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## **National Policy Statement on Urban Development**

Local Government New Zealand's submission to the Ministry for the Environment and the Ministry of Business, Innovation and Employment

4 February 2016

## We are. LGNZ.

LGNZ is the national organisation of local authorities in New Zealand and all 78 councils are members. We represent the national interests of councils and lead best practice in the local government sector. LGNZ provides advocacy and policy services, business support, advice and training to our members to assist them to build successful communities throughout New Zealand. Our purpose is to deliver our sector's Vision: "Local democracy powering community and national success."

This final submission was endorsed under delegated authority by Malcolm Alexander, Chief Executive, Local Government New Zealand.

We would like to continue to be involved in the development of this National Policy Statement.

## Introduction

The Ministry for the Environment and the Ministry of Business, Innovation and Employment are leading consultation on the development of a National Policy Statement on Urban Development (NPSUD).

Three specific questions have been asked:

- 1) Is your area experiencing high levels of population growth and challenges in planning for this growth?
- 2) How could a National Policy Statement and supporting guidance help to address these issues?
- 3) What could a National Policy Statement and supporting guidance contain?

## Comments

We welcome the proposed National Policy Statement on Urban Development (NPSUD). The framework of the Resource Management Act (RMA) as originally designed assumed that national policy statements, emphasising matters of national importance, and providing strategic direction, would have been developed to support decision makers to discharge their functions. The fact that this was not the case, some would argue, has been detrimental to the working of the legislation. In this vacuum, councils have relied on guidance which does not have the legal weight that national instruments (National Policy Statements and National Environmental Standards) provide. NPSs and NESs can provide clear direction and certainty that guidance does not.

The importance of cities to the national economy and their strategic role internationally has been recognised by the government. A National Policy Statement on Urban Development is an opportunity to provide direction on the wide range of issues and challenges around creating vibrant and vital urban centres.

We support an NPS that has a focus that is wider than development capacity. This is important in the context of how the NPS "nests" with RMA Part 2 matters and other national direction. An NPS on Urban Development can help councils better plan for growth/decline/urban issues in their plan making processes.

With respect to the proposed NPSUD, we urge the Government not to rush its development. National policy instruments are powerful tools and the litigation that has ensued around the New Zealand Coastal Policy Statement illustrates how very carefully they need to be crafted.

It is also important to consider how the NPS can support the new section 30 and 31 functions proposed for regional councils and territorial authorities in relation to development capacity and whether this NPS is also required to meet the Government's objectives around development capacity. The new functions, supported by tools on methodology to determine development capacity may be what is required.

To assist LGNZ prepare this submission, we convened a workshop with a sample of metropolitan and regional councils and the comments that follow are informed by that workshop.

## **Is your area experiencing high levels of population growth and challenges in planning for this growth?**

While a number of cities and districts are experiencing population growth (some of them high) creating planning and servicing challenges, a number of other areas are facing stagnation or experiencing population decline. It is important that a NPSUD is able to cater for the diverse needs of all our communities, whether challenges are growth related or not. If the scope of the NPSUD is confined to development capacity then the NPS should be targeted to capture only those local authorities where this is an issue, others should be excluded.

A quick review of the topics on the Quality Planning website illustrates the plethora of matters relating to the urban environment which have been identified as warranting guidance for decision-makers. Not all of these are related to growth but they do pose challenges for decision-makers.

Councils advised these are the challenges they typically face in planning for growth and in relation to urban areas more generally.

### *Working across sub-regions*

Housing markets and growth do not recognise regional and territorial boundaries. In particular urban systems often operate across two or more district boundaries (e.g. in Wellington, Christchurch, Tauranga, Auckland). Populations are increasingly mobile – living in one district and commuting to a neighbouring district. The NPS will need to reflect this and consider how the NPS will apply from one district and to its neighbours. Local government boundaries are arbitrary and an NPS should encourage/require a regional/sub-regional approach to addressing growth. A number of councils have adopted a subregional approach to planning for and managing this growth through growth management strategies and spatial plans; the subregions of Waikato, Bay of Plenty, Canterbury and Auckland are examples. Delivery/implementation is partly via plans developed under the Resource Management Act (RMA) but the strategies themselves are developed outside of the RMA

### *Development opportunities*

A key matter for decision-makers in growth areas is how to provide for growth and achieve the balance between greenfield opportunities and redevelopment (of brownfield sites and infill of existing sites). How this balance is achieved reflects:

- infrastructure capacity (transport, stormwater, wastewater);
- the preference of local communities;
- landscape character;
- natural hazards;
- historic heritage;
- cultural values and sites of significance;
- creating liveable communities with social infrastructure and employment opportunities;
- supporting vital town centres;
- land covenants;
- capacity in neighbouring districts;
- political pressure; and
- the value placed on high quality production land.

## **How could a National Policy Statement and supporting guidance help to address these issues?**

We believe a NPSUD has the potential to provide clarity and direction for local government in the way urban development can be managed in all parts of New Zealand. In particular we would like the NPS to support the range of plan making functions that councils are responsible for and not consider development capacity in isolation. The matters listed above reflect the matters that are part of the complex decisions made by local government.

The key points are:

- 1) Decision makers are required to make difficult choices about the growth and direction of their cities. National direction, through an NPS has the potential to support these decisions by explicitly requiring councils to give the NPS and particular policies effect;
- 2) A NPS for urban development could assist councils to better address urban issues, including growth management, by mandating that certain considerations are explicitly addressed in RMA plan making processes;
- 3) In terms of growth and development capacity, the NPS could add guidance and give greater weight to the value of growth. Local authorities can experience frustrations in “landing” arguments on the benefits of growth as they play out in plan reviews;
- 4) The NPS should recognise that funding growth related infrastructure is the most significant problem for cities experiencing high levels of growth; and
- 5) Growth is experienced across an urban system, usually comprising a number of districts.

LGNZ is of the view that the NPS should deal with development capacity but this should not become too powerful an issue in its own right; development capacity should be dealt with as part of the suite of urban issues and the NPS should assist councils to fulfil their other obligations under Part 2 of the Act as they relate to urban matters. Artificially segregating development capacity from other matters will hinder rather than help decision-makers.

If the focus is on development capacity, the NPS could contain a “schedule” (similar to the Housing Accords and Special Housing Areas Act) which identifies those regions and districts it applies to. This approach would be more responsive to the varied local government landscape than an NPS that is “one size fits all” and applies everywhere.

Development capacity should be provided while providing for good spatial outcomes and taking into account the opportunities to service lots, access to social infrastructure, transport links, access to social infrastructure and workplaces. Further, an NPS needs to support and be consistent with direction given by other national policy direction including the NPS for Freshwater Management. The NPSUD should support the NPS for Freshwater Management and careful thought is needed to make sure they are consistent, both in intent and practice. There may be significant challenges to confront here. For instance, where a regional plan process is working to develop limits under the NPSFM, or has developed rules relating to limits for water quality and water quantity the NPSUD needs to be clear about its interaction with these processes and regulations.

### **What could a National Policy Statement and supporting guidance contain?**

The greatest challenge facing many cities is adequate infrastructure financing and delivery. A National Policy Statement is a tool under the RMA but it will need to “speak to” the LGA. Of significance is that the NPS cannot require local governments to make investment decisions. This will be a difficult area for the NPS to navigate but effective integration with LGA planning and funding could realise significant improvements in the supply of shovel ready land.

The current Bill to reform the RMA contains a new function for regional and district councils – a requirement to ensure sufficient development capacity in relation to residential and business land to meet the expected long-term demands of the region and district respectively. National policy direction, supported by guidance, would support councils to fulfil this requirement. In terms of timeframe (and expected long-term demands), alignment with the 30 year infrastructure strategies is suggested.

Many councils have considerable expertise to inform reviews of their district plans. This NPS is an opportunity to provide national guidance on technical investigations to inform plan reviews.

For the purposes of the Bill and the proposed NPSUD “development capacity” should have a broader meaning than just greenfield land, specifically it should also encompass infill development. Further, the relative readiness of development capacity needs to be distinguished. As a result of our consultation we have identified three possible categories:

- Shovel ready – this is zoned, serviced land which is ready for development;
- Zoned – this is zoned land which requires servicing before it is ready to develop; and
- Horizon – this is longer-term land supply not yet zoned or serviced (eg identified in a growth management strategy).

Some of these issues relate to urban issues generally but the challenge of providing sufficient forward development capacity is not relevant to all councils. As we have noted above many districts are not facing growth issues while others are declining.

LGNZ encourages the Government to take this opportunity to deliver a NPS that provides national policy direction on our urban systems – whether they are growing or declining.

## Conclusion

LGNZ welcomes the proposed National Policy Statement on Urban Development and looks forward to working with the Government and officials on its detailed content. We are mindful that the NPS potentially addresses matters which are also being considered by the Productivity Commission, the National Infrastructure Unit and the proposed Local Government Risk Agency. It is important that these processes are aligned and that the approach taken to policy development by each is consistent. LGNZ is happy to contribute to any inter-agency initiatives designed to improve consistency and alignment.