

# Using Land for Housing

## Focus Group Evaluation

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## Context

After submitting its final report on its Inquiry into Using Land for Housing in September 2015, the Productivity Commission is now conducting an evaluation of its performance. The evaluation includes: focus groups of inquiry participants; a survey of inquiry participants; an independent expert evaluation; and administrative data. Additionally, the Board will make an overall assessment of inquiry performance having regard to all elements.

This report presents the results of two focus groups held on 18 and 23 November 2015, with the following participants:

### Wellington 18 November

Malcolm Alexander	Local Government New Zealand
Hamish McGillivray	Ministry of Business, Innovation & Employment
Matt Paterson	Property Council New Zealand
Phil Whittington	The Treasury
Peter Whitehouse	Water New Zealand
David Blow	Watercare Services Ltd
Anthony Wilson, Campbell Robinson, Warren Ulusele	Wellington City Council

### Auckland 23 November

Jennifer Davies, Chris Parker	Auckland Council
Robert Simpson	Department of Internal Affairs
Todd Webb	Hill, Young Cooper
Greg Mossong	Ministry of Transport
Patricia Austin	University of Auckland

The objective of the focus groups was to provide feedback on the overall performance of the inquiry, with reference to the Commission's performance measures listed below.

1. The **focus** of the inquiry report, including:
  - the significance of the issues covered
  - whether they were covered in sufficient depth
  - the relevance of information sourced and people engaged with
2. Satisfaction with the **process management** for the inquiry
3. The **quality** of analysis of information and the quality of the findings and recommendations
4. The quality and effectiveness of the Commission's **engagement** in completing the inquiry

5. The effectiveness of ***delivery of message***, as evidenced in the inquiry reports and supporting material (summary reports and supplementary papers).

There was quite a marked difference in the nature of the feedback from the Wellington and Auckland focus groups. Since these differences may be informative for the Commission, the comments from the two groups have been presented separately under each of the five topic headings below.

Suggestions from the groups on what the Commission might do to follow-up on this inquiry, and to improve future inquiries, are highlighted in shaded boxes.

# The Focus of the Inquiry

## Wellington

### Significance of the issues

The members of the Wellington focus group felt that the issues covered in the inquiry were undoubtedly significant. Comments on the issues included:

*They have been in the too-hard-basket for too long*

*The RMA is broke.*

The Commission's inquiry was seen as a very welcome contribution to taking these issues forward and potentially getting a proper review of the RMA instead of continuing to attempt to fix problems with frequent legislative amendments.

There was some discussion about the terms of reference for the inquiry, in particular, the statement that:

*The inquiry is not a fundamental review of the Resource Management Act,....*

One comment was that the way the RMA was treated in the terms of reference could perhaps have been handled better given the close relationship between the RMA and the issues covered by the inquiry. However another person thought that the terms of reference, by not tackling the RMA head-on, enabled a constituency to be built for change over time.

Participants felt that the Commission's report had done a very good job of highlighting problems in the RMA and made it clear that the RMA could not be ignored. By doing so, this report set up the next inquiry on Urban Planning very well.

There was some concern expressed that the government and government agencies might now wait for the next inquiry on Urban Planning to be completed before acting on the recommendations in the current report. Others commented that government agencies and other stakeholders could use the Commission's report to advocate for change.

One participant felt that the terms of reference should have included a focus on regional development. A response to this was that the demand for housing had been taken as a given in the inquiry. However one group member felt that it would have been useful to also include some analysis of the demand side.

### Issues covered in sufficient depth?

Some participants commented on how well the Commission had "*got its head around the issues*". This had led to a thorough and very worthwhile report which had addressed the issues in sufficient depth.

One person commented that the depth of analysis varied a bit: some areas seemed to be added in the later stages of the inquiry and these were covered in less detail than those developed and commented on as part of the draft. An example of this

was the proposed threshold for the price difference between developable and non-developable land (R12.9 - R12.11).

Another area of discussion was the inquiry's handling of charges for new infrastructure. Comments on this topic included:

- that the Commission could usefully have proposed alternative funding mechanisms.
- that the critical issue was to have charges that are transparent (exactly how much is being paid for what). The Commission had made this point well.
- R5.17 recommended that the government replace its existing planning guidance such as the *NZ Urban Design Protocol* with material that showcases high quality cost-benefit analysis. One participant felt that a more detailed recommendation suggesting what could replace the existing guidance would have been useful.
- more focus on the need to clearly identify the costs associated with planning rules (eg in relation to housing density) would have been useful.

### Relevance of information sourced and people engaged with

Overall the group felt that the inquiry had been thorough in terms of the information sourced and people engaged with and participants were generally very complimentary about the Commission's work.

However there was concern expressed about the Commission taking on board some views expressed in submissions from developers, and including them in their reports, without sufficient scrutiny or verification. The participant had raised these concerns with the Commission but did not feel they were adequately reflected in the final report.

Another Wellington participant offered a contrary view, referencing one of the recommendations in the report (R9.2)<sup>1</sup> which might indicate that the Commission was not entirely accepting of developers' views.

## Auckland

### Significance and depth

The Auckland group agreed that the issue of land for housing was very important and that the Commission had done a good job of explaining why it needed to be addressed.

However, a number of participants felt that the inquiry focus was too narrow. While acknowledging that the narrow focus was determined by the terms of reference, the Auckland group felt that the Commission should have gone further in recognising that land is used for many other purposes besides housing. The inquiry needed more discussion of alternative land uses and the interdependencies between them,

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<sup>1</sup> R9.2 Development contributions should fully recover the costs of trunk infrastructure needed to support growth.

eg the supply of land for business and how access to employment affects the supply of land for housing. Comments included:

*When the team from Wellington came up it became clear they weren't looking at the bigger picture*

*Elsewhere, concentrating on land for housing has driven out employment...*

*Planning needs to be seen as part of a wider system (including eg immigration, the building industry)*

*It needed a wider context.*

### **Focus on local government**

It was noted by one participant that the Commission seems to have a strong and perhaps undue focus on local government in its inquiries. However another participant was grateful for the strong focus on local government as it had resulted in the Commission producing a lot of material which could be used as a resource in their own work.

Someone commented that the Commission seemed to be "on a roll" with the two housing-related inquiries now to be followed up with an Urban Planning inquiry. This was seen as positive as the Commission was clearly building its expertise over time. However there was a note of caution that any lack of understanding could be compounded from one inquiry to the next.

# Process Management

## Wellington

The members of the Wellington group were highly satisfied with the way the Commission had managed the inquiry. The process of producing an issues paper, followed by a draft report, meant there were no surprises. The Commission's process was seen as rigorous and needing to be that way.

One comment was that the Commission's process could become a model for other government agencies. That person felt that the success of the Commission's process stemmed from its "*attitude and state of mind*" and was not about it having a longer timeframe to address issues. It was apparent that the Commission saw it as worthwhile to engage and it was clear how the information gathered through engagement had been used. This was contrasted with processes run by other agencies where sometimes information was gathered repeatedly but seemed to disappear into a vacuum.

Another comment was that the Commission, by being at more of an arm's length from ministers, was able to be fully focussed on its topics. This was seen as an advantage which contributed to the quality of the process and resulting reports. One comment was that the Commission had achieved a lot in one year.

One person thought that, by not being responsible for implementing its recommendations, the Commission was better placed to propose changes that might prove politically difficult. However a counter to this was that it is not the role of public servants to make political judgements and advice provided to ministers should not be influenced by political considerations.

A comment was made about a lack of transparency regarding the Commission's engagement with certain government agencies at the draft report stage and a query about whether any 'watering-down' of recommendations might occur through that process. However, in response to this, a comment from a participant from a government agency was that they didn't see it as their role to tell the Commission what to say.

Making the process for review of the draft report by government agencies more transparent may help reassure other organisations about the Commission's independence.

To save time for people reviewing such large documents, it would be useful to alert people to changes between the draft and final reports.

## The Next Steps

Some group members felt there was a lack of clarity about what happens next with the Commission's recommendations and there was concern that the report could sit on the shelf alongside many other earlier reports by various agencies. While the next inquiry on Urban Planning will need to happen before some areas can be progressed, participants were keen to see some action on the Commission's recommendations as soon as possible.

The next steps should be made transparent for stakeholders and other interested parties.

## Auckland

Overall the Auckland group was less satisfied with the process used by the Commission to manage this inquiry.

A strong theme was that some of the Commission's recommendations had evolved late in the process which meant they had not been adequately tested. The main example given was the recommended threshold for the price difference between developable and non-developable land (R12.9 – 12.11). Comments included:

*It was clear that there were learnings going on as the process was worked through*

*There were new recommendations at the end of the process that had not been signalled*

*We needed earlier signposts on the direction of travel – if we had that we would have been able to provide more input*

One comment was that the issues paper was light, possibly because the Commission doesn't get specialists engaged at the beginning.

A discussion developed about the 'binary' and 'introverted' way the Commission managed its inquiries. This was characterised by the alternating phases of thinking/analysing then engaging: put out issues paper, get formal submissions, analyse submissions and put out draft report, get formal submissions etc. This approach does not allow for the fact that there are only a limited number of key informants who can put their specialist knowledge into a broader picture.

One person acknowledged that their organisation had come on board late in the process and had not been able to provide the assistance the Commission needed:

*The Commission was not well served by us and that shows in the recommendations*

*The Commission got it wrong in places but that isn't surprising*

*The process is very reliant on key people having the time to do make written submissions.*

Even though the timeframes imposed on the Commission were demanding, there were some appreciative comments about the Commission's willingness to provide extra time for submissions:

*They have always been good like that.*

There were several suggestions as to how the Commission could manage the process and use resources in a more fluid way to deal with weaknesses in the government system and avoid any surprises or recommendations that had not been tested:

- hold some multi-stakeholder meetings right at the beginning
- allow for submissions to take a range of forms, such as emails and phone calls, rather than being limited to formal submissions in response to particular documents
- communicate with key stakeholders throughout the process
- use an external panel of people from key agencies to bounce the Commission's ideas off as the inquiry progresses -
  - especially in the period between the issues paper and the draft report
  - when finalising any significant recommendations that had not been signalled in the draft report
- use a reference group more dynamically (rather than as formal submitters)
- pick up the phone to test ideas with people who are specialists in particular areas.

# Quality of Analysis, Findings and Recommendations

## Wellington

### The Analysis

Group members in Wellington commented that the quality of analysis was really good and showed a hard-headed approach to engaging with the “*meaty incentive issues*”. It was clear the authors “*really understood the underlying issues*”.

Other comments about the quality of the report were:

*I welcome the report which is very well put together*

*It's fantastic, keep it up*

*The quality of the analysis is underpinned by the quality of the engagement, both in NZ and overseas.*

### The Recommendations

One participant suggested that recommendations 8.1 - 8.7 covering the planning and delivery of infrastructure for housing developments could have been stronger in the final report. However hopefully this would be taken forward in the Commission's next inquiry on Urban Planning. The group member thought that a review of governance arrangements was critical to making progress with infrastructure.

Another comment was that the report could have gone further in recommending what an “all of government” approach or process for planning might look like, for example, by nominating a lead agency.

However the main concern was that the Commission's recommendations would not be actioned. One suggestion was that the Commission take a more active role in advocating for its proposals to be progressed. Another was that the agencies and organisations around the table needed to take the report forward.

## Auckland

### Economic focus

There was a lot of discussion in the Auckland group about the economic focus of the inquiry and a view that greater use of other disciplines, especially planning, would have led to a better result. Planning was seen as multi-dimensional compared to the more narrow economic focus of the Commission:

*They need a better way to integrate the disciplines.*

Another participant felt that the government was quite deliberate in wanting the Commission to do inquiries with an economic focus. This provided a different stream of advice to that from planners, ie the people advising councils in the main.

The Commission was seen as coming with an economic background focussed primarily on private costs with more attention needing to be paid to public good aspects such as environmental and social costs. The Commission had recommended that councils make more use of cost-benefit analysis<sup>2</sup> and yet in its own work on this inquiry the Commission had included only a narrow range of benefits:

*The Commission needs to give more thought to how it describes the benefits  
There is a lot of focus on costs but much less on benefits.*

In relation to costs, one member of the group thought that the long-term costs of housing choices had not been adequately recognised, eg costs arising from motorway congestion or a lack of land for light industry.

Another observation was that, while noting that low income households suffered most from the problems covered in the inquiry, the Commission didn't address how getting land for housing right would filter through to these groups.

### **Understanding the current system**

One person felt that the Commission had not really understood the current financing and funding arrangements for infrastructure and did not seem to recognise that councils could not fund all economically viable projects:

*The report touched on it and came close but didn't quite nail it, for example, debt constraints.*

It was thought that the Commission would need to improve its understanding of the public funding system for its next inquiry.

In parts of the report it seemed that the Commission lacked specialised knowledge and this had led to some errors of fact, for example, in discussing the use of inclusionary zoning in other countries. There was a concern that Ministers would assume that all the recommendations were based on equally sound analysis. As a result, there was a risk of some poor decisions being made.

On a more positive note, members of the group commented that the Commission had significantly increased its capability in the economics of infrastructure and had done a really good job of covering the social and inequality issues.

### **Analytical approach**

Comparisons were made between the Commission's analytical approach and a more classic policy approach, with the latter being preferred by members of the Auckland group. A Regulatory Impact Analysis following Treasury guidelines was the type of approach that could have worked well by:

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<sup>2</sup> R5.15 on p124.

- collecting the background at the beginning rather than weaving it through the report
- providing context about other related workstreams eg work on the RMA, social housing
- providing options and trade-offs
- describing the interdependencies between the recommendations
- highlighting the core set of things that the government needs to do.

One comment was that the Commission would have been better to decide early on how to structure its findings eg focus on short-term and long-term issues, or that the key thing was the need to review the RMA. Instead the Commission seemed to have used a 'pick and mix' approach. Given the interdependencies between the many recommendations, this approach did not work well here.

### The Recommendations

There were a number of themes to the discussion in Auckland about the Commission's recommendations. The first related to interdependencies between the recommendations, with group members feeling that these had not been well handled:

- some of the policies recommended rely on others being done at the same time
- many of the policies recommended might not be needed if the most effective or preferred option was identified
- there are ranges of options that might work together as a package but how these might work wasn't discussed.

(It was however acknowledged that properly recognising all of these interdependencies would have doubled the size of what was already a long report.)

The second theme was that it was not clear whether the report's recommendations added up to a solution to the problem posed. Issues were addressed sequentially in the final report but not brought together at the end:

*There is no narrative on how the recommendations will work together to solve the problem*

*It's a menu of disjointed recommendations rather than a coherent piece of policy advice.*

Thirdly, someone commented that there was a lack of balance in terms of the effort devoted to issues of greater and lesser importance. One member of the Auckland group had analysed all the Commission's recommendations and concluded that relatively few of them would make a significant impact:

*Inconsequential recommendations have been thrown in with more significant ones*

*The Commission needs to focus on what matters most.*

A final concern was that some recommendations could be misleading if read on their own without going back to consult the relevant text in the body of the report.

# Engagement

## Wellington

Wellington focus group members were very appreciative of the Commission's efforts to engage. People found Commission staff to be very open and more than willing to get out and meet with stakeholders.

The fact that the Commission had met separately with council members and staff of local government bodies was appreciated. Similarly, the Commission had talked with Property Council members and staff. One comment was that the Commission "*had bent over backwards to draw out the views*" of those they engaged with:

*Keep it up, the Commission's engagement is excellent.*

There was interest in the Commission reinforcing its messages with follow-up meetings with key interested organisations. One organisation represented in the focus groups had invited the Commission to do this and found the follow-up meeting very useful.

The briefing that Commissioners and staff gave to a small number of government agencies at the final report stage was discussed. This was a very welcome and useful meeting, however it was suggested that the size, make-up and formality of the meeting may be inhibiting questions and discussion.

Commission staff could consider holding separate smaller meetings to brief each of the key government agencies on the final report – this could be in addition to or instead of the current larger meeting.

## Auckland

One participant noted they had been given a number of good opportunities to engage on this inquiry. However they felt that it would have been helpful if the Commission had been clearer at the beginning about what they wanted from the meetings. On some occasions, more notice was needed to get the right people together for discussions with the Commission. Since councils need to coordinate input from different parts of their organisations, a reasonable amount of time is needed to gather information and pull together answers to any questions the Commission may have for them.

Two participants talked about their efforts to encourage the Commission to take a wider view in its inquiry and to involve other specialists. Unfortunately they did not feel these suggestions were welcomed.

# Delivery of Message

## Wellington

The group was complimentary about the package of materials put out by the Commission: the main reports, *At a glance*, *Cut to the chase*, and the videos.

Clearly the main report was not suitable for all audiences given its size and technical nature. However the shorter formats and videos filled that gap very well and were definitely thought to be useful. One person commented that he recommends people look at the *At a glance* first, followed by the *Cut to the chase*, then the inquiry report if they wanted to know more. Murray Sherwin's videos were also useful and showed that the Commission is approachable. The range of materials did a very good job of catering to different preferences in terms of style of presentation and different levels of knowledge/interest.

Comments from the group on the way the Commission had presented its messages from the Land for Housing inquiry included:

*It's a model for other agencies*

*It makes complex material quite accessible*

*The final report, in the way it was ordered, told a story.*

It was noted that many reports to government are not implemented and this led to a discussion of ways in which the Commission could increase the likelihood of its recommendations being actioned.

Greater pick-up of the Commission's recommendations might be encouraged by re-grouping the recommendations in a couple of annexes, for example:

- short-term, medium-term, long-term recommendations
- recommendations grouped by the agency likely to be responsible for implementation
- recommendations that require legislation, and those that don't.

Another suggestion was to create some additional material for the general public to dispel some of the misinformation about the causes of rising house prices. Rather than trying to summarise the whole report, these pieces would be narrowly focussed and non-technical, accessible to a wide audience.

## Auckland

One participant liked the multiple modes that the Commission uses to communicate its message:

*I think the Commission does that really well.*

However there were a number of comments on the size of the final report and some felt that it was too large to be useful, requiring 'tricks of the trade' to tackle it (read the overview, then the findings and recommendations). One person thought that, in

attempting to be all things to all people, the final report had ended up being inaccessible:

*There is a huge amount of information, making it hard to decide what to focus on.*

While the short summary versions, *At a glance* etc, were useful for some people, there was a need for something in between these and the full report<sup>3</sup>.

Suggestions/options for delivering the message in future inquiries were:

- prioritise the issues and recommendations
- turn the large report into a collection of appendices that would accompany a smaller report of about 50 pages
- organise the final report differently with much of the information going into appendices
- use consistent language across the different documents to make it easier to search the documents for related material
- do separate videos on key chapters/issues.

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<sup>3</sup> Some group members were aware of the summary version, however that is a 14 page summary plus the findings and recommendations. The suggestion was for a summary of 50 pages or so which might only include the main recommendations.

# Concluding Comments

## Wellington

The Wellington group appeared to be strongly focussed on the lack of action by governments to date to remedy problems with the RMA; the group expressed frustration over piecemeal legislative amendments. Some participants saw the Commission's report as a major step in preparing the ground for a significant change to the RMA:

*There are lots of good recommendations*

*It's a stepwise process.*

Group participants were overwhelmingly positive about the Commission's work on this inquiry. The favourable comments related to all of the areas discussed but were perhaps strongest for the Commission's engagement and process management. Much of what the Commission does was seen by some as a model for other agencies.

Some of the comments to summarise the Wellington group's sentiments are:

*The Commission really got its head around the issues*

*The quality of the analysis is underpinned by the quality of the engagement, both in New Zealand and overseas*

*The Commission is to be congratulated*

*Keep it up, the Commission's engagement is excellent*

*I will be promoting their next inquiry into Urban Planning.*

## Auckland

Overall, members of the Auckland group were less positive about the inquiry than their Wellington counterparts, with some of their main points being:

- the inquiry had quite a narrow economic focus and did not give sufficient weight to alternative land uses or environmental and social costs
- many of the recommendations would not have been needed if the most effective or preferred option had been identified
- the Commission should consider using a more flexible process that invites in a wider range of specialists from different disciplines and allows for a more continuous flow of formal and informal input
- the Commission was clearly building its expertise over time and would potentially have its greatest impact through its next inquiry on Urban Planning.