



Crombie Lockwood Tower
Level 16, 191 Queen Street
PO Box 7244
Wellesley Street
Auckland 1141
New Zealand

Phone: +64 9 377 5570
Email: info@infrastructure.org.nz

19 May 2017

Construction and Housing Markets, BRM
Ministry of Business, Innovation and Employment
PO Box 1473
Wellington 6140

Per email: UDAConsult@mbie.govt.nz

Urban Development Authorities consultation

Dear MBIE

We support the creation of new legislation establishing Urban Development Authorities (UDAs).

We agree that there is a role for UDAs in supporting urban development and consider that the outline provided in the discussion document is broadly appropriate.

While we note that the proposals in the discussion document represent a significant shift away from the approach taken in recent times, we emphasise that such a shift is urgently required.

In growing cities, which is where a UDA would operate, New Zealand's planning and regulatory system is a demonstrable failure.

High house prices, delayed and expensive infrastructure and land value appreciation from public investment transferred to often untaxed property owners are all the product of a planning system which does not work and must be replaced.

A UDA with strong powers to cut through planning constraints is the only short term measure capable of enabling urban regeneration at an acceptable speed and price point.

Of particular note, **we agree with and support:**

- The need for UDAs.
- Establishment of UDAs only with the sign off of a responsible Minister.
- Flexible powers and timeframes based on the individual needs of a project.
- Powers of land acquisition and rezoning for the purposes of urban development and land value capture, while noting that land acquisition should always be a last resort and follow efforts to partner with land owners in the first instance.

- The power for UDAs to become requiring authorities with access to the National Land Transport Fund.
- Development powers remaining the sole charge of public agencies.
- Extensive scope for UDAs to engage, contract and partner with land owners, developers and other private parties to deliver project objectives.
- Provision for a UDA to access private capital markets and to levy appropriate charges on residents benefitting from new services.

We reserve our support on several issues, principally:

- We do not consider it is appropriate for local government to possess a veto of central government decisions in relation to activities of national significance. Where a government or government agency can demonstrate a development opportunity is of national significance, it should not require (but should always seek) local authority support.
- We do not consider it is appropriate to limit UDA powers to “brownfield” urban areas. Clarity over the definition of what is “urban” and what is not is required. UDA legislation must enable greenfield development, where appropriate, to be led by a UDA and have access to the same powers.

We note that the proposals set out in the discussion document will not address the causes of planning dysfunction in New Zealand. UDAs will help mitigate some of the worse effects, but to address the actual problems which give rise to UDA legislation a full review of planning, local governance and infrastructure funding roles, responsibilities and statute is required.

Infrastructure funding

We would like to record our particular support for the level of recognition given to the complexities of funding infrastructure to support development. The Ministry has obviously thought deeply about the allocation of responsibility for funding infrastructure to support growth (Proposals 112-145).

However, we consider greater clarity is required.

We strongly support the transfer of targeted rating powers to a UDA to deliver infrastructure and other essential services necessary to support the development (Section 7). Without some form of longer term repayment mechanism to cover the costs of long term investment linked to the development, a UDA will not be effective.

We are also satisfied that territorial authorities are in the best position to collect this revenue and redistribute it to the UDA.

However, we are less certain that the discussion document clearly distinguishes between infrastructure costs and rating powers inside and outside the development area.

We are satisfied that the discussion document sufficiently recognises and understands the importance of new development paying for the services which enable that development.

We are less clear that the discussion document ensures that those same property owners are equivalently insulated from paying for services from which they do not, or only partly, benefit.

Legislation must be equally committed to ensuring a UDA pays its fair share of service costs and protecting the UDA from subsidising other property owners.

Infrastructure powers

We also would like to commend the Ministry on recognition of the likely need for significant urban redesign within UDA areas, and therefore the need for appropriate UDA powers.

The objective of higher density development in established urban areas is rarely consistent with the existing provision of services in those areas.

Where suburbs have been planned and designed for low density development, roads are narrow, pipes are small, electricity is undersupplied and all services are in general inadequate to support a much higher population.

It is critical, particularly from a transport perspective, that a UDA recognises the need for, and has the power to implement, major rework of local and connecting systems.

To service higher densities, roads will need widening for walking, cycling and public transport as well as higher general traffic flows; roads will need reorienting to make walking safer, faster and more attractive; new roads may be required to improve access; others may need to be removed to allow scale redevelopment.

Changing the fundamental infrastructural layout of established urban areas is a major undertaking but is absolutely critical to successful urban regeneration in areas designed for low-density car-oriented development.

Without such redesign, more cars are funnelled onto inadequate streets with poor transport alternatives.

Congestion is the only certainty and retrofitting adequate transport services after density has been delivered is unaffordable.

For this reason, we submit that not only must a UDA consult with transport and other infrastructure network providers, including the Ministry of Education (Proposals 125-126), transport modelling must demonstrate that redesigned transport networks are adequate to service proposed levels of density.

Where transport modelling indicates high levels of congestion are likely, lower densities or improved accessibility must be planned into the development area before development begins.

Satellite cities

We do not support the limitation of UDA activity to urban “brownfield” areas.

The discussion document is ambiguous (see for example pg. 21) with respect to the power of UDAs to operate in greenfield areas and more clarification is required.

UDAs must be able to operate in greenfield areas servicing major urban centres.

Should a territorial authority and/or government agency identify an opportunity outside an existing metropolitan boundary, or in an otherwise undeveloped area, it must be clear that a UDA option is available.

Infrastructure New Zealand considers there are opportunities, particularly in and around Auckland, to deliver high density greenfield development consistent with council objectives. Sites along rail corridors, for example, are ideal for major new urban development. A UDA option could deliver such development faster, more affordably and in closer alignment to public objectives than other options.

The ability to masterplan and deliver homes and employment at speed in an unencumbered environment, makes greenfield areas an ideal short term priority for UDAs.

Without UDAs, it is likely that greenfield development will take the form of low density urban expansion which is difficult to service with public transport.

A UDA can take commercial risk private parties may consider unfeasible, and plan and design satellite cities which provide high amenity services close to public transport consistent with local, regional and national objectives.

UDAs must not be prohibited from operating in a greenfield environment.

Transport corridors

UDA development areas should prioritise transport corridors.

The discussion document sets out a number of examples where a UDA project may operate (pg. 24).

We support this broad approach, but emphasise the importance of UDA activity around rapid transit.

The importance of prioritising rapid transit locations reflects two factors:

- a) Markets, as long as planning rules do not constrain land supply, are capable of delivering low density housing at affordable prices. UDAs are required to enable development at higher densities. Due to the physical size and needs of private vehicles, higher densities require quality public transport.
- b) Investment in rapid transit concentrates accessibility benefits within an area proximate to the transit service. Property values respond to increased access, providing a permanent and in many cases significant, value uplift to adjacent properties. Public authorities must develop means to capture this value. It is unaffordable to fund the rapid transit services cities need by any other means and it is inequitable to ask general tax payers to fund services which deliver an immediate and permanent capital value increase to local property owners. A UDA approach around rapid transit will capture the value of public transport investment, support that investment with timely redevelopment and ensure growth is affordable.

UDA legislation must ensure UDAs can operate along transport corridors.

For example, a UDA could be established along a future light rail route in Auckland. That UDA would work with surrounding property owners to masterplan and facilitate redevelopment along the corridor, capturing value for reinvestment in services needed to support higher densities (including the light rail project itself).

Wider reform

We support the enactment of UDA legislation and broadly support the proposals outlined in the discussion document.

Again, we accept that the proposals represent in many respects a radical shift in approach to urban development in New Zealand but wish to re-emphasise the importance of the counterfactual.

Growing cities in New Zealand cannot meet housing demand. Planning limitations are impeding the supply of homes and infrastructure and the costs and benefits of public decisions are unevenly distributed.

The model is broken and UDAs are one short to medium-term measure which will help address planning dysfunction.

However, UDAs still represent a “band-aid” solution. The cause of planning dysfunction is not addressed by the proposals set out in the discussion document, even if some of the worse effects may be mitigated.

To address the causes of planning dysfunction, substantial reform of planning statute, including replacement of the Resource Management Act, Local Government Act and Land Transport Management Act is required.

In light of the importance of planning and resource management to local government activities, planning law reform must take into consideration the question of “who” should plan and own responsibilities around resource allocation.

Since resource allocation, including distribution of the right to develop land, necessarily affects infrastructure needs and investment, funding of infrastructure must also be investigated.

New Zealand’s dysfunctional planning, governance and funding of the built environment is the wider context which gives rise to the need for UDAs, but UDAs alone will not solve the problem.

Further reform is required.

We thank the Ministry for this opportunity to submit.