

Response from the Waikato District Council to questions posed in the New Zealand Productivity Commission's Using Land for Housing Issues Paper

Q1 Is it helpful to think of the planning and development system as a means of dealing with externalities associated with land use and coordination problems? What other factors should the Commission consider in evaluating the role of the planning and development system?

The planning and development system includes the legislative frameworks governing land use, the planning and funding of transport infrastructure and services, and the planning and funding of infrastructure needed to make land viable for housing. The Resource Management Act 1991 (RMA), the Land Transport Management Act 2003 (LTMA) and the Local Government Act 2002 (LGA) are the key pieces of legislation that have implications for land availability through planning. Trying to co-ordinate these three pieces of legislation in facilitating development often makes the process slow and inefficient.

Besides the inefficiencies associated with the existing planning and development system, land availability, land ownership, and cost of land also pose a constraint to development. Although the existing planning & development system has a significant bearing on how much land can be made available for development it would be prudent for the Commission to also consider the implications of urban growth controls on the cost of land (and hence housing affordability) especially with regards to greenfields development.

Consideration should also be given to the role of 'land bankers' in areas where land demand is high which gives landowners strong bargaining power when selling land for development. Land banking has implications for land supply and for the staging and sequencing of development.

Developers argue that the land use decision process with regards to the Resource Management Act is lengthy, adds cost and limits their ability to provide an adequate volume of housing. Further research is needed to measure the costs to applicants of obtaining resource consent within the context of expediting housing development.

There is a strong reliance in New Zealand on more housing being provided by the private sector. The merits of market housing versus housing provided through government-assisted strategies in terms of making more housing available (and more affordable) also needs to be further investigated with regards to fast-tracking housing provision.

Q2 Can the current land planning and development system be made to work better to benefit cities throughout New Zealand? Is a different type of planning system required to meet the needs for housing in New Zealand's fastest growing cities?

Whilst Waikato District Council deems it important for a speedy resolution by government with regards to the stalled reforms to section 6 & 7 to the RMA, a mechanism to foster greater co-ordination with all the pieces of the planning & development legislative puzzle (the LGA, RMA and the LTMA) is critical. There may be merits for a legislative framework that seeks to address the housing needs of the country's fastest growing urban areas that forces a more effective integration of the current legislative frameworks with regards to the delivery of housing. This may not mean replacing the existing system at first but could be used as a stepping stone towards the eventual overhaul of the planning and development system to a consolidated piece of legislation that effectively integrates the current legislative puzzle.

Q3 What criteria should the Commission consider in evaluating the current land planning and development system in New Zealand?

- The cost of development as a result of statutory processes (i.e. the district plan review, plan changes and consents process)

The cost and time it takes to make changes of current RMA Schedule 1 process needs particular attention.

- Constraints to delivery and speed of decision-making

An honest assessment of the existing legislative landscape with regards to land and development planning. Do we need deadlock-breaking mechanisms to ensure that decisions are made more quickly and that projects and programmes are efficiently implemented?

- Degree of co-ordination between the RMA, LGA and the LTMA

Can more effective integration between these pieces of legislation improve sustainable management of natural and physical resources whilst ensuring speed of delivery of land and infrastructure to support development where it is required? The appropriateness of existing funding tools provided by the LGA is also key to the planning & development package.

Q4 Would a significantly increased supply of development capacity lead to an increased supply of affordable housing, or would further regulatory or other interventions be required to achieve that outcome?

Whilst a simple economic principle of higher supply resulting in less demand pressure can be applied to the existing situation it is unlikely that real house demand prices will reduce in the immediate future. Urban land markets do not respond well to normal supply and demand forces for several reasons, including fragmented ownership, regulations and zoning laws that discourage development.

Real house prices have increased on average by 80% since the beginning of 2002 and real prices increased 67% between the 2001 and 2006 Censuses (DPMC 2012). In Auckland

especially, new supply has tended to be at relatively high prices meaning that new supply has not met the needs of all segments of the market, particularly people on lower incomes. It is expected that any supply will come with higher costs. Land prices have increased sharply, while other costs related to constructing a dwelling, including materials and labour, have also recorded large increases. Therefore it is likely that prices will remain high for a while although some small falls in real house prices are likely when the market moves past its peak. These falls are unlikely to reverse the observed declines in affordability of the past four to five years at prevailing interest rates and income.

Whilst demand continues to outstrip supply, prices will remain relatively high but will stabilise until market equilibrium is reached. Regulatory interventions can indeed be used to increase supply (e.g. zoning more land for housing) but it is unlikely to make a dent on high prices in the short-term. However, the bottom line is that land supply needs to keep pace with demand.

Q5 What data sources will be most useful in identifying effective local authority planning processes for the development of land for housing?

There needs to be an acknowledgment of the need for land and housing to support growth in the local authority concerned. Based on existing planning tools (in particular provisions for the development of growth management plans (under the Local Government Act) and associated changes to the district plan (under the Resource Management Act), useful data sources would include:

- Policy statement and plan reviews (full review, under way, started or completed)
- Preparation of policy statements and plans, changes and variations (underway, started or completed)
- Landuse consents and building consents
- Efficiency and effectiveness monitoring

Q6 Are there other local authorities exhibiting good policies or practices in making land available for housing that the Commission should investigate?

The Waikato District Council is one of the growth local authorities identified by the Commission. Under a medium growth scenario the population of the Waikato district is projected to grow from 64,910 in 2013 to around 82,733 in 2033. By 2063 the population is likely to have grown to 94,862 (+46 per cent).

Council is expects that much of this growth is due to the influence of Auckland and new migrants to the district. Council is predicting that the high land and housing prices in Auckland will lead to an increase in demand for housing further south of Auckland (in the northern Waikato). It is for this reason that the Council has either zoned or is in the process of zoning land in areas such as Tuakau and Pokeno to cater for the needs of Aucklanders who may want to take advantage of more affordable housing in the northern Waikato district whilst still being within easy commuting distance to Auckland. Much of this land is privately owned but rezoning has been done with the consent of the land owners and through public consultation. The Pokeno Structure Plan was made operative in 2010 and

provides for an additional 2000 houses in Pokeno by 2030. The Tuakau Structure Plan is expected to be adopted by Council by the end of 2014 and provides for an additional 224ha of residential zoned land for staged housing development to cater for an additional 5000 people by 2045. Land to cater for an additional 2000 people will also be deferred zoned and can be released for development ahead of 2045 should the need arise. Council considers these structure plans proactive growth management plans as they have considered the pressures of the Auckland land and housing market. In addition in 2012 Council zoned approximately 20 hectares of additional residential land (Living Zone) in Te Kauwhata as a way of future proofing itself for future growth. Te Kauwhata's proximity to Auckland was a key driver for this.

These proactive growth management measures, with a bigger sub-regional picture in mind, are a necessary part of Council thinking long-term and being proactive about accommodating growth and development. Ongoing monitoring will ensure that if growth exceeds expectations there will be an opportunity for further review of land availability every three years to ensure that Council remains proactive in meeting its growth needs.

Council does not believe it has any issues in the Waikato district around affordable housing.

Q7 What policies and practices from other countries offer useful lessons for improving the supply of effective land or development capacity for housing in New Zealand?

Housing provision is not a one-size-fits-all matter. Countries can achieve similar housing outcomes through different policy strategies depending on their history of housing provision (e.g. strongly state-assisted versus strongly-private sector driven) or through different planning approaches that are aimed at ensuring that adequate land is made available to meet housing demand. Moreover, there may be regional differences within countries (to which New Zealand is no exception). However, due to their similar context to New Zealand, Canada and the UK offer useful lessons that can be gleaned (as already identified by the Commission).

The 2003/4 Barker Enquiry review into housing supply in England proposed a radical supply agenda, which was substantially accepted by the government. The Enquiry proposed that planning targets should be geared towards affordability, with more land released and market-contingent mechanisms, more social housing and supporting infrastructure investment. It would be good for the Commission to assess the state of implementation of the Enquiry's recommendations and whether it has addressed the English housing problem.

Legislation changing the way social housing is provided in New Zealand was recently passed by parliament. Although the changes will enable the Government to partner with community housing providers to improve the variety of social housing in New Zealand and grow the community housing sector through a subsidy scheme this does not address the issue of land availability per se. Nevertheless the Barker Enquiry findings may provide useful pointers for the New Zealand government on housing supply.

France and Germany also offer useful lessons as market housing accounted for the major part of housing output during the late 80's and 90s which contributed to meeting some of the housing needs of both these countries. An assessment of how the French and German

governments leveraged the private sector to supply land and housing may also offer useful lessons for New Zealand.

Q8 Alongside the Resource Management, Local Government and Land Transport Management Acts, are there other statutes that play a significant role in New Zealand's planning and development system?

The Property Law Act, the Public Works Act and the Reserves Act. Although not a statute, the National Infrastructure Plan provides the strategic direction for infrastructure that is considered nationally significant. It was developed in 2011 and includes a vision for infrastructure: by 2030 New Zealand's infrastructure is resilient and coordinated and contributes to economic growth and increased quality of life. This vision is underpinned by two outcomes and six principles. The outcomes focus on better use of existing infrastructure and better allocation of new investment. The principles are based around:

- Accountability / Performance
- Regulation
- Coordination
- Investment analysis
- Funding mechanism

Q9 How easy is it to understand the objectives and requirements of local authority plans? What improves the intelligibility of plans?

It is difficult for a territorial authority to answer this question subjectively. This question is therefore best answered by a plan user.

Q10 Is ensuring an adequate land supply for housing an objective of current District or Unitary Plans? If so, what priority is this objective given?

As indicated in Q6 the Waikato District Council is being proactive about addressing its growth needs. Council is expecting a lot of this growth to come as a result of Aucklanders seeking cheaper land and housing in the north Waikato whilst still residing within easy commuting distance of south Auckland. The Pokeno Structure Plan (made operative in 2010) provides for 2000 additional houses in Pokeno whilst the Tuakau Structure Plan (currently under development) provides for an estimated 2000 new subdivisions in Tuakau. Both Tuakau and Pokeno are key residential growth areas of the Waikato district in addition to Te Kauwhata and Tamahere. Council's Long Term Plan provides the context for this strategic direction which is also consistent with its (draft) District Development Strategy. Council has also commenced its District Plan Review which would ensure that the Tuakau Structure Plan is given greater legal weight through appropriate district plan provisions that would anchor the aims and objectives of the structure plan.

Q11 What steps do local authorities take to ensure that all people potentially affected by land use Plan provisions or changes have the opportunity to comment? How effective and efficient are these steps?

In addition to the statutory consultation requirements contained in schedule 1 of the RMA, the Waikato District Council has over the past 3 years placed a greater emphasis on engaging with communities prior to the commencement of any statutory process. The Council has used this for both LGA and RMA plans. The benefits of this approach was particularly well demonstrated for the Tamahere Structure Plan (which was made operative in July 2013) when no appeals were lodged to the plan change.

The Council has also been consulting with the Tuakau community on the Tuakau Structure Plan over the past two years to ensure that the final structure plan is a harmonisation of the community's aspiration for the town whilst enabling Council to make some key decisions around zoning and land-use.

Council has found that placing greater emphasis on engaging with the community prior to any statutory consultation process helps to ensure that the statutory process is not burdened by appeals thereby enabling decisions on the plan change to be made faster or for them to become operative quicker. Engagement pre-statutory consultation also helps to get more people interested in what is being proposed so that they can provide feedback and make submissions. This approach builds trust between Council and the community as plan making is done through consensus building and understanding in that people affected by land use provisions or zoning changes have the opportunity to comment throughout the plan development process.

Q12 What steps do local authorities take to understand and incorporate the views of people who are potentially affected by Plan provisions or changes, but who do not formally engage in the Plan process?

As described above, the Waikato District Council has found that providing opportunities for engagement with communities during the plan development process helps ensure that their views are taken into account even though they may choose not to formally engage in a plan change process. Such engagement can occur through community Open Days and well as through community-based reference groups.

Q13 How can the Plan development process be improved to increase the supply of development capacity?

Although reforms were made to the RMA both in 2009 and in 2013, the act is still considered unwieldy. Developers argue that the land use decision process with regards to

the Act is lengthy, adds cost and limits their ability to provide an adequate volume of housing. The time it takes for decisions to be made through the Schedule 1 process adds to costs. Refer additionally to the response in Q1.

Q14 How accurate is local authority assessments of the demand for and supply of land? How well do they reflect market demands and the actual development capacity of land? Are there any good examples of supply and demand forecasts?

Waikato District Council has undertaken robust population growth modelling and projections for the next 30 years. This growth projection is also consistent with work done at a sub-regional level by the Waikato University's National Institute for Demographic and Economic Analysis (based on Census 2013 data) which shows that the district will grow. A further assessment of this projection has also been done at a Census Area Unit (CAU) level and this work will be refined once household data is made available by Statistics New Zealand at the end of this year. The accuracy of assessments of demand and supply of land is therefore only as accurate as the data available.

Population projections are used to inform the Council's Long Term Plan (2015-2045), growth management planning (such as the District Development Strategy and structure plans) as well as the Council's 30-year infrastructure strategy. Whilst projections are not a *forecast*, they do provide a good representation of the expected future state so that appropriate development planning and policy responses may be developed. The growth projection has helped inform future demand forecasts for housing and the appropriate zoning of land for residential development.

Q15 How well do zoning decisions in District Plans and infrastructure planning in Long-Term Plans reflect demand and supply forecasts?

As per 14 above.

Q16 How effective are local authorities in ensuring that the rules and regulations governing land use are necessary and proportionate?

This is a difficult question for a territorial authority to answer as a plan user will be able to provide a more objective answer. However, the Waikato District Council currently has a second generation District Plan which is considered appropriate for governing land use in the district. Due to the incorporation of part of the former Franklin district into the Waikato district in November 2010 Council has operative two district plans since that time. Recognising the need for greater consistency of planning provisions across the district, Council has recently embarked on a district plan review which would result in a third generation district plan (one of the few in the country). Involvement of key stakeholders

and roleplayers are important for Council to ensure that plan provisions are appropriate and hitting the mark in terms of addressing key issues. This is the approach being taken in Council's district plan review.

Q17 What are the characteristics of the most effective processes for testing proposed rules, Plans or Plan changes?

Key characteristics of effective processes for testing proposed rules, plans or plan changes include:

- A plan user being able to judge the meaning and effect of the rule as it is written without having to resort to using explanations or seeking advice from those who wrote it, from external consultants or from a legal interpretation.
- A clear link between the rules and the objectives and policies of the plan
- Consistent use of terminology and choice of words is the same throughout the rule
- Assessing the rule from the point of view of:
 - an applicant wanting to maximise development opportunities
 - an affected party wanting to minimise effects or prevent development
 - the person processing the consent (in terms of clearly understanding what is intended and required)
 - a council officer trying to monitor or enforce the rule.
- Using consent processing and enforcement officers to assist in drafting and testing provisions.
- A sound legal peer review of the plan or plan change once it is drafted.

Q18 How effective are local authority processes for connecting decisions across the different planning frameworks? Which particular processes have been successful? What explains their success?

This question is also best answered by the plan user but the Waikato District Council has fostered a strong consistent relationship between its Long Term Plan, its Infrastructure Strategy, its District Growth Strategy and the District Plan (RMA). The strategic direction set by the Long Term Plan is reflected in other relevant planning processes thereby ensuring alignment between plan development and Council's strategic aspirations. Council also uses the Reserves Act as part of its integrated planning process to provide for the preservation and management of active and passive recreational areas and areas of environmental and landscape amenity.

The development of structure plans by Council has also consistently advocated and ensured integrated landuse and infrastructure planning. A project management approach has been used for the development of these plans which has ensured that the right people from the relevant internal departments (policy planning, consents planning, roading, three waters, parks and recreation, finance and communications to name a few) are involved in the plan making process. As part of this approach relevant external stakeholders are also identified and consulted on at various stages of the planning process. The project

management methodology is standard practice at Council. Involving the right people in a plan or policy development process enables the effective integration of the relevant legislative frameworks that govern their respective areas of work.

The Waikato District Council is also part of the Future Proof Growth and Development Strategy partnership. It is a growth strategy specific to the Hamilton, Waipa, and Waikato sub-region and has been developed jointly by Hamilton City Council, Waikato Regional Council, and Waipa and Waikato District Councils, as well as Tangata Whenua, the New Zealand Transport Agency (NZTA). The partnership has provided an opportunity for the development of an integrated plan for supporting growth in the sub-region. This plan is underpinned by key infrastructure considerations such as the three waters and the roading network (including the Waikato Expressway). Future Proof has provided a basis for growth to be managed in a collaborative way for the benefit of the sub-region both from a community and a physical perspective. This growth strategy provides a framework for ongoing co-operation and implementation. This ensures the costs and resources required to fund and manage infrastructure such as transport, wastewater, stormwater, recreation and cultural facilities are provided for. Waikato District Council has also facilitated the interaction between Future Proof and the Auckland Council to better understand the latter's growth footprint and to address cross-boundary planning issues emanating from the projected growth of Auckland.

This collaborative planning approach has not only been extremely useful in ensuring integration across the planning and development system but has enabled effective discussions on planning and development to happen across political boundaries.

Q19 What impact does transport planning have on the supply of development capacity?

For transport planning to be effective, it has to be considered as part of land use planning. There is an inter-relationship between land use and transport planning, each informing the other. Planning for growth or reviewing land supply needs to inform land transport strategy at the district/city level, sub-regional, regional and national level. Integrated land use and transport planning needs to factor calculations of traffic on the roading network together with the staging of land for development. This integrated approach (together with bulk services for water and wastewater) provides certainty for development whilst ensuring good planning and development outcomes for the community.

Local government is the main regulator of land use and provides the zoning and rules governing land development for housing and development in general. It is important for any local authority to use these powers to ensure both an adequate supply of land and space for development. Good planning therefore is not just about providing housing but also all the associated infrastructure and services that goes into creating liveable communities.

Q20 Are there examples of effective integration between regional policies and district plans, and what are the features of processes that lead to effective integration?

The purpose of a regional policy statement is to provide an overview of the significant resource management issues of the region and the policies and methods to achieve integrated management of natural and physical resources. Planning at a district level is often at the end of a hierarchical planning process. Although integration is improving, the degree of cascading between the different national and regional policies with district plans does limit timing synchronisation.

From a Future Proof partnership point of view, the Waikato District Council, Waipa District Council and Hamilton City Council have effective integration between the Regional Policy Statement and their respective district plans. By working together with the Waikato Regional Council, these councils have also developed a specific built environment chapter in the Proposed Regional Policy Statement to ensure planned and co-ordinated development across the sub-region. The development of the Proposed RPS (RPS) has therefore been informed by a 'bottom up' approach rather than purely a 'top down' approach. This has created positive synergies across the planning and development system (at least from the RMA perspective) across the four councils. Various provisions of the operative Regional Policy Statement are already incorporated into the Waikato District Plan.

Another good example of effective integration between regional policy and the district plan relates to the Vision and Strategy for the Waikato River which sets clear obligations for the Regional Council and affected territorial authorities in regard to protecting the health and wellbeing of the Waikato River.

Q21 Do rules or Plan requirements in your area unnecessarily restrict the use of land for housing? Why are these requirements unnecessary? What are the impacts of these rules and requirements?

Waikato District Council promotes planned growth and is not under pressure to make land available for housing. Council's growth planning is done in accordance with the sustainable management of natural and physical resources.

Council focusses urban forms of residential, industrial and commercial development primarily into towns and villages with rural residential development occurring in Country Living Zones.

Q22 How important is it that rules for development and land use provide certainty?

It is vital that the general public and applicants have certainty over whether a proposal complies with rules in a plan and that those rules will be applied in a consistent manner. Considerable cost and time can be spent on establishing compliance and pursuing enforcement action when rules lack certainty. Having rules for development and land use that are unambiguous and that don't run the risk of being voided as ultra vires on the grounds of uncertainty will provide developers clarity and give the community certainty about the outcome of that development (specifically in terms of amenity). However having certainty does not mean being inflexible. There is a certain degree of pragmatism that is required and this has to be weighed up against the objectives and policies of the district plan. Too much flexibility runs the risk of the rule being subject to interpretation therefore compromising good planning outcomes.

Q23 Are rules consistently applied in your area? Is certainty of implementation more important than flexibility?

Yes. The Waikato District Council has a team of competent consents planners who ensure the consistent application of rules. Customers are increasingly expressing the view that they expect consistency. This has to be balanced when those same customers seek departure from rules and seek to argue that the facts of their case are exceptions and they seek flexibility. Our approach is based on first principles – rules must be applied consistently (where a proposal breaches a rule then consent must be obtained) and assessment of effects generated by similar breaches must also be consistent. This provides customers with certainty. This work becomes most challenging when new rules are introduced and customers are seeking to find out where Council will 'draw the new line'. There are real risks to consistency and certainty for all customers, if flexibility is applied simply because a customer seeks Council to assess their exceptions. Flexibility does come into play but only when an assessment of the details of a case concludes adverse effects are managed and overall is consistent with the objectives and policies on the plan.

Q24 Which local authorities have the best approach to implementing land use rules or Plan requirements? What makes their approaches the best?

This question is best left answered by non-local authority person and someone who is familiar with land use rules and district plan requirements of a wide cross-section of local authorities.

Q25 Do second-generation Plans take a more flexible or enabling approach to land use control?

Yes. Second-generation district plans are certainly an improvement on the first. They have provided an opportunity to fix the parts of first generation plans that were not working properly, to recognise the changes to land use and development that has occurred, to

discourage poor development and to align with changes in national policy guidance. Greater input from community and stakeholders is also now expected.

Q26 What effect do design guidelines have on the availability of effective land for housing? Are the processes by which land use can depart from a design guideline transparent and applied consistently?

Design guidelines are a well intended planning mechanism that have been applied variously with differing degrees of success. They are often difficult to administer evenly and sometimes not well thought through from a practical implementation viewpoint. Design guidelines have often been introduced to provide the planning guidance on intended built outcomes that simply using the RMA effects based approach to development planning is difficult if not impossible to achieve.

From both a consent processing and developer viewpoint, greater clarity and simpler rule based development control provisions are generally considered more helpful than working with design guidelines that rely on an interpretation in application. In practice experience indicates that developers quickly work out a modus operandi with a council's consent staff on a uniform interpretation of any possibly contentious design guidelines. The potential issue with applying this approach transparently and consistently rests squarely with the council consents and policy staff. The council's staff are obliged to carry out consent application assessments transparently and in the WDC there is a consistent cross checking and balancing system to ensure administration is as even and fair as humanly possible.

Q27 How many developers work in more than one local authority? Do variations in planning rules between councils complicate, delay or add unnecessary cost to the process of developing land for housing?

In the Waikato district we have developers who work in the district but who are based either in Auckland, Hamilton or Tauranga. These developers also have developments in other districts in the Waikato Region. We recently identified 23 such developers whom we consulted with prior to Council adopting the Hamilton Infrastructure Technical Specifications as its engineering code of practice. The benefits for common planning rules between councils of a similar type (i.e. district councils) were raised by some of these developers during their engagement with Council staff. This was done within the context of the complications of having to interpret different land use planning rules for similar type of developments across councils.

Q28 Which local authority pre-application advice and information services are the most effective for communicating expectations and reducing unnecessary cost for applicants? What makes them effective?

The Waikato District Council encourages prospective applicants to have a pre-application meeting for both consent applications as well as plan change applications. Such pre-application meetings are now considered standard practice for Council. Applicants are encouraged to meet with council staff before applying for resource consent, particularly for more complex or large-scale applications. This enables the processing of an application to be simpler, quicker and less costly if the applicant has already sought the council's advice before making an application.

The applicant is encouraged to bring with them relevant information pertaining to their application to a pre-application meeting as well as provide a brief description of the proposal. This provides Council staff the opportunity to identify the relevant issues and ensure that other relevant staff can be present at the meeting.

Any pre-application advice given (whether it is consents-related or policy-related) is accurately documented so it can be linked to the application once it is lodged. Pre-application meeting records are also shared with the relevant people involved in the pre-application meeting.

Council does not have a formal pre-application process with associated fee structure, but is intending to develop this over the coming year.

Q29 Which processes are most important to applicants for providing consistent and efficient assessments of resource consent applications?

This may be best responded to by customers to the process. However, in the last year this Council has changed a number of ways in which it undertakes its consent processing work that is generating feedback from customers that confirms we are being more consistent and efficient than in the past:

- All steps in assessment managed by one planner (not multiple planners undertaking separate assessments under s88 and 104).
- Combined reporting on notification and substantive decisions for non-notified consents (this has reduced report lengths and thus cost)
- Generating substantive decisions electronically and emailing to customers.

Q30 Have resource consent processing times resulted in unnecessary delays in the development of land for housing? If so, do you anticipate that the recent changes to processing timeframes will address delays?

Waikato District Council has a very good track record of processing resource consents within statutory timeframes so we do not consider that this has contributed to unnecessary delays to the development of land for housing. Recent changes to timeframes are most relevant to notified and limited notified applications and this Council does not have

significant numbers of these, and when they have been processed, they have been within the new timeframes.

Q31 What explains the variation between jurisdictions regarding requests for additional information and use of stop-the-clock provisions when assessing resource consent applications?

The focus of Waikato District Council is on customer service and best practice use of the provisions of the RMA. We find ourselves in the best position to do this if we have open communication with customers, good professional practice – in particular pre-application advice, in-house staff to build good service and best practice (duty planner, range of professional experience, leadership and management support), and appropriate and well supported IT tools and systems that assist with information keeping and recording. An area we have identified for improvement is to have a formal pre-application process. This will provide the opportunity to clarify information requirements and expectations of both a customer and council prior to an application being lodged and statutory clocks start. It is hoped that this service will reduce the volume of s92 requests for further information, and times when we need to seek agreement from customers to extend timeframes.

Q32 What are the impacts of notification on the supply of development capacity? How could the processes surrounding notification be improved?

Where subdivision occurs on appropriately zoned land, and proposals are in accordance with relevant rules and any structure plan matters (if applicable), such applications are not generally notified.

Q33 What explains the reduction in the prevalence of pre-hearing meetings?

The provisions for pre-hearing meetings only requires Council to use this tool if they have agreement from an applicant. Where there is more than one submitter, applicants often choose to skip this option and head straight to a hearing. Council needs to find an independent person to chair the meeting, which requires skills in facilitation and resolution, and involves before and after tasks which add time and cost to the process.

This Council has had only one experience with pre-hearing meetings under s99 RMA in last 5 years. We are however, aware that some well-resourced applicants will have pre-hearing discussions (outside of a s99 process) with submitters to try to see if they will withdraw their submissions, or to clarify issues ahead of a Hearing.

Q34 Which local authorities make the best use of pre-hearing meetings? What factors best contribute to successful pre-hearing meetings?

Refer to the response above.

Q35 Does the type of person making the decision on resource consent applications affect the fairness, efficiency or quality of the outcome? What difference (if any) does it make?

The qualities of decisions from Hearings are important when it comes to resolution of any appeals because the Environment Court must have regard to Council decisions. Decision makers at time of Hearings who are from professional backgrounds (planning, legal, engineering) tend to have excellent questioning skills, understanding of professional expertise, skills at dealing with emotive participants, and excellent report, decision and condition writing skills. Elected members of Council come from a range of backgrounds and while they have appropriate training, depending on their background and experience, the quality of decisions can vary. However, in the experience of this Council no decisions made by elected members have been criticized by the Environment Court. The reality is that even good quality decisions can be appealed, and it should also be noted that the cost of lodging appeals is unlikely to be a deterrent to parties making appeals.

Q36 Does the use of external experts (for example as independent commissioners or contracted staff) in making resource consent decisions create conflicts of interest? If so, how are these conflicts managed?

Not in our experience. Before external experts are engaged (either for processing of consents, as technical experts, or commissioners) they are provided with an overview of the case and asked to confirm if they consider they have any conflicts of interest. If there is any potential for this, then other parties are identified and engaged. We apply a precautions approach and have had no challenges to such appointments.

Q37 What processes do local authorities use for ensuring that consent conditions are fair and reasonable? How successful are local authorities in meeting the “fair and reasonable” test?

This Council adopts best practice and training for staff to ensure conditions are appropriate. We strive to ensure conditions are fair and reasonable, and to achieve this, we use good models of previous examples, produce best practice examples, share draft conditions with applicants before finalising them, and have senior staff review them before they are issued. We strive for consistency, but conditions also need to be tailored to the specific circumstances of each case. We have not always been consistent and in recent years some

of our subdivision conditions in particular in relation to engineering works, have received negative feedback from customers. We are working to simplify conditions and leave engineering compliance of physical works to relevant standards.

Q38 In your experience, what impact do conditions on resource consents have on the viability of development projects?

We have received feedback from customers that onerous or unreasonable conditions can affect the viability of developments. As a Council we do not seek to deliberately impose onerous or unreasonable conditions that give cause to make viability of development marginal. Where engineering standards change over time (e.g. for public infrastructure) this can cause negative feedback from customers who may have been used to previous less onerous engineering requirements. If customers consider such requirements onerous, this is likely to be the case whether they are embedded in conditions or required to be met through engineering standards as part of subdivision clearance processes.

Q39 Which local authorities have been most successful in providing coordinated decisions over applications to use land for housing? What explains their success?

This is best left to other non-local authority respondents.

Q40 Are there issues relating to the process for challenging or changing decisions which impede the supply of effective land for housing?

This question needs greater clarity as Council is not clear what is being asked.

Q41 Compared to other processes of relevance to land release and development, how important is the ability to obtain a Plan change or variation? Why?

There are two types of plan changes or variations: Council-initiated and private. The RMA provides for individuals or groups to promulgate their own change to a district or regional plan in addition to one initiated by a council. In general, the private plan change mechanism provides for private benefit initiatives that are not a priority for a council. Special interest groups have also found that this process allows an opportunity for participating in decision-making. Such mechanisms are important tools within the RMA that can be used to zone land for development. Such applications would need to be supported by clear evidence of the need for the plan change as well as a robust s32 report.

Q42 How easy is it to obtain a Plan change or variation in your area? What are the major barriers?

This question is best answered by an applicant. The Waikato District Council would consider a private plan change request if the proposal fits with Council's strategic direction with regards to the development of its identified growth areas or addresses a key issue whilst satisfying the requirements of the sustainable management of natural and physical resources.

Q43 Do council-led Plan changes or variations help or hinder the supply of development capacity?

Plan changes initiated by the Waikato District Council over the past 5 years have helped augment the supply of development capacity. This is particularly the case for the Te Kauwhata Structure Plan and the Pokeno Structure Plan which have catered for increased growth in both the respective villages. Although the Tamahere Structure Plan has not rezoned additional land for housing development, the zoning of land for a recreational complex and local businesses is based on the Tamahere Country Living Zone reaching full capacity in the near future. The Tuakau Structure Plan (which is currently under development) will also result in the zoning of a significant amount of land for residential development when its associated plan change is made operative.

Q44 What is your experience working with the infrastructure component of the land supply system?

Council is in the business of providing infrastructure (roading, water, waste water and stormwater) for development.

Q45 Are there particular aspects of the system, or particular types of infrastructure, that are problematic?

Increasing compliance costs for infrastructure provision and maintenance is a major challenge to councils.

Q46 What are the opportunities to improve this part of the land supply system?

The costs associated with servicing new greenfield urban growth areas with appropriate infrastructure are high. These costs put significant financial pressure on councils, and flow onto developers and home builders in the form of comparatively high development /

financial contributions (although these costs vary relative to the costs of servicing particular areas).

Minimising the cost of infrastructure should be an important part of the entire planning and development system to address the funding challenges associated with growth-related infrastructure. Maximising the use and return on existing network infrastructure investment is also fundamental to assisting these funding challenges. There is a need to determine whether costs can be reduced through alternative infrastructure delivery options or reduced levels of service in a manner that ensures infrastructure is still 'fit for purpose' and cost effective from a whole of life cost perspective.

It is becoming increasingly common for councils and developers to enter into joint funding arrangements. Councils do not always have the ability to fund the entire infrastructure, particularly in high growth areas where the pressure for infrastructure is high. In order to get land released for development there are often arrangements between Council and developers which, from a usual provision perspective, look to be sub-optimal. However in the new more fiscally constrained environment it is necessary to ensure that developments stack up commercially from the outset. This may sometimes mean reduced infrastructure expectations or only providing what is absolutely necessary.

Q47 Is there sufficient alignment of incentives for the various organisations involved in the provision of infrastructure to support housing? If not, what could be done to improve alignment?

While laudably the government has many initiatives underway that are aimed at fast tracking housing supply, a long term vision and strategy for housing in New Zealand is required. Such a vision, setting out the contributions expected of government and industry (including infrastructure providers) to a successful market, would help provide a platform for investment and delivery.

Q48 Are there differences in the approaches taken between council controlled and private infrastructure organisations (e.g. electricity lines companies)? What is the nature of these differences? What explains the differences?

Infrastructure planning is generally carried out in accordance with legislative requirements. The way in which it is implemented may differ between a CCO or a private infrastructure company depending on infrastructure type.

Q49 What comparative information about the provision of infrastructure to support housing should the Commission be aware of?

Council is not in a position to provide this comparative information.

Q50 Is there evidence that territorial authority debt levels are acting a barrier to the provision of infrastructure for housing in rapidly growing areas?

Council is not in a position to present sector information, however debt management is part of the overall financial prudence factor and there will be some councils where the cost to service debt will limit the ability to lead investment in new infrastructure. Waikato district has a relatively low level of debt (approx. \$50 million) and a rapidly growing area in the North (Pokeno) where infrastructure is being progressed very fast due to the developer taking the lead. We believe it is more related to the market (developers), and a critical mass issue, i.e. large land holdings gives more autonomy in progressing capital works whereas the “ma and pa” individual section developments rely on territorial authorities to progress infrastructure. By having specified growth nodes built around infrastructure that is already in place this becomes less of a barrier because it is a case of extension of service which usually has lower associated costs.

Q51 How variable are the practices and processes around infrastructure charges across different jurisdictions? Does variability complicate, delay, or add unnecessary cost to the process of developing land for housing?

Council is not in a position to answer this question.

Q52 Are there particular examples of good practice regarding infrastructure charges?

The Waikato District Council is happy to provide the Commission information with regards to its own infrastructure charges.

Q53 Are there particular types of development (eg, greenfields, infill etc) that are less costly to service with infrastructure? What evidence can you provide about any variation in infrastructure costs?

Costs with regard to servicing new development with infrastructure will vary more from place to place and circumstance than according to whether the nature of development is infill or greenfield. Where there is existing infrastructure capacity and available developable land, as is the case in some of our rural towns (Ngaruawahia and Huntly), it is certainly less costly to accommodate new infill development. However in some towns and villages (Pokeno and Tuakau for example) current levels of road and three water infrastructure are near to capacity and will require new infrastructure to provide for both additional infill and greenfield development.

The other variable affecting costs is the nature of proposed development being considered. It could range from new residential development through to new 'wet' industry (for example the new dairy factory at Pokeno) which have enormously different requirements in terms of supporting infrastructure and the levels of service needed.

Another factor that will come into play going forward will be working increasingly with neighbouring councils on service agreements to provide a more regionally integrated, managed and developed infrastructure particularly with regard to water, wastewater and roads. The intention is to establish a more cost effective and efficient platform for providing supporting infrastructure particularly in and around growing urban areas.

In the North Waikato on the Auckland periphery the Council has recently entered a service agreement with Watercare (a CCO of Auckland Council) for the provision of water and wastewater services to Pokeno and Tuakau. In the south particularly in the area around Hamilton, the Council is currently part of a jointly-funded investigation with Hamilton City and the Waipa District Council into the joint provision of water and wastewater services.

Q54 Do development contribution policies incentivise efficient decisions about land use, or do they unduly restrict the supply of land for housing?

This is not a development contributions issue. The district plan and infrastructure planning deal with the amount of land available for housing and the ability to service them. The indicative development contribution levies will help staff and politicians assess whether the infrastructure to service zoned areas is appropriate i.e. where levies are too high the infrastructure is probably over scoped for the anticipated growth.

Q55 Are development contributions used exclusively to drive efficient decisions about land use, or are they used to promote broader goals?

Development contributions are not associated with driving efficient decisions about land use at all. Development contributions are a fair and effective funding mechanism to ensure that developers pay towards the growth related costs associated with the provision of infrastructure. They are not used to promote broader goals either. Development contributions, like general and targeted rates, fees and charges and loans are a way in which to prudently fund capital works.

Q56 How effective have the recent changes to development contributions, introduced in the Local Government Act 2002 Amendment Act 2014, been?

As a sector, it is too early to assess whether the recent legislative changes are effective. Other than the new definition of community infrastructure, Waikato District Council's

policy was already aligned with the new legislative requirements therefore the changes are not likely to have a significant impact. How effective the changes to the definition of community infrastructure will be remains to be seen; it will move the portion of costs related to growth onto ratepayers which could impact the affordability of housing – the ongoing costs will be what determine the long term sustainability of such an approach.

Q57 What is the likely effect of long-term infrastructure strategies on the availability of land for housing?

The availability of land for housing is not an issue for the Waikato District Council but the 30 year infrastructure strategy has the benefit of providing long-term certainty for where and how development is going to happen.

Q58 Do councils in high-growth areas require a greater range of approaches for funding infrastructure?

Difficult to comment on behalf of the sector. Waikato District Council is a high growth council but with a relatively low level of debt so believe the current funding approaches are sufficient. Despite this council has decided to mitigate the risk that the growth assumptions do not transpire by setting aside a portion of general rate to ensure that if required costs can be covered where infrastructure has already been provided. This is a long term strategy and the reserve balance is in its infancy. Council works alongside its developers to agree appropriate funding solutions.

Q59 What alternative approaches for funding infrastructure should be considered in New Zealand's high-growth areas?

Driving down the cost of providing infrastructure would be a better place to start. Ever increasing standards and consent conditions push costs higher, and tenders are not competitive – why does building a new public toilet cost hundreds of thousands of dollars? Some of amounts spent on these projects equates to several “affordable” houses. For example our hall committees organise their own quotes for capital works because they know that if they used the council name to procure services the costs would be inflated, similarly the infrastructure projects being managed by developers also appear to come at a lower cost.

Q60 What are the main advantages and disadvantages of having infrastructure vested in Council Controlled Organisations?

Advantages

- Independent board appointments introduce commercial disciplines and best practices for infrastructure delivery that may not be available within the territorial authority.
- Risks to the territorial authority can be controlled through the Statement of Intent (trading losses may be recoverable the following financial year).
- A CCO can be a small, simple organisation with a dedicated focus on the delivery of a particular infrastructure.
- Risks often associated with territorial authority ownership of assets can be transferred to the CCO (e.g. health and safety).
- A CCO may have buying power across a number of services to achieve cost savings.
- A CCO is better positioned to be entrepreneurial and nimble in responding to new infrastructure technology.

Disadvantages

- The territorial authority and the CCO require resources to report and (the territorial authority) to monitor CCO performance in terms of infrastructure delivery.
- The territorial authority owns the infrastructure but may have limited control and therefore perceives increased risk, creating potential for conflict.
- There is a risk of separating out CCO facilities/infrastructure and leaving other facilities within the territorial authority, with a risk of variable service quality.
- A conflict of interest is possible if an elected territorial authority member is represented on the CCO Board.
- A risk that a CCO may move away from the core objectives with regards to infrastructure provision if not properly monitored by a territorial authority.
- More than one entity to deal with from a customer perspective.

Q61 Does the use of Council Controlled Organisations create challenges with respect to integrated provision of infrastructure to support housing?

The challenges with regards to infrastructure delivery to support housing are outlined in the disadvantages above. However these challenges are not insurmountable.

Q62 Has the National Infrastructure Plan helped promote coordination of infrastructure investment? Is there sufficient integration between central and local government infrastructure planning?

It is difficult for Council to make a call as to whether the Plan has promoted co-ordination of infrastructure investment because the Plan merely provides a framework for infrastructure development rather than a detailed list of projects.

However, under current governance structures, this council (like all other councils) interacts by means of complex relationships with the regional council, council controlled organisations, central government ministries, governmental agencies and other public and private sector agencies in making land use and infrastructure decisions.

Council is of the view that in many cases agencies charged with planning responsibilities are too fragmented or too reliant upon central funding to deliver plans. Dependency on outside resources and cooperation limits the efficacy of planning agencies and causes delays to implementation. This is particularly problematic for network infrastructure providers such as telecommunications, power and transport who have to navigate a complex maze of district and regional planning processes. This situation may be inhibiting more effective integration of central and local government infrastructure planning.

Q63 What impact does heritage protection have on the supply and development of land for housing?

Heritage protection has minimal impact on the supply and development of land for housing in the Waikato District.

Q64 Are there good examples of local authorities, in areas where there is a housing shortage, working well with landowners who want to build housing for whānau on Māori land?

Waikato district does not have a housing shortage but Council has changed the rules to its district plan to accommodate papakainga housing development which is becoming increasingly important for parts of our district following settlement.

Q65 To what extent are Plan change requirements, consultation requirements, or the need for infrastructure, barriers to Māori aspirations for building housing for whānau on Māori land?

This depends of the willingness of all parties to engage. The Waikato District Council has a Joint Management Agreement with Waikato-Tainui which has fostered excellent relationships in understanding Maaori aspirations for land and housing.

Q66 How important is the aggregation of land for housing development? How difficult is it? Do some local authorities have processes in place that make land aggregation easier – if so, which ones, and how?

One of the difficulties of implementing any plan for new housing development is a situation where land ownership is fragmented as opposed to being in single ownership. The most common process of development in our district is incremental and ad-hoc that is landowner and/or small developer driven. This form of development typically results in built outcomes with a poorly connected network of roads and services.

Often the supporting infrastructure and services are difficult for the council to plan for and fund because of the intermittent trickle through process of development and the similarly intermittent inflow of the development contributions required to fund the provision of supporting infrastructure where these do not already exist.

We have one good example of working with a larger developer consortium in Pokeno. There the Council has a services agreement with the Pokeno Land Company for supporting the development of new residential and industrial zoned land that is already in the Company's ownership. To date this process has been more straight forward than has been experienced elsewhere where the land and development had been with multiple separate parties.

The Waikato District Council does not have any existing process for the aggregation of land for housing development.

Q67 Is there a need for public agencies that can aggregate land in New Zealand cities? If so, who should establish these agencies? What powers and functions should they have?

The establishment of a public agency to aggregate land in New Zealand's may be useful for Auckland and Christchurch but is not recommended for other parts of New Zealand. If established, it should be done by Government.

Q68 To what extent do central or local government policies and practices prevent or discourage landowners from selling or developing land for housing?

Growth limits placed around cities where housing demand is high can further augment the price of housing (e.g. the effect of the Auckland Metropolitan Urban Limit when it was being considered by Auckland Council). Such growth management mechanisms, although well intentioned, can contribute to land banking where land demand. Land banking has implications for land supply and for the staging and sequencing of development.

Q69 How much land in New Zealand is being held in anticipation of future price rises? What evidence is there?

Council is not in a position to answer this question.

Q70 Does the setting of rates on the basis of land value or capital value (that is, including the value of improvements) influence the supply of land for housing? What evidence can you supply?

We don't have evidence to support either. This question seems to assume that developers are concerned about the ongoing rates that new residents would pay, councils view is that rating basis would not be a high priority determining factor in whether to develop. For example, Hamilton City (land value) and Tauranga City (capital value) are both high growth areas so it is unlikely that rating methodology has a strong influence. However, where developers are land banking i.e. the land is unproductive for a period of time, then you wouldn't want a land value basis for rating as you will pay a higher share of general rates.

Q71 How common is the use of covenants in new housing developments? To what extent are private covenants restricting the supply of development capacity?

Restrictions give a development a more standard appearance, and control some of the activities that take place within its boundaries. When enforced, covenants protect property values. Restrictive covenants stipulate the minimum size structure allowed, how many homes may be built on one lot, and what type of construction the homes must (or must not) be. This practice is not widely used in housing developments in the Waikato district and do not have anything to do with zoning or governmental regulations.

Q72 What are the advantages and disadvantages of the Housing Accords and Special Housing Areas Act 2013 and of its implementation to date?

Council is not in a position to answer this question as it is not subject to the Housing Accords and Special Housing Areas legislation.

Q73 Are there wider lessons for New Zealand from the planning and development processes that have been used in greater Christchurch?

Council is not in a position to answer this question.

Q74 What evidence is there that the Land Use Recovery Plan changes are resulting in more land being made available for housing, or allow land to be developed faster?

This question is best answered by Christchurch City Council.

*Waikato District Council
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