

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 -
Draft Report (June 2015)

August 2015



To:

Inquiry into using land for housing
New Zealand Productivity Commission
PO Box 8036
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c/o Bill Wasley: Independent Chair

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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' Draft Report (June 2015). 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 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:

A handwritten signature in black ink, appearing to read 'Bill Wasley', written in a cursive style.

Bill Wasley
Independent Chair
Greater Christchurch Urban Development Strategy Implementation Committee

Introduction

This submission is 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 Rūnanga o Ngāi Tahu (TRoNT), as well as the New Zealand Transport Agency (NZTA), the Canterbury District Health Board (CDHB) 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 Issues Paper for this current inquiry as well as the previous Housing Affordability inquiry and there is significant overlap between the two inquiries and the comments made in across these submissions. Submissions on this Draft Report 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 Council¹, 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.

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

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 Lyttelton 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.¹ In March 2006 the Banks Peninsula District Council merged with Christchurch City Council.

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.

Whilst much of the attention in relation to the UDS, both pre- and post-earthquake has been around its land use planning objectives, the strategy and its collaborative governance arrangements take a much broader view across economic, social, cultural and environmental well-being with an overall principle of 'sustainable prosperity'.

This holistic nature of the UDS Partnership enabled CERA and the Minister for Canterbury Earthquake Recovery to quickly and confidently engage with strategic partners on recovery related matters through the establishment of an advisory committee which mirrored the UDS governance structures.

Other Government Initiatives

The Government has and continues to enact a wide programme of reform that impacts on the greater Christchurch sub-region, its local authorities and other agencies.

This inquiry and its final recommendations therefore needs to be cognisant of this wider context, in particular:

- the amendment to the purpose of local government made through the Local Government Amendment Act
- the requirement to prepare 30-year infrastructure strategies
- the ongoing reform of the RMA 1991
- the development of Housing Accords and Special Housing Areas through the HASHA
- the move to increase the share of social housing provided through 'third sector' agencies

Local government is often but wrongly seen as being a constraint to facilitating housing supply and housing affordability whereas the challenges and solutions lie across a much wider range of players in what is a complex housing market with many different drivers.

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

Comments on Findings, Recommendations and Questions

Chapter 3 - Integrated Planning

Recommendation 3.5 *A new legislative avenue should be designed to focus on spatial plans on activities that:*

- *Are of high importance to the functioning of cities and the provision of development capacity for housing (e.g. land supply, infrastructure provision, transport services)*
- *Relate closely to the use of land or space and the management of negative externalities; and*
- *Are most efficiently dealt with at a local level and through local authorities.*

1. The UDS Partnership supports the recommendation for a new legislative avenue for spatial plans but would caution against limiting the scope of spatial plans in any way. Such plans are an important mechanism to provide the high level long term strategic direction across a broad range of issues, not just housing. They can exist at a sub-regional level and so promote collaboration and integration across territorial authority boundaries in a way that other processes do not.
2. Any future legislative avenue should support spatial plans that have been developed in collaboration with, and agreed upon by the relevant stakeholders, including community and business sectors.
3. The UDS Partnership agrees that the translation of spatial plans into RMA regulatory plans is currently not well supported by legislation. Given that there are extensive consultative processes undertaken through the development of spatial plans we support a more expedited avenue for anchoring such plans in other statutory documents to reduce the time and costs for all parties, and increase the efficiency and effectiveness of overlapping processes.
4. Ahead of such anchoring spatial planning processes under the LGA need to carry more weight (currently only 'have regard') and provide greater direction to the next step in RMA processes regarding plan changes, ODPs, zoning, rules, and the degree of notification.
5. We would like to reiterate the need for spatial plans to take a holistic view and to 'consider the inter-relationships between issues around land-use, transport and infrastructure and also to incorporate social, health, cultural, economic and environmental values', as stated in the UDS Partnership submission on the Commission's issues paper.

Recommendation 3.6 *The new planning avenue should be voluntary to allow local authorities to choose the statutory planning mechanisms that best suit their circumstances.*

6. The UDS Partnership strongly supports a voluntary approach to both the development of spatial plans and any legislative avenue to expedite their translation into associated regulatory plans. The UDS has always been a 'coalition of the willing' and as such respects the statutory functions of its partners and the need for appropriate subsidiarity to decision-making.

Recommendation 3.7 Future plans prepared under the new legislative avenue should be developed in partnership with the full set of government actors whose services matter for the functioning of cities. Given the fiscal implications of greater central government involvement in spatial planning, both Cabinet and the relevant local authority should approve such plans.

7. While there is a valuable place for greater involvement of relevant government departments during the development of spatial plans, the approval of spatial plans must rest with the local institutions that comprise its geographical scope.
8. The UDS Partnership would therefore only support a partnership approach to the development of spatial plans, with input from central government. If there is a desire by Government to ensure certain outcomes within spatial planning processes then that is the role of a National Policy Statement.

Questions

Question 3.1 Is there other evidence of the benefits or costs from New Zealand spatial planning processes that the commission should be aware of?

9. The experience of the UDS Partnership is that there are significant inter-agency benefits derived from spatial planning processes, including those cited by the Commission relating to cooperation and understanding, more efficient infrastructure planning and investment, and a greater preparedness to respond to change, not least from natural hazard events.
10. This greater multi-agency alignment also flows through to a more efficient translation of spatial plans into RMA documents, minimising the costs associated with hearings and potential associated litigation between partners. It also facilitates a greater likelihood for integrated service delivery, such as consenting 'one stop shops' based on the higher-level shared outcomes.

Chapter 6 - Planning and delivering infrastructure

Recommendation 6.1 When councils refer to the supply of land for housing, they should be clear about the readiness of land for building (e.g. un-zoned but planned-for future zoning; zoned; zoned and serviced; zoned, serviced and consented).

11. The UDS Partnership supports the recommendation around clarity of the readiness of land for housing. This is not to suggest however that councils should ensure all land identified is 'shovel ready'. Based on a robust understanding of anticipated future demand councils should ensure sufficient land is available in each stage along this development pipeline. Councils also need to balance the supply of land available through intensification as opposed to new greenfield development - the overall outcomes being a sustainable urban form, housing choice, housing affordability, efficient infrastructure provision and fully integrated and sustainable communities.
12. There are also likely to be opportunities for improved data capture through existing processes, for example information that is currently provided to Statistics NZ or the Ministry for the Environment's developing national monitoring system in relation to consenting. Having an agreed monitoring and reporting framework between central and local government avoids

duplication and reporting based on different assumptions or parameters which only serve to confuse the wider public.

Question 6.5 *Has the SmartGrowth Property Developers Forum, or similar initiatives in other regions, been effective in managing tensions between developers and councils?*

13. These initiatives create a venue for discussion of regional issues, and multiple bottom line approach. Forums of this kind, and similar fora exist in greater Christchurch, enable all parties to better understand their respective constraints and seek to identify shared approaches to resolve them.

Chapter 7 - Paying for infrastructure

Finding 7.1 *Debt is an important source of finance for urban infrastructure in high-growth areas. It enables councils to deliver infrastructure when it is most need and for infrastructure costs to be spread over the life of the asset.*

Finding 7.2 *Recent assessments have not identified serious concerns regarding local authorities' use of debt.*

14. While in principal debt financing of infrastructure by councils is supported it represents only one option across a range of funding mechanisms. Councils also need to consider the prudent provision for debt financing to address unforeseen circumstances, not least the immediate financial burden following a natural hazard event. The situation in greater Christchurch where some councils are already fully utilising prudent debt financing levels to support earthquake recovery and/or infrastructure provision for accelerated growth means that using this approach for any further transformative infrastructure investment is unlikely.

Chapter 9 - Shaping Local Behaviour

15. The Commission's draft report does not have much of a focus on the role of the private sector in provision of land and housing, although there is acknowledgement of land banking occurring. The draft report notes that full range of housing typologies is desirable but there is a lack of discussion and recommendations to address the capacity, capability and willingness of the private sector to deliver this. Further work is required around this issue and that of land banking/multiple land ownership. This impacts the supply and release of land to the market and needs to be overcome, particularly in brownfield areas to ensure growth of townships and cities occurs in a planned and efficient manner.
16. Covenants can be an issue especially where going beyond District Plan requirements, for example, minimum house size/site coverage. It is currently common practice for developers in Rolleston and Lincoln to prescribe building only one-storey and requiring double garages within new subdivisions.
17. The UDS Partnership supports a review of the covenants on subdivisions to see what is unnecessarily restrictive and adds cost, and how any conversely beneficial elements to such covenants are appropriately timebound. More information is required around this issue and the partners support further investigation in that regard. The UDS Partnership supports some form

of statutory control of covenants to ensure housing affordability objectives are not overly constrained.

Question 9.5 *What reason is there to think that the variance around assessed land values is different to assessed capital values?*

Question 9.6 *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?*

18. The draft report contains discussion on a change from capital rating to land value rating. While greater disincentives to landbanking could be derived rating on the basis of land value this needs to be weighed against other factors that influence the appropriate rating system adopted by councils. The UDS Partnership does not support a change in the rating system and cites the Local Government Rates Inquiry (Shand 2007) which considered this matter more holistically before recommending a preference for a rating system based on capital value.
19. Under a capital value rating system, those new properties pay a higher proportion of the total rates collected across the district than they would under land value. This eases the burden on the current ratepayers and directs the costs associated with growth more toward those properties that are causing the growth.
20. If the objective for this current Inquiry is how to minimise incentives to hold land then a more targeted approach to those areas would seem a more appropriate response. For instance, a targeted rate could encourage intensification of areas zoned for higher density living or development of vacant brownfield sites with funds supporting the work of councils or regeneration agencies to effect such change.

Chapter 10 - Planning and funding our future

Recommendation 10.2 *There is a place for a UDA to lead and coordinate residential development at a scale in both greenfield and brownfield settings, working in partnership with private sector developers. Legislation would be required to establish and give powers (such as compulsory acquisition) to one or more UDC's in New Zealand.*

21. The UDS Partnership does not support the recommendation for the establishment of a single Urban Development Authority for New Zealand. Nor does it support the transfer of any regulatory functions to a UDA/UDC.
22. The UDS Partnership would support the establishment of a UDA at a 'city scale' if a demonstrable need is identified and it assisted in the implementation of strategic objectives agreed through voluntary collaborations between local authorities.

Question 10.1 *What are the important design features of an Urban Development Authority? What are the risks with this approach, and how can they be managed?*

23. In Greater Christchurch any such Urban Development Authority would need to work with the UDS Partnership and be guided by the UDS and the statutory plans of its partners. Development opportunities facilitated by a UDA would therefore accord with an agreed spatial plan.

24. The UDS Partnership envisage the role of an Urban Development Authority would be limited to a 'broker' or 'catalyst' type role between the relevant local authority and the private sector and it would need to have sufficient commercial acumen to translate strategic objectives into a viable commercial proposition, be it for a housing initiative or any other identified development.
25. The Productivity Commission will be aware that both CERA and Christchurch City Council are already actively looking to establish an entity or entities ('Regenerate Christchurch' and 'Development Christchurch Limited') that broadly fall within the concept of a UDA.
26. As previously cited in the UDS Partnership submission on the Issues Paper mechanisms which better enable the aggregation of land for development are needed.
27. The aspects of land acquisition and aggregation that could be encompassed within the catalyst role of a UDA include:
 - a. proactively purchase and hold land in strategic areas where the market is unwilling
 - b. handle land amalgamation administrative processes (combining titles, etc)
 - c. facilitate initial masterplanning, prepare consenting applications or contract physical works to make the site 'development ready'
 - d. promote and showcase successful redevelopment to change attitudes of landowners or developers
 - e. 'step in' as a last resort to compulsory acquire strategic sites where other avenues had been exhausted.

General Comment

28. Whilst perhaps outside the scope of this inquiry housing affordability objectives could be further advanced through greater attention to the range of other factors that ultimately determine house price, particularly those relating to supply chain efficiency and competitiveness within the building industry. The work of the Productivity Partnership in this area is valuable but the current does not lend itself to realising such opportunities.
29. The UDS Partnership looks forward to contributing to the ongoing consideration of the matters raised in this Inquiry and the wider government and industry initiatives to address housing supply and housing affordability.