

5 March 2020

Committee Secretariat  
Transport and Infrastructure Committee  
Parliament Buildings  
Wellington

**Re: Infrastructure Funding and Financing Bill**

Tēnā koe,

**Thank you for the opportunity for Regional Public Health to provide comment on the Infrastructure Funding and Finance Bill which seeks to develop an alternative funding and financing model for local infrastructure development.**

Regional Public Health (RPH) serves the greater Wellington region, through its three district health boards (DHBs): Capital & Coast, Hutt Valley and Wairarapa and as a service is part of the Hutt Valley District Health Board.

RPH works with our community to make it a healthier safer place to live across the wider Wellington Region covering nine Territorial Authorities<sup>1</sup> (TA). We promote good health, prevent disease, and improve the quality of life for our population, with a particular focus on children, Māori and working with primary care organisations. Our staff includes a range of occupations such as: medical officers of health, public health advisors, health protection officers, public health nurses, and public health analysts.

**General overview**

RPH supports the intent of this bill to create a flexible financing strategy to ensure adequate and timely provision of infrastructure for housing and urban development. This is an issue of grave importance given the housing crisis faced by New Zealand. It is of particular concern to those communities experiencing housing insecurity in the greater Wellington region, who look to local and central government for a response, specifically to the barriers identified by the

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<sup>1</sup> Masterton District Council, Carterton District Council, South Wairarapa District Council, Upper Hutt City Council, Lower Hutt City Council, Wellington City Council, Porirua City Council, Kāpiti Coast District Council and Greater Wellington Regional Council.

New Zealand Productivity Commission in their 2019 report: *Local Government funding and financing*.<sup>2</sup>

### **Specific items for comment**

#### **1. Promote health and wellbeing and improve equity (Clause 26, Section 2 and Clause 27, Section 4)**

To further protect individuals, whanau and community, and to ensure their wellbeing is promoted through the kinds of urban development financed in this model, RPH recommends that the role of recommender be enhanced to specifically ensure consideration of the following items in any report to the Responsible Minister, and recommends that the Minister be asked to give due consideration to, the following criteria in making a decision:

- a. The developments role in promoting health and wellbeing for the affected community; and
- b. The developments role in improving, and not diminishing, equity for Maori and other populations who experience existing inequities in social needs.

RPH notes the description of “the model” and commends the ways in which the model described provides a flexible and innovative approach to financing. RPH supports the role of the recommender, described in the bill as a mechanism to provide independent advice on a levy proposal and to protect consumers and the crown. We note the requirement for the recommender to consider matters of “practicality, efficiency and equity” in determining whether to recommend a levy proposal alongside other specific reporting on the levy proposal. We also note the role of the monitor who performs as a regulator in this model and is responsible for publishing public information on the levy, assessing objections to the levy and monitoring a special purpose vehicles compliance with the act and any issues that arise. RPH endorses the role of recommender and monitor insofar as they offer protections to the individuals and communities affected by the assessment of a levy and recommends that their role be enhanced to ensure they take into account broader considerations of population health and wellbeing, and equity for Maori and other populations experiencing inequity and that these be taken into consideration by the Responsible Minister.

#### **2. Demonstrate how the development contributes to social goods**

RPH recommends that all developments be required to demonstrate their consideration of social goods in any proposal that is supported for funding and financing using the new model.

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<sup>2</sup> New Zealand Productivity Commission (2019). Local government funding and financing: Final report. Available at: <https://www.productivity.govt.nz/inquiries/local-government-funding-and-financing/>

Neighbourhood amenities, such as public transport, cycle ways, recreation and green spaces, shops and community facilities, may, in some cases, constitute eligible infrastructure as defined in Part 1, Section 8, Sub-section 2 of this bill. Depending on the context and design of these amenities, they can act to support important social goods such as social connectedness, the ability to undertake active transport and promotion of sustainability and environmental health. These factors should be included in the assessment of the “recommender” in advising the use of a levy to facilitate infrastructure supporting housing development under this bill. This would allow planned developments that include neighbourhood amenities, or developments where the levy proposal supports infrastructure for community facilities, to be prioritised.

The work of the Greater Christchurch Planning Committee in developing their Integrated Planning Guide<sup>3</sup> is laudable in developing a framework by which activities such as housing and urban development can be assessed as to what benefit they provide to the community, and whether they support and promote the health and wellbeing of individuals, whanau and communities. Similarly the New Zealand Urban Design Protocol embraces a commitment to “custodianship” i.e. ensuring design is environmentally sustainable, safe and healthy.<sup>4</sup> In considering urban development, we at RPH particularly note the Integrated Planning Guides reference to the importance of neighbourhood amenity and ensuring these are accessible and accommodate the diverse needs of residents. The availability of health-supporting housing, that is warm, dry and free of mould, pests or other hazards, and the proximity to public services are additional features of concern in new and existing developments.

Key elements of desirable communities include both the quality of the housing stock and the amenities available to a community. Consequently, support for infrastructure development, including the use of alternate financing models, must go hand in hand with urban planning that supports green space for recreation, access to supermarkets and other healthy food providers and active and public transport. It is essential that communities, when levied a fee to support infrastructure development, can feel confident that the infrastructure supports not just housing per se, but high quality housing, alongside the creation of neighbourhood and community spaces that increase liveability, strengthen community ties and that prosper health and wellbeing. As providers of public health services we believe that these are essential factors to be considered in developing housing approaches and supporting communities.

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<sup>3</sup>Health in All Policies Team, Community & Public Health (2019). Integrated Planning Guide for a healthy, sustainable and resilient future. Available at:

<https://www.cph.co.nz/wpcontent/uploads/IntegratedPlanningGuideV3.pdf>

<sup>4</sup> Ministry for the Environment (2005). New Zealand Urban Design Protocol. Available at:

<https://www.mfe.govt.nz/publications/towns-and-cities/new-zealand-urban-design-protocol>

### **3. Use of the model to support specific kinds of housing and urban development projects**

RPH recommends that consideration be given to how use of this model can encourage the growth of social housing, for example by building in mechanisms that prioritise assessment of new projects that include social housing.

The bill identifies the utility of “the model” to support housing and urban development. However, it is unclear to what extent social housing is either endorsed, promoted or required by entities wishing to use this alternate funding model. Given the disproportionate access to home ownership and greater exposure to the rental market for Māori and Pacific peoples<sup>5</sup>, it is essential that new urban development contributes to improving equity of access to housing for these populations. Social housing includes subsidised rental housing that is state-owned and managed through Kainga Ora – Homes and Communities, local council managed rental housing, as well as housing stock managed by community and non-governmental housing organisations. In their 2017 report entitled *Using information to improve social housing services*, the office of the Controller and Auditor General identified the growing need for social housing as indicated by the accelerated growth in whanau assessed as eligible for and waiting for housing on the social housing register. As a response to this they emphasised the need for government agencies involved in social housing to develop long-term plans for investing in housing stock to address this waitlist.<sup>6</sup>

Innovative funding and financing models, such as the model proposed in this bill, are an important alternative to facilitate development where lack of infrastructure funding is available to local councils which would otherwise have prevented them going ahead. However, in order to ensure that these models reach those in most need, it is essential that the availability of social housing within these developments, where appropriate, is considered.

### **4. Equity considerations for levy beneficiaries**

RPH endorses the need for the Responsible Minister to consider “the affordability of the levy for levy payers and the sustainability of its payment by them over the levy period” (Clause 27, Section 4).

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<sup>5</sup> Statistics New Zealand (2016). Changes in home-ownership patterns 1986–2013: Focus on Māori and Pacific people. Available from: <https://www.stats.govt.nz/assets/Reports/Changes-in-home-ownership-patterns-1986-2013-Focus-on-Maori-and-Pacific-people/changes-home-ownership-maori-pacific-1986-2013.pdf>

<sup>6</sup> Office of the Controller and Auditor-General (2017). *Using information to improve social housing services*. Available at: <https://www.oag.govt.nz/2017/social-housing/docs/social-housing.pdf>

RPH recommends that the committee consider including alternative payment methods, such as, delayed payment on death or sale of property to provide options for those living on low-incomes, and considers the feasibility of progressive levy application that takes into account home value and/or is income-related.

This bill has the opportunity to contribute towards improving equity of health and social outcomes for communities. The potential of this bill is vast for facilitating infrastructure development in both new developments and existing urban centres. For example, it could support both water infrastructure for a new housing subdivision or development of an urban amenity such as a train station. For new housing developments the implications of the levy are clear and more readily applied in a transparent way to purchasers of homes that will benefit from the infrastructure. However, in existing urban areas, RPH would be concerned that application of a levy for any new amenity be transparently applied to beneficiaries of the infrastructure with effective community consultation.

A particular concern, related to housing affordability, would be any impact an additional levy might have on existing homeowners when a new urban amenity is developed within their neighbourhood and financed under the method. The use of flat fee structures, for example as described in the Milldale development north of Auckland<sup>7</sup> could potentially constitute a regressive property tax whereby homeowners with a lower income were disproportionately bearing the burden of the tax. Other methods, such as basing a levy on property values, could further disadvantage families whose property value has outstripped their income. These examples suggest potential scenarios by which a new levy could impact the affordability for low income residents of continuing to live in their home.

The introduction and administration of new levies in existing neighbourhoods and residential developments would need to be carefully managed so that it did not further disadvantage communities already struggling with affordability of home ownership. To the extent such infrastructure costs are passed on as increases in rents or general rates payments, these could also impact housing affordability and security for neighbourhood residents. Again, these will be important considerations to weigh against the advantages of any new urban amenities. We note the requirement for the “recommender” to assess the proposal looking at criteria of “practicality, efficiency and equity”. We would suggest that these concepts need to be supported by development of transparent and holistic criteria by which the development is considered in light of those who will benefit from the development, those who will bear the

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<sup>7</sup> Crown Infrastructure Partners – Milldale development bulk housing infrastructure fact sheet. Available at: [https://www.crowninfrastructure.govt.nz/wp-content/uploads/2018/11/Milldale-Fact-Sheet\\_FINAL-12-Nov.pdf](https://www.crowninfrastructure.govt.nz/wp-content/uploads/2018/11/Milldale-Fact-Sheet_FINAL-12-Nov.pdf)

burden of cost for funding it, and how this intersects with existing social vulnerabilities for individuals, whanau and communities.

### **Suggestion for potential ways forward**

We at RPH see the specific tools used for the assessment and reporting by the recommender to the Responsible Minister, and their application in determining which levy proposals to prioritise and progress, as instrumental in ensuring broader considerations of health, wellbeing and equity are incorporated. This will be essential in ensuring that this innovative financing mechanism is used to support those developments that enhance community wellbeing and equity for Māori, Pacific and low income communities.

The use of assessment and recommendation tools that prioritise levy proposals meeting certain criteria (such as addressing equity for Māori communities and inclusion of social housing) through application of a points system that awards points based on criteria of importance to the social wellbeing of the community, may be methods to address these concerns in the implementation of the bill.

Thank you for the opportunity to make this submission.

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Naku noa, na

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