

DMS 1232079

19 December 2014

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

Dear Steven

#### USING LAND FOR HOUSING: PALMERSTON NORTH CITY COUNCIL SUBMISSION

Thank-you for the opportunity to lodge a submission on your Issues Paper "Using land for housing" dated November 2014.

Unfortunately due to current workloads on the Palmerston North City Sectional District Plan Review my strategic planning team have been unable to complete a full review of the Issues Paper.


I do however wish to make the following broad comments regarding the use of land for housing in Palmerston North City:

- a) As part of the Sectional District Plan Review the Council recently approved the Whakarongo Residential Area, a greenfield residential area capable of accommodating approximately 700-900 new homes.
- b) The Whakarongo Residential Area, together with the existing residential land-bank within the City, provides approximately 15 years land supply based on current household projections and preferences.
- c) Importantly the Council has allocated network infrastructure programmes within its Asset Management Plans and Long Term Plan to support residential development within the Whakarongo Residential Area.
- d) The Council does not have the financial capacity to provide network infrastructure in other locations to support integrated greenfield residential development.
- e) The Council is about to write to all major landowners, developers and government departments within the City asking if they have any landholdings which they consider may be suitable brownfield residential development within the existing urban footprint of the City. The Council will then work proactively with those landowners to remove any barriers to such development, e.g. zoning issues.

- f) Palmerston North City currently has three major greenfield residential developers, one of which is also completing a large number of infill developments. No major developers currently own land within the Whakarongo Residential Area. The Council owns a portion of the area and is yet to seriously consider its options regarding this land.
- g) Key developers have advised the Council that it is not in their best interests to release sections to fast as it will soften the market.
- h) As part of the Sectional District Plan Review the Council is looking at providing for “minor / second dwellings” as a permitted activity on a site with an existing dwelling without the need for subdivision and separate services. The intention is to meet the growing demand for small affordable accommodation which is not typically being met by the development sector. It is anticipated that it may also provide an income supplement to first home buyers assisting with overall housing affordability.
- i) The Council is also looking at incentivising well-designed medium density residential development via the use of the restricted discretionary activity status together with a non-notification clause. To date medium density development within the City has not been well supported by the local development community. The Council believes that poor design and poor site selection for existing medium density developments has contributed to this problem. The proposed approach is that provided the development goes through a rigorous design review process it will not require the written approval of neighbours. The feedback we have received from the development community is that they would prefer to have conversation with Council regarding design as opposed to going to their neighbours for sign off on a particular medium density development.
- j) As a general comment the traditional forms of greenfield residential development occurring within New Zealand and the reluctance of communities to accept urban intensification appears to be contributing towards housing affordability issues. These issues are not easily resolved. As cities grow the traditional forms of residential development and the housing expectations of citizens will need to change. Greenfield residential development is expensive as it requires new network infrastructure. The transparent funding mechanisms of local government requires that the costs of this network infrastructure is covered by those who create the demand. Not only is greenfield residential development expensive, compared to many international cities the public transport and general amenities available in new greenfield areas is poor. This heightens the demand for residential areas close to existing facilities and employment. Combine all of this with a general desire in New Zealand for large homes and the result is unaffordable housing.
- k) While it is no doubt dictated by the brief, there appears to be little recognition of the impact the actions of the private sector, overseas investment, property investment and the availability of finance has had on affordable housing.

If you have any questions or require further clarification please contact David Murphy, City Planner, Palmerston North City Council.

Yours sincerely



Paddy Clifford  
**CHIEF EXECUTIVE**