

## COMMENTS ON THE LAND USE RECOVERY PLAN REVIEW

**To:** Comments on Land Use Recovery Plan Review  
Environment Canterbury  
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### Introduction

The Housing New Zealand Corporation is a Crown entity formed in 2001 as a statutory corporation established under the Housing Corporation Act 1974. The Corporation works within a community of government, charitable and private sector organisations to provide social housing and housing support throughout New Zealand.

The Corporation is the main provider of social housing in New Zealand. Part of the Corporation's role is to ensure that there is provision of enough of the right kinds of houses, in the right places, to meet demand.

The Corporation is working to repair and rebuild its earthquake damaged property portfolio in Greater Christchurch. In addition, the Corporation is seeking to redevelop existing sites by using them more efficiently to improve the quality and quantity of social housing that is available to meet changes in the type of social housing required by tenants.

The Corporation has benefited from a number of development mechanisms introduced by way of the Land Use Recovery Plan (LURP) as outlined in detail in subsequent sections of this submission. However, the Corporation considers that to fully achieve the aspirations of the LURP, further refinement and amendment of the directions is required.

Specifically, the Corporations use of the LURP development mechanisms has exposed significant shortcomings in the ability of the Christchurch wastewater and stormwater networks to support the housing intensification the LURP seeks. The Christchurch City Council has yet to develop a clear plan and make budgetary provision to address these constraints and it is the view of the Corporation that further direction towards resolution of these issues is required if the LURP outcomes are to be achieved.

Other issues have also arisen with regard to the practical administration of the CHRM mechanism by the City Council which we have set out below. Again it is considered that achievement of the LURP outcomes would benefit from further refinement of these provisions.

### **Housing New Zealand Activity in Greater Christchurch**

By way of background, the Corporation is the largest residential landowner in Christchurch, managing approximately 6,120 units, and over 300 hectares of land. The Canterbury earthquakes of 2010 and 2011 affected 95% of the Corporation's property portfolio, including some 215 houses located in the residential red zones and another 335 that were damaged beyond repair.

The Corporation is taking a lead role in the work to recover from the earthquakes, and has developed its own Canterbury Investment Plan (CIP). The plan covers both immediate recovery and longer term redevelopment. It is an ambitious, large scale initiative that sets out a forecast investment of \$1.2 billion over 10 years. The CIP aims to be self-funding from insurance proceeds, realisation from up-zoned land, depreciation, property sales, and private capital. It will deliver multiple social housing options for the Canterbury market with a future-proofed portfolio that is well located, structurally sound, of improved quality, and matched to forecast future social housing demand.

The Corporation intends to build 700 new units within Canterbury by the end of 2015. A total of 160 units were completed by March 2015 and a further 575 units are under development or under contract. The 700 new units will more than replace those homes lost in the 2010-11 earthquakes.

In addition to redevelopment activity, the Corporation intends to complete the repair of 5,000 of its earthquake damaged dwellings by the end of 2015. As at February 2015, the Corporation had repaired 3,400 dwellings (an average of 200 units a month).

Alongside this work is the development of 'exemplars' that demonstrate a mixed tenure model of State housing. These may be developed on existing Corporation land that is currently underutilised. The exemplar projects covering two discrete sites, one in Shirley and one in Bryndwr, are in the early planning phase, and is a direct response to Action 8 of the LURP.

As the rebuild continues and the Corporation reconfigures its portfolio, it plans to make optimal use of its land holdings. The Corporation believes there is opportunity to redevelop its land holdings to increase the intensity of land use to better match supply to demand and in doing so create additional housing capacity for the benefit and wellbeing of the whole community.

To date, the LURP has been a valuable enabler of the Corporations rebuild activities. Specifically the introduction of the development mechanisms in Appendix 2 to the LURP has provided for the efficient provision of additional housing under the EDM, CHRM, and other 'small scale' housing intensification mechanisms. Table 1 below sets out a summary of the Corporations redevelopment pipeline for the 12 months to April 2015, with regard to the mechanisms used.

Table 1 – Mechanisms for Redevelopment, March 2014 – April 2015

<b>Mechanism</b>	<b># Units</b>	<b>% Units</b>	<b># Sites</b>	<b>% Sites</b>
EDM	61	13%	3	4%
CHRM	158	33%	11	13%

2 for 1 <sup>1</sup>	64	13%	33	39%
<b>Total LURP</b>	<b>283</b>	<b>59%</b>	<b>47</b>	<b>56%</b>
EPH <sup>2</sup>	27	6%	8	10%
Other <sup>3</sup>	164	35%	29	34%
<b>Totals</b>	<b>474</b>	<b>100%</b>	<b>84</b>	<b>100%</b>

This analysis indicates over half of the Corporations redevelopments are being advanced under the LURP development mechanisms. In addition to this, the Corporation is working to remove encumbrances on 58 Elderly Persons Housing units, as enabled by the LURP. This will allow occupation by a wider range of Housing New Zealand tenants.

The LURP also directed the City Council in the review of its District Plan to further provide for a range of housing types and locations, including intensified comprehensive residential development<sup>4</sup>. The notified Residential proposals for the Replacement District Plan (RDP) include provisions enabling social multi unit residential development in lower density residential zones<sup>5</sup>. It also provides for some additional areas for medium density development within the Residential Medium Density (RMD) zone.

Whilst generally supportive of the expanded opportunity for social multi unit residential development, the Corporation raised concerns through the Crown submission on the RDP that it does not sufficiently provide for increased medium density opportunities. This was supported in the Crown's and Corporation's evidence before the Independent Hearings Panel (IHP) on the Residential proposals. A decision is pending from the IHP on those submissions.

### **Review Topic Area: Direction and Coordination**

The relevant LURP outcomes for direction and coordination are:

1. A clear planning framework directs where and how new development should occur so that it integrates efficiently and effectively with infrastructure programmes and avoids key hazards and constraints.
2. Servicing of land for housing and business and its release to the market to keep pace with anticipated demand.
4. RMA plans and regulatory processes enable rebuilding and development to go ahead without unnecessary impediments.

The Corporation has found the LURP immediate housing provisions to be of benefit in meeting its aspirations. There are however, some matters of application that have created difficulty in delivering the residential units required.

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<sup>1</sup> '2 for 1' relates to the replacement of an earthquake damaged residential units, with 2 units in the Operative Living 1 and 2 zones.

<sup>2</sup> Elderly Persons Housing as defined in the Operative Christchurch City Plan.

<sup>3</sup> Includes standalone residential units under the Operative Living 1 and 2 zones, and medium density development under the Operative Living 3 zone.

<sup>4</sup> LURP Action 2: Christchurch City Council district plan review.

<sup>5</sup> Within the Residential Suburban and Residential Suburban Density Transition zones.

Specifically, the ability to undertake development using the enabling CHRM provisions is being offset by issues the Corporation is encountering in determining and obtaining infrastructure capacity (particularly wastewater). This has been an issue for the Corporation in Aranui, Riccarton, and Bryndwr. It is becoming a common occurrence across its projects.

Evidence brought by the City Council in front of the IHP on the Residential proposals for the RDP pointed to wastewater constraints which suggest no intensification opportunity is available in Aranui, Bryndwr, Bishopdale and significant parts of Shirley. This is despite these areas being enabled for intensification under the CHRM provisions. The Corporation has significant land holdings in these locations and is reliant upon additional wastewater capacity to achieve its redevelopment programme.

Furthermore it is understood that there are stormwater constraints across the City which are driving the requirement to provide on-site detention as part of medium density developments. Such solutions occupy considerable space, and affect the affordability of providing new social housing.

Attachment 1 uses Council evidence to the IHP to map the approximate extent of these constraints (where these are known). It also shows the CHRM boundaries and the Corporations understanding of the revised extent of the Riccarton wastewater interceptor constraint which was identified in the LURP as a constraint to the use of the LURP development mechanisms, but which we understand can now be eased. The map does not show stormwater constraints which are unknown in their extent.

The combination of these factors shows that the extent of constraint on the CHRM areas is significant. This level of constraint is consistent with advice the Corporation has recently received from Council determining that the Corporation cannot convert an existing three bedroom home to four x two bedroom units (an increase of perhaps one resident) within the Wairakei/Greens CHRM without addressing wastewater capacity constraints.

Council advice and evidence given to the IHP indicates that the necessary upgrade is not contained within the draft LTCCP and is unlikely to be further considered until the SCIRT programme of repair is completed in 2017. It may then be several years before funding is assigned and construction undertaken. Critically, in answer to questions from the IHP. Council has confirmed that there is no current strategy to prioritise areas of land that are earmarked for the redevelopment of community or social housing.

Given the above, it is the Corporations view that LURP outcomes 1 and 2 are unlikely to be effectively achieved with regard to intensification of housing without some further intervention or direction being provided to Christchurch City Council. In particular while the planning framework of the LURP directs where and how new intensification development should occur, it is not effectively and efficiently integrated with the Council's infrastructure programmes. Furthermore servicing of land for housing intensification is not keeping pace with actual demand. One unintended outcome might be the faster uptake of Greenfield Priority Area land, where the Council does appear to have prioritised infrastructure capacity.

The servicing issues being experienced also impact on the ability for other LURP actions to be achieved. Specifically the wastewater capacity issues in the Bryndwr CHRM area inhibits the ability to progress development of the exemplar medium density housing proposed under LURP Action 8.

These issues were raised by the Corporation in its evidence to the IHP on the Residential proposals of the RDP, but it is recognised that they fall outside of the jurisdiction of the IHP to fully address given they relate principally to the Council's function under the Local Government Act rather than the District Plan/RMA.

From an RMA perspective, the Corporation noted that, if significant areas of its land are not available for redevelopment due to the existence of significant infrastructure constraints, then these matters should be taken into account in any revised Residential Medium Density Zone that may be developed as part of subsequent stages of the RDP process. As noted earlier, a decision from the IHP is pending.

There is no certainty that the decision of the IHP on the RDP Residential proposal will assist in resolving these issues. Nor can there be a great deal of certainty that areas of newly zoned land (if the IHP provides for this) will not be affected by similar or other constraints. Even if the panel directs rezoning of other areas of the Corporations landholding in recognition of infrastructure constraints in existing areas, it has no jurisdiction to direct the Council to fully address issues of integration with the infrastructure programme.

It is the Corporations strong view that the review of the LURP needs to consider the identified lack of suitable land for intensification in the CHRM areas on the basis of known (and yet to be identified) infrastructure constraints, and direct that the Council's infrastructure programme be aligned with housing intensification demands as a matter of priority. Any such review should consider all areas of the Corporations landholding for redevelopment if the aspirations of the LURP are to be achieved.

There are also some further issues with regard to the practical administration of the CHRM mechanism by the City Council which warrant review and consideration. Specifically resource consent conditions are being imposed on developments that require the minimum one-third of units to be set aside for community housing in perpetuity. While this is consistent with the CHRM mechanism as provided for in the LURP, such restrictions significantly limit the ability of the Corporation to flexibly manage its portfolio based on future changes in demand. For instance, it places the Corporation in the position where it would be prevented from selling the properties on the open market if the units no longer meet the needs of its tenants. As outlined in the Corporation's evidence to the IHP, tenant demand has and will change in future based on the demographics of the population.

Imposing such a restriction in perpetuity is an unnecessary impediment to rebuilding and development in achieving LURP outcome 4, and should be removed, or be time limited to no longer than 10 years.

### **Review Topic Area: Communities and Housing**

The relevant LURP outcomes for communities and housing are:

7. Opportunities are available for the market to deliver comprehensive redevelopment in existing neighbourhoods.

The LURP has provided opportunities for comprehensive redevelopment of neighbourhoods through the EDM and CHRM mechanisms. It is the Corporation's experience however that many of the opportunities cannot be realised, given the infrastructure constraints referred to earlier within the CHRM areas. Again it is the Corporation's view that the review of the LURP must address the lack of suitable land for intensification in the CHRM areas, and direct that the City Council's infrastructure programme be aligned with housing intensification demand.

A further significant element in achieving comprehensive redevelopment of neighbourhoods, is the completion of City Council led non-statutory master plans for the CHRM areas where appropriate under LURP Action 9. The Corporation has expressed an interest in contributing to master plans for Aranui, Bryndwr, and Shirley, and is working with the Council on its developments in these areas.

Developing such plans is not without difficulty. By way of example, considerable work has progressed with the Council on master planning for Shirley. One significant obstacle to a successful redevelopment of this area however is addressing the failed local commercial centre located in the heart of the CHRM area on Archeson Avenue. As this land is in private ownership with no clear future development path, the inability to resolve the future of the centre presents an investment risk for the Council and the Corporation in redeveloping the wider area which seems without resolution.

The Corporation considers that the LURP review should address what mechanisms could be utilised to assist in facilitating land use change for this centre to support redevelopment of this neighbourhood, in achieving LURP outcome 7. Such mechanisms may include designation of the land to allow acquisition by the Crown or Council.

## **Conclusions**

Recognising the above issues, the Corporation considers that the review of the LURP should:

- (a) Revisit the CHRM areas identified for intensification, including specifically considering all other areas of the Corporation's existing landholding for intensification. In considering other areas for intensification, explore the opportunities that may exist for surrounding communities by providing all properties (regardless of tenure) the same intensification opportunity;
- (b) Direct that the Council's infrastructure programme be aligned with housing intensification demands, including within the CHRM areas;
- (c) Amend the development mechanisms in Appendix 2 to the LURP, to apply the revised extent of the Riccarton wastewater interceptor constraint to the use of those mechanisms;

- (d) Amend the CHRM provisions in Appendix 2 to the LURP, to make it explicit that resource consents should not be subject to conditions requiring one-third of units to be set aside for community housing in perpetuity;
- (e) Consider and incorporate mechanisms to assist in facilitating land use change of the Archeson Avenue local commercial centre in the Shirley CHRM, to support the wider redevelopment of this neighbourhood.

The Corporation would welcome the opportunity to meet with Regional Council staff to clarify these comments, or explore potential solutions to the issues raised.



For and behalf of Housing New Zealand Corporation

29<sup>th</sup> day of May 2015

