
REPORT 6
(1215/52/IM)

SUBMISSION TO A SELECT COMMITTEE INQUIRY INTO HOUSING AFFORDABILITY

1. Purpose of report

The Commerce Select Committee is inviting public submissions on its inquiry into housing affordability in New Zealand, with a closing date of Friday, 15 June 2007. This report provides a draft submission for the committee's review and approval.

2. Recommendations

It is recommended that the Committee:

- 1. Note that officers are continuing to monitor and research options in relation to housing affordability in Wellington.*
- 2. Agree to the (draft) submission as attached in appendix one.*
- 3. Agree to delegate to the Mayor and Chief Executive the authority to make any drafting changes before forwarding the submission.*

3. Background

3.1 The select committee's terms of reference

The objective of the select committee's inquiry is to ensure that as many New Zealand families as possible will be able to achieve the traditional Kiwi goal of home ownership at a fair and reasonable price.

They will therefore attempt to identify and quantify all components of the cost of housing for first home buyers in New Zealand and examine significant shifts over time. Particular interest will be taken in:

1. the effect on land supply, and therefore the price for land, of both
 - restraints on land supply for new housing, and
 - land 'wastage' through 'large section only' subdivisions.
2. household ability to service debt, meet costs of ownership and the changing relationship between income, property prices and mortgage interest rates;

3. impact of increasing demand for residential properties by investors
4. local authority planning and approval processes;
5. charges and levies imposed at all stages of the housing supply chain;
6. building material and building labour costs as compared with those in other similar economies and countries;
7. access to finance for house building on multiply owned land;
8. impact of changing preferences for home ownership;
9. range of financing products available for first home owners.

The Select Committee then intends to identify which components of the cost of housing can and should be brought under control, or freed from restrictive controls, with a view to increasing the affordability of housing.

Moreover, they intend to identify intervention programs that may improve the ability of individuals and families to purchase a home, their success and operation. Consideration will be given to:

- Schemes such as 'shared equity' and 'rent to buy", the capitalisation of benefits and a sell and build strategy for some state housing stock.
- How proven third sector housing organisations currently help individuals and families reach their home ownership goals.

3.2 The Council's submission

The Council's (draft) submission is confined to the three areas of particular relevance to the Council: land supply; planning processes; and levies and charges. These three areas are consistently raised as having a detrimental impact on the cost of housing.

The (draft) submission states that the Council's policies and processes are not a significant factor impacting on housing affordability in the Wellington context: land is available; processes are generally executed proficiently; and regulatory fees and charges have increased but elements of this work remain subsidised by rate payers.

The (draft) submission also highlights a number of indicators from a variety of independent sources that show that housing affordability is declining in Wellington at a rate comparable with other parts of the country. This is clearly an issue of concern to Council and the submission states that we would like to be involved in development of constructive solutions to address it.

The (draft) submission is attached in appendix one.

3.3 Ongoing work

The issue of housing affordability is complex. A vast number of variables impact on the housing market (as indicated by the select committee's terms of reference). The complexity of the issue suggests there is no single solution and a mixed approach is most likely to have a positive outcome. The ability of the Council to effect solutions on its own is limited. The many dimensions of labour markets that impact on the housing market are not confined to local territorial boundaries.

Nevertheless there are a variety of options and roles that the Council can explore and officers continue to do so. The following table illustrates some of the interventions that are open to the Council and notes areas where further analysis is required / ongoing.

3.4. Summary of initial review of housing affordability interventions

Intervention	Description	Benefits	Limits	Assessment
Reduce any impediments (market led)	This is in essence a continuation of the status quo – with the Council simply reviewing current planning procedures and documents to identify areas which could be streamlined to reduce any unnecessary costs on development.	That a market correction would result in a range of affordable houses being constructed at no cost to public.	<ul style="list-style-type: none"> - The Council has a continuous programme of process improvements and unlikely to result in significant savings -Status quo offers limited motivation for developers to provide affordable housing(for example for rental providers to sell as rental returns are increasing). 	Currently not meeting housing needs.
Council provision (rental)	The Council would acquire / construct houses for rental at an affordable level.	Guarantees the provision of some affordable housing.	<ul style="list-style-type: none"> -Potentially reduces the Council’s capacity to deliver other services -Funding impact on borrowings: lag before returns through rentals -Policy gap (re: concept and criteria selection) -Unknown consequence on rental market. 	Further analysis required
Council provision (build and sell)	The Council would acquire / construct houses and then sell these at an affordable level.	Guarantees the provision of some affordable housing.	<ul style="list-style-type: none"> -Cost to secure expertise -Short term funding impact on borrowings / rates / tax -Policy gap (re: concept and criteria selection and the placement of covenants around on-sale) -Unknown consequence on construction market (increased demand leads to further cost pressures). 	Further analysis required
Re-zoning Greenfields	The Council identifies and reclassifies rural / open space land for residential use.	The increased supply of land may drive down / hold land values.	<ul style="list-style-type: none"> -Unfavourable impacts on environmental outcomes and some amenity values -Creates demand for additional infrastructure -Exposure to legal challenge / extensive process. 	Uncertainty (provision of affordable housing not assured)

Intervention	Description	Benefits	Limits	Assessment
Government provision ¹ (rental / build and sell)	The Government would acquire / construct houses and then sell / rent these at an affordable level.	<ul style="list-style-type: none"> -Places no additional direct impost on rate payers -Guarantees the provision of some affordable housing -Partial funding drawn from sell and buy (of existing high end stock) -Sustained provision (nationwide) would drive costs down and eliminates profit component. 	<ul style="list-style-type: none"> -Inflationary -Policy gap (re: concept and criteria selection and the placement of covenants around on-sale) -Political imperatives -Partial solution only doesn't address income levels. 	Viable (though need to ensure placement / provision is in keeping with local character).
Advocate	The Council models then demonstrates to the market the returns from providing affordable stock.	<ul style="list-style-type: none"> -Limited cost to rate payers -Risk remains in the hands of experts / investors -A clearer understanding of the market is achieved -The social aspects of housing lead to more sustainable neighbourhoods (and land values over time). 	<ul style="list-style-type: none"> -Cost to secure expert and market knowledge -The pressure for Council to provide incentives around the aspects of housing that it controls -Uncertainty of outcome. 	Ongoing
Financial contributions	Apply a financial contribution as part of a resource consent that would be applied to affordable housing.	Not applicable	<ul style="list-style-type: none"> -Policy limit: it would be difficult to establish that a contribution 'fairly relates to the development in question' as required under the RMA (as housing affordability is a citywide concern not the condition of each development). -Policy gap re: affordable housing in District Plan -Statutory amendment required: s108 of the RMA (and potentially s220, which applies in relation to conditions imposed on subdivision consents) to specifically authorise the imposition of financial contributions for affordable housing purposes, subject to compliance with the clearly expressed objectives or policies of a district plan. 	Desirability of approach not yet considered. Cannot be used currently (statutory amendment would be required).

¹ The government has a wide array of interventions open to it including: income supplements; tax concessions / rebates; capital gains these are not discussed here.

Intervention	Description	Benefits	Limits	Assessment
Development contributions	Development contributions are payments of money or land that are intended to off-set the capital expenditure incurred by local authorities as the result of the extra demand a development places on certain kinds of public infrastructure.	Not applicable	-Not considered an appropriate process for imposing levies for (private) affordable housing. The purpose is to off set the cost that the development would have on public infrastructure/amenities provided by the council -Policy limit: difficulty of determining the scale of demand for affordable housing that results from a given development; and affordable housing not covered in policy as social infrastructure (and private affordable housing unlikely to fit any definition).	Not an appropriate mechanism.
Land share partnerships	The Council would actively identify and change zones to residential – splitting the increased value in the land with the owner. The fund would then be applied to the provision of affordable housing (either on that site or elsewhere)	-The Council manages the release of land (cognisant of other outcomes) -The increase supply of land may drive down / hold land values. -Provides a new funding stream (limiting any impost on rates payers or impact on borrowings) -Ensures the provision of some affordable housing (assuming agreements can be reached) -Can be used to complement other approaches such as a trust.	-Cost to secure expert and market knowledge -Implementation: clear procedures required for transparent decisions around sites -Uncertainty of outcome.	Viable but limited. Further analysis required
Partner with a Housing Trust	The Council could partner with a housing trust charged with providing affordable housing across the city (be it through rent control or buy / sell shared equity)	-Overcomes Council’s lack of expertise -Allows for funding to be sourced from range of parties -Reduces costs associated with profit margin of market delivery -Affordable housing can be spread amongst existing communities -Reduces risk to Council -Guarantees some affordable housing.	-Uncertainty around ability to secure other funding sources (though a trust could engage in equity sharing) -Rate payer funding would be contentious -Policy and implementation gaps.	Viable – further analysis required

Intervention	Description	Benefits	Limits	Assessment
Incentives (subsidies)	The Council would provide incentives / subsidies for developers to construct a percentage of affordable housing units as part of their developments. The incentives could take the form of: foregoing payment of resource or building consent fees through to fast tracking consents that meet housing affordability criteria to the provision of infrastructure.	-Potential to guarantee the provision of some affordable housing	-The costs are not considered to be significant on the overall cost of developments. -Any subsidy equates to rate payer funding, which brings into question the question of direct provision by Council. (The subsidy partially overcomes any gaps in the Council's expertise in the area) -Need to address the likely rate payer perception that a subsidy equates to the profit received from the overall development -Covenants around on-sale would be required.	Further analysis required particularly in relation to viability of covenants to ensure affordability continues through on-sale stages.
Land development agency	The Council establishes an agency to identify purchase and utilise land in line with Council's objectives	-Provides some guarantee the affordable housing will be provided -Potential for the Council to draw on other funding streams -Allows for control over the fair allocation of housing (for example land ballot options could be explored. This is where prices are fixed at market value, so there's no chance of losing out to a higher bidder).	-Can be criticised for reducing market options -Policy and implantation considerations are yet to be worked through.	Further analysis required

3. Conclusion

The Commerce Select Committee has invited submissions to its inquiry into housing affordability in New Zealand. A draft submission on behalf of the Council is provided for review and confirmation.

Contact Officer: *Wayne Maxwell – Director, Strategy and Partnerships*

Supporting Information

1) Strategic Fit / Strategic Outcome

The report is consistent with Council's current policies.

2) LTCCP/Annual Plan reference and long term financial impact

Not applicable.

3) Treaty of Waitangi considerations

Not applicable.

4) Decision-Making

This is not a significant decision. The report discusses a number of options in relation to the topic that may result in ongoing work.

5) Consultation

a) General Consultation

No external consultation was undertaken as part of this report.

b) Consultation with Maori

As above.

6) Legal Implications

Not applicable at this stage.

7) Consistency with existing policy

See (1) above.

Submission by Wellington City Council to the Commerce Select Committee's inquiry into affordable housing June 2007.

The Council welcomes the select committee's inquiry into affordable housing. As your terms of reference indicate this is a broad and complex area that is influenced by many factors and parties. We have confined our submission to the three areas of particular relevance to the Council: land supply; planning processes; and levies and charges.

These three areas are consistently raised as having a detrimental impact on the cost of housing. It is our submission that the Council's policies and processes are not a significant factor impacting on housing affordability in the Wellington context:

- land is available
- processes are generally executed proficiently (most costs arise when applicants seek to go beyond permitted policy or planning activities and incur mitigation costs); and
- regulatory fees and charges have increased, reflecting the need to assure quality, but elements of this work remain subsidised by rate payers.

Executive summary

The affordability of housing is of concern to the Council. The gap between the cost of housing and incomes is widening in Wellington at rate comparable to other areas of the country. The current market led approach will not necessarily meet an increasing need for affordable housing and at best may offer a partial solution.

The Council is also clear that it has limited capacity to effect solutions on its own. For example regulatory tools (such as zoning) can be problematic as they have detrimental impacts on other outcomes, and the many dimensions of labour markets that impact on housing markets are not confined to local territorial boundaries.

The complexity of the issue suggests there is no single solution and a mixed approach is most likely to have a positive outcome. The Council believes that the government is best placed to draw on the variety of solutions available to address the issue and welcomes the opportunity to comment on any specific interventions that are considered.

The Council is eager to work with others to find solutions that are sustainable and flexible enough to meet changing needs over time.

The Council's goal is to offer residents' quality choices about where they live — in apartments, townhouses or traditional stand-alone dwellings. Providing choices for an increasingly diverse community will be important if Wellington is to attract and retain a creative and dynamic workforce. Affordability of housing plays an important role in this regard.

Background

1. The Council views housing as a critical component of a viable community. A lack of affordable housing can have unfavourable impacts on social cohesion, health, educational attainment, urban amenity, economic development and employment.
 - 1.1. Housing affordability is an important contributing factor to Wellington's economic and social sustainability because:
 - limited availability can restrict access to labour markets particularly in the service sector which is significant in Wellington
 - innovation can be undermined if early in their careers creative workers are alienated because of the struggle to access housing
 - along with other infrastructure it helps companies to decide whether or not to locate and/or remain in the city
 - limited availability will require some households to trade-off one or more aspects of housing adequacy (including moving away)
 - it provides people greater choice over their discretionary spending – allowing for new or alternate markets to emerge.
2. The Council defines affordable housing as the ability to rent or purchase and sustain adequate housing at a cost that doesn't unduly impact on people's quality of life.

The situation in Wellington city

3. The affordability of housing is a deepening issue in Wellington. Despite comparatively high incomes and a reasonably constant work force the conditions in Wellington are as acute as other areas in New Zealand. This assessment is based on the following indicators:
 - 3.1 The average value of the properties sold is increasing month on month at a rate that is out of step with wages. They have grown by 13 percent over the past 12 months.²
 - 3.2. The median household sale price is now \$487,000. An increase of 12 percent on the same period a year ago.³
 - 3.3 It now takes more than three quarters (77.8 percent) of take-home pay to afford a standard mortgage payment for a median priced house in Wellington. This is up from 66.6 percent a year ago and 43.9 percent in April 2003.⁴

² This is based on a division of the total value of properties sold by the number of properties. The total percentage increase of 13 compares to: 14 percent Wellington region; 10 percent Auckland; 10 percent Christchurch; and 11 percent national average increase.

³ REINZ median sale prices of the combined Wellington city suburbs for April 2007 and April 2006.

- 3.3.1 The number of average incomes required in a household to afford a standard mortgage for a median-priced house is 1.95. This is up from 1.66 a year ago and 1.10 four years ago.⁵
- 3.4. An assessment of the social housing sector has concluded that over 1,450 additional dwellings will be required to meet the needs in this sector alone over the next decade.⁶
- 3.5. Household ownership rates are falling. The rate of home ownership in the wider Wellington region is down 5 percent from ten years ago to 66 percent. This follows the national trend. The decline is even greater in Wellington city (down to 63 percent from 70).
- 3.6. Of the 8,997 housing units created in Wellington city over the last five years 7,929 (88 percent) are rental properties.⁷
- 3.7. Using an indicator of housing cost (in this case the city median weekly rent of \$360) as a proportion of gross median household income, renting accommodation is more affordable than buying by a margin of 30 percent. Against the commonly accepted unaffordability definition proportion of gross household income accounted for by rent, Wellington city is 25 percent on average. However, working against this favourable result is the probability that households at the lower end of the income scale largely populate the rented accommodation market.
- 3.7.1. For any household in Wellington city earning less than \$62,400 (gross) per annum, a median rent property becomes unaffordable. According to 2006 census figures at least 24,000 households in Wellington fall into this category. For a household living on an annual gross income of \$44,520, which represents the low income threshold for the city (i.e. 60 percent of city median), rent would need to be no more than \$257 per week to be deemed affordable. In Wellington the availability, let alone the quality, of accommodation at this price suitable for a 2+2 family is likely to be poor. To put this into context, it is estimated some 17,500 households in Wellington city could fall into the low income category.

4 Source and methodology outlined www.interest.co.nz monthly survey April 2007.

5 Based on a standard that 40 percent of household income would be spent on a mortgage. renting accommodation is more affordable than buying.

6 Wellington City Housing Needs Assessment August 2006.

7 Source: Statistics NZ

The role of Council

4. The Council's practice to date has been to provide an environment where the housing needs of its community have been primarily provided by the private market. Beyond this the Council intervenes in three distinct ways:
 - 4.1. The Council directly provides 2,300 social housing units for people who meet the Council-set criteria related to income, age, housing need, disability and refugee status.
 - 4.2. Through the District Plan and associated regulatory processes the Council provides a framework for the protection of character areas and identifies those areas suitable for residential dwellings.
 - 4.3. The Council assess applications, issues and monitors building consents to ensure they are safe by complying with the Building Code and other regulations.
5. In addition to these interventions the Council invests in the city's network and social infrastructure and actively promotes the city as a desirable destination to live and to do business.

Land use planning

The limited availability of land has been cited as an impediment to growth and a contributing factor to the increase cost of land. Local authorities in particular have been accused of poor land use planning – limiting the supply of land for development. This is not the case in Wellington city.

6. There is sufficient green-field residential land available in Wellington city and the region to meet expected demand to 2026 and beyond.
 - 6.1. There is sufficient capacity to meet demand for high density living and 'backyard' infill to 2026 and beyond.
 - 6.2. The greatest challenge for Wellington city is meeting demand for medium density living close to the CBD, town centres and coast⁸.
 - 6.3. The Council has a long established policy of urban containment. The objective of the policy is to limit the negative effects of urban sprawl and reduce the costs associated with providing additional infrastructure.

6.3.1. For Wellington city this means:

⁸ By comparison to other metropolitan areas there is significant scope for increased density in Wellington city. The following provides an indication of the level of density that exist elsewhere: Sydney (city) 4,900 people/km²; Auckland (city) 635/km²; New York 12,293/km²; Wellington (city) 619/km².

- focusing and encouraging growth along a 'spine' (in the central area, around key suburban centres and on key transport routes) where mixed land-use can provide the services, shops, jobs and most of the homes for a growing population
- increasing the density of development in these areas so that there are sufficient people and activities to support passenger transport
- encouraging infill development to occur in and around suburban centres and key transport nodes, in a careful and considered manner, taking account of local sense of place values and the potential effects on neighbouring property owners. (This may result in some areas, particularly areas with valued suburban character, having future infill capacity constrained.)

6.3.2. There are considerable opportunities for 'backyard' infill development in Wellington city, particularly in outer residential areas where conservative estimates indicate capacity exists for approximately 13,000 new dwellings. In addition, there is significant opportunity and demand for apartment living in the central area where height limits allow for multi storey developments.

6.3.3. While the uptake of the opportunity to 'backyard' infill is not certain. It is clear that a market exist for smaller homes. The number of 1-2 people households is expected to continue to grow due to the population aging and changes in lifestyle.

6.3.4. The greater intensification that accompanies 'backyard' infill housing should result in slightly more affordable housing. This is because intensive development would off-set the high land values - more units on a given area of land would help to drive down the value of each unit.

6.4. The city's primary green-field sites (on private land) have been identified in the northern part of the city. The area is developing relatively slowly and is expected to house 10,000 people and 3,500 dwellings over a 20 year period. The majority of this land is in single ownership.

6.4.1. The slow release appears to be a result of vertical integration – landowners are maximising their returns by releasing land selectively and controlling all phases of the development process from land subdivision to the sale of the building.

6.4.2. This has resulted in the majority of houses being constructed for the upper-end of the market.

6.5. Significant opportunities for green-field developments exist in the wider region.

- 6.6. The Council has significant amounts of land that it uses to provide strategic assets. These range from town belts and reserves through to roads and recreational facilities. By definition these assets are an essential component of a modern city. It is not considered appropriate that they be freed for alternate uses (such as housing) while other land options are available.
- 6.7. The Council has a programme for identifying and disposing of non-strategic land that it owns, though it does not hold a lot of vacant or undeveloped land suitable for residential development.
- 6.8. Despite the current situation in Wellington (where sufficient land is deemed to be available) the Council acknowledges that planning mechanisms are generally relatively slow to put in place. And this may in certain conditions aggravate a housing shortage. Any steps that allow the Council to respond to development pressure more quickly would be welcomed.

Building regulation and facilitation: fees

The Council has a statutory responsibility under the Building Act to control building developments. This includes ensuring buildings are safe and sanitary, and do not threaten environmental quality or public health.

7. The Council aims to secure all of the costs it incurs in relation to building regulation from users but due to its associated 'facilitation' role only recoups 60 percent of the total costs for this activity.
 - 7.1 The Council has determined (through its Revenue and Financing Policy) that despite the fact that this regulatory activity benefits private individuals – the people and companies that build or redevelop homes and other buildings which, in almost all cases, are for private and exclusive use – the Council will part fund the activity. This decision relates to:
 - a public good component: the work provides some safe guard as buildings can be on-sold
 - the need to avoid setting charges at a level that could create an incentive for homeowners to avoid the consent process and carry out illegal building work
 - the fact that some of the work relates to enquires of a general nature that cannot be attributed to specific building projects
 - the application of fees in some areas is constrained by regulations.
8. Some of the Council's regulatory costs associated with building have increased over the past decade and where appropriate these have been passed on to applicants.
 - 8.1. The increased costs associated with building consents are a result of national initiatives and beyond the control of Council (for example the cost associated with securing building accreditation status).

8.1.1. All work valued at \$20,000 or above now attracts the BRANZ and Department of Building and Housing levies.⁹

8.1.2. The detail of the work now required by the new Building Act and Codes require more scrutiny of the plans during the checking process and more intense checking of the work during the construction phase.

8.2. The Council has worked hard to reduce the administration and support costs associated with these additional functions with a view to limit the impact of these increases on applicants.

8.3. The Council aims to process all building consents and code of compliances within statutory timeframes.

8.3.1. The complexity of the new Building Act, a national shortage of skilled building officers available to processes complex consents, and significant changes to the building code, have all created ongoing challenges in maintaining timeframes. Improvements continue to be made in processing times. For the year to date, over 90 percent of building consents and code of compliances were issued within the timeframes. The majority of consents that were not issued on time were provided within a working day.

Development control and fees

The Council has a responsibility under the Resource Management Act to ensure land and other resources are used sustainably. We administer the District Plan, regulating developments to ensure they are safe, sustainable and meet public expectations. Specific activities include issuing resource consents, monitoring compliance and dealing with complaints about environmental matters.

9. Only 40 percent of the costs of the Council's regulatory work in relation to development control and facilitation are recouped through fees and charges.

9.1. The Council has determined (through its Revenue and Financing Policy) that, while there is a public benefit, the main beneficiaries of this work are the individual people and businesses involved in land subdivision and development or use of other resources.

9.1.1. The Council's ability to recover costs from those individuals is limited. User charges for some activities are set by law or regulation or are not permitted. And in relation to compliance, it is not always possible to identify individuals causing damage.

⁹ The BRANZ levy is currently \$1.00 per \$1,000 and the Department of Building and Housing levy is \$1.97 per \$1,000. The total levy payable per \$1,000 is to be assessed on the total project value, where the consent is staged.

9.1.2. The Council is also cognisant that the fees not be set at a level that could create a disincentive for growth and development of the city.

9.1.3. These factors mean that, historically, the Council has been able to recover only about a third of the cost of this regulatory activity through user charges. The current target is to recoup 40 percent of the costs through user charges – effectively providing a 60 percent subsidy to developments.

10. The Council aims to process all resource consent applications within the statutory deadlines.

10.1. For the year to date, 91 percent of consents have been processed on time. The Council continues to explore ways to improve processing speeds. Offering pre-application meetings to identify and reduce potential issues is an example. (These are offered at no charge to the applicant.)

Constraints on the Council

11. The issue of housing affordability is complex. A vast number of variables impact on the housing market. The ability of the Council to affect solutions on its own is limited:

- the many dimensions of labour markets and population changes that impact on the housing market are not confined to local territorial boundaries
- development levies are either inappropriate or cannot be used currently to require the private market to provide affordable housing
- re-zoning (were it desirable) is a prolonged process and exposes the Council and applicants to the expense of legal challenge
- **the direct provision of affordable housing by the Council would likely impact on its ability to deliver aspects of the core infrastructure that contributes to the city's wellbeing. The direct provision by Council would in effect transfer one element of housing affordability (construction / purchase) to another area of household expenditure (rates).**

12. The complexity of the issue suggests there is no single solution and a mixed approach is most likely to have a positive outcome.

Finding solutions

13. The Council continues to explore options that it can support to ensure the availability of affordable housing in Wellington. In particular, we are eager to work with others

to find solutions that are sustainable and flexible enough to meet changing needs over time.

14. The Council would welcome any central government initiatives that extend the range of tools that can be drawn on to respond to development pressures more quickly.

In particular the Council would welcome:

- 14.1. The option to utilise development levies to require affordable housing as a part of new developments.

- 14.2. Steps that make the introduction of inclusionary zoning an efficient and effective option for local authorities.

14.2.1 The current constraints could be relaxed by legislative amendment of the RMA to:

- specially incorporate affordable housing as a relevant matter within Part 2 of the Act; and
- insert a provision requiring territorial authorities to consider whether to incorporate inclusionary zoning provisions in their district plans.

- 14.3. We note that there are a range of other factors to consider in any assessment of legislative amendment, which are beyond the scope of this submission.

15. The Council would welcome the opportunity to comment on any specific interventions that are considered by central government.

The Council will be continuing to research and monitor the condition in Wellington and looks forward to the findings of the select committee's inquiry.

The Council would like to take up the opportunity to present to the select committee.

On behalf of Wellington City Council:

Kerry Prendergast

Mayor

XX June 2007