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Dear Mr Bailey

Thank you for the opportunity to make a submission on the *Using land for housing* draft report. This follows a submission made by Environment Canterbury on the *Using land for housing* issues paper in December 2014.

Environment Canterbury is overall in support of the work that has been undertaken by the Productivity Commission to assess and identify improvements in local authorities land use regulation, planning and development systems in respect to the delivery of an adequate supply of development capacity for housing.

Environment Canterbury's submission on specific questions and recommendations in the draft report is attached. Environment Canterbury also endorses the joint submission prepared by the Greater Christchurch Urban Development Strategy (UDS) Partnership.

Environment Canterbury would welcome further discussion with the Productivity Commission in order to contribute to developing practical, effective solutions to the issues addressed in these submissions.

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Yours sincerely,



Peter Skelton  
**Commissioner**

## **ENVIRONMENT CANTERBURY'S SUBMISSION ON THE PRODUCTIVITY COMMISSION'S INQUIRY – USING LAND FOR HOUSING – DRAFT REPORT**

### **Introduction**

1. Environment Canterbury is the regional council for Canterbury. Its role is to manage the region's land, water and air, in order to facilitate sustainable development in the Canterbury region. It works in partnership with Te Rūnanga o Ngāi Tahu and the ten territorial authorities and their communities within our region
2. Environment Canterbury's primary governing legislation is the Local Government Act 2002 (LGA), the Resource Management Act 1991 (RMA), and the Environment Canterbury (Temporary Commissioners and Improved Water Management) Act 2010 as amended in 2013. Other governing legislation includes the Canterbury Earthquake (Local Government Act 2002) Order (No. 2) 2011 and the Land Transport Management Amendment Act 2013 (LTMA).
3. As part of Environment Canterbury's functions under the RMA, it also has additional regulatory obligations in relation to national policy statements and national environmental standards.
4. While Environment Canterbury is not directly responsible for the district planning provisions which are a key matter in terms of the release of land for housing, its role as a regional council is highly relevant to housing supply issues. This is through a range of matters including the controls or directions it prescribes in the Canterbury Regional Policy Statement (CRPS) and its functions in relation to public transport.
5. Environment Canterbury is also a partner in the development and implementation of the Greater Christchurch Urban Development Strategy (UDS), which plays a key role in Greater Christchurch in relation to land supply for housing. The UDS is overseen by the Urban Development Strategy Implementation Committee (UDSIC), a joint committee including Environment Canterbury, Christchurch City Council, Selwyn District Council, Waimakariri District Council, and Te Rūnanga o Ngāi Tahu (TRoNT) and with the New Zealand Transport Agency, Canterbury District Health Board and the Canterbury Earthquake Recovery Authority (CERA) as observers. The UDS includes a 35 year growth management and action plan for Greater Christchurch and the Land Use Recovery Plan (LURP).
6. Environment Canterbury's submission on the draft report focuses on those issues directly relevant to the role it plays in issues associated with land supply for housing. Some of the questions posed in the draft report could also potentially apply to other regulatory functions that Environment Canterbury fulfils. However, the submission has only addressed matters to the extent that they are relevant to Environment Canterbury's role in housing supply. For example, question 4.3 "What impact would further narrowing eligibility to make further submissions have on plan change process? If eligibility should be narrowed, which parties should be excluded" has not been commented on in the context of land supply for housing, although this question, in a

broader sense, is relevant to other planning processes that Environment Canterbury is responsible for.

7. The inquiry considers that the availability of developable land for housing is one of the issues creating housing shortages and leading to increases in the cost of housing. Environment Canterbury recognises that this issue is a more urgent challenge for the Auckland region due to the growth pressures there. The availability of land in Greater Christchurch is managed through Chapter 6 of the CRPS. The recently published *LURP Monitoring Report* (March 2015) identified that there is likely to be adequate land available in Greater Christchurch to accommodate growth to 2028 (timeframe identified in the LURP).

8. Key themes of the submission are that:

- Environment Canterbury supports mechanisms that would improve integrated planning through spatial planning and potentially a new legislative mechanism. Environment Canterbury would welcome the opportunity to discuss this further with the Productivity Commission.
- Environment Canterbury has concerns about the imposition of directive measures which may not allow for effective responses to local and regional needs. However, we support the development of guidance to help achieve greater consistency, and would be happy to contribute to collaborative processes to develop this.
- The development of a single, national-level Urban Development Authority (UDA) is not supported by Environment Canterbury. A city-scale UDA may be supported as part of a collaborative approach with local councils where the UDA has no regulatory functions or powers.

## Issues relevant to Environment Canterbury

The remainder of the submission comments on specific recommendations or questions raised in the draft report. The numbering follows the numbering in the draft report.

### Chapter 3 Integrated Planning

**Recommendation 3.5 *A new legislative avenue should be designed to focus 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.***

9. Environment Canterbury is interested in having further discussion on any new legislative avenue for spatial plans that:
- is better integrated with the three main planning Acts (e.g. RMA, LGA and LTMA)
  - would result in an approach where:
    - spatial plans and the planning documents necessary to give effect to them (including regional policy statements and plan changes) are coordinated with the planning legislation to promote efficiency and effectiveness of processes
    - financial planning i.e. Long Term Plans would also be considered as a part of this planning framework
    - the framework has been developed as a part of a collaborative process with local authorities and other relevant agencies and parties
    - spatial plans take a holistic view and include a multiple bottom-line approach including social, environmental, economic and cultural values as outlined in the Greater Christchurch Urban Development Strategy.
10. Environment Canterbury considers that there are potential benefits from legislative change which would enable spatial plans to be translated into the planning framework (including the regional policy statement) in a more efficient manner.
11. Environment Canterbury encourages the Productivity Commission to work collaboratively with the local government sector to develop these opportunities. Environment Canterbury is committed to work with our strategic partners and other relevant parties to determine how a new legislative avenue for spatial plans might be most useful in the Canterbury context.

***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***

12. Environment Canterbury is interested in the mechanisms of how a new planning approach might work. We agree that any new planning avenue should be voluntary for local authorities, allowing a customised approach that meets the needs of each district, city or region. In the Canterbury region there are a range of different cities, towns and smaller rural communities, growing at significantly different rates, each with divergent land supply issues. It would not be appropriate for the same mechanism to apply to all.

***Recommendation 3.7 Future plans prepared under the new legislative avenue should be developed in partnership with the full set of central 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.***

13. Environment Canterbury is not supportive of the part of this recommendation that proposes that Cabinet be involved in the approval of spatial plans. We strongly consider that any approvals should continue to be made by local authorities alone.

14. Environment Canterbury recognises the need for central government to collaborate with local authorities in the creation of spatial plans. It is important that an all-of-government approach to urban development is taken so that social infrastructure including schools and hospitals is considered when making changes to urban form and function and when implementing strategies to manage growth. However the mandate for local and regional level planning must be retained at local and regional levels, to ensure appropriate subsidiarity, to provide for local and regional conditions, and to protect the interests and priorities of local and regional communities.

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

15. The Productivity Commission's draft report recognises the importance of better coordination, alignment and balance across government planning and regulatory systems, including local authorities. Determining the most efficient, practical ways forward will need a whole-of-government approach, as promoted in the State Services Commission's *Better Public Services* initiatives, encouraging improved integration as agencies work more closely together to address complex long-term issues.
16. The most efficient, practical responses to the challenges of housing will need to be determined in relation to the wider contexts of land use, risk and natural hazards management, where a number of inter-related strategic processes are focusing the efforts of councils and other agencies.
17. Environment Canterbury strongly supports the conclusions and recommendations advanced in Local Government New Zealand's 2014 'think piece', *Managing natural hazard risk in New Zealand – towards more resilient communities*. This initiative highlights key strategic priorities for more effective land use management and natural hazard management, to ensure that local and central government can fulfil their statutory responsibilities and support the growth of resilient, sustainable communities.
18. The top priority is to build connectivity and integration across the diverse agency roles, statutes, policies and systems, for improved coordination and alignment across the sector. Part of achieving this is a need to focus on enhancing information systems to make the necessary data, knowledge and expertise widely available to assist better risk management and land use decisions. These priorities need to be addressed via a collaborative process involving local and central government, business and interested parties, to develop leadership, clear direction and collective agreement on principles and best practice.
19. Environment Canterbury is interested in having further discussion on a new planning framework that would support the development of national guidance on land use planning to manage risks from natural hazards. This guidance could be established collaboratively across the country and would be useful to set direction and to support a consistent approach across territorial authority and regional council boundaries.

20. Environment Canterbury would welcome further discussion on how national guidance could aid in establishing a more holistic approach to natural hazards when planning for cities.

#### Chapter 4 Supplying and releasing of land

**Recommendation 4.6 *The Ministry of Business, Innovation and Employment and the Ministry for the Environment should, once the work of the Auckland and Christchurch Independent Hearings Panels (IHPs) is complete, evaluate the IHP process, with a view to deciding whether IHPs should become a permanent feature of the planning system.***

21. Local authorities appoint Commissioners to hearing panels. Whether they are elected member Commissioners or 'independent' Commissioners, or a mix of both, is a decision for the local authority. Choosing the appropriate Commissioner(s) for each hearing is the important factor, not whether they are an elected member or considered 'independent'.
22. Environment Canterbury notes that the involvement of 'independent' Commissioners can give the opportunity to appoint technical specialists, or those with the time to commit to a lengthy hearing.

#### Chapter 5 Regulations and approval processes

**Question 5.4 *Would national direction on what residential land-use activities should be "permitted" in RMA Plans provide net benefits? What sorts of activities should such a direction focus on?***

23. Environment Canterbury does not support a national direction (i.e. mandated approach directed by central government) for land-use activities as a number of critical decisions need to be made at the local level. Control or oversight of the following activities need a clear understanding of unique development conditions at the local level to work efficiently:
  - development in areas subject to natural hazards
  - setbacks from property boundaries in some areas
  - controls around stormwater, sewerage and water supply if not able to connect to a reticulated network
  - access to the roading network – particularly on arterial and state highways
  - past land uses and the potential for land to be contaminated.
24. Environment Canterbury would be interested in engaging with the Commission in further discussion on permitted activities in RMA Plans.

**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).*

25. Environment Canterbury is supportive of this recommendation and of providing good data and information to our communities. In our Long Term Plan 2015-25, Environment Canterbury has made a commitment to provide consistent, available and reliable data to enable communities to set priorities and measure change.

**Recommendation 6.2** *Councils should identify areas where there is existing infrastructure capacity and ensure that planning rules do not prevent intensification from occurring in these areas.*

26. Environment Canterbury is supportive of this recommendation for local authorities to identify infrastructure capacity that currently exists within urban growth boundaries and specifically within brownfield areas where additional infrastructure capacity provide further intensification.
27. This approach should not be used to permit development outside of existing spatial planning and urban growth boundaries and into greenfield areas.

**Question 6.6** *Is there a case for greater consistency of infrastructure standards? If so, what types of infrastructure would benefit from greater consistency, and at what level (regional or central)?*

28. Environment Canterbury is interested in further discussion with the Commission on developing a consistent approach to infrastructure standards, recognising the benefits to some local authorities to support decision making.
29. National guidance for infrastructure (storm water, wastewater etc.) would simplify the need for individual councils to provide design standards, but any standards would need to be adaptable to provide for local differences in section size, climate and soil characteristics.
30. Environment Canterbury recognises that national guidance as a part of a collaborative approach to promote sustainable infrastructure development could provide consistency across plans and increased certainty for developers across the country. In particular, we recognise the need for standards for water-sensitive design, erosion and sediment control, provision of wastewater reticulation and stormwater management at the regional level.
31. Given that many of these matters require an integrated approach at the regional and territorial authority level, both levels of government need to be involved in setting appropriate standards.

## Chapter 8 Governance of transport and water infrastructure

### **Question 8.3 *Would greater integration and clarity within the statutory and legal frameworks for water supply, wastewater and stormwater assist councils in providing the water infrastructure necessary to support urban growth?***

32. A key constraint for territorial authorities in providing for urban growth is the need for capital and maintenance investment for existing infrastructure networks. For example, the impact of stormwater on urban waterways. In order to meet the requirements of the National Policy Statement for Freshwater Management to maintain or improve water quality, territorial authorities will need to tackle both the impact of existing land use *and* provide for growth. The ability to manage both is often beyond territorial authority budgets.
33. Better coordination between RMA planning cycles and LGA Long Term Planning cycles could help regional councils and territorial authorities to work better together to provide more affordable and effective solutions.

## Chapter 9 Shaping local behaviour

### **Question 9.3 *Would there be merit in a National Policy Statement relating to the provision of adequate land for housing? What would be the costs and benefits of such a move?***

34. Environment Canterbury does not support a National Policy Statement for the provision of adequate land for housing. This issue should be driven by local authorities who are best placed to understand the housing needs in their communities.

### **Question 9.4 *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 development capacity to meet population growth? What would be the costs, benefits and implications of such a move?***

35. Environment Canterbury does not support expanding the existing powers in the RMA to enable Ministers to direct changes to District Plans and Regional Policy Statements to provide for additional development capacity for population growth.
36. In Canterbury following the earthquakes, the development and use of these powers was used to address a unique situation, and it was important to ensure that residential development and housing was provided for. The continued use of these powers is not supported in a 'business as usual' environment.



**Question 9.5** *What reasons are 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?*

37. Environment Canterbury does not support a change in the rating system from capital rating to land value rating.
38. In our opinion, rates, as a form of taxation, are best applied against the capital value. Capital value rating better represents the ability of the ratepayer to pay and generally represents the consumption of more resources (water, power etc) provided by the local authority.
39. As an example of how this works, consider three rating units (or properties) side by side. Each property is similar in every respect except one is unimproved, one has a two bedroom house and one has a 5 story residential apartment complex on it. All other things being equal the three have the same value under a land value rating system. The degree of benefit between the three properties is not the same. Each property has significantly different uses and demands of the local authority services.
40. A capital value system therefore best represents payment for the use of local authority resources.

#### 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 UDA's in New Zealand.*

41. Environment Canterbury does not support the establishment of a single Urban Development Authority (UDA) for New Zealand. However, Environment Canterbury would consider further discussion with the Commission on the development of a UDA at an individual city scale where the UDA is created to solve a specific housing issue i.e. housing affordability.

**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?*

42. Should UDAs be enabled (on a city scale to solve a specific housing issues) they would need to:
  - be a voluntary arrangement with local councils;
  - have a collaborative approach;

- have no regulatory functions or powers. These would be vested with the local authorities.

## **Conclusion**

43. Thank you for providing Environment Canterbury with the opportunity to comment on the draft report. For all enquiries please contact:

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