

Our Reference: A706244



Otago Regional Council Submission
to the
NZ Productivity Commission
on the
Using Land for Housing Inquiry

This is a submission to the NZ Productivity Commission on the Using Land for Housing Inquiry discussion document.

The Otago Regional Council wishes to be heard in support of this submission if the opportunity arises.

Signature of submitter (or person authorised to sign on behalf of submitter):

A handwritten signature in blue ink, appearing to read "Fraser McRae".

Fraser McRae

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1. Executive Summary

1.1 There is a lack of clarity around the true nature of the issue being addressed as the terminology alters through the report. For example the issue is variously described as:

- supplying adequate development capacity for housing, through to
- the effectiveness of planning and development.

The central issue is largely Auckland based, and accordingly any general solutions should consider the impacts on those parts of New Zealand not experiencing the same issues.

1.2 Throughout the report there is a consistent theme that future housing will reflect that of the past - a single, stand-alone dwelling located in suburban low density residential neighbour-hoods. This is despite the declining occupancy rate of housing and residential lifestyle preferences for people into the future.

1.3 This approach assumes that all rural land is primarily awaiting conversion to urban residential and all alternative competing use options (landscape, biodiversity, primary production) are therefore secondary and temporary. The report places responsibility for making land available, with intact infrastructure provided ahead of development, to territorial local authorities (TLAs). In doing so there is little cognisance of TLAs' competing objectives for land use control and provision of services, and ability and capacity of funding through rating and other means.

1.4 The report neglects to address any fault of private developers, many of whom have a single profit motive from the development and sale of sections with future liability for services and risk falling to local government.

1.5 Finally, the report does not propose a solution but does suggest a revamp of Resource Management Act 1991 (RMA) land zoning/consenting processes. However, the description of the issue suggests a significant substantive change to the legal context of urban residential planning is needed to ensure coordination between the many competing interests of government, local government and the community is provided for. That is, the real issue and solution are far greater than warrant a mere process change.

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2. Response to Questions contained in the Inquiry Discussion Document

- 2.1 **QUESTION 1:** *Is it helpful to think of the planning and development system as a means of dealing with externalities associated with land use and coordination problems? What other factors should the Commission consider in evaluating the role of the planning and development system?*

Planning is an appropriate system to link competing objectives, coordinate development by a variety of parties, and address externalities associated with land use and development - without such a frame any equitable and fair apportionment of costs of development will be unrealisable.

- 2.2 **QUESTION 2:** *Can the current land planning and development system be made to work better to benefit cities throughout New Zealand? Is a different type of planning system required to meet the needs for housing in New Zealand's fastest growing cities?*

The current planning system, well implemented, is intended to achieve coordinated development. However, the process involves full engagement and an acceptance that some restriction on property rights is inevitable if externalities and liabilities through time are to be addressed.

- 2.3 **QUESTION 3:** *What criteria should the Commission consider in evaluating the current land planning and development system in New Zealand?*

Evaluation of the current system should address the established community objectives in plans and how policies and methods achieve those objectives. It should also assess whether or not current concerns/issues are a result of the plans themselves or the conflict between private land developer and community objectives.

- 2.4 **QUESTION 7:** *What policies and practices from other countries offer useful lessons for improving the supply of effective land for housing in New Zealand?*

Lessons from others could include:

1. alternative housing stock/type/style,
2. definition of an altered bundle of rights for home ownership,
3. innovative community definition and means of communicating within communities, using modern technology,
4. alternative energy and travel considerations.

Essentially, consider alternatives to suburban single housing lot development.

- 2.5 **QUESTION 8:** *Alongside the Resource Management, Local Government and Land Transport Management Acts, are there other statutes that play a significant role in New Zealand's planning and development system?*

The Local Government Act, Rating Act, Soil Conservation and Rivers Control Act, and the Reserves Act also have a significant role in urban planning and development.

- 2.6 **QUESTION 12:** *What steps do local authorities take to understand and incorporate the views of people who are potentially affected by Plan provisions or changes, but who do not formally engage in the Plan process?*

Suggesting plans should accommodate views of those who do not participate in the process would create an outcome where there is no incentive to participate at the beginning but rather confront at a later date. RMA pre-consultation processes (clause 3, schedule 1) enable people to engage informally in the early stages of plan development. The Section 32 Evaluation Report requires a consideration of social, cultural, economic and environmental effects.

- 2.7 **QUESTION 18:** *How effective are local authority processes for connecting decisions across the different planning frameworks? Which particular processes have been successful? What explains their success?*

Successful plans take a systems approach to understanding and addressing issues, with intervention (rules and other methods) targeted at the more significant matters – in contrast to addressing all matters that could be controlled irrespective of the significance of such control. ORC has used this approach in successfully addressing diffuse discharge of contaminants from rural land.

- 2.8 **QUESTION 19:** *What impact does transport planning have on the supply of development capacity?*

Transport planning, like most infrastructure, is a necessary input into development planning but is often beyond the scope of an individual developer. Accordingly, many private developments generate externality costs for the wider community.

- 2.9 **QUESTION 22:** *How important is it that rules for development and land use provide certainty?*

Plan content should provide certainty, but recognise that plans can be changed, and require reviewing on a 10 year basis. Suggesting that differences in rules between councils is an issue negates local problem solving and district autonomy, and suggests a single national approach from Auckland to Invercargill.

- 2.10 **QUESTION 35:** *Does the type of person making the decision on resource consent applications affect the fairness, efficiency or quality of the outcome? What difference (if any) does it make?; AND*

QUESTION 36: *Does the use of external experts (for example as independent commissioners or contracted staff) in making resource consent decisions create conflicts of interest? If so, how are these conflicts managed?*

Consent decision makers are trained, and hearing committee members must be accredited. Accordingly decisions should be consistent and conflicts effectively addressed.

- 2.11 **QUESTION 50:** *Is there evidence that territorial authority debt levels are acting a barrier to the provision of infrastructure for housing in rapidly growing areas?*

Accountability provisions for public funding mean infrastructure is placed in priority with other areas of local government expenditure – especially where expenditure pre-empts income, often by long lead times. Also, accountability mechanisms mean local government cannot alter expenditure priority as quickly as the private sector.

- 2.12 **QUESTION 58:** *Do councils in high-growth areas require a greater range of approaches for funding infrastructure?*

Councils and communities involved in development and provision of intergenerational infrastructure require support and may need a wider range of funding options than those currently available.

- 2.13 **QUESTION 66:** *How important is the aggregation of land for housing development? How difficult is it? Do some local authorities have processes in place that make land aggregation easier – if so, which ones, and how?*

In contrast to needing to aggregate land (for housing development), local authorities should be able to restrict fragmentation. Waikato District Council has addressed unnecessary fragmentation of rural land through creative rural subdivision rules.

- 2.14 **QUESTION 72:** *What are the advantages and disadvantages of the Housing Accords and Special Housing Areas Act 2013 and of its implementation to date?*

ORC is aware of two Special Housing projects in Queenstown. One proposal in Gorge Road was prone to a number of natural hazards and in a very shady part of Queenstown. It has not been pursued to date. The other is along an area of south facing terraces and where the lower reaches flood from time to time. From these projects, it may be that more affordable housing will be pushed onto less attractive areas with higher risks, realise effects which are not consistent with district and/or regional objectives and potentially higher winter heating and other costs.