New Zealand Housing, Land and Policy Investigation

FIXNZ DATA & TRUTH

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Executive Summary

New Zealand's housing market contains a persistent contradiction: physical land is relatively abundant, while land that is zoned, serviced and commercially viable for development is scarce. This scarcity is created and sustained by planning constraints, infrastructure delays, weak holding-cost incentives and a tax environment that can make waiting more attractive than building.

This report examines the difference between plan-enabled capacity and realisable capacity, the role of land banking, the ownership categories that shape supply, the fiscal effect of development contributions and the governance risks created when decision-makers are materially exposed to property markets.

Core finding: paper capacity is not housing supply. A dwelling is only real when the land is serviced, consentable, financeable and economically viable.

1. Defining Vacant Land and Realisable Capacity

Public debate often confuses vacant residential land with unoccupied dwellings. The two are economically different.

- Vacant residential land is a separately titled or identifiable parcel zoned for housing but without a habitable dwelling.
- An unoccupied dwelling is an existing house that happened to be empty at the census or survey date.
- Plan-enabled capacity measures what zoning rules theoretically allow.
- Realisable capacity measures what can actually be built after infrastructure, construction cost, land price, finance and market demand are considered.

Local authorities may report enough theoretical capacity for decades of growth while the market still experiences shortages because only a small share is commercially feasible.

2.1 The Resource Management Act 1991: Purpose and Practical Legacy

The Resource Management Act 1991 (RMA) was intended to replace fragmented planning laws with an effects-based system centred on sustainable management. Its policy purpose was not to suppress housing. However, over time the Act became associated with lengthy consent processes, uncertain evidential requirements, multiple layers of plans and appeals, and high professional costs. For housing, the critical issue was not merely whether a development was environmentally acceptable, but how long and how much it would cost to establish that acceptability.

The RMA also delegated substantial implementation power to local authorities. That produced regional variation and allowed district plans, overlays, heritage rules, special-character protections and notification decisions to become decisive constraints on urban development.

The main housing-supply effects identified in the source report include:

- Public notification and objection rights gave existing residents strong opportunities to delay or oppose new housing on grounds such as traffic, neighbourhood character, views, shading, landscape effects or amenity.
- Complex consent pathways increased legal, planning, engineering and holding costs, which were ultimately incorporated into section and dwelling prices.
- Uncertainty discouraged smaller developers that could not absorb long delays or appeal costs.
- Cumulative rules could make technically permitted density commercially infeasible even where the plan appeared generous.
- Environmental protection and natural-hazard management were sometimes mixed together with resistance to ordinary urban change, making the true policy trade-off difficult to see.

2.2 NIMBYism, Neighbourhood Character and Existing-Owner Veto Power

The source report treats NIMBYism not simply as an attitude but as an institutional advantage. Existing homeowners are already organised, have local knowledge, and directly experience construction effects. Future residents are absent from the hearing room. This creates an asymmetry: the people who would benefit from new housing cannot easily participate, while those who fear change can object immediately.

Character and amenity protections may preserve genuine heritage value, but broad or poorly targeted rules can also protect low-density land use in high-demand areas. The cost is then transferred to renters, first-home buyers and households forced to live farther from jobs.

2.3 Zoning Rigidity and the Rural Urban Boundary

Urban growth boundaries, including Auckland's former Rural Urban Boundary, were intended to control sprawl and direct efficient infrastructure investment. Where expansion outside the boundary was restricted and intensification inside it was also contested, the boundary created a scarcity premium. Land on one side could remain rural in value, while comparable land inside or newly moved across the boundary could rise sharply.

The policy problem was therefore not the existence of a boundary alone, but the absence of a sufficiently responsive mechanism for releasing serviced land or allowing more density as demand grew.

2.4 RMA Replacement, Reform Uncertainty and Transitional Risk

Successive governments have attempted to reform or replace the RMA. One government enacted replacement legislation, and the following government repealed that framework and began developing another system. These reversals show that broad agreement exists that the old system performed poorly, but they also create transition risk. Developers, councils and infrastructure providers cannot plan confidently when the core legal framework is repeatedly redesigned.

A successful replacement must preserve environmental protection and natural-hazard safeguards while reducing unnecessary duplication, establishing clearer property and development rights, setting predictable timeframes, and integrating land-use decisions with infrastructure funding.

Planning reform alone will not produce houses. If water, transport and network capacity are missing, faster consents may simply approve projects that cannot proceed.

2. Major-City Patterns

Urban area	Planning pattern	Main constraint	Interpretation
Auckland	Very large theoretical capacity, including future urban zones	Water, transport and staged infrastructure	Large greenfield areas may remain static until public investment unlocks value
Greater Christchurch	Substantial feasible capacity and flat land	Concentrated ownership, timing and infrastructure cost	Paper surplus does not automatically reduce section prices
Wellington	Most additional capacity expected through redevelopment	Topography, fragmented sites and project feasibility	Scarcity appears as under-used urban sites rather than empty fields
Tauranga and other growth centres	Rapid population growth and development pressure	High infrastructure and development charges	New-house prices absorb a growing share of network costs

3. Who Holds Strategic Land?

Strategic land is held by several different types of owner. Their motivations should not be treated as identical.

- Iwi and post-settlement entities may hold land across generations for cultural continuity, income and long-term asset protection.
- Central and local government agencies hold land for public housing, transport, urban renewal and future public use.
- Private developers and land aggregators acquire peri-urban land in expectation of rezoning and infrastructure-led value uplift.
- Family offices and high-net-worth investors may hold land as a long-term capital asset.
- Existing homeowners may also under-use high-capacity sites by retaining one dwelling on land zoned for several.

This report does not identify individual landholders or public officials. The focus is the incentive structure, not personal accusation.

4. Land Banking as an Economic Strategy

Land banking occurs when an owner delays development while expecting rezoning, population growth or public infrastructure to increase the value of the site.

- Annual rates may be low relative to expected capital gain.
- Development creates immediate cost, finance risk, market risk and taxable income.
- Rezoning can produce a large uplift before construction begins.
- Public infrastructure can raise private land value.
- A holding strategy may therefore outperform immediate subdivision.

Where the return to delay exceeds the return to construction, delayed supply is a rational market response to public policy.

5. Development Contributions and Infrastructure Costs

Development contributions fund roads, water, wastewater, parks and community facilities required by growth. They are economically defensible where new development creates new costs, but they can become a major barrier when the charge is high, uncertain or disconnected from actual delivery.

- Charges are capitalised into section and dwelling prices.
- Large upfront payments increase finance costs.
- Buyers may pay for infrastructure that is delivered years later.
- Different council methodologies make projects difficult to compare.
- Existing residents may benefit from upgraded infrastructure while most of the bill is assigned to new buyers.

A fairer system would publish project-level costs, delivery schedules, the share allocated to existing versus new residents and the amount of value uplift captured by landowners.

6. The Tax Treatment of Holding and Development

Tax policy affects whether owners build, sell or wait. Interest deductibility, bright-line rules, rates, capital-account treatment and the absence of a broad land-value tax all shape incentives.

- Holding costs can be deductible or relatively modest.
- Development profit is taxable and accompanied by GST, professional fees and construction risk.
- Capital gains may receive lighter treatment depending on purpose, structure and timing.
- Restoring interest deductibility can improve rental investment returns but may also strengthen demand for existing property.

Tax reform should be evaluated by whether it increases net new supply, not merely whether it improves the position of one group of investors.

7. Governance, Asset Exposure and Conflict Risk

Public registers show that many legislators and local decision-makers have property interests. This creates a legitimate institutional question: can broad housing and tax policy be designed impartially when the decision-making class has significant collective exposure to rising property values?

This is not an allegation against any named person. Broad public-policy decisions affect large classes of citizens, and ordinary conflict rules do not always require withdrawal. The issue is whether existing disclosure and recusal standards are strong enough to maintain public trust.

- Registers should distinguish residential, commercial, rural, trust-held and jointly held interests.
- Reporting periods and valuation dates should be clear.
- Direct, particular financial effects should trigger stronger recusal obligations.
- Independent distributional analysis should show who benefits from major housing and tax changes.
- Official documents should avoid converting a disclosed 'property interest' into an unsupported claim about a number of houses.

8. Transparency and the Missing Land-Ownership Picture

New Zealand does not provide a simple public register showing all vacant or strategically held land, its beneficial ownership, zoning status, infrastructure readiness and development history.

- Privacy law and data-access restrictions limit large-scale public analysis.

- Company and trust structures can obscure beneficial ownership.
- Council datasets are often inconsistent across regions.
- The absence of transparent data weakens competition and public oversight.

A national strategic-land register could publish non-sensitive institutional information while protecting ordinary homeowners. It should focus on large sites, corporate or trust ownership, zoning, public infrastructure commitments and development milestones.

10. Policy Options

9.1 Recent Government Responses and Policy Reversals

New Zealand governments have repeatedly tried to balance additional supply with the political and financial risks of falling property values. The resulting policy mix has included planning liberalisation, infrastructure finance tools, investor-tax changes, public-housing programmes and restrictions on overseas buyers.

- Medium Density Residential Standards (MDRS): Labour and National initially supported rules enabling up to three homes of up to three storeys on many urban sites without a full discretionary consent. The policy directly challenged low-density exclusion but faced resistance in affluent and character-sensitive suburbs.
- Infrastructure Funding and Financing Act tools: special-purpose vehicles can fund infrastructure outside ordinary council debt limits, with repayment through levies on benefiting properties. The mechanism aims to unlock land where councils cannot borrow enough upfront.
- Bright-line and interest-deductibility changes: investor-tax rules have been tightened and later relaxed. These changes affect demand, rental investment and holding incentives, but their supply effects depend on whether capital flows into new construction or existing dwellings.
- Overseas-buyer restrictions: most non-resident foreign buyers remain restricted from purchasing existing homes, reflecting concern that international capital can intensify demand without adding supply.
- Water-governance reversal: repeal of the previous Three Waters model returned the infrastructure-funding problem to a new policy process, extending uncertainty for councils and developers.
- Kāinga Ora reviews and social-housing restraint: concern about financial sustainability has been weighed against the need for large-scale state and community housing construction.

9.2 Recent Housing-Market Timeline

Period	Development
2020-2021	Very low interest rates, quantitative easing and constrained supply contributed to an exceptionally rapid increase in house prices. Government responded with demand and supply measures, including the Housing Acceleration Fund.
2022-2023	Rapid monetary tightening raised mortgage costs and produced a significant correction from the market peak, exposing highly leveraged households and investors.
2024	Water-governance reform was repealed, investor-tax settings began shifting again, and public-housing delivery and Kāinga Ora finances came under closer review.
2024 onward	Debate continued over MDRS, council opt-outs, fast-track consenting and the design of the post-RMA planning system.

Problem	Policy response	Safeguard
Paper capacity without services	Publish infrastructure-ready capacity and fund trunk networks	Independent cost and delivery audits
Low cost of holding idle land	Targeted vacant-land or land-value charges	Exemptions for genuine constraints and cultural land
Private capture of public uplift	Value-capture mechanisms after rezoning or infrastructure investment	Transparent valuation and appeal rights
Opaque ownership	Strategic-land beneficial-ownership register	Privacy protection for ordinary households
High development contributions	Project-based, audited charges with staged payment	No charging for unrelated legacy deficits
Conflict-of-interest risk	Stronger disclosure, recusal and distributional analysis	No implication of wrongdoing without evidence
Slow consenting	Statutory deadlines and standardised processes	Maintain environmental and natural-hazard safeguards

13. A Safer Standard for Public Reporting

Housing policy research often becomes legally risky when institutional analysis turns into personal accusation. FIXNZ applies the following publication standard:

- Use primary official records wherever possible.
- State the reporting year and access date.
- Describe the legal category exactly, especially 'property interest'.
- Do not infer sole ownership, dwelling count, profit or motive without verified evidence.
- Anonymise or aggregate personal asset information unless identification is essential and independently verified.
- Distinguish policy criticism from allegations of dishonesty, corruption or unlawful conduct.
- Correct material errors promptly and publish a version history.

FIXNZ editorial rule: evidence may support criticism of a system without supporting an accusation against a person.

11. Banking, Property Services and the Wider Housing Economy

High land and house prices support a broader economic ecosystem. Mortgage lending is a major component of bank balance sheets. Real-estate agencies are generally paid as a percentage of sale price, and construction-material markets contain areas of high concentration. These institutions do not need to coordinate in order to benefit from elevated prices; their commercial incentives can align around continued transaction volume and asset values.

- Banks benefit from large mortgage books, although they also bear credit and downturn risk.
- Percentage-based commissions rise with sale prices even when the service provided changes little.
- Concentrated building-material supply can raise construction costs and reduce the speed at which cheaper housing can be delivered.
- Existing owners can use accumulated equity to purchase additional property or assist children, reinforcing intergenerational advantage.

12. Long-Term Consequences if Prices Continue to Outrun Wages

At five percent annual growth, nominal house prices rise by about 63 percent over ten years and more than double over fifteen years. If wages and productivity do not rise at a comparable rate, the consequences extend well beyond home ownership.

- Capital remains directed toward leveraged property rather than technology, exports and advanced manufacturing.
- Younger skilled citizens have stronger incentives to move to Australia or other markets with better wage-to-housing ratios.
- Home ownership becomes increasingly dependent on inheritance and parental assistance.
- Renting into retirement undermines a pension system designed around mortgage-free owner occupation.
- Frequent moves and housing insecurity affect children's education, health and community attachment.
- Severe wealth inequality may produce more polarised demands for land, wealth or inheritance taxation.

New Zealand's land-supply problem is sustained by the gap between theoretical zoning and buildable capacity. Land banking, infrastructure delay, tax settings and fragmented governance reinforce that gap.

The answer is not simply to zone more land or subsidise more buyers. Reform must change the economics of holding, improve infrastructure finance, capture publicly created value, strengthen transparency and ensure that decision-makers are accountable for distributional outcomes.

14. Conclusion

References and Source Notes

1. Housing and Business Capacity Assessments prepared under the National Policy Statement on Urban Development.

2. Auckland Council, Greater Christchurch and Wellington urban-capacity and monitoring reports.

3. Land Information New Zealand public land and title information.

4. Council material concerning development contributions and infrastructure planning.

5. New Zealand legislation and official material on planning reform, taxation and interest deductibility.

6. Public registers of pecuniary and other specified interests, used only at an aggregated or anonymised level.

7. The Chinese-language source edition from which this English publication was editorially reconstructed.

Editorial Note

This English edition is a translated and editorially reconstructed version of a Chinese-language research reference. The original policy analysis, historical context and evidential structure have been preserved wherever possible. Personal names and specific private-asset claims are removed, anonymised or qualified unless independently verified and necessary to the public-interest analysis. Legal caution has been applied through sourcing, attribution and careful wording rather than by deleting substantive policy content. Time-sensitive legal, tax and market information should be checked against current official sources before quotation.