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10 October 2019

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#### **JOINT SUBMISSION FROM HAWKE'S BAY REGIONAL COUNCIL, NAPIER CITY COUNCIL, HASTINGS DISTRICT COUNCIL AND CENTRAL HAWKE'S BAY DISTRICT COUNCIL**

Thank you for the opportunity to comment on the proposed National Policy Statement for Urban Development (NPS-UD) and National Policy Statement for Highly Productive Soils (NPS-HPL). This is a joint submission made on behalf of the four councils named above ('The Councils'). Due to timing of these discussion documents' release relative to council meeting schedules, this submission has been approved by the Councils Chief Executives rather than the elected councillors. It is however, firmly based on the Council's adopted strategic objectives, policies and statutory plans.

The Councils generally agree with and support the Government's focus on successful cities and protecting highly productive land. However, we have a number of concerns with what is being proposed and the process being used to make these changes. We also mention that there is as yet no NPS around natural hazards and that this is also a significant issue for feasible urban development in Hawke's Bay.

Our feedback is attached to this letter, including general comment, comments on some of the draft objectives and policies and responses to some of the consultation questions. Council's feedback particularly highlights issues around:

- The need for recognition of existing strategies for managing future urban development and the wide variety of initiatives associated with its implementation
- The need for recognition of future development strategies that are well advanced in their preparation (CHB plan review).
- The need for a much clearer direction on what constitutes a 'quality urban environment'
- The need to properly consider local priorities and context for non-main urban centres, thus lessening the directive nature of the proposed policies
- The need for a 'top down and bottom up' approach relationship with Central Government direction and local authorities in managing planning outcomes
- The inconsistency of the proposed policies on private plan changes for greenfield development with the rest of the proposed NPS-UD and with the draft NPS-HPL
- The potential cost to local authorities for implementation, not only in RMA plans, but potentially also across the wider operational activities of local government

- The use of the term ‘feasibility’ as a rationale for putting forward additional greenfield development areas
- The need for greater clarification of the use of the term ‘appropriate’ and/or ‘inappropriate’
- Improved drafting to clarify whether a policy is directed at all councils, just regional councils, or only TLAs in each circumstance.
- Deliberate re-drafting is warranted in terms of whether decision-making is in the context of RMA plan-making and/or only in relation to resource consent/designation decision-making.
- Need for greater clarity and balance around when urban development may be on highly productive land, particularly for industrial use
- Clarity and consistency with definitions already specified in the recently gazetted National Planning Standards.

In addition, the Central Hawke’s Bay District Council and Napier City Council have additional comments relating specifically to their districts.

It should be noted that the Councils are also supportive of the submission by Local Government New Zealand.

The Councils look forward to working with the Government on making our region even more sustainable. For any clarification of points within this submission please contact Megan Gaffaney, Team Leader Environmental Planning (Policy) in the first instance [megang@hdc.govt.nz](mailto:megang@hdc.govt.nz)

Heio ano



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## Joint Submission on the NPS-UD and NPS-HPL

Submitters: Hawke's Bay Regional Council, Hastings District Council, Napier City Council, Central Hawke's Bay District Council

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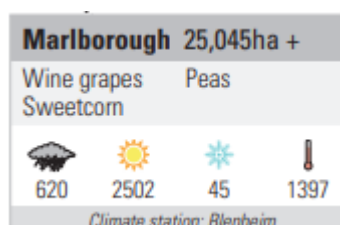
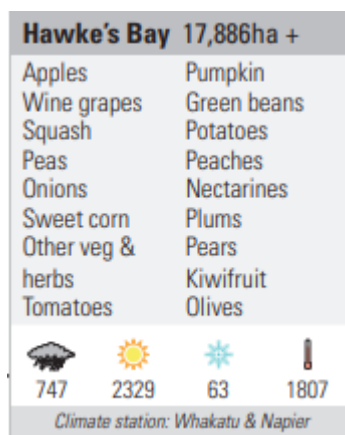
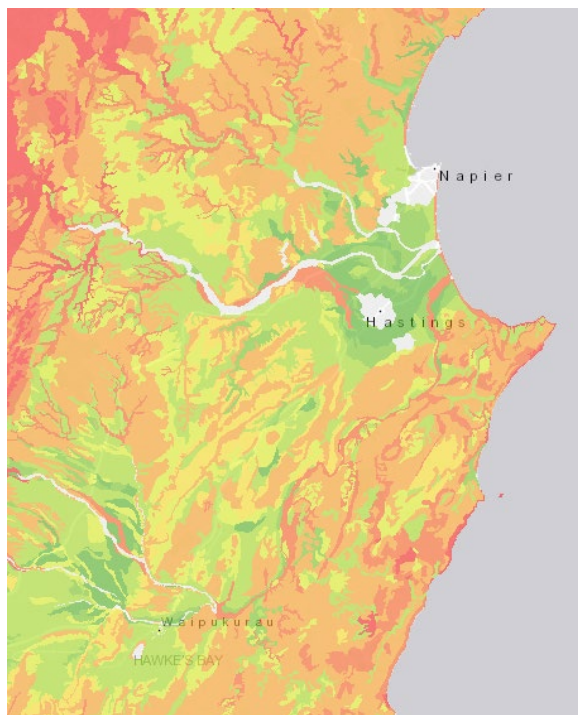
### Introduction

1. The Hawke's Bay Heretaunga Plains is a resource rich part of Aotearoa New Zealand. The high value of the soil, and water resources to the economy and to the well-being of the community has only increased over time. However, continual growth in the residential and industrial sectors has led to increasing competition for these resources. Often this growth has been directly or indirectly related to, and supportive of, improving the productive value of those natural resources to the local and national economy, particularly industrial land use. The Ruataniwha Plains is also a highly productive part of the region, but with traditionally less pressure from urban growth, but this is changing.
2. Enabling urban growth whilst maintaining the highly productive soil resource has therefore always been of the highest priority to Hastings District, Napier City and the Regional Council. Central Hawke's Bay Council is currently reviewing its District Plan with its focus being to recognise the significance of its highly productive land and therefore amending the District Plan to minimise fragmentation and address adverse effects of subdivision and land uses. Hawke's Bay is becoming more integrated regionally with Central Hawke's Bay becoming a satellite area for commuters to the larger cities. Central Hawke's Bay is experiencing a period of urban growth due to high residential property prices in Napier and Hastings, making CHB land prices a more affordable option for many.
3. Accordingly there is support for the intent of the two national policy statements, but this submission seeks amendments and clarifications to ensure that the interests of the Hawke's Bay Councils are taken into consideration in the NPSs and the inherent conflict between them reconciled to enable locally sustainable outcomes. Overly-prescriptive and directive policies may lead to un-intended outcomes that do not reflect the variable nature of interaction across and between urban development and natural resource use.

### Geographical Context:

Hastings city, Napier city and Central Hawke's Bay towns are surrounded by highly productive land, LUC's 1, 2 and 3. The region also has flat LUC 7 class land ideal for viticulture that has previously been impacted by urban development<sup>1</sup>.

4. The Heretaunga Plains environment has a large component of versatile land. The soils that characterise this versatile land are regionally and nationally significant and provide maximum flexibility in terms of the type of crops that can be grown.
5. According to Fresh Facts, by the New Zealand Institute for Plant and Food Research Ltd, in 2018 Hawke's Bay had 17,886ha of land in horticultural production with one of NZ's most diverse range of produce and largest areas in food production. In terms of land area, only Marlborough and Canterbury had larger land areas in food production (25,000ha). <https://www.freshfacts.co.nz/>



6. It is estimated that over 60% of Hawke's Bay's production and processing industries are food-based, and that food represents the majority of the regions' exports. The LUC 7 land referred to above is now recognized as being of high value for the production of world class wine. Much of this was built over during the 1960-70's due to its then presumed low productive value. We note that the default classification in the draft NPS does not include LUC 7.

<sup>1</sup> White represents the main urban areas and major rivers while the green represents LUC 1-3 with darker green being more versatile. The brown represents lower class land, generally comprising hill country. A notable exception is the strip of land between the Ngaruroro and Hastings which comprises LUC 7 renowned wine grape growing region of the 'Gimblett Gravels'.

## How we are planning for urban growth and versatile land in Hawke's Bay

7. The value of this versatile land to the Hawke's Bay economy is well proven, understood and valued locally. The community has signaled that the protection of this land is of paramount importance and its value to the region is recognised in the Hawke's Bay Regional Policy Statement. In Hawke's Bay we already have a regional future development strategy, called Heretaunga Plains Urban Development Strategy (HPUDS) to manage urban development and highly productive land interactions and conflict from 2015-2045 (refer <https://www.hpuds.co.nz/>).
8. Both Hastings and Napier had similar strategies adopted in 1993 and prior to that the Hawke's Bay Area Planning Study 1982 was undertaken by the Heretaunga Plains Councils with the Ministry of Works and Development. In short the Heretaunga Plains sub-region has a long history of strategic urban planning and balancing protection of productive land. Also worth noting is that during the 1960s and 1970s Hastings urban growth was directed to the only land of lesser quality LUC class 7 with the development of the suburb of Flaxmere on former Hawke's Bay County land when protection of versatile soils was paramount. Planned as a modern high quality neighborhood it now represents a large, but isolated community that suffers some elements of socio-economic deprivation.
9. The current Heretaunga Plains Urban Development Strategy is the result of a collaborative approach by the Hastings District Council, Napier City Council and Hawke's Bay Regional Council towards managing urban growth on the Plains from 2015 to 2045. The area covered by the Strategy includes Napier and Hastings cities and outlying suburbs, plus the small coastal and rural settlements from Whirinaki and Bay View to the fringes of the plains such as Maraekakaho, Puketapu and Pakipaki. The joint Strategy was first adopted in 2010, then a reviewed version re-adopted by the three councils in early 2017. It takes a long-term view of land-use and infrastructure, and the integration required. The direction of the HPUDS document is reflected in the HB Regional Policy Statement and District Plans (HDC and NCC).
10. Following extensive community engagement in 2008/09 and more recently in 2016/17, the Strategy has been based on a preferred settlement pattern of 'compact design' for the Heretaunga Plains. In particular, this recognises the community's preference to maintain the versatile land of the Heretaunga Plains for production purposes as far as possible, while recognizing that both Hastings and Napier are completely encircled, by LUC 1-3 land. It takes the approach of transitioning the community away from the traditional greenfields development to a greater emphasis on intensification within existing urban boundaries over time and into the adjoining hills.
11. Rural residential development in particular is directed to specific locations on hillier land with lower productivity and further subdivision on the Heretaunga Plains for rural residential development being strongly resisted, albeit not prohibited by rules in district plans, to prevent fragmentation of the productive land resource.
12. HPUDS also takes a more nuanced approach in respect of industrial land needs for the region. The growth strategy recognises the interdependence of industrial activities to the rural

productive value chain, the local limitations on more intensified redevelopment opportunities within existing urban boundaries, the economic contribution of industrial activities to the local economy and diversity of locational requirements. These considerations do not seem to be similarly reflected in the NPS-HPL, which could result in significant unintended outcomes.

13. The Hawke's Bay Regional Council, Hastings District Council and Napier City Council are therefore well advanced in addressing these competing issues, as identified in the adopted HPUDS. We are well aware of the complex balancing act of meeting the demands for housing and business land while at the same time protecting the surrounding versatile land. It is noted that much of the "flat" land around Hawkes Bay's urban centres, particularly in and around Napier city, is also at risk from a number of natural hazards including earthquake amplification, liquefaction, tsunami and coastal inundation. These factors also need to be considered when determining an appropriate growth pattern.
14. We believe our future development strategy in the form of HPUDS is meeting the Objectives and Policies being proposed by both NPSs. It seems unwarranted for those councils and the communities to go through yet another planning process simply because the NPS-UD might direct councils to do so without fully appreciating local strategies already in place or underway.
15. So while welcoming national direction on these two important subjects, the Councils are keen to ensure the guidance does not work against locally appropriate solutions and potentially unintended outcomes through too narrowly focused and/or overly prescriptive policies. The Councils consider that HPUDS does precisely what the two proposed NPSs are aimed at achieving within the Heretaunga Plains context. Yet the Councils are concerned to ensure that the outcomes promoted within HPUDS and now incorporated in the Regional Policy Statement are not undone or re-litigated by virtue of the introduction of these new NPSs several decades after the RMA first came into force.
16. In that respect the direction for growth through to 2045 promoted in HPUDS relies on Napier and Hastings having defined growth areas and urban limits, with a need to balance increased intensification and higher densities close to the commercial nodes and higher amenity areas in the districts, against the provision of lifestyle choice. Defined growth areas are a key element of the settlement pattern. They are more efficient and cost effective from an infrastructure and servicing point of view than ad hoc development, and ensures land use and infrastructure can be coordinated, development well planned, and growth on the versatile land of the Heretaunga Plains avoided as much as possible. Greenfield growth areas are generally planned where they round off, or square off urban boundaries and were selected where:
  1. Soils are of lesser versatility, or
  2. Productive capacity is compromised by:
    - Size and shape of land parcels that mitigates against productive use
    - Surrounding landuses and reverse sensitivity
    - Lack of water/poor drainage
  3. Clear natural boundaries exist, or
  4. Logical urban edge greenbelts could be created, or
  5. Greenbelts could provide opportunities for walking and cycling connections, or

6. Sites support compact urban form, can be serviced at reasonable cost and integrated with existing development.
17. The Councils in Hawke's Bay consider that in terms of balancing the tension between providing land for urban development, including residential intensification, and protecting the region's most valuable asset, its versatile land, we have the balance about right. The subsequent promulgation of the 2016 NPS-UDC potentially undermined this tenuous balance in terms of HPUDS ongoing implementation into the future by placing the emphasis on feasible capacity for growth potentially over other matters. Accordingly the Councils welcome the proposed NPS-HPL to help better balance the considerations into the future with future regular reviews of HPUDS.
18. Napier/Hastings became a medium growth urban area under the NPS-UDC so some HPUDS implementation has been occurring in parallel with NPS-UDC obligations, especially with respect to the monitoring and reporting requirements. This did involve some considerable resource demands and timing issues. The Councils therefore support the NPS-UD approach of identifying set Main Urban Centres (MUC) rather than using a formulaic approach in determining the NPS-UDC medium/high categories. We support NPS-UD approach that instead enables and supports, but does not direct nor prescribe, good planning practices in non-MUC areas.

## **NPS for Urban Development (NPS-UD)**

### **General**

*Do you support a National Policy Statement on Urban Development that aims to deliver quality urban environments and make room for growth?*

1. The Councils support making greater statutory provision for quality urban environments, but consider this is too narrowly defined as discussed below. Greater statutory direction around providing for intensification, reducing car dependency and justifying amenity controls is welcomed. This will complement Councils alternative tools to work in the public domain to achieve the amenity outcomes sought, for the benefit of the existing and future community of established urban areas. It will also be useful in dealing with NIMBYism and the vested interests of existing businesses.
2. We are nevertheless concerned that the NPS may provide justification for the erosion of amenity values by prioritising affordability. In that respect the Councils support the NPS-UD's proposal to identify a small number of 'Major Urban Centres' (MUC) and target additional specific policy direction to those areas. This sensibly avoids applying a one-size-fits-all highly directive policy package to every urban area in NZ.
3. In terms of 'Growing Out' however, we note the NPS runs into tension with the priorities of other National Policy Statements, including indigenous biodiversity, freshwater, and specifically the discussion paper for a NPS-HPL. The emphasis of the NPS-HPL is on avoiding urban development, while allowing it in appropriate circumstances. There is however, a lack of clarity about whether those circumstances include adverse effects on quality urban outcomes by comparison with other "feasible" alternatives. This is particularly an issue for Hawkes Bay where it may not be possible to provide for "feasible" or otherwise appropriate greenfield growth options that do not impact on highly productive land.
4. The Councils consider that perhaps Section 6 and 7 of the RMA could be amended to provide the necessary national setting for both these matters and some high level prioritisation on these

competing national interests. Ideally this would include developing the spatial plan approach in both the Local Government Act (LGA) with recognition in the Resource Management Act (RMA) as the method to reconcile competing interest within an overarching strategic direction. Aligning Long Term Plans (LTPs) with RMA growth strategies is essential to achieve the goal of feasible urban growth (as further discussed below).

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

5. Councils support targeting the most directive policies to the MUC as they have a significant flow on impact to the regional housing markets. Appropriately managing urban growth in the MUCs will therefore also indirectly manage pressure to provide for growth in the regional centres, including Hawkes Bay.
6. Further, one size does not fit all and in smaller cities amenity can be quickly overcome by poor quality development. Whilst the growth of smaller cities fluctuates as a result of economic changes overtime, amenity and character lasts forever. For smaller centres amenity levels are part of the attraction for residents and should not be unduly compromised if affordability issues are not as long term and systemic as they may be in larger centres. Whether in the MUCs or regional centres, ensuring that housing supply generally, and affordable housing specifically, isn't provided at the expense of public health and comfortable living environments is essential.

### **NPS-UD An integrated spatial planning framework**

*Do you support the proposed changes to Future Direction Strategies (FDSs) overall? If not, what would you suggest doing differently?*

7. The NPS proposes to strengthen and clarify existing requirements for developing Future Development Strategies (FDS) for high growth areas.
8. While it is considered that FDSs are best practice and ideally should be prepared jointly where two or more property markets overlap, we agree that they should only be mandatory for MUCs. Again in Hawke's Bay HPUDS recognises and provides for these aspects and other communities should be free to determine the scope frequency and extent of these as befits local needs. We note that while the NPS-UD proposal encourages other urban areas to undertake FDS, it does not include any incentives to do so; such as compliance with NPS policies, financial assistance, streamlining regulatory implementation, etc. and this is an area that should be explored further.
9. Given the competing national interests expressed through various NPS's, a FDS should be formally recognised as the tool to reconcile these at a local level to balancing long term amenity v short term economic forces; long term affordability v protection of finite resources and environmental values, needs of modern and varied transportation systems etc.
10. This type of local decision making under national guidance should be made an explicit means of compliance with NPS policies in terms of strategic directions, while accepting that statutory implementation of the detail through the RMA would still need to satisfy other tests.
11. There should also be legislative alignment between the FDS prepared under the NPS-UD and the growth strategies for the LTP. Infrastructure funding is a key component of providing for feasible urban growth and explicit recognition of this in the LGA would assist in achieving the objectives



of the NPS-UD. For efficiency and integration of long term planning, the NPS-UD should complement and not duplicate the requirements for LTPS under the LGA and Regional Land Transport Plans under the Land Transport Act (LTA) and so on.

12. We also note that ensuring sufficient water availability to service urban development will increasingly become an issue in New Zealand. Specific guidance around how FDSs should inform plan making on water allocation would be helpful.

### **Making room for growth – Quality Urban Environments**

*Do you support the proposed approach of the NPS-UD providing national level direction about the features of a quality urban environment? Why/why not?*

13. The Councils are supportive of the national directions around quality urban environments, making it clear there is more to this than attractive buildings and public spaces. Properly functioning activities and diversity of choice in terms of employment and housing locations and typologies is fundamental to quality urban living. While not needing the NPS-UD to be a design code, we consider that reference to New Zealand Urban Design Protocol would be useful if not in this policy, then under the policies on amenity.
14. We note however that competitiveness and range of locations is difficult to achieve with smaller housing markets, with economies of scale difficult to realise over several locations. Providing services on too many locations at the same time is also risky for Councils and drives up development contributions due to increased holding costs, which impacts on affordability.
15. In smaller markets providing too much capacity in too many locations to buffer against unplanned growth can have the effect of reducing developer confidence. This could result in greater profit and risk requirements or delays in development pending sufficient pent up demand and drive a price premium to off-set the risk of competing growth nodes. Further the need for certainty for developers and community means existing landowner expectations are raised driving up windfall gain to owners, regardless of the number of alternatives on offer.
16. We note that Policies P2A b) and d) are appropriately focussed on limiting adverse impacts of planning decisions on the competitive operation of land and development markets. Policies P2A a) and c) however, need amending to include the qualifier: an “appropriate” range of dwelling types and locations, particularly give tensions around highly productive land and other important resource and environmental limitations such as natural hazards.
17. We also note that these provisions and those dealing with urban amenity are ambiguous in terms what roles regional councils are expected to play in terms of their decision making on plan changes and resource consents, especially outside of MUCs and mandatory FDSs. Some clarity on this should be provided in the NPS-UD, particularly given their role in water allocation decisions.
18. We also raise concern that policies in the NPS-UD which have immediate effect and directly impact on resource consent decision making may result in unintended outcomes. It may result in prioritisation being given to housing supply over section 6 matters such as protection of historic heritage or significant natural areas. If these policies are retained, some guidance on how to apply these in a s104 assessment would be helpful to minimise this risk. As a minor point we also note some terminology in the draft NPS is inconsistent with the National Planning Standards

definitions e.g. use of “dwellings” instead of “residential unit” as required by the standards. Alignment of language between national guidance documents will assist with implementation.

### **Amenity values in urban environments**

*Do you support the inclusion of proposals to clarify that amenity values are diverse and change over time? Why/why not?*

19. The Councils agree that it is worthwhile being clear that while the status quo is a safe option, this does not necessarily produce positive outcomes for the community or manage effects of inevitable change appropriately. It may also be worthwhile being explicit that urban development in itself contributes to amenity values and the appreciation of them by people such as:
  - Amenity values in an urban context can include physical and social amenity values (built) as well as natural values.
  - Amenity values can be enhanced and benefit more people with appropriate well designed and attractive growth
  - Loss of some amenity for existing residents may be necessary to meet the social and amenity needs of future residents
  - Recognise that private contributions to local amenity enhancement through urban development can offset losses of existing amenity
  
20. It may be appropriate to consider guidance on the relevance of “the maintenance and enhancement of amenity values” when considering “quality built environments” i.e. what constitutes a quality built environment and how this is related to people’s appreciation of the “pleasantness, aesthetic coherence, and cultural and recreational attributes” of an area. District Plans should set out what the intended amenity values are, having regard to the requirement to achieve quality built environments.

### **Enabling opportunities for development**

*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? Why/why not?*

21. “Feasible and likely to be taken up” in Policy P4A is considered problematic and is not clearly defined. We suspect it can really only be estimated in the short term based on past, mainly supply driven, market preferences. It will likely just reinforce past patterns, rather than evolving to a more diversified housing market.
  
22. The “likely to be taken up” part of the criterion in particular is not clearly understood. Firstly, does this mean “made available” by owner/developers, or if available, if there is sufficient demand for the location/price point/typology? Both interpretations depend upon future market conditions/preferences and premiums required to convert land use, rather than growth in actual housing demand.

Demand Driven Uptake

23. While market demand (to assess “likely to be taken up”) is seldom synchronised with cyclical housing demand, although they should converge over longer timeframes. Accordingly ‘past uptake’ is likely to either under or over-estimate ‘future uptake’; further uptake is likely to be highly influenced by immigration and macro-economic factors at any one point in time. Trying to match demand and supply too closely by location, price point and typology for growth areas also ignores the fact that there is a lot of movement in the housing market that is either not, or only indirectly related to growth.
24. There is however, a need to plan for household demand with the agility to speed up or slow down delivery depending upon fluctuations in actual uptake. We understand that that is what the 20% buffer (Appendix 3, AP3 and AP12) is for. Together with the monitoring requirement, this allows time to make agile adjustments in the pace of delivery. For the purpose of LTPs, Councils project uptake over at least the ten year period based on projected growth; and relative attractiveness between growth areas to ensure funding is available. This is a fairly coarse analysis and doesn’t need to be highly accurate for that purpose and LTP provisions can be adjusted on the three year review cycle of through the annual Plan if necessary.
25. The NPS-UD however, seems to be aiming for the provision of even more capacity than projected demands plus 20%. This places an onus on Councils to re-zone and fund excess supply, rather than sufficient supply, on the basis that the identified growth areas may not be attractive enough to meet the demand they are expected to cater for (assuming that there are in fact other alternative locations that can do that).
26. This has significant implications for landowner expectations and therefore private land-use investments and Council’s infrastructure investments. It is highly unclear about how this analysis can be undertaken with any degree of accuracy beyond the short term. It should be noted that HPUDS manages this with identified “Reserve Growth Areas” which are in addition to a 20% buffer. This provides an alternative to ‘planned areas’ that prove unviable, or slow to be made available (e.g. by land banking) as an extra back up. These reserve growth areas however, are not made available for long term development if there are no exceptional circumstances to address.

#### Availability for Take Up

27. On the other hand, if the NPS-UD requirement is about testing whether landowners will actually make planned capacity available, then that too is problematic beyond the short term. In the case of greenfield land, Councils generally check the appetite of land owners to develop before promoting them as development nodes, but often within a planned growth area there will be multiple owners with varying appetite, which changes over time, particularly once development occurs on neighbouring land or with individual circumstances.
28. The infill situation is slightly different. As a general rule only a portion of feasible development is likely to be made available as commercial gain is not as strong a motivator for people with respect to the family home. Accordingly actual realisation of the commercially feasible potential is a consideration, but there is a high degree of uncertainty about what that would be and is likely to change over time.
29. While the likelihood of land /property being made available and its commercial feasibility is a consideration that should be taken into account; making it a requirement to be ‘demonstrated’ attempts to provide a level of precision in demand and supply matching that ignores the multi-faceted and diverse considerations both commercial and sociological that influence the market.

30. Furthermore, demand preferences and price acceptance that drive uptake are partly a factor of the available supply choices, the greater the choice (supply options) the lower the uptake in any one area. The level of precision being promoted in the evidence base required by the NPS-UD is out of step with the relatively simplistic tools Councils have to address them (land zoning, servicing and density controls).

#### More than Sufficient Capacity

31. The consequence of this NPS-UD change is that over supply 'just-in-case' mentality, particularly for greenfields, is promoted. The requirement to provide options that are "likely to be taken up" could therefore conflict with the broader direction of the NPS-UD in encouraging a diversity of housing typologies. For example without deliberately restricting the option of single homes on greenfield sites for developers (the "easier" option) it may not be "likely" that opportunities for intensification will be taken up.
32. This is because new housing to meet growth is only a small percentage of housing market transactions (10%). Accordingly new housing buyers favour traditional housing formats with wider general market appeal for resale as an investment hedge in new developments, rather than solely for their own housing need. There is also inertia to change, and an oversupply of greenfield land will only reinforce that situation.
33. This would appear to be contrary to the Government's other priorities to:
- protect highly productive land;
  - a carbon zero economy; and
  - infrastructure efficiencies and other government initiatives.

#### Matching Typology and Price Point

34. The requirement to match supply likely to be taken up with demand for housing by typologies and price points is similarly fraught as Councils are even less in control of these variables. Councils cannot control whether a 2 or 3 bedroom units are supplied in one or two storey development, detached or unattached or in apartments. All Councils can do is provide the opportunity to build smaller and larger units in different formats and let the market supply typologies that the market is willing to sustain. There is also some limited opportunity to incentivise a range of house sizes through financial contribution policies, however these are likely to have limited impact on the market.
35. Similarly, because new housing markets are based on the residual valuation approach which is highly influenced by existing housing transactions and macro-economic settings, Councils have little direct control over price points. Price points in any one location also depend on the competing products in other locations at any one time. As also noted earlier in this submission, the housing market in regional centres is influenced by the housing supply and demand situation in the MUCs, which is outside the control of the local territorial authority.
36. Price expectations are therefore highly dependent upon factors outside of the Councils' control and highly variable in time so it is almost impossible to predict beyond the short term. Sophisticated economic analysis is unlikely to result in better outcomes given the blunt tools available to manage supply and demand.

**The Councils therefore consider that these policies should be changed to be less prescriptive in terms of matching supply and demand by these sub variables, but require instead that provision be made for a range of locations, costs and typologies, so that the market has some flexibility to cater for demands appropriately (if RMA planning documents do not already do that).**

### **Ensuring plan content provides for expected levels of development**

*Do you support proposals requiring objectives, policies, rules, and assessment criteria to enable the development anticipated by the zone description? Why/why not?*

37. The Councils support the discipline of the zone statements articulating community outcomes and amenity values the zones are intending to deliver on. The objectives, policies and rules need to demonstrate how those will be delivered on while managing environmental effects demonstrating integrated management.
38. We support the idea that this moves RMA plans away from purist environmental codes to enable integrated urban planning. Zones must be fit for purpose functionally and able to be seen as such. This is important for investment certainty and to ensure delivery of strategic intent is not undermined by 'nice to have' amenity controls imposed through "process capture" by existing residents. A transparent explicit demonstration of the analysis that informs urban development decisions helps to ensure decision making is made in the full knowledge of the impacts.
39. It is however important that the amenity values sought to be protected and encouraged are articulated. Not only is it good practice, but we also need to be cautious that in delivering on community outcomes, including affordability, we do not destroy the amenity values that make the zones attractive in the first place.
40. We note that the National Planning Standards set out Zone purpose statements and we are required to base our objectives and policies on those purpose statements. Place-based precincts may provide for a different set of amenity expectations than the standard zone. The NPS should align with the National Planning Standards structure and terminology for District Plans.

### **Providing for intensification**

*Do you support policies to enable intensification in the locations where its benefits can best be achieved? Why/why not?*

41. The Councils support targeting larger centres for the more directive components of encouraging intensification. They are simply not always appropriate for smaller regions, without the critical mass for public transportation and with rural hinterlands that need to be serviced.
42. Statutory guidance for increasing intensification is helpful particularly in terms of dealing with NIMBYism and promoting a diversity in housing choice. However, one size doesn't fit all –and the amenity values in smaller centres are different to the larger centres that attract residents and need to be protected, while enabling intensification in locally appropriate circumstances.
43. The Councils also support higher densities within new greenfield development zones. HPUDS promotes shifting from traditional development densities of 11-12/ha to 15/ha and allowing pockets of higher density housing in greenfields locations with supporting amenities such as public open space, water coursed, rural interface buffers etc.

44. Both Napier and Hastings are encouraging intensification of residential activity in and around the city centres and have zoning provisions to enable this. However, the market has yet to respond in a meaningful way and of poorer quality in some places (generally with lower amenity in the first instance). Providing for intensification does not always mean this happens, and this needs to be recognised in the relevant objectives and policies of the NPS-UD.
45. The NPS-UD direction for intensification should apply to plan making only to allow for community aspirations and local circumstances to be considered. Applying the objective with immediate effect to consent decision making could undermine plan making processes and result in unintended consequences at the local level.
46. The Councils also consider that the NPS should not dictate that changes to RPSs *MUST* be made as that inappropriately overlooks the reality that many existing RPSs and plans already do this. We suggest that the freshwater proposals relating to existing plans that already implement NPS objectives and policies could be a better model of drafting to follow.

### **Providing for further greenfield development (ad hoc)**

*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?*

47. The Councils **do not** support the provisions for out of sequence development or development that has not been identified in a FDS (or similar document that councils have consulted with their communities on). If this is required then the NPS has failed in its intent for Councils to plan appropriately for growth. The Councils question whether there is any point in undertaking a FDS (or similar) if developers can bypass it in this way without the express support of the Council let alone wider community? It would undermine the agreed settlement pattern often carefully brokered with the community and in consideration of wider matters such as protection of higher productivity land. It would undermine integrated management and create uncertainty so as to meet short term demand fluctuations, or simply meet developer aspirations. Simply put, to enable such 'leap-frogging' is just not good planning.
48. There are significant risks in allowing for such development. It potentially destabilises the confidence that Councils and developers/landowners will have in FDSs and implementation programmes that go with them and slow uptake in areas already supplied with infrastructure. It is not just a matter of recovering the costs of the private development; these uncertainties will very likely destabilise development contributions revenue projections and force a commensurate increase in financial and holding costs. This would in turn escalate the cost of infrastructure and housing costs.
49. There is also a risk to intensification of existing developed areas if all greenfields development alternatives come to market simultaneously and the tension needed to give confidence for urban redevelopment is undermined. This will not assist in the NPSs' "going up" objective to release pressure on highly productive soils.
50. There is already ample scope for Councils to enable out of sequence (but otherwise sanctioned) development in a FDS where that is needed to compensate for slow or delayed development elsewhere. This includes the use of private development agreements to help facilitate opening up a new area and compensate for other land that is unavailable within sequence, or to meet

higher than anticipated growth in demand earlier in the planning period in a fair and equitable way.

51. The NPS-UD already has policies requiring Councils to identify when development capacity is lagging and options to address that. This process should be led by Councils in collaboration with the community and private sector where appropriate, to ensure all considerations in achieving integrated management and quality built environments are appropriately addressed.
52. If these provisions are to remain the emphasis on managing the environmental impacts and infrastructure cost recovery is, by itself, insufficient to achieve quality urban outcomes. Developments that have not been included in FDSs should be assessed/ evaluated in the same way as the areas included in a FDS have been. This is how possible new areas are approached within the HPUDS and includes consideration of highly productive land, outstanding and special landscape areas, natural hazards and regional transportation (not just modal choice) strategies and other regionally significant infrastructure.
53. Regular five yearly reviews of HPUDS provide an appropriate timeframe (given the length of time it takes to rezone land for urban development) to gauge demand and take up of land. When reviewing HPUDS the Councils use their LGA powers to provide people with an opportunity to submit to the review with their suggestions for new growth areas. The review cycle can also be timed so that any infrastructure needs required to service new areas identified in the review can be fed into the LTP process in the following year.

## **More directive intervention to enable quality urban development**

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

54. The Councils are opposed to a directive approach, particularly if it is to apply outside the MUCs. Generic rules imposed from 'above' do not take into consideration local environments or community views, and do not anticipate local unintended impacts. Government should establish quality environment principles, leaving it to local authorities to implement. A top down, bottom up approach that embraces a true partnership approach is needed for success. There is already a concern that the NPS is getting into areas that are beyond the scope of RMA planning, e.g. planning infrastructure through LTPs. General guidance could relate to the standard zones in the National Planning Standards template, allowing for place-based local responses through precincts where appropriate. This may include broad guidance around onsite car parking, onsite open space, access to sunlight etc. without being prescriptive.
55. We do not accept the presumption in the NPS-UD which implies Councils have a culture that does not strive to enable urban development while appropriately managing its effects. This is not an objective perspective that engenders an open and respectful partnership with local government to solve New Zealand's housing challenges and for which successive central governments must share some responsibility. What is needed is clinical evaluation of the barriers and challenges that need to be addressed.

## **Evidence for good decision-making (all environments)**

*Do you support requirements for all urban environments to assess demand and supply of development capacity, and monitor a range of market indicators? Why/why not?*

56. The councils support monitoring selected indicators of demand and supply. It is important to plan to accommodate growth and monitor change in supply, and uptake and some market indicators that could indicate emerging supply issues.
57. House prices and land sale prices and volumes is probably all that is needed in terms of market indicators on a quarterly basis the remainder can be done annually and be provided nationally. We do not see much value in obtaining this data by location or by typology, certainly not on a quarterly basis for the reasons discussed above under enabling opportunities for growth. There needs to be a practical balancing of how much monitoring and frequency is suitable in terms of the time, resources and opportunity costs of that effort relative to other planning and decision-making priorities to implement the NPS-UD, NPS-HPL and the ever growing suite of other national direction.

### **Engagement on urban planning (all urban environments)**

*Do you support inclusion of policies to improve how local government works with iwi, hapū and whānau to reflect their values and interests in urban planning?*

58. The Councils support these policies. Maori can comprise some of the most vulnerable to housing market imbalances and Maori housing aspirations are more diverse and varied than the current market delivers, requiring specific attention. While the intention is to empower iwi and hapū to be more involved in urban development, we are concerned that there may be a lack the capacity to be meaningfully involved with current resourcing levels

### **Coordinated planning (all urban environments)**

*Do you support amendments to existing NPS-UDC 2016 policies to include working with providers of development and other infrastructure, and local authorities cooperating to work with iwi/hapū? Why/why not?*

59. These policies are supported and simply constitute best practice. Three Councils in this region have produced the HPUDS as the vehicle for this. Furthermore, policies in the HB Regional Policy Statement send clear signals to decision-makers and would-be developers that they need to carefully consider not only council infrastructure, but infrastructure and services provided by other agencies. As stated earlier in this submission, the NPS must not unnecessarily direct councils and communities to 're-do' and re-litigate strategies and planning policies in existing RMA documents that already implement much of what is intended by the NPS-UD (and/or NPS-HPL).

### **Guidance and implementation support**

*What kind of guidance or support do you think would help with the successful implementation of the proposed NPS-UD?*

60. If the "likely to be taken up" provisions remain, then guidance on this will be needed. Also guidance on determining feasibility in the short, medium and longer term and housing demand, by price point and typology (noting this needs to be broken down by location).



61. In terms of availability of guidance, the most useful support would be to provide guidance at the time of gazettal or shortly thereafter, particularly what is the intent of the NPSs and specific concepts therein (for example, a quality urban environment).

### **Alignment /Misalignment with other national direction under the RMA**

*Do you think there are potential areas of tension or confusion between any of these proposals and other national direction? If so, please identify these areas and include any suggestions you have for addressing these issues.*

62. There is clear tension with the NPS-HPL as discussed above and potential tensions with the other NPS's that should be worked through the respective NPS redrafting processes in the first instance. It is unrealistic to expect local councils and communities to fully reconcile ambiguities, tensions and conflicts across the growing array of policy directives in various NPSs (in addition to section 6 matters that are not addressed by an NPS e.g. natural hazards). With greater clarity (and relative priorities if stated), local communities are then best placed to apply that coherent national direction in their own districts and regions. This could be done through a FDS process, or similar strategic planning process such as HPUDES, that is not singularly focussed as a RMA planning document.

## **The NPS for Highly Productive Land (NPS-HPL)**

### **General**

1. The Councils support the intent of the NPS Highly Productive Land. The proposed NPS-HPL is generally aligned with the Hawke's Bay region's mandated direction for protection of versatile land and urban growth.
2. In the Regional Policy Statement, there are strong policy directives referring to "versatile land" and the RPS Glossary provides a meaning of that term. Versatile land is a more sophisticated concept than 'highly productive land' based on LUC Classes 1-3 as proposed in the NPS-HPL. LUC 1-3 are primarily weighted by soil attributes. It is not cleverer in relation to climate attributes, the major driver of productivity and versatility, hence it is not a good classification for classifying highly productive land and furthermore fails to recognize land suitable for viticulture. Also of relevance here is that the RPS does already include policy direction on managing reverse sensitivity and the loss of soil and soil health.
3. Nevertheless, having national direction that is aligned with and supports our regional direction is of significant benefit to the planning of the region; provided that this direction is not a lower priority than the objectives of the NPS Urban Development. However, there is a need for a better understanding of the relative weighting / balancing of the competing objectives of NPS-HPL and NPS Urban Development – the national direction needs to provide guidance on what has priority – urban development or highly productive land and what circumstances.
4. The Heretaunga and Ruataniwha Plains are a resource rich part of Aotearoa New Zealand. The high value of the soil, and water resources to the economy and to the well-being of the community has not diminished over time. However, continual growth in the residential and industrial sector growth has led to increasing competition for these resources in Hawke's Bay.
5. Maintaining the highly productive land resource for future generations, whilst enabling urban growth is one of the highest priorities for Hastings District, Napier City, Central Hawke's Bay and Hawke's Bay Regional Council. In recognition of this, the Hastings District Council, Napier City Council and Hawke's Bay Regional Council came together to jointly prepare and adopt the Heretaunga Plains Urban Growth Strategy (HPUDS), specifically to direct urban growth to identified locations and to provide a strong ongoing direction and consistent balancing of these issues.
6. The Strategy is based on the community's preferred settlement pattern of 'compact design' for the Plains and strongly recognises another of the community's preferences - maintenance of the Heretaunga Plains' versatile land for production purposes as far as possible, while recognising that both Hastings and Napier are completely encircled, by LUC class 1-3 land.
7. The discussion document Our Land 2018 report talks about the two main pressures on highly productive land that is on the edge of towns and cities:
  - urban expansion and accompanying loss of NZ's most versatile and productive land; and
  - change of land use on the fringes of urban areas, in particular the increase in rural lifestyle development.

8. In our region, versatile land on the fringe of the urban area is already fragmented primarily by historic ad-hoc, unplanned rural lifestyle development, more so than release of land for planned and sequenced residential and industrial growth. There is sustained pressure to further subdivide some of those blocks around the periphery of the Napier and Hastings urban areas and increasing pressure around the Central Hawke's Bay towns of Waipawa and Waipukurau.
9. Another challenge in Hastings in particular is the pressure to accommodate the rapidly increasing number of seasonal workers needed to service the horticulture industry, which impacts on both urban and rural environments. This issue is presently being consulted on through– Variation 7 to the district plan <https://www.myvoicemychoice.co.nz/assets/Consultations/HDC-Seasonal-Workers/Supporting-Documents/Discussion-Document.pdf>

### **Part 3 - the Problem we want to Solve**

#### **RMA Clarity**

10. We consider that the RMA framework does not provide sufficient clarity and direction on how highly productive land should be managed, nor on how it should be considered alongside competing uses. The long term value of productive land for primary production is often overlooked when faced with weak planning provisions, private plan changes to rezone or non-complying resource consent applications which individually appear to have short term gains and minimal adverse effects on the overall soil resource. However, cumulatively they result in 'death by a thousand cuts' from fragmentation and useable soil loss of versatile land.
11. Protection of highly productive land (or soils for that matter) is not explicitly referenced as a matter of national importance under section 6 of the RMA. Therefore other competing matters specifically referenced in section 6, or in another national directions can take precedence in land use planning and decision making over the long-term retention of highly productive land. Highly productive land is a finite valuable resource, necessary for this generation and generations to come.
12. As noted in the discussion document, the role of soils is greater than just being 'productive'. They provide eco-systems services, notably within the Heretaunga Plains of buffering crop water and nutrient needs, filtering water, capturing and breaking down pollutants, providing amenity of landscape, recreation, culture and identity. In Hawke's Bay we have land, a climate and water availability that makes this a food hub of highest importance. This will change with the effects of climate change and this needs to be factored in to ensure future scarcity is properly accounted for.

#### **Submission Point 1:**

**That highly productive land be considered a matter of national significance and explicitly referenced in Section 6 of the Resource Management Act 1991 when the RMA amendment process is undertaken.**

#### **Expansion on to HPL**

*How is HPL currently considered when providing urban expansion?*

13. This is was a central element in HPUDS, which has been incorporated into the Regional Policy Statement and Hastings District Plan and integrated within other strategic planning documents. It is also an important consideration under the draft Central Hawke’s Bay District Plan.

*Question - How should HPL be considered when planning for future urban expansion?*

14. It should be treated as a highly valuable finite resource and if there are suitable alternatives for urban expansion they should be carefully considered and prioritised in decision making for urban growth.

### **Fragmentation of HPL**

*Question - How is HPL currently considered when providing for rural lifestyle development?*

15. The Hastings District Councils Plains Production zone only provides for rural lifestyle sites around existing dwellings where two sites are amalgamated (effectively a boundary adjustment) – making one larger and in theory more productive and the other small (2,500 – 5,000m<sup>2</sup>) around the existing dwelling. This is provided for as a Controlled Activity (under rule SLD1) and helps to mitigate existing land fragmentation.
16. If this standard is not met it becomes either SLD23 (Discretionary) or SLD25 (Non-Complying). For instance if no amalgamation is proposed and an additional site is sought to be created it becomes a Non-Complying Activity. Provision is also made for rural residential and lifestyle subdivisions outside to the Plains Production zone through specific zones and the ability to subdivide off surplus farm dwellings in limited circumstances on largely lower class rural zoned land. This helps to reduce the pressure for lifestyle development on highly productive plains zone land.

*Question - How should HPL be considered when providing for rural lifestyle development?*

17. Rural Residential / lifestyle development (sites approximately 1-2ha in size) should be targeted for ‘unproductive’ land on the outskirts of towns and cities. Fragmentation of HPL by subdivision say, for Rural Lifestyle development, should be avoided on HPL as there are other choices and options which exist for the location of lifestyle living. HPL should not be considered as appropriate locations for rural lifestyle development, given ongoing pressure for further fragmentation of this nature on the Heretaunga and Ruataniwha Plains.

### **Part 4 – Options for solving the problem**

18. For many food producing regions of New Zealand, Hawke’s Bay included, the two proposed NPSs (HPL and UD) are inextricably interconnected. This interconnectedness needs to be carefully considered in the drafting of the NPSs. On page 30 the discussion document states “it may be appropriate to revisit this following public consultation if feedback suggests it would be beneficial to expand the scope of the proposed NPS–UD and merge these two instruments”. Whether documents are merged or not, our submission is that urban development cannot be treated as a separate matter from managing highly productive land in many parts of the country. In HB this is the way the UD and HPL matters are managed.

#### **Submission Point 2:**

**Supportive of Option One: National Policy Statement Highly Productive Land to signal that highly productive land is a nationally significant, finite resource and help to ensure the benefits of highly productive land is given greater weight in land use planning and decision making than is currently the case.**

**Submission point 3:**

In addition to Option One being implemented, amendments should be made to NPS-UD to explicitly require highly productive land to be considered when identifying new urban areas, and that this amendment would clearly align with the objectives of the National Policy Statement Highly Productive Land so that there is no confusion as to what is the national direction for treatment of highly productive land.

**Submission point 4:**

‘Other options’: Just as Major Urban Centres are identified in the NPS-UD, consider identifying Major Food Hubs (areas with a concentration of HPL) in the NPS with objectives and policies that prioritise the food hubs need to protect the highly productive land resource for food / produce production.

**Part 5 how it works****5.2 Purpose of NPS**

*Question - Should the focus of the National Policy Statement be on versatile soils or highly productive land more broadly? Why/why not?*

19. AS noted earlier, in Hawke’s Bay the term Versatile Land been adopted by the Hawke’s Bay Regional Policy Statement and Hastings District Plan - which was developed through HPUDS. The Page Bloomer report 2011 used to inform HPUDS states that versatile soils are rare in New Zealand (accounting for only about 5.5% of NZ) and of high value for food production and, where practicable, should be reserved for horticulture and agriculture and protected from urban development. This terminology was used in those RMA planning documents instead of productive land because it includes the broader aspects that make land productive, such as micro climate, water availability, proximity to key transport networks, processing facilities and recognition of Class 7 soils. The definition is as follows:

***Versatile Land***

*In relation to the Heretaunga Plains sub-region, means contiguous, flat to undulating terrain within the Heretaunga Plains sub-region that acts collectively to support regionally (and nationally) significant primary production and associated secondary services on the Heretaunga Plains, based around:*

- a) an exceptionally high proportion of versatile Class 1-3 soils (comprising almost 90%);*
- b) Class 7 soils that are internationally recognised as having very high value for viticultural production (comprising almost 7%);*
- c) its proximity to a cluster of national and international processing industries and associated qualified labour force; and*
- d) its proximity to the Port of Napier and other strategic transport networks providing efficient transport of produce*

**Submission Point 5:**

**Versatile Land:** That the NPS-HPL and NPS-UD allow the continued use of the term and definition ‘Versatile Land’ in the Hawke’s Bay’s Plans and Strategies. Those existing planning documents already broadly align well with the intent of those two proposed NPSs, but it would be involve significant resource, opportunity costs and also risks of re-litigation if the NPSs were to direct and require those existing planning documents to be amended using a Schedule 1 process.

*Question - Should the focus of the National Policy Statement be on primary production generally or on certain types of food production activities? Why/why not?*

20. In Hawke's Bay the Councils have intentionally excluded forestry from the meaning of 'versatile land.' Forestry is a Discretionary Activity in the Hastings Plains Production zone (highly productive land) because having it in close proximity to horticulture, viticulture and cropping activities can have adverse effects in terms of increased bird habitat, and shading. It is also regarded as not making the most sustainable use of the versatile soils of the District as it can have adverse impacts on, biosecurity (pests and diseases), drainage and amenity and in some cases soil structure in the long term.
21. Production forestry does not result in the most sustainable use of the versatile land of the District as the regional economy is inextricably linked to food production. Forestry within the Plains Production Zone would result in reduced sustainable ongoing employment opportunities and it is likely to result in reduced water yield in the long term. Currently market forces will likely severely limit the establishment of production forestry on the Heretaunga Plains.

#### **Submission Point 6:**

**Definition of Primary Production: That MfE carefully reconsider the inclusion of Forestry in its definition of Primary Production bearing in mind the limited nature of the LUC 1, 2, 3 soil resource (i.e. the 'default' highly productive land) in New Zealand compared to the availability of less productive land; recognising that production forestry does not need to locate on highly productive soil to have a successful product.**

#### **Part 5 NPS-HPL – Scope 5.3**

22. The discussion document notes that the preferred option at this stage is for the proposed NPS-HPL to

*"exclude future urban areas identified in District Plans and not exclude future urban areas identified in non-statutory strategic documents."*

23. Complying with this option would unnecessarily rework and re-litigate HPUDS, the Regional Policy Statement and District Plans to accommodate the NPS's methodology and the CHB Plan that is currently under review. HPUDS has been developed with strong principles of protection of productive land and set criteria for selection of urban growth nodes. It was developed with community and key stakeholder involvement and its first 2010 edition went through a special consultative process under the LGA. Its key themes were subsequently incorporated into the Regional Policy Statement by a publicly notified plan change process commonly referred to as 'Plan Change 4'.
24. As a non-statutory document the HPUDS is nevertheless referred to and incorporated as required into the District Plans statements around sustainable urban development and protection of natural resources. The Hastings District Plan however, only includes specific future urban areas to be developed within the ten year scope of that Plan. HPUDS however, is a 30 year strategic growth plan for our region and there is concern about these identified future urban areas not being recognised, despite these having been included in the Regional Policy Statement to which District Plans must give effect.

#### **Submission point 7:**

Future urban areas identified in Hawke’s Bay Regional Policy Statement and the non-statutory document HPUDS be excluded from NPS-HPL (LUC 1-3) in addition to areas identified in the existing District Plans.

### Comments on Part 5 NPS-HPL – Objectives

25. The Councils support the intent of Objectives 1, 2, and 3.
26. Objective 3 – At the Hawke’s Bay consultation workshop, it was suggested that it would be in the hands of local authorities to decide what is ‘appropriate’, or ‘inappropriate’ development. However the Hawke’s Bay Councils consider that a greater level of guidance on what is inappropriate subdivision, use and development on Highly Productive Land would be beneficial as it would provide greater clarity for all users. That said, we do not want the NPS to be prescribing specific land sizes, or enforce a one size fits all approach which would potentially be unmanageable and produce unintended outcomes at a local level.
27. The Objectives do not adequately convey the message in the discussion document about ‘no net loss’ to HPL page 36.

*“The intent of Objective 2 is to ensure the availability of highly productive land for primary production is maintained for future generations. This does not imply a no net loss requirement. It would require councils to proactively consider and manage the highly productive land resource within their region or district to ensure this can be used for primary production now and into the future. In practice, this means development that leads to the irreversible loss of highly productive land for primary production should be avoided where other feasible options exist.”*

28. Understanding that these are Objectives to retain as much HPL land as possible now and for future generations, it may be better to make mention it does not imply no net loss of HPL in the subsequent Policies.
29. Also regarding the definition of Primary Production we request that MfE carefully reconsider the inclusion of Forestry in its definition of Primary Production bearing in mind the limited nature of the LUC 1, 2, 3 land resource (highly productive land) in New Zealand compared to the availability of less productive land; and that Forestry does not need to locate on highly productive land to have a successful product.

### Comments on Part 5 NPS-HPL – Policies

#### Policy 1: Identification of highly productive land

30. Following on from the points above at paragraph 22-24 the exclusion clause is too narrowly defined.

#### Submission Point 8:

#### Amend Policy 1 – Appendix A as follows or similar:

#### Highly productive land excludes:

- a. urban areas; and
- b. areas that have been identified as future urban zones in adopted future development strategies<sup>2</sup>; regional policy statements and district plans

*Question - If highly productive land is to be identified, how should this be done and by whom?*

31. By Regional Councils using specialist technical expertise, but in conjunction with TA's given the broader nature of the overall consideration and wider criteria. Something more nuanced is needed than a purely scientific evaluation, for example the LUC 7 soils are highly productive land in the Hawke's Bay context given the viticulture industry and climate conditions. We anticipate MfE offering support to produce maps of the default HPL by each of the LUC 1, 2, and 3 types. These 'default' maps can be refined by local authorities to suit their own local communities and circumstances.

*Question - Are the proposed criteria in Appendix A all relevant and important considerations for identifying highly productive land? Why/why not?*

32. Yes, although it is important that the criteria are supplementary to the Land Use Capability classification and are factors that add value to the productivity of the land. Also that the criteria cannot be used to argue that the land is unproductive because it may not have those additional factors, although the degree of existing landuse and subdivision fragmentation and the presence of existing sensitive landuses should be added as a consideration as this mitigates against its actual use for production (while recognizing that the definition of productive capacity goes somewhat toward this). Smaller lots can still be highly productive as companies lease smaller sites as part of a larger operations so can still require some level of protection. This reinforces the need for a nuanced approach at a local level.

#### **Submission Point 9:**

**Add an additional consideration g) The degree of existing landuse fragmentation, proximity of lawfully established sensitive uses and pattern of land titles that mitigates against productive use.**

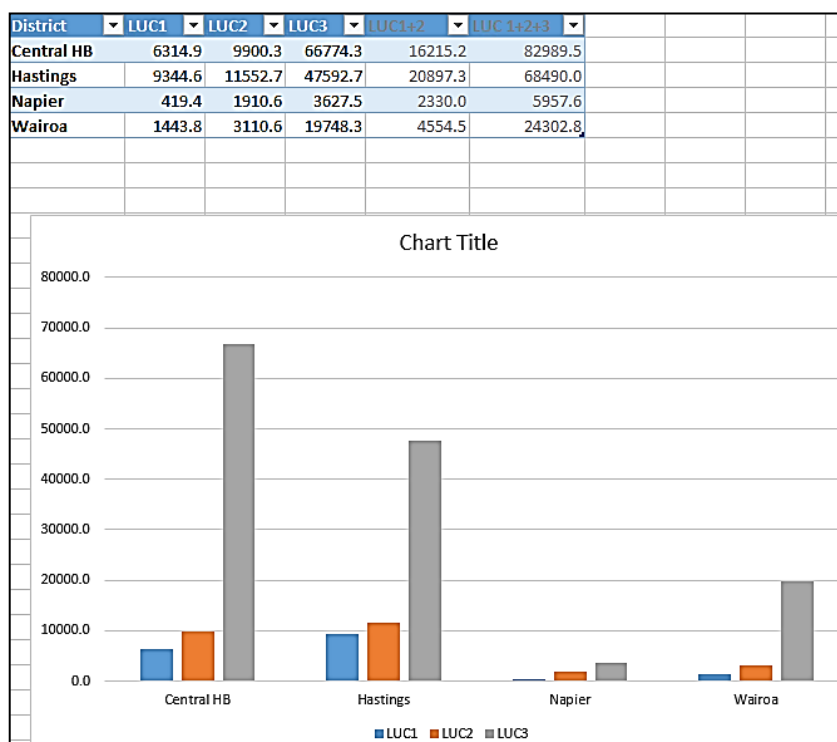
*Question - Should there be a tiered approach to identify and protect highly productive land based on the LUC class (e.g. higher levels of protection to LUC 1 and 2 land compared to LUC 3 land)? Why/why not?*

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<sup>2</sup> These may need to be subject to a prior Special Consultative Procedure under the Local Government Act and able to demonstrate that productive values had been a strong consideration – These qualifying strategies may need to be scheduled in the NPS.



33. The Councils are open to a tiered approach. LUC 1 & 2 are very highly productive land and very scarce by comparison with LUC 3. However LUC 3 is still considered to be HPL. Collectively LUC 1-3 all contribute to the productivity of the region. As can be seen on the table below, LUC 3 accounts for a significant majority of Hawke's Bay's versatile land and its loss would have significant impacts on the availability of versatile land for the region. Areas like the Heretaunga and Ruataniwha Plains have these soil types spread across the plains, sometimes in close proximity across one property. It is not practical to protect different soil types differently in this regard. Accordingly a tiered approach to NPS policy directions for the split would need to be more nuanced than contrasting.



*Question - Water availability – benefits and risks of considering water availability when identifying HPL*

34. Yes water availability is of some relevance, however the water situation / availability can change over time for various reasons, including water regulations, allocations, use efficiency, climate and storage. Accordingly there should not be too much reliance on water availability in terms of determining HPL in the long term. Loss of highly productive land as a consequence of temporary issues in water allocation would not encourage or incentivise more sustainable resource use, this is often an issue of water management.
35. Notwithstanding these comments the LUC classification needs to be fit for purpose. In terms of Napier much of the land identified as LUC3 has salinity issues associated with land that was, pre-Napier earthquake, part of an estuarine environment, making it very unproductive. There may need to be recognition/exclusions for land which, for whatever reason, simply are not as productive as other parcels of land.

## Policy 2: Maintaining highly productive land for primary production

*Question - What are the pros and cons associated with prioritising highly productive land for primary production?*

## 36. Pros

- a. would safeguard the life supporting capacity of the soil for current and future generations by minimising urban sprawl,
- b. be a catalyst for urban intensification, because going 'out' is less of an option.
- c. Limiting rural encroachment would also potentially drive innovation and diversification of urban development design and density.

## 37. Cons

- a. limiting expansion areas for urban development could affect housing affordability and economic growth for businesses including processing capacity and production support with business uses having much less flexibility than housing to locate in other locations.
- b. it could promote satellite development in areas with lower productivity soils resulting in higher carbon footprints and travel time wastage for commuters to areas of employment.

### **Alignment with the Urban Growth Agenda**

*Question – Do you think there are potential areas of tension or confusion between this proposed National Policy Statement and other national direction (either proposed or existing)?*

38. The answer to the question above indicates the tensions between the two NPS's. In many food producing regions of New Zealand, Hawke's Bay included, the two proposed NPS's are inextricably interconnected. The trade-offs between protection of soils and urban development have long been in sharp focus in Hawke's Bay. This interconnectedness needs to be carefully considered in the drafting of the NPS's. We note that on page 30 it states "it may be appropriate to revisit this following public consultation if feedback suggests it would be beneficial to expand the scope of the proposed NPS – UD and merge these two instruments".
39. Whether documents are merged or not, the message is that urban development cannot be treated as a separate matter from managing highly productive land in many parts of the country. It is also noted that there are other relevant matters for consideration appropriate locations for urban growth (e.g. natural hazards, water allocation) and not all are addressed by current or draft NPSs.

*Question – How can the proposed National Policy Statement for Highly Productive Land and the proposed National Policy Statement on Urban Development best work alongside each other to achieve housing objectives and better management of the highly productive land resource?*

40. Have an NPS-HPL to signal that highly productive land is a nationally significant, finite resource and help to ensure the benefits of highly productive land is given greater weight in land use planning and decision making than is currently the case.
41. In addition to having the NPS-HPL, amendments should be made to NPS-UD to explicitly require highly productive land to be considered when identifying new urban areas, and that this amendment would clearly align with the objectives of the NPS-HPL so that there is no confusion as to what is the national direction for treatment of highly productive land.
42. Another option is to identify Major Food Hubs, just as MUCs are identified in the NPS-UD. Major Food Hubs (areas with a concentration of HPL) could be identified in the NPS-HPL with objectives

and policies that prioritise the food hubs need to protect the highly valuable land resource for food / produce production.

43. The identification of regions/districts with HPL that are of national importance could also assist with the provision of additional direction and guidance for regions where MUCs overlap major food hub areas. Such guidance / direction would be especially useful in order to direct decision-making around when, where and in what circumstances urban expansion on HPL is appropriate. Where HPL is of regional or local significance the balance between protecting HPL and allowing its use for urban expansion could be decided at a regional / local level using the considerations outlined in Policy 3.

### **Policy 3 – New urban development on highly productive land**

44. This is a very important policy for the NPS-HPL as it is the policy that directs how urban development is treated in relation to HPL. This should be consistent with the comparative policy in the NPS Urban Development, but sub-point a), surprisingly in the context of the governments urban growth agenda, requires that here already be a shortage of development capacity, something the NPS-UD tries to avoid happening in the first place. The wording needs to be clarified to emphasise planned capacity and projected growth.
45. On page 44 the discussion document talks about inter-generational benefits of continued use of the land for primary production (and other values) to be part of the cost benefit evaluation. In our view this Policy could be strengthened under proposed Policy 3b to highlight this message and emphasize it is a finite resource.
46. Also this policy needs greater clarification regarding the meaning and criteria for “Feasibility of alternative locations and options for provide for the required demand.” Feasibility infers financial implications, however it is important that it includes the broader social, cultural, environmental and economic considerations for urban development as well if unacceptable outcomes are to be avoided. Affordability and sustainability of infrastructure for development must remain an important consideration for the form of urban development as does the locational needs of primary production processing and serving industry where alternatives such as intensification and surrounding hills are less of an option.
47. The inclusion of the words “intensification of existing urban areas” in the last bullet point of proposed Policy 3b is supported, but it is important that it is not the only housing option if the government’s urban development agenda is to be realised. In the major food hubs, government assistance should be considered to help transition conservative housing markets away from productive land through intensification faster.
48. In this respect it is noted that the degree of prescriptive direction needs to be seen in perspective. Although we need to be cautious about a “death by a thousand cuts” and the fact that the productive characteristics of some land varies with other factors, the total footprint on New Zealand Urban Areas equates to only around 4% of the remaining class 1-3 soils and not all that occupies formerly productive land. In the Napier Hastings area the figure is 5% and for the region 3%. In that respect we note that the evidence base quantifying the problem to be addressed is surprisingly scant for such a higher level RMA instrument.
49. Where HPL is made available for urban development there should be a requirement to develop it in the most efficient manner, taking into account amenity requirements. If some development is to be allowed over HPL it is essential that the land is used in the most efficient way possible

and not just based on short-term market trends of developers' profit margins. The NPS-UD does go some way toward this with policies promoting for higher densities in greenfield areas.

#### **Policy 4 – Rural subdivision and fragmentation**

50. Policy 4 is supported with amendment. Strengthen policy to instruct new rural lifestyle development in areas of HPL be avoided. The community benefit of using HPL for rural residential living is meagre by comparison with carefully considered urban development, yet the opportunities to use other land are much greater. The evidence suggests the threat to HPL from rural residential development is much greater than for urban development. Accordingly the test bar for rural residential developments needs to be much higher. A strong national direction here would assist TA's with controlling ad hoc fragmentation on both the Heretaunga and Ruataniwha Plains.

#### **Policy 5 – Reverse Sensitivity**

51. This Policy is supported. Applying buffers and setbacks to new urban development is promoted in HPUDS and District Plans and Hastings District has been at the forefront of applying the right to farm principle in its first generation District Plan and recent second generation review. Greater support in higher level planning instruments for these approaches will enhance the operational effectiveness of these District Plan Policies and their consistent administration.

#### **Policies Plan Changes and Resource Consents**

52. Policies 6 and 7 and the equivalent policy in the NPS-UD allows for the consideration of urban development where land has not yet been released or not identified for urban development within the relevant statutory or strategic document.
53. These policies recognize that private plan change and resource consents may be made by any person independent of any wider FDS and or District Plan review and need to be considered by Councils ad hoc, potentially resulting in uncoordinated development. However policies 6 and 7 should not framed in a way that encourages or promoted these as this would be at odds with the general thrust or intent of the NPS-UD to coordinate and plan for growth in a collective manner via FDSs, or other coordinated future planning initiatives involving councils and wider communities.
54. In our experience, we have found there is a need to have some flexibility in the future growth strategy to respond to instances where housing demand or population growth exceeds projections and additional capacity is required or where an area identified as being appropriate for growth becomes inappropriate over time or its feasibility changes. When this occurs, Councils require the agility to respond and this needs to be allowed for within the growth strategy and more particularly within the Regional Policy Statement.
55. The HPUDS review in 2017 provided an opportunity to address this issue. The solution was to invite nominations of potential areas as part of the submissions and review process and to identify appropriate reserve areas for urban development that could be used in either of the situations described above. HPUDS is reviewed every 5 years (in cycle with the 5-yearly Census) and this is considered to be an appropriate timeframe given the length of time it takes to rezone land for urban development and to gauge demand and take up of land. The review cycle can also be timed so that any infrastructure required to service new areas identified in the review can be fed into the LTP process in the following year.

56. In these circumstances the need for ad-hoc private plan changes to meet projected growth outcomes is not urgently needed. If a need does arise, it is within the scope of Councils powers and functions to prepare their own plan changes to address the issues in consultation with the community. There is no need for independently motivated private plan changes to address a public issue.
57. There is support for protecting HPL from ad hoc urban development (plan changes, resource consents). Our experience is that when key elements of an FDS such as HPUDS are incorporated into the RPS, then the potential for successful Private Plan Change applications are significantly reduced. The requirement for a soils assessment with a resource consent application is beneficial. District plans need to support this with strong objectives and policies that support the retention of HPL.
58. Accordingly these submission should be re-written to discourage subdivision of HPL for urban development outside of a FDS or RPS, not just that regard be had to these documents.

**Submission Point 10:**

**Policy 6 – Any private plan change for urban expansion on highly productive land, or to rezone an area of highly productive land to rural lifestyle use outside of an agreed identified Future Development Strategy, or Regional Policy Statement / Plan should be avoided. Suggest that the policy is reworded to refer urban development on highly productive as being inappropriate if it has not already been identified through a strategic planning process.**

**Policy 7 – Any resource consent applications for subdivision and urban expansion on highly productive land outside of an agreed identified Future Development Strategy, or Regional Policy Statement / Plan is inappropriate and should be avoided. Suggest the policy is reworded accordingly.**

## **Napier City Council: additional comments relating specifically to NCC**

1. Napier City Council (NCC) is currently undertaking a full review of the District Plan. This review is a significant body of work. The focus on the review has been to ensure that the reviewed Plan is both RMA compliant and incorporates best practice. The revised District Plan is being drafted to be consistent with the National Planning Standards template.
2. NCC has undertaken early engagement with the Napier community on key outcomes for the District Plan Review. Of relevance to the NPS-UD and NPDS-HPL are:
  - a. *Greenfield growth in the hills*: an evolution of HPUDS to look at moving future greenfield growth to the western hills (i.e. not on the Heretaunga Plains).
  - b. *City Living for a Vibrant CBD*: providing further residential living opportunities in and around the Napier City Centre
  - c. *Great Urban Areas*: more emphasis on “quality built environments”, recognizing that this contributes to community and economic wellbeing.
3. The draft District Plan is scheduled for community engagement in early 2020, with notification of the Proposed District Plan currently programmed for late 2020/early 2021.
4. We support the joint submission points on the NPS-UD and NPDS-HPL and emphasise the following:
  - a. The timing and policies for Future Development Strategies should not undermine existing strategies and governance processes such as HPUDS. Clarity is required either in the NPS-UD or supporting guidance material that non-statutory growth strategies embedded in Regional Policy Statements will not be affected. Due to the timing of our District Plan review, we do not have resource to revisit HPUDS until the next scheduled review in 2022. To ensure the objectives of the NPS-UD are achieved, it is essential that ad-hoc development is not enabled due to HPUDS losing status.
  - b. In our experience, a key component to “unlocking” growth potential is ensuring sufficient funding and programming of infrastructure is provided for growth. To achieve the objective of integrated planning for urban growth, it is essential that FDSs inform LTPs and LGA Infrastructure Strategies and not the other way around. Ideally the LGA and RMA NPSs would be aligned in terms of language and timing for urban development.
  - c. The flat land around Napier is all LUC class 1, 2 and 3 soils. We are investigating opportunities for growth in the lower productive soils in the western hills, however this land is more challenging in terms of development and infrastructure provision. It may therefore not meet the tests of “likely to be taken up” at the current time, however market circumstances change. We therefore have concerns that the NPS-UD is internally contradictory in terms of providing for currently market feasible development and in achieving quality built environments.
  - d. Much of the flat land around Napier is identified as LUC class 3 soils. However this land was previously part of an estuarine environment and still is influenced by groundwater intrusion. The soil is very saline in nature and has very little productive potential. The NPS should recognise that there are instances where local conditions may be out of step with the NPS despite fitting within specified classes of land use classification.

## **Central Hawke's Bay District Council: additional comments relating specifically to CHBDC**

### **Submission on the NPS-HPL**

The following comments are provided in support of the general comments made in the collective submission from HDC, NCC and HBRC and CHBDC. These comments relate specifically to the current situation in CHB regarding the strategic direction, objectives and policies in the Discussion Document on the proposed National Policy Statement for Highly Productive Land.

1. Central Hawke's Bay District Council (CHBDC) is currently undertaking a full review of the District Plan. This review is a significant body of work as it has been some time since the District Plan was reviewed. The focus on the review has been to ensure that the reviewed Plan is both RMA compliant and incorporates best practice.
2. Council is committed to early engagement with the Central Hawke's Bay community on the review and has released a draft District Plan prior to undertaking the statutory phases of the review. The draft District Plan was released for public consultation in May 2019 and informal hearings are scheduled for November and December this year to enable submitters to present the key points of their submissions to an Informal Hearings Panel.
3. Notification of the Proposed Plan is scheduled for mid/late 2020.
4. As part of the review process Council addressed the issue of identification and protection of productive and versatile land. The Operative District Plan includes only one rural zone and currently provides for subdivision of a minimum lot size of 4,000m<sup>2</sup> as a controlled activity across the whole rural zone, subject to relatively enabling performance standards. The single rural zone does not accurately represent the differences in productive potential of land within the district.
5. In 2018 Council engaged Lachie Grant (Land Vision Ltd) to undertake an assessment of the Districts productive and versatile soils to support the District Plan review. The particular scope of Land Vision Ltd's assessment was to;
  - a. Define versatile land and the factors that need to be taken into consideration when clarifying land use as such;
    - Versatile land assessment;
    - An assessment of whether the versatile land resource is of local, regional or national significance;
    - As assessment of the rural subdivision lots sizes;
    - A recommendation as to future subdivision rules.
6. The assessment of productive land used by Land Vision Ltd in CHB was based on the Land Use Capability system comprised of the Land Resource Inventory (LRI) and Land Use Capability Classification (LUC).
7. Table One below summarises the highly productive land and soil versatility (based on the *Canterbury Regional Council v Selwyn District Council* factors).

Table One

Category	Area (ha)
Highly productive land and highly versatile soils	21,805
Highly productive land and lower versatile soils	61,076
<b>Subtotal of highly productive land</b>	<b>82,881</b>
Stony soils with low versatility but high productive value for grapes	6,427
<b>Total of highly productive land plus land suited to grapes</b>	<b>89,308</b>
Total area of land in the district (includes all land)	332,644

8. Based on the total area of land in CHB identified in Table One as being highly productive, including land suitable for growing grapes, the assessment by Land Vision Ltd of the district's productive land provided the basis for the introduction of three new rural zones in the Central Hawke's Bay District. The three new rural zones introduce specific subdivision standards to address the productive value of these soils as well as providing for rural amenity and character.
9. The new provisions relating to the formation of three new rural zones in the draft District Plan are included as part of the non-statutory phase of the review. These provisions have been through a public consultation process and elected members are committed to ensuring that the primacy of land in Central Hawke's Bay District is protected from the adverse effects of land use, subdivision and further fragmentation.
10. Considerable effort has been invested in identifying defensible and logical boundaries for the three proposed rural zones. This process has involved introducing a buffer, to provide some protection from reverse sensitivity effects, but also to ensure that cadastral boundaries, natural and topographical features provide for robust zone boundaries.
11. While Council appreciates and supports the intent of purpose of the proposed National Policy Statement – Highly Productive Land Discussion Document (NPS–HPL) the overarching concern of the Central Hawke's Bay District Council is the threat of risk to the value of the work that Council has invested in and undertaken as part of the District Plan review could be lost or minimised by planned controls in the proposed NPS–HPL.
12. This issue is raised in part through comments on page 35 of the proposed NPS – HPL Discussion Document. It is considered that the proposed NPS-HPL should not apply to future urban areas identified through non-statutory documents and clarity and certainty is required to ensure that the draft Central Hawke's Bay District Plan is not captured in the proposed provisions. Significant resource has been invested in developing growth nodes for future urban expansion in the Central Hawke's Bay District to merit these provisions being exempt from the proposed NPS –HPL. Future urban expansion will also be subject to the HBRC RPS provisions relating to Urban Growth (Chapter Four) which, amongst many things, require a structure plan approach to developing new urban areas.
13. Council is concerned that the proposed new rural zone based on the LUC assessment undertaken by Land Vision Ltd may be comprised by the NPS's directive that regional councils have to undertake another assessment of highly productive land and identify HPL in the RPS all within three years of gazettal of the NPS-HPL. Reassurance is sought from Ministry for the Environment that where a District Council has already undertaken LUC assessment they may be exempt from this requirement, as highlighted in Policy One, page 38 of the NPS-HPL.



Enabling District Plans to identify highly productive land before it is identified in the RPS is fully supported as this reflects the situation of Central Hawke's Bay and avoids unnecessary delays in implementing any NPS policy that would require regional councils to do another assessment of HPL in the region and include the HPL in RPSs in such a relatively short timeframe.