

10 October 2019

National Policy Statement on Urban Development Consultation
Ministry for the Environment
PO Box 10362
Wellington 6143

Dear Sir/Madam

**Submission on proposed National Policy Statement on Urban Development
"Planning for Successful Cities"**

Tasman District Council and Nelson City Council welcome the opportunity to make a submission on the proposed National Policy Statement on Urban Development (NPS-UD).

The Councils support Government's efforts to improve the urban environment and encourage intensification of housing. However, the proposed NPS-UD fails to provide appropriate policy direction for urban areas outside of the Major Urban Centres (MUCs), such as ours, that are contending with housing market problems - those of a fast growing population and serious housing affordability issues. High growth rates in smaller centres like Nelson City Council and Tasman District Council (Nelson/Tasman) puts the costs of new infrastructure onto a smaller rating base so the costs to rate payers and the community is proportionately higher than in larger centres.

The proposed NPS-UD does nothing for regions such as ours that house a significant population, are growing fast and have serious housing affordability problems. 40% of NZ's population lies outside of the Major Urban Centres (MUCs) listed in the proposed NPS. We outline our housing market characteristics and talent attraction issues below and make recommendations for the proposed NPS-UD for authorities like ourselves.

Characteristics of the Nelson Tasman regions' housing market

The Nelson urban area (Nelson, Stoke and Richmond) is the 7th fastest growing main urban area nationally between 2013-2018, with population increasing on average 1.4% per annum and it is ageing. By 2038, residents aged 65+ are predicted to make up more than a third of our population. We are experiencing serious housing issues including affordability problems, high rents and a shortage of rental accommodation. Approximately 85% of first home buyers cannot comfortably afford a typical "first home" priced house (according to MBIE indicators) and 64% of rental households cannot afford typical rents. According to the Massey University home affordability index, Tasman District is the second least affordable region in the country after Auckland, and Nelson City is the third. This is creating a barrier to attracting and retaining the people we need to maintain and grow our economy. This serious housing unaffordability is against a backdrop where supply of housing (building consents and vacant buildable sections) is meeting demand (creation of households), total building consents have increased in recent years and the number of sections created in urban areas continue to increase.

Talent attraction issues

Earlier this year the Nelson Regional Development Agency undertook talent attraction and retention research in Nelson and Tasman. The top three initiatives that employers think government and local government most need to focus on to ensure the region can attract the talent it needs, include affordable housing. Many employers also commented on housing being a key barrier to attracting talent, including Nelson's high cost of living and low rental/house availability.

Three quarters of the 105 businesses who responded, report that they are growing at a rapid or reasonable pace. Talent attraction is one of the top three issues faced by over 60% of organisations, and is a concern for 88%.

Provincial Growth Fund

Nelson and Tasman based ventures have received in excess of \$12M in funding from the Provincial Growth Fund to date. This is a positive step in trying to grow our economy on a per capita GDP basis, but if we struggle to attract the talent to fill roles to help these businesses, due to high rents and house prices, then its potential will not be realised. Such barriers to enabling prosperity are currently not being addressed by Government. The Major Urban Centres (MUCs) focussed policies in the NPS-UD do nothing to complement the Government's investment in the regions.

Proposed NPS-UD - requested changes

1. There needs to be some distinction between the urban environments, by size, rates of growth and/or sustained lack of housing affordability. We propose three tiers of urban environments, distinguished by their current populations, projected rate of population growth and housing affordability:
 - a. Major Urban Centres (MUCs),
 - b. High Demand Urban Environments, and
 - c. All other urban environments.
2. Nelson and Tasman regions would fall within the second tier, along with similar regions and districts facing high population growth and serious housing unaffordability. The policy would not be as directive as for MUCs, but would encourage the development of medium density intensification areas where appropriate, according to a set of criteria such as those in the proposed policy. The policy approach should also "strongly encourage" the preparation of a Future Development Strategy (FDS) for such areas as well as being required to undertake housing and business monitoring and reporting.
3. Urban environments that have already voluntarily adopted a FDS need to be recognised in the NPS-UD by ensuring that these FDS documents are better recognised in the RMA planning hierarchy. The role of FDSs should be strengthened to inform RMA plans and strategies prepared under other legislation. We consider it would be advantageous to empower spatial planning by inserting FDSs into our legislative framework and making them integral to our planning system, more than just referencing them under "management plans and Strategies prepared under other Acts".
4. High demand urban environments that prepare an FDS must consider/address all the FDS policies proposed in the NPS-UD. We hope that having adopted a Nelson Tasman FDS, this will place us in a better position to work with Government departments and agencies responsible for education, transport, housing, health,

and social services, in planning in a coordinated fashion for the growth of our regions.

Important considerations currently missing from the features proposed in the NPS-UD to achieve quality urban environments

1. **Issue** - our population is ageing and we need urban environments that are suitable for people to age in place.

Recommendation - this issue needs to be acknowledged in the NPS-UD definition of high quality urban intensification, as well as across all Government policy relating to medium density housing in high demand urban environments and incorporation of universal design principles.

2. **Issue** - recognition that good urban design is essential for quality urban environments. Neither the preamble nor the proposed policies explicitly refer to good urban design being important for quality urban environments. Ecologically sensitive design is included but not the standard of urban design itself. This is a key factor in creating a quality urban environment.

Recommendation - include reference in the proposed NPS to Resource Management Plans and decisions ensuring that developments function well, establish or maintain a strong sense of place, and create attractive welcoming and distinctive places to live, work and visit.

3. **Issue** - there is potential for confusion between the proposed NPS-UD and other proposed NPSs. The most significant example for the effectiveness of an NPS-UD is the proposed inclusion of a policy providing for plan changes for out of sequence greenfield development and/or development in locations not currently identified. This policy would lead to more pressure to develop highly productive rural land, working against the objectives of the proposed NPS on Highly Productive Land and undermining other objectives of the NPS-UD.

Recommendation - remove the proposal for providing for plan changes for out of sequence greenfield development and/or greenfield development in locations not currently identified.

4. **Issue** - further measures to improve housing affordability. The rationale behind the draft NPS-UD appears to be that an increase in housing supply and increase in density will improve affordability, however no evidence or guidance is provided on this and this has not been the case in Nelson and Tasman. Our evidence indicates that higher density housing in the Nelson Urban Area is built for the higher end of the market, which only exacerbates unaffordability. The urban growth agenda has a focus on housing affordability but the proposed NPS does nothing to address this. Providing affordable housing is complicated with a number of interrelated factors influencing such provisions.

Recommendation - either acknowledge in the proposed NPS-UD that there are a number of factors affecting housing affordability, or include some effective proposals to assist with unaffordability.

The annex provided with this letter provides some further detailed responses to key questions in the consultation document "Planning for successful cities."

We look forward to hearing from you.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Rachel Reese'.

Mayor Rachel Reese JP
Mayor of Nelson

A handwritten signature in black ink, appearing to read 'Richard Kempthorne'.

Mayor Richard Kempthorne
Mayor of Tasman