

**Wellington Chamber of Commerce Submission  
to the Ministry for the Environment  
on its Proposed National Policy Statement  
on Urban Development Capacity  
July 2016**

**ABOUT THE CHAMBER**

The Wellington Chamber of Commerce (the Chamber) has been the voice of business in the Wellington region for 160 years since 1856 and advocates for policies that reflect the interest of Wellington's business community, in both the city and region, and the development of the Wellington economy as a whole.

The Chamber is accredited through the New Zealand Chamber of Commerce network and as part of our wider organisation is also one of the four regional organisations of BusinessNZ. Our organisation also delivers ExportNZ to Wellington and the Hawke's Bay.

**INTRODUCTION**

The Chamber welcomes the opportunity to submit on the Proposed National Policy Statement on Urban Development Capacity (NPS-UDC; NPS).

The purpose of this NPS stated by the Ministry for the Environment (MfE) and the Ministry of Business, Innovation and Employment (MBIE) is to ensure regional and district plans provide adequately for the development of business and housing. This is to enable urban areas to grow and change in response to the needs of their communities.

The NPS aims to provide direction to decision-makers under the Resource Management Act 1991 (RMA) on urban planning. It has a particular focus on ensuring that planning enables development through providing sufficient development capacity for housing and businesses.

According to the NPS, planning decisions must actively enable growth and development in urban areas, and accommodate that in such a way as to maximise wellbeing now and in the future. It requires local government plans to provide sufficient development capacity to meet long term demand.

**GENERAL COMMENTS**

As a key partner interested in planning for business investment in the future, the Chamber supports the intention behind the NPS-UDC. We particularly support the intention behind NPS Objectives A 1-3:

- To support effective and efficient urban areas that enable people and communities to provide for their social, economic and cultural wellbeing.
- To provide sufficient residential and business development capacity to enable urban areas to meet residential and business demand.
- To enable ongoing development and change in urban areas.

The Chamber supports moves to free up more land for development, and wants to ensure that the NPS is an enabling document, helping business to develop through the capacity provided.

The Chamber is concerned, however, that the proposed NPS-UDC would fail to achieve the objective of ensuring that land supply for housing and business keeps pace with growth.

We also see the NPS taking a one-size-fits-all approach, which fails to recognise the diversity of New Zealand's urban areas. Before contemplating restrictions on land use, it should be considered what the nature of the problem is and who the restrictions will impact. This looks very different depending on where the urban area in question is located. For instance, urban development in Wellington needs to take a different approach to urban development in Auckland or Queenstown. While an effort has been made to distinguish between medium and high growth urban areas, we do not see this as being enough to mitigate the concern of applying the same rules for urban development across the board.

The Chamber has two specific concerns.

### **CONCERN: TOO MUCH RESTRICTION**

The Chamber sees the proposed NPS-UDC itself as too restrictive. Furthermore, the fact that the NPS "provides direction to decision-makers *under the RMA* on urban planning" is concerning. Given that the RMA is already seen as too restraining, the outcome of using the RMA and the NPS-UDC together will be one of constraint, further frustrating those looking to develop land, whether residential or commercial.

If the intention behind the NPS-UDC is to provide land for development, then adding more red tape is not the way to go about actually motivating developers to develop the land provided.

Essentially, this NPS is bureaucratic, relying on local government to dictate the use of land rather than allowing the market operate. The market tends to dictate which land is used for development, and what purpose it is used for (commercial or residential). We see the NPS as focusing too much on planning, and not enough on allowing the markets to operate naturally.

Therefore, we advocate for development being allowed where business or owners choose to build, provided that the developers pay the associated economic and environmental costs. While some may be concerned about the environmental aspect of developing land, given that the market dictates which land is used for development, the costs of mitigating concerns on environmentally-sensitive land would deter such land being developed.

Additionally, the NPS would struggle to reflect changing market demands over time, because of the level of interference.

The NPS-UDC would simply interfere with the existing land development market, and counter what it is trying to achieve in providing land for development.

### **CONCERN: TOO MUCH BURDEN ON LOCAL GOVERNMENT**

The Chamber is also concerned that the NPS-UDC is essentially setting local authorities up to fail. Expecting local authorities to predict what the market may do in the long-term, and provide land accordingly, is unrealistic. Should a local authority not provide enough land, or prevent development in the short-term because of apprehension about providing enough land in the long-term, then the blame will be with them, despite the expectation under this NPS being idealistic.

The amount of additional requirements and reporting expected is unnecessary, and it is impractical to expect that local authorities have the ability to fulfil such requirements.

Furthermore, some of the policies under the NPS are too detailed (PB3) while others are too broad (PA1). This can only lead to confusion for the broad policies and frustration with the specific ones.

If it is expected that local authorities should provide land for development, then the NPS should make it easier for local authorities to manage how they provide this land. Being too broad does not result in coherent plans “across urban housing and labour markets.”

The onus for urban development capacity should not be placed on local authorities, as this will set them up to fail. The expectations under the NPS-UDC are unrealistic, and local authorities will generally struggle to fulfil such expectations.

### **CONCLUSION**

Overall, the Chamber sees a lack of net benefit when imposing the proposed NPS-UDC. While we support the intention behind the NPS, and generally support moves to free up land for development, the NPS itself is too restrictive, especially

considering it will be implemented under the RMA. There is also too much burden placed on local authorities for providing for long-term development.

The market should be able to operate as it does, with minimal interference, and the proposed NPS-UDC will impose more red tape. This will only deter more development, countering the aim of the NPS to allow land for development.