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11 July 2019

Committee Secretariat
Environment Committee
Parliament Buildings
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Per email: environment@parliament.govt.nz

Infrastructure New Zealand is the peak industry body for the infrastructure sector and promotes best practice in national infrastructure development through research, advocacy and public and private sector collaboration. Infrastructure New Zealand members come from diverse sectors across New Zealand and include infrastructure service providers, investors and operators.

This submission represents the views of Infrastructure New Zealand as a collective whole and may not necessarily represent the views of individual member organisations.

Infrastructure New Zealand feedback on the Kāinga Ora – Homes and Communities Bill

Infrastructure New Zealand supports the Kāinga Ora – Homes and Communities Bill (the Bill).

We agree that central government needs to have the ability to intervene in housing and development markets which are not meeting national expectations, including to improve the supply of housing.

We support the consolidation of Housing New Zealand, HLC and relevant parts of Kiwibuild into the new Kāinga Ora-Homes and Communities Crown entity (the Entity).

We support the requirement for creation of a Government Policy Statement on housing and urban development (GPS).

However, we consider that the “form” of the new Entity should reflect the “functions” given to it.

Thus, while we offer in principle support for the Bill, we feel somewhat limited in our ability to comment further in absence of details around the Entity’s powers.

Key concerns centre on the objectives and principles under which the entity will operating. In particular, we consider that the Entity:

- should only step in where there is clear evidence of market failure
- should avoid crowding out private development
- should seek to promote development partnerships with local government and the private development sector wherever possible.

Objectives of Kāinga Ora – Homes and Communities

We note the Objective of the Entity, “to contribute to sustainable, inclusive and thriving communities,” but also observe that this objective implies a strong local component which is not necessarily consistent with the world view of a national agency.

The more natural promoter of sustainable, inclusive and thriving communities are locally-oriented bodies.

However, we accept that the current urban development and supporting infrastructure system is not working and that, consequently, there is an urgent need for the Government to intervene in the planning, funding and delivery of sustainable, inclusive and thriving communities.

The objective of Kāinga Ora-Homes and Communities should be to cut through local governance and market barriers where they exist and ensure that national objectives are promoted as set out in the regulatory impact statement, including enabling:

- faster economic transformation through more effective, large-scale urban development
- better integration between land use and transport systems
- more control over the location, timing and quality of urban development
- increased planning certainty and incentive for developers to participate in largescale urban development
- increased access to private sector investment in urban development through joint ventures and partnership arrangements between the public and private sectors
- better return on public sector infrastructure investment.

We are concerned that the Bill does not clearly state these objectives and should be amended accordingly.

Recommendation:

That Clause 12 be amended to include the above objectives.

Crowding Out

The provision of these powers carries a significant risk of crowding out local government, community housing and private market provision of sustainable, inclusive and thriving communities.

In conducting its activities, Kāinga Ora – Homes and Communities should therefore satisfy itself that the objectives listed above could not otherwise be achieved without intervention.

Accordingly, we recommend that an additional sub-clause be added to Clause 14 as follows:

Clause 14 (3)

In conducting its activities Kāinga Ora – Homes and Communities should satisfy itself that the objectives listed above could not otherwise be achieved without its intervention in the market.

Consistent with this, an additional Clause should be added under the Housing sub-heading and that the numbering of subsequent clauses be amended accordingly:

Clause 13 (1) f

To support others to provide housing, including through co-investment.

Further, the following subclause under the Urban Development heading (as currently numbered) be amended as follows:

Clause 13.1 (f)

to initiate or undertake any urban development, whether on its own account or in partnership or on behalf of other persons, including—

And a new Clause be added:

Clause 13.1 (g) (iii)

working with existing landowners and development partners to maximise opportunities including through co-investment:

Board Composition

The functions that Kāinga Ora – Homes and Communities will undertake will require substantial capability in the provision of housing and urban development. We are concerned that the description of core competency gives insufficient weight to the need for extensive urban development experience on the board.

Recommendation:

Clause 10.2

The Ministers must appoint members to the board who, collectively, have extensive knowledge and experience of, and capability in,—

(a) Housing and urban development systems, including public housing, urban planning and design, infrastructure, construction, and regeneration; and provides for the following perspectives:

(i) the needs of Māori; and obligations under the Treaty of Waitangi (Te Tiriti o Waitangi) and its principles and Te Ture Whenua Maori Act 1993; and

(ii) the needs of public housing tenants; and

(iii) developers; and

- (iv) local government; and
- (v) business generally; and
- (vi) public sector governance; and
- (iv) central government processes.

Need for Overarching System Reform

Having accepted there is justification for the Government to step in to address current gaps in New Zealand's urban development system, we consider it important that such measures be viewed as a near term response to an existing problem, rather than a long term measure to override largely local activities.

In the long term, we would expect that a system which is not providing for national priorities is reformed, rather than local functions or market activities be consumed by a national body.

It is our strong view that the institutional and statutory arrangements for local decision making in New Zealand are not working and that these arrangements are directly contributing to issues in housing, transport, water and land development, among others.

Our preference is that the legislation overseeing these activities, specifically, the Resource Management Act 1991, the Local Government Act 2002 and the Land Transport Management Act 2003, is revised to ensure that local bodies deliver on local and national priorities.

We thank the Committee for the opportunity to submit.