



Future Proof Submission on  
*The Productivity Commission's  
Housing Affordability Inquiry Draft Report*

February 2012

**To:**

The Productivity Commission

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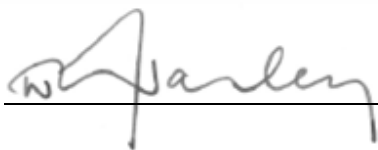
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**Submission:**

This is a submission by the Future Proof Implementation Committee on the Productivity Commission's **Housing Affordability Inquiry** draft report. The content of the submission follows overleaf. We appreciate the opportunity to provide comments on the document.

**Signed:**

A handwritten signature in black ink, appearing to read 'Bill Wasley', is written over a horizontal line.

Bill Wasley

Independent Chair - Future Proof Implementation Committee

## **1. Introduction**

This is a submission by the Future Proof Implementation Committee, the governance group responsible for implementation of the Future Proof Growth Strategy. The FPIC includes representatives from the Future Proof sub-regional councils of the Waikato Regional Council, Hamilton City Council, Waipa and Waikato Districts as well as Tāngata Whenua (Waikato-Tainui).

The Future Proof Strategy is a 50-year growth management vision and implementation plan which was adopted by the Strategy partners on 30 June 2009. Future Proof is currently in the implementation phase. The Strategy takes a strategic, integrated approach to long term planning and growth management.

The Future Proof Implementation Committee is supportive of initiatives to better understand the housing affordability issue in New Zealand, such as the Productivity Commission's Housing Affordability Inquiry draft report ("the Report"), as this is a key part of long-term planning and growth management. However, affordable housing is a complicated area and there are no single or simple solutions to the problem.

Future Proof is happy to work with the Productivity Commission on some or all of the matters raised in this submission and to discuss any of those matters further.

## **2. The Future Proof Strategy**

### **2.1 The Future Proof Sub-Region**

The 'sub-region' refers to the administrative areas of the territorial authorities of Hamilton City Council, Waipa District Council, and Waikato District Council, and is an area of rapid population and development growth. The Waikato region is the 4<sup>th</sup> largest in New Zealand and is part of the 'golden triangle' that is Auckland, Waikato and the Bay of Plenty. The golden triangle is expected to contain 53% of the nation's population by 2031 and account for over half of New Zealand's total economic activity.

The Future Proof sub-region is the growth hub of the Waikato region. It is projected that the Future Proof sub-region will contain 96% of the entire Waikato region's population growth out to 2026.

The Future Proof Strategy seeks to provide a consistent knowledge base and vision for its partner councils and other agencies in order to plan for, and sustainably manage growth in an integrated manner. Specifically the Strategy provides a framework for co-operatively managing growth and setting goals for future implementation. This allows the costs and resources required to fund and manage infrastructure such as transport, wastewater, stormwater, recreation and cultural facilities to be identified and provided for.

## **2.2 Strategy Features**

The key features of the Future Proof Strategy are:

- A focus on providing well designed, sustainable and affordable housing and lifestyle choices;
- Increased densities in new residential development and more intensive redevelopment of some existing urban areas to reduce the need for car dependency;
- Metropolitan Hamilton being a vibrant and lively place where people want to live, work and play;
- Thriving business centers in the sub-region's towns providing local housing and employment options along with a range of social and recreational activities;
- Development directed away from hazard areas;
- Green spaces (i.e. wildlife habitats, public open space and farmland) between settlements;
- Planning focused on resilience of communities and infrastructure while moving towards highly energy efficient devices and low carbon emissions;
- Protection of future infrastructure corridors, energy generation sites and mineral deposits;
- Protection of versatile and productive farmland by directing rural-residential and residential development and business land closer to towns and villages. This will also assist in reducing reverse sensitivity issues;
- Identification, planned maintenance and enhancement of biodiversity areas, clusters and corridors;
- Integrated transport and land-use planning;

- The values, principles, aspirations, role, responsibility and place of tāngata whenua in the sub-region;
- Development of key transport corridors; and
- Recognition of and support for protection of strategic nationally and regionally important service and businesses.

### **2.3 Housing Affordability in the Future Proof Sub-region**

The Future Proof sub-region experienced considerable dwelling and section price inflation between 2003 and 2008. Price increases have been over and above the growth in incomes, making home ownership increasingly unaffordable to households on moderate to average incomes. Whilst not exclusively, new housing development has tended to be in the middle to upper end of the market, with fewer smaller homes or apartment style developments being provided by the market.

Like other parts of New Zealand experiencing growth, the Future Proof sub-region has experienced unprecedented growth in house prices, particularly in Hamilton City. The median house price in Hamilton City increased from \$183,185 in 2002 to \$304,570 in 2006 (a 66% increase).

Home ownership is regarded as an important part of New Zealand’s national identity. Falling home ownership levels are therefore a concern to the sub-region, particularly as the opportunity to own your own home helps to attract and retain workers. In addition, from a social development perspective, home ownership supports wealth generation and asset growth of lower to middle income households.<sup>1</sup>

The Future Proof Strategy has identified the following issues for affordable housing in the sub-region:<sup>2</sup>

- Inability of the affordable housing market to compete for resources.
- The influence of employment, wage rates and transport costs on housing affordability.
- Land banking by developers can prevent residential land from coming on to the market.
- Lack of subsidies or other tools means councils and developers must bear the full cost of providing infrastructure.

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<sup>1</sup> Future Proof Growth Strategy and Implementation Plan, 2009 at page 132

<sup>2</sup> Ibid

- The market does not always provide the range of housing types needed, for example smaller homes and apartments.
- Compliance and development contribution costs for developers.

The Strategy takes the following key approaches and contains actions in order to help address the affordable housing issue:<sup>3</sup>

- Encourage the market to provide wider housing choice through the development of smaller homes and/or apartments.
- Engage with central government to secure investment in the redevelopment of and renewal of public housing.
- Advocate to central government and other agencies with regards to affordable housing provision in the sub-region.
- Undertake a housing needs assessment and affordable housing policy.

### **3. The Housing Affordability Inquiry Report**

#### **3.1 General Comment**

Housing affordability is a complex issue. Contributory factors include the availability of land supply for new residential development, growth in wages compared to the increase in house prices, availability of credit, impact of growth in buy-to-let investors, and issues around low housing densities through large section developments.

There have been a number of other housing affordability initiatives in recent times, such as the Commerce Select Committee Inquiry into Housing Affordability in 2007, the Affordable Housing: Enabling Territorial Authorities Act 2008 which was subsequently repealed, and a number of research projects and studies into the issue undertaken by the Housing New Zealand Corporation and the Centre for Housing Research.

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<sup>3</sup> Ibid at pages 132 - 133

**On reading the Report Future Proof considers that the complexity of the issue is not evident in the Commission’s recommendations. We are particularly concerned about the recommendations relating to urban planning as these appear to be overly simplistic and have the potential to create significant issues for local government, its communities and the management of growth. These recommendations are not cognisant of the local government operating environment or the realities of managing growth in the New Zealand planning context.**

Managing future urban growth through strategies such as Future Proof is not causing reduced land supply in the Future Proof sub-region. The issue of land supply is largely dictated by servicing, and later on a developer’s willingness to bring the land to market.

Future Proof submits that the pressures for more affordable housing nationally and sub-regionally are a direct consequence of population growth and the formation of new households. Future Proof is managing this growth through an integrated planning approach so as to reduce the potential costs on the general ratepayer now and in future as the sub-region grows.

Future Proof acknowledges that several interrelated factors contribute to housing affordability and that they vary in degree between cities and regions. They include (but are not limited to):<sup>4</sup>

- Income (the ability to meet housing costs and/or save to purchase a house);
- Rents and house prices (level of payment required);
- Finance (cost and availability of credit to borrow to purchase a house);
- Demographic factors (household formation rate and migration inflows);
- Labour market conditions (income security and wage/salary rates).
- Supply factors (rental stock, ‘first-purchase’ housing stock, new buildings, and vacant developable/sub-dividable land).

As the Commission’s report has noted, the rising price of land is one of the main contributions to the housing affordability issue. In Hamilton section prices increased significantly more than national prices

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<sup>4</sup> Centre for Housing Research Aotearoa New Zealand (CHRANZ), *Affordable Housing in New Zealand, Prepared for the National Summit – Affordable Housing*, 30 October 2006, Wellington, p.3.

over the last few years. The cost of land makes up around 60% of the local median dwelling price. This has made house prices expensive relative to income.<sup>5</sup>

In Hamilton, section prices have been pushed to unaffordable levels to a significant extent because low interest rates helped to fuel a speculative bubble.<sup>6</sup> As work completed for the Future Proof project has noted:

*These events – low interest rates, high national net migration and cheap sections in the sub-region – created the ingredients for a speculative bubble in the local section market.<sup>7</sup>*

This has created a number of current and potentially ongoing issues for the provision of affordable housing in the Future Proof sub-region, particularly Hamilton City.

### **3.2 Urban Planning and Housing Affordability**

Future Proof has a particular interest in the Urban Planning and Housing Affordability section of the Commission's report.

Future Proof notes that in the Auckland region, affordable housing issues have been partly attributed to the implementation of growth management policies such as urban limits. It is Future Proof's submission that growth and development are multi-faceted issues that arise from a combination of the factors outlined in section 3.1 of this submission. Therefore the implementation of urban limits is neither the sole nor the main driver behind reduced land supply, or rising land and housing prices. Affordable housing issues are more complex than that.

The Future Proof Strategy identifies the use of urban limits as an important tool in successfully managing the growth that is occurring in the sub-region. Policies on urban limits contain provisions which ensure that enough land is available to accommodate the estimated population growth and ensure that this is synchronised with the provision and funding of infrastructure. By defining urban limits, councils can put in place a servicing strategy and development plan for a region.

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<sup>5</sup> Strategic Risk Analysis Ltd, *Developer Perceptions: Greenfield Residential Sub-Divisions*, 2008, prepared for the Future Proof project

<sup>6</sup> *ibid*

<sup>7</sup> *Ibid* at page 5



A key driver behind the Future Proof sub-regional settlement pattern is sustainable land-use. This requires a comprehensive and long-term approach to where, when and how development takes place. This provides certainty for the community and will help to deliver on the vision and principles of this Strategy.

The sub-regional settlement pattern implements the preferred scenario of a more compact and concentrated urban form. It aims to provide a holistic approach to land-use and infrastructure across the sub-region. A number of factors were considered in the development of the settlement pattern, including reverse sensitivity, the need to protect landscape values such as forest and bush areas and productive soils, land suitability for development, infrastructure capacity and provision, servicing costs and cultural/ heritage considerations. The settlement pattern aims to achieve the vision and outcomes of this Strategy in a way that is resilient and flexible to changing circumstances.

**Future Proof does not support the Commission’s finding that the prevailing principles and practice of urban planning has a negative influence on housing affordability in our faster growing cities. The evidence to support this claim is somewhat lacking in the report. The implication of the finding is that if more land is released housing will become affordable. That is over simplistic and could potentially lead to more problems than it will solve.**

The Commission’s recommendations for territorial authorities to take a less constrained approach and to adopt a strategy that allows for both intensification within existing urban boundaries and orderly expansion beyond them, is largely already occurring. Most growth strategies contain policies for intensification with the urban area as well as greenfields development in key growth areas. This is certainly the case in the Future Proof Strategy.

Councils are required by legislation to take an integrated approach to planning and not merely just zone more land. The legislation emphasises the need for an agreed and sustainable land use pattern that is integrated with infrastructure. This is evident in the Resource Management Act 1991 (“RMA 1991”), the Local Government Act 2002 (“LGA 2002”) and the Land Transport Management Act 2003 (“LTMA 2003”). These statutes show a clear intention of:

- Integrating land use and infrastructure (a regional council function in the RMA 1991, the LTMA 2003)
- Planning for growth (the impact of growth on infrastructure under the LGA 2002)
- Long term planning and investment (LGA 2002 and LTMA 2003)
- The impact of land use on transport and vice versa (LTMA 2003)

The implementation of urban limits is an agreed land use pattern. Land sequencing and its release for residential and business development is an agreed land use pattern facilitated through the implementation of urban limits.

Given the costs of providing and funding the bulk, public infrastructure necessary to support growth, until these costs are able to be fully recovered from developers, it is not financially sustainable to have total market freedom for growth locations. Specific growth areas must be identified and services designed in a manner that supports the future land use pattern. These services are often planned and funding methods put in place through a council's funding policies under its long-term plan in advance of construction as new areas are rezoned. Unless infrastructure needs and benefits are clearly identified, it is not possible to recover the costs of these from the development community. Opening up large tracts of land puts territorial authorities in a potentially financially unsustainable position.

### ***Land Supply***

Future Proof notes the Report's particular interest on the effect of land restraints on land supply and land prices.

The Future Proof Strategy approach is as much about providing more land for Greenfield development as it is about intensifying particular areas for residential development. Future Proof includes several growth areas like Peacocke, Rototuna and Rotokauri where a considerable amount of Greenfield development will be concentrated.<sup>8</sup> One of the aims of the Future Proof Strategy is to have defined urban areas. This allows for more cost effective and efficient servicing. It also provides a clear break between the urban development of Hamilton City and the development in and around other

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<sup>8</sup> Future Proof Growth Strategy and Implementation Plan, 2009 at pages 59-63

settlements. There needs to be definite boundaries between the urban and rural environments. This helps to ensure that urban development does not encroach on productive rural land.

Taking an integrated planning approach by identifying a certain number of key growth areas is also necessary from a transport point of view. The Waikato Expressway is a significant project nationally and regionally and needs to be protected from ad-hoc development. The New Zealand Transport Agency supports the Future Proof Strategy as it sets out a clear direction for future growth and puts in place a settlement pattern that supports good transport outcomes.

Growth management strategies are about sending clear and unambiguous signals to the market on long-term land use. It is Future Proof's submission that failure to do so will create more uncertainty on the location of urban growth and place undesirable speculative pressure on land prices. This will affect the ability to use land to build more houses or businesses, provide efficient infrastructure services, or use land for productive purposes as well as protecting the natural and cultural environment.

The Future Proof Strategy's development allocations have been carefully sequenced to minimise any negative effect of land supply issues in the sub-region, and to avoid having development open on too many fronts. A significant consequence of not sequencing development is that too many development choices means that councils take a long time to recover infrastructure investment through financial or development contributions. This can have a negative impact on Council balance sheets.

A submission by Hamilton City Council to the Commerce Select Committee inquiry into housing affordability in New Zealand made some key points with regards to zoning more land as a solution to housing affordability. If more land for residential development is zoned in an attempt to reduce house prices, councils will incur significant capital costs in servicing this land with water, wastewater and stormwater networks, roads, reserves and community infrastructure. This capital expenditure and its related financing costs would then have to be recovered through increased development contributions. If there is no corresponding reduction in land prices the zoning of more land for development may actually lead to a further deterioration in housing affordability.

Future Proof submits that its approach to growth management is not artificially driving up the price of land. Future Proof supports managed growth through policies such as allocating and staging

development, and implementing urban limits through the Regional Policy Statement. This enables local authorities to focus on the efficient delivery of their services as who they provide for and to what extent is more clearly set out. The Future Proof Strategy is about taking an efficient and integrated approach to growth management. This involves planning for long-term land use needs, infrastructure requirements and funding.

### ***Development Contributions***

The finding of the Commission's report that development contributions have impacted on affordability and led to many households taking out larger mortgages, needs to be considered in the context of understanding the true costs of growth and the principle of growth paying for growth. If development contributions are reduced or not charged then the costs merely shift to existing ratepayers.

Future Proof is aware that development contributions add to the cost of house building. However, development contributions are a more equitable way of funding infrastructure associated with growth than the recovery of these costs from the general ratepayer.

The Commission's findings and recommendations in relation to development contributions need to be aware of this context.

### **3.2 Summary of Main Submission Points**

A detailed response to the Commission's Report is provided in the next section of this submission. **In short, Future Proof's submission makes the following key points:**

- **The housing affordability issue is not just an Auckland one. It is a significant issue for the Future Proof sub-region, particularly Hamilton City, and the report needs to acknowledge that the provision of affordable housing is a concern for a number of growth areas throughout New Zealand.**
- **Further evidence is required to support claims that containment policies and the use of urban limits are causing house prices to increase. The case for this does appear to be well made in the report.**

- It is Future Proof's submission that growth management strategies and urban planning practices are not the major contributor to the affordable housing issue.
- The Commission should reconsider its recommendations in relation to the release of land. This could have serious consequences for councils and their ratepayers. There is significant risk inherent in the recommendations - if there is no reduction in land prices the zoning of more land for development may actually lead to a further deterioration in housing affordability as development contributions will have to increase to cover the costs of additional infrastructure servicing.

### 3.3 Detailed Submission

Document Reference (Summary Report)	Future Proof Submission	Specific Recommendation
Page 4, 'Housing is a House/Land Package'	In the second paragraph it is stated that section prices have grown more quickly than house prices over the last 20 years which suggests a shortage of residential land in places where people want to live. Future Proof would like to see some evidence to support this claim.	The report should provide specific evidence to support claims that there is a shortage of residential land in places where people want to live.
Page 4, 'Housing is a House/Land Package'	It is noted in the second paragraph that section prices account for around 40% of the cost of a new dwelling in parts of New Zealand other than Auckland where the cost is around 60%. This masks the reality of what is happening in other areas, including Hamilton City. The cost of land makes up around 60% of the local median dwelling price in Hamilton. <sup>9</sup>	Acknowledge that in Hamilton land value also makes up around 60% of a house price.
Page 4, 'Housing is a House/Land Package'	The report states that the movements in house prices in recent years seems excessive which implies that policy and planning practices may be constraining the supply of land. Future Proof would like to see some evidence to support this view. It should also be noted that current urban planning policies have been in place for some time. A form of the metropolitan urban limits has been in place in Auckland since 1951. Christchurch has had spatial policies for the containment of urban growth since 1950. Hamilton has had long term planning directions in place since 1967 and identified growth areas since 1972. It is a significant leap to make to say that recent	Acknowledge that containment and urban limits policies have been in place for many years in a number of New Zealand's cities. Undertake further research before attributing house price increases to urban policy and planning practices.

<sup>9</sup> Strategic Risk Analysis Ltd, *Developer Perceptions: Greenfield Residential Sub-Divisions*, 2008, prepared for the Future Proof project

Document Reference (Summary Report)	Future Proof Submission	Specific Recommendation
	<p>upward trends in land prices have been caused by policy and planning practices. There is no doubt that these may be part of the picture but they are unlikely to be the sole or even the main cause. Further research is required if such claims are to be made. In particular, there would need to be a lot more work undertaken before recommendations can be made of the type outlined in the Commission's report.</p>	
Page 5, 'Housing is a House/Land Package'	<p>The Summary Report notes that a major challenge is to improve land release and planning approval processes so that affordability considerations are integrated fully into spatial planning. It needs to be recognised that land release and planning approvals are governed by the RMA 1991 which has particular tests to be met – none of which include any consideration of affordability.</p>	<p>The Report needs to acknowledge that planning processes are largely governed by the RMA 1991 which has its own particular framework. The Act does not account for affordability considerations.</p>
Page 5, 'Underlying demand has been strong and is projected to continue increasing'	<p>Future Proof supports the points made about household formation rates. These are a key factor in housing demand and affordability.</p>	<p>Support for the statements made around household formation rates.</p>
Page 6, 'The Housing Market is Segmented'	<p>The last paragraph of this section states that the challenge of providing adequate housing is largely an Auckland one. While Auckland is growing at a fast rate and because of its size has significant housing affordability issues, these are also present in other parts of New Zealand, such as Hamilton.</p> <p>The strong focus on Auckland in the report ignores what is happening in other parts of New Zealand, particular areas like Hamilton which are experiencing strong growth and as a result have</p>	<p>The Report should focus on all areas of New Zealand that have housing affordability issues, not just Auckland.</p>

Document Reference (Summary Report)	Future Proof Submission	Specific Recommendation
	housing affordability concerns. The terms of reference for the inquiry did not require a particular focus on Auckland. Future Proof understands that because of Auckland's size and projected growth it will require significant attention. However, the report also needs to focus on other parts of New Zealand, especially growth areas where the provision of affordable housing is a key issue.	
Page 8, 'Where has the Commission found opportunities to improve affordability?'	Again, the report notes that the challenge of providing adequate housing is largely one for Auckland. Future Proof submits that this is inaccurate as there are other parts of New Zealand, including Hamilton, where this is also a significant challenge.	The Report should note that the challenge of providing adequate housing is not just one for Auckland.
Page 8, 'Planning'	The statements in this section, in particular the first and third paragraphs, seem to ignore that planning in New Zealand is largely governed by the RMA 1991. The RMA 1991 dictates what will be considered in terms of the development of land and the consents required.	The Report needs to be aware of the planning operating environment which is dictated by the RMA 1991.
Page 8, 'Planning'	The statements made in the second paragraph of this section about it being widespread planning preference for increasing residential density and limiting greenfields development to achieve this which puts upward pressure on house prices across the board is questionable. <sup>10</sup> This oversimplifies a complicated situation. Councils can only release greenfields land in a manner which is synchronised with infrastructure provision	Future Proof would like to see evidence to support the assertion that increasing residential density and limiting greenfields development is putting pressure on house prices across the board. There are a number of good reasons why certain planning approaches have been pursued. The Future Proof Strategy is not about limiting or constraining greenfields but about ensuring that land can be provided in the right locations,

<sup>10</sup> Note that a research thesis on Urban Intensification and Affordable Housing in Auckland conclude that no measurable relationship between urban intensification and the lack of affordable housing exists (Source: A Cullen, *Urban Intensification and Affordable Housing in Auckland*, 2005).



Document Reference (Summary Report)	Future Proof Submission	Specific Recommendation
	<p>and funding. It is not always possible to just open up more land. A number of areas in New Zealand are encouraging residential intensification for a variety of reasons, including infrastructure efficiency, obtaining better transport outcomes and providing other housing choices. However, in places like the Future Proof sub-region, greenfields land is not being 'limited' or constrained. The Future Proof Strategy approach is about ensuring that enough land is available to accommodate the estimated population growth at the right time and in the right location relative to the provision and funding of infrastructure.</p> <p>It should also be noted that in most situations it is the community that have called for and supported planning approaches which aim to achieve a more compact urban form over time.</p>	<p>adequately serviced and equitably funded. It is largely infrastructure considerations that dictate where and when development can occur.</p>
Page 8, 'Planning'	<p>The first sentence in the third paragraph that: <i>"An immediate release of land for residential development will ease supply constraints and reduce pressure on prices"</i>, is problematic. Again, it is over-simplistic and ignores issues around the provision of infrastructure, how this funded and the impact on a council's balance sheets. It also implies that the opening up of more land will make housing more affordable. This is questionable given the range of other factors at play. The risks of taking such an approach, particularly if it is not done in an orderly way, are significant. The impact will be most acutely felt by ratepayers who will have to foot the bill. Future Proof is also concerned that there does not appear</p>	<p>The report should reconsider its findings and recommendations around the release of land. This is a complicated issue that could have serious consequences if given effect to in isolation and with no planned approach. It could also seriously undermine years of planning aimed at encouraging residential intensification. This could have negative social, environmental and economic consequences. There are significant risks for councils in terms of the ability to fund infrastructure and the financial impact of opening up large tracts of land.</p>

<b>Document Reference (Summary Report)</b>	<b>Future Proof Submission</b>	<b>Specific Recommendation</b>
	to be much in the way of quantitative evidence to support the view that releasing more land will bring prices down.	
Page 9, 'Planning'	The Report notes that adopting its recommended policies will reduce the opportunity for land banking. It is Future Proof's view that land banking will still occur.	The Report should be aware that there will always be a certain amount of land banking by developers.
Page 9 'Infrastructure Charges'	The statements made in this section seem to ignore the fact that if growth-related infrastructure is not being funded by development contributions, then existing ratepayers will have to pay.	The Report should be aware that reducing development contributions will shift this burden to existing ratepayers.
Page 11, 'Taxation'	Future Proof accepts that taxation policy is potentially outside of the ambit of the inquiry; however we are of the view that this is part of the overall housing affordability issue and will need to be part of any serious effort to make housing more affordable. Taxation has to be part of the package in order for there to be an enduring solution to the problem. A lack of capital gains tax has potentially fuelled the housing boom as more people have channelled their resources into housing.	The Report should also cover demand side solutions to the affordable housing issue. In particular, tax policy should be noted as a potential contributor to the issue as well as part of a comprehensive solution.
Page 13, 'Government Housing Assistance'	Future Proof supports the recommendation of the report to increase the social housing fund. Social housing is an important part of addressing the housing affordability issue.	Support for the recommendation to increase the social housing fund.
Page 20, Population and Demographic Change'	The report notes the existence of demand drivers such as income growth. It is Future Proof's view that this aspect has not been covered at any length in the report but is an important part of taking a holistic approach to affordable housing.	Future Proof is of the view that demand drivers, in particular income growth, need better coverage in the report.

Document Reference (Summary Report)	Future Proof Submission	Specific Recommendation
	Income rates in particular are a significant contributing factor to housing affordability as wage rates have not kept pace with house prices.	
Page 24 'Urban planning and housing affordability' (F7.1)	Future Proof submits that finding 7.1 is questionable. A number of New Zealand cities have had urban limits or containment policies in place for some time (in some cases 50 years or more). As mentioned earlier we would like to see evidence that existing planning policies are increasing house prices.	The Report should provide evidence that existing planning policies are increasing house prices.
Page 24 'Urban planning and housing affordability' (R7.1 and R7.2)	Future Proof has concerns about the findings and recommendations relating to Auckland in the report. As mentioned earlier in this submission there are concerns about infrastructure provision, funding impacts and other social, economic and environmental implications of such an approach. From Future Proof's perspective we are concerned about the impact opening up large amounts of land to the south of Auckland could have on the sub-region, particularly Waikato District. There is already significant pressure whereby development is pushing across the boarder and into the Waikato. This needs to be carefully managed. Having a certain land use pattern as outlined in the Draft Auckland Plan was a key means of managing this 'spill over' growth.	Reconsider the recommendations relating to urban planning in Auckland.
Page 24 'Urban planning and housing affordability' (F7.2)	This recommendation appears to ignore the New Zealand statutory context, in particular the operating climate of the RMA 1991. Future Proof submits that the second bullet point is already occurring. Most growth strategies throughout the country are focussed on providing	Future Proof does not support finding 7.2.

Document Reference (Summary Report)	Future Proof Submission	Specific Recommendation
	a range of housing types and include strategies for intensification as well as greenfields development.	
Page 24 ' Urban planning and housing affordability' (R7.4)	<p>Future Proof submits that the first bullet point ignores the reality of how local government operates and the importance of taking an orderly and planned approach to development and the release of land. In the case of the Future Proof sub-region it is not about constraining land but about having an orderly land release programme that is synchronised with infrastructure provision and funding.</p> <p>In Future Proof's experience the second bullet point is already happening within a number of growth strategies throughout New Zealand. Urban limits or boundaries are usually set to provide plenty of land for a certain time period (eg 20 years) and can then be extended to ensure there is an adequate supply of land into the future.</p>	Future Proof does not support recommendation 7.4 and believes that the Commission should reconsider its approach.
Page 24 ' Urban planning and housing affordability' (F7.3)	It is not entirely clear what is meant by this finding, in particular the reference to defensible priorities. While Future Proof agrees that the RMA 1991 and LGA 2002 have different purposes which can at times be difficult to reconcile. However, achieving some statutory integration is a difficult matter and won't be achieved in a short timeframe. There is also a lack of integration with the LTMA 2003.	Clarify what is meant by this finding.
Page 26, Charging for Infrastructure'	The points made in this section need to acknowledge that development contributions are about funding the costs of growth and that reductions in these contributions will shift that burden to existing ratepayers.	Acknowledge that any reduction of development contributions will shift the burden to existing ratepayers. Remove the reference to development contributions penalising new development as this is not accurate.

Document Reference (Summary Report)	Future Proof Submission	Specific Recommendation
	<p>The fourth bullet point under key points makes reference to development contributions not unduly penalising new development. Future Proof submits that this misunderstands the purpose and principles behind development contributions. Such contributions are about 'growth paying for growth' and the fair distribution of infrastructure costs.</p>	