



# Registered Master Builders Association of New Zealand Incorporated

## Submission on the GPS-HUD

July 2021

# The Registered Master Builders Association submission on the GPS-HUD

The Registered Master Builders Association (RMBA) welcomes the opportunity to provide this submission on the GPS-HUD.

## About RMBA

The RMBA represents over 3,000 commercial and residential builders and are the leading sector advocates on the built environment. Our sector is a key contributor to the New Zealand economy, with every \$1 million spent on house building supporting \$2.6 million across the wider economy.

We are working hard to lead the change our sector needs. Ensuring we have the regulatory systems and processes which will enable us to build faster and better. We are supporting our members to grow their capability and business acumen to ensure a strong and healthy sector; to innovate and make the most of new technologies so we meet the climate change challenge; and to attract, train and retain skilled talent. We are proud to be New Zealand’s best builders.

At Master Builders we are committed to transforming the sector and rebuilding our economy. We are focused on building better homes, communities and workplaces, and ultimately better lives for all New Zealanders. We are building a better New Zealand.

## Summary of the GPS-HUD

### TIROHANGA WHĀNUI OVERVIEW

This discussion document proposes, for feedback, a vision, outcomes, focus areas (and proposed actions), and ways of working to shape housing and urban development in Aotearoa New Zealand.

<b>VISION</b>	Everyone in New Zealand lives in a healthy, secure and affordable home that meets their needs, within a thriving, inclusive and sustainable community			
<b>OUTCOMES</b>	<b>Thriving communities</b> Everyone is living in homes and communities that meet their employment, education, social and cultural wellbeing needs and aspirations — places that are affordable, connected, environmentally sustainable, safe and inclusive.	<b>Wellbeing through housing</b> All New Zealanders own or rent a home that is affordable, healthy, accessible, secure, and which meets their needs and aspirations.	<b>Partnering for Māori housing &amp; urban solutions</b> Māori are determining their housing needs and aspirations, supporting whānau prosperity and inter-generational wellbeing, and deciding the means to achieve those aspirations.	<b>An adaptive and responsive system</b> The housing and urban development system is integrated, self-adjusting, and responsive to emerging challenges and opportunities.
<b>SIX FOCUS AREAS</b>  What collective action across the system will be focused on to achieve the vision and outcomes	<b>Provide homes that meet people's needs</b> We want to ensure every New Zealander has an accessible, safe, warm, dry and affordable home to call their own, and which meets their needs and changing life circumstances — whether they are renters or owners.	<b>Ensure that more affordable houses are being built</b> Create a housing and urban land market that credibly responds to population growth and changing housing preferences, that is competitive and affordable for renters and homeowners, and is well-planned and well-regulated.	<b>Support resilient, sustainable, inclusive and prosperous communities</b> Our communities are well equipped to meet long-term climate, social, environmental, cultural and economic challenges and opportunities.	
	<b>Invest in Māori-driven housing and urban solutions</b> The right to self-determine better housing and urban development solutions for Iwi and Māori should be realised.	<b>Prevent and reduce homelessness</b> Homelessness is rare, brief and non-recurring because people have access to adequate housing, and to the support services that can work with them to resolve the health, financial, addiction and other social issues that place them at risk of becoming homeless.	<b>Re-establish housing's primary role as a home rather than a financial asset</b> Reduce speculative investment in existing housing stock, making home ownership more accessible for first-home buyers, and supporting a more productive, resilient and inclusive economy.	
<b>FOUR 'WAYS OF WORKING'</b>  The system needs to work differently	<b>Te Maihi o te Whare Māori</b> Government, Iwi and Māori work collaboratively to drive tailored and enduring solutions to meet Māori housing and urban development aspirations, engage early and often, and build capacity and capability to provide for Tirohanga.	<b>Place-based approaches</b> Communities need tailored solutions that work for them in each place, and solutions will need to be targeted and developed collaboratively to meet their needs.	<b>Genuine and enduring partnerships</b> Effective relationships, and coordinated planning, investment and decision-making delivers outcomes and supports capability and capacity building across the system.	<b>Sustainable and reliable funding</b> The system can rely on long-term, sustainable sources of funding and financing (both private and public) to support and ensure housing and urban development outcomes.

## RMBA’s position on the GPS-HUD

### Overarching view

A perfect storm has hit New Zealand’s construction and housing sector. The impact of this is being felt by all New Zealanders: it has exacerbated inter-generational inequity in housing opportunity, stretched the building sector to the limit, placed huge demand on an already vulnerable and at-risk continuity pipeline and elevated housing as one of the biggest policy dilemmas facing New Zealand.

Yet despite current challenges facing New Zealand, RMBA believes this storm provides a window of opportunity for decision makers to reimagine housing policy and place it on a firmer foundation. It can do this by explicitly elevating, in the GPS-HUD vision statement, housing as critical infrastructure (see full recommendation further below). Explicitly elevating housing as critical infrastructure into the GPS would enable:

- The Government to exhibit leadership by taking a long-term strategic approach to housing policy;
- Designating housing as critical infrastructure explicitly in vision statement
- A pathway to smoothing out the boom/bust cycle that has beset the sector to achieve continuous building supply into the future;
- Better collaboration between government and the sector;
- Long-term workforce planning and development in the sector, thereby also enhancing the wellbeing of the sector's workforce;
- Improved system design that works better for all New Zealanders

Each of these is discussed in more detail below.

### **Providing a longer-term strategic approach**

RMBA is pleased that the NPS-HUD is taking a *“multi-decade outlook”*. We strongly recommend that the government take a longer-term strategic approach to housing policy and counteract the chronic short-term and reactive tinkering that has characterised the past 30 years of housing policy and place it on a more strategic and predictable longer-term footing. For that to happen, however, both sides of politics would have to be committed to viewing housing as critical infrastructure (see RMBA recommendation below). The sector really needs bi-partisan buy-in. We need to recognise that this will not be solved in one political term – this requires a long-term and consistent approach.

It is pleasing that the GPS-HUD shares this view - *“while the areas of focus and actions undertaken by future Governments may change, including in response to a changing environment and new knowledge, our aspiration is that the long-term vision and outcomes in the GPS-HUD will remain constant and relevant.”* If that were achieved, government and the sector would be able to better future-proof policy development to more effectively anticipate demographic, social and economic trends.

Previously, governments and councils have been driven by their short-term challenges, which in housing have been longstanding and acute. Short electoral cycles compound the market distortions and reactive policy making that has beset the sector. Taking a strategic view, by seeing housing as critical infrastructure, would constitute transformative public policy and the very essence of building back better. Transformative leadership would also need to transcend party politics. We reiterate that housing policy needs to be bipartisan to endure. That is the only way we will move from reactive, catch-up, ad-hoc and incremental policy making responding to market inequities to proactive leadership that can better anticipate the demographic, social, and economic challenges ahead.

### **Designating housing as critical infrastructure**

It is the RMBA view that housing must be viewed as critical infrastructure in New Zealand, and we recommend the government and the Government Policy Statement elevate housing to designate it as critical infrastructure. The government, should it do so, is reinforcing to New Zealanders now and

in the future that providing them with shelter is a national goal of strategic importance. It also makes a powerful statement to young New Zealanders and those not yet born that access to housing is a widely shared, national goal.

If housing is really to be viewed as *critical* infrastructure we support a much more comprehensive policy approach. Housing policy and planning is more than just social housing (Kainga Ora is responsible for only 3.7% of our current stock). This rest is left to market forces. However, we believe no part of a country's critical infrastructure can simply be left to market forces. It is too vitally important for New Zealanders. The impact was recently summed up by a UN report by UN special rapporteur Leilani Farha, where she expressed housing had become a "speculative asset" in New Zealand rather than a "home". This is not good enough. We now have a generational opportunity to transform housing in New Zealand.

As such, we need to think of the system as a whole and develop a comprehensive national policy statement that establishes housing as critical infrastructure and supports the sector to build the houses we need, where we need them.

In addition, by elevating housing as critical infrastructure, this helps smooth the boom bust cycle, discussed in further detail below. With governments committed to smoothing out the boom-bust cycle, a more strategic approach will transform housing policy by giving it the firm foundation it has previously lacked.

RMBA therefore recommends that the 'Vision' statement be amended to read:

*'Housing is deemed critical infrastructure, ensuring everyone in New Zealand lives in a healthy, secure and affordable home that meets their needs, within a thriving, inclusive and sustainable community.'*

### **Smoothing out the boom/bust cycle and achieving continuous supply**

The last fifty years has seen a succession of boom bust cycles in New Zealand's construction sector, with governments and the sector of the day either riding the wave or implementing short term quick fixes. RMBA believes the crucial strategic question facing government and the sector is how to maintain continuity of supply through all types of weather, fair and foul. Decades of uneven housing policies have fuelled the boom bust cycle which has historically beset the sector, and we need a long-term strategic approach to fix it.

We are pleased to note the NPS-HUD recognises the risks of the boom/bust cycle and is seeking - *a clear and well-aligned pipeline of infrastructure and development projects, including greater scale and direct government investment that provides greater certainty to the infrastructure, development and building and construction sectors, smoothing out the boom and bust cycle, and raising industry-wide performance.*

Continuity of supply would provide a stability that has a multiplying effect across all aspects of the housing market. It is a transformational opportunity and one that would see the sector build the right type of housing in the right place. The sector has an important role to develop its workforce, standards, and performance. However, we think collaboration between the government and the sector is the crucial ingredient to future success. Smoothing out the boom bust cycle lays out a consistent and predictable path that will give financiers and borrowers across all demographic and socio-economic groups greater certainty. Currently, the boom bust cycle creates the largest market distortions and access issues for particular groups and fueling inter-generational iniquity. That is what we need to change.

As such, we support that GPS-HUD's view that - *successive governments putting in place often temporary, ad-hoc or urgent measures to address the constraints and their adverse effects, which can work for a period but creates longer term uncertainty and increases complexity. Instead, we need to ensure the system is set up to facilitate and deliver stable investment in enduring change, where future consequences are foreseen and planned for, where sector capability and capacity is continuously developing, and where collaboration and effective partnership inform, support, and enable integrated solutions to the changing needs of Aotearoa New Zealand.*

If you look at how housing policy has reacted haphazardly to previous cycles it is a bit like a pillow. You push in one bit and another bit will pop out. So, for instance, if land is freed up it accentuates council infrastructure financing limits. Even if there were no skilled labour shortages, which is certainly not the case, it then draws attention to the supply chain disruption, or unresponsive and costly parts of the consenting process. Providing a consistent and predictable pipeline of building will position the sector in a more rational and sustainable way which will, in turn, would allow longer term planning.

We are pleased that the GPS-HUD states - *Knowing the tap will not dry up or be turned off by Government, and that there is a lot more depth and stability in the finance avenues available to developers and housing providers, will also help smooth some of the boom-and-bust cycles of our economy. A focus on sustainable funding must also include regular analysis of the tools and instruments government funds maintains to support wellbeing through housing, housing affordability and the provision of infrastructure deliver the outcomes we want. Government will work towards more certain, durable, and sustainable schemes and sources of funding for the delivery of housing and urban development that operate over five to ten years, and which will catalyse a reliable pipeline of construction activity.*

Fixing the boom/bust cycle provides not just better security and wellbeing for RMBA members, it benefits everyone. The cycle impacts more than just the sector: now the third largest contributor to GDP, the construction earns New Zealand some \$20 billion per annum and sustains over 540,000 jobs. With 95 percent of building firms employing 10 staff or less, our workforce is deeply embedded in their communities across our cities and regions. They are responsible for building our homes, schools and hospitals.

### **House prices and supply**

The complexity and deep-seated nature of the housing crisis means that a boom/bust cycle really makes obvious the pain points besetting the sector. We believe that continuity of supply is at the heart of the housing supply problem. Despite claims that we are just not building enough affordable housing, the answer is not that simple<sup>1</sup>. RMBA does not agree with the narrative that we just need

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<sup>1</sup> New Zealand is conflicted over the state of our housing stock. Westpac predicts by the end of next year Auckland's shortage will have reduced from its peak of 32,000 homes to 12,000, and falling to zero by 2028. For the whole of New Zealand excluding Auckland and Canterbury the peak shortage of 48,000 will shrink to 25,000 by the end of 2022 and be eliminated by 2027. The BNZ's Stephen Toplis takes a more nuanced view. He believes in the short-term we are over building – and we are building the wrong types of homes. While we need more housing – we have not currently got the numbers of people coming into the market who can afford those homes. We could easily be left with too many expensive homes NZ Initiative discuss a more long-term view. Due to changing demographics, they believe we need more homes to be built just to meet current population numbers. Their estimates see the country needing an additional 15,319 new homes a year (from 2019 to 2060) – based on a low migration, low fertility model – to 29,052, if migration and fertility are high. These numbers relate to new building on top of what is already happening.

to build more houses. We agree we need to build more, and to find clever solutions which can speed this up – but we also need to do this in a way that is sustainable for the sector.

The solution is about building the right houses to the right standards and specifications, in the right places. Members are building the homes their customers want – but there is no overarching plan, to ensure this will meet the future needs of New Zealand. We support the GPS-HUD providing this overarching plan that utilises a long-term system thinking approach, rather than short term quick fixes addressing individual parts of the current system.

We also caution against seeing Kainga Ora as the answer. Although Kainga Ora has a part to play – as previously cited they currently only control 3.7% of New Zealand's housing stock. We understand this needs to grow (in other OECD countries this would be more like 7%), but it is still only a very small part of the residential market. It is unreasonable to expect Kainga Ora to solve all of New Zealand's housing policy problems. Their ability to make more strategic land purchases is an interesting new update. We will be very keen to see how the private sector can be involved once more detail is released.

Continuity of supply is a key focus for RMBA. We talk about this a lot in the commercial sector – and work is being done there by the Infrastructure Commission, but we also need to address this in residential construction. Our sector's boom and bust cycle is well known, but the impact is often downplayed. The fallout of this cycle means a lack of innovation and skilled talent when we need it. During the GFC the residential construction sector lost 25 percent of its workforce. It took seven years for sector employee levels to recover to pre-GFC levels.

RMBA is of the view that if New Zealand does not address the boom-and-bust cycle, we will all find ourselves here again in a few years' time. However, with the right strategic framework in place (as recommended), and more targeted government interventions, we can smooth out this cycle. The key is for government and the sector to more effectively collaborate to achieve this.

### **Building and construction costs**

Building costs, including material costs have been discussed for many years. We don't expect much to change. Indeed, Core Logic's economist Kelvin Davidson has warned the costs of building will increase with companies facing difficulties getting staff and materials. Core Logics' Housing Index Price found housing construction costs were up 3% over last year.

It should not be surprising to anyone, that in a boom, costs will increase. This is basic economics - supply and demand, compounded by supply chain disruptions. But it is indicative of the need to break the boom-and-bust cycle. Our members, or any supplier in the sector, know the current boom will be followed by a bust, so they need to do as much work in the current period as possible – we can't blame them for that. Providing ongoing certainty, and a steady pipeline of work will be the best way to manage costs.

### **Regulatory and government interventions that are bold and work**

Master Builders are at the coalface of housing policy problem every day, and we know it will not be solved by tweaks at the edges. While we agree finance, RMA reform, land supply and access to skilled labour are all important parts of the puzzle just addressing these with minor corrective changes will not be enough and addressing these issues individually will also fail to deliver the change we need. RMBA is of the view that we need a greater focus on interventions that are bold

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and work, along with significant system change. The Government's recent announcements go some way to address this – but we believe there is still much to do.

We therefore share the NPS-HUD's expectation of - *regulatory and institutional settings that support and facilitate urban change, and public funding and investment settings that maintain stability in construction pipelines and economic cycles.*

Although all parts of the system need to do their part and work together (discussed in more detail below) it is undoubted that government has a crucial role to play. It is a significant player in the commercial construction market, building hospitals, schools, libraries and other public amenities. In the residential building market, which accounts for some 60 percent of the country's building and construction sector revenue, the market inequities media continually highlight flow from decades of uneven housing policies from governments of all hues. We support the Government's signal that it wants to "build back better", as do our members, so we share a common goal. But how do we build back better? And how does the government and the sector collaborate better?

RMBA believes we need the right government actions and policy levers to work in partnership with private sector investment in residential and commercial construction. We are of the view that now is the time to start delivering a step change in the building and construction regulatory system. We need to be looking at opportunities to drive regulatory best practice in the delivery of houses and commercial projects. The focus needs to be on improving the quality of construction, enabling innovation, efficiency, and responsiveness across the system as whole. Resolving these issues isn't simply about focussing on the sector; its about delivering the quality homes, workplaces, amenities, and communities New Zealanders require. What we build, where we build it and how we build it is evolving and needs to meet 21st century expectations. RMBA is ready to work with decision-makers to deliver this step change and help design a long-lasting system that delivers positive outcomes for all New Zealanders.

### **Implement counter-cyclical measures**

Time-limited, counter-cyclical measures would smooth the disruptive effects of future bust cycles by ensuring long-term continuity of supply. That would be a game changer for the sector and its workforce. These interventions are about supporting the sector to be able to continue to build the affordable homes we need. Affordable homes, apartments and multi-unit homes are risky investments for developers. They can be harder to gain finance for. They are the first casualty of any recession. We have seen this countless times in the past. The Government also recognises this, as evidenced by Minister Woods' \$3.8 billion Housing Acceleration Fund to help fund projects in areas facing housing supply and affordability challenges. Initiatives such as these recognise that during the GFC, it was the affordable homes that ceased being built – as these are the riskier developments to get underway. We are pleased they recognise this - but that is only one part of the solution.

Other initiatives such as the exempting new builds from the increased bright-line test are welcomed. We want to see more investors working with the sector to increase the supply of new homes coming onto the market. Our builders are already seeing more investors interested in turnkey opportunities. We would like to see more investor support for development and for buying off plan. This point is emphasized in the historical data, showing that in the 1960s over 35% of new builds in New Zealand were in the lowest quartile of value. By 2003, only eight percent of new builds were in the lowest quartile of value, and over 40% are in the top quartile.

However, there are a range of bolder counter-cyclical measures a government can adopt to ensure long-term continuity of supply. After the GFC between 2008 and 2011 housebuilding declined by 50

percent and the residential construction sector lost 25 percent of its workforce. It took seven years for sector employee levels to recover to pre-GFC levels, which directly contributed to the housing deficit we have today. In contrast, Australia's policy response included counter-cyclical measures, such as incentives for new builds, which reversed their housing slump throughout 2008-09, placing us at a competitive disadvantage.

With greater predictability and less volatility over time, central and local government and developers would be able to better plan what type of houses to build, where, and when. This would help remedy an irrational situation which sees fewer new builds for those with the greatest housing needs and too many new builds for the top 40 percent of the market. With a government open to counter-cyclical interventions, it could also better sequence its own building programmes around the wider building cycles to smooth the curve.

### **Lending/finance**

Reserve Bank figures show that lending for residential property development has been in decline since March last year. The value of outstanding loans to the sector fell by 22% in the year from November 2019 to November 2020. Private funding is responsible for much of the current development.

Finance for townhouses and multiunit dwellings is difficult. These may be more riskier developments, but they also create the more affordable homes we need. Finding funding for this type of development has been difficult for many years. And when there is a downturn, this will be the first part of the market to drop away.

RMBA supports government intervention in these circumstances. Last year Housing Minister, Megan Woods, announced a \$350 million Residential Development Response Fund available to underwrite stalled or at-risk developments. While the fund is not yet needed, the Minister has stated it is ready to activate if required. The Minister has recognized that affordable housing fell down following the GFC when funding was unavailable. We agree with this approach, and while we don't need to over stimulate the market now, we may need this if/when the downturn comes.

### **Skills**

The Government's Apprentice Boost is a great initiative, and we are pleased to see it has just been extended by another four months, so that it will now run into 2022. The programme is helping to bring talent on board today, and that will be good in the future, but doesn't fulfill all of the current needs. The sector is crying out for experienced people across a range of specialist areas.

This brings us back to the issue of boom-and-bust cycle. The fallout of this cycle means there is a lack of innovation and skilled talent when we need it. As previously stated, it took seven years for sector employee levels to recover post-GFC. As a result, we haven't got the capacity and skills we need today.

While the current boom cycle means our members have strong order books, we would be much happier with a more consistent pipeline of work. This is what the sector needs as it would allow for more effective workforce planning and development. It would also boost the sector's ability to attract workers who see career pathways in the sector.

### **RMA reform**

We agree with others in the sector that the RMA needs significant change. Our concern is that this reform should not be seen as the solution to the housing crisis – there are issues that need to be addressed and improved, but alone, RMZ reform is only a partial solution.

Our members would also agree that land availability is a huge issue, that is getting worse not better. Many of our members play a role in sub-dividing land for development. An example of how difficult this has become is from one of our members in Taranaki. Here they need to build on flat land where the water table is high. This land needs to be drained and discharged. This is no longer enabled in legislation, so developments on this type of land will just stop. This will exacerbate the problems we have now. Land cost is also one of the highest costs on any build project. A Deloitte report from 2018 had land at between 20-30% of the total residential construction costs in Auckland – this will have increased in recent years and is a major part of the problem.

We were pleased to see the Government announce the Infrastructure Fund, to address one of the key issues that has been holding back development for many years. Our members have been frustrated with the lack of infrastructure around key sites, making it impossible to get developments off the ground.

### **Rebalance the building consent system**

Ever since the 1970s, perverse disincentives for council planning and consenting processes have grown. Ad-hoc, incremental government policy changes since then treat symptoms rather than cause, and acute infrastructure financing limits for councils has seen public policy driving the dysfunction of the housing market.

The volume of consents is only increasing. Stats NZ data show that during the 12 months through to January, almost 40,000 residential building consents were issued. This is up 5.8% on pre-pandemic levels and the highest level since 1974. Auckland is seeing the highest growth – 14% up on the previous period. There has also been a shift to building smaller, medium-density homes, which is being supported by the National Policy Statement of Urban Development which encourages taller residential building heights and fewer carparks. We are also seeing this in our Master Build Guarantee numbers, which typically reflect what is happening in the wider market. Here we have seen very strong growth in guarantees for multi-unit properties – up 140% in 2020 from 2019, and 2021 is already looking like it will break this record.

As such, it is essential we get our consenting right. Master Builders supports rebalancing the building consent system to make it more efficient, easier to use, and to allocate risk more appropriately. Rebalancing offers opportunities to establish more consistent national regulatory policies and systems, as well as providing greater clarity and certainty to the applicant and the BCA. The end result would see reduced time and financial costs and quicker delivery of commercial and residential projects.

There is also opportunity to ensure greater consistency across regulatory policies and systems, which would provide greater clarity and certainty to the applicant and the building consent authority. This would provide a more robust system, with a more balanced approach to quality and risk, and would reduce costs and delivery times for both commercial and residential projects.

There are a lot of quick wins in the system that would also really help. One of the biggest pain points for our members is the Code of Compliance certification that happens at the end of the system. This is required before most banks will release the final mortgage payment – meaning the owner can't move it, and our builders don't get paid until they have this certificate. Typically, this is taking 3-4 weeks following the final inspection and is adding significant additional costs to the process. Streamlining this process would help both the owner and the builder to speed things up, taking time and cost out of the system. It is areas like this that we want to see short-term progress, while we work alongside the Government on the bigger issues.

It is important that the RMA reform discussed above also covers consenting. Minister Parker has discussed prioritising the role of the consenting authorities within this reform. We believe consenting needs to be considered as part of significant system change. There is an opportunity to use this reform to ensure we embed principles of quality assurance throughout the building process, rather than consenting being the ambulance at the bottom of the cliff.

### **A system that works better for all New Zealanders**

We support the GPS-HUD that - *If we are to improve housing and urban outcomes, these [housing] systems need to work effectively, and they need to work well together.* It is in the government and the sector's long term mutual self-interest to work together to smooth boom bust cycles. It is encouraging that we and the government share the same goal of building back better after Covid. That gives us a firm foundation for a collaborative relationship.

RMBA believes the sector and Government are both up to this challenge – and we are already seeing results. The Construction Sector Accord is a good case in point. While it is not there to address the housing crisis – it has addressed a number of the deep issues which have impacted the Commercial Construction Sector for the past decade – procurement, fairness in contracts, value models, business performance. It is pleasing to see a model that has worked. It is our recommendation that housing also establish a collaborative model between government and the sector .

### **Healthy homes – for the environment and people**

The RMBA supports changes that result in more energy efficient and healthier homes for New Zealanders and the New Zealand environment. It is important however, that any changes can be implemented and do not result in negative unintended consequences and negatively impact buildability and housing affordability. It will be vital that the government engages closely with the sector on approaches. It is also important that there is a consistent and joined up approach from all government departments on proposed legislation and regulatory changes.

### **Climate change**

Decarbonisation is a big issue for our sector – as it is for many others. We are working with our members to begin getting to grips with what we can do. We are aware there will likely be changes to the building code and all businesses will need to look at their current operating models. One of the challenges will be ensuring that this does not have a negative impact on affordability and supply. As a sector we are at the early stages of this journey. This also means we need to work with Government and local councils to ensure there is infrastructure to support this transition and through the work being conducted by the Construction Accord.

### **Healthy homes**

RMBA is aware of the impact unhealthy homes can have on the quality of people's physical and mental well-being. Stats NZ's *Housing in Aotearoa 2020 report* makes clear the link between damp housing, with associated issues such as mold, and poor health outcomes such as respiratory conditions and asthma. We support providing good quality and healthy houses for all New Zealanders. It will be important for all parts of the system to work together on this issue, from regulation, designers, builders and sub-trades to the clients. Education of the sector and consumers is key, as is promotion of consumer choices that improve healthy homes. It is also important to target interventions and efforts onto the right housing stock. Although not all new builds are at the quality needed, they are all generally better than pre-existing stock. We recommend not just focusing on improvements to new builds, but addressing the issue presented by the large proportion

of existing stock that needs to be improved. (According to the Report only one third of homes have been built in the last 20 years).

RMBA thanks you for the opportunity to contribute to the GPS-HUD. We are keen to remain involved in this important strategy for New Zealand and are available to discuss further if needed.

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