



27 July 2015

Using land for housing inquiry  
New Zealand Productivity Commission  
PO Box 8036  
The Terrace  
**WELLINGTON 6143**

Dear Sir/Madam

**USING LAND FOR HOUSING, DRAFT REPORT, JUNE 2015 – SUBMISSION FROM PORIRUA CITY COUNCIL**

Thank you for the opportunity to comment on the Productivity Commission's draft report on using land for housing. We previously commented on the November 2014 issues paper. Once again, the timing of the submission period combined with our council meeting schedule means that it has not been possible to prepare a comprehensive response to this complex issue. Consequently we have not specifically addressed each of the 37 questions and 38 recommendations in the report. Instead we will comment on a few of the key issues and principles that are important to Porirua City Council.

Housing affordability and housing provision are important issues for Porirua despite the fact that we are not a high growth area. Porirua's annual population growth is slightly under 1% (approximately 500) per annum, but in terms of the ratio of median house price to median household income, Porirua's housing is classed as 'severely unaffordable' with an index of 5.2 (source: [www.interest.co.nz](http://www.interest.co.nz), figures as at 26 June 2015).

The disparity between our growth rate and our house price-to-income ratio is evidence that housing unaffordability is an issue in Porirua, a city that is not experiencing problems supplying sufficient land to meet growth. Earthworks increase the cost of land in Porirua due to our topography. Land banking practices by a few private developers also influence the affordability of land.

Like all councils, PCC has no control over the release of land for development, in terms of timing or volume. Instead our influence is limited to consenting for land subdivision, setting housing densities through our District Plan and providing key infrastructure in a timely and cost effective manner.



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The Council has a number of more specific points relating to the Commission's report as set out below.

### **Key points**

1. Many of the recommendations are targeted at high growth areas such as Auckland and may not be necessary or appropriate for other areas experiencing housing affordability for different reasons. Introducing these changes or new requirements nationwide may have unforeseen impacts for the majority of councils who have either modest growth projection or populations that are expected to decline.
2. Any national direction on land use rules would have to be treated very carefully; there is no 'one size fits all' solution. Porirua City Council would not support a National Policy Statement relating to the provision of land for housing.
3. The Commission has suggested the establishment of an urban development authority to lead and coordinate residential development at scale, in both greenfield and brownfield settings, in partnership with the private sector. Legislative change is required to give an urban development authority powers such as compulsory acquisition.
4. While there may be merit in such an entity in New Zealand's fastest growing cities, it is not needed in Porirua (or in other similar cities and towns) that face the greater challenge of encouraging sufficient growth to deliver good quality infrastructure and public services for its communities now and into the future.
5. Many of the report's findings and recommendations appear to show a preference for an increased top-down approach to land use and development planning, which is of concern. Ministerial involvement in planning decisions could undermine local democracy and weaken the principle of subsidiarity that underpins the local government role.
6. The report recommends the removal of regulations that are believed to limit the efficient use of land for housing such as minimum parking requirements, mandatory balconies for apartments and minimum apartment sizes. The Council would support the removal of unnecessary regulations, and is currently doing so as part of its district plan review. We would be wary of any nationwide changes which may not take local conditions into account, and would need to see more detail on these before commenting further.
7. The Council considers that the recommendation to make greater use of targeted rates to fund growth-enabling infrastructure, could result in shifting the costs of development rather than reducing them.
8. The Council also considers that using land value as the basis for rating instead of capital value is unlikely to affect costs as this is just one small part of the rating system. Land or capital value is just a basis for spreading the costs of council services amongst its ratepayers. It is the Council's view that the differentials for varying levels of service applied on top of the base rates have more of an impact on the costs of holding land and on the ultimate use of the land.

9. We support the removal of the rates exemption on Crown-owned land and estimate that this would reduce the impact on current rate payers by approximately 1.5-5% per annum. It would also incentivise government agencies to dispose of land that is no longer required.
10. The Council generally supports the recommendations concerning spatial plans. Porirua already has a spatial plan which has proved very useful in identifying future development capacity within the city. We are supportive of a spatial plan for the Wellington Region.
11. The report recommends the increased application of user charges, particularly for water services, and the removal of prohibitions on road tolling and congestion charges. While there may be some merit in funding more infrastructure through user pays, this is a complex and political issue which will need to be considered in more detail.
12. The Council supports greater integration and standardisation in principle, and sees merit in more consistent infrastructure standards and better coordination with infrastructure providers. However we would require further information detailing how this could occur.

If you have a query about any aspect of this submission, please contact Anne Kelly, Senior Policy Analyst, [akelly@pcc.govt.nz](mailto:akelly@pcc.govt.nz), 04 237 1522.

We look forward to the Productivity Commission's final report.

Yours sincerely



Nick Leggett  
**MAYOR**