15 August 2025

National Direction Consultation

Te Tuāpapa Kura Kāinga and Ministry for the Environment

Wellington

Via online lodgement system gfgh@hud.govt.nz

Tēnā koutou katoa,

National Direction Package: Going for Housing Growth Submission

Hawke's Bay Regional Council (HBRC) welcomes the opportunity to provide feedback on Package 4 of the National Direction Package - Going for Housing Growth.

For further information or to discuss any aspect of this submission, please contact:

Nichola Nicholson

Manager Policy and Planning

e: nichola.nicholson@hbrc.govt.nz

Yours sincerely

Katrina Brunton

Group Manager Policy and Regulation

Introduction

Hawke's Bay Regional Council welcomes the release of the proposed national direction under Phase 2 of the Resource Management Act 1991 (RMA) reform programme. We appreciate the opportunity to provide feedback on the Going for Housing Growth (GfHG) proposals, which aim to improve the implementation of the resource management system.

This submission presents HBRC's regional viewpoint, grounded in our staff's hands-on expertise and operational knowledge. Our position is shaped by several key developments: the recently completed Future Development Strategy for Napier and Hastings (2025-2055) and prior to that the Heretaunga Plains Urban Development Strategy (2017), findings from the 2024 Independent Flood Review, and critical regional events such as Cyclone Gabrielle. These experiences have deepened our understanding of resource management challenges and helped clarify our strategic priorities moving forward.

We make the following comments in response to the questions raised in the Discussion Document on Going for Housing Growth.

1. What does the new resource management system need to do to enable good housing and urban development outcomes?

The new system needs to be based on achieving the elements of a well-functioning urban environment in a cost-effective way. Provision of sufficient suitable land with appropriate levels of servicing is an important part of that equation.

The new system can set the parameters of what constitutes 'suitable land'. These parameters are addressed in question 2 following on spatial planning requirements. Additional local parameters of suitability may also be needed.

Appropriate levels of servicing are achieved from a more nuanced conversation between local and central government, infrastructure providers, financial institutions, mana whenua, communities, businesses and developers.

For the Hawke's Bay region, the new system needs to be outcomes-focussed to enable the Vision and Strategic Objectives for Napier and Hastings in their new Future Development Strategy 2025-2055 (currently being finalised):

> ***Vision:***
>
> *In 2054, Napier and Hastings have thriving, resilient, safe, equitable, sustainable and connected communities, within a protected and enhanced natural environment*
>
> ***Strategic objectives:***
>
> 1. *Mana whenua and councils work in a genuine Te Tiriti partnership to achieve their shared goals for urban development*
> 2. *We have a compact urban form, focussed around consolidated and intensified urban centres in Napier and Hastings*
> 3. *Our communities and infrastructure are resilient to the effects of climate change and the risks from natural hazards*
> 4. *We have a diverse range of housing choices that meet people's needs in neighbourhoods that are safe and healthy*

5. *We have a strong economy, and businesses can grow in locations that meet their functional needs*
6. *The highly productive land of the Heretaunga Plains is protected for productive uses*
7. *Our communities and business areas are well connected and accessible*
8. *We have sufficient land for housing and business to meet demand*
9. *Te Taiao/ our natural environment is protected and enhanced. Including our water bodies, indigenous biodiversity, wāhi taonga and outstanding landscapes*
10. *Our infrastructure is planned and designed to effectively support development and be resilient*
11. *Operational and functional needs of nationally and regionally significant infrastructure are not compromised by the location, design and suitability of new development*
12. *Urban growth and infrastructure support equitable social outcomes*
13. *The values and aspirations of mana whenua for development are a priority and are recognised and supported.*

The new system also needs to scale appropriately for smaller towns, villages and potential new areas for urban development across the whole of the region, not just the Tier 1 and 2 cities. This will enable a broader, regional perspective which transcends territorial authority boundaries and is founded on the opportunities and limits of our natural environment.

A broader view is also necessary for recognising:

- likely opportunities and impacts of climate change
- Constraints due to natural hazards
- the need to consider new energy, major infrastructure and transportation investments for the future
- The need to transition development away from areas of high risk in cost-effective and safe ways.

2. How should spatial planning requirements be designed to promote good housing and urban outcomes in the new resource management system?

Spatial planning should identify:

- those areas in a region that are suitable for urban growth or relocation
- those areas in a region that are not suitable for urban growth
- those areas where existing communities may need to relocate in the reasonably foreseeable future
- those areas where mana whenua aspirations for urban growth and development may be achieved
- waterways and other important features of the natural environment that should be incorporated in location-specific design

- what, when and where critical infrastructure, including social infrastructure, will go to support communities and future growth
- relevant timespans for development to reflect the life of various asset investments.

Spatial information including asset information, public transport and roading networks, natural hazards, and valuable soils is widely available to inform both development and implementation of the spatial plan, accessible to everyone and enabling them to make appropriate land use and development decisions.

Careful consideration should be given to significant infrastructure, asset life and location where there is a likelihood of future change, such as through rising sea levels, or where there is a desire to relocate communities from high-risk areas.

Spatial planning at place is critical for reconciling the different objectives for well-functioning urban environments when applied, with community and mana whenua engagement, enabling everyone to identify 'suitable' opportunities for growth.

An implementation plan is needed to identify matters including:

- governance
- relationships between entities to deliver the spatial plan
- how costs will be allocated (who will pay)
- staging of development to enable timely and cost-effective construction of necessary infrastructure
- monitoring and reporting on key indicators and spatial plan implementation action
- review of the spatial plan.

Finally, there will need to be strong direction around public and private investment in infrastructure for housing growth if well-functioning infrastructure is to be provided at scale for both more intensive redevelopment and new greenfield areas. Otherwise, there is a real risk that existing communities are burdened with meeting the cost of new or more intensive development. Costs of development must lie with the developer.

3. Do you support the proposed high-level design of the housing growth targets? Why or why not?

Housing growth targets are useful for identifying the magnitude of demand for housing and associated urban services.

As noted by Taituarā in response to this question, there are a range of different housing pressures, and this is evident across the region in Hawke's Bay. Not all housing pressures relate to growth. A number of Hawke's Bay communities are at increasing risk from the likely effects of coastal erosion or climate change, including vulnerability to flooding and/or inundation.

We support the Taituarā recommendation, namely:

- *Require councils to use the most likely/appropriate growth projections, with the option to use high growth projections for councils that are experiencing high growth*.

- *Ensure the approach can be used for both land use and infrastructure to ensure that the same forecast numbers are used across all land use and infrastructure planning. This will avoid a widening gap between land use and infrastructure.*
- *Improve the methodology for calculating development capacity so that it better focuses on matters that are in a council's control.*

4. How can the new resource management system better enable a streamlined release of land previously identified as suitable for urban development or a greater intensity of development?

Ideally, there should be clear consistency between zoning for development, planning and delivering infrastructure to support that development and suitable funding to match required infrastructure investment.

The spatial planning assessment (question 2) must be completed before rezoning for development occurs, to ensure that only suitable areas are rezoned. This should ensure that only land with acceptable level of natural hazard risk or other climate change impact can go forward for development.

Some form of deferred zoning is useful to identify land that is generally suitable for urban development in the longer term but is not yet supported by necessary urban services. This provides clear messaging for where future growth may occur. Deferred zoning should ensure that in the interim, the opportunity for full urban development in the longer term is not compromised.

If a developer wants to move ahead of the regular review of the spatial plan by local government, then they should bear the costs of the spatial planning assessment and any subsequent private plan change. The assessment would need to look at their site within its wider context and consider the impact of the proposal on the surrounding environment. A more detailed structure plan and master plan could be submitted at the same time, addressing both the assessment of site suitability and provision of more detail on location-specific opportunities, infrastructure provision and mitigations. It would also need to specify how off-site effects will be addressed and be transparent around costing of, and cost recovery for, any out-of-sequence infrastructure. The private plan change process could be used, with costs of any such process lying with the developer. This would carry a level of risk for the developer if the site is considered unsuitable by the local authority.

Also, while councils may rezone land for future residential development, the absence of enforceable timeframes for land release enables landowners and developers to strategically delay development to maximise profitability. This highlights the need, in the new resource management system, for planning mechanisms that either require timely development post-rezoning or empower councils to intervene where land banking undermines housing supply objectives.

HBRC supports Taituarā in their request for more streamlined planning processes to be available.

5. Do you agree with the proposed methodology for how housing growth targets are calculated and applied across councils?

HBRC considers that the use of high-growth scenarios is appropriate within the region, and that targets should be strategic, relating to likely areas of urban growth which may span more than one territorial authority but where an area is triggered, the requirement to consider growth across a region must be mandatory – i.e. in Future Development Strategies – they should be required for the region.

HBRC considers that this should enable a more equitable approach to achieving any target, and avoid the risks associated with each council having to provide for all its urban needs within its own boundary. For Hawke's Bay, a more strategic approach is necessary to reduce development pressure on develop land subject to higher natural hazard risk, and to protect highly productive land, natural systems and areas of important cultural or other value to the community.

6. Are there other methods that might be more appropriate for determining Housing Growth Targets?

HBRC considers that long-term housing targets are useful but the approach to set them needs to reflect data uncertainty and use of best available knowledge.

It is difficult to determine 'feasibility' without having a fair understanding of where employment growth is anticipated, what types of infrastructure improvements are needed, and the costs of necessary infrastructure and site mitigations, such as earthworks or drainage. Initial estimations of 'infrastructure-ready' costs, likely to be used for setting development contributions and financial contributions, may change (usually upwards) as more detailed design and costings are undertaken. This may impact on feasibility if the true costs of growth are to be recovered from the development, or sequencing of infrastructure investment is changed in response to other demands on finite resources.

Annual monitoring of development infrastructure costs may be useful in determining whether a local authority needs to review its development and financial contributions, and the impact of any such revision on 'feasible for development' estimates.

At all times, the possibility remains that some potential development may turn out to be unfeasible, especially when factoring in question 7 matters, following.

7. How should feasibility be defined in the new system?

Feasibility needs to include:

- immediate on-site costs of development
- impacts of the development on the surrounding environment
- contribution to existing or planned infrastructure
- long term feasibility considering a changing climate and possibility of a changing demographic base.

Infrastructure for hazard mitigation (such as for protection from floods and coastal inundation) and for management of residual risk should form part of the feasibility assessment. This would be in addition to infrastructure commonly provided by territorial authorities, such as for water supply, wastewater, stormwater, roading and transportation.

Allocation of costs for infrastructure should either be resolved beforehand or made transparent as assumptions when calculating feasibility.

8. If the design of feasibility is based on profitability, should feasibility modelling be able to allow for changing costs or prices or both?

Yes.

9. Do you agree with the proposal to replace the current 'reasonably expected to be realised' test with a higher-level requirement for capacity to be 'realistic'?

As noted in question 6, target setting and feasibility analysis involves uncertainty and use of best available information.

HBRC considers a word change is not needed as there will always be change in the parameters underpinning realism over time.

10. What aspects of capacity assessments would benefit from greater prescription and consistency?

HBRC considers it would be useful to have more consistency in use of natural hazard overlays and risk assessments.

We support the Taituarā submission.

11. Should councils be able to use the growth projection they consider to be most likely for assessing whether there is sufficient infrastructure-ready capacity?

HBRC considers that for each local authority within a region, the growth projections for spatial planning, infrastructure planning and long-term planning should all be consistent and based on reputable work with transparent and sound growth assumptions.

The Statistics NZ high, medium and low projections can, at times, be too slow in picking spatial surges in demand, notably where growth has been slow or negative in the recent past.

The region should be able to choose the projections which best fit with their understanding of regional growth into the future.

12. How can we balance the need to set minimum levels of quality for demonstrating infrastructure capacity with the flexibility required to ensure they are implementable by all applicable councils?

HBRC supports the Taituarā submission.

13. What level of detail should be required when assessing whether capacity is infrastructure-ready? For instance, should this be limited to plant equipment (e.g. [UNCLASSIFIED] treatment plants, pumping stations) and trunk mains/key roads, or should it also include local pipes and roads?

Infrastructure assessments must also include that required for flood and coastal hazard mitigation and residual risk management.

The level of detail required by this assessment should be determined by each local authority holding responsibility for service delivery and should be included as part of any Infrastructure Strategy.

14. Do you agree with the proposed requirement for council planning decisions to be responsive to price efficiency indicators?

Land in hazard prone areas may appear 'price efficient' due to lower development costs, but this masks long-term risk and costs that may not be readily quantified at present.

Any price efficiency indicator needs to factor in the likely costs of new development, especially where mitigations are needed to address adverse effects such as for natural hazards, or where areas require significant new infrastructure investment.

Any indicator should identify its underpinning assumptions about residual risk for natural hazards and other costs that are difficult to monetise.

15. Do you agree that councils should be required to provide enough development capacity for business land to meet 30 years of demand?

Provision of development capacity for both housing and business land needs to balance if each region's vision and objectives for urban development are to be achieved.

HBRC supports the Taituarā submission.

16. Are mechanisms needed in the new resource management system to ensure councils are responsive to unanticipated or out-of-sequence developments? If so, how should these be designed?

See Question 4 above.

HBRC notes that there may be small blocks of land available for housing growth which have not been included in the FDS because of their modest yield potential. This was certainly the case for the Napier Hastings FDS. These should be included within the new spatial plan, so it is clear that they have been assessed as suitable for housing growth and are included within any Infrastructure Strategy.

17. How should any responsiveness requirements in the new system incorporate the direction for 'growth to pay for growth'?

As a general principle, growth should pay for growth. This must include providing for the cost of some degree of resilience, as well as the cost of mitigation for the effects of development on any wider community.

18. Do you agree with the proposal that the new resource management system is clear that councils are not able to include a policy, objective or rule that sets an urban limit or a rural-urban boundary line in their planning documents for the purposes of urban containment? If not, how should the system best give effect to Cabinet direction to not have rural-urban boundary lines in plans?

The effect of identifying land which is suitable for residential/urban development may or may not create a hard zoning edge (or boundary). For example, protection of highly productive soil, or avoidance of a significant natural hazard risk is likely to introduce such a hard edge.

Equally, a soft edge may be needed where staging of infrastructure development is necessary as part of releasing land for development. As Taituarā notes, the spatial plan can do this.

19. Do you agree that the future resource management system should prohibit any provisions in spatial or regulatory plans that would prevent leapfrogging? If not, why not?

HBRC does not support provisions which would result in the spatial plan being ignored.

If a region considers that a more fluid form of urban expansion is acceptable, this should be reflected in their spatial plan and each local authority's infrastructure strategy, long term plan and regulatory plan.

Staging of expansion enables cost effective investment in infrastructure. Development without appropriate infrastructure risks leading to unsafe and unhealthy new communities, dissatisfaction with access to services, and strain on finite local authority resources to fix resulting issues. In such situations, the costs of development are not met by the developer.

20. What role could spatial planning play in better enabling urban expansion?

Refer to questions 1 and 2.

21. Do you agree with the proposed definitions for the two categories of 'key public transport corridors'? If not, why not?

HBRC broadly support the two-category approach to "key public transport corridors" (Category 1 = spine corridors / high-capacity frequent services; Category 2 = primary corridors / frequent regular services). We recommend retaining the One Network Framework (ONF) (spine / primary) alignment in national direction but require councils to publish a transparent, evidence-based methodology (frequency, peak/off-peak reliability, patronage, stop spacing and infrastructure readiness) to demonstrate why a corridor is assigned to Category 1 or 2. We also recommend that central guidance include minimum objective metrics (e.g. daytime peak frequency, minimum daily service span, or demonstrated multi-route merging) to limit unnecessary discretion and reduce plan-change disputes.

Justification / evidence

The GfHG proposals describe Category 1 (spine) and Category 2 (primary) using the ONF classifications and signal that councils should identify corridors against those definitions. This two-tier definition is helpful because it recognises that not all high-frequency corridors are "rapid transit" yet still warrant targeted intensification rules. Requiring councils to publish the criteria and evidence used to make a classification will help ensure transparency and reduce ad-hoc differences between districts. The Hawke's Bay Regional Public Transport Plan (RPTP) already sets out service hierarchies, route frequencies and an implementation pathway for a step-change network — this local service evidence can and should be used to support any corridor classification.

22. Do you agree with the intensification provisions applying to each category? If not, what should the requirements be?

HBRC agrees with the intent, though intensification must be matched with infrastructure capacity (e.g. three waters, schools). Also, some areas near transport corridors may be exposed to natural hazards, therefore blanket intensification could increase the number of people at risk.

Transport

HBRC supports targeted intensification requirements tied to corridor category, with the following refinements for practicability and local fit:

- Category 1 (spine): require standardised zoning that enables at least 6 storeys within the defined walkable catchment where there is committed or demonstrably funded long-term frequent service (e.g. the RPTP long-term frequency case). Where service improvements are conditional on future funding, allow staged application tied to service delivery milestones.
- Category 2 (primary): require standardised zoning that enables at least 3 storeys within the walkable catchment, with the ability for councils to enable greater heights where evidence of demand and feasibility exists.
- For both categories require that councils use a clear justification report before departing from the standardised zone (like the proposed overlay / justification approach in Phase 3), and that any departures which remove capacity include offsetting measures as proposed in GfHG.

Justification / evidence

The GfHG document proposes six storeys for the highest category and three storeys for the second category to reflect differing service capacities and development potential. That split is sensible, but in smaller urban areas (like parts of Hawke's Bay) intensification should be tied to infrastructure readiness and funding certainty to avoid creating land use expectations unsupported by transport supply. The HBRC RPTP documents a staged implementation (short-term and long-term frequencies) and a business-case driven step change in service levels; tying the six-storey requirement for Category 1 to committed or funded service outcomes will avoid mismatches between zoning and practical service delivery. The requirement for justification reports and offsetting where capacity is lost aligns with the Phase 3 approach.

23. Do you agree with councils being responsible for determining which corridors meet the definition of each of these categories?

HBRC agrees that councils should determine which corridors meet Category 1 or 2 definitions provided two conditions are met:

Councils must apply and publicly publish a consistent, objective methodology (minimum metrics such as peak frequency, daily span, route convergence, patronage thresholds, and infrastructure separation where relevant).

There should be a central audit / sign-off mechanism (e.g. via regional spatial plans, the Planning Act spatial plan process or a national guidance checklist) to ensure consistency across neighbouring urban areas and to minimise gaming or under-classification that could undermine national objectives.

Justification / evidence

The GfHG paper explicitly proposes that councils be responsible for corridor designation but also flags implementation risks where excessive discretion introduces delay and uncertainty. Local practice in Hawke's Bay (the RPTP and the TAG governance arrangements) provides a ready evidence base for council decisions and a forum for cross-agency testing. To avoid the problem noted in GfHG (where discretionary local interpretations reduce intended coverage), we recommend requiring a published methodology and regional / national check to ensure classifications are comparable across councils. This will help the RPTP evidence (frequencies, patronage, and planned service upgrades) map directly to corridor categories.

24. Do you support Option 1, Option 2 or something else? Why?

HBRC supports **a hybrid approach**: adopt **Option 2 (context-sensitive larger walkable catchments)** as the default but **include nationally set minimums (Option 1 distances) as a fallback** where local walkability or active transport infrastructure is demonstrably poor.

In practice:

- Default: councils should define catchments based on "as-walked" distances informed by local pedestrian network quality, barriers (rail, highways), topography and stop-to-stop spacing (this aligns with Option 2).
- Fallback minima: where councils cannot demonstrate acceptable walkability or where objective metrics fail to justify smaller catchments, the national minimum distances in Option 1 should apply to avoid inconsistent contraction of intensification areas.

Justification / evidence
Hawke's Bay's urban form is varied: Napier and Hastings have relatively compact centres with good pedestrian connectivity in some places, while other corridors suffer from barriers, discontinuous footpaths and uneven bus stop spacing. The RPTP's staged approach to frequency and network design means "walkability" will vary as infrastructure upgrades are implemented. A context-sensitive default (Option 2) allows councils to reflect real pedestrian access; retaining national minimum fallback distances from Option 1 prevents adverse local tailoring that would undermine national intensification intent. This hybrid ensures both ambition and practicality.

25. What are the key barriers to the delivery of four-to-six storey developments at present?

Natural hazard risk, cost, geotechnical, limited market demand, business failure.

26. For areas where councils are currently required to enable at least six storeys, should this be increased to more than six storeys? If so, what should it be increased to? Would this have a material impact on what is built?

Does not apply to Hawke's Bay Region.

27. For areas where councils are currently required to enable at least six storeys, what would be the costs and risks (if any) of requiring councils to enable more than six storeys?

Does not apply to Hawke's Bay region.

28. Is offsetting for the loss of capacity in directed intensification areas required in the new resource management system?

HBRC considers that there is insufficient information available to understand what is envisioned in offsetting the loss of development capacity.

30. Is an equivalent to the NPS-UD's policy 3(d) (as originally scoped) needed in the new resource management system? If so, are any changes needed to the policy to make it easier to implement?

HBRC makes no comment as this is more of a district plan land use control matter.

31. What controls need to be put in place to allow residential, commercial and community activities to take place in proximity to each other without significant negative externalities?

HBRC considers that changes may also be needed to related development regulations, such as the building code.

32. What areas should be required to use zones that enable a wide mix of uses?

In Hawke's Bay, mana whenua have expressed a desire to have their land zoned for multiple uses, but not for heavy industry.

A more flexible approach may be needed to ensure that novel culturally relevant design can be used.

HBRC considers that greater use of zones enabling a mix of uses is a matter for communities and mana whenua to consider.

33. Which rules under the current system do you consider would either not meet the definition of an externality or have a disproportionate impact on development feasibility?

HBRC considers that the current system is weak in addressing the externalities of development, and factoring these into feasibility assessment, in particular with regard to mitigations for natural hazard management.

34. Do you consider changes should be made to the current approach on how requirements are targeted? If so, what changes do you consider should be made?

HBRC supports the Taituarā submission.

35. Do you have any feedback on how the Going for Housing Growth proposals could impact on Māori?

HBRC considers that Māori must be consulted and involved in the development of this new legislation.

36. Do you have any other feedback on Going for Housing Growth proposals and how they should be reflected in the new resource management system?

The current NSP-UD review requirements are time consuming, onerous and expensive, and the FDS has limited regulatory teeth for controlling out of sequence or unplanned proposals for development.

HBRC considers that annual reporting of key indicators for the built environment, such as for data on subdivision approvals, and uptake of new housing and redevelopment data, would be far more useful to ensure that sufficient land is becoming available for new development.

The three-yearly requirement to complete a full Housing and Business Development Capacity Assessment (HBA) is onerous and expensive, certainly for tier 2 councils, if key indicators are showing that land is being released for development as envisaged in their FDS.

The full HBA should be completed ahead of a full review of the FDS.

Monitoring, reporting and planning cycles should be aligned with infrastructure and long-term planning activities.

37. Should Tier 1 and 2 councils be required to prepare or review their HBA and FDS in accordance with current NPS-UD requirements ahead of 2027 long-term plans? Why or why not?

HBRC considers that for the Hawke's Bay region, this is not a good use of resources before moving into the new resource management system.

HBRC in partnership with Hastings and Napier City Councils and the three Post Settlement Government entities, Mana Ahuriri, Tamatea Pōkai Whenua and Maungaharuru Tangitū, have just developed the 2025-2055 for Napier and Hastings.

It is more useful for the Hawke's Bay region to continue annual monitoring of key development trends so that we are better able to respond to new direction from government.