



15th December 2014

New Zealand Productivity Commission
PO Box 8036
WELLINGTON 6143

Dear Sir

RE: EXECUTIVE SUMMARY AFFORDABLE HOUSING

Attached is a report that I prepared for the Productivity Commission in March 2013. Unfortunately this document was not included in the Productivity Commissioners Report in 2013 as it was received out of time.

I am resending this report to be included in the December 2014 Affordability Submissions and wish to comment further on my 2013 report.

For anyone who has studied economics Lesson 101 “if you limit the supply and you have demand the price must rise”. This is especially applicable in the domestic housing market. As the attached report shows it is the Hamilton City Council that has been gatekeepers to allowing Greenfield sites to be developed. They have consistently under estimated both the cost of infrastructure and timing and as one of the letters attached shows that City Council are wanting Rolls Royce systems which have extremely long paybacks.

To date there has been little serious consideration of a comprehensive Brown field sites being redeveloped. In Hamilton’s case large amounts of land that is suitable for redevelopment is now locked into “Heritage Protection areas”.

From my observation planners are following the “herd” mentality and are reluctant to embrace innovation solutions to make accommodation affordable. For example reducing minimum size requirements for units, the restricted zonings/overlays that have been put in many parts of the city and the insistence on protecting the “commercial hierarchy” within cities.

Having travelled extensively round the world and seen the same issues being addressed in more innovated approaches I believe New Zealand is significantly behind other parts of the world in looking for innovative approaches.

District Plans

Most District Plans through New Zealand are now trying to micromanage how a city functions. It would be my preference that cities adopt the rules similar to those under the Town and Country Planning Act where “minimum standards” are required and if these could not be achieved allowance could be made for dispensations. From my practical experience good private planners constantly look for loopholes in the District Plan to give their clients a “strategic advantage”. By having a simplified planning mechanism the need for the number of planners that each town and city require could be dramatically reduced. Information provided under the Official Information Act shows that Hamilton currently employs 49 planners (see attached) and that local authorities from Taupo to Huntly currently employ 175 planners. This for a population of around 350,000. This level of planners is only required due to the complexity of rules that are currently in place.

Over the last 12 months Hamilton City is finally offering some hope to achieve affordable housing by now allowing “private developer agreements”. They have also proposed introducing a capital value rating system but this will take 10 years to completely be implemented. Unfortunately the Hamilton City Council is still trying to use the District Plan to address the structural problems within the CBD without addressing the underlying issues.

My recommendations today are the same as those made in 2013 they are:

1. District Plans: There should be one District Plan for the whole of New Zealand with local variations.
2. That any future major work undertaken by HCC has to be peer reviewed by the Treasury or two independent parties and open to a legal challenge.
3. Currently the HCC is both judge and jury on all infrastructure projects. They set the time lines based on funding. It should be possible to have outside experts to design and recommend solutions. HCC already has design standards for infrastructure and subdivision which developers have to adopt. With funding taken out of HCC’s hands projects could move faster. With projects taken out of HCC hands it should be possible to significantly reduce staff numbers which would reduce the City’s wage bill and ultimately rates.
4. That all local authorities be required to use a capital value rating system with no “differential”.
5. It be a requirement for all local authorities to have a “policy” allowing for “special rating areas” whereby if the developers provides the infrastructure that these costs can be passed straight on to the rate payer in addition to local authority rates.
6. There must be a standardize policy for all local authorities to allow “special rating bonds” to be purchased and on sold.

If all these recommendations were adopted then within two years affordable sections/housing could be achievable in Hamilton City. All these recommendation are at no cost to either the tax payers or rate payers.

Yours faithfully


Colin Jones
AREINZ

Enclosed:

Copy District Plan 1977

Copy Statistics New Zealand Printout

Copy Hamilton Urban Growth Strategy 2008

Copy Hamilton Task Force Report 1999

Copy email Ian Patton dated 15th February 2013

Copy letter CKL W Lovegrove dated 11th March 2013

Copy email received from Hamilton City Council 4 July 2014 Re: Planning Staff

