

Submission on the Proposed National Policy Statement on Urban Development Capacity

Whangarei District Council

This submission and comments are on the consultation document ME1241 released on June 2016.

Introduction

Whangarei District is a provincial city with a population of 54,000 urban people and about 30,000 rural population.

The urban population is divided into three areas, namely Whangarei City, Marsden Point/Ruakaka (faster growing area) and coastal settlements with a higher holiday population.

The growth rate over the past 10 years was about 1.97% which is much lower than the 4.5% growth rate predicted by Stats NZ. It is therefore doubtful if Whangarei's urban population will reach the 5% threshold of the Medium-Growth Urban Area.

However the submission will address the proposed National Policy Statement (NPS) as a whole.

Spatial planning

Whangarei District Council has adopted the 'Whangarei District Growth Strategy: Sustainable Futures 30/50' which is based on the 'Whangarei District Population Growth Model' and sustainable land-use principles. The Growth Strategy: Sustainable Futures 30/50 identifies the growth nodes

Whangarei District Council also has adopted various development strategies of which the following will assist us in managing growth capacity and therefore relate to the outcomes sought by the proposed NPS on Urban Development Capacity:

- Coastal Growth Management Strategy
- Urban Growth Strategy
- Rural Development Strategy

Chapter 6 of the Whangarei Operative District Plan contains the policies for the growth model. These policies set out a model that focuses on Centres and Linear Corridors. Key to these policies are:

- Compact City/CBD
- Infill
- Transitional development
- Contiguous development, and added a policy of
- Choice

These Strategies inform the rolling review of the District Plan and also the service provision as set out in the Asset Management Plans and the Long Term Plan.

Supply of urban land

Whangarei District Council is not a developer of residential properties, although it holds several strategic properties that are either used or released for development.

As part of the policy to 'adopt' a private plan change by taking it over to stimulate growth, the Whangarei District Council does undertake the rezoning of land for development. This policy contains a threshold of 60% uptake of zoned land where after Council will be proactive in zoning further land for development.

This policy approach also signals to the Council's Infrastructure providers to commence with service planning for the rezoned land.

Whangarei District Council is therefore of the opinion that it already undertakes the Policies PA1, PA2 and PA3 of the Proposed Policy Statement on Urban Development Capacity.

Further comments and submissions follow from here.

Identification of the issue

It is unclear what issue the Proposed National Policy Statement on Urban Development Capacity (NPS) is trying to address. Is it the affordability of housing for low to moderate income households or the rapid rise in house prices in a growing number of areas? The National Significance Statement (Section 4, Page 10), which should clearly articulate the purpose for the NPS, does not address either of these issues.

Instead the National Significance Statement refers to the need to enable urban development in order to deliver wellbeing to the community. It is suggested that this exactly what local government already does.

Without a clear issue to address, the addition of a significant suite of policies and process requirements may exacerbate the supply of land for development by adding further layer of decision making into the land release process.

The approach of this NPS appears to be based on the notion that the amount of housing capacity is constrained due to inaction by local authorities and that this is the primary reason for a shortage of housing being built. It is suggested that this is a simplistic view that leads to an unnecessarily burdensome NPS:

- Generally there is not a capacity issue. Hamilton has 10 years worth of residential land; Tauranga City has over 10 years supply. Auckland's Unitary Plan, which has come under significant criticism, enables a capacity to meet demand to 2042.
- Whangarei has sufficient capacity for housing and business land and the Council has been responsive to changing demand through recent plan changes. Furthermore, the Growth Strategy clearly articulates projected growth and how that growth is managed. This establishes a clear picture of the future vision for the district for the community as well as developers.
- Issues around housing provision and production are not addressed. This includes building practices/supply chains/financial systems etc which arguably local government have little influence over. But it also covers issues where it can influence such as the funding of infrastructure, incentives to build rather than land bank. The NPS is silent on these issues.
- The alleged link between house prices (housing affordability) and land supply has not been established in the Whangarei District. Rather, analysis in Whangarei shows that house prices have appreciated independent of land supply. Over the period 2001 and 2007 houses in Whangarei District roughly doubled and over the past year have risen around 25%. Between these two periods (2007-2014) house prices stayed relatively constant. During the whole of this period (2001 – 2016) there have been no constraints on land supply. In fact, over most of this period there was a surplus of lots available for residential development and significant land zoned residential. The appreciation in house prices has occurred during periods of easy credit, low interest rates, and speculative activity in the land and housing markets. These are the factors influential in house prices/housing affordability in the Whangarei District. Land supply constraints are not one of them.

However if the underlying theme of the policy statement is that greater collaboration is required between planning decisions and the provision of infrastructure to achieve the outcomes sought, then this matter is supported. This is reflected in the preamble where it is stated that the NPS seeks to provide direction to decision makers under the RMA on urban planning through a focus on ensuring that planning 'enables' development through providing sufficient development capacity for housing and business.

Under Section 10 of the LGA local authorities operate under a mandate to deliver core services in a cost effective manner that meets the current and future needs of our community for good-quality local infrastructure and local public services. Under this legislation local authorities are required to provide infrastructure and services which are 'good quality' being efficient, effective and appropriate to present and anticipated future circumstances.

It is strongly supported that any policy direction that seeks to ensure that planning and policy decisions to release land for development are made in the context of a thorough consideration of the matters required to ensure such land is serviced with infrastructure and services through:

- Evidenced based decision making; taking into account *accurate* population growth data which demonstrates the need for the infrastructure to be provided to meet the needs of the community.
- Consideration of timing, by ensuring the release of land is coordinated with the timing at which infrastructure is delivered.
- Consideration of funding requirements, by ensuring that the funding required to deliver the infrastructure is funded and available under the LTP and Annual Plan Cycles.
- Consideration of whether the proposed infrastructure will be appropriate to meet the levels of service anticipated by the community.
- Consideration as to whether the provision of infrastructure will be good quality, efficient and effective throughout its use.

The actions and decisions listed above are made under the planning frameworks delivered under both the Local Government Act and the Resource Management Act, in addition to the Land Transport Act. However, concerns are raised that as the NPS does not effectively align itself with, nor direct further actions to ensure alignment with other planning legislation, the NPS effectively exists in a policy vacuum. The greatest potential to achieve the outcomes promoted under the NPS would be achieved by policy actions which seek to align the processes surrounding the supply and release of land under the RMA and the delivery of infrastructure under the LGA. In particular, measures to align the coordination and timing of decisions (including consultation and funding) under both frameworks are critical. Unfortunately, the NPS does not direct such outcomes as its scope is wholly confined to the RMA, a piece of legislation which is not intended to be a strategic planning document. Moreover, the ability to deliver responsive planning outcomes is hampered by the lengthy plan change and appeal processes under the RMA.

It is not sufficiently clear as to what the NPS seeks to address. The title of the NPS for 'Urban Development Capacity' suggests that there is a capacity issue or shortage of supply for business and residential land. It is considered that the title of the NPS may be disingenuous, as there is no evidence to suggest that there is in fact a 'capacity' issue. It is suggested that rather than 'Development Capacity' being the issue, it is effectively the *collaboration* required to *enable* decisions related to the timely provision of development capacity that is the issue. An NPS on 'Planning and Delivery of Infrastructure' is considered to be the correct tool. The preamble also states that the NPS seeks to reduce regulatory barriers to supply of housing and reduce the costs of housing relative to income, but fails to identify how new infrastructure is to be funded by local authorities without having an impact on development contributions and rates, both of which determine housing affordability.

Recommendation: It is recommended that objectives and policies to support the integration of decision making frameworks made under the RMA, Local Government Act, and Land Transport Act planning frameworks is directed under the NPS.

A spatial approach to growth rather than a numbers game

The NPS appears to avoid two critical issues relating Urban Development Capacity:

1. Where development should go and what form it should take:

- Although the definition of 'Demand' (Section 3, page 8) acknowledges housing types and locations, there is no direction within the NPS on where growth should occur. Instead the focus is purely on the quantum of houses and business land. Therefore the NPS is silent on a key factor for the efficiency of urban growth and provides no framework for local authorities to push for urban development in certain areas.
- There is no discussion about methods to focus demand from market attractive areas with constraints to less market attractive areas with capacity. This is a particular issue where sensitive coastal environments are subject to significant growth pressures due to their market attractiveness.
- There is nothing in the document that promotes urban redevelopment over greenfield sprawl. Redevelopment is a key tool to enable increased capacity at lower cost than new greenfield development.
- Similarly, the form of that development is crucial in understanding capacity, yet there is no direction within the NPS on this. Specifically the density of new development has a significant impact on capacity and whether more land will need to be made available for growth.
- Good urban design is not addressed. This leads to an assumption that urban design outcomes are considered a constraint, when in fact they should be seen as fundamental to the success of urban development.

2. When and what infrastructure is provided and how is it funded:

- Infrastructure within the NPS is limited to water supply/wastewater/storm water/transport and public transport. It is understood that the reason for this is that local authorities have control over this infrastructure. However, the central government plays a significant role in the management and provision of state highways and the rail network. Therefore the NPS needs to ensure the policies apply to government agencies such as NZTA and Kiwi Rail.
- Infrastructure relating to public open space, community facilities and social housing is imperative to successful growth and community wellbeing and therefore should be included in this NPS.
- Although administered under the LGA, development contributions and rates are an important tool in funding infrastructure and therefore enabling growth. The NPS should acknowledge this regardless of the statutory framework. A number of local authorities have development contribution policies that are favourable to 'Brownfield' redevelopment proven to be a successful tool in incentivizing this type of development.

To address these issues, the NPS could require the development of spatial plans, which both identify demand and capacity, but importantly locate where growth should go and what that growth should look like. This process could be driven by parameters set out in the NPS.

Not only would this have the benefit of looking at issues around growth holistically, it would also be a much more effective tool to communicate with local communities, stakeholders and developers

Indicators for growth

The focus of the NPS is housing and business land, yet the main indicators to drive the application of the policies are projected population growth. This presents a number of issues:

- How well is population growth linked to the demand in housing and business land? The NPS would be more effective if it used along with population, housing and business supply data to determine if an area is subject to “high” or “medium” growth.
- How robust are the projected population growth figures? Generally they are not sufficient to take into account spikes in immigration or migration. These ‘extreme’ events can put significant pressure on housing in the short to medium term. The recent dramatic increase in migrants moving to Auckland was not predicted by past projected population growth figures from Stats NZ.
- Many local authorities will have more detailed and accurate projections of growth. These data sources can be integrated into the NPS.
- The Whangarei District Council updates their Population and Business Projection Model regularly as this becomes the input to the Development Contribution Model with every review of the LTP. The annual consents monitoring report measures the additional allotments created with the number of building consents against the population growth (numbers and distribution) which gives a good indication of growth and location for service providers. This is also undertaken for all forms of business development.

What about Part 2 of the RMA?

The NPS has a strong focus on the provision of land for growth. How does this relate to the outcomes sought by Part 2 of the RMA? Put simply, if local governments are required to provide more land for housing and business then there will likely need to be a compromise on other environmental outcomes. The NPS should better outline this relationship, rather than leaving it to local government to struggle with.

Spatial planning as a critical mechanism to guide infrastructure investment across boundaries

As recognised under the NPS consultation document, urban areas do not necessarily align with local authority boundaries. In order to ensure the decision making frameworks associated with growth planning and the delivery of infrastructure transcend the boundaries of the ‘urban area’ and the territorial authority boundary; spatial planning will be an important mechanism to identify and guide the location of infrastructure to support existing and proposed development in appropriate locations, whilst recognising and protecting areas in which development may be inappropriate (for example, outstanding features and landscapes or areas subject to hazard risk).

Spatial planning is a critical mechanism to support the outcomes promoted under the NPS. This tool would serve as a conduit to connect local authority planning decisions with other infrastructure providers, the regional authority and central government. It would also serve to inform the private sector of strategic planning and investment decisions and provide greater certainty on the development outcome sought and timing and funding considerations. A spatial plan would identify a cohesive picture of the infrastructure networks required to support projected growth, and assist to strategise the funding and delivery of projects under the Local Government Act.

The RMA has become a regulatory instrument without the forward planning ability. Various growth strategies (Urban, Rural and Coastal) have been developed in Whangarei culminating in the overall Growth Strategy: Sustainable Futures 30/50, with its implementation plan. However in dealing with RMA applications, these spatial plans are merely recognized as additional information and only serve

the purpose of a section 32 analysis. Spatial planning should be included in the methods to achieve Part 2 of the RMA.

Recommendation: The NPS should direct further statutory changes necessary to provide spatial planning with greater statutory weight. If undertaken successfully, spatial planning would serve to integrate economic, social, cultural and environmental well-beings by setting a cohesive and coordinated strategic direction that will optimise the efficient use of infrastructure and services and provide a framework for efficient and effective infrastructure planning to meet the long term needs of the community.

The wrong tool for the job?

If the intention of the government is to provide greater direction and certainty in the management of growth, then it could be argued that an NPS is the wrong tool to use. Although the NPS contains objectives and policies for nationally significant issues, they can often lack specificity and detailed direction, resulting in continued, and at times, lengthy debate at a local authority level.

Perhaps a more meaningful approach would be to identify the key actions or requirements expected of local authorities and articulate these through a National Environmental Standard. Such an approach would deliver certainty for all parties and avoid the fractious discussions at a local body level which often delay the implementation of development projects.

Specifically a NES could specify explicitly how and when demand and capacity should be assessed. It could also set out requirements around where and when development should occur. It could address inefficient use of land, through minimum density requirements.

Resourcing of NPS

The NPS places great emphasis on the role of data to guide decision making. It will be necessary to ensure that any data applied under the NPS is gathered, obtained and applied in a consistent manner between local authorities and direction and support from a national level is required on this matter. Resourcing to ensure the necessary data is freely available to local authorities from the various agencies who gather and collate this data will be essential. It is not clear as to how central government will assist local authorities to administer the NPS and greater clarity on the level of support to be provided is required.

Recommendation: That clarification on monitoring and information gathering requirements should be clarified, including the level of support to be provided from central government.

Specific comments

This section has more specific points about the NPS and should be read in conjunction with the above comments.

Preamble (Page 6)

There are some good comments within the preamble of the NPS (see examples below). It is the understanding that the preamble does not hold any weight. Therefore it would be desirable to have these statements translated into policy in section 6:

“It is important that planning provides good accessibility between housing and business and social infrastructure necessary for a successful city”

“Better integration and coordination between land use and infrastructure planning”

Matters regarding service delivery mentioned under General Comments on the Issue are also important.

Interpretation (page 8)

- **Business land.** This should recognise “office” uses rather than in addition to business
- **Demand.** Points a) through d) seem logical. However the statement that “people will trade off (b), (c) and (d)” is unclear and ambiguous unless this refers to choice.
- **Development capacity.** Development capacity should also explicitly refer to constraints that limit capacity.

The definition refers to ‘the provision of adequate infrastructure, existing or likely to exist, to support the development of the land’. It is not clear what ‘likely to exist’ means and further clarification on this is required, including the timeframe suggested by ‘likely’. Does ‘likely to exist’ mean that a thorough assessment has been carried out to demonstrate it is efficient and effective to service the land, and that the required works have been identified, forecast, programmed and funded under the Long Term/ Annual Plan processes?

Recommendation: That the NPS provides greater clarity with respect to the definition of ‘development capacity’.

- **Feasible.** Although it is good that this is identified, the definition is ambiguous. For example it does not recognise feasibility based on future changes in land value etc.

‘Feasible’ is defined within the NPS as the ‘commercial viability of development taking into account the current likely costs, revenue and yield of developing’. The definition suggests ‘feasibility’ only applies to the potential costs/ benefits incurred by the developer, however any feasibility assessment should also extend to the infrastructure provider who bears the costs of installing infrastructure required to support the identified growth, with implementation costs also to be recovered through development contributions and ongoing costs through rates.

Before confirming whether or not it is in fact possible to service development land, infrastructure providers must evaluate whether the provision of such infrastructure will be consistent with the requirements of Section 10 of the Local Government Act. This requires any infrastructure to be good quality, effective, efficient and cost effective. An evaluation of whether it is ‘feasible’ to service a development with necessary infrastructure therefore takes into account a number of matters, including:

- Whether there are any constraints (e.g. topographical, hazard or distance barriers) to expanding the infrastructure network to service the development.
- The type of infrastructure required, and the ability of Council to provide infrastructure that meets the level of service required by the community.
- Whether it is cost effective to expand the network; taking into account both capital and operational expenditure.
- The timing of works, and whether such works are forecast, programmed and funded under the LTP/ Annual Plan cycle.
- Whether appropriate funding exists under mechanisms available to Local Government including Development Contributions, rates, targeted rates, financial contributions, public-private partnerships.
- There is an increasing need to consider the risks of climate change on infrastructure networks. For example, where land is identified as being at risk of coastal inundation or erosion in the future, the future resilience of any infrastructure network may be at risk. This requires a detailed evaluation of risks to be made in order to identify whether expanding an infrastructure network to an area that may be subject to future inundation will satisfy the requirements of Section 10 of the LGA.

A thorough evaluation of infrastructure and servicing requirements may highlight that it may not be cost effective or 'feasible' to the rating community to fund and maintain a vastly extended infrastructure network, or to service a particular location due to other constraints such as hazards.

An asset management feasibility assessment may demonstrate that what is feasible in the 10 year cycle may not be feasible in the 30 year cycle, particularly taking into account demographics suggesting population decline associated with an aging population. The costs of implementing a rolling over supply of infrastructure will have a significant impact on both development contributions (in the short term) and rates, and the impacts to housing affordability and on low income communities need to be identified.

Recommendation: The assessment of 'feasibility' should extend to whether it is *effective* and *efficient* to provide the necessary infrastructure required to support the development of the land based on a 'whole of life' cost benefit assessment to the community. It is recommended that the definition of 'feasible' facilitates infrastructure providers to undertake an appropriate evaluation as to whether delivering new infrastructure satisfies the requirements of Section 10 of the Local Government Act, taking into account the whole of life cost to the community.

- **Infrastructure.** See comments above. This should include public open space, community facilities such as schools and social housing.

The definition of infrastructure does not include all of the elements required to build a successful livable city which provides for the social, environmental, economic and cultural wellbeing of its community. The importance of securing land for public services and facilities, parks, reserves and community amenities and facilities (including schools) is not recognised as such facilities are excluded from the NPS definition of infrastructure. This could have adverse outcomes if growth occurs with a lack of consideration to ensuring such facilities are provided in a way that meets the ongoing needs of the community. As the NPS seeks to provide an urban form that maximises the potential for social and economic exchange, it is considered that the scope of 'infrastructure' be extended, and mechanisms to provide such facilities are provided for.

Recommendation: The definition of infrastructure should extend to the social infrastructure which is essential to meet the ongoing social, cultural and environmental wellbeing needs of the community. It is essential that such infrastructure be weaved into the development fabric at an early stage to avoid poor planning outcomes which have a lasting adverse impact on the wellbeing of the community.

- It is noted that the definition of 'development capacity' means 'in relation to residential and business land, the capacity of land for urban development to meet demand', however the lack of definition around 'residential land' suggests that land may not need to be identified as urban or being suitable for urban development (i.e. within identified urban limits) in order for it to be identified as 'residential land'.
- Residential development in relation to density brown field, greenfield development and its relationship to business, infrastructure and transport should be included.

National significance (page 10)

See comments above. This statement is too vague and does not adequately define the issue that the NPS is trying to address.

Objectives (page 11)

- The objectives read more like policies than the outcomes to be achieved.

- Group A makes no reference to environmental outcomes. It generally states what local government already does.
- Group B arguably duplicates the intent of Sec 32 of the RMA.
- Group C should be separated into two objects, one relating to infrastructure and one relating to the decision making process.
- Group D no comments.

Policies (page 12)

Outcomes for decision-making

- Duplication of what local authorities already do.
- Ambiguous statements rather than policies to obtain the objectives.
- Lack of recognition of trade-offs, particularly Part 2 of the RMA.
- Urban Form

The NPS is silent on the role of 'urban form' as a means to achieving the most efficient use of urban land and infrastructure whilst maximizing the potential for social and economic exchange. It is noted that whilst there is a comprehensive definition of 'business land' there is no associated definition of 'residential land'. It is noted that the definition of 'development capacity' means 'in relation to residential and business land, the capacity of land for urban development to meet demand', however the lack of definition around 'residential land' suggests that land may not need to be identified as urban or being suitable for urban development (i.e. within identified urban limits) in order for it to be identified as 'residential land'. The NPS therefore assumes that the supply of 'residential land' is infinite.

The definition of 'urban area' as an area with 'urban characteristics and a moderate to high concentration of population' is very fluid, and suggests a reverse engineering approach to planning for growth may result. Indeed, the preamble states that 'planning should respond to demand', which suggests a reactive approach to meeting the market. Rather than a local authority strategically planning, identifying and releasing land for development, the NPS may encourage reactive planning by failing to ensure development is strategically provided for in appropriate locations. This may lead to the market dictating growth patterns in an ad hoc fashion, with the urban limits expanding in an uncontrolled fashion, and infrastructure providers placed in a reactive position to servicing these areas, even where it may not be efficient or effective to do so.

By way of example, in Whangarei, the majority of growth (much of which is urban in nature) is occurring outside of the identified urban area of Whangarei, however this growth is not recognized under the NPS as it is located beyond our identified 'urban area'. Concerns are raised that the NPS does not adequately recognise the issues surrounding the timely and strategic provision of new infrastructure, particularly where growth settlements are distanced from the urban area, and the timing at which the NPS is triggered may place local authorities in a reactive position to the growth patterns which have previously occurred and playing catch up to meet the requirements of the NPS (such growth may have occurred on an ad hoc basis with low consideration to the infrastructure requirements of a growing population). It is well established that providing for infrastructure networks when land has already been fragmented, developed and is subject to multiple landowners presents a significant barrier to rolling out a cohesive, effective and efficient infrastructure network.

The NPS does not provide appropriate direction or guidance to promote the intensification of land within the urban limits which represents a far more effective and efficient use of existing infrastructure. It is well recognized that uncoordinated and ad hoc growth patterns where urban form is dispersed or sprawling results in a larger stock of infrastructure, which in turn represents

higher operation, maintenance and renewal costs in the future. These costs are ultimately absorbed by the rating community, which has a flow on effect to housing affordability.

Opportunities to provide for intensification through brown field development within the urban limits as opposed to dispersed or sprawling development should be favoured in order to maximise infrastructure cost savings and to ensure that infrastructure is efficient and effective and maintains the level of service desired by the community. This is consistent with the purpose of local government prescribed under Section 10 of the Local Government Act which provides a mandate to ensure infrastructure is good quality by ensuring it is efficient and efficient, and cost effective, whilst being appropriate to present and anticipated future circumstances.

Recommendation: It is considered that the NPS should give greater consideration to the role of urban form in achieving the outcomes promoted. Concerns are raised that the NPS does not recognise that land supply is a finite resource, and providing for growth must be undertaken in a manner which is consistent with sustainable management. A critical planning mechanism which is absent from the NPS is spatial planning, which is discussed below.

Recommendation: The NPS should direct further statutory changes necessary to provide spatial planning with greater statutory weight. If undertaken successfully, spatial planning would serve to integrate economic, social, cultural and environmental well-beings by setting a cohesive and coordinated strategic direction that will optimise the efficient use of infrastructure and services and provide a framework for efficient and effective infrastructure planning to meet the long term needs of the community.

Evidence and monitoring to support decision-making

In principle, there is agreement with a consistent method for assessing demand. However the NPS needs to provide much more direction on what the Housing and Business Land Assessments should include the methodology for drafting the assessments and a template for the assessment or risk major differences between local authority methods.

The government needs to ensure that the information required by this policy is readily available at zero cost to the rate payer.

Greater direction is needed on how sufficient development capacity is assessed. More specificity is needed to ensure a consistent application of this policy and a reduced risk of future litigation at a local authority level.

It is unclear whether the implementation of these policies is the responsibility of the territorial or regional council or a combination of the two. This needs to be clarified.

Co-ordinated evidence and decision making

These policies are helpful, but there appears to be duplication.

Responsive Planning

- The policies need to acknowledge other considerations under the RMA, in particular Part 2 as well as other trade offs.
- Acknowledgement should be given to non-RMA tools that are available to meet demand. These include LTPs, Annual Plans and Asset Management Plans, Regional and Local Transport Strategies/Plans. These should also relate to Spatial Plans if it is not the intention to make these Spatial Plans part of the RMA compendium of plans.
- Comments around 'customer-focused' consenting need further clarification. Upon reading this policy you would assume that current practices are not customer-focused, this is not the case.

- Much of these policies relate to housing rather than business land. In particular policies PD4, PD5, PD6. Therefore there is very little policy direction in relation to 'responsive planning' for business land.
- Potential Adverse Effects of Oversupply

Whangarei District Council is not a development agent and relies on the developers to take initiative. The costs to local authorities of administering the NES must be understood. Under PD1, the NPS places a requirement for local authorities to implement a rolling oversupply of infrastructure by ensuring that local authorities provide further development capacity where monitoring indicates capacity 'is not sufficient in any of the short, medium or long terms'. The costs of funding and maintaining infrastructure networks will ultimately be borne by both the development and rating community, and therefore it is important to ensure the true costs of funding such works are identified, timed and funded appropriately. It is fair and equitable that the growth community who benefits financially from development absorbs a proportionate cost of the provision of infrastructure rather than the rate paying community being required to absorb these costs, particularly where they may not be the community of benefit.

The requirement for a local authority to provide for additional oversupply to meet long term capacity needs, even where the network is adequate to meet the needs of the short or medium terms, may lead to the current rating community being required to fund the cost of infrastructure which they receive no benefit from and is not required to meet current levels of service. This will have potential adverse effects on housing affordability and place local authorities in a conflict between meeting the requirements of Section 10 of the LGA to provide good quality infrastructure that is the most cost effective to households and businesses.

Recommendation: The costs and benefits of the NPS needs to be fully considered, particularly to low growth councils with smaller rating bases, and an aging population likely to decline in the future. The NPS fails to acknowledge that local authorities will have to rely on development contributions to fund the required infrastructure, and this will have flow on effects to housing affordability.

- Role of Central- Regional and Local Decision Making

Planning decisions which determine urban form and the provision of infrastructure are currently occurring at the central, regional and local level, often in a disintegrated and ad hoc basis. Investment in transport infrastructure, which has a huge role in determining urban form, is driven from central government whilst decisions affecting land use are driven from a local and regional level. As the NPS does not address the current disintegration between central, regional, and local planning frameworks, it fails to address the associated impacts to development capacity.

Recommendation: To enable strategic planning decisions affecting development capacity to be made, a planning framework is required to effectively integrate the planning functions at the central, regional and local level. The NPS should direct such opportunities in order to ensure the coordinated alignment of strategic planning decisions that determine land use and the provision of infrastructure.