

Building the Future:  
Towards a New Zealand  
Housing Strategy

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Joint Submission of  
Human Rights Foundation  
Just Housing Trust

30<sup>th</sup> July 2004

## ***Executive Summary***

This submission on Building the Future: Towards a New Zealand Housing Strategy is presented on behalf of the Human Rights Foundation of Aotearoa New Zealand and Just Housing Trust. The submission continues a dialogue begun when the above two organisations contributed to a parallel report on the occasion of the submission of the New Zealand Government's Second Periodic Report to the Committee of the International Covenant on Economic, Social and Cultural Rights (ICESCR).

In this submission we take up the opportunity to contribute to shaping a New Zealand housing strategy and to assist the Government and its housing agency to fulfil the obligation to progressively promote and protect human rights in general and the right to adequate housing in particular. It is desirable that a NZ housing strategy will be developed in consultation with the community, to allow dialogue about the relative importance of different rights and to ensure that a variety of perspectives and options are included in the final strategic plan.

Our priority in this submission is to draw attention to the often neglected potential contribution of civil society housing organizations. We wish to emphasise their relevance, both to the future New Zealand housing strategy and to the better realisation of the State's housing responsibilities. The present housing affordability crisis challenges New Zealanders to develop a "partnership approach" to shape a housing strategy that makes the best use of scarce government and non-government resources. Answering that challenge is key to realising other fundamental human rights in NZ society.

Our submission is in two parts. Part 1 responds directly to the 'Areas for Action' identified in 'Building the Future'. Part 2 outlines an alternative framework, detailing our recommendations.

### ***Part 1: Comments on 'Building the Future'***

We agree with the vision for the housing strategy - "*that all New Zealanders have access to affordable, sustainable good quality housing appropriate to their needs*" - and with the nine basic principles to guide and influence future housing policy and activity in NZ. We think the vision and principles are consistent with a strategy to implement measures to realise a fundamental human right.

However, questions arise about the quality of planning. Will the six areas of action deliver the goal of more affordable housing? What is achievable and how soon? What strategies within these areas of action will effectively lower the cost-structure of house production and make the strategic goals realisable? Do the selected areas of action exhaust all the measures to address the housing affordability crisis? We argue that a pattern emerges in the proposals - a vagueness about the suggestions for action and a distinct lack of definition about any achievable goals for an affordable housing strategy. Ultimately, since what is planned does not purport to, and cannot, deliver adequate housing for all in New Zealand, the country remains in breach of its international obligations.

Overall the approach to action suggested in the six areas and in response to the specific housing problems of the disadvantaged is one of increasing support for more social spending when it becomes available. Although alternative approaches do exist, there has

been an unwillingness - particularly by HNZC - to pilot alternative approaches. Instead, the measures taken place renewed reliance on the mainstream mortgage market; on incremental increases in welfare subsidies; and a plan to modestly increase the State rental stock (with one third of the intended acquisitions leased from private investors).

There are proposals to gain more leverage with existing State resources, by working in partnership with non-government agencies. In reality, the State's development of partnership has progressed very little beyond extending existing partnerships with private sector mainstream construction and financing agencies. Partnership with non-profit agencies has gone little beyond the level of rhetoric.

The steps taken, since the announcement of the Housing Innovation Fund (HIF) and the Local Government Fund in the 2003 budget, have been very modest ones. We believe the State's concept of social housing "partnerships" is flawed, and is the reason for the delay in getting significant action in the non-market, not-for-profit housing area.

We believe there is a need for the State to better appreciate the strengths that civil-society housing organizations can bring to partnership. Civil society housing organisations offer potentially significant savings on social costs. They need support in more realistic ways so that they can overcome their identified weaknesses.

## ***Part 2: An Alternative Framework***

We argue that the usual measure of poverty in NZ is income-based. Income-poverty is currently a huge problem affecting one household in five. But a more complete picture - and a more disheartening one - is the measure of the assets of the poor. Lack of income means a family doesn't get by - but lack of assets means a family doesn't get ahead. We suggest a reframing of housing concerns in terms of asset poverty, rather than income poverty, thus requiring a reframing of the remedial actions to be incorporated into the housing strategy through a social Charter in housing.

Key to any asset accumulation policy would be a housing Charter's new legislative and other practical measures to stimulate the supply of adequate housing while avoiding additions to the level of debt. The inclusive society, mentioned in Building The Future's vision statement, requires an urgent, new, solution-focused, action plan into the future. While acknowledging that current housing problems cannot be solved quickly, we suggest and detail an alternative framework for the New Zealand Housing Strategy in this part of the submission.

In its housing policies and practice, the State holds to the belief that existing legislation, administrative measures and the common law is enough to ensure rights protection. But the persistence of seemingly intractable housing problems gives lie to that supposition. Where steps are being taken which are clearly insufficient to remedy the situation, the State stands in breach of its legal obligation under the ESCR Covenant. In the recommendations that follow, we urge a more comprehensive set of statutory obligations than currently exist. They are required to exert the sort of moral and legal pressure necessary to gain the resources with which to transcend the short-termism of the electoral and financial cycles. Short-termism plagues current housing policy.

## **RECOMMENDATIONS**

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- 1. That the State incorporate housing rights under the international ESCR Covenant into a Housing Charter such that the principle of full realisation of the right to adequate housing is posited as the Charter's main policy objective. That a rights-based approach is taken to the delivery of adequate housing to all New Zealanders.**
- 2. That the State and Civil Society partners, in implementing the NZ Housing Strategy, adopt the Housing Charter as the framework to develop the following new measures to realise the right to adequate housing:**
  - a revolving building fund**
  - a land bank**
  - a flexible concept of shared-equity**
  - community capitalisation of the accommodation supplement.**
- 3. That the State and the Civil Society partners establish a new and independent Housing Authority - to promote the NZ Housing Strategy as the means of fulfilling the objective of the Housing Charter.**
- 4. That the NZ Human Rights Commission identifies a Housing or ESC Commissioner or focal point - to inform, educate and better protect ESC Covenant rights and standards in housing.**
- 5. That the NZ Human Rights Commission incorporate the right to adequate housing and these other recommendations for a NZ Housing Strategy, into the NZ Human Rights Plan of Action - to better protect and promote all human rights in NZ.**
- 6. That the State include a statutory obligation on the new Building Industry Regulatory Authority, to respect and protect ESC Covenant rights and values in its application of science and technology to the building industry.**
- 7. That the State collect adequate housing indicator statistics and report the findings to the United Nations Settlements Commission every two years, as a way of gauging the effectiveness of the measures taken to progressively realise the right to an adequate standard of living and the right to adequate housing.**
- 8. That the State incorporate the right to adequate housing into NZ domestic law.**

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## **INTRODUCTION**

1. This submission on Building the Future (BTF) is presented on behalf of the New Zealand Human Rights Foundation and Just Housing Trust.<sup>1</sup>

2. This submission continues a dialogue begun earlier when the above two organizations contributed to a parallel report<sup>2</sup> on the occasion of the submission of the New Zealand Government's Second Periodic Report to the Committee of the International Covenant on Economic, Social and Cultural Rights (ICESCR).<sup>3</sup>

3. Our report to the Geneva Committee, focused on the New Zealand Government's responsibility to realise the right to adequate housing.<sup>4</sup> The CESCR Committee's comments on the NZ Government's report noted there seemed to be no reason for the lack of enforcement<sup>5</sup> of Covenant rights in New Zealand domestic law. It also commented on the absence of reliable data by which to gauge the effectiveness of the State's policies to relieve poverty.<sup>6</sup>

4. In this submission we seek another opportunity to play a complementary role in shaping a New Zealand housing strategy and to assist the Government and its housing agency to fulfill the obligation to progressively promote and protect human rights in general and the right to adequate housing in particular.<sup>7</sup>

5. Legislation alone; will not guarantee the realisation of Covenant rights. We acknowledge that the State has limited economic resources with which to carry out it's housing responsibilities under the Covenant. Therefore our priority and related purpose in this dialogue, is to again draw attention to the often neglected potential contribution of civil society housing organizations. We wish to emphasize their relevance; both to the future New Zealand housing strategy and to the better realisation of the State's housing responsibilities.

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<sup>2</sup> Housing in New Zealand – Report by the Human Rights Foundation of Aotearoa New Zealand & Just Housing – inter alia. April 2003.

<sup>3</sup> New Zealand Government's Second Periodic Report to the UN Committee on ICESCR – Geneva 16<sup>th</sup> May 2003.

<sup>4</sup> CESCR General Comment No. 4 – The Right to Adequate Housing. Office of the UN Commissioner for Human Rights. Geneva 1991. And Fact Sheet No.21 – The Human Right to Adequate Housing: Clarifying Government Obligations (a). UN New York 1996

<sup>5</sup> The Committee uses the term “justiciability”.

<sup>6</sup> Concluding Observations – CESCR Committee Geneva 23<sup>rd</sup> May 2003.

<sup>7</sup> The New Zealand Government ratified the ICESCR – New York 28<sup>th</sup> December 1978.

## **Housing in New Zealand**

6. NZ house prices have escalated sharply because housing supply, especially in Auckland, has not matched a surge in demand.<sup>8</sup> The increase in demand is a consequence of high immigration and speculative investment chasing non-taxable capital gains in housing. Lower-income households - those in the greatest need of assistance to access adequate housing - have no prospect of being able to afford a mortgage.<sup>9</sup> Since the 1990's, home ownership rates have begun an alarming decline.<sup>10</sup>

7. The growth in wealth for some, alongside the persistence of deprivation and poor housing, raises serious questions about the State's obligation to respect, protect and fulfill economic, social and cultural (ESC) rights, ratified in the International Covenant on Economic, Social and Cultural Rights. Further, the concentration of deprivation and poor housing within certain minority groups - in particular Maori and Pacific peoples - suggests a failure to meet the obligation to realise the right to adequate housing; on the basis of equality.<sup>11</sup>

8. In the period between the 1970's and the early 1990's, the State progressively withdrew from a universal benefit approach to the provision of housing. Housing policy shifted towards a means-tested welfare approach. Together with benefit-income reductions, this shift in policy illustrates the change in the way people and

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<sup>8</sup> Shaun Devoy – The Current State of Housing - unpublished paper. Wellington 2003

<sup>9</sup> *“Historically, affordability of housing is measured by the ratio of house prices and rent to annual household income, subject also to interest rate levels as these dictate the size of mortgage loan that can be raised. Market rentals also relate to housing market prices. Since the 1980's, while levels of unemployment in NZ have fluctuated, the proportion of the employed population in casualised, or part-time, or simply low-paid jobs, has significantly increased. State benefit levels were cut in 1991, while the highest rates of income tax have been dramatically reduced. The result has been that income distribution has become heavily skewed in favour of the highest earning decile, who are now much better off. While the next decile are a bit better off, the remaining 80 per cent in 2002 had annual incomes at or less than \$34,000 - many much less than that - particularly beneficiaries. In addition, there are growing numbers leaving tertiary education with a substantial student loan debt.... At present housing market prices, 80 per cent of NZ households would have no prospect of affording a mortgage. The calculator on the National Bank web-site indicated that an annual salary of \$34,000 could service a maximum mortgage of \$120,000, provided there were no other debts..., Of course many households acquired a mortgage at an earlier date, and face a lesser burden of debt than new home buyers” - Shaun Devoy – Ibid.*

<sup>10</sup> Down from 74 per cent in 1990's to 68 per cent currently: quoted from Building the Future p.8.

<sup>11</sup> In other words, it seems that the outcome of previous and current housing policies is a breach of CESCR Article 2 [2] of the Covenant's article about non-discrimination in the availability of rights. For example - during the period from the 1970's through to the 1990's the State progressively withdrew from policies that treated housing as a universal benefit. There was a shift towards a targeted welfare approach to housing assistance. Capitalization of the Child Benefit and low-interest home-ownership loans ceased. The compensatory measure of a means-tested Accommodation Supplement (AS) was introduced for all low-income households in 1993. This subsidy was introduced at the same time as market rents came in for State tenants. The sale of State houses began. These shifts led to a diminishment of the State housing stock, while the annual cost of the AS has steadily increased along with rising property prices and rents.

economic resources had come to be regarded in NZ. These measures encouraged the private rental sector to exploit the lack of affordable housing as the poor became excluded from the mainstream housing mortgage market.

9. Faced with expensive housing, families have been forced to economize by crowding in, or making use of informal housing (cow-sheds, garages, caravans), or going without food, clothing and other necessities. Such responses have put the true housing crisis out of sight. An estimated 20 percent of households are impoverished.<sup>12</sup>

10. In recent times a range of purchase and rental housing market subsidy proposals have been mooted or begun to be implemented by the State's housing agency, Housing New Zealand Corporation (HNZC). However, the measures taken have not amounted to a coherent strategy to improve the housing conditions. In fact, the State's intervention through its housing agency, has further stimulated housing market prices and rents. The current measures amount to demand "add-ons" to the existing supply of housing.<sup>13</sup>

### ***The State's role in housing***

#### ***Adequate Housing as Fundamental Human Right***

11. Good housing is a fundamental human right.<sup>14</sup> The economic conditions prevailing in New Zealand are eroding the realisation of the right of all New Zealanders to enjoy adequate housing.<sup>15</sup>

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<sup>12</sup> Source: Distribution & Disparity - New Zealand Household Incomes. Mary Mowbray. Ministry of Social Policy. Wellington 2001.

<sup>13</sup> Shaun Devoy – The Current State of Housing - unpublished paper. Wellington 2003

<sup>14</sup> "Everyone has the right to a standard of living adequate for the health of himself [sic] and his family, including food, clothing, housing and medical care and necessary social services" Universal Declaration of Human Rights - article 25 [1]. And the ICESCR recognises 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" ICESCR article 11 [1].

<sup>15</sup> In making this submission to BTF, we focus on the right to adequate housing through civil society housing initiatives. In exploring the interface between human rights and civil society we take two risks. First, it is necessary to be somewhat limiting in the discussion of human rights, by focusing on the right to adequate housing. We believe in the inter-dependence and integrity of all human rights protection measures that build a workable, unified framework of law, policy and practice. In this submission we make the practical judgment - that the steps we recommend are about the priority human right in our environment. We don't intend to be reductionist. We simply believe that a better realisation of the right to adequate housing is key to the better realisation of other economic, social, cultural, civil and political rights, in NZ. A second risk in exploring human rights and civil society, is to presuppose something about the existing economic, social, cultural civic and political values of civil society organizations in NZ. We make these presuppositions responsibly – we hope – even if the values we promote in this discussion don't fully represent the values of any one particular civil society organization.

12. When the NZ Government signed the ICESCR, it assumed a responsibility to realise the right to an adequate standard of living for all New Zealanders.<sup>16</sup> A precondition for the realisation, both of an adequate standard of living and also of many other human rights, is access to healthy, affordable housing.<sup>17</sup>

13. Given the present economic environment, a housing strategy must incorporate both legislative and practical measures to address the housing affordability crisis for the State to meet its obligations under the Covenant.

14. Although some commentators have questioned the extent to which ESC rights are justiciable,<sup>18</sup> - or can even be acted on - there are some clear and present obligations on the State as a result of its ratification of the Covenant - in particular the obligation to supply adequate housing, “*to the maximum of the available resources*”<sup>19</sup> and without discrimination.

15. The task of progressively realizing the right to an adequate standard of living in general and the right to adequate housing in particular, has proved to be too important to be left to the State and its agencies alone! It is desirable that a NZ housing strategy will be developed in consultation with the community, to allow dialogue about the relative importance of different rights and to ensure that a variety of perspectives and options are included in the final strategic plan.

16. The present housing affordability crisis; challenges New Zealanders to develop a “partnership approach” to shape a housing strategy that makes the best use of scarce government and non-government resources. Answering that challenge is key to realising other fundamental human rights in NZ society.<sup>20</sup>

### **Housing for Social Benefit**

17. The State has a role to reduce inequality in access to health, education and employment. One of the chief means to deliver such services for social benefit, is through the State’s housing policies.<sup>21</sup>

<sup>16</sup> NZ ratified the ICESCR on 28<sup>th</sup> December 1978. It entered into force on 28<sup>th</sup> March 1979.

<sup>17</sup> “*By taking steps..., especially economic and technical, to the maximum of its available resources, with a view to achieving progressively, the full realisation of the rights recognised in the present Covenant, by all appropriate means*” ICESCR article 2 [1]. The NZ Government’s understanding of what is meant by human rights is found in the long title of the Human Rights Act 1993 which clearly directs the NZ Human Rights Commission to better protect human rights..., “*In accordance with the United Nations Covenants and Conventions on Human Rights*”.

<sup>18</sup> For a more detailed discussion on the relation of the justiciability of the right to adequate housing and New Zealand law - refer to the Housing in New Zealand section 2 & 3 of the report of the Human Rights Foundation of New Zealand to the ICESCR. Geneva. April 2003.

<sup>19</sup> ICESCR article 11 [1]

<sup>20</sup> National Plan of Action: Introduction - Framework for Consultation p.7.

<sup>21</sup> According to HNZC, the State’s housing provider is committed to: “*providing access to decent homes, helping New Zealanders manage their own circumstances and contribute to community life*” from HNZC’s mission statement.

18. The State implements housing policy for social benefit in three ways:

- Demand-side assistance - through the Accommodation Supplement (AS).<sup>22</sup>
- Supply-side assistance – through the provision of state rental housing, where the State leases or owns housing stock and subsidises Housing New Zealand Corporation (HNZC) as the landlord, so that the costs of housing remain affordable to tenants.<sup>23</sup>
- By regulation of the housing market and housing quality.<sup>24</sup>

### ***Housing Ownership for Economic Well-being***

19. The availability of State assistance towards home ownership is generally limited to lowering the threshold to allow some lower income-earners to enter the mainstream mortgage market.<sup>25</sup>

20. Put bluntly, the State has failed to guarantee for the majority of New Zealanders, access to affordable housing - even with the maximum amount of AS for their household type and location. The supply of state rental houses is insufficient to meet the current growing demand, both in urban growth areas and in socially deprived rural areas.<sup>26</sup>

21. The consequence of the unavailability of adequate housing is - stress, overcrowding, poor child-health and transience. For the State it means it is in breach of the ESCR Covenant for failing to implement; “*progressively..., to the maximum of available resources*” protection of the right to adequate housing on the basis of equality.

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<sup>22</sup> In 2002/03, through the AS, the State helped 252,000 households at an average cost of \$2,800 per recipient, for a total cost of \$740 million.

<sup>23</sup> In 2002/03 the State’s supply-side assistance programme, in the form of income-related rent subsidy, helped 89 per cent of these 64,000 state rental households. The cost averaged \$5,700 per household assisted, for a total cost of \$330 million a year.

<sup>24</sup> By defining the general institutional, financial, regulatory and contractual frameworks for the housing markets; influencing the allocation of capital, for example, through the tax treatment of housing; monitoring regulation to protect consumers from unsafe or unhealthy housing or from reckless or unscrupulous operators and providing a regulatory framework for planning and infrastructure to protect the integrity of the environment and communities.

<sup>25</sup> Such as piloting a mortgage insurance scheme where HNZC underwrites home loans for moderate income households who don’t meet mainstream lending criteria.

<sup>26</sup> According to **BTF** at 30<sup>th</sup> November 2003, 3,200 high-need applicants in Auckland were waiting to be housed, yet only 219 houses became vacant during that month. **BTF** p.31. Meanwhile in rural Northland according to a NZ Herald report on 26<sup>th</sup> July 2003 waiting lists are growing at twice the rate that the State provides rental housing stock.

**PART 1:****COMMENTS on BUILDING THE FUTURE*****The Proposed Framework***

22. We agree with the vision for the housing strategy - “*that all New Zealanders have access to affordable, sustainable good quality housing appropriate to their needs*” - and with the nine basic principles to guide and influence future housing policy and activity in NZ.<sup>27</sup> We think the vision and principles are consistent with a strategy to implement measures to realise a fundamental human right.

23. However, questions arise about the quality of planning. Will the six areas of action<sup>28</sup> deliver the goal of more affordable housing? What is achievable and how soon? What strategies within these areas of action will effectively lower the cost-structure of house production and make the strategic goals realisable? Do the selected areas of action exhaust all the measures to address the housing affordability crisis?

24. If the plan cannot deliver – allowing reasonable time for its implementation – then one of the State’s obligations under the ESCR Covenant is not being met.<sup>29</sup>

***The six Areas of action in Building the Future******1: Improving housing assistance & affordability***

25. We agree that the priority of any strategy should begin with an assessment of the effectiveness of the current mix of housing assistance.

***Increase the stock of State rental houses:***<sup>30</sup>

26. Although the proposed increase is modest - especially in comparison to the numbers in serious housing need - the present measures to increase the stock of

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<sup>27</sup> BTF p.19

<sup>28</sup> Ibid p.20.

<sup>29</sup> Policy to implement the steps to protect and enforce human rights is destined to fail, if it is starved of resources, lacks capacity to implement it, and is without the moral and legal pressure to enforce difficult decisions. On each of these counts; resources, capacity and political willingness; action in the six areas must face severe limitation required housing its obligations under the CESCR it ratified. If housing action is a mere tinkering with the affordability issue there will be no honest addressing of the systemic failures that have resulted in housing becoming so unaffordable over recent years; there will be no acknowledgment that the State might in reality be retro-gressive in the performance of its duty to realise the right to adequate housing; and there will be no questioning of the fundamental assumptions of existing housing delivery systems that have resulted in home ownership being an increasingly scarce and expensive commodity!

<sup>30</sup> A build, buy or lease programme, to increase the stock of State rental houses by 3,300 in the next four years. 73 percent will be acquired for the Auckland urban region. A third of the acquisitions will be leased. BTF p.22.

State rental houses is unsustainable. The majority of the acquisitions are intended for the region in NZ where labour and urban land costs are highest. Intervention into the purchasing, leasing, or house-construction market by the State housing agency, will tend to increase the proportion of subsidised assistance necessary for each house so acquired. Such a policy is thus vulnerable to stoppage or reversal, by political change in the electoral cycle.

27. The cumulative effect is likely to mean, that any modest increase in the State rental stock will leave those who miss out on gaining access to the newly created rental housing; worse off! They will be even more dependent on the private rental market and an increase in State welfare support.

***Review the effectiveness of the Accommodation Supplement***<sup>31</sup>

28. The AS is expensive and not sustainable. The small percentage of the strategic housing stock provided by State and local authorities in NZ, means that the bulk of those who unable to afford market prices and rents, will continue to depend on the AS into the foreseeable future. Although the AS meets only 70 percent of any rent increase, the increasing costs to the State will follow the housing market trend upwards.

29. In the absence of any real capacity to swiftly increase the supply of affordable housing, increasing the AS simply stimulates higher prices and rents in the housing market, leaving the most vulnerable households further exposed to market forces and deeper welfare dependency.

***Encourage social housing providers***<sup>32</sup>

30. The steps taken, since the announcement of the Housing Innovation Fund (HIF) and the Local Government Fund in the 2003 budget, have been very modest ones. In the case of the HIF, there seems to be an absence of potential partner organisations capable of managing the social housing role that State policy requires of them.

31. We believe the State's concept of social housing "partnerships" is flawed, and is the reason for the delay in getting significant action in the non-market, not-for-profit housing area.<sup>33</sup> If the State and its housing agency does not enter into respectful partnership – that is – support the autonomous activity of civil-society,

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<sup>31</sup> Ibid p.22.

<sup>32</sup> Ibid p.24.

<sup>33</sup> "It is inappropriate for the State to 'manage' the formation of civil society institutions. A participatory democracy which guarantees a society of equal opportunity has as a cornerstone the autonomy of civil society institutions." – John Ralston Saul - Equilibrium

non-market<sup>34</sup> housing providers, then no sustainable action will occur and potentially significant savings on social costs will be lost.

32. We believe there is a need for the State to better appreciate the strengths that civil-society housing organizations can bring to partnership. They need support in more realistic ways so that they can overcome their identified weaknesses.

**Area 2: Responding to housing markets under stress**<sup>35</sup>

33. We agree that a housing strategy must recognize that areas like the Auckland isthmus, Nelson and some rural North Island regions present special cases for action. In these areas the pressures from high land costs, or population growth, or rising house prices, or poor employment opportunities – or a combination of these factors - make the provision of affordable housing especially problematic. And we agree also, that solutions to address the scarcity of available land and to mitigate high development costs are best approached through partnership between local and central government, non-government organizations, community and the housing needers.<sup>36</sup>

34. The proposed actions are a mixed bag. The familiar response to income—insufficiency is to increase the AS thresholds and the maximum area rates and provide ownership support for families that can sustain it over time. The continued increase in the AS will follow house price and rent increases. In areas of high demand for housing like Auckland and Nelson, it will prove unsustainable in the long-term.

35. Measures like reviewing of the Unit Titles Act 1972 may be relevant to encouraging further intensification of housing in the Auckland isthmus, but its effect on affordability is not going to be immediate. Proposals to lower the threshold for borrowing for home ownership will also have a limited up-take especially in the high-cost urban areas. If would-be home owners qualify for AS or other types of subsidised assistance that too will prove increasingly expensive.

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<sup>34</sup> We want to distinguish “non-market” from the term “social housing” as the latter term is commonly used in reference to the State’s social housing policies. We understand HNZA’s social housing policy is aimed to grow and manage rental housing stock on the State’s behalf. The growth of such housing simply offers yet another expensive short-term emergency housing solution. In the longer-term, such measures will fail to break the cycle of dependency on State subsidies for the housing needers. The effect of growing the provision of such “social housing” is that we get more of the same – expensive and ultimately non-sustainable housing and the poor miss out in the long term

<sup>35</sup> BTF p.28

<sup>36</sup> “*There is a sense of great opportunity & hope that a new world can be built in which economic development, social development and environmental protection as interdependent and mutually reinforcing components of sustainable development, can be realised through solidarity and cooperation...., through effective partnerships at all levels*” – from the Preamble: Habitat II Declaration. Istanbul 14<sup>th</sup> June 1996.

36. Community loans signal a strategy to diversify social housing solutions, relying on leveraging a proportion of the capital costs from non-government sources – e.g. housing trusts and socially responsible corporate sponsors. The Community Renewal and Healthy Housing programmes promise expensive retrofitting and extensions of existing housing stock.

37. There is a lack of strategic planning to maximize the construction of housing on surplus Crown or Local Authority land that has been identified as suitable. Nor is there any description of process to ensure that such housing construction is appropriate in terms of its amenity-value and cost to produce.<sup>37</sup>

38. There are no time-lines for any of the proposed actions and therefore we question what realistic goals are being set. And if the process actually gets beyond the planning stage, who will provide the needed finance and skilled labour for the houses? There seems to be an equal lack of planning both for areas where land development costs are high and for areas where economic and social decline exist. In each situation affordability is the issue. Unless this issue is seriously addressed in these special problem areas, there is no progressive realisation of the ESC rights.

### ***Area 3: Home ownership programmes***

39. It seems that the most innovative home ownership action suggested is for the State to lower the threshold for lower income-earners to enter the mainstream mortgage market, which is the effect of HNZC's mortgage insurance scheme. Other actions suggested are about a research and investigative function, to bring down recommendations on savings incentives, deposit assistance, shared equity and sweat equity schemes. For income-poor rural families there are proposals to continue grants to upgrade their sub-standard homes and to continue training other families for home ownership through the Low Deposit Rural Lending Scheme.

40. Such actions beg the question about the housing needs of those who still fall outside the lending criteria – or who don't own even a substandard house for which to qualify for an upgrade. We believe many don't bother to register their need because they know that no assistance is available for them.

41. Student debt is another reason for young people to delay forming families. They find their situation parallels the rural poor. Often with negative wealth, they too are excluded from the mortgage market. They have no possibility of home

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<sup>37</sup> Underscoring the approach (of HNZC) is an application of “sustainability”. But it is the sustainability of HNZC's business development model as applied to “social housing”. There is an unwillingness to risk taking new measures to lower the cost-structure for new housing by moving outside the conventional financing and construction industry – which are responsible for the problem in the special areas where the market mechanism is under stress. That is a polite way of saying, “market-failure”.

ownership and little choice about their housing except the rental market or State welfare dependency.

#### ***Area 4: Developing the private rental sector***

42. The proposals include a review the regulatory framework provided by the Residential Tenancies Act 1986 where abuse of tenants' rights in a rising rental market needs special attention.<sup>38</sup> The other actions proposed relate to strategies to improve the function of the private rental sector by improving the quality of business and property management practices.

43. The private rental sector has expanded significantly over the last twenty years with the effect of providing for inner-city apartment development, where demand continues to be high. But private rental sector fails to attract investment where the returns are not so great. It threatens to multiply sub-standard, urban-slum housing, where lower-paid income-earners are forced to live.

44. Measures to encourage more investment in the private rental sector, would elicit the worst kind of effect – more dependence of the NZ economy on foreign-owned financial institutions.

45. The State's intervention into the rental market through the use of a leasing-back option, fuels market-rental price rises.<sup>39</sup> These measures have contributed to a situation where 55 percent - maybe more - of NZ families find themselves excluded from the possibility of home ownership.

46. There is a pattern emerging in the proposals - a familiar vagueness about the suggestions for action and a distinct lack of definition about any achievable goals for an affordable rental housing strategy. The proposals in this area are limited to suggestions that the rental housing can only become more accessible by encouraging its expansion through more efficient and effective management. The question remains – how will such measures realise the right to housing for the neediest?

#### ***Area 5: Improving housing quality***

47. The action in this area covers a range of new regulatory measures to correct past failure to properly implement quality controls in housing provision. This failure has made necessary the establishment of new services to resolve disputes, but will raise compliance costs with the revision of the Building Act 1991 and the Building Code. Other proposals are concerned with continuing the existing Rural

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<sup>38</sup> Section No... Housing in NZ HRF report to the Geneva ICESCR Committee April 2003.

<sup>39</sup> HNZA has de facto encouraged speculative investment and contributed to the stress in the housing market, by encouraging investors into predatory practices for their own benefit at the expense of their fellow citizens in need of affordable housing.

Housing Programme and retrofitting the State housing stock to be more energy-efficient, and support for better rural drinking water and sanitation.

48. Increasing Building Code compliance costs will fall disproportionately on poor families trying to access affordable housing. There is a lack of any coherent strategy to assist asset-poor households to become energy self-sufficient. High initial costs would be rewarded with lower living cost later – that is vital especially in remote rural areas. The question arises – what is the balance between compliance costs and a better realisation of housing rights?

***Area 6: Building capacity & capability across the housing sector***

49. One of the most serious limitations to action toward the provision of good housing, is a shortage of building skills in the construction industry and the Modern Apprenticeships Programme is designed to address this shortage. Yet it is the conventional building and construction industry and its associated services, which have systemically failed to address the housing affordability issue in the past.

50. There is little or no consideration, in this section, about any plan to build the capacity of the not-for-profit sector, which for all its acknowledged weaknesses, also has strengths to deliver on some of the diverse housing needs of the future.

***Meeting diverse housing needs***

51. We agree that the housing market has not served the diverse needs of specific groups – including older people, women, children and youth, disabled people, Maori, Pacific peoples, other ethnic minority communities, prisoners and people with mental and physical disabilities. And we agree that housing measures should be flexible and responsive in acknowledging the specific and diverse needs of people and communities facing disadvantage.

***In Summary***

52. Overall the approach to action suggested in the six areas and in response to the specific housing problems of the disadvantaged, is one of increasing support for more social spending when it becomes available. There are proposals to gain more leverage with existing State resources, by working in partnership with non-government agencies.

53. In reality, the State's development of partnership has progressed very little beyond extending existing partnerships with private sector mainstream construction and financing agencies. Partnership with non-profit agencies has gone little beyond the level of rhetoric. The State has almost completely withdrawn from direct assistance to home ownership. The only type of assistance available to the majority is the tightly targetted AS.

54. The State's direct involvement in building houses is minimal. There is a total reliance on the financial and construction industries to provide. Yet over the last twenty years, the conventional finance and construction industry methods have failed to deliver affordable housing - especially for those whose need is greatest. At best this state of affairs should give pause to look for alternatives, but ultimately it fails to address the legal responsibility to provide adequate housing for all.

55. Our experience in NZ has been, that although alternative approaches do exist, there has been an unwillingness - particularly by HNZC - to pilot alternative approaches. Instead, the measures taken, place renewed reliance on the mainstream mortgage market; on incremental increases in welfare subsidies; and a plan to modestly increase the State rental stock (with one third of the intended acquisitions leased from private investors). The potential for non-governmental housing organisations to complement the State's role, as the housing-provider-of-last-resort, has been ignored.

**PART 2:****WHERE THE FOCUS OF THE ACTION NEEDS TO BE****Introduction**

56. The usual measure of poverty in NZ is income-based. Income-poverty is currently a huge problem affecting one household in five. But income-poverty is only part of the story. A more complete picture - and a more disheartening one - is the measure of the assets of the poor! More than twice as many households (perhaps as high as 55 percent) don't have enough assets to enter into the housing market. They have lost their best means of economic security and the ability to plan, dream and pass on opportunities to future generations! Lack of income means a family doesn't get by – but lack of assets means a family doesn't get ahead.<sup>40</sup>

57. Income and assets are important measures of well-being. And when the problem is framed in terms of income, as Larry Murphy pointed out at the time of the introduction of the AS<sup>41</sup>, the solution is also framed in terms of income. So reports of rising pockets of impoverishment are still met with calls for greater income and rent assistance, higher subsidies and increases in the minimum wage, and more spending on social housing! The right for the poor to save and build assets, is hardly ever discussed!

58. It isn't that the State doesn't spend on the poor.<sup>42</sup> The State spends differently on the poor. The poor are grudgingly provided with barely enough income to get by. Meanwhile, better-off New Zealanders indirectly receive generous subsidies with which they build their assets to get ahead.<sup>43</sup>

59. This disparity in ability to accumulate assets shows in data on wealth-inequality. Not surprisingly, wealth-inequality dwarfs income-inequality and reaches seriously into the middle class. The top 20 percent of New Zealanders hold nearly 70 percent of all positive net worth. In contrast, the lowest 20

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<sup>40</sup> Housing in New Zealand - HRF & JHT Joint Submission. Paragraph 7.4ff Report to ICESCR Committee. Geneva April 2003.

<sup>41</sup> *“Relying on commercially motivated rental companies and an income supplement to assist households with serious housing needs, may come to be judged as a short-sighted and costly experiment with negative social consequences. The supplement's introduction is based on a perception that housing problems are income problems. From this it is believed that if low income households have more money, then the private sector will come to meet their housing needs. Such beliefs ignore the distinctive character of the housing market and the existence of discrimination on race and gender grounds. It also assumes falsely that supply will grow rapidly. Instead, it is likely that any rise in income for housing will be captured by landlords through higher rents...”*, Larry Murphy - Viewpoint NZ Listener May 28<sup>th</sup> 1994.

<sup>42</sup> The annual housing welfare budget stands presently at over \$1 billion.

<sup>43</sup> The best and most relevant example is the so-called "Landlord Subsidy" (the AS) which has been quickly captured by small and large investors in the rental housing market.

percent, hold 0.2 percent of total positive net worth between them.<sup>44</sup> Despite the greater magnitude of wealth-inequality, income-inequality, like income-poverty, receives more attention.

60. Efforts are being made to re-think the measurement of general standards of living and housing need, according to the indicators of adequacy.<sup>45</sup> But more helpful in practical terms and in terms of realising the right to an adequate standard of living, would be a set of income policies that help the asset-poor - and not just the income-poor!

61. Key to any asset accumulation policy, would be new legislative and other practical measures that would stimulate the supply of adequate housing while avoiding additions to the level of debt.<sup>46</sup>

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<sup>44</sup> Statistics New Zealand. Household Savings Survey

<sup>45</sup> Statistics New Zealand - Newsletter - Leading article March 2003

<sup>46</sup> The nearest mechanism that we have in NZ is the recently introduced Community Loans Scheme – a ten-year, interest-free loan designed for rural and urban communities with serious housing need. Such a scheme potentially enables income-poor families to move forward on the path to gain assets and an “equity share” in home ownership. It is similar in effect to capitalising the Family Benefit and the low-interest loans that used to kick-start the pathway to home ownership in earlier times. Matching a family’s entitlements to the housing assistance over a period of ten years makes savings possible and could lead to outright home ownership for rural dwelling families or forms of “shared equity” for urban dwellers. Such savings over time would lead also to independence from further State subsidies, better access to higher education, better chances for economic development and investment and better provision for retirement.

### 1. A Housing Charter - a new legislative framework<sup>47</sup>

62. Because safe, habitable, affordable housing and other protections are not guaranteed in NZ's domestic law, we believe the right to adequate housing can be realised through the adoption of a Housing Charter. We think that such a Charter will provide a new legislative framework to enable new forms of asset-accumulation through housing policy to be put in place to enhance living standards in NZ. We believe that such a legislative measure would both advance the legal obligation on the State to progressively realise ESC Covenant rights and also provide the policy goals for a NZ housing strategy plan.

63. We suggest that the immediate adoption of the full realisation of the right to adequate housing - as THE policy objective of such a Housing Charter,<sup>48</sup> would formalise partnership between the State and Civil Society housing providers, to implement, by mutual agreement, the policy goals and the areas of housing action in a NZ housing strategic plan.<sup>49</sup>

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<sup>47</sup> Because CESCR article 11 [1], including the right to adequate housing, has not been incorporated into New Zealand's domestic law, we recommend that the 'right and principle' of adequate housing be made a policy objective, to be realised in a way similar to the workings of the European Social Charter. Part I of the European Social Charter proclaims a list of categories of 'rights and principles' (Including the right of the family to social, legal and economic protection; the right of mothers and children to social and economic protection; and the right of migrant workers and their families to protection & assistance). The rights are proclaimed in general terms where the contracting parties declare that they, "...accept as the aim of their policy, to be pursued by appropriate means, ...the attainment of conditions in which [these] rights and principles may be effectively realised....". The rights and principles are posited in the form of **policy objectives**. The purpose of the Charter is to accomplish the transformation of these goals into enforceable rights. The Charter specifies the obligations the States assume by ratifying the Charter. Part II defines and reformulates the 'rights and principles' set out in Part I, giving the States different compliance options. First, by becoming a party to the Charter, the State undertakes, "*to consider Part I of this Charter as a declaration of the aims which it will pursue by all appropriate means*", Second, the State must accept as binding upon it, the undertaking contained in at least five out of seven articles found in Part I. Among seven provisions in Part I, is the right of the family to social, legal and economic protection. Third, each State party has a further obligation to select another specified number of rights, or sub-categories of rights, with which it agrees to comply. The option system encourages states to ratify the Charter, without forcing them either to accept all the rights it proclaims, or to make complex reservations. At the same time, it ensures that all States will at the very least, be bound to guarantee a substantial majority of the most basic rights. While the European Social Charter is designed to ensure compliance between States, it offers a model for designing a housing strategic plan. Compliance obligations to all the rights under CESCR would not be forced upon the partners to the strategy. But the model ensures that all partners - at the very least - will be bound to guarantee one of the most basic rights the ECR Covenant proclaims - i.e. the right to adequate housing.

<sup>48</sup> Having such a policy objective is a way to focus a strategic action plan to eliminate poverty in NZ. While the best way to eliminate poverty is to develop a sustainable trading economy within the global market-place, policy objectives are the way that Civil Society can assist the State to achieve this wider strategic goal.

<sup>49</sup> The nature of such a policy objective requires that the partners adhere to strict criteria in their economic performance. Such criteria would include: the ability to create wealth; reduce living costs; reduce welfare dependency; accelerate societal capital formation; and reduce overhead costs.

64. In time, such partnership action would evolve new and much needed structural solutions to the housing affordability crisis and in the process would set some key parameters for the better realisation of other human rights.<sup>50</sup>

65. The establishment phase of the Charter policy objective would extend over approximately 36 months (3 years) by which time the Charter partners (the State and Civil-Society housing providers) would have set in train mutually agreed upon strategic housing goals.

66. The cost of establishing the Charter to be met through a programme of savings and re-deployments within the present State, community and charitable sectors. Implementation of the Charter would not necessarily assume or require an increase in cost to the State. In the medium-term, the Charter will have to be financed by wealth generated by newly empowered Civil-Society society housing institutions and reductions in welfare, policing and health-care spending.

67. Taking the step to posit the right to adequate housing as the Charter's main policy goal, gives a "progressive action-framework" for implementing a NZ housing action plan or strategy, so the Charter partners can invest all available resources in a series of economic initiatives to:

- Eradicate substandard or inadequate housing within - say - ten years;<sup>51</sup>
- Provision of new employment opportunities in the housing industry;<sup>52</sup>
- Creation of an equal-opportunity society – through allowance of new forms of asset-accumulation for the asset-poor;
- A lowering of social costs;
- Improvement of NZ's trading position with its trading partners;
- Protection of the most vulnerable New Zealanders from, "global manufactured risk".<sup>53</sup>

68. In the initiatives to implement such a strategic plan within the Charter framework, there should be established clear performance criteria - against which progress can be measured - and for which management can be held to account. Such initiatives require implementation through practical judgements about appropriate technologies, methodologies and management systems, by people with the technical skills and experience, within a decentralised organisational structure.

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<sup>50</sup> Important as a key ingredient to the proposed NZ Human Rights Action Plan.

<sup>51</sup> Through the establishment of community-owned housing factories, that are capable through industrialised housing production processes, to produce housing modules that can be used as emergency housing when sited on prepared foundations – e.g. refer to the CHAANZ housing delivery system [www.converge.org.nz/chaanz](http://www.converge.org.nz/chaanz)

<sup>52</sup> An industrial production mode offers opportunities for on-the-job training of the needed labour force which currently does not exist to produce the needed affordable housing.

<sup>53</sup> Anthony Giddens – Reith Lectures BBC 2002

## **2. Revolving Building Fund**

69. The biggest hurdle to initiating action to realise the Charter's goal, is the obvious lack of capital resources on the civil-society side of the partnership. There is need for new measures to fund housing action. Given the economic and social benefits in prospect, it is in the State partner's interest to tailor new forms of funding - to be delivered through a new agency, specifically charged with that responsibility.<sup>54</sup>

70. Seeding capital for civil-society housing initiatives would be repaid over time from rental income and the savings from State subsidies to the housing market. The income from the housing built would also be used for further house production – hence the term - “Revolving Building Fund”.

71. Civil society housing providers would be constrained by the terms of their “deed of trust” which would have been agreed upon in negotiation with the State partner – i.e., to produce housing “at cost” which in turn cannot be on-sold.

72. The funding for civil society, not-for-profit housing providers, needs to be secured in advance – the normal practice in the building industry - so that staged draw-down payments are available and civil society housing providers can plan ahead.

73. The risks would be managed by establishing Charter partners' Codes of Practice, Code of Conduct and a means of promoting, “best practices”. Such rules would be based on the concept of “cost-rental” housing - which is consistent with the not-for-profit sector's economic practice.

## **3. Establish a Land Bank**

74. The next hurdle to be cleared, especially in dealing with urban housing pressures, is the availability of building sites for the development of non-market housing. Fresh thinking is required on new forms of tenure, between renting and ownership, since permanent renting fails to meet the aspirations of most people while ownership in many cases is out of their reach.

75. It is necessary to somehow capture increasing land values for the benefit of communities so that the initial investment creates affordable housing opportunities for successive generations. At the same time these steps must avoid both the disadvantage of State rental housing – an inability to move on to

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<sup>54</sup> “The contribution of the State towards financing.., was partly to provide loans (up to 100 percent of building costs for non-profit public utility companies) combined with certain interest guarantees, and partly to provide benefits for certain types of households” Alexander Davidson – commenting the steps the Swedish Government took in the post WW-II period in an effort to bring the bulk of all rental housing under the control of public utility. Alternative Models of Social Housing in Housing Studies, Vol.14, No.4, p.461.

ownership – but also the penalty inherent in “right to buy” schemes which confer advantage on the first-buyer at the expense of future generations. We propose that ownership of the land remains permanently in trust, while the occupiers gain access to homes - which are affordable now - and shared-equity later connects them to the wider housing market.<sup>55</sup>

76. Treating land as if it were a commodity – i.e. produced by the application of human labour - has become the dominant cost-factor in mounting house prices. In order to avoid this problem, any land acquired by gift or purchase by a community group, brings forward the possibility of implementing a new land-use plan that meets social and ecological considerations.

77. Such land could be leased to individual families – for the life-time of the family plus 50 years – for the purposes outlined in the plan. The lease-holders must belong to the community group at a nominal annual fee. They then elect one-third of a management board, ensuring a strong voice for residents, but not a controlling vote. Non-leasing members then elect one-third of the board. This group keeps the organisation dynamic, seeking new land, so that more people can have affordable access. Then the elected members of the board appoint another third of the board - from the professional community - bringing needed skills such as: land-use planning, financing, legal or development skills. Through a one-time purchase or gift, land is taken permanently off the speculative market.<sup>56</sup>

78. Central and local government could purchase or make land available to such community groups. There are also opportunities to collaborate with other groups or bodies which own, or have the use of, land suitable for not-for-profit housing. The current housing affordability crisis is so serious, that it is not inconceivable that powers given under the Public Works Act or other appropriate legislation could be invoked to freeze land values at a certain time in designated areas, so as to prevent speculative profiteering.<sup>57</sup> Such a drastic move would be compensated by an understanding that such land in State ownership would be leased to legally constituted community groups with acceptable land-use plans, on the terms outlined in paragraph no.77 (above). Land on the periphery of the main areas of urban demand; would be an obvious target. Outside of that, any substantial housing projects in provincial areas would need to be placed in the context of regional economic development plans.<sup>58</sup>

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<sup>55</sup> “Joseph Rowntree, in setting up the Foundation that bears his name, foresaw that the land question would continue to be critical He referred particularly to the need to consider “the appropriation of the unearned increment” a telling phrase for a society where people in some areas are enriched not by their work, but by increasing land values, to the detriment of those who are not yet owners”. Ken Bartlet Adviser, Joseph Rowntree Foundation see The Joseph Rowntree Foundation’s Land Inquiry (2002).

<sup>56</sup> From Robert Swann - in Common Ground <http://www.neweconomics.org/gen/>

<sup>57</sup> The Barker Report talks of commercial builder’s ability in the UK to monopolise building in an area through ownership of the available land – quoted by Shaun Devoy.

<sup>58</sup> The prospect of employment is as vital to improved well-being as is the provision of an affordable, comfortable home.

79. The concept of “borrowing” the use of land makes a variety of new land-use proposals including relocatable “starter housing”.<sup>59</sup>

#### **4. A new Housing Development Authority**

80. The conditions for implementing a NZ housing strategy under a housing Charter procedure assume a structural approach in the priority area of action. It is a role which we think HNZC has neither the capacity nor the willingness to undertake.<sup>60</sup>

81. We believe that it is fundamental to a structural, solution-based approach, to establish a new, independent, not-for-profit housing development authority or agency. On its formation, such an authority, would channel resources to make the NZ housing strategy work by ensuring that all investments in the not-for-profit sector fit with the housing Charter’s policy objective.

82. There would be links with other State agencies such as the Ministries of Economic Development and Regional Development and respect for the macro-economic interests of the State. At the same time the new authority would be providing new Civil Society housing institutions and groups with opportunities to create societal capital through their enterprise “on the ground”.<sup>61</sup>

#### **5. The Development Authority’s Role in the Charter Partnership**

83. The areas of action for the authority are:

- to get as many families as possible out of sub-standard health and life-threatening conditions by providing affordable housing options;
- to use the revenues from the housing so produced to build a sustainable fund that will eventually require no further inputs from the State;
- to fund the building of permanent houses on community-owned land in high-cost urban areas, or on more affordable land in rural areas;

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<sup>59</sup> Such as the Just Housing Trust’s use of land belonging to a church in Te Atatu, Waitakere City.

<sup>60</sup> “*the full realisation of the right to adequate housing*” that we identified earlier - paragraph no. 63. (above).

<sup>61</sup> What is envisaged is the formation of professional network of independent academic advisors who are interested in the development of the third Economic Sector and who will advise the State and Civil Society partners about the main policy objective of the NZ housing strategy’s implementation of the Housing Charter’s policy goal. Their advisory role to encompass economic development, poverty reduction, project management, environmental sustainability, core operational and legal issues.

- to develop measures to enable poor families to accumulate assets to get ahead and realise their rights to a decent standard of living and adequate housing;
- to lower social costs by enabling peoples presently excluded to participate more fully in all-of-government social policy services and initiatives;
- to help the State “soft-land” the current housing market price-balloon, by helping to re-direct investment funds away from excessive speculation in property and housing.

84. The authority could possibly work with a redefined CEG and its civil-society counterparts to build local institutional capacity. In practice – its strategic role would be to “up-scale” successful regional housing projects to national level, ensuring that such developments adhere to the Charter’s policy goal. It would also function as the community risk-manager alert for moves that may privatise or demutualise community assets.

85. The authority would undertake the following role:

- to shift resources currently used for HNZN overheads, training and administration to the front-line practitioners developing social enterprise initiatives;
- to develop a new range of housing designs and services – with an emphasis on their societal relevance and timeliness;
- to develop new housing financing instruments – in the form of regional Revolving Building Funds (which might be seeded initially with income from completed housing construction projects and work in conjunction with the Ministry of Economic Development);
- to decentralise housing strategy initiatives in the regions in order to better shape housing emergency programmes, where they are most needed.<sup>62</sup>

86. The agency would be a means of feeding-back the effectiveness of the measures taken by the NZ housing strategy partners.

87. We believe the authority should be funded to build technical expertise in key areas of housing development. It would be the point of contact for professionals with expertise and community groups involved in housing action.

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<sup>62</sup> To enhance strategies to benefit the marginalised, to design more appropriate training conditions and build local ownership of developmental programmes.

## **6. Develop the concept of Shared-equity**<sup>63</sup>

88. The concept “shared-equity” means, persons and families gain leverage to pay the value of their home from assets they have accumulated – i.e. the proportion of the equity that they have contributed. For low-income families with no option but to pay rent – “shared-equity” means that part of their rent is credited to them as a contribution towards the equity of the place where they are live.

89. This concept could be applied to people renting housing from community groups on leased land. The concept extends to the asset-poor the opportunity to accumulate wealth. Additionally, support of shared-equity schemes would clearly discharge the State’s responsibility to progressively realise the right to adequate housing under the ESCR Covenant.

90. The ability of the asset-poor to be able to capitalise the AS would be key to shared-equity in our economic context in NZ. It is in the interests of the State to develop a form of “community capitalisation of the AS” and apply it to low-income households. We believe this is the only realistic alternative, in the longer-term, to cap the growth of dependency by low-income families on the AS.

### ***a. Urban parameters***

91. In high-cost urban areas like the Auckland isthmus or Nelson, different combinations of sharing equity are possible. Civil Society housing providers probably have more flexibility than the State, to tailor schemes for the diverse housing needs of families. Such tailoring would reflect a family’s aspirations, capabilities and changing circumstances.

92. The high cost of land may put outright home ownership beyond reach, but it should not bar anyone from using “borrowed” or leased community land. While paying rent, they would be capable of sharing in the ownership of the housing through a “chattel-rent-to-buy” programme – with an understanding that there is:

- no privatisation of community resources.
- that houses built under such a system can never revert to the market but must be sold back to the local community housing provider at an independently valued price.

93. Such families’ security of tenure would be re protected by a “housing credits system” – having a dollar-value equating to the family share of the market value

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<sup>63</sup> The concept of shared-equity means, persons and families gain leverage to pay the value of their home from assets accumulated. Because of the high value of urban community land, which may be borrowed for their use, such ownership would not extend to the land. Shared-equity allows for ownership of the house only, at valuation. House ownership is shared in proportion to the input of each party during the qualifying period - which may be from 12 to 15 years. The borrowed land remains in community control in perpetuity.

of the dwelling. This ensures families are not locked in without power to negotiate and can opt-out for other opportunities by withdrawing their equity as-of-right.

94. No equity would be gained at the transition (purely rental) stage. There would be an initial probationary period to establish good faith between the people and the community housing provider. Later, after qualifying, the people's contribution takes the form of a portion of the rental (including their entitlement to AS) and becomes the family's investment in the shared-equity of the house.

95. Shared-equity proper commences with a "rent-to-buy-the-chattel" stage (approximate duration of 10-12 years – perhaps a longer period if the family has serious debt problems) during which they enjoy security of tenure through a "licence-to-occupy" arrangement. The "licence-to-occupy" can extend to the lifetime of the family - plus 50 years – (the scheme's provisions are intended to address inter-generational housing need!). When the equivalent value of the house at the time of construction has been paid in rent, the family enter a final stage, when they become fully responsible for rates, maintenance and a small administration fee to the community housing group.

### ***b. Rural parameters***

96. Rural dwellers, often forced back to ancestral land because they find urban life unaffordable, give a succinct message about what type of housing is appropriate for them.<sup>64</sup> In our experience, attempting to respond to desperate rural housing needs, we have learned that - given the fluid nature of many rural families - building a single house is unlikely to solve the housing needs of an extended family - but it does make a contribution to lowering of generic rather than individual levels of need.

97. In designing dwellings in consultation with rural housing needers, we believe a housing strategy must respect and respond in a positive way to the following strictures from families who want:

- Houses on their own or whanau/hapu land that they control;
- To get out of life-threatening sub-standard housing immediately;
- Houses that can grow with the changing whanau size;
- Houses that can become inter-generational;
- Storage and garage space which reflect the needs of rural life.

98. Our design-partners<sup>65</sup> have developed a four-pod modular house that can be built in a regional factory and cheaply transported to prepared sites and assembled there. In its "core" form, the house has four bedrooms.<sup>66</sup> The design has

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<sup>64</sup> i.e. a house that is available now! Affordable!! And in the right place!!!

<sup>65</sup> Cabash Design Cooperative of Howick Manukau City

<sup>66</sup> That helps prevent the diseases that are endemic where adults share sleeping arrangements in the same room as children. For a view of the core-house concept see the website: [www.converge.org.nz/chaanz](http://www.converge.org.nz/chaanz)

multiple-use services, which lower flash-points within families suffering overcrowding and stress. The multiple-use services are useful for a much larger house and the house is designed to grow. The garage-storage space is of appropriate size for rural living. Expansion of the “core” from 76 m<sup>2</sup> (plus 38 m<sup>2</sup> under floor space) to 200 m<sup>2</sup> and six bedrooms. The “core” form has an initial cost of approximately \$67,000. The point is that such a house falls within the financial reach of families with benefit entitlement – which is the case of most rural families with a serious housing need.<sup>67</sup>

### *c. Meeting diverse housing needs*

99. Many combinations of shared-equity are possible, both as a measure to meet the diverse housing needs in our society and also to help realise the right to adequate housing. Community housing providers, by building an individual developmental relationship with the people in special housing need, can offer, through concepts of “shared-equity”, alternative solutions to meet the special social, health and support needs that neither the State rental agency nor the housing market are able to offer.<sup>68</sup>

100. We will discuss the relevance of the different shared-equity combinations to meet such diverse needs in a later section<sup>69</sup> but first we want to consider another instrument by which communities can take steps to assist housing low-income families. And that instrument is community capitalisation of the Accommodation Supplement (AS).

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<sup>67</sup> The core house has an initial services specification of a septic tank, solar power for 12 volt electricity, wood-burner for cooking and hot water, which adds approximately \$22,000 to the overall cost. It is hoped that SHAZ provisions will contribute to the higher initial cost of setting up energy self-sufficient solar hot water heating systems. The value judgement around these last points reflect the fact that poor rural families will increasingly be unable to afford centrally-provided electric power. Although we have specified a septic tank, we are aware of the concerns expressed by local authorities, with regard to the degradation of rural water-tables through septic tanks, so the above options may not be cheapest options for the future.

<sup>68</sup> “*These groups include older people, women, children and youth, disabled people, Maori, Pacific people and other ethnic minority communities*”..., **BTF** p.60

<sup>69</sup> pp. 29 - 34 (below)

## **7. Community Capitalisation of the Accommodation Supplement**

101. The State’s initial operational grants to civil society housing providers for pilot projects could build their institutional capacity to “scale-up” to nation-wide operations. It means that if the State partner in the NZ housing strategy is prepared in principle, to shift the resources that are presently used for overheads, training and administration to front-line housing practitioners, these practitioners would be better able to take responsibility to develop community assets. A key element to such a solution, is the ability of community groups to capitalise the present Accommodation Supplement, so that they can provide new housing “on the ground”.

102. Instead of treating the AS entitlement as qualifying the assistance given to individual families for their housing needs, serious consideration has to be given to “kick-start” new housing action. New start-up action becomes possible if intentional community groups qualify (rather than individuals) to capitalise their people’s AS entitlements. Qualification would depend on the group’s provision of a sustainable plan – one that guarantees that the housing assets created will continue to be used for the purpose initially intended - that is a purpose consistent with the main policy goal of the NZ Housing Strategy - the provision of adequate housing for all our people.

## **8. Meeting the specific needs of people & communities facing disadvantage**<sup>70</sup>

103. Having established the background to State / Civil Society partnership in housing action within the framework of a Housing Charter and made a case for the use of legislative instruments as a strategy to make new housing solutions possible, we now suggest applications of these legislative measures and other practical steps. The subjects of these proposals are the people and communities who may be characterised as multiply disadvantaged. It is an exercise at the core of the main policy objective of a NZ housing strategy.

### ***Older people’s housing***

104. We support the better integration of housing for older people within the wider community. The significant decline in home ownership goes together with a growing proportion of the aging population lacking an asset-base. The proposed solutions in Building the Future are vague and general.<sup>71</sup> Develop low-cost communal and supported housing arrangements. Create social housing option for older people. But how? A rates rebate scheme may help mitigate affordability problems for some – but more research alone, won’t house anyone!

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<sup>70</sup> BTF pp. 60 - 78

<sup>71</sup> Ibid p.61 - 63

105. The needs of older people will be an important area for action into the future. A NZ housing strategy needs to anticipate this growing need, by piloting a variety of housing options for older people. Pilots schemes can range from new kaumatua flats to mixed housing-type of community developments that includes provision for the housing needs of the elderly.

### *Women's housing issues*

106. Although women have made considerable social advances in recent times, many still face inequality and denial of their rights in regard to access to affordable housing. Marriage breakdowns are often the start of housing problems for them. The Family Proceedings Act (1980) confirmed the “clean-break principle” which encourages shorter periods of occupancy of the matrimonial home after dissolution. Women may have money available to them from the matrimonial settlement but because women's incomes are generally lower than that of their male counterparts, they rarely have the supporting income to purchase another home. They also experience difficulty in obtaining mortgage finance from the mainstream lending agencies.

107. Such difficulties mean women are often forced to trade down or rely on the rental market. Trading down usually means the family must move to another place with a further break of neighbourhood links, education, support services and emotional security. Rental housing is the option most women, who cannot afford house purchase, are forced to take. It exposes them to the high cost of the private rental market, large bonds, often sexual and racial discrimination and poor quality housing. These housing-related difficulties can mean that women will stay in violent relationships longer than is safe for them or their children. Child-care responsibilities also limit their earning capacity and therefore narrow their housing options.

108. We support recognition of the special housing needs of women and suggest that a part of the policy goal of a NZ housing strategy, be the development of shared-equity mechanisms to allow women to secure a form of home tenure that are not presently possible. In other words, the State / Civil Society partnership authority needs to develop a robust concept of shared-equity to allow community and individuals to share ownership of houses in proportion to the input of each party while not alienating the community share. The process becomes another form of savings or asset accumulation.

### *Disabled people's housing needs*

109. Part of the responsibility of the community in these days since deinstitutionalisation of people with disability, is to guarantee them as normal life as possible. This is possible with community-supported care. There are some people with disabilities who are capable of an increased degree of independent living. A NZ housing strategy needs to include an exploration of the possibility

of people with disabilities handling a shared-equity stake in their own living-quarters.

110. While there remain some people for whom this type of initiative would be problematic (i.e. the majority of those who are only marginally competent of independent living; or those who were formerly consigned to secure care for their own survival and community protection), treating people with disability as normal candidates for shared-equity schemes, poses a situation that is no more difficult than that which faces any person struggling with asset-poverty after their living costs have been subtracted from their income.

111. A NZ housing strategy with a comprehensive policy goal must include such people with disability. We owe it to them that they can accumulate assets – albeit a small equity share in their own living-quarters - like any other candidate for a shared-equity account.

112. Residential care trusts don't have capital funding to expand their operations. With the demand for affordable housing for people with disability in supportive care continuing to grow, a NZ housing strategy needs to pilot new forms of shared-equity to assist people with disability towards meeting their need for independent living. We believe it is possible to make provision for such opportunities for people with disability – treating their individual account like any other shared-equity candidate's account.

### ***Children & young people & housing***

113. By the State's own measure, three out of every ten NZ children live in poverty. Susan St.John has made the point that since 1986 the poorest one-child young family, have had a minimal rise in family support.<sup>72</sup> That anomaly has only recently been adjusted. The purpose of family support is to provide income security. It has not been doing the job in the past and the issue of child poverty is one of the most serious threats to NZ's prosperity - given the life-long problems it causes.

114. The main policy goal of the NZ housing strategy must find new measures to provide secure and safe environments for our children. Increase the family benefit with cash handouts and we run the same problem as with increases the AS. A housing credit system where assets can be accumulated through shared-equity gives a family the opportunity to gain a share in their own house and would be of more benefit. It is a way that discounts the "fecklessness" of parents in favour of the well-being of the child. New initiatives must be piloted measuring the social impact of allowing families to get-ahead by gaining an equity-stake in their housing.

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<sup>72</sup> Susan St.John – article: NZ Herald 22<sup>nd</sup> April 2003

### *Housing needs of Maori communities*

115. The low up-take of home-ownership assistance to rural Maori<sup>73</sup> shows how inappropriate for them are the schemes that depend on accessing the mainstream mortgage market. (In fact the LDRLS's<sup>74</sup> repayment rate is set at 1 percent higher than the market rate to offset the greater financial risk to which the mortgage lender is exposed). Only families who can service such loans, qualify. For low-income rural Maori, this is neither attractive nor practical. Generally housing loans and rental accommodation for Maori has been standardized for delivery through mainstream agencies.

116. The serious failure of the mainstream market to provide adequate housing is hidden by Maori tribalism. There is an incapacity or unwillingness on the part of tribal authorities (iwi) to address the single most pressing problem that face young people forming families and finding adequate housing. But at the sub-tribe level (hapu) and at the extended-family level (whanau) desperation is forcing people to seek desperate solutions, often in defiance of tribal leadership and common sense.

117. We support the extension of the action of a NZ housing strategy, to explore the possibility of the formation of new partnership with something like a pan-Maori housing authority - to shape new initiatives to meet the affordable housing needs of both rural and urban Maori and to develop appropriate, shared-equity schemes that deliver warm, dry, safe and low-cost alternatives. Such initiatives might well use some or all of the funding presently being wasted supporting failed mainstream delivery mechanisms.<sup>75</sup>

### *Pacific people's housing*

118. Pacific peoples were encouraged to come to NZ as part of the solution to supply for a labour shortage in an earlier era. As the NZ economy adjusted to globalisation and unemployment increased, Pacific peoples became identified as part of the economic adjustment problem. Now they are more likely to receive lower incomes and are more likely to suffer from unemployment than the average New Zealand citizen.

119. In the past the State has not matched its open immigration policy with satisfactory housing policies for its low-income citizens. As a result we observe

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<sup>73</sup> In early 2003 the rate of up-take of the Low Deposit Rural Lending Scheme (LDRLS) was about 8 percent of the applicants who underwent the State-sponsored home ownership preparation course. The Group Self Build was also very modest.

<sup>74</sup> Low-Deposit Rural Lending Scheme.

<sup>75</sup> By supporting what Just Housing attempted in establishing a rural housing factory in the Hokianga region – where it attempted to supply employment opportunities and reduce the cost-structure of house production by applying industrial-production methods and on-the-job training to trained building teams who assembled the panelised house-sets on prepared sites.

the current mismatch between the serious need of many PI families for housing and the lack of supply of affordable housing in the NZ market. We note the development of a PI underclass, characterised by sub-standard and over-crowded housing, along with associated problems of crime and poor health.

120. Pacific islanders tend to have larger than average families. They concentrate in Wellington and Auckland, where housing costs are very high. They are less able to afford home ownership and rely heavily on rental accommodation. In seeking private rental accommodation they experience discrimination and exploitation.

121. We support the taking of new measures to increase the affordable housing stock available to Pacific peoples and communities. We note that the existing housing stock is often inappropriate for extended-family living. There is a weakening of traditional community and cultural ties, as Pacific peoples are exposed to unfavourable social and economic conditions in their living conditions. To avoid the formation of a poorly housed and alienated underclass, a NZ Housing Strategy must urgently trial pilot schemes that offer more affordable alternatives to what is currently available to Pacific peoples.

123. We believe the formation of a Pacific underclass can be countered by good housing policy - using the acknowledged strengths of Pacific culture and communal values – to redefine appropriate forms of living in contemporary NZ. The policy goal of the NZ housing strategy must include Pacific island housing needs. Use of the Housing Innovation Fund and other HNZC instruments, (such as interest-free or suspensory community loans) – after consultation with Pacific community and cultural groups, is one possibility for funding pilot housing delivery systems for Pacific island families’ needs.<sup>76</sup>

124. Depending on the choice of building method, there may also be opportunities to train entry-level builders to participate in their own house-building programmes and later to extend such building action to the Pacific Islands in partnership with NZ Aid and working together with NGOs in the Pacific territories. .

### ***Other ethnic minority communities & housing***

125. Much of what is said in paras. 118–124 (above) about Pacific island communities applies to other smaller immigrant communities struggling to cope with poor housing conditions. New funding measures appropriate to the communities’ needs, matched with new enabling processes, demand that steps are taken to increase their ability to access adequate housing.

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<sup>76</sup> We believe there are housing delivery systems that will lower the cost structures and make housing more affordable: e.g. - there is the Just Housing Trust and its technology and design partner the Cooperative Housing Association of Aotearoa NZ (CHAANZ) which provide a range of design and methods in the not-for-profit sector. We believe it is possible to fund starter-houses for extended PI families and build them on “borrowed” church, State or community-owned land. We are confident that such community loans will be successfully risk-managed and repaid.

***Refugees***

126. New Zealand's relatively small number of refugees is well cared for as far as their right to adequate housing is concerned. Their situation as refugees qualifies them as priority needers. They jump to the head of the waiting lists for State rental houses. This is a cause of growing resentment among other New Zealanders on the State rental house waiting lists - but is merely a further symptom of the housing supply crisis and the need for a comprehensive strategy to counter the problem. It is not a problem of the refugees' making.

***Prisoners***

127. Inadequate and unaffordable housing is a major concern for many prisoners. A high number are homeless at the time of their imprisonment and a significant number have been homeless at some point in their lives. Imprisonment itself, can lead to the loss of housing.<sup>77</sup> Many have nowhere to go on release. The provision of housing advice and assistance is not extensive. Steps need to be taken, to ensure that more is done for prisoners' right to adequate housing on release and should be part of the NZ housing strategy.

***9. Appoint a Housing Commissioner***

128. We support the appointment of a Housing Commissioner - as part of the policy goal of a NZ housing strategy - to educate and inform about the human rights standards and guarantees under CEESCR article 11 [1] and about the realisation of the right to adequate housing. The New Zealand Human Rights Commission currently has a statutory obligation to inform and educate about human rights standards and guarantees under CESCR. A national Housing Rights Commissioner, or at least a housing focal point, working within the current New Zealand Human Rights Commission framework would enhance the discharge of the Commission's obligations in the area of housing rights.

***10. Incorporate housing rights into a NZ Human Rights Action Plan***

129. We support the adoption of an Human Rights Action Plan - the State's ESCR Covenant compliance through the Human Rights Commission role, will be assisted by involvement with such a national Plan of Action - to identify further steps that need to be taken to progress further improvements in the protection of human rights. While such a plan is currently under development, the process of finalising the legislative programme and implementing other measures, promises to take a long time unless it is given a higher priority.

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<sup>77</sup> Under the Proceeds of Crimes Act convicted offenders can lose their houses.

### **11. Collect adequate housing indicator statistics<sup>78</sup>**

130. We support that the State collect housing indicator statistics and report the findings to the UN Settlements Commission. The State in ratifying the international CESCR framework is obliged by the UN Settlements Commission to produce a report based on these housing indicators, every two years for consideration by the Commission.

131. Such information would be invaluable for the planning and decision-making that would follow the adoption by State and the Civil Society housing providers of a social Charter and NZ housing strategy. The need for objective information is currently lacking. Systematic collection of this data over time, will aid analysis and lead to better strategic planning and practical decision-making and make easier the gauging of the effectiveness of the interventions to realise the policy goal of the housing Charter and the housing strategy.

### **12. Amend the Building Act**

132. We support amending the Building Act to include a statutory responsibility for the new regulatory authority, to respect and protect the State's obligations under the CESCR in its role of applying housing science and technology to the better realisation of the right to adequate housing for all.<sup>79</sup>

### **13. Incorporate ESC Rights in NZ domestic law<sup>80</sup>**

133. There are several ways in which wider or constitutional statutory protection for ESCR Covenant and in particular, the right to adequate housing could be provided for in the NZ context. The Bill of Rights could be extended to include housing - or ESCR Covenant rights could be included in a NZ Constitution.

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<sup>78</sup> BTF p.79 Measuring progress

<sup>79</sup> This recommendation means that the new Building Industry Regulator Authority (BIRA) be given the function in the for-profit building construction sector similar to the way the Solicitor General works for the common good by overseeing the rule of law in New Zealand. The current move to introduce regulation signals the failure of the private for-profit-driven sector of the building industry to responsibly self-regulate. A victim of added compliance costs is the fledgling not-for-profit housing sector - whose tenuous growth is put in jeopardy by further compliance costs not of its making. While moves to regulate the for-profit sector are deemed to be for the public good, regulation for 'enabling measures' in the not-for-profit sector of the building industry *a fortiori* are matters for the public good!! Ability to introduce regulatory measures to respect, protect and fulfil the not-for-profit sector's role in realising the CESCR should be part of the new Authority's statutory obligations and would apply to the promotion of appropriate technologies and best practices throughout the building industry.

<sup>80</sup> For a fuller discussion on incorporation of ICESCR into NZ's domestic law see HRF Report Housing in New Zealand para.3.9

134. Short of this, a more comprehensive set of statutory obligations could create more moral and legal pressure to ensure all people are adequately housed through specific requirements in both housing legislation and human rights legislation. This would provide legislative and constitutional security, transcending the electoral and financial cycles which limit the effectiveness of housing policy decision-making. We consider this to be one of NZ's obligations under the Covenant. Article 2 [2] stipulates that State parties "undertake to take steps....., by all appropriate means, including particularly the adoption of legislative measures".<sup>81</sup>

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<sup>81</sup> Section 3.9 of the HRF Report to the CESCR Committee in Geneva. April 2003

## CONCLUDING COMMENTS

134. We have proposed a housing Charter with the specific policy objective of fully realising the right to adequate housing as the essential framework for defining the areas of action of a NZ housing strategy. We believe such a proposal is soundly based in the State's wider economic strategy and focuses on the external delivery of benefits to all New Zealanders through new initiatives in housing.

135. Such a housing Charter approach can contribute to fundamental economic renewal – transforming the way the State, its agencies and civil society partnerships can realise economic, social and cultural benefits to all the people of New Zealand through new housing policy instruments.<sup>82</sup>

136. We believe a housing Charter will allow civil-society institutions to respond quickly to the rapidly evolving and varying housing needs of New Zealand society, through cooperation with the State and its agencies.

137. New Civil-Society housing institutions will contribute to the building of capacity and knowledge - the chief ingredients that form societal capital and which are basic for a strong, well-housed, inclusive and participatory society in which fundamental human rights are progressively realised.

138. By withdrawing from a former universal benefit approach to the provision of housing in favour of a targetted welfare approach through a compensatory accommodation allowance, State policy has regressed from its earlier high level of compliance with its responsibilities under ICESCR article 11 [1].<sup>83</sup>

139. Any New Zealand housing strategy must address the failure of the State to make housing accessible and affordable to all in NZ. Hence the need to take new steps to develop new affordable housing stock. Partnership at all levels between

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<sup>82</sup> The Charter is not voluntarism, nor Tony Blair's "Third-Way", nor the opportunity for the poverty-industry to expand.

<sup>83</sup> "As New Zealand has signed the IESCR Covenant, it has undertaken to try to meet the international standards. The Government cannot sign the agreement and then do nothing, although the resources available will determine how quickly it meets the standards. However, there is an expectation that the Government will give priority to certain things, including: - Developing a housing strategy, in consultation with those affected, which identifies what the needs are, the most cost-effective way of achieving them, and realistic time frames; Coordinating the relevant ministries and agencies, such as local authorities; Monitoring strategies and evaluating the outcomes. The international obligations which make up the right to housing are reflected locally in housing policy and domestic housing legislation, as well as administrative practice. People should be able to exercise their right to housing without fear of discrimination. Everyone should be able to benefit equally, regardless of their age, sex, disability or economic status. This may mean providing something extra so that people can enjoy a right equally with others" – a commentary from the NZHRC on The Right to Housing

State and new civil-society institutions are needed to supply such housing in order to “progressively realise” for all New Zealanders their right to adequate shelter!<sup>84</sup>

140. So we welcome the establishment of a New Zealand housing strategy, if such a strategy has as its goal the progressive realisation of the right to adequate shelter for all, within a reasonable time.

141. We believe that in the past the State’s housing agency’s practices have contributed, in part, to the situation that has arisen with the erosion of the right to adequate shelter. Current reliance on the housing market continues to make it impossible for the State to respond unilaterally, in a fully coherent way to the current housing affordability crisis in New Zealand.

142. We welcome a housing strategy that sets as a practical goal the removal of inadequate and substandard housing within a reasonable time. We believe that practical steps would include building the capacity for a significant contribution by non-market, community-based housing delivery systems. And we believe that such steps could supply the unmet demand for affordable housing - including the housing needs of people in the lower-two-decile-income-range, who have never been, nor probably will ever be in the housing market as presently structured.

143. We acknowledge that current housing problems cannot be solved quickly. And so we suggest the framework of the future New Zealand Housing Strategy is supplied within a social housing Charter which will guide the partnership between the State, its agencies and new civil-society housing institutions.<sup>85</sup> Its immediate establishment would help to define the areas of action to achieve affordability and adequacy of housing for all NZers.<sup>86</sup>

144. In terms of the housing crisis in other countries<sup>87</sup> the chosen areas of action proposed in Building the Future might seem to provide a relatively logical and satisfactory focus for further discussion. But in terms of our history, the State has done better in the past in acting with limited resources for housing our people adequately. The inclusive society, mentioned in the Building The Future’s vision statement, requires an urgent, new, solution-focused action plan.<sup>88</sup>

145. We believe the right to adequate housing needs to be realised in new ways. In its housing policies and practice the State holds to the belief that existing

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<sup>84</sup> “*There is a sense of great opportunity and hope that a new world can be built, in which economic development, social development and environmental protection as interdependent and mutually reinforcing components of sustainable development, can be realised through solidarity and cooperation within and between countries and through effective partnerships at all levels*” - from the Preamble to the Habitat II Declaration - Istanbul 1996.

<sup>85</sup> For the outline of such a Compact see paragraph nos. 32ff below.

<sup>86</sup> Similar to the consensus gained for the NZ State’s policy for universal provision for retirement through the NZ Super Annuation Fund.

<sup>87</sup> South Africa for example.

<sup>88</sup> Housing related illnesses and child poverty statistics are high in lower-decile income areas.

legislation, administrative measures and the common law are enough to ensure rights protection. But the persistence of seemingly intractable housing problems gives lie to that supposition. Where steps being taken, are clearly insufficient to remedy the situation, the State stands in breach of its legal obligation under the ESCR Covenant.

146. In the recommendations that follow, we urge a more comprehensive set of statutory obligations than currently exist. They are required to exert the sort of moral and legal pressure to gain the resources with which to transcend the short-termism of the electoral and financial cycles. Short-termism plagues existing housing policy. So we make the following recommendations:

## **RECOMMENDATIONS**

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- 1. That the State incorporate housing rights under the international ESCR Covenant into a Housing Charter such that the principle of full realisation of the right to adequate housing is posited as the Charter's main policy objective. That a rights-based approach is taken to the delivery of adequate housing to all New Zealanders.**
- 2. That the State and Civil Society partners, in implementing the NZ Housing Strategy, adopt the Housing Charter as the framework to develop the following new measures to realise the right to adequate housing:**
  - a revolving building fund
  - a land bank
  - a flexible concept of shared-equity
  - community capitalisation of the accommodation supplement.
- 3. That the State and the Civil Society partners establish a new and independent Housing Authority - to promote the NZ Housing Strategy as the means of fulfilling the objective of the Housing Charter.**
- 4. That the NZ Human Rights Commission identifies a Housing or ESC Commissioner or focal point - to inform, educate and better protect ESC Covenant rights and standards in housing**
- 5. That the NZ Human Rights Commission incorporate the right to adequate housing and these other recommendations for a NZ Housing Strategy, into the NZ Human Rights Plan of Action - to better protect and promote all human rights in NZ.**
- 6. That the State include a statutory obligation on the new Building Industry Regulatory Authority, to respect and protect ESC Covenant rights and values in its application of science and technology to the building industry.**
- 7. That the State collect adequate housing indicator statistics and report the findings to the United Nations Settlements Commission every two years, as a way of gauging the effectiveness of the measures taken to progressively realise the right to an adequate standard of living and the right to adequate housing.**
- 8. That the State incorporate the right to adequate housing into NZ domestic law.**