. ARPHS understands that all submissions will be available under the Official Information Act 1982, except if grounds set out under the Act apply.
4. The primary contact point for this submission is:

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Executive Summary and Key Recommendations

5. Housing is a key determinant of health, therefore ARPHS believes that the health benefits from increasing the availability of affordable housing should be one of the issues considered before the Committee formulates its recommendations.
6. ARPHS recommends that a health impact assessment be performed on the various policy options being considered by the Committee as this will help ensure that the impacts on population health from changes to the housing market policy settings are explicitly considered.
7. ARPHS recommends that a nationally agreed definition of the term affordable housing should be developed.
8. ARPHS recommends that the Committee consider using the outcomes identified in the Auckland Regional Affordable Housing Strategy as a framework within which to assess its recommendations.
9. ARPHS considers that the projected impacts of current government and parliamentary initiatives that will affect housing affordability and quality should be considered before the Committee formulates its recommendations.
10. ARPHS considers that local authorities need to be given greater flexibility around their zoning and charging regimes to enable them to encourage the development of affordable housing.
11. ARPHS considers that the Committee needs to make policy changes that help ensure that an affordable dwelling remains affordable over its life span. There is a risk with some policy changes that while they provide immediate affordability this benefit isn't maintained over the life of the property. Policies need to increase and protect the overall level of affordable housing stock over the long term.

Introduction

12. Auckland Regional Public Health Service (ARPHS) has a statutory obligation under the Health Act 1956, to improve, promote and protect the health of people and communities in particular for the Auckland region. ARPHS primary concern is to improve population health rather than deliver personal health services. It actively seeks to influence any initiatives or proposals that may affect population health in the Auckland region to maximise their positive impact and minimise possible negative effects on population health.
13. The Auckland region faces a number of public health challenges through changing demographics, increasingly diverse communities, outstanding infrastructure needs, the balancing of transport needs, and the reconciliation of urban design and urban intensification issues.

14. Policy to affect health gain is often marginalised to medical care. However, health is influenced by a broad range of policy decisions and is not solely the responsibility of the health sector. Planning and policy decisions by central government, local government, non-government agencies and the commercial sector can have a large impact on health outcomes.
15. Housing is a key influence on public health. Any policy initiatives that increase housing affordability without compromising housing quality should be implemented due to the impact that housing has on health and its wider influence on the quality of life. ARPHS believes that it is essential that the Committee's deliberations are successful in understanding the factors that underpin housing affordability and in developing recommendations for action.
16. ARPHS submission is in three parts.
 - Housing and Affordability.
 - Housing and Health.
 - Comment on specific issues under the Committee's Inquiry terms of reference.

Should the Committee so wish, ARPHS would be happy to present orally to the Committee and expand on its submission.

Housing and Affordability

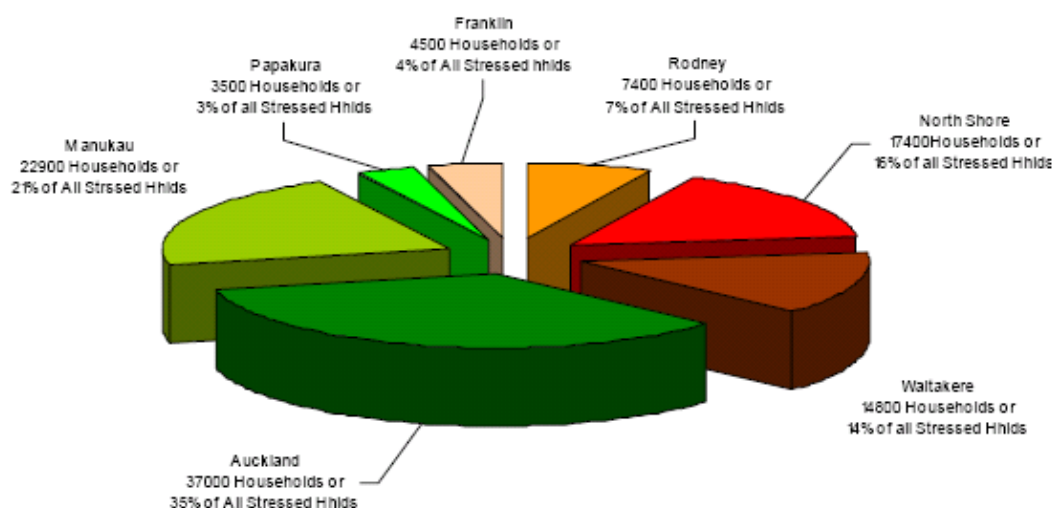
17. The Committee's Inquiry terms of reference does not contain a definition of what it considers affordability to mean. ARPHS suggests that the Committee develop a nationally accepted definition of affordability. ARPHS has interpreted affordability¹ as meaning a household spending less than or equal to 30% of gross income on housing.
18. In Auckland house prices² and rents are higher and rising at a higher rate than the rest of the country and Aucklanders spend more of their income on housing. Recent figures from Quotable Value³ suggest that property prices in Auckland are continuing to rise with a 9.5% growth in the past year.
19. A lack of affordable and adequate housing is a significant issue particularly within the Auckland region. Recent research⁴ suggests that some 107500 households within the Auckland region are facing housing costs of greater than 30% of gross household income.

¹ The Social Report 2006, Ministry of Social Development <http://www.socialreport.msd.govt.nz/> and Auckland Regional Affordable Housing Strategy 2003, Regional Growth Forum http://www.arc.govt.nz/arc/library/p93639_2.pdf

² With exception of Queenstown Lakes. Quotable Value 2007 <https://www.qv.co.nz/onlinereports/propertyvaluemap.htm>

³ Quotable Value 2007 <https://www.qv.co.nz/onlinereports/propertyvaluemap.htm>

⁴ The Future of Home Ownership and the Role of the Private Rental Market in the Auckland Region, 2007, Centre for Housing Research Aotearoa New Zealand and Auckland Regional Council.



Reproduced from "The Future of Home Ownership and the Role of the Private Rental Market in the Auckland Region" Page 25.

20. As the 2006 Social Report⁵ notes:

"Affordable housing is an important factor in people's wellbeing. For lower-income households especially, high housing costs relative to income are often associated with severe financial difficulty, and can leave households with insufficient income to meet other basic needs such as food, clothing, transport, medical care and education."

21. Affordability issues, however, impact much more heavily on particular sections of the community and both the Living Standards Report⁶ and CHRANZ Home Ownership Report⁷ show the asymmetric nature of hardship impacting on particular population segments.

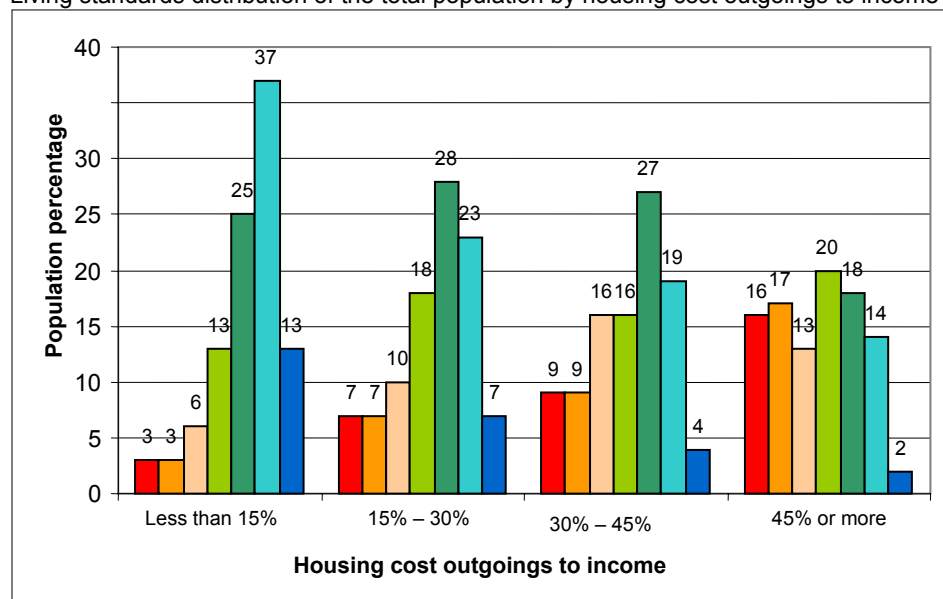
⁵ The Social Report 2006, Ministry of Social Development <http://www.socialreport.msd.govt.nz/>

⁶ Ministry of Social Development, 2004, *Living Standards Report*, Chapter 3 <http://www.msd.govt.nz/work-areas/social-research/living-standards/living-standards-2004.html>

⁷ Centre for Housing Research Aotearoa New Zealand, 2007 *The Future of Home Ownership and the Role of the Private Rental Market in the Auckland Region*. <http://www.chranz.co.nz/pdfs/future-of-home-ownership-and-the-role-of-the-private-rental-market-in-auckland.pdf>

Reproduced from the Living Standards Report 2004

Living standards distribution of the total population by housing cost outgoings to income (HOTI)



2000 percentage	1	2	6	11	24	43	14	1	4	14	16	28	29	8	7	12	17	22	22	16	4	16	17	19	22	16	9	2
Means	2000 mean = 46.6 SD = 9.4		2000 mean = 42.0 SD = 10.7		2000 mean = 35.6 SD = 12.9		2000 mean = 30.2 SD = 13.7		2004 mean = 44.9 SD = 11.4		2004 mean = 38.7 SD = 13.6		2004 mean = 36.1 SD = 13.6		2004 mean = 31.3 SD = 14.7		difference -1.7 *		difference -3.3 *		difference 0.5		difference 1.1					

■ Severe hardship ■ Significant hardship ■ Some hardship ■ Fairly comfortable living standard ■ Comfortable living standard ■ Good living standard ■ Very good living standard

For a high income household, however, the issue of affordability isn't as crucial as there is still sufficient income left for basic needs".

Affordability over the life of occupancy

22. The affordability of housing at a point in time depends on a number of factors that reflect housing costs against a basket of other factors such as income, tax and other demands on the occupiers' budget. The cost of housing over the life of a particular household's residence will be a combination of both the initial occupancy costs and the ongoing costs for maintenance.
23. Any recommendations from the Committee around affordability need to take account of both the initial and the ongoing home occupancy costs and also consider those direct costs within the wider framework of other costs to households. Initiatives around affordability need to ensure that the total costs to either an individual household or society are minimised. If this means that a home is slightly less affordable initially this may be a trade off well worth accepting.

Auckland Regional Affordable Housing Strategy

24. The Auckland Regional Affordable Housing Strategy⁸ (ARAHS) produced by the Regional Growth Forum states that the best estimate of the number of households in Auckland that are paying over 30% of gross income on housing is 23,000. In the period 2003 – 2007 (when the two CHRANZ reports were published) the number of households has grown to 107,500. This represents an approximate 467% increase⁹.
25. It may be argued that ARAHS was an almost total failure in delivering on its aims. Part of the reason for this failure was perhaps that it did not tie down responsibility for specific actions to particular parties. It does, however provide a useful framework within which the recommendations developed by the Committee might be assessed. ARAHS developed two higher level goals and 11 desired outcomes namely:

Auckland Regional Affordable Housing Strategy Goals and Outcomes

Goals

Goal One	To enable all households in the Auckland Region to live in housing that is affordable
Goal Two	To encourage affordable housing that is well located, appropriate to needs, well designed, integrated into communities, and provides for people's need for choice, security, safety, and good health

Outcomes

Overall Outcome: Affordable Housing	All households can access suitable housing by spending a maximum of 30% of their gross income.
Overall Outcome: Security and Stability	Households facing affordability constraints are able to establish themselves in a local community and are not forced into frequent moves by private or state landlords.
Location: Mix	Affordable housing is located across the region and integrated into existing neighbourhoods and new developments.
Location: Accessibility	New affordable housing is located to enable more people to easily access passenger transport, work places, shops, community facilities and other services.
Quality and Design: Appropriate to needs	Affordable housing is appropriate to the specific needs of occupiers – which may be related to age, health, family size / structure, cultural needs and special needs.
Quality and Design: Well designed	New affordable housing is designed with an emphasis on energy efficiency, health and safety, privacy (both visual and acoustic), and integration in to the neighbourhood.
Quality and Design: Sub standard housing	Existing sub-standard housing is replaced or upgraded to acceptable standards.
Choice and Flexibility: Tenure	Households facing affordability constraints have some ability to choose between renting, home ownership or other forms of tenure.
Choice and Flexibility: Life-cycle	Households facing affordability constraints can choose to move if changing circumstances mean that their current housing situation is no longer suitable (e.g. changing family size, aging, disability etc).
Choice and Flexibility: Discrimination	Age, ethnicity, disability, health, household structure and other household characteristics are not a barrier for households pursuing affordable housing options.
Choice and Flexibility: Location	Households facing affordability constraints have some ability to exercise their preferences with regard to the location of their housing.

⁸ Auckland Regional Affordable Housing Strategy, 2003 Regional Growth Forum

http://www.arc.govt.nz/arc/library/p93639_2.pdf

⁹ However, some of those households will be high income households for whom paying in excess of 30% household income for housing doesn't create a health risk.

It is important to recognise affordable housing within the wider urban context and ARAHS embraces this reality. ARPHS recommends that these goals and outcomes (in so far as they relate to the Inquiry's terms of reference) be used as a framework within which the committee's eventual recommendations are assessed.

Externalisation of Housing Related Health Costs

26. The affordability of housing has a much wider impact than just on those suffering housing stress due to the proportion of their household income required for housing. The impact of housing related ill health falls on the wider community by virtue of increased health care costs, lost productivity etc.
27. If affordable housing is marginalised to specific geographic locations it will require that the occupants travel further to access work, schools and community and other facilities. The impact of greater distances travelled (unless public transport is used) also impacts on the wider community through increased air pollution, increased stormwater pollution, greater requirements for roading infrastructure, transport congestion and greater production of greenhouse gases etc. Many of these costs fall directly on the business community and impact on New Zealand's economic development.
28. These costs are externalised to society as a whole and should be considered as factors relevant to the Committee's final recommendations.

Housing and health

29. Housing, by virtue of its impact on health is of key interest to ARPHS. In its 2006 Report "Improving Health and Wellbeing: A Public Health Perspective for Local Authorities in the Auckland Region"¹⁰ (the SOPHAR Report) ARPHS explored the linkages between a range of factors and population health, this built on its earlier report "Housing and Health: A Summary of Selected Research for Auckland Regional Public Health Services"¹¹. While affordability was not a focus for the SOPHAR report, it does highlight the reasons why the Committee's inquiry is so important and why it needs to develop effective and efficient policy responses to the issue of affordability. The housing section of the SOPHAR Report is attached as Appendix 1.

¹⁰ Improving Health and Wellbeing: A Public Health Perspective for Local Authorities in the Auckland Region, 2006, ARPHS http://www.arphs.govt.nz/publications/Sophar06/Sophar_report06.asp Printed copies can be made available to the Committee if desired.

¹¹Housing and Health - A summary of selected research for Auckland Regional Public Health services, 2005, ARPHS http://www.arphs.govt.nz/publications/HealthyHousing/Healthy_Housing.asp

30. Poor housing conditions are associated with a wide range of health conditions including respiratory infections, asthma, lead poisoning, injuries, and mental health¹²¹³. Secure and affordable housing improves the ability of households in greatest need to provide a stable environment for their children with consequent improvements in health, employment and educational outcomes¹⁴.
31. The high cost of housing leaves less money for other items essential to good health including a nutritious diet, primary health services, winter heating, education and transport. Housing needs to be affordable and of good quality to meet community needs.
32. If families are unable to afford appropriate housing it is likely to result in a number of outcomes:
 - Occupation of poorer quality housing.
 - Higher levels of crowding due to inability to afford housing of appropriate size or two or more families sharing a dwelling.
 - Greater distances between home and work, schools, community facilities etc.

The Auckland region is estimated to have 14.5% of households living in crowded accommodation¹⁵, this is higher than for any other region.

33. Overcrowding may occur where too many people occupy a dwelling or when the amount of space allocated per person (density) in the building design is inadequate. There is good evidence for overcrowding being strongly linked to increased risks of childhood meningitis, rheumatic fever, adult and childhood tuberculosis, childhood *Helicobacter pylori* infection (which causes gastric ulceration), and poorer self-rated adult health. There are also links between crowding and increased risks of respiratory disease, child mortality, and adult mortality from heart disease and stroke.
34. The effects of overcrowding on health are expected to be more extensive than those shown above, with more research still required to demonstrate the effects on mental health, educational attainment, and childhood growth and development. Studies have shown that overcrowding impairs educational attainment and is associated with an increased risk of child abuse.

¹² Krieger, F. Higgins, D. Housing and Health Time Again for Public Health Action *American Journal of Public Health*, May 2002 p.758 Washington DC

¹³ Wilson N. Mould in New Zealand houses; its relevance to health and potential policy responses. A report prepared for the Ministry of Health, 2005 cited in Imlach F. (2006). Housing and Health: Improving Health through the Built Environment. Wellington School of Medicine and Health Sciences-10th Public Health Summer School Course Book.

¹⁴ Housing New Zealand Corporation, (2004). *Building the Future: Towards a New Zealand Housing Strategy: a discussion document* Wellington

¹⁵ MSD Regional Indicator Summary Social Report 2006

<http://www.socialreport.msd.govt.nz/documents/regional/regional-indicator-summary-sheet.xls>

35. Research indicates that people living in high-rise, multi-dwelling buildings report more symptoms of poor mental health. The literature suggests that women on their own with young children may be most at risk for mental distress from high-rise living and children in these situations may be more likely to have behavioural problems and experience restrictions on play activities. Exposure to flora and the natural environment are associated with improved well-being and recovery from illness in many settings.

Housing and Urban Design Characteristics

36. It would be wrong to think that just reducing the size of homes, or increasing the number of two and three bedroom properties would solve the problem of affordability. New Zealand society no longer follows the traditional 'nuclear' family model and there is a need to ensure that affordable housing also caters for larger family groups. This is a particular issue in the Auckland region where some sectors of the community traditionally have larger or extended families living as one household.
37. It may be that other submitters to the Inquiry will recommend that one solution to the housing affordability issue is to reduce the size of houses and apartments as this will reduce the cost of new dwellings. This may be an appropriate response; however it is not without risk if carried too far.
38. The clear trend within Auckland towards smaller multiunit dwellings makes the consideration of the effects of small dwelling size on human health particularly important. Agreement is required for minimum dwelling size and minimum standards for amenities that are compatible with good health, along with other considerations such as liveability, cultural appropriateness, functionality, and appeal to a diverse range of households in terms of socioeconomic status and demography to avoid the social problems associated with extremes of social homogeneity.
39. Recent commentary from Australia¹⁶ has raised two issues that may need to be considered for housing developments in Auckland. The first issue is that given that much of the higher density housing has been sold into the investment market, the developments may have been designed to suit the needs of an investor rather than the prospective tenants. Secondly, higher density housing needs to be made more suitable for families than is currently the case.

¹⁶ Randolph B (2005) *Higher Density Communities: Current Trends and Future Implications*. Paper presented at the Strata and the Community Title in Australia for the 21st Century Conference, Griffith University.

40. Rapid urban development also has an impact on existing communities¹⁷ and there is a need to consider their health and wellbeing as well as that of the future residents when assessing the impacts of urban development. A recent literature review¹⁸ concluded that social problems would be less likely to occur if intensive housing is well designed (internal and external living spaces), well located (i.e. accessible to a range of services and activities), and meets the needs of a diverse range of households in terms of income and demographics and is not associated with one particular group in society. Connected communities are more likely to develop if there are opportunities for people to meet and interact. In higher density developments, this interaction may be encouraged and facilitated by the provision of common areas and shared facilities¹⁹.

Housing Tenure Types

41. The Committee's Inquiry terms of reference are "to ensure that as many New Zealand families as possible will be able to achieve the traditional Kiwi goal of home ownership...". In central Auckland home ownership rates are lower than elsewhere in the Country²⁰, this lower rate of home ownership may not appear to be strictly a public health issue.
43. ARPHS notes that there is some evidence that tenants suffer increased ill health than owner occupiers, with tenants having higher death rates from cardiovascular conditions²¹. However, for the purposes of this submission ARPHS has not attempted to separate owner occupiers from tenants. All types of occupancy present health risks if occupiers are living in poor quality damp or crowded buildings, or if the cost of housing puts the household under housing stress, with inadequate remaining income to meet basic needs.
42. Tenure type becomes more of a health and societal issue when one considers the rate of tenancy churn amongst tenants. Figures from the Residential Tenancies Act Review²² show that:
- 15 months or less is the average duration of a tenancy.
 - 50% end within 10 months
 - 33% end within 6 months
 - 13% end within 3 months

¹⁷ Parliamentary Commissioner for the Environment (1998) *The Cities and their People. New Zealand's Urban Environment*. Vallance et al (2003) *The Effects of Infill-Housing on Neighbours in Christchurch*. Christchurch Environmental Society and Design Division, Lincoln University.

¹⁸ Syme et al (2005) *Social Implications of Housing Intensification in the Auckland Region: An Analysis and review of media reports, surveys and literature*. Synchro Consulting and Hill Young Cooper..

¹⁹ Randolph B (2005) *Higher Density Communities: Current Trends and Future Implications*. Paper presented at the Strata and the Community Title in Australia for the 21st Century Conference, Griffith University.

²⁰ Statistics New Zealand <http://www.stats.govt.nz/urban-rural-profiles/main-urban-areas/standard-living.htm>

²¹ Waldegrave, Charles, Peter King and Robert Stephens, Changing Housing Policies, poverty and health, in *Housing and Health – Research Policy and Innovation*, Phillipa Howden-Chapman and Penelope Carroll, (eds), Steele Roberts, Wellington, 2004, p 145.

²²The New Zealand Rental Housing Market <http://www.dbh.govt.nz/rta-long-form-rental-housing-market>

42. People in rental accommodation are more likely to be sole parent households and couples with children²³. These groups are more likely to be living in hardship and suffering the effects of poor health²⁴. The ‘social dislocation’ caused by multiple changes of address (if tenants move more than one or two streets) is likely to adversely impact on a range of parameters such as:
- Social cohesion
 - Educational attainment for children
 - Employment duration
 - Access to health care
43. There is evidence to suggest that high proportions of children changing schools outside normal year end changes adversely affect the performance of the entire school²⁵. Frequent changes to address also affect the success of health screening programmes such as the National Cervical Screening Programme where it is much more challenging to ensure that individuals are pro-actively invited for regular screening. A recent Australian report analysing a number of factors around social cohesion concludes that there is a “strong positive association between stability in housing and various aspects of social connectedness, whilst mobility is negatively related with social connectedness²⁶ this is supported by a US study that expressed the view that “home ownership produces a range of desirable outcomes including socially healthier children, better neighbourhoods and greater civic participation²⁷”.
44. ARPHS would support any policy initiatives that reduce the proportion of the population that frequently moves home as this is likely to be beneficial in the reduction of long term inequalities.

Other Government and Parliamentary Initiatives

45. There are currently a number of Government and parliamentary reviews and initiatives that have the potential to impact on housing costs. These actions include:
- The Review of the Building Code,
 - The Draft Energy Conservation and Efficiency Strategy.
 - Changes to the Building Act resulting from issues such as the weathertight homes problem.
 - Activities and investments signalled by the recent Budget and Prime Minister’s Statement to Parliament setting out the Government’s programme.
 - Building (Late Consent is a Free Consent) Amendment Bill

ARPHS hopes that the Committee’s recommendations will take account of the expected impact on housing affordability of these activities.

²³ 2001 compared to 1996 <http://www.dbh.govt.nz/rta-long-form-themes-and-issues2>

²⁴ New Zealand Living Standards 2004, Ministry of Social Development <http://www.msd.govt.nz/work-areas/social-research/living-standards/living-standards-2004.html>

²⁵ Educational Issues for Communities Affected by Transience and Residential Mobility, 2005 <http://www.nzcer.org.nz/pdfs/14354.pdf>

²⁶ Housing and Social Cohesion: An Empirical Exploration, 2007, <http://www.ahuri.edu.au/>

²⁷ Green R (2001) *Homeowning Social Outcomes. Tenure Choice and US Housing Policy*, *Cityscape: A Journal of Policy Development and Research* 5 (2) 21-29.

Comment On Specific Issues Under The Committee's Inquiry Terms Of Reference.

46. As a public health agency ARPHS is not qualified to contribute to the detailed economic arguments that will underpin most submissions on particular terms of reference.
47. The Committee will appreciate the complex and dynamic nature of the housing market and the wide range of influences on both the demand and supply side of the market.
48. It is an economic fundamental that price will not reduce (or affordability increase) until either supply increases or demand drops.
49. With forecast growth to the Auckland Region population and the effect of demand for properties for investment purposes²⁸ (particularly at the lower end of the market) it is likely that there will be increased demand, rather than reduced demand. This would tend to indicate that, all other issues being equal, that increased focus on the supply side of the market will be required.
50. ARPHS hopes that the Committee's recommendations will reflect both the micro and macro economic drivers for the affordable housing market and not produce recommendations that short term may provide some relief, but in the mid to longer term will result in a market adjustment that will put further stress on already stressed households.
51. ARPHS recommends that as part of its deliberation process that the Committee takes a systems approach to the issue of housing affordability and in so far as it is able that it approaches possible solutions by techniques of; problem structuring, causal loop modelling, dynamic modelling and scenario planning and modelling²⁹. By taking a systems approach to the issue of housing affordability the chances of producing a solution that will be effective for the long term will be greatly enhanced.

Potential Impacts on Health Resulting from the Committee's Terms of Reference

52. As noted previously ARPHS does not consider itself competent to comment on the economic issues that are the focus of the terms of reference, rather ARPHS has chosen to note possible impacts on health that may result from action around on particular terms of reference.

The effect on land supply, and therefore the price for land, of both

- *restraints on land supply for new housing,*

²⁸ The Future of Home Ownership and the Role of the Private Rental Market in the Auckland Region, 2007, CHRANZ <http://www.hnzc.co.nz/chr/pdfs/future-of-home-ownership-and-the-role-of-the-private-rental-market-in-auckland.pdf>

²⁹ Maani KE and Cavana RY 2000, *Systems thinking and Modelling – understanding change and complexity*, Prentice Hall

53. In Auckland growth patterns are increasingly driven by the Auckland Regional Growth Strategy³⁰ and future planned initiatives such as the Long Term Sustainability Framework³¹. One of the features of the Regional Growth Strategy is the setting of a Metropolitan Urban Limit (MUL) which sets an outer limit on urban development. ARPHS expects that some submitters will suggest that the MUL be abandoned and that growth be allowed to spread outwards with a consequential impact on the projected costs of land. ARPHS is supportive of the MUL concept because urban intensification brings health benefits if it allows for reduced car dependence through the creation of active living communities and a reduced obesogenic environment where most individuals chose to walk, cycle, or take public transport (intensification helps provide the critical mass of potential passengers for viable public transport) to their destinations. This will bring increased health benefits through the reduction in the prevalence of obesity, type 2 diabetes and cardiovascular disease (see the SOPHAR report for further information).
54. The Auckland Region is currently very car dependent and removing the MUL and allowing a proliferation of largely residential dormitory suburbs to ring the current MUL will not do anything to reduce dependency on vehicles and do little to combat obesity etc. It would also create additional air and storm water pollution. If any recommendations to remove the MUL are made then ARPHS believes it's important that any urban expansion produces mixed use areas where there is an appropriate mix of residential, commercial and industrial land so that residents are able to live and work in close proximity. Such new urban expansion should also only occur where there is the ability to access regional public transport for those residents who are unable to work close to home.
55. ARPHS also has concerns around any initiatives to free up brownfield sites within urban areas. ARPHS is supportive of using brownfield sites as a means of increasing urban densities; however this practice is not without risks. ARPHS believes that any such initiatives need to have robust procedures in place to ensure that the impacts of issues such as; contaminated land, noise, sunlight, safety (Crime prevention through environmental design) and general walkability are fully considered and addressed in brownfield site development.
- *land 'wastage' through 'large section only' subdivisions.*
56. ARPHS has no views on the desirability or otherwise of 'large section only' subdivisions (unless they are necessary for public health reasons e.g. the need to treat wastewater on site). ARPHS is however concerned at the impacts on affordability of subdivisions where there are restrictive covenants in place that; require minimum dwelling sizes, restrict the ability of social housing providers such as Housing New Zealand to acquire (by purchase or lease) properties.

³⁰ <http://www.arc.govt.nz/arc/index.cfm?D50DA5E9-E018-8BD1-32C8-E749D197EDB5>

³¹ Formerly START <http://www.arc.govt.nz/arc/index.cfm?29CC5D72-BCD4-1A24-9113-FA3381210C12CAB35E63-88E4-4358-889C-043A012DF815>

57. ARPHS recommends that consideration be given to requiring that all subdivisions contain provision for some affordable housing. Such a provision may displease some developers as it could impact on the desirability of their development for their target market. It is suggested, however that this issue could be mitigated by giving consideration to allowing developers to avoid the requirement if they develop an additional number of affordable dwellings elsewhere within the locality. Such a mitigation scheme would result in an increased number of affordable homes.
58. While creating an incentive for developers that could increase the number of affordable homes built is desirable, ARPHS would also not wish to see affordable housing be packed into already poor communities. This has the risk that a spatial concentration of social disadvantage would lead to significant health and social problems into the future. It also brings with it an increased risk that there will be an increased distance between home and work with the consequential environmental and economic impacts from increased travel.

Impact of increasing demand for residential properties by investors

59. The two CHRANZ reports note a belief that investors may be crowding out first home buyers from some parts of the market. ARPHS has some concerns about investments in properties for rent. With the level of current rents compared to the costs of holding residential property investments many landlords may not be recovering their day to day costs. Rents that do not adequately cover the cost of capital, depreciation and running costs provide a disincentive to property maintenance and improvement (albeit that long term there will be compelling reasons for maintenance).
60. In central Auckland there has also been a plethora of inner city developments in business and commercially zoned mix used developments which have been built with the investment market in mind. There have been several widely reported issues around natural light, noise, small size etc. ARPHS does not believe that there are sufficient controls / or incentives in place to encourage the development market to provide well designed property that will be attractive to investors, but also attractive for tenants and owner occupiers.

Local authority planning and approval processes;

61. It is suggested that consideration be given to allowing local authorities the ability to require a certain proportion of affordable houses in all new developments by the process of inclusionary zoning. This occurs in some jurisdictions overseas and would provide local authorities with an additional policy option to use where appropriate and there is some evidence that it has had a beneficial effect on the availability of affordable housing³².

³² How Affordable is Housing in New Zealand and What Strategies are Available to Reduce Housing Stress?

<http://www.msdc.govt.nz/documents/events/strategic-social-policy/conference-04/90.doc>

Charges and levies imposed at all stages of the housing supply chain;

62. Charges and levies are imposed at various stages of the housing supply chain. The experience of the S.M.A.R.T. Housing™ programme of the City of Austin Texas³³ (population 718912 {2006 estimate}), may provide an example of how changing local authority practices can influence the provision of affordable housing. There are some similarities between the situation facing the Auckland region and the issues faced by the City of Austin (Austin). Austin's response to the issue of affordability was to set core goals for housing
- **Safe** (meeting nationally recognised building code and locally approved land-use standards)
 - **Mixed income** neighbourhoods
 - **Accessible** to people with disabilities
 - **Reasonably priced** (serving families at 80% or below who spend no more than 30% of their gross income on mortgage, or rent or utilities)
 - **Transit orientated** (located within a specified distance of a transit stop at full occupancy) and
 - Meets Austin's internationally recognised Green Building standards.
63. Austin's SMART programme is based not on the ability to impose inclusionary zoning (illegal in Texas) but by the use of incentives to developers to construct SMART housing. Incentives used for developers include:
- Development fee waivers
 - Special development review times
 - Staff advocacy (with other council departments)
64. In the period since 2001 an increasing proportion of all single family housing in Austin has been SMART housing and in 2005 some 23.3% of all building permits issued were for SMART homes.
65. ARPHS does not believe that the current Local Government Act provides local authorities with the flexibility to charge different fees depending on the type of development or to waive or reduce development contributions in the pursuit of wider community wellbeing goals. ARPHS recommends that local authorities be given ability to charge differential fees and development contributions to encourage affordable housing initiatives.

³³ <http://www.ci.austin.tx.us/ahfc/smart.htm>

Building material and building labour costs as compared with those in other similar economies and countries;

66. ARPHS does not wish to comment on the cost of building materials in the New Zealand market as it is not competent to express an informed opinion as to whether the different prices reflect differences in market dynamics through economies of scale, potential effects from a lack of competition within New Zealand or other factors. It does wish however, to comment on the quality of building materials. It would be a retrograde step from a public health point of view to consider any reduction in the quality of building materials as a method of reducing costs. Quality, livability and other issues such as energy efficiency should not be compromised in any recommendations from the Committee's inquiry. The leaky building crisis bears evidence of this risk.
67. It is also important for public health that any recommendations from the Committee don't focus on the development of additional 'starter' homes or apartments. Such housing is appropriate for some sectors of the community. Affordability, however also impacts on larger families and ARPHS believes that the Committee needs to develop its recommendations on the basis that affordable housing covers the full gamut of dwellings from studio apartments up to 6 bedroom or larger homes to meet the needs of differing elements of the New Zealand community.

Range of financing products available for first home owners.

68. ARPHS would be supportive of any initiatives such as shared equity that can be developed as a means of making housing more affordable. Such initiatives, however, need to be matched by increased supply of affordable housing otherwise their effect will be to produce a relative increase in housing costs as an increased pool of buyers chase the same houses.
69. The Committee's aim of ensuring as many New Zealand families as possible will be able to achieve the traditional kiwi goal of home ownership is supported by ARPHS. ARPHS does however, have some concerns as to how affordability can be maintained once a home is purchased and then sold by the first purchaser. Experience has shown with housing adapted for the disabled that much appropriate housing stock is frequently not retained in the market³⁴ once it has been sold. ARPHS believes that it is important that the Committee consider how housing affordability is to be maintained in affordable housing stock over the life of the dwelling.

³⁴ Housing and Disability Future Proofing New Zealand's Housing Stock for an Inclusive Society 2007
<http://www.hnzc.co.nz/chr/pdfs/housing-and-disability-future-proofing-new-zealands-housing-stock-for-an-inclusive-society.pdf>

Third Sector Housing

70. ARPHS strongly supports any initiatives that increase the provision of social housing. Within New Zealand the only large scale landlord is Housing New Zealand Corporation (HNZC), this increasingly only supports the most disadvantaged in our society. Overseas there are numerous examples of effective third sector housing provision. ARPHS would support any recommendations from the Committee that have the potential to increase the number of third sector providers and the numbers of affordable homes.
71. Third sector housing providers often have a commitment to provide affordable housing for vulnerable and disadvantaged people. In the Auckland region there is an increasingly large intermediate housing market of families and others who do not qualify for HNZC support, but who are in real need. These households can neither access HNZC accommodation nor afford to purchase their own homes.

Health Impact Assessment

72. It is suggested that it may be appropriate for the Committee commission a Health Impact Assessment³⁵ as part of the development of its policy options around affordability. Health impact assessments are a policy tool that helps ensure that the potential health effects of policies are considered and provides allows policy makers to consider how the positive impacts on health can be maximised and the negative impacts minimised from any new policy developed. This will help ensure that the holistic impact of housing on society is considered and given appropriate weight.

Conclusion

73. While ARPHS cannot provide much informed comment to the Committee directly on its published terms of reference I hope that ARPHS has been successful in demonstrating the potential wider impacts of the Committee's inquiry on New Zealand society. ARPHS believes that affordable, appropriate quality housing is one of the key determinants of population health and solving the issue of affordability is one of the key challenges facing society.
74. Thank you for the opportunity to submit on this crucial issue. ARPHS would be happy to present orally to the Committee on the health implications of the Inquiry if so desired.

Yours sincerely

Dr Julia Peters
Professional and Clinical Director
Auckland Regional Public Health Service

³⁵ *An Idea Whose Time Has Come New opportunities for HIA in New Zealand public policy and planning*
<http://www.phac.health.govt.nz/moh.nsf/indexcm/phac-idea-whose-time-has-come>

Appendix 1 Extract from SOPHAR Report

Housing

Health issue

Internationally, several health conditions have been associated with substandard housing conditions including respiratory infections, asthma, lead poisoning in older houses painted with lead-based paint, injuries and mental illness (Krieger & Higgins, 2002). Many of the aspects of housing that have been linked with health are most likely to occur in (often older) homes that do not meet current building standards.

The prevention of injuries in the home is important, even though evidence for the effectiveness of interventions is limited, as injuries are a significant cause of death and hospitalisation in New Zealand (Bennett, Wong, & Coggan, 2003). Unintentional injury is a leading cause of death and hospitalisation for New Zealand children (Safekids, 2005a) and children along with older people suffer the highest incidence of home injuries (Bennett et al., 2003).

Determinants

Housing is an important determinant of health and wellbeing. Factors that impact directly or indirectly on health and wellbeing include: location (e.g. access to employment and facilities), physical quality, level of crowding (measured by number of people per bedroom), construction and maintenance, and cost (percentage of household expenditure). Links between housing conditions and health and wellbeing are summarised below in Table 1.

Table 1: Links between housing conditions and health and wellbeing*

	Infectious disease	Respiratory health	Other chronic conditions	Injuries/ poisonings	Psychosocial health	Cultural health
Affordability			●			
Substandard housing	●	●	●	●	●	●
Crowding	●	●	●	●	●	
Cold		●	●	●	●	
Damp and mouldy	●	●	●		●	
Faulty heating sources		●	●	●		
Pollutants and pests			●			
Noise					●	
Monocultural housing					●	●
Lack of shelter	●		●	●	●	●

*Reproduced from (Rankine, 2005)

Exposure to lead-based paint can be a risk in New Zealand houses built before 1980. Lead exposure is more of a risk if the paint is in poor condition, if people are carrying out renovations or if small children chew materials that have been painted with lead-based paint (Ministry of Health, 1998).

People living in cold, damp and crowded housing is also a significant health issue which may lead to an increased incidence of respiratory disease and infectious diseases such as tuberculosis, acute rheumatic fever, and meningococcal disease (Statistics New Zealand, 2003). Houses built in New Zealand prior to 1978 were not required to have insulation. A phone survey in the Auckland region found that 57% of houses had ceiling insulation and 44% had wall insulation, while an estimated 23% had no insulation (Wilton, 2005). This lack of insulation makes houses difficult to heat. Many New Zealand houses are colder than WHO recommendations (Public Health Advisory Committee, 2002). A study of New Zealand homes (Howden-Chapman, Crane, Baker, Cunningham, & Matheson, 2004) found that insulating houses improved people's health. Children and adults in insulated homes reported fewer general practice visits, fewer sick days off work or school and were admitted to hospital for respiratory conditions less frequently than people who lived in noninsulated homes (P Howden-Chapman et al., 2004).

Housing-related injuries can be caused by a range of factors (Rankine, 2005) that include: poor maintenance, lack of fences, exposed heating sources, unprotected high windows, balconies and stairs, faulty wiring and appliances, poor storage, breakable window glass, flammable materials, and a lack of working smoke alarms.

Newer houses can be airtight with inadequate ventilation, which allows toxic fungi to grow (Public Health Advisory Committee, 2002). Issues with some high-rise apartments in Auckland include inadequate ventilation, insufficient storage space, lack of kitchen space and noise (Heslop et al., 2004). A survey of medium-density residential developments identified the following potential issues: privacy, location of rubbish collection and location of laundries and toilets (Turner, Hewitt, Wagner, Su, & Davies, 2004). Concerns have also been raised regarding the small size of some apartments (Martin, 2003).

There is some limited evidence linking household crowding and health outcomes. However, crowding is usually associated with other health determinants including low income (Baker, Milosevic, Blakely, & Howden-Chapman, 2004). There is good evidence linking crowding and infectious disease rates (particularly infectious respiratory illnesses). Among infectious diseases in New Zealand, infectious respiratory illnesses account for the highest proportion of hospitalisations and deaths (Mills, Tobias, & Baker, 2002). An association between household crowding and rates of meningococcal disease has been demonstrated in New Zealand (Baker et al., 2000). Other diseases linked to household crowding in studies internationally include rheumatic fever and tuberculosis (Baker, Goodyear, & Howden-Chapman, 2004).

The high cost of housing in the Auckland region impacts on health and wellbeing through reducing the amount of income households can spend on food, heating, health services, education and transport (Rankine, 2005). Housing needs to be affordable and it has been estimated that 23% of households in the Auckland region are paying in excess of 40% of their net income on housing costs (DTZ Research, 2004). The high cost of housing means that some people are sharing houses resulting in crowding. A lack of affordable houses suitable for large or extended families may also contribute to crowding in households. From Census 2001 data, houses tended to have three bedrooms and 80% of inner city multi-unit dwellings had two or fewer bedrooms (Statistics New Zealand, 2005a). A report on the social implications of intensive housing in the Auckland region found that to date, intensification in the Auckland region has made housing more accessible for some groups but has not reduced the housing costs of those most in need (Syme, McGregor, & Mead, 2005).

Recent commentary from Australia (Randolph, 2005) has raised two issues that may need to be considered for housing developments in Auckland. The first issue is that given that much of the higher density housing has been sold into the investment market, the developments may have been designed to suit the needs of an investor rather than the prospective tenants. Information from New Zealand suggests that people living in higher density dwellings tend to be tenants rather than owner-occupiers (Dixon & Dupuis, 2003; Statistics New Zealand, 2005a; Vallance, Perkins, & Moore, 2003). Secondly, higher density housing needs to be made more suitable for families than is currently the case.

Rapid urban development also has an impact on existing communities (Parliamentary Commissioner for the Environment, 1998; Vallance et al., 2003) and there is a need to consider their health and wellbeing as well as that of the future residents when assessing the impacts of urban development. For example, urban intensification may increase the level of noise that a residential community is exposed to and increase traffic thus contributing to a range of negative health impacts. Additionally, concerns have been raised by existing communities that urban intensification will create slums (Dixon & Dupuis, 2003; Syme et al., 2005; Vallance et al., 2003).

A recent literature review (Syme et al., 2005) concluded that social problems would be less likely to occur if intensive housing is well designed (internal and external living spaces), well located (i.e. accessible to a range of services and activities), and meets the needs of a diverse range of households in terms of income and demographics and is not associated with one particular group in society. Connected communities are more likely to develop if there are opportunities for people to meet and interact. In higher density developments, this interaction may be encouraged and facilitated by the provision of common areas and shared facilities (Randolph, 2005).

Action

Ensuring that houses are insulated (P Howden-Chapman et al., 2004), are not crowded, and have adequate facilities for cooking and hygiene will help to prevent the spread of infectious disease. Examples of interventions to reduce injury include fencing of swimming pools (drownings), appropriate design and supervision of driveways (drive-over deaths) and a range of design considerations to prevent falls, which commonly occur at home (Accident Compensation Corporation, 2005).

Possible actions local authorities could take to address affordable housing include implementing the *Auckland Regional Affordable Housing Strategy* (Auckland Regional Growth Forum, 2003) and the creation of 'inclusionary zoning'. Inclusionary zoning would require developers to incorporate affordable housing within new housing developments (Brown, 2001).

There is some concern that there may not have been enough regulation of the quality and design of some of the intensive housing built to date (Dixon & Dupuis, 2003; Heslop et al., 2004). For example, in a report prepared for the Building Industry Association, Heslop *et al.* (2004, p.1) observed that "there has been little direct control by territorial authorities of design and durability aspects of this new form of housing." Some of the issues identified with construction methods in higher density housing also occur in single dwellings (Hunn, Bond, & Kernohan, 2002).

Some of the concerns related to higher density dwellings and building quality generally are being addressed through amendments to the Building Act 2004, the Building Code, and through district plan changes, which provide guidance for internal noise control, size, provision of facilities such as kitchens and bathrooms, building setback and height, and outdoor living areas. Minimum standards for residential apartments in central Auckland have recently been proposed (Clinton Bird Urban Design Limited, 2005). The Auckland Regional Council has recently prepared a discussion paper that identifies the key building quality issues associated with apartments and multi-unit housing which need to be addressed through review of the Building Code (Auckland Regional Council, 2005c). Other local authority-led initiatives, such as Auckland City Council's urban design panel, also have potential to improve the quality of future intensive housing developments. There may need to be monitoring of the existing housing stock to identify and mitigate impacts on the health and wellbeing of residents.

Further information on the links between housing and health and wellbeing can be accessed from the ARPHS publication <i>Housing and Health in Auckland</i> (Rankine, 2005) http://www.arphs.govt.nz/publications/HealthyHousing/Healthy_Housing.asp
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