13 February 2020

Committee Secretariat

Environment Committee

Parliament Buildings

WELLINGTON

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URBAN DEVELOPMENT BILL

1. Thank you for the opportunity to submit on the Urban Development Bill (the Bill). Kapiti Coast District Council (Council) supports the Bill in principle, but has concerns about how the powers provided to Kāinga Ora will impact local authorities' roles and responsibilities to strategically plan and deliver outcomes for their communities.

2. While we agree and support the shared objectives to increase the supply of housing and develop well-functioning urban areas, Council believes that allowing these powers to Kāinga Ora, without more substantive checks and balances, is a significant step away from democracy.

3. While we welcome the ability to work alongside Kāinga Ora to facilitate and deliver transformational urban development projects, it is important that these are connected to our communities, and do not leave a legacy of failed master planning, crippling debt and mismatched infrastructure. Specifically, we acknowledge the need, and welcome the opportunity, for Kāinga Ora to play alongside local authorities to achieve shared objectives for sustainable, inclusive, and thriving communities. The role Kāinga Ora can play is particularly important alongside other Government tools, such as the proposed National Policy Statement on Urban Development, to enable Councils to overcome some of the financial and market limitations that can prevent the realisation of the aspirations we have for our urban areas.

4. Council is also pleased to note that the recognition of Māori interests and participation in the Kāinga Ora-Homes and Communities Act 2019 is continued and reflected in the provisions of this Bill, providing Māori and iwi a greater role and voice in shaping and delivering urban development outcomes. However, as with recent submissions on Māori engagement across urban development and the Resource Management Act, this will require support and capacity if the outcomes sought are to be achieved.

5. The submission below identifies a number of changes to the Bill to provide for further checks and balances to recognise and ensure connection to Council's role in shaping urban outcomes through land-use and infrastructure investment processes.

6. Council also supports the submission made by the Society of Local Government Managers on the Bill.

Accountability and working in partnership

7. Council recognises the importance of working in partnership with Kāinga Ora to achieve sustainable, inclusive, and thriving communities.

8. Local authorities have an enduring role to play before, alongside, and after any development projects delivered with Kāinga Ora. Given the nature of this role, it is important that local authorities are appropriately recognised and included in the structure and delivery of all development projects in their area. This is particularly important to help ensure alignment and reflection of local authorities' land-use and infrastructure investment processes. Ensuring and supporting local authorities' participation within projects will also greatly improve the achievement of shared outcomes from any projects. Council supports SOLGM's recommendation that Kāinga Ora be required to appoint at least one local authority nominee to each project governance body.

9. Council is also conscious of the additional capacity, time and costs a potential SDP will place on local authorities.

10. Local authorities will be required to increase their capacity in order to effectively support the development of an SDP process with Kāinga Ora. Unless signalled early into future planning processes, the advent of a SDP will require local authorities to seek additional resource or meet costs by redirecting existing commitments. Both options are significant fiscal decisions impacting on existing commitments. Council recommends that additional guidance, tools and resources are made available to local authorities to help them build capacity to effectively engage with Kāinga Ora.

11. Supporting and developing capacity across key participants will also be important if development projects are to achieve the best long term outcomes for an area. While we appreciate statutory timeframes provide a minimum basis that may be applied when developing an SDP, we are also conscious of the time needed to develop capacity early in any engagement process. Clause 43 is one of the first timeframes affecting local authorities during the process to scope and develop an SDP. The timeframes currently provide 10 working days for a Council to respond to a project assessment report. While we support SOLGM's recommendation to extend this timeframe, Council supports an option of at least 30 working days to enable engagement and decisions to be sought from elected members. Given the extent of potential change an SDP could create, it is important that adequate time is provided for an internal assessment by staff, but also the opportunity to discuss and seek direction and decisions from elected members, who are ultimately accountable for Council's decisions.

12. Clause 69 currently recognises regional and district planning documents, regional transport plans, long-term plans and iwi management plans as relevant considerations in the preparation of a development plan. However, this list currently excludes any other non-statutory strategies and plans that may be relevant and collaboratively developed (e.g. growth plans, spatial strategies, and local outcome statements). Council recommends that clause 69 should recognise these documents as relevant considerations where they exist.

13. Given the potential extent and untested nature of Kāinga Ora's new powers and processes, Council supports SOLGM's recommendation for a review following completion of initial projects or in five years' time.

Funding and financing implications for local authorities

14. The Bill provides Kāinga Ora the ability to charge rates, development contributions, a betterment tax and administration levies relating to functions it chooses to exercise within a SDP. The merits of using local property taxes for central Government purposes was raised under the Productivity Commissions' Local Government Funding and Finance Review. Council's submission on the Review opposed the use of local taxes for central government purposes, highlighting that Council's already face ongoing challenges in balancing the availability and affordability of funding to meet their current obligations. Similarly, Council opposes the powers for Kāinga Ora to take a local property or betterment tax, with the viability of SDPs determined on the basis of their ability to be self-funded, including funding from general taxation.

15. The Bill also proposes that local authorities' rating systems are used as the collection mechanism for funding mechanisms on behalf of Kāinga Ora. The use of Council as a collection agency for central government mechanisms has been identified in a number of recent government proposals. Similarly, Council expresses concerns around the collection of central government levies from local government rating processes identifying potential issues of cost (to administer systems), complexity (multiple charging regimes), accountability (blurs central government purposes with those of local government) and affordability (for ratepayers). Given the potential for Kāinga Ora to face these challenges and costs for each SDP, Council recommends that a simpler alternative would be for Kāinga Ora to develop and administer its own process directly.

16. If local government rating processes are considered as the collection vehicle, we support SOLGM's recommendation that clause 199 be amended to require Kāinga Ora to notify local authorities of the rates they have set by the 10th of May, preceding the commencement of the financial year for which the rates have been struck. This will enable any supporting work to be undertaken ahead of time and for ratepayers to have transparency and certainty of charges affecting them.

Potential risks to infrastructure provision and delivery

17. With Kāinga Ora's powers to provide three waters, roading and community infrastructure within an SDP, it's important that the processes to identify and develop plans for any SDP are able to appropriately identify, understand and reflect impacts on a local authority's land use planning, wider network capacity and long-term infrastructure investment plans. This requirement should also identify the potential vesting of assets back into a Council to ensure the financial implications can be identified, understood and planned for through Council's Long-Term planning requirements, early in the formation of a project.

18. It is also important that any network infrastructure is designed and developed in accordance with the standards established for local authorities' networks. This will ensure that the design and specifications will align with any of Council's short and long term infrastructure plans and minimise risks of any stranded assets or costs due to any under or over investment of network infrastructure. Council recommends that the Bill makes provision for any additional infrastructure to be agreed to meet Council's sustainable development standards for land use and infrastructure development.

19. The Bill includes provision for relevant assets to be vested back to local authorities. Given the financial implications of receiving vested assets, Council would like to clarify the assumption that any debt created through the development of an asset will remain on Kāinga Ora's balance sheet until repaid, and is not expected to be received by Councils alongside the vesting of assets.

20. Similarly, given NZTA's co-funding of local roading assets, Council would also like assurances that any road assets to be vested back to Council will meet NZTA's funding criteria. To ensure this, Council recommends the Bill recognise alignment with NZTA priorities within Kāinga Ora's road controlling functions. We also recommend that clause 26 'duty to cooperate' should be extended to include NZTA.

21. Lastly, given the significance of implications and assumptions relating to the cost and timing of infrastructure, Council recommends that that provisions for consultation on an infrastructure statement alongside a draft development plan should enable submissions on the infrastructure statement (including an independent hearing) if warranted by a local authority. This measure provides a local authority with the ability to work through any issues that might remain unresolved as part of the final detail of developing a plan for a project area.

Conclusion

22. A 'whole of government' approach to housing and urban development is required to ensure current and future needs are met and to achieve goals for sustainable, inclusive, and thriving communities. Kāpiti Coast District Council would welcome the opportunity to discuss and explore the potential to work with Kāinga Ora to achieve shared outcomes across the Kāpiti Coast Community.

Yours sincerely

K. Gurunathan JP, MA

MAYOR, KĀPITI COAST DISTRICT