

**Transformative Housing Policy for Aotearoa
New Zealand:
A Briefing Note on Addressing the Housing
Crisis**



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Executive Summary

- We need to understand housing policy in historical context, including in the context of colonisation and in light of the successes and failings of the first Labour Government
- We need a new paradigm for housing policy, focusing on:
 - Decentring home-ownership
 - Decolonising housing policy
 - Democratising housing policy-making
 - Decommodifying housing
- We propose ten policy ideas for greater consideration, arising out of this new paradigm:
 1. A Ministry of Public Works
 2. A Green Investment Bank
 3. A State Lending Agency
 4. Transferring Regulation of Mortgage Lending to Parliament
 5. Enabling Public Sector Leadership for Housing Policy
 6. Supporting Tino Rangatiratanga in Housing Policy
 7. Fair Taxation of Housing
 8. Expanding State and Community Housing
 9. Enhancing the Rights of Renters
 10. Tackling Homelessness
- Securing these policy changes requires not just political will but active campaigning to shift the balance of forces in debates about the future of housing policy

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1. Introduction

For some years it has been widely accepted that New Zealand has a housing crisis. There is a growing risk, though, that the housing crisis is seen as just a part of life in New Zealand. We have lived with widespread homelessness, renters' struggles, and runaway house prices for so long that people could be forgiven for thinking these conditions might be permanent. But while people could be forgiven for thinking this way, no government should be let off the hook for allowing these problems to persist. Other governments around the world have eradicated homelessness, reasserted renters' rights and brought house prices under control.

Our contribution in this paper is to broaden public debate on both the origins of and solutions to Aotearoa New Zealand's failed housing context. We describe ideas that would underpin a new housing paradigm and offer specific policy suggestions to bring a new paradigm into being. Current debates around housing either revolve around supply-side factors or other singular policy instruments. No accounts to date have articulated an alternative vision based on a critique of policy ideas, politics, and material interests.

The housing crisis is neither inevitable nor inescapable. Allowing the crisis to continue unabated will do lasting damage to health, inequality, levels of debt, and the hopes of a generation. To take action to prevent this from happening we need to understand how we got here (Part II). We need to be clear about what kind of society we want to move towards and how housing fits into that vision (Part III). And we need to set out the steps that can be taken to move towards that broader vision (Part IV). We adopt as our starting point the fact that, while the Labour-led Government has made progress on state housing and renters between 2017 and 2020, housing is an area of policy where action has been grossly inadequate in recent years. We also consider that action on housing should take into account the history of housing in Aotearoa New Zealand (including during colonisation), the current politics and power dynamics of housing policy-making, and the place of housing in the context of post-COVID-19 recovery. We recognise that housing cannot be thought about in isolation from other policy areas, such as social security or tax or financial regulation. Political parties must recognise these realities in the lead-up to – and immediate aftermath of – the 2020 New Zealand election.

2. Understanding How We Got Here

Māori land and housing

'Te toto o te tangata he kai, te oranga o te tangata he whenua'

*Food is the blood of the people, but the welfare of the people lies in the land*¹

Māori land is considered to be taonga tuku iho, a treasure handed down through the generations. Māori land has significant cultural and social value, and the desire to live on the land is often described in terms of fostering well-being for the community and as a source of mana.² This whakatauki sheds light on the past of Aotearoa: acts of colonisation have enabled land loss which is at the core of every Indigenous struggle and injustice. The fact that there is only five percent of Māori land remaining under the custodianship of Māori recognises the dispossession and displacement of Māori who have been alienated from their homelands.³

In the current climate of COVID-19, the pandemic has exacerbated housing stresses for Māori. Calls to “stay home, save lives” in response to COVID-19 brought housing inequalities in Aotearoa into focus. Staying at home – while necessary to stop the spread of the virus – is not straightforward when living in overcrowded, unhealthy or unsafe housing, or even sleeping rough. The current housing crisis is a human rights crisis that undermines the safety, livelihoods and wellbeing of many. Now, with the prospect of a recession and significant job losses, housing is one of the first areas where this hardship will become apparent. The strategy for economic recovery must bring new thinking about the value of housing, and innovative policies to shape the economic recovery towards more just and equitable housing for all.

It is time for the nation to address the housing crisis as a human rights crisis and even more so for Māori who have lived in poor conditions and suffered social and economic ills as a result of colonisation. There is a need to revert back to strengthening kāinga and understanding te ao Māori in our everyday lives. The systems in place do not seek to serve our people and we must address this in the most culturally appropriate way informed by mātauranga Māori. Most Māori were in kāinga where extended kin lived as whānau. Historical trends from 1876 to 1900 showed that many kāinga had been lived in for generations; others were recent and a result of government stabilisation policies. The important issue for the present briefing note is that these sites have often survived until today and become the location for multigenerational Māori families.⁴ The combination of high house prices, narrow bank

¹ Grove, Neil and Mead, Hirini Moko (2001). *Ngā Pēpeha a ngā Tīpuna; the Sayings of the Ancestors*. Wellington: Victoria University Press

² Office of the Auditor-General New Zealand. (2011). *Part 2: Maori housing needs and history, and current government programmes*. <https://oag.parliament.nz/2011/housing-on-maori-land/part2.htm>

³ Māori freehold land is approximately five per cent (1.4 million hectares) of New Zealand’s land area and is predominantly concentrated in the top half of the North Island.

Retrieved: The Department of Internal Affairs. (2019). *Whenua Maori rating*. The Department of Internal Affairs Te Tari Taiwhenua - dia.govt.nz. <https://www.dia.govt.nz/Whenua-Maori-rating>

⁴ Commision, F. (2013). *Families and Whānau Status Report: Towards Measuring The Wellbeing Of Families And Whānau*. Retrieved: <https://thehub.swa.govt.nz/assets/Uploads/families-whanau-status-report-2013-0.pdf#page=133>

lending criteria, low incomes, and being unable to save due to high rents has put homeownership out of reach for most whānau. It means Māori are much less able to secure asset wealth and transfer it to the next generation.⁵ If we anchor our approach in Te Tiriti o Waitangi to address the Māori housing crisis, this centres kāinga, whenua, whanau and tino rangatiratanga. As Tony Kake puts it: “It’s not about walls and beams; it’s about hopes and dreams. It’s about our hopes and dreams for our whānau, starting with a roof over our heads.”⁶

Housing in Aotearoa is an enduring challenge

Today’s housing challenges have their origins in history. Settler colonisation brought to Aotearoa radical ideas of land and resource ownership, which disrupted Māori ideas and practices relating to land. Pākehā interests and institutions became embedded and were advanced through conflict and the courts, resulting in the systematic alienation of Māori from their land.⁷

Housing conditions within the growing settler society itself were also unequal. Land in the colony was ‘commodified’ or considered an object whose paramount value was financial. Land and housing in the new settler society were objects for trade, and profit making rather than a collective resource to be shared for the security and wellbeing of all in the settler towns.⁸ Ideas and power relations placed the interests of a new land-owning settler elite in conflict with small holders and landless labouring class in the growing settlements. As urban historian Ben Schrader notes,⁹ “towns and cities were before anything else places in which to make money”, with “speculative frenzy” generating significant profits for urban land holders. Calls for regulation were resisted. According to Schrader: “alongside the emphasis on speculation was a conviction that city building activities should be unregulated”. Poor housing conditions continued into the early twentieth century with many subjected to high rents and squalid conditions.¹⁰

Enter the state

⁵ Ibid.

⁶ Independent Māori Statutory. (2018). *KĀINGA Strategic Action Plan*.

<https://www.imsb.maori.nz/assets/sm/upload/tt/5j/27/a5/Kainga-finalA.pdf>

⁷ Matt Wynyard, “Plunder in the Promised Land: Māori Land Alienation and the Genesis of Capitalism in Aotearoa New Zealand,” in *A Land of Milk and Honey? Making Sense of Aotearoa New Zealand* (Auckland: Auckland University Press, 2017).

⁸ See Cumming, Catherine Grace. “How Finance Colonised Aotearoa: A Concise Counter-History.” *Counterfutures*, no. 7 (2019): 40–72.

⁹ Ben Schrader, *We Call It Home: A History of State Housing in New Zealand* (Auckland [N.Z.]: Reed, 2005), 16.

¹⁰ Ministry of Culture and Heritage, “The State Steps in and out - State Housing | NZHistory, New Zealand History Online,” New Zealand History Online, 2014, <https://nzhistory.govt.nz/culture/we-call-it-home/the-state-steps-in-and-out>.

History also contains moments where the social value of housing has been prioritised and where the state has taken responsibility for increasing housing availability, quality, and affordability. The first Labour government (1935–1949) developed a large-scale public housing programme in response to constrained housing supply, poor conditions and the effects of financial instability of housing finance during the Great Depression. The building of ‘state houses’ also fulfilled another need: constructing houses boosted employment and facilitated the growth of domestic processing and manufacturing industries.¹¹ The Second World War put significant resource and labour road-blocks in the way of the state housing project. Yet despite considerable challenges, 32,000 state houses were built by the Labour government between 1937 and 1949.¹² Professor Laurence Murphy relates that ‘early state houses have assumed something of an iconic status within the New Zealand imagination, being a material manifestation of the country’s early and innovative welfare state’.¹³ State housing represented a paradigm shift in New Zealand’s housing system. State planning, finance, construction, and maintenance delivered decent, affordable housing to many who had previously experienced insecurity, high rents, poor design, and overcrowding.

Mass ownership

Direct government supply of housing would, however, become a ‘residualised’ or less preferred form of housing tenure over time. Increasing living standards and canny political reframing saw private homeownership framed as the ‘norm’ in a time of post-war economic boom.¹⁴ Over time, private homeownership took on a powerful ideological association with ‘freedom’ and ‘security’. Homeownership developed into a key tenet of the ‘Kiwi dream’.¹⁵ Public policy and state finance were directed to support the expansion of private homeownership, including government supply of low-rate mortgage finance through the Housing Corporation and the ability to capitalise the family benefit towards a home deposit. State housing was recast as an option primarily for those who were not able to secure homeownership.¹⁶ By the mid-1980s, homeownership rates reached as high as 74 percent while state rentals constituted only five percent of total housing stock; by 1991, the Housing

¹¹ Schrader, Ben. *We Call It Home: A History of State Housing in New Zealand*.

¹² *Ibid.*

¹³ Murphy, Laurence. “To the Market and Back: Housing Policy and State Housing in New Zealand.” *GeoJournal* 59, no. 2 (2004): 119–126. <https://doi.org/10.1023/B:GEJO.0000019970.40488.d5>.

¹⁴ See Murphy, Laurence. “To the Market and Back: Housing Policy and State Housing in New Zealand.”; Thorns, D. C. “Housing Policy in the 1990s: New Zealand a Decade of Change.” *Housing Studies* 15, no. 1 (2000): 129–138.

¹⁵ See Kemeny, Jim. *The Myth of Home-Ownership: Private versus Public Choices in Housing Tenure*. London: Routledge.1981.

¹⁶ See Murphy, 2004 and Murphy, Laurence. “Neoliberal Social Housing Policies, Market Logics and Social Rented Housing Reforms in New Zealand.” *International Journal of Housing Policy* 0, no. 0 (2019): 1–23. <https://doi.org/10.1080/19491247.2019.1638134>.

Corporation (later Housing New Zealand and now Kāinga Ora – Homes and Communities), which administered state housing, held 70,000 houses across New Zealand.¹⁷

The rise of the unbridled market

The election of the fourth Labour government (1984–1990) and fourth National government (1990–1999) marked a major turning point in New Zealand’s economic and social context. The role of the state in a variety of policy areas was contested. Key officials in central public sector agencies no longer considered the direct provision of housing a core responsibility of the state. The Treasury advised the Labour government that it saw “little need for any state enterprise to provide rental accommodation or lending services”,¹⁸ advocating instead for housing supply to be coordinated by the private sector. The role of government was reimagined by officials to consist of offering targeted rental subsidies to citizens on low incomes, a policy inspired by ‘housing voucher’ schemes in the United States. Housing Minister Helen Clark rejected and resisted Treasury advice on state housing stating that “vouchers don’t build houses”.¹⁹ However, the Labour government moved ahead with radical deregulation of the financial and banking sectors -abolishing overseas borrowing restrictions on banks, and privatising both the Bank of New Zealand and PostBank²⁰.

On state housing the fifth National government’s position aligned closely with Treasury advice. The government implemented housing reforms designed to ‘alter radically the state’s involvement in housing in line with neoliberal approaches to social welfare and international trends in housing policy where direct provision of state housing was increasingly supplanted by direct income supplementation’.²¹ State housing tenants had received an Income-Related Rent Subsidy (IRRS) which capped rents at 25 percent of a tenant’s income. The National government viewed the subsidy as a ‘market distortion’ which ‘privileged’ state housing tenants over tenants living in private rentals. A moral discourse was also deployed by the government, IRRS subsidies were said to encourage ‘dependency’ on state housing tenure, denying state tenants an imagined greater ‘choice’ in the rental market²². The government described the state housing system as having failed to “encourage fairness, self-reliance, efficiency or personal choice”.²³

¹⁷ Murphy, 2004.

¹⁸ New Zealand Treasury. *Government Management: Brief to the Incoming Government 1987*. Wellington [N.Z.]: Treasury, 1987. p. 168.

¹⁹ Welch, Denis. *Helen Clark: A Political Life*. Auckland, N.Z.: Penguin, 2009. p. 108.

²⁰ Jane Kelsey, *The FIRE Economy : New Zealand’s Reckoning* (Wellington, New Zealand: Bridget Williams Books with the New Zealand Law Foundation, 2015), 52.

²¹ Murphy, Laurence. “Housing Policy.” In *Redesigning the Welfare State in New Zealand: Problems, Policies, Prospects*, edited by Jonathan Boston, Paul Dalziel, and Susan St John. Auckland: Oxford University Press, 1999. p218.

²² Schrader 2005; Murphy, 2004.

²³ Luxton in Murphy, 2004, p. 120.

In 1993, the government introduced a 'tenure neutral' Accommodation Supplement (AS) payment to 'empower' tenant choice as part of a rhetorical and policy strategy to elevate the role of the 'market' (determined to produce greater allocative efficiency) in housing provision and diminish the state's traditional role in direct housing provision.²⁴

The AS was less generous than IRRS and abated as income rose. New legislation required the Housing Corporation to be run "primarily as a business rather than a social delivery agency".²⁵ The Housing Corporation could no longer offer subsidised rents leading to large rent increases for state tenants and was required to return a profit to the government. The Corporation divested 16 percent of state housing stock, reducing numbers from 70,000 to 58,866. Many state houses were sold to property investors interested in renting properties on the open market.²⁶

In the private housing sector the National government was similarly active in developing pro-market and pro-business policy. Policies designed to increase and maintain high levels of homeownership by supporting citizens on modest incomes were phased out in the 1990s.²⁷ The government sold the Housing Corporation's mortgage portfolio to private banks including Westpac, ANZ, and TSB, constituting a further significant extension of private banks into the New Zealand housing system.²⁸ These changes occurred within a broader social and economic context which saw unemployment rise, inequality increase, and other components of the welfare state diminished.

The Fifth Labour Government and the Fifth National Government

The fifth Labour government (1999–2008) reintroduced the IRRS and returned social objectives to the Housing Corporation's governing legislation. The government further resumed the development of state housing stock by acquiring new property, bringing stock numbers to 66,000 by 2005. Professor Laurence Murphy describes the Labour-led government's policy direction as a return to the spirit of an earlier state housing epoch but notes that state housing remained a residual support for those in greatest need only.²⁹ The government, however, presided over the doubling of house prices which occurred between

²⁴ Murphy, 2004.

²⁵ Kelsey, Jane. *Rolling Back the State: Privatisation of Power in Aotearoa/New Zealand*. Wellington, NZ: Bridget Williams Books. 1993. p. 31.

²⁶ Murphy, 2004.

²⁷ D. C. Thorns, "Housing Policy in the 1990s: New Zealand a Decade of Change," *Housing Studies* 15, no. 1 (2000): 129.

²⁸ Treasury, "New Zealand Government Asset Sales as at 30 September 1999 - Completed Sales," 2007, <https://treasury.govt.nz/information-and-services/government-finances/assets/asset-sales-historical-information/new-zealand>.

²⁹ Murphy, 2004.

2000 and 2007.³⁰ Deregulated private banks facilitated a major rise in household debt through poorly regulated mortgage lending practices underpinned by low Reserve Bank interest rates and access to low-cost overseas funds.

The fifth National-led government (2008-2017) implemented a social housing reform programme with the stated aim of increasing supply of affordable housing through increasing involvement of the community housing sector. While the 'form' of the policy changes in social housing was new, the spirit of the reforms originated in the neoliberal principles of marketisation and financialisation promoted by previous National-led governments in the 1990s.³¹ The reforms were underpinned by the belief that establishing a social housing 'market' would deliver better social outcomes in contrast to direct public sector delivery. The reforms embedded marketisation and financialisation in the state housing system in new ways. The reforms were contradictory in that they championed the importance of the community housing sector in rhetoric, yet failed to supply the community housing sector with the financial backing necessary to assume a lead role in growing social housing.³² Little new social housing stock was added, a key factor in the government's crisis decision to requisition motels to house families in urgent housing need. Auckland house prices doubled between 2008 and 2016, fueled by an underregulated mortgage lending system geared to credit creation and few constraints on wealthy investors speculating on price increases. Mortgage credit was - and continues to - be extended to a significant degree to the wealthiest New Zealanders, allowing tax-free capital gains investments in rental housing and fueling a speculative bubble underpinned by bank lending.³³

The crisis

Housing policy has gone 'back to the future'. Our housing system is arranged in a way that privileges the financial value of land and housing while the social value of land and housing is a distant second priority. The needs of the market take precedence over the collective need we have for everyone to enjoy safe, secure, affordable homes. Aotearoa's reigning intellectual and institutional framework for housing (i.e. government policy, regulatory, and financing systems) has enabled the financial value of land and housing to dominate - resulting in housing shortage, poor quality stock, rising rents, and displacement through gentrification processes. The social, cultural, economic, and health impacts are significant, multiple, and

³⁰ Jane Kelsey, *The FIRE Economy: New Zealand's Reckoning* (Wellington, New Zealand: Bridget Williams Books with the New Zealand Law Foundation, 2015), 68.

³¹ King, Jordan. "National's Social Policy Legacy in Social Housing." *New Zealand Sociology* 34, no. 2 (2019): 227–252.

³² *Ibid.*

³³ Jenny McArthur, "Why We Can't Simply Build Our Way out of the Housing Crisis," *The Spinoff* (blog), 2017, <https://thespinoff.co.nz/auckland/28-11-2017/why-we-cant-simply-build-our-way-out-of-the-housing-crisis/>.

well-documented. Our housing system more closely resembles the 19th and early 20th century model than a progressive, human-centred model.

History informs the current state of debate about housing in Aotearoa New Zealand. Politicians have continued to centre home-ownership in recent years. From 2015 the Labour Party's slogan in opposition was "backing the Kiwi dream", with then-leader Andrew Little explaining in repeated speeches that the Kiwi dream was home-ownership.³⁴ This attempted to put home-ownership at the heart of a particular myth or view of New Zealand life. In some ways this is nothing new: home-ownership, at least in some circles, is "a cultural expectation" fostered over the second half of the twentieth century through to the present.³⁵ Widespread talk in the mainstream media of "getting on the housing ladder" has reinforced associations between housing, status, and progression.³⁶ It is also out-of-touch with the reality for so many people for whom "the housing ladder" is manifestly out-of-reach.

The core of the problem

Public debates over housing often fail to grasp the whole problem and its drivers: there is too much attention given to home-ownership and housing affordability, drowning out issues of renting, homelessness or Māori housing. Another issue is the role of housing and land supply, which is seen as a major cause of rapid growth in property values. This position is supported by several Productivity Commission inquiries;³⁷ however, these reports fail to adequately recognise the role of demand-side drivers such as speculative investment, no taxation on capital gains, and permissive mortgage lending. The Commission's 2012 report claims that the presumption of a tax bias in favour of equity in housing has been offset by increases in GST. This argument is difficult to maintain when it has become normal for houses to earn more in annual capital gains than most workers do by actually working. The Productivity Commission's research is biased towards certain drivers of the crisis: by framing the 2015 inquiry as *Using Land for Housing*, the scope makes it impossible to attribute price growth to much else. While supply of land, development capacity, and density planning are important, there is an over-emphasis on this factor in the wider housing debate, and too little focus on the need for policies which disincentivise speculative investment. Recent decisions to inject cheap credit as a COVID-19 economic stability response will see an increase in speculative investment and further increases to house prices.

³⁴ 1 News, 'Andrew Little Makes Passionate Pledge to "Rebuild the Kiwi Dream"', 8 November 2015.

³⁵ Shamubeel Eaqub and Selena Eaqub, *Generation Rent: Rethinking New Zealand's Priorities* (Bridget Williams Books, Wellington, 2015) at p. 1.

³⁶ Daniel Dunkley, 'Here's How We Got on the Housing Ladder', Stuff, 6 March 2020.

³⁷ Productivity Commission, *Using land for housing inquiry* (September 2015); *Housing affordability inquiry* (March 2012).

Perhaps more importantly, the focus on housing supply ignores the strategic centrality of real estate and property to the New Zealand economy, a point raised by Jane Kelsey and others.³⁸ The banking sector in New Zealand is dominated by mortgage lending, which accounts for 59 percent of all loans made³⁹. Around 37 percent of the total value of mortgage lending is for property investors, not owner-occupiers, showing the prominence of investors in the housing market. Banking models rely on mortgage lending, boosting funding for property rather than other lending to genuinely productive sectors, in part because mortgages are more attractive than other types of loans, as they are secured against a property, and require less careful assessment or relationship management.

As the United Nations Special Rapporteur on housing Leilani Farha has pointed out, drawing on the work of Kay Saville-Smith, almost 50 percent of banking system assets are residential property-related loans in New Zealand. Over 50 percent of New Zealand's household wealth is tied up in land and housing, with the value of wealth held in housing or land having grown by 91 percent over the last ten years.⁴⁰ The structural dependence of the New Zealand economy on housing has not only delayed the development of other more productive sectors; it has been at the foundation of spiralling house prices.

This has led to gentrification playing out in traditionally lower cost parts of our towns and cities, changing the social fabric of communities and pricing existing residents out of neighborhoods. The state has been complicit in this process. State-led gentrification, marketed as 'regeneration', has seen areas of state housing rebuilt on public land to accommodate private housing and higher income people while displacing state housing tenants despite claims they are ameliorating housing shortages.⁴¹

Two other interlocking political dimensions of the current debate are worth mentioning. First, there remains a deep-seated deference to 'the market' in discussions about housing. As

³⁸ See Jane Kelsey, *The FIRE Economy: New Zealand's Reckoning* (Bridget Williams Books, Wellington, 2015).

³⁹ Reserve Bank of New Zealand (2020) Statistical Data Series hS31: Banks: Assets – Loans by purpose (Dec 2016 – current).

⁴⁰ Leilani Farha, 'End of Mission Statement: Visit of the Special Rapporteur on the right to adequate housing to New Zealand', OHCHR, Wellington, 19 February 2020.

⁴¹ See Gordon, Renee, Francis L. Collins, and Robin Kearns. "It Is the People That Have Made Glen Innes': State-led Gentrification and the Reconfiguration of Urban Life in Auckland." *International Journal of Urban and Regional Research* 41, no. 5 (2017); Cole, Vanessa. "'WE SHALL NOT BE MOVED' Community Displacement and Dissensus in Glen Innes, Tāmaki Makaurau." Unpublished Thesis, University of Auckland, 2015. This is an international trend - see Lees, Loretta. "Gentrification and Social Mixing: Towards an Inclusive Urban Renaissance?" *Urban Studies* 45, no. 12 (2008): 2449–70; Hochstenbach, Cody. "State-Led Gentrification and the Changing Geography of Market-Oriented Housing Policies." *Housing, Theory and Society* 34, no. 4 (2017): 399–419.

already noted, the policy revolution beginning in the 1980s sought to build up an image of the state as bloated or corrupt or inefficient. Rules around markets were loosened or deregulated. Public services were sold off. Second, relatedly (in part as a product of this first point), governments have been timid and unwilling to intervene more robustly in housing markets. This has been manifested in the failure of multiple governments to do more to ensure there is fair taxation of profits from housing, a point we return to below. Some of the most high-profile regulation of housing that has occurred, in the form of loan-to-value ratio (LVR) regulation (which sets limits on how much debt can be taken on by those wanting to buy a house), has been done by the Reserve Bank. The Reserve Bank's work can appear to be technocratic and above the fray of politics, even if LVR restrictions are deeply political. Government inertia to shape or transform the housing market is not, to be clear, simply down to a lack of personal courage on the part of politicians. It arises out of the balance of forces in the housing debate, and a debate that has been tilted away from government intervention, whether that is in the form of regulation, taxation, or state house-building. That tilted debate has made it harder for governments to act. In the next section we discuss what a new paradigm would look like in order to rebalance the debate and begin reforming a deeply broken system.

3. Shifting the Paradigm

(i) Decentring home-ownership

In this section we discuss the decentring of the concept of homeownership and how we may rethink the traditional homeownership paradigm. As described above, the adoption of a neoliberal agenda, sweeping welfare reforms, financialisation and deregulation of the housing market have contributed to a landscape in which access to affordable and adequate housing, particularly homeownership, but increasingly in the private rental market, is unachievable for many.⁴² Māori and Pasifika peoples have been disproportionately affected by declining affordability, with rates of homeownership dropping to 28 percent for Māori and 19 percent for Pasifika, compared to 57 percent for Pākehā.⁴³ Māori home ownership has only ever been high during the 1960s-1980s in relation to government housing policies and state interventions because financing was available. However, today homeownership has been priced out of reach for many households... Growing housing insecurity amongst Māori could

⁴² Saville-Smith, N., & Saville-Smith, K. (2018). *Declining egalitarianism and the battle for affordable housing in New Zealand*. National Science Challenges Building Better Homes, Towns and Cities Ko ngā wā kāinga hei whakamāhorahora. Retrieved from:

https://betterdecisions.goodhomes.co.nz/wp-content/uploads/2019/09/10-Saville-Smith_2018_declining_egalitarianism_affordable_housing.pdf

⁴³ Johnson, A., Howden-Chapman, P., & Eaqub, S. (2018). *A stocktake of New Zealand's housing*. Ministry of Business, Innovation & Employment. Retrieved from

<https://www.beehive.govt.nz/sites/default/files/2018-02/A%20Stocktake%20of%20New%20Zealand%27s%20Housing.pdf>

also threaten the integrity of key social groupings, particularly whānau and hapū, as people need to move more and further away to find places to live.⁴⁴ As described, the neoliberal reforms have seen the government distance itself from many of the obligations of housing, particularly of either directly providing sufficient housing or indirectly ensuring the institutional framework provides equal opportunity so that all citizens are able to either own their own home or afford to live in a warm, dry and secure home.⁴⁵

We currently also see a simple division in public discourse between homeownership or renting. We need to shift our current expectations and think about how other tenure choices may be a better option than homeownership: for example, secure tenure of rental housing can be viewed as one method for operating tino rangatiratanga over kāinga as well as for delivering secure housing for all in Aotearoa.⁴⁶

If housing security is one of the overriding goals of housing policy-making then whānau will be able to ensure there is a stable and affordable place to call home for everyone. We can do this by focussing on ‘te mauri o te kāinga’. This framework developed by Sir Mason Durie speaks to a framework that is shaped around whānau (the people who will live in the kāinga); around whenua (the land on which kāinga will stand); and around whanaungatanga: the connections that will enable the kāinga to flourish.⁴⁷ As a normative housing outcome aimed at long-term, stable tenancy, tenure security relates directly to the kāinga principle of ongoing human occupation.⁴⁸

This logic can encompass all citizens across Aotearoa. Secure, collectively owned housing (held through the state but organised in a decolonised and democratic way) could provide all the everyday benefits of private home ownership (security, having a pet, redecorating, even having multiple generations live in the dwelling over the long term) without the steep cost of entry and private gain. De-centering private individual ownership also opens possibilities for collective tenures, including where larger whānau can live multi-generationally together.

⁴⁴ Rout, M., Reid, J., Menzies, D. & MacFarlane, A. (2019). Homeless and landless in two generations – Averting the Māori housing disaster. Report for Building Better Homes, Towns and Cities SRA5: Kāinga Tahi, Kāinga Rua, 22pgs. Wellington: BBHTC. Retrieved from https://www.buildingbetter.nz/publications/ktkr/Rout_et_al_2019_Homeless_&_landless_in_two_generations_KTKR.pdf

⁴⁵ Ibid.

⁴⁶ Tawhai, V., & Gray-Sharp, K. (2011). *Always speaking: The Treaty of Waitangi and public policy*. Huia Publishers.

⁴⁷ Durie, Mason. Te Ahua o te Kainga: Shaping the house, part 2 [online]. *Parity*, Vol. 32, No. 10, Dec 2019: 57-59. Availability: <https://search.informit.com.au/documentSummary;dn=092773582521030;res=IELHSS> ISSN: 1032-6170. [Cited 02 Aug 20].

⁴⁸ Tawhai, V., & Gray-Sharp, K. (2011). *Always speaking: The Treaty of Waitangi and public policy*. Huia Publishers.

Of course, it is true that if we shift our overriding vision for housing in Aotearoa New Zealand while a small group of people reap significant rewards (including financial rewards) from home-ownership, inequity will be reproduced. It is for this reason that we address fair taxation of housing below. A move to decentre home ownership will only be effective if there are secure, viable alternative options for housing security for all.

(ii) Decolonising housing policy: recognising rangatiratanga to housing

Work done to decolonise housing policies needs to be underpinned by Te Tiriti o Waitangi, which recognises rangatiratanga to housing. In the te reo Māori text, in Article Two, Te Tiriti guarantees to rangatira/Māori “te tino rangatiratanga o ratou wenua o ratou kainga me o ratou taonga katoa”. Māori were guaranteed the ‘highest chieftainship’ of their kāinga.⁴⁹ A briefing note developed by Dr Helen Potter recognises that in giving expression to tino rangatiratanga (Article Two) and equity (Article Three) as affirmed and guaranteed in Te Tiriti o Waitangi, it is for whānau, hapū, marae and iwi to determine the types of housing that meets their needs; and it is the responsibility of the Crown, as Treaty partner, to facilitate the development of these housing options to support optimal Māori health and wellbeing.⁵⁰

We are in a timely place to discuss the three spheres of influence within the context of addressing the housing crisis in Aotearoa New Zealand, drawing on the framework laid out in the report of Matike Mai Aotearoa. Those spheres of influence are the “rangatiratanga sphere”, where Māori make decisions for Māori, and the “kāwanatanga sphere” where the Crown will make decisions for its people. The sphere where they will work together as equals is called the “relational sphere” because it is where the Tiriti relationship will operate.⁵¹ Anchored in Te Tiriti o Waitangi, this provides an opportunity for Aotearoa to address the housing crisis from a multifaceted approach.

Institutional racism continues to create further disparities between Māori and Pākehā. The reassertion of the rights of Māori need to be embedded within the domains such as housing and kāinga. The *Te Maihi o te Whare Māori – the Māori and Iwi Housing Innovation (MAIHI) Framework for Action* developed by the Ministry of Housing and Urban Development is an opportunity to operationalise the Crown-Māori partnership in the relational sphere which enables all parties to work together to respond to the needs of Māori housing. This approach

⁴⁹ Independent Māori Statutory Board. (n.d.). *HOUSING: informing action through rights and obligations*. Retrieved from <https://www.imsb.maori.nz/assets/sm/upload/l2/xh/cr/bu/Housing%20-%20rights%20and%20obligations%20approach.pdf>

⁵⁰ BBHTC. (2018). *Māori Housing Think Tank Hui* - Wednesday, 24 January 2018. *Briefing paper*, 6pgs. Wellington: Author. Retrieved from https://www.buildingbetter.nz/publications/ktkr/Maori_Housing_Think_Tank_briefing_paper.pdf

⁵¹ Matike Mai (2016) “He Whakaaro Here Whakaumu Mō Aotearoa: The Report of Matike Mai Aotearoa—the Independent Working Group on Constitutional Transformation.” <https://nwo.org.nz/wp-content/uploads/2018/06/MatikeMaiAotearoa25Jan16.pdf>

can coexist with the rangatiratanga sphere; however, it must be noted that the Crown cannot take a kaupapa Māori approach and must enable Māori to provide solutions that are by Māori for Māori.

This may include reimagining the operationalisation of existing housing policy measures focusing on demand, supply, affordability, suitability, habitability and security of tenure. This needs to be reviewed in concurrent discussion regarding the redistribution and transfer of power, knowledge and resources from the Crown to Māori. Until the Crown is willing to cede power, it will continue to fail and respond to meet the diverse housing needs of Māori. Alongside the points made above, we look forward to the Waitangi Tribunal findings from the Housing Policy and Services Kaupapa Inquiry (WAI 2750), which may inform how decolonisation of housing policy should happen.

(iii) Democratising housing policy

There is also a need to democratise housing policy. There is a widespread sense, in particular arising out of our conversations and interactions with state housing tenants and renters, that life-changing decisions about housing are made by unaccountable decision-makers, whether they be landlords, distant bureaucrats, or disconnected politicians.

The democratisation of housing policy can be secured in different ways. First, ensuring a shift in power from the market to public services can ensure greater accountability and control. There is much that can be improved about New Zealand's democracy. But being able to vote out politicians, and reject policies, provides an important channel of accountability. Politicians are often subject to greater media scrutiny, too. Second, within New Zealand's public sector there is a need for ongoing rethinking about which institutions have responsibility for decision-making about housing. It may be appropriate for the Reserve Bank to play roles relevant to financial stability and macroeconomic oversight. But the Governor of the Reserve Bank is unelected, and decisions about social policy should rightly be made by elected politicians. A reallocation of functions can ensure housing policy is responsive to the needs of people, while also maintaining necessary expertise, a point we revisit below. It is orthodox for the government to play an active role in managing housing policy around the world, whether that is exemplified through rent controls in parts of the United States or the empty homes tax in Vancouver. It may be, in fact, that New Zealand is an outlier in our relatively hands-off approach to the government's role in upholding the right to housing. Third, greater support should be given to the formation of renters' unions, to widen the pool of voices able to speak up in debates about housing.

(iv) Decommodifying housing

Finally, a key challenge in our view is to decommodify housing. Housing has become a commodity in the eyes of many economic actors. Rising house prices are a source of profit. Houses are an investment. And property has been financialised in various financial instruments. As this form has become dominant, the role of housing as a source of basic human needs – in particular, shelter – has been lost.

It is one thing to say that housing needs to be decommodified – and no longer viewed as a commodity – but another far harder thing to say how this is to be done. Opportunities for speculating and profit-making on housing must be minimised. This can be done, for example, through appropriate and fair taxation of housing, discussed later in this paper. The right to secure housing must be protected and upheld against competing interests. A greater governmental role in overseeing housing policy can help to secure this outcome, along with an accompanying change in policy settings that encourage housing to be regarded as a commodity.

These are four pillars against which the future of our housing sector must be judged. Policy proposals can be assessed in light of how effectively they decentre home-ownership, decolonise housing policy, democratise policy-making, and decommodify housing. These four 'd's should underpin the future of housing in Aotearoa New Zealand.

A comprehensive historical assessment using this framework would evaluate a fuller range of interventions against all four criteria, including decentring home-ownership and decommodification of housing.

4. Time for Fresh Thinking: Policy Options for a New Paradigm

When considering how to build a new approach to housing through concrete policy and action, we can begin with the *kāwanatanga* (government) sphere. Interventions are needed to begin to realise the paradigm shift described in the previous section. These range from the establishment of a Ministry of Works and Green Investment Bank, needed in the short-term to guarantee that New Zealand's recovery from COVID-19 is green and transformational, to the creation of a state lending agency in the next term of Parliament and reconfiguration of the Reserve Bank in the medium term (described in brief below). We then consider interventions to uphold *tino rangatiratanga*, and policy changes needed to tackle problems in state housing, for renters, and in relation to homelessness. Overall, we propose ten new policies to ensure a genuinely transformative approach is taken to housing.

(i) A Ministry of Public Works

From 1876 until the late nineteenth century New Zealand had a Ministry of Works. As Brian Easton notes in *Not In Narrow Seas: The Economic History of Aotearoa New Zealand*, this had a different form over time: it was initially the Public Works Department and later became the Ministry of Works and Development. It coordinated and oversaw major infrastructure projects, and also - as Easton notes - supervised building industry standards. In the 1980s, as a result (in part) of the privatisation and deregulation that occurred through the implementation of Rogernomics, the New Zealand state was hollowed out. Skills and capacity that had been built up over time were lost forever. As part of this process, in 1988 the Ministry of Works was disestablished. A largely privatised system of building regulation was introduced, which was followed by New Zealand's leaky homes crisis and extended litigation by aggrieved home-owners into the 2000s and 2010s.

The construction sector is the fifth largest sector in the New Zealand economy, generating 6 percent of GDP.⁵² The sector is also a significant employer of Māori with over 19,000 Māori working in the sector, construction is the fourth largest employer of Māori.⁵³ It is a good time now for the reintroduction of a twenty-first century Ministry of Works to boost the capacity of the sector to coordinate housing construction. In late 2018, a new civil works alliance named Piritahi⁵⁴ was formed to deliver a \$750m programme of work over a five-year period for Kāinga Ora - Homes and Communities (previously Housing New Zealand). Piritahi is made up of Kāinga Ora and five companies which include Hick Bros Group, Woods, Tonkin + Taylor Dempsey Wood and Harrison Grierson. More public-private partnerships across the sector are likely and note large-scale domestic construction will be important as demand will have to be stimulated as New Zealand emerges out of its covid-19 crisis. Cooperation between the state and private construction firms has a long history, including the role Fletcher's played in building the first state housing. But greater scrutiny is needed of the limitations of public-private partnerships in construction and infrastructure, including from the perspective of workers' rights, incentives for green construction, and overall efficiency. There is potential for government to assume greater coordination, planning, financing, and direct delivery responsibilities in the housing construction sector.

A twenty-first century Ministry of Works can play a role as an anchor body and public sector construction agency - there was some evidence that the Government was considering the establishment of such a Ministry in early 2020. A Ministry of Works could help the Government to highlight the value of trades jobs, breaking down the false distinction between 'low-skilled' and 'high-skilled' work. It could support the development of green infrastructure,

⁵² <https://www.mbie.govt.nz/dmsdocument/1065-hkka-construction-report-february-2015-pdf>

⁵³ *ibid.*

⁵⁴ <https://www.piritahi.nz/>

since all Ministry of Works activities should be oriented towards a zero-carbon future. In particular, relevant to housing, it should undertake a mission-oriented goal to build green state housing that the country can be proud of (discussed further below). This will allow skills and capacity to be redeveloped in the state sector; one criticism of KiwiBuild was that it was too reliant on private sector development and a Ministry of Works would not be dependent in the same way. It could help to build an entire public supply chain for housing delivery, from training of builders and other tradespeople to the construction of state housing. This would provide good-quality, unionised jobs. It should avoid the mistakes of the past Ministry of Works. All its actions must be compliant with Te Tiriti o Waitangi, and indeed should advance Te Tiriti o Waitangi (for example, through the operation of a Māori ministry designed, overseen, and implemented by iwi and hapū). There is a danger that a focus on ‘shovel-ready’ work is gendered, benefiting male workers; an investment in a Ministry of Works should therefore be accompanied by investments in the care sector, amongst other sectors - since such investments would support goals (given that care jobs are green jobs). At the same time, there is a need for an overhaul of the Building Act 2004, which continues to rely on certain privatised forms of regulation (for example, private building certifiers) that are inappropriate and have - as courts have recognised - contributed to New Zealand’s leaky homes crisis and widespread poor housing quality.

A Ministry of Public Works would boost state housing, thereby serving to decommodification of housing and the decentring of state ownership. As well, it would democratise housing policy by bringing oversight of house-building under the oversight of a democratically elected government. If done in the right way, it could also support the decolonisation of housing policy, including through the establishment of a Māori Ministry.

(ii) A Green Investment Bank

Alongside the Ministry of Works, the Government after the 2020 election should establish a Green Investment Bank to support lending for housing infrastructure. These interventions together could form key parts of Aotearoa’s Green New Deal. National investment banks, or national development banks, are common around the world. New Zealand is an outlier in not having such an institution. The Labour-led Government elected in 2017 set up a Provincial Growth Fund, investing \$3 billion over three years in regional development. It also established Green Investment Finance Ltd to kickstart green investment through \$100 million of Government capital. But by late 2019 Green Investment Finance Ltd [had not invested](#) a cent of Government money; the first investment was [announced](#) on 18 August 2020 as this paper was being drafted. And the Provincial Growth Fund lacks a coordinating strategy. A Green Investment Bank would be a more institutionalised fund with a strategic focus. Again, there is a precedent in New Zealand’s history, with the Development Finance Corporation, which like the Ministry of Works was disbanded as a state institution in 1988, when it was privatised.

The Green Investment Bank would lend to small and medium enterprises, and for infrastructure, and could have a particular focus on lending for state and affordable housing. Germany's development bank, KfW, has had a particular focus on lending for solar energy and has kickstarted the development of solar energy in Germany. A significant government injection of capital would support New Zealand's Green Investment Bank. Just as has been proposed in the UK in [discussions](#) of a National Investment Bank there, a major focus of the Green Investment Bank could be relationship banking, and the building of relationships with community housing providers to support responsible financial and project management. A Green Investment Bank could seek to boost lending to the productive sector of the economy, diverting the current emphasis by banks on lending for mortgages (which are often administratively easier than lending to small businesses); that in itself could make a contribution to reducing heat in the property market. As with the Ministry of Works, the Green Investment Bank could be accompanied by a Māori investment body (a Māori Green Investment Bank, led by Māori), and would help to build back state capacity in the kāwanatanga sphere. Like a Ministry of Works, the Green Investment Bank would significantly democratise housing policy, allowing a more strategic approach to house-building, and could decommodify housing by supporting community housing providers. It therefore is consistent with the pillars of a new housing paradigm.

(iii) A State Lending Agency

At present, housing development relies heavily on mortgage finance from retail banks. These banks issue ever-increasing volumes of credit for mortgage lending, driving up prices and generating excessively high corporate profits.⁵⁵ Eligibility criteria mean that mostly wealthy households can access this credit, and have done so over the past two decades in order to purchase investment properties. Mortgage finance is also biased towards detached homes, allowing higher lending for these dwellings compared to apartments. Coupled with the state's withdrawal from building and financing affordable homes, the overall result has been a structural shift. We have seen a mass homeownership society transformed into a polarised society of owners and renters. Private interests, in our view, do not have a democratic or moral mandate to shape the housing finance system for the benefit of their shareholders. Alternative sources of finance for housing are needed, and we envisage the state returning to the housing finance system to allocate housing finance in the interests of secure, affordable housing for all New Zealanders. Historically, direct lending supported low-income households to buy a home, with loans provided by the State Advances Corporation.

⁵⁵ Webb-Liddall, A. 'The astounding profit Australian banks make in New Zealand every hour'. *Newshub*, 6 March 2019, available online at <https://www.newshub.co.nz/home/money/2019/03/the-astounding-profit-australian-banks-make-in-new-zealand-every-hour.html>.

One concrete option for this is a state-backed Housing Finance Corporation, with a Māori equivalent institution administered by Māori. This entity could provide an alternative to mortgage finance from retail banks, rebalancing the housing finance system. This would allow those who cannot currently access a mortgage to borrow at low rates, to purchase or develop affordable, secure housing across diverse typologies, including apartments and semi-detached homes, or build homes on communal land. The corporation could also provide more accommodating terms for repayment in the instance that households fall behind on repayments, preventing unnecessary mortgage defaults. This alternative source of finance would eliminate the restrictions currently imposed by retail banks. In conjunction with other policies that decommodify housing, introduce fair taxation and support Māori to exercise tino rangatiratanga, state-backed housing finance will widen access to secure housing and contribute to the decolonisation of housing policy by equipping Māori with the capability to originate housing loans.

(iv) Transferring Responsibility for Regulating Mortgage Lending to Parliament

Monetary policies set by the Reserve Bank of New Zealand, such as the setting of interest rates and regulation of bank lending, have a strong influence on the housing market. At present, the Reserve Bank of New Zealand controls powers to impose loan-to-value ratios (LVRs). These have been [described](#) by the Bank as ‘speed limits’ on low-deposit lending that aim to prevent unsustainable growth in credit and asset prices (though whether these powers achieve those goals is another matter). In October 2013 the Reserve Bank introduced LVR restrictions, so that LVRs of over 80% (i.e. where deposits are less than 20%) would have to be restricted to 10% of the dollar value of their total new residential mortgage lending. Put simply: banks could only do a small amount of new lending involving house deposits where lenders paid less than 20% of their mortgage upfront. [Over time](#), an exemption was added for construction, and special rules were added for Auckland lending. LVR restrictions were then eased in early 2018 and early 2019, before they were [removed entirely](#) in April 2020 in response to the covid-19 crisis.

Decisions about LVR restrictions have a significant far-reaching effect on home-ownership and social policy outcomes. They affect who is able to pay for a deposit on a house. There is some good rationale for the Reserve Bank to have oversight of LVRs, given the link to the Reserve Bank’s mandate to maintain financial stability, and the fact that the property market (if not properly regulated) can have an impact on financial stability. But it seems increasingly incongruous that unelected officials at the Reserve Bank, which are meant to be entirely independent from government, should have the power to regulate the lending market for housing. There is a strong case for Parliament to be returned the powers to set LVRs (and other forms of mortgage lending regulation), perhaps under a system that requires advice

from the Reserve Bank on macroeconomic considerations. There is [increasing debate](#) about the role of central banks, and the fact that their decisions are not simply technical. It is important that some of the value-laden judgments made by the Reserve Bank are acknowledged, and it may be that LVR restrictions are better determined in the hands of elected officials, acting on the advice of experts. Of course, there is a risk of politicised decisions being made: but decisions are not at present apolitical, and it is better that there is democratic accountability for these decisions. There could still be a role for the Reserve Bank, which might report to the government on distributional impacts, and present options for the government's consideration, thereby making good use of the Reserve Bank's technical expertise. This is a move that will particularly satisfy the pillar of our new proposed paradigm relating to the democratisation of housing policy.

(v) Enabling Greater Public Sector Leadership

Alongside the institutional proposals outlined above, the imagination of the state - and key officials within central state agencies - is a crucial factor in moving to a new housing paradigm. Public policy scholars consistently point out that senior officials wield significant power in shaping policy options.⁵⁶ Officials form views on both the nature of policy challenges as well as the kinds of solutions they imagine as necessary and feasible. How officials wield ideas about problems and solutions matters. Contained within ideas are assumptions which value the needs or interests of some groups while other groups may find themselves marginalised or invisible.

New Zealand in many ways exemplifies this dynamic. The Treasury sits atop the New Zealand policy making hierarchy in terms of its institutional location and through its thought leadership function. The Treasury not only manages government finances, it assesses policy proposals made by other ministries and agencies where these may have economic implications. How Treasury officials see the world has implications for all areas of policy making.

Policy making in New Zealand has been shaped by public administration reforms which are marked by the strong incorporation of pro-market, neoliberal theoretical influences into public sector thinking.⁵⁷ Senior Treasury officials have acknowledged the direct influence of rational choice, public choice, monetarist, principal-agent and new public management theories in the design of public management reforms in New Zealand in the 1980s and

⁵⁶ Jane Kelsey, *The FIRE Economy: New Zealand's Reckoning* (Wellington, New Zealand: Bridget Williams Books with the New Zealand Law Foundation, 2015), 204.

⁵⁷ See Jonathan Boston, *Public Management: The New Zealand Model* (Auckland, N.Z.: Oxford University Press, 1996), 17–26; Kelsey, *The FIRE Economy*, 136.

1990s.⁵⁸ The intellectual origins of the economic and social reforms of the 1980s and 1990s stem from these beliefs. The policy-making paradigm established through neoliberal reform is framed as ‘neutral’ so as to maintain their use and ensure pro-market ‘ideological closure’ (Kelsey 2015: 138).⁵⁹

Treasury officials continue to draw on ideas about the superior functioning of markets versus state action and the dynamic potential of private enterprise to diagnose policy problems and produce their advice on policy ‘solutions’.^[2] Recent Treasury advice⁶⁰ to the Minister of Housing on affordable housing solutions exemplified this trend where the major problem in housing policy is framed as one of land-supply and incentives for developers. While supply is one factor, the advice narrows the complexity of the housing issue.

We argue that both greater imagination on the part of public servants and a greater democratisation of housing policy development is required to produce and embed a new housing policy paradigm. Political scientists have pointed out that significant changes in policy direction require key officials in important positions to start seeing the world (and the policy challenges within it) from a changed perspective and to then take action to change the status quo.⁶¹

Increasing diversity within the upper ranks of agencies like the Treasury would be one key step towards a diversity in thinking. Indeed Professor Michael Pusey, an expert in the field of public sector decision making, notes that “social selection [of public servants] is one of the links between social structure and state power”.⁶² Across the core public sector as a whole Māori represented 15.5% of public servants while Pacific Island people represented 9.2%. Māori and Pacific Island peoples remain significantly underrepresented within the ranks of Treasury officials. Only 6.2% of Treasury officials were Māori in 2019 and only 1.4% were Pacific Island peoples.⁶³

⁵⁸ See Murray J Horn, *The Political Economy of Public Choice Administration - Institutional Choice in the Public Sector* (Cambridge [England] ; Cambridge University Press, 1995); Graham C Scott, *Public Management in New Zealand: Lessons and Challenges* (Wellington, N.Z.: New Zealand Business Roundtable, 2001); Graham Scott, Peter Bushnell, and Nikitin Sallee, “Reform of the Core Public Sector: New Zealand Experience,” *Governance* 3, no. 2 (April 1, 1990): 138–67, <https://doi.org/10.1111/j.1468-0491.1990.tb00112.x>; Graham Scott and Peter Gorringer, “Reform of the Core Public Sector: The New Zealand Experience,” *Australian Journal of Public Administration* 48, no. 1 (1989): 81–92, <https://doi.org/10.1111/j.1467-8500.1989.tb02199.x>.

⁵⁹ Kelsey, *The FIRE Economy*, 138.

⁶⁰ Treasury, “Briefing to Incoming Minister of Housing” (New Zealand Government, 2019).

⁶¹ See Hall, Peter. “Policy Paradigms, Social Learning, and the State: The Case of Economic Policymaking in Britain.” *Comparative Politics* 25, no. 3 (1993): 275. <https://doi.org/10.2307/422246>.

⁶² Michael Pusey, *Economic Rationalism in Canberra: A Nation-Building State Changes Its Mind* (Cambridge, England ; Melbourne: Cambridge University Press 1991, 1991), 3.

⁶³ Public Service Commission, 2019. <https://www.publicservice.govt.nz/our-work/workforce-data/drill-down-data-cubes/>

Reinvigorating greater imagination through the public service will be consistent with the best of New Zealand’s public service traditions. Across the twentieth century public servants (such as Sutch, Beeby, and Robson) have shown creativity in economic policy, education policy, justice policy, and elsewhere – working collaboratively with politicians to advance radical change. We do not suggest that those currently working in the public service lack the capacity for such creativity and imagination. But institutional and cultural constraints are a block to that imagination, and any future Housing Minister should consider how to unleash that imagination – what one New Zealand public servant has [described](#) as ‘New Public Purpose’ to replace ‘New Public Management’ – in order to ensure policy meets our housing needs. This will enable greater self-confidence amongst public servants - whose morale has been dented by decades of efforts to degrade government, as Mariana Mazzucato points out⁶⁴ - and could encourage engagement with ambitious public-spirited ideas, such as proposals for a greater range of universal basic services.⁶⁵

(vi) Housing Policy in the Tino Rangatiratanga Sphere

The Crown and Māori signed Te Tiriti o Waitangi, a treaty written in the Māori language that confirmed He Whakaputanga, preserving the tino rangatiratanga (absolute and paramount power and authority including sovereignty) of the rangatira, of the hapū and of the people.⁶⁶ According to Moana Jackson, tino rangatiratanga is more akin to sovereignty.⁶⁷ Tino rangatiratanga and self-determination are both rights that have not yet been fully incorporated by the state into domestic legislation.⁶⁸ Additional to this, the right to housing is not specifically provided for in any New Zealand legislation.⁶⁹ This overarching narrative highlights major gaps in accountability mechanisms for the state to be held responsible for Treaty breaches and failing to uphold Te Tiriti o Waitangi in response to addressing the housing crisis for Māori.

⁶⁴ Mariana Mazzucato, *The Value of Everything: Making and Taking in the Global Economy* (Allen Lane, London, 2018).

⁶⁵ See UK Labour Party, *Universal Basic Services: The Right to a Good Life* (2019).

⁶⁶ Mutu, M. The Treaty Claims Settlement Process in New Zealand and Its Impact on Māori. *Land* **2019**, *8*, 152.

<https://www.mdpi.com/2073-445X/8/10/152/htm>

⁶⁷ Moana Jackson “Where Does Sovereignty Lie?” in Colin James (Ed) *Building the Constitution* (Institute of Policy Studies, Wellington, 2000) at 196–197.

⁶⁸ Toki, V. (2017). Maori seeking self-determination or Tino Rangatiratanga? A note. *Journal of Maori and Indigenous Issues*, *5*, 134–144.

<https://researchcommons.waikato.ac.nz/bitstream/handle/10289/11519/Toki%20Maori%20Seeking%20self-determination.pdf?sequence=15>

⁶⁹ Human Rights Commission. (2010). *Human Rights in New Zealand 2010: Right to Housing*. Wellington. Retrieved from

https://www.hrc.co.nz/files/9214/2388/0508/HRNZ_10_right_to_housing.pdf

The making of public policy for Māori without Māori input or direction, now and in the past is a breach of the tino rangatiratanga guarantee.⁷⁰ If governments placed a high priority on Māori housing - and both the Labour and National Parties claim to do so - then one might reasonably expect that the housing programme for Māori would be adequately financed.⁷¹ It is suggested that in light of the continuing Treaty breaches by the Crown, the entrenchment of fundamental Indigenous rights, including that of self-determination, is required to step towards a form of equality for Māori.⁷² There is a significant need for state interventions to support Māori to exercise tino rangatiratanga over their lands and kāinga. This may include a significant increase in state housing; making available alternative financing options to support Māori home ownership; the introduction of regulation to improve the quality of rentals, pricing and security of tenure; the streamlining of building regulations; and tax reform. These are discussed further below, as possible knock-on consequences of fuller recognition of tino rangatiratanga.⁷³

(vii) Fair Taxation of Housing

Some deep underlying imbalances in our economy will remain while there are significant tax advantages involved with buying and selling houses. As is well-known, New Zealand does not have a general capital gains tax. Under the National-led Government, the 'bright line rule' was introduced, indicating that income gained on a property would be subject to income tax if bought and sold again within two years. Under the Labour-led Government elected in 2017, the 'bright line' rule was modified so that any property bought and sold within five years could be subject to income tax. The Tax Working Group set up by that Government recommended the extension of a capital gains tax in 2019. However, Prime Minister Jacinda Ardern ruled out the introduction of a capital gains tax in April 2019, and said this would not occur under her leadership.

With no appetite for a general capital gains tax from the National Party and no shift in approach from the Labour Party imminent, this makes the prospect of a general capital gains tax in the next few years quite unlikely. But the case for a capital gains tax has not disappeared. The gross unfairness remains: of large untaxed profits being made off housing,

⁷⁰ Tawhai, V., & Gray-Sharp, K. (2011). *Always speaking: The Treaty of Waitangi and public policy*. Huia Publishers.

⁷¹ Krivan, M. (1990). *The Department of Maori Affairs housing programme, 1935-1967: a thesis presented in fulfillment of the requirements for the degree of Master of Arts in history at Massey University* (Doctoral dissertation, Massey University).

<https://mro.massey.ac.nz/handle/10179/6503>

⁷² Toki, V. (2017). Maori seeking self-determination or Tino Rangatiratanga? A note. *Journal of Maori and Indigenous Issues*, 5, 134–144.

<https://researchcommons.waikato.ac.nz/bitstream/handle/10289/11519/Toki%20Maori%20Seeking%20self-determination.pdf?sequence=15>

⁷³ Rout, M., Reid, J., Menzies, D. & MacFarlane, A. (2019).

and gains being inherited by the children of property-owners (with the benefits amplified by the lack of an inheritance tax), while others are locked out of the housing market. Three options should remain policy priorities in light of political considerations. First, the bright-line test could be modified so that it applies to all second or third homes bought and sold, with no set time frame. Applying the bright-line test to all second homes may catch some baches; third homes are likely to be a very reliable proxy for properties that are investment assets. Secondly, alternatively, assets on which capital gains are made could be brought progressively under the income tax system, and income from these gains could be taxed under that system. This has been [advocated for](#) in the United Kingdom, and would be broadly fair given that capital gains are treated by beneficiaries as a form of income. Thirdly, alternatively, a broad-based wealth tax could apply, which would not directly tax housing, but would count the value of housing within assessments of wealth. A wealth tax set at 1% for individuals with a net-worth of over \$1 million was [proposed](#) by the Green Party in 2020.

Each of these has merit. The first and second will more directly plug the tax hole in housing investment. The third option, a wealth tax, will catch assets other than housing but will ensure that housing does not go untaxed. We favour the first of these options: extending the bright-line test further uses an existing mechanism and is fair. It may be accused of a ‘capital gains tax by the backdoor’, but it is not a broad-based tax on capital gains. We encourage campaign groups and commentators to continue to build the political base for all three options, to ensure fair taxation of housing is regarded as a palatable political option in the coming years.

(viii) Expanding State and Community Housing

By ‘state housing’ we refer to the responsibility for the state to directly supply secure, affordable housing to New Zealanders on a mass scale. New Zealand’s large size, comparatively small population, and small civil society⁷⁴ has seen the state act as the primary shaper of national development. This remains so today. Strong state housing guarantees housing security for all, and can - when delivered in the right way - place downward pressure on rents in the private market. Our major recommendation for state housing is that we need to have greater ambition and move state housing from a residual ‘add-on’ within the housing system to a central project designed to provide high quality housing for all. The numerical targets of the current government are not even adequate for meeting the growing housing register. The first Labour government produced 32,000 state houses between 1937 and 1949 - a twelve year period featuring significant interruptions due to the resource and labour

⁷⁴See G. R Hawke. *The Making of New Zealand: An Economic History*. Cambridge: University Press, 1985; a subject also discussed in Skilling, Peter. “Everyday Emergency: Crisis, Unease and Strategy in Contemporary Political Discourse.” *Critical Policy Studies* 8, no. 1 (2014): 61–77. <https://doi.org/10.1080/19460171.2013.862504>.

shortage impact of the Second World War. Current plans do not match this level of ambition, and pale in comparison to large scale housing projects achieved elsewhere including Sweden’s successful ‘million homes’ project which constructed 1,006,000 public dwellings between 1965 and 1974. Significant financial costs and a large quantity of commitment and political capital will be required. The counterfactual, however, is to continue with chronic housing insecurity.

As this paper was finalised, the Green Party [proposed](#) that 5000 state houses be built a year. This is a good start but may not be at the limit of public capacity if the right institutional changes are made. As important as a numerical target is building back the skills and capacity to allow high-quality state housing to be delivered at scale over the medium- to long-term. Establishing a National Investment Bank and Ministry of Works, as has been proposed, will contribute to that capacity and a culture where state housing is valued. How this is delivered is also an essential consideration. Iwi and hapū should be resourced to provide housing for Māori. We support calls by the Helen Clark Foundation to “make the provision of high-speed internet access standard in all social housing tenancies”; there is also a need for new state housing to meet the highest standards of energy efficiency and accessibility for disabled occupants.⁷⁵ The government should partner with New Zealand’s leading architects to ensure state housing is a source of pride for occupants and the community as a whole. This will help to decommodify housing and decentre home-ownership, embedding the importance of state housing in our national consciousness, and preventing the future sell-off of public housing stock.

We also welcome the role played by the community housing sector and their important mahi and care for New Zealanders in housing need. A strong, financially supported community housing sector can complement, innovate, and be a critic and conscience for the state on housing. Whereas previous governments tried to make the community housing sector fit into a competitive model, a democratic approach to housing would see the role of civil society enhanced in championing a humane housing system.

(ix) Enhancing the Rights of Renters

It is estimated that just [over a third](#) of New Zealanders rent their homes. Multiple publications have highlighted the difficulties faced by those New Zealanders in rented homes. A *People’s Review of Renting*, published by ActionStation and Renters United, noted that according to a 2017 survey 70% of renters reported that their rented home had no ceiling or underfloor insulation, 61% said their home had no fixed effective heating, over half (52%) reported that their home was not watertight, and over a quarter (27%) observed unsafe lighting or power

⁷⁵ See The Helen Clark Foundation, *Alone Together: The Risks of Loneliness in Aotearoa New Zealand following Covid-19 and How Public Policy Can Help* (2020), available online at <https://helenclark.foundation/wp-content/uploads/2020/06/alone-together-report-min.pdf>, at p. 8.

outlets.⁷⁶ This was a damning indictment of conditions for renters. A 2020 survey by Renters United reported particular difficulties being faced by renters during the covid-19 crisis. A quarter of renters [surveyed](#) expected to go into debt to pay their rent, and while two-thirds of renters had lost over a third of their income due to covid-19, 92% were still paying full rent.⁷⁷

The Labour-led Government [did pass](#), in its final days of government before the 2020 election, landmark legislation to protect renters' rights: the Residential Tenancies Amendment Act. This increased - from 21 to 28 - the days required for eviction notices. No-cause evictions were banned. Landlords would no longer be able to list properties without a price tag attached. Landlords would be less able to withhold consent to minor changes to properties. Rents can only be increased once a year. These changes are to be commended.

But much more could be done to change the underlying balance of power between renters and landlords, and to kickstart a debate about landlordism in Aotearoa New Zealand. The Residential Tenancies Amendment Act was drafted before the COVID-19 crisis, prior to renters facing further difficulties: it took some two years to pass through Parliament. One major change that could alter the overall dynamics between renters and landlords would be creating a new default term for tenancies to encourage longer-term renting, following Germany (where tenancies average 11 years). An option would be to make - as part of other changes to support renters' rights in the standard-form contract for renters - a two-year tenancy the default, in the absence of good reason. This would provide greater security for renters and could encourage a shift in culture, away from shorter-term renting in which renters are unable to build a home. It would make sense for rents to be only subject to increases over the same (24-month) period. More could also be done to reinforce the soft constraints on rent increases; currently the Tenancy Tribunal may only intervene where rents are significantly above the market norm. Finally, government funding could be made available to support the formation and ongoing work of renters' unions to provide solidarity and support to renters.

A major barrier to securing these changes is the power of the property lobby in New Zealand. The interests of property owners are given disproportionate media attention (for a range of reasons that the media alone are not to blame for). As this paper was being finalised, the former - not the current - head of the Property Institute of New Zealand was given [headline attention](#) after making the wild claim that the Labour-led Government was the most "anti-

⁷⁶ Renters United/ActionStation, *The People's Review of Renting* (2017), available online at <https://www.rentersunited.org.nz/wp-content/uploads/2018/08/ASRUPeoplesReviewofRentingWebversion.pdf>, at p. 7.

⁷⁷ Renters United, *Renting Under Lockdown: Renters' Experiences Survey Report* (2020), available online at <https://www.rentersunited.org.nz/wp-content/uploads/2020/04/renting-under-lockdown-report-final.pdf>, at pp. 8-9.

landlord” in the country’s history, in the face of rising property prices. A more balanced, diversified economy - supported by a Green Investment Bank and targeted industrial policy to support other sectors (away from property) - could contribute to voices in the property sector being given less disproportionate attention.

(x) Tackling Homelessness

a. Māori homelessness

Māori are overrepresented in areas of unmet housing needs and homelessness. Nearly 60 percent of households currently receiving emergency housing support are Māori.⁷⁸ The Kāinga Action Plan notes a strong focus on ending homelessness as a critical kāinga outcome – ending inequity in inadequate housing outcomes and Māori over-representation in homelessness, based on a Te Tiriti o Waitangi and human rights based approach to strategy and related approaches, and reflecting the principle of kāinga.⁷⁹

b. Youth homelessness

Young people make up a high proportion of our overall homelessness statistics with more than half younger than 25.⁸⁰ However there is next to little or no recognition of any targeted direction in the current Homelessness Action Plan and Crown policies. This provides major gaps within the sector as there is limited data and research that has been developed for an evidence based approach. This continues to perpetuate the same issues and further marginalise young people experiencing homelessness. Without a targeted direction in the plan, this causes serious issues in regards to policy development and the sector continues to compete for funding and fails to address and respond to this specific issue.

Greater funding is needed for Housing First, as well as more generous social security policy (a move [shown](#) to be good for the economy as a whole) and targeted policy across other fields, to ensure the reasons for homelessness are properly addressed. A strengthened public housing sector can also reduce the extent to which social security transfers are simply a redistribution from the state to landlords.

⁷⁸ Ministry of Housing and Urban Development, New Zealand Government. (2020). *Aotearoa New Zealand Homelessness Action Plan – Phase 1, 2020 – 2023*.

<https://www.hud.govt.nz/assets/Community-and-Public-Housing/Support-for-people-in-need/Homelessness-Action-Plan/199d647d47/Frequently-Asked-Questions.pdf>

⁷⁹ Independent Māori Statutory. (2018). *KĀINGA Strategic Action Plan*.

<https://www.imsb.maori.nz/assets/sm/upload/tt/5j/27/a5/Kainga-finalA.pdf>

⁸⁰ Ministry of Housing and Urban Development, New Zealand Government. (2020)

5. Conclusion

Housing is essential to the health and well-being of everyone in Aotearoa New Zealand. We need a paradigm shift which seeks to reimagine what the housing system might look like, where we move from housing being a form of commodified intergenerational wealth creation to being a form of wellbeing creation. A properly coordinated housing system – integrated with the rest of our public policy – will be embedded in tikanga, centring kāinga and whanau, and focusing on decolonising existing housing policies. At the heart of a new system will be whānau wellbeing – kāinga ora, whānau ora. The whanau wellbeing paradigm must be embedded democratically in all housing policy, practice and service design, development and delivery. A lifecourse approach will achieve improved housing outcomes and enhance social, economic, health and environmental outcomes. We can facilitate this by shifting power and resources to mobilise communities working to deliver safe, secure and affordable homes for whānau. Taken together, the new approach will contribute to decentring home-ownership, decolonising housing policy, democratising housing policy-making, and decommodifying housing.

This paper has then suggested ten policy options that arise out of this new paradigm: a Ministry of Public Works, a Green Investment Bank, a State Lending Agency, transferring regulation of mortgage lending to Parliament, enabling greater public sector leadership, stronger support for tino rangatiratanga over housing policy, fair taxation, an expansion of state and community housing, enhancing the rights of renters, and tackling homelessness.

Some have said that the 2020 election, up until late-August when this paper was finalised, has been relatively lacking in policy discussion. We have attempted to contribute to a richer policy debate through this paper. And we have argued that there is no excuse for political parties to be timid or inactive in developing bold housing policy. The challenges we face are too great to be neglected any longer.

Authors' Biographies

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Jordan King is a PhD candidate in sociology at the University of Auckland. His research interests are in policy change and housing. He has lectured sociology at the University of Auckland and Dawson College in Montréal. Jordan holds master's degrees from Victoria University of Wellington and the University of Hong Kong.

Max Harris is the author of *The New Zealand Project*. He has worked as an economic policy advisor in the British Parliament, and is involved with various policy and campaigns work, including on the UK-based *Claim the Future* project about building a post-Covid economy. He is currently completing a PhD in law.

Jenny McArthur is a lecturer at University College London, where her research and teaching focus on public policy, infrastructure governance and politics. Jenny has worked on research projects on housing and transport in a wide range of contexts, across the UK and continental Europe, the Gulf region, Canada, Australia and New Zealand.
