

Property Council New Zealand

Submission on

Draft Wellington City District Plan

14 December 2021

For more information and further queries, please contact

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Draft Wellington City District Plan

1. Recommendations Summary

1.1. Property Council New Zealand (“Property Council”) welcomes an opportunity to provide feedback on the Draft Wellington City District Plan (“Draft District Plan”). While we support the majority of the proposals, we recommend the following:

- The Council include good urban design as a separate bullet point within the urban form and development strategic objective;
- The Council aligns its Draft District Plan with Central Government’s plans of transitioning towards lower carbon transport options within New Zealand (in particular the support of private electric vehicle (“EV”) use);
- Amend the private vehicle use proposals within the climate change and sustainability section to look at supporting and encourage EV charging stations and car parks within the City;
- Work with business to develop a supply chain transformation strategy within the Draft District Plan and Let’s Get Wellington Moving consultation;
- Amends the Draft District Plan to incorporate a whole-of-system approach to the reduction of emissions by considering a place for private vehicles (such as EVs), freight and transport movement strategies and encouraging sustainable building designs;
- Include the natural hazard overlays (i.e. flooding, fault rapture, tsunami and coastal) on the Council’s LIM reports;
- Increase the wind test requirements (i.e. to 22 metres) to allow for a buffer to the newly proposed minimum building heights and residential maximum heights;
- Introduce incentives for large developments that can demonstrate a City Outcomes Contribution (such as; priority consenting);
- Adopt an incentive-based approach to assisted housing (options 1 and 2); and
- Once implemented regularly review the 100% assisted housing development threshold within option 1 and lower the threshold if required to better incentivise uptake; and
- Reject a mandatory-based approach to assisted housing (options 3 and 4) that will likely result in disincentivising growth and thus indirectly (or directly) increasing house prices.

2. Introduction

- 2.1 Property Council's purpose is; "Together, shaping 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 policies that provide a framework to enhance economic growth, development, liveability and growing communities.
- 2.2 Property is currently New Zealand's largest industry with a direct contribution to GDP of \$41.2 billion (15 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 550 member companies who have a collective \$50 billion investment in New Zealand property.
- 2.4 This submission provides Property Council's feedback on the Draft District Plan. In preparing our submission we sought and received feedback from a selection of our Wellington-based members. Comments and recommendations are provided on those issues that are relevant to Property Council and its members.

3. Strategic Direction

- 3.1 The proposed strategic direction is a new chapter within Wellington's draft District Plan. We have long supported such a direction. Namely, that although the strategic direction does not go into rules per se, the overarching strategic direction will be considered during a discretionary or non-compliance resource consent as part of a planner's assessment process.
- 3.2 We are supportive of the proposed eight objectives within the strategic direction. Furthermore, the urban form and development direction of "directing future development to support the city's compact urban form..." aligns with overall Government direction. However, what is not clear is what trade-offs will need to be made to ensure that a balancing act occurs in which one can both protect and enhance Wellington's unique urban form, and role as the capital city and provide for future growth.
- 3.3 We are concerned that none of the overarching principles discuss urban design. With intensification, it is important that good urban design is not only maintained but supported to thrive. Given the strategic objectives will be an important part of resource consents and plan changes, we recommend the Council include an urban design bullet point within the urban form and development strategic objective. This will help indicate to the Council's planners and Wellington City developers the importance of good urban design with urban form and development. It will also help mitigate poor urban design outcomes that many local authorities are concerned could result from the recent Resource Management Act (Housing Supply and Other Matters) Bill.
- 3.4 The National Policy Statement on Urban Development requires Wellington City Council to establish clear strategic directions through a Future Development Strategy that aligns with the long-term plan. The first must be produced by 2024. We acknowledge that the NPS-UD changes are not yet active within this draft District Plan. Furthermore, we recognise that current strategic directions will likely

feed into the Future Development Strategy and recommend that the Council work with our members during the drafting of such strategy.

4. Tangata Whenua

- 4.1 Property Council supports the purpose of the tangata whenua chapter to outline what resource management issues are significant to tangata whenua.
- 4.2 The Draft District Plan states one of the objectives within this chapter is to “recognise how land use and development practices have the potential to be in conflict with the holistic nature of the Māori world view, and the ability of tangata whenua to exercise kaitiakitanga (guardianship) and to carry out customary activities.” We also note that there are many potential and actual conflicts within the resource management system, and it is important to have an overarching lens and clear strategic direction to ensure all aspects of the system are considered as part of the planner’s assessment process. We are supportive of the approach the Council has taken in relation to this by incorporating what resource management issues are significant to tangata whenua.

5 Climate Change and Sustainability

- 5.1 Property Council supports the Council’s commitment to reduce net carbon emissions to zero by 2050, as this aligns the Government’s Climate Change Response (Zero Carbon) Amendment Act 2019. Over the last couple of years, through the guidance of our members, we have seen our advocacy focus expand towards improving sustainability and resilience within the sector. We support the need to reduce emissions within the building and construction sector and acknowledge that there is a lot of work required from Central and Local Government, and the private sector in order to achieve these goals.
- 5.2 The Ministry for the Environment have recently released its consultation document: [Te hau mārohi ki anamata: Transitioning to a low-emissions and climate-resilient future](#). This consultation document outlines the Government’s plans of transitioning towards lower carbon transport options within New Zealand. We support the Government’s proposals and incentives to move towards EV and hybrid private vehicles alongside working with the Council to develop congestion charging.
- 5.3 For emission reductions to be successful, the sector requires clear national direction with a joined-up approach from Local Government. It is therefore alarming to read and hear discussions from the Council of the removing of private vehicle use, and car parks for private vehicle use within the city. This directly contradicts to the Government’s commitment towards EVs and the soon to be opened Transmission Gully project which seeks to allow for private vehicle use in and out of the city centre. We urge the Council to reconsider its proposals and look into supporting EV charging stations and car parks within the city.
- 5.4 The Council’s adopted ‘Sustainable Transport Hierarchy’ seeks to give higher priority to walking, cycling and public transport than to private vehicle use. Furthermore, it states: “The Draft District Plan requires bike parking in new developments but does not require car parks.” These statements are highly concerning given the Government has made policy and clear signals that the future of private vehicle use is EVs. Current and future markets will likely continue dictate what people want,

and given reliable and future public transport options are decades away (i.e. Let's Get Wellington Moving) the short-term over-reliance on private vehicle use will still occur.

- 5.5 The Government wishes to work with Auckland Council and Wellington City Council to establish congestion charging. Congestion charging is an important mechanism used internationally to fund the upkeep of connections and associated infrastructure. We support congestion charging and have been vocal with the Government on undertaking this initiative in Auckland and Wellington. Congestion charging could not only support the upkeep of connections and infrastructure, but also the development of EV charging stations around the city which aligns with the Government and the Council's policies to reduce total net emissions.
- 5.6 The Draft District Plan and Let's Get Wellington Moving consultation documents lack a proposed supply chain strategy for the continued movement of freight (i.e. from the Airport (or Port), to the City and North of the City). Furthermore, an over-reliance on one particular transport sector could cause issues in the long run. For example, the Coastal Pacific railway was closed for two years following the Kaikoura earthquake. Our members will still need roading connections and private access to transport goods and services for development. Prioritising public transport over private vehicles (i.e. freight movement) will result in further delays of goods and services required to support infrastructure and urban development. We recommend the Council work with business to develop a supply chain transportation strategy within the Draft District Plan and Let's Get Wellington Moving consultations.
- 5.7 There are several central government work programmes and recent consultation documents that relate to climate change and sustainability. We support the Government's proposed investment in the sector to investigate ways to lower building emissions across the entire process (e.g. design, planning construction and deconstruction). A whole-of-system approach is required to make meaningful strides of change. We recommend the Council adopts a whole-of-system approach to the reduction of emissions within the District Plan, rather than solely focusing its efforts on the elimination of private vehicles. This whole-of-system approach would consider a space for private vehicles (moving towards EV), a freight and transport movement plan, and encourage sustainable designs within the building sector.

6 Three Waters

- 6.1 We support the Council's significant investment currently underway to upgrade existing networks while also investing in new infrastructure to accommodate growth. It is important that local government continue investment, despite the Government's Three Waters Reform Programme being discussed, otherwise local authorities run the risk of falling even further behind on overall water quality.
- 6.2 We also support the Council's proposal to check early in the resource consent process whether there is sufficient Three Waters network capacity to support proposed developments. This will avoid extra costs and delays at a later date to both the Council and future developers.

7 Natural Environment and Natural Hazards and Resilience

- 7.1 We support assessing risk in a better more proactive way, as the Draft District Plan seeks to do. Supporting and assessing risks in a way that is more proactive will result in restrictions on building in high-risk areas, with work arounds for the lower-risk areas (taking into account the sensitivity of the proposed activity). Another proactive approach the Council could take to proactively manage risks was to include the natural hazard overlays (i.e. flooding, fault rapture, tsunami and coastal) on the Council's LIM reports. We recommend Council investigate their inclusion.

8 City Centre

- 8.1 With an expected 50,000-80,000 more people over the next 30 years, we support the Draft District Plan's proposal to encourage more inner city living, greater density of urban form, and more efficient use of sites within the City Centre. We note that the District Plan Fact Sheet City Centre states "We also want to continue to have a vibrant City Centre to live, work and play in." It is important to note that the words "shop" is missing, and we encourage its incorporation to ensure ongoing commercial activity within the City Centre.
- 8.2 The Draft District Plan recommends retaining the current building height limits in most areas, while increasing heights in Te Aro and along a portion of Adelaide Road. Although supportive, we are concerned that there are some adverse outcomes that would need to be resolved within the draft. Proposing minimum building heights that sit above the 20 metre City Centre wind test threshold could have adverse effects for development within the City. For example, a minimum building height of 21.5 metres in Te Aro would mean all future developments would have to undertake a wind test which costs around \$20,000 - \$25,000 and adds approximately six to nine months to a project. We recommend increasing the wind test requirements to allow for a buffer in addition to the newly proposed minimum building heights. Increasing the wind test level will likely encourage more large-scale developments in Wellington and would also simplify the Council's and applicant's overall development process.
- 8.3 The Council are looking to introduce minimum unit sizes. Minimum unit sizes, coupled with increased height density, run the risk of buildings that are smaller in floor space but greater in height. This could have adverse design outcomes of small, skinny buildings with less total floor space. We recommend the Council consider the overall design outcomes to ensure no adverse effects occur.

9 Centres and business

- 9.1 The Draft District Plan proposes a requirement for any large or tall development to demonstrate a 'City Outcomes Contribution' which involves either; providing a public space, using materials that have less environmental impact or providing a public good outcome in other ways. Although we are supportive of this principle, it will likely result in adverse effects.
- 9.2 For example, additional requirements for a large-scale development will likely result in a smaller development occurring in its place. As a result, developers will focus on smaller projects to resolve our immediate growth issues, which does not help our long-term or future growth needs. (I.e. building six or seven storeys instead of building 10 to 15). We recommend the Council introduce

incentives for large developments that can demonstrate a City Outcomes Contribution (such as priority consenting). This would establish a quid pro quo system and enable growth rather than placing additional obstacles for large-scale development to occur.

- 9.3 The Draft District Plan also looks to set new standards for residential developments to ensure that new apartments and townhouses are pleasant places to live in. We support this inclusion and encourage the Council to work with the sector to ensure that these are workable.

10 Residential

10.1 As noted earlier in our submission, buildings over 20 metres require a wind test in Wellington. The Draft District Plan proposes medium density residential zone maximum height limits of 11m, 14m and 21m depending on the height area. In reality, a proposed maximum height of 21 meters will not be used, as under current rules an additional meter would trigger a wind test. We recommend slightly increasing the wind test threshold (i.e. to 22 metres) to best align with the Draft District Plan proposals.

10.2 We note that the recommended minimum studio size of 35m² does not align with bank loaning requirements. For example, ANZ 2021 rules require a 20 per cent deposit for standard apartments that are 38 square metres or larger.¹ This has a role to play when developers consider overall market considerations.

11 Assisted Housing

11.1 The Council are proposing four different options for inclusion within the new District Plan. Two of which provides incentives, and two of which would be mandatory.

11.2 We support an incentive-based approach to assisted housing. For example, option 1 would see resource consents for 100% assisted housing developments be processed as a controlled activity, providing certainty and a fast (roughly two week) turnaround on consents. This could overtime, be modified to reduce the percentage requirements for assisted housing if required to better incentivise uptake.

11.3 Option 2 is another incentive-based approach which would allow the Council to consider additional building height for developments that provide assisted and affordable housing options. We would be supportive of this, but noting our previous concerns around wind test requirements, without increasing the wind test threshold, this option may not capture a large amount of uptake.

11.4 We are opposed to option 3, which makes assisted housing mandatory for developments that don't meet height standards, or financial contributions paid to Council to provide the housing elsewhere. We are also opposed to option 4, which will require all subdivisions and multi-unit residential development to include assisted housing or pay a financial contribution based on floorspace.

¹ ANZ changes rules on small apartment lending, 1 July 2021, <https://news.anz.com/new-zealand/posts/2021/07/rule-changes-small-apartments#:~:text=Under%20the%20new%20rules%2C%20customers,metres%20required%20a%2050%25%20deposit.>

11.5 The introduction of financial contributions as a form of penalty for building density, would likely disincentivise developers from building larger-scale residential dwellings and would likely increase the purchase or rental price. Furthermore, financial contribution fees used to develop assisted housing would likely be a money-go-round given Local Government partners with the private sector to build assisted housing.

11.6 We do not recommend adopting policies that will likely result in disincentivising growth and thus indirectly (or directly) increasing house prices. We urge the Council consider a wider lens, including housing affordability in Wellington, when considering these policies.

12 Design Guides

12.1 The Council are seeking to update their design guides which are over 20 years old. We are supportive of good urban design and recommend working with the property sector throughout this process.

13 Character Housing

13.1 We are supportive of the proposals within the Character Housing section of the Draft District Plan. The principle of protecting pre-1930s character housing within character precincts is important.

14 New Urban Areas

14.1 We support the zone change for Upper Stebbings/Glenside West from Rural Zone to a Future Urban Zone.

14.2 The Council are proposing new objectives and rules for the existing Lincolnshire Farm and Upper Stebbings/Glenside West greenfield development areas. Given development has already commenced at Lincolnshire Farm under the current District Plan, we had initial concerns that any new rules may inhibit existing development. However, it appears that the objectives and principles are largely staying the same. We recommend the Council continue to work with individual developers in relation to these new urban areas.

15 General comments on infrastructure

15.1 The Resource Management (Enabling Housing Supply and Other Matters) Bill and the National Policy Statement on Urban Development (“NPS-UD”) both seek to achieve intensification of residential housing. We note that the draft District Plan occurred prior to the proposed bill. With density, comes additional pressures on current and existing infrastructure and services. One of the key questions the Council need to determine is whether we have the infrastructure for density, and if not, how this is funded.

16 Conclusion

16.1 Property Council would like to thank the Council for an opportunity to provide feedback on the Draft District Plan. While we are mainly supportive of the overall intent, we believe a few changes are required to encourage growth.

16.2 For any further queries contact Katherine Wilson, Head of Advocacy, via email: katherine@propertynz.co.nz or cell 0278708150.

Yours sincerely,



Gerard Earl

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