

Statement of Evidence

Harvey Brookes, Executive Director – Waikato Wellbeing Project

Re: Joint 3 Waters Council-Controlled Organisation (CCO) – Hamilton City Council and Waikato District Council

Tēnā koutou katoa.

Thank you for the opportunity to speak today.

My name is Harvey Brookes, Executive Director of the Waikato Wellbeing Project (WWP). The WWP aims to advance prosperity in the Waikato region by understanding the root causes of wellbeing challenges. While the term "wellbeing" has been politically associated in recent years, we use it in its neutral sense: *“to be in the best position to fulfil your potential and live a life of value.”*

I’m here to **support** your proposal for a joint waters CCO with Hamilton City, with some cautions.

You may recall that I was here last year talking about food insecurity- I’m here talking about that again, and not because the situation has necessarily got that much better. As I will explain, our work in the past 12 months has shown that in many regards our food insecurity issues are, at their root, housing affordability issues.

People get in all sorts of knots about wellbeing frameworks, community outcomes and the like. Regardless of what you think of his political stripe, we think that Norm Kirk hit the nail on the head in 1969 when he said:

“Basically, there are four things that matter to people: they have to have somewhere to live, they have to have food to eat, they have to have clothing to wear, and they have to have something to hope for.”

In relation to water infrastructure — it’s not only about getting the technical or fiscal things right, it’s about recognising water infrastructure as a fundamental tool for enabling social and economic wellbeing in our communities.

The new water legislation requires councils to meet all regulatory standards for drinking water, wastewater, and stormwater — and importantly, demonstrate that water service delivery supports financially sustainable outcomes **and** supports housing growth and urban development.

I don’t imagine that “housing growth” means “**unaffordable** housing growth” but that has been the pattern across New Zealand for many years.

While we support a more robust and collaborative approach to water services, without clear commitments, the resulting model could miss the opportunity to deliver what our communities need —not least of which is affordable housing for as many people as possible.

As you are only too aware, infrastructure is a means to an end. If the outcomes our infrastructure is supposed to enable — like better housing access, reduced poverty, improved health — are not being achieved, then the infrastructure model needs to change. That is exactly what these changes are about, so we urge you to keep a close eye on the ends as well as the means, as you establish this CCO.

In terms of those ends, let me share a few key data points that show where Waikato district currently stands.

According to data from MHUD which is reproduced in my submission, since 2003, average house prices in the district have increased by **363%**. Over the same time, average household incomes have risen by **140%**. A significant mismatch. Rents have also gone up by **170%**, while mortgage serviceability has declined by **37%**, and deposit affordability by **48%**. Remember these are all averages- something like half of your district will be doing it harder than this.

Waikato district has moved in the past few years from being more affordable than the rest of New Zealand to being **consistently less affordable**. The district's house price-to-income ratio now sits at **5.7** — well above the threshold of “severely unaffordable,” as defined by Demographia.

You're not alone- and being at the edge of Auckland's march southward means you are experiencing these issues faster than many other places.

Unaffordable housing has direct knock-on effects across all other dimensions of wellbeing. When households are forced to spend a large proportion of their income on rent or mortgages, their ability to afford food, power, healthcare, transport, and education is severely reduced.

In our research last year, the Waikato Wellbeing Project found that **food insecurity affects at least 18,000 households across the region**. Scaled to Waikato district, that's about **3,000 households**.

...and this is not because food prices have increased the most — in fact, despite what's happening to butter right now, food price increases have been slower than income growth over the past decade. The real pressure is housing. When housing costs are too high, food becomes the thing that families cut back on. If we all think about how we manage our household budget- it's food that we cut back on a bit, when the bills roll in all at once.

And these effects are not evenly spread. According to the 2023 Census-based Deprivation Index, over **7,000 Waikato district residents** live in areas of high deprivation. Not all these people are always food deprived, but they will be facing pressure which affect their choices for fundamental things like housing. These are the

very neighbourhoods where housing need is greatest — and unfortunately, where new development is often most constrained by water infrastructure.

The Waikato Housing Initiative (2023 stocktake) reports that Waikato district has a **current housing shortfall of over 1,200 dwellings** (of all affordability levels). Looking ahead, analysis by Market Economics shows that under current trends, Waikato district will be **short around 4,200 homes under \$800,000** by 2052. And unless infrastructure enables housing in the right locations, we will not be able to close it.

We are not here today to tell you where new houses should be. The market can supply homes for most people- but unfortunately at a price point which stretches any credible definition of “affordable.”

In terms of wellbeing and an equitable approach to the fundamental human right of housing – the geography of deprivation should be an important starting point when deciding on infrastructure provision and housing enablement. Your own wastewater capacity assessments and the work of Futureproof give a strong indication of what is needed and where.

We are here today to fully support the formation of a new joint water services CCO. But we believe that the CCO’s **governance framework — especially the Statement of Intent — must go beyond compliance and efficiency.**

The new entity should be required to **actively enable housing affordability** across the district — especially if there are high-deprivation, low-capacity areas where current infrastructure is acting as a barrier.

We request two things.

- First, that the **Statement of Intent for the joint 3 waters CCO include a clear and measurable commitment to improving housing affordability** — and that this commitment includes prioritising infrastructure investment in parts of the district with the highest deprivation and the lowest development capacity.
- Second, that **Waikato District Council publicly reports on the contribution of infrastructure — including the CCO — to housing affordability**, so residents can see how these decisions are supporting or limiting real-world outcomes.

If we treat water infrastructure as only a technical, fiscal or regulatory issue, we will miss the chance to make real, lasting progress for our most vulnerable communities. Getting 3 waters right is the ultimate social investment.

Tēnā koutou. Thank you for your time

Key Facts:

- The median household income in the Waikato District in 2024 was \$130,120. (Infometrics)
- The average house price in Waikato 2024 was \$746,912 (Infometrics)

Definitions:

1. **Mortgage serviceability** refers to the **ability of a household to afford mortgage repayments** if they were to purchase a modest home in their area.

Technical detail:

- It compares the **monthly mortgage repayment** on a lower-quartile-priced house to the **household's gross income**.
 - It assumes a **20% deposit** and a **standard mortgage interest rate** (updated periodically).
 - If the repayments exceed **30% of the household's income**, the household is generally considered to have poor mortgage serviceability
2. **Deposit affordability** refers to the **ability of a household to save a deposit** needed to buy a modestly priced home.

Technical detail:

- It calculates how many **years it would take** for a household to save a **20% deposit** on a lower-quartile-priced home, assuming they save **25% of their gross income** annually.
 - A higher number of years indicates poorer deposit affordability.
3. **Rental Affordability (HAM-Rent)** measures **how much of a household's income goes toward rent** — and identifies households whose rent is **not affordable** relative to their income.

Technical detail:

- It focuses on **lower-income renting households** (those in the **bottom 40% of the national income distribution**).
- It calculates the **proportion of those households spending more than 30% of their gross income on rent**.
- A household is considered **"rent-stressed"** if rent exceeds **30% of gross income**

What do Demographia define as affordable?

Table ES-1 DEMOGRAPHIA HOUSING AFFORDABILITY RATINGS	
Housing Affordability Rating	Median Multiple
Affordable	3.0 & Under
Moderately Unaffordable	3.1 to 4.0
Seriously Unaffordable	4.1 to 5.0
Severely Unaffordable	5.1 & 8.9
Impossibly Unaffordable	9.0 & Over
Median multiple: Median house price divided by median household income	

Are there affordable cities?

Table 3 HOUSING MARKETS RANKED BY AFFORDABILITY: MOST AFFORDABLE TO LEAST AFFORDABLE Median Multiple (Median House Price/Median Household Income): 2023: Third Quarter							
Rank	Nation	Metropolitan Market	Median Multiple	Rank	Nation	Metropolitan Market	Median Multiple
1	U.S.	Pittsburgh, PA	3.1	48	U.K.	Greater Manchester	5.0
2	U.S.	Rochester, NY	3.4	48	U.K.	Nottingham	5.0
2	U.S.	St. Louis, MO-IL	3.4	48	U.K.	Warrington & Cheshire	5.0
4	U.S.	Cleveland, OH	3.5	48	U.S.	Charlotte, NC-SC	5.0
5	Canada	Edmonton, AB	3.6	48	U.S.	Washington, DC-VA-MD-WV	5.0
5	U.S.	Buffalo, NY	3.6	53	U.K.	West Midlands	5.2
5	U.S.	Detroit, MI	3.6	53	U.S.	Milwaukee, WI	5.2
5	U.S.	Oklahoma City, OK	3.6	55	Canada	Ottawa-Gatineau, ON-QC	5.3
9	U.S.	Cincinnati, OH-KY-IN	3.7	56	U.S.	Phoenix, AZ	5.4
9	U.S.	Louisville, KY-IN	3.7	57	U.K.	Leicester & Leicestershire	5.5
11	Singapore	Singapore	3.8	58	U.S.	Providence, RI-MA	5.6
12	U.K.	Blackpool & Lancashire	3.9	59	U.S.	Tampa-St. Petersburg, FL	5.7
12	U.K.	Glasgow	3.9	59	U.S.	Tucson, AZ	5.7
12	U.S.	Tulsa, OK	3.9	61	Canada	Montreal, QC	5.8
15	U.S.	Indianapolis, IN	4.0	61	U.S.	Fresno, CA	5.8
16	U.K.	Middlesbrough & Durham	4.1	61	U.S.	Orlando, FL	5.8
16	U.S.	Columbus, OH	4.1	61	U.S.	Sacramento, CA	5.8
16	U.S.	Grand Rapids, MI	4.1	61	U.S.	Salt Lake City, UT	5.8
16	U.S.	Minneapolis-St. Paul, MN-WI	4.1	66	U.K.	Northampton	5.9
20	U.K.	Newcastle	4.2	67	U.K.	Swindon	6.2
20	U.S.	Chicago, IL-IN-WI	4.2	67	U.S.	Las Vegas, NV	6.2
20	U.S.	Hartford, CT	4.2	69	U.S.	Portland, OR-WA	6.4
20	U.S.	Kansas City, MO-KS	4.2	70	U.K.	Plymouth & Devon	6.5
20	U.S.	Memphis, TN-MS-AR	4.2	70	U.S.	Denver, CO	6.5
20	U.S.	Philadelphia, PA-NJ-DE-MD	4.2	70	U.S.	Riverside-San Bernardino, CA	6.5
26	U.K.	Liverpool	4.3	73	U.K.	London Exurbs	6.7
26	U.K.	Sheffield	4.3	73	U.S.	Seattle, WA	6.7
26	U.S.	Atlanta, GA	4.3	75	Australia	Perth, WA	6.8
26	U.S.	Baltimore, MD	4.3	75	U.S.	Boston, MA-NH	6.8
30	U.K.	Stoke on Trent & Staffordshire	4.4	77	U.K.	Bristol-Bath	7.0
30	U.S.	Birmingham, AL	4.4	77	U.S.	New York, NY-NJ-PA	7.0
30	U.S.	Houston, TX	4.4	79	U.K.	Bournemouth & Dorset	7.5
30	U.S.	New Orleans, LA	4.4	80	Australia	Brisbane, QLD	8.1
30	U.S.	Virginia Beach-Norfolk, VA-NC	4.4	80	U.K.	Greater London	8.1
35	U.K.	Edinburgh	4.5	80	U.S.	Miami, FL	8.1
35	U.S.	Dallas-Fort Worth, TX	4.5	83	N.Z.	Auckland	8.2
35	U.S.	San Antonio, TX	4.5	84	Canada	Toronto, ON	9.3
38	Canada	Calgary, AB	4.6	85	U.S.	San Diego, CA	9.5
39	U.K.	Derby & Derbyshire	4.7	86	Australia	Adelaide, SA	9.7
39	U.K.	Leeds	4.7	86	U.S.	San Francisco, CA	9.7
39	U.S.	Richmond, VA	4.7	88	Australia	Melbourne, VIC	9.8
42	Ireland	Dublin	4.8	89	U.S.	Honolulu, HI	10.5
42	U.K.	Hull & Humber	4.8	90	U.S.	Los Angeles, CA	10.9
42	U.S.	Jacksonville, FL	4.8	91	U.S.	San Jose, CA	11.9
45	U.S.	Austin, TX	4.9	92	Canada	Vancouver, BC	12.3
45	U.S.	Nashville, TN	4.9	93	Australia	Sydney, NSW	13.8
45	U.S.	Raleigh, NC	4.9	94	China	Hong Kong	16.7