WAIKATO COMMUNITY LANDS TRUST

Submission on Plan Change 12

To:	Hamilton City Council
Names of Submitters:	Waikato Community Lands Trust
	Bridge Housing Charitable Trust
	Waikato Housing Initiative
	Habitat for Humanity Central Region Limited
	Momentum Waikato
Date:	30 September 2022

Preliminary Matters

A. This is a submission on Hamilton City Council's Plan Change 12. The submission is broadly in support, but seeks additions and amendments.

B. None of the submitters could gain an advantage in trade competition through this submission.

C. The submission relates to the provisions of Plan Change 12 that are described below, and seeks additions and amendments to Plan Change 12 to provide for inclusionary zoning.

D. The submitters wish to be heard in support of the submission. The submitters intend to present jointly and are willing to consider presenting jointly with others at a hearing.

Introduction

1. It is the collective view of the submitters that Plan Change 12 should include plan provisions that enable inclusionary zoning (IZ) within Hamilton City.

2. Much of the hard work supporting IZ has already been done, through the work of both local councils and the Queenstown Lakes District Council. Reference is made to the report from Hill Young Cooper,[1] as well as work done by other councils and their consultants. IZ has been on the agenda for some time – and the time for implementation is now, within Plan Change 12. This submission sets out:

    a. Background issues.
    b. Responses to objections.
    c. Comments on key issues.
    d. Suggested plan provisions.

Background Issues

3. IZ will not be new idea to Hamilton City. The HYC Report is now 12 months old. Among other things, the HYC Report identifies that IZ is a pathway to increase the supply of affordable housing; that there is a mismatch between supply and demand, in terms of the kind of supply that is delivered by the market; and that it is important that IZ is implemented with a clear purpose and with clear requirements. The HYC Report recommends the introduction of IZ, and recommends an approach that is easy to understand, mandatory, broad, and with low transaction costs (pages 3-4).

4. The HYC Report was not developed in a vacuum: the Waikato region is served by various entities with strong interests in shifting the dial on housing, including the Waikato Community Lands Trust, Bridge Housing Trust, the Waikato Housing Initiative, Habitat for Humanity, Momentum Waikato, and many others. Hamilton has seen Special Housing Areas and master planned developments with affordability requirements that are been seen as IZ, and learnings have been developed from these and from work done elsewhere.

[1] Hill Young Cooper, "Waikato Affordable Housing: Issues and Options", September 2021, here called the "HYC Report".

5. Housing affordability issues in Hamilton, Waipā, and the Waikato District are stark and dire. These issues are identified in the HYC Report (pages 14-15); and in the recent work of central government's Housing Technical Working Group.[2]

   a. Over the period from 2002 to 2021, house prices have increased by 372% across the region, and section prices in Hamilton have increased by a staggering 658%. Deposit affordability has declined, and land supply has not kept pace with demand (Working Group Report, page 4).
   b. Home ownership is declining rapidly, down to 54% in Hamilton in 2018, with lower ownership rates among Māori and Pasifika. Rents have also increased significantly, adversely affecting affordability. While there is some evidence of increased supply, there can be mismatches around the kind of supply that is delivered (HYC Report, pages 15-17).

6. It is generally acknowledged that housing supply focuses on mid to high end housing, with few players focused on affordability, and that increased supply does not necessarily lead to the 'filtering' necessary for affordability (HYC Report, pages 45-46). It has been evident in other areas that increases in overall housing supply do not necessarily deliver increases in affordable supply, especially not in the short term.[3] Affordability issues in Hamilton have been steadily worsening since 2010, and not enough houses are being built at the lower end of the market. There is also a need for more secure tenure options for renters, in order to maintain social capital (HYC Report, pages 23, 29, 32). The HYC Report also notes that the NPS-UD requires attention to homes that meet the needs of households in terms of type, price, and location (page 40). Delivering better outcomes for our communities requires that affordable housing be delivered – not just "choice", or "options" (though these are important), but real affordability.

Responses to Objections

7. IZ is an important response to these affordability issues: not a 'silver bullet', but a tool in the toolbox that Council should utilise through Plan Change 12. The Working Group acknowledges that there is no simple solution to our housing issues (page 9), and the Sense Report agrees that no one policy tool can alleviate affordability on its own (page 17).

8. Therefore, utilising all available tools is critical. As the HYC Report notes, IZ is not a 'quick fix', and is instead a long term strategy (page 46). The submitters agree, and believe now is the time to start that strategy. We have the lands trusts ready; we have the model plan provisions available. Now is the time for action.

9. It is acknowledged that there are various objections to IZ, but the HYC Report and other documentation amply deal with these. The HYC Report contains an analysis of benefits versus costs, and shows that many objections are not supported by empirical evidence, but are rather hypothetical. The Sense Report highlights that the economic benefits for the Queenstown Lakes District of IZ are estimated to exceed $100m (page 1, 23). Literature

[2] Housing Technical Working Group, "Assessment of the Housing System: with insights from the Hamilton-Waikato Area", 18 August 2022, here called the "Working Group Report".
[3] Sense Partners, "The economic case for Inclusionary Zoning in QLDC", 21 October 2020. Here called the "Sense Report", page 9.

cited in the HYC Report shows that IZ works (South Australia is a good example, at page 53), will be accepted by the market, and is best done through RMA-based methods (pages 47-50) – such as Plan Change 12. The Sense Report emphasises that overseas evidence is that IZ will increase the stock of affordable housing units, and have wider social and economic benefits. Further, then implementation of IZ policies does not necessarily mean any discernable impact on housing supply overall, nor have any adverse impacts on develop or developers, as long as the IZ mechanisms in place are clear and consistently applied (Sense Report, pages 17 – 22).

10. The view of the HYC Report and the submitters is that IZ is both lawful and justifiable. The submitters agree: they do not see any substantive legal objection to IZ, as long as it is done properly.[4] One point which the submitters wish to note is that we feel that in the Waikato context, affordable housing requirements are not that controversial, and there is not likely to be widespread opposition. While there may not be universal support in the development community, many significant developers have already agreed to IZ policies (through plan changes or SHAs), or have supported affordable housing in other ways (such as through affordable housing developments). Outside the development community, support is likely to be universal, as IZ is about a hand-up to those in need, not a hand-out, and there is widespread recognition of community need. A recent television documentary has highlighted housing need in Rotorua: we should not need a similar documentary for Hamilton City to demonstrate that an increased stock of affordable housing is required to meet social, economic and community needs.

11. As both the HYC Report and the Sense Report put it, common criticisms of IZ are conceptual rather than empirical, and purported problems are not evident in practice. It is also worth noting that there are no appeal rights for Plan Change 12. The time for IZ is now.

12. We cite these points to emphasise that much of the hard work on IZ has already been done. There is no place for hesitation or scaremongering about the impacts of IZ when it is so well supported by expert research, overseas experience, existing data, and practical need. Affordable housing needs support, and IZ – which is best implemented through Plan Change 12 – is one way to help do this.

Key Issues

13. The HYC Report makes various recommendations for Hamilton City and the Waikato and Waipā Districts. The submitters comment on these as follows, noting that model plan provisions can be based on the Queenstown provisions, as below.

Issue	**HYC Report Recommendation**	**Submitter Comments**
Implementation of IZ through RMA	Use of RMA recommended by HYC (page 66).	Supported by submitters. We recommend including IZ in Plan Change 12.
Mandatory or voluntary?	Mandatory scheme recommended (page 66)	Supported by submitters.

[4] The lawfulness of IZ under the RMA is confirmed by the QLDC's opinion from Meredith Connell dated 7 July 2021. This is supported by legal advice obtained by the submitters, and the NPS-UD.

Affordability definition	Targeted at 80-120% of median income recommended by HYC (page 66)	Supported by submitters, with a qualifier that there is extensive need below this level as well.[5]
Greenfields first or greenfields and brownfields together	Greenfields first recommended by HYC (page 71)	Submitters support IZ across greenfields and brownfields developers.
Quantum of requirement	10% of lots or financial contribution of equivalent value recommended by HYC (page 72)	Submitters support up to 10% of lots or equivalent payment, and suggest 5% as a fixed figure, with preference for land. Land or payment should track through to Lands Trust[6] (not remain with Council).
Retention requirements	Transfer of land to Lands Trust, supported by covenants if necessary (page 68)	Supported by submitters, who note ability of Lands Trusts to retain land in perpetuity in some cases to ensure land remains permanently available for affordable tenure.
Geographic spread	Consistent approach across Hamilton, Waikato, and Waipā Districts supported by HYC (page 68)	Supported by submitters.
Monitoring	HYC notes some monitoring needed if retention mechanism used (page 71)	Submitters note Lands Trusts can support monitoring and retention.
Further steps to gather support	HYC recommends further steps to build support	Submitters recommend action be taken now, in PC12, based on proposed plan provisions.

14. The Waikato region has a very connected housing ecosystem, led through the Waikato Housing Initiative. There are two established lands trusts – the Waikato Community Lands Trust, and the Bridge Housing Trust, which are working collaboratively with other players in the ecosystem to advance affordable housing models and which provide mechanisms for including perpetual land ownership for retained affordability. The submitters see these two Lands Trusts as continuing to work collaboratively together and with others to ensure the effective implementation of IZ.

[5] WHI is putting in a separate submission on affordability.

[6] For these purposes, a Lands Trust can be defined as "A registered charity recognised by Council as a suitable entity to hold land in perpetuity for affordable housing".

Suggested Plan Provisions

15. Queenstown Lakes District Council has recently prepared model plan provisions relating to IZ: these are contained at pages 37 - 45 of a further report done for Queenstown.[7] The submitters recommend adoption of these plan provisions, with only a few key changes. These can be integrated into PC12 by way of additions, particularly around financial contributions.

Issue or Change	**Reason**
Strategic Policy 3.3.40	Ideally, the transfer of land or money should be to a Lands Trust (see below), not Council, but if the land/payment is a financial contribution that should go directly to Council, then this could be left as is, with Council then transferring the land/money to a Lands Trust. Having land or money go directly to a Lands Trust will both provide an efficient process and help build community support.
Section 40.1, para 2.	This should be adapted, as some points (such as intrinsic and scenic values, and rates of visitor accommodation) are lower in the Waikato. The supporting policies at 40.2.2 and 40.2.3 should also be adapted accordingly.
Policy 40.2.4, Rule 40.4.5, and Rule 40.9.1	While Kaainga Ora housing should be excluded, there is no need to exclude managed care units, small units, or boarding houses. The policy and rule should be amended accordingly. However, if a decision is made to retain these exclusions, then these do not need to change.
Policy 40.2.6, Assessment Matter 40.10.1.2	These preference a monetary contribution over the provision of land. The view of the submitters is that provision of land will better help achieve 'pepper potted' affordability throughout the city/district, and help focus development on methods to achieve affordability.
Rule 40.11.1.1	A covenant would be preferred to a consent notice, and such covenant should preference the position of a Lands Trust.[8]

16. The submitters seek that PC12 be amended to achieve the implementation of IZ as above, and such consequential changes to give effect to these points.

[7] Hill Young Cooper, *QLDC PDP: Affordable and Community Housing Chapter – Working Paper: Developing an Affordable Housing Provision*, June 2021.

[8] As per above, for these purposes a Lands Trust can be defined as "A registered charity recognised by Council as a suitable entity to hold land in perpetuity for affordable housing".

17. The submitters are willing to meet to discuss this submission further.

On behalf of the submitters, 30 September 2022

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