

Draft 5

**Submission by
Hamilton City Council**

**PROPOSED NATIONAL POLICY STATEMENT ON URBAN DEVELOPMENT
CAPACITY**

14 July 2016

1.0 EXECUTIVE SUMMARY

- a) Hamilton City Council supports the Proposed Policy Statement on Urban Development Capacity and makes the following general comments:
- It is essential that the draft NPS be supported by clear national guidance on its implementation.
 - National guidance that provides for standardised data , methodologies for undertaking the housing and business land assessments, and to understand and measure the costs of the economics impacts of all planning provisions, is required.
 - Central Government guidance and assistance should be provided to assist territorial authorities with monitoring obligations under the draft NPS.
 - The NPS should consider implementing policy initiatives that both compel and promote developers to release serviced and consented land to market.
 - Consider including in the NPS or in other local government initiatives the ability for enhanced betterment provisions.
 - Infrastructure funding is essential in increasing supply and Council supports the \$1 billion fund recently announced to provide for the infrastructure of new development.
 - Identify the Hamilton Urban Area as being solely within the jurisdiction of the Hamilton City territorial boundary area.

2.0 INTRODUCTION

- 2.1 Hamilton City Council (HCC) supports the Proposed National Policy Statement (NPS) on Urban Development Capacity. It reinforces the approach already taken by HCC when planning for growth. The structure of the NPS has a logical flow, with objectives and policies clearly grouped.
- 2.2 Whilst HCC generally supports the Proposed 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.

3.0 KEY ISSUES NOT ADDRESSED IN DRAFT NPS

3.1 General Issue 1 – Good urban planning outcomes are more than about simply zoning land

- **Why is it important?** Attractive, liveable communities need more than just homes. The value proposition of Hamilton is based not just on housing affordability and availability, but on the fact that new urban areas are comprehensively planned. New urban areas are planned in Hamilton with provision for supporting amenities such as schools, open space areas and community facilities.
- **Action** – Ensure the future housing assessments referred to in Policy PB1 take into account the need for social infrastructure and open space. This includes the location of employment, social and public services and facilities, transport networks, and other infrastructure such as parks and reserves, and community amenities and facilities.

3.2 General Issue 2 – Provide initiatives that promote and compel the release of serviced and consented land to the market

- **Why is it important?** - The draft NPS does not address the issues of providing a policy regime in development markets that ensures the investment by Councils in serviced and consented land is released by developers to the market. 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. The NPS could be amended as identified below.
- **Action** – Consider including in the NPS or in other local and central government initiatives to address housing supply policy tools to incentivise land zoned and serviced for urban development to be brought to market.

3.3 General Issue 3 – Betterment provisions

- **Why is it important?** The NPS provides for zoning only to address supply side issues. There is no recognition in the NPS about the role that zoning and Council funding decisions can make in terms of creating increases in value. Under the Local Government Act when Council acquires land for widening or forming public roads it can require the landowner to pay betterment to the remaining part of the land. No such provision exists for public infrastructure other than roads. Councils should have the ability to access betterment provisions so that some of this value uplift can be accessed to fund infrastructure necessary for new urban development.
- **Action** – Consider including in the NPS or in other local government initiatives the ability for broader betterment provisions.

4.0 KEY ISSUES SPECIFICALLY ADDRESSED IN THE NPS

4.1 The draft NPS does not address the issue of infrastructure financing or delivery

- **Why it is important?** Zoning land on its own will not deliver more housing or business land. Infrastructure funding is essential in increasing supply and Council supports the \$1 billion fund recently announced to provide for the infrastructure of new development.
- **Action** - Replace 'The actual and likely availability of infrastructure' in PB3 with 'The actual and likely infrastructure as identified in either the Long Term Plan or Infrastructure Strategy within the jurisdiction of the appropriate local authority where growth is provided for'.

Why? 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. The Hamilton Urban Area encompasses the greater Hamilton area for which there are a number of local authorities responsible for providing infrastructure. There is no firm direction that this infrastructure is provided for, nor how additional infrastructure required to service urban growth can be funded. Local Authorities 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.

4.2 Applicability of the NPS to HCC within a broader 'Hamilton Urban Area'

- **Why is it important?** The NPS does not identify HCC on its own as a high growth area. Rather, HCC is identified in the draft NPS as part of the Hamilton Urban Area encompassing a greater area which is predominantly rural in nature and which is also High Growth Area under the NPS. HCC accounts for only approximately 12% of this land area.
- **Action**- Identify the Hamilton Urban Area within Hamilton City's jurisdiction. If this is not acceptable to the government then the following matters are to be considered for the Hamilton Urban Area:
 - Rename the Hamilton Urban Area to the 'Greater Hamilton Area'.
 - That the setting of targets be developed by those who have accountability for the targets.
 - Set specified growth rates to be used for assessments. The medium growth rates from Statistics NZ are used 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. Clarity on this matter would be helpful and clear direction should be identified within the definitions of what constitutes 'sufficient', or 'demand'.
 - That government undertake the monitoring of price signals, affordability and other indicators as outlined in the NPS and provide the information to local authorities on a quarterly basis.
 - 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 so as to save potentially significant re-work that is current.

Notwithstanding the preference for HCC to be identified on its own as a high growth area, HCC acknowledges that there are areas in adjoining territorial authorities where urban development has occurred, or is likely to occur, and that these areas have a community of interest with Hamilton City. At some time these urban fringe areas may be

better suited to being part of Hamilton City's jurisdiction given this community of interest.

4.3 Business and housing assessments and subsequent monitoring reports mandated under the NPS need clear guidance from central government

- **Why is it important?** To make it clear that detailed technical guidance on how to prepare the residential and business land assessments are prepared and released at the same time the NPS becomes final.
- **Action** – Urgently publish national guidance on how to undertake the requisite assessment. Without better national guidance there is the likelihood of different approaches being developed across the country for Housing and Business Assessments, not only within Local Government but between central government agencies such as Housing and Education.

4.4 The timing to produce the first housing and business assessments and future land release and intensification strategy

- **Why is it important?** The timeframes by which to local authorities need to undertake the housing assessment and follow up planning responses are optimistic. The Waikato Regional Council must introduce targets within its Regional Policy Statement by the end of 2018. Under the RMA we must give effect to the Regional Policy Statement within a two year period. The NPS is also requiring that we also have our housing and business assessments completed by 2018 along with a future land release and intensification strategy. The planning framework or infrastructure financing will not align with the next Long Term Plan.
- **Action** – To consider the introduction of transitional provisions to allow effective implementation of the NPS.

5.0 RESPONSE TO SPECIFIC QUESTIONS

5.1 Implementation

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.

5.2 Enabling Growth and Development while managing the effects

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

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. It is however arguable as to whether or not Hamilton City will benefit from the change as it already provides residential and business land for the long term within its District Plan.

We also note that the NPS appears to duplicate the proposed RMA amendments, which seek to include housing affordability within Section 7, and amend sections 30 and 31 of the RMA to make it a function of regional councils and territorial authorities to ensure residential and business development capacity to meet the long term.

5.2.2 ***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 now through identifying the benefits of new proposal, 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.

5.3 **Meeting a range of demands**

5.3.1 ***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.

Provide the necessary data and provide this to local authorities to input into their assessments. This way consistent sources are used and cost efficiency can be achieved.

5.3.2 ***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.

5.4 **Understanding and enabling the market**

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

Other economic drivers not addressed by the NPS, which affect the availability and price of housing at a given point in time include, could be explored by Central government to assist local government ensure enough land is supplied for urban development. For example, this may include issues such as – the extent of the second home or investor market, the effect high building costs and the structure of the building industry, restrictive covenants which prevent intensification or require greater restrictions than what Council requires, speculation, low interest rates, and tax free gains on investment.

5.4.2 ***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 the medium and long term.

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

Yes, 20% works for Hamilton City for the short and medium term.

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

No.

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

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.

5.4.6 ***What challenges do you see in interpreting price signals?***

Clear methodologies need to be provided to ensure these are concise and consistent across the country.

5.5 **Implications for infrastructure**

5.5.1 ***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 with other housing agencies and central government agencies.

5.5.2 ***What else would assist with better co-ordination?***

No additional comments to make with respect to this point.

5.5 **Roles and relationships between Councils**

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

This is a useful technique and one familiar to HCC. Such a tool is already in place through the Waikato Regional Policy Statement which HCC has given effect to within its own District Plan. However, it seems an unnecessary duplication of effort to require both regional and territorial authorities to undertake assessments under the NPS.

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

Within the Hamilton Urban Area HCC would need to work with the Waikato Regional Council, Waipa District Council and Waikato District Council to determine housing and business land assessments, and any consequential monitoring and resultant planning interventions necessary to address supply side issues.

The Hamilton Urban Area encompasses part of the Future Proof sub-region. This sub-region has been specifically identified within the Waikato Regional Policy Statement identifying areas for future urban development, which became operative on the 20 May 2016, and collaborative planning processes are already in place, and have resulted in very recent changes to the planning frameworks in this part of New Zealand. The NPS does not consider the potential for conflicting assessments by regional and territorial authorities, and the timing required to reach agreement, potentially compromising 'responsive planning' objectives.

6.0 FURTHER INFORMATION

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 in the first instance.

Yours faithfully

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