

Proposed National Policy Statement on Urban Development Capacity

Nelson City Council Submission to Ministry for the Environment

14 July 2016

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**Introduction**

Nelson City Council is a unitary council with both district and regional council functions.

The issues raised in this submission were endorsed by the Nelson City Council Planning and Regulatory Committee on 30 June 2016.

The Nelson Urban Area includes most of Nelson City Council's jurisdiction as well as Richmond and its environs, which come under the Tasman District Council jurisdiction. The Nelson Urban Area is projected to grow by 8.5 percent between 2013 and 2023. Nelson City Council's component of this urban area is also projected to grow by 8.5 percent over the same timeframe.

**General feedback**

Nelson City Council generally supports the National Policy Statement (NPS) as a way to ensure sufficient development capacity is provided for both residential and business development. Most of the requirements are standard planning practice and can be achieved, although the increased frequency of assessments and monitoring and the greater level of detail that is required goes beyond Nelson City Council's current approach and will have resourcing implications. The capacity targets are generally in line with Nelson City Council's current approach to growth management and Nelson City Council will be working with Tasman District Council to consider the capacity across the whole urban area.

The main issues Nelson City Council would like to raise are:

- the need for guidance on best practice methodologies for the assessments and monitoring, and;
- the need to ensure that robust and relevant data is easily available or is centrally collated by a central government department.

This will provide efficiency and consistency in the implementation of the NPS across affected Councils. Nelson City Council would also welcome funding support from central government to aid with the assessment and monitoring requirements.

## Detailed feedback

### 1. Housing Assessment - Demand

Recommendation: Guidance on best practice methodology and data sources for assessing demand for different types of dwellings, locations and price points is critical for successful implementation of the NPS. It would be efficient for a central government department (MBIE, Ministry for the Environment or Statistics NZ) to collect and collate relevant datasets from external providers. In the absence of this, Council would welcome funding support to collate relevant data.

#### *Background information*

*Nelson City Council has recently done some work assessing future demand for different types of dwellings, taking into account the ageing population and significant growth projected in older age groups. It has been a challenge to understand demand for different cohorts over time and the 'unrevealed preferences'. Using market price signals is limited to only the type of housing that the market is currently supplying, with most new housing still predominantly stand-alone dwellings with an average size of 200m<sup>2</sup>. Data on days to sell for different locations and numbers of bedrooms was considered as an indicator but the indicative cost from REINZ was approximately \$1000 for an annual median. Questions in a residents' survey on preferred number of bedrooms and section size have proved useful for estimating current and future demand. More detailed questions on preferred housing typology do not suit telephone surveys and would therefore require significant resourcing.*

### 2. Business Land Assessment - Demand

Recommendation: Guidance on best practice methodology and data sources for assessing demand for different types and locations of floor area for local business sectors is critical. It would be efficient for a central government department (MBIE, MfE or Statistics NZ) to collect and collate relevant datasets from external providers. Employment projections by industry would be useful to inform business growth planning – similar to the medium series of Statistics NZ household projections which inform residential growth planning.

#### *Background information*

*Nelson City Council has recently engaged an economic consultant to assess future business space requirements. This work has been done in conjunction with Tasman District Council but has cost Nelson City Council \$20,000. The estimates consider a number of scenarios and guidance would be useful on which scenario would be most suitable.*

### 3. Housing and Business Land Assessments - Capacity

Recommendation: Guidance on calculating residential and business development capacity is critical. Given that capacity estimates can include brownfields land, guidance is needed on the extent of underutilised land (such as potential subdivision or backyard infill capacity, and plan-enabled capacity to increase density or building height).

Recommendation: Guidance on assessing commercial feasibility is required to ensure an impartial approach.

#### 4. Housing and Business Land Assessments - Timing

Recommendation: Timing of assessments to lead into Long Term Planning would improve timeliness and reduce duplication.

##### *Background information*

*To inform asset management plans and Council decisions on infrastructure projects, the housing and business land assessments would ideally be done at least a year before the LTP. Nelson City Council is unlikely to have the resources to complete detailed assessments in the next year in time to inform the 2018 Long Term Plan but a requirement to complete the first detailed assessments by the end of 2019 would be practical. This would also allow time for resourcing (staff time and budgets) to be in place to complete the assessments.*

#### 5. Monitoring

Recommendation: Guidance on monitoring requirements and data sources would be useful. Central coordination of data on housing affordability and price signals would be useful.

##### *Background information*

*There are various reports on housing affordability. The Massey University report doesn't provides a measure for Nelson on its own, including Nelson in data for Nelson, Marlborough and Tasman. The interest.co.nz Home Loan Affordability Report provides assessments for three different types of households. Calculating house price/rent to income ratios is a challenge for Nelson due to the lack of timely, robust income data by territorial authority.*

*Nelson City Council has limited data on business land vacancy rates and guidance on methods and data sources would be useful. If data is available from a national provider such as Property Council, collection by a central government department would be useful. If field surveys are required, guidance on methodology would be useful to ensure national consistency.*

#### 6. Nelson City Council Implications

Nelson City Council estimate an additional \$40,000 and extra staff resourcing will be required to provide a detailed housing and business property assessments every three years. To meet this requirement effectively and efficiently is also likely to require investment in an integrated system or model and improved data management.

Nelson City Council estimate additional staff time and an additional budget of approximately \$10,000 a year would be needed to meet the monitoring requirement of the NPS.