

**DRAFT 2****Submission by  
Hamilton City Council****Proposed National Policy Statement on Urban Development Capacity****30 June 2016**

---

**1.0 INTRODUCTION**

- 1.1 Hamilton City Council (HCC) generally supports the Proposed National Policy Statement (NPS) on Urban Development Capacity. The policy recognises the importance of cities and metropolitan areas to the national economy and the draft NPS has the potential to provide clarity and direction for local government on how urban development capacity can be delivered in New Zealand.
- 1.2 Whilst HCC generally supports the draft NPS, there are some issues of concern as outlined below. This submission also directly responds to some of the questions posed by the consultation document forwarded to stakeholders by the Ministry for the Environment (MFE) in June 2016.

**2.0 SPECIFIC POINTS****2.1 General**

- 2.1.1 Good urban planning is not limited to addressing only housing and business land supply. Planning for housing and business needs to be an integrated process addressing all elements that make a successful, liveable city. This includes the location of employment, social and public services and facilities, transport networks, and other infrastructure such as parks and reserves, community amenities and facilities, along with good urban design. Consideration should be given to ensure housing and business assessments take these matters into consideration.
- 2.1.2 The draft NPS does not address the issues of land banking in land and development markets. Councils can make zoning decisions, can fund infrastructure and issue resource consents for development and subdivision, but cannot compel developers to bring land to market. This is a significant issue in ensuring adequate supply can meet market demand in a timely and efficient manner, and mechanisms to incentivise developers to bring land to market should be considered as part of the development of the draft NPS. Councils have no guarantee that these areas would be developed as developers could potentially land bank.

**2.2 Infrastructure**

- 2.2.1 Hamilton has a flexible land use planning framework and sufficient land resources that are zoned with infrastructure either in place or is identified for funding over the next ten years. However,

future growth is dependent on adequate infrastructure financing and delivery. The draft NPS does not address the issue of infrastructure financing or delivery.

2.2.2 While HCC can identify and zone more land to provide additional supply, it may be constrained from taking on additional debt by the debt servicing benchmarks established in the Local Government (Financial Reporting and Prudence) Regulations 2014 issued under the Local Government Act. These regulations require high-growth councils to ensure that borrowing costs (interest payments on debt) do not exceed 15% of revenue (excluding Development Contributions and gains on financial instruments or assets).

2.2.3 Policy PB3 in the draft NPS requires that in carrying out housing and business land assessments there must be regard to the actual and likely availability of infrastructure. It would be helpful for the final NPS to define what constitutes likely infrastructure, and HCC suggests this should refer to infrastructure identified in either a Long Term Plan or Infrastructure Strategy. Providing for large scale infrastructure, principally roads, water networks, parks, libraries and other community facilities is what creates sustainable communities.

### **2.3 Hamilton Zone**

2.3.1 Hamilton is included as part of a wider Hamilton Zone that is identified as a High Growth Area in the draft NPS. The Hamilton Zone covers an area almost eight times the size of the current HCC territorial authority boundary. HCC supports the inclusion of Hamilton within this broader area given that Hamilton is a major employment centre in the Waikato region and has an influence on housing and business land supply that extends beyond its territorial boundary.

2.3.2 It is important to note that the Hamilton Zone encompasses the Future Proof sub-region. This sub-region has been specifically identified within the Waikato Regional Policy Statement, which became operative on the 20 May 2016. Any future amendments to planning documents arising as a result of the draft NPS should not be inconsistent with settled sub-regional growth strategies and related provisions in Regional Policy Statements.

### **2.4 Assessments**

2.4.1 Assessments need a co-ordinated approach between central government and local government to manage future growth. Without better national guidance, other than using the Statistics NZ population figures, there is the likelihood of different approaches being developed across the country for Housing and Business Assessments. Accordingly, it is critical that detailed, clear technical guidance on how to prepare the residential and business land assessments to address the NPS are prepared and released at the same time the NPS becomes final.

2.4.2 HCC has very good understanding of demand and supply for both residential and business land and its data is current. To require a full assessment by the end of 2018 as outlined in the NPS, and any subsequent amendments to its planning framework or infrastructure financing will not align with the next Long Term Plan. Being a high growth area we also need to rely on the Waikato Regional Council to introduce targets within its Regional Policy Statement which we must give effect to. These would need to be completed by the end of 2017 to be effective. Transitional Provisions should be considered in the draft NPS to ensure that timeframes allowing effective implementation to occur.

### **2.5 Growth Rates**

2.5.1 The medium growth rates from Statistics NZ are used within the draft NPS to identify the High and Medium Growth Areas. It is not clear within the objectives and policies or the definitions that this medium rate is to be used moving forward, or can the low or high growth rates be used in lieu of the medium rate for undertaking assessments. Clarity on this matter would be helpful. Additionally, clear direction should be identified within the definitions of 'what constitutes sufficient', or 'demand' within the draft NPS.

2.5.2 An additional land capacity margin of at least 20% over and above projected short and medium term and an additional 15% above projected long-term demand is required to be provided for on top of the development capacity to meet residential and business demand. This is to take account of the likelihood that not all capacity can or will be developed. It is unclear from the NPS why these figures have been included and in some instances this additional capacity may result in an over allocation of supply and potential unnecessary costs being born by local government to fund development capacity that may not be required in the short to medium-term.

## **2.6 Indicators and Monitoring**

2.6.1 Policy PB5 requires Medium and High Growth Areas to monitor a range of indicators on a quarterly basis (or as frequently as possible). The manner in which the indicators are currently stated leaves room for a number of different ways to derive this evidence. Consequently, HCC encourages the Government to provide clear and comprehensive best practice methodologies for the specific monitoring indicators. This will assist with establishing a consistent and comparable approach across the country to the monitoring of these indicators.

2.6.2 The indicators set out under PB5 do not include indicators that measure the delivery of objective OA1, and PA1 and PA3 outcomes relating to liveability. For example, trip to work distance, availability of social infrastructure, employment opportunities locally, and other benchmarks.

2.6.3 The use of the Hamilton Zone boundaries as the geographical areas for monitoring the indicators in PB5 currently possesses some additional challenges. Firstly, the urban zone areas are not currently integrated into the Statistics NZ data tools; consequently deriving statistics for these urban zones will be more of a manual process. Furthermore, monitoring this suite of indicators across existing territorial boundaries will require closer collaboration between the affected authorities. Whilst this is achievable, differences in capacity, data availability and costs will need to be overcome. It is therefore recommended that Statistics NZ identify and include urban zones within their data tools so as to provide consistent and accurate data.

## **3.0 RESPONSE TO SPECIFIC QUESTIONS**

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

This is supported as there are different needs in different areas with varying growth rates.

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

Yes, better decision-making should be made with better understanding of the supply and demand needs of an area for housing and business, be it in a low, medium or high growth area.

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

Whilst positive impacts should be identified as part of any assessment under the Resource Management Act, the proposed policy PA3 will require that decision-makers must have particular regard to the positive effects of urban development at a national, regional and district scale.

### **3.4 What could the government do to help local authorities carry out the assessments?**

Ensure assessments are undertaken in a consistent manner through providing detailed guidelines on how business and residential land assessments, including how development feasibility is to be understood, over time.

### **3.5 Is three years an appropriate timeframe to update the assessments?**

Yes, this should align with the development of Long Term Plans and provision should be made to make this alignment so that infrastructure can be provided for if required for any short or medium term needs.

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

The commercial feasibility of development capacity is a complex matter to understand and determine and detailed guidance on how local government should assess and determine feasibility is critical. By analysing commercial feasibility at a point in time when assessments are carried out for a 30 year horizon may not result in effective integrated land use planning over the longer term. Development feasibility analysis can only indicate what may be feasible now, which may not be the case when planning for capacity over a 30 year period.

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

Whilst Hamilton has Future Proof, which assists with the co-ordination between land-use planning and infrastructure provision, the policies provided for will provide for better co-ordination for other authorities who do not have a co-ordinated approach. Better co-ordination should be provided for through other housing agencies and central government agencies.

3.8 **What are your views on setting minimum targets in the regional policy statement?**

This is supported and is a tool already in place through the Waikato Regional Policy Statement which HCC has given effect to within its own District Plan.

#### **4.0 FURTHER INFORMATION**

4.1 Should the NPS Project Team wish to discuss the points raised by HCC, or require additional information, please contact Luke O'Dwyer (Economic Growth and Planning Manager) on 07 838 6418, email [Luke.O'Dwyer@hcc.govt.nz](mailto:Luke.O'Dwyer@hcc.govt.nz) in the first instance.

Yours faithfully

**Richard Briggs**  
**CHIEF EXECUTIVE**