



Morgan Foundation Submission on the Proposed National Policy Statement on Urban Development Capacity

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Submission

On the whole, the proposed NPS looks to be a positive policy step that will help to deliver better urban development in the medium- to long-term.

However, in our view the NPS does not go far enough in addressing one of the key problems that has led to the housing crisis we are facing today: the many ingrained barriers against intensification. These barriers are heavily political – councils have repeatedly shown they are prone to backing down from intensification plans in the face of noisy local opposition, against the greater public good. Furthermore, it seems almost certain that the fear of local backlash will have a chilling effect on the kinds of urban development plans that are developed in the first case.

The barriers create a bias between intensification and greenfield developments. The consultation document highlights a symptom of the problem on page 31: “For a variety of reasons, the likelihood of development opportunities being taken up in brownfield areas is less than greenfield areas.” The risk if the NPS does not address this bias is that councils take the ‘path of least political resistance’ in response to the proposed triggers for adding urban development capacity (PD1-3): i.e. sprawl.

From an economic perspective, there is strong evidence that compact urban form is more cost-effective, more equitable and minimises externalities.^{1,2} One study published by the New Climate Economy found that sprawl costs the US economy more than \$1 trillion per year.³ These costs include greater spending on infrastructure, public service delivery and

¹ New Climate Economy. 2014. *Better Growth, Better Climate*. Chapter Two: Cities.
<http://newclimateeconomy.report/2014/cities/>

² <http://thecostofsprawl.com/>

³ Litman, T. 2015. *Analysis of Public Policies that Unintentionally Encourage and Subsidize Sprawl*.
<http://static.newclimateeconomy.report/wp-content/uploads/2015/03/public-policies-encourage-sprawl-nce-report.pdf>

transportation, and a range of negative externalities.⁴ This leads to significant fiscal impacts for municipalities and governments; one study, again in the US context, found that “smart growth development produces 10 times more tax revenue than conventional suburban development”.⁵

To prevent better economic outcomes and the public interest being undermined by private interests, the NPS needs to address the bias against intensification. The aim of the NPS should be to tilt the playing field so that brownfield areas get used more than greenfield areas.

For example, trigger controls could explicitly require councils to:

- loosen density restrictions in areas more tightly restricted than others;
- remove minimum parking requirements;⁶ and/or
- remove single-use zoning.

By taking the rule-making process out of the local political fray, the NPS could provide a safety valve when selfish interests are seriously impeding the public good.

⁴ <http://newclimateconomy.net/content/release-urban-sprawl-costs-us-economy-more-1-trillion-year>

⁵ Smart Growth America. 2013. *Building Better Budgets: A National Examination of the Fiscal Benefits of Smart Growth Development*. <http://www.smartgrowthamerica.org/documents/building-better-budgets.pdf>

⁶ See <http://morganfoundation.org.nz/one-dumb-regulation-is-driving-up-the-cost-of-your-house-and-your-flat-white/>