

**Todd Property Group Submission**  
**New Zealand Productivity Commission**  
**Inquiry into Housing Affordability**  
**Draft Report**

**1 Introduction**

- 1.1 The Todd Property Group (Todd Property) has been active in the Inquiry and has a genuine interest in the implementation of measures to make housing more affordable. We have made submissions to the Issues Paper released by the Commission and discussed the matter on a number of occasions with the Commission. We appreciate the opportunity to continue to participate in the Inquiry and consider that the issue of Housing Affordability is one of significant importance to New Zealand.
- 1.2 Through our previous submission and discussions with the Commission we believe we have raised a number of matters that have been given due consideration by the Commission and reported on in a comprehensive fashion within the Draft Report. In this respect we do not intend to repeat matters previously raised and considered but intend to respond to some of those matters on which the Commission is still seeking feedback.

**2 Urban Planning and Housing Affordability**

- 2.1 The Commission has appropriately recognised that the procedural efficiency of Territorial Authorities in implementing plan changes and granting consents does have an impact on housing affordability. In an operating environment where housing affordability is an issue for a significant proportion of the population any additional costs resulting from poor Council processes are unnecessary and should be avoided. While possibly being seen as one of the smaller components of total dwelling cost the Draft Report provides evidence that delays resulting from inefficient processing can add \$20,000 - \$30,000 per dwelling (pp91-92).
- 2.2 It should be noted that these costs are only those directly associated with consenting the individual building projects. The direct and indirect costs associated with plan change and subdivision consent processes have not been included and these would incrementally contribute to increased housing costs also. These additional costs are primarily through:
- land owner holding costs,
  - the increased returns required to reflect the additional risk of a multi-faceted consenting regime;
  - increasing the time lag between the demand for new housing and its supply;
  - consultant costs;
  - direct Council costs; and
  - funding costs directly associated with consenting requirements.

2.3 Todd Property's Long Bay project is an example of the multi-layered approach to regulatory processes currently required for greenfields projects. In order to construct any apartment or terrace/town house at Long Bay the following regulatory approvals are necessary:

- A plan change to allow urbanisation;
- Catchment-wide discharge consents;
- Earthworks consents;
- A 'Precinct Plan' consent;
- A subdivision consent to create super-blocks;
- Subdivision and land-use consents for each individual building; and
- Building consents.

All of these processes are subject to delay and uncertainty, primarily as a result of Council wishing to retain statutory discretion over each aspect of the design process. Such an approach is not uncommon although Councils themselves usually seek to obtain the relevant discharge consents. This complex approach to consenting will, without doubt, be reflected in the cost of housing at Long Bay.

2.4 It is perhaps important to note that such a multi-layered consenting regime is not required by legislation but rather has been implemented at the insistence of Council. While some consents are required by law (namely building and subdivision consents) the Council has determined that several other layers of consents are necessary to allow dwelling construction. The decision making process in implementing this level of control has not had to have any regard for impacts on housing affordability. This no longer appears appropriate and could be rectified relatively easily.

2.5 In this respect Todd Property is of the opinion that the Commission should recommend that there be a change to the Resource Management Act requiring Councils to assess the impact on housing affordability when drafting individual provisions within policy documents (Regional Policy Statements, Regional and District Plans). For example housing affordability could be elevated to a Matter of National Importance under section 6 of the Act or the impact on housing affordability could be a mandatory component of the evaluation required under section 32.

2.6 More generally, Todd Property is aware that there are and have been a number of Central Government initiatives relating to improvement of Council consent/plan change processing with some initial legislative changes having been made. Rather than repeating all potential legislative changes here we would encourage the Commission to continue to re-iterate that Council inefficiency does impact on housing affordability and that further efficiency focused legislative changes should be introduced as a matter of priority.

### **3 Charging for Infrastructure**

3.1 Todd Property is still of the view that one-off and up-front charges for infrastructure have a negative impact on housing affordability and that charges for infrastructure should be

spread over the life of the asset and reflect actual construction cost rather than projected costs.

- 3.2 However, if a one-off charge is to be retained, Todd Property does support the concept of updating (preferably rewriting) the Best Practice Guide. In addition to the possible contents of a re-written Guide outlined within the Draft Report, Todd Property is also of the opinion that the Guide should include a cap on levels of service that are considered necessary to accommodate growth.
- 3.3 At the present time Councils determine their own levels of service which are to be met by new and upgraded infrastructure funded through Development Contributions. This has led to numerous accusations, and actual instances, of Councils using gold (or green) plated standards. The use of national standards would remove this debate as Councils would only be able to charge contributions for the provision of infrastructure to levels acceptable across the country. This would not prevent Councils from implementing higher standards if they considered this appropriate but would mean that any over and above costs would necessarily be funded through alternative means, recognising that new residents are both future rate-payers as well as those liable for development contribution payments.
- 3.4 Further, Todd Property is strongly of the view that legislative change should be made to allow decisions relating to development contributions (including levels of service) to be contestable and be able have their merits considered by an independent judicial body such as the Environment Court and that this should be recommended by the Commission. Such a move will ensure transparency and will also add to good decision making by providing an expert panel as an additional check and balance.
- 3.5 It is not considered that frivolous litigation is a particular concern and that sufficient measures are already in place to prevent such litigation. Such existing measures include the sheer cost of Court proceedings, section 279 of the Resource Management Act (granting a Judge sitting alone to strike out appeals that are frivolous, are not reasonable or relevant or represent an abuse of process) and the ability of the Court to award costs should an appeal not be allowed.

#### **4 Conclusion**

- 4.1 Once again Todd Property thanks the Commission for the ability to voice our opinion on a number of matters affecting housing affordability and we remain available for any further clarification if required.



**Neil Donnelly**  
**Strategic Planning Manager**

On Behalf of the Todd Property Group Limited  
PO Box 106 249  
Auckland City 1010