

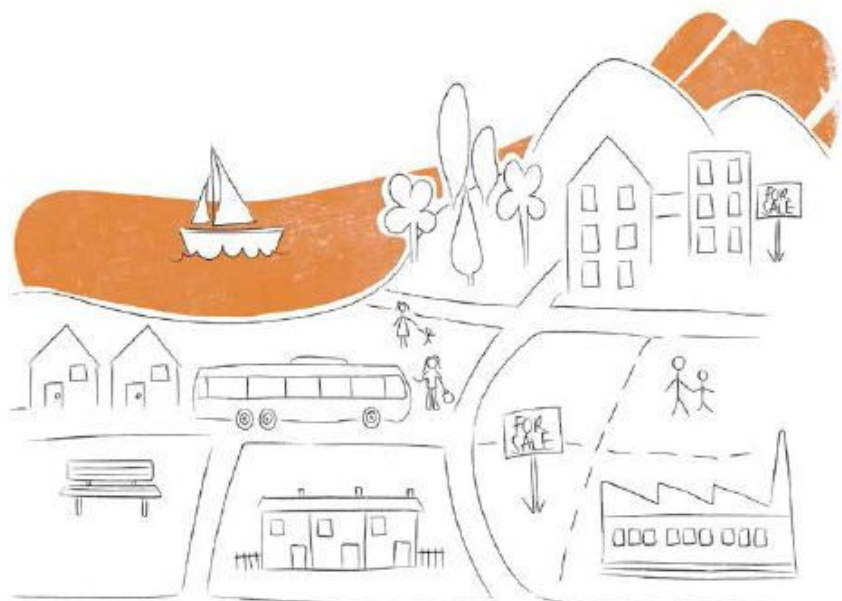
Greater Christchurch **Urban
Development
Strategy**

Submission by the

Greater Christchurch Urban Development Strategy Partnership on

**the New Zealand Productivity Commission's Inquiry: *Using land for housing -
Issues Paper (November 2014)***

December 2014



To:

Inquiry into using land for housing
New Zealand Productivity Commission
PO Box 8036
The Terrace
WELLINGTON 6143

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Submission:

This is the Greater Christchurch Urban Development Strategy (UDS) Partnership's submission on the New Zealand Productivity Commission's Inquiry 'Using land for housing' *Issues Paper (November 2014)*. The content of the submission follows overleaf.

Submissions from individual UDS Partners are also being made and may cover more specific issues relating to their territorial areas or functions. The UDS Partnership has also seen the LGNZ submission and support the statements made therein.

The UDS Partnership would welcome the opportunity for further discussion with the Commission ahead of the release of a draft report for submissions and then a final report to Government.

Signed:



Bill Wasley
Independent Chair
Greater Christchurch Urban Development Strategy Implementation Committee

Introduction

This submission is presented by the Independent Chair on behalf of the Greater Christchurch Urban Development Strategy Partnership (“the UDS Partnership”). The Strategy is overseen by the Implementation Committee (“the UDSIC”), a joint committee comprising Environment Canterbury (ECan), Christchurch City Council (CCC), Selwyn District Council (SDC), Waimakariri District Council (WDC), and Te Rūnunga o Ngāi Tahu (TRoNT), as well as both the New Zealand Transport Agency (NZTA) and the Canterbury Earthquake Recovery Authority (CERA) in an observer capacity.

The Strategy outlines a 35 year growth management and implementation plan for the Greater Christchurch sub-region¹ and has been a key source document in the development of both the *Land Use Recovery Plan* and the *Christchurch Central Recovery Plan* under the Canterbury Earthquake Recovery Act (CER Act).

The UDS Partnership and individual UDS Partners made previous submissions on the Productivity Commission’s Housing Affordability Inquiry and there is significant overlap between the two inquiries and the comments made in submissions on the previous inquiry.

Submissions on this Issues Paper are also being made by individual UDS Partners and reiterate some of the comments made herein as well as covering more specific issues relating to their territorial areas or functions. This submission is intended to provide a strategic response, principally in relation to land for housing as it impacts, and is impacted by, growth management objectives.

Greater Christchurch and the UDS

Greater Christchurch is the largest urbanised area in the South Island. Historically, the Greater Christchurch sub-region has grown in a dispersed form leading to a number of negative community outcomes. A desire to more sustainably manage future growth across the sub-region resulted in moves by local government in the sub-region to initiate a growth management strategy.

The UDS was developed and adopted by the partner councils (Environment Canterbury, Christchurch City Council, Banks Peninsula District Council², Selwyn District Council, Waimakariri District Council) and Transit New Zealand (now the New Zealand Transport Agency, NZTA) between 2004 and 2007. The goal was to prepare an agreed strategy for the Greater Christchurch sub-region to make provision for sustainable urban and rural development for the next 35 years. The adopted strategy was launched by the then Prime Minister in July 2007. The Strategy has now been the foundation for sub-regional planning over four electoral cycles.

Strategy focus

An important feature of the UDS is to provide a sustainable urban form and protect the peripheral rural communities that lie close to Christchurch City. The vision for Greater Christchurch by the year 2041 is a vibrant inner city and suburban centres surrounded by thriving rural communities and towns. Part of this vision is the implementation of an integrated planning process for growth management supported by the efficient and sustainable delivery of new infrastructure.

¹ *The Greater Christchurch sub-region covers the eastern parts of Waimakariri and Selwyn District Councils and the metropolitan area of Christchurch City Council, including the Lyttleton Harbour Basin. This is a smaller geographical area than that defined as greater Christchurch within the CER Act which covers the full extent of the three territorial authorities and the adjoining coastal marine area.*

² *In March 2006 the Banks Peninsula District Council merged with Christchurch City Council.*

The UDS supports a fundamental shift in growth management from focusing largely on accommodating low-density suburban residential development in greenfields areas to supporting a compact and balanced urban form that enhances both urban and rural living. It considers the complexity and inter-relationships of issues around land-use, transport, and infrastructure including community facilities, while incorporating social, health, cultural, economic and environmental values.

The UDS and Earthquake Recovery

The recovery of greater Christchurch from the earthquakes of 2010 and 2011 has necessitated widespread review of the strategies, plans and programmes that existed pre-earthquakes. In the context of land-use planning the two principal documents prepared under the CER Act are the *Land Use Recovery Plan* (LURP) and the *Christchurch Central Recovery Plan* (CCRP). The former has directly, or subsequently through statutory direction, made significant amendments to regional and territorial authority plans. This includes in particular:

- inserting a new chapter within the Regional Policy Statement to provide greater planning certainty and enable the recovery and rebuilding of Greater Christchurch
- confirming and expediting Christchurch City Council's intention to undertake a full review of its City and District Plans into a single replacement plan which will comprehensively address resource management recovery needs in Christchurch.

It is noteworthy that when analysing these Recovery Plans the fundamental tenets of the UDS have remained unchallenged and that work undertaken pre-earthquake to implement such principles provided a strong starting point before being reviewed through a post-earthquake lens.

Other Government Initiatives

The Government has and continues to enact a wide programme of reform that impacts on the broader goal of ensuring a sufficient supply of housing to meet anticipated demand and that this housing is brought forward in an efficient and affordable manner.

The Minister for Building and Housing and Environment, Hon. Dr Nick Smith, has frequently cited that there is "no magic silver bullet" in achieving this goal : "*It is not just a simplistic notion of only building up or only building out....It's about getting all of those systems from land supply to the actual construction of the houses working more effectively*". The Productivity Commission's Housing Affordability report made a similar statement: "*Opportunities for improving housing outcomes are likely to be found through small contributions in many places, rather than in any single large 'solution'*".

It is not then just a numbers game, nor a stripping away of regulation which ensures positive outcomes result from new development.

So whilst the scope of this current Productivity Commission inquiry is clearly understood, it is trusted that Government consideration of the final report from the Productivity Commission will aim to appropriately balance the need to enable the construction of new houses, improve the quality, range and affordability of housing, and ultimately enable the advancement of sustainable communities in which people can and want to live and work.

Note: This submission does not attempt to respond to all the questions posed within the Issues Paper. It provides feedback on the more strategic matters that address the principles, role and desired outcomes that are important in relation to the use of land for housing.

Note: Drawing from the Terms of Reference for the Inquiry the Issues Paper investigates and defines the terms 'local planning and development system' and 'development capacity', however on occasion this Issues Paper uses variants which might confuse the reader.

The Planning and Development System

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 Issues Paper highlights the differing and sometimes polarised perspectives which exist in relation to the desirability of land use regulation (p11). Whilst this question usefully captures some of the market failures which the planning and development system (hereafter referred to as 'the System') aims to address it is overly myopic to see this as the only role of the System.

The System provides the critical land-use and infrastructure framework to support the sustainable well-being of communities. At the local level it integrates the legislative and investment priorities set at a national level with the objectives outlined in local authority plans, particularly Long Term Plans (LTPs) but also more strategic, longer-term and aspirational documents derived through community engagement under the LGA2002. The UDS is such a document and its achievement relies heavily on its principles and objectives being embedded within the statutory plans and policies of the System.

This broader view on the role of the System captures the 'goal setting' nature of the statutes which it implements and better reflects that the System is a pro-active tool to assist the delivery of democratically developed visions rather than simply a 'band-aid' to curb the failures of markets that have no such mandate. In so doing the System effectively establishes the goal posts and can help provide greater development certainty to the housing market, reducing the transaction costs associated with determining what is and isn't appropriate development and maximising the benefits associated with finite public investment.

The role of the System is to effectively and efficiently integrate and deliver the purposes of the legislation which are encompassed by the term and highlighted in Box 1 of the Issues Paper, principally the RMA1991, the LGA2002 and the LTMA2003). The Commission's Inquiry should therefore evaluate practice which best performs this role.

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?

On a broad level the System is sufficient to meet its objectives and is flexible enough to be tailored at the local level to address specific needs, be they urban or rural, town, city or region. Inherent in the current system is a somewhat adversarial approach however. Improvements could be made in two areas in particular however:

- greater integration between the legislation (probably not a core focus for this Inquiry but covered in material previously prepared by UDS Partners and available should the Commission require it), including clearer and strengthened support for spatial plan and growth management approaches
- improved application of the System through a range of measures (greater identification and communication of best practice, further standardisation of processes and practice within the System, closer local and central government planning and coordination, etc)

Throughout this Inquiry the Commission will no doubt investigate the degree to which the views of affected parties and the wider public should be incorporated and the extent to which this input assists or hinders the speed, quality and public support with regard to decision-making. This is a significant philosophical point and is highlighted again later in this submission when assessing the recent initiatives in Auckland and greater Christchurch to 'fast-track' the delivery of housing. Whilst not attempting to cover this matter in depth the scale, complexity and function of cities can make development particularly fraught, especially in the absence of a common vision shared with the community and strong political will to implement it.

Cities only exist as the marketplace in support of a wider region and so will always have boundaries with more rural environments. A separate or fundamentally different planning system for (fast growing) cities would more likely complicate these matters so would not be favoured. A package of additional initiatives and tools, as outlined in answer to other questions as part of this submission, would seem to be a more appropriate response to deliver housing and manage other matters arising from rapidly evolving cities.

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?

In short, an increased supply of development capacity alone will not impact greatly on the supply of affordable housing. Citing Tim Williams, a previous CEO of the Thames Gateway London Partnership in East London: *"I was working for the Government in the UK and we suddenly realised that the price of housing was not being determined by how many you built. It completely subverted our notion of supply and demand. And we suddenly realised the you can't reduce the price of housing by simply building more of it. There is a logical and political problem with it. 98% of the houses already exist in the market and they are the ones that determine the price. So it is almost impossible... the only conditions in which it can be done is where you build 15-20% extra homes in a year, collapse the price and you get voted out at the next election. The point therefore is our hunt to make housing affordable is deluded, but we have to do something called affordable housing, which is probably about using public land more, intensifying public housing a lot more. There are lots of opportunities for intensification on existing plots, estate renewal, which would give more opportunity to more people to actually stay in an area that is going up. They are not then going to get kicked out because they can't afford to buy. That may also mean that we have to move slightly away from a home ownership model and back to rent."*

The housing market is not currently incentivised to provide affordable housing. This issue was detailed through a number of submissions to the Commission's previous Inquiry on this matter.

At best a significant increase in development capacity and new houses will help curtail significant price escalation. There is also a commercial aspect to when land is 'shovel ready' for building new housing which is largely beyond the control of local authorities. Firstly, councils might rezone greenfield land for new housing and provide the necessary trunk infrastructure but then real or perceived commercial benefits in 'landbanking' and piecemeal subdivision result in a slow release of sections to the market. Similarly, councils might undertake upzoning of appropriate urban areas with existing infrastructure capacity only to then witness suboptimal redevelopment and/or long 'lag times' which inhibit the desired outcome. Factors

that contribute to this are many and varied including fragmented ownership, developer interest/capacity/capability, negative perceptions and resistance from within existing communities.

Further intervention and delivery models are therefore required in some instances to ensure sufficient housing supply and to meet the segment of demand that is currently priced out of the market. Ideally this should consist of incentives to enable the market to better respond to the type and timing of demand and also mechanisms to require action should those incentives prove ineffectual (i.e both carrots and sticks).

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?

Successful practice from overseas suggests that New Zealand would benefit from:

- rating and/or taxation practices which disincentivise landbanking
- consenting powers which in some cases allow for 'sunset' clauses on development rights
- compulsory acquisition powers for redevelopment and regeneration objectives
- requiring certain housing affordability outputs as part of zoning and consenting processes
- greater Government, local government and other public agency resourcing for and involvement in delivering affordable housing, including in partnership with the private and third sectors and iwi (e.g. development authorities, regeneration agencies, housing development trusts, etc)
- financial incentives for local authorities who meet jointly agreed planning related KPIs
- a more directive national planning framework to provide certainty for implementing national policy (e.g. climate change), reduce delays associated with litigation, standardise common processes, etc
- higher mandatory standards in the NZBC akin to the UK Code for Sustainable Homes

To a greater or lesser extent these measures can assist the supply of effective land or development capacity for housing but would also contribute to the wider objective of 'construction sufficient new houses, improving the quality, range and affordability of housing, and ultimately enabling the advancement of sustainable communities in which people can and want to live and work'.

Examples of these practices in Australia, Canada and the UK are of particular relevance. The Urban Technical Advisory Group of 2010 and the Local Government Infrastructure Efficiency Expert Advisory Group (EAG) recommendations from 2012 have already picked up on many useful approaches that could be utilised in a New Zealand context.

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?

These are indeed the principal acts governing the System, as defined by the Commission. In a wider context the well-reported weaknesses of the Unit Titles Act 2010 could be included within this Inquiry as it can disincentivise the delivery of town house and apartment buildings and understate the latent demand for housing in this market segment.

Q14

How accurate are 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?

Most long-term demand forecasts associated with growth management strategies, including the UDS, utilise Statistics NZ population and household projections as a basis for planning purposes. Whilst this is a legitimate practice in the absence of a crystal ball it requires frequent monitoring and review to adjust for macro-economic factors affecting population movements such as global financial performance and changes to immigration policy.

In greater Christchurch, to account for the unique circumstances presented by recovery activity the UDS partners have worked with CERA and MBIE to develop an Integrated Model which builds in demand arising from short-term factors, including the influx of temporary rebuild workers and the temporary accommodation needs of households vacating their residences due to house repair or rebuild work.

The three territorial authorities in greater Christchurch also track housing supply. For Selwyn and Waimakariri district councils this is primarily a greenfield housing supply and is monitored from rezoning, subdivision consent, s224 completion, and building consent (acknowledging that this is not always a linear pathway). In Christchurch City there has also been analysis of macro-level capacity within existing urban areas through:

- a periodic residential vacant land register,
- brownfield site identification and constraints analysis, and
- desktop comparison of theoretical zoning capacity versus actual dwellings derived from the Council's ratings database

Q16 (and Q22)

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

Rules and regulations within the System help provide certainty and a clear baseline for development, particularly for applicants who might otherwise attempt inferior development. This does not mean alternative and innovative approaches are not enabled, simply that such proposals require assessment on a case-by-case basis and potentially a level of public notification given their bespoke content. As outlined elsewhere this can be a deterrent to developers as it increases development risk, notwithstanding that this can be significantly minimised by seeking pre-application advice early in the concept development phase.

Ensuring that such controls are necessary and proportionate is derived through regular plan review and its associated statutory consultation. The dilemma that there is potential for greater financial gain for developers by pushing the boundaries of such regulation means that some tension is inevitable. The System is there however to achieve the best outcome for the community as a whole and helps minimise any potential for problems which might arise in future when the developer has no obligation to remedy and all eyes turn to the local council for remedy (an example would be failure of a privately provided packaged wastewater treatment plant).

Q18 (and Q20)

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

As highlighted in the above response to Question 2 and detailed in the Issues Paper (p33), the three statutes do not easily facilitate integrated decision-making but are not fundamentally flawed. Strategies and plans prepared under the LGA2002, including the UDS, have provided a useful coordinating mechanism

to assist decision-making but do not currently have sufficient legal standing within the current system to be effective in their own right.

This has therefore necessitated significant effort in greater Christchurch to translate the relevant aspects of the UDS into the statutory documents prepared under the RMA, LGA and LTMA. Not only has this delayed achievement of planning certainty, it has proven to be a costly legal exercise for the local authorities involved.

On a pragmatic level, the interdependencies that exist and which effect the likelihood of achieving outcomes under any one statute quickly highlights the need for cross-agency and authority governance frameworks. In that regard, the successful development and implementation of the UDS to-date has been as much to do with the strong political and organisational relationships that have been developed along the way as it is the collaborative approach on establishing the evidence base and on technical matters. This platform takes time to build but then provides a high degree of agility to respond to unforeseen events.

Q19

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

Integrated land-use and infrastructure planning (not just transport) is critical to the supply of development capacity and can also be a precursor to the success or otherwise of resulting development.

Ensuring that improvements to the transport network and services are ahead of or at least in line with planned development minimises the adverse impacts of the increase in traffic volumes and the number of trips arising from the creation of new households. Councils require a good understanding of the location and scale of future development to enable this to feed into forward planning and funding programmes, including network improvement plans and the ability to charge development contributions where appropriate. Ensuring public transport services are reconfigured at an early stage to support growing communities, particularly in greenfield areas, maximises their potential uptake and patronage before travel behaviours of new residents become entrenched.

A further consideration regarding the link between transport planning, development capacity and the likelihood that development is forthcoming is the extent to which public agencies proactively facilitate transport-orientated development (TOD). This is of particular relevance for creating the preconditions for the market to take up redevelopment opportunities in areas signalled as appropriate for intensification.

Q54 (and Q55/56)

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

Whilst the latter clause in the question does not follow from the former which seems to be the suggestion, development contributions do not significantly do either. Despite the Government and media focus on the issue, they are not a significant element of total development costs and are imposed only to recover the capital expenditure necessary to service new development.

Incentivising efficient decisions about land use could be furthered by allowing development contribution policies to cross-subsidise desired forms of development, for example infill, intensification, and affordable housing models.

The recent changes to development contributions, reducing the range of infrastructure that can be included will shift this portion of costs to ratepayers and is therefore a subsidy to development.

Q58

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

Current infrastructure funding approaches do not enable local authorities to proactively facilitate more sustainable communities. They also require councils to accurately predict the scale and location of future development to be able to incorporate capital expenditure within a range of statutory plans, policies and programmes and this is not assisted by the weak legislative support for more directive planning within the System. Councils in high-growth areas would therefore benefit from a wider suite of tools to deliver infrastructure pro-actively (such as TOD highlighted above). Such tools should go hand in hand with a continuous improvement approach to asset management and pick up on recommendations in the recent OAG report into water and roading infrastructure.

Q59 (and Q62)

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

Significant research has already been undertaken across New Zealand, more recently in Auckland, on a range of alternative funding options, including review and assessment of practices used elsewhere. Whilst these do not appear to have found much favour with Government the current approach will not optimise investment opportunities that can realise economic and community outcomes in high-growth areas.

Examples include tax increment funding, local fuel taxes or charges, business improvement districts, or greater direct or indirect government funding through bonds or incentives within the tax system.

The present national transport funding framework is also a constraining factor. The GPS for Transport and the NLTP could specifically identify funding for lead infrastructure (and services) in high-growth areas that is aimed at establishing the conditions for private sector investment in housing. An example would be the provision for light rail infrastructure to unlock and incentivise redevelopment opportunities around key activity centres and along key corridors. This continues to be an intractable matter in greater Christchurch given the funding constraints of local authorities. It is also compounded by the current 'fare-box' return ratios required which inhibit such transformative investment.

The Roads of National Significance (RoNS) programme exhibits many of the aspects highlighted above, but has primarily been advanced to support the movement of freight and private vehicles, so the challenge is for Government to mirror this approach for more urban community outcome focussed transport investment.

Q66 (and Q67)

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?

Holding land in the hope of advantages derived through site amalgamation can be high risk and financially unviable, especially with the current sanctity provided to private property rights. Better enabling the aggregation of land and a wider ability to compulsory purchase land therefore need to go together to short circuit current practices.

Development in many existing urban areas that are appropriate for intensification is inhibited due to the existing land ownership pattern, often with titles in long sections with a narrow street frontage. Aggregating adjacent land is not easy for a developer and the resulting redevelopment on such a single lot-by-lot basis often struggles to achieve good urban design outcomes.

Equally, the preferred development of larger sites can be frustrated by owners of surrounding land (perhaps necessary for integrating with existing networks or communities) 'holding out' in the knowledge that they are effectively untouchable.

The role of a land acquisition and aggregation agency could be to:

- 'step in' as a last resort to compulsory acquire strategic sites where other avenues had been exhausted
- proactively purchase and hold land in strategic areas where the market is unwilling
- handle land amalgamation administrative processes (combining titles, etc)
- undertake initial masterplan consenting or physical works to make the site 'development ready'
- promote and showcase successful redevelopment to change attitudes of landowners or developers

Q68 (and Q69/70)

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

Central and local government policies do not prevent landowners from selling land and only a Government's taxation policy would really play a significant role in influencing landowner decisions to sell land. Currently, with implementation of a capital gains tax not being favoured, property is an attractive investment compared to other investments.

Local land use policy can also play a part in influencing landowners intentions to sell. Rezoning land for higher value uses might prompt a sale from an investor to a developer for example, or a laissez-faire district plan might lead to landowners simply holding land, effectively speculating on a future rezoning.

The System clearly might also encourage or discourage development, depending on the level of direction and specificity of land identified as being appropriate for development. If plan rules or infrastructure programmes seek to avoid development in a particular area then it becomes increasingly difficult for that land to be developed, aside from for uses that are already permitted.

The issue here is how can the System encourage development in a timely manner and outweigh the financial advantages of land banking. Increasing the financial costs for landowners who are simply holding bare or underdeveloped land would require some careful thought to avoid unintended consequences. For example, shifting the burden of local rates more to land value than capital value would better recognise the redevelopment potential of land but would also increase charges for older housing stock on larger lots which might adversely impact asset-rich cash-poor households such as the elderly.

Q71

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

Covenants are very common for new greenfield housing developments and can help play a role in ensuring the marketed subdivision concept is maintained during its build out. Covenants will however often be

unnecessarily restrictive (e.g. no relocations, on-site construction, minimum building platforms, etc) and sometimes misused, becoming overly pedantic and dogmatic (front door colour, gardening dress code, etc)

Whilst recognising that developers have a desire to protect the value of their development this blunt mechanism often stifles creativity, innovation, diversity and affordability. The need for covenants for anything but the initial phase of a development is also questionable. As they 'sit outside' the System and house buyers in new subdivisions have little or no other option than to accept them they warrant attention as part of this Inquiry.

Q72

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

Aside from the obvious ability of this legislation to expedite land use change to facilitate the provision of housing to meet existing and anticipated demand, the initiative has helped established a greater central/local government partnership and 'systems' approach in the locations where the legislation can be applied.

To be truly effective however it relies on councils in such areas already being substantially 'geared up' in relation to understanding the identified needs, suitable locations and associated infrastructure and facilities planning necessary to support the development of new or growing communities. The risk is that where this supporting evidence is not well-known the imperative to establish supply will not be well considered and will not be part of an integrated delivery programme.

The Accord between Government and Christchurch City Council recognises that the land supply issues enables through HASHA had been substantially addressed through the LURP and so the focus of the Accord was more orientated specifically to housing affordability and on-the-ground central-local government initiatives.

Q73

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

Albeit under different circumstances, the CER Act and the resulting strategies and plans have similar advantages and disadvantages for the delivering housing outcomes as pertain to the HASHA legislation. It is well-known amongst the recovery strategy partners that were it not for the platform of collaboration and strategic planning that existed pre-earthquake the process of recovery would have been a much greater challenge.

The wider lessons for New Zealand are really to do with the value judgements and balances to strike in the leadership and decision-making processes of recovery. The recovery plans already highlighted, and the current development of a recovery plan for the Port of Lyttelton, provide much needed certainty for the planning environment and help support commercial investment decisions. This has required a level of direction and detail that in normal circumstances might either be left to the market to determine or would be tested through the democratic processes enshrined in existing legislation such as the RMA. With these recovery frameworks now in place, and as the need for urgency diminishes, the extent to which more deliberative decision-making is reinstated becomes a key matter for debate.

As stated above, the ability for the councils and other agencies to move quickly and decisively has been greatly assisted by the relationships and trust built up over the past 10 years in working on the UDS as much as the enabling legislation.

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?

The LURP made more land and greater capacity available for housing through immediate changes to RMA documents by:

- rezoning identified greenfield 'priority area' land (such at Highfields, Highsted and Rangiora)
- amending the City Plan to enable greater intensification opportunities

The LURP also established the conditions for further land to become available through:

- inserting a new chapter into the Regional Policy Statement which identified further greenfield land
- setting out a series of actions which would lead to the rezoning of identified greenfield areas and further enable intensification

It is patent that these changes result in more land being available for housing and provide greater capacity in existing urban areas. As stated previously to a large extent this mirrored the settlement pattern and greenfield areas envisaged through the UDS however a significant departure has been a relaxation of the staging provisions in favour of a more market-led supply response.

The evidence being sought is perhaps better targeted at the extent to which actual housebuilding has occurred in such greenfield areas or as a result of the intensification measures instigated. A LURP Monitoring Report, being prepared by CERA in collaboration with recovery strategy partners, is nearing completion and will assist the Commission on this matter.

Conclusions and recommendations

Drawing from the above points the UDS Partnership would like to reiterate the following key points which need full consideration as part of the wider debate and to provide context for the scope of this inquiry:

- there is no magic silver bullet to this issue, opportunities for improving housing outcomes are likely to be found through small contributions in many places, rather than in any single large solution
- the goal should not simply be a matter of releasing more land or construction new houses but improving the quality, range and affordability of housing, and ultimately enabling the advancement of sustainable communities in which people can and want to live and work
- the current planning and development system is not 'broken' but could be made to work better through greater support for strategic planning frameworks which guide future development, more integrated central/local government initiatives, greater standardisation and faster adoption of identified good practice
- local authorities can facilitate opportunities for new housing (both 'up' and 'out') but the timely provision of housing to meet bulk of demand is largely in the hands of private sector developers and so their decision-making would benefit from a greater range of incentives and powers ('sticks and carrots') to address existing market failures
- the housing market is not currently incentivised to provide affordable housing and the price of new housing is fundamentally guided by the price of the existing housing stock (investment in which is overly encouraged through the taxation system compared to other forms of investment)
- there is a balance to be struck between the need to provide for demand expeditiously and the rights of affected parties to challenge decision-makers and this balance may vary under different circumstances and stresses across New Zealand
- the current infrastructure funding options and powers available for public agencies to initiate transformative infrastructure investment are weak. To stimulate demand in existing urban areas and further establish the conditions for private sector investment, new models for upfront investment in enhanced urban services and amenity are required, particularly in relation to public transport.

The UDS Partnership welcome the Productivity Commission's continued exploration of matters which impact the supply and affordability of housing in New Zealand and look forward to

A proposed collaborative session in February with the Commission inquiry team, the three territorial authorities, regional council and other agencies involved in progressing this matter in greater Christchurch will provide a further opportunity to consider these issues ahead of the release of the Inquiry's draft report in May 2015. This will also be a chance for UDS Partners to elaborate on this submission and provide concrete examples of initiatives and good practice to assist the Commission's work.

December 2014

END