

Q&A: Facilitating housing development on Crown-owned land

1. How will this initiative work?

A \$52.2 million contingency fund was established in Budget 2015 to enable the Government to leverage suitable landholdings in Auckland to facilitate market-led housing developments at pace, in a similar manner to the way public land is being used for housing development in Christchurch.

The fund will be used to cover the cost of holding the land while it is being developed. Once the homes are built and sold, or in some instances earlier, the Crown will recoup the price of the land.

As the property developer, the development community will manage all the cost and risk of the development, but benefit from deferred settlement (i.e. not having to pay for buying the land until the development is complete), which the Crown can use to require pace and ensure a proportion of starter homes in the housing development to complement the Government's package of support for first home buyers.

2. How much land will be made available for new housing under this initiative?

There is over 150,000 hectares of public land in Auckland and a wide, systematic review of over 10,000 land holdings is being undertaken, gradually identifying areas that are suitable.

Officials estimate that about 500 hectares has the potential for residential development. The 30 hectares announced today is the first batch ready for testing of commercial viability. New areas will be progressively announced as officials work through the review.

3. How many houses will this initiative produce?

There is the potential for thousands of homes to be built. However, dwelling capacity depends on the size and zoning of each land parcel, so we cannot provide a precise estimate until we have a clearer idea of which land parcels are available. It also depends on how much of the land is in low, medium or higher density zones.

4. What processes need to be undertaken to decide how much of this land is available for this initiative?

Officials are working through thousands of parcels of land to work out what the true housing potential for each of the sites is.

For each of the parcels we will need to:

- Establish, with the government agency that owns the land, whether they need some or all of the site now or in the future;

- Work with Land Information New Zealand to identify what land that has previously been declared surplus, but not yet sold, could potentially be retained under the Housing Act;
- Ensure relevant agreements between the Crown and its Treaty of Waitangi partners are appropriately provided for; and
- Identify infrastructure requirements and assess the suitability of the land itself for development.

5. When will the Government release details of the land parcels?

The Government today announced its decision to transfer a vacant 9.5 hectare education site on the corner of Moire Road and Granville Road in Massey East for housing development. We have also released information about several other sites we're investigating that highlight the different types of land we're looking at – but we can't yet confirm whether they will proceed. We won't be releasing a list of individual land parcels at this point, because there has not been sufficient investigation to determine their suitability.

6. How long has work on this initiative been going on?

In its October 2014 Briefing to the Incoming Minister for Building and Housing, the Ministry of Business, Innovation and Employment (MBIE) recommended investigating large-scale developments in partnership with the private sector by leveraging Crown land assets in Auckland. Following this recommendation, in December 2014, Cabinet Ministers commissioned work from MBIE on the amount of vacant or near vacant Crown land in Auckland that might be suitable for housing development.

MBIE reported the results of this work to Housing Ministers in March this year and it was announced once decisions were made to support the initiative with a \$52.2 million contingency fund.

7. What are the powers that enable the Crown to use land taken under the Public Works Act for a different purpose?

The Public Works Act enables land acquired for a public purpose to be used for another public purpose if it meets relevant conditions. In this case, the Housing Act 1955 enables the Crown to set aside land for state housing purposes and to sell the land with housing – which includes this type of development. Similar transfers occurred for the Hobsonville and Weymouth developments.

8. What rights of first refusal do Auckland iwi have with regard to Crown land?

Generally rights of first refusal only apply in situations where land is no longer required for a public work, and the previous owner has confirmed that they do not wish to repurchase the land. In this case the Government has decided to use the land for housing under the Housing Act. Even when there is no legal right of refusal, the Crown may choose to partner with iwi as at Waimahia Inlet/Weymouth.

9. How much will the houses cost?

The Government will ensure that a proportion of residential development on Crown land is suitably priced for first home buyers. This would see these homes priced at or below \$550,000 to align with the Government's HomeStart package that provides grants of up to \$20,000 to help first home buyers to put together a deposit for a new home.

10. Auckland Council has raised concerns about the lack of infrastructure available to support existing greenfield Special Housing Areas – will this be a problem for this initiative?

Housing developments need to be supported by the right infrastructure, including transport routes. Both the Council and the Government have responsibilities in this regard. The Government is already talking with the Council about its recommended initiatives for transport and how these might be funded. Developers will pay development contributions towards local infrastructure and/or invest directly in local infrastructure. The Government's discussions with the Council will ensure these issues are resolved so as to support ongoing increased housing supply.

