



INFRASTRUCTURE NEW ZEALAND

FINDINGS FROM THE USA DELEGATION

August 2018

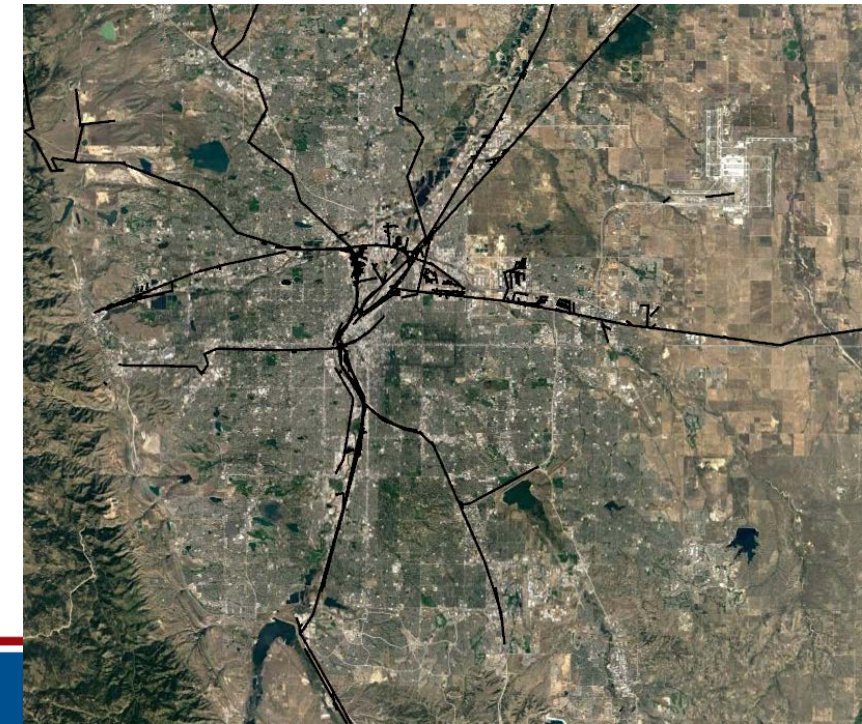
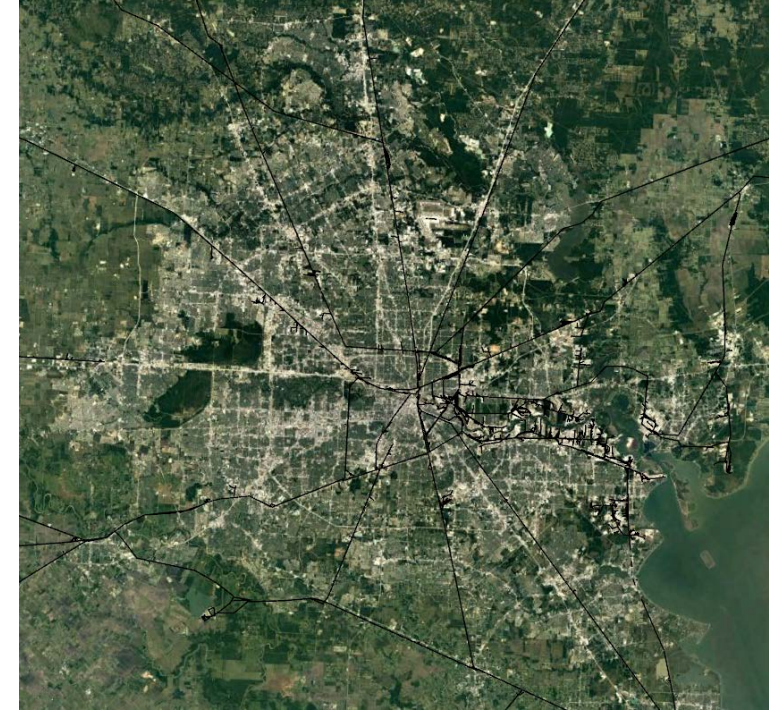
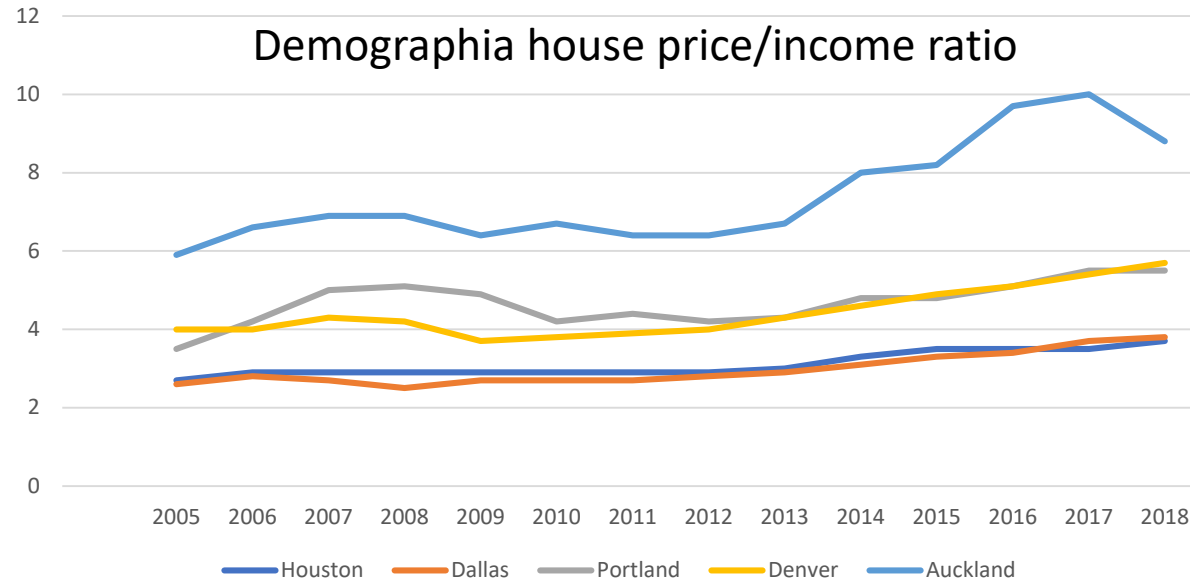
The US delegation



Growth management

- Housing
- Urban development
- Light rail
- Motorways
- Pricing
- Planning
- Funding
- Financing
- Governance
- Technology

Why Portland, Denver, Dallas, Houston?



City	Portland, Oregon	Denver, Colorado
Metro population	2.5 million	2.9 million
Total pop. growth 2010-2017	10% (30,000 residents p/a)	13.5% (60,000 residents p/a)
Median household income	US\$70,000	US\$74,000
Unemployment	4.1%	2.8%
City	Dallas-Fort Worth, Texas	Houston, Texas
Total population	7.4 million	6.9 million
Metro pop. growth 2010-2017	15% (150,000 residents p/a)	16.5% (150,000 residents p/a)
Median household income	US\$65,000	US\$63,000
Unemployment	3.7%	4.6%

What did the delegates say?

It's the soft stuff

“Growth is good **attitude**”

“They get on and **just do it**”

“A very **long term view** taken”

“Better **engagement** from the bottom up”

“**Vision** and consistent long term delivery”

“Strong community **accountability** for developments”

“**Collaboration** between private/local govt/central govt”

“Positive working **relationships** between public & private sector”

“Significant **cooperation** between Government agencies adds value – they **trust** each other”



How do they get the soft stuff?

1. Incentivisation

2. Flexibility

Incentivisation

Two Aspects

1. Cities get growth upside
 - Sales taxes, income taxes, property taxes
 - Grants and transfers from states and federal
2. Cities incur growth downside
 - Less sales/income tax revenue
 - Higher homelessness, unemployment, policing costs

Incentivisation in Action: Stapleton, Denver



- Old airport nearing end of life late 1980s
- Strategic decision to shift
- New mega-airport
- 1600ha redevelopment of old airport
- 26,000 residents
- \$4.8 billion of value

Flexibility

1. More tools in the toolkit

- Infrastructure funding and financing

2. Governance

- Decision making structures

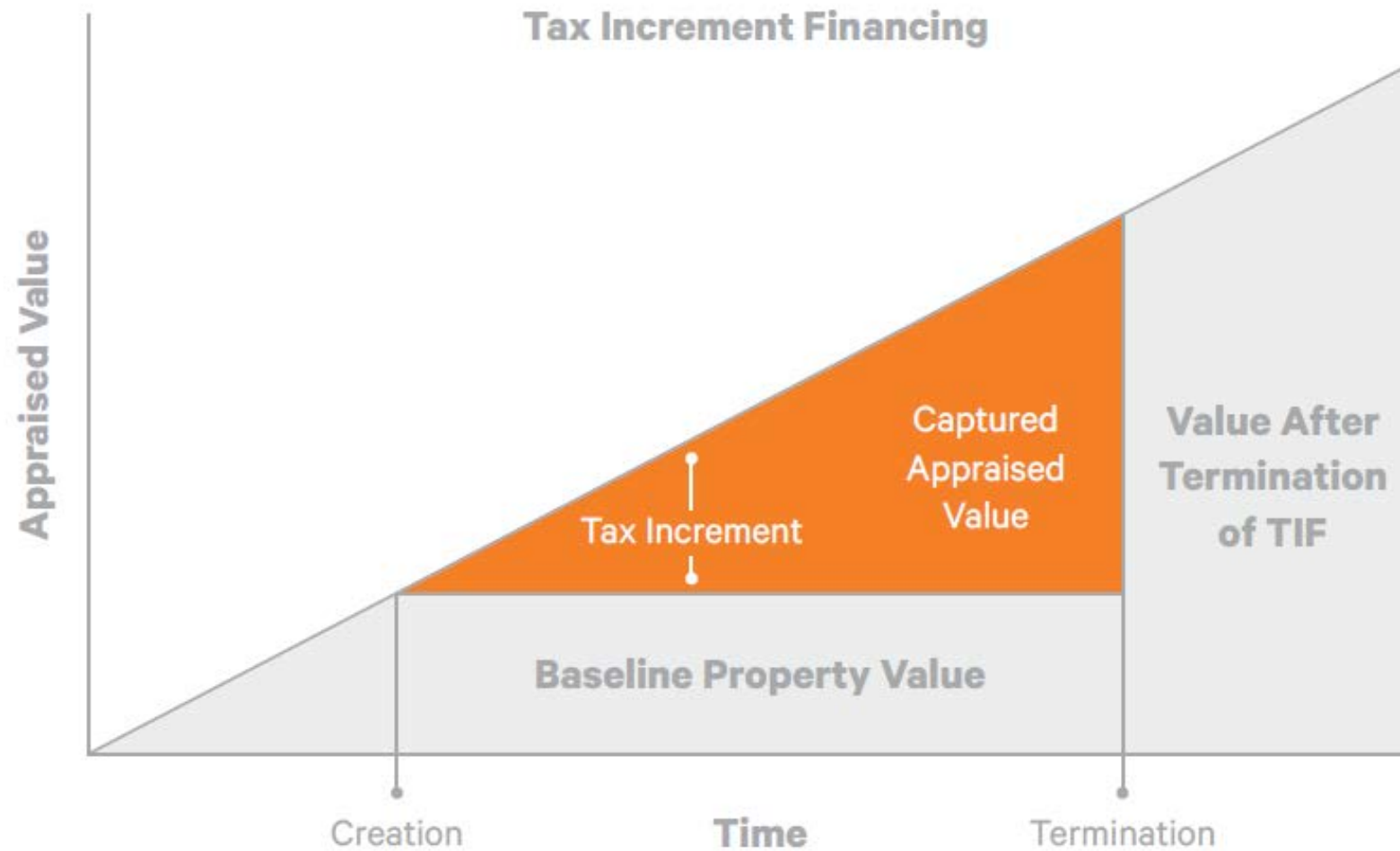
US tools: Special Districts

Independent “units of government” – body corps / resident authorities

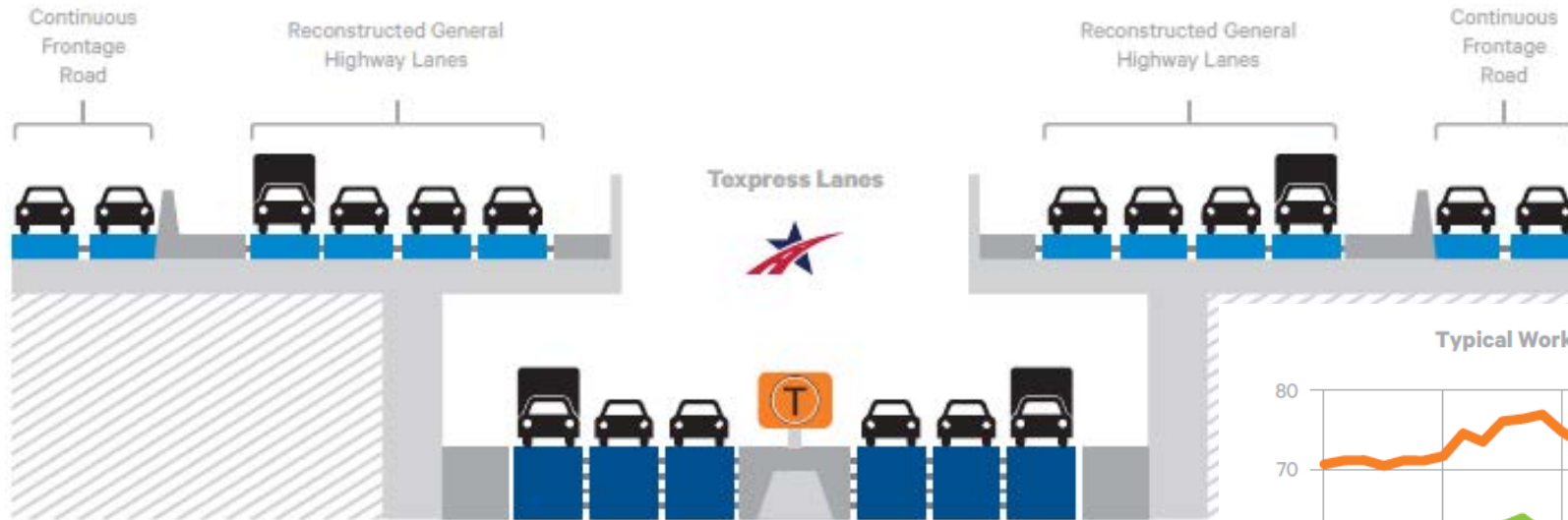
Finance infrastructure and repay debt with revenue bonds

- No “general obligation” on taxpayers
- Denver, Dallas, Houston 1% sales tax to fund public transport
- MUDs
- TIF...
- Tolls...

Flexibility in action: TIF

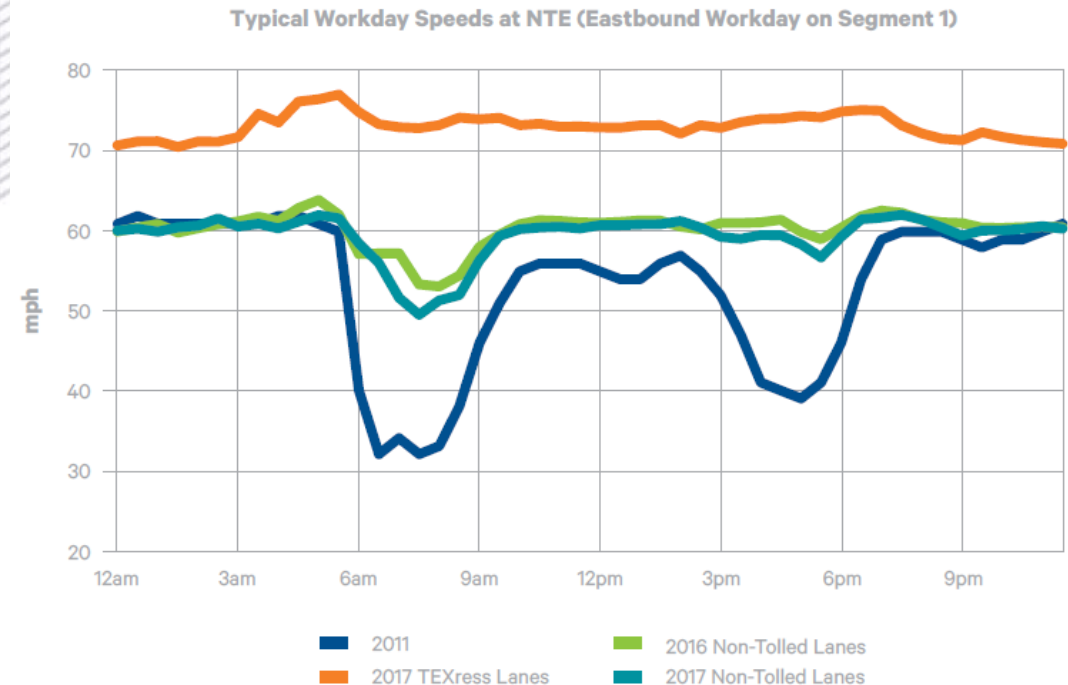


Tolls: LBJ Texpress



NTE

13.3 miles
\$2.6 billion investment
26% equity
56% debt
18% state participation
Opened September 2015



Flexible governance

USA

Governing institutions and settings change and adapt to succeed

- Bottom up
- Direct initiative voting
- Special districts come and go
- City boundaries change
- Governing roles evolve

New Zealand

Governing structures and arrangements are rigid and politicised

- Top down
- Limited direct initiative voting
- New units of government rare
- Council boundaries static
- Governing roles set in statute

Flexible governance in action:

Portland Metro

Portland's MPO – metropolitan planning organisation

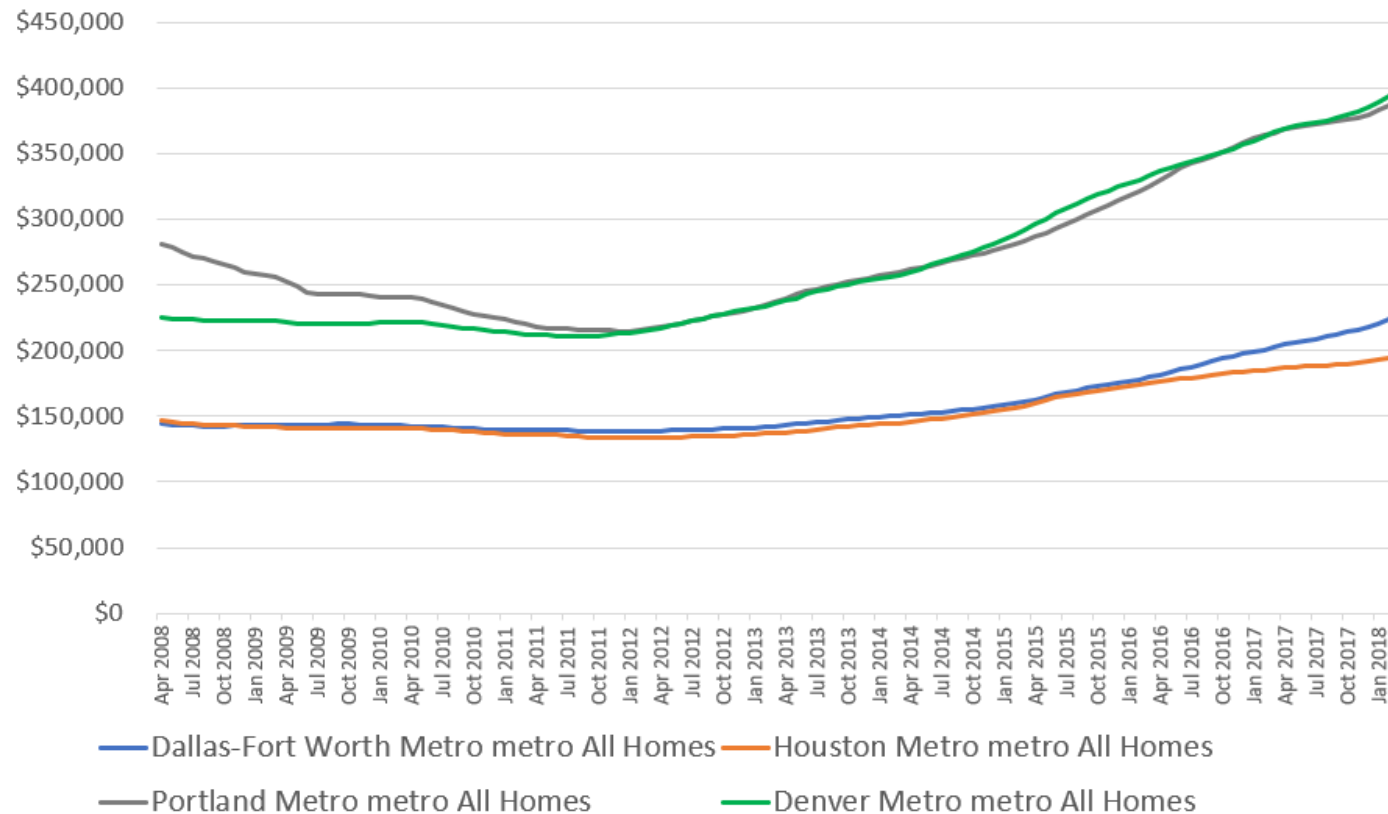
- Manages federal transport funding
- Regional land use planning
- Regional parks
- Visitor venues
- Solid waste and recycling

- ✓ Encourages regional collaboration
- ✓ Voluntary
- ✓ Use it because it works



Incentives and Flexibility won't necessarily deliver housing supply and affordability

Median Home Prices 2008-2018



Why are these cities up here?

Why are these cities down here?

Two policy differences

1. Competitive urban land markets
2. “Ad valorem” property taxes

Average Annual Earnings Per Job, Adjusted for Local Cost of Living, 2014, For Selected Metro Areas

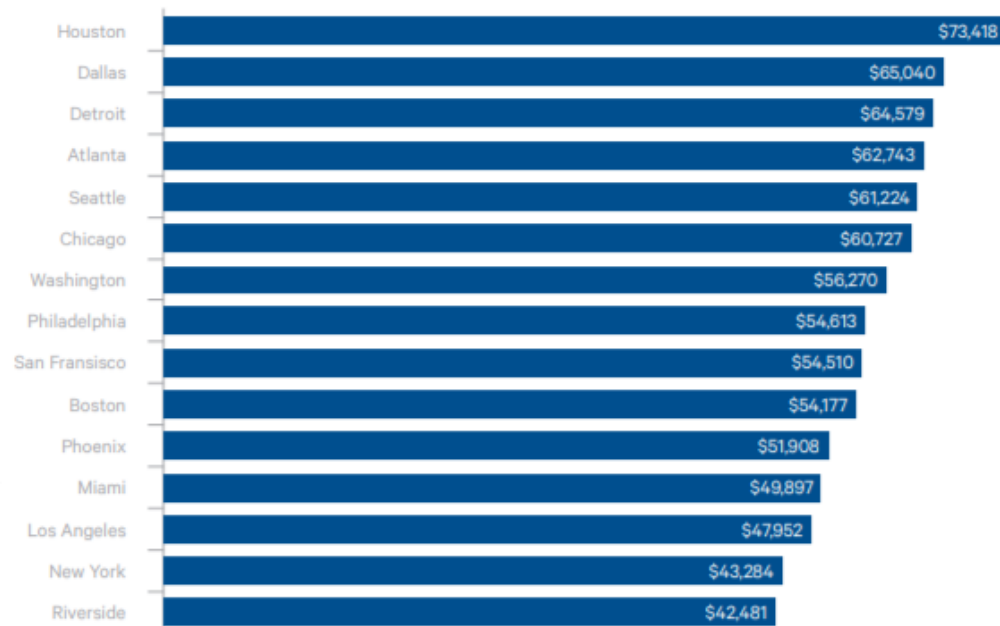


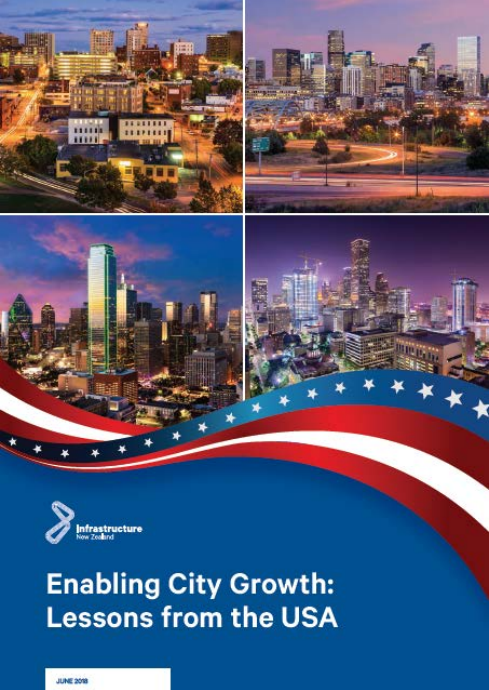
Figure 13b: New housing at Woodmere, Houston



180m² home | 450m² section | NZ \$290,000

Conclusions

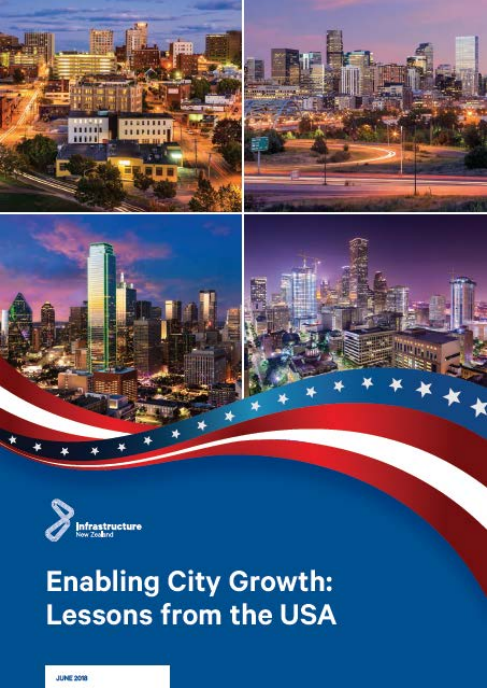
- ✓ **We can solve our urban growth issues**
- ✓ **Revise incentives – councils need to want growth**
- ✓ **Improve flexibility – cities need tools to respond**
- ✓ **Competitive land markets**
- ✓ **Improved price and tax signals**



Recommendations – Long Term

Planning, Funding, Governance Reform

- RMA, LGA, LTMA review
- Tax Working Group
- Local Government Funding Review



Recommendations – Short Term

1. **Reward Councils**
 - Provincial Growth Fund, city/region deals
2. **Transfer some central costs to council**
 - Homelessness?
3. **Expand Crown Infrastructure Partners**
4. **Tolls and express lane revenue bonds**
5. **Direct voter voting and funding**
6. **Separate water from councils**
7. **Replace urban boundaries with appropriate infrastructure charging**
8. **Use UDAs to achieve the outcomes we want**
 - Satellite City



Thank you

<https://www.infrastructure.org.nz/resources/Documents/Reports/Infrastructure%20NZ%20USA%20Report.pdf>