

Wellington City Council thanks the Productivity Commission for the opportunity to comment on the discussion paper "Better Urban Planning". We would welcome engagement directly with officials from the Commission prior to the draft report being released in July. The Council supports the wide ranging intent of the discussion paper and the fundamental review of urban planning in this New Zealand.

Q What is the appropriate scope of planning?

We generally agree with the LGNZ document entitled 'blue skies' discussion about New Zealand's resource management system" which suggests that the scope of planning is largely covered by functions of the RMA, LGA and LTMA. The scope of any future planning system should include these same functions in particular address the way the Acts overlap and integrate with each other. The following legislation should also be considered when defining the scope of planning:

- Local Government (Rating) Act 2002
- Public Works Act 1981
- Building Act 2002
- Local Government Official Information and Meetings Act 1987
- Reserves Act 1977
- Health Act 1956

Q What is the appropriate role for planning in controlling land use for design or aesthetic reasons?

The council has worked hard to integrate urban design into the wider urban planning conversation in recent years. Based on the success of integrating design into urban planning we feel that design principles are fundamental to any future planning system.

Q How does the allocation of responsibilities to local government influence land use regulation and urban planning? Thinking beyond the current planning system, what allocation of responsibilities to different levels of government would support better urban planning?

Q How can an urban planning system better integrate land use regulation and infrastructure planning?

For the national planning interest to be effectively promoted, central government Ministries need to enter into a lasting collaboration with local government officials. The approach towards planning and especially infrastructure planning needs to be based on enduring principles and where possible be binding. Central Government submissions on planning processes are rare at present and this may be due a lack of operational experience and resourcing or a willingness to accept risk of becoming involved in local democracy.

A possible approach would be for Central government to align the 10-Year Capital Intentions Plan and 30-year Infrastructure Plan 2015 with Local Government 10-year Long Term Plans. This could be done in conjunction with lengthening designations under the Resource Management Act. The alignment of local and central government infrastructure spending would provide those wanting to invest in the urban environment with a far greater level of certainty on which to base their own investment decisions.

Whilst there would be a number of ways a new legislative planning avenue for cities could function; it should include a variety of land use types required to facilitate broad

sustainable growth and not be just housing focused. Any legislative avenue would need to include spatial plan for the following uses:

- Ports and inland ports
- Education facilities including universities
- Roads and rail infrastructure
- Hospitals
- Telecommunications infrastructure
- Regional employment hubs
- Power generation facilities

In our submission to the *Using Land for Housing* inquiry we highlighted that the current institutional and legislative approach to affordable housing is not fit-for-purpose - it is uncoordinated, lacks a national framework, and largely relies on local government and the private sector to deliver land and housing. This is systematic of a wider malaise affecting urban planning generally. The submission highlighted that a new legislative framework isn't necessarily required but instead a response to could be a series of fundamental changes to existing legislation. The submission proposed the development of a national growth management framework to address housing supply and affordability issues, to integrate central and local government approaches to land supply, infrastructure provision and housing supply and affordability. This included:

1. A central government agency responsible for delivering policy and funding relating to:
 - a national growth management strategy which merges/aligns with the National Infrastructure Plan;
 - a contestable national fund to enable public/private partnerships and/or local and central government delivery of 3 waters strategic infrastructure (wastewater, water and stormwater) and affordable housing.
2. Legislative changes relating to:

Local Government (Rating) and Public Finance Acts –

Explore alternative funding tools to provide for the upfront costs of strategic infrastructure, and local and central government earn back funding approaches

Housing Accords and Special Housing Areas Act:

- retain the ability to create Special Housing Areas and qualifying developments (either by extending the term of the Act and/or make similar changes to the RMA);
- in proposed/approved special housing areas allow the plan change provisions in the HAASHA Act to apply to the rezoning of the land for housing purposes and for all consent categories (not just prohibited activities);
- allow apartment buildings above 27 metres to qualify as part of a SHA under the Act.

Resource Management:

- Ensure an integrated legislative approach which recognises the relationships between infrastructure development and the urban planning system;

- provide enhanced regeneration powers to central government development agencies, local authorities, and public/private sector entities to buy, assemble and develop greenfield and brownfield land for housing;
- spatial/growth management plans be given legislative weight by the Courts;
- remove the ability to appeal the substantive decision of the Council to the Environment Court provided mechanisms/processes are in place to ensure a robust first instance (Council) hearing;
- extend the designation timeframe for delivery of strategic infrastructure from 5 to 30 years.

Public Works Act

- enable approved central government development agencies, local authorities, and public/private sector entities to compulsorily buy, assemble and develop land for economic catalyst projects, housing, and affordable housing.

3. Develop alternative funding tools to provide for the upfront costs of buying and developing land and strategic infrastructure for the purposes of facilitating economic growth and the development of affordable housing.

4. Local authorities (such as Wellington City Council) should not be specifically excluded from the definition of 'community housing providers of social and affordable housing' in the Housing Restructuring and Tenancy Matters (Community Housing Provider) Regulations 2014. Tenants would then be able to receive the government income related rent, if they meet the eligibility requirements.

Q Thinking beyond the existing planning system, what should be the appropriate level of consultation in making land use rules or taking planning decisions?

Primarily any new planning system needs to encourage and heavily incentivise consultation at the strategic and plan making stage. This will ensure that strategic issues are not fought on a consent by consent basis as currently occurs. The nature, scale and likely effect of the planning matters at hand will shape the consultation tools available to local government. Currently Schedule 1 of the RMA is one size fits all and this can act as a disincentive to address localised planning issues. Typically the following process steps should be followed when looking at a major consultation exercise which affects an metropolitan area:

- Mandatory research and investigation phase - assessment of demographics, issues and assessment of options, with mandatory consultation with key stakeholders. In the early stage this can involve workshops or other techniques such as charrettes to engage the community and to expedite the consultation process and outcomes.
- Refinement of options and methods and agreement to policy from decision makers
- Consultation directly with property owners, business and community groups
- Notification of the change (non-binding process but mandatory) – use a range of comms
- Notification of change (a statutory process):
 - o Summarise submission and make available to the public for further submissions

- o Prepare reports and hold hearings for all submitters who want to be heard
- o Recommendation to decision making authority made by commissioners
- o Decision issued by decision makers
- Appeals stage as required – the significance of the issue may alter the type of appeal right available.

Q What difference has the planning system made to environmental outcomes over the past 20 years?

Q What difference has the planning system made to urban outcomes over the last 20 years?

Q Why did the RMA not deliver on its original objectives?

We believe the planning system has improved water catchment management, the discharge and outfalls regime as well as the management of landfill operations. The RMA has been, up until now largely silent on urban issues and this has resulted in lost opportunities to positively influence urban environments. The effects based nature of the planning system has acted as a disincentive to co-ordinated investment in urban areas. On the positive side urban design principles have become involved in the urban planning conversation and many metropolitan councils now have established urban design guides.

The Government has previously acknowledged the lack of national direction as being a key shortcoming of the RMA. Overtime a gap developed between the overarching principles of the Act and practice/implementation. This has resulted in narrow thinking and inconsistency across the resource management system.

Q Should more decisions about land use rules be made by property owners privately (for example through covenants)?

We are not in favour of expanding the current use of property owners making binding decisions about future land use. The use of private covenants for example may result in lost opportunities to develop land for higher density housing. We support further investigation into the merits of limiting their use. Placing time limits on private covenants or providing Council's with the powers to override their function under certain circumstances may provide for greater adaptation and reuse of land for housing.

Q What international approaches to planning and environmental protection should the Commission consider?

There are a number of options for local or central governments directly increasing land or housing supply. The most common and varied is a form of a land development agency (LDA). This is an agency that is specifically tasked with developing greenfield sites or redeveloping brownfield sites. Often these projects are seen as a catalyst for larger urban expansion or regeneration. An LDA can take the form of:

- policy only (which would likely have limited impact given the status of the RMA);
- land amalgamation and sale which more often includes masterplanning and then a contract to ensure compliance with the agreed plan upon sale. To work effectively there needs to be some form of compulsory acquisition powers; or
- direct land acquisition and development. Development may solely rest with the LDA or they may involve a Public Private Partnership (PPP).

Australia

LDAs can exist at different levels of government. Australia has several examples of this which include a federal agency called Major Cities Unit (which was closed in 2013), or state based agencies including UrbanGrowth NSW, Places Victoria or Economic Development Queensland (previously called the Urban Land Development Authority – ULDA).

Economic Development Queensland

The EDQ is a commercialised business unit that focuses on delivering residential, urban and industrial development. Similar to the Council's approach, this is aimed at driving employment and economy development. This is achieved through public private partnerships to develop land and infrastructure projects. Major projects include:

- masterplanning communities and major residential developments throughout the state;
- urban regeneration and a master developer roles on private and publically owned land;
- the sale or lease of state owned land; and
- involvement in development projects aimed at delivering employment and economic growth.

United Kingdom

Homes and Communities Agency

The Homes and Communities Agency (HCA) is a non-departmental public body that funds housing and regeneration. It has been in operation since December 2008. In its original form it had much greater power and financial backing, but has since been reformed to save money.

The HCA works in local communities to provide affordable home and business premises to those that need them. This includes affordable homes for rent and sale, and market priced homes for rent or sale. It also regulates social housing providers.

The HCA estimates that their investment helps to build half of all new homes built in England, while also increasing local jobs and economies. The HCA is also able to sell public land to private housing developers. It also has a number of contestable grant or fund programmes that can be available for housing developments.

Hong Kong

Urban Renewal Authority

The Urban Renewal Authority (URA) is the Hong Kong based agency responsible for addressing housing issues on the island by redeveloping and rehabilitating sites, heritage preservation, and revitalisation projects. These projects range from large precinct plans, street and laneway improvements to individual building improvements.

The Government set up the URA in 2002 with \$334 million initial seed money. In the long term, the URA will be self-financing.

Q Should regulating land use and/or environmental effects in an urban context be separated from resource management legislation that applies in non-urban areas? What are the advantages and disadvantages?

Separating landuse regulation of urban and non-urban areas would assist in moving to an outcomes based planning model which clearly recognises the urbanised nature of the population and the need to ensure a strategic and coordinated approach is applied to urban spatial planning.

Q How could a future planning system be designed to reflect the differing circumstances and needs of New Zealand cities? Are new or different planning and funding tools needed?

Currently local authorities have limited powers to initiate comprehensive redevelopment of private land for urban regeneration purposes. To assist in regenerating parts of the city, the Council is actively considering a land development agency of its own. The Council already functions effectively as a social housing provider and would be well placed to expand its functions to urban development more generally as it has established expertise in many areas of the land development process. The provision of enhanced powers to compulsorily acquire, assemble and develop land for housing is welcomed. This may include the ability for an urban development authority to act in a similar fashion to requiring authorities and develop sites within their control without the need for consents as long as the development is broadly consistent with their functions and responsibilities as a development authority. Any review of urban planning also needs to review and expand the funding options and mechanisms available to councils (other than development contributions) to enable urban regeneration projects to be delivered efficiently.

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