



7. EARTHQUAKE RECOVERY – LAND AND HOUSING SUPPLY

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PURPOSE OF REPORT

1. The purpose of this report is to brief the Council on the work being undertaken by Council staff on the provision of land for housing as part of the earthquake recovery and related issues.

EXECUTIVE SUMMARY

Main Points

The following are the main conclusions from the work done to date:

- Land for 20,838 households has been rezoned in Greater Christchurch since the earthquakes began (7,815 within the City).
- It is estimated that developers will release up to 6,600 greenfield sections to the market in the next two years within Greater Christchurch (3,234 within the City) – this is likely to exceed the demand from Red Zone households seeking to relocate within Greater Christchurch.
- The rate of release of sections/houses will be highly dependant on the speed the development community releases land.
- Beyond the next two years, further land release will also be dependant on the ability to supply appropriate levels of trunk infrastructure.
- A major remaining issue is providing accommodation for the rebuild workforce and temporary accommodation for households while their homes are being rebuilt/repared.
- The now operative Regional Policy Statement identifies a total capacity for 41,370 households in greenfield locations within the UDS area of Greater Christchurch (includes the land already rezoned since the earthquakes began).

Introduction

2. Shortly after the establishment of CERA last year the UDS Partners approached CERA to offer assistance in planning for the recovery of Greater Christchurch. As a result a CERA/UDS Liaison group was set up that met regularly to work on a range of issues as they arose. Although the Earthquake Recovery Act provided for the development of a recovery strategy and recovery plans, it quickly became apparent that there was a need to start work on some issues before those documents were finalised. The issue of providing sufficient land for housing was, in particular, seen to require urgent action, particularly considering the timeframes necessary to bring land to the market ahead of residents being displaced from Red Zone areas.
3. At this early stage there was limited information that would allow an accurate estimation of housing needs, and the government/CERA initial response was to seek the identification of significant new housing areas that could cater for relocating Red Zone households in particular. CERA advised that a target of releasing at least 6,000 sections onto the market before April 2013 should be adopted in the interim.

Existing Greater Christchurch Provision for Urban Growth

4. The work previously undertaken in the development of the Urban Development Strategy (UDS) and Proposed Change 1 to the Regional Policy Statement was an important and valuable starting point to achieve that target, as it identified appropriate locations for a large number of additional households through to 2041 and included an infrastructure plan to support it.

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5. At the time the recovery work was beginning on land supply, negotiations were also happening to resolve some of the appeals on Proposed Change 1 to the Regional Policy Statement. Those negotiations resulted in some additional Greenfield Areas being agreed to become part of Proposed Change 1 (e.g. Prestons and Highfield). Proposed Change 1, with these additions, was made operative by the Minister for the Canterbury Earthquake Recovery, along with the airport noise contours, in October 2011. The now operative Regional Policy Statement identifies capacity for 41,370 households in greenfield locations within the UDS area of Greater Christchurch, plus another 33,490 households through intensification within existing urban areas. The changes accepted through the RPS process specifically considered the desirability of providing additional greenfield capacity in the north-east of the City, to provide greater choice to those residents potentially dislocated from the Red Zones.
6. Proposed Change 1 had also proposed a specific sequencing for the release of land in the various greenfield areas, but it quickly became apparent that a greater level of flexibility in the release of land would be necessary for earthquake recovery. For this reason the provisions in the Regional Policy Statement that were made operative by the Minister last year do not include specific sequencing of Greenfield Areas. That loss of sequencing does have implications for the Council in terms of infrastructure planning and funding, which will be commented on later.

Zoned Land

7. The UDS Partners and CERA identified high priority greenfield areas that could provide for the now 6,500 Red Zone households, based largely on those greenfield areas that were well through the normal plan change process under the Resource Management Act. The principle of ensuring that areas developed as part of the earthquake recovery were not poorly designed or subject to natural hazards has been accepted by CERA, the UDS Partners, and the major developers. As such, the approach has been that proposed developments should go through a resource management assessment process. The Minister has used his powers to remove appeal rights on some plan changes, but this has only been after a resource management assessment by Council's and a decision that the plan change be accepted.
8. Within the City sufficient greenfield land has achieved re-zoning for 7,815 households since the earthquakes began. Each residential greenfield area that has planning approval has a staff member allocated to champion and facilitate development of the area, including subdivision processes. In addition to this there is previously zoned land actively being developed with capacity for 2,073 households, plus a considerable area of land not actively being developed. (Refer **Attachments 1 and 2**, which are a map and table indicating greenfield land status within Christchurch City as at January 2012).
9. Within the Greater Christchurch as a whole, greenfield land has been re-zoned since the earthquakes for 20,838 households, in addition to the existing zoned land available before the earthquakes (capacity for 5,227 households in areas where development is being pursued, plus an additional land bank where development is not being pursued). Therefore, in terms of zoning, the UDS Partners have easily provided for sufficient zoned land to meet the initial target of 6,000 by 2013.
10. There is capacity for a further 13,085 households within the City in the Greenfield Areas provided for by the Regional Policy Statement (3,400 where plan changes are lodged and 9,685 in Greenfield Areas where plan changes have not yet been lodged). Of that number, a minimum of 1,300 are on land that is due to be rezoned shortly in a final decision from the Environment Court (Belfast 293) and another 2,100 households are included in a recently lodged Highfield Park plan change in the Mills Road/Hills Road Greenfield Area (although further information is required in order to progress that plan change). Proposals for another 3,772 households are the subject of pre-lodgement discussions (Spreydon Lodge at Sparks Road and development of Upper Styx Greenfield Area). Council staff have been actively involved in ensuring there is involvement and co-ordination of landowners in these proposed plan change areas, particularly where there have been multiple approaches to the Council about the development of different portions of individual Greenfield Areas. One of the key tools now enshrined in the Regional Policy Statement is the preparation of a plan for large

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greenfield blocks to ensure that an appropriate and coordinated urban and infrastructure framework is in place ahead of individual subdivisions taking place. This is either achieved through the preparation of an Outline Development Plan for the whole of the Greenfield Area or, where Area Plans exist, for parts of a Greenfield Area provided it is consistent with the high level framework in an Area Plan. Most Greenfield Areas are covered by either the South-West or Belfast Area Plans. The development of Outline Development Plans for those few Greenfield Areas not covered by an Area Plan has either been completed as part of a plan change or is in the process of being completed by landowners within those areas preparing plan changes.

11. The work on the land and housing supply issue is now focusing on whether there are any constraints to the development of the zoned land that is likely to be developed after the next two years, including the provision of infrastructure, and whether the development community will be able to deliver the sections and homes required.

Matching Housing Demand and Market Supply

12. CERA put out a request for information last year to the development community, asking for an indication of proposals for urban developments and any constraints that may exist to such development. UDS Partners and CERA have been working through the 110 responses, and other separate approaches that have been made for potential developments, and will respond back to each proponent in due course. A number of the proposals are outside the Urban Limits in the Regional Policy Statement and therefore would be additional to the significant areas of land already re-zoned or identified for rezoning. A number of proposals have also been considered by the Council and rejected on environmental and hazard management grounds, but some of these may need to be reconsidered in the light of the earthquakes should obvious constraints in the market appear. However the Council(s) are being encouraged to further tighten their hazard evaluations which will mean that many possible developments remain unsuitable in the future.
13. Work has now been undertaken to provide an estimate of the likely timing and numbers of sections to be released by developers, out of the large amount of land that has already been rezoned, particularly in the next two years when the demand from Red Zone residents is likely to be greatest. This has been informed by knowledge of known developments, responses to the CERA request for information, other developers' indications of proposed development programmes, and Memorandums of Understanding that CERA and the UDS Partners have entered into with some developers to achieve the release of specific numbers of sections over the next two years. The results of that work estimates that a total of some 6,660 greenfield sections will be released onto the market by developers in Greater Christchurch in the next two years, of which 3,234 will be within the Christchurch City area. In addition, some 545 homes are anticipated in the next two years within the existing urban area through intensification and development of brownfield sites (generally sites previously used for business activities). CERA and the UDS Partners are currently involved in discussions with landowners of brownfield sites to determine whether it is possible to accelerate the residential development of such sites. On the basis of these estimates it appears that the development community is likely to release sufficient sections onto the market to readily achieve the initial target of 6,000.
14. These estimates of land that will be available on the market are, of course, subject to change through decisions made by the development community. Councils can facilitate the provision of land and housing to the market through the rezoning of land, the provision of infrastructure, and taking other steps to encourage and facilitate development. However, ultimately it will be the development community who decides how much land is actually released to the market, depending on a range of factors, including availability of workforce and machinery, and finance and insurance issues.
15. CERA also undertook a survey of Red Zone residents last year to determine how many are likely to wish to move to locations within greater Christchurch, rather than leaving the area. The UDS Partners have also initiated a modelling report to determine how the responses to the red

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zone survey and other factors may translate into demand for housing and the potential location of that demand. Four scenarios have been developed ranging from Slow to Rapid. The provisional results of the draft report indicate that the maximum number of sections required would occur if the recovery is as per the Rapid scenario, requiring 4,160 sections to accommodate Red Zone residents and any population growth (with assumptions made to take into account current orange and white zones). In the worst case recovery scenario of Slow, no sections would theoretically be required because the demand for sections from red zone residents would not exceed the number of existing green zone residents leaving greater Christchurch. (Note: such exercises do not address the preferences of individual landowners.)

16. However, in addition to the demand from Red Zone residents and population growth, there is likely to be considerable demand for housing for the workforce relating to the rebuild and for residents temporarily displaced while their houses are being repaired or rebuilt. Initial estimates are that the workforce peak required could be in the order of an additional 36,000 people and the temporarily displaced households peaking at 7,000. Work is currently underway to refine those rough estimates in terms of the numbers, timing and peaks, and to determine the form and location of accommodation that may be necessary to accommodate this demand. The work may or may not determine that further greenfield land needs to be rezoned. However, it seems unlikely that this will require more greenfield land than that currently identified in the Regional Policy Statement, particularly as at least some of it should be accommodated through brownfield developments and intensification.
17. A monitoring system is being investigated to track the supply of land against demand, particularly over the next two years.

Infrastructure

18. One of the most challenging aspects of the recovery will be the provision of infrastructure necessary to meet housing needs. This is particularly so in respect of greenfield development. One of the fundamental planks of the Urban Development Strategy and the Regional Policy Statement was the issue of infrastructure efficiency and cost minimisation. This was to be achieved by concentrating growth in particular parts of the City, which allowed for the most efficient delivery and operation of infrastructure. Since the earthquakes began there has been an increase in the number of greenfield areas identified for development and the timing of development for many greenfield areas has been brought forward. In a number of cases the infrastructure required for the development of these greenfield areas is not in the current LTCCP, or has to be brought forward to meet earlier demand.
19. There are, or will be, no infrastructure impediments to the greenfield development expected in the next two years. However, work is underway to determine the infrastructure needs of the residential greenfield areas beyond that time. Decisions will ultimately need to be made as to priority of the various infrastructure projects and how they will be funded. Those decisions will naturally need to be made in the context of which greenfield areas need to be progressed when, and that will in turn be dependant on the as yet unresolved anticipated demand for sections. How these questions are to be resolved with CERA has yet to be clarified. There may be some desire to maximise the number of greenfield areas available for housing development. However, a significant and on-going oversupply of serviced land is likely to result in the inefficient provision and operation of infrastructure, with potentially significant rating costs on the community. If housing demand is spread thinly over a large number of greenfield areas the Council will potentially face the up-front construction costs for an unnecessarily large number of infrastructure projects, higher debt costs through slower repayment from development contributions for each infrastructure project, and more operational costs. These issues have been raised with CERA and will also begin to be reflected as early as the 2012 Annual Plan, as parts of the infrastructure programme become recommended for reprioritisation.
20. A further issue is the inability of the Council to proceed with the construction of infrastructure required for earthquake recovery in a way that is not consistent with the current LTCCP, or to recover costs for such infrastructure through development contributions, except through the

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normal procedures set out under the Local Government Act. Until the end of last year there was an Order in Council that allowed the Council to construct infrastructure that was inconsistent with the LTCCP, but that has now expired. Changes to the LTCCP, and also to the Development Contributions Policy that provides for the recover of infrastructure costs, can therefore now only be made through the normal procedures under the Act. This situation may make it difficult for the Council to respond quickly to changing infrastructure needs identified as the recovery proceeds, and to recover costs for infrastructure that is not provided for in the Development Contributions Policy. Discussions are underway with CERA on the possibility of enabling the Council to make changes to these documents in a more timely fashion, and the upcoming annual plan and LTCCP amendment will also help address this.

Recovery plans and programmes

21. The draft Recovery Strategy released last year indicated that there was to be a Land, Building and Infrastructure Recovery Plan to review the provision of land for housing, business and other urban activities and the provision of infrastructure, including social infrastructure. This was both at the strategic and detailed level (e.g. the Regional Policy Statement, Regional Land Transport Strategy, and other relevant plans and strategies). CERA and the UDS partners have begun a review of the relevant documents, taking into account the issues relating to the demand and supply of housing discussed earlier, as well as business land needs. It is understood that there will be a number of changes to the draft Recovery Strategy, and that the Land Building and Infrastructure Recovery Plan may become part of a Built Environment Recovery Programme. The work discussed above is likely to be incorporated into that recovery programme. The work programmes required by the Recovery Strategy will be coordinated through the recovery governance framework which CERA are currently developing.

Other Issues

22. The CERA/UDS liaison group have also been working on a number of related issues, including the provision of input into the Department of Building and Housing guidelines on the geotechnical assessments required for plan changes, subdivision applications and building. The Recovery Strategy suggests that there will be a need to provide future input into a range of other issues relating to land supply, building and infrastructure. Future work will also consider business land needs.

FINANCIAL IMPLICATIONS

23. The report recommendation has no financial implications, but the work being reported on will. Refer to the comments below on the alignment with LTCCP budgets.

Do the Recommendations of this Report Align with 2009-19 LTCCP budgets?

24. The recommendation does not affect the LTCCP, but the work being reported on has the potential to lead to inconsistencies with the LTCCP. This is particularly so in terms of the provision of infrastructure, as discussed in the report. These will be addressed as part of the upcoming Annual Plan, and LTCCP amendment, and may be addressed on an as required basis under the CERA Act 2011.

LEGAL CONSIDERATIONS

25. None.

Have you considered the legal implications of the issue under consideration?

26. None.

ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

27. Refer to the comments above on the alignment with LTCCP budgets.

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Do the recommendations of this report support a level of service or project in the 2009-19 LTCCP?

28. Refer to the comments above on the alignment with LTCCP budgets.

ALIGNMENT WITH STRATEGIES

29. The work reported on is generally aligned with the UDS, with modifications in response to the earthquakes.

Do the recommendations align with the Council's strategies?

30. The work reported on is generally aligned with the UDS, with modifications in response to the earthquakes.

CONSULTATION FULFILMENT

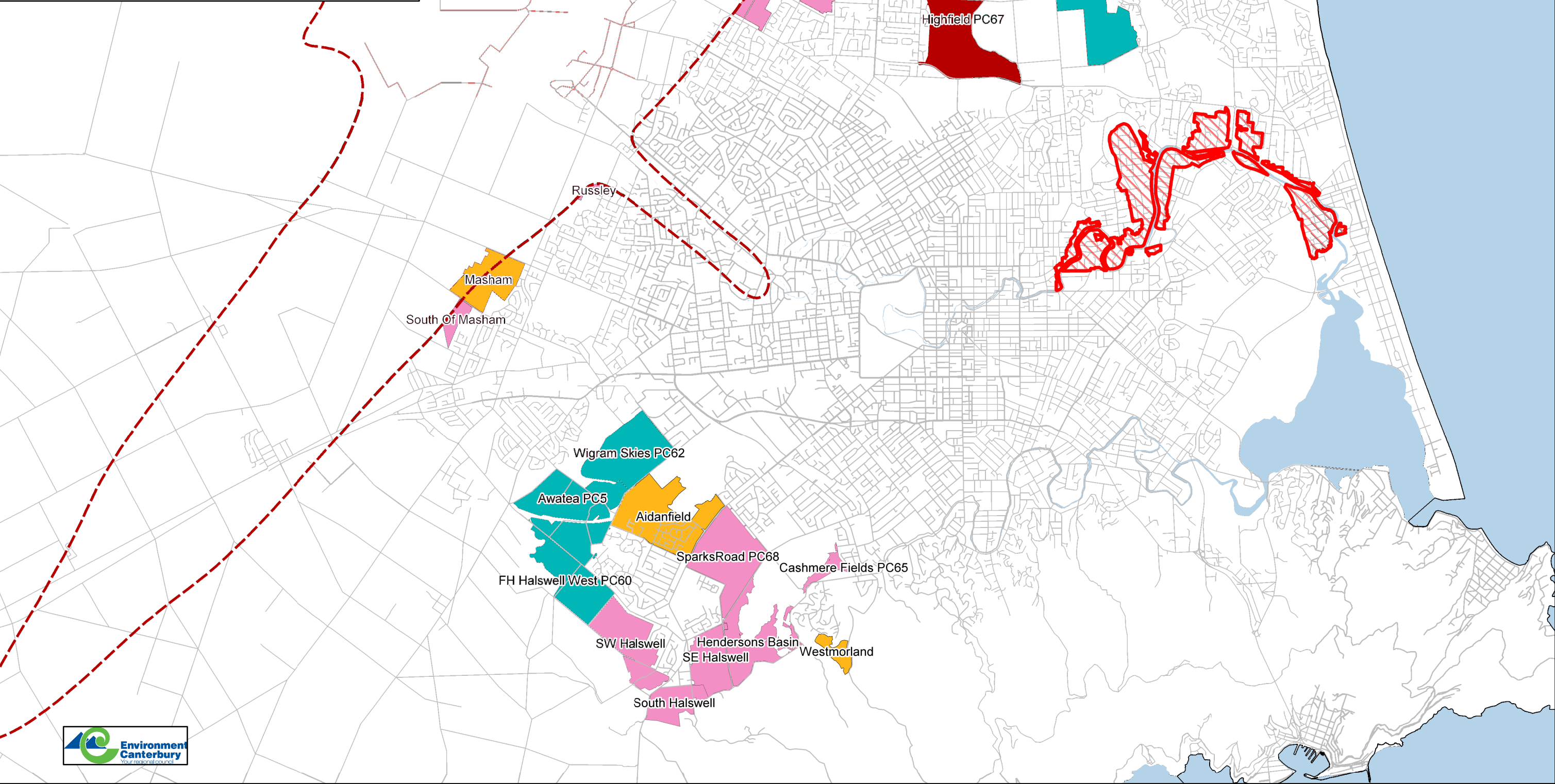
31. Various consultation is occurring in this work programme by CERA and the UDS partners.

STAFF RECOMMENDATION

It is recommended that the Council receive the information in this report.

Legend

- Airport Noise Contour
- Existing Zoned Pre Quakes
- Plan Change Operative
- Plan Change Lodged
- RPS Greenfield Areas - No Plan Change Lodged
- CERA Red Zone as at 20/12/2011



Residential Land Capacity - UDS

								Numbers of homes/sections (1)					
Current Status as at January 2012								Christchurch City	Selwyn District	Waimakariri District	Combined UDS		
											5227		
	Existing Zoned Pre Quakes							2073	2064	1090			
	Plan Change Operative (Plan Changes made operative by the Minister or Councils since the earthquakes)							7815	8965	4058		20838	
	Plan Change Lodged (includes 293 appeal at Environment Court as well as other Plan Changes lodged with Councils)							3400	127	805			4332
	RPS Greenfield Areas - no Plan Change Lodged (areas signalled for rezoning, including those going through rezoning discussions)							9685	424	2020		12129	
not on map	Rural Residential								292	1127			1419
not on map	Infill / Brownfields - Current Development Prospects							11555					
TOTALS by 2041								34528	11872	9100	55500		
Notes:	1. Numbers are for the status category only, except for Totals at bottom of table. The release of sections houses onto the market will be dependant on a range of factors, including the rate at which developers subdivide sections or build homes												