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NPS Urban Development Capacity  
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### **NPS Urban Development Capacity**

Auckland Council appreciates the opportunity to respond to the Ministry's draft National Policy Statement on Urban Development Capacity.

Auckland Council ("the council") welcomes the Proposed National Policy Statement on Urban Development Capacity ("NPSUDC"). The council supports the underlying purpose of the NPSUDC to ensure a greater focus on enabling urban change and ensuring sufficient development capacity for housing and businesses.

Auckland Council, Auckland Transport and Watercare Services Limited have worked together to prepare this submission, which is attached to this letter.

In this submission, Auckland Council encourages the Ministry to:

- Undertake further refinement in relation to specific definitions used within the draft NPS Urban Development Capacity.
- Acknowledge the importance of funding as key to delivering future infrastructure.
- Recognise that other sectors, such as the construction industry, banking sector and central government all have role to play in delivering good urban outcomes.

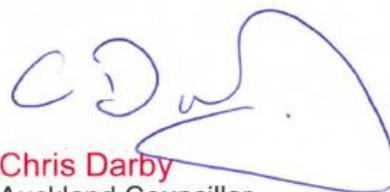
The council requests that central government officials continue to work closely with council staff on the development of robust and timely guidance.

The views of Hibiscus and Bays Local Board, Waiheke Local Board, Orakei Local Board and Whau Local Board are also attached to this submission.

Auckland Council looks forward to continuing to work with government on the implementation of this National Policy Statement.



Penny Hulse  
Deputy Mayor



Chris Darby  
Auckland Councillor

# **Auckland Council Submission on the Proposed National Policy Statement on Urban Development Capacity, July 2016**

## **Introduction**

Auckland Council (“the council”) welcomes the Proposed National Policy Statement on Urban Development Capacity Development (“NPSUDC”). The council supports the underlying purpose of the NPSUDC to ensure a greater focus on enabling urban change and ensuring sufficient development capacity for housing and businesses.

The council recognises that there are other significant planning reforms and processes currently underway. Nationally, these include the Resource Legislation Amendment Bill <sup>1</sup> and the Productivity Commission inquiry on Better Urban Planning<sup>2</sup>.

## **Auckland context**

Auckland is home to the largest urban population in the country, with a population projected to reach more than 2.2 million by 2043. Continued population growth is driving the expansion of city services as more of Auckland becomes urbanised. This growth poses significant challenges for the alignment of investment and planning decisions required to house Aucklanders and the delivery of significant infrastructure required for the future. Council is of the view that the NPSUDC supports the implementation of council’s growth and development strategies.

## **Council’s submission**

The council has worked with Auckland Transport and Watercare Services Limited in preparing this submission. Additional commentary from these CCO’s is attached to this submission.

The council has reviewed the NPSUDC Consultation Document and Summary Document. The council’s feedback is based on the Consultation Document and focuses on the following: Interpretations (definitions), Objectives, and Policies. The council’s submission indicates where there is agreement, disagreement, or further clarification required. The council provides recommendations to add value to or strengthen the NPSUDC’s objectives and policies.

## **Council’s overall comments**

The council is in general support of this proposed NPSUDC, and notes the following:

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<sup>1</sup> Resource Legislation Amendment Bill, New Zealand Parliament. [http://www.parliament.nz/en-nz/pb/legislation/bills/00DBHOH\\_BILL67856\\_1/resource-legislation-amendment-bill](http://www.parliament.nz/en-nz/pb/legislation/bills/00DBHOH_BILL67856_1/resource-legislation-amendment-bill)

<sup>2</sup> Productivity Commission, Better Urban Planning inquiry. <http://www.productivity.govt.nz/inquiry-content/2682?stage=2>

- The NPSUDC provides an additional legislative framework that supports urban areas to change; the council and its CCOs, acknowledge the importance of land-use and integrated infrastructure coordination and is investing accordingly.
- The council supports the short, medium and long-term framework within the proposed NPS. These timeframes align with various council planning timeframes e.g. the Long Term Plan (LTP), Auckland Plan<sup>3</sup> and Infrastructure Strategy<sup>4</sup>. However, the council is concerned about the requirement to balance certainty with flexibility especially given the uncertainty of future infrastructure funding. Within the existing planning framework, lead in times for infrastructure planning and funding can be long, hampering the ability to react as responsively as the NPSUDC would suggest.
- Further work may be required on the effect of this NPS on Maori owned land or land subject to Treaty Settlements processes as raised by mana whenua.
- The council wants to work with MfE and MBIE on the development of the NPS's guidance. The development of the guidance needs to consider definitional issues and the practicalities of achieving some of the policies in particular.
- The council supports an NPSUDC that is scalable to different locations throughout the country. Not all areas will experience significant growth and the proposed structure introduces an appropriate amount of flexibility. A balance must be struck between achieving certainty of outcomes for all parties and ensuring flexibility in the process and approach to support achieving the best outcomes, and allow for on-going innovation.
- A key purpose of the NPSUDC is to reduce regulatory barriers to the supply of housing and achieve greater housing affordability. There is a weak link between the NPS's objectives and policies, and how the NPSUDC addresses housing affordability as opposed to supply. As the council noted in its submission to the Productivity Commission<sup>5</sup>, the removal of supply constraints may help to stimulate more supply, but there are other barriers and issues affect affordability. The council advocates for a suite of tools to address the housing affordability challenge.
- Objective OA1 clearly defines one of the desired outcomes of the NPSUDC as enabling "effective and efficient urban areas that provide for social, economic, cultural and environmental well-being". However, there is little explicit recognition and direct connection between these well-beings in the overarching objective and the specific policies within the proposed NPSUDC. The council recommends MfE takes

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<sup>3</sup>Auckland Plan. <http://theplan.theaucklandplan.govt.nz/>

<sup>4</sup>Auckland Council Long-term Plan 2015-2025, Volume 2 of 3.

<http://www.aucklandcouncil.govt.nz/SiteCollectionDocuments/aboutcouncil/planspoliciespublications/ltp2015volume2.pdf>

<sup>5</sup>Auckland Council submission, Productivity Commission Using Land for Housing draft report, August 2015.

<http://www.productivity.govt.nz/sites/default/files/sub-land-for-housing-135-auckland-council-6612Kb.pdf>

steps to ensure the social, economic, cultural and environmental well-beings are clearly cascaded from the objectives into the policies.

- The council supports the use of a solid and shared evidence base to support decision making, having noted<sup>6</sup> that difficulties arise when different agencies, organisations, stakeholders and community groups either do not use the same data and evidence to inform their views and/or do not understand the basis or tools used for this evidence. Assumptions and limitations underpinning data used for evidence need to be made explicit.
- Funding infrastructure to support supply is fundamental to the long term aspects of the NPS. The council has significant future funding challenges, and is therefore concerned that there is not greater focus on addressing funding in the NPSUDC.
- Clear and unambiguous definitions are critical to ensuring the successful implementation of the proposed NPSUDC. Ambiguous definitions will result in delays and increased costs as parties argue around interpretations or seek clarity via court processes. The draft submission therefore proposes a number of changes to the proposed definitions. These changes and the related issues are addressed in the following section.

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<sup>6</sup> Auckland Council Submission to New Zealand Productivity Commission Issues Paper – Better Urban Planning March 2016. <http://www.productivity.govt.nz/sites/default/files/sub-urban-planning-47-auckland-council-248Kb.pdf>

## Definitions and Interpretations

Clear and unambiguous definitions are key to ensuring the successful implementation of the proposed NPS. Ambiguous definitions will result in delays and increased costs as parties argue around interpretations or seek clarity via court processes. The council recommends changes to proposed definitions. The accompanying reasons are provided below.

Definitions and Interpretations	Council Position
<p><b>Business land</b> means land that is zoned for productive economic activities in urban areas, including but not limited to the following:</p> <ul style="list-style-type: none"> <li>• industrial</li> <li>• commercial</li> <li>• retail</li> <li>• business and business parks</li> <li>• mixed use and centres, to the extent that it is available for productive economic activities.</li> </ul> <p>but does not include residential dwellings that are also used for a productive economic activity such as home occupations.</p>	<p>The council <b>requests</b> the definition be amended to acknowledge that residential dwellings and home based occupations are a productive economic activity. However forecasting this aspect of business growth will be difficult and the methodology for doing so would need to be thought through carefully.</p>
<p><b>Decision maker</b> means all persons exercising functions and powers under the Act.</p>	<p>The <b>council</b> notes this is a broad definition and will include various Ministers acting in differing capacities.</p>
<p><b>Development capacity</b> means in relation to residential and business land, the capacity of land for urban development to meet demand, taking into account the following factors:</p> <ul style="list-style-type: none"> <li>• the zoning, objectives, policies, rules and overlays that apply to the land; and</li> <li>• the provision of adequate infrastructure, existing or likely to exist, to support the development of the land, having regard to—</li> <li>• the relevant proposed and operative regional policy statements, regional plans and district plans; and</li> <li>• any relevant management plans and strategies prepared under other Acts.</li> </ul>	<p>The council <b>agrees in principle</b> with the definition of development capacity but requests clarification to provisions relating to infrastructure. The council <b>requests</b> that the NPSUDC clearly define what is meant by ‘adequate infrastructure’ and ‘likely to exist’ as these are critical terms in defining development capacity. The council <b>requests</b> that ‘<i>actual or likely funding sources and mechanisms</i>’ be added as fifth bullet point needing consideration. The council also <b>requests</b> that the constraints in protecting corridors for horizontal infrastructure are recognised and also considered a factor if infrastructure is likely to exist.</p> <p>Greater definition is required with regard to the phrase “likely to exist”. As a minimum, “likely to exist” should require infrastructure to be identified in the LTP/ RLTP or confirmed in a legally binding obligation if by private means in order to be considered likely to exist for short to medium term planning. The phrase “likely to exist” mirrors</p>

	<p>similar provisions in section 16(3) of the Housing Accords and Special Housing Areas Act but the council has found it challenging to define and apply this test. In order for council funding to be 'likely' it would need to be identified in the LTP as it is the official and audited view of funding intentions. The Regional Land Transport Plan also includes NZTA and KiwiRail projects so provides a relatively broad view of infrastructure projects (excluding central government projects referred to above).</p> <p>The council notes that the availability of finance is not something local authorities must have regard to, despite it being a major consideration in the medium and long term. To address this issue, as noted above, the council has requested that '<i>actual or likely funding sources and mechanisms</i>' be added as a mandatory consideration. Infrastructure funding is a major issue affecting all local authorities, requiring on-going work with central government agencies. Related to this, even if a project such as a new arterial road is identified for funding in a long term plan, its likelihood of implementation and timing is heavily dependent on having a suitable corridor. This is most commonly achieved by way of a designation (s. 167 RMA) and until this is in place, a project is not likely to proceed.</p>
<p><b>Feasible</b> means the commercial viability of development, taking into account the current likely costs, revenue and yield of developing.</p>	<p>The council <b>notes</b> that commercial feasibility includes the availability of development finance and the size and structure of the construction sector are key in determining commercial feasibility. The focus on costs and revenue implies this. The council <b>notes</b> that feasibility changes over time; what is deemed unfeasible today may be so tomorrow. The guidance will have to address this challenge as not doing so could be contrary to NPS objective PA1.</p> <p>Central government must recognise this complexity, including the roles of multiple agencies, in determining what gets built, where and when. Council would be concerned if other parties, who are key to the provision of housing do not respond to the NPSUDC policy settings and council was held to account for the inaction of others.</p>
<p><b>High-Growth Urban Area</b> means:</p> <ul style="list-style-type: none"> <li>• Any Main Urban Area that, according to the most recent Statistics New Zealand growth projections set out in Appendix A2, is projected to experience population growth of more than 10% over the medium-term; or</li> <li>• Any Secondary Urban Area that at any point in the year has a combined resident and visitor population of over 30,000, and according to the most recent Statistics New Zealand growth projections set out in Appendix A2, is projected to experience population growth of more than</li> </ul>	<p>The council <b>notes</b> that, depending on the starting point for the analysis, some urban areas in Table A2 will not meet the definition of a high and/ or medium growth area. The council <b>recommends</b> that, for the avoidance of any doubt, 2018 is the start year for any analysis, not 2013 if table A2 remains as part of the final NPSUDC – the council's preference is for its removal. The council <b>recommends</b> that table A2 be amended for clarity as per the example below.</p>

10% over the medium-term.

Table 1: Upper Hutt Zone definition

Year	2013	2018	2023	2028	% change 2013 - 2023	% change 2018 – 2028
Upper Hutt Zone	39,000	40,500	41,400	42,200	6.15	4.20

The inclusion of table A2 and the accompanying text suggests that all of the included areas are either high or medium growth urban areas. The above table demonstrates that, depending on the starting point, this is not the case. This also highlights that the certainty of these areas ‘being’ one thing and not another is entirely contingent on the data and assumptions used.

**Infrastructure** means network infrastructure for water supply, wastewater, stormwater, transport, and passenger transport services.

The council **recommends** the definition of infrastructure be expanded to include necessary urban infrastructure such as parks, open space and community facilities, as well as primary and secondary schools, state highways and the rail network.

The inclusion of central government infrastructure recognises their importance to creating successful urban environments, e.g. school locations and zones are a factor that households trade-off in making housing location decisions. The recognition of central government infrastructure also builds on comments made by the Officer of the Auditor General’s report<sup>7</sup> on the initial infrastructure strategies in which they states such strategies “should be relational ... should connect to specific or wider influences affecting the city, district, or region”. Wider influence includes for example, the funding criteria, timing and processes of NZTA for transport infrastructure and they are key to delivering local and state highway roading projects.

The Council notes that not all infrastructure is supplied by public bodies. Some is provided by private developers as part of the development process. The definition could

<sup>7</sup> Consulting the community about local authorities’ 10-year plans, Office of the Auditor General, 2015. <http://www.oag.govt.nz/2015/ltp-consultation-documents/part4.htm>

	<p>differentiate between bulk infrastructure, which is often provided by the council, and network infrastructure, which is provided by developers<sup>8</sup>. The NPSUDC should concentrate on bulk infrastructure and frameworks, especially in the long term, rather than detailed consideration of local level infrastructure. A broader infrastructure definition will facilitate integrated land use and infrastructure planning and decision making, particularly over the long-term, i.e. 30 years.</p>
<p><b>Long-term</b> means within the next thirty years.</p>	<p>The council <b>agrees</b> with the proposed definition. The council <b>recommends</b> that much more consideration be given to all objectives and policies that necessitate outputs for the 'long term' through the guidance development process.</p> <p>The proposed 30 year long-term time frame is consistent with the council's requirement to develop a Spatial Plan (s. 79 Local Government (Auckland Council) Act 2009). It aligns with the need for local authorities to develop an infrastructure strategy that supports coordinated land use and infrastructure planning by better reflecting the long-life nature of infrastructure assets.</p> <p>However, there are significant technical challenges when taking a 30 year perspective. Producing a housing demand assessment by price points for 2048 will require Herculean assumptions based on interest rates and household and personal incomes to be made that, while possible, will inevitably be incorrect. Other assumptions are highly uncertain, e.g. the level of speculative investment in Auckland property. Policies requiring outputs 30 years into the future should disclose the assumptions and the level of certainty of the assumptions themselves.</p> <p>The Council is concerned that the NPSUDC appears to treat planning for the 30 year perspective as much more certain than it will actually be. There is no guidance or acknowledgment in the NPSUDC about how councils are expected to balance decision-making where shorter term outcomes may be more certain with the uncertainty inherent in longer time-frames.</p> <p>Given this high level of uncertainty, the council is concerned at the need to respond to an apparent supply shortfall when the long-term indicators are triggered and <b>recommends</b> that further consideration be given to the nature of councils' responses to this particular trigger.</p>

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<sup>8</sup> The council notes that there is the potential for private developers to provide bulk infrastructure if they wish to develop land out of sequence with Council/government infrastructure planning e.g. Private developers have constructed the Wainui ramps on SH1 to facilitate their development.

<p><b>Plan</b> means an operative or proposed regional plan or a district plan.</p>	<p>The council <b>notes</b> that this definition may not be wide enough to capture a plan change or variation. If reference was had to the relevant definitions contained in s43AA of the RMA then doubt could be avoided.</p> <p>The council <b>notes</b> that this definition does not appear to capture a decision on a plan variation or specifically define a plan change.</p>
<p><b>Sufficient</b> means the provision of enough development capacity to meet residential and business demand, plus, to take account of the likelihood that not all capacity will be developed, an additional margin of at least:</p> <ul style="list-style-type: none"> <li>• 20% over and above projected short and medium-term residential and business demand; and</li> <li>• 15% over and above projected long-term residential and business demand.</li> </ul> <p>The total capacity should reflect the demands for different types and locations.</p>	<p>The council <b>agrees</b> with the inclusion of margins, recognising that not all development capacity will be developed. The council <b>agrees</b> that different margins be included for sites within the urban area containing residential dwellings and business floorspace, i.e. brownfield sites, compared to those without these assets, i.e. greenfield areas. The council <b>requests</b> that government officials work with the council to develop appropriate margins.</p> <p>The probability of an area being developed is a function of many variables as Figure 1 in the consultation document implies. Sites with high levels of existing improvements (such as dwellings and car parks) are more difficult to redevelop than those without as the existing improvements must be either worked around or removed. Purchasing a site with improvements also increases the cost to purchase the site (as the purchase price includes the land and any improvements), and increases development costs, through the actual cost of demolition or removal, as well as the time taken to do so. Urban land is more likely to be fragmented in to smaller titles and with more complex legal ownership structures, e.g. apartments.</p> <p>Brownfield areas are locations of higher demand, containing high levels of existing urban amenities with good accessibility, and consequentially higher potential sale prices. This is countered by the 'inertia' in the existing built forms and cadastral patterns that limit the impact of rule changes to a smaller number of sites, of which only a few will be feasible. Existing improvements also provide a buffering effect to existing land owners who can gain sufficient utility (use value, rental return or enjoyment) from those improvements to not be motivated to take up new opportunities even if provided.</p> <p>Greenfield areas on the other hand are often, but not always, defined by low levels of improvements and are relatively unfragmented land holdings, in fee simple ownership. They may have less demand due to their relative lack of accessibility, and lower sale prices. The feasibility-to-plan ratio is generally higher due to the combination of flexibility a blank slate provides, and the embeddedness of the planning system in land owner and developer's intentions, and expectations.</p> <p>As such, it is appropriate that the definition of '<i>sufficient</i>' differentiates between</p>

	<p>brownfield and greenfield sites. The council would welcome the opportunity to work with government officials on these margins given the commercial feasibility work it undertook as part of the Proposed Auckland Unitary Plan.</p>
<p><b>Urban area</b> means an area with urban characteristics and a moderate to high concentration of population, irrespective of local authority boundaries.</p>	<p>The council <b>disagrees</b> on the proposed definition of urban area. The council <b>recommends</b> that the local authorities determine what is defined as an '<i>urban area</i>'.</p> <p>The proposed definition is ambiguous. Auckland's proposed greenfield growth areas are zoned 'future urban' and as such have rural rather than urban characteristics at present.</p> <p>Auckland's definition of the urban areas in the Proposed Auckland Unitary Plan is '<i>land zoned residential or business, together with supporting special purpose and public open space zones within the Auckland metropolitan area and satellite towns, rural and coastal towns, serviced and unserviced villages</i>'. The council believes this definition is appropriate for this policy statement. The council also considers that local authorities are best placed to determine what is and is not an urban area. Council acknowledges that this may make inter-council comparisons difficult.</p>
<p><b>Market activity</b></p>	<p>Market activity is not defined in the NPSUDC, it may warrant a definition.</p>

## Objectives and Policies

The council supports the objective and policies associated with decision making. The council agrees that all those exercising functions and powers in the RMA should enable urban areas to change by ensuring adequate development capacity for that change to occur. The council's comments and suggestion on the individual objectives and policies are below.

Objectives and Policies	Council Position
<p><b>Objective A1:</b> To support effective and efficient urban areas that enable people and communities to provide for their social, economic and cultural wellbeing.</p>	<p>The council <b>notes</b> the definitional differences between the summary and consultation documents. The council <b>requests</b> that '<i>environment</i>' be included in OA1.</p> <p>The consultation document wording is consistent with s. 5(2) of the Resource Management Act (1991).</p>
<p><b>Objective A2:</b> To provide sufficient residential and business development capacity to enable urban areas to meet residential and business demand.</p>	<p>The council <b>agrees</b> with this objective.</p>
<p><b>Objective A3:</b> To enable ongoing development and change in urban areas.</p>	<p>The council <b>agrees</b> with this objective. The council <b>recommends</b> that this be moved forward to OA1 as an indication of the significance of enabling change.</p>
<p><b>Policy A1:</b> By decision-makers:</p> <ul style="list-style-type: none"> <li>• Providing for an urban form that maximises the potential for social and economic exchange within the urban area.</li> <li>• Providing for the efficient use of resources, having particular regard to scarce urban land and infrastructure.</li> <li>• Enabling the competitive operation of land and development markets.</li> </ul>	<p>The council <b>agrees</b> with this policy. The council <b>recommends</b> that '<i>cultural exchange</i>' be included in the first bullet point.</p> <p>The council supports PA1 especially the focus on the efficient use of resources, having particular regard to scarce urban land and infrastructure. In addition, decision-makers are concerned with the value for money (not just affording the infrastructure) of infrastructure investment and the environmental outcomes.</p>
<p><b>Policy A2:</b> By local authorities providing at all times sufficient residential and business development capacity for the short, medium and long terms.</p>	<p>The council <b>supports in principle</b> this policy however it is concerned about the practicalities of providing sufficient capacity '<i>at all times</i>'.</p> <p>The council's concerns relate to the definition of sufficient and development capacity. The council also notes that in developing our 30 year infrastructure strategy, the council identified a significant funding gap between its most recent LTP proposals and its desired Auckland Plan outcomes. Given long lead in times for some infrastructure projects and the need to ensure</p>

	<p>integration of infrastructure projects, there are very limited opportunities to change funding decisions mid-project. This does not appear to be recognised within the NPSUDC. The council <b>recommends</b> that further consideration be given to the ability of councils' to respond "at all times".</p>
<p><b>Policy A3:</b> When considering the effects of urban development, decision-makers must:</p> <ul style="list-style-type: none"> <li>• Recognise and provide for the contribution that urban development will make to the ability for people and communities and future generations to provide for their social, economic and cultural wellbeing.</li> <li>• Provide sufficient development capacity, whilst maximising the positive effects of development, and minimising the adverse effects of development.</li> <li>• Have particular regard to the positive effects of urban development at a national, regional and district scale, as well as its local effects.</li> </ul>	<p>The council <b>recommends</b> that the policy acknowledge that urban land is a scarce '<i>and finite</i>' resource that must be used efficiently. The council <b>requests</b> that the second bullet points be reworded to state '<i>avoiding, minimising, or remedying the adverse effects of development</i>'. The council <b>agrees</b> considering the positive effects of change are required. The council <b>requests</b> that the NPSUDC guidance advise on how 'national effects' be considered.</p> <p>Urban land is a scarce and finite resource that must be used efficiently. Providing sufficient development capacity need not produce adverse effects on the environment; a commercial development on an empty brownfield site could have positive stormwater impacts by incorporating environmental design. The wording changes recognise this and it aligns with the need to consider the positive effects of change. The guidance material will have to address how national effects are considered. The council suggests that value for money be considered an effect over the medium and long term, especially as it relates to infrastructure.</p>

## Objectives and Policies Group B: Evidence and monitoring

The council is committed to evidence based decision-making. An evidence base is required as part of the Auckland Plan (s. 79) and recent RMA amendments, particularly those encouraging an analysis of the costs and benefits encourage the on-going use of evidence and analysis. Council's comments and suggestions on the individual objectives and policies are below.

Objectives and Policies Group B: Evidence and monitoring	Council Position
<p><b>Objective B1:</b> To ensure plans and regional policy statements are based on a robust, accurate and frequently-updated evidence base.</p>	<p>The council <b>agrees</b> that that plans and policies are based on accurate and contemporary evidence.</p> <p>This objective is consistent with Local Government and RMA requirements stipulating the importance of using evidence. Auckland Council supports evidence based decision-making by all those exercising decision-making responsibilities under the RMA.</p>
<p><b>Policy B1:</b> Local authorities must, by the end of 2018, or within 12 months of becoming a Medium or High Growth Urban Area, and thereafter on at least a three-yearly basis, carry out:</p> <ul style="list-style-type: none"> <li>• A Housing Assessment that estimates the demand for dwellings, including the demand of different groups in the population for different types of dwellings, locations and price points, and the supply of development capacity to meet that demand, in the short, medium and long-terms; and</li> <li>• A Business Land Assessment that estimates the demand for the different types and locations of floor area for the local business sectors, and the supply of development capacity to meet that demand, in the short, medium and long-terms.</li> </ul> <p>Local authorities must have regard to the benefits of publishing the assessments under policy PB1.</p>	<p>The council <b>agrees</b> on the need for a Housing Assessment. The council <b>recommends</b> that the requirement be reworded a '<i>Housing Needs Assessment</i>' that estimates need for dwellings and needs of different groups'. The council <b>recommends</b> the business assessment be renamed a '<i>Business Land and Floorspace Assessment</i>'. The council <b>recommends</b> the assessment be reworded to emphasise the '<i>interactions between supply and demand</i>'. The council <b>recommends</b> the guidance outline what is meant by a '<i>local business sector</i>'.</p> <p>The housing and business land and space assessments could be a useful piece of planning evidence. The council is concerned that current wording implies that demand is fixed and that the planning system is interpreted as a supply side response. This is not correct; Statistics New Zealand incorporate planning information into their Census Area Unit population projects.</p> <p>The requirement for the Housing Needs Assessment includes different groups in the population and the equity of housing experiences between different groups. The guidance should encourage local authorities to think broadly about the groups being analysed as part of assessment; housing experiences and outcomes are significantly different between different ethnic groups for example. The housing assessments could be aligned with housing continuum models. These models disaggregate 'social housing' into</p>

	<p>emergency housing, supported rental and assisted rental for instance. This suggests that collectively, local authorities could produce the demand and supply housing needs assessments for Housing New Zealand. The council requests that the guidance consider how this information might overlap with existing forecasting process such that they complement rather than duplicate effort of all parties.</p> <p>Māori housing is a particular concern across the country. The housing needs assessment should recognise and provide for cultural urban development such as urban papakāinga and marae.</p> <p>Auckland’s business environment is local, national and global. An interpretation of the ‘local business sector’ needs to be developed and included within the guidance.</p>
<p><b>Policy B2:</b> In carrying out the assessments required under policy PB1, local authorities must have particular regard to:</p> <ul style="list-style-type: none"> <li>• Demographic change, including population growth and household size projections, using the most recent Statistics New Zealand growth projections set out in Appendix A2.</li> <li>• Future changes in the sectoral composition of the local economy and the impacts that this might have on residential and business demand.</li> <li>• Information on the market’s response to planning obtained through monitoring under PB5.</li> </ul>	<p>The council <b>agrees</b> with the need to have regard to Statistics New Zealand projections, including demographic change. The council <b>recommends</b> that table A2 be removed. The council <b>recommends</b> that the objective be reworded to <i>‘require local authorities to have regard to Statistics New Zealand’s most recent projection series and the ranges within it, when developing the assessments under PB1’</i>.</p> <p>Statistics New Zealand’s population projections are very useful for planning assets and services. They produce a range of population growth scenarios reflecting the fact that the future is unknown and subject to change. The inclusion of table A2 and the requirement for the NPSUDC to be based on this position locks all local authorities into a single and narrow view of the future, lacking any potential variation. Population projections are updated following censuses; the specification of a single data set is therefore problematic, especially as it excludes the range of possible projection outcomes.</p> <p>Statistics New Zealand incorporate supply information into their projections. Their census area unit projects include “information provided by local planners (e.g. housing subdivisions, zoning changes)”. The proposed NPSUDC appears to consider demand and supply as independent of one another which is not the case as Statistics New Zealand state. Supply and demand are interdependent; the assessments to be completed as part of PB1 will acknowledge this and be incorporated into the methodologies.</p>

	<p>The council notes the possibility of different population projections between those required under this NPSUDC and those disclosed by councils as a key forecasting assumption in their LTP. This could create a disjuncture between these two key planning documents, which is perhaps mitigated by the need to 'have regard to'.</p> <p>The NPSUDC holds the assumption that market outcomes will always be efficient and equitable, and moreover that market flaws may be resolved by means of furthering competition. Market outcomes may not be socially optimal; market power is shared across heterogeneous agents based on wealth differences and particular interests. Thus, desirable social outcomes are not guaranteed. The NPSUDC should acknowledge that the market is not perfect, cannot resolve its flaws by itself but rather requires close monitoring and enhancement from policies and regulations that should introduce other equity issues that markets do not incorporate.</p> <p>The reference to 'the market' under the NPSUDC appears to see the market as the commercial market. There are other segments of the market (communities, local government, the environment, etc) that are equally part of the market, but often are not reflected in the price signals of the commercial market. The NPSUDC should change the reference of 'the market' to price signals within 'the commercial market' and give equal consideration to the other parts of the market through assessment of effects on well-beings such as through objective OA1 and policies PA1 and PA3.</p>
<p><b>Policy B3:</b> In carrying out the assessments required under policy PB1, local authorities must estimate the sufficiency of development capacity provided by its plans and proposed and operative regional policy statements, having particular regard to:</p> <ul style="list-style-type: none"> <li>• The cumulative effect of all zoning, objectives, policies, rules and overlays in plans, and the effect this will have on opportunities for development being taken up.</li> <li>• The actual and likely availability of infrastructure.</li> <li>• The current physical and commercial feasibility of development capacity.</li> <li>• The likelihood of opportunities for development being taken up.</li> </ul> <p>and must estimate the additional development capacity needed if any of these factors indicate that the supply of development capacity is not likely to meet demand in the short, medium or long-term.</p>	<p>The council <b>agrees</b> that development capacity should consider the cumulative effects as outlined in bullet point one. The council <b>notes</b> that the requirement to '<i>estimate the additional development capacity</i>' combined with the margins required to be added under the definition of '<i>sufficient</i>' could be duplicative. The council <b>notes</b> that having particular regard to feasibility over the short, medium and long-term will have to be addressed in the guidance.</p> <p>The definition of sufficient acknowledges that not all development capacity will be consumed; some 'headroom' is supported. However PB3 also requires an estimate of additional development capacity if any of the factors indicate supply not meeting demand. There is potential duplication here which needs to be resolved in developing the guidance.</p>

<p><b>Policy B4:</b> In carrying out the assessments required under policy PB1, local authorities must consult with infrastructure providers, community and social housing providers, the property development sector and any other stakeholders as they see fit.</p>	<p>The council <b>recommends</b> the policy be reworded requiring local authorities to ‘work with’ rather than consult the identified stakeholders.</p> <p>Consultation has specific legal meaning. The council is continually engaging with a range of stakeholders and will continue to do so outside of statutory consultation requirements; the council does not want unnecessary statutory consultation requirements imposed on it.</p>
<p><b>Policy B5:</b> To ensure that local authorities are well-informed about the market’s response to planning, local authorities must monitor a range of indicators on a quarterly basis, or as frequently as possible, including:</p> <ul style="list-style-type: none"> <li>• The relative affordability of housing, including the ratio of house price to income and the relative cost to rent;</li> <li>• The increase in house prices and rents;</li> <li>• The number of resource and building consents granted relative to the growth in population;</li> <li>• Vacancy rates for business land;</li> <li>• The ratio of the value of land between rural and urban zoned land; and</li> <li>• The ratio of the value of improvements to the value of land within the urban area.</li> </ul> <p>Local authorities must have regard to the benefits of publishing the results of its monitoring under policy PB5.</p>	<p>The council <b>agrees</b> for the need to monitor a range of indicators. The council <b>recommends</b> that some of the proposed indicators be removed and others be considered for inclusion (see comments below). The council <b>requests</b> that the monitoring costs be referenced in s. 35 of the RMA.</p> <p>Ongoing monitoring is useful in understanding how things are changing, however the proposed indicators are not enough to improve the understanding of how planning is enabling the market to meet needs of people and communities. Some of the proposed indicators do not appear relevant to the objectives of the NPS. The council recommends that the requirement to monitor the number of resource and building consents granted relative to the growth in population is removed. The suggestion of a relationship between natural increase and resource consents is tentative.</p> <p>The council suggests that the monitoring requirements consider the need to differentiate between existing owners (investors) and non-owners. For affordability and equity purposes, non-owners may be a key group of interest as their participation in the housing market may directly reflect the expansion of supply and improvements on affordability.</p> <p>The proposed indicators are potentially too narrow. If a long-term perspective is taken, then monitoring variables like transport costs as proportion of income, which is a feature that people consider when making housing location decisions, is relevant. If the housing needs assessment disaggregates the population into different cohorts and components, then it seems logical that the monitoring requirements should match accordingly. Other variables to monitor might include the number of empty residential properties.</p> <p>The council considers that the monitoring requirements associated with the NPSUDC could be explicitly referenced in s. 35 of the RMA. If this occurred then monitoring costs could be funded, or part funded, through charges set</p>

	under s. 36. We request that work be undertaken to determine if this is possible and appropriate.
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## Objectives and policies group C: Coordinated evidence and decision-making

The council agrees that co-ordinated decision making using evidence is good planning practice. While this section is primarily concerned with relationships and arrangements of local authorities and infrastructure providers working within a shared jurisdiction, Auckland has important infrastructure relationships with the Waikato as it relates to potable water supply. Co-ordination between Auckland and these local authorities is fundamental. The council's comments and suggestions on the individual objectives and policies are below.

Objectives and policies group C: Coordinated evidence and decision-making	Council Position
<p><b>Objective C1:</b> To promote coordination within and between local authorities and infrastructure providers in urban areas, consistent planning decisions, integrated land use and infrastructure planning, and responsive planning processes.</p>	<p>The council <b>agrees</b> that coordination and integration within and between local authorities and infrastructure providers is necessary.</p> <p>This objective will encourage local authorities and infrastructure providers with jurisdiction over one or more urban area to work together. The council notes that while the focus on the physical aspects of infrastructure is important e.g. dams, treatment plants in the case of water, due consideration on the availability of natural resources, in this case the water itself, is often of secondary importance.</p>
<p><b>Policy C1:</b> When developing plans and regional policy statements to implement this National Policy Statement, local authorities must consult with other local authorities, local infrastructure providers and central government infrastructure providers that share jurisdiction over a Medium Growth Urban Area or a High Growth Urban Area.</p>	<p>The council <b>agrees</b> with this policy.</p>
<p><b>Policy C2:</b> The relevant local authorities and infrastructure providers will work together to agree on data and projections used in the development of the assessments required under policy PB1.</p>	<p>The council <b>agrees</b> with this policy.</p>
<p><b>Policy C3:</b> The relevant local authorities and infrastructure providers will work together to, as far as possible, ensure coordinated land use planning and infrastructure provision, including expected levels of service for infrastructure.</p>	<p>The council <b>agrees</b> with this policy. The council notes that working over the long-term will require the council to continue to engage with local authorities outside the region. With respect to PC3, the integration of land use planning and infrastructure provision implies that both are to be planned simultaneously. This approach has been confirmed by the Environment Court (Foreworld v NCC) where it has been held that "it is bad resource management practice.....to zone land for an activity when the infrastructure necessary to allow that activity to occur without adverse effects on the environment does not exist, and there is no commitment to provide it".</p>

	<p>However, this ruling has not been consistently followed by councils and there is the opportunity for the NPSUDC to formalise it.</p>
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## Objectives and policies group D: Responsive planning

The council agrees that planning should be responsive to growth. The council's comments and suggestions on the individual objectives and policies are below.

Objectives and policies group D: Responsive planning	Council Position
<p><b>Objective D1:</b> To ensure that planning decisions enable urban development in the short, medium and long-terms.</p>	<p>The council <b>agrees</b> that coordination and integration within and between local authorities and infrastructure providers is necessary.</p>
<p><b>Objective D2:</b> To ensure that in the short and medium terms local authorities adapt and respond to market activity.</p>	<p>The council <b>recommends</b> the objective remove 'short-term'.</p>
<p><b>Policy D1:</b> When the evidence base or monitoring obtained in accordance with policies PB1 to PB5 indicates that development capacity is not sufficient in any of the short, medium or long terms, local authorities must respond by providing further development capacity in accordance with policies PD2 and PD3 as soon as possible.</p>	<p>The council <b>recommends</b> that 'short-term' be removed from PD1 to be consistent with PD6.</p>
<p><b>Policy D2:</b> A local authority must consider all options available to it under the Act to enable sufficient development capacity to meet residential and business demand, including but not limited to:</p> <ul style="list-style-type: none"> <li>• Changes to plans and regional policy statements, including changes to: <ul style="list-style-type: none"> <li>○ Objectives, policies and rules, zoning and the application of those in both existing urban and undeveloped areas;</li> <li>○ Activity status;</li> <li>○ Provisions about the notification of applications for resource consent;</li> <li>○ Existing overlays, or the introduction of overlays which enable <ul style="list-style-type: none"> <li>○ development; and</li> <li>○ Make them simpler to interpret.</li> </ul> </li> </ul> </li> <li>• Consenting processes that are customer-focused and coordinated within the local authority; and</li> <li>• In granting consent, the conditions of consent imposed</li> </ul>	<p>The council <b>agrees</b> that local authorities must consider all options available. The council <b>disagrees</b> that the NPSUDC should prescribe, to an unnecessary level of detail, what those options are. The council <b>recommends</b> that the options be limited to '<i>changing plans and regional policy including the objectives, policies and rules and the application of those</i>' or that all of these options be transferred to the guidance notes. The council <b>notes</b> that the response rests with local government.</p> <p>The options within the proposed NPSUDC are too detailed and/or duplicative. For instance, 'activity statuses' are captured by the covering statement 'objectives, policies and rules, zoning'. The council's preference is for this policy to include the suggestions in the guidance notes.</p>
<p><b>Policy D3:</b> Local authorities must consider the following responses:</p> <ul style="list-style-type: none"> <li>• In the short term, further enable development through customer-</li> </ul>	<p>The council <b>notes</b> the potential land inflationary effect of implementing the proposed long-term responses.</p>

<p>focused consenting processes and, where appropriate, amending the relevant plans.</p> <ul style="list-style-type: none"> <li>• In the medium term, amending the relevant plans and policy statements to provide more development capacity.</li> <li>• In the long term, providing a broad indication of the location, timing and</li> <li>• sequencing of development capacity in order to demonstrate that it will be sufficient.</li> </ul>	<p>Indicating where future development may occur is positive and necessary for infrastructure providers. However, it may provide any owner, and therefore potential seller of land, an advantageous position to profit from. This will have an effect on land prices.</p>
<p><b>Policy D4:</b> In giving effect to policy PD1 with respect to residential development capacity local authorities should have particular regard to enabling capacity:</p> <ul style="list-style-type: none"> <li>• In the locations that the Housing Assessment, required under policy PB1, indicates are of highest demand; and</li> <li>• That is feasible.</li> </ul> <p>such that it maximises the contribution to meeting demand for residential development.</p> <p>Local authorities that have a Medium Growth or High Growth Urban Area within their jurisdiction should not restrict their responses to meeting demand to only the area that lies within the Medium Growth Urban Area or High Growth Urban Area.</p> <p>Policies PD5 to PD9 apply to all local authorities that have part, or all, of a High Growth Urban Area within their jurisdiction.</p> <p>Regional councils must have amended their proposed and operative regional policy statement to give effect to policies PD5 to PD6 by:</p> <ul style="list-style-type: none"> <li>• The end of 2018; or</li> <li>• Earlier if the Housing Assessment required under policy PB1 shows development capacity is insufficient to meet demand; or</li> <li>• Within 12 months of becoming a High Growth Urban Area.</li> </ul> <p>Regional councils must amend their proposed and operative regional policy statements to give effect to policies PD5 to PD6 in accordance with section 55(2A) of the Act without using the process in Schedule 1 of the Act.</p>	<p>The council <b>agrees</b> with this objective. The council <b>notes</b> that determining the level of feasible in the short, medium and long-term will need careful consideration.</p>
<p><b>Policy D5:</b> Regional councils must set minimum targets for the supply of sufficient residential development capacity that must be achieved, in accordance with its Housing Assessment, and incorporate these into the relevant regional policy statement. These minimum targets must specify:</p> <ul style="list-style-type: none"> <li>• The total number of dwellings; and</li> <li>• Different types of dwellings.</li> </ul> <p>To take account of the likelihood that not all capacity will be developed, it</p>	<p>The council <b>agrees in principle</b> with this objective however a number of issues need to be resolved. These are outlined below.</p> <p>The council is comfortable with the inclusion of residential targets however more work to consider the costs and benefits of specifying dwelling types is required. The council's proposed zoning framework is to enable a range of possible built typologies between and within zones. It may be more</p>

<p>must require an additional margin of at least:</p> <ul style="list-style-type: none"> <li>• 20% over and above projected short and medium-term demand; and</li> <li>• 15% over and above projected long-term demand.</li> </ul>	<p>appropriate to specify the ‘zones to provide for the total number’, rather than types per se.</p> <p>Secondly, the policy should also be amended to clarify that any margin, in this case 20 per cent over the short-term is not required as PD6 focuses on the medium and long-term only.</p> <p>Thirdly, the council notes that business land and space is excluded from PDs 5-9. The provision of well-located business land and floorspace is essential in creating an urban form that achieves the goals of PA1. Consideration to expanding PD5 to the business assessment is necessary.</p> <p>The targets relate to sufficient residential development capacity. The council’s reading is that this refers to the plan-enabled and serviced by infrastructure aspects of figure 1 in the consultation document. For the avoidance of doubt this should be clarified.</p>
<p><b>Policy D6:</b> A regional council’s minimum targets set under policy PD5 must be set for the medium and long terms, and must be reviewed every three years. When a regional council’s Housing Assessment required under policy PB1 shows that the minimum targets set in the regional policy statement are insufficient to meet demand, regional councils must revise those minimum targets in accordance with policy PD5 and incorporate those targets into its regional policy statement in accordance with section 55(2A) of the Act without using the process in Schedule 1 of the Act. Local authorities shall give effect to policies PD7 to PD9 within the following timeframes:</p> <ul style="list-style-type: none"> <li>• By the end of 2018; or</li> <li>• Within 12 months of becoming a High Growth Urban Area.</li> </ul>	<p>The council <b>recommends</b> more thought be given to this policy.</p> <p>This policy requires changes to targets at the regional policy statement level. It does not require changes to plans at the district level. Such changes are assumed as implied in PD2 and PD3. However, changes at the district level currently have to proceed through the RMA’s Schedule 1 process which can take considerable time and effort. Consideration of a fast-track process at the district plan level should occur as this would help a faster supply-side response.</p> <p>The need to respond to the long-term based on three yearly assessments highlights a significant tension with the proposed NPS. A balance must be struck between providing certainty over the short, medium and long term combined with a need to have flexibility in planning for and investing in infrastructure.</p>
<p><b>Policy D7:</b> Local authorities must provide a future land release and intensification strategy alongside the relevant plans and regional policy statements to demonstrate that there will be sufficient development capacity in the medium and long terms, and that minimum targets will be met.</p>	<p>The council <b>recommends</b> that the objective be reworded to ‘local authorities produce a <i>land supply</i> and intensification strategy’.</p> <p>Local authorities do not necessarily release land for development. Release can and does occur through private plan changes.</p>
<p><b>Policy D8:</b> The future land release and intensification strategy must:</p> <ul style="list-style-type: none"> <li>• Identify the location, timing and sequencing of future development</li> </ul>	<p>The council <b>notes</b> that this policy overlaps with the need for the council to develop a Spatial Plan. The council <b>recommends</b> careful consideration be given to the idea of ‘flexible implementation’ and that this be thoroughly</p>

<p>capacity over the long term; and</p> <ul style="list-style-type: none"> <li>• Provide a process for flexible implementation.</li> </ul>	<p>traversed in developing the guidance.</p>
<p><b>Policy D9:</b> In developing this strategy, local authorities must:</p> <ul style="list-style-type: none"> <li>• Be informed by the Housing Assessment and Business Land Assessment required under policy PB1;</li> <li>• Take into account the views of infrastructure providers, land owners, the property development sector and any other stakeholders as they see fit; and</li> <li>• Have particular regard to policy PA1.</li> </ul>	<p>The council <b>agrees in principle</b> with this objective. The council suggests the policy could be reworded under the second bullet point to state “<i>Consider the views, supported by evidence from ...</i> “. Robust evidence underpins many of the objectives in the proposed NPSUDC which should apply to all stakeholders implementing PDs 5 – 9.</p>