

SUBMISSION ON THE DRAFT REPORT ON HOUSING AFFORDABILITY

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Thank you for the opportunity to provide feedback on this issue. As others have raised a number of points which I would concur with, I will confine my comments to four points; namely the applicability of the RMA as a planning act and its associated shortcomings, international comparison of consenting times, land covenants and wider definitions of affordability.

1. Shortcomings of the RMA

The commission's review of the purpose and nature of 'Planning' are generally correct. However, the commission then draws conclusions from the nature of planning in theory and leads it to criticisms of its practice in New Zealand. I would argue that rather than planning having been tried and found wanting, it has not been tried. As briefly mentioned in the report, there is a strong argument to make that the RMA is not planning document and is simply an environmental management act that has been stretched to include urban development. For an excellent overview of these issues please see the article by Barry Rae in the RMLA Journal dated April 2009. This can be summarised as follows:

- 90% of New Zealanders live in urban areas but the RMA has had no identifiable positive effect on the urban environment;
- Natural resource management is concerned with minimising adverse effects by humans on the natural environment, therefore it is by nature a conservative approach as humans cannot improve nature. Or to put it another way the less that is allowed the less the effects will be, this approach does not lend itself to innovative or forward thinking;
- Due to the focus on adverse effects, positive effects are downgraded and essentially overlooked by the RMA. The aim is to minimise adverse effects, not increase positive effects nor to seek a net improvement in the environment (as this is essentially impossible in the natural world);
- The naturalist focus privileges existing amenity over future amenity and seeks to protect existing development on the assumption that the existing environment must be maintained;
- Human settlements are dynamic by their nature unlike natural environments and therefore need to be planned rather than managed;
- A focus on constantly allowing 'minor' adverse effects and omitting positive effects leads to negative outcomes over the longer term;

- The purpose of the Act needs to be amended to include positive effects and a net benefit to human settlements as well as natural resources.

The practise of the RMA and the tools available to planners to increase housing supply have had no examination in the report. Due to the RMA's focus on notification rather than substantive decisions, wider issues regarding housing and its costs and benefits are lost as applicants design to avoid notification. The notification issue also leads to the majority of delays, including I suspect the case in Wellington on page 91 whereby a project was significantly delayed despite complying with the Council's objectives.

The other major shortcoming of the RMA in practise is the production and maintenance of District Plans. Due to the significant amount of time involved in their production, they are often out of date by the time they are notified. This is due to the significant amount of time involved in appeals to the plan or a plan change. Such delays make it impossible for the plan to be up to date, relevant and to respond to environmental and market changes. I would argue that the commission should focus its attention to the wider structures in which planning operates and the tools available rather than focusing on delays in consent processing.

2. Consenting times

The length of time involved in processing building and resource consents is of course relevant to the responsiveness of the house building industry and has cost implications for those involved. However, experience in working in this country and overseas would suggest that developer opinions of the delays in processing times are universal and based on a misconception that delays in their particular country are longer than others. Evidence for this view is provided by the World Bank in their annual 'Doing Business Project'. This finds that that New Zealand ranks third overall in 'Ease of doing business' and second in 'Dealing with construction permits' (unchanged from 2011) out of 183 countries. For further details please visit www.doingbusiness.org

3. Land covenants

The issue of restrictive land covenants was briefly mentioned in the report and I note that it has been mentioned by other submitters. This is an under researched issue in New Zealand but some research has been recently published in 'Planning Quarterly' magazine ('My House My Castle, September 2011). A copy of this article may be viewed at https://www.planning.org.nz/Category?Action=View&Category_id=168 This research uses the case study of Rolleston, near Christchurch and can be summarised as follows:

- 75% of sites had a covenant requiring a house of at least 160m² (some of at least 200m²);
- Of the remaining 25%, the majority required approval of plans by the developer with a minimum house size a criterion;
- Some of the small number of sites without covenants were built directly by the developers with large houses;
- Rezoning has produced smaller lot sizes but this has been undermined by large houses being placed on them by covenant;

- Terrace housing has been developed in Christchurch but again with 200m² houses meaning that there is little choice in the market despite plan changes;
- This results in an increase of \$30,000 per house (assuming that the covenant requires 30m² over what a three bedroom house would otherwise require);
- Housing adaptability (i.e. building small houses which can be extended) is not possible with such covenants;

While it focuses on one case study it clearly shows that the move toward larger homes is not always market driven and such covenants effectively mitigate against higher (or medium) density development and can operate as a planning policy without public input or scrutiny. A further issue is the use of covenants to prevent houses being leased or sold to HNZC, this would mitigate against residential diversity and is a further way of segregating NZ's communities by class (as has happened in the Stonefields development in Auckland). The commission should give consideration to the options for regulation of such covenants.

4. Definitions of affordability

The commission necessarily addresses the upfront costs house housing, however the whole of life cost of the housing should be taken into account. This does not simply mean the durability of the materials involved or how thermally efficient different housing types are (which are also relevant, particularly the latter as detached homes are far less efficient than attached) but the commission should look at *the* fundamental influence on the cost of housing: location. This is an issue which has been looked at in detail elsewhere, for example in Condon 2010, some of the key points from this work can be summarised as follows:

- In line with the movement from high density walkable development to low density car orientated development, spending on transport rose from 13.8% per average household budget in 1950 to 20% in 2001 in the USA;
- Lower income families spend the highest proportion on transport due to their concentration in edge of city locations where housing is cheapest;
- Lower income families, particularly those living in low density areas where public transport is difficult to provide are also hardest hit by rising fuel prices;
- Density affects mode of transport used, e.g. residents of Vancouver use their cars 30% less than those in South Surrey/Langley despite a similar level of income;
- Portland Oregon has had growth controls since 1974 yet it has similar or lower housing costs than other similar cities in the west of the USA;
- During the current financial crisis, home foreclosure rates are highest in the more far out suburbs.

Source, Condon, P, 2010, 'The Seven Rules for Sustainable Communities' Island Press, Washington.

The infrastructure cost of servicing greenfield development is not just related to the length of pipe and road required. Such developments are by definition far from existing social infrastructure such as schools, hospitals, libraries, parks etc. Such assets can be used more efficiently and expanded without the need for new services in new developments if growth is directed to existing centres. Emergency services also find it more difficult to service low density

suburbs due to the large distances and low numbers of persons per resources invested. For an example see Condon 2010 where the fire response times for the state of Massachusetts have been calculated (low density, edge of city suburbs have significantly longer response times and cost more to service). Low density greenfield suburbs also have lower rates of physical activity than walkable areas. This has been shown to lead to higher rates of obesity and mental illness and lower access to essential services. The costs of which are not reflected in the up front house prices but are passed on to the new residents and the wider community through taxation.

These patterns can also be seen in Auckland as illustrated in the report where lower income families are being squeezed out of the Isthmus and being concentrated far from the city in the southern and western suburbs. While the commission has a limited remit, it should illustrate what the consequences would be of a large scale rezoning of the fringes of Auckland for housing use as has been proposed. Given the high costs in servicing this development both upfront and through the inherent transport costs living there it is difficult to see how such housing could be considered to be affordable in the long term.

The commission should also listen critically to developers arguments in favour of cheaper building on greenfield sites as the developer has no stake in building in locations where housing is cheaper to 'operate', only in the upfront costs of building. The arguments put forward regarding the costs of upgrading existing infrastructure (e.g. sewers designed for 1920's development) is relevant but a good planning process would exclude areas of significant infrastructure constraint in any case.