

7 October 2019

## National Policy Statements on Urban Development and Highly Productive Land Discussion Documents – Submission by Palmerston North City Council

Thank you for the opportunity to provide feedback on the discussion documents for the National Statements for Urban Development (NPSUD) and Highly Productive Land (NPSHPL) and for facilitating engagement with local government during the consultation period. Local government elections have coincided with the timeframe for consultation, this content has been approved by the Chief Executive under delegation.

### NATIONAL POLICY STATEMENT ON URBAN DEVELOPMENT

The city of Palmerston North supports the NPSUD because it will:

- Improve responsive planning across New Zealand for urban growth.
- Create a common assessment framework for monitoring and responding to urban growth pressures.
- Place a higher importance on providing for the short, medium and long-term growth needs of urban environments.
- Provide robust evidence bases for planning and infrastructure decision-making to respond to market needs.

This submission has been organised to respond directly to the questions raised in the NPSUD discussion document.

#### **1. Do you support a NPSUD that aims to deliver quality urban environments and make room for growth?**

Palmerston North City Council (PNCC) supports the aim of delivering quality urban environments and creating capacity for growth. We have already taken this approach in our second-generation District Plan, which has placed a greater onus on aligning development outcomes with community aspirations and best planning practice. This includes providing for a range of housing and business choices and strategically responding to identified growth needs through rezoning proposals.

#### **2. Do you support the approach of targeting the most directive policies to our largest and fastest urban environments?**

We support the proposal in principle, with one significant recommendation. There are substantial benefits in expanding the focus beyond the six areas proposed, to include Palmerston North City (the City).

The City was a medium growth council under the previous National Policy Statement for Urban Development Capacity but was very close to the benchmark (having a growth rate of 10%) for being designated a high growth council. The latest Statistics New Zealand 2017 urban area population projections suggest a very close 9.1% growth in the City over the five-year period between 2013 and 2018.

Due to the methodology used by Statistics New Zealand for estimating long-term net migration and using the previous 30 years of growth to project forward, PNCC considered the projections to be

imprecise and too low. PNCC therefore requested alternative population and household projections from Sense Partners in September 2017. These projections suggested city growth of 1.2% per year over the ten years to 2023 and 10.6% over the ten years to 2028. These updated projections showed that Palmerston North should have been classified as a high growth area, and should be considered a Major Urban Centre (MUC) in the NPSUD.

The Statistics New Zealand discussion document on functional urban areas requested feedback on whether Palmerston North should be considered a metropolitan area rather than a large regional centre, noting there was a reasonable population difference between Palmerston North and the next largest functional urban area. Statistics New Zealand functional urban area boundaries are expected to show an urban population of close to 100,000 for the City, even with Feilding being excluded (which had an estimated population of 16,850 people as at 30 June 2018). While being located in a separate territorial authority, Feilding has significant economic and social links with Palmerston North. For context, Palmerston North and Feilding are the same distance apart as Tauranga is to Papamoa or Wellington is to Porirua. Population estimates for the proposed functional urban areas are currently not available because Statistics New Zealand has not yet finalised the boundaries for the functional urban areas.

Recent data from administrative sources (school rolls, New Zealand Superannuation, MSD benefits and primary health organisation (PHO) enrolments) suggests that population growth in Palmerston North has accelerated over the past three years and is significantly stronger than even the 2017 Sense Partners projections for the city. The latest Infometrics estimates for population growth in the city, based on PHO enrolments, suggest the City's population increased by 3.4% in the year to June 2019, while Statistics New Zealand annual population estimates suggest the City grew by 1.2% in the year to June 2017 and 1.6% in the year to June 2018. Recently published Census resident population data shows 1% average annual growth between 2013 and 2018, while wider urban area growth within the Palmerston North territorial authority boundary was 1.1%. Population growth estimates are not yet available for the wider functional urban area for Palmerston North. This was during a period where there was a reduction in tertiary student numbers. This has now stabilised. Recently, growth has accelerated. There has been an estimated growth of 1.6% in the year to June 2018 and a higher rate of increase expected in the year to June 2019.

The city is expected to maintain high growth over the next ten years due to major government, local authority and private sector capital investment in the City and wider Manawatū-Whanganui region. These include the construction of the new \$650 million Te Ahu a Turanga highway (replacement road for the Manawatū Gorge), \$300 million investment at Ohakea prior to the delivery of the new P-8 Poseidon aircraft at Ohakea in 2023, \$48 million land purchase for new KiwiRail freight hub (with additional investment of \$250-300 million expected for development), \$256 million Mercury Energy construction of additional wind turbines, and new infrastructure at Linton Army Base and the Massey University capital investment plan. These projects were not taken into account in the Sense Partners projections for population growth in the City, but are likely to support stronger economic and population growth.

It is positive to see that Government has listened to concerns of some smaller councils regarding the additional administrative burden associated with monitoring and responding to the requirements of the NPS-UDC. The proposal to limit some of the more significant requirements of the NPSUD to MUCs will likely be welcomed by some smaller territorial authorities. Nevertheless, the proposed list of MUCs is quite limited. While those listed cities have undeniable growth issues, there are many other cities that also have significant growth challenges that could benefit from having the MUC framework extended to include them. Palmerston North is one such city. Palmerston North has high growth, a sizeable population, worsening housing affordability and the



sixth highest demand for social housing. PNCC has the organisational capacity to undertake the necessary monitoring and responses to Housing and Business Needs Assessments, develop a Future Development Strategy (FDS), which we intend to start developing this year, and give effect to the MUC requirements in the NPSUD. Palmerston North also has a changing urban landscape. There is greater interest in medium and higher density housing, reflecting the significant recent increases in land values (average of 60% increase in the 2018 rates valuation) and demographic changes that are underway here. Adding Palmerston North to the list of MUCs has justifiable merit and will promote good growth planning outcomes for the City.

Another driver for PNCC wanting to be identified as an MUC is that the Ministry of Education has signalled that they are prioritising funding to MUCs. This approach could also be adopted by other Government agencies. PNCC are concerned that if we are not one of the identified MUCs we will miss out on central government funding opportunities. This includes access to the Ministry of Housing and Urban Development's \$1 billion 10-year interest free Housing Infrastructure Fund loans, which is limited to high growth councils.

### **3. Do you support the proposed changes to Future Development Strategies (FDSs) overall?**

PNCC supports the need for MUCs to develop FDSs. It is good practice for urban growth to be planned in a logical, co-ordinated manner. In this regard, FDSs provide a useful framework to guide decision-making for future rezoning proposals and how these will be aligned with infrastructure provision through the Long Term Plan (LTP). Having a uniform national approach to strategically planning for growth has merit. Arguably, a lack of strategic growth planning has contributed to New Zealand's housing affordability problems, especially in large centres where population growth has been most apparent. Many growing urban environments, such as Palmerston North, have had urban growth strategies in place before the NPSUDC was created. The benefit of FDSs is that they go beyond urban growth strategies to look at how growth will actually be realised through allocation of infrastructure investment to achieve feasible development capacity. The proposal that FDSs be developed in time to inform council LTPs is sensible.

### **4. Do you support the proposed approach of the NPS-UD providing national level direction about the features of a quality urban environment?**

Defining quality urban environments would be helpful for informing District Plan changes and resource consents and raising the quality of urban development in New Zealand. The matters described in O2 of the NPSUD have merit, but there is a glaring omission in the fact that there is no mention of urban design. Urban design is often unfairly criticised for being ambiguous or subjective. The principles of urban design, as described in the Urban Design Protocol are universal. If quality urban environments are to be defined in an NPS, the 7 C's of urban design could readily be integrated into the description/definition. Most councils are already signatories to the urban design protocol, including all the identified MUCs, so there is existing non-regulatory support for urban design influencing urban development outcomes.

If a definition of quality urban environments is adopted, it is likely that O2 - O3 and P2A - P2B will assist processing of consents for multi-unit developments. They may also assist councils in making notification determinations for resource consents, especially where District Plans do not have non-notification clauses in place.

**5. Do you support the inclusion of proposals to clarify that amenity values are diverse and change over time?**

We support this approach in principle as it will better assist decision-makers in balancing the amenity needs of the present and the future. While amenity values are diverse and do change over time, the principles of good urban design and what makes a good place to live remain relatively settled. For example, many large international cities have historic high density inner city suburbs that provide highly sought after accommodation because they contain the principles of what makes a good place. They were successful 100 plus year ago and remain successful today because of the principles of good design.

**6. Do you support the addition of direction to provide development capacity that is both feasible and likely to be taken up? Will this result in development opportunities that more accurately reflect demand?**

The proposal around development capacity appears good in theory, but potentially fundamentally problematic in practice. The current approach in the NPSUDC is to be agnostic about development, by simply requiring councils to provide for sufficient growth opportunities that are feasibly developable. The market is then expected to respond to opportunities and then council can monitor uptake (or not) and respond accordingly. Requiring councils to identify what is *likely to be taken up* is impractical. It would require significant input from the development community to inform council assessments. This assumes that developers are willing to participate and that the feedback they are providing is impartial and accurate. PNCC's experience with the Housing and Business Needs Assessment was that developers were unwilling to engage with us on the grounds of confidentiality. Without their involvement, trying to identify what is likely to be developed would be a flawed assessment. The current approach, which relies on the market to take up what is feasible is a far more pragmatic and enabling approach.

**7. Do you support proposals requiring objectives, policies, rules and assessment criteria to enable the development anticipated by the zone description?**

This is an overly prescriptive and unnecessary proposal, especially given the recent advent of National Planning Standards. Applying the planning standards should provide enough clarity to planners and councils to ensure planning provisions align with zoning. Any misalignment between objectives, policies, methods and assessment criteria should be addressed through a thorough section 32 evaluation. Using an NPS to address such a rudimentary planning process is a disproportionate response to a problem that is unlikely to be widespread.

An NPS should not be used as a tool to enforce best practice. Good planning practice can be addressed through other processes, like updating the quality planning website, industry training, requiring qualified planners to develop plans, and supporting the creation of a chartered or registered planning profession to increase capability and accountability.

**8. Do you support policies to enable intensification in the locations where its benefits can best be achieved?**

This proposal could be transformational for New Zealand. Given the diverse needs of the country versus Auckland, it may be more appropriate to take a descriptive approach to achieving higher densities, rather than the blunt requirement for councils to enable 80 dwellings per hectare. The former approach may only realistically work in few areas within the identified MUCs. A descriptive regime could target the need to provide for intensification in and around CBDs and neighbourhood centres. This approach has been taken in Palmerston North. Specific areas within 800m of the



CBD and neighbourhood centres have been spatially defined as being suitable for intensification under a restricted-discretionary consent. Any intensification proposals in non-defined multi-unit areas are also enabled through a discretionary consent process.

The NPS could make intensification more enabling by directing defined intensification areas a non-notified consent process, provided the areas are identified via a public District Plan Change process. This would provide greater certainty to developers that they can propose an intensified development without the need to get into an adversarial public process. Instead, they would only have to deal with the effects of their development on a technical basis, through engagement with councils, based on outcomes and assessment criteria that have been agreed by their communities through robust District Plan development processes.

**9. Do you support inclusion of a policy providing for plan changes for out-of-sequence greenfield development and/or greenfield development in locations not currently identified for development?**

This should not be necessary. If development stacks up favourably, there should not need to be a reliance on an NPS to promote a plan change. The same rationale would apply to private plan changes, where such an approach is more likely to be utilised. Also, given the proposed thresholds that must be met under the NPSUD proposal, it is unlikely that an out of sequence growth area could proceed without negatively impacting on *quality urban environment outcomes*. There is a risk that out of sequence development could create poor urban form outcomes e.g. establishing islands of housing in rural areas. Given that an additional 20% development capacity must be provided for on top of what is projected, there should be more than ample supply to meet demand without needing to have a policy enabling out of sequence development. The monitoring and reporting requirements in the NPSUD also provide sound processes to ensure that supply continually exceeds demand.

**10. Do you support limiting the ability for local authorities in major urban centres to regulate the number of car parks required for development?**

This proposal is unnecessary and fails to consider site specific requirements. Car park regulation should be examined through evidence-based decision-making at plan development stage, and then, if necessary re-examined at a consenting stage based on the merits of a development proposal. Looking to regulate car parking through national direction seems to be a disproportional response to addressing a very specific issue, which is likely only problematic in small parts of some MUCs. Issues like carparking are better managed at a local level, where more site-specific considerations on the relative merit of carparking provision can be more readily examined on a case-by-case basis. If, as the NPSUD document states, there is strong evidence that carparking standards are not supporting the outcomes desired across urban areas, then this evidence should be enough to inform a robust section 32 analysis to influence alternative parking approaches.

**11. Do you think that central government should consider more directive intervention in local authority plans.**

The Government is already intervening with the application of National Planning Standards and suite of new NPSs. A key foundation of the RMA was the ability of local communities to influence how decisions affect them. Proposing that Government needs to intervene locally on matters such as building heights, density, site coverage and other rudimentary planning matters is over-reaching and unnecessary.

If Government considers that micro-planning intervention is necessary, then it should be dealt with under a formal review of the RMA, where a detailed investigation of the relative merits can be examined through a select committee process. Using an NPS process to undermine a key foundation of the RMA would be inconsistent with the recently announced RMA amendments, which seek to remove direct Government intervention at the local level.

## **NATIONAL POLICY STATEMENT FOR HIGHLY PRODUCTIVE LAND**

The National Policy Statement for Highly Productive Land (NPSHPL) is supported in principle by PNCC. It will provide some much-needed national recognition for the importance of protecting high class, versatile soils for productive purposes. Given the recent urban growth pressures that New Zealand is facing, an NPSHPL provides some much-needed counter-balance to the NPSUDC and proposed NPSUD to ensure that valuable finite soil resources are adequately protected.

Palmerston North has recently completed its second-generation District Plan review. This included reviewing our Rural Zone, where a significant focus was on avoiding rural-residential subdivision on high class soils. This was in-part achieved by excluding rural-residential development on high class soils. It was also aided by increasing the minimum lot size in the Rural Zone from 4ha to 20ha to ensure rural land was able to be retained for productive purposes. The direction for our rural zone review was significantly influenced by Horizons Regional Council's One Plan, which requires territorial authorities to consider the benefits of retaining Class I and II versatile soils for use as production land when providing for urban growth and rural residential subdivision. The outcome of our District Plan review is consistent with the intent of the proposed NPSHPL, including recognising the value of Class III soils.

National direction through NPSs should provide clear direction for councils to implement. There are clear interplays between the NPSHPL and the NPSUD, but no direction around what should take precedence. Given highly productive soils are rare and finite, some consideration should be given to establishing bottom lines in the NPSHPL to discourage or disenable urban growth on highly productive land, where it is feasible for those soils to be used for productive purposes. There will always be alternative locations for urban growth, including the opportunity for intensification in existing urban areas. Any proposal to significantly extend urban growth onto highly productive land should be well considered, and ideally avoided. The NPSHPL needs to provide much clearer direction regarding this so that territorial authorities can properly weight competing resource management issues accordingly.

There will be some costs to PNCC implementing the NPSHPL because the review of our rural zone will need to be brought forward mid-cycle, for little real benefit.

PNCC would welcome the opportunity to discuss the contents of this submission further with officials from the Ministry for the Environment and or the Ministry for Primary Industries. If you require any further information on the content of this submission please contact [REDACTED]



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