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Auckland Council
Draft Future Urban Land Supply Strategy

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NZCID Feedback on the draft Future Urban Land Supply Strategy¹

The New Zealand Council for Infrastructure Development (NZCID) welcomes the opportunity to provide feedback to the Auckland Council (the Council) on the draft Future Urban Land Supply Strategy (the Strategy).

We see very significant potential in the Strategy and strongly support the Council's efforts to identify, understand and align long term development and infrastructure needs across the region.

We observe the Strategy to be relatively "high level" in terms of analysis performed on the full range of infrastructure services required to service existing and future residents in three different parts of the region.

We consider this level of analysis is appropriate for the inaugural Strategy, but anticipate subsequent iterations which go much further.

Our desire is to see a fully integrated regional land use and infrastructure programme sequenced and funded (to the extent possible) for the next three decades.

That is, we consider the Strategy to be the first in several stages of a longer term programme to:

- Understand existing infrastructure capacity in discrete areas of the region;
- Identify known infrastructure needs across Auckland, regardless of new development demands (i.e. where and when do existing assets need renewal?)
- Understand the infrastructure costs triggered by growth in different parts of Auckland, both greenfield and brownfield;
- Understand the market attractiveness of discrete areas in Auckland.
- Identify the pipeline of public sector investments required to meet growth based on both public value for money and private market demand.

¹ This submission represents the views of NZCID as a collective whole, and may not necessarily represent the views of individual member organisations.

There are two aspects of the longer term programme to develop a fully integrated land supply strategy which we think need acknowledgement in the Strategy.

The first relates to understanding infrastructure, particularly transport, capacity and implementing development in accordance with transport outcomes.

This activity is not currently performed well in Auckland and is a major factor not only in the unaffordability of housing but in poor transport performance.

Poor future transport outcomes, as identified through the 2015 Regional Land Transport Plan and Integrated Transport Programme, in spite of high levels of investment, strongly suggest development is being channelled into areas with inadequate transport services (particularly public transport).

Transport authorities maintain little or no ability to prevent growth in areas which cannot be served at reasonable cost with transport (as, Watercare does, for example).

This places greater onus on Auckland Council plans to carefully align growth with existing and planned transport investment.

We consider this Strategy to be a valuable tool for the Council to understand spatially the costs of development, including to transport network performance.

Zonings and other development controls should be used to limit development capacity where transport modelling demonstrates services are inadequate to meet growth, until such time as services can be delivered.

Appropriate measures, such as lower development levies and streamlined consenting, should be used to incentivise growth in areas where public costs are lowest.

A second critical element in a successfully integrated land supply strategy is balancing perceived public efficiencies with actual private demand.

Understanding the costs of growth, as the Strategy does in some detail, is not sufficient in and of itself to determine growth priorities.

More important is how much home buyers and other property market participants are willing to pay to sustain certain levels of service in any given location.

At the most basic level, growth that meets market demand must be provided for, not growth of any kind.

But at a more nuanced level, existing residents may be willing to pay higher rates and other charges to restrict development in their communities to protect amenity. Equally, new residents on the periphery may be willing to pay more for larger land holdings than the additional infrastructure costs to service those larger land holdings.

The Strategy makes no reference to the costs developers and their clients are willing to pay and only measures costs to public infrastructure providers.

A better understanding is required of what housing types the public wants across different parts of the region, and how much they are willing to pay for it, given the most accurate reflection possible of the true underlying costs of that development.

A successful land supply strategy must understand market demand and be flexible enough to make provision for changing housing preferences.

We look forward to future iterations of the Strategy which expand land supply analysis beyond future greenfield areas, evaluate the costs of growth across Auckland, appropriately allocate those costs and benefits of growth and sequence public investment accordingly.