



Using Land for Housing Inquiry

New Zealand Productivity Commission

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**Submission on Using Land for Housing – NZ Productivity Commission Draft Report June 2015 -
by the Auckland District Council of Social Services**

The Auckland District Council of Social Services works across the Auckland Isthmus, which is the former Auckland City Council area. We also work at an Auckland regional level, particularly in the specific area of housing, where we have a specialised committee including external experts and housing practitioners meeting regularly. We are also active regionally in training and in advocacy and submissions on social policy and on provision of community and social services. We can be contacted at PO Box 6817, Wellesley Street, Auckland 1141, phone 09-6341494 or 0272479662 or email at northeyr@xtra.co.nz.

ADCOSS has a membership base of over 100 community groups and individuals including health, migrants and refugees, social and community housing, Maori, Pacific, older adults, family services, education, community, youth and disability sectors. We have a diverse elected executive of 12 who are responsible for this submission. We are affiliated to Community Networks Aotearoa nationally.

Introduction

ADCOSS welcomes the opportunity to comment on the draft report and recommendations. It raises many important issues and possible solutions to the shortage of housing in Auckland, particularly healthy affordable homes. These issues and possible solutions affect the capacity of, and opportunities for, social and community housing providers and of developers, iwi, councils and other housing providers to provide supported healthy affordable housing and improve the lives of people, families and communities with whom we work.

We recognise the benefits of making a greater amount of appropriate land available for housing more cheaply, more quickly and with greater certainty. However, we have framed our response with a number of considerations pertaining to affordable housing availability that are not sufficiently evident in the draft report nor the potential solutions recommended.

The first is the extent to which structural factors impact on individuals, families and communities causing poverty and serious disadvantage, including housing disadvantage that are beyond the scope or ability of a land availability and delivery framework alone to solve. In our view it is these structural factors that are the prime cause of many people and families being disadvantaged, suffering poverty, unable to access secure healthy affordable housing and in need of support and assistance to access appropriate housing and social services rather than being caused by individual deficiencies or weakness or inadequate or inappropriate land access policies. Many structural factors appear to be worsening and increasing disadvantage among many people, families and communities with significant negative impacts. These mean that demands for affordable housing and for family, community and social services will tend to increase. Greater acknowledgement is required in policy-making about the role of structural factors and of inequality as key determinants of health and well-being and therefore as drivers of demand for affordable healthy housing. A key role of community housing and services providers is to be responsive to the needs of the most disadvantaged and to inform central and local government of the issues and gaps to ensure that resources and services are directed where they are most needed in an effort to reduce inequality and increase the health, wellbeing and welfare of citizens.

One apparent assumption, repeated through the report, is that the major impacts of Council, RMA and other controls on the zoning and release of land for housing are to delay the release of such land unnecessarily. The assumption is that the consequence is often to prevent enough housing land being made available, and to make the land and housing on it unnecessarily expensive. In our view this assumption is largely erroneous.

The true economic and social cost of housing has to include the costs of providing physical and social infrastructure for residents. For both greenfields, in particular, but also brownfields, developments, the total costs of effective provision of roading, public transport, water and wastewater services, power, gas, developed parkland, community and recreation facilities, libraries, health centres, retail outlets and the like have to be taken into account by Council and other regulatory bodies. This comprehensive calculation of long term costs is needed in deciding whether it is cost effective and appropriate economically and socially to agree to use a particular area of land for housing at that time, particularly if it is relatively remote from existing infrastructure and services. Environmental considerations are also very relevant if the land is subject to flooding, slips, pollution, is at risk from earthquake damage or sea level rise, or is particularly vital for horticultural production, mining, cultural or heritage purposes or to meet urban design and quality of life objectives. All of these issues also have very important economic and social costs as well. We are concerned that if undue pressure is placed on local authorities quickly to release land for housing under the RMA, then mistakes and problems will arise. This could include building on flooding or earthquake prone land for example. The blame will then be focussed on the consenting authority. It is more important to get things right in this vital area of regulation and of the lives of people and of the nation.

For health, economic and social reasons it is also vital that Councils and other regulators insist that before consents to build are granted they are satisfied the housing will be healthy, adequately insulated, energy efficient, accessible, is not going to leak or be damp and is safe and, for rental accommodation, that it meets the requirements of a Warrant of Fitness. Such a requirement for a Warrant of Fitness for all rental accommodation needs to be acted on urgently. Older homes are

often uninsulated, damp and unhealthy and It is now reported that an increasing proportion of new builds are even failing the minimum standards required by Council building inspectors So, although it is important to have speedy decisions and certainty and no more bureaucracy than necessary, it is even more important to ensure that the most appropriate and cost effective decisions are made about land use and about the housing built on it. Currently many land owners are satisfied simply to make capital gains from rezoning and other causes of rising property prices and are land banking rather than providing homes.

Another apparent assumption in the draft report is that restraints and controls on land use are the most important contributing factor in the failure to provide enough housing and at affordable prices. Our experience is that there are a number of areas where policy and regulatory change ought to be made that would each have at least as much beneficial impact on the provision of affordable housing. The costs of building materials and of building construction methods are much higher than in Australia. There needs to be Government intervention to diversify the sources and reduce the costs and to reduce excessive waste of building materials, to simplify and co-ordinate building construction methods and processes and to up skill the workers involved. The cost of purchasing residential housing is far too high largely because the New Zealand tax structure excessively and inappropriately rewards investment in housing and property on a relatively tax free basis while considerably taxing more productive investment, company profits and wage and salary income. A capital gains tax, property tax or similar measure needs to be introduced to help get the purchase price of housing down to accessible levels for those on medium and low incomes. In at least Auckland and Christchurch the District Plans should incorporate inclusionary zoning, a requirement that at least 10% of all significant new housing developments are made up of retained affordable housing.

There is some truth in the Commission's assertion that existing home owners have a disproportionate influence in local council planning processes at the expense of new residents and of future generations. One effect is to discourage housing intensification which is desirable as it should lower the prices of new housing and of infrastructure. The government could be more proactive with developing National Policy Statements aimed at providing certainty and reducing land and housing costs. However it would cause unpredictable and undesirable local impacts if government could intervene on an ad hoc basis. In particular we oppose the government banning minimum sizes for apartments, not requiring balconies and maximum building heights rather than allowing such when and where a local Council has decided, after consultation and hearings, that these are often appropriate for health and quality of life reasons, particularly for families and vulnerable people. We also agree that Crown and also ports and airports should pay rates on the land they own in order to encourage public agencies to use their land more efficiently and to release excess land for housing and infrastructure, particularly schools and health facilities. Central Auckland desperately needs a school, and maybe it could be built on surplus port company land. We also agree with the report that Councils should resist their ratepayers' concerns when debt should indeed be used to pay for long term assets and the costs of growth so that future users of these assets pay their share of the costs. Ratepayers are inconsistent when they borrow substantially for their businesses and have large mortgages on their properties while opposing their Council borrowing on a much more secure basis. We agree with the report's concern that creating Council Controlled Organisations for core council services like transport, water and other infrastructure is likely to create co-ordination problems and in general does not help resolve problems with excessive house prices. As recommended in the report, establishing an Urban Development Authority in major centres could well help renew communities and provide

substantial affordable housing provided that it is a transparent, well funded and publicly accountable body.

The Government needs to abandon plans to sell off much of its social housing stock and instead needs to intervene to ensure that at least 10,000 affordable homes are built every year. Community Housing and iwi housing providers need to be able to access income related rents for those tenants who would qualify for state housing. Central and local government and financial institutions need to provide and guarantee low interest loans and bonds for reputable community and iwi housing providers. Urban sprawl has unnecessarily increased the overall cost of infrastructure and of living generally. Rental housing needs to be made a more attractive and secure options through appropriate law changes which would introduce requirements such as a just cause for eviction, not encouraging vacant possession for landlords, and much longer term tenancy agreements.

We are certainly willing to meet with the Productivity Commission in Auckland to discuss our submission.

The following for your information are our responses we made to some of the specific questions you asked in your issues paper late last year.

Q1 What other factors should the Commission consider in evaluating the role of the planning and development system?

Helping to ensure access to secure accommodation.

Helping reduce inequalities in housing provision

Helping ensure housing is quality, affordable and healthy

Helping ensure good urban design

Helping ensure appropriate and adequate physical and social infrastructure is provided contemporaneously with new or intensified housing.

Q2 Is a different type of planning system required to meet the needs for housing in New Zealand's fastest growing systems?

No, the current planning system is basically appropriate in the issues and requirements it considers and brings to bear on decision-making. Only some tweaks would be useful to achieve greater speed, certainty and uniformity.

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

Adequate supply, affordability, healthy, fairness, accessibility, good urban design, minimum risk from natural disasters, minimum risk of leaks and other design and construction failures.

Q4 Would further regulatory or other interventions be required to achieve an increased supply of affordable housing?

Yes the other interventions listed above in the last two paragraphs of our introduction, and possibly others would be required. These should include: ensuring reduced costs of building materials: ensuring more cost effective construction processes: a capital gains tax or similar

measure to eliminate the current bubble in investment in owned and rental housing; a major construction rather than sell down programme by the state and other agencies of both social and affordable housing stocks; more intensified residential zoning should be provided where infrastructure provision is adequate and appropriate; better financial and other support for community and social housing providers; and inclusionary zoning requiring at least 15% retained affordable housing in all developments of 15 units or more.

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

Analysis of records of resource consents, other approvals and plan changes in terms of time taken to make decisions and of the public and land owner acceptance and utilisation of these decisions.

Q7 What policies and practices from other countries offer useful lessons for improving the supply of effective land for housing?

Those of Vancouver, Seattle, Queensland, Melbourne, Perth, and Portland.

Q8 Are there other statutes that play a significant role in New Zealand's planning and development system?

Yes, the legislation that covers the provision of utilities such as power, gas and telecoms and the largely unco-ordinated and often inadequate provision of schools and correctional facilities.

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

Understanding the detail is hard. Local authorities need to ensure that the overarching strategic and policy statements at the beginning sections of plans are clear, unambiguous and in readily understood language.

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

Yes it is, and usually appropriately. It is, and needs to be, appropriately balanced against other appropriate objectives like: urban design, transport planning, healthy and safe housing requirements, cost effectiveness, risk mitigation, economic development and quality of life.

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 effectively?

They do, or ought to, post or deliver these proposals for land use Plan provision or changes to all ratepayers and residents who are potentially affected and give them a genuine opportunity to be heard in writing or in person. They do, or ought to, also make these proposed provisions and the opportunity to comment and submit on them available on line. Both processes are essential as some people do not use one or other process.

Q12 What steps do local authorities take to understand and incorporate the views of people who do not formally engage in the Plan process?

Local authorities should be going to where people are and gather together, particularly at popular local events and locations.

Q15 How well do zoning decisions reflect demand and supply forecasts?

Generally this is done pretty well. However the Ministry of Education, Department of Corrections and other Government Departments are often behind in providing for their needs. They and major private businesses do sometimes generate or seek to generate substantial

unanticipated housing demands.

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

Reasonably effective

Q17 What are the most effective processes for testing proposals?

These are round table discussion between key stakeholders and also very practical research.

Q18 How effective are local authority processes for connecting decisions across different planning frameworks?

They are reasonably effective. Local authority processes for connecting decisions across the different planning frameworks are generally harmed by the substantial statutory and in practice independence of Auckland Transport and Watercare.

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

Adequate planning and actual contemporaneous provision of transport capacity for housing developments are very important for the appropriate supply of development capacity.

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?

In Auckland the bulk of submissions or feedback on the draft Unitary Plan were generally supportive of a relatively compact urban form but opposed to most provisions for intensification or new residential zoning in their own neighbourhood. The pressure they applied to both elected representatives and planning staff resulted in decision-making that watered down the original strategy too much. In the current mediation and hearings processes the well-resourced developers and their lawyers are having much more sway compared to ordinary residents and community groups and the final decisions, on the other hand, may not take enough account of urban design, amenity and environmental issues. These are an almost insuperable problem for planning and for democracy generally.

Q21 Do rules or Plan requirements in your area unnecessarily restrict the use of land for housing?

No. In Auckland they do not unnecessarily restrict the use of land for housing.

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

It certainly is important and very useful.

Q23 Is certainty of implementation more important than flexibility?

Certainty of implementation is less important than flexibility in order to encourage innovation and better practice and outcomes.

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

Generally yes.

Q27 Do variations in planning rules between councils complicate, delay or add unnecessary costs to the process of developing land for housing?

Often this is true. More importantly though it is important to allow for the expression of locally appropriate solutions, local culture, innovation and best practice by allowing some diversity.

Q31 What explains the variation between jurisdictions?

One explanation is the relative scale and complexity of applications and projects happening in larger centres.

Q32 What are the impacts of notification on the supply of development capacity?

The impacts of notification on the supply of development capacity are not great. There is only a significant impact if the concerns raised by submitters are considered compelling and valid by the hearings panel involved.

Q35 Does the type of person making decisions on resource consent applications affect the outcome?

It has little effect – the quality of staff advice is more important.

Q38 What impact do conditions on resource consents have on the viability of development projects?

Sometimes they do impose costs or requirements that make the project unviable. In most cases this is quite appropriate because the applicant gave no or insufficient consideration to very important and valid concerns.

Q40 Are there issues relating to the process for challenging or changing decisions?

Not generally.

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

They are usually intended to help and usually have the effect of doing so.

Q45 Provision of adequate public transport to a development is often delayed too long and sometimes has still not occurred.

Q48 Are there differences in the approaches taken between council controlled and private organisations?

It is harder to get alignment and collaboration with private companies e.g. electricity lines companies than with CCOs and harder with CCOs than with Council Departments or business units.

Q53 Are there particular types of development that are less costly to service with infrastructure?

In general infill and brownfields are considerably less costly to service with infrastructure than greenfields. This is because there is already infrastructure provided that essentially only needs to be enhanced and also because the length of the additional pipes, wires and roads is much shorter than it is to link up with remote areas.

Q55 Are development contributions used exclusively to drive efficient decisions about land use?

They are used to promote broader goals as well, particularly ensuring appropriate infrastructure.

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

They have had little effect. Where they are having an effect is where it has become too costly for a Council to provide the necessary associated infrastructure out of rates income and therefore it is probable that it will result in some residential development applications being turned down in consequence.

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

The effect is generally beneficial

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

Yes they do. In Auckland private motorists ought to contribute through fuel tax, tolls or charges.

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

Betterment levies; restoring the previous broader provisions for development contributions; fuel taxes; tolls; land taxes; temporary accommodation or bed taxes; airport departure taxes.

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

These are disadvantages on balance. The advantage from having a CCO of an independent, specialised, businesslike approach is somewhat more than countered by the lack of full alignment with a democratically determined overall strategy originating from the Council and more creation of silos in decision-making and delivery.

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

Yes. It is harder to achieve co-ordination and alignment.

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

Its impact is generally negligible.

Q65 To what extent are requirements barriers to Maori aspirations for building housing?

These are not usually substantial barriers. Undue caution and resistance from financial institutions for iwi, co-operatives and voluntary agency providers is a much bigger barrier.

Q66 Do some local authorities have processes in place that make land aggregation easier?

Central or local government should buy up well in advance of need large contracts of land suitable for co-ordinated development of business and housing provision.

Q67 Who should establish public agencies that can aggregate land in New Zealand cities?

Yes. Central and / or local government should do this.

Q70 Does the setting of rates on the basis of land value or capital value influence the supply of land for housing?

There is no evidence that the rating system in itself substantially influences the supply of land for housing.

Q71 To what extent are private covenants restricting the supply of development capacity?

They restrict to a very real extent unfortunately. This is because it usually means that fewer housing units and fewer or no affordable housing are provided in such housing developments.

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

These are advantageous on the whole in quicker securing of zoning for new housing or for greater intensification and usually somewhat quicker in the actual provision of housing.

We now provide our suggestions on some of the specific questions you have asked in your June

2015 draft report.

Q 3.3 Are there other functions and activities that should be included in a new legislative avenue for cities?

They must include fully adequate and appropriate social infrastructure and policies including those of importance for Maori and ethnic groups.

Q4.2 What are the merits of statutory controls on subdivision covenants...?

Yes they are essential, as we have found with the large brownfields Stonefields development which excludes affordable and social housing. They should not be allowed to exclude affordable or social housing nor particular types of people such as mental health consumers, ex-prisoners or refugees. These people need ready affordable access to healthy housing and to their work and social support networks and also we need to recognise that mixed communities are much healthier and safer economically and socially. Only heritage and environmental covenants should be permitted.

Q4.3 What impact would further narrowing eligibility to make further submissions have on plan change processes?

It would be disastrous because the good ideas that local residents and experts might have would not be able to be utilised to modify and improve the plan change. It would cause fear and resentment from those potentially affected because people were excluded from the process and key information about it.

Q7.1 Does New Zealand's current system of rates mean that a straight adoption of tax increment financing schemes used overseas is not suited as a funding tool for growth-related infrastructure?

Hopefully not, and if it is the law should be changed. It is a very fair, fruitful and sustainable system and should be used to help pay for Auckland's Inner City Rail Link and other major infrastructure projects that clearly particularly benefit identifiable land owners.

Q7.2 Are there any barriers that are preventing developers from challenging contributions?

No, none that are inappropriate.

Q9.4 Would there be merit in expanding existing powers in the RMA to enable Ministers to direct changes to District Plans and regional Policy Statements that provide insufficient capacity to meet population growth?

No. These decisions are best made not on ad hoc basis but transparently with full public consultation within and by the region. The appropriate place for Ministerial direction is strategically and transparently through the use of National Policy Statements and appropriate investment, particularly in infrastructure.

Q9.6 What are the costs and barriers for a council in transferring from a rating system based on capital value to one based on land value?

There would be significant transition costs to the new system and it could make some land area less intense uses like grain farming, a park, or quarrying unaffordable so a particular council would need to ensure it was overall beneficial. In Auckland's case the Government has unfortunately insisted through that only the capital value rating can be used, where it should be a choice made by Aucklanders.

Q10 What are the important design features of an Urban Development Authority? We have seen this approach working well as an urban redevelopment mechanism in run down areas of major

cities, particularly in Australia. In each case a CCO has been used which includes two elected Councillors on its Board, operates transparently and consultatively, has social, heritage and environmental objectives that are as important as its economic objectives, contains a substantial proportion of retained affordable housing and is well funded by both the city and the state.

We are happy to elaborate on these answers.

Yours sincerely

Richard Northey

Chair

Auckland District Council of Social Services