

If it believes its own words the Government should be prepared to take centralised control of Auckland housing development

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By David Hargreaves

If the Government truly believes that the scorching Auckland housing market is 100% a supply problem issue (as it claims) then it should have no qualms about calling the Auckland Council's bluff and simply taking centralised control of housing development in New Zealand's largest city.

The Government keeps banging on and on that the heat can only be taken out of the Auckland market by building lots more houses, as soon as possible. The Auckland Council is now **seemingly putting a spanner in the works**.

Okay, so what comes next should be reasonably uncomplicated. If the Auckland Council won't open up greenfields land for more houses, the Government can and, again, if it truly believes this is all about supply then it should be doing it right now.

Building and Housing Minister Nick Smith was at the time insistent in retaining special "over-ride" provisions in the Auckland Housing Accord's enabling legislation the **Housing Accords and Special Housing Areas Act 2013**.

This was despite resistance led by Auckland Council's designated 'bad cop' on this issue, deputy mayor Penny Hulse.

I thought then, and still do, that the legislation gives the Government too much power.

In essence the Government can, after giving six months notice to terminate **the accord** with the Auckland Council, start centrally controlling Auckland's housing approvals and development processes. The one significant change brought into the legislation due to resistance to the over-ride provisions was that there is now a "dispute resolution process". Goodness knows quite how that would work and it does sound a bit messy, but presumably it would not prevent the Government disentangling itself from the accord and getting on with running the Auckland house market from Wellington.

Nick Smith fought for this power. Now that it appears he needs to use it, well, come on Nick.

That the Auckland Council and the Government would have a falling out over the housing accord and the building of more houses in Auckland appeared inevitable from day one.

Personally I think the council has been too cute by far and for its own good in creating an issue now.

It seems clear that the council has seen the Government's vulnerability over the housing issue and has elected to attempt - in not very subtle fashion - to exploit the Government's discomfort and squeeze it for more cash for infrastructure. Which is not to say that it isn't a valid issue to raise the whole question of where money is supposed to come from to build necessary infrastructure that goes with new housing developments.

But what the disagreement with the council really seems to boil down to is that the Government is rejecting the **council's ideas for toll roads and ratepayer levies** - for reasons which frankly mystify me - so the council's trying to apply pressure to vulnerable parts of the Government's collective anatomy - whilst trying to seem very civilised about it.

So, therefore, we come back to the beginning.

The Government is painting the over-heating Auckland housing market as a problem that is all about supply. The Government can therefore right now ensure there is no impediment to the supply and use those centralised powers it wrestled so strongly to retain.

Surely, it is a no-brainer. Unless, perhaps, the Government doesn't really think the Auckland market issues are just all about supply and that maybe strong demand for investment housing is something to do with it as well.

After all, if the Crown were to take control of the Auckland housing market and wasn't able to fix the housing affordability problems by waving it's supply wand, where would it go from there?

If the Government had to concede that maybe just a bit of Auckland's problem is a demand issue stemming from: Record numbers of migrants coming in, overseas investors buying (how much we don't know, we don't have figures), and Kiwis buying up large in anticipation of capital gains because interest rates are so low, then maybe the Government would also need to concede it might have to do something to quell demand.

And clearly, it doesn't want to.

This fight with the Auckland Council I think is a massive test of the Government's credibility.

I would reiterate: The Government should put its actions where its mouth is. Either take direct action to ensure large numbers of houses are built in Auckland. Or concede the real multi-headed nature of the problem and start looking for some comprehensive answers.

Tackling demand right now would be a start.

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