

15 July 2016

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

By email: npsurbandevelopment@mfe.govt.nz

Dear Sir/Madam

Re: Proposed National Policy Statement for Urban Development Capacity

Please find attached a submission from the Wellington City Council on the proposed National Policy Statement for Urban Development Capacity. The Council supports the proposed NPS. The submission seeks a number of changes to improve its workability.

The Council wishes to thank you for the opportunity to submit on the proposed NPS and for the constructive engagement with officials throughout the development process. The Council would welcome the opportunity to maintain involvement in the implementation of the NPS, particularly in the development of guidance documents.

Should you require any further information, please contact Mitch Lewandowski, Principal Advisor Planning on (04) 803 8113 or mitch.lewandowski@wcc.govt.nz.

Yours sincerely



Greg Orchard
ACTING CHIEF EXECUTIVE

1. Introduction

Thank you for the opportunity to make a submission on the proposed National Policy Statement on Urban Development Capacity (NPS), which was released by the Minister for the Environment on 2 June 2016. The Wellington City Council (the Council) welcomes the opportunity to contribute to the ongoing development of this document.

The Council submitted in January of this year in response to the initial consultation undertaken on the development of the proposed NPS. The submission sought that the NPS take a wider view of urban issues and ultimately the purpose of the NPS, rather than simply seeking to provide for development capacity. The Council notes that to an extent, some of these themes are evident in the proposed NPS and the Council acknowledges this aspect of the proposal.

2. Overall approach and structure of the NPS

Overall, the Council supports the proposed NPS in terms of its purpose, the structure of the document and the approach adopted towards outlining the objectives and policies within the four elements that the NPS is structured around. The Council has for at least a decade sought to ensure a sufficient forward supply of development capacity for Wellington, whilst maintaining a general commitment to urban containment. The NPS therefore reinforces an approach that the Council is already implementing in its own work for future growth planning. We welcome this reinforcement as it can only assist Council in what are often challenging planning discussions with our communities when the status quo is challenged.

The focus of this submission is therefore concentrated on the detailed provisions and overall operability of the NPS. At the broader level, the Council suggests that consideration be given to:

- Extending the long term demand assessment from 30 years to 50 years
- Requiring consideration of climate change matters in the identification of development capacity and urban development in general

It should also be recognised that the issue of housing supply is a complex matter that requires a range of interventions beyond changes to council processes. For instance, the Council is aware of concerns regarding the provision of infrastructure necessary to support growth. We take the opportunity here to stress again the value of development contributions as a mechanism to help fund new development.

The Council also supports the role of Urban Development Agencies (UDAs), and is in the process of establishing such an agency for Wellington. We see such an agency, with the right powers, as being able to unlock development potential, facilitate the provision of more affordable housing, and better plan for land use in some business areas. We continue to encourage Government to support such UDAs.

The Council is the second biggest provider of social housing in the city, and continues to invest in upgrading its social housing stock. The Council submits that the NPS should recognise the important role of both central and local government in the provision of social housing, and require that Housing Assessments prepared under the NPS specifically consider social housing provision. We remain very concerned that government policy treats Council housing differently to that of Housing New Zealand and that provided by third sector parties.

The Council notes that the potential for additional compliance costs falling on local government to meet the requirements of the NPS could be significant, at least in the short term. They are however difficult for the Council to estimate during the short time available to prepare this submission. To that end, the Council suggests that consideration be given to reducing the amount of information required to achieve compliance with the NPS, providing the maximum amount of guidance to councils (addressed further below) and exploring the potential to develop common data sources to aid councils in complying with the NPS. We particularly consider that quarterly reporting is excessive and that biannual or annual reporting would be more sensible and reduce costs.

In other words, the Council urges the Ministry to satisfy itself that the monitoring requirements imposed by the NPS will only impose a minimal amount of compliance costs on councils. The Council would be happy to work with the Ministry on this matter.

3. NPS provisions

This section addresses specific provisions of the NPS, either seeking change or clarification. There are a number of drafting matters that should be clarified to improve the readability and usability of the NPS.

National Significance Statement

The National Significance Statement establishes the fundamental purpose of the NPS. It should therefore be clear and concise in its drafting. The statement as presently drafted is overly verbose, and could be amended to provide a higher degree of clarity, and greater alignment with the drafting of other national policy statements. For instance, whilst the proposed policy statement relates to urban development capacity, urban development capacity is not mentioned in the significance statement.

The statement as proposed states:

This National Policy Statement is about the national significance of the contribution that urban areas make to the social, economic and cultural wellbeing of people and communities, and the need to enable urban development and change in order to provide for this.

The Council requests that the National Significance Statement be amended to the following, or similar, wording:

The matter of national significance to which this national policy statement applies is the need to ensure sufficient development capacity for urban areas and to recognise the importance of urban development and change in the urban environment.

Objective OA1

The Council submits that environmental wellbeing is added in addition to social, cultural and economic wellbeing in this objective given the environmental impacts of providing for urban development.

Policy PA1

The introduction to Policy PA1 – ‘By decision-makers’ – is something of an orphan statement without any context. The introduction is missing a ‘what’ statement such as “Objectives OA1 – OA3 shall be achieved by...” A similar issue arises for Policy PA2.

The Council seeks an amendment to present this policy in a clearer way.

Policy PA1 and PA3

The Council supports these provisions as a means of elevating the importance of urban development and urban form matters in the absence of any particular reference in Part 2 of the Act. The added emphasis placed on recognising the positive effects of urban development as well as adverse effects is supported.

The Council strongly supports the direction taken by the NPS to recognise the importance of different housing types, locations and price points rather than a sole focus on peripheral greenfield development capacity. Such an approach aligns with the Council's own strategy toward managing growth.

Wellington City has for over twenty years worked to deliver a more compact, walkable city that minimises transport pressure, infrastructure cost, and environmental impacts. By far the fastest growing residential area in the Wellington Region is Wellington's central city, and something in excess of 75% of new residential development over the last twenty years has been within the existing urban boundaries rather than greenfields. This approach has contributed enormously to the liveability and vibrancy of our city. We are therefore strongly supportive of the NPS focus on development capacity, and not merely on land availability.

We are also strongly supportive of the NPS focussing on capacity for both residential and business activity. The Council considers it critically important to allow a 'mixed use' approach to development, and to include providing for the service and employment needs of residents.

In this light, we also recommend that Government agencies also be required to demonstrate planning and capacity provision for 30 to 50 years for their services where space capacity is important. This appears particularly to be a necessity for the Ministry of Education. Again, there will be future problems where growth in housing, retail and employment are provided for but not the educational needs of a growing community.

Policy PB2

- (1) Policy PB2 specifies a range of matters that local authorities must have particular regard to when preparing Housing Assessments and Business Land Assessments. The last matter reads:

"Information on the market's response to planning obtained through monitoring under PB5"

The Council suggests that the statement would be clearer if worded as follows, or similar:

"Information on the market's response to planning interventions obtained through monitoring under PB5"

The same situation arises in Policy PB5.

- (2) The policy requires Councils to "have particular regard to demographic change, including population growth and household size projections, using the most recent Statistics New Zealand growth projections..."

The Council notes that it, along with other councils, supplement information from Statistics New Zealand with information from other providers. The Council seeks to ensure that such other information can be used to inform these assessments and that there isn't a requirement to exclusively use information from Statistics New Zealand.

The Council also notes that the classification of councils under the NPS as either a medium or high growth area is based on the collective urban area growth average. Clarification is sought that all councils within a particular urban area need not plan for the average growth rate, but rather for their own particular growth needs.

Policy PB5

Policy PB5 sets out the monitoring requirements for local authorities, setting out a range of indicators that a local authority must monitor. Whilst the Council is not opposed to these matters or the requirement to monitor per se, it notes that these matters could be the source of significant compliance costs for councils. Some or all councils could need to seek external assistance to meet these obligations, at least in the short term. Such advice could prove costly. This matter is discussed further below in terms of what assistance the Ministry could provide to councils through guidance to help in the implementation of the NPS.

Additionally, the Council queries whether a biannual or annual rather than quarterly monitoring requirement would be sufficient given compliance cost, resourcing issues and the lead time for development. This section of the NPS is also unclear given that it requires monitoring 'on a quarterly basis or as frequently as possible'. The Council suggests that this uncertainty could lead to sporadic and inconsistent monitoring occurring within an urban area.

The policy also requires monitoring of resource and building consents granted relative to population growth. The Council considers that such an indicator would serve little purpose given that resource and building consents can be granted for a range of activities/building types that may have no relationship with population growth or business growth. The Council requests that this aspect of the policy be changed to relate to new residential development, business development, or similar wording. Additionally either in the NPS or in guidance, it should be made clear at what stage in the consent process it should be measured at. For instance in the case of a building consent, should it be measured at the point of granting a consent or at the issuing of a Code Compliance Certificate?

Policy PD2

Policy PD2 specifies a range of options that a local authority must consider implementing where the evidence base suggests that development capacity is insufficient in the short, medium or long term.

The Council submits that the statement "consenting processes that are customer-focused and coordinated within the local authority" is superfluous and should be deleted. The Council understands that the statement seeks to reinforce some of the positive outcomes occurring out of the Auckland Housing Project Office. Wellington City Council has adopted a similar 'one-stop-shop' approach to consenting under the HASHA Act to ensure an integrated consenting approach, also in partnership with Greater Wellington Regional Council where relevant. If that is the case, then the bullet point could be better worded to achieve that aim. However there remains a concern that there is little need for such a statement within an NPS and that these matters could simply be addressed by way of guidance.

Moreover, the Council doubts the premise that customer focused consenting processes will somehow improve development capacity. Development capacity is achieved through plan settings and infrastructure provision, not consenting processes that simply implement the plans that have been agreed and developed with the community.

Policy PD3

As for Policy PD2, the Council does not agree with the premise that development capacity can somehow be created through customer focused consenting processes. This aspect of the policy should be deleted.

Policy PD5

The Council notes that there appears to be a duplication at the end of this policy in terms of the definition of 'sufficient' by re-stating the need to provide for an over-supply of capacity. It is understood it was not the intention of the policy to require this duplication.

4. Implementation

The Council considers that there would be significant benefit from guidance material being prepared to assist councils in implementing the NPS. The Council would welcome being involved in the development of any guidance material.

Guidance on monitoring

Guidance on the topic of monitoring should be a priority for the Ministry given that this requirement will need to be implemented in the short term, and to ensure consistency. The NPS outlines a range of indicators that Councils must monitor, but is not limited to those.

Guidance would be beneficial on:

- Price and affordability measures – clarity on what measures are to be utilised, for instance median or average prices
- Prices and affordability measures – access to information sources for sales and rents
- Consistent application of indicators across the country
- Guidance on other possible indicators not specified in the NPS

Whilst not particular to a guidance document, the Council submits that consideration should also be given to the creation of common data sources on key measures for councils to access, or a data portal providing access to a range of data that can be provided centrally.

Housing and Business Land Assessments

The Council suggests that guidance on this topic be focused on:

- Factors required to inform physical and commercial feasibility assessments
- Methods for assessing physical and commercial feasibility
- Methods for assessing demand across various demographics and price points

5. Summary

Thank you for the opportunity to make a submission on the proposed National Policy Statement for Urban Development Capacity. Overall, the Council considers there is merit in preparing the NPS, though notes that its likely impact will not be a cure-all for some of the development and price pressures being experienced. Rather, it provides a useful tool to ensure a consistent methodology for assessing development capacity across the country. It reinforces work that the Council is already undertaking in its future planning for urban growth.

Wellington City Council would welcome the opportunity to contribute to the ongoing development of the NPS, including any guidance material.

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