

4 February 2016

Proposed National Policy Statement on Urban Development
Ministry for the Environment
PO Box 10362
WELLINGTON 6143

Dear Sir/Madam

CHRISTCHURCH CITY COUNCIL'S SUBMISSION TO THE MINISTRY FOR THE ENVIRONMENT AND
MINISTRY OF BUSINESS, INNOVATION AND EMPLOYMENT ON THE PROPOSED NATIONAL POLICY
STATEMENT ON URBAN DEVELOPMENT

1. Introductory comments

The Christchurch City Council (the Council) welcomes the opportunity to submit on the proposed National Policy Statement for Urban Development¹ (NPS-UD).

The stated purpose of the NPS-UD is '*to provide direction to local authorities on residential and business development capacity in plans and policy statements to enable growth and change in urban areas*'. We note that Council is also submitting on the *Resource Legislation Amendment Bill 2015* which proposes new functions for councils to ensure there is sufficient development capacity to meet expected long-term demand.

Feedback has been sought by the Ministries on three specific questions. These are addressed below.

2. Commentary on the three specific questions

Q1. Is your area experiencing high levels of population growth and challenges in planning for this growth?

While population growth is often the main driver generating demand for housing and business opportunities, other factors can also create demand. These include an aging population and changing household sizes, issues of emerging significance to future urban planning in greater Christchurch.

In the case of Christchurch City, following the earthquakes, population growth was negative in 2011 and 2012, and moderately high in 2014 and 2015 (1.5 and 1.6 per cent respectively). However, the City experienced high levels of demand for housing, and to some extent business land, as a result of damage to housing and businesses and demand for accommodation for the construction-related workforce.

Housing demand also needs to include the provision of affordable housing particularly for low and mid income groups, and social housing in areas that are accessible to public transport, employment and facilities. The earthquakes resulted in a proportionally higher loss of affordable housing.

¹ Website: <http://www.mfe.govt.nz/more/towns-and-cities/managing-urban-development-nz/developing-proposed-national-policy-statement>

Any policy guidance on providing for housing and business demand should enable consideration of all factors generating demand, rather than solely concentrate on population growth. Policies should also clearly include consideration of anticipated changes in demand for different housing types. For example, recent experience in Christchurch suggests there is a changing demand for more medium density development.

Q2. What could an NPS and supporting guidance contain?

Q3. How could an NPS and supporting guidance help to address these issues?

Questions 2 and 3 overlap and so are addressed together. In general terms, the most useful thing the NPS-UD could do would be to remove the need for each district and region to have to justify, through the District Plan/Regional Policy Statement preparation process, those broad urban growth principles that are accepted as appropriate at the national level.

This could include the following, much of which is already being done in Greater Christchurch:

- i. A requirement for regional policy statements in regions where there is, or is likely to be, a significant link between districts for housing and employment to include integrated urban development objectives and policies that cover those combined districts. This should include policy direction on where and how demand is to be provided, including consideration of infrastructure and community facilities. Locally, this would obviously incorporate Christchurch City, Selwyn and Waimakariri Districts. Other urban centres where it would also be feasible to integrate development objectives and policies include Hamilton and surroundings, Tauranga/neighbouring Bay of Plenty districts, and Greater Wellington.
- ii. A requirement for regional policy statements in (i) above to identify how housing and business demand, including different types of housing and business demand, is to be provided for the next fifteen years, as a minimum. Further, a requirement for regular reviews, preferably at least every five years.
- iii. A direction requiring intensification within major urban areas, particularly around larger commercial centres, unless special circumstances applying to a specific centre warrant otherwise (such as natural hazards). Further, a requirement that regional policy statements prescribe a minimum percentage of housing demand that is to be provided through intensification within the existing urban area and minimum densities for Greenfield areas. These percentages are likely to differ for different urban areas reflecting differing likely demand. For example, the percentage demand in Christchurch has been much lower in the past than Auckland, so a more gradual increase in intensification is more appropriate (as currently reflected in the Canterbury Regional Policy Statement).
- iv. Preferably as part of the NPS-UD, at the very least guidance on, an 'accepted' methodology (that is not open to challenge) for assessing;
 - housing and business demand for the full range of housing and business types, and
 - how provision made for housing demand through intensification should impact on the minimum required provision for Greenfield land.

The provision of an accepted methodology will assist in avoiding the need for every region and district to debate details of the methodology, such as the appropriate Statistics New Zealand population projection that should be used (low, medium or high projection). However the use of other methodologies should not be prevented, as this may be justified in different circumstances.

- v. A requirement for district plans to zone sufficient land for a minimum of ten years of the expected housing demand (the typical life of a district plan), with a minimum review period (preferably at least every five years).
- vi. An accepted mechanism for ensuring that infrastructure capacity exists, or commitment is made for new infrastructure capacity, for land zoned to provide for housing demand (whether Greenfield or intensification housing).

There needs to be a connection between district plan zoning and the Local Government Act / Long-Term Plan provision of infrastructure to ensure that rezoned land is 'development-ready'. This could be a requirement that the ten years of land supply required to be zoned in the district plan (in v. above) must either be serviced with appropriate infrastructure or be proposed to be serviced within ten years in the Long-Term Plan.

- vii. A requirement that a certain percentage of housing in a development should be 'affordable housing' for developments over a certain size or, at the very least, policy direction that Plans for growing districts should include such provisions. This is a relatively new concept in New Zealand, so it would be appropriate to keep the percentage low for an initial period to allow the market to become familiar with the concept. The NPS-UD could also provide for a gradual ratchet-up of the percentage. A definition of 'affordable housing' should also be included in the NPS-UD, as there are several different ways of defining 'affordable'. The Council uses (and proposes) the following working definition for 'affordable housing': *'Low to middle income households, that is, those households earning up to 120% of median household income, spending no more than 30% of their gross income on rent or mortgage costs.'*
- viii. A requirement for monitoring housing and business land delivery and housing type delivery, including regionally earmarked land, district plan zoned land, serviced land supply, subdivision consents and building consents for different housing types, and actual completions of subdivisions and buildings. This is essential to ensure that there is no bottleneck in the supply of land to meet the various types of residential and business demand.

A potential issue in respect of the contents of an NPS-UD is whether it should provide for mechanisms to deal with situations where land that has been zoned and serviced for some time is not developed. There are several examples of this in Christchurch. This may be as a result of conscious land-banking to maintain/increase land prices, or because there are multiple landowners in the Greenfield area that makes co-ordination difficult.

In terms of land-banking, this can usually be overcome by ensuring that there are a number of separate Greenfield areas zoned for development that are in different ownership. There have been suggestions that it should be possible for the urban zoning to be removed if development of a Greenfield area has not commenced after a set period. However, that could result in significant inefficiencies if infrastructure has already been provided to service the area.

In terms of multiple landowners within a Greenfield area, the difficulty is often getting one landowner to co-ordinate the development of the whole Greenfield area or getting agreement between the various land owners. This has occurred in areas in Christchurch even though outline development plans within the District Plan already identify the critical infrastructure that will achieve the integrated development of the Greenfield area. There does not appear to be anything further that could be in an NPS-UD that would assist in overcoming these difficulties.

3. Commentary on other potential issues

Consistent with the stated purpose of the proposed NPS-UD, the issues covered above focus predominantly on how much land should be provided for various types of housing and businesses and, to a limited extent, on where that should be provided. It would not be appropriate for the NPS-UD to be more specific on where land should be provided, as this will depend on a range of site specific circumstances that are more appropriately identified at the local/regional level, e.g. natural hazard constraints or protection of strategic infrastructure.

However, an NPS-UD could potentially go further and include directions on the desired form of urban development. In particular, it could include directions with clear expectations on the contents of plans to achieve good quality urban design, the development of a sense of place, and safeguarding cultural and heritage values. These are issues that can have a significant impact on the success of businesses and the attractiveness of urban areas to business, on tourism, and on the liveability and attractiveness of urban areas as a place to live. These issues of urban development consistently lead to significant debates during district plan and regional policy statement preparation processes.

Although it would not be appropriate for an NPS-UD to include detailed rules, it could include policy direction on, for example, whether plans should include provisions which implement the *Urban Design Protocol (2005)* and *National Guidelines for Crime Prevention through Environmental Design (2005)*.

A second issue that needs to be resolved, although possibly cannot be achieved through the NPS-UD, is clarification of how Housing Accords will interact with the directions in the NPS-UD and the resulting provisions in Regional Policy Statements and District Plans. There is potential for conflict to arise between these two processes and for sub-optimal provision of land, when considered from a regional or sub-regional perspective, where there are significant links in housing and employment between adjoining districts (as discussed in 2i. above). This may result in inefficiencies, such as in use and provision of infrastructure and other facilities.

4. Concluding Remarks

The Council again would like to thank the two Ministries for the opportunity to make this submission and trusts the information provided by the Council will assist in the scoping of a draft National Policy Statement that will improve constraints on development capacity as well as provide direction on significant matters including an ageing population, changing household size and affordable housing.

If you require clarification on the points raised in this submission, or additional information, please contact Richard Osborne, Head of Planning and Strategic Transport, 03 941 8407 or richard.osborne@ccc.govt.nz.

Yours faithfully



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