

Property Council New Zealand

Submission on

Auckland Council's 'Funding Auckland's Storm Recovery and Resilience' consultation

19/09/2023

For more information and further queries, please contact
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19 September 2023

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Auckland Council 'Funding Auckland's Storm Recovery and Resilience' consultation

1. Summary

- 1.1 Property Council New Zealand Auckland Committee ("Property Council") welcomes the opportunity to submit on Auckland Council's 'Funding Auckland's Storm Recovery and Resilience' consultation. Comments and recommendations are provided on issues relevant to Property Council's members.

2. Recommendations

- 2.1 At a high level, we recommend that Auckland Council:

- Accept the proposed funding package from central government;
- Develops alternative funding and financing tools in time for the Long Term Plan 2024;
- Engage with stakeholders in greater depth on the proposed approach to flood mitigation across Auckland; and
- Undertakes legal advice (along with the Crown) to uphold the Court decisions and lessons learnt from the Christchurch red-zone acquisitions.

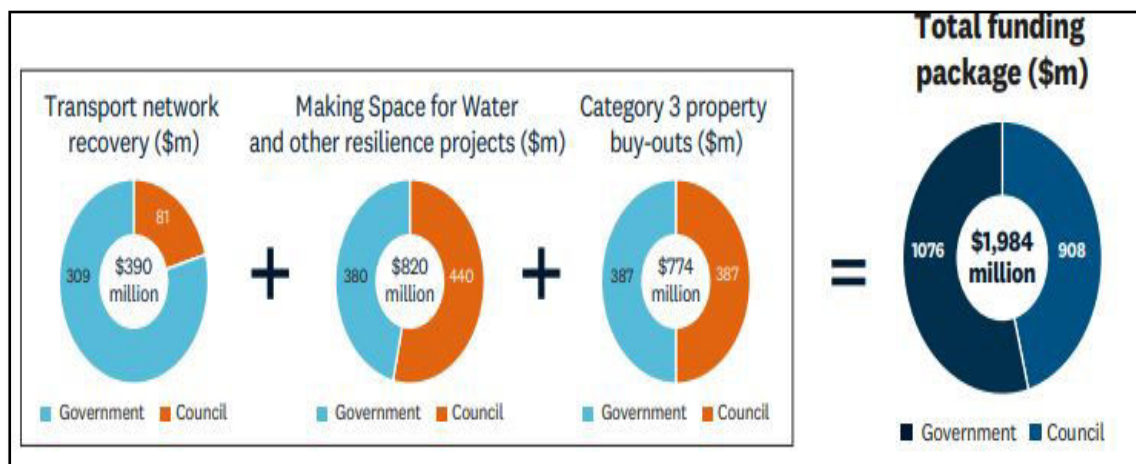
3. Introduction

- 3.1. Property Council is the leading not-for-profit advocate for New Zealand's most significant industry, property. Our organisational purpose is, "Together, shaping cities where communities thrive".
- 3.2. The property sector shapes New Zealand's social, economic and environmental fabric. Property Council advocates for the creation and retention of a well-designed, functional and sustainable built environment, in order to contribute to the overall prosperity and well-being of New Zealand.
- 3.3. Property is Auckland's largest industry. Property provides a direct contribution to Auckland's GDP of \$12 billion (12 percent) and employment for 71,940 Auckland residents.
- 3.4. Property Council is the collective voice of the property industry. We connect property professionals and represent the interests of 351 Auckland based member companies across the private, public and charitable sectors.

4. Proposed funding package

- 4.1. Auckland Council has reached an in-principle decision on a cost sharing agreement with central government for \$2 billion of flood recovery and resilience works. This funding arrangement is intended to fund Transport Network Recovery (\$390 million), Making Space for Water (\$820 million) and Category 3 property buy-outs (\$774 million). The breakdown in costs between Auckland Council and central government is shown in *Table 1: Cost Breakdown*.

Table 1: Cost Breakdown



- 4.2. Property Council has a number of unanswered questions regarding the proposed funding package, in particular around the Making Space for Water, Category 3 property buy-outs and the fact that there is limited supporting detail or evidence provided to comment on. It is concerning that there are not additional details provided, in order to establish a better informed perspective on nearly \$2 billion in public expenditure.
- 4.3. However, Property Council broadly welcomes central government funding for infrastructure and flood mitigation across Auckland, especially given the alternative impact on Auckland Council balance sheet of 'sole' funding the proposed expenditure. As such and given the alternative, Property Council ultimately recommends that Auckland Council accept the proposed funding package from central government.
- 4.4. Property Council has long advocated for greater use of alternative funding and financing tools by local authorities, such as targeted rates, Special Purpose Vehicles ("SPVs") as enabled under the Infrastructure Funding and Financing Act or increased asset recycling. Auckland Council's intent is to use debt in the short term for Council's share of the cost, with other funding options to be consulted on in the upcoming Long Term Plan 2024. We recommend alternative funding and financing tools are developed in time for the Long Term Plan 2024, for meeting the remainder of the cost.

5. Making Space for Water

- 5.1. Property Council recently submitted to Auckland Council on the Making Space for Water consultation, in which we welcomed the intent of Auckland Council to address flood and other hazard risk across Auckland. Property Council believes in the importance of local government, central government and the private sector working together to develop solutions that build future resilience into our city, and engagement is the first step to developing viable solutions.
- 5.2. [Our submission](#) outlined the need for further engagement to refine the proposed Making Space for Water initiatives. We also recommended that Auckland Council should provide more sophisticated project costs and details in a second stage of consultation, so that stakeholders can better understand the likely cost, impact on flood risk and effectiveness of each proposed initiative.

- 5.3. We are deeply disappointed that the 'Funding Auckland's Storm Recovery and Resilience' consultation does not contain any additional information on the proposed initiatives, despite seeking further public feedback on their funding. We continue to strongly recommend that Auckland Council engage with stakeholders in greater depth on the proposed approach to flood mitigation across Auckland.

General approach to flood mitigation

- 5.4. It is important that Auckland Council implements an approach to flood mitigation that is balanced and proportionate to the risks. We note that many of the areas affected by flooding during 2023 extreme weather events happened in areas that had known infrastructure constraints that had not previously been addressed over time.
- 5.5. A joined up approach, that aligns Making Space for Water with the upcoming Long Term Plan process as well as with the new infrastructure proposed for the Investment Priority Areas ("IPAs"), will enable Auckland to address both existing and future flooding risks, while also working to resolve long-standing challenges around housing supply and affordability. Property Council also sees the need for greater clarity regarding the role of the future water entity in the Making Space for Water program.
- 5.6. Well-planned developments can help mitigate climate change risks and deliver appropriate housing typologies that meet Auckland's need for affordable housing supply. We note that a lot of newer developments across Auckland, such as the Northcote re-development or Stonefield's development, fared particularly well during the extreme weather events. This is often the result of developments redirecting water flow through infrastructure and incorporating best practice in terms of planning for communities with access to transport linkages and housing closer to future amenities and employment opportunities.
- 5.7. Given that Auckland Council's proposed Future Development Strategy seeks to restrict new greenfield development, and the lessons from the recent extreme weather events, it is ever more important that Auckland develops a planning framework that enables high-quality intensification in suitable areas. One immediate way that this can be achieved is by enabling greater housing intensification in Metropolitan, Town and Local Centres. Another mechanism is by amending the proposed Terraced Housing and Apartment Building ("THAB") in Plan Change 78 to enable greater height than six stories, where appropriate, and as intended by the NPS-UD.

6. Proposed Category 3 buyouts

- 6.1. Auckland Council and central government are proposing to spend \$774 million on voluntary buyouts of Category 3 properties, which have been classified as "not safe to live in because the risk from future flooding or landslips is intolerably high". Auckland Council will be responsible for administering this program and expects to begin outreach to affected property owners in October 2023.
- 6.2. Central government's co-funding conditions for Category 3 properties are that they must be:
- Residential;
 - Impacted by the severe weather events of January and February 2023;
 - Subject to ongoing intolerable risk to life; and
 - Without an economic way to mitigate the risk.

- 6.3. Property Council considers there to be broad parallels between the proposed Category 3 property buyouts and the Crown's acquisition of red-zone properties in Christchurch after the 2010/2011 earthquakes. The approach and precedents from Christchurch should be able to provide at least a baseline level of guidance in developing an appropriate framework for Auckland. As such, Property Council recommends that Auckland Council and the Crown undertake legal advice to uphold the Court decisions and lessons learnt from the Christchurch red-zone acquisitions.

7. Conclusion

- 7.1. Property Council welcomes the opportunity to submit on Auckland Council's 'Funding Auckland's Storm Recovery and Resilience' consultation. While we have a number of unanswered questions regarding the proposed approach, we ultimately recommend that Auckland Council accept the funding offer from central government. In terms of Category 3 property buyouts, we recommend Auckland Council and the Crown undertake legal advice to uphold the Court decisions and lessons learnt from the Christchurch red-zone acquisitions.
- 7.2. Property Council members invest, own, and develop property in Auckland. We wish to thank Auckland Council for the opportunity to submit on Auckland Council's 'Funding Auckland's Storm Recovery and Resilience' consultation, as this gives our members a chance to have their say in the future of our city. Any further enquires do not hesitate to contact Logan Rainey, Advocacy Advisor, via email: Logan@propertynz.co.nz or cell: 021410787.

Yours Sincerely,



Martin Cooper
Auckland Committee Chair