

Property Council New Zealand

Submission on

Draft Wellington Future Development Strategy

9/11/2023

For more information and further queries, please contact

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Wellington Regional Leadership Committee

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Draft Wellington Future Development Strategy

1. Summary

- 1.1 Property Council Wellington Branch (“Property Council”) welcomes the opportunity to provide feedback on Wellington’s draft Future Development Strategy. It is critical to have a robust vision for the future of Wellington, that addresses the region’s current challenges around housing supply and affordability while also giving the property sector the confidence to make long-term investment decisions.
- 1.2 Property Council supports a balanced approach to enabling Wellington’s future urban growth. While Property Council welcomes aspects of the Future Development Strategy, such as intensification via infill, we are concerned about the proposed restrictions and delays to new greenfield development, contradictory mapping and the shortfall in current and future industrial land supply.
- 1.3 Property Council also has broad procedural concerns about the manner in which the Future Development Strategy was developed. We have been disappointed with no outreach of engagement with Property Council New Zealand.

2. Recommendations

2.1 We recommend:

- Wellington Regional Leadership Committee (“the Committee”) outline their engagement process including what property developers were contacted by the Committee as part of their obligation under the National Policy Statement on Urban Development.
- Reconsider the proposed approach to restricting or delaying greenfield development;
- Undertake further engagement with Property Council members on the prioritisation areas for development (Diagram 7) to test the above criteria for a range of developments to ensure that it is practical and will not have unintended consequences of no new development occurring across Wellington.
- Resolve the conflict and overlap between the maps outlining areas to avoid development and areas to develop carefully;
- Resolve the shortfall in District Plan-enabled industrial land in Wellington and Porirua within the current Future Development Strategy; and
- Use the Infrastructure Funding and Financing Act to fund and finance infrastructure to support new development.

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 Council is the collective voice of the property industry. Property is the fourth largest industry in Wellington. There are around \$40.4 billion in property assets across Wellington, Wellington (10 percent) and employment for 20,640 Wellington residents.
- 3.4. We connect property professionals and represent the interests of 143 Wellington based member companies across the private, public and charitable sectors.
- 3.5. This document provides Property Councils feedback on [Greater Wellington’s ‘Wairarapa-Wellington-Horowhenua draft Future Development Strategy 2023’](#). Comments and recommendations are provided on issues relevant to Property Council’s members.

4. Procedural flaws with the draft Future Development Strategy

Consultation and engagement

- 4.1. Property Council is deeply concerned that we have not been consulted with on the draft Future Development Strategy, particularly given we represent 143 property professional organisations across the Wellington region.
- 4.2. The National Policy Statement on Urban Development ‘NPS-UD’ sets out specific consultation and engagement requirements for local councils to follow when developing the Future Development Strategy. Examples include the requirements under clause 3.15(1) of the NPS-UD, to “use the special consultative procedure in section 83 of the Local Government Act 2002” and the requirement under clause 3.15 (2)(f) to engage with “the development sector (to identify significant future development opportunities and infrastructure requirements)”.
- 4.3. We would like the Committee to outline their engagement process and provide information on what property developers were contacted by the Committee as part of their obligation under the NPS-UD.

5. Approach to meeting urban growth

- 5.1. Property Council supports a balanced approach to enabling Wellington’s future urban growth and we have long supported cities who look to grow both up and out to meet growth pressures. While Property Council welcomes the intent of the draft Future Development Strategy to support greater intensification near key transport nodes, we wish to see a nuanced approach supporting greenfield development too.

Urban intensification

- 5.2. At a principled level, Property Council welcomes the draft Future Development Strategy’s intent to encourage greater urban intensification. Property Council supports high quality urban intensification, as our members know that it will help Wellington achieve outcomes that meet the city’s housing, environmental, social and economic ambitions. However, encouraging urban intensification should not come at the expense of also enabling new greenfield development. Both are required to meet the Wellington region’s current and future population growth as well as housing supply and affordability needs.

- 5.3. When encouraging urban intensification, it is important that Greater Wellington develops a planning and regulatory framework that supports high quality urban design and ensures development feasibility. As discussed in Property Council's submissions on Wellington City Council's District Plan, we are concerned about a limited walkable catchment area (of 800m) and overly prescriptive planning rules (i.e. wind test threshold) that may result in unintended design outcomes that lower the future quality of Wellington's built environment.
- 5.4. For example, limited walkable catchments will negatively impact housing supply and affordability. Expanding the walkable catchment area to 1500m (similar to other cities in New Zealand) will help support the intention of creating low-carbon lifestyles whilst also ensuring that a variation of design outcomes can be achieved through greater flexibility. Greater heights should be encouraged along transport corridors and close to amenities such as train stations and future Mass Rapid Transit routes.
- 5.5. Another example of unlocking urban intensification is revising the proposed wind test threshold, which is currently set below the newly proposed minimum building height limits in some areas. Height limits could negatively impact development feasibility and have an unintended consequence on urban design. As a result, Wellington's future skyline within this zone could be one dimensional, and without natural variance. It is important that the rules allow for variation, with greater height in areas with greatest accessibility.

Greenfield development

- 5.6. Property Council is concerned about the proposed approach to limit greenfield development. In broad terms, we are worried that this will impact housing supply and affordability, as well as further tightening the supply of business and industrial land across Wellington.
- 5.7. We recommend the draft Future Development Strategy reconsider the proposed approach to restricting or delaying greenfield development. This should be done in collaboration with the development sector to ensure that a revised approach to greenfield development incorporates transport and infrastructure capacity, and the ability for alternative funding and financing to enable new housing supply.
- 5.8. Property Council also shares concerns with the below prioritisation diagram (Diagram 7) for areas of future development. Namely, that this has not been discussed with the development sector. Furthermore, the priority areas do not mention feasibility of development or coordination of funding and financing of core infrastructure for both existing and new communities.

Diagram 7: How to prioritise areas for development

We will prioritise well designed developments for the urban environments in the region's towns and cities. The order of importance will be:

1. Areas of importance to iwi for development.
2. Areas along strategic public transport network corridors with good access to employment, education and 'active mode connections' such as walking, cycling, scootering and skateboarding.
3. Priority Development Areas.
4. Within existing rural towns around current and proposed public transport nodes and strategic active mode connections
5. Greenfield developments that are well connected to existing urban areas in our towns and cities and can be easily serviced by existing and currently planned infrastructure, including public and active transport modes, and where the locations and designs would maximise climate and natural hazard resilience and minimise emissions.

The strategy does not support urban development that does not meet these criteria.

- 5.9. We wish to be involved in further engagement on the above diagram to test the above criteria for a range of developments to ensure that it is practical and will not have unintended consequences of no new development occurring across Wellington.

Funding and financing

- 5.10. The draft Future Development Strategy clearly states that the region cannot afford all the infrastructure required to support development within the region in a variety of plans. However, is largely silent on how capacity upgrades and new infrastructure to support development will be funded and delivered. For many years, Property Council has encouraged local government to investigate alternative funding and financing mechanisms to help better balance council books.
- 5.11. Central Government has provided the Infrastructure Funding and Financing Act ("IFF") to fund major infrastructure investments. Property Council supports, in principle, the Special Purpose Vehicle ("SPV") funding model as set out in the IFF Act. SPVs make the cost of new infrastructure more transparent, improve intergenerational equity by spreading the cost over a sustained time period and also unlock additional investment in much needed infrastructure. We recommend Wellington's local councils to use the IFF to fund and finance infrastructure to support development in order to speed up new development, in a re-written Future Development Strategy.

Natural hazards and climate change

- 5.12. The draft Future Development Strategy focuses on areas to avoid developing and areas that we need to develop carefully. In which, many areas that are to be "avoided" are later labelled "could be developed carefully". This is confusing and needs to be rectified.
- 5.13. Well-planned greenfield development can mitigate climate change and help support climate adaptation. Evidence of Auckland's recent floods identified many new development areas that successfully redirected water flow through infrastructure by incorporating best practice. Closer consultation with developers should be undertaken in regard to areas that should be completely avoided, as many of these may have an option to be developed carefully, with greater outcomes for neighbouring communities.

Industrial land

- 5.14. We are disappointed to see that there remains a shortfall not only in District Plan-enabled industrial land, but also within the draft Future Development Strategy. We do not think it is appropriate to wait the recommended six years to zone future industrial land.
- 5.15. We recommend the Future Development Strategy for 2024 incorporate industrial land supply.

Business land

- 5.16. It is unclear at this stage whether the projections within the Future Development Strategy for business land availability aligns with market perception. We reserve the right to comment on this during the oral hearings process.

6. Conclusion

- 6.1. Property Council welcomes the opportunity to submit on the draft Future Development Strategy. We strongly recommend that closer engagement with the property sector is required.
- 1.4 We believe a more balanced approach to meeting urban growth is needed. While we support greater urban intensification, we are concerned the proposed restrictions and delays to new greenfield development, contradictory mapping and the shortfall in current and future industrial land supply. Lastly, for there to be true regional economic development in Wellington, we urge that all Councils work together in a strategy of connectedness. It cannot be achieved with an inward approach, but with a collaborative approach from all regions.
- 6.2. Property Council members invest, own, and develop property in Wellington. Any further enquires do not hesitate to contact Sandamali, Senior Advocacy Advisor, via email: Sandamali@propertynz.co.nz or cell: 0210459871. We wish to be heard in support of our submission.

Yours Sincerely,



Gerard Earl
Wellington Committee Chair