

1 August 2019

Committee Secretariat
Environment Committee
Parliament Buildings
WELLINGTON

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KĀINGA ORA—HOMES AND COMMUNITIES BILL

1. Thank you for the opportunity to submit on the Kāinga Ora—Homes and Communities Bill. This is our final submission, having been finalised by our Strategy and Policy Committee at a meeting on 1 August 2019.
2. Kapiti Coast District Council (Council) supports the Kāinga Ora—Homes and Communities Bill and the creation of Kāinga Ora—Homes and Communities (Kāinga Ora) in principle, noting that a co-ordinated approach to urban development and the provision of housing across New Zealand is a welcome Government initiative.
3. Council supports the submissions made by the New Zealand Society of Local Government Managers (SOLGM), Local Government New Zealand (LGNZ), the Wellington Regional Healthy Housing Response Group (RHHRG), and the Development Contributions Working Group (DCWG).
4. Council is pleased that the focus of Kāinga Ora will be to contribute to “sustainable, inclusive, and thriving communities”. This is closely aligned with our vision for a thriving environment, vibrant economy, and strong communities on the Kāpiti Coast. Council is concerned, however, that the vision might not be upheld if the Government Policy Statement on Housing and Urban Development (GPS-HUD) – which will set out the overall direction and priorities for the wider housing and urban development system – does not share the same aim.
5. Council is also pleased that the Bill includes a number of provisions to recognise Māori interests and ensure Māori participation in relation to urban development, but Council has specific concerns about safeguarding and prioritising the role of local government in urban development, and ensuring that the objectives of the Bill are achievable.
6. In this submission, Council makes a number of recommendations related to strengthening the role of local government, ensuring transparency and alignment with existing legislation, and the importance of development contributions.

Strengthening the role of local government

7. Council notes that there are a number of areas in the Bill that could be amended to provide greater opportunity for collaboration between central and local government, particularly in relation to the development of the GPS-HUD and the operations of Kāinga Ora.

Kāinga Ora functions and operating principles

8. Council acknowledges that Kāinga Ora will undertake two primary functions: to provide rental housing and enable home ownership, and to undertake urban development or lead and coordinate urban development initiatives. Both of these functions will require close collaboration between central and local government.
9. Local government and communities will be critical partners in the delivery of such projects, but the Bill does not incorporate any specific requirements to work with local government, except for requiring someone with an “understanding of local government perspectives” to sit on the Kāinga Ora board. Council is concerned that this will not be sufficient.
10. In regards to urban development, for example, while it is understood that there is a need to streamline approval processes and expedite delivery to meet New Zealand’s housing needs, urban development projects will have long-lasting impacts on the character and infrastructure of local areas. Planning will need to be undertaken carefully, in a way that meets the needs of communities, whilst safeguarding and building on local character.
11. Local government is well placed to bring local knowledge and understanding to the planning and delivery process and, in many cases, will be the providers of supporting infrastructure. It is, therefore, essential that local government be a core part of the process.
12. Whilst it is acknowledged that the full operating functions of Kāinga Ora will be subsequently determined in a second Bill and in the development of the GPS-HUD, the requirement to engage and work with local councils should be strengthened as soon as possible.
13. Clause 13(1)(h) establishes that one function of Kāinga Ora will be “to understand, support, and enable the aspirations of communities in relation to urban development”, but does not provide any further guarantees for local government involvement.
14. Similarly, Clause (14)(1)(l) establishes that one of Kāinga Ora’s operating principles will involve “partnering and engaging meaningfully with other persons and organisations”, but does not provide any further guarantees for local government and local communities.
15. Council recommends that the Other sub-section of Clause 13 be amended to include:
... to work collaboratively with relevant local government authorities when initiating and undertaking urban development.

16. Council also recommends that the Collaboration and effective partnerships subsection of Clause 14 be amended to include:
... partnering and engaging early with relevant local government authorities to ensure appropriate consideration of local planning issues and plans.

Development of the GPS-HUD

17. Council notes that Kāinga Ora will give effect to the GPS-HUD, which will be developed by the Ministers as set out in Part 2, Subpart 1 of the Bill.
18. Clause 24 of the Bill mandates the GPS-HUD to include all of the following:
- a. the Government's overall direction for housing and urban development;
 - b. the Government's priorities for housing and urban development;
 - c. how the Government expects Kāinga Ora–Homes and Communities to manage its functions and operations to meet the Government's direction and priorities for housing and urban development;
 - d. how the Government expects other agencies to support that direction and those priorities; and
 - e. the Government's expectations in relation to Māori interests, partnering with Māori, and protections for Māori interests.
19. The GPS-HUD will clearly be a significant document and, while Clause 23 states the Ministers must "consult Kāinga Ora–Homes and Communities and persons, and representative groups of persons, who have an interest in housing and urban development in New Zealand" there is no guarantee that this will include local government and communities.
20. Furthermore, while Clause 24 states that the GPS-HUD will include how the Government expects other agencies to support the direction and the priorities of Government, there is no guarantee that the GPS-HUD will be integrated and aligned with other national planning instruments and Government Policy Statements (such as the GPS on Land Transport).
21. Council recommends that Part 2, Subpart 1 of the Bill be amended to include a requirement for the Ministers to work collaboratively with relevant local government authorities in the development of the GPS-HUD.
22. Council also recommends that Part 2, Subpart 1 of the Bill be amended to include a requirement for the GPS-HUD be integrated and aligned with other national planning instruments and Government Policy Statements.

The importance of collaboration in urban development

23. The Bill essentially establishes Kāinga Ora as the Government's central urban development authority, but it does not provide a clear definition of what is meant by urban development.
24. Clause 13(f) outlines that Kāinga Ora's powers to undertake urban development are not solely for residential projects, but could also include commercial, industrial, community, and infrastructure elements.
25. This is a very broad definition of urban development, giving Kāinga Ora far reaching powers to potentially override local planning decisions. Council recognises the importance of incorporating such elements as they are critical to developing "sustainable, inclusive, and thriving communities", but would be concerned if such projects occurred without local government and local community involvement.

26. Council's recommendation to amend the Bill to ensure that collaboration with local government is embedded into the functions and operating principles of Kāinga Ora is relevant here because Kāinga Ora's involvement – particularly in relation to any commercial, industrial, community, and infrastructure projects – should be planned and implemented in collaboration with local government.

Ensuring transparency and alignment with existing legislation

27. The Bill sets up Kāinga Ora as the Crown entity that both undertakes urban development and owns and manages the land. There is potential for this to cause a conflict of interest. In some cases, differentiation of the developer and landowner role may be required to ensure a more transparent process.
28. Council recommends that consideration be given as to whether it may be appropriate in certain circumstances for local government or other agencies to assist or lead in some of these processes.
29. In addition, while the Bill amends some existing legislation, Council questions whether the broad definition of urban development, and the multiple functions and powers attributed to Kāinga Ora, will be achievable under current legislation, particularly in relation to the Public Works Act 1981 (PWA).
30. As an example, can Kāinga Ora's proposed powers to access land for the purposes of urban development be achieved under the PWA? In accordance with Section 40 of the PWA, the rights of the former owner need to be considered should a public works use be discontinued. Therefore, if previous public housing land is to be repurposed to a more market-based use (by virtue of Kāinga Ora adopting some of its newly allocated, broader powers), there might be room for complaints that this would be outside of what s40 intends or allows. Equally, should Kāinga Ora seek to compulsorily acquire land for mixed use developments, some might question whether this is intended and achievable.
31. Council recommends that further thought be given to instances where urban development (encompassing more than government housing) may be deemed to be a public work and how ownership is to be transferred upon completion.

Development Contributions

32. Council shares the concerns raised by other submitters (e.g. the DCWG and LGNZ) about development contributions.
33. Kāinga Ora will be exempt from paying development contributions because it will be a Crown entity. Without this primary source of funding for new urban development infrastructure, territorial authorities will struggle to deliver on planned urban development projects. It is likely that councils will be forced to increase rates in order to address funding shortfalls for growth-related infrastructure.
34. The implications of the exemption are far reaching. As you will note from the submission by the DCWG, Auckland Council maintains concerns about the unfundable debt it might accrue due to the 10,000 dwellings that the Crown expects to develop over the next decade.
35. Development contributions are an important tool to ensure that new developments pay their fair share of the costs of growth, particularly in regards to any infrastructure upgrades that are required to accommodate new growth.

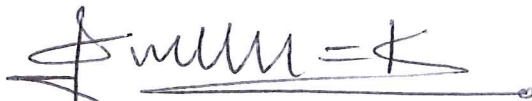
Without such a mechanism, future ratepayers will be forced to cover the costs through higher rates. This is not an equitable outcome.

36. As the DCWG contends, the Crown exemption to development contributions is difficult to justify from a policy basis and is creating significant funding challenges for councils. To address the above issues, Council supports the DCWG's recommendation that the Crown exemption from payment of development contributions be removed. Until new funding and financing tools are established and tested, development contributions will be needed to support local governments.

Conclusion

37. A 'whole of government' approach to housing delivery is required to ensure the delivery of housing to current and future generations of New Zealanders. Kapiti Coast District Council would like to work with Government in addressing the need for affordable housing and greater housing choice in the Kāpiti Coast Community.
38. Council welcomes any opportunities to discuss how the role of local government can be incorporated into Kāinga Ora.

Yours sincerely



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MAYOR, KĀPITI COAST DISTRICT

