

Submission on New Zealand Productivity Commissions *Better Urban Planning Issues Paper*

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This submission addresses selected questions from the issues paper, as outlined below.

Question 3

A form-based code which focuses on the appearance and function of the built environment (rather than the activities which take place within it) allows for buildings to transition to different uses over time. Such a code can control some of the actual effects of development (such as on street appearance) more effectively than measures like density.

Question 9

People greatly appreciate the opportunity to be involved in the planning of their area and consultation can have a very positive impact on the way a development takes place and is perceived. It can highlight potential problems and draw the attention of the developer to matters of importance to local people that they may not have been aware of.

The granting of third party rights of appeal is a far greater imposition on development rights as it can create long delays and the expense of defending litigation is considerable. There has been a move away from consultative procedures (notification), perhaps because of the effect of appeal rights. It would be worth the commission examining ways to increase public participation without necessarily providing a right of legal challenge to the public. In this regard, the English system, which allows for submissions to planning applications but no third party appeals seems a good model. Submitters can make their views known to the decision maker but the decision is final.

Question 13

It would be worth considering a more risk tolerant approach to planning applications. The cost of making an application is substantial because it can involve the preparation of one or more expert reports (eg traffic and parking) which may have to be peer reviewed. A more flexible system might empower the Council planner to use more professional judgement in decisions, to make them without necessarily requiring expert reports on the basis that the community will tolerate the risk that some decisions may not be 100% correct (eg there may be a shortage of parking). This may mean that some applications are refused on the planner's judgement – but this decision will be quick and cheap to obtain and could obviously be appealed.

Another cost saving could be a reduction in the use of the court where possible. Appellants should be able to opt to have an administrative appeal handled by an inspector (as in the UK system) for a minimal fee (when I practised in the UK in 2006 it was £95).

Question 16

A clear difference in the quality of urban outcomes can be seen from the growth of Rolleston which has taken place in the RMA era.

Early outcomes were driven by a hands-off approach which left development to be determined by private interests. Among the points to note are that there is a very fragmented network of open space (as each developer provided the amount required on their own land, sometimes broken into multiple parcels to fit staging). The road network is not connected (it is formed of a high proportion of cul-de-sacs) and can be difficult for pedestrians to follow. In some areas, relatively long detours are needed to reach destinations that are close as the crow flies. Rolleston is typical of its time.

A higher degree of management was applied from around 2011, principally to new land brought forward. This achieved a more integrated structure with a basic requirement to connect streets with an 800m walkable perimeter. This will improve the usability and appearance of the town and ensure that it can be re-used in years to come.

This trajectory, of increased management of new development in response to perceived shortcomings of development from the 1990's, and encouraged by central government policy of the time, is typical of high growth areas in New Zealand. The policy appears to have achieved what it set out to do, to create connected and walkable communities with a good standard of amenity. It is clearly too soon for this to have influenced travel patterns in New Zealand as a whole, but the effect is visible in the urban fabric.

It is worth noting that while car ownership may be increasing, vehicle kilometres driven per capita are static in New Zealand and have been since 2005, in common with the rest of the developed world, despite large investments in road capacity and limited investment in public transport. The use of a comparison with 1990, before this trend was evident is therefore somewhat misleading. It would be more useful to see how the pedestrian mode share has tracked with vehicle kilometres travelled over time, particularly the last 10 years. Another useful statistic is the recent increase in cycling (for instance increasing from 700,000 to 900,000 in monitored sites in Auckland from 2011 to 2015 - <http://transportblog.co.nz/2015/12/29/2015-a-year-in-review-part-2-walking-and-cycling/>).

Question 17

Decision makers do need to have a holistic view of how policies affect urban outcomes. It may be the case that some decisions have been taken in the past without full knowledge of the effects. The recent example of the economic effects of minimum parking requirements is a case in point. It is probable that decision makers in that case did not consider the effects of parking requirements on affordability of land uses. It is equally true that they may not have considered the effects on urban design and the quality of the urban environment. Too much weight may have been given to the issue of parking management.

Decision makers should know the economic costs of the proposed policies and also the effect on urban form. A useful process is for planners to draw the planning requirements. In the case of parking, this shows the amount of land consumed and also how difficult it can be to develop at a high standard around it.

Question 19

It is hard to set bottom lines for an urban area. There is a need to create a vision for the area and a structure to make sure that the new development realises the potential for the area. This can mean, for instance, delaying development of certain central areas until later in the development to obtain higher densities, for example near a station. Local knowledge, or at least site specific understanding, is needed for this and it may not suit the developer at the time.

There is also a need to consider the cost of urban decay, for instance in the decline of a once viable centre, both in terms of the economic cost and the loss of community cohesion and pride. As the facilities of an area decline, so its image declines and it becomes a less desirable place to live. This is the issue tackled by the town-centre first policy cited in the report.

Question 20

The existing system is transparent and allows for people to see that decisions are made fairly and with a reasonable evidence base that can be challenged in an open forum. It is very democratic and prevents arbitrary decisions being made.

There is a need for a high level of information to be provided to support planning provisions and for those provisions to address a particular effect. Again, this means that rules cannot be arbitrary.

The system is flexible and allows for people to apply to build anything anywhere. This ability to be flexible should be retained.

Question 22

There are a number of disadvantages of covenants which have not been explored by the report:

They can cause problems if they do not expire. For instance they may have a no further subdivision clause, which can prevent development from ever happening unless all parties to the covenant (which can be hundreds) agree. This could be dealt with by some mechanism by which government could review them after a set period of time.

They are not subject to democratic oversight and exclude the consideration of people who would like to live in an area but are unable to do so.

They are often used to exclude certain types of house. Most notably they are used to ensure that only large, expensive houses are built. Hattam and Raven (in Planning Quarterly September 2011) illustrate this by demonstrating that most of the houses in Rolleston built since around 1990 have been subject to size covenants and that because of this it was not possible to build a house less than 180m² (with some exceptions on a limited number of small sites where 150m² was permitted). The effect on housing costs was estimated at \$30,000 for someone who wanted only a 3 bedroom house but was compelled to build a 4 bedroom house. Obviously the effect would be greater for some-one who only required an even smaller house. There appears to be no justification for this other than to make housing more expensive (to support values).

Question 24

It is not clear why fines would be a better system than regulations. They would be subject to the same issues of whether the right activity was being targeted and whether the fine was the right amount.

It would be useful for the full cost of Greenfield development to be included in the consideration of its viability. Recent estimates of the cost of servicing Greenfield land in Auckland (in excess of \$100,000 per section for regional transport alone, in addition to the usual development contributions due) demonstrate the high cost to the public purse of this form of development. If the aim is to subsidise housing, there may be more cost-effective ways to do it.

It would be interesting to consider the effect of adding this cost to the new house as a loan to be paid back over 25 years - around \$5000 per year. This would be a user pays way to make the beneficiaries of new infrastructure pay the costs, and to reduce the headline cost of new houses and the burden on the development industry.

Question 25

In answer to this question I would suggest a land-reallocation policy similar to that in Germany, to discourage speculation.

The examples chosen were instructive but missed out some of the most important features of the planning systems in question.

For example, in Germany, land is often rezoned by means of re-allocation. In this process, land is “pooled” between landowners and the local authority. The local authority then designs the development, removes the land needed for roads and infrastructure and returns a share of the land to the landowners, who then pay the authority for any increase in land-value that has occurred. At that point, the land is rezoned. In this way, there is less unearned capital gain for landowners and as a result there is less land speculation. Housing costs in Germany are amongst the lowest in Europe, despite its successful economy and it appears to have found a very effective solution to the issue of house price inflation.

It would surely be useful for the Commission to consider what effect a land re-allocation policy would have on property prices in New Zealand?

It is noteworthy that this system also operates in Japan and was responsible for 40% of land supplied between 1977 and 2000 (OECD – Regional Development Policies in OECD countries).

The discussion on Vancouver is also misleading, as it is simply not correct that it is unaffordable. Todd Litman (In Understanding Smart Growth Savings: Evaluating Economic Savings and Benefits of Compact Development, and How They Are Misrepresented By Critics – Victoria Transport Policy Institute) demonstrates that whilst single family housing (detached housing) is expensive, the majority of the housing stock is made up of apartments and attached dwellings. Whilst single family housing costs an average of \$850,000, apartments and row houses are half this amount.

The report has also misquoted Litman, implying that he is a critic of Smart Growth when he is in fact an advocate. The report of his that the commission has cited briefly quotes the arguments against

Smart Growth and then goes on to demonstrate why the criticisms are misplaced. Was the commission unable to find any credible evidence criticising smart growth?

Question 32

It is unsurprising that supermarkets in the UK have experienced a reduction in productivity through the town centre first policy, but this does not mean it is the wrong policy. The research cited makes no attempt to quantify these (or even consider what they may be). This would suggest that it is not a particularly useful document, although it may be of passing interest.

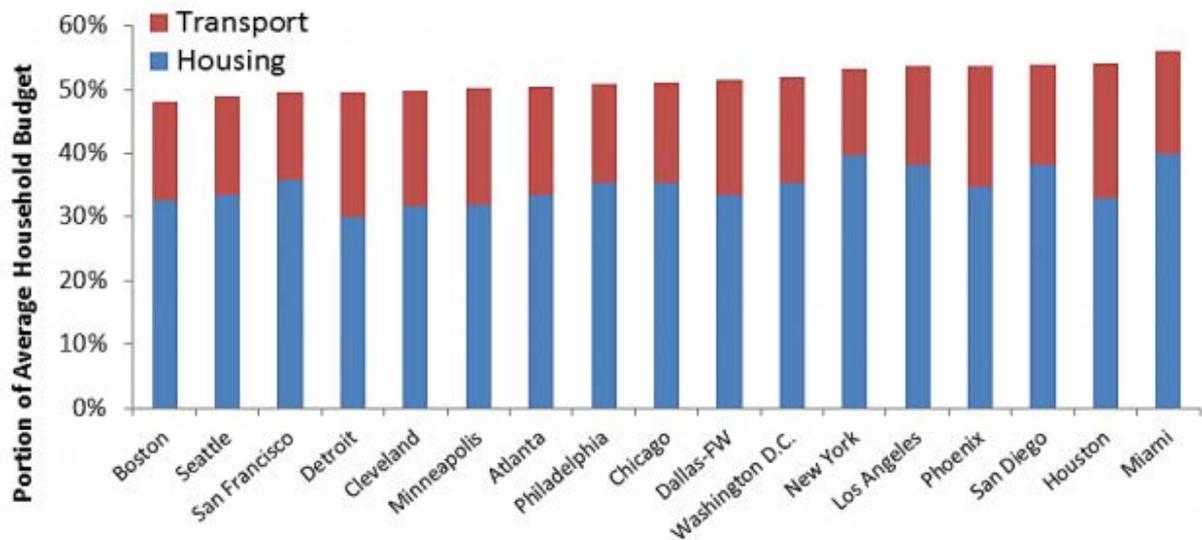
A supermarket acts as an anchor for a range of tenancies (not just food) and a new operator will often tempt the existing retailers out of a town as soon as it opens – effectively killing a centre that may have functioned well previously (even if it was not thriving). This means the loss of a civic heart and gathering place, a loss of a multi-functional centre that may have grown up over many years, the loss of a place that formed the basis of an urban structure that people located around and that formed the major experience of living in the local area.

It would be interesting to know whether people think a 20% loss of productivity from the supermarket sector is a price worth paying for the relative preservation of their urban fabric. However, this research has not been done.

It is also worth noting that in the UK car ownership is much lower than in NZ and that one reason for this is that there is a more dense urban structure where facilities are located within walking distance of most residents and are served by high frequency public transport. Car-ownership in a city like this is simply not necessary. The co-location of facilities in a single place and the preservation of that place as the pre-eminent destination is an important component in this. A shift to a system with fewer, larger stores located on arterial roads in remote locations will reduce the accessibility of these facilities to non-car owning people. Running a car costs between \$5,000 and \$8,000 per year. It is obvious that for some people, the savings they make in the supermarket can be quickly offset by additional costs of having to run a car. Then there are the time savings that can be made, for instance by being able to shop on the way home from the station. The cost of storing the additional cars needed to support a more sprawled urban fabric would also be prohibitive in a country with little spare land.

There is currently a major over-supply of retail space in the US, with the bankruptcy of malls being a particular problem. It is not clear that the productivity of the US retail sector has produced good outcomes for citizens overall.

A particularly useful idea in this area is Litmans concept of accessible-affordable housing. This shows that the cost of living in low-regulation cities like Phoenix and Houston is higher than in apparently expensive cities like Boston and San Francisco because the cost of transport consumes such a large proportion of spending. This is before matters such as the value of time are considered. See for instance <http://www.planetizen.com/node/83847/smart-growth-policies-urban-affordability-and-fertility>



Question 35

Technological change is unlikely to have the impacts suggested by its supporters. Jared Walker (<https://www.washingtonpost.com/news/in-theory/wp/2016/03/02/buses-and-trains-thats-what-will-solve-congestion/>) makes this case eloquently. Electric (and driverless) cars will still require a large amount of space that cities simply do not have available and as a result they will not be the most efficient and effective way to transport people around a city. The benefits of density, for instance in access to goods and services and efficient transport still apply in any scenario. Concentrating on a no-regrets policy that will work in a number of possible futures is clearly a sensible policy and the efficient use of land is clearly such a policy. Therefore the possible change in technology does not have much effect on planning.

In any case the take-up of technology will be slow (a new car has a 15 year life expectancy and it will take some time for the majority of new cars to be driverless. Until most cars are driverless, the expected capacity increases will not be realised because the driverless cars will have to mix with general traffic). As a result, it would seem that there is plenty of time for a reasonably flexible system to cope with technological change.