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NPS on Urban Development Capacity
Ministry for the Environment
PO Box 106483
AUCKLAND 1143

Dear Sir/ Madam

**WAIKATO DISTRICT COUNCIL SUBMISSION ON THE PROPOSED NATIONAL
POLICY STATEMENT ON URBAN DEVELOPMENT CAPACITY 2016**

Thank you for the opportunity to make a submission on the Proposed National Policy Statement on Urban Development Capacity 2016 Consultation Document.

Please find attached Waikato District Council's submission on the Ministry's document, as approved at its Council meeting on 11 July 2016.

Should you have any questions regarding this submission please contact David Totman directly on 07 824 5841 or by email david.totman@waidc.govt.nz

The Waikato District Council would be happy to speak to its submission.

Yours sincerely

AM Sanson
MAYOR

Submission on Proposed National Policy Statement on Urban Development Capacity

By: Waikato District Council (WDC)

Date: 11 July 2016

Background

The Proposed National Policy Statement (PNPS) on Urban Development Capacity is intended to make the Resource Management Act (RMA) work better for housing and business growth. It has been strongly influenced by the findings of the Productivity Commission's 2015 report on land supply and its influence on housing affordability.

In the preamble, the PNPS recognises that 'local authorities play an important role in shaping the success of cities by planning for growth and change and providing critical infrastructure'. It also notes that this task is 'challenging because cities are complex places' and deciding between diverse preferences is involved.

The stated aim of the PNPS is to reduce regulatory barriers to the supply of housing and reduce the cost of housing relative to income. It is said to do this through ensuring that planning enables development by providing enough development capacity for housing and businesses while maximising wellbeing now and in the future.

Introduction

The Waikato District Council (WDC) supports in general the PNPS and its endeavour to provide direction to local authorities on urban planning and development under the RMA. It recognises that PNPS is part of a suite of wider government efforts to amend the RMA and improve the basis for, and outcomes of, urban planning and development in New Zealand. The PNPS has relevance for the Waikato District Council due to the location of the district between both Auckland and Hamilton. Both of these urban areas are identified as being areas of high population growth.

The role of Auckland and Hamilton are recognised in the Council's District Development Strategy as well as in the Council's participation in Future Proof.¹ Growth issues related to wider Hamilton are addressed in liaison with the Council's Future

¹ Future Proof is a partnership between Waikato District Council, Hamilton City Council, Waipa District Council and the Waikato Regional Council aimed at managing growth in the sub-region through integrated landuse and infrastructure planning. The New Zealand Transport Agency and Tangata Whenua are key stakeholders.

Proof partners and cross-boundary planning issues with Auckland involve planning liaison with Auckland Council and the Franklin Local Board.

Overview of key aspects of the PNPS proposals

The PNPS groups proposed objectives and policies under four headings.

- **Outcomes:** providing sufficient residential and business development capacity to enable urban areas to meet demand.
- **Evidence:** ensuring plans are based on a robust, accurate, and frequently-updated evidence base.
- **Coordination:** promoting coordination within and between local authorities and infrastructure providers, and integrated land use and infrastructure planning.
- **Responsiveness:** ensuring that local authorities adapt and respond to market activity.

The PNPS is clearly focused on the role of local authorities in urban planning and enabling the supply of sufficient urban land capacity to meet the needs of rapidly growing urban areas in New Zealand. It requires local authorities in high growth urban areas² to set minimum targets for the supply of sufficient residential development capacity urban growth. In addition it requires such local authorities to prepare a future land release and intensification strategy, which identifies the location, timing and sequencing of future development capacity.

Response of the Waikato District Council

At an individual objective and policy level the Council has three areas of specific concern.

1. The application of the PNPS within the northern areas of our district which are close to the Southern Auckland Urban Area and part of the Secondary Pukekohe Urban Area.
2. The ability of the Council to fully give effect to the PNPS.
3. The need for the PNPS to be part of a more integrated approach to urban planning.

The Council's response to the consultation document on the PNPS is set out in the table below followed by responses to the questions asked in the PNPS.

² Urban areas are as defined by Statistics NZ.

PNPS Provision	Comment
<p>Outcomes OA2: To provide sufficient residential and business development capacity to enable urban areas to meet residential and business demand.</p> <p>Policy PA2: By local authorities providing at all times sufficient residential and business development capacity for the short, medium and long terms.</p>	<p>WDC is already broadly compliant with this objective and policy. The Council has a programme of structure planning that aims to ensure that urban growth areas have a long term plan (30 year) for the staged rezoning of greenfield areas for residential and business development to accommodate the projected population growth of these areas.</p> <p>It should be noted that the PNPS does not recognise that the Waikato District Council has a role to play in the Southern Auckland Urban area as a directly affected neighbouring council since the northern part of the Waikato district is very much a part of the wider functional Auckland sub-region.</p> <p>The WDC already provides some alternative housing options for residents of both the Southern Auckland and Hamilton Urban Areas. The general point of difference is that the district offers land and housing in satellite small towns, villages, rural residential as well as rural lifestyle areas on the periphery of Hamilton and Southern Auckland.</p> <p>The Waikato district is also generally able to offer a range of more affordable housing than is readily available in either the Auckland City or Hamilton City urban areas.</p>
<p>Evidence and monitoring</p> <p>Objective OBI: To ensure plans and regional policy statements are based on a robust, accurate and frequently-updated evidence base.</p> <p>Policy PBI:</p>	<p>WDC is working with its 'Future Proof' partners to update the regional population and development capacity evidence base with a particular focus on the Hamilton Urban Area to support a coordinated approach to urban planning, development and infrastructure provision.</p> <p>A new PNPS requirement on the Council will be the need to carry out a regular</p>

PNPS Provision	Comment
<p>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:</p> <p>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</p> <p>A Business Land Assessment that estimates the demand for the different types and locations of floor area for the local business sectors, and the supply of development capacity to meet that demand, in the short, medium and long-terms.</p>	<p>three-yearly housing and business land assessment.</p> <p>At an overall level, the Council supports the need for good evidence and monitoring of both the supply and demand aspects of urban land capacity.</p> <p>In this regard, the WDC looks forward to the Government providing further clarity and technical assistance on the nature and implementation of these assessments as there will be a need for a level of coordination and consistency between different councils involved in cross boundary urban growth areas.</p> <p>Furthermore, as other councils have acknowledged, there is good sense in synchronising these assessments and monitoring requirements with the Local Government Act timing requirements for updating of all Councils' Long Term Plans.</p> <p>Affordability means different things to different groups. Currently one of the issues faced by the Council is the lack of an agreed fair average.</p>
<p>Coordination Objective OCI: To promote coordination within and between local authorities and infrastructure providers in urban areas, consistent planning decisions, integrated land use and infrastructure planning, and responsive planning processes.</p> <p>Policy PCI When developing plans and regional policy statements to implement this National Policy</p>	<p>Through its membership of and participation in Future Proof, the Waikato District Council already coordinates its strategic urban planning and development with its neighbouring council partners (Hamilton City Council and Waipa District Council) as well as with Waikato Tainui and the New Zealand Transport Agency) for the Hamilton urban area.</p> <p>Although Future Proof is a non-statutory strategic planning and development alliance, all mutually important aspects of</p>

PNPS Provision	Comment
<p>Statement, local authorities must consult with other local authorities, local infrastructure providers and central government infrastructure providers that share jurisdiction over a Medium Growth Urban Area or a High Growth Urban Area.</p> <p>Policy PC3 The relevant local authorities and infrastructure providers will work together to, as far as possible, ensure coordinated land use planning and infrastructure provision, including expected levels of service for infrastructure.</p>	<p>urban planning and development including infrastructure are coordinated through it.</p> <p>Furthermore, key tools of urban planning such as urban limits are already provided for in the operative Waikato Regional Policy Statement.</p> <p>With regard to the Auckland urban area, while there is no formal arrangement to coordinate urban planning and development between the Waikato District Council and Auckland City Council, there is Memorandum of Understanding between the two councils to liaise on cross boundary planning and development as well as infrastructure and services.</p> <p>The Waikato District Council has advocated (through a submission on Auckland Council's Future Urban Land Supply Strategy and subsequent discussions) the need to factor in growth options in the north Waikato as part of integrated cross-border land use planning but this was not taken up by Auckland Council.</p> <p>Tuakau and Pokeno are small towns in the northern part of the district that are already experiencing the effects of Auckland's growth.</p> <p>At this stage, only Tuakau is included in the Secondary Urban Area of Pukekohe in the Ministry's consultation document. It is WDC's view that Pokeno should also be included in this secondary urban area.</p> <p>The Crown needs to commit to social infrastructure to support growth in key growth areas such as the northern Waikato towns of Pokeno, Tuakau and Huntly.</p>

PNPS Provision	Comment
<p>Responsive Objective OD1: To ensure that planning decisions enable urban development in the short, medium and long-terms. Objective OD2: To ensure that in the short and medium terms local authorities adapt and respond to market activity. Policy PD7 Local authorities must provide a future land release and intensification strategy alongside the relevant plans and regional policy statements to demonstrate that there will be sufficient development capacity in the medium and long terms, and that minimum targets will be met.</p>	<p>In addition to giving effect to measures already outlined in earlier topics, being responsive will require the WDC to prepare a future land release and intensification strategy to demonstrate that it has sufficient development capacity in the medium and long term.</p> <p>As indicated earlier it will be important for good liaison, coordination and cooperation between the different councils involved in managing urban development capacity across the various high and medium growth urban areas that straddle a number of administrative boundaries.</p> <p>With regards to the Hamilton urban growth area this coordination between councils is likely to be facilitated through the existing Future Proof partnership. With regard to the Southern Auckland and Pukekohe urban areas, there may well be some additional coordination required in strategic urban capacity planning.</p> <p>We also note that the PNPS uses a Statistics New Zealand medium growth scenario with a 20% growth factor for the first ten years and 15% thereafter. WDC would also like to highlight that this growth projection is not suitable for a high growth district and that a higher projection (Statistics High) would be preferred.</p>

Concluding comment

The PNPS highlights one of the enduring difficulties of urban planning under effects based RMA and its complete lack of a strategic focus. More immediately, giving effect to this PNPS also illustrates the disparity in approach to planning between the effects-based RMA and the more outcome oriented Local Government Act. The assessment

requirements of this PNPS should be coincided with the three year Long Term Plan updating cycle.

As noted in the consultation appendix to the PNPS, the interaction between plan-enabled capacity, feasible capacity and what is actually developed is complex. Two of the limitations faced by our Council are noted below.

One of the limitations on the ability of local authorities to actually deliver affordable development capacity is that there is no compulsion that zoned and even serviced land will be developed to the add the projected residential and business capacity required for urban growth.

Another complication is the overall 'boom and bust' property cycle and the difficulty smaller local authorities like ours face in getting the supply side balance right and not incurring unacceptable levels of risk and infrastructure related debt. Where there are many small developers in the property market, as is the prevalence in the Waikato district, there are also significant restrictions on the ability of the Council for entering effective partnerships with the private sector to deliver the projected urban capacity required.

Response to specific questions

What do you think of the proposal to target policies to different areas?

The approach suits variations between different areas.

Would these policies result in better decision-making under the Resource Management Act 1991 for urban development?

The PNPS helps address the lack of a strategic focus to urban planning in RMA

What impact would the policy to recognise the positive impacts of development have?

It should have a positive impact and help address the effects focus of the RMA

What could the Government do to help local authorities carry out the assessments?

Provide technical guidance and assistance to enable assessments to be carried out consistently.

Is three years an appropriate timeframe to update the assessments?

In itself yes, but it should be coincided with the LGA Long Term Plan updating cycle.

Is there anything else that would contribute to better understanding the supply and demand of development capacity?

Monitoring and research are probably the best currently available methods.

What else would help local authorities and the Government better understand how planning interacts with the market?

Response is as above.

Should there be more direction in the proposed NPS on how to assess the commercial feasibility of plan-enabled development capacity?

Only if it is considered practical and cost effective.

Are the margins of development capacity over and above projected demand set at an appropriate level?

Probably yes, unless there is good evidence to the contrary. Assessment and monitoring should help determine whether this is the case

Should there be a different margin for brownfield and greenfield development capacity?

More consideration should be given to this important aspect as there are likely to be different thresholds and mix of factors that precipitate brownfield and greenfield development. Each urban area will have its own peculiar built form characteristics and district plan development controls. For example a brownfield area with a regular grid like road pattern lends itself more readily to redevelopment and intensification than a similar brownfield area with a non-regular curvilinear and cul-de-sac road and servicing pattern.

Would the proposed monitoring give a complete picture of how responsive the planning system is? What other things could you see value in monitoring?

Further consideration can be given to this aspect once a round of implementation has happened.

What challenges do you see in interpreting price signals?

There is little current evidence of Local authorities having the experience, capacity or flexibility of working nimbly with market indicators.

Would the proposed policies contribute to better coordination between land-use planning and infrastructure provision?

Yes they should, once there is a better alignment with the Long Term Plan cycle.

What else would assist with better coordination?

The Crown needs to commit to social infrastructure to support growth in key growth areas. *What are your views on setting minimum targets in the regional policy statement?*

The Waikato Regional Policy Statement is already fairly prescriptive regarding urban development in the Hamilton Urban Area. The only limitation on including these targets is the lack of flexibility under the RMA in making required future adjustments.

Are policies in the proposed NPS clear enough on how local authorities within medium and high growth urban areas should work together?

It might well be that there is a need for a case by case approach for the different urban areas.

Which of the suggested guidance information would be most useful for local authorities?

For our Council it would probably be regarding carrying out the assessments and in preparing the land capacity strategy.

Would it be good to involve practitioners in the development of the guidance material? For 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.

Yes that does seem a good idea.

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

By allowing for and supporting some flexibility and variation in the adoption of the PNPS by the different urban areas. In other words the overall strategy and policies are the same but methods and implementation varies according to the different needs and circumstances of the different urban areas.