

Your ref:
Our Ref: A2364142



15 July 2016

Ministry for the Environment
npsurbandevlopment@mfe.govt.nz

Tēnā koe

TOI MOANA - BAY OF PLENTY REGIONAL COUNCIL COMMENTS TO THE PROPOSED NATIONAL POLICY STATEMENT ON URBAN DEVELOPMENT CAPACITY

Thank you for the opportunity to comment on the Proposed National Policy Statement for Urban Development Capacity (NPS-UDC).

Bay of Plenty Regional Council supports the intent of the NPS-UDC and acknowledges the need to provide for business and housing needs arising from population growth in its region. We note the focus on Tauranga as one of five high-growth areas in New Zealand and also the Rotorua urban area. The requirements of the NPS-UDC are largely already being delivered on through the SmartGrowth partnership between Bay of Plenty Regional Council, Western Bay of Plenty District Council, Tauranga City Council and Tangata Whenua.

The operative Bay of Plenty Regional Policy Statement contains urban growth management provisions, with a focus on the Western Bay of Plenty sub-region, requiring the strategic integration of land use and infrastructure within anticipated future growth areas.

It will be necessary to ensure support and guidance is provided in implementing the NPS-UDC, including financial support and additional legislative tools where required. We acknowledge that the NPS-UDC is only part of the solution to managing urban growth and building communities.

For matters relating to this submission, please contact David Phizacklea (Regional Integrated Planning Manager) by email david.phizacklea@boprc.govt.nz or toll free 0800 884 881 ext. 8327.

Summary

Please find our detailed comments on the NPS-UDC attached. We trust you find them constructive.

We look forward to working with the ministry and our territorial authority partners in implementing the NPS-UDC in its final form.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Fiona McTavish".

Fiona McTavish
General Manager Strategy

Bay of Plenty Regional Council 5 Quay Street, P O Box 364, Whakatane, New Zealand

BOPRC ID: A2364142

TOI MOANA - BAY OF PLENTY REGIONAL COUNCIL COMMENTS TO THE PROPOSED NATIONAL POLICY STATEMENT ON URBAN DEVELOPMENT CAPACITY

| <i>Reference</i> | <i>Position</i> | <i>Recommendation</i> |
|------------------------------|---|--|
| <p>Definition of demand.</p> | <p>The definition is complex.</p> <p>In our experience demand is driven by a complex interplay of personal preference, demographics, market supply and product price that is impossible to predict. For example, an elderly population may not, as some people believe, demand smaller dwellings. They may prefer less garden maintenance but even that is not so clear-cut.</p> <p>In our experience, beyond the broadest of parameters, there is no way for Councils to reliably assess locational demand. There are certainly no proven methodologies. Do councils survey new entrants (ask them what is their locational demand), project existing demand (assuming future need based on current population need – though they will be different generations), talk to developers (what do they believe demand is, and will be?) or base demand off something else? Regardless of approach, and even if all approaches are used, the number that comes out of the analysis will be hard if not impossible to apply. i.e. it will of value for information purposes.</p> | <p>Redefine ‘residential’ demand as demand for a range of housing typologies.</p> <p>Redefine ‘business land’ as demand for a range of employment typologies.</p> <p>Throughout the NPS remove reference to demand for different typologies, locations or business types or, alternatively, support these requirements with research and evidence to show how councils can assess future need.</p> |

| | | |
|---|---|--|
| <p>Definition of Development Capacity</p> | <p>The definition is unclear.</p> <p>Development capacity should mean land that is appropriately zoned and evidence exists of Council commitments (i.e. in LTP) to provide trunk infrastructure (sufficient that development may proceed on that land, as scheduled, and all dwellings be reasonably assured of being adequately serviced).</p> | <p>Simplify and support the definition with a methodology.</p> <p>For example: Development capacity means the capacity of land to accommodate demand; being land that the territorial authority has made commitments in its District Plan and/or Long Term Plan to enable development on within the short, medium and long term.</p> <p>In the sort-term this land must be appropriately zoned and have arrangements for trunk infrastructure to its boundary confirmed.</p> <p>In the medium term commitments to rezone this land must be at least underway, commitments to provide infrastructure must at least be in progress and main trunk infrastructure either in place or planned for upgrade.</p> <p>In the long term demand must be noted in the relevant RPS and required infrastructure included in the relevant 30 year infrastructure plan(s).</p> |
|---|---|--|

| | | |
|-------------------------------------|--|---|
| <p>Definition of Feasible</p> | <p>This definition is of limited value.</p> <p>In fast growth areas like Tauranga it is impossible to separate “feasible” from “profitable”. For example, the “Lakes” area in Tauranga required enormous earthworks and is not typically “feasible”. During the GFC this area struggled enormously. Today it is more profitable because the margins on land development are so much higher.</p> <p>Instead of requiring developments to be ‘feasible’, it is reasonable for councils to undertake preliminary geotechnical, environmental, freshwater and servicing constraint analysis and to have assessed development costs. However, the market itself will be the final arbiter of whether development is ‘feasible’.</p> | <p>Remove the definition altogether and, instead, require councils to have undertaken preliminary (high level structure plan) cost analysis and to being a range of least cost products to market.</p> |
| <p>Definition of Infrastructure</p> | <p>This definition should include Council reserves.</p> | <p>Include reserves in the definition of infrastructure.</p> |
| <p>Definition of Sufficient</p> | <p>The 15% and 20% margins in this definition are potentially costly. For example, if this margin were to trigger the inclusion of areas like “Keenan Road” a new water reservoir would be required (if there were other lower elevation options, they would be taken – but there are not).</p> <p>In the Western Bay of Plenty development is constrained to a small number of service corridors meaning there are a relatively small number of likely development options. It makes little economic sense to develop outside these corridors due to the much higher infrastructure costs.</p> | <p>Remove the margins and instead include a definition on how to calculate development yield.</p> <p>Reword “The total capacity should reflect the demands for different types and locations” to “Total capacity is the sum of demand for different types and locations”.</p> |

| | | |
|--|--|--|
| <p>Objective OA2: To provide sufficient residential and business development capacity to enable urban areas to meet residential and business demand.</p> | <p>Assessing demand is subjective especially in relation to business land and location. This should be signalled in the objective by including the term “reasonably foreseeable”.</p> | <p>Reword the objective to read: To provide sufficient residential and business development capacity to enable urban areas to meet reasonably foreseeable residential and business demand.</p> |
| <p>Policy PA3: When considering the effects of urban development, decision-makers must: ... minimising the adverse effects of development ... Have particular regard to the positive effects of urban development ...</p> | <p>Minimising the adverse effects of development conflicts with the requirement that development be commercially feasible. Costs to reduce development effects (sediment control, traffic impacts, reserves and open-space) increase along a continuous scale. It is also unclear which “positive effects” are to be considered and how these are to be balanced with negative effects.</p> | <p>Remove any reference to development benefits or costs or, through the NPS, stipulate which benefits are to be afforded which weights.</p> |
| <p>Policy PB1: 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 ... housing assessment ...business land assessment</p> | <p>Local authorities have very limited (almost no) ability to control house prices. While assessments are supported (and are current practice) a breakdown by price point and dwelling type serves no practical purpose.</p> | <p>Make core datasets (or parts of them) required for price analysis “open”. Require local authorities to do an analysis of the range of supply and uptake (and publish this) but require only that they supply a range of housing and business land opportunities.</p> |
| <p>Policy PB2: local authorities must have particular regard to ...changes in the sectoral composition of the local economy ...market’s response to planning obtained through monitoring</p> | <p>These requirements are overly detailed and make little sense outside a textbook. They will be costly to monitor. Central government is much better placed to assess and advise on matters such as economic futures and, if evidence suggests the provision of some land types is wrong, regulate accordingly.</p> | <p>Require only the supply of a range of land and rely on the market to provide the ‘right’ mix.</p> |

| | | |
|---|---|--|
| <p>Policy PB3: ...likelihood of opportunities for development being taken up</p> | <p>It is not possible for Councils to make a reliable assessment as to whether land will be taken up. There are simply no reliable yardsticks.</p> <p>We support assessing current development costs and ensuring good land choice keeps these to a minimum. We are also highly supportive of councils working closely with developers.</p> | <p>Remove the fourth bullet requiring “The likelihood of opportunities for development being taken up.” To be assessed.</p> |
| <p>Policy PB5: To ensure that local authorities are well-informed about the market’s response to planning, local authorities must monitor ...</p> | <p>Open access to parts of the QV database would make this analysis easier and more “open”.</p> <p>While Councils can do analysis for their communities, communities themselves should be able to reach these same conclusions.</p> | <p>Make key parts of the QV database available for public re-use. i.e. building activity, sales and value information (aggregated at meshblock level if necessary to protect commercial interests)</p> |
| <p>Policies PC1 – PC3</p> | <p>We support the requirement to consult with all relevant infrastructure providers.</p> | <p>No change requested.</p> |
| <p>Policy PD2: must consider all options available to it under the Act to enable sufficient development capacity ...</p> | <p>In our experience the statutory options to enable development capacity are very limited. Far more important are fiscal constraints, a small pool of developers with finite capacity and extremely volatile building markets.</p> <p>In the Bay of Plenty few builders have experience developing ‘non-traditional’ housing stock. This presents an enormous challenge to achieving a mix of development typologies that is only likely to meet via councils being more innovative in the non-regulatory space.</p> | <p>Include “Non regulatory methods including (but not restricted to) developer incentives, seminars and training to encourage new typologies” as one of the options to be considered.</p> |
| <p>Policy PD3: Local authorities must consider the following responses ... customer-focussed consenting</p> | <p>It is unclear what the term “customer-focused consenting” means.</p> <p>If the intent of this policy is to enable development with fewer regulatory requirements then that should be stated. Alternatively, if this means to be “friendly” or to “encourage urban development” then those should be stated.</p> | <p>Reword “customer-focused Consenting ...” to “less restrictive regulation”.</p> <p>Alternatively, promulgate changes to the Local Government Act refining the purpose of local government consistent with the intent (i.e. the purpose of local government ...to encourage urban development).</p> |

| | | |
|---|---|---|
| <p>Policy PD4: In giving effect to policy PD1 with respect to residential development capacity local authorities should have particular regard to enabling capacity:</p> | <p>We would prefer the focus of this policy (and NPS at large) be on providing opportunities for a mix of housing and business typologies across a range of locations, rather than presume councils can tightly manage supply.</p> | <p>Reword PD4 to require “enabling capacity in a range of locations to accommodate a range of housing typologies and lifestyle opportunities”.</p> |
| <p>Policy PD5: Regional councils must set minimum targets for the supply of sufficient residential development capacity that must be achieved, in accordance with its Housing Assessment. To take account of the likelihood that not all capacity will be developed, it must require an additional margin of at least:</p> <ul style="list-style-type: none"> • 20% over and above projected short and medium-term demand; and • 15% over and above projected long-term demand. | <p>We support requirements for a housing assessment.</p> <p>The supply of 15% over and above long term demand may require Councils to commit to large-scale and potentially unaffordable infrastructure ahead of need.</p> <p>It should be noted that the current housing crises is part of a cyclical process that is impossible to predict. In our region, as much as 50% of growth occurs from migration which can rapidly change. Targets need to be set and infrastructure provisioned in ways that are resilient and accommodate alternative scenarios.</p> | <p>Reword PD5 as following</p> <p><i>PD5(a):</i> 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.</p> <p>These minimum targets must specify:</p> <ul style="list-style-type: none"> • The total number of dwellings; and • Different types of dwellings. <p><i>PD5(b)</i>To take account of the likelihood that not all capacity will be developed, it must require an additional margin of at least:</p> <ul style="list-style-type: none"> • 20% over and above projected short and medium-term demand; and • 15% over and above projected long term demand. <p>In setting minimum targets, Regional Councils must explicitly state assessment uncertainties including, but not restricted to, the following:</p> <ul style="list-style-type: none"> • The rate of land uptake in the development area being more of less than assessed; • Market conditions changing in the medium to longer term; |

| | | |
|--|--|---|
| <p>Policy PD7: Local authorities must provide a future land release and intensification strategy</p> | <p>We understand the NPS wants Councils to consider intensification but are concerned the complexities of doing so have been under-estimated.</p> <p>In 2014 the NZ Initiative (Krupp, Acharya) published “Examining the trade-offs of urban form” - a think piece examining arguments for and against intensification. Their thorough analysis leaves readers none the wiser as to the net benefits of intensification – it is a complex and highly vexed subject.</p> <p>Tauranga City has previously attempted intensification. NIMBY attitudes centred on concerns people could be built out of safe and secure neighbourhoods crippled that effort and, since then, market-led “dense sprawl” has prevailed. Coupled with a need to fully understand traffic impacts, agglomeration benefits, the delicate balance between land availability, rules, price and impacts on health we see no easy or simple way to “optimise” the entire system. The concerns are way too complex for that and the arguments one way or the other are weak. The ONLY known quantity is infrastructure which should be cheaper in more compact communities. More compact greenfield communities</p> <p>Without strong central guidance there is no way for councils to be able to mount clear-cut arguments one way or the other. Local communities will always argue amenity and elected representatives can only be expected to do so much in the face of hostile residents. The considerations are complex and not clear cut.</p> | <p>Details of what is included in a land release and intensification strategy need to be given in the NPS guidance document.</p> <p>The NPS need to provide clear direction on intensification.</p> |
|--|--|---|

| | | |
|---|---|---|
| <p>Monitoring</p> | <p>We support centralised provision and analysis of data and guidance on what to do then. Alternatively, government needs to make core datasets available as services so councils and the public can easily build tools to automate the monitoring and reporting.</p> <p>Otherwise there is a potential for the quarterly reporting to create a significant burden on Council for very limited benefit.</p> | <p>Government needs to be very clear as to how councils can practically use the data being monitoring and how it (government) can reduce the costs. Regional councils are well equipped to consume, analyse, report and distribute data but wish to keep the costs to a minimum.</p> |
| <p>Relationship between NPS – UDC and other NPS’s particularly the NPS-FW</p> | <p>The consultation document states it is the government’s intention to provide implementation guidance which could include information on how to balance the proposed NPS with other national direction for example the National Policy Statement for Freshwater Management or specific matters listed in sections 6 & 7.</p> <p>We consider it should be clear <u>within</u> the NPS-UDC itself whether this NPS is expected to take priority over other NPS’s or otherwise, particularly with regard to the relationship between the NPS-UDC and NPS-FW.</p> | <p>Government needs to be clear within the NPS – UDC whether this NPS is expected to take priority over other NPS’s or otherwise. Particular clarity is requested in respect of the priority / balance expected between the NPS –UDC and NPS-FW given the implementation timeframes set within these two.</p> |
| <p>Policy PD9: In developing the future land release and intensification strategy local authorities must.....</p> | <p>Balancing the provision of urban design capacity with protecting matters of national importance such as outstanding landscapes, heritage and amenity values as well as addressing preliminary constraints such as geotechnical, impacts on freshwater and feasibility of the provision of infrastructure needs to be part of the constraints analysis undertaken at the scoping stage for the provision of greenfield urban land.</p> <p>Currently, versatile land in the Bay of Plenty supports a range of high-value crops such as kiwifruit and avocado. This land is ideal for urban development too and we foresee growing tensions between its use for horticulture and pressure to release more land for urban.</p> | <p>The NPS-UDC needs to require sufficient and adequate high level (structure plan type) constraints analysis of relevant matters of national importance as well as other strategic issues (i.e. soils/the economy), geotechnical, freshwater and infrastructure constraints as part of the future land release and intensification strategy. Add another bullet point to this effect in PD9.</p> |

Key points:

Definitions should be simplified:

- reference to “matching” demand and supply should be removed;
- the term “feasibility” should be removed and replaced with requirements to undertake high order structure plans and costing;
- “capacity” should be more clearly defined.

Objectives and policies should:

- more honestly reflect the enormous uncertainties in predicting locational and typological demand;
- accurately reflect the very tight supply conditions councils like Tauranga city find themselves in (cheap and easy development options no longer exist due to unique topographic and infrastructural constraints)
- not needlessly require the supply of surplus land which is inconsistent with the councils just in time approach;
- broadly require the supply of a mix of housing types (and appropriate business land), but rely on the market for more than this;
- recognise the potential for non-regulatory solutions to help enormously.

Monitoring

- Should, where possible, be centralised or collated at a regional level;
- Be supported with guidance on acceptable ranges for the various parameters.