



Submission on a notified proposal for Variation 3 to the proposed Waikato District Plan under Clause 6 of Schedule 1 Resource Management Act 1991

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districtplan@waidc.govt.nz

Name of submitter: Andrew Crisp, Chief Executive, Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development (HUD)

This is a submission on Variation 3.

HUD could not gain an advantage in trade competition through this submission.

HUD's role and responsibilities

HUD leads the New Zealand Government's housing and urban development work programme. We are responsible for strategy, policy, funding, monitoring and regulation of New Zealand's housing and urban development system. We are working to:

- address homelessness
- increase public and private housing supply
- modernise rental laws and rental standards
- increase access to affordable housing, for people to rent and buy
- support quality urban development and thriving communities.

We work closely with other central and local government agencies, the housing sector, communities, and iwi to deliver on our purpose – thriving communities where everyone has a place to call home – he kāinga ora, he hāpori ora.

Our work on the planning system – outlined further below – contributes directly to several of the above streams of work (particularly, increasing housing supply and supporting quality urban development) and provides a necessary foundation for the others.

Wider Context

The Government Policy Statement on Housing and Urban Development 2021 (GPS-HUD)

The GPS-HUD sets a direction for housing and urban development in New Zealand. Its overarching vision is that everyone in New Zealand lives in a home and a community that meets their needs and aspirations.

The four main things it sets out to achieve are:

- **Thriving and resilient communities** – the places where people live are accessible and connected to employment, education, social and cultural opportunities. They grow and change well within environmental limits, support our culture and heritage and are resilient.

- **Wellbeing through housing** – everyone lives in a home, whether it’s rented or owned, that is warm, dry, safe, stable and affordable, with access to the support they need to live healthy, successful lives.
- **Māori housing through partnership** – Māori and the Crown work together in partnership so all whānau have safe, healthy, affordable and stable homes. Māori housing solutions are led by Māori and are delivered locally. Māori can use their own assets and whenua Māori to invest in and support housing solutions.
- **An adaptive and responsive system** – Land-use change, infrastructure and housing supply is responsive to demand, well planned and well regulated.

The National Policy Statement on Urban Development (NPS-UD) and the Resource Management (Enabling Housing Supply and Other Matters) Amendment Act 2021 (the Act)

HUD has a particular interest in this Plan Change stemming from its co-lead role in developing the NPS-UD and the Act and overseeing their implementation.

The NPS-UD aims to ensure councils better plan for growth and remove overly restrictive barriers to development to allow growth in locations that have good access to services, public transport networks and infrastructure. The NPS-UD *intensification policies* require councils to enable greater heights and densities in areas that are well-suited to growth, such as in and around urban centres and rapid transit stops.

The Act introduced the Intensification Streamlined Planning Process for tier 1 councils to implement the intensification policies and additionally required these councils to introduce the Medium Density Residential Standards.

Both the Act and NPS-UD provide for qualifying matters – justified reasons to reduce heights and densities enabled.

Together, the NPS-UD and Amendment Act are intended to ensure New Zealand’s towns and cities are well-functioning urban environments that support housing supply and affordability, accessibility to jobs and services, and emissions reduction.

The benefits of intensification

In recent years, HUD and the Ministry for the Environment (MfE) have commissioned a series of work to develop an evidence base to inform policy development and to support the evaluation of policies. This evidence base has been bolstered by international evidence that has considered the impacts of intensification. Reports commissioned by HUD and MfE include (but are not limited to) the following:

- The costs and benefits of urban development, 2019, MRCagney: <https://environment.govt.nz/publications/the-costs-and-benefits-of-urban-development/>
- The cost benefit analysis for the National Policy Statement on Urban Development, 2019: <https://environment.govt.nz/assets/Publications/Files/NPS-UD-CBA-final.pdf>
- The cost benefit analysis for the Medium Density Residential Standards: <https://environment.govt.nz/assets/publications/Cost-benefit-analysis-of-proposed-MDRS-Jan-22.pdf>

As a whole, this evidence base clearly shows the benefits of intensification in the form of:

- **Social benefits**, resulting from greater availability of a wide range of housing typologies in areas that are close to jobs and services. This can slow or reverse the transfer of

wealth from future homeowners and renters to current property owners in areas with heavy restrictions.

- **Economic benefits**, resulting from greater productivity. *Agglomeration economies* drive productivity growth in areas where higher numbers of firms and people are located near one another, as a result of improved matching between employers and employees and higher levels of innovation (due to 'knowledge spillovers').
- **More efficient use of infrastructure**, as infrastructure costs are lower, on average, for medium density developments and developments in inner-city areas.
- **Environmental benefits** relative to greenfields development and to development further from the centre of cities. Intensification is a key mechanism for reducing carbon emissions, including by enabling shorter commute times and the efficient use of infrastructure, while continuing to meet housing and urban development needs.

There are a wide range of additional impacts that arise from various types of urban development, including costs such as sunlight loss and congestion. However, evidence shows that the benefits outlined above tend to outweigh costs and do so substantially in areas that are well-suited to development. Benefits are also widespread, longstanding and projected to grow substantially over time. Costs are real but tend to be smaller and more narrowly focused, primarily affecting current homeowners.

As a result, modelling for both the NPS-UD intensification policies and the Medium Density Residential Standards (MDRS) showed a clear net benefit. This work also highlighted that the costs of any restrictions imposed will be a reduction, to a greater or lesser extent, in the positive impacts outlined above.

In its role overseeing the implementation of the NPD-UD and MDRS, HUD is focused on ensuring these benefits are realised, and that restrictions are only put in place where there are genuine qualifying matters that need to be managed.

Scope of Submission

The submission relates to:

- The Urban Fringe qualifying matter

HUD opposes the application of the urban fringe qualifying matter that Waikato District Council is applying in Variation 3 to the proposed district plan.

The Submission is:

Section 77G(1) of the RMA requires WDC to incorporate the MDRS into every relevant residential zone in the district, and across the entirety of these zones unless a qualifying matter applies. WDC correctly identified the residential zones in Huntly, Ngāruawāhia, Tuakau, and Pōkeno as relevant residential zones.

The notified plan change, Variation 3, proposes an ‘urban fringe’ qualifying matter. This would apply to all residential sites outside of an 800m walkable catchment of the Huntly, Ngāruawāhia, Tuakau, and Pōkeno town centres. This would restrict application of the MDRS in these towns and retain the existing general residential zone provisions where the proposed qualifying matter applies.

The RMA and the NPS-UD enable councils to identify qualifying matters in their districts/cities. The purpose of these provisions is to limit development on sites where there would be significant negative impacts from development, such as destruction of historic heritage or increased harm from natural hazards. Section 77I outlines that

“A specified territorial authority may make the MDRS and the relevant building height or density requirements under policy 3 less enabling of development in relation to an area within a relevant residential zone only to the extent necessary to accommodate 1 or more of the [qualifying matters]”

This makes it clear the restrictions can only be for identified purposes and must be designed in the most efficient way possible – addressing the matter without unnecessarily restricting development.

Sections 77I to 77M of the RMA and clauses 3.32 to 3.33 of the NPS-UD outline requirements when proposing restrictions on development. As per section 77L, non-listed matters, such as WDC’s proposed ‘urban fringe’, cannot be considered qualifying matters unless the evaluation report:

- assesses the costs and broader impacts of imposing those limits,
- justifies why the restriction is appropriate in light of the national significance of urban development and the objectives of the NPS-UD, and
- includes a site-specific analysis that evaluates an appropriate range of options to achieve the greatest heights and densities permitted by the MDRS (as specified in Schedule 3A) or as provided for by policy 3 of the NPS-UD while managing the specific characteristics.

HUD considers WDC’s section 32 report provides insufficient justification to establish the urban fringe qualifying matter under 77I(j) and 77L for the following reasons:

- Limited justification is provided for why the relevant areas are incompatible with the level of development enabled by the MDRS, as required under 77J(3)(a). Although WDC has stated that the MDRS are inappropriate outside of walkable catchments of relevant town centres, specific characteristics that make the level of development provided by the MDRS have not been identified.
- A site-specific analysis for each site where the restrictions would apply has not been carried out. Costs and benefits only appear to have been considered on a cursory basis and are unconvincing. For example, providing ‘housing choice and a range of living

options' is a stated benefit, but it is not possible for this impact to result from a restriction on development. The likelihood of greater greenfields development to offset these restrictions, and which incurs a wide range of additional costs, has not been considered.

- Part of WDC's justification for the restrictions is that it is necessary to give effect to Policy 3(d) of the NPS-UD. This appears to be a misinterpretation of Policy 3(d) and the RMA requirements. Section 77G of the RMA requires relevant councils (including WDC) to amend their district plans to both incorporate the MDRS in every relevant residential zone and give effect to Policy 3. The RMA does not provide for Policy 3 to be used as justification for a qualifying matter. Rather, Policy 3 requires or supports enabling development beyond the MDRS in certain circumstances.
- The restrictions have not been justified 'in light of the national significance of urban development and the objectives of the NPS-UD' as required by 77L(b).

In summary, HUD considers that WDC has not met the requirements of RMA sections 77I to 77M to establish the urban fringe qualifying matter. HUD requests that it be removed, and all relevant residential zones have the MDRS applied accordingly.

Relief Sought

HUD seeks the following decision on Variation 3:

- Remove the urban fringe qualifying matter and apply the MDRS as required by the RMA across the relevant residential zones.

Hearings

HUD wishes to be heard in support of its submission. If others make a similar submission, HUD will consider presenting a joint case with them at a hearing.



Andrew Crisp

Chief Executive, Te Tūāpapa Kura Kāinga - Ministry of Housing and Urban Development

Address for Service of person making submission:

Te Tūāpapa Kura Kāinga Ministry of Housing and Urban Development

Contact Person:

Email: RMAPlans@hud.govt.nz

Phone: Fiona McCarthy, 022 079 4140

Postal Address: Ministry of Housing and Urban Development, PO Box 82, Wellington 6140