

To the Ministry for the Environment

**Submission by
Suburban Estates Ltd**

**In the matter of the
Planning for successful cities: A discussion document on a proposed National Policy Statement
on Urban Development**

10 October 2019

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Submitter Details

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Overall Position

We support the overall intent and purpose of the NPS-UD to make room for growth, both ‘up’ and ‘out’ in a way that contributes to a quality urban environment. However, we seek amendments as outlined in this submission. Most critically the proposed Future Development Strategies and subsequent RMA plan changes must be developed and implemented through a properly contestable process (not using streamlined RMA processes). Specific provisions including the rural/urban boundary must be set at a district level, and there must also be provision for private plan change requests for out of sequence locations and out of area urban and rural lifestyle proposals. These requirements are essential to ensure responsive planning and regulatory systems; and that proposals are subject to rigorous and independent testing, which will, in turn, secure high quality planning outcomes.

Submission

1.0 The Submitter

Suburban Estates (SEL) are an experienced developer of over 50 years, who have developed over 1600 sections since 2010. We have recently experienced the Our Space Greater 2018-2048 Christchurch Future Development Strategy (FDS) submissions and hearings process and have very little confidence that our views are being listened to at regional level. For that reason we are looking to the new NPS-UD as a potential positive step which is both directive and specific enough (without being overly prescriptive) such that it requires local authorities to take seriously the intent and requirements of the NPS – UD and not ‘pay lip service’; and to be accountable for their decisions. Otherwise, the risk is that the development sector will simply not participate in FDS processes, which will as a consequence be ill informed and ineffective. The Government’s objective of enabling ample opportunities for achievable high quality urban growth and housing affordability will not be realised.

In the Greater Christchurch context, we have a cadastrally defined Rural/Urban boundary set in the Canterbury Regional Policy Statement (on Map A) which has essentially not changed since Change 1 to the CPRS was notified in 2007 (but sequencing was removed post the 2011

earthquakes to free up land for development). This line was not contestable due to subsequent streamlined earthquake related legislation which replaced the normal RMA processes. Our Space relies on these same areas, with the addition of land within the Projected Infrastructure Boundary (PIB) shown on Map A to meet future urban growth needs over the next 30 years. We understand Our Space is to be implemented using RMA streamlined procedures which are uncontestable (no appeal rights).

There has in effect been no realistic ability since 2007 to put the case for urban growth outside the Rural/Urban boundary and PIB in location where growth is both logical and necessary notwithstanding the major changes to our city since this time (earthquake effects, new motorways, public and active transport initiatives, changes in business and employment patterns etc) . We are told we have to wait until the full CRPS review scheduled for 2023. We will have been waiting 16 years.... This represents a significant lost opportunity to Christchurch residents to 'age in place' or move to desirable locations such as Prebbleton (west of Christchurch) which our experts consider are ideally suited for further growth (including in terms of the CRPS urban growth criteria) and where further provision is necessary to ensure future housing affordability (the current housing stock is skewed to the middle/higher price brackets with virtually no provision for smaller medium density housing).

We set out our key concerns/comments on the proposed NPS-UD below. We start with the section 'Enabling Further Greenfield Growth' as we consider this is the single most important positive feature of the NPS-UD and we strongly support it.

2.0 Providing for further greenfield development

- SEL **strongly support** the NPS directing LAs to consider private plan change requests for out of sequence locations and locations outside areas identified for urban development (in FDSs) where particular conditions are met. This is absolutely essential to ensure a responsive planning and regulatory system which incorporates the ability to respond to changed circumstances outside the 10 year + cycle of district and regional policy statement reviews. This will allow for flexibility to respond to changing market or other conditions e.g. climate change and sea level rise, changes in land ownership patterns and aspirations; to accommodate minor proposals that are not of regional significance.
- We support in principle the suggested criteria for such out of 'area' urban development plan changes. Possible refinements could build on the criteria included in the Auckland Unitary Plan for the location or any relocation of the Rural Urban Boundary – Policy B2.2.2 (see **Appendix A**).
- There is no financial risk to local authorities in enabling out of sequence and 'out of area' urban and rural lifestyle development proposals if developers fund the full economic cost of infrastructure including the requirement to connect to existing reticulated sewer and water services. Processing and assessment costs for private plan change requests are cost neutral for LAs as these can be contracted out to consultants and charged back to the applicant on a full cost recovery basis – this is standard practice.

3.0 Purpose, scope and overall approach of NPS

- We support the overall purpose and intent of the NPS. However this should be made explicit. Our suggested wording is as below.

Require local authorities to provide for a generous supply of high quality urban growth to meet demand, both 'outwards' (greenfield) and 'upwards' (intensification) over the short, medium and long term; and which errs on the side of 'oversupply' rather than 'undersupply' in order to facilitate competitive operation of housing and land markets and housing affordability.

Rationale:-

- I. it is vital that the NPS directs LAs to ensure there is generous provision for growth, given LAs track record in restricting supply, which has resulted in increased land prices and reduced housing affordability – see Mark Thompson Our Space hearing notes (**Appendix C**). Christchurch house prices are currently far more competitive than the other major centres (Auckland and Wellington) due to the positive effects of substantially increasing land supply after the Canterbury earthquakes. This is unlikely to continue under the restrictive land supply regime of the recently adopted Our Space Future Development Strategy (FDS)¹.
 - II. National direction is required stating that there must be generous provision for growth to meet demand, because LAs cannot be relied upon to do this. Our Space decision makers have taken a very conservative view of how much growth they think they have to provide for, and have prioritised central Christchurch residential growth at high densities over growth elsewhere in the interests of CBD regeneration, even though take up rates are very slow and development feasibility questionable.
 - III. Key attributes of 'high quality urban growth' can be defined in NPS.
- The NPS should be directive rather than prescriptive. That is, local authorities (LAs) should have the responsibility to make meaningful and consistent planning decisions within a framework provided by the NPS. They should be required to give general effect to the NPS, having regard to regional and local circumstances.
 - The NPS should provide general direction and guidance, with the details to be provided through the preparation and adoption of a Future Development Strategy (FDS). Details of appropriate strategies will be different between regions and districts, and a one size fits all NPS will not work. Examples are housing densities, special amenity areas, parking standards. The prescriptive elements of the NPS should be deleted or only apply in locations where

¹ See <http://greaterchristchurch.org.nz/ourspace/>

critical to overcome local political constraints e.g. intensification of Auckland's 'leafy suburbs'.

- The NPS should support a responsive planning and regulatory regime. This will not be achieved by overly prescriptive FDS requirements and unrealistic timeframes with limited ability for meaningful stakeholder input (e.g. requirement for FDS to be updated every 3 years). The engagement of developers and existing communities in planning issues, investigations and decisions is most effective when the planning process can accommodate project led plan making processes. The ability to pursue private plan changes encourages innovation in land use and building design, and can deliver good land use outcomes. The private plan change process supports better coordination of land use responses with demand and quicker response to changing circumstances.
- The NPS is intended to be given effect to through the adoption of a FDS. **It is essential that the processes for preparing, implementing and reviewing the FDS and development capacity bottomlines are contestable.** This is necessary to ensure that differences between councils can be resolved, and landowners, developers and other stakeholders can be included in the process. Their expertise and understanding of the development market is essential to ensuring an effective FDS. **The FDS and bottomlines should not be implemented using the RMA s80 streamlined procedures which can be used to implement a national direction and cannot be appealed.**

The LA decision making must be able to be tested. Otherwise there is no accountability. This results in poor decisions. This is our experience with Our Space, which followed an LGA process and is to be implemented through the Canterbury Regional Policy Statement using streamlined, non contestable RMA processes. SEL engaged expert economic and planning evidence and Auckland based legal counsel, with valuable experience of the Auckland Unitary Plan process (copies can be supplied on request). This was largely ignored, with the decision makers for example setting aside the economic evidence on housing capacity assessments on the basis that the methodology was not supplied and therefore the 'veracity' of the assessment and the underlying assumptions could not be tested. The methodology was in fact offered to officers during the course of the hearing, which they declined. The evidence contained very important messages. It outlined fundamental flaws in the housing capacity assessments and outlined how an overly restricted supply risked escalating house and land prices and a repeat of the unaffordability crisis facing other parts of the country.

4.0 Future Development Strategy (FDS)

- For the reasons stated above the FDS process must be contestable. Speedy decision making must not be at the expense of quality decision making.
- We support the following aspects of the proposed FDS:-

- I. Requirement for a spatial plan, provided there is a flexible, contestable process for accommodating proposed changes to the spatial plan including the Urban Rural Boundary which should set in the district plan not regional policy statement (adopting the Auckland Unitary Plan approach which followed a rigorous contestable RMA process).²
 - II. Requirement to meet development capacity bottomlines.
 - III. Requirement for analysis of the costs and benefits of different spatial scenarios for accommodating urban growth. This facilitates more rigorous and transparent decision making.
 - IV. Implementation – requirement to identify financing gaps or other risks to delivery of development infrastructure needs and options for resolving this.
- Changes we request include:-
 - I. Requirement for LAs in preparing and updating FDSs and development capacity bottomlines to seek and use the input of iwi authorities, the property development sector, significant landowners, social housing providers, requiring authorities and providers of development and other infrastructure³.
 - II. Implementation – **requirement for the FDS spatial plan, including Rural Urban boundary to be implemented at district plan level, with criteria for any change set out in the regional policy statement, so that there is a firm framework for any change, but such change can be initiated by parties in addition to Council. This is essential to ensure a responsive and contestable planning regime.** This was the finding of the Auckland Unitary Plan Independent Hearings Panel (see **Appendix B** for details).

5.0 Making room for growth – Describing high quality environments

- Requested changes include:-
 - I. O2 – providing for people and communities wellbeing should include **enabling people to age in place with provision for diverse, mixed aged communities and affordable housing**
 - II. P2A – amend a) to include **enabling a range of housing choices in size, typology and price within neighbourhoods and townships**; and b) to read **limiting as much as possible adverse impacts on the competitive operation of land and development markets**. Add c) **facilitate ongoing housing affordability by enabling generous feasible development capacity within townships**

²See <https://unitaryplan.aucklandcouncil.govt.nz/Images/Auckland%20Unitary%20Plan%20Operative/Chapter%20B%20RPS/B2%20Urban%20Growth.pdf>

³ This adopts the wording of Policy PB5 of the current NPS – Urban Development Capacity

The above changes are necessary to ensure that the FDS considers the needs of specific townships and neighbourhoods, not just subregional or district wide assessments of demand, the latter being the approach taken by Our Space, without the input of cost:benefit analysis.

6.0 Enabling opportunities for development

- Requested changes include:-
 - I. Amend O5 to read “To ensure local authority policies, plans and strategies enable enough opportunities for development to meet diverse demands for housing and business land; **and enable the competitive operation of housing and land markets so as to facilitate housing affordability.**”
 - II. Amend P4A to read “LAs must ensure at all times their plans enable at least enough development capacity that is feasible and likely to be taken up to meet the demand for dwellings within neighbourhoods and townships (in terms of location, typology and price)...”
(We note it is common for townships to get ‘built out’ leaving no options for further growth)
 - III. Amend P4D and P4E to read **minimum** bottomlines; require minimum bottomlines to be included in district plans and regional policy statements following a contestable RMA Schedule 1 process.

6.0 Preparing a Housing and Business Development Capacity Assessment (HBA)

- We note that the approaches and methodologies for assessing development capacity has been developed with a technical working group made up of local and central government experts. It is essential that the working group is broadened to include experts representing the development sector, or includes meaningful consultation with and input from such experts. They have detailed ‘on the ground’ working knowledge of the realities and practicalities of applying HBAs.

For example in the AUP context, as a result of input of experts representing the development sector, the decision makers directed major revision to the HBAs, including>-

- A policy requirement to include sufficient zoned development capacity to accommodate **at any one time** a minimum of seven years’ projected growth after allowing for any constraints on subdivision, use and development of land; and
 - Expanding the Rural Urban Boundary to include 30% more land area targeted for future urbanisation (compared with the AUP as notified)
- Likewise, it is essential that the 3 yearly HBA are required to be prepared and reviewed with meaningful input from the development sector.

7.0 Conclusion

We in principle support the NPS-UD subject to the further refinements set out above. We have engaged highly experienced planning, economic and legal expertise to assist us with recent and current urban growth issues. We consider we have valuable insight and can make an important contribution to refinement of the NPS-UD. We will be pleased to provide further information and discuss matters with you further, as appropriate.

Appendices

Appendix A: Auckland Unitary Plan Urban Growth Objectives and Policies

Appendix B: Auckland Unitary Plan Independent Hearings Panel Overview of Recommendations – Urban Growth (Extract)

Appendix C: Our Space Hearing Notes – Adam Thompson (economist)

Appendix A: Auckland Unitary Plan – Urban Growth (highlights added)

B2.2.1. Objectives

- (1) A quality compact urban form that enables all of the following:
 - (a) a higher-quality urban environment;
 - (b) greater productivity and economic growth;
 - (c) better use of existing infrastructure and efficient provision of new infrastructure;
 - (d) improved and more effective public transport;
 - (e) greater social and cultural vitality;
 - (f) better maintenance of rural character and rural productivity; and
 - (g) reduced adverse environmental effects.
- (2) Urban growth is primarily accommodated within the urban area 2016 (as identified in Appendix 1A).
- (3) Sufficient development capacity and land supply is provided to accommodate residential, commercial, industrial growth and social facilities to support

B2.2.2. Policies Development capacity and supply of land for urban development

- (1) Include sufficient land within the Rural Urban Boundary that is appropriately zoned to accommodate at any one time a minimum of seven years' projected growth in terms of residential, commercial and industrial demand and corresponding requirements for social facilities, after allowing for any constraints on subdivision, use and development of land.
- (2) Ensure the location or any relocation of the Rural Urban Boundary identifies land suitable for urbanisation in locations that:
 - (a) promote the achievement of a quality compact urban form
 - (b) enable the efficient supply of land for residential, commercial and industrial activities and social facilities;
 - (c) integrate land use and transport supporting a range of transport modes;
 - (d) support the efficient provision of infrastructure;
 - (e) provide choices that meet the needs of people and communities for a range of housing types and working environments; and
 - (f) follow the structure plan guidelines as set out in Appendix 1; while:
 - (g) protecting natural and physical resources that have been scheduled in the Unitary Plan in relation to natural heritage, Mana Whenua, natural resources, coastal environment, historic heritage and special character;
 - (h) protecting the Waitākere Ranges Heritage Area and its heritage features;

(i) ensuring that significant adverse effects from urban development on receiving waters in relation to natural resource and Mana Whenua values are avoided, remedied or mitigated;

(j) avoiding elite soils and avoiding where practicable prime soils which are significant for their ability to sustain food production;

(k) avoiding mineral resources that are commercially viable;

(l) avoiding areas with significant natural hazard risks and where practicable avoiding areas prone to natural hazards including coastal hazards and flooding; and

(m) aligning the Rural Urban Boundary with:

(i) strong natural boundaries such as the coastal edge, rivers, natural catchments or watersheds, and prominent ridgelines; or

(ii) where strong natural boundaries are not present, then other natural elements such as streams, wetlands, identified outstanding natural landscapes or features or significant ecological areas, or human elements such as property boundaries, open space, road or rail boundaries, electricity transmission corridors or airport flight paths.

(3) Enable rezoning of future urban zoned land for urbanisation following structure planning and plan change processes in accordance with Appendix 1 Structure plan guidelines.

B2.9. Explanation and principal reasons for adoption

A broad strategy is needed to address the resource management issues arising from the scale of urban growth in Auckland. The objective of a quality compact urban form is supported by a primary policy approach of focussing residential intensification in and around commercial centres and transport nodes and along major transport corridors. A compact urban form is one with clear boundaries where the residential and commercial areas are relatively close together.

In Auckland, most urban growth is expected to be inside the Rural Urban Boundary:

- to promote efficient and timely provision of infrastructure;
- to protect natural and physical resources that have been scheduled for particular identified values; and
- to avoid urbanisation without appropriate structure planning.

The location of the Rural Urban Boundary is a district plan land use rule pursuant to section 9(3) of the Resource Management Act 1991, other than for Waiheke Island where it is an interim regional policy statement method until it is considered as part of a plan change to incorporate the Auckland Council District Plan – Operative Hauraki Gulf Islands Section into the Unitary Plan

Appendix B: Auckland Unitary Plan Independent Hearings Panel: Overview of Recommendations – Urban Growth (Extracts) (highlights added)

The Panel considers the Unitary Plan should err toward over-enabling, as there is a high level of uncertainty in the estimates of demand and supply over the long term, and the costs to individuals and the community of under-enabling capacity are much more severe than those arising from over-enabling capacity. To provide for sufficient residential capacity the Plan needs to both enable a large step-change in capacity in the short to medium term and to provide a credible pathway to ongoing supply over the long term. The Panel recommends the following approaches to increase residential, commercial and industrial capacity:-...

The Panel recommends the following approaches to increase residential, commercial and industrial capacity.

- i. Enable the centres and corridors strategy in line with the development strategy envisaged in the Auckland Plan. This involves significant rezoning with increased residential intensification around centres and transport nodes, and along transport corridors (including in greenfield developments).
- ii. Modify some of the objectives, policies and rules in residential, commercial and industrial zones to be more enabling of capacity (e.g. remove density rules in the more intensive residential zones and provide for greater height in some of the centres).
- iii. Remove or moderate parking rules to allow the supply of parking to respond to what users require and to improvements in the level of public transport and changes in transport technologies, and to enable greater flexibility in how parking is supplied and traded.
- iv. Introduce, where justified by the evidence, operative urban zones (including Business - Light Industry Zones) in areas that would otherwise have been zoned Future Urban Zone.
- v. Increase the extent of land zoned Business - Heavy Industry.
- vi. Be more explicit as to the areas and values to be protected by the Unitary Plan (e.g. viewshafts, special character, significant ecological areas, outstanding natural landscapes, and so forth) and otherwise enable development and change.
- vii. Expand the Rural Urban Boundary to include 30 per cent more land area targeted for future urbanisation, and not impose a Rural Urban Boundary around smaller towns and villages so they are able to grow organically.
- viii. Locate the Rural Urban Boundary line at the district plan level, with criteria for any change set out in the regional policy statement, so that there is a firm framework for any change but that such change can be initiated by parties in addition to Council.
- ix. Increase lifestyle choices by expanding the extent of land zoned Rural - Countryside Living Zone.
- x. Include in the regional policy statement a requirement for the Council to monitor and ensure that there is always suitably zoned land to meet expected demand for residential, commercial and industrial use for at least seven years. The Panel commends as the starting point for this task the methods and models developed by the two expert groups for estimating enabled capacity.

**Appendix C: Our Space Hearing Notes – Adam Thompson
(economist)**

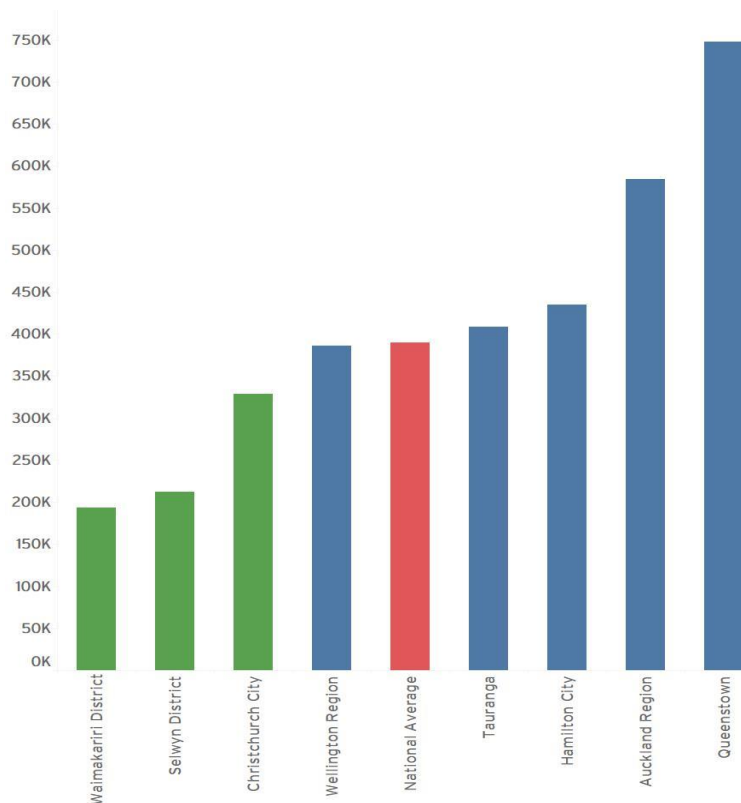
Hearing Notes

Adam Thompson for GFR Rhodes Estate & Larson And Marshall

Christchurch is the only major City in New Zealand that has any affordable housing.

This entirely attributed to the Selwyn and Waimakariri Districts and these Council should be recognised for their work.

Figure 1: Average New Lot Price in NZ Major Cities (\$000)



These Council's have successfully managed to retain affordable housing, while at the same time having very strong personal and household incomes.

This is important within the context of all major cities having very similar average personal incomes, of \$40,000 - \$50,000. This shows the income is not a major driver of house prices across these cities. This fact is contrary to the central assumption put forward in the capacity modelling, namely that high household incomes inevitably lead to high housing prices.

This is not correct as many cities around the world have affordable housing and high incomes.

It is worth noting in Figure 2 of my report that 60% of all new lots for sale in Selwyn and Waimakariri were less than \$200,000. This ability to produce low priced lots is the main driver of affordable housing in the region.

I have assessed the feasible capacity in Selwyn District. I conclude that:

- There is an immediate need for additional land in Prebbleton and Rolleston.

- For the long term there is insufficient capacity to meet the housing targets within these three main towns.

These same conclusions are reached in the Our Space document for Selwyn District, which is estimated to have a shortfall of 7,575 dwellings by 2048, and only a minor surplus by 2028 of 1,125 dwellings (page 13, Table 3).

The following table shows the results of the housing capacity modelling undertaken by Market Economics for Selwyn District.

This also shows the same conclusions, that there is a shortage for all scenarios and timeframes, except for the 'Business as Usual' scenario of the short term.

Table 1: Market Economics Feasible Dwellings Summary

ME Future House Price Inflation Scenario	Real House Price Increase	Feasible Dwellings			Housing Targets			Sufficiency		
		2018-2021 (Short)	2018-2028 (Med)	2018-2048 (Long)	2018-2021 (Short)	2018-2028 (Med)	2018-2048 (Long)	2018-2021 (Short)	2018-2028 (Med)	2018-2048 (Long)
Business As Usual	High	4,890	6,060	9,150	2,900	8,600	24,200	1,990	-2,540	-15,050
Muted	Moderate	1,200	1,900	6,000	2,900	8,600	24,200	-1,700	-6,700	-18,200
Slow Growth	Low	1,200	1,200	6,100	2,900	8,600	24,200	-1,700	-7,400	-18,100
Frozen	Zero			1,200	2,900	8,600	24,200	-2,900	-8,600	-23,000

It is worth noting that Market Economics put forward a range of house price inflation scenarios as a key input to their housing capacity modelling. These are outlined below.

This shows even under very high house price growth assumption, in particular an increase of \$162,000 over the next decade, and a price of \$940,000 by 2048 (in current dollar terms), there are only marginal increases in commercial feasibility and there would continue to be little capacity over the short, medium and long term.

Table 2: Market Economics House Price Increase Scenarios

ME Future House Price Inflation Scenario	Real House Price Increase	Feasible Dwellings			Future House Prices					Ten Year House Price Growth	Annual House Price Increase
		2018-2021 (Short)	2018-2028 (Med)	2018-2048 (Long)	2018	2021	2028	2038	2048	2018-2028	2018-2048
Business As Usual	High	4890	6060	9150	\$453,000	\$502,000	\$615,000	\$778,000	\$940,000	\$162,000	\$16,000
Muted	Moderate	1200	1900	6000	\$453,000	\$481,000	\$548,000	\$642,000	\$737,000	\$95,000	\$9,000
Slow Growth	Low	1200	1200	6100	\$453,000	\$472,800	\$519,000	\$585,000	\$651,000	\$66,000	\$7,000
Frozen	Zero			1200	\$453,000	\$453,000	\$453,000	\$453,000	\$453,000	\$0	\$0

True Historic Rate (4.8%)

\$453,000 \$521,000 \$724,000 \$1,157,000 \$1,849,000 \$271,000 \$47,000

In my opinion, given that my analysis, the analysis in Our Space, and the analysis completed by Market Economics, all show insufficient capacity, there is an immediate need for additional greenfield land.

If additional land is not released, there is a very likely prospect that house prices in Christchurch will increase in price to \$940,000 by 2048, as anticipated by Market Economics. It is worth noting that Auckland has the same personal income level as Christchurch, however house prices in Auckland are now over \$900,000 on average.

I note in the submission by Christchurch City Council (number 74), there are numerous references to the rate of growth in Selwyn and Waimakariri slowing, relative to Christchurch City growth. This is not reflected in the housing Building Consent data, which shows the opposite trend.

