Future Proof Submission on
Planning for Successful Cities – A Discussion
Document on a Proposed National Policy Statement on
Urban Development

October 2019
To:
NPS Urban Development - Ministry for the Environment
PO Box 10362
WELLINGTON 6143
Email: npsurbandevelopment@mfe.govt.nz

Name of Submitter:
Future Proof Implementation Committee

Submission:
This is a submission by the Future Proof Implementation Committee on the Planning for Successful Cities Discussion Document on a Proposed National Policy Statement on Urban Development (“Proposed NPS-UD”). The content of the submission follows overleaf. We appreciate the opportunity to provide comments on the document.

Other Future Proof partners will also be making submissions on the Proposed NPS-UD. These will be more detailed in nature than the Future Proof submission which provides a higher level, overarching view of the Proposed NPS-UD.

Signed:

– Future Proof Implementation Committee
1. Introduction

This submission is presented on behalf of the Future Proof Implementation Committee (“FPIC”), the governance group responsible for implementation of the Future Proof Growth Strategy. The FPIC includes representatives from the Future Proof sub-regional councils of the Waikato Regional Council, Hamilton City Council, Waipa and Waikato Districts as well as Tāngata Whenua and the New Zealand Transport Agency.

As of August 2019, the FPIC also has expanded member for the Hamilton to Auckland Corridor. This membership includes two Ministers of the Crown, Auckland Council and Tāmaki Makaurau iwi representation from the Auckland Mana Whenua Kaitiaki Forum.

This submission is made on behalf of the original membership of the Future Proof Implementation Committee and does not necessarily represent the views of the ‘extended membership’.

The Future Proof Growth Strategy is a 30-year growth management and implementation plan for the Future Proof sub-region. The sub-region refers to the administrative areas of the territorial authorities of Hamilton City Council, Waipa District Council, and Waikato District. Future Proof has been in an implementation phase and a number of Strategy actions have been completed, including embedding the Strategy in relevant statutory documents. Future Proof has now entered a Strategy Update phase, the first stage of which was completed in 2017 and an updated Strategy has been adopted. The second phase will be completed in 2020 and will incorporate the outcomes of the Hamilton to Auckland Corridor work as well as this National Policy Statement.

The Future Proof Strategy has been successful in providing a strategic, integrated approach to long-term planning and growth management in the sub-region. There is good collaboration across the Future Proof partnership and the sub-region continues to work together on growth management issues. This includes collaborating on the Hamilton to Auckland Corridor initiative including the Hamilton-Waikato Metro Plan.
The Future Proof Implementation Committee is supportive of initiatives to improve urban development in a resource management context as this is an important part of implementing the Future Proof Strategy. Urban development is complex, multi-faceted endeavour, and we are of the view the Government needs to continue to look at a wider toolkit.

2. Summary of Main Submission Points

Future Proof’s submission makes the following key points:

- General support for the Proposed NPS as it complements the approach of the Future Proof Strategy, especially around achieving quality urban environments.
- Future Proof generally supports the Future Development Strategy (FDS) requirements and the moves to introduce an integrated spatial planning framework. Bringing important long-term planning documents into the RMA fold is critical.
- We have some concerns around alignment with other statutes, for example the requirements of the Local Government Act 2002 which necessitates greater levels of certainty around population projections and funding/financing.
- Future Proof strongly supports the requirements for an FDS to be informed by issues of concern to iwi and hapū and take into account relevant planning documents recognised by iwi authorities.
- Support for the intensification requirements as this aligns with Future Proof approaches in terms of achieving a more compact urban form.
- We would like to see greater emphasis on funding and financing. At present local government has limited options for addressing any gaps.
- There needs to be greater acknowledgement of the impact on the capital and operational expenditure of local authorities as a result of the NPS-UD requirements to make room from growth and ensure a certain amount of housing and business supply.
- Future Proof is concerned that councils are often constrained by legislation in terms of their ability to take on additional debt. This is why there needs to be a more comprehensive approach to the
issue of development capacity and ensuring there is enough housing and business land to meet demand.

- The Proposed NPS states that urban development capacity is of national significance given the contribution that urban areas make to the social, economic and cultural well-being of people and communities. Future Proof is of the view that, given its national significance, there should be funding assistance or more funding tools provided to local government to ensure that urban development can be enabled in a timely manner. Little progress has been made on this matter but we do acknowledge the priority given to infrastructure funding and financing under the Urban Growth Agenda.

- General support for the policies under the Making Room for Growth section. However, we have some concerns around the policies focussed on limiting as much as possible adverse impacts on the competitive operation of land and development markets. It is not possible to achieve this policy without more funding and financing tools. There are also some tensions here with achieving quality urban environments.

- We have some concerns about the example policy for out of sequence greenfield areas and have made some suggested additions to ‘tighten’ this policy up as it could have significant implications for councils and communities.

- We think that a wider view of infrastructure is required so that it is not just development infrastructure that is required for new urban development but also other infrastructure (eg community infrastructure).

- We do have some concerns about the effects that some of the policies will have in terms of requiring councils to update planning documents which is time consuming and costly.

- We are of the view that there are some tensions and potential confusion between the various national policy instruments currently being proposed.
3. **The Future Proof Strategy**

3.1 **Context**

The Future Proof sub-region is an area of rapid population and development growth. The Waikato region is the 4th largest in New Zealand and is part of the ‘golden triangle’ that is Auckland, Waikato and the Bay of Plenty. The golden triangle is expected to contain 53% of the nation’s population by 2031 and account for over half of New Zealand’s total economic activity.

The sub-region is a key part of the Hamilton to Auckland Corridor and the associated shared spatial intent. This work forms part of the Government’s Urban Growth Agenda. There are a number of important workstreams associated with the Hamilton to Auckland Corridor Plan, in particular the Hamilton-Waikato Metro Spatial Plan which will determine a shared 100 year vision and spatial framework for the emerging Hamilton-Waikato area, with a 30 year plan for priority development areas; regardless of administrative boundaries.

The Future Proof sub-region is the growth hub of the Waikato region. It is projected that the Future Proof sub-region will contain 89% of the entire Waikato region’s population growth out to 2031.¹ The Future Proof Strategy seeks to provide a consistent knowledge base and vision for its partner councils and other agencies in order to plan for, and sustainably manage growth in an integrated manner. Specifically, the Strategy provides a framework for co-operatively managing growth and setting goals for future implementation. This allows the costs and resources required to fund and manage infrastructure such as transport, water, wastewater, stormwater, as well as community and cultural facilities to be identified and provided for.

3.2 **Strategy Features**

The key features of the Future Proof Strategy are:

---

¹ Demographic projections completed for Future Proof by the National Institute of Demographic and Economic Analysis (University of Waikato), 2015, using data from 2013-2031
• Increased densities in new residential development and more intensive redevelopment of some existing urban areas to reduce the need for car dependency;

• Metropolitan Hamilton being a vibrant and lively place where people want to live, work, Play, invest and visit. The aim is for the Central City to comprise a vibrant and diverse mix of uses;

• Supporting the sub-region’s towns to have thriving business centres that provide local employment opportunities, housing along with a range of social and recreational activities;

• Building strong and sustainable communities through place-making initiatives, the provision of recreational, leisure, social, health, education, community, arts and cultural facilities and activities, and the ability for people to participate, collaborate and feel part of a community.

• Green spaces including wildlife habitats, public open space and farmland separating settlements.

• Protection of versatile and productive farmland by directing rural-residential and residential development and business land closer to towns and villages. This will also assist in reducing reverse sensitivity issues.

• A focus on providing well designed, sustainable and affordable housing and lifestyle choices.

• Protection of future infrastructure corridors.

• Integrating transport and land-use planning.

• Supporting the values, principles, aspirations, role, responsibility and place of tāngata whenua in the subregion.

• Development of key transport corridors.

• Recognition of and support for protection of strategic nationally and regionally important services and businesses.
4. The Proposed National Policy Statement on Urban Development

4.1 General Comment

Future Proof supports the Proposed NPS-UD’s focus on enabling opportunities for development in urban areas in a way that delivers quality urban environments. The focus on quality environments and not just land supply is important.

Future Proof agrees with the context material for the Proposed NPS-UD, in particular the importance of successful cities and the critical interactions between housing and businesses, and the transport system.

Future Proof is of the view that the Proposed NPS-UD could make stronger links between the Local Government Act 2002, the Resource Management Act 1991, and the Land Transport Management Act 2003, in particular the plans and processes required under these statutes. We also note the importance of Te Ture Whaimana o Te Awa o Waikato - the Vision and Strategy for the Waikato River as the primary direction-setting document for the Waikato and Waipa Rivers and their catchments.

The Future Proof Strategy, its implementation and the current Strategy Update process already provide much of what the Proposed NPS-UD is seeking, as will workstreams of the Hamilton to Auckland Corridor Plan and in particular the Hamilton-Waikato Metro Plan. The Strategy and its supporting documents contain a large amount of what is needed to complete a Future Development Strategy under the new requirements, we have already completed a Capacity Assessment and are embarking on an update to this, monitoring is undertaken, and we take a collaborative approach to planning across the partnership.

4.2 Future Development Strategy

Future Proof supports the new requirements to consider quality urban environments. We do question how easy it will be to ‘show’ how a quality urban environment is being enabled. This is where guidance material will be important.
We support the integrated spatial planning framework and agree that this must be brought into the planning system. At present there are ongoing difficulties with having growth management strategies and spatial plans recognised under the Resource Management Act 1991 (RMA). Giving these documents weight by bringing them into the RMA fold will be very beneficial for long term planning.

We are unsure as to how well some of the FDS requirements align with other statutory documents such as Long-Term Plans. Audit NZ expects these documents to provide a high level of certainty. It is difficult to provide this when there are funding gaps and also different population scenarios. Future Proof understands the rationale behind requiring scenario testing of different growth rates and we support the notion of considering lower and higher growth rates to better understand the future impacts. However, at some point local authorities will have to choose a particular scenario to adopt as there are other statutory requirements for population projections, for example under the Local Government Act 2002.

We would also like to see Regional Land Transport Plans specifically included under Policy P1C(d) in terms of plans that an FDS must be informed by.

We strongly support the requirements to be informed by issues of concern to iwi and hapū and take into account relevant planning documents recognised by iwi authorities.

In general, Future Proof supports the various elements an FDS must identify under Policy P1D. We are concerned about the implications of Policy P1D(b) which requires the identification of future infrastructure corridors and locations. Even at a high level the identification of future corridors can have a significant effect on landowners and on future land purchases. This area needs to be treated with some care.

Given its focus on achieving a more compact urban form, Future Proof supports the requirements to identify locations for intensification.

We have some concerns about the infrastructure funding component of the Future Development Strategy. We don’t believe it is enough to rely on private sector funding. A lot of private sector investment
in infrastructure requires large scale developments, which aren’t always on offer in a New Zealand context. We agree though that flexibility in funding sources is required.

Future Proof notes that Policy 1D(h)(ii) requires that an FDS must include: *financing gaps or other risks to the delivery of development infrastructure needs for the medium and long-term, and options for resolving this*. Most growth councils across New Zealand are struggling to adequately fund development. Some of these issues relate to historical infrastructure and servicing inadequacies. The options available to local government for resolving financing gaps are severely limited.

While the Future Proof Strategy and its implementation through the regional policy statement and district plans, provides a responsive land use planning framework and works to ensure there is sufficient land resources to meet demand, future growth is dependent on adequate infrastructure financing and delivery. The Proposed NPS-UD does not address infrastructure financing or delivery as it indicates this is being dealt with separately.

Future Proof is concerned that Councils are often constrained by legislation in terms of their ability to take on additional debt (eg by the debt servicing requirements as set out in the Local Government (Financial Reporting and Prudence) Regulations 2014. This is why there needs to be a more comprehensive approach to the issue of development capacity and ensuring there is enough housing and business land to meet demand. There is little point in continuing to have an NPS which instructs councils to provide sufficient land if there is no viable way to provide the infrastructure and funding needed to bring the land to market.

### 4.3 Making Room for Growth

Future Proof is generally supportive of the objectives and policies in this section, but we do have some concerns around the reference in P2A to *limiting as much as possible adverse impacts on the competitive operation of land and development markets*. It is not possible to achieve this policy without more funding and financing tools. There will also be some inevitable tensions created by these policies under the Resource Management Act 1991. On the one hand there are requirements for quality urban environments
and on the other there is a general encouragement to allow development and not to adversely impact on competitive land and development markets.

We have some question marks around Policy 4A. There were issues under the National Policy Statement on Urban Development Capacity around land effectively being required to be live zoned. It is unclear under Policy 4A(b) whether the requirement that development capacity is enabled by resource management plans means that it must be live zoned. It is common for district plans to zone land as future urban. It is also common for plan changes to be progressed to zone additional areas of land or enable development at higher densities. In these situations, this capacity should be able to be taken into account. The requirement in Policy 4A and what is meant to be (c), that for the long-term development capacity is identified in all relevant plans and strategies (including the FDS), may have the effect of capacity needing to be included in all resource management plans as well as other documents. Given that regional policy statements and district plans have a planning horizon of 10 years this is often not possible. The policy also appears to set the bar high with a requirement for the capacity to be in all plans. It should be enough that the capacity is identified in a strategy or plan, including the FDS.

Policy P5A which states that District Plans must include a zone description for each urban area, indicates that it will be effective immediately. We have some concerns about this timeframe given that a number of councils may have recently adopted new District Plans, undertaken comprehensive reviews or be in the process of doing so.

It is also unclear as to when Policy P5D would apply. This needs clarification.

Future Proof supports policies 6A and 6B which will help councils to anchor intensification plans. This is critical in terms of being able to implement a more compact urban form. We also support policy 6D.

In terms of the options for directing intensified development, we don’t have a particularly strong preference, however often allowing some flexibility in policies and approaches is desirable. This is particularly so when some of the urban areas being covered are provincial in nature. The descriptive option may allow for different circumstances.
Under “Providing for further greenfield land”, we are concerned that the example policy doesn’t consider the financial impact on local authorities, including on their balance sheet and their debt levels. This type of policy needs to be well thought through as it could have significant effects that have not been considered. It appears on the face of it to be quite a loose policy. For example, proponents of a new greenfield area will always argue transport choice is offered as long as a road is in place as they will say buses can be provided. The reality of providing an adequate and effective bus service to service that development is another matter. It is also something that is funded by councils and the New Zealand Transport Agency, not usually the developer. There may be additional costs to Councils, such as existing sunk costs of infrastructure in existing or planned growth areas, which should be factored into decision-making when considering plan change requests that are out of sequence or outside of areas identified for urban development.

Allowing for, or actively encouraging, private plan changes that are out of sequence or outside of areas identified for urban development, in this way seems to conflict with policy 6 of the NPS-HPL where plan change proposals would be considered against alignment with local authority statutory and non-statutory plans and policies in relation to urban growth.

It should be clarified as to whether the intent of the policy is to override regional policy statements and regional plans, in particular the provisions relating to natural hazards.

Regard should also be had as to whether a plan change aligns with an existing growth strategy or spatial plan. The future urban form set out in yet-to-be-developed spatial plans, such as the upcoming Hamilton to Auckland Corridor work, including the Metro Spatial Plan, should be considered.

The example policy provided could be amended as follows:

*When considering a plan change that enables urban development that is not otherwise enabled in the plan, local authorities must provide for urban development when all of the following apply:*
a. Development enabled by the plan change would contribute to a quality urban environment, including access to transport choice that is either in place or is committed, and access to community infrastructure.

b. Development enabled by the plan change would not have adverse effects on protected areas or areas identified for restoration.

c. Development under the plan change can occur in a way that is appropriate, safe, and resilient in the long term in respect of natural hazards and the effects of natural hazards.

d. Reverse sensitivities are appropriately managed within and adjacent to the location or locations that are the subject of the plan change.

e. Infrastructure (physical and social) to enable the long-term development of the land can be provided.

f. Existing or committed public and private sector investments in urban land development and infrastructure is not undermined.

g. There is efficient use of local authority and central government financial resources, including prudent local authority debt management.

h. Development enabled by the plan change is not inconsistent with existing growth strategies or spatial plans.

4.4 Evidence for Good Decision-Making

Future Proof generally supports the proposals in this section. We agree that Capacity Assessments should be completed in time to inform a Future Development Strategy which can then inform Long-Term Plans and Regional Land Transport Plans.

While we support the principle behind having additional capacity margins, we continue to have concerns around the requirements for additional margins of 20% and 15%. These have never been justified through evidence and have significant financial implications.

If the Proposed NPS-UD wants to enable quality urban environments, then the focus on development infrastructure should be broadened and include other infrastructure. To be successful the provision of housing and business land is about much more than just network infrastructure, it needs to include community infrastructure (as defined in the Local Government Act 2002) and other social infrastructure.

Urban development is considered to be a nationally significant issue. Given the importance of the issue it should have access to the funding tools required to enable it to occur. To date we have seen very little
achieved on this matter, although we acknowledge the strong focus it has in the Government’s Urban Growth Agenda.

Future Proof is of the view that co-investment is needed across the full package of infrastructure. This co-investment includes the private sector, local authorities and Central Government agencies. This package of infrastructure is not just network infrastructure but also relates to community and social infrastructure – all the elements required for creating urban communities.

As noted earlier in this submission debt capacity for councils is a significant limiting factor in terms of providing the infrastructure required to bring land and housing to market.

Future Proof is of the view that complementary measures are required to actually deliver on development capacity and sufficient housing, including ultimate housing affordability outcomes. A wider toolkit needs to be implemented alongside the Proposed NPS-UD, including non-market housing, aligning other Government investment frameworks with the NPS (eg NZ Transport Agency, Ministry of Education), development agencies / land acquisition / value uplift and betterment models, off balance sheet loan facilities from the Government to local authorities for growth related infrastructure.

4.5 Engagement on Urban Planning

Future Proof supports the proposals in this section. The Future Proof partners take a collaborative approach and work across councils, iwi/hapu, Central Government and the community.

4.6 Alignment with other National Direction under the RMA

We acknowledge that the national direction instruments are intended to be compatible, however it is a crowded landscape at present with inevitable tensions across the various documents. It is not enough to say that these tensions can be resolved at a local level. There needs to be clear guidance on the trade-offs and the ideal direction that should be taken.
There are obvious tensions between the Proposed NPS-UD and the Proposed NPS-Highly Productive Land (NPS-HPL). It is correct that both documents require local authorities to identify areas where urban development may not be appropriate, however in some territorial areas there are large tracts of highly productive land and cities and towns have been built on top of high-class soils. It is not easy to find locations that do not encroach on highly productive land and that also meet the outcomes of quality urban environments. For example, an ideal growth area may be close to a rail line but the land in question could be highly productive.

There are also tensions with the Proposed NPS on Freshwater where development is proposed close to a waterway. Any requirements that mean that development yields have to be reduced have implications for feasibility, critical mass and achieving more compact urban environments.

Future Proof is supportive of the other proposed National Policy Statements and having national guidance on these issues is very important. However, the tensions and trade offs need to be thought through with care. Future Proof has made a separate submission on the Proposed NPS-HPL and will be making one on the NPS for Freshwater.

4.7 Response to Consultation Questions

We have only answered questions that are relevant to Future Proof.

1. Do you support a National Policy Statement on Urban Development that aims to deliver quality urban environments and make room for growth?

Yes. We strongly support having national direction on urban development and in particular on delivering quality urban environments. We do note that there are tensions between the making room for growth objectives and delivering quality urban environments.
We are of the view that funding and financing tools are imperative to ensure that the NPS is effective.

2. Do you support the approach of targeting the most directive policies to our largest and fasted growth urban environments?

Yes, however we are of the view that sub-regional approaches should be encouraged or even required given the strong growth in areas that might not strictly be part of the major urban centre.

It is not clear as to the extent of each of the major urban centres. For Future Proof it is the whole sub-region that is important, not just Hamilton City. There is a strong inter-relationship between the City and the surrounding districts. Planning for one inevitably has impacts on the other – this goes both ways. The reason for Future Proof being set up was to address this issue and to work across boundaries. We would like to see a sub-regional approach taken. This is particularly important given the significant amount of growth occurring in the Waikato District, particularly in the northern part as a result of pressures from Auckland, and in Waipa District in towns like Cambridge. In saying this, it is important that the intensification provisions are not treated in a uniform way. For example, higher densities are appropriate for Hamilton City but may not be for other towns in the sub-region.

3. Do you support the proposed changes to future development strategies (FDSs) overall? If not, what would you suggest doing differently?

Yes – we support these changes. We have some concerns about some of the proposed policies as outlined earlier in this submission. On the whole though we support the requirements to prepare and FDS and the general direction of these documents.

4. Do you support the proposed approach of the NPS-UD providing national level direction about the features of a quality urban environment?

Yes we do as this is an area that has been missing from the planning landscape.
8. Do you support policies to enable intensification in the locations where its benefits can best be achieved?

The intensification proposals are supported given the inherent difficulties in some areas of achieving this type of development.

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?

We do not support this policy in the example form that is shown. This would have significant impacts on local authorities and their ability to manage their resources, in particular their finances. It is also unclear why this approach is being proposed when there is already a private plan change pathway for out-of-sequence development.

We have made some suggested amendments to the example policy which would assist in tightening up what is otherwise a very loose policy approach.

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?

Yes – Future Proof strongly supports these proposed policies.

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.

Future Proof is of the view that there are tensions and potential confusion between the NPS-UD and other national direction.
We think that the relevant policy statements need to be very clear about what they are wanting to achieve and what their bottom lines are. It cannot be left to local authorities to make trade-offs, this only encourages costly litigation and uncertain outcomes. The NPS-UD and NPS-HPL in particular need to align better, for example around the exclusion of certain urban and future urban areas from the highly productive land criteria. In particular, the Making Room for Growth proposals of the NPS-UD are the ones that need to be scrutinised in terms of alignment with the NPS-HPL.