

4 August 2015

Using land for housing inquiry
New Zealand Productivity Commissions
PO Box 8036
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WELLINGTON 6143

Dear Sir/Madam

CHRISTCHURCH CITY COUNCIL'S SUBMISSION TO THE PRODUCTIVITY COMMISSION INQUIRY INTO SUPPLY AND DEVELOPMENT CAPACITY OF LAND FOR HOUSING IN NEW ZEALAND CITIES

1.0 Introductory comments

The Christchurch City Council (the Council) welcomes the opportunity to provide a submission on the New Zealand Productivity Commission's (the Commission) inquiry into using land for housing. The information provided by the Council below will, we trust, assist the Commission in giving advice to the Government about housing and land supply and the key role they play in enhancing the country's economy.

The Council would also like to inform the Commission that it has contributed to a submission made by the Greater Christchurch Urban Development Strategy Forum.

Section 2 raises key concerns for the Council while Section 3 of this submission provides specific responses to the Productivity Commission's questions, recommendations and findings.

2.0 Key concerns

Key concerns for the Council include:

- Impact upon the Christchurch Replacement District Plan process
- Development contributions and rates
- Establishment of an Urban Development Authority
- The zoning of residential land vs. infrastructure required to be in place (should the zoning occur first or should both processes occur in parallel?)

In places, the Council has re-iterated some of the key points made in 2014 in a submission on the Commission's using land for housing Issues paper.

Although out of the scope of the report, the Council urges the Productivity Commission to consider other factors that can influence the price of homes. The report addresses land supply and how to make land ready for development, both of which are influences on housing affordability. However, it is the Council's view that the cost of materials is also a significant influence. The Council urges the Commission to link the findings of this inquiry with the findings from the 2012 inquiry undertaken by the Commission on housing affordability¹, taking into account rapidly rising building and construction costs over the period 2012-2015.

3.0 Specific responses to questions, recommendations and findings

¹ Housing Affordability Inquiry - the Commission's independent inquiry into housing affordability, completed in April 2012.

3.1 Chapter 2 - Cities, growth, and land for housing

Finding F2.4 *There are longstanding concerns about the ability of New Zealand's planning systems to respond to the need for new housing, and about the extent of constraints placed on development*

This statement is overgeneralised and arguably inaccurate. There have been few issues raised about this matter in the Greater Christchurch area over the past 50 years, despite growth management policies being in place over that period. This is because urban and sub-regional development strategies have anticipated and provided for housing demand through zoning and infrastructure funding. Moreover it has done this while ensuring that its natural and physical resources have been safeguarded.

Finding F2.10 *New Zealand cities have differing intensification profiles. Wellington and Hamilton have seen significant intensification close to the city centre. In other cities, the biggest contribution to intensification has occurred in outlying suburbs*

To place this finding in context, intensification needs to be carefully defined. Intensification as a general term applies to any development or redevelopment that increases the density of households. This can range from infill development to apartment construction. There have been recent periods where between fifty and sixty per cent of Christchurch's growth has been accommodated through intensification, but much of this has been a gradual infill across the City (not confined to outlying suburbs) rather than exclusively through apartment development.

The pattern of intensification in Christchurch does show a concentration around the central city, but also around a number of suburban centres where medium density is enabled. The earthquakes of 2010 and 2011 did result in the loss of some housing close to the City centre (although the greater proportion of loss was further out). Close to the centre the affect has actually been to enable more intensification to take place. Recent developments where previously older damaged dwellings stood and which might otherwise have remained for many years hence, have been removed and sites redeveloped more intensively.

Current Council policy is to provide a development contribution rebate (100 per cent) on residential development within the central city as an incentive for intensification.

Finding F2.15 *Restrictive land use regulations limit the ability of people to seek better employment opportunities in cities, are a barrier to potential productivity gains, and may create risks to macroeconomic stability*

This is not the experience of the Council. There is no evidence the Council is aware of that its regulatory land use policies have limited employment opportunities. Market downturns across all sectors of the economy have the greatest effect in this regard.

3.2 Chapter 3 - Integrated planning

Finding F3.10 *Zoning practices that require large minimum lot sizes in rural areas may not be the best way of protecting life-supporting soils and are unlikely to encourage the most efficient use of land for housing*

The Council disagrees with this finding with respect to use for housing. Those parts of its rural hinterland which have remained in large lots have been the easiest to develop for housing (for

example, Halswell in the south west of Christchurch City). Where market pressures have led to rural intensification, it has been more difficult to provide comprehensive, well serviced, residential suburbs.

Finding F3.15 *The best opportunity to integrate spatial planning and land-use regulation is to create a new, legislative avenue for larger cities. Such an avenue would allow a local authority to develop a plan that combined infrastructure strategies, (longer-term) transport planning, city growth and land-use rules*

The Greater Christchurch Urban Development Strategy (GCUDS) took the approach of using three pieces of legislation to implement a long-term strategic growth plan, namely the Local Government Act, the Resource Management Act and the Land Transport Management Act. The South West Area Plan is one example of a comprehensive, strategic and long-term plan developed under the Local Government Act, albeit one that is not mandatory. There may be scope to look at how a GCUDS type approach could be better served with one planning mechanism.

Finding F3.19 *Central government could bring its regulatory expertise and capability to bear so as to properly test proposals for new land-use rules and regulations in future spatial plans. Possible options include peer review by the Treasury or the establishment of an Independent Hearings Panel.*

A peer review by Treasury would only be helpful if it contributed to broadening the understanding of cost-benefit analysis in the urban context. Accommodating population growth is not simply a process of developing land; it is also a process of creating new communities and strengthening existing communities. A peer review process needs to address this element also.

Recommendation R3.1 *Urban local authorities that wish to set design infill/intensification targets should ensure that their District Plans provide sufficient commercially viable development capacity*

The urban intensification targets established through the GCUDS took into account the shift in both market viability and consumer preference that needs to occur. The targets of the GCUDS increase the proportion of housing supplied through intensification over time. Supporting actions of Council will help to improve conditions for redevelopment, improving development viability and encouraging demand for a range of housing choices. Infrastructure Strategies will align supporting infrastructure and development capacity with land use regulation.

Areas of Christchurch have been identified through the review of the District Plan to move from suburban density to enablement of medium-density. The approach adopted is consistent with the direction established through the GCUDS and subsequently the change to the Canterbury Regional Policy Statement brought about through the Land Use Recovery Plan (LURP).

Recommendation R3.2 *The Ministry for the Environment should explore the potential to develop an Urban Feasibility Model that New Zealand local authorities can use*

The Council supports the development of such a model and is willing to collaborate in its development.

Recommendation R3.3 *High-growth territorial authorities should review their zoning rules for rural land, to ensure they provide the right balance of promoting efficient use of land for housing and minimising reverse sensitivity risks*

It is not clear what the right balance is, or when it is found? The Council assumes the proposed Urban Feasibility Model will contribute to identifying the right balance and notes, as above, our interest in collaborating on the development of such a model.

Recommendation R3.4 *Large land price differentials between different types of zones, such as those observed in Auckland, should be a trigger for local authorities to review the adequacy of their land supplies and zoning decisions*

Land price differentials are one of a range of indicators that may signal inadequate land supply for housing. Price differentials may also be the outcome of factors that are not related directly to land -use planning or zoning. The GCUDS established a direction for growth to be accommodated through the release of Greenfield land and through redevelopment in the existing urban area.

This direction is projected to deliver sufficient housing growth to meet the population increase for Greater Christchurch to 2041. However, built into the GCUDS is a monitoring and review process that aims to identify any imbalance between demand and supply and make adjustments to land supply.

Monitoring of LURP targets indicates that Greater Christchurch is on target to supply sufficient housing to meet population growth and relocation for the period to 2028.

Recommendation R3.5 *A new legislative avenue should be designed to focus spatial plans on activities that are of high importance to functioning of cities, relate closely to the use of land and are most efficiently dealt with at a local level*

The Council supports the introduction of new legislation to enable the development of spatial plans that promote positive planning. New legislation should not simply be an avenue for more centralised control of the local planning process, rather it should be a genuine opportunity to enable collaboration and partnership across organisations. The GCUDS is an existing example where this collaboration has provided benefit to a region.

Recommendation R3.6 *The new planning avenue should be voluntary to allow local authorities to choose the statutory planning mechanisms that best suit their circumstances*

The Council supports these being a voluntary option that can be used where identified as the most appropriate mechanisms for accommodating growth.

Recommendation R3.7 *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*

Development of the Urban Development Strategy involved and continues to involve a collaborative approach between number of territorial authorities and the NZTA. This process has demonstrated the benefit of working with a central government organisation to coordinate development of, in this case, strategic transport infrastructure to service both residential and industrial growth at a sub-regional level.

The Council endorses and welcomes further opportunities to collaborate with other central government service providers, in particular the Ministry of Education, MBIE and Housing New Zealand. Agreement on such plans is ideally a natural conclusion of a collaborative approach, however, approval of local spatial plans should rest with local authorities.

Recommendation R3.8 *The new legislative planning avenue should include processes to encourage robust regulatory analysis and development, as section 32 of the Resource Management Act is designed to do*

Support. This would apply to any organisations involved, be they local authorities or central government organisations.

3.3 Chapter 4 - Supplying and releasing land

Question Q4.3 *What impact would further narrowing eligibility to make further submissions have on plan change processes? If eligibility should be narrowed, which parties should be excluded?*

The Council believes that the eligibility to make further submissions should not be further restricted. The experience of the Council is that further submissions are not an onerous burden on the planning process.

Finding F4.4 *The readiness of land is important for the efficiency of the housing supply chain. Large amounts of un-zoned land may put little competitive pressure on land and house prices because of the time it takes to rezone land for residential use. Zoned and serviced land will provide more pressure, as this type of land can be developed more quickly.*

As a general point the Council agrees with this finding, however, it raises the issue of how and where is infrastructure most efficiently provided, and who takes on the risk of providing the up-front costs of infrastructure. The aim of Greater Christchurch Urban Development Strategy was to address these issues. It enabled the identification of a number of areas of land for development well in advance. Critically, it provided certainty to Council on where and when infrastructure is to be provided, and certainty to developers that land will be serviced at the right time.

Finding F4.12 *Giving local authorities greater flexibility over notifying site-specific plan change proposals could create opportunities for faster rezoning processes, while protecting the ability of those directly affected to be heard*

The Council can see potential in this proposal however, much depends on how a site is defined. For example, an international airport might be site-specific but a plan change would be of greater than local significance. There would need to be guidance on what constitutes 'site - specific' for the purpose of this regulation.

Recommendation R4.1 *High-growth local authorities should express their land supply targets in terms of zoned and serviced land and report publicly on their performance*

The Council supports this approach. Christchurch City Council publishes a detailed analysis of greenfield land that is zoned and available for development.

Recommendation R4.4 *MBIE, in conjunction with relevant local authorities, should inventory public land holdings in all high-growth cities to identify sites that could be used for housing*

Council supports this recommendation. The Commission should note that some Council land holdings have been made available, via the Christchurch Housing Accord, for medium density, affordable housing.

Recommendation R4.5 *Local authorities should set policies for the publishing of and consulting on draft plan reviews or plan changes of interest to the wider community ahead of notification, unless compelling reasons exist for not doing so*

This recommendation reflects what already standard practice is for all Council initiated plan changes. However, there are variances in the way proponents of private plan changes consult with the wider community, with most only meeting the minimum requirements under Schedule 1 of the Resource Management Act.

Recommendation R4.6 *MBIE and MfE should, once the work of the Auckland and Christchurch Independent Hearings Panels (IHPs) is complete, evaluate the IHP processes, with a view to deciding whether IHPs should become a permanent feature of the planning system*

The Council supports a full and comprehensive review and evaluation of the IHP process. This proposal should make clear that the evaluation would be undertaken in partnership with the councils and the communities concerned.

3.4 Chapter 5 - Regulations and approvals processes

Recommendations R5.1 to R5.4

The Council advises the Commission that built form standards are currently being considered as part of the Christchurch City District Plan Review.

Recommendation R5.5 *Local authorities should review District Plan controls on the design and construction of buildings or dwellings that exceed standards set under the Building Act, with a view to removing them*

If local authorities were to remove design and construction controls in the District Plan standards which exceed standards in the Building Act, then that does not obviate the need to have such standards higher than the current Building Code.

The Building Code is too broad in its zone categories (the South Island is a blanket R3 category and doesn't allow for local intervention). It does not encourage the construction of better designed houses for energy efficiency. While the NZ Green Building Council's Homestar Rating tool is a 'standard', it has been developed on the basis of a sound evidence basis and reflects minimum international building standards required in a number of jurisdictions internationally. The Council urges the government to consider strengthening the Building Code to match current best international practice for new dwelling construction.

Council would like to be able to retain local ability to impose its own minimum standards, similar to councils having the ability currently to impose higher ambient local air quality standards than those required to be met by the National Environmental Standard (for Air

Quality). The ability of Councils to establish local standards can help to address and respond to local conditions, and can also act a vehicle for innovation in approaches to building.

An example of a local initiative that has benefitted the community for the long-term is the 1971/1972 bylaw to require insulation in homes built in (the then) Waimairi County Council and Christchurch City Council. Innovative for the time, this preceded the national requirement for new home insulation, which followed in 1978.

The Council understands that the government will review the Building Act with the intent to review the associated Building Code. The Council would strongly support measures to increase the Codes' current standards for energy efficiency as part of this process.

Recommendation R5.6 *The Government should introduce amendments to the RMA to clarify the role and importance of housing and urban environments*

The Council supports this recommendation. One of the focuses of the review should be on how the RMA can be amended to be more supportive of mechanisms and approaches to providing affordable housing, for example, through inclusionary zoning type policies. A legislative and national approach to this particular issue can facilitate the implementation of affordable housing components to development, removing some of the process impediments that may result if these policies are only applied on a local, negotiated, basis.

Recommendation R5.7 *In reviewing their District Plans, local authorities should move more residential land-use activities into 'permitted' or 'restricted discretionary' status.*

The Council is generally supportive of this recommendation. A primary focus for the review of the Christchurch City District Plan has been simplifying of planning rules to allow more development on a permitted activity basis. However, a greater degree of permissiveness can result in a more conservative and prescriptive approach to setting standards to ensure there are no unforeseen adverse effects.

Findings F5.14 to F5.18 *Inclusionary Zoning for affordable housing.*

Given current policy settings and incentives, no matter how much land is released if it is at market prices then very little affordable housing will eventuate. Greenfield land values would need to drop substantially (estimated by some as much as 35 per cent) for the market to provide housing that could be accessed in an unsubsidised way by middle income households.

Inclusionary zoning (IZ) policies would assist in providing some cheaper land to achieve affordable housing outcomes. Such measures are needed as releasing land for housing is not just about making the planning system more efficient and responsive, it is also about allowing a greater range of households to participate in the housing market. Affordable housing needs to take into account price, i.e. relative to the rest of the market, as well as by income, i.e. relative to existing purchasers. IZ offers an opportunity to provide for middle income households.

An example is the redevelopment of one of the Council's social housing complexes. This development will replace thirty six housing units of social housing with just under one hundred new homes. This will include thirty six social housing units, thirty one market rate units and the remainder as affordable housing units. The affordable housing units will be priced at a point that is affordable to households earning under 120 percent of median household income (i.e. they will pay no more than 30 per cent of their income on housing costs). By way of

comparison, households with a similar income in Christchurch cannot afford to purchase a house in the lower quartile of house prices. As this example shows, central and local government land development can be used to demonstrate how medium-density development that includes IZ can work.

Evidence for the Auckland Unitary Plan suggests that based on residual land values mandatory requirements of 15 percent affordable housing component in medium to high value greenfield and brownfield areas is a feasible IZ measure. Additional incentives such as density bonuses or other planning concessions would often be needed.

What appears key to making IZ policies work is flexibility over densities, certainties over requirements, clear planning guidance and efficient consenting processes. Given inclusionary zoning seems to work best in strong, growing markets it should be considered as a mandatory requirement in those markets, and voluntary elsewhere.

The approach used in Queenstown to address housing affordability has included a change to the local district plan. This has introduced policies and objectives into the plan, therefore making affordable housing a matter for consideration in development proposals. Developments initiated through plan changes and over a certain size threshold are required to consider the affordable housing demand that is created, and provide for this.

3.5 Chapter 6 - Planning and delivering infrastructure

Question Q6.1 *What are the main advantages and disadvantages of development agreements? What, if any, barriers exist that unnecessarily limit the uptake of development agreements?*

Infrastructure Provision Agreements are one way in which the Council can work with developers to achieve greater efficiency in the provision of infrastructure. These types of agreements benefit the Council where a developer provides the infrastructure more efficiently and resources are freed up for other work. For the developer they enable development to occur in line with its planned work programme, however the Council must balance any early delivery of planned infrastructure with pressures on operational resources and budget.

Question Q6.2 *What approaches do councils use to match infrastructure investment to changing demand? How successful are they?*

Prior to the 2010/2011 earthquakes, Council was using the GCUDS to guide infrastructure provision and investment.

The Council has had to rebalance investment following the changes to the Canterbury Regional Policy Statement brought about through the LURP. This identified further greenfield growth areas that were not identified through the Urban Development Strategy process. While it has been possible to accommodate this additional growth it has led to a less-efficient and more disjointed provision of infrastructure.

Recommendation R6.1 *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).*

The Council supports this recommendation (see responses to recommendations of section 4.).

Recommendation R6.2 *Councils should identify areas where there is existing infrastructure capacity and ensure that planning rules do not prevent intensification from occurring in these areas.*

The Council is partly supportive of this recommendation. Efficient use of spare infrastructure capacity is an efficient means of accommodating growth. However, infrastructure capacity and availability is one of a number of considerations in determining areas suitable for intensification. Areas that have spare capacity may not necessarily meet other suitability criteria. For example, location on the transport network or areas subject to non-infrastructure related constraints are factors.

Equally, a shortfall in infrastructure capacity should not remove an area from consideration for intensification in the future if capacity constraints can be resolved. Past discussions around intensification development that the Council has had with the local development community has highlighted the importance of amenity improvements (regeneration) in intensification areas. The inference is that this helps to increase demand in particular locations.

A more dispersed pattern of intensification based exclusively on utilising spare infrastructure capacity risks spreading limited investment for regeneration over too wide an area to make a meaningful contribution.

Recommendation R6.4 *Councils should pursue opportunities to make more efficient use of existing infrastructure assets including through greater use of user charges where this can reduce demands on infrastructure*

The principle of maximising efficiency of existing infrastructure through greater use of user charges is supported as a general approach. In addition demand management of scarce resources, for instance fresh water, remains a priority nationally. Exploration of both factors for potential implementation however needs to be location-specific, factoring in local realities relating to infrastructure provision together with demand and supply.

The report comments favourably on the example of significant reduction in water demand in Tauranga coupled with accompanying reduced treatment costs, as a result of installing water meters and volumetric charging. Christchurch's city area relies on aquifer sourced water supply and whilst water meters are installed for most residential properties, charging for residential water usage is based on capital value only with no additional volumetric usage charge. For non-residential usage both capital value and volumetric usage charges apply.

Information and assessment of global aquifer storage and projected future water demand for Christchurch city area is an ongoing exercise and the Council's current Water Supply Strategy is under review, to be incorporated into a new Three Waters strategy during 2016. Based on current assessments a clear case on potential benefits of introducing volumetric charging across the board locally (user charges in effect) cannot be assumed.

We suggest that this recommendation reflects an additional factor when considering greater use of user charges, i.e. consideration of localised supply and demand situations.

3.6 Chapter 7 - Paying for infrastructure

Recommendation R7.1 *Evaluation of the financial prudence and reporting regulations should monitor how the regulations affect councils' ability to provide infrastructure to support growth and review 15% is the most appropriate debt-servicing ratio for high-growth councils.*

The Council supports this recommendation.

Question Q7.1 *Is it correct that New Zealand's current system of rates means that a straight adoption of tax increment financing schemes used overseas is not suited as a funding tool for growth-related infrastructure?*

The Council agrees that in general the New Zealand rating system makes the use of Tax Incremental Funding (TIF) schemes unsuitable. However, in some instances the cost of providing infrastructure may be relatively low compared to the relatively high potential increase in overall rates revenue, and in these circumstances TIF may be more suitable.

More scope to move revenue from one activity to another would be useful in addressing infrastructure funding. For example, if the costs of providing infrastructure in a development are high for only one activity, but for other activities is less but still provides revenue, there is currently no mechanism to offset the cost of accommodating the expensive activity from providing for other, less expensive, activities. While this is unlikely to be a widespread opportunity there may be cases where some transferring of revenue would be useful.

Question Q7.2 *Are there any barriers that are preventing developers from challenging development contributions?*

The process for challenging development contributions is unlikely to be a barrier to developers challenging development contributions. The barrier is more likely to be the need to show that either the Development Contributions Policy (specifically the methodology for calculating development contributions) is faulty or the way the Council has used the provisions of its policy are not correct. At the risk of oversimplifying, many developers prefer to pay as little as possible (and ideally nothing) in development contributions. It is likely that pressure will always be on councils to reduce the funding of infrastructure through development contributions.

Recommendation R7.2 *Councils should include information in their development contributions policy about the relationship between dwelling floor area and the cost of providing infrastructure services. If smaller dwellings impose lower costs on the infrastructure network, this should be reflected in lower charges.*

The Council supports in part this recommendation but sees some issues with the assumptions. It is problematic to assume a direct correlation between floor area and demand for infrastructure. If used as the basis for determining development contributions it is likely a costly and inefficient means to do so. Floor area can be a useful basis for assessing development contributions for stormwater infrastructure demand. For other types of infrastructure other factors affect the demand. These include the number of residents, what a property is used for and how people use and access infrastructure services.

Christchurch City Council does provide an adjustment on development contributions for smaller units (of less than one hundred square meters). This is partly to reflect a potential lower demand on infrastructure but not conclusively so. The Council is undertaking more work in this area over the next year; to gain a greater understanding of the relationship between unit size

and other determinates to demand, with a view to a more targeted approach to levying development contributions.

Recommendation R7.3 *The Local Government Act should be amended to make clear that developers may formally request that councils construct growth-enabling infrastructure, to be repaid through targeted rates on the properties that benefit from the infrastructure connections, and obliging Councils to consider such requests.*

The Council supports this recommendation in principle. However, the Council does not support any compulsion on the part of Council to agree to a request. The use of targeted rates should only be considered where appropriate. The Council also notes that the use of a targeted rate (and the ongoing commitment this requires) must always be made clear to any perspective purchaser, and that the ongoing financial commitment is in lieu of infrastructure costs being paid through development contributions.

Finding F7.1 *Debt is an important source of finance for urban infrastructure in high-growth areas. It enables councils to deliver infrastructure when it is most needed and for infrastructure costs to be spread over the life of the asset. This means that those who benefit from infrastructure contribute to paying for it.*

The Council agrees with the information and analysis presented. A further element not considered by the report is the access councils may have to internally sourced debt. This provides the same intergenerational equity but without the same level of direct cost.

Finding F7.2 *Recent assessments have not identified serious concerns regarding local authorities' use of debt.*

The Council agrees with the information and analysis presented.

Finding F7.3 *Tauranga City Council provides an opportunity for the development community to review proposed development contributions, and will consider feedback on areas for improvement. Inquiry participants have identified this approach as a leading practice.*

For information. Christchurch City Council has a very similar process to Tauranga City Council. The Council hosts the Christchurch Development Forum which meets every two to three months. This forum provides the development community with the opportunity to give feedback on development contributions and other development issues. The sharing of information and of different approaches to development contributions is expected to continue to develop over time.

Finding F7.4 *Considerable scope exists for councils to increase their use of targeted rates in order to recoup the costs of growth-enabling infrastructure over a longer timeframe.*

The Council agrees in general with this finding. Targeted rates may be a viable and appropriate alternative to development contributions in some situations. However, they can be complex to administer and increase the cost of capital to a council. They are, therefore, not appropriate for some applications.

3.7 Chapter 8 - Governance of transport and water infrastructure

Council has no specific comments to make on this chapter.

3.8 Chapter 9 - Shaping local behaviour

Finding F9.2 *A good case appears to exist for setting general rates on the basis of land value rather than capital value, to encourage the development and efficient use of land. Arguments used to prefer capital value rating are not strong.*

The Council agrees that there is some merit in a move to a land value based rating system as an incentive to develop bare land. However, there are a range of consequential effects on existing land owners. The outcome of a land based rating system will be to shift more of the rates burden onto owners of existing and developed land, particularly where land values are high. For Christchurch this is a pertinent issue with regards to the redevelopment and recovery of the Central City where land owners would face significantly higher rates under a land value based rating system.

The current approach to rates based on capital value is equitable in the sense that newly developed land (i.e. the growth) is more likely to be of higher value and therefore will have a relatively higher rates burden compared with existing development. In effect, growth pays for a higher proportion of the costs associated with growth. The Council draws the Commission's attention to the Local Government Rates Inquiry (David Shand, 2007) which comprehensively examined this topic.

The Council urges the Commission to consider other approaches to addressing undeveloped land that is zoned and serviced, such as a targeted rates approach. There is scope to address this issue as part of the Urban Development Authority approach discussed in Chapter 10 of the report.

Question Q9.2 *Does scope exist to introduce mechanisms such as the Brisbane neighbourhood plans into the New Zealand planning and development system? If so, how would it be implemented?*

These offer potential to engage with the community, to discuss desired housing options and outcomes, achieve community buy-in in creating more diverse housing options that include affordable housing, and higher densities in areas where it can be supported by existing infrastructure, transport and services.

Some aspects of the Brisbane approach are already used by the Council. The GCUDS supported the development of Key Activity Centres to become a neighbourhood focus for investment in facilities and a catalyst for urban regeneration and medium-density development. Council facility planning aligns with the GCUDS objectives.

It is noted that approaches similar to those of Brisbane are already possible using a range of planning interventions under the Local Government Act and the Resource Management Act.

Question Q9.3 *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 statement?*

The type of direction afforded by National Policy Statements can give local authorities a consistent framework to develop local policies, as well as set common standards and definitions. Any National Policy Statement should provide for local variation and not stifle local determination or innovation.

Question Q9.4 *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 capacity to meet population growth? What would be the costs, benefits and implications of such a move?*

The Council does not see merit in expanding the powers of Ministers to intervene in local growth planning. The GCUDS has established the approaches for accommodating growth in Christchurch to 2041. Current indications are that greenfield housing supply is expected to meet projected demand until at least 2028. The GCUDS has a monitoring and review component to enable changes in the Strategy in response to changes in supply and demand. As discussed elsewhere in the report, the Council welcomes opportunities to work with central government actors in planning for growth and sees this as the best opportunity to meet the needs of current and future communities.

3.9 Chapter 10 - Planning and funding our future

Recommendation R10.2 *There is a place for a UDA to lead and coordinate residential development at 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 UDCs in New Zealand*

Question Q10.1 *What are the important design features of an Urban Development Authority? What are the risks with this approach, and how can they be managed?*

The Council agrees that a locally established UDA (Urban Development Authority) type approach may have a role in addressing some local land amalgamation issues and financial risk associated with larger scale developments. The Council also views UDAs as having a role in promoting well designed, innovative and high quality housing development.

Part of the goal sought for UDAs, for example infrastructure coordination and provision, has been achieved in Christchurch using existing legislation and processes (for example the South West Area Plan has coordinated the delivery of infrastructure to service greenfield residential and industrial land). Far from being reticent in delivery, the Council has proactively sought to service those areas most appropriate to accommodate growth. Land amalgamation and infrastructure for greenfield development has not necessarily been an issue in Christchurch.

Local people and organisations, as well as the development community, have in Christchurch been involved in a number of recent and ongoing changes to local planning documents. A successful local UDA should be able to work within established planning frameworks that represent a significant investment from the local community. For regeneration in particular, the main issues are around achieving an efficient scale of development and overcoming the financial risks associated with making the best use of the allowances that already exist within the local planning controls. UDAs that have new planning controls may have a stronger role to play in regenerating areas where there is a need to transition from a long-standing activity to a new activity (e.g. a former industrial area transitioning to residential use). It is noted, however, that the existing plan change process would also allow this to happen.

A UDA-type organisation need to be mindful of and responsive to local opinions and priorities. A top-down approach, that fails to consider the views of local people, has often been a criticism (and the undoing) of similar types of approaches overseas. Where there are issues that warrant the use of a UDA type approach, dialogue and collaboration with local people and organisations

will be crucial to addressing those issues and to help find solutions. A local scale UDA would better suit this approach.

The (former) English Partnerships Agency approach of the United Kingdom is one type of model for a regeneration agency that was tasked with regenerating stretches of derelict land in cities and also involved in greenfield development. Among the key principles of the Agency was the delivery of housing, and in particular affordable housing, and in so doing create or regenerate communities. The approach of the English Partnerships Agency was to partner with the private sector development community to help deliver projects and raise funding. It was also to partner with local regeneration organisations, community groups and other actors leading regeneration initiatives.

The Council's view is that the English Partnerships model offers a good framework for a UDA type approach. However, the planning environment in Christchurch favours a locally established UDA rather than a single national authority. There are likely to be significant opportunities for a future UDA for Christchurch to partner with the local Development Christchurch entity.

Key to any UDA will be its ability to capture value uplift from land acquired at its underlying residual value, subject to a modest premium, and re-zone it to use it to create a range of housing types, including affordable housing requirements. Some affordable housing can be built and sold to the market in a relative affordable sense, and other stock offered to organisations such as community housing providers to retain as affordable housing in the longer term.

4.0 Concluding Remarks

The Council again thanks the New Zealand Productivity Commission for the opportunity to make a submission on this Land Use for Housing inquiry.

It is the Council's view that there remain some significant questions, recommendations and findings that warrant deeper investigation, not possible under the timeframes of the inquiry. As this is an important inquiry in terms of economic and social wellbeing, it is anticipated that the Council will be able to meet with the Commission at a later stage to elucidate upon the commentary it has made in this submission and provide further information to the investigation

If you require clarification on the points raised in this submission or additional information, please contact Mike Theelen, Chief Planning Officer, ph. 03 941 8281 or email michael.theelen@ccc.govt.nz.

Yours faithfully



Dr Karleen Edwards
CHIEF EXECUTIVE
Christchurch City Council



Hon. Lianne Dalziel
MAYOR
Christchurch City Council