10 October 2019

National Policy Statement on Urban Development Consultation
Ministry for the Environment
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RE: Proposed National Policy Statement on Urban Development

The Far North District Council (Council) welcomes the opportunity to provide feedback on the Ministry for the Environment’s (MfE) discussion document on a proposed National Policy Statement on Urban Development (NPS-UD).

The feedback is structured to provide general comments on the NPS-UD followed by responses to the targeted questions where relevant to Council.

General Comments

The Far North is a predominantly rural district. Despite this, Council recognises the importance and function of our urban areas and settlements including their contribution to community, housing, commerce, and industry. Council is committed to supporting these urban areas to ensure the efficient and affordable use of infrastructure.

Similarly to the National Policy Statement for Urban Development Capacity the NPS-UD appears to be largely city-centric and looks to tackle issues that don’t necessarily translate to rural districts like the Far North, who on the whole, are not experiencing high levels of growth. The city-centric focus is evident in the language throughout the document. By way of an example Chapter 2 “…outlines the context for the changes the Government is trying to achieve for our cities…”, headings include:

- Successful cities are important for New Zealand;
- Our cities are underperforming in many areas; and
- Key shifts in how cities respond to growth

The Local Government Act 2002 in Clause 16 of the Third Schedule articulates three criteria to be identified as a ‘city’ council, they are:

1. has a population of not less than 50,000 persons; and
2. is predominantly urban; and
3. is a distinct entity and a major centre of activity

Statistics New Zealand has previously defined a city to constitute a minimum population of 50,000\(^1\). There are no agglomerated populations or district centers that are comparable to a city in the Far North District. The entire population as at 2018 was 61,007 and is projected to amass 62,229 by 2043\(^2\).

It is not clear from the definition of ‘urban environment’ that the Far North District is subject to the provisions within the NPS-UD. Council considers that the definition of urban environment within the NPS-UD lacks clarity around what parameters constitute an urban environment, in other words what areas/zones is it meant to capture? The only clue apparent within the definition is the reference to a ‘concentrated settlement’. Without understanding what is meant or intended by the term concentrated settlement it is difficult to determine the limits of our urban areas and therefore understand whether any of our urban areas will contain at least 10,000 people and be determined an ‘urban environment’. Aside from the more obvious urban zones (residential, commercial, industrial), it is unclear whether

\(^2\) https://forecast.idnz.co.nz/far-north
urban environments are meant to include peri-urban areas that are not serviced (or planned to be serviced) by three waters infrastructure. Council understands that Whangarei District Council does not determine areas outside of those zoned urban to be subject to the NPS-UDC. Should this interpretation be applied to the Far North, none of its towns in the short, medium or long term will reach a population of 10,000 people or more.

Targeted Questions relevant to the Far North

- **Question 1:** Do you support a National Policy Statement on Urban Development that aims to deliver quality urban environments and make room for growth? Why/Why not? – Are there other tools under the RMA, other legislation or non-statutory tools that would be more effective in achieving a quality urban environment and making room for growth?

  Council supports the principle behind a NPS-UD that encourages greater integration, cohesion and coordination between central government and territorial authorities to better respond to the complex challenges and opportunities of growth in our towns, centres and cities. Further, Council also supports the need to respond to growth management issues, while ensuring this does not compromise quality urban environments. Many of these considerations are best practice and will help councils coordinate land use, infrastructure and financial planning.

  However, it is unclear whether the NPS-UD should be applied in the Far North District due to ambiguity around the definition of urban environment. None of the Far North’s urban zoned areas are projected to grow to a population of 10,000 in the short, medium or long term. Having a small dispersed population and even smaller rating base makes providing infrastructure to service these urban areas a challenge and is the single biggest issue in terms of providing quality urban environments. Council considers that consolidating density in those areas already serviced by infrastructure to be the most efficient and affordable option to support the Far North’s urban areas. How Council delivers forecast growth should be optioned with our communities with the aim to provide quality urban environments while responding to local character.

- **Question 2:** Do you support the approach of targeting the most directive policies to our largest and fastest growing urban environments? Why/why not? – Do you support the approach used to determine which local authorities are categorised as major urban centres? Why/why not? – Can you suggest any alternative approaches for targeting the policies in the NPS-UD?

  Council supports the approach of targeting directive policies to the largest and fastest growing urban environments as the pressures are very different to those in smaller towns.

  The costs of construction are generally a bigger barrier to affordable housing in the Far North rather than the cost of land. The cost of building materials is considered a significant contributing factor to housing affordability across New Zealand. Council sees benefit in central government intervention on issues like the monopoly on building products, provision of kitset homes and the utility of the building code.

  The Far North District is distinguished by a number of disparate urban areas with many set in sensitive coastal environments. Council must address the financial pressures of providing adequate infrastructure to support housing and business land to these areas, but also respond to the seasonal demands of tourism on infrastructure. Such pressures are highlighted in the Productivity Commission 2019 draft report on Local Government Funding and Financing. These challenges on affordable and timely infrastructure provision further impact on our ratepayers and Council would generally benefit from other means of support or regard from central government.

- **Question 3:** Do you support the proposed changes to Future Direction Strategies (FDSs) overall? If not, what would you suggest doing differently? – Do you support the approach of only requiring major urban centres to undertake an FDS? Would there be benefits of requiring other local authorities to undertake a strategic planning process? – What impact will the proposed timing of the FDS have on statutory and other planning processes? In what ways could the timing be improved?

  Council agrees the requirement to produce a FDS should be limited to those Councils identified as major urban centres. This should not preclude other Councils from utilising the technique and adopting and best practice methodology where it may contribute to an integrated spatial planning framework. Ongoing support
and information sharing should be encouraged to promote continuous improvement. Consideration could also be given to understanding the relative demands for lifestyle development and a policy framework to manage supply.

- **Question 4:** Do you support the proposed approach of the NPS-UD providing national level direction about the features of a quality urban environment? Why/why not? – Do you support the features of a quality urban environment stated in draft objective O2? Why/why not? – What impacts do you think the draft objectives O2–O3 and policies P2A–P2B will have on decision-making?

The principle of providing national direction about features of a quality urban environment is supported, however it is not clear how the approach proposed does anything more than what is required by Part 2, Section 32 and Section 104 of the Resource Management Act 1991 (RMA). A district plan providing for a number of housing choices in an urban area does not ensure quality urban outcomes. Nor does it necessarily influence what a landowner or developer will develop. The Far North District Plan already provides for reasonably dense development in its urban areas but it is rare to see development that takes advantage of density and height allowances. Although regulation plays a role in creating quality urban development, market factors like the financial ability for a community to invest in high density development in places like the Far North needs to be taken into account.

- **Question 5:** Do you support the inclusion of proposals to clarify that amenity values are diverse and change over time? Why/why not? – Do you think these proposals will help to address the use of amenity to protect the status quo? – Can you identify any negative consequences that might result from the proposed objective and policies on amenity? – Can you suggest alternative ways to address urban amenity through a national policy statement?

It is unclear how this will deliver anything different to the status quo. Everything changes over time regardless of whether an area is growing or not. As part of any plan making process Council is already obligated to consider amenity values being that it is a section 7 RMA matter. When Council is assessing resource consents they are already obligated under Section 104 to have regard to any actual and potential effects on the environment of allowing the activity. This includes all effects whether they are positive or adverse, those that are positive may include those associated with amenity and improving the status quo.

- **Question 6:** Do you support the addition of direction to provide development capacity that is both feasible and likely to be taken up? Will this result in development opportunities that more accurately reflect demand? Why/why not?

For the same reason that there is no certainty that a piece of urban zoned land will be developed to its plan enabled potential (or even developed at all) it is problematic to include phrases such as “likely to be taken up” in a policy. Council is already obligated to zone land appropriately to cater for growth and demand through Section 31 of the RMA. How this may be achieved will go through a Section 32 analysis and will include options for how that growth and demand can be catered for considering Council’s ability to provide for any necessary infrastructure. The policy appears to imply that Councils are going to rezone land that cannot and will not be developed, which makes little sense. Central government direction would be helpful where it assists in providing tools for Council to disincentivise land banking. This will help ensure that land that has been provided to cater for demand and growth will “likely be taken up”. Further consideration of how Council can provide, where appropriate, affordable infrastructure options to support greater density will also be helpful.

- **Question 7:** Do you support proposals requiring objectives, policies, rules, and assessment criteria to enable the development anticipated by the zone description? Why/why not? – Do you think requiring zone descriptions in district plans will be useful in planning documents for articulating what outcomes communities can expect for their urban environment? Why/why not? – Do you think that amenity values should be articulated in this zone description? Why/why not?

Council agrees that zone descriptions are helpful, however these are largely provided in the National Planning Standards. There is a risk that zone provisions will need to become very prescriptive if expected levels of development are to be achieved. Anticipated levels of development need to match the development aspirations and realities of the community, a landowner/developer ultimately has the choice in terms of what
development will be delivered. The level of development delivered by a land owner/developer may be determined by a number of factors, cost being one of them. By way of example, a zone may provide for four levels of residential development in a given location, which is the ‘development anticipated’ for the zone, but the land owner may choose to develop to two levels. If Council was to make it more difficult to develop to levels less than those anticipated by the district plan then a perverse outcome may occur that stifles development and causes land owners to sit on land and not develop.

- **Question 8:** Do you support policies to enable intensification in the locations where its benefits can best be achieved? Why/why not? – What impact will these policies have on achieving higher densities in urban environments? – What option/s do you prefer for prescribing locations for intensification in major urban centres? Why? – If a prescriptive requirement is used, how should the density requirement be stated? (For example, 80 dwellings per hectare, or a minimum floor area per hectare.) – What impact will directly inserting the policy to support intensification in particular locations through consenting decisions have?

Council supports policies that enable intensification in the right areas, that can be serviced by infrastructure and contribute positively toward amenity. This is simply good planning. There is merit in the outcomes sought in this chapter of the discussion document where applied to major urban areas.

- **Question 9:** Do you support inclusion of a policy providing for plan changes for out-of-sequence greenfield development and/or greenfield development in locations not currently identified for development? – How could the example policy better enable quality urban development in greenfield areas? – Are the criteria in the example policy sufficiently robust to manage environmental effects to ensure a quality urban environment, while providing for this type of development? – To what extent should developers be required to meet the costs of development, including the costs of infrastructure and wider impacts on network infrastructure, and environmental and social costs (recognising that these are likely to be passed on to future homeowners/beneficiaries of the development)? What impacts will this have on the uptake of development opportunities? – What improvements could be made to this policy to make development more responsive to demand in suitable locations beyond areas already identified for urban development?

Schedule 1 of the RMA already provides the opportunity for plan changes for out of sequence greenfield development. The tests in the RMA for accepting, adopting or rejecting private plan changes are considered appropriate, as are the general information requirements for a plan change request. It is Council's view that developers should be responsible for the costs of implementation for all infrastructure as well responsible for addressing the environmental and social costs as a result of the private plan change. It is the plan change that is responsible to causing these effects and requirements over and above those planned and provided for by Council. Future land owners will be paying for the maintenance of this infrastructure through their rates and should not be responsible for bringing the land up to a level commensurate with an urban area. Services appropriate to the zone should be provided to the boundary of a new lot.

- **Question 10:** Do you support limiting the ability for local authorities in major urban centres to regulate the number of car parks required for development? Why/why not? – Which proposed option could best contribute to achieve quality urban environments? – What would be the impact of removing minimums in just high- and medium-density, commercial, residential and missed-used areas, compared with all areas of a major urban centre? – How would the 18-month implementation timeframe impact on your planning processes? – What support should be considered to assist local authorities when removing the requirement to provide car parking to ensure the ongoing management of car parking resources?

Council agrees that this policy should only apply to major urban centres.

- **Question 11:** Do you think that central government should consider more directive intervention in local authority plans? – Which rules (or types of rules) are unnecessarily containing urban development? – Can you identify provisions that are enabling higher-density urban development in local authority plans that could be provided for either nationally or in particular zones or areas? – Should a minimum level of development for an individual site be provided for across urban areas (for example, up to three storeys of development is a permitted activity across all residential zones)?
Given the potential interactions with the range of rules that may exist within any given zone, how could the intent of more directive approaches be achieved?

There appears to be an assumption throughout the NPS-UD that developers are too heavily restricted, the productivity commission in particular points to height. The productivity Commission’s comment “building height limits significantly reduce development capacity. Such restrictions contribute to housing shortages and higher house prices, and force cities to move outward, increasing transport costs for some residents...” This is a simplistic view in the context of reasoning for housing shortages and higher house prices and in theory, while restricting height may theoretically hamper development it relies on the assumption that all developers want to build to the maximum height and density enabled by a District Plan.

There is a focus in the NPA-UD on amenity and delivering quality urban environments. There is commentary in the discussion document regarding a study which found that delivering apartments with rules controlling internal height, balconies and floor to ceiling height added cost for the developer. It would appear that these rules have been put in place to ensure that end users have an acceptable level of amenity and live in a quality urban environment. In the early to mid 2000’s Auckland had a spate of development that delivered a large number of poor quality low amenity apartment blocks. The concern was sufficient that Council introduced specific rules to better control amenity, size and quality of apartments.

The example to provide “up to three stories of development” does not set a minimum level of development, nor does it deliver anticipated development by a district plan. If a land owner/developer were to only develop one level where three is provided, that would be a poor result. To provide minimum development it may be better to make three level development an easier proposition in terms of consenting than a development with one level. This however may have a perverse outcome of stifling development where the land owner/developer does not have the funds or does not wish to develop their site to the maximum enabled by a district plan.

**Question 12:** Do you support requirements for all urban environments to assess demand and supply of development capacity, and monitor a range of market indicators? Why/why not?

Council agrees that there are benefits in understanding demand and supply of development capacity and providing for it with a long term outlook. Where Council does this properly as part of a district plan review it should negate the need to regularly monitor and report on the indicators previously assessed. Council supports the provision of government supplied data free of charge at the time Council does a plan change or a consolidated district plan review.

**Question 13:** Do you support inclusion of policies to improve how local government works with iwi, hapū and whānau to reflect their values and interests in urban planning? – Do you think the proposals are an appropriate way to ensure urban development occurs in a way that takes into account iwi and hapū concerns? – How do you think local authorities should be directed to engage with Māori who do not hold mana whenua over the urban environment in which they now live? – What impacts do you think the proposed NPS-UD will have on iwi, hapū and Māori?

Approximately 40% of the Far North population is of Māori descent so Council is aware of the importance of involving iwi, hapū and whānau in the decision making process. There are already a number statutory and non-statutory requirements and mechanisms in place to include Māori in the decision making process. However Councils experience is that the problem lies with adequately equipping Māori with sufficient resources to contribute meaningfully to the process. We repeatedly hear from our tangata whenua Treaty partners that they are under resourced and better integrated engagement processes need to be established. Effective engagement processes with tangata whenua are supported, however efficient resourcing needs to be factored into any additional consultative processes.

**Question 14:** Do you support amendments to existing NPS-UDC 2016 policies to include working with providers of development and other infrastructure, and local authorities cooperating to work with iwi/hapū? Why/why not?

Council supports policies that help integrate planning decisions for the purpose of achieving better outcomes for our urban environments. Infrastructure is a key component for any urban area so working with those
providers makes sense. It is unclear what the policy will achieve in relation to iwi and hapū. As previously mentioned it is Council's experience that the problem lies with adequately equipping Māori with sufficient resources to contribute meaningfully to the process. Finding resource to enable that meaningful consultation is difficult for smaller Councils, particularly when Māori are asked to contribute to a plethora of Council projects and documents including Long Term Plans, Annual Plans, District Plans, Reserve Management Strategies and often resource consents that fall within their rohe.

- **Question 15: What impact will the proposed timing for implementation of policies have?**

  The timing in the discussion document relates to major urban centres so is not directly relevant to the Far North. However, Council is currently undertaking a consolidated review of their district plan with a view to notifying near the end of 2020.

- **Question 16: What kind of guidance or support do you think would help with the successful implementation of the proposed NPS-UD?**

  A program consisting of guidance documents, technical support, and ongoing face-to-face support and engagement with local authorities would help with the success of its implementation. As will providing access to useful data, including construction industry data, and providing Councils with tools that will enable in-house analysis without continually having to engage specialist consultants.

- **Question 17: Do you think there are potential areas of tension or confusion between any of these proposals and other national direction? If so, please identify these areas and include any suggestions you have for addressing these issues.**

  Councils three main towns (Kaikohe, Kerikeri and Kaitaia) are all located on or near highly productive land (Class 1 to 3) so will be affected in some way by the proposed National Policy Statement for Highly Productive Land. Kerikeri in particular has the strongest growth projections and this will place pressure on the land surrounding the urban area.

  Council is currently in the process of mapping its significant natural areas, which will be subject to the proposed National Policy Statement for Indigenous Biodiversity. Indicative mapping shows extensive areas affected across the district, albeit at this stage it is unclear what the effect will be on the Far North's urban areas.

- **Question 18: Do you think a national planning standard is needed to support the consistent implementation of proposals in this document? If so, please state which specific provisions you think could be delivered effectively using a national planning standard.**

  N/A

**Conclusion**

Many towns in the Far North are facing population decline with only a few facing growth pressure. These circumstances make it very difficult for Council to provide affordable infrastructure to address the status quo let alone a thirty year horizon. While Council will undertake analysis of growth, the market and availability of infrastructure as a matter of best practice when undertaking its district plan review, it is not considered necessary to be subject to the provisions within the NPS-UD that add another layer of compliance.

If you require any further information please do not hesitate to contact Council on 09 401 5200 or free-phone 0800 920 029.

Yours sincerely,

[Signature]

GENERAL MANAGER, STRATEGIC PLANNING and POLICY