

Property Council New Zealand

Submission on

Future Proof Strategy - Future Development Strategy Update 2024-2054

19 Feb 2024

For more information and further queries, please contact

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Future Proof

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Draft Future Proof Strategy Update 2024

1. Summary

1.1 Property Council New Zealand Central Committee (“Property Council”) welcomes the opportunity to submit on the [Future Proof Strategy - Future Development Strategy Update 2024-2054](#). We have long championed regional spatial planning and support the role of Future Proof across the Waikato region.

1.2 We are pleased to see that Future Proof has proposed updates to the existing strategy to ensure alignment with the:

- National Policy Statement on Urban Development (“NPS-UD”)
- Emissions Reduction Plan (“ERP”)
- National Policy Statements for Highly Productive Land (“NPS-HPL”)
- National Policy Statements for Indigenous Biodiversity

We also welcome the additional detail provided in the transport, infrastructure, and climate change spaces. However, we have concerns to share, such as Housing and Business Development Capacity Assessments (“HBA”).

2. Recommendations

2.1 Property Council recommends that Future Proof:

- Work with partner Councils, Central Government and the private sector to develop viable and alternative approaches to funding and financing for growth-related infrastructure;
- Address concerns on residential HBA capacity by working to plan for additional housing supply (i.e. intensification) in key urban areas of Hamilton;
- Prioritise completion of business HBAs to quantify the constraints that the market is currently experiencing; and
- Ensures a flexible approach to future land supply (residential and business) that accounts for changing variables.

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 second largest industry in the Waikato. There are around \$130.4 billion in property assets across the Waikato, with property providing a direct contribution to GDP of \$2.8 billion (12 percent) and employment for 18,030 Waikato residents.

3.4 Property Council is the collective voice of the property industry. We connect property professionals and represent the interests of 94 Waikato based member companies across the private, public, and charitable sectors.

4. Development Infrastructure

4.1 The draft Future Proof strategy update has provided a list of infrastructure needed to support development (residential and business) in urban growth areas across the region. It sets out the proposed timing, estimated cost and whether there is current funding provision for growth-related infrastructure. Property Council notes that numerous projects are either partially funded or not funded. As such, Property Council recommends that Future Proof and its partner Councils undertake work to develop viable and alternative approaches to funding and financing for growth-related infrastructure. This may also include approaching Central Government and/or the private sector for funding options where appropriate.

4.2 Property Council strongly supports continued advocacy from Future Proof 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 development and housing supply across the Waikato region. Co-funding infrastructure with central government in an important funding tool, that helps alleviate part of the burden of the burden on local ratepayers.

4.3 Viable funding for development enabling infrastructure is also important for ensuring that plan enabled capacity (residential or business) can be utilised for future development. Without the required infrastructure, otherwise planned enabled developments (with market demand for them), will not be able to proceed. This produces flow-on effects for both housing supply and the ability for business to find and make use of adequate premises.

4.4 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 (“IFF”) Act.

4.5 We strongly support use of the IFF Act to fund infrastructure and investment. Over in the Bay of Plenty, we have championed Tauranga City Council’s use of the IFF Act for 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.

5. Residential and Business Capacity Assessments

5.1 The Future Proof partners are required to produce HBAs which encompass both residential and business/industrial capacity under the NPS-UD every three years, in time to inform their long-term plans. The residential HBA was updated in 2023, whereas the business HBA is not currently complete (except for in Matamata Piako). Future Proof advises that the business HBA is expected to be completed later in 2024. As such, the current consultation is reliant on the 2021 modelling.

Residential Capacity Assessment

5.2 While Property Council acknowledges the work undertaken to develop the residential HBA, we would like to raise some concerns in this space. We are concerned that the modelling shows a

shortfall in residential development capacity in Hamilton, with a reliance on ‘plugging’ this deficit with additional enabled capacity in the wider Waikato region over the medium-to-long term.

- 5.3 Relying on the wider Waikato region for housing capacity creates a strong dependence on the future provision of infrastructure such as transport. As discussed previously, we are worried at the extent to which development enabling infrastructure is currently unfunded. This is a risk for delivery of sufficient housing capacity/supply in the future, particularly with regards to the provision of affordable housing.
- 5.4 We recommend working with partners such as Hamilton City Council to plan for additional housing supply (i.e. intensification) in key urban areas of Hamilton such as walkable catchments of the central city or key transport nodes. Enabling greater density in these areas would better allow more people to live closer to the central city, and get the benefits from, public amenities and transport links. Denser development patterns place less demand on transport services and lessen demand for investment in core infrastructure.

Business Capacity Assessment

- 5.5 Updating the business development capacity modelling should be a priority for Future Proof. It is difficult to successfully plan for urban growth over the next 30-years without accurate and up-to-date development capacity modelling. There have been notable market shifts since 2021, including contextual factors such as the end of pandemic restrictions or significant growth in immigration.
- 5.6 As it stands, there are ongoing constraints in the supply of business land across the Waikato region, particularly in terms of industrial properties. For example, this can be seen as reflected in the low vacancy rates (of 2.1%) and rising rents for industrial properties in Hamilton for Q2 2023¹.
- 5.7 Ongoing land supply constraints are compounded by issues with successfully aligning business development capacity with the requirements of the NPS-HPL. The NPS-HPL sets out requirements for a 10-year planning timeframe, which contrasts with the Future Proof strategies 30-year outlook.
- 5.8 Accordingly, Property Council recommends that Future Proof should prioritise completion of business development capacity modelling to quantify the constraints that the market is currently experiencing. Completing business development capacity modelling is critical to ensure that Waikato’s future business and employment opportunities remain competitive and can thrive.
- 5.9 Overall, Property Council recommends that Future Proof ensures a flexible approach to future land supply (residential and business) that accounts for changing variables such as population growth or economic development patterns. 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.

¹ Bayleys Insights and Data, [Commercial Property Update Hamilton Q2 2023](#).

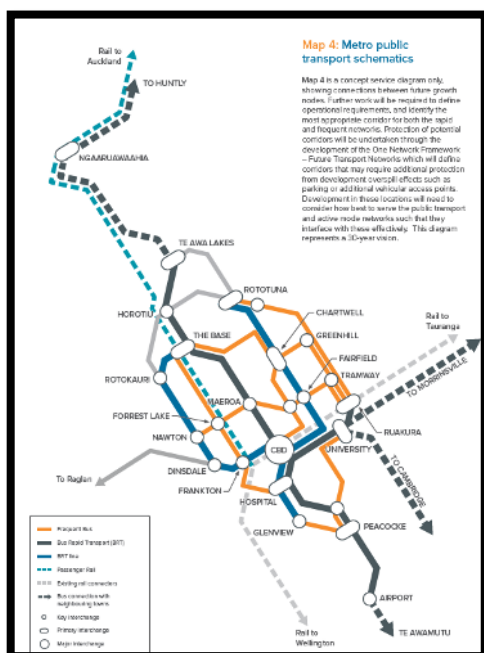
6. Transport & Emissions Reduction Plan

Emissions Reduction Plan

- 6.1 Nationally, the ERP requires that vehicle kilometres travelled (“VKT”) by cars and light vehicles will be reduced by 20 per cent of 2019 levels by 2035. Future Proof reports that since Hamilton is the main urban area of the Waikato, Hamilton will need to reduce VKT by more than 24 per cent to meet the draft target.
- 6.2 It is important to ensure that there are choices in place (and operating) ahead of encouraging mode shift through active transport or other means. Failure to stage transport changes in this order will result in significant harm to policy objectives such as re-vitalising the Hamilton CBD and will discourage future business investment across the region. It is also important that Future Proof partners actively explore all potential avenues of central government funding for transport improvements, to alleviate the burden on local ratepayers.
- 6.3 Property Council supports a balanced approach to transport investment, between preservation of the existing road focused network and investment in transport alternatives. We also note the importance of electric vehicles as a climate solution. It is vital that future transport investments provide for a wide range of options (from public transport, regional freight movement through to electric vehicle capability/infrastructure), to enable choice, support business investment, and drive emission reductions.

Transport

- 6.4 Building on the transport section from the 2022 Future Proof Strategy, the Hamilton Waikato Metro Spatial Plan – Transport Programme Business Case identified the need for a rapid public transport network linking Te Awa Lakes, Te Rapa (specifically Te Awa/The Base), Central Hamilton, Ruakura /University, Waikato Hospital, Peacocke and Hamilton Airport). This can be seen in the map below. It also identifies the need for improved freight connections by road and an improved active transport mode network.



- 6.5 In terms of the rapid public transport network, Property Council supports mass rapid transport that unlocks future housing opportunities and intensification. Doing so is critical for achieving

our region's ambitions around housing affordability, emissions reduction, and improved connectivity.

- 6.6 However, any future rapid public transport network would be a significant shift in approach to transport and result in changes to future settlement patterns across the region. It is important Future Proof, and partner Councils, remain focused on delivering these aspirations in an efficient manner. Funding any future rapid public transport network should be the result of robust engagement with the private sector to identify effective, affordable, and equitable funding tools.

7. Implementation Plan

- 7.1 Future Proof has proposed to remove the detailed implementation plan from the strategy. Instead, Future Proof is proposing the implementation plan should be a separate document, updated annually by Future Proof on an internal basis. We are concerned that this reduces the scope of public input on the specific implementation of the Future Proof strategy and will forego the opportunity for true collaboration.
- 7.2 Notwithstanding, Property Council does however welcome the proposed development of clear Key Performance Indicators ("KPIs") by Future Proof for the implementation plan. It is critical that effective long-term planning translates to practical outcomes, in terms of factors such as infrastructure provision, land supply or transport.
- 7.3 Effective implementation will require Future Proof partners to clearly enshrine the proposed updated strategy into their approach to matters such as Long-term Plans, Annual Plans, and other key plans and policies. Particularly, ensuring that partner Councils align their approach to development contributions to the high-level spatial objectives of the Future Proof strategy. This is important as development contributions are a major incentive/disincentive for development. Furthermore, given the timeframe on which the proposed Future Proof strategy operates, it is also important that implementation is durable across political cycles to ensure certainty across the region.

8. Conclusion

- 8.1 Property Council welcomes the proposed update to the Future Proof Strategy; however, elements of the strategy update require further refinement. We recommend that Future Proof develops alternative funding and financing approaches for development enabling infrastructure and prioritise completion of business HBAs to quantify the constraints that the market is currently experiencing.
- 8.2 Property Council members invest, own, and develop property in the Waikato region. We thank Future Proof for the opportunity to submit on the Draft Future Proof Strategy Update 2024. 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