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National Policy Statement on Urban Development Consultation  
Ministry for the Environment  
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## Proposed National Policy Statement on Urban Development

### 1. Recommendations

#### *Targeting cities that would benefit most*

- 1.1 Amend the National Policy Statement on Urban Development (NPS-UD) to be mandatory for all local authorities (in table 2 and table 3) to produce a Future Development Strategy (FDS).
- 1.2 The NPS-UD should encourage FDS to be developed at an urban level with contribution from each local authority within the urban area.
- 1.3 The Ministry of Housing and Urban Development, the Ministry for the Environment (MfE) and other relevant ministries should work closely with the property sector and other key stakeholders to more accurately predict growth projections.
- 1.4 A simple Gazette process is undertaken to incorporate additional local authorities into table 2 or 3 when appropriate.

#### *Future Development Strategy*

- 1.5 Make clear that policies relating to FDS are enabling provisions, rather than additional hurdles for local authorities to meet development capacity.
- 1.6 Align the development and review of FDS with Long-Term Plans and Infrastructure Strategies. This would see FDS be developed as part of a 10-year plan and reviewed every three years.
- 1.7 Local authorities should work closely together with the Ministry of Education, Ministry of Health and other relevant ministries when developing a FDS, to identify future areas for schools and hospitals. This would ensure coordinated infrastructure and development planning occurs.
- 1.8 Policy P1E be amended to require local authorities to consult with key stakeholders and industry representatives when developing or updating an FDS. This could occur through the Long-Term Plan consultation process.

#### *Describing quality urban environments*

- 1.9 Provide more information as to the intent of adding additional requirements when making decisions on consent applications. More information is also required as to what consent applications are included or excluded.

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*Amenity values in urban environments*

- 1.10 More direction should be provided to determine which amenity values local authorities should give weight to.
- 1.11 Amenity values need to be flexible across New Zealand.
- 1.12 Policy P3A be amended to include the words “to accommodate high levels of growth” when referring to amenity value changing overtime to better reflect the NPS-UD aim to enable growth.

*Enabling opportunities for development*

- 1.13 Create a mandatory policy for local authorities to work with the property sector when determining whether proposed development areas are ‘feasible and likely to be taken up.’
- 1.14 Amend policy P4B to require local authorities to outline options to resolve any failure to meet required development capacity.
- 1.15 Bottom lines need to be aspirational and provide a clear link to FDS planning.

*Providing for intensification*

- 1.16 Option 1: descriptive approach is favoured to be adopted.
- 1.17 Local authorities work with developers and the property sector to ensure areas where local authorities want to zone for higher-density housing (or do not want to up zone) are appropriate.

*Providing for further greenfield development*

- 1.18 We support the proposed draft policy. We note that infrastructure and transport choices may be difficult in some areas, but a more strategic long-term planning approach could help provide for future greenfield development.

*To what extent should developers be required to meet the costs of development*

- 1.19 Local authorities should work with the property sector and other key stakeholders when updating their development contribution policy.
- 1.20 Local authorities should investigate alternative funding and financing solutions to provide for additional infrastructure.

*Removing minimum car parking requirements*

- 1.21 A National Policy Standard for carparking may not be the most appropriate tool.

*More directive intervention to enable quality urban development*

- 1.22 More guidance on how this could apply practically is required. We are concerned that the proposal in practice will discourage innovation and urban design at a national level.

*Coordinated planning*

- 1.23 We strongly support a more coordinated planning approach and wish to see local authorities work closely with central government agencies, ministries, property sector, infrastructure sector and iwi/hapū.

*Timing*

- 1.24 We oppose the proposed timing and recommend that FDS are developed alongside Long-Term Plans and Infrastructure Strategy documents. This would see FDS being developed in 2021.

*Guidance and implementation support*

- 1.25 Many of the proposals will require further guidance from central government agencies, ministries and the property sector. We are more than willing to participate in discussions to provide guidance and support where possible.

**2. Introduction**

- 2.1 Property Council’s purpose is “Together, shape cities where communities thrive”. We believe in the creation and retention of well-designed, functional and sustainable built environments which contribute to New Zealand’s overall prosperity. We support legislation that provides a framework to enhance economic growth, development, liveability and growing communities.
- 2.2 The property sector is currently the largest industry in New Zealand with a direct contribution to GDP of \$29.8 billion or 13 per cent. The property sector is a foundation of New Zealand’s economy and caters for growth by developing, building and owning all types of property.
- 2.3 Property Council is the leading not-for-profit advocate for New Zealand’s largest industry - property. Connecting people from throughout the country and across all property disciplines is what makes our organisation unique. We connect over 10,000 property professionals, championing the interests of over 560 member companies who have a collective \$50 billion investment in New Zealand property. Our membership is broad and includes companies that undertake large-scale residential and commercial development projects, including large commercial buildings, industrial parks and retail precincts where people live, work, shop and play across New Zealand.

**3. Overview of National Policy Statement on Urban Development (NPS-UD)**

- 3.1 We support the NPS-UD’s aim to deliver quality urban environments and make room for growth. However, the NPS-UD does not go far enough in order to deliver this aim through the proposed policy. In particular, not mandating medium-to-high growth councils to produce a FDS will result in fragmented and disjointed planning. As a result, less planning for growth will occur and the cycle of having shortages in infrastructure and public transport will continue.
- 3.2 The NPS-UD is heavily focused with Auckland in mind. A National Policy Statement should be New Zealand wide and thus be appropriate for smaller local authorities. It is important to take on board the learnings from the Auckland Unitary Plan process and build on these while developing NPS objectives and policies.

- 3.3 The NPS-UD policies should take a New Zealand Inc. approach which mandates collaboration at all levels and promotes joined up spatial planning.

**4. Targeting cities that would benefit the most**

- 4.1 The National Policy Statement on Urban Development Capacity 2016 (NPS-UDC) requires medium to high growth councils (in table 3 of the NPS-UD) to prepare Housing and Business Development Capacity Assessments every three years. The proposal in the NPS-UD would only require major urban centres (listed in table 2 of the NPS-UD) to prepare a FDS and remove the requirement for table 3 local authorities to undergo this type of future development planning.
- 4.2 The proposal to exempt high or medium growth councils (as listed in table 3 of the NPS-UD) from preparing a FDS directly contradicts the purpose of the NPS-UD which aims to help local authorities plan for how their cities develop. We oppose the proposal to only require major urban centres to produce a FDS, and recommend the requirement to produce a FDS be extended to all local authorities that are high or medium growth urban areas.
- 4.3 New Zealand lacks coordinated, high-quality urban and spatial planning. If we want true integrated spatial planning, we need to create one FDS across each urban region as listed in tables 2 and 3 of the NPS-UD. The NPS as it stands is not clear on whether FDS are to be created at an individual local authority level or at an urban level. We would support FDS being developed at an urban level. This would create a more coordinated approach across local authorities.
- 4.4 Taking a more joined up approach, we question why the Wairarapa local authorities (Masterton District Council, Carterton District Council and South Wairarapa District Council) are not included in the lists of local authorities in the major urban centre of Wellington. We also question why Dunedin is in table 3 and not listed as a major urban centre in table 2. Anecdotally, our members are saying that Dunedin is having some of the fastest growing residential numbers across New Zealand.

*Concerned that relying on old statistical data to determine medium, high growth or major urban centres*

- 4.5 We question the threshold between major urban centres and urban areas (in table 2 and 3). We are concerned that the old definition of high-growth urban area and medium-growth urban area of a “resident population ...[that is] projected to grow by between 5% and 10% between 2013 to 2023” is being relied upon to create the two tables in the NPS-UD. More work is required in this space to more accurately predict growth projections and what constitutes an urban area to be listed in tables 2 or 3.
- 4.6 It is also unclear what the process would be should a local authority suddenly face significant growth worthy of being promoted into table 2 or 3. We suggest a simple Gazette process occurs to remedy this, as the local authorities can be simply added to the table and be required to undertake a FDS.

4.7 Recommendations:

- Amend the NPS-UD to be mandatory for all local authorities (in table 2 and table 3) to produce a FDS.
- The NPS-UD should encourage FDS to be developed at an urban level with contribution from each local authority within the urban area.
- MfE and other relevant ministries work closely with the property sector and other key stakeholders to more accurately predict growth projections.
- A simple Gazette process is undertaken to incorporate additional local authorities into table 2 or 3 when appropriate.

**5. Future Development Strategy (FDS)**

5.1 We support the proposed FDS which seeks to enable development and consider how other infrastructure will support development capacity in existing and future urban areas. We support a joined-up approach of not only identifying future corridor sites but also safeguarding these while planning on how to fund the necessary infrastructure.

5.2 Although we are generally supportive of the FDS under the NPS-UD. We are concerned that changes could result in additional hurdles that local authorities are required to achieve. We acknowledge that quality planning takes time and are concerned that if we continually move the goal posts local authorities will continue to be held down with planning regulation instead of implementing those plans. We recommend MfE assist local authorities where possible to elevate our concerns.

5.3 We are also concerned that there is no written obligation to ensure that local authorities policies align with the National Policy Statements. This may result in perverse outcomes at a local level. We recommend local authority policies are aligned with the National Policy Statements where applicable.

*Collaborative planning between central and local government and key stakeholders*

5.4 We support policy P1E in requiring local authorities to engage on their FDS with neighbouring local authorities. However, we recommend that the wording “where there are significant connections between infrastructure or communities” is not necessary. This would provide a clear rule that local authorities must engage with neighbouring local authorities.

5.5 Policy P1E also requires local authorities when developing their FDS to work with central government agencies. We are supportive of this provision. The missing link is often connecting local government infrastructure with central government infrastructure planning. For example, planning appropriate local government transport, housing typologies and development opportunities near future central government infrastructure such as; hospitals and schools. Further to this, another missing link is the funding and financing to provide the infrastructure. Enabling greater options for infrastructure funding is critical to enabling development.



- 5.6 More work needs to be done in this space to ensure that this is central government led. Local authorities need to know central government infrastructure plans early so that they can prepare the necessary infrastructure and development to connect communities to schools and hospitals.

*Number of years required to be considered as future planning*

- 5.7 The NPS-UD gives no guidance on the number of years in which a local authority must provide for future development. If the FDS only plans for a three-year period, this would not meet the purpose in the NPS-UD of long-term planning.
- 5.8 We recommend the FDS be a 10-year plan which is reviewed every three years as part of the Long-Term Plan process. This would align with other local authority strategic planning such as 30-year Infrastructure Planning documents.
- 5.9 We recommend:
- The NPS-UD make clear that policies relating to FDS are enabling provisions, rather than additional hurdles for local authorities to meet development capacity.
  - Align the development and review of FDS with Long-Term Plans and Infrastructure Strategies. This would see FDS be developed as part of a 10-year plan and reviewed every three years.
  - Local authorities should work closely together with MfE, Ministry of Health and other relevant ministries when development a FDS, to identify future areas for schools and hospitals. This would ensure coordinated infrastructure and development planning occurs.
  - P1E be amended to require local authorities to consult with key stakeholders and industry representatives when developing or updating an FDS. This could occur through the Long-Term Plan consultation process.

## **6. Describing quality urban environments**

- 6.1 Planning decisions can sometimes be about balancing trade-offs and weighing up development against those trade-offs. The additional requirement for local authorities to consider urban development when making decisions on consent applications could have positive or negative impacts. We are concerned that local authorities will use this provision to stifle development or push growth into a different direction where it is not required.
- 6.2 For development to move fast, the property sector requires certainty. We recommend more certainty is given as to the intent of the NPS-UD in adding additional requirements on local authorities to have regard to the positive impacts of urban development, and the benefits and costs of urban development when making decisions on consent applications. These are requirements which local authorities already consider when making decisions on policies, plans and strategies.
- 6.3 More information is also required around the type of consents and whether this provision intends to apply for private plan changes also.

6.4 We recommend:

- The NPS-UD provide more information as to the intent of adding additional requirements when making decisions on consent applications. More information is also required as to what consent applications are included or excluded.

## 7. Amenity values in urban environments

7.1 The NPS-UD policy as it is drafted does not reflect the aim of ensuring that “local authorities give enough weight to the types of amenity that benefit the whole community.” The wording is merely a statement of fact, namely; that amenity values vary among individuals and communities and change over time.

7.2 We recommend more direction is provided around which amenity values should local authorities give weight to. There is a concern that no direction at a national level could result in local authorities debating or litigating amenity values and their importance. We understand this could be difficult as it varies among different regions and would be happy to assist.

7.3 We recommend the wording of policy P3A be amended to add the words “to accommodate high levels of growth” as per below. This would better align with the NPS-UD aim to enable high levels of growth in our rapidly expanding cities.

*In making planning and consent decision, decision-makers must recognise that amenity values:*

- a) Vary among individuals and communities
- b) Change overtime to accommodate high levels of growth.

7.4 We recommend:

- More direction should be provided to determine which amenity values local authorities should give weight to. Working with Property Council and other industry leaders to discuss amenity values in order to provide for certainty, while at the same time allowing for flexibility where appropriate.
- Policy 3A be amended to include the words “to accommodate growth” when referring to amenity value changing overtime to better reflect the NPS-UD aim to enable growth.

## 8. Enabling opportunities for development

8.1 The NPS-UD proposes removing the concept of ‘sufficient’ and replacing with the words ‘feasible and likely to be taken up.’ We are concerned with local authorities’ ability to determine development that is feasible and likely to be taken up, especially if they were to undergo this task in isolation.

8.2 The Auckland Unitary Plan process has provided lessons in this space. Developers worked with council to ensure that their projected development and capacity numbers were focused in areas that it would “likely be taken up”. As a result of Auckland Council working closely with the property sector, in some instances, the Council took our advice on board and refocused their planning in different areas than originally proposed. This helped the Council better meet projected demand by focusing on the correct areas and locations in Auckland.

- 8.3 We recommend the NPS-UD make it mandatory for local authorities to consult with the property sector, especially developers when considering whether development is feasible and likely to be taken up.
- 8.4 Policy P4B and P4C will require local authorities to notify the Minister if they cannot provide the required development capacity in relation to housing and infrastructure. Although we support these policies, it does not go far enough.
- 8.5 The addition of a solution-based approach should occur. This would see local authorities outline to the Minister the following; options to resolve the issue, and a cost benefit analysis of why a local authority cannot meet development capacity and/or infrastructure to support the development. A solution-based approach would ensure local authorities are investigating appropriate options when it comes to meeting development capacity bottom lines and infrastructure funding and financing.
- 8.6 Policy P4D replaces minimum targets with bottom lines. We support this approach if bottom lines are aspirational. The Auckland Unitary Plan process has provided lessons in this space. For example, the Unitary Plan did not provide for enough density where it is feasible. As a result, three years into the plan, developers are having trouble finding appropriate sites for intensification.
- 8.7 The perception of the proposed wording is important. We are concerned that the wording of ‘bottom lines’ will see the measure slip below the previous minimum targets threshold (as a target is often what you aim towards, and a bottom line is the minimum requirement you need to pass the threshold).
- 8.8 We recommend:
- NPS-UD create a mandatory policy for local authorities to work with the property sector when determining whether proposed development areas are ‘feasible and likely to be taken up.’
  - NPS-UD requires local authorities when notifying the Minister of their failure to meet the required development capacity by outlining options to resolve the issue alongside a cost benefit analysis.
  - Bottom lines need to be aspirational and provide a clear link for how long-term planning in FDS’s will link to bottom lines.

## 9. Ensuring plan content provides for expected levels of development

- 9.1 We have long supported National Planning Standards being consistent across New Zealand. The NPS-UD proposes zone descriptions should be consistent with the National Planning Standards. Having the description of the intended outcome of a zone would be a useful thing. However, more work is required to determine how this would work practically.

### Providing for intensification

- 9.2 The NPS-UD is proposing two options for directing intensification through district plan policies for major urban centres. The descriptive approach makes it mandatory for major urban



centres to zone for higher-density residential activities within a suitable catchment area around frequent public transport stops and centres. The prescriptive approach makes it mandatory for major urban centres to zone for high density residential activities within an 800m walkable catchment of centres and 1.5km of city centres.

- 9.3 We do not support the prescriptive approach. We are concerned that a prescriptive approach could result in perverse outcomes namely, a loss of heritage, local, physical and cultural activities.
- 9.4 We support the proposed descriptive approach. We know local authorities must provide for density within their communities, and feel it is best up to individual local authorities to work with their communities to determine what is most appropriate. We encourage local authorities to work closely with developers when investigating and planning for intensification.
- 9.5 We support the proposed interim policy to ensure local authorities, when considering an application for higher-density residential activity, have regard to the site to enable intensification and to provide more housing choices. We strongly support housing typologies creating a range of choice for users.
- 9.6 We recommend:
- Option 1: descriptive approach is adopted.
  - Local authorities work with developers and the property sector to ensure areas where local authorities want to zone (or do not want to zone for higher-density housing) are appropriate.

## **10. Providing for further greenfield development**

- 10.1 We are supportive of the proposed draft policy wording advising local authorities to provide for urban development when they have satisfied the requirements listed in (a) to (e) of the policy.
- 10.2 We note that infrastructure and transport choices may be difficult in some areas, but more strategic long-term planning would help resolve this issue. Our earlier recommendation around linking FDS with current long-term plan and infrastructure strategy documents could help provide for further future greenfield development.

## **11. To what extent should developers be required to meet the costs of development**

- 11.1 Local authority development contribution policies can either enable or stifle growth. Local authorities must be wary of placing too much onus on the industry who are building the necessary residential and non-residential developments where people can live, work, shop and play.
- 11.2 Property Council developers are happy to pay their fair share towards development contributions. However, we are concerned with the veracity of many local authority's data and modelling as a basis for determining development contribution fees. Along with the lack

of transparency in many regions, there is a concern that development contribution fees are being used, in part, to fulfil other funding gaps.

11.3 We support development contributions being a contribution towards capital costs, and not cost covering. We recommend local authorities work with the property sector and other key stakeholders when updating their development contribution policy. We also recommend local authorities investigate alternative funding mechanisms to provide for additional infrastructure in areas which are being intensified or developed.

11.4 We recommend:

- Local authorities work with the property sector and other key stakeholders when updating their development contribution policy.
- Local authorities investigate alternative funding and financing solutions to provide for additional infrastructure.

## **12. Removing minimum car parking requirements**

12.1 Our members had varying opinions on this issue. One car park rule for residential, commercial, industrial, retail and mixed-use areas is impractical. The policy labels all car parking as bad and promotes the removal of minimum standards as a tool to discourage car parking.

12.2 Residential members felt the market would self-regulate car parking. For example, areas that were well connected to transport hubs were less likely to require car parks and the market would reflect this.

12.3 Retail members were most concerned with the proposal to remove minimum car parking requirements, as car parking is crucial for store turnover. Particularly, in areas that have limited public transport options.

12.4 The removal of minimum parking requirements may result in local authorities introducing a maximum, to replace the minimum. For example, if the minimum car park requirements were two, a maximum of four may be introduced, or if the minimum car park requirements were one, the maximum could be two. Therefore, the policy itself may not be effective.

12.5 There are different drivers to having car parks in each area. Flexibility should be important. A national policy statement for car parking may not be the most appropriate tool.

## **13. More directive intervention to enable quality urban development**

13.1 The proposal explores whether direct intervention through a national environment standard or national planning standard should occur. These may include height or height in relation to boundary, density, site coverage rules (etc). Consistent rules provide certainty which is important for development. However, they also provide little flexibility which results in poor overall urban design and loss of potential amenity values.

13.2 Without knowing how this would work in practice, we oppose the proposal to introduce national environment standards or national planning standards on the proposed planning rules. The higher you elevate planning standards, the more difficult they are to apply and implement in practice.

13.3 We recommend:

- MfE determine what it is they are trying to achieve by having more directive intervention and provide more guidance into how local authorities could apply this practicably. Otherwise, we are concerned that the proposal in practice discourages innovation and urban design at a national level.

#### **14. Coordinated planning**

- 14.1 We strongly support a more coordinated planning approach and wish to see local authorities work closely with central government agencies, ministries, property sector, infrastructure sector and iwi/hapū.
- 14.2 Both NPS's should aim to align with Urban Development Authority proposals and RMA reform proposals, at least overtime. This would see central government agencies working closely with local authorities to ensure this alignment occurs.

#### **15. Timing**

- 15.1 We oppose the proposed timing and recommend that FDS are developed alongside Long-Term Plans and Infrastructure Strategy documents. This would see FDS being developed in 2021.
- 15.2 There is a minor mistake in figure 2 of the NPS-UD, the year 2025 is repeated twice instead of having the year 2026.
- 15.3 We recommend:
- Timeframes are amended to align with local authority Long Term Plan and Infrastructure Strategy documents.

#### **16. Guidance and implementation support**

- 16.1 Many of the proposals will require further guidance from central government agencies, ministries and the property sector. We are more than willing to participate in discussions to provide guidance and support where possible.

#### **17. Conclusion**

- 17.1 We support the overall intent of the National Policy Statement on Urban Development. The NPS-UD needs clearer guidance to ensure local authorities will better collaborate with central government, relevant ministries, neighbouring local authorities and key stakeholders within the property industry. This will ensure planning decisions are made with central government and local government infrastructure at the forefront, alongside property industry advice about the 'feasibility and likeliness to be taken up'.
- 17.2 Property Council would like to thank MfE for the opportunity to provide feedback.
- 17.3 Any further queries do not hesitate to contact Katherine Wilson, Senior Advocacy Advisor, via email: [katherine@propertynz.co.nz](mailto:katherine@propertynz.co.nz) or cell: 027 8708 150.

Yours sincerely,



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