



Future Proof Submission on
The New Zealand Productivity Commission's
Using Land for Housing – Draft Report

August 2015

To:

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Submission:

This is a submission by the Future Proof Implementation Committee on the Productivity Commission's Using Land for Housing draft report. The content of the submission follows overleaf. We appreciate the opportunity to provide comments on the document.

Signed:A handwritten signature in black ink, appearing to read 'Bill Wasley', written in a cursive style.

Bill Wasley
Future Proof Independent Chair

1 Introduction

This submission is presented on behalf of the Future Proof Implementation Committee (“FPIC”), the governance group responsible for implementation of the Future Proof Growth Strategy. The FPIC includes representatives from the Future Proof sub-regional councils of the Waikato Regional Council, Hamilton City Council, Waipa and Waikato Districts as well as Tāngata Whenua and the New Zealand Transport Agency.

The Future Proof Growth Strategy is a 50-year growth management and implementation plan for the Future Proof sub-region. The sub-region refers to the administrative areas of the territorial authorities of Hamilton City Council, Waipa District Council, and Waikato District. Future Proof is currently in the implementation phase and the Strategy has been embedded in relevant statutory documents. The Strategy has been successful in providing a strategic, integrated approach to long-term planning and growth management in the sub-region.

Future Proof submitted on the Productivity Commission’s Using Land for Housing Issues Paper in December 2014. In that submission we outlined further background to the Future Proof Strategy, and land supply and housing in the Future Proof sub-region. We do not propose to repeat that material in this submission. This submission concentrates on a selection of questions, findings and recommendations as outlined in the Using Land for Housing draft report.

Submissions on the Using Land for Housing draft report are also being made by individual Future Proof Partners which cover more specific issues relating to their territorial areas or functions. This submission by Future Proof is intended to provide a high level response to integrated planning, governance of transport and transport infrastructure, and shaping local behaviour.

2 Using Land for Housing Report – Questions

Future Proof has responded to the questions, findings and recommendations in the report that are relevant to the Future Proof project and to the sub-region.

Chapter 3 – Integrated Planning

Q3.1: Is there other evidence of the benefits or costs from New Zealand's spatial planning processes that the Commission should be aware of?

Benefits

The Future Proof Growth Strategy is focused on the whole sub-region. It is difficult for each council to consider and plan for issues concerning growth management on their own as the effects of many of their decisions stretch across territorial boundaries. The Future Proof Growth Strategy has allowed each of the Future Proof partners to plan effectively for growth in a collaborative way. For example, by having a clear strategy, each council was able to clearly articulate the agreed priority in relation to the Waikato Expressway. Also, Future Proof councils have been able to work together to reduce duplication of infrastructure requirements and ensure their infrastructure planning takes into account neighbouring districts’ planning and pressures. This has also assisted Long Term Plans to be developed using a common set of assumptions.

The Future Proof settlement pattern is the cornerstone of the Strategy. The settlement pattern describes how the sub-region should develop in a unified and sustainable way out to 2061. The value of the settlement pattern also is in sending clear and unambiguous signals to the market.

Since the launch of the Future Proof Growth Strategy in 2009, the FPIC has made numerous submissions (and further submissions) and given evidence in support of, plan changes and variations to partner council district plans, and proposed district plans, where views align. This further illustrates the collaboration and support the Strategy provides.

The Future Proof Growth Strategy has also encouraged document and data alignment, reducing the duplication of information (and the associated cost). This also leads to benefits in terms of integrating land use, infrastructure and funding, particularly through long-term plans. Future Proof has commissioned and prepared a number of key documents, for example the Sub-Regional Three Waters Strategy¹, and the Hamilton Airport and Adjacent Lands Study². These documents provide important strategic direction for the partner councils and other stakeholders. In terms of data alignment, Future Proof commissioned a review of demographic, households and labour force projections for the Future Proof Sub-Region³. This enables the partner councils to rely on the same base demographic information.

Spatial planning can provide the ability to develop a comprehensive and robust strategy for the development of a district, sub-region or region, looking at and weighing up a complex range of key environmental, economic, social and cultural factors. This allows the community to determine the type of environment within which they wish to live, work and play. Spatial plans also allow for the identification of, and provision for, the costs and resources required to fund and manage infrastructure, such as transport, water, wastewater, stormwater, recreation and cultural facilities.

If the Productivity Commission is looking for estimates of dollar values in terms of the benefits of spatial planning this is very difficult to quantify. However, we are aware of work completed for the Waikato Mayoral Forum which estimated that there could be efficiency savings for the Waikato region in developing a spatial plan of \$40 - \$50 million over 10 years from having fewer plans, policies, bylaws and common planning procedures.⁴

Costs

There are also costs associated with implementing spatial planning due to the current requirements which involve duplication of legislative processes. For example, in order to implement Future Proof, an RPS variation was undertaken, followed by implementation as part of the full RPS review, along with a number of plan changes to the Waikato District Plan. A Plan Change to the Waipa District Plan was also undertaken, followed by a full Waipa District Plan review and a full Hamilton City District Plan review. Whilst these reviews also dealt with other matters, the implementation of the Future Proof Strategy was a key aspect of these reviews. Each of the processes has involved time and cost over the past six years and the processes are still not complete. A new legislative avenue would potentially reduce this duplication of process and involve considerable cost savings.

¹ Hamilton City Council, Waipa District Council and Waikato District Council, 2012. Sub-Regional Three Waters Strategy. September 2012.

² Future Proof, 2013. Hamilton Airport and Adjacent Lands Study. August 2013.

³ Jackson, N., Cameron, M. and Cochrane B. (National Institute of Demographic and Economic Analysis, the University of Waikato), 2014. 2014 Review of Demographic, Households and Labour Force Projections for the Future Proof Sub-Region for the Period 2013-2063. June 2014.

⁴ *A Business Case for Completing the Waikato Plan*, January 2013

Q3.2: How could the longer-term development and infrastructure needs of cities better align with central government's fiscal cycle?

There is currently no formal mechanism by which central and local government can collectively plan for infrastructure needs over the long-term and there is a mismatch between the planning cycles for key government agencies, and the planning cycles of local government infrastructure. Local government is required to plan over long term (30 year infrastructure strategies), but there is no such requirement for central government agencies, who tend to be more reactive. The National Infrastructure Unit is developing a 10 year Capital Intentions Plan, but even they have recognised the difficulty of working across central government silos and the lack of long-term information that is available.

Key central government agencies that provide local services should be encouraged or required to undertake long-term service and infrastructure planning in growth areas in enough detail to be able to assess needs spatially in order to identify medium and long term capital investments that may be required. This planning should use the same growth projections and data as that used by local government to inform their planning. The Waikato region is working towards aligned data through the National Institute of Demographics and Economic Analysis (NIDEA) projections but central government agencies do not use this. Regional spatial plans can enable regions to plan infrastructure and services in an integrated way to ensure investment is targeted where it is needed and to reduce duplication. It is critical that spatial planning processes involve central government (and the private sector to some extent) around the table during development to ensure that all parties are aligned. With the exception of the New Zealand Transport Agency, the capacity for central government agencies to be involved in spatial planning has been very limited to date, despite efforts by local government to engage.

F3.12: Duplicative statutory consultation requirement makes it time-consuming and costly for local authorities to translate spatial plans into RMA regulatory plans.

Future Proof supports this finding. In order to implement the Future Proof Growth Strategy, an RPS variation was undertaken, followed by implementation as part of the full RPS review, along with a number of plan changes to the Waikato District Plan. A Plan Change to the Waipa District Plan was also undertaken, followed by a full Waipa District Plan review and a full Hamilton District Plan review. Whilst these reviews also dealt with other matters, the implementation of the Future Proof Strategy was a key aspect of these reviews. Each of the processes has involved time and cost over the past six years and the processes are still not complete. A new legislative avenue would potentially reduce this duplication of process and involve considerable cost savings.

R3.5: A new legislative avenue should be designed to focus spatial plans on activities that: are of high importance to the functioning of cities and the provision of development capacity for housing (eg, land supply, infrastructure provision, transport services); relate closely to the use of land or space and the management of negative externalities; and, are most efficiently dealt with at a local level and through local authorities.

Future Proof supports this recommendation, however we note the importance of social / community infrastructure and wider well-beings in spatial planning. Future Proof is of the view that spatial planning needs to consider these wider well-beings in order to ensure that we create good long-term outcomes with a strong focus on place-making. We are also of the view that funding considerations need to be factored in as they are a critical part of supplying land for housing and ensuring that adequate infrastructure is in place.

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

Future Proof supports this 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. Given the fiscal implications of greater central government involvement in spatial planning, both Cabinet and the relevant local authority should approve such plans.

Future Proof supports the recommendation to develop spatial plans in partnership with central government agencies; however we do not support Cabinet approving such plans. Whilst central government does provide funding in some key areas, much of the funding for growth is provided by local government. Spatial planning should be a collaborative effort between the community, local government, infrastructure providers and other key stakeholders. While central government has an important role to play, it should not have the ability to veto a plan that the community has agreed upon.

Future Proof sought to involve central government agencies from very early in the development of the Growth Strategy. However, apart from the New Zealand Transport Agency, government agencies were not well resourced to be involved in this process.

Chapter 8 – Governance of Transport and Transport Infrastructure

Q8.3: Would greater integration and clarity within the statutory and legal frameworks for water supply, wastewater and stormwater assist councils in providing the water infrastructure necessary to support urban growth?

Future Proof believes that greater integration and clarity within the statutory and legal framework for three waters would assist councils in providing the water infrastructure necessary to support urban growth. To assist in the integration of statutory and legal framework for three waters, and to ensure consistent management across the Future Proof sub-region, the Future Proof partners developed a Sub-Regional Three Waters Strategy. The purpose of the Three Waters Strategy is to set a long-term strategic vision and guide the management of three waters in the sub-region. The Future Proof Three Waters Working Group developed and implemented the Strategy. There are a wide range of drivers that support and underpin the Three Waters Strategy, including national, regional, sub-regional and local.

Chapter 9 – Shaping Local Behaviour

F9.13: Land banking is a symptom, rather than a primary cause, of land supply constraints. In New Zealand those constraints are the result of local regulatory and investment decisions.

Future Proof does not support this finding. Future Proof commends the depth of analysis undertaken by the Productivity Commission which clearly shows that land banking is occurring in New Zealand (as set out in Finding 9.12). Future Proof does not however support the Productivity Commission's statement that the best way to tackle land banking is to increase the amount of land available for development and ensure permissive land use regulation (page 257), as this does not acknowledge either the complexity of the factors that can relate to land supply, nor the role of land banking in the release of land for housing.

It can be the case that strategic infrastructure is available, but developers may choose not to open up a growth cell for a number of reasons, including land banking and ensuring retention of market share. Future Proof encourages the Productivity Commission to look further at mechanisms which may provide incentives for developers to bring land to the market in a timely manner, beyond the four mechanisms examined in section 9.6 of the report. Other mechanisms may include:

- Limiting the ability to stage subdivisions in a way that allows developers to sit on land and drip-feed it onto the market.
- Significantly shorter timeframes from subdivision consent to Section 224c stage.