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CCC Submissions – Sent by email to: ccc-plan@ccc.govt.nz

Your Submission

If you wish, you can present your submission at a hearing. If that is the case, please tick the appropriate box below. The hearings will be held from 11 May 2009 to 18 May 2009. Five to ten minutes will be allocated for speaking to your submission, including time for questions from the Councillors. The Council will confirm the date and time of your hearing in writing, by email or by telephone call.

Select One:

- ~~I do NOT wish to discuss my submission at the hearing, and ask that this written submission be considered~~
- I wish to discuss the main points in my written submission at the hearings to be held between Monday 11 May 2009 and Monday 18 May 2009.**

Are you completing this submission:

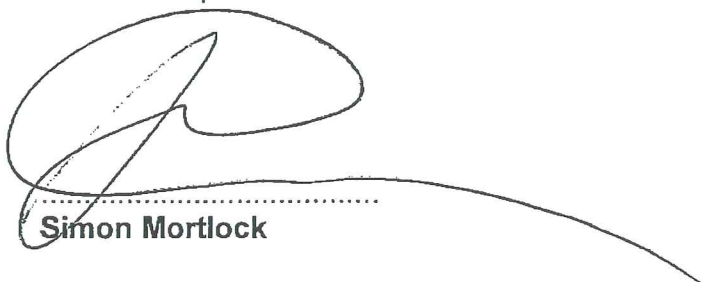
- ~~For yourself~~
- On behalf of a group or organisation**

If you are representing a group or organisation, how many do you represent?

- 3 (organisations)**

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Dated: 16 April 2009



Simon Mortlock

Submissions

1. I am a director of and solicitor for Westmorland Nominees Limited, Spreydon Lodge Limited and Franco Farm Limited, the submitters.
2. I have those companies' authority to make these submissions.
3. These submissions address:
 - 3.1. The property development industries participation in an ongoing consultative process.
 - 3.2. Support of public, private partnership initiatives in undertaking capital works.
 - 3.3. The timetable for the completion of capital works.
 - 3.4. The availability and affordability of residential sections and housing.
 - 3.5. Working collaboratively with the development sector in the design and implementation of an urban growth strategy.
4. Council's proposed development contribution rule in setting the development contribution levy for the ensuing three (3) years has in the past galvanised property development community to work together with Council to perfect the rules, discuss the Council's capital works programme, debate the Council's urban growth strategy and determine what would be an appropriate development levy to impose upon the property developer.
5. This resulted in Council, Officers and Elected Members and their consultants working in a constructive manner with a number of Christchurch property developers and their advisors in what became know as "the Working Party".
6. The Working Party met during the course of 2006 and 2007 on regular basis under the chairmanship of Mr David Caygill. The Working Party was initially concerned with agreeing what would be an appropriate development contribution levy. It expanded well beyond that, delving into the ongoing working relationship between Council and developers in what each regarded as the interests of the city at large.
7. It was expected that the Working Party would continue to meet on a regular basis in 2008 and beyond, providing both Council and the development community with an insight into the thinking and workings of the other party. The focus was on developing solutions in the development of the city's infrastructure and the promotion of growth in the broad sense of that term.
8. The Working Party was endorsed by Council resolution and an agreement and understanding reached on how Council and the development community would work together in the future. Unfortunately this process has not been



maintained with no meetings of the Working Party. The successful initiative has been allowed to lapse.

9. Council resolutions on the 8th and 23rd of February 2007 resolved:

8 February

9.1. "That the Council facilitate a regular series of meetings (three (3) or four (4) times a year) with the development community to allow for joint developer/Council review of the content, timing and progress of the Council's Works Programme."

9.2. "That it be the responsibility of the appropriate Council Officers to liaise regularly with developers."

23 February

9.3. "That the Working Party be thanked for its work to date and that the Working Party be requested to continue advising the Council until an arrangement satisfactory to the Council for ongoing liaison with the development community can be reached."

10. The interim terms of reference approved by Council and the representatives to the development community agreed the Development Contributions Working Party would advise the Council of current issues relating to the development contribution policy while developing a new structure and process for ongoing liaison with the development community.

11. That goal incorporated the following objectives:

11.1. Establishing a Development Community Liaison Group that is sufficiently representative of the development community to satisfy the Council for ongoing liaison.

11.2. Developing the Terms of Reference for the Development Community Liaison Group for consideration by the Council and the Group.

11.3. Working with the Council on current issues including possible further changes to the Development Contribution Policy (DCP) arising out of the North Shore City Council judicial review decision.

12. Subsequent to the establishment of the terms of reference, the developer group and the Property Council have reached an Agreement that the present members of the working party, together with the Chair of the Property Council would be appropriate representatives of the development community in Christchurch.

13. The developers on the Working Party were all experienced and well-respected property developers who have all stood the test of time and continued in business even during this difficult period.



14. There has been no suggestion there are more appropriate persons who should be appointed although the Working Party would not be adverse to including further persons if they have expertise that Council and the Development Group would regard as helpful. Council need to appoint a new chair, hopefully of the caliber of Mr David Caygill who did an excellent job.
15. The draft terms of reference for the future development community liaison group were agreed between the parties as:

“Goal An ongoing working relationship with the Council that ensures the best fit capital programme which supports the community’s agreed development objectives for the City in a timely, cost-effective and efficient manner. That goal is met by the following objectives:

- *To engage the Council at such times and at such levels (ie Elected Members/staff) as are agreed to be appropriate and, in particular, prior to LTCCP reviews, so as to:*
 - *Develop a shared understanding of the UDS objectives and the implementation action to achieve this in Green Fields, intensification, Central City, commercial and industrial areas;*
 - *Develop a shared understanding of the Council’s network and capital programmes, including timing, scale and method of delivery;*
 - *Develop a shared understanding of the development community’s proposed/intended investments, their expectations and their wants/needs;*
 - *Discuss and identify changes and improvements to the Council’s Capital Works Programme that assists both the Council and the development community to meet the City’s development objectives, including considering innovative and alternatives ways to fund, deliver City developments;*
 - *Ensure fairness and cost recovery through development contributions of a growth portion of the Council’s Capital Works programme;*
 - *Identify innovative ways, including further improvements to the BCP, for the development community and the Council to assist each other in meeting their respective objectives.”*

16. These worthwhile goals and objectives are reflected in the Council’s resolution to have independent audits. The Council, in a resolution made when it adopted the 2007 development contribution policy for consultation, also required in the future, as a standard procedure, that an independent review be obtained of the level of costs allocated to growth for major projects and that the Council take other steps to ensure that the cost allocations for different projects are robust and consistent, suggesting the reviews expansion to include a random sample of smaller projects.



17. The Council resolution reaffirmed that independent audits would begin following the adoption of the 2007 policy and would feed into the next LTCCP/DCP process. It was expected that the independent audit would report to the Development Community Liaison Group so as to ensure there would be a robust understanding of the capital works programme and the basis upon which, and the extent to which it would be funded via the development contribution levy.
18. This submission questions the extent to which Council resolutions have been adhered to and to raise discussion on the implementation of the goals, objectives and processes agreed upon between the parties. Council should be assured that this request is made not simply for the purpose of ensuring the agreed consultation and disclosure process be adhered to, but equally, if not more importantly, to reiterate support for an open consultation process in the broader aspect of the Council's Works programme and the positive development of our city.
19. While the Council is no doubt intent upon promoting its urban growth strategy and supporting Proposed Change 1, planning objectives, policies and rules cannot be seen in isolation. It is not Council that has to address the financial consequences and significant risks that are associated with property development. There seems to be an automatic assumption that developers create the problems that society faces while the developer enjoys substantial profit.
20. The increase in the development contribution levy, at a time when the city wants to encourage the building and sale of affordable homes in a highly cost sensitive environment is not conducive to resurrecting the property development industry. We expect property developers to closely examine their costs, as all businesses must do in this environment. The Working Party provides a practical way in which the development community can work with Council in a constructive manner to examine Council's capital cost and how it might be better delivered. Submissions made through the LTCCP process do not provide an effect forum in intaking this work.
21. If Council are perceived to be a closed shop, unwilling to support the Working Party, there will be less likelihood of it examining new ways of doing business, including public/private partnerships and examining ways in which infrastructure capital works programmes be brought forward. This is the very time it should be considered when infrastructure works can be undertaken cost effectively. It offers the opportunity to increase the land suitable for land development. That in turn will have the effect of reducing the price of residential sections leading and in turn to housing becoming more affordable.
22. To put this into perspective, set out below are some statistics:
 - 22.1. The Intermediate Housing Report 2008 by DTZ, reported that home ownership rates in New Zealand have fallen from 73.8% in 1991 to

66.9% in 2006 and are projected to fall to 64.3% in 2011 and 61.9% in 2016.

- 22.2. The number of households (known as the "intermediate" market) that are currently in the rental market, have at least one member of the household in paid employment, and cannot afford to buy a home based on a deposit of 10% and a debt serving ratio of no more than 30% of income were:
- 1996 - 70,300 households
 - 2006 - 187,300 households
 - Projected by 2016 to exceed 250,000 households.
- 22.3. The fifth annual international housing affordability survey released by Demographia in January 2009 ranks New Zealand as the second best affordable nation amongst those surveyed. That included the US, Canada, UK, Ireland, New Zealand and Australia.
23. These are but a few of the statistics on how far short New Zealand falls in providing affordable homes largely as a result of the high costs of New Zealand housing, and a low-income economy. This is not a cyclical but rather a structural problem. It is a problem that is experienced in Christchurch for a substantial number of households.
24. If Council endeavours to undertake planning and financing the cost of growth largely in a vacuum, dependent upon limited consultation and an adversarial RMA process, it cannot expect to engage the very people it hopes to influence as to where they develop, how they develop and what they develop.
25. The calculation of the financial contribution per HUE is predicated on:
- 25.1. The number of HUE's within Christchurch City and in particular parts of Christchurch City.
 - 25.2. The timetable over which Council's capital works programme be completed to provide roads and services to enable property development to take place and HUE's uplifted.
 - 25.3. The capital costs of the capital work predicated on Council undertaking the works and incorporating CCI.
26. These three (3) factors determine the level of HUE payment presumably based upon the Council's urban growth strategy and Proposed Change 1. Both documents promote "managed growth" that has the effect of restricting the number of green field sites and extending the time within which they be available.



27. Planning seems heavily dependent upon the timetable in which Council expects to deliver roading and services rather than be based upon how to deliver sufficient green field sections to create a competitive environment and thereby reduce cost of land and lease to the provision of affordable housing.
28. One of the more significant costs incurred by land developers are holding costs, awaiting the arrival of Council roading and services and completion of the RMA process. Land owned by Spreydon Lodge in Halswell Road, Hendersons Road and Sparks Road, notwithstanding that it is immediately adjoining, Adianfield will not be able to be developed until at the earliest 2017 and Franco Farms in South Halswell will not be able to be developed until at the earliest 2017 and more likely 2027. This is land adjoining existing suburbs where the social infrastructure is in place, yet from a council decision to defer capital works and limit the number of green field sites at any one time, cannot be delivered.
29. Holding costs increase development costs. Homebuyers seeking an affordable home are buying into a restricted, non-competitive market. This is not managed growth rather it is planned prevention of growth based on Councils inability to deliver roading and services in a timely and cost effective manner.
30. Council should not lose sight of the willingness of the members of the Working Party to work with Council in a cooperative, collegial manner, respecting confidences and differing opinions. The Working Party worked well in 2006/2007. There is no reason why it should not do so now.



