

SUBMISSION BY PORTS OF AUCKLAND LIMITED ON THE PROPOSED NATIONAL POLICY STATEMENT ON URBAN DEVELOPMENT CAPACITY

1.0 Summary

- 1.1 Ports of Auckland Limited [**“POAL”**] is a port company established under the Port Companies Act 1988. POAL has over 500 employees and currently operates two seaports in Auckland, and three ‘inland freight hubs’ at Wiri in South Auckland, Mt. Maunganui in the Bay of Plenty, and Longburn, near Palmerston North.
- 1.2 In addition, POAL has announced plans to establish an ‘inland freight hub’ on 33ha of land at the Horotiu Industrial Park, near Hamilton.
- 1.3 POAL’s activities are capital intensive, and are expensive to relocate. POAL also has a functional need to locate in certain areas, whether that be within the coastal environment for its seaport activities, or in locations with good connections to road and rail infrastructure for its inland freight hub activities.
- 1.4 Because population, housing and business growth directly influences freight demand, POAL requires certainty that local authorities will provide the right amount of land in the right locations, and that the effects of urban growth and intensification on infrastructure like rail freight, seaports, and airports, are properly considered when making planning decisions in respect of urban development. It is also important that local authorities make adequate provision for such infrastructure.
- 1.5 POAL therefore supports the Ministry for the Environment's proposed National Policy Statement on Urban Development Capacity [**“NPS”**], particularly those parts of the NPS that seek to provide for business development capacity in the short, medium and long-term and those that promote a coordinated approach to the provision of infrastructure. While POAL understands the drivers behind the NPS’s focus on residential development, POAL is concerned business development capacity is given a subordinate role in the NPS. POAL therefore seeks amendments to the NPS to:
 - (a) clarify the approach to determining business demand;
 - (b) recognise the importance of rail freight, seaports, and airports in delivering urban intensification;
 - (c) require consultation with the business sector;

- (d) specify more accurate metrics for measuring business land capacity;
- (e) enable local authorities to consult with a wide range of stakeholders when agreeing data and projections for capacity assessments; and
- (f) ensure that business development is given equal weighting to residential development when enabling capacity.

2.0 General Submission

2.1 POAL's submission in respect of the NPS is that:

- (a) POAL supports the proposed objectives of the NPS, particularly in respect of the requirement for an evidence-based approach to decision-making, and for planning to be responsive to market activity;
- (b) however, POAL seeks amendments to the policies (and corresponding definitions) of the NPS. In POAL's view, the policies (and corresponding definitions) are insufficient to ensure that local and regional authorities provide development capacity for all foreseeable types of business activity.

3.0 Submission

General concerns

- 3.1 While the stated purpose of the NPS is to ensure that planning enables development by providing sufficient development capacity for housing and business, the supporting cost-benefit analysis is focussed solely on meeting demands for housing, and the NPS' approach to ensuring that the demands for business capacity are met is not well defined or supported by the background material provided.
- 3.2 In particular, the approach taken by the NPS to business development capacity is not representative of appropriate international practice that has been cited by the Ministries.¹ Nor is the NPS consistent with the analysis contained in the supporting background documentation, including the report by BERL.² As a consequence, the NPS does not adequately ensure that local authorities will undertake sufficient quantitative and qualitative analysis to provide for the needs of all foreseeable types of economic activity over a plan period, or ensure that the existing or future supply of land available for economic development is sufficient and suitable to meet these identified needs.

¹ International approaches to providing for business and housing needs; Ministry for the Environment and Ministry of Business Innovation & Employment.

² Business land: problems and causes. Research to support a proposed NPS on urban planning; BERL; April 2016.

Interpretation

“Demand”

3.3 Business “demand” is defined by the NPS as being linked solely to “floor area”. This narrow interpretation fails to acknowledge the locational and operational requirements of land and capital intensive activities (such as POAL’s seaport and inland freight operations), or the costs and barriers that are associated with not providing suitably zoned land or feasible alternatives for such activities. This is despite the Minister acknowledging:³

31. The capital intensive nature of some businesses that locate in industrial zones mean they face high transition costs to move (and some, such as ports, cannot move). These costs are increased if planning does not provide appropriate zoning and suitable alternatives for industrial businesses.

3.4 If the NPS is to ensure that planning decisions enable urban development in a manner that is responsive to the market, it is not appropriate to focus solely on floor area as the determining factor in assessing the demand for business land. A wider range of factors need to be taken into consideration, including the costs and barriers associated with business relocation.

3.5 The use of the term “*forecast growth in different sectors*” (within the definition of “demand”) does not provide certainty that the NPS will ensure that business land will be supplied to meet the demands of all foreseeable forms of economic activity within a district or region. The term suggests that local authorities are able to take a more selective approach in the review of the business sector. This may result in certain sectors being overlooked, resulting in an undersupply of business land, which is inconsistent with the objectives of the NPS.

3.6 The definition should also contain a reference to “built capacity”, so that the consideration of business land area also takes into account the potential intensity of use.

3.7 POAL therefore proposes the following amendments to the definition of “demand”:

Demand means:

In relation to residential development, the demand for residential dwellings within an urban area in the short, medium and long-terms, having particular regard to:

- a) *the total number of dwellings required to meet projected household growth;*
- b) *demand for different types of dwellings;*
- c) *the demand for different locations within the urban area;*

³ Approval for public consultation on a proposed National Policy Statement on Urban Development Capacity; Office of the Minister for the Environment.

d) *the demand for price points.*

recognising that people will trade off (b), (c) and (d) to meet their own needs and preferences.

In relation to business-land, the demand for ~~floor-area-business land~~ in the short, medium and long-terms, having particular regard to:

- a) *the quantum of ~~floor-area land and potential built capacity~~ to meet forecast growth ~~in different sectors for all foreseeable types of economic activity~~;*
- b) *the demands of both land extensive and intensive activities; ~~and~~*
- c) *~~the costs and barriers associated with not providing suitable zoning or alternatives for both land extensive and land intensive activities; and~~*
- e)d) *the demand for different locations within the urban area.*

“Infrastructure”

3.8 The NPS has provided a narrower definition of the term “infrastructure” than the RMA; focussing solely on providers of network infrastructure to support urban capacity. While POAL considers that New Zealand's network of seaports (which form an essential part of the freight transport supply chain) would fall within the definition (“transport”), amendments are required to make this clearer. It would be a poor outcome if the NPS did not encompass all transport infrastructure that supports urban intensification, including infrastructure for rail freight, seaports, and airports.

3.9 As acknowledged by the Ministry of Transport:⁴

Maritime and aviation connect New Zealand’s exporters and importers to international markets. Our sea ports are responsible for the movement of 99 percent of our exports by weight, worth \$36 billion per annum. Coastal shipping is well placed to be able to move commodities, such as oil and cement, and can also operate as a competitive alternative to road and rail in some situations. The coastal shipping industry moves approximately 15 percent of New Zealand’s freight each year...

...

We need sea and air ports to be linked effectively to the overall transport network to support efficient nationwide movement of passengers, domestic goods, and exports and imports. Alongside that they need to be able to respond to technological changes and changing international safety and security standards. We also need to realise the safety, efficiency and environmental benefits that will be available from adopting new technologies.

3.10 Any increase in residential and business demand generates additional freight demand. For example, the Port of Auckland handles 0.62 TEU / person / year (a

⁴ www.transport.govt.nz/ourwork/keystrategiesandplans/connectingnewzealand/cnzstateofinfrastructure/

TEU is one ‘twenty foot equivalent unit’, or a container twenty feet long and eight feet high). As population increases, so will the freight task, and it is important that urban intensification is coordinated with the provision of infrastructure to service freight demand.

- 3.11 Therefore, if the NPS is to provide a truly coordinated approach to urban development, the interpretation of “infrastructure” requires amendment to clarify that rail freight, seaports, and airports are included, as follows:

Infrastructure means network infrastructure for water supply, wastewater, stormwater, transport, and passenger transport services. This includes infrastructure for rail freight, seaports, and airports.

Outcomes for decision making

Policy PA3

- 3.12 POAL supports Policy PA3 of the NPS as proposed, which requires local authorities to have particular regard to the positive effects of urban development at a national, regional and district scale, as well as its local effects.
- 3.13 However, the requirement to “minimise” the adverse effects of development is inconsistent with the RMA (which requires adverse effects to be avoided, remedied or mitigated), and should be amended to “manage” such effects as follows:

PA3: When considering the effects of urban development, decision-makers must:

- Recognise and provide for the contribution that urban development will make to the ability for people and communities and future generations to provide for the social, economic and cultural wellbeing.
- Provide sufficient development capacity, whilst maximising the positive effects of development, and ~~minimising~~ managing the adverse effects of development.
- Have particular regard to the positive effects of urban development at a national, regional and district scale, as well as its local effects.

- 3.14 POAL’s operations are of national and regional significance to the economy. POAL’s activities form part of a wider national network of ports that enable urban development to be achieved throughout the Country. Without an efficient and inter-connected network of ports, the ability for the regions and districts to realise their urban development will be compromised.

- 3.15 As recognised within the cost-benefit analysis for the NPS:⁵

⁵ Pg.25; Cost benefit analysis of policy options for a National Policy Statement on Urban Development Capacity; Ministry for the Environment; MRCagney Pty Ltd, Covec Ltd, Beca; 10 May 2016.

Urban development has positive and negative effects at multiple geographic scales. It may create localised disamenities, such as traffic noise or building overshadowing, while enabling agglomeration economies at the city scale. Conversely, constraining development may have positive local effects but significantly negative effects for housing prices that may be experienced at a regional (or even national) level.

...

In Section 3, the RMA explicitly requires for the consideration of both local, regional, and national effects. However, planning processes often place more weight on localised negative effects than on regional or national effects due to the fact that most submitters are interested in local concerns. For example, in hearings on the Auckland Unitary Plan, evidence on regional costs and benefits or alternative growth patterns was presented at the Regional Policy Statement level. However, district plan hearings in the PAUP focussed more prominently on local concerns. This could undermine the ability to achieve growth patterns set out in the RPS.

- 3.16 While Section 3 of the RMA is implicit in its requirement to consider effects at the local, regional, and national level, POAL agrees that local planning processes generally focus on local concerns. POAL supports Policy PA3 of the NPS as it provides appropriate and necessary direction to local authorities as to the level of analysis that is required when planning for, and considering the effects of urban development. This will avoid the case of localism prevailing within the plan making process, and ensure that a full and robust analysis under section 32 of the RMA is undertaken by the local authority from the outset.

Evidence and monitoring to support decision-making

Policy PB1

- 3.17 In order to ensure that planning decisions enable urban development in the short, medium, and long-term, it is necessary to ensure that local authorities undertake sufficient quantitative and qualitative analysis of market demands to establish the needs for all foreseeable types of economic activity over a plan period. Local authorities must then also ensure that the existing or future supply of land available for economic development is sufficient and suitable to meet the needs identified.
- 3.18 To address this, Policy PB1 requires amendment, as follows:

PB1: Local authorities must, by the end of 2018, or within 12 months of becoming a Medium or High Urban Growth Area, and thereafter on at least a three-yearly basis, carry out:

- 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

- A Business Land Assessment that estimates the demand for the different types and locations of ~~floor area for the local business sectors~~ land and built capacity for all foreseeable types of economic activity, and the supply of development capacity to meet that demand, in the short, medium and long-terms.

Local authorities must have regard to the benefits of publishing the assessments under policy PB1.

- 3.19 Related to this, POAL would support the development of guidance to assist local authorities with the preparation of the assessments that are required under Policy PB1. POAL is aware that similar guidance has been prepared by the Communities and Local Government Select Committee in respect of the amendments to the United Kingdom’s National Planning Policy Framework, which sets out the methodology and range of matters that should to be taken into consideration when undertaking a housing or business land assessment. This could be used as the basis for preparing similar guidance under the NPS.

Policy PB4

- 3.20 Having set out (in PB1) that local authorities must carry out a business land assessment, it is imperative that consultation be undertaken with the business sector to inform that assessment.
- 3.21 Policy PB4 of the NPS only directs local authorities to consult with housing providers and the property development sector, as opposed to the business sector. This means that any consultation with the business sector would be entirely at the discretion of the local authority (as “*any other stakeholder as they see fit*”).
- 3.22 In order to ensure that the right amount of land in the right location for the right purpose is provided, a more holistic approach is required to the manner in which market demand for business land is assessed. The NPS should therefore direct that local authorities similarly consult with the business sector to ensure that the existing and future supply of business land is sufficient and suitable to meet the identified needs, as follows:

PB4: In carrying out the assessments required under PB1, local authorities must consult with infrastructure providers, community and social housing providers, the property development sector, the business sector, and any other stakeholders as they see fit.

Policy PB5

- 3.23 There is a need to ensure that local authorities gather sufficient data on an ongoing basis to understand the demand for business land at the district and regional level over the course of a plan period.

- 3.24 Policy PB5 requires local authorities to monitor vacancy rates for business land when assessing the market's response to planning. However, vacancy rates are just one of a wide range of signals from the market, and monitoring of vacancy rates alone will not provide local authorities with sufficient data on the supply and demand for business land.
- 3.25 The option for monitoring to be undertaken "*as frequently as possible*" has the potential to undermine the intent of the policy, which is to ensure that regular monitoring is undertaken. Providing a qualification on this obligation may mean that local authorities may seek to justify much less frequent monitoring as "all that is possible" based on resourcing issues.
- 3.26 Policy PB5 of the NPS requires amendment as follows:

PB5: 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:

- The relative affordability of housing, including the ratio of house price to income and the relative cost to rent;
- The increase in house prices and rents;
- The number of resource and building consents granted relative to the growth in population;
- Vacancy rates for business land;
- Recent patterns of employment, land supply, and transition to other uses;
- Changes in business rental values, and differentials between business land values in different uses;
- The existing stock of business land;
- The take-up of business land and property;
- The ratio of the value of land between rural and urban zoned land; and
- The ratio of the value of improvements to the value of land within the urban area.

Local authorities must have regard to the benefits of publishing the results of its monitoring under policy PB5.

Co-ordinated evidence and decision-making

Policy PC2

- 3.24 Policy PC2 of the NPS requires the relevant local authorities and infrastructure providers to "*work together to agree on data and projections used in the development of the assessments required under policy PB1*". This does not recognise the value of the information that may be held by the business sector, and is not consistent with the consultative approach promoted by PB4. The scope

of the policy should be amended to enable other stakeholders to provide input into this process, as follows:

PC2: The relevant local authorities and infrastructure providers will work together with any relevant stakeholders they see fit to agree on data and projections used in the development of the assessments required under policy PB1.

Responsive planning
Policies PD4 to PD6

3.25 Policies PD4 to PD6 focus on housing. There are no similar specific policies to implement the NPS objectives in respect of business land capacity.

3.26 It is also unclear as to why a feasibility test should only be applied to the enablement of housing capacity, and not business capacity. Ensuring that the right amount of business land in the right locations is critical to enabling urban capacity. Therefore, Policy PD4 should be amended as follows:

PD4: In giving effect to policy PD1 with respect to ~~residential~~ development capacity local authorities should have particular regard to enabling capacity:

- In the locations that the Housing Assessment and Business Land Assessment, required under policy PB1, indicates are of highest demand; and
- That is feasible.

such that it maximises the contribution to meeting demand for residential development and business land.

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.

3.27 Policies PD5 and PD6 require regional councils to set minimum targets for the supply of residential capacity within its regional policy statement. There is no corresponding requirement to set targets for business capacity. In order to properly implement the objectives of the NPS, Policy PD5 and PD6 should be amended as follows:

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 and Business Land Assessment, and incorporate these into the relevant regional policy statement.

These minimum targets must specify:

- The total number of dwellings; ~~and~~
- Different types of dwellings;

- The total amount of business land area to be provided; and
- Different types of business land.

To take account of the likelihood that not all capacity will be developed, it must require an additional margin of at least:

- 20% over and above projected short and medium-term demand; and
- 15% over and above projected long-term demand.

PD6: 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 and Business Land 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 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.

4.0 Relief sought

4.1 Specific relief to address POAL's submission on the NPS is summarised in **Schedule 1.**

PORTS OF AUCKLAND LIMITED

Signature by its planning and resource management consultants and authorised agents Bentley & Co. Ltd



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SCHEDULE 1: SUMMARY OF RELIEF SOUGHT

	Provision	Relief sought
1	Interpretation	<p>Amend the NPS definition of “demand” as follows:</p> <p><i>Demand means:</i></p> <p><i>In relation to residential development, the demand for residential dwellings within an urban area in the short, medium and long-terms, having particular regard to:</i></p> <ul style="list-style-type: none"> <i>e) the total number of dwellings required to meet projected household growth;</i> <i>f) demand for different types of dwellings;</i> <i>g) the demand for different locations within the urban area;</i> <i>h) the demand for price points.</i> <p><i>recognising that people will trade off (b), (c) and (d) to meet their own needs and preferences.</i></p> <p><i>In relation to business land, the demand for floor area <u>business land</u> in the short, medium and long-terms, having particular regard to:</i></p> <ul style="list-style-type: none"> <i>a) the quantum of <u>floor area land and potential built capacity</u> to meet forecast growth in different sectors <u>for all foreseeable types of economic activity</u>;</i> <i>b) the demands of both land extensive and intensive activities; and</i> <i><u>c) the costs and barriers associated with not providing suitable zoning or alternatives for both land extensive and land intensive activities; and</u></i> <i><u>e)d) the demand for different locations within the urban area.</u></i>
2	Interpretation	<p>Amend the NPS definition of “infrastructure” as follows:</p> <p><i>Infrastructure means network infrastructure for water supply, wastewater, stormwater, transport, and passenger transport services. <u>This includes infrastructure for rail freight, seaports, and airports.</u></i></p>

	Provision	Relief sought
3	Policy PA3	<p>Amend Policy PA3 of the NPS as follows:</p> <p>PA3: When considering the effects of urban development, decision-makers must:</p> <ul style="list-style-type: none"> • Recognise and provide for the contribution that urban development will make to the ability for people and communities and future generations to provide for the social, economic and cultural wellbeing. • Provide sufficient development capacity, whilst maximising the positive effects of development, and minimising <u>managing</u> the adverse effects of development. • Have particular regard to the positive effects of urban development at a national, regional and district scale, as well as its local effects.
4	Policy PB1	<p>Amend Policy PB1 of the NPS as follows:</p> <p>PB1: Local authorities must, by the end of 2018, or within 12 months of becoming a Medium or High Urban Growth Area, and thereafter on at least a three-yearly basis, carry out:</p> <ul style="list-style-type: none"> • 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 • A Business Land Assessment that estimates the demand for the different types and locations of floor area for the local business sectors <u>land and built capacity for all foreseeable types of economic activity</u>, and the supply of development capacity to meet that demand, in the short, medium and long-terms. <p>Local authorities must have regard to the benefits of publishing the assessments under policy PB1.</p>
5	Policy PB2	<p>Retain Policy PB2 of the NPS as proposed:</p> <p>PB2: In carrying out the assessments required under policy PB1, local authorities must have regard to:</p>

	Provision	Relief sought
		<ul style="list-style-type: none"> • Demographic change, including population growth and household projections, using the most recent Statistics New Zealand growth projections set out in Appendix A2. • Future changes in the sectoral composition of the local economy and the impacts that this might have on residential and business demand. • Information on the market’s response to planning obtained through monitoring under PB5.
6	Policy PB4	<p>Amend Policy PB4 of the NPS as follows:</p> <p>PB4: In carrying out the assessments required under PB1, local authorities must consult with infrastructure providers, community and social housing providers, the property development sector, <u>the business sector</u>, and any other stakeholders as they see fit.</p>
7	Policy PB5	<p>Amend Policy PB5 of the NPS as follows:</p> <p>PB5: 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"> • The relative affordability of housing, including the ratio of house price to income and the relative cost to rent; • The increase in house prices and rents; • The number of resource and building consents granted relative to the growth in population; • Vacancy rates for business land; • <u>Recent patterns of employment land supply and loss to other uses;</u> • <u>Changes in business rental values, and differentials between business land values in different uses;</u> • <u>The existing stock of business land;</u> • <u>The take-up of business land and property;</u>

	Provision	Relief sought
		<ul style="list-style-type: none"> • The ratio of the value of land between rural and urban zoned land; and • The ratio of the value of improvements to the value of land within the urban area. <p>Local authorities must have regard to the benefits of publishing the results of its monitoring under policy PB5.</p>
8	Policy PC2	<p>Amend Policy PC2 of the NPS as follows:</p> <p>PC2: The relevant local authorities and infrastructure providers will work together <u>with any relevant stakeholders they see fit</u> to agree on data and projections used in the development of the assessments required under policy PB1.</p>
9	Policy PD4	<p>Amend Policy PD4 of the NPS as follows:</p> <p>PD4: 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"> • In the locations that the Housing Assessment <u>and Business Land Assessment</u>, required under policy PB1, indicates are of highest demand; and • That is feasible. <p>such that it maximises the contribution to meeting demand for residential development <u>and business land</u>.</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>
10	Policy PD5	<p>Amend Policy PD5 of the NPS as follows:</p> <p>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 <u>and Business Land Assessment</u>, and incorporate these into the relevant regional policy statement.</p>

	Provision	Relief sought
		<p>These minimum targets must specify:</p> <ul style="list-style-type: none"> • The total number of dwellings; and • Different types of dwellings; • <u>The total amount of business land area to be provided; and</u> • <u>Different types of business land.</u> <p>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.
11	Policy PD6	<p>Amend Policy PD6 of the NPS as follows:</p> <p>PD6: 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 <u>and Business Land Assessment</u> 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 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.</p>