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POLICY PAPER

BUILDING BELONGING

HOW HOUSING IMPACTS
SOCIAL CAPITAL IN
AOTEAROA NEW ZEALAND

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First published in November 2024 by Maxim Institute
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978-1-0670414-1-0 – PDF

978-1-0670414-0-3 – Hard copy

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“... love of home motivates people to form communities, coordinate with their neighbours, and seek the good of their city. Currently, New Zealand’s housing market inhibits people from settling down to the detriment of us all.”



EXECUTIVE SUMMARY

For over a decade, the state of the New Zealand housing market has been a central concern for policymakers and commentators. Housing has become increasingly unaffordable, eating up many of the economic gains that have otherwise been achieved. While the effects on individual financial stability are fairly straightforward, there is a deeper, and more pressing question. How does our housing affect the communities we live in?

This paper answers that question.

The paper begins by surveying some first principles of housing policy: the purpose of housing, the challenges of analysing housing markets, and recent developments in New Zealand housing policy. Housing markets are then examined through the lens of social capital, drawing on the work of Pierre Bourdieu, Robert Putnam and Edward Glaeser.

Analysing housing markets through a Social Capital lens provides a strong foundation for understanding housing policy goals. Two priorities stand out: affordability and stability. Policy preferences for and against density are a distraction. Achieving greater home ownership rates through improving affordability is important, but greater protections for renters offer valuable improvements that can be achieved much more quickly. People have a remarkable capacity to build homes and communities wherever they are situated. This is why creating more development opportunities is so important.

The paper concludes with several recommendations:

Significantly increase available land for development, including the right to build upwards. Artificially zoned scarcity is a primary driver of New Zealand's housing affordability problem.

Housing policy should be density-agnostic. Contrary to much of the public conversation, local councils and central government should not preferentially treat intensification

at the expense of urban expansion, and vice-versa. Building up has no stronger claim to better community outcomes than building out. Policy goals such as infrastructure and climate targets are better managed by other policy levers, including development charges for infrastructure and the Emissions Trading Scheme (ETS) to reduce carbon emissions.

Devolve decision-making and pair it with appropriate incentives and targets. Contrary to the advocacy of many pro-development groups, devolving decision-making below the central government level offers a more durable political consensus on pro-growth policies.

Devolved decision-making can be bolstered by strong carrot-and-stick incentives, such as growth targets and revenue sharing, while still maintaining local control over how growth occurs. The first step is to return zoning decisions to local councils. Local councils should in turn investigate further devolution, looking to models such as the hyperlocal zoning approach in Houston.

“No-cause evictions” should be abolished. Although the rise in rents has been less acute than the rise in house prices, renters face the additional challenge of tenure instability. Without a sense of permanency, renters have less incentive to develop deep communal ties, as such ties are disrupted if they are forced to move. Restoring renters' rights to long-term dwelling, while not a substitute for broad home ownership, offers an important approximation of its benefits, with immediate effect.

Councils should charge rates on the value of land, not property. Rates charged on the total capital value of property function as a tax disincentive to development.

The New Zealand Living Standards framework should return to using social capital, rather than social cohesion, as its measure of wellbeing.

INTRODUCTION

*Human beings, in their settled condition, are animated by oikophilia: the love of the oikos, which means not only the home but the people contained in it, and the surrounding settlements that endow that home with lasting contours and an enduring smile.*¹

— Roger Scruton

The house is the first space of ordinary life, and “home” is perhaps the most evocative word in the English language. The idea of home captures a material reality, that of a physical house, but also an emotional and social reality of belonging and connectedness.

Unfortunately, the New Zealand housing market (like many others around the world) has consistently failed to deliver the quantity of quality houses needed for everyday Kiwis to cherish and establish as socially connected homes. Over the last several decades, house prices have become increasingly unaffordable relative to wages. The crisis reached its peak in 2021 during the height of the COVID-19 fiscal and monetary response. Since this peak,

THE PURPOSE OF HOUSING

Why houses? The question may seem obvious, but it is important to frame any discussion about the state of the housing market with reference to the purposes for which houses are built. Housing serves a range of ends simultaneously, but some take priority over others. Statistics New Zealand’s *Framework for Housing Quality* specifies that housing should provide a “healthy, safe, secure, sustainable, and resilient environment for individuals, families, and whānau to live in and to participate within their kāinga, natural environment, and communities.”² Different social contexts, ownership models, policies, and legal frameworks will shape the manner in which housing serves each end.

the situation has slightly improved. However, the deeper structural challenges remain.

New Zealand’s housing market, the drivers of problems within it, and the various solutions to these problems have received much attention. This research contributes to the discussion by analysing housing in New Zealand through a Social Capital lens. In what ways does the housing market facilitate or inhibit the formation of social capital in New Zealand, and what policy reform could improve the situation?

The paper begins by surveying the various purposes of housing before offering a historical and contemporary overview of housing and housing policy in New Zealand. It then introduces social capital theory and applies it to housing markets. This paper’s focus is housing markets, questions of ownership, affordability, density, and regulation. The scope and role of social housing have been excluded from the analysis.

The paper concludes by offering policy recommendations on how the New Zealand housing market can better serve citizens and their accrual of social capital.

This paper argues that socialisation, understood through social capital theory, is a crucial element of housing analysis and policy—one that is currently under-served. However, a wider discussion of the purposes of housing is important because it explains the constraints and competing interests in relation to housing policy.

Shelter

The most fundamental and obvious purpose of housing is shelter. Houses provide protection from the environment. The home is especially important for vulnerable populations, such as young children and the elderly, who spend up to 90% of their time at home.³ In a successful housing market, houses provide a dry, sanitary, temperate living space with access to clean water (hot and cold), electricity, bathroom

1 Roger Scruton, *Green Philosophy: How to Think Seriously about the Planet* (London: Atlantic, 2012), 227.

2 Stats NZ, *Framework for Housing Quality* (Wellington: Stats NZ Tauranga Aotearoa, 2019), 5.

3 Michael G. Baker and Philippa Howden-Chapman, “Time to Invest in Better Housing for New Zealand Children,” *NZ Med J* 125.1367 (2012): 6–10, quoted in Philippa Howden-Chapman et al., “The Effects of Housing on Health and Well-Being in Aotearoa New Zealand,” *New Zealand Population Review* 47 (2021): 18.

facilities and food preparation spaces.⁴ In the 2018 New Zealand Census, 5.2% of houses lacked at least one of these amenities.⁵ Poor quality housing is linked with lower overall self-reported mental and physical health.⁶ Cold and damp housing has strong links to respiratory issues, which can diminish quality of life and create a burden on public health.⁷ An estimated 28,000 children and 54,000 adults are hospitalised each year for potentially avoidable issues linked to poor housing.⁸

Privacy and Security

Home is set apart from the rest of life—as a place of security, where we are protected from others, and of privacy, where we can act beyond the gaze of the public. Homes are where others enter by invitation—a space gatekept by trust. While specific expectations around privacy are historically contingent and socially conditioned, privacy is a basic human need.⁹ Privacy encapsulates a broad range of concepts, including “territoriality, personal space, crowding, and solitude.”¹⁰ More poetically, “the home provides the individual with the backstage area where they can recover and readjust after being in public.”¹¹ While various cultures weigh individual and group privacy differently, what matters is that housing provides privacy from the outside world, as well as from those in the household (i.e., not overcrowded).

In 2022, researchers M Gjerde and R Kiddle conducted a series of interviews to determine factors that influence Kiwis’ housing preferences. They found that

being able to enjoy a sense of privacy was a key factor in the housing choices they made, in both unconstrained and constrained conditions. Several participants spoke of their desire for the ability to go outside and sit on the

sundeck without having the feeling that others could look at them from their own spaces.¹²

A sense of privacy is shaped by the material features of the house in relation to others, as well as mode of tenure (i.e. ownership or renting). Among physical features, proximity, lines of sight, and noise play a large role. Both the building code and zoning regulations allow for perceptions of privacy. Residents’ expectations are shaped by the type of dwelling and neighbourhood. Zoning also plays a major role, with different expectations for rural, low-density suburbs, medium-density townhouses, and urban apartments.

Allowing for privacy is slightly different for renters, whose landlords have the right to inspect their asset. The Residential Tenancies Act (1986) requires landlords to not “cause or permit any interference with the reasonable peace, comfort, or privacy of the tenant in the use of the premises by the tenant.”¹³

Savings and Investment

In New Zealand, houses are a major financial asset. Housing and land are the single largest form of savings and investment.¹⁴ For owner-occupiers, a house functions as a form of savings by paying down the mortgage. Through “imputed rent,” owner-occupiers also gain the financial benefit of not paying rent to someone else. Tenanted properties generate rental income, and both rented and owner-occupier properties generate capital gains, which have been substantial in recent decades. In Waikato, for example, house prices increased 372% between March 2002 and June 2021.¹⁵ The growth in house prices corresponds with a sharp decline in the number of owner-occupiers. Homeownership rates peaked in the 1990s

- 4 Helen Viggers, Philippa Howden-Chapman, and Kate Amore, “Housing That Lacks Basic Amenities in Aotearoa New Zealand 2018: A Supplement to the 2018 Census Estimate of Severe Housing Deprivation,” He Kainga Oranga, Housing and Health Research Programme (2021): 8.
- 5 Viggers, Howden-Chapman, and Amore, “Housing That Lacks Basic Amenities,” 8.
- 6 Suzanne Jones and Vicki White, Housing Condition and Occupant Wellbeing: Findings from the Pilot Housing Survey and General Social Survey 2018/19 (Porirua, NZ: BRANZ, 2023), 12–13.
- 7 Stats NZ, Housing in Aotearoa: 2020 (Wellington, NZ: Stats NZ, 2020), 57.
- 8 Jane Oliver et al., “Risk of Rehospitalisation and Death for Vulnerable New Zealand Children,” *Arch Dis Child* 103.4 (2018): 327–34; Howden-Chapman et al., “The Effects of Housing on Health,” 22.
- 9 Priscila Ferreira De Macedo, Sheila Walbe Ornstein, and Gleice Azambuja Elali, “Privacy and Housing: Research Perspectives Based on a Systematic Literature Review,” *J Hous and the Built Environ* 37.2 (2022): 654.
- 10 De Macedo, Ornstein, and Elali, “Privacy and Housing,” 655.
- 11 Morag Lindsay, Katie Williams, and Carol Dair, “Is There Room for Privacy in the Compact City?,” *Built Environ* 36.1 (2010): 5.
- 12 M Gjerde and R Kiddle, “Preferences for Medium Density Housing in New Zealand,” *IOP Conf. Ser.: Earth Environ. Sci.* 1101.5 (2022): 6.
- 13 “Residential Tenancies Act 1986,” <https://legislation.govt.nz/act/public/1986/0120/latest/DLM94278.html>.
- 14 Patrick Aquiar Carvalho, Ben Baker, and Ashley Farquarson, Housing as an Investment Asset in New Zealand (Wellington: Reserve Bank of New Zealand, 2022), 2.
- 15 Housing Technical Working Group, “Assessment of the Housing System: With Insights from the Hamilton-Waikato Area” (2022): 4.

at 73.8% of households, but have since declined. The *Westpac NZ Shared Home Ownership Report*, drawing on Stats NZ data, and released in July 2024, suggested that owner-occupancy rates in New Zealand have declined to below 60%, and that following current trends, that could fall below 50% by 2048.¹⁶ More recently released data from the 2023 census indicates that the owner-occupancy rate is 66%.¹⁷ Regardless of which figure is more representative, there has been a major decline in owner-occupancy rates since a generation ago.

The Reserve Bank's analysis in 2021 identified that "housing constitutes over half [57%] of all domestic household assets. Financial institutions also have a significant exposure to housing, with close to two-thirds of all domestic bank lending in the form of mortgage debt."¹⁸ This has been driven by a range of factors. Historically there was a lack of other options for investment—a situation that has lessened in recent years.¹⁹

The treatment of housing as a financial investment conflicts with its other purposes (to provide shelter, privacy, opportunities for socialization, and a sense of belonging). Firstly, major capital gains on housing assets is largely incompatible with widespread housing affordability. Conversely, the value of housing to the New Zealand economy creates problems for policy interventions. A major reduction in house prices, while making homeownership more affordable for many, would have wider economic implications—recent entrants to the housing market being the biggest losers. Secondly, the interests of investor-landlords often clash with those of renters, specifically when it comes to a landlord's property rights which can compete with a tenant's interest in a settled home environment. However, this conflict is not absolute. Both tenants and investor-landlords benefit from simple, clearly defined regulatory frameworks that allow markets to operate smoothly, and enable mutually beneficial arrangements.

Locality

Houses provide a space to live in a particular location. Employment opportunities are a strong driver of location choice, as are environmental, educational, social,

community, historical, and cultural considerations. In New Zealand, schooling is an important local amenity. School zones dictate which public schools a child has the legal right to attend, while admission to out-of-zone schools is uncertain. Because public schools do not operate in a competitive financial market, but housing (which bestows attendance rights) does, school value becomes capitalised into higher house prices.²⁰ House prices can differ by tens of thousands either side of a school zone, representing the premium placed on access.²¹ While schools represent the clearest example, because in- and out-of-zone is a neat binary, the desire to live in close proximity to various goods is a major factor for housing choice. This locality preference is revealed in house prices, which can be analysed through hedonic pricing models, as discussed below.

The population trend in New Zealand has been toward urbanisation. However, price constraints have pushed people further from urban centres than they might prefer. In a highly restricted property market, the price-constrained choices made by consumers will differ significantly from their unconstrained preferences. The gap between a desired location and an affordable one is a real loss of value and quality of life for consumers. A housing market that works efficiently will minimise the gap between price constrained and price unconstrained choices.

Beauty and Cultural Expression

It is tempting to prioritise the functional, instrumental, and economic purposes of houses. However, houses also reflect subjective aesthetic and cultural values. These are not limited to the owner, but are experienced by the whole neighbourhood. Homeowners have greater freedom to renovate and redecorate their homes, to fulfil their aesthetic and cultural preferences. The neighbourhood aesthetic will also impact its desirability and value.

Beauty and cultural expressions play a major role in debates around zoning, and the extent to which neighbours and existing residents have a right to determine the aesthetic choices of neighbours and new entrants into the market. Real trade-offs exist between the need to build more houses and the aesthetic preferences of current

16 Stats NZ, *Housing in Aotearoa: 2020*; Deloitte, *Westpac NZ Shared Home Ownership Report*, 2024, 4, <https://www.westpac.co.nz/assets/Personal/home-loans/documents/Westpac-NZ-Shared-Home-Ownership-Report-July-2024.pdf>.

17 "Home Ownership Increases and Housing Quality Improves | Stats NZ," n.d., <https://www.stats.govt.nz/news/home-ownership-increases-and-housing-quality-improves/>. Accessed September 2024.

18 Carvalho, Baker, and Farquarson, *Housing as an Investment Asset in New Zealand*, 2.

19 Carvalho, Baker, and Farquarson, *Housing as an Investment Asset in New Zealand*, 4.

20 Christopher Mothorpe, "The Impact of Uncertainty on School Quality Capitalization Using the Border Method," *Regional Science and Urban Economics* 70 (2018): 127–41.

21 John Gibson, Geua Boe-Gibson, and Bonggeun Kim, "House Prices and School Zones: Does Geography Matter?" (Cambridge, 2007).

residents. Housing policy needs to engage with this as a legitimate concern and recognise it as a political challenge that requires careful navigation in any policy response to the housing crisis.

Socialisation

Housing has a strong social component. Social connection with neighbours, as well as the schools, sports clubs, and other “third places” of life, are heavily influenced by the housing people choose.²² Houses impact socialisation and social connectedness in a range of ways, including housing affordability, the mode of tenure (renting or owning), housing density, and dwelling type. This paper analyses

socialisation through a Social Capital Theory lens, and concludes that the New Zealand housing market fails, in fundamental ways, to adequately promote socialisation as a core purpose of housing.

These diverse housing purposes influence the types of housing people choose and the kind of housing markets they want. Not all purposes are equally well served at all times, and they may conflict with each other. This research argues that sociability, analysed here through the frame of Social Capital, represents a crucial and underserved element of New Zealand’s housing priorities.

THE CURRENT STATE OF THE NEW ZEALAND HOUSING MARKET

Principles of Housing Analysis

Heterogeneity and Amenity

An “Economics 101” analysis sees consumers and producers transacting homogenous, perfectly substitutable goods. Houses, however, do not fit this easy paradigm. Differences include “unit size, housing type [standalone house/apartment/etc], distance from the city centre, local amenities [beaches/parks/entertainment], outdoor space, orientation to the street [and therefore visual and aural privacy], sunlight, and parking.”²³ Technology such as window glazing has changed over time and improved house quality. However, these advances may be offset by house depreciation and poor-quality building in a supply-restricted market.²⁴ With such a wide range of variables, the market price for a house alone cannot explain which factors are more or less important.

Measures of housing affordability that only capture the price of an average house risk ignoring changes in housing stock over time. Statistics New Zealand produced a report titled *Housing in Aotearoa: 2020*, which offers detailed analysis of the state of housing in New Zealand. It summarises the change in New Zealand house sizes as follows:

Over the 20th century, the number of private occupied dwellings in New Zealand has grown rapidly. Around a third of New Zealand houses have been built since 2000. While house sizes have tended to increase, the size of sections has shrunk. As a result, dwellings are taking up an increasingly large proportion of their land area. At the same time, intensification, particularly in our largest cities, has led to an increase in multi-unit dwellings, including significant growth in retirement units.²⁵

To account for these types of changes, various measures of affordability draw on housing indices, which control for different variables to allow comparison over time.²⁶ A range of housing affordability measurements is included below, with particular reference to the New Zealand housing market.

House Prices or Rents?

For clarity’s sake, housing is a good that all people consume in one form or another. Houses are the physical structure, and housing is delivered through homeownership or the rental market. House prices and rent prices do not move in tandem. In fact, they have diverged considerably in recent years.²⁷ The Housing Technical Working Group’s analysis

- 22 The “third place” refers to areas of common life, outside of either the home, or primary place of work, Ray Oldenburg, *The Great Good Place: Cafés, Coffee Shops, Bookstores, Bars, Hair Salons, and Other Hangouts at the Heart of a Community* (New York: Marlowe, 1999).
- 23 Gjerde and Kiddle, “Preferences for Medium Density Housing in New Zealand,” 3.
- 24 The most prominent example of this in New Zealand is the leaky homes crisis. See “Leaky Homes 20 Years on: Could It Happen Again?” | Stuff, n.d., <https://www.stuff.co.nz/business/property/129781192/leaky-homes-20-years-on-could-it-happen-again>. Accessed September 2024.
- 25 Stats NZ, *Housing in Aotearoa: 2020*, 26.
- 26 “Rental Price Indexes: December 2020 | Stats NZ,” n.d., <https://www.stats.govt.nz/information-releases/rental-price-indexes-december-2020>.
- 27 Housing Technical Working Group, “Assessment of the Housing System: With Insights from the Hamilton-Waikato Area,” 10–11; Jan K. Brueckner, *Lectures on Urban Economics* (Cambridge, MA: MIT Press, 2011), 119.

of the Waikato region found that between 2002 and 2021 house prices increased by 372%, but rents only increased by 114%.²⁸ Regarding policy analysis, house prices and rent prices should be measured and understood independently. The relative importance of either variable will depend on policy preferences.

Rent prices are simpler to calculate than house prices, as the cost of renting is essentially the price paid on the open market. In New Zealand, this can be captured through bonds lodged with the tenancy tribunal.²⁹ The costs of homeownership are more complicated to capture. Mortgage interest rates, property taxes (local council rates), mortgage deposit requirements, house depreciation, and capital gain all factor into the costs of homeownership. As a result, house prices are far more volatile than rents.

Rent prices are a more helpful measure of relative supply and consumer demand for housing because, unlike house prices, they are not strongly tied to capital gain expectations or monetary policy.³⁰ However, since home ownership is a policy objective, house prices remain a relevant measure. Tracking affordability over time reveals how the cost of housing changes relative to wages. Approaches to measuring housing affordability include median multiples, hedonic pricing models, severe housing deprivation, subjective measures of housing affordability, and the Ministry of Housing and Urban Development's change in housing affordability index.

Measuring Affordability

Housing Price to Income Ratios

The simplest approach to measuring affordability is the use of median-multiples. This is the ratio of the median house price to the median household income before tax. An equivalent ratio can be produced using the median rent. The Urban Reform Institute and the Frontier Centre for Public

Policy jointly produce the *Demographia International Housing Affordability* report, which prioritises median multiples.³¹ *Demographia* defines affordable housing as a ratio of house prices to annual earnings of 3:1; moderately unaffordable as 3.1-4.0; seriously unaffordable as 4.1-5.0; and severely unaffordable as 5.1 or more.³² Price-to-income-ratios are used by the World Bank, the United Nations, the OECD, and Harvard's Joint Center for Housing Studies.³³ Interest.co.nz also produces median-multiple measures from the same dataset, with slight variations due to processing decisions.³⁴ The strength of this approach is its simplicity. Estimates of median household incomes and median house prices can be generated for any almost any major housing market and allow for direct comparisons.

A primary weakness of median multiples is that it does not factor the costs of financing a home, such as interest rates. It also ignores property taxes and does not take into account the quality of housing.³⁵ For intra-national analysis, financing options tend to be relatively consistent and unlikely to dilute the analysis.³⁶ However, for comparisons internationally or across time, median multiples alone do not capture the costs. Median multiples also do not take into account the heterogeneity of housing, mode, size, quality, and the different purposes of housing discussed above. As a snapshot of New Zealand's housing situation, median multiples show a clear story: New Zealand's 2021 peak of 9.3 was eclipsed further by Auckland's astronomical median multiple of 12.6 in the same year.³⁷ This trend has reversed somewhat, driven by rising interest rates, but still far exceeds the affordable range.

Ministry of Housing and Urban Development's Change in Housing Affordability Indicators

The Ministry of Housing and Urban Development tracks a range of variables in housing affordability that are excluded from median multiples, and collate them in its *Change in Housing Affordability Indicators* (CHAI) dashboard.³⁸

28 Housing Technical Working Group, "Assessment of the Housing System: With Insights from the Hamilton-Waikato Area," 4.

29 Alan Bentley, Enzo Cassion, and Nam Ngo, *What Drives Rents in New Zealand? National and Regional Analysis* (Wellington, NZ: Housing Technical Working Group, 2023), 10.

30 Bentley, Cassion, and Ngo, *What Drives Rents in New Zealand?*, 3.

31 Wendell Cox, *Demographia International Housing Affordability* (Orange, CA: Center for Demographics and Policy, Chapman University, 2024).

32 Cox, *Demographia International Housing Affordability*, 1.

33 Cox, *Demographia International Housing Affordability*, 4.

34 "Median Multiples" | Interest.Co.Nz, n.d., <https://www.interest.co.nz/property/house-price-income-multiples>.

35 Cox, *Demographia International Housing Affordability*, 5, n7.

36 Cox, *Demographia International Housing Affordability*, 5, n7.

37 "Median Multiples" | Interest.Co.Nz.

38 "About the Indicators," *Te Tūāpapa Kura Kāinga - Ministry of Housing and Urban Development*, n.d., <https://www.hud.govt.nz/stats-and-insights/change-in-housing-affordability-indicators/about-the-indicators>.

The purpose of CHAI is to track housing affordability for those entering into home ownership for the first time. The three indicators are deposit affordability, mortgage serviceability, and rent affordability.

Since 2013, the rental affordability indicator has remained essentially level—3% more affordable in 2021 than in 2012, consistent with other measures. Deposit affordability and mortgage serviceability declined by 40% and 39% respectively. However, they took different routes to get there. House deposits became relatively more affordable between mid-2019 and mid-2020 with low interest rates, but that trend has since reversed.

The strength of using CHAI is that it captures real costs associated with entering the housing market, which is salient for policy interventions that promote home ownership. Like median multiples, it only captures the experience of median earners in the market. CHAI measures changes in affordability, not relative affordability, so is not suitable for comparison between markets.

Severe Housing Deprivation

Housing affordability can also be tracked through the lens of severe deprivation, which draws on census data. Severe deprivation can take the form of inadequate shelter, such as rough sleeping or homelessness; temporary accommodation, such as emergency and transitional housing; or overcrowded housing.³⁹ In the 2018 census, 102,123 people were identified as living in severe housing deprivation. At the time, this amounted to 2.2% of the population.⁴⁰ Physical dwellings themselves are often inadequate. In 2018,

5.2 percent of private residential dwellings (78,900) lacked access to at least one of six basic amenities [drinkable tap-water; a kitchen sink; cooking facilities; electricity; a toilet; a bath or shower]. Of these six basic amenities the amenity reported absent most often was drinkable tap-water (3.2 percent of dwellings) followed by electricity (1.7 percent of dwellings). Three-quarters of dwellings lacking a basic amenity were missing only one basic amenity.⁴¹

39 Kate Amore, Helen Viggers, and Philippa Howden-Chapman, *Severe Housing Deprivation in Aotearoa New Zealand 2018 (June 2021 Update)* (Wellington: He Kāinga Oranga / Housing & Health Research Programme, 2021), 8.

40 Amore, Viggers, and Howden-Chapman, *Severe Housing Deprivation in Aotearoa*, 4.

41 Viggers, Howden-Chapman, and Amore, “Housing That Lacks Basic Amenities.”

42 “About the Indicators.”

43 Mario A. Fernandez, *A Review of Applications of Hedonic Pricing Models in the New Zealand Housing Market* (Auckland, NZ: Research and Evaluation Unit (RIMU), Auckland Council, 2019).

44 Fernandez, *Review of Applications of Hedonic Pricing Models*, 1.

45 Fernandez, *Review of Applications of Hedonic Pricing Models*, 3.

46 Fernandez, *Review of Applications of Hedonic Pricing Models*, 16.

The Ministry of Housing and Urban Development keeps a dashboard of these metrics.⁴² The strength of severe housing deprivation measures is that they capture the housing experience of the most vulnerable members of society. Furthermore, they reflect the quality of dwellings and not just abstract medians. The data is expensive to gather, however, and largely relies on the census, which occurs every five years. And while severe deprivation measures capture the negative experience of housing, they don't address factors such as mental health or addiction issues that can manifest as housing issues.

Hedonic Pricing Models

Hedonic pricing models tease apart features of housing to capture those characteristics consumers value.⁴³ Hedonic pricing models treat houses as a bundle of discrete features that can be distinctly priced through statistical regressions of sales data. This measures consumers' preferences for amenities without relying on self-reported information.⁴⁴ Amenities such as proximity to natural environment are never priced in a marketplace, but hedonic pricing models provide a way to do so. They not only estimate amenities' relative value, they also allow for analysis of the relationship between amenities.⁴⁵ While not a measure of affordability *per se*, hedonic pricing models reveal factors that influence house prices. A rise in house prices within an area might reflect a restriction on supply, or it could reflect an improvement in amenities. Hedonic pricing models provide a means to tease apart these causes. They have been used for a range of research in New Zealand, helping policymakers make “appropriate decisions regarding the provision of those amenities and to design more effective zoning and land-use regulations.”⁴⁶

Drawing on a Range of Measurements

Each metric has strengths and weaknesses, and we need all approaches to get a well-rounded sense of the state of housing in New Zealand. Together, they tell a comprehensive story.

According to the New Zealand Infrastructure Commission, “Over the last 20 years, New Zealand has experienced

faster growth in real house prices than any other OECD country.”⁴⁷ Housing unaffordability has eased slightly since its peak during COVID-19. However, it remains extremely high. Rental affordability has remained fairly constant relative to wages, because any rise in wages is accompanied by an equivalent rise in rents.

Of course, the crucial question becomes why house prices have spiked. While a range of factors contribute to this increase, the interaction between two of them has been the main driver. In response to the housing crisis, the previous government established a cross-departmental Housing Technical Working Group to investigate a series of empirical questions related to housing. Their report into the drivers of high house prices identifies two key factors: land availability, and low interest rates.⁴⁸

Land availability, which includes both newly zoned residential land at the edge of cities and land zoned for increased density inside cities, is the primary supply-side factor in housing affordability. Construction costs have also increased, though not by nearly as much. However, it was this underlying land restriction that became increasingly problematic, compounded by the demand-side factor of low interest rates after the GFC. Since 2008, New Zealand, like much of the world, experienced historically low interest rates to stimulate the economy after the GFC. A decade of generally low interest rates culminated in an unprecedented rate of only 0.25% in 2021.⁴⁹ Low interest rates had a disproportionately large impact on house asset prices because the housing market is largely driven by debt, and low interest rates make servicing debt cheaper. These low rates caused prices to soar as constraints on land supply meant the market could not respond sufficiently by meeting greater demand with an equal quantity of supply.

Evidence of this interaction being the primary driver of prices is confirmed by the positive, but insufficient, reduction in prices during the most recent interest rate spikes in late 2022. Another factor to consider in developing housing policy is the impact demographics have on prices. It is common to identify the impact immigration has on housing markets, especially in a market with constrained supply. Research from the New Zealand Initiative has also identified the impact an aging population will have on New Zealand’s housing market.⁵⁰

Typology (Standalone/Townhouse/Apartment, Etc.)

Typology refers to the basic physical structure of a house. Historically, the most common form of house in New Zealand has been the standalone, single-family dwelling. Increasing pressure on the housing market and a recent liberalisation of zoning laws have contributed to a significant increase in townhouses. Apartments have also become more popular.⁵¹ Typology is an important complicating factor in analysis. Traditional housing models often described houses in terms of floor space. Likewise, median multiple measures do not explicitly describe the type of house that constitutes the median dwelling. Surveys have shown that New Zealanders, when unconstrained by price, prefer standalone dwellings.⁵² However, price constraints have made Kiwis more open to medium-density alternatives. Advocates for greater density have argued that, given time and a greater familiarity with medium density neighbourhoods, New Zealanders will become more accepting of compact living arrangements.

RECENT DEVELOPMENTS IN NEW ZEALAND HOUSING POLICY

Ever since the Crown assumed the right of pre-emption to purchase Māori land under the Treaty of Waitangi, the property market has been subject to extensive government

intervention. The construction of legal and social frameworks for property markets has always been an ideological project with various social and economic goals. While it is

47 New Zealand Infrastructure Commission, *The Decline of Housing Supply in New Zealand: Why It Happened and How to Reverse It* (Wellington: New Zealand Infrastructure Commission / Te Waihanga. Te Waihanga Research Insights series., 2022), 3.

48 Housing Technical Working Group, “Assessment of the Housing System: With Insights from the Hamilton-Waikato Area.”

49 “Monetary Policy Decisions,” 16 February 2023, <https://www.rbnz.govt.nz/monetary-policy/monetary-policy-decisions>.

50 Leonard Hong, *The Need to Build: The Demographic Drivers of Housing Demand* (Wellington: The New Zealand Initiative, 2021).

51 Matt L, “Building Consents in July-22,” *Greater Auckland*, 4 September 2022, <https://www.greatauckland.org.nz/2022/09/05/building-consents-in-july-22/>.

52 Rodney Yeoman and Greg Akehurst, *The Housing We’d Choose: A Study of Housing Preferences, Choices and Trade-Offs in Auckland* (Auckland, NZ: Research and Evaluation Unit (RIMU), Auckland Council, 2015).

beyond the scope of this paper to trace the historical paradigms that have shaped New Zealand housing policy, this section outlines the most significant developments over the last ten years: the Auckland Unitary Plan, the major actions of the sixth Labour government, and the current work being undertaken by the National-Act-New Zealand First coalition government.

The Auckland Unitary Plan

In 2010, the eight previous councils in Auckland amalgamated into one “supercity.” This merger required a single, consistent set of planning rules for the whole region. This became known as the Auckland Unitary Plan (AUP) and was finalised in 2016.⁵³ Overall, it was a more permissive planning framework than its predecessors, and ultimately allowed higher density (upzoning) in three-quarters of the city. The result was a significant increase of housing supply, with permits for new dwellings almost doubling within five years.⁵⁴ It also moved the location of new-builds toward infill densification in existing suburbs.

Consequently, the typology of housing changed as well, with an increase in the number of townhouses built.⁵⁵ The upzoning put downward pressure on house prices and rents. Modelling by Ryan Greenaway-McGrevy found that six years after the policy came into effect, rents on three-bedroom dwellings were 22-35% lower than they would have been otherwise.⁵⁶ The AUP represents the first major attempt to tackle housing affordability through widespread upzoning, and has generated international attention as a major natural policy experiment.⁵⁷

The Sixth Labour Government

During the 2017 election campaign, the sixth Labour government made housing affordability part of its platform. However, despite its importance to campaign discussions, then-Labour Party leader Jacinda Ardern would not say that she wanted house prices to decline.⁵⁸ Labour’s housing policy had three key pillars. The first was direct government facilitation of housing construction through KiwiBuild; second, a programme of regulatory reform that included the National Policy Statement on Urban Development (NPS-UD) and the Medium Density Residential Standards (MDRS); and third, reform of the rental sector.

KiwiBuild

After winning the 2017 election, the Labour government promised to build 100,000 new dwellings over the next decade. By June 2023, KiwiBuild had only built 1700 houses.⁵⁹ KiwiBuild failed primarily because the goal of 100,000 new dwellings was not informed by evidence of what could be reasonably achieved. A further challenge to the initiative was its launch during the middle of a construction boom, which offered no real incentive for developers to participate in KiwiBuild programmes.⁶⁰ Had developers been more inclined to participate in KiwiBuild, the primary effect would still have been to crowd out private development with publicly funded projects. The result would not have been a substantial net gain in housing supply, as was noted at the time.⁶¹

NPS-UD

The NPS-UD (2020) required councils to allow for at least six-stories to be built within walking distance of rapid

53 OurAuckland, “A Full Timeline of the Auckland Unitary Plan,” *OurAuckland*, n.d., <https://ourauckland.aucklandcouncil.govt.nz/news/2016/07/a-timeline-of-the-auckland-unitary-plan/>. Accessed September 2024.

54 Eleanor West and Marko Garlick, “Upzoning New Zealand,” *Works in Progress*, n.d., <https://worksinprogress.co/issue/upzoning-new-zealand/>. Accessed September 2024.

55 While there was a significant increase in infill development after the unitary plan, several key central suburbs zoned for their “special character” are notable exceptions to this rule.

56 Ryan Greenaway-McGrevy and Peter C.B. Phillips, “The Impact of Upzoning on Housing Construction in Auckland,” *Journal of Urban Economics* 136 (2023): 136.

57 “YIMBY Cities Show How to Build Homes and Contain Rents,” *The Economist*, n.d., <https://www.economist.com/finance-and-economics/2024/07/17/yimby-cities-show-how-to-build-homes-and-contain-rents>. Accessed September 2024.

58 “Ardern Wants to See Small Increases in House Prices, Admitting People ‘expect’ This” | *Interest.Co.Nz*, n.d., <https://www.interest.co.nz/property/108301/pm-jacinda-ardern-says-sustained-moderation-remains-governments-goal-when-it-comes>. Accessed September 2024.

59 “Max Rashbrooke: Whisper It, but Could KiwiBuild Have Finally Found Its Mojo?” | *The Post*, n.d., <https://www.thepost.co.nz/nz-news/350017267/max-rashbrooke-whisper-it-could-kiwibuild-have-finally-found-its-mojo>. Accessed September 2024.

60 John Polkinghorne, “Kiwibuild: The Good, the Vague and the Ugly,” *Greater Auckland*, 11 March 2018, <https://www.greterauckland.org.nz/2018/03/12/kiwibuild-good-vague-ugly-part-1/>. Accessed September 2024.

61 “Little Boost to the Housing Supply from KiwiBuild,” n.d., <https://www.infometrics.co.nz/article/2017-11-little-boost-housing-supply-kiwibuild>. Accessed September 2024.

transit stops. It abolished minimum parking requirements in cities and placed some restrictions on the use of character protections against development.

The MDRS

The NPS-UD was quickly followed by Labour’s institution of the Medium Density Residential Standards (MDRS) in 2021. The MDRS passed with support from across the house under National Party leader Judith Collins. Only the Act Party dissented. The MDRS required New Zealand’s five largest councils to allow, by default, three dwellings of up to three stories in residential zones. This represented a centralisation of decision-making power over town planning regulations.

Landlords and Tenants

The final pillar of the previous government’s approach to housing was significant alterations to the rental market. Rent increases were limited to once per year, and rental bidding and letting fees were banned.⁶² The most significant change was the removal of “no-cause evictions.” Legitimate reasons for evicting tenants were restricted to specified reasons such as anti-social behaviour, rent non-payment, the owner moving in, sale, or renovation.⁶³ The intention of this legislation was to provide renters with greater stability.

Alongside greater protections for renters, which imposed restrictions on the property rights of landlords, the Labour government removed the possibility for landlords to deduct interest from mortgage payments as a business expense—something other commercial operations are allowed to do. Both the Treasury and the Inland Revenue Department advised against the change.⁶⁴

The combination of Kiwibuild, the NPS-UD, and the MDRS, could be understood as a move towards centralising urbanism— an approach where central government exercises greater decision-making power, and which results in planning outcomes that grant greater property rights for development, especially within existing city limits. These expanded renter-protections coupled with a notable

change in tax indicates a deliberate decision on the part of the previous Labour government to advantage renters at the expense of landlords.

The Current Government

In the 2023 election, the National Party under the leadership of Christopher Luxon, walked back on its support of the MDRS. The new government approach, branded as “Going for Housing Growth,” is being led by Chris Bishop, Minister for Housing. Bishop summarises his reform programme by saying: “Going for Housing Growth involves freeing up land for development and removing unnecessary planning barriers, improving infrastructure funding and financing, and providing incentives for communities and councils to support growth.”⁶⁵ Bishop plans to achieve this through six key policies, which include:

1. The establishment of Housing Growth Targets for Tier 1 and 2 councils
2. New rules that make it easier for cities to expand outwards at the urban fringe
3. A strengthening of the intensification provisions in the NPS-UD
4. New rules requiring councils to enable mixed-use development in our cities
5. The abolition of minimum floor areas and balcony requirements

New Provisions Making the MDRS Optional for Councils⁶⁶

These six policies have been supplemented with an additional zoning supply policy for allowing “granny flats,” minor secondary dwellings up to sixty square metres that can be built without a resource consent.⁶⁷ Taken together, these policies can be understood as trying to walk the line between continuing with some aspects of the urbanist ethos that belonged to the previous paradigm, while opposing some of the centralising elements within it. The extent to which this constitutes genuine devolution is debatable, especially as the central government mandated expansion

62 LabourVoices on March 25 and 2021, “How Labour Is Backing Renters,” *NZ Labour Party*, n.d., <https://www.labour.org.nz/news-how-labour-is-backing-renters>. Accessed September 2024.

63 “Residential Tenancies Amendment Act 2020 – Summary of Changes,” n.d., <https://www.cooperandco.co.nz/resources/property-market/residential-tenancies-amendment-act-2020-summary-of-changes>. Accessed September 2024.

64 “Government Agrees to Restore Interest Deductions” | Beehive.govt.nz, n.d., <https://www.beehive.govt.nz/release/government-agrees-restore-interest-deductions>. Accessed September 2024.

65 “Going for Housing Growth Speech | Beehive.Govt.Nz,” n.d., <https://www.beehive.govt.nz/speech/going-housing-growth-speech>. Accessed September 2024.

66 “Going for Housing Growth Speech | Beehive.Govt.Nz.”

67 “Making It Easier to Build Granny Flats | Beehive.Govt.Nz,” n.d., <https://www.beehive.govt.nz/release/making-it-easier-build-granny-flats>. Accessed September 2024.

at the urban fringe and eliminated barriers to granny flat consents, irrespective of local council preferences.

As well as the “Going for Housing Growth” policies, the current National government has embarked on tenancy regulation reform by:

- Reintroducing 90-day ‘no cause’ terminations for periodic tenancies, meaning landlords can end a periodic tenancy without requiring a specific reason
- Returning notice periods for landlords who want to end a periodic tenancy back to 42 days where:
 - a. they want to move themselves or a family member into the property, or
 - b. the tenancy agreement notes the property is usually used to house employees, and they want to move an employee into the property, or
 - c. where the property is subject to an unconditional agreement for sale requiring vacant possession.
- Re-establishing the notice period required for tenants to terminate their periodic tenancy to 21 days
- Restoring the ability of landlords to provide notice of termination at the end of a fixed-term tenancy without the requirement to provide a specific reason.⁶⁸

SOCIAL CAPITAL THEORY

This research aims to understand the impact that the New Zealand housing market has on social capital. Because housing is the first space of ordinary social life, it impacts a broad range of social and community-based engagements. Social capital is a broad term, so we begin with relevant theoretical approaches to it before discussing its application to the New Zealand context.⁷² Social Capital Theory reflects the interests of sociologists, political scientists, and economists, in attempting to analyse and quantify the value of sociability.⁷³ It enjoyed a surge in popularity in the late 1990s and early 2000s, garnering the attention of policymakers and cultural commentators. Until recently, it featured in the New Zealand Government Living Standards

Supplementary to these tenancy reforms is the reintroduction of tax deductibility for landlords on the interest of their mortgage payments.⁶⁹

The government also commissioned a review into Kainga Ora, which was led by Sir Bill English and was released in March 2024,⁷⁰ and they undertook a programme of regulatory reform in the building sector, led by Minister for Building and Construction, Chris Penk.⁷¹ While these reforms are worthwhile, as the larger structural issues of the housing market do not pertain to construction or state housing, these reforms are acknowledged but unexamined in this paper.

Housing in New Zealand has always been highly regulated by government. Over the last 50 years, the trend has been towards major restrictions on housing development. This tendency has decreased housing affordability. However, recent developments, such as the Auckland Unitary Plan and the legislative actions of the sixth Labour government, have begun to reverse this trajectory.

Framework. This section surveys the work of three key Social Capital Theorists: Pierre Bourdieu (sociology), Robert Putnam (political science), and Edward Glaeser (economics).

Bourdieu

French sociologist Pierre Bourdieu produced the first systematic treatment of a concept of social capital. For Bourdieu, social capital was understood as “the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalised relationships of mutual acquaintance or recognition.”⁷⁴ This definition is made of up two discrete

68 “Tenancy Rules Changes to Improve Rental Market” | Beehive.govt.nz, n.d., <https://www.beehive.govt.nz/release/tenancy-rules-changes-improve-rental-market>. Accessed September 2024.

69 “Government Agrees to Restore Interest Deductions | Beehive.govt.nz.

70 Sir Bill English, Ceinwen McNeil, and Simon Allen, *Independent Review of Kainga Ora Homes and Communities*, March 2024.

71 “Building Products Shake-up to Lower Prices” | Beehive.govt.nz, n.d., <https://www.beehive.govt.nz/release/building-products-shake-up-lower-prices>. Accessed September 2024.

72 For a fuller account of Social Capital Theory, See Alejandro Portes, “Social Capital: Its Origins and Applications in Modern Sociology,” *Annu. Rev. Sociol.* 24.1 (1998): 1–24, and James Farr, “Social Capital: A Conceptual History,” *Political Theory* 32.1 (2004): 6–33.

73 Portes, “Social Capital,” 3; Farr, “Social Capital,” 10.

74 Quoted in Portes, “Social Capital,” 4.

parts: the networks and relationships that give access to actual or potential resources, and the actual and potential resources themselves. A crucial factor for social capital is that not all networks are created equal. Some relationships bring greater amounts, types, and qualities of resources through the social capital of network members. The “resources” of social capital could be access to jobs or employees, information, or subsidised loans. For Bourdieu, the benefits of social capital are reducible to economic benefits. But exchanges involving social capital “tend to be characterized by unspecified obligations, uncertain time horizons, and the possible violation of expected reciprocity. But, by their very lack of clarity, these transactions can help disguise what would otherwise be plain market exchanges.”⁷⁵ For Bourdieu, individuals located in networks possess social capital, which results in economic benefits.

Putnam

The major rival account of social capital is that of Robert Putnam. Putnam approaches social capital as a feature of societies as a whole. It is “the connections among individuals’ social networks and the norms of reciprocity and trustworthiness that arise from them.”⁷⁶ Societies that are more connected are healthier and experience better economic and democratic outcomes. Putnam argues that social capital played a crucial role in the different experiences of democracy in northern and southern Italy.⁷⁷ He argues that democracy functions far better in the north due to higher levels of social capital.⁷⁸ Putnam’s highly influential work *Bowling Alone* traces the precipitous decline of this form of social capital in late 20th-century America.⁷⁹ Putnam describes two types of social capital: bonding capital and bridging capital. Bonding capital is the tie between members of a specific social class, associated with helping members “get by.” Bridging capital refers to connections between classes and helps members “get ahead.” Both types of social capital radically declined over the latter portion of the 20th century and have not

recovered. Putnam’s interest is in the total amount of connection, and the norms and trust that derive from them, in contrast to Bourdieu’s concern for the individual.

Glaeser

Ed Glaeser’s work represents the shift of social capital theory into the realm of economics, as opposed to the sociology of Bourdieu and the political science of Putnam. Glaeser understands social capital in terms of economics, as more or less equivalent to physical and human capital. Glaeser writes, “while this definition perhaps moves slightly from the norms and networks definition of Coleman (1990) and Putnam (1993, 2000), I am sure that it is really quite close, and is just phrased in the language of economists.”⁸⁰ Glaeser summarises his understanding that “community-level social capital is as the set of social resources of a community that increases the welfare of that community.”⁸¹ While social capital can be analysed as an aggregate resource of the community, “decisions to invest in social capital are made by individuals, not communities. So, without a definition of social capital that begins at the individual level we cannot begin to understand its formation.”⁸²

New Zealand’s Living Standards Framework

The government’s 2018 *Living Standards Framework (LSF)* made social capital one of its four pillars of wellbeing. It defined social capital as “The social connections, attitudes, norms and formal rules or institutions that contribute to societal wellbeing by promoting the resolution of collective action problems among people and groups in society.”⁸³ It identified five key indicators: trust held in others, perceived corruption, discrimination, trust in government institutions, and sense of belonging.⁸⁴

In the 2021 *LSF*, social capital was renamed “social cohesion,” described as the “willingness of diverse individuals and groups to trust and cooperate with each other in the interests of all, supported by shared intercultural norms

75 Portes, “Social Capital,” 4.

76 Robert D. Putnam, *Bowling Alone: The Collapse and Revival of American Community* (London: Simon & Schuster, 2001), 19.

77 Robert D. Putnam, Robert Leonardi, and Raffaella Y. Nonetti, *Making Democracy Work: Civic Traditions in Modern Italy* (Princeton University Press, 1994).

78 Putnam, Leonardi, and Nonetti, *Making Democracy Work*; John F. Helliwell and Robert D. Putnam, “Economic Growth and Social Capital in Italy,” *Eastern Economic Journal* 21.3 (1995): 295–307.

79 Putnam, *Bowling Alone*.

80 Edward L. Glaeser, “The Formation of Social Capital,” *Isuma, Canadian Journal of Policy Research* 2.1 (2001): 4; See also Edward L. Glaeser, David Laibson, and Bruce Sacerdote, “An Economic Approach to Social Capital,” *The Economic Journal* 112.483 (2002): F437–58.

81 Glaeser, “The Formation of Social Capital,” 4.

82 Glaeser, “The Formation of Social Capital,” 2.

83 New Zealand Treasury, “Living Standards Framework: Background and Future Work,” 2018, 41.

84 New Zealand Treasury, “Living Standards Framework: Background and Future Work,” 41.

and values.”⁸⁵ Social cohesion is characterised by a sense of unity, pro-social norms and values, pro-social behaviour, and trust in institutions. Overall, the 2021 redefinition is a step backward, as it shifts focus from recognising a tangible social and economic resource—one that individuals invest in and benefit from, generating positive externalities—to merely a psychological “willingness” to cooperate.

Why Social Capital Matters

Social capital is linked to a wide range of positive social and wellbeing outcomes, and remains a tantalising prospect for policymakers. Social capital not only enhances individual wellbeing by providing access to resources and opportunities, it also improves overall economic performance. Glaeser concludes, “social resources have value because they solve common economic problems. For example, better social connections can help solve the free-rider problem in providing public goods, or they can create trust between individuals in the absence of explicit contracts.”⁸⁶ Robert Putnam’s work goes further: “where

trust and social networks flourish, individuals, firms, neighbourhoods and even nations prosper.”⁸⁷ The conclusion of *Bowling Alone* is Putnam’s manifesto, an “agenda for Social Capitalists.”⁸⁸ Because, per Glaeser, investment in social capital is a rational investment, pro-social capital policies must address the underlying incentive structures for individuals who make those decisions.⁸⁹

For the purposes of this research, we’ll draw on the broad view of social capital described by Field in *Social Capital: A Conceptual History*:

*“Putting these elements together, social capital is complexly conceptualized as the network of associations, activities, or relations that bind people together as a community via certain norms and psychological capacities, notably trust, which are essential for civil society and productive of future collective action or goods, in the manner of other forms of capital.”*⁹⁰

SOCIAL CAPITAL AND HOUSING POLICY

Houses and communities are intimately connected. Housing markets have a profound capacity to promote or inhibit people’s ability to connect with neighbours and accrue social capital. Housing tenure (ownership or renting), residential stability, house typology, and density all have social capital implications. After considering these, we will evaluate the trade-offs between centralisation and devolution in housing policy.

A Nation of Renters or Homeowners?

Historically, New Zealand’s housing policy has envisioned the nation as a property-owning democracy and enjoyed relative success. However, the rate of homeownership in New Zealand is in steady decline. Having peaked in the 1990s at 73.8% of households, it is now below 60%.⁹¹ Current forecasts suggest that homeownership rates will

decline below 50% over the next 20 years.⁹² This trend represents a major and concerning social shift.

The social effect of home ownership has long been of interest to researchers, though the research is contested. DiPasquale and Glaeser draw on data from the United States and Germany to show that home ownership “is strongly correlated with variables that attempt to measure good citizenship.”⁹³ From their American data, they concluded:

Homeowners are approximately 10% more likely to know their U.S. representative by name. They are 9% more likely to know the identity of their school board head. Homeowners are 15% more likely to vote in local elections and 6% more likely to work to solve local problems. On

85 The New Zealand Treasury, “The Living Standards Framework 2021,” 2021, 16, <https://www.treasury.govt.nz/sites/default/files/2021-10/tp-living-standards-framework-2021.pdf>.

86 Glaeser, “The Formation of Social Capital,” 4.

87 Putnam, *Bowling Alone*, 319–25.

88 Putnam, *Bowling Alone*, 402–14.

89 Denise DiPasquale and Edward L. Glaeser, “Incentives and Social Capital: Are Homeowners Better Citizens?,” *Journal of Urban Economics* 45.2 (1999): 383.

90 Farr, “Social Capital,” 9.

91 Stats NZ, *Housing in Aotearoa: 2020*; Deloitte, *Westpac NZ Shared Home Ownership Report*, 2.

92 Deloitte, *Westpac NZ Shared Home Ownership Report*, 2.

93 DiPasquale and Glaeser, “Incentives and Social Capital: Are Homeowners Better Citizens?,” 343.

average, they are members of 0.25 more nonprofessional organizations than nonowners.⁹⁴

This correlation remains, even after all population variables are controlled. McCabe concludes, in his paper interrogating the citizenship impacts of home ownership “after accounting for their increased stability, ... homeowners remain more likely to participate in local elections, civic groups and neighborhood organizations than renters.”⁹⁵ However, McCabe also observes that homeowners are not more likely to join sports clubs or religious organisations, so only specific types of social capital are supported by home ownership. Hilber, drawing on DiPasquale and Glaeser’s work, identifies significant differences between the social interactions of homeowners in built up, average, and little developed neighbourhoods.⁹⁶ The more developed a neighborhood is, the greater the social involvement of its homeowners.

In New Zealand, researchers from Motu analysed the positive social capital effects of home ownership through several variables. They found that “when an individual owns the home they live in, they report significantly higher levels of social capital than those who do not own their own home.”⁹⁷ Specifically, they have higher trust in others, participate more in local activities, and have a more positive sense of community. The only negative correlation they found was that homeowners had less trust in local government and less positive attitudes towards local government performance than non-homeowners. This possibly reflects homeowners’ stronger involvement in the governance of their communities.⁹⁸ As Maxim researcher Dr Stephanie Worboys argues in *Shaky Foundations*,

“strangely, democracy also depends on distrust.”⁹⁹ Insofar as we consider social capital in terms of civic engagement, distrusting involvement is more reflective of healthy social capital than trusting disengagement.

Greater political involvement of homeowners is the most well supported social impact of home ownership.¹⁰⁰ The most reasonable explanation is straightforward: “unlike renters, Homevoters benefit financially from improvements in location quality.”¹⁰¹ Social capital that is caused by financial self-interest and expressed through local civic engagement, is a form of bonding social capital. Bonding social capital, while strengthening ties between the in-group, has neutral or even negative effects on the out group. One potential negative effect of homeowner social capital is that homeowners are more likely than renters to oppose new housing supply.¹⁰² Many, such as Fang et al., argue that this is because “homeowners benefit financially from restricted housing supply through increased housing prices.”¹⁰³ This explanation is possible, but problematic. While supply restriction in general raises property values to the benefit of homeowners, development restrictions on one’s property also limit its value. Land prices increased by 20-25% when the Auckland Unitary Plan upzoned the city, a windfall gain for existing homeowners.¹⁰⁴ This effect is seen internationally as well.¹⁰⁵

Homeowner opposition to new housing, then, is not a rational, self-interested financial decision. The two possible explanations—that it is an irrational, self-interested financial decision, or that homeowners oppose new housing for non-financial reasons, such as traffic concerns or a desire for a specific neighbourhood character—are

94 DiPasquale and Glaeser, “Incentives and Social Capital: Are Homeowners Better Citizens?,” 356.

95 B. J. McCabe, “Are Homeowners Better Citizens? Homeownership and Community Participation in the United States,” *Social Forces* 91.3 (2013): 929–54.

96 Christian A.L. Hilber, “New Housing Supply and the Dilution of Social Capital,” *Journal of Urban Economics* 67.3 (2010): 419–37.

97 Matthew Roskrug, Arthur Grimes, and Jacques Poot, “Homeownership and Social Capital in New Zealand,” *Motu* (2011), ii.

98 Roskrug, Grimes, and Poot, “Homeownership and Social Capital in New Zealand,” 22. Homeowners’ greater involvement in local politics also reflects international evidence: see Robert D. Dietz and Donald R. Haurin, “The Social and Private Micro-Level Consequences of Homeownership,” *Journal of Urban Economics* 54.3 (2003): 427–30.

99 Stephanie Worboys, *Shaky Foundations: Why Our Democracy Needs Trust* (Auckland: Maxim Institute, 2024), 5.

100 Katherine Levine Einstein, Maxwell Palmer, and David M. Glick, “Who Participates in Local Government? Evidence from Meeting Minutes,” *Perspect. Polit.* 17.1 (2019): 28–46.

101 Limin Fang, Nathan Stewart, and Justin Tyndall, “Homeowner Politics and Housing Supply,” *Journal of Urban Economics* 138 (2023): 103608.

102 Fang, Stewart, and Tyndall, “Homeowner Politics and Housing Supply”; Gabriel M. Ahlfeldt, “Blessing or Curse? Appreciation, Amenities and Resistance to Urban Renewal,” *Regional Science and Urban Economics* 41.1 (2011): 32–45; Gabriel M. Ahlfeldt and Wolfgang Maennig, “Homevoters vs. Leasevoters: A Spatial Analysis of Airport Effects,” *Journal of Urban Economics* 87 (2015): 85–99; Carolyn A. Dehring, Craig A. Depken, and Michael R. Ward, “A Direct Test of the Homevoter Hypothesis,” *Journal of Urban Economics* 64.1 (2008): 155–70.

103 Fang, Stewart, and Tyndall, “Homeowner Politics and Housing Supply.”

104 Greenaway-McGrevy and Phillips, “The Impact of Upzoning on Housing Construction in Auckland,” 24.

105 Daniel Kuhlmann, “Upzoning and Single-Family Housing Prices: A (Very) Early Analysis of the Minneapolis 2040 Plan,” *Journal of the American Planning Association* 87.3 (2021): 383–95.

both likely contributing factors. Therefore, policy-making needs to be attentive to the different preferences of homeowners and renters.

Is Stability Enough?

While positive links between home ownership and social capital formation can partly be explained by greater financial incentives, stability is another significant cause. Post-World War II British housing policy, for example, aimed at clearing slums and replacing them with modern housing. This improved houses as shelter. However, such a heavy-handed approach had “the unintended consequence of destroying many existing neighbourly connections in working-class areas and created inward-looking enclaves with low aspirations.”¹⁰⁶ Stability and continuity provide the context for people to create strong connections. In Glaeser’s words, “social capital declines with expected mobility.”¹⁰⁷ Instability negatively impacts social capital in three ways. Firstly, social capital takes time to build. “As integration of newcomers into the social fabric of local communities takes time, residential instability can form a barrier to the development of local social networks and associational ties.”¹⁰⁸ Secondly, the expectation of future mobility decreases the incentives to invest in social capital. Finally, low social capital is self-perpetuating, increasing the likelihood of future mobility.¹⁰⁹

In New Zealand, stability is almost exclusively associated with homeownership. In 2020, the Labour Government introduced a ban on no-cause evictions, which the current government has pledged to reverse.¹¹⁰ That certainty is one reason to purchase a house; 49% of Kiwis cite “wanting to settle down with my family” as a reason they want to buy.¹¹¹

Homeowners enjoy significantly more stability than renters for two reasons. First, with the exception of mortgagee sales, homeowners are protected from eviction, unlike tenants who can be asked to leave by their landlords. Second, homeowners face higher transaction costs when moving. The stability that renters possess is not fixed, but

is downstream of legal and policy frameworks. In many other nations, greater legal protections for renters allow them to stay in their homes much longer. Greater stability produces higher amounts of social capital, so should be considered in policy.

Density

The density of houses and people is a crucial pillar of urban design and a major element of housing policy. Suburbanisation, sprawl (a somewhat pejorative term), and greenfield development, all refer to expanding urban limits. This allows new housing to be built on land that was previously non-residential, often farmland. Intensification, also called brownfield development, refers to intensifying building on existing residential land by allowing more dwellings and taller buildings. The 2020 National Policy Statement on Urban Development (NPS-UD) and the 2021 Medium Density Residential Standards (MDRS) were responses to housing unaffordability that proposed greater intensification. Minister of Housing Chris Bishop has signalled that his replacement for the MDRS will allow councils to choose whether sprawl or intensification is preferred.¹¹²

The lens of social capital can help judge the relative merits of sprawl and intensification. In economics, the impacts of population density and population size are known as agglomeration effects.¹¹³ Increasing agglomeration is associated with economic growth through greater ability to match employers with employees, as well as decreased transaction and transport costs due to proximity. Such effects go beyond what could reasonably be described as social capital, and therefore outside the scope of this paper.

Urban form and social capital have been linked for a long time in social capital literature. In *Bowling Alone*, Putnam argues that sprawl has contributed to the decline of aggregate social capital in America.¹¹⁴ Suburbanisation enabled a greater geographical separation along group lines;

106 John Field, *Social Capital*, 3rd Ed., Key Ideas (London: Routledge, 2016), 121–22.

107 Glaeser, Laibson, and Sacerdote, “An Economic Approach to Social Capital.”

108 Margreet Frieling, *The Start of a Conversation on the Value of New Zealand’s Social Capital*, Office of the Chief Economic Adviser Living Standards Series, 2018, 20.

109 Frieling, *The Start of a Conversation on the Value of New Zealand’s Social Capital*, 20.Treasury, Social capital discussion paper, 20.

110 “Residential Tenancies Amendment Act 2020 No 59, Public Act Contents – New Zealand Legislation,” n.d., <https://www.legislation.govt.nz/act/public/2020/0059/latest/LMS294929.html>.

111 OneChoice, *The OneChoice Kiwi Family Report*, 2021, 7.

112 “Auckland.Scoop » Going For Housing Growth Stage One Unveiled,” n.d., <https://auckland.scoop.co.nz/2024/07/going-for-housing-growth-stage-one-unveiled/>.

113 William A. Fischel, *Zoning Rules! The Economics of Land Use Regulation* (Cambridge, MA: Lincoln Institute of Land Policy, 2015), 9.

114 Putnam, *Bowling Alone*, 204–15.

he writes, “as suburbanization continued, however, the suburbs themselves fractured into a sociological mosaic—collectively heterogenous but individually homogenous, as people fleeing the city sorted themselves into more and more finely distinguished ‘life-style enclaves,’ segregated by race, class, education, life stage, and so on. So-called white flight was only the most visible form of this movement toward metropolitan differentiation.”¹¹⁵ In Putnam’s accounts, suburbanisation leading to “life-style enclaves” is a dissolution of bridging social capital. Though one might expect that it would at least produce greater amounts of bonding social capital within suburbs, Putnam argues that suburbanisation also led to less civic engagement and a decline in bonding social capital.¹¹⁶ Putnam quoted New Urbanist architects Adres Dunay and Elizabeth Plater-Zyberk saying that “the suburb is the last word in privatisation, perhaps even its lethal consummation and it spells the end of authentic civil life.”¹¹⁷

Putnam identifies three mechanisms by which sprawl allegedly erodes social capital. Firstly, the increase in commute time materially impacts the available time to engage in community activities. Secondly, the social segregation effects of sprawl erode opportunities for bridging social groups. Finally (and, for Putnam, most importantly), sprawl disrupts communities’ boundedness. As people increasingly live, work, and shop in three distinct places, their motivation and capacity to get involved in local life is diminished. Because American suburbanisation was both a preference revealed through consumer choice and a stated preference in lifestyle survey data, Putnam’s criticism of sprawl’s effect on social capital is one of externality. He alleges that individual lifestyle choices, like moving to suburbs, have negative impacts on the community as a whole.

The theorised social benefits of density also feature in policy debates about housing in New Zealand. Such commentary points to the alleged “built-in social network”

of dense communities.¹¹⁸ A typical example of this argument runs along these lines:

We have to get more people living downtown in well-designed three to five-level apartments with green spaces. Connecting medium and high-density living, commercial and retail activities, and new modes of transport—Wynyard Quarter and Hobsonville Point in Auckland are good examples—can create a better community and lower carbon emissions.”¹¹⁹

The argument that sprawl undermines social capital formation and density promotes it has been fiercely criticised on empirical grounds. American researchers Brueckner and Largey compared data from the *Social Capital Benchmark Survey (SCBS)* and census tract data for urban density. The SCBS, by the Saguaro Seminary at Harvard’s Kennedy School of Government, asked 30,000 Americans hundreds of social capital-related questions.¹²⁰ For instance, they asked the number of neighbourhood contacts a respondent has, their friendships and frequency of socialisation, and whether that occurs in the home. They also measure group involvement: cooperation with neighbours to fix something, membership in hobby clubs, meeting attendance, and non-church group involvement.¹²¹ Brueckner and Largey conclude that “while a positive density effect might make sense given that people living in close proximity should find interaction easier, that data disconfirm this logic.”¹²² Instead, “density has been shown to exert a negative influence on social interaction, undermining an important line of attack by critics of urban sprawl.”¹²³ The negative effect on social capital they observed, however, was not large. Likewise, Glaeser and Gottlieb, criticizing Putnam directly, observe that “if anything, civic participation appears to decline in dense communities and rise in the suburbs.”¹²⁴

Putnam is also incorrect about the underlying proposed mechanisms of sprawl’s negative impact on social capital.

115 Putnam, *Bowling Alone*, 209.

116 Putnam, *Bowling Alone*, 210.

117 Putnam, *Bowling Alone*, 210.

118 “Who Benefits from a Feminist City?” | The Spinoff, n.d., <https://thespinoff.co.nz/wellington/13-03-2024/who-benefits-from-a-feminist-city>. Accessed September 2024.

119 “Are Compact Cities a Cure for Carbon?” *NZ Herald*, 22 September 2024, <https://www.nzherald.co.nz/business/infrastructure-compact-cities-a-cure-for-carbon/66DJ6RBF6JBDPNSIAJZSJFXPPM/>. Accessed September 2024.

120 Ann G Largey and Jan K. Brueckner, “Social Interaction and Urban Sprawl,” *Journal of Urban Economics* 64.1 (2008): 7. Brueckner and Largey, 2006, 7

121 Largey and Brueckner, “Social Interaction and Urban Sprawl,” 8.

122 Largey and Brueckner, “Social Interaction and Urban Sprawl,” 13.

123 Largey and Brueckner, “Social Interaction and Urban Sprawl,” 16–17.

124 Edward L. Glaeser and Joshua D. Gottlieb, “Urban Resurgence and the Consumer City,” *SSRN Journal* (2006): 4, <http://www.ssrn.com/abstract=884183>.

Lower densities are associated with shorter, not longer, commute times. Likewise, Glaeser and Gottlieb found little evidence that urbanisation and segregation went together, and some evidence that suburbanisation promoted integration.¹²⁵ Putnam suggests that sprawl is an enemy of social capital, because of longer commute times, but low-density or car-based living is associated with shorter, not longer, commutes.¹²⁶

More recent research tends to confirm these findings. A systematic literature review by Mazumdar et al. found a negative relationship between density and social capital formation, whether one was measuring dwelling density or population density.¹²⁷

Overall, the evidence of the effects of sprawl on people's social connection, friendships, and group involvement seems to be modestly positive. However, the effects are not large enough to justify prioritising one form of density over another. Urban policy should allow housing to be built both more intensively and at the limits of the city. Increasing the abundance of houses, and therefore improving affordability, is likely to have greater benefits for social capital than pushing one form of urban vision over the other.

Who Makes the Decisions? Localism vs Centralisation

Social capital is concerned with networks and connections, which are necessarily local. However, much of modern politics centralises decision making, removing the incentive for most people to invest their time and energy. Devolving decision-making is valuable to the promotion of social capital.¹²⁸

A potential way to shift towards local decision-making is hyperlocal city zoning. Decision-making could be devolved further from the local council to streets or blocks within urban areas. The American city of Houston offers one example.¹²⁹ Houston, at the city level, zones up, a key factor in its relatively stable house prices. However, it allows

streets to zone themselves down. It might seem counterintuitive to allow streets to downzone when the city's goal is more houses. But this allows "Not In My Back Yard" (NIMBY) opposition to development to be localised, and it doesn't result in downzoning the entire city. Consequently, Houston's housing remains comparatively affordable in contrast to more restricted American cities.¹³⁰ Another important feature is that downzoning decisions expire unless renewed after 25 years. This means that regulatory opposition to development will not continue into perpetuity.

An alternative model of hyper-localism, proposed but not enacted in London, is that of upzonings by street. Because London is a relatively downzoned city, this would allow localities to build without changing the density of other areas.¹³¹ Such hyper-localism mitigates fears that uncaring and faceless density will be imposed from the outside instead of allowing a measure of local control. In theory, this could be paired with an element of hyper-local style guides for new developments that acknowledge the aesthetic interests of the whole community. By creating a sense of agency within existing communities, there should be a greater willingness to allow density and maintain a sense of connection.

While such hyperlocalism will produce exceptions to broad upzoning, the trade-off is that it would produce a more stable political consensus. Considering the recent experience in Auckland, researchers note that "even in what is perhaps the most successful case of upzoning a low-density city in the world, several affluent neighbourhoods were exempted."¹³² While such exemptions do not make sense on abstract design grounds, allowing them to occur eliminates the strongest sources of opposition.

Conclusion

A range of housing market factors impact social capital. Home ownership produces increased social capital. However, much of that benefit can be explained by greater

125 Glaeser and Gottlieb, "Urban Resurgence and the Consumer City," 26–29.

126 Glaeser and Gottlieb, "Urban Resurgence and the Consumer City," 4.

127 Soumya Mazumdar et al., "The Built Environment and Social Capital: A Systematic Review," *Environment and Behaviour* 50.2 (2018): 128.

128 MSD, "Building Social Capital Through Devolved Decision Making: The Stronger Communities Action Fund - Ministry of Social Development" (MSD, n.d.), <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/journals-and-magazines/social-policy-journal/spj21/21-stronger-communities-action-fund-pages67-82.html>.

129 Nolan Gray and Jessie McBirney, *Liberalizing Land Use Regulations: The Case of Houston* (Fairfax, VA: Mercatus Center, George Mason University, 2020).

130 "To Create More Affordable Housing, Make Zoning Hyperlocal," *Manhattan Institute*, n.d., <https://manhattan.institute/article/to-create-more-affordable-housing-make-zoning-hyperlocal/>.

131 John Myers, *Hyperlocal Zoning: Enabling Growth by Block and by Street* (New York: Manhattan Institute, 2021).

132 Ka Shing Cheung, Paavo Monkkonen, and Chung Yim Yiu, "The Heterogeneous Impacts of Widespread Upzoning: Lessons from Auckland, New Zealand," *Urban Studies* 61.5 (2024): 943–67.

stability. Density negatively correlates with social capital, but the effect is not strong and should not be prioritised in decision making. Finally, significant centralisation of

decision-making alienates people from the process and is unresponsive to community needs.

POLICY INTERVENTIONS

How then could the New Zealand housing market better support social capital?

Restoring Affordability

Affordability remains the biggest challenge for housing policy in New Zealand. Interventions that focus on lowering the prices of houses and rents must be the top priority. Given that the decline in affordability in New Zealand has been driven primarily by a lack of land availability, policy should prioritise opening up land for development. As demonstrated, increasing density is a minor inhibitor of social capital formation, especially when considered in relationship to price. Therefore, policies concerned with social capital should be agnostic regarding density and sprawl. Instead, upzoning and urban expansion should both be allowed.

Recommendation 1:

Significantly increase available land for development, including the right to build upwards.

The first goal of housing policy should be affordable houses. Constraints on land availability remain the single largest driver of unaffordable housing. Zoning for significantly more housing is the largest bang-for-buck policy intervention.

Recommendation 2:

Housing policy should be density-agnostic.

When looking at housing through a social capital lens, increasing density has a relatively weak negative effect on social capital. Unaffordability, however, has a large negative effect. Policy should therefore be pro-housing everywhere. Except for acute infrastructure problems, infrastructure funding and climate goals would be better met through appropriate pricing mechanisms, rather than command and control regulation.

Local Control

Current housing policy faces underlying tensions between central and local decision-making. The extent of housing affordability challenges makes this issue important for central government. However, a social capital framework

suggests that, as far as possible, decisions should be made locally.

Recommendation 3:

Devolve decision-making and pair it with appropriate incentives and targets.

The current proposal is to give councils directives to zone for 30 years of housing demand and the agency to control where and how that is achieved. This is a good move. By allowing local governments to achieve these targets, they can achieve central government's aims while retaining the social capital benefits of localism. However, modelling for "30 years' growth" must reflect realistic expectations, and not be underestimated to limit housing growth. A further challenge is that regions that have historically restricted their growth through intervention can point to their lower rates of growth as justification for a low-end estimate. As such, care must be taken to base "30 years' growth" on unconstrained, rather than constrained, numbers.

Renters' Rights

While price is the major problem in housing, stability is the second most significant challenge. Because renters face significantly more instability than homeowners, they risk having their social capital undermined by forced evictions. Consequently, renters tend to invest less in their social capital. Therefore, improving rental stability is a key tool for improving social capital outcomes contingent on housing. Direct rental regulation takes immediate effect, unlike the delayed benefits of zoning reform.

Recommendation 4:

"No-cause evictions" should be abolished.

The present state of New Zealand tenancy law does not provide a system that offers renters the stability required for serious social capital investment. While widespread home ownership is a laudable goal, even a radical response to promote home ownership will exhibit a lag effect before being realised, and some percentage of the population will always be renters. Rental reform on the other hand takes rapid effect. While regulatory constraints may include the trade-off of extra costs being passed on to renters, the stability challenges faced by renters are greater than the

price challenges at present. Regulatory interventions are inherently limited and are no substitution for well-functioning, competitive markets. However, in concord with a well-functioning market, renters' protections are a reasonable supplement to promote stability.

The recent restoration of interest deductibility on mortgages for landlords is a good policy, from a tax coherence perspective. But the social bargain of landlords receiving the tax benefits of commercial operations, comes with corresponding responsibilities, including regulation.

Rates Reform

Recommendation 5

Councils should charge rates on the value of land, not property.

The most significant factor in house price increases in New Zealand over the last 30 years is due to an growth in the value of land. This increase is a wealth accrual to land-owners, which they did not earn through investment, and comes at the expense of future entrants into the market. Despite conventional wisdom, that "Nimby is the most profitable investment strategy in New Zealand,"¹³³ homeowners in general receive a windfall gain in asset value when land is upzoned. Property values increased by an average of \$34,000 throughout the entire greater Auckland area after the AUP upzoning, with values increasing by over

six figures in central neighbourhoods.¹³⁴ In the event that land supply was already abundant, this upzoning would not likely have seen an increase.¹³⁵

Funding councils through rates on property values, as opposed to land values, is a tax on development. If a land-owner invests to improve the size or number of dwellings on their land, they will be taxed for doing so. And if you tax something, you get less of it. The exception is through taxing land, of which there is a fixed supply. Councils in New Zealand frequently calculate the underlying value of the land already, and should tax on the basis of that land value rather than improvements on it. This has the double benefit of capturing any increased value from zoning reforms and removing the disincentive to development that comes with a property-based rates system.

Recommendation 6

Replace "Social Cohesion" with "Social Capital" in the New Zealand Living Standards Framework.

The revision of the 2021 *LSF*, replacing social capital, with social cohesion, was a step backwards in terms of clarity and focus. Social cohesion does not capture the material concerns contained in the phrase social capital, and might lead to misplaced policy priorities in pursuit of living standards goals.

CONCLUSION

This research has responded to the question of how housing relates to social capital, and what policy interventions could improve that relationship in New Zealand. Quite naturally, affordability and stability are the most important factors for enabling people to make homes and subsequently form community. The simplicity of this insight should not detract from its importance because it highlights what housing policy should not focus on. Policymakers' concerns with promoting or inhibiting density or urban expansion are a distraction that harms affordability, with no prospect of improving social capital. Similarly, while home ownership is a valuable policy goal, improving the conditions of renters can provide many of the same benefits that home ownership promises.

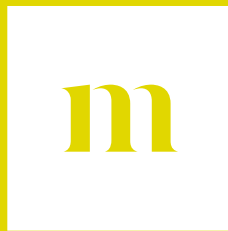
As Roger Scruton argues, humans in their settled condition are animated by a love of home.¹³⁶ This love of home motivates people to form communities, coordinate with their neighbours, and seek the good of their city. Currently, New Zealand's housing market inhibits people from settling down to the detriment of us all. As housing has gained a prominence in the wider public discourse, positive changes have been made, but there is still more work to be done.

133 "Hickey: Nimby's Thwart Housing Options," *NZ Herald*, 29 September 2012, <https://www.nzherald.co.nz/business/bernard-hickey-nimby-thwart-housing-options/GW7PMOH6XU56ORBFEHISJQSQ/>. Accessed September 2024.

134 Shane Martin and David Norman, *How the Unitary Plan Adds Value to Properties* (Auckland Council, 2017).

135 Housing Technical Working Group, "Assessment of the Housing System: With Insights from the Hamilton-Waikato Area," 17.

136 Scruton, *Green Philosophy*, 227.



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