

Submission from Pam Johnston

NZ Productivity Commission – Using land for housing

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Dear Steven

Thank you for the opportunity to comment on the Issues Paper – Using Land for Housing.

Introduction:

Many of the comments provided below reflect lessons learned from the Canterbury earthquakes in relation to using land for housing. The economic and social effects that the Canterbury earthquakes had on the housing stock in Christchurch were internationally significant. As at September 2012 460,000 insurance claims relating to 120,000¹ properties had been submitted to EQC, and of these properties approximately 30,000 were likely to have experienced significant land damage. In future where we know that land is subject to natural hazards we should think very carefully about whether this land should be used for housing. New Zealand cannot afford to repeat another repair/rebuild event of the scale experienced in Christchurch.

Comments on specific questions:

Q3 – What criteria should the Commission consider in evaluating the current land planning and development system in NZ?

Land planning for housing needs to take account of natural hazards

1. A risk-based approach to natural hazards should be taken when identifying land for housing

Land which is subject to natural hazards, particularly multiple natural hazards, should not be used for housing without appropriate mitigation. If new housing is proposed on land subject to natural hazards, or if housing is redeveloped in those areas, mitigation measures should be put in place to reduce the risk from the natural hazard(s) eg raising floor levels in flood-prone locations. As demand continues more marginal sites will be under consideration for land for housing, many of these sites may be subject to natural hazards or may be contaminated sites.

2. Land conditions need to be understood before land is used for housing

Districts and Regions should accurately map their natural hazards so that Councils, developers and the public know which land is more suited to residential development and where residential development should be avoided. In Christchurch for example, houses were badly damaged by

¹ Numbers have increased above this figure since 2012

liquefaction and lateral spreading where they were located on sandy or silty soils. We need to learn from Christchurch experiences to avoid 'red zones' of the future.

3. Natural hazards must be identified and this information made publicly available

Areas where housing is proposed need thorough geotechnical assessment prior to development to identify potential land hazards eg seismic hazards, liquefaction, mass movement, slope stability. This hazard information should be stored in a publicly accessible national geotechnical database (based on the example of the Canterbury Geotechnical Database) and on council planning maps. Other natural hazards eg flooding, tsunami, sea level rise, volcanic eruptions, snow and hail events, boulder roll, storm events, also need accurate risk analysis and mapping and entering into public databases/Council planning maps so that this information is publicly disclosed. It is acknowledged that public disclosure of hazard information may have effects on property values, existing uses, saleability, insurability and future uses of the land.

4. Natural hazards need to be well communicated to developers and the public

The information on natural hazards not only needs to be accurately reflected on councils planning maps, PIMs and LIMs, but to also be well communicated so developers and the public are aware of the location and risks posed by the hazards. In Christchurch, for example, although there was knowledge of liquefaction including maps and reports prior to the earthquakes, the impact of this hazard was under-estimated for urban Christchurch.

5. Fast-tracking housing developments without knowledge of land conditions adds risks

Where housing areas are fast-tracked through special planning processes it is still important to have adequate assessment of the land conditions. If future geotechnical or contaminated site problems are found with these sites significant costs will be incurred and the development of houses on these sites may no longer be 'affordable'.

6. We need to build houses with appropriate foundation systems to suit land conditions

Where land might be subject to natural hazards, such as liquefaction, it is important that the appropriate level of geotechnical investigation is undertaken and appropriate foundation solutions are adopted. The MBIE guidance document 'Repairing and rebuilding houses affected by the Canterbury earthquakes' <http://www.dbh.govt.nz/guidance-on-repairs-after-earthquake> exemplifies foundation solutions that were developed for varying degrees of liquefaction susceptibility following the Canterbury earthquakes. The MBIE residential guidance provides ground improvement solutions to remediate land that has been subject to a greater degree of liquefaction/lateral spread so that houses are able to be rebuilt on that land. The geotechnical and structural engineering solutions developed for rebuilding houses in Canterbury also have applicability for other areas of New Zealand that might face similar natural hazards. The MBIE guidance also provides design solutions to assist in making houses more resilient when they are built/rebuilt on land that has the potential to liquefy - such as suggesting lighter weight cladding and releveable foundation systems.

7. Natural hazards need greater weight in decision making on land for housing

In some cases where plan changes and resource consent applications for intensified development are located in areas subject to natural hazards the risks from natural hazards have not been given adequate weight in the decision making.

8. A National Policy Statement is needed on natural hazards

Although under the RMA 1991 the responsibility for the control of the use of land to avoid or mitigate natural hazards has been given to regional councils they have not been able to conduct this role effectively as they have insufficient powers and tools and existing use rights allow houses to remain in areas where natural hazards may have been identified. Other forms of instruments, such as insurance policy changes, may have to be used to move existing development out of high hazard areas – eg high cost premiums or lack of insurance cover for high hazard locations. A National Policy Statement on Natural Hazards made under the RMA may be required to ensure that sufficient weight is provided for the consideration of natural hazards in decision making.

9. The GNS risk-based toolbox for land use planning should be adopted into District and Regional Plans

A tool that is currently available for implementation to assist in risk reduction is the GNS Science risk-based approach to land use planning which will assist in taking into account natural hazards when assessing planning applications for housing development (see <http://www.gns.cri.nz/Home/RBP/Risk-based-planning/A-toolbox>). Several Councils have adopted this approach into their planning documents already and others should follow suit.

Q7 – What policies and practices from other countries offer useful lessons for improving the supply of effective land for housing in New Zealand?

10. Learning from overseas experience

- Many urbanised countries face the same problems as NZ in relation to housing affordability and the supply of land for housing.
- A review should be undertaken to identify the most effective changes that have been made to mechanisms/levers in overseas planning systems in relation to providing land for housing and solving housing affordability problems.
- Overseas experts, particularly visionary City Planners (eg Brent Toderian former City Planner for Vancouver), should be consulted to get ideas which might be of use to NZ. In Vancouver, for example, they have increased the density of inner city living and maintained vibrant, liveable communities (http://en.wikipedia.org/wiki/Vancouverism#The_Planning_Process). Melbourne is now attempting a Vancouverist solution to its urban sprawl problems.
- NZ could try other overseas initiatives to look at land for housing issues for example:
 - Lane-way housing – infill housing built on existing rear lots.
 - Dividing multi-storey existing houses into strata titles to achieve several housing units in one building, provided minimum floor areas are achieved.
 - Amalgamating titles between neighbouring properties and re-subdividing to create new lots where possible.
 - Providing local authority incentives to intensification – at present NZ has a negative approach for individuals to subdivide their properties.
 - Greater flexibility in planning approaches to provide for intensification of residential development.

General comments

11. Scope of questions in the issues paper

The structure of the issues paper and nature of the questions asked is too narrowly defined. This will restrict the number and nature of submissions received. The questions asked appear to be directed at the experience land developers might have when using planning processes for housing development applications. If more general questions had been asked about issues relating to housing and land then wider sector input would have been received.

12. Auckland is the main problem and needs separate treatment

- Auckland's housing supply and affordability problems are so extreme that they require separate treatment to the housing supply issues being experienced in other parts of New Zealand. Urgent strategies that can have a significant effect are required for Auckland – central government will have to intervene to achieve workable solutions.
- Christchurch is due to return to a housing supply equilibrium position in the near future.

13. National policy on urban form needs to be set first

- We need to ask the big questions first, eg:
 - What sort of urban forms do we want for NZ – do we want Auckland to continue to sprawl across rural boundaries or do we want to change rules to facilitate much higher density residential living? Do we want mono-centric or poly-centric cities?
 - Do we want to pursue regional development to make it more attractive to live/work in areas where housing might have adequate supply and be cheaper than Auckland?
 - What should be the policy for small town New Zealand, particularly where earthquake-prone buildings are uneconomic to upgrade?
- Do we need a National Policy Statement outlining what land should and should not be used for housing? This could set directives for Regional, Unitary and District Plan policy and rule making and assist with integrated approaches to infrastructure and transport network development.

14. Mindsets need to change on housing density if we are to solve Auckland's problems

- New Zealand cannot sustain large section sizes and ongoing urban sprawl beyond urban/rural boundaries. Rural areas require protection to continue the productivity of our economy. More intensive residential development (up not out) is required in existing urban areas, particularly in Auckland. Overseas experience shows that terraced housing works well but this is not common in New Zealand. Central government may have to intervene to achieve higher levels of intensification if housing affordability problems continue to escalate.
- Better design and better building standards are needed for medium-density housing to control the environmental effects of noise, parking and other amenity issues in these types of developments.
- Nimbyism is a major factor in not being able to change planning rules to intensify residential development. If changes to planning rules to achieve intensification are stifled by the requirement for applications to be publicly notified or written approvals of neighbours to be obtained then these participatory opportunities may have to be limited to achieve adequate housing supply.

15. We need to better understand the profile of the people we are providing housing for

- We need Statistics NZ to provide an accurate report on housing demand (eg by geographic location; age; household size and composition; ethnicity; etc) so that we know what the form and location of housing demand – they may already be doing this.
- We need to provide housing to match changing household structures – more blended families, inter-generational households, separated parents with/without children, older aged people staying in their own homes etc.
- We need to provide a range of housing options that fit with peoples’ economic situations – solutions for affordable housing in Auckland are urgent. Opening up more land for housing may mean developers may just build more expensive houses to maximise profit leaving housing affordability targets no further ahead.

16. Strategic approaches are needed to solve land supply issues for housing

- Need to have a strategic, longterm approach to land supply for housing which includes: an analysis of infrastructure capacity, market demand, transport networks, rural/urban boundary definition, economics, productive use of land, and employment opportunities. Strategic modelling should be undertaken to analyse a range of scenarios – this would assist in determining which land should be used for housing and where spare capacity exists in infrastructure systems.
- Longterm modelling – new infrastructure and transport networks require huge investment and longterm planning, only a strategic approach to housing supply can work with these timeframes.
- Strategic planning for using land for housing should be done at the regional level to work in with infrastructure, transport and employment modelling and alignment of investment decision-making. Strategic approaches at the regional level can be guided by existing national direction, for example:
 - the National Infrastructure Plan which is a directional document setting out government’s intentions for infrastructure development over the next 20 years (see <http://www.infrastructure.govt.nz/plan/2011>) and
 - the National Land Transport Programme which provides a three year programme for public transport services and road construction and maintenance (see <http://www.nzta.govt.nz/planning/nltp-2012-2015/>).
- A strategic approach to land supply for housing also provides certainty for citizens on where development will happen and for developers.

17. Land supply for housing is only one lever for solving housing affordability problems

- Although land supply is the major lever that can influence housing affordability there are a range of other levers that can be applied, and need to be fully investigated to solve Auckland’s housing supply problems, particularly housing affordability.
- Other levers that need to be investigated include:
 - Intensifying the types of housing we are building eg terraced, multi-units, high-rise.
 - Intensifying the use of existing properties to provide additional housing units (eg splitting large houses into two or more units with minimum floor area requirements

and legitimising backyard granny flats as housing units, provided adverse environmental effects can be mitigated.

- Encouraging better design of small houses.
- Encouraging factory-built houses (such as those that will be produced in the Spanbuild Factory in Chch) or using prefabricated/kitset houses which are quicker to construct and could achieve economies of scale.
- Investigating the rate of building homes and how much of a constraint this is on housing supply – and looking at ways rates of building can be speeded up eg through importing housing components or kitset homes from overseas provided NZ Building Code compliance can be achieved.
- Supporting regional development to attract people to other locations where houses are more affordable.
- Providing effective public transport links to cheaper housing locations that are commutable to Auckland (eg Hamilton).
- Changing tenure arrangements eg longterm tenancy agreements for renting.

18. Need to look at innovative solutions to find more land to build on or re-use existing land more intensively

- Assess all opportunities where Crown land or Council land might be being disposed or is being under-utilised for its potential for housing.
- Think outside the square in terms of how existing land is used.
- Re-develop existing properties for more intensive use where this is possible (eg a retirement village on a former church site) and re-use non-residential buildings and land for residential use.

19. Local and central government needs to work more closely with the private sector to more accurately define the capacity of land for housing

- Councils need to keep track of developers' intentions with respect to subdivisions and land development through frequent contact.
- Councils also need to have frequent discussions with valuers and real estate agents on changing trends in the housing property market in their jurisdictions.
- A better level of information is needed on the rate at which developers will release their sections to the market to understand supply at a particular point in time.

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