

10 October 2019

National Policy Statement on Highly Productive Land
Ministry for Primary Industries
PO Box 2526
Wellington 6140

Email: soils@mpi.govt.nz

Proposed National Policy Statement on Highly Productive Land

1. Recommendations

- 1.1 Local authorities to prioritise land assessment towards land that is “feasible and likely to be taken up” – as identified in the National Policy Statement on Urban Development (NPS-UD). This would require local authorities to work closely with the property sector and prioritise Land Use Capability (LUC) class 3 to 8 (preferably within a 12-month timeframe so that it can be incorporated into the Future Development Strategy which we recommend be part of the Long-Term Plan process in 2021).
- 1.2 The National Policy Statement on Highly Productive Land (NPS-HPL) be integrated into the NPS-UD. This would help provide clearer guidance to local authorities when balancing tensions between competing needs.
- 1.3 The Ministry for Primary Industries (MPI) do more work to identify appropriate non-statutory exemption requirements and that this be clearly identified and integrated into the NPS-UD. These requirements could include for example, where dedicated infrastructure funding from central and/or local government has been committed.
- 1.4 The proposed scope in the NPS-HPL to become the underlying principles when local authorities consider highly productive land. This would see MPI develop a clear overarching policy for local authorities when making decisions on highly productive land. (See para 5 for more details).
- 1.5 We support the proposed objectives, on the proviso that the scope of the proposal becomes clear guidance for local authorities when considering each objective and policy.
- 1.6 The identification of LUC 3 to 8 is prioritised in order to free up land to accommodate growth. The identification should occur as part of local authorities preparing a Future Development Strategy ensuring a joint-up strategic approach is undertaken when identifying land to ensure that it is; “feasible and likely to be taken up”.
- 1.7 Policy 1: All Appendix A requirements become mandatory. This better aligns identification of highly productive land with the NPS-UD. In particular, requirements around the availability of transport routes, labour markets and infrastructure can be assessed at the same time as

NATIONAL OFFICE

Foyer Level
51 Shortland Street
PO Box 1033
Auckland 1140

P +64 9 373 3086
E enquiries@propertynz.co.nz
propertynz.co.nz

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considering development capacity. This will ensure that the identification of land and assessing whether there is a need for development occurs hand in hand.

- 1.8 Policy 2: Align the process of determining where development is not appropriate with spatial planning framework and the development or review of Future Development Strategies in NPS-UD.
- 1.9 Policy 3: This should be part of the NPS-UD when undergoing a Future Development Strategy to ensure that clear guidance is provided when development is suggested to occur on highly productive land.
- 1.10 Policy 5: Reverse sensitivities are often mitigated elsewhere and may not be required as part of a National Policy Statement.
- 1.11 The NPS-HPL objectives and policies should apply to all local authorities listed in tables 2 and 3 of the NPS-UD, and any additional districts that have a high portion of highly productive land as identified by the MPI or the Ministry for the Environment.

2. Introduction

- 2.1 Property Council’s purpose is “Together, shaping cities where communities thrive”. We believe in the creation and retention of well-designed, functional and sustainable built environments which contribute to New Zealand’s overall prosperity. We support legislation that provides a framework to enhance economic growth, development, liveability and growing communities.
- 2.2 The property industry is currently the largest industry in New Zealand with a direct contribution to GDP of \$29.8 billion or 13 per cent. The property sector is a foundation of New Zealand’s economy and caters for growth by developing, building and owning all types of property.
- 2.3 Property Council is the leading non-for-profit advocate for New Zealand’s largest industry – property. Connecting people throughout the country and across all property disciplines is what makes our organisation unique. We connect over 10,000 property professionals, championing the interests of over 560 member companies who have a collective \$50 billion investment in New Zealand property. Our membership is broad and includes companies that undertake large-scale residential and commercial development projects, including large commercial buildings, industrial parks and retail precincts where people live, work, shop and play across New Zealand.

3. Overview of National Policy Statement on Highly Productive Land (NPS-HPL)

- 3.1 The NPS-HPL is well written however many of the policies could be incorporated into the NPS-UD.
- 3.2 We are concerned with areas being protected where there is no need to protect. A blanket protection could lead to a restriction in supply of land for urban growth and an increase in land prices, directly contradicting the government’s housing affordability policy.



- 3.3 We recommend local authorities prioritise land assessment towards what is “feasible and likely to be taken up” – as identified in the NPS-UD. This would require local authorities to work closely with the property sector and prioritise class LUC 3 to 8 (preferably within a 12-month timeframe). It is important we align this classification with producing a Future Development Strategy which we have suggested occur as part of the Long-Term Plan process in 2021.
- 3.4 Furthermore, the indicative cost-benefit analysis prepared by MPI in May 2019 states; “quantifying this opportunity cost is difficult and has not been attempted for this [cost benefit analysis]”.¹ This is because quantifying the potential costs and inefficiencies associated with redirecting growth is difficult due to a wide range of factors at play such as; the size of growth and demand in the area. We are concerned that due to the nature of redirecting growth, there will be significant costs and implications that have not been thought through or looked at. In practice, this will likely result in additional processes and unknown costs associated with redirecting growth.

4. National Policy Statement for Highly Productive Land

- 4.1 In March 2019, we submitted in opposition to a separate National Policy Statement for Highly Productive Soils. We continue to support this position, as the proposed NPS-HPL could be incorporated into NPS-UD. This would provide more certainty as to how competing interests can better align and what trade-offs are to be made.
- 4.2 We recommend the NPS-HPL be integrated into the NPS-UD. Currently the onus is on local government to determine the weightings it gives to each issue. For example, the proposed National Policy Statements have contradicting policies around intergenerational equity and the blanket protection of LUC class 3 which in many cases may be suitable for development and help reduce intergenerational equity. Direction from central government is required.
- 4.3 The National Policy Statements need to better work together. Incorporating the NPS-HPL into the NPS-UD would ensure that priority discussions occurred at the central government level and directed to local authorities. This would help provide clearer guidance to local authorities when balancing tensions between competing needs.

5. The scope of the proposal

- 5.1 We support the proposal that when identifying highly productive land, the policy would exclude urban areas but would not exclude areas zoned primarily for rural or rural-residential activities. Urban areas are primarily zoned for residential, industrial or commercial activities. This ensures that local authorities can continue to accommodate and plan for future growth in these types of areas.
- 5.2 Although, in principle, we support the preferred option to exclude future urban areas identified in district plans and not exclude future urban areas identified in non-statutory strategic documents we are concerned with unintended consequences. For example, we know

¹ Proposed National Policy Statement – Highly Productive Land Indicative Cost-Benefit Analysis, <https://www.mpi.govt.nz/dmsdocument/36618-proposed-national-policy-statement-highly-productive-land-indicative-cost-benefit-analysis-technical-paper>, Page 17.

of outlier growth areas which have advanced planning processes such as dedicated infrastructure funding from central and local government but are not rezoned in the District Plan. The NPS-HPL would not see these areas excluded which could directly undermine spatial planning work that accommodates growth. We recommend MPI do more work to identify appropriate non-statutory exemption requirements and that this be clearly identified and integrated into the NPS-UD. These requirements could include for example, where dedicated infrastructure funding from central and/or local government has been committed.

- 5.3 We support the proposal taking a pragmatic approach to highly productive land. Namely, that land parcels under a certain threshold that are likely to be productive would not be considered as highly productive land. This would ensure a coordinated approach is taken to highly productive land, rather than perverse outcomes where pockets of highly productive land are protected but not used due to their lot size and location.
- 5.4 We recommend that the proposed scope becomes the underlying principles when local authorities consider highly productive land. This can be done through a clearly written overarching policy for local authorities when making decisions on highly productive land. We would support these being incorporated into the NPS-UD to provide better national direction.

6. NPS objectives

- 6.1 Objectives are developed to highlight the overall intent of the policy. The objectives as they currently stand do not incorporate the scope – or overarching rules when considering highly productive land. We are concerned that the proposed scope will get lost, as local authorities will look towards the objectives, as there is currently no clear overarching guidance.
- 6.2 We support the objectives, on the proviso that the scope of the proposal becomes clear guidance for local authorities when considering each objective and policy. This would provide more guidance around objective 3 which mentions the need to protect from “inappropriate subdivision, use and development” on highly productive land. For example, if the highly productive land was a small pocket of land or within an urban area, the overarching guidance is clear that this would not be classed as inappropriate subdivision, use and development.

7. Policy 1 – Identification of highly productive land

- 7.1 This proposal requires regional councils to define the spatial extent of highly productive land in their region. We strongly recommend that the identification of LUC 3 to 8 is prioritised in order to free up land to accommodate growth. We recommend this work occurs alongside local authorities preparing Future Development Strategies which requires them to determine whether the development is “feasible and likely to be taken up”. This will ensure that the identification of land and assessing whether there is a need for development occurs hand in hand.
- 7.2 The criteria for identifying highly productive land is set out in Appendix A. This sets out mandatory and optional requirements when identifying highly productive land. We recommend that all requirements become mandatory, as many of the optional requirements around the availability of water, transport routes, labour markets and infrastructure are set

out in the NPS-UD. This would better align the two documents, particularly if our recommendation to include the NPS-HPL in the NPS-UD was undertaken.

- 7.3 As discussed in our submission on the NPS-UD. We do not support the proposed timeframes. We recommend priority be given to identifying non-highly productive land (by identifying what is not classified as highly productive, starting with LUC 3 to 8) and ensuring that it is “feasible and likely to be taken up”. This would ensure we are not waiting five years for certainty, which may inflate demand and add to housing unaffordability and generational inequity issues we are currently facing.

8. Policy 2 – Maintaining highly productive land for primary production

- 8.1 This policy requires local authorities to, once they have identified highly productive land, maintain the availability of the land for primary production by making changes to their regional policy statements and district plans.
- 8.2 As this process requires local authorities to identify where development is not appropriate, we recommend the process aligns with spatial planning framework and the development or review of Future Development Strategies.

9. Policy 3 – New urban development on highly productive land

- 9.1 This policy would link well with the NPS-UD as it allows for urban expansion onto highly productive land in areas where there is a shortage, and it is demonstrated that this is the most appropriate option.
- 9.2 We recommend this policy be placed in the NPS-UD as part of the assessment when undergoing a Future Development Strategy to ensure that clear guidance is provided when development is suggested to occur on highly productive land.

10. Policy 4 – Rural subdivision and fragmentation

- 10.1 This policy requires territorial authorities to amend their district plans to manage rural subdivision to avoid fragmentation by setting minimum lot size standards, placing incentives and restrictions on subdivisions, and direct new rural lifestyle development away from areas of highly productive land.
- 10.2 We are wary of circumstances in which land that is zoned rural, but lot sizes are too small for economic production. This may cause situations where more fragmentation occurs due to the blanket protection of land. We support the NPS-HPL definition of rural lifestyle development which typically ranges from 0.2 hectares to eight hectares.

11. Policy 5 – Reverse sensitivity

- 11.1 This policy requires territorial authorities to ensure district plans include provisions to manage reverse sensitivity effects. The intent is to provide buffers between areas of highly productive

land and adjacent residential and rural residential zones to avoid or mitigate reverse sensitivity effects.

11.2 Reverse sensitivities are often mitigated elsewhere and may not be required as part of a National Policy Statement.

12. Policy 6 and 7 – Consideration of private plan changes and resource consent applications on highly productive land

12.1 This policy is directed at private plan changes and resource consent applications. It seeks to provide additional direction on how local authorities will consider private plan changes and sets out the grounds on which a private plan change will be rejected. Policy 7 is considering resource consent applications for urban development on highly productive land.

12.2 The proposal seems reasonable and we have no additional comments.


13. Implementation

13.1 We recommend the NPS-HPL be incorporated into the NPS-UD. We recommend the NPS-HPL objectives and policies apply to all local authorities listed in tables 2 and 3 of the NPS-UD and any additional districts that have a high portion of highly productive land as identified by MPI or MfE.

14. Conclusion

14.1 We support the overall policy intent and make clear recommendations to prioritise land assessment towards what is “feasible and likely to be taken up” as identified in the NPS-UD. By aligning the two NPS’s this would ensure a joint-up strategic approach is undertaken and requirements around land, transport routes, labour markets and central and local government infrastructure can be assessed at the same time. This would help improve planning between medium and high growth local authorities and central government.

14.2 Property Council would like to thank the Ministry for the Environment for the opportunity to provide feedback.

14.3 Any further queries do not hesitate to contact Katherine Wilson, Senior Advocacy Advisor, via email: 

Yours sincerely,



Leonie Freeman
Chief Executive
Property Council New Zealand