

Property Council New Zealand

Submission on Draft SmartGrowth Strategy 2023-2073

20/10/2023

For more information and further queries, please contact

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Draft SmartGrowth Strategy 2023-2073

1. Summary

- 1.1 Property Council New Zealand Central Committee (“Property Council”) welcomes the opportunity to provide input on the draft SmartGrowth Strategy 2023-2073. Comments and recommendations are provided on issues relevant to Property Council’s members.

2. Recommendations

- 2.1 At a high level, we recommend that SmartGrowth:

- Undertakes work to further refine the ‘transformational shifts’ for change;
- Ensures a flexible approach to future land supply (residential and business) that accounts for changing variables;
- Develops viable and alternative approaches to funding and financing for growth-related infrastructure; and
- Co-ordinates and collaborates with Future Proof in the Waikato.

3. Introduction

- 3.1 Property Council is the leading not-for-profit advocate for New Zealand’s most significant industry, property. Our organisational purpose is, “Together, shaping cities where communities thrive”.
- 3.2 The property sector shapes New Zealand’s social, economic and environmental fabric. Property Council advocates for the creation and retention of a well-designed, functional and sustainable built environment, in order to contribute to the overall prosperity and well-being of New Zealand.
- 3.3 Property is the largest industry in the Bay of Plenty. Property provides a direct contribution to the Bay of Plenty GDP of \$2 billion (13 percent) and employment for 11,730 Bay of Plenty residents.
- 3.4 Property Council is the collective voice of the property industry. We connect property professionals and represent the interests of 66 Bay of Plenty based member companies across the private, public and charitable sectors.

4. ‘Transformational shifts’

- 4.1 Property Council welcomes the intent behind many of proposed ‘transformational shifts’ for the region and wishes to thank SmartGrowth for their work to date. The draft SmartGrowth Strategy currently identifies six ‘transformational shifts’ for change, which are intended to provide guidance when it comes to implementing the SmartGrowth strategy.

4.2 The proposed 'transformational shifts' are:

- I. *Homes for Everyone*
- II. *Marae as Centres and Opportunities for Whenua Māori*
- III. *Emissions Reduction through Connected Centres*
- IV. *Strong economic corridors linking the East and West to the City and the Port*
- V. *Restore and enhance eco-systems for future generations; and*
- VI. *Radical change to the delivery, funding, and financing model for growth.*

4.3 We believe that there are additional factors that should also be taken into account for the 'transformational shifts' in the finalised SmartGrowth strategy. Property Council recommends that SmartGrowth undertakes work to further refine the 'transformational shifts' for change.

4.4 For example, greater consideration of access to public amenities and by extension the development of thriving communities. Access to public amenities and community has been affected by historic underinvestment across the region, and in our view, should be considered with the 'transformational shifts'.

4.5 We recommend expanding the proposed eco-system 'transformational shift' to include environmental and climate resilience, especially in light of this year's extreme weather events. Furthermore, we note the ongoing economic imperative to protect the region's highly productive land within the proposed shifts and wish to also see this incorporated within the framework.

5. Data and Analysis

5.1 Property Council acknowledges the work undertaken to develop residential population growth and housing capacity estimates. While we are comfortable with the modelling as it currently stands, we would note that population growth and housing capacity modelling is not an exact science. There are a wide range of changing variables such as immigration settings or internal migration patterns. It is important to ensure that a flexible approach is taken, that can account for changing variables over time.

5.2 For example, if population growth tracks higher than forecast, it would be important to ensure additional residential land supply over and above what is currently catered for. Furthermore, as SmartGrowth partner councils impose more requirements or overlays on land, such as the Slope Hazard Overlay released in October 2023 by Tauranga City Council, there is risk that this could impact negatively on the housing capacity modelling.

5.3 Property Council acknowledges the work undertaken to develop business and industrial demand and capacity modelling. We note that there has been significant business and industrial land price inflation in recent years, largely as a result of shortages of land supply. This impacts the economic competitiveness of the region and limits our capacity to attract much needed new investment. There are a wide range of variables when it comes to business and industrial modelling which include uncertainty regarding the future of industrial land in the Mount Manganui area or increased demand associated with proposed expansion of the Port of Tauranga.

- 5.4 Accordingly, Property Council recommends that SmartGrowth ensures a flexible approach to future land supply (residential and business) that accounts for changing variables. This will help maintain competitive land markets across the region and help prevent unintended consequences such as shortages of housing or lack of land for business.

6. Future Development Strategy

Connected Centres approach

- 6.1 Property Council broadly supports SmartGrowth's Connected Centres Development Strategy. We welcome high quality urban intensification, as our members know that it will help Tauranga and the wider Bay of Plenty achieve outcomes that meet the region's housing, environmental, social and economic ambitions. Property Council also welcomes the intent to encourage the development of thriving local and town centres that provide for greater social and economic opportunities for residents and businesses.
- 6.2 In terms of the proposed Key Growth Areas, while Property Council supports the intent behind classifying the Eastern Centre as a Key Growth Area, we are concerned that there appears to not have been sufficient preparatory work undertaken to evaluate and lay the groundwork for future urban development in the area. Additionally, we would also suggest that SmartGrowth should further investigate the development potential of Te Puna area and the wider northern corridor, for both residential and business developments.

Development Infrastructure

- 6.3 The draft SmartGrowth strategy sets out timing for growth-related infrastructure required to support urban growth areas over time. Property Council notes that numerous projects are either partially funded or not funded. Property Council recommends that SmartGrowth and its partner Councils undertake work to develop viable and alternative approaches to funding and financing for growth-related infrastructure.
- 6.4 Property Council advocates for the use of transparent, beneficiary pays alternative funding models for local government, especially in terms of delivering critically needed infrastructure. Examples of these models include targeted rates, user-pays systems, and Special Purpose Vehicles ("SPVs") as enabled under the Infrastructure Funding and Financing Act ("IFF").
- 6.5 In particular, we strongly support use of the IFF Act to fund infrastructure and investment. We have previously championed Tauranga City Council's use of the IFF Act for other projects, such as the Transport System Plan or Civic Precinct. Ultimately, this approach makes the cost of new infrastructure more transparent, improves intergenerational equity by spreading the cost over a sustained time period and also unlocks additional infrastructure investment.
- 6.6 Property Council also strongly supports continued advocacy from SmartGrowth and its partners for greater central government investment in development enabling infrastructure. We firmly support future investment from central government for infrastructure that unlocks critically needed new housing supply across the region, as well as for transport infrastructure such as State Highway 29. Co-funding infrastructure with central government in an important funding tool, that helps alleviate part of the burden of the burden on local ratepayers.

7. Implementation Plan

- 7.1 The future success of the SmartGrowth initiative will depend on the ability of SmartGrowth partners to effectively implement the proposed strategy. It is critical that effective long-term planning translates to practical outcomes, in terms of factors such as infrastructure provision, land supply or transport. Historically, the Bay of Plenty region has struggled at times to effectively implement past SmartGrowth strategies.
- 7.2 Effective implementation will require SmartGrowth partners to clearly enshrine the proposed SmartGrowth 2023-2073 strategy into their approach to matters such as Long-term Plans, Annual Plans, and other key plans and policies. Given the timeframe on which the proposed SmartGrowth strategy operates, it is also important that implementation is durable across political cycles to ensure certainty across the region.
- 7.3 There is a clear relationship between planning outcomes in the Bay of Plenty region and planning outcomes in the Waikato. Effective alignment between both regions is vital for meeting our economic, social and environment objectives. Property Council recommends that SmartGrowth should co-ordinate and collaborate with Future Proof in the Waikato.

8. Conclusion

- 8.1 Property Council broadly supports the direction of the draft SmartGrowth Strategy 2023-2073. Moving forward, it is important to develop alternative approaches to funding and financing infrastructure for the region. As outlined in our submission, we are of the view that there are further refinements to the strategy that should be considered.
- 8.2 Property Council members invest, own, and develop property in the Bay of Plenty region. Thank you for the opportunity to submit on the Draft SmartGrowth Strategy 2023-2073, as this gives our members a chance to have their say in the future of our region.
- 8.3 Any further enquires do not hesitate to contact Logan Rainey, Advocacy Advisor, via email: Logan@propertynz.co.nz or cell: 021410787.

Yours Sincerely,



Morgan Jones

Central Committee Chair