

Submission 011 –

Question 1

How should the Commission think about the concept of housing affordability – its meaning and measurement? Should the Commission focus its work on affordability as it impacts on lower income households or should the focus be broader and examine the market as a whole?

Question 1 Response:

The focus should be broader and include matters such as housing choice (the provision of smaller, cheaper housing to the market).

Question 4

What factors have caused recent housing price increases? Are some of them temporary?

Question 4 Response:

Amongst others is the trend to building larger homes and the non-availability of land for the building of smaller houses due to developer imposed covenants that require only more expensive houses be built. Research by Selwyn District Council shows that almost all subdivision in Rolleston requires that houses of 180m² or larger be built, regardless of buyer preference. This may inflate the price of houses built or prevent the erection of smaller cheaper homes that would be suitable for some parts of the market. Such covenants are now standard practice, but have only really become so in the last 20 years.

Question 31

In New Zealand, do home owners prefer living in dense urban settlements or less dense suburban developments? What are the reasons for this preference?

Question 31 Response:

People do generally prefer less dense suburbia. Reasons for this may include poor design of more intensive housing, as seen in the inner city of Christchurch under Living 3 zoning, which does not usually have good on-site open space or privacy. They are not creating the benefits of high density (a vibrant public environment framed and defined by high quality buildings).

Question 33

Are local authorities' land release policies enabling or constraining the supply of land for development?

Question 33 Response:

In Selwyn they are enabling land release because of the pro-active approach to planning taken by the Council, which has provided for 30-60 years of land supply in its main towns.

Question 34

What is the likely minimum lead time for release and development of new land and housing?

Question 34 Response:

For a council process, 3-5 years is a realistic estimate for a change in zoning.

Question 36

Are the planning policies that are designed to encourage higher density housing consistent with, and flexible enough to accommodate, changing community preferences?

Question 36 Response:

Housing lasts for 50-100 years and short term community preference should be considered in this light. The market in any case generally only caters for a limited segment of the population (usually the higher end) and is not a perfect mechanism for realising community preference (for example it does not provide small family homes with good outdoor space).

It is worth considering the experiences of Australia where there has been a trend which has created an established demand for higher density housing (for example smaller lots with two storey houses).

Market based policies which allow the subdivision of existing large lots (a relatively inefficient and unattractive form of land use) whilst allowing the establishment of similar sized houses on greenfield sites are not necessarily meeting community preference. Instead they are meeting the preferences of land developers. It would be more efficient to build the smaller houses directly on greenfield sites, where lots could be smaller and better shaped, yet provide more privacy and usable outdoor space.

There is also a desire in the development industry to maximise the profit from the investment in (expensive) land, which means building the largest possible house. This means that terraced houses which are built in Christchurch usually have the same floor area as traditional houses, and cost the same. It is perhaps not surprising that there is limited market for this particular product.

Question 38

Is the current planning regulatory system more complex and fragmented than it needs to be? Does the planning system include elements that detract from quality urban development and impose unnecessary costs and uncertainty on developers?

Question 38 Response:

The RMA is based on rules which developers try and comply with to avoid a relatively arduous consent process. Yet compliance with rules is a very crude way to ensure good outcomes result. There are many different and sometimes conflicting considerations with land use planning and complying with one may be detrimental to another. A good example of this is parking. Providing lots of off-street parking is good for traffic circulation but it can be unattractive and can be an inefficient use of land. For higher density development, this crude planning mechanism simply does not work.

Question 41

Do external or third-party appeal mechanisms unnecessarily delay planning approvals?

Question 41 Response:

The ability of third parties to appeal notified discretionary decisions to a court creates significant uncertainty and increases costs in a variety of ways. It can create expensive delays. It can be expensive in itself. And it increases the burden of proof for local authority approvals which need to be robust enough to withstand a court challenge. This may cause unnecessary use of expensive experts, with Councils unwilling to accept the risk of using their own judgement when this can be challenged by experts in court. In my view, the best way to cut costs would be to provide a simple and cheap administrative appeal process as used in the UK.

I also suggest that Environment Court hearings should not be de novo, but should concentrate on whether the decision made by Council is reasonable given the discretion afforded by the plan. They should be a safety mechanism to make sure that unreasonable decisions are not made.

Question 68

Does the apparent mismatch between the increasing average size of dwellings being added to New Zealand's housing stock and the projected shift to smaller households raise any market or policy issues?

Question 68 Response:

As discussed in question 4, developer imposed covenants currently prevent the construction of houses under 180m² in the Selwyn District in most sections, as is standard practice in NZ. This appears to be a market failure as there is demand for smaller houses when they are built and also in the second hand market.

A policy response that allows local authorities to make sure that some smaller houses are provided would be helpful.