



Greater Wellington Regional Council: Submission

To:	New Zealand Productivity Commission
Submission on:	Use of Land for Housing – Issues Paper

1. Introduction

Greater Wellington Regional Council (GWRC) welcomes the opportunity to provide comment on the Productivity Commission’s Issues Paper - Using Land for Housing. GWRC recognises that access to affordable housing is fundamental for New Zealanders’ economic and social wellbeing. The lack of affordable housing in New Zealand is a complex and ongoing problem and we support research into housing affordability that examines the range of drivers, with a view to providing suggestions for effective and appropriate policy improvements.

Within the Wellington region, the five metropolitan districts (Wellington city, Hutt city, Upper Hutt city, Porirua city and Kapiti Coast district) have been included in Schedule 1 of the Housing and Special Housing Areas Act (HASHA Act). This means that these districts are considered to have significant housing supply and affordability issues.

GWRC notes that the regulatory impact statement recommending the inclusion of those districts in Schedule 1 revealed that over the five years since the onset of the global financial crisis, on average just under 1,200 building consents have been issued for new residential dwellings in the districts each year. Consequently, the current average rate of supply is already above the rate required to meet the medium population growth projection for the region, even though building consents are at their lowest rate for two decades.

The regulatory impact statement also shows, however, that when the data is viewed at a territorial authority level, a different picture emerges. Housing supply in Wellington city is falling short of projected demand, with the other districts currently at or above the medium population projections for their districts.

As the housing market does not align itself with the territorial authority boundaries¹, within the Wellington region, all five districts were recommended for inclusion in Schedule 1 of the Act. For the same reason, Greater Wellington considers that future planning for the location of housing supply should be considered at a regional level, along with other matters of regional significance. The Wellington Region’s Mayoral Forum has agreed in principle to the development of a regional spatial plan, although the

¹ Regulatory Impact Statement – Adding further districts to Schedule 1 of the Housing Accords and Special Housing Areas Act 2013, Ministry of Business, Innovation and Employment, 2013

Forum is yet to consider housing issues and spatial distribution of new housing stock.

2. Approach to the inquiry

GWRC notes that this section of the report tends to focus on land use planning, which is largely the responsibility of territorial authorities. Regional councils also have an interest in land use planning through our regional policy statements, which are designed to achieve integrated management of the natural and physical resources of the whole region.

The Regional Policy Statement for the Wellington region (RPS) contains several policies aimed at achieving a sustainable regional form. These policies are not designed to constrain growth, but rather ensure that each territorial authority considers and plans for development rather than allowing sprawling and sporadic development. The RPS also contains policies promoting the integration of land use and transport, which are designed to ensure that development is linked to transport hubs and corridors and other infrastructure.

While the RPS seeks to achieve a range of housing, including affordable housing, regional councils have no means of requiring action to realise this policy intent. Regional policy statements in themselves cannot initiate action and can only respond when a plan change or review is initiated or an application for resource consent is received.

GWRC would like to see greater recognition and exploration of the role regional councils can play in land use planning and regional planning.

3. The planning and development system

While the Resource Management Act, Land Transport Management Act and Local Government Act have different purposes, GWRC considers that there would be benefits to them being better integrated. Within GWRC, we are able to align our plans and actions under each of the Acts, however, at a regional level, there is little overall coordination and consistency between councils in implementing the statutes. In the Wellington region, while there is some communication between councils, and officer groups have been set up to share information, relying on voluntary cooperation has had limited success.

We note that some local authorities have used the Local Government Act to develop spatial plans and growth management strategies. GWRC believes that a regional spatial plan would be a very useful tool, allowing the region to coordinate and integrate land use and infrastructure across the region. This would be a useful tool to plan for future growth and affordable housing. It would also enable the region to incorporate matters that are outside of the relatively narrow environmental ambit of the Resource Management Act.

Under the current legislative and governance structures, however, it would be difficult to get regional agreement to a regional spatial plan. In addition, even if a regional spatial were to be agreed, implementation would rely on

goodwill. GWRC does not believe that relying on voluntary cooperation to develop or implement a spatial plan would be effective.

Spatial plans are implemented through a variety of delivery mechanisms, including RMA plans/policy. As the law stands, even though a spatial plan goes through considerable consultation with the community, the RMA requires a separate consultation process to embed it into a statutory plan developed under the RMA, and includes possible appeal to the Environment Court.

GWRC has in the past advocated for appeals on the regional policy statements to the Environment Court to be limited to points of law. Currently the Environment Court is making decisions on policy, which GWRC considers to be the role of the councils. As the RPS must be given effect through district plans and regional plans, this would simplify the planning process and provide more direction for those plans.

GWRC recommends that consideration be given to:

- better alignment of the Resource Management Act, Land Transport Management Act and Local Government Act;
- regional spatial planning be included as a tool in the Local Government Act; and
- appeals on the regional policy statements to the Environment Court to be limited to points of law.

4. System performance

Planning processes

The report notes that a critical issue in the supply of ‘development ready’ land is the length of time plan changes and plan reviews take. GWRC agrees that the plan change process is a lengthy one, and that the appeal process adds considerable time to that process. We consider that decisions on policy should be the role of councils rather than the Environment Court and believe that appeals to the Environment Court on regional policy statements to be limited to points of law.

In the Wellington region, there have been instances where areas which are not necessarily appropriate for residential development due to environmental constraints have been zoned as residential. This has led to inconsistent policies in the regional and district plans in some cases.

An example of this conflict is in the Northern Growth Area of Wellington city, where the land has been zoned as residential and a structure plan developed. There are now inconsistent/conflicting policies and rules in the regional and district regulatory approaches. In other parts of the region, for example, residential and other developments have been proposed without consideration of transport connections. Many of these issues have arisen due to the councils not working together on the plan changes.

GWRC and Wellington City Council officers have been working closely to implement Wellington Housing Accord and special housing areas. However, regional councils are excluded from the provisions relating to housing accords in the HASHA Act and, although our consenting processes in special housing areas are captured by the HASHA Act, we have no direct input into decisions relating to the location of the special housing areas. It is therefore possible that special housing areas will be gazetted in areas that we consider to be inappropriate for residential development due to environmental constraints.

Again, GWRC suggests that regional spatial planning would be beneficial for the region to address these issues. We consider that this needs to be mandated through legislation as without any legislative mandate, and with nine councils in the region, it would be difficult to achieve. We would be relying on voluntary participation, voluntary endorsement, and voluntary implementation.

Infrastructure

In the Wellington region, the coordination of infrastructure with land use development relies on discussions with the territorial authorities. While this can work well in some circumstances, we believe it is a flawed model as it relies on all of the councils having the same objectives. A lack of overall coordination makes this a challenge.

In the metro part of the Wellington region councils have taken some steps towards co-ordinating infrastructure provision through the establishment of Wellington Water, a jointly owned council controlled organisation. GWRC hopes that this will mean a co-ordinated approach between infrastructure provision and land use planning, but notes that the assets are still owned by individual councils, and therefore the co-ordination of infrastructure and land use planning essentially remains the responsibility of the individual councils.

Capacity

GWRC's view is that there is potential within the region for a lot more growth, although our preference is that it be planned growth. The region does not appear to be under a lot of pressure in terms of growth, and future forecasting and scenarios are not predicting a lot of growth. We believe that other factors, such as our ageing population, are likely to be more of a challenge for the region.

There is no shortage of land zoned residential in district plans in the region, and we do not believe that a significantly increased supply of development ready land will necessarily lead to an increased supply of affordable housing. Councils do not control when the subdivision process is initiated and when sites are released for development and building.

For example, Wellington City Council estimates that they have 30 years-worth of capacity for residential development within the district, yet Wellington city is classified as being severely unaffordable. The capacity

has not been realised as residential sections, and GWRC agrees with the Local Government New Zealand submission, which suggests that the market conditions that are needed to encourage the release of land for subdivision and construction need to be explored.

5. Conclusion

Thank you again for the opportunity to comment on the Issues Paper - Using Land for Housing. GWRC welcomes the opportunity to clarify or expand on any of the matters raised in this submission.



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