11 October 2019

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

Introduction

Registered Master Builders Association (RMBA) thanks the Ministry for the Environment (MfE) for the opportunity to submit on the proposed National Policy Statement for Urban Development (NPS-UD).

RMBA represents New Zealand’s most prominent residential builders, group home builders and major contractors in the building and construction sector. In the last year, our members built over 10,000 houses across New Zealand and employed over 18,000 permanent staff, apprentices, or contractors. We have been supporting our members build a better New Zealand for over 100 years.

Our purpose is to help our members build better businesses through improved productivity and profitability, as well as advocating for a healthy and vibrant building and construction sector for the betterment of New Zealand.

Our advocacy focus has conventionally been on the building regulatory system. However, our evolving membership is increasingly coming into contact and interacting with the planning system and the challenges of using it. A fit for purpose planning system is essential for the economic, environmental, and social prosperity of our urban environments as well as being crucial for the health of the building and construction system.

Overall RMBA Position

Planning for urban development is about balancing a range of economic, environmental and social tensions as well as mitigating unintended policy consequences or reverse sensitivities.
We support the proposed NPS-UD as a means of assisting the future development of our urban environments and the commercial and residential development that underpin them. A consistency of approach across councils will provide clearer expectations for our sector around long term development capacity planning. Considering the importance of Government amenities and networks within our urban environments, we welcome the Government taking a more proactive role in this space.

Government must also work in a partnership with councils. This approach is to ensure councils and the Government signal to our sector necessary amenity and infrastructure projects in the short, medium, and long-term. This signalling assists the sector in determining its forward work programmes and provides additional certainty when making business decisions around employment, training, and business investment.

**Future Development Strategies and Housing and Business Development Capacity Assessments**

RMBA supports the proposal for councils to produce Future Development Strategies. This is a crucial tool for councils, with high growth, to plan and accommodate for growth properly over the long-term.

*Aligning with the Existing Planning Legislation*

We welcome the emphasis on integrating the Future Development Strategy with the Local Transport Management Act and the Local Government Act. Integration is critical to ensure alignment of infrastructure funding and provision during council and NZTA planning and project delivery cycles.

To fully maximise their effectiveness, MfE must ensure councils fully understand the role of the Future Development Strategy within the existing planning system and its weighting from a regulatory and statutory perspective. We also support councils developing their strategy in conjunction with their long-term plans and regional land transport plans. This approach should ensure alignment between the three and greater certainty for the sector about infrastructure provision when considering commercial and residential development. Councils must release the next set of long-term plans and regional land transport plans for consultation in early 2021. We believe this gives councils enough time to develop their Future Development Strategies in conjunction with these plans.

Future Development Strategies are a positive first step and we support the Government’s initiative to make spatial planning a more integral part of council planning through their *Comprehensive Review of the Resource Management Act*. We would like to see a template approach to Future Development Strategies spatial planning; so, each council uses the same structure, language, and definitions. This is especially important when urban areas or growth corridors cross council jurisdictions.
MfE must also ensure Government agencies, especially those who have a substantial urban footprint, like the Ministry of Education, Ministry of Health, and NZTA are working collaboratively with councils. This is to maximise a co-ordinated approach to development and infrastructure provision through the Future Development Strategies.

**A Targeted Approach**

We support the approach that focuses the NPS-UD on the urban areas with the highest levels of growth (Auckland, Wellington, Christchurch, Hamilton, Tauranga, and Queenstown) for full Housing and Business Development Capacity Assessments. These urban environments are already or potentially will become corridors of growth (Auckland-Hamilton or Tauranga-Katikaki-Papamoa e.g.). It is critical holistic and long-term flexible thinking, which integrates commercial and residential property requirements alongside transport and other infrastructure planning and provision, occurs for these environments.

MfE should consider including some councils, previously identified as either high growth or medium growth in the National Policy Statement for Urban Development Capacity, to undertake full Housing and Business Development Capacity Assessments. We recommend the following urban areas; Whangarei, Napier-Hastings, Nelson-Tasman, Dunedin, and Marlborough. These areas are experiencing and forecasted to have consistent population growth and strong economic development. For example, Whangarei, as the gateway to Northland, is a Government focus for regional development with the port study and the proposed land transport investment.

**Making room for growth in RMA plans**

We support the Government requiring councils to allow for both brownfield and greenfield development through their district plans. It's critical for our cities that growth is both up' and 'out' This flexibility enables development to occur that reflects the needs of particular urban environments and the housing typology choices that people also make within these. A culture shift needs to occur within councils, so the focus is on enabling development, while managing its effects appropriately. This is a change from councils often viewing developments and their effects negatively.

**Describing quality urban environments**

Council planning decisions are often about managing a range of competing or contradictory tensions that can be subjective (what is or isn’t heritage, urban design principles or height restrictions e.g.). These subjective tensions can lead to perverse outcomes, which can create sub-optimal development outcomes or the canning of needed commercial and residential developments.

We support the NPS-UD setting out a framework of objectives and policies that outlines the features of a quality urban environment. However, this must be broad enough to reflect
radically different urban environments of our cities. A too prescriptive approach could lead to perverse development and policy outcomes. For example, the urban environment features are different between Queenstown, Napier or Hamilton. A reflection of unique historical, social, environmental, economic as well as commercial and residential development trends.

*Amenity values in urban environments*

The NPS-UD must provide more guidance on what amenity values are in the urban environment that what the consultation document current envisages. Without clear definitions there is a risk of perverse outcomes from subjective amenity values. Examples of these perversities include heritage overlays, setback requirements or height restrictions in suburbs that should be have more intensification; like those located near CBDs or major transport networks.

There are risks that some amenity values could be detrimental to the overall intention of the NPS-UD. For example, a requirement to have garages at the back of the section, coupled with height restrictions and setback rules could affect the financial viability of subdivisions. In this instance, houses would potentially need to be on bigger sections, which reduce the quantum of lots, houses built and the profitability of the subdivision. Motu, BRANZ, the Productivity Commission and other Government agencies have a plethora of research on the additional costs of development that amenity values can cause, which in turn affects new housing affordability.

More national direction does not mean reducing local community involvement in the decision-making as to what amenity values are. Instead, it could help to take the politicking out of the decision-making and allow communities to change the amenity values and/or their definitions through the evolution of their views and values over time much quicker than without them. It is crucial to balance amenity values with the need to accommodate growth; particularly for suburbs that have greater intensification.

*Providing for intensification*

We support the NPS-UD’s intention to direct councils to provide for intensification through district plans.

We view the prescriptive approach as potentially too blunt a tool in prescribing the number of residential units per hectare at 60. There is no data or methodology provided by MfE in choosing this number. Also, the measure of zoning all residential and mixed-use areas within 1.5 kilometres of city centres for high density development is too crude and ignores the spatial layout of our CBDs. This inflexible approach could lead to several reverse sensitivity issues.

For example, high density zone which is a 1.5 kilometres radius outside Wellington City Centre includes Mount Victoria, Mount Cook, Thorndon and Aro Valley as well as parts of Kelburn, Aro Valley and Newtown. Changing the zoning could lead to an acceleration of reverse
sensitivities and unintended economic outcomes as businesses, especially commercial or light industry, move outside this radius or close. Furthermore, not all these suburbs are suited for high density development when factoring in transport and geographical constraints.

A descriptive approach instead enables councils to make decisions that better reflect the needs and aspirations of their communities and cities. This approach enables more flexibility to determine higher density zoning in suburbs which are better suited for it. For example, Henderson, as a town centre, has better public transport connections and proximity to job opportunities than Botany does in Auckland and should having higher density zoning provisions to reflect this.

Providing for further greenfield development

We support the NPS-UD providing guidance on greenfield development and the example policy requirements. Master Builders is willing to work with MfE and other stakeholders in refining these examples.

Infrastructure provision, particularly main trunk infrastructure, is the key driver for the size, scope and location of greenfield development. This provision must be thought through holistically and over a long time (20-30 years). We support out-of-sequence development, only when it is on a large scale and has a master plan. Out-of-sequence small scale development runs the risk of an ad-hoc approach.

Developers should pay their fair share towards paying for the capital cost of infrastructure provision through development contributions. We note that councils are not consistent in their development contribution policies or in their understanding of development contributions. The Department of Internal Affairs needs to work alongside councils, developers and other stakeholders in providing detailed guidance about development contributions; particularly to ensure:

- consistent policies across councils
- developers/builders are charged a fair amount
- council staff, developers/builders, and others understand development contribution policies and the formulation of the quantum of the contributions.

More directive intervention to enable quality urban development

We provisionally support more national guidance when it comes to district plan provisions and rules. There are potential benefits to standardisation, which include:

- providing our members with greater certainty when they undertake development that is in different council jurisdictions or across council jurisdictions (for example, greenfield development in Hamilton can now cross from Hamilton City Council into Waikato and Waipa District Councils)
• potentially reduce the cost of development (depending on the rules)
• revoke historical rules that have consistently been in place to enable more development.

However, there are potential negative tradeoffs; which could include:

• potential loss of amenity value that reflect specific communities, suburbs and cities
• lead to poor urban design outcomes
• undermines local consultation and involvement in the creation of district plans

We would like to see MfE engage with a range of stakeholders to further develop and understand the positives and negatives of this proposal. While there is merit, we have concerns that a blanket approach, which ignores the uniqueness of our different urban environments, may have some positive outcomes outweighed by negative ones.

Wider issues to consider

Our urban environment needs a toolbox approach to solving its current challenges of growth. While the NPS-UD is one of the tools to address this; how councils can fund infrastructure is a handbrake on development. In July, the Productivity Commission released their draft findings on local government funding and financing. We support broadening the funding tools available to councils so they can make the necessary future-focussed investments into infrastructure. Providing councils with more funding tools will help them be more flexible in the timing and location of land for development.

Auckland Council is the only council that needs to develop a spatial plan. We would like to see the Government work alongside other councils in high growth urban areas to develop spatial plans. Unlike in Auckland, this will require several councils to work collaboratively, we recommend Government engaging actively with these councils to ensure they undertake this. We support the use of spatial planning as part of reforming the planning system. Effective spatial planning is critical to ensure the integration of development and infrastructure provision.

It is crucial the resource consent process is effective, efficient and manages risk appropriately. Our members consistently tell us that interacting with councils as part of the resource consenting process can be cumbersome with the decision whether to notify the application or not and the setting of consent conditions, both of which can be have substantial financial and time imposts (such as the need for multiple reports for the same issue e.g. geotechnical). Further issues around council capability and inconsistencies in how council staff use discretion for district plan rules like car parking or open space requirements.

These issues have been well-documented with research by BRANZ and the Productivity Commission. We would like to see MfE engage with councils as well as builders and developers to ensure councils are following through and delivering decisions at the resource consent stage that reflect the aspirations of the NPS-UD.
Conclusion

RMBA supports the development of the NPS-UD. While it won’t be the panacea that will address all the issues facing our urban environments, it is a positive step to addressing some of these issues. We are willing to work with MfE and other stakeholders to ensure the NPS-UD leads to better economic, environmental and social outcomes for our urban environments.

Kind regards