



**New Zealand
Institute of Architects
Incorporated**

Submission on the Housing Accords and Special Housing Areas Bill

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Submitted to:
The Honorable Nick Smith,
Minister of Housing

**The New Zealand
Institute of Architects**

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Introduction

In New Zealand, and especially Auckland, not enough housing is being built and there is an insufficient amount of variety of housing types to match the country’s changing demography, or satisfy market demand and consumer expectations. Home ownership, the main route to personal financial security in New Zealand, a fundamental element in our way of life, and a cornerstone of our democracy is, increasingly, beyond the means of many New Zealanders. Alongside the issue of the quantity of the nation’s housing stock, there are also the questions of its quality — its fitness for the purpose of healthy occupation — and its location.

The drivers of our housing market are not unique to this country. They are:

Supply	Demand
Availability of land	Income and employment
Planning and land use regulation	Availability and cost of finance
Building regulations	Tax concessions for homeowners
Cost of housing-related infrastructure	Government assistance initiatives
Construction costs	Housing design and quality
Taxes, levies and charges	Returns on other investments

The state of our housing market is particular to this country:

Residential housing across New Zealand: estimated value \$625 billion

Lending (bank and non-bank): estimated amount \$171 billion

Government ownership of 69,000 homes: estimated value \$15 billion

Residential construction in a typical year

- Build: 24,000 new homes
- Renovate: 32,000 homes
- Employ: 178,000 people (estimate, December 2008)

New Zealand houses, on average, are the largest in the world: 200m²

Home ownership is in decline

Multi-unit housing is 18% of the residential market

The housing market is volatile, and particularly sensitive to economic fluctuations. The construction industry, including architecture, is also subject to boom-bust cycles

New Zealand Institute of Architects' Position on the Housing Accords and Special Housing Areas Bill

The New Zealand Institute of Architects (NZIA) represents more than 90 percent of all registered architects in New Zealand and a majority of recent graduates entering the profession. We have around 2,700 members. The NZIA is active not only in promoting the services of our members but also in promoting practices and education that will improve the quality and sustainability of New Zealand's built environment.

The NZIA of course recognizes that New Zealand has a housing affordability and quality challenge, welcomes Governmental attention to housing issues, and is committed to working with groups and interests seeking solutions to housing problems. However, we are not convinced that this Bill, through the promotion of *Housing Accords* and identification of *Special Housing Areas*, will have any material impact on house prices.

Three years of decisions under the proposed Act will have a significant impact on what will ultimately become operative provisions in Territorial Authority District Plans, as well as establishing expectations in the housing sector. While the need for speed and urgency in addressing housing affordability is appreciated, and supported, expeditious action should not come at the cost of quality built form outcomes. Successful results are at risk if the Bill does not set a goal of realizing housing of an appropriate standard and enduring quality. Without this ambition, and given that the Bill's temporal focus is three years versus the 15-30 year focus of strategic housing plans, the achievement of good quality and affordable housing is compromised from the outset.

The NZIA believes that the Bill if implemented would lead to further deleterious impacts on housing affordability, such as inefficient and uneconomical infrastructure investment. There would likely be other unintended outcomes as well, such as socially and economically isolated communities resulting from poorly conceived and designed housing developments, and the likely sacrifice of productive land to make way for these ex-urban residential developments.

A considerable amount of research has been undertaken, both here and abroad, into the issues around housing affordability, and there are many feasible alternatives for action. The Bill's 'blunt' and 'narrow' approach to the complex issue of housing choice and affordability is, therefore, of serious concern. At best, the Bill will kick economic, social and environmental problems down the road; there is a real risk that the chief beneficiaries of the Bill will be a small number of speculative landholders. Is this really the best response available to the housing issues of New Zealanders?

Strategic planning around future housing types, locations, development models, infrastructure provision and the relationship to current and future communities should be the focus of the Bill, if land availability is to be efficiently dealt within the admittedly cumbersome processes of the *Resource Management Act*. The issues addressed by this Bill are not temporary or transient; because they will affect communities over a lengthy period short-term, quick-fix options and approaches should be avoided at all costs.

New Zealand housing issues demand certainty in the solutions offered. In its current form, and the limited term of its application, this Bill does not offer certainty, whether to Government departments and agencies, Councils, developers, landowners, Architects, future homeowners and communities (it may well open up new avenues to Court action). We are concerned, too, that the Bill, which gives the Government power to override local government planning and consenting processes, will hinder collaborative efforts to meet the challenge of building affordable housing in New Zealand. A confrontational approach does not promise lasting solutions, and the NZIA is surprised that a Government led by a party which has traditionally set itself against centralizing impulses and state control should seek to wield a big stick over the heads of democratically elected local Councils.

There are other options, and the NZIA would be happy to work with the Government on developing them. Further information on our specific concerns is outlined below.

Specific issues with the Bill

Robust evidence base

Clause 9 of the Bill provides the Minister with powers to make recommendations on regions or districts with significant housing supply and affordability issues. As shown in the development of the *Draft Auckland Unitary Plan* and *Draft Auckland Housing Accord* the robustness of the evidence base, and of the methodology by which it is produced, is essential to quality decision-making. The proposed formulaic approach of *Clause 9* is complex (i.e., weekly mortgage payment on a median-priced house as a percentage of the median weekly take-home pay and the median multiple) and problematic, as it does not consider other housing market drivers and influences such as interest rates, consumer confidence, unemployment rates, impacts of new investment (e.g., roads of national significance and industry closure or opening) and their impact on house prices.

Also unclear are the consequences for land adjoining areas fast-tracked and released under the Bill. There are no provisions to acknowledge and/or manage this boundary relationship. Take, for example, a situation where land outside a 'rural urban boundary' or 'beyond a metropolitan limit' is rezoned and consented for subdivision and medium density development and the adjoining land is zoned rural. How will these boundary issues be managed? Does the new residential development adversely affect key rural land uses, and how will this be managed? Does the adjoining rural land qualify for the same development outcomes as land under an Accord or Special Housing Area? There are too many unanswered questions here.

The NZIA considers it essential that any land release programme (redevelopment or greenfield) is supported by a clear and robust evidence base. In our recent submission on the *Resource Management Act*, [or Bill?] we argued strongly for a greater focus on monitoring and performance. We specifically identified the need for **an agreed definition on land supply**.

This could be achieved through, for example, the establishment of a housing and employment land supply programme which would guide the effective management of land supply across New Zealand for residential, commercial and industrial purposes.

Such a programme would:

- determine the total amount of land needed and annual rolling targets to reflect changes in the market and changes to the rate of population growth
- ensure there is land capacity to meet annual housing and employment targets and that capacity is spread equitably across regions
- assist infrastructure agencies with planning to ensure that infrastructure and urban development is effectively and efficiently coordinated
- provide a spatial guide to Councils that would help them align regional and local implementation strategies

Land supply monitoring could capture:

- **residential land development activity**
 - proposed allotments in subdivisions
 - approved allotments in subdivisions
 - completed allotments in subdivisions
 - building approvals
 - other information – e.g., median section size, share of infill verses greenfield development

- **residential land supply**
 - the level of supply
 - current land subdivision applications
 - annual land development
- **residential demolition and re-subdivision**
 - the level of demolition and re-subdivision activity
 - net dwelling increase on demolition/re-subdivision sites
 - replacement rates on demolition sites

We would encourage the Government to consider a more robust evidence base that would be relevant and useful long after the Bill's proposed timeframe of 2016. Our suggested approach to housing supply monitors is a proven concept, in use in other jurisdictions around the world.

Lack of certainty around Housing Accords

Clause 10(4) of the Bill states "the Minister has no obligation to enter into a housing accord with a territorial authority whose district is within a scheduled region or district".

It is difficult to understand why the Minister needs such an extraordinary power of veto when the purpose of the Bill is to make land available for housing. It seems incomprehensible that background work and analysis in support of an Accord and identified Special Housing Area could be undertaken in good faith and then, for no publishable or definable reasons, the Minister could say no. Such a provision could be interpreted as a disincentive to invest in reaching an Accord in the first place.

In the interests of certainty and consistency, and of a fair, transparent and accountable political process, if this veto power is to be retained, then the Minister's criteria for assessing Housing Accord requests should be included in the Bill and where the Minister refuses a request, reasons for that decision should be published. This could be done simply on the website of the Ministry and local territorial authority.

Clause 11 of the Bill identifies the parameters of a Housing Accord. Some key issues are not considered in this section: What is the relationship to other initiatives? Why does it cover only residential development, and not mixed-use development? Why is a baseline of housing supply not agreed with the local territorial authority? There is also concern that the use of a Housing Accord may be inconsistent with local territorial authority planning provisions. This situation would be particularly acute where the existing provisions are out-of-date and/or under review as required by the *Resource Management Act*.

Clause 12 of the Bill requires the publishing of each Housing Accord on the Ministry's website and that of the territorial authority. In the interests of transparency and accountability we support this, but the measure probably does not go far enough. The NZIA encourages the Government to consider more regular reporting on progress, relative to the agreed targets.

Clause 15 of the Bill sets out the criteria for qualifying developments. It is difficult to understand why a maximum height (number of storeys) has been identified as the key criterion. Height is only one aspect of development impact, and its relevance is directly related to a range of other factors, such as section size, site coverage, relationship to boundary and available private open space.

Affordability and cost of infrastructure

Clause 16(3) of the Bill identifies the infrastructure assessments the Minister must make prior to any decision. This clause is of significant concern to the NZIA as it fails to recognize the different infrastructure needs and associated costs applying to redevelopment, on the one hand, and greenfield development, on the other. It is also unclear what is considered to be 'infrastructure' (water, sewerage, roads, electricity,

recreation areas, community facilities, etc.). Funding commitments around infrastructure and timing will also need to be clearly established. Experience shows that local territorial authorities often make changes to infrastructure investments, whether it is renewal, replacement, upgrade or new infrastructure. If the release of land under the Bill is premised on the availability of infrastructure, then clear and binding commitments need to be executed.

Given the operative timeframe for the proposed Bill – three years until 2016 – if any greenfield land is to be developed, it should only be developed to the capacity of available existing infrastructure. As explained below, we consider redevelopment land to be a faster, smarter and more viable land supply choice, if redevelopment is undertaken in conjunction with concept/master planning.

The NZIA also encourages the Government to make use of precinct planning to support the release of land in Special Housing Areas. Such plans provide context and certainty over scale and coordination of development and infrastructure. The use of precinct plans or master plans is widely accepted internationally for such purposes. Precinct planning should apply to both resource consent and requests to vary or change a plan change (**Clause 16(3), Clause 32 and Clause 61(3) of the Bill**).

The economic assessment of infrastructure costs associated with urban sprawl is not a novel field of study. There may be limited evidence on the costs of New Zealand developments, but such assessments were undertaken in Australia as early as the 1970s and numerous assessments have been completed since then.

One of these assessments is that carried out by international infrastructure company Parsons Brinckerhoff and Curtin University of Technology, *The Costs of Urban Sprawl (1): Infrastructure and Transportation* which compared the economic impacts associated with urban redevelopment with those of fringe development. Drawing from the *Future Perth* report (2001) into such comparative costs, Parsons Brinckerhoff broke down the respective costs (in 2007 prices) of inner city and urban fringe capital costs per 1000 dwellings thus:

	Inner	Outer
Roads	\$5,085,562	\$30,378,881
Water and sewerage	\$14,747,616	\$22,377,459
Telecommunications	\$2,576,106	\$3,711,851
Electricity	\$4,082,117	\$9,696,506
Education	\$3,895,458	\$33,147,274
Health	\$20,114,867	\$32,347,327
Total	\$50,502,726	\$136,041,065

The annual transportation costs (in 2007 prices) for 1,000 inner-city and fringe dwellings presented in the Parsons Brinckerhoff and Curtin University of Technology report are:

Inner: \$18,610,824

Outer: \$36,746,532

As the authors of *The Costs of Urban Sprawl* noted, urban fringe development is very costly: “For each new block on the urban fringe compared to redevelopment there is an infrastructure subsidy from various levels of government of around \$85,000”. Transport costs for residents of fringe developments are also significantly higher, the report noted: “The difference between redeveloped and greenfield development is around \$18,000 per household per year spent of private and public transport operations.” Over 50 years, this adds up to “a difference of \$251 million for 1,000 dwellings, or \$251,000 per household”.

New suburbs are in existence for at least 50 years before they need renewing. The decision on infrastructure investment, and hence on land to be released under the

narrow auspices of the Bill (in operation till 2016), must acknowledge the full costs of this infrastructure investment. A strong argument could be made for the Bill only applying to redevelopment opportunities given the narrow timeframe, the existing capacity of infrastructure and higher infrastructure costs of new development on the urban fringe.

Certainty around local government infrastructure commitments

Clause 16 of the Bill makes a number of assumptions around “*appropriate infrastructure*” and “*evidence of demand*”. However it is not clear how the Minister will ensure appropriate infrastructure is available where the Minister exercises powers related to District Plan changes and/or resource consents to make land available for housing.

Currently there is a lack of certainty around local government infrastructure funding commitments. If the Bill is implemented, stronger mechanisms are needed around infrastructure commitments identified in local government Annual Plans and Long-term Plans. Currently, the timing and specification of infrastructure investment decisions can be altered on an annual basis. The current economic climate has encouraged many Councils to ‘sweat their assets’ further than ever before. When you are talking about assets with a 50–70 year lifespan, new infrastructure investment is expensive and multi-generational.

One of the key questions is: Can local government across the country afford the potential augmentation of infrastructure and/or new infrastructure possible under the Bills provisions – Housing Accords and Special Housing Areas?

The NZIA strongly encourages the Government to create provisions which bind territorial authority infrastructure investment (maintenance, renewal, upgrade, or new infrastructure) where land is included in a housing accord or special housing area. This is recommended as a means of creating certainty.

Land assembly provisions

Opportunities to deliver quality housing developments that are affordable, healthy and sustainable often require, if they are to be realized, a land assembly enabling provision. ‘Land banking’ has been criticized, but in the absence of land assembly provisions, it is often the only feasible means of developing quality and affordably medium density developments (both redevelopment and greenfield).

Land assembly is one of the biggest challenges to the achievement of good quality medium and higher density development, in particular through redevelopment opportunities. Improvements could be made through:

- changes to the Resource Management Act to require district plans to include site assembly provisions
- development of a National policy Statement on land assembly provisions to apply in identified centres across New Zealand
- Government policy prioritizing land assembly in areas for redevelopment, recognizing that associated infrastructure costs are generally lower.

The NZIA strongly encourages the Government to priorities ‘land assembly’ provisions as a means of encouraging and supporting housing supply and affordability.

Available resources to ensure quality and design

Clause 32(2)(ii) of the Bill requires consideration of the key urban design qualities expressed in the *New Zealand Urban Design Protocol* (2005). While we commend the Government for referencing this document, it is difficult to understand why the reference is “*key urban design qualities*” rather than “*take into account the matters expressed in the Ministry for Environment’s New Zealand Urban Design Protocol*”.

While the NZIA has been a strong supporter of the *Urban Design Protocol* and its development, and its members were involved in panels and reviews, it is disappointing to see this document referenced in such an important Bill without the benefit of its 2012 review having been completed. The NZIA encourages the Government to expedite the completion of this review and to reference the document in full.

In addition, the NZIA advocates for the use of **Urban Design Panels** in the assessment of applications for resource consent. This measure is important for several reasons:

- it provides for timely advice and consistency in the use and interpretation of the Urban Design Protocol
- it recognizes that not all territorial authorities are a signatory to the Protocol and/or have the necessary design expertise available
- it provides the Minister with neutral and independent advice on key design issues and outcomes

Transitional provisions

Clause 19 of the Bill identifies that special housing areas will be revoked on the close of 30 June 2016. It is unclear how the Bill's provisions will apply to consents, not valid under the operative District Plan, but approved under the Bill and not fully constructed. Consider, for example, a possible scenario: 20 dwellings are approved and by 2016 only 7 have been constructed under the consent. What happens to the remaining 13 dwellings? And under what provisions are they assessed should the consent lapse?

Accord Territorial Authority (ATA) panel

Section 86 of the Bill identifies the composition of each ATA panel comprising no fewer than three persons who collectively have knowledge and expertise in relation to planning, design and engineering.

Given the issues involved, the NZIA strongly advocates for a reference to **registered Architect**. This recognizes the *Registered Architects Act* (2005), and acknowledges that the ATA panel member will have formally recognized skills, qualifications and continuing professional development. Given the issues involved, we strongly advocate to Government that a registered Architect is mandatory on these panels. We would be happy to discuss with Government the details on how this could be resourced.

Availability of skilled professionals

To consider the case of Auckland: 39,000 consents under the Auckland Housing Accord is an ambitious target within a three-year timeframe, given that the latest information from Statistics NZ (30 May 2013) shows that Auckland consents for the April year totalled 3,971, down from 4,582 for the December 2012 year.

The NZIA foresees a significant risk around access to skilled and trained construction and technical professionals. The NZIA encouraged the Government to commit to programmes and funding to ensure the realization of the ambitious Auckland target, and of any others established under the Bill, is not compromised by a lack of skilled and trained people.



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