



Building for the future

Industry leaders delve into the transformative potential of the latest government housing strategy, examining how reforms could boost land availability, upgrade infrastructure, and drive affordable housing development nationwide.

Imagine a New Zealand where the dream of homeownership is within reach for most families and affordable housing is a reality, not just a promise. As the country faces its most pressing housing issues in decades, the Government's 'Going for Housing Growth' (GfHG) strategy represents a radical reform of the status quo.

Housing and Infrastructure Minister Chris Bishop says that this comprehensive overhaul aims to tackle issues of housing supply, land availability, and affordability head-on, promising transformative change for developers and the Kiwis that buy their products.

"Housing Growth Targets are the centrepiece of the Government's response to New Zealand's housing shortage," Bishop explains. "These

targets will require New Zealand's 24 main urban and provincial councils to 'live-zone' feasible development capacity to provide for at least 30 years of housing demand at any one time.

"Councils will have choices about how much capacity they provide in existing urban areas versus rural land, and they will still have to consider the environment when rezoning land for urban use. But the reality is that most cities will need to grow both up and out.

"This will flood the market with opportunities for development and, over time, drive down land prices and the cost of housing."

From liberalising planning laws to addressing intergenerational equity, sweeping changes come at a time when national homeownership rates are at their lowest level in eight decades. Meanwhile, residential developers are beginning to ease their grip after navigating the economic turbulence of recent years.

At the heart of the GfHG programme is a focus on land supply. New Zealand's housing and affordability issues are tied closely to the high cost of land, driven by restrictive zoning and planning regulations that have throttled urban growth. Bishop says that by removing barriers to land development and introducing higher growth targets for key regions, GfHG is poised to unlock new opportunities for developers.



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HON CHRIS BISHOP
MINISTER FOR HOUSING AND INFRASTRUCTURE

"Freeing up land through relaxed planning laws will increase the supply of land for housing and allow for more creative, mixed-use urban projects. In particular, the elimination of minimum apartment sizes and the requirement for balconies are changes that will significantly reduce the cost of new apartments.

"As it stood, local governments often enforced subjective design controls without comprehensively understanding their economic impact and the ripple effect on affordability.





For example, mandatory balcony requirements could add as much as \$70,000 to the cost of an apartment, a burden ultimately passed on to buyers.

Another critical aspect of the Government's strategy is encouraging intensification along strategic public transport corridors. "Our cities should reflect the reality of how people live, or at least want to live, if planning rules didn't get in the way," says Bishop.

He explains how the new policy will shift the urban development landscape. "The Government already requires councils to enable intensification around rapid transit stops. However, this mostly only applies to Auckland and Wellington's train networks. We'll recognise that there is a range of really good public transport across the country that can support more housing along their routes than currently.

"By deregulating planning laws in this way, we aim to flood the market with development opportunities and, over time, drive down land prices and the cost of housing."

Despite these initiatives, Bishop acknowledges that land availability alone won't solve the problem. Without adequate infrastructure to support new housing developments, growth can become unsustainable.

"GfHG is all about fixing this by ensuring that infrastructure investments are aligned with national growth targets, creating mechanisms to recover costs from new developments rather than burdening existing communities."

This approach is designed to speed up the rollout of essential services such as roads, water, and utilities, which have often lagged behind housing developments in growing areas.

"We can't have a situation where infrastructure funding holds back growth," says Bishop.

"Our new model ensures that developers and local authorities are on the same page when it comes to building essential infrastructure. It's a collaborative project designed to accelerate development."

Additionally, the Government's new infrastructure financing framework will introduce more flexible funding mechanisms, allowing the recovery of costs from development rather than placing the burden on existing ratepayers.

One of the more innovative elements of GfHG is its focus on creating incentives for councils and communities. Previously, local governments have been weary about supporting new developments due to concerns over how and who would fund the necessary infrastructure and services.

Now, the Government is offering financial incentives to councils that support housing growth in their regions. This includes targeted funds for infrastructure upgrades in areas proactively enabling housing development. Bishop is confident that this approach will result in a shift in local attitudes towards development.

"With these new incentives, we're changing the narrative, ensuring that housing growth becomes a win-win for developers, policymakers and, most importantly, the communities they serve.

"Our goal is to create a system where growth is seen as an opportunity rather than a challenge. By providing incentives and removing barriers, we're making it easier for councils to embrace and support new housing developments."



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GERALD RUNDLE

BAYLEYS DIRECTOR CORPORATE PROJECTS AND DEVELOPMENT LAND SALES

THE ROLE OF LAND AVAILABILITY, INFRASTRUCTURE AND HOUSING SUPPLY

Bayleys director Corporate Projects and Development Land Sales, Gerald Rundle, says the changes are necessary and long overdue, with the potential to deliver far-reaching impacts that could increase the supply of land suitable for development and reengage residential developers following a period of inactivity.

The easing of restrictions on greenfield development is one of the most anticipated changes under the GfHG programme. Greenfield sites – previously undeveloped land typically on the outskirts of urban areas – are now a focus point for new housing projects. Rundle explains that these areas hold untapped potential for affordable, large-scale developments that could help address the pressing need for more housing stock.

"We're finally seeing a concerted effort to unlock greenfield development potential," says Rundle, who oversees a team of land sales and development brokers through Bayleys' nationwide network.

"This is key to meeting the increasing demand for housing, particularly in rapidly growing cities like Auckland, where land within the urban limits is scarce and expensive."

By allowing more greenfield development, the GfHG initiative is also expected to have a ripple effect on house prices, with a greater supply helping to stabilise costs, particularly for entry-level buyers.

Rundle says that regions like South and West Auckland, North Waikato, and the Bay of Plenty offer unique development opportunities, cost advantages, and strong demand via population growth.

Hamilton, the fastest-growing metropolitan area in the country, also presents opportunities, though it faces challenges similar to Auckland in funding infrastructure and servicing growth.

"Without proper infrastructure, particularly services like fresh water, sewage and stormwater, but also, roads, public transport, schools, hospitals – development simply can't happen," Rundle explains.

Historically, that issue lay with the way New Zealand funded projects. For example, councils are responsible for water networks, while the government funds larger projects like motorways and schools. However, the reluctance to take on debt and the lack of other funding channels to finance these projects has slowed progress.

"Political caution around infrastructure spend means we've seen too many cases where developments are approved, but infrastructure lags, frustrating developers and residents."

Rundle explains that large-scale development in Auckland has traditionally been challenging due to the existing framework. "The limited availability of appropriately zoned land, combined with restrictive council policies, creates significant barriers. On top of that, uncertainty surrounding urban zoning and infrastructure provision adds layers of complexities, delays and costs to development projects – costs that are inevitably reflected in the final price of homes.

"While the new framework will undoubtedly ease some of these pressures, overcoming the existing inertia and accumulated effects of years of development restrictions will take time.

"Infrastructure funding under GfHG is a hopeful step in the right direction. The Government aims to work more closely with councils to ensure the infrastructure for new homes is in place before development begins, which could be a turning point for greenfield development.

"However, the ability to unlock greenfield development hinges on infrastructure. Without it, even the most promising land can't fulfil its potential to provide much-needed housing supply."

EASING PRESSURES AND ADDRESSING SUPPLY GAPS

Bayleys national director of Projects, Suzie Wigglesworth, agrees that the reforms mark a significant shift in the sector's approach to housing growth. She has been closely following the impact of GfHG on residential developers and points to introducing new, more flexible planning laws as a potential game-changer.

"New Zealand's residential development sector has grappled with

high development costs, cumbersome planning regulations, and slow consent processes for years. These obstacles have contributed to a housing supply gap that has grown wider as population growth has outpaced our ability to deliver new homes.

"The traditional development model was plagued with inefficiencies and delays," Wigglesworth says. "Developers were facing long lead times, uncertain costs, and a planning framework that often felt like it was working against them rather than with them."

Despite an apartment building boom around 2013 and evolving housing preferences promoting greater interest in apartments, townhouses, and multi-unit developments, the supply chain has struggled to keep up with demand.

"This is especially true in urban centres, where the need for new housing is most critical."



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SUZIE WIGGLESWORTH
BAYLEYS NATIONAL DIRECTOR OF PROJECTS

Wigglesworth remains hopeful that the changes introduced by the GfHG programme will resolve many of these issues.

The initiative's focus on removing unnecessary planning regulations and streamlining the development process is expected to reduce costs and speed up the delivery of new homes.

"By simplifying the planning framework and cutting through some red tape, GfHG is making it easier for developers to get projects off the ground.

"This comes at the same time the economy appears to be improving, construction costs have stabilised, and there are circulating reports of lenders being more open to residential development financing.

"All of these factors will directly impact housing supply by helping to create a more conducive environment for developers, which, in turn, will deliver solutions to address supply gaps and more new homes being built where we need them most."

Looking ahead, Wigglesworth believes that the GfHG reforms will not only ease current pressures but also open up new opportunities for residential developers. As more land becomes available for development and infrastructure improves, she expects to see more housing projects come online, and an emphasis on infill housing development in urban areas already serviced by existing infrastructure.

"The housing market is poised for a reboot," she says. "We're at the beginning of what could be a new era of growth for the residential development sector and homeowners in general. If these reforms are implemented effectively, we'll see a much more dynamic and responsive market, capable of meeting the needs of New Zealand's growing population."

