

15 July 2016

Ministry of Business, Innovation and Employment

PO Box 1473

Wellington

**NGĀI TAHU PROPERTY: SUBMISSION ON PROPOSED NATIONAL POLICY STATEMENT ON URBAN DEVELOPMENT
CAPACITY**

Tēnā koe

Introduction

Ngāi Tahu Property Limited is a leading New Zealand property development, management and investment specialist. The company is one of the investment pillars of Ngāi Tahu Holdings Corporation (NTHC), whose mission is to create wealth so that charitable activities can be performed for the benefit of Ngāi Tahu whānui (families). Inter-generational commitment, sustainability and long-term vision are the attributes that underpin the acumen utilised by Ngāi Tahu Property to identify and capitalise on commercial opportunities.

As one of the leading residential developers in New Zealand, Ngāi Tahu Property takes a long term that is encapsulated by the Ngāi Tahu whakataukī - Mō tātou, ā, mō kā uri ā muri ake nei, for us and our children after us.

Our Response

Ngāi Tahu Property supports a long-term view mixed with a strong, prescriptive approach to the provision of capacity for urban development. We take an active interest that the development of New Zealand's urban areas occur in a way and at a rate that supports ongoing population growth and opportunities for home ownership.

The central feature of the proposed NPS is that it places planning obligations on local authorities, requiring planning decisions that:

- are based on a market-driven, economic cost-benefits analysis; and
- are responsive to demand, and which enable commercially feasible development; and
- promote competitive land and development markets.

Ngāi Tahu Property generally supports the submission of the New Zealand Property Council who are highlighting a number of issues with the NPS as it is currently drafted. Their submission addresses those issues and recommends a number of changes and amendments. Ngāi Tahu Property also has some other concerns which are not specifically addressed in the Property Council submission or which Ngāi Tahu Property wishes to address further.

These relate to:

- whether a national policy statement is appropriate for addressing housing supply;
- lack of consultation;
- requirement for infrastructure in PA2; and
- conflict with other national policy statements.

Whether NPS is appropriate for addressing housing supply

Ngāi Tahu Property questions whether an NPS is the best or most appropriate mechanism for addressing housing supply issues. There are other more direct legislative mechanisms that are currently available (such as directing the preparation of plan changes or variations under section 25A of the RMA) or which are proposed in the Resource Legislative Amendment Bill (such as relevant including provisions in the National Planning Template) which could be used for this purpose.

Even if an NPS is the best or most appropriate method, Ngāi Tahu Property considers that the provisions of the proposed NPS are not as strong or directive as they could be. Indeed, an NPS has the ability to require the inclusion of specific objectives and policies in an RPS, regional or district plan under section 55(2) of the RMA. However, this NPS has not taken that opportunity and has left the decision as to what changes are required to individual local authorities.

Ngāi Tahu also notes that while the NPS is intended to increase housing supply, it will not necessarily ensure that more affordable housing is provided. Housing supply is only one of many factors that is driving the current increase in housing prices. The only requirement in the NPS relating to affordable housing is the requirement to monitor such affordability in policy PB5. If the intention of the NPS is to encourage more affordable housing then further, more direct measures will be required.

Recommendations

That further consideration be given to:

- (a) whether the NPS is the most appropriate mechanism for addressing housing supply issues or whether other existing or proposed mechanisms should be adopted; and
- (b) whether specific affordable housing measures should be included in the NPS.

Lack of consultation

The obligation to consult under policy PB4 when housing and business land assessments are being carried out only extends to infrastructure providers, community and social housing providers, the property development sector and any other stakeholders the local authorities think fit.

It is notable that there is no requirement to consult with iwi authorities when undertaking the housing and business land assessments. Ngāi Tahu Property considers this is inconsistent with the obligations set out in Part 2 of the Act – particularly section 8. It is also inconsistent with the policy and plan change process set out in Schedule 1 of the RMA which requires that local authorities consult with iwi authorities before notifying any policies or plans, or changes to such documents.

Ngāi Tahu Property considers that requiring consultation with iwi authorities would better give effect to the purpose and principles of the Act, and would promote a consistent approach to consultation with iwi when promulgating RMA instruments (such as plan changes and variations).

It is also notable that no consultation is required when local authorities are preparing a future release and land intensification strategy under policy PD7. While local authorities are required to “take into account” the views of certain groups under policy PD9 there is no requirement to consult.



Ngāi Tahu considers it is critically important that the views of relevant stakeholders, iwi authorities and those potentially affected by any change in use have an opportunity to be heard. Consultation with affected parties is a key principle of the resource management framework and the NPS should be consistent with this framework.

Recommendation

That policy PB4 be amended to require consultation with iwi authorities.

That policy PD9 be amended to require consultation including with iwi authorities.

Requirement for infrastructure in PA2

In terms of the requirement for infrastructure, it is noted that while there is a specific requirement to provide sufficient “residential and business development capacity”, there is not a similar requirement to provide or ensure that there is sufficient infrastructure available. Instead the requirement is to take into account the existence/likely existence of adequate infrastructure¹. Ngāi Tahu Property is concerned that this could lead to situations where:

- (a) additional land for business and housing is provided even where appropriate infrastructure is not available or likely to become available; or
- (b) local authorities use the lack of availability of infrastructure as an excuse to not provide sufficient land for business and housing.

To address this, Ngāi Tahu Property considers that policy PA2 should be amended to clarify that the requirement to provide sufficient residential and business development capacity also includes ensuring the provision of sufficient infrastructure.

Recommendation

That policy PA2 be amended to read as follows:

By local authorities ~~providing~~ at all times providing or ensuring the provision of sufficient residential and business development capacity and infrastructure for the short, medium and long terms.

Conflict with other NPSs

The NPS does not currently provide any guidance as to how it relates to other national policy statements – such as the NPS for Freshwater Management and the New Zealand Coastal Policy Statement. Such guidance is particularly important where, as here, the NPS is likely to conflict with other national policy statements – at least in some respects (increased housing as opposed to protection and enhancement of water bodies/coastal environment). The consultation document notes that the Government is intending to issue non-statutory guidance as to how to balance the NPS with other national policy statements. However, non-statutory guidance means decision makers can choose whether or not to follow it. Ngāi Tahu Property considers it would be better for the NPS or the RMA to provide clear guidance in this respect.

Recommendation

That clear guidelines be provided as to how national policy statements are to be read together and which national policy statement prevails in the event of any conflict.

Response to questions raised by MBIE

We also respond to questions raised by MBIE in the NPS consultation document as per below:

¹ NPS UDC, section 3, definition of “development capacity”.

NPS Question	Ngāi Tahu Property Response
What do you think of the proposal to target policies to different areas?	We support this approach- some urban areas are different to others and the challenges faced are varied.
Would these policies result in better decision-making under the Resource Management Act 1991 for urban development?	Yes, if the operative NPS incorporates the changes proposed in this submission and as proposed by the New Zealand Property Council.
What impact would the policy to recognise the positive impacts of development have?	We are assuming a resource consent framework that will be more expedient in nature. Nonetheless, clear guidelines will be needed.
What could the Government do to help local authorities carry out the assessments?	The Government can assist councils in putting together the methodology and in providing funding or resources to undertake the assessments particularly for smaller councils who may not be equipped to undertake the assessments themselves. Accredited urban economists could also be provided by the Government to local councils.
Is three years an appropriate timeframe to update the assessments?	No, assessments should be updated every 18 - 24 months so as to be market relevant, and better inform councils' long term plans.
Is there anything else that would contribute to better understanding the supply and demand of development capacity?	The provision of wide-ranging data, information and research from all parties affected must form the foundation of supply and demand factors.
What else would help local authorities and the Government better understand how planning interacts with the market?	Further guidance on economic trends at a national level.
Should there be more direction in the proposed NPS on how to assess the commercial feasibility of plan-enabled development capacity?	Yes.
Are the margins of development capacity over and above projected demand set at an appropriate level?	While Ngāi Tahu Property supports the principle of a buffer, we do acknowledge the significant pressure – particularly in terms of infrastructure provision – a 20% margin for the short- and medium-terms would have on councils and other sectors e.g. rural.



<p>Should there be a different margin for brownfield and greenfield development capacity?</p>	<p>Indifferent, and we do not mind councils in determining (using market signals) where developable capacity could be provided at the least cost (intensify brownfields, or open up greenfields and provide bulk infrastructure and undertake appropriate zoning).</p>
<p>Would the proposed monitoring give a complete picture of how responsive the planning system is? What other things could you see value in monitoring?</p>	<p>How well served proposed new areas are by community facilities and other infrastructure such as telecommunications (broadband etc)</p>
<p>What challenges do you see in interpreting price signals?</p>	<p>Each Council may take a different approach. It may be useful to provide some national guidance on these issues.</p>
<p>Would the proposed policies contribute to better coordination between land-use planning and infrastructure provision?</p>	<p>Yes, if the operative NPS incorporates the changes proposed in this submission and by Property Council.</p>
<p>What else would assist with better coordination?</p>	<p>Recommend that the New Zealand Infrastructure Plan 2015 be amended, with amendments to reflect the findings of housing and business land assessments, and with councils and the relevant Government agencies being required to have alignment with the New Zealand Infrastructure Plan. It may also be helpful to require the development of a spatial plan for all regions.</p>
<p>What are your views on setting minimum targets in the regional policy statement?</p>	<p>Advocate for better linkage between RMA instruments and a city's spatial plan where such a plan exists. We therefore support the proposal as a regional policy statement provides this linkage, which some planning documents seem to water down.</p>
<p>Are policies in the proposed NPS clear enough on how local authorities within medium and high growth urban areas should work together?</p>	<p>Not as clear as they ought to be – further guidance would need to be provided to councils on how they could better work together (including assistance with putting together terms of reference, and other agreements).</p>
<p>Which of the suggested guidance information would be most useful for local authorities?</p>	<p>All guidance information would be of benefit to local authorities, but some information such as how the NPS fits with other national policy statements would sit better in legislation and/or the NPS itself.</p>
<p>Would it be good to involve practitioners in the development of the guidance material? For</p>	<p>Yes this could be useful, also needs to include iwi interests.</p>



example, one model could be a technical expert group made up of New Zealand practitioners (including local authorities, infrastructure providers and developers) with some international input.

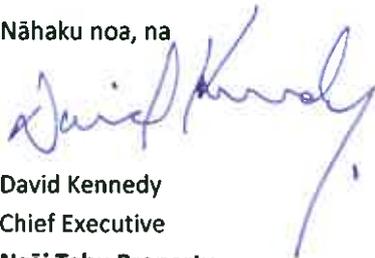
Apart from supplying guidance, how could the Government help local authorities to apply the NPS?

Through funding and financial assistance, particularly with regard to the provision of infrastructure.

By requiring that the housing and business land assessments be peer reviewed by an accredited urban economist.

By providing legislative guidance as to how the NPS fits with other national policy statements.

Nāhaku noa, na



David Kennedy
Chief Executive
Ngāi Tahu Property