



SmartGrowth Submission on
The Productivity Commission's
Better Urban Planning – Draft Report

September 2016

To:

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Submission:

This is a submission by the SmartGrowth Implementation Committee on the Productivity Commission's **Better Urban Planning** draft report. The content of the submission follows overleaf. We appreciate the opportunity to provide comments on the document.

Signed:

A handwritten signature in black ink, appearing to read 'Bill Wasley', written in a cursive style.

Bill Wasley
Independent Chair - SmartGrowth Implementation Committee

1. Introduction

This submission is presented on behalf of the SmartGrowth Implementation Committee (“SmartGrowth”), a joint committee of the Bay of Plenty Regional Council, Tauranga City Council, the Western Bay of Plenty District Council and Tangata Whenua. The Committee is responsible for overseeing the implementation of the SmartGrowth Strategy, a 50 year spatial and implementation plan for the western Bay of Plenty sub-region.¹

SmartGrowth has submitted previously on the Productivity Commission’s Better Urban Planning Issues Paper as well as the Affordable Housing and Using Land for Housing inquiries. In those submissions we outlined the background to the SmartGrowth project, the western Bay of Plenty sub-regional context, the focus of the SmartGrowth Strategy, and land supply and housing in the western Bay of Plenty. We do not propose to repeat that material in this submission. This submission concentrates on some key matters raised in this inquiry and a selection of questions as outlined in the Better Urban Planning draft report.

Submissions on the Draft Report are also being made by individual SmartGrowth Partners which cover more specific matters relating to their territorial areas or functions. This submission by SmartGrowth is intended to provide a high level response to some of the key questions outlined in the paper.

2. Key Points and General Comments

SmartGrowth is of the view that this draft report needs to bear in mind the following key points:

- The four well-beings approach currently embedded in the Resource Management Act 1991, the Local Government Act 2002 and the Land Transport Management Act 2003 needs to continue to be reflected in any revised or new urban planning regime.
- Any new regime needs to be flexible, encourage good urban planning outcomes and take account of community views.
- SmartGrowth is not opposed to exploring new legislation but we believe that this needs to be done with great care and through a collaborative approach with all stakeholders.
- There needs to be a strong focus on land use, infrastructure and funding integration
- There needs to be a balance between responsive community outcomes and regulatory / compliance cost efficiency.

¹ The western Bay of Plenty sub-region covers the territorial areas of the Western Bay of Plenty District Council and Tauranga City Council.

- Spatial planning is strongly supported by SmartGrowth, in particular giving these documents statutory weight, preferably through the Local Government Act 2002.
- SmartGrowth would prefer to see an integrated approach to land use regulation and that the built and natural environments are kept together in a single resource management law.

SmartGrowth largely agrees with the priority areas for change identified in the Draft Report on pages 6 – 7, however SmartGrowth submits that the priority around having more responsive infrastructure provision will largely be influenced by funding and not the planning system. The priority around having a more restrained approach to land use regulation needs to be thought through very carefully. A laissez faire approach to planning has not served New Zealand well in the past. We need to learn from these experiences as market-led approaches to planning can have long lasting consequences. Market-based tools have also not worked very well in New Zealand in a planning context.

On page 7 the Draft Report outlines what a future planning system could look like. SmartGrowth agrees that development should be enabled, however it has to be in the right places and we need to be thinking about liveability. SmartGrowth is also of the view that the current tools largely exist in the Resource Management Act, Local Government Act and Land Transport Management Act but there needs to be better integration across these statutes as well as some small changes to address urban planning issues. If a new planning regime is to be introduced this will need to be thought through very carefully and using a collaborative approach. It is a significant undertaking that we are not convinced is entirely warranted.

In our submission on the Issues Paper, SmartGrowth made the point that we would like to see better alignment between the multiple processes which are currently running relating to urban development. To date we have not seen evidence of this and believe there should be much better linkage between this inquiry, as well as other inquiries undertaken by the Productivity Commission such as Using Land for Housing, the Resource Legislation Amendment Bill, and the proposed National Policy Statement on Urban Development. It is unclear at present how these processes relate to one another or whether the outcomes of one will affect the other initiatives.

3. Better Urban Planning Issues Paper - Questions

SmartGrowth has responded to several of the questions in the report which are relevant to the SmartGrowth project and to the sub-region.

Q9.1 Which components of the current planning system could spatial plans replace? Where would the greatest benefits lie in formalising spatial plans?

SmartGrowth would be supportive of initiatives which promote spatial planning and in particular give them statutory weight. We would prefer that the statutory weight be given through the Local Government Act (“LGA”) rather than the Resource Management Act 1991 (“RMA”). This is because the nature of spatial planning is usually strategic and high-level. These types of documents do not lend themselves well to the focus and strictures of the RMA. Once spatial planning is given formal recognition in the LGA, it means that the RMA will be required to take these into account. The wording around “plans and documents prepared under other Acts” in the RMA could also be strengthened.

The greatest benefits in formalising spatial plans would be:

- Spatial plans would have weight when land use and infrastructure decisions are made, including at council hearing and Environment Court levels.
- Greater certainty, particularly around infrastructure investment and land use planning (for central and local government as well as developers and the community)
- A more streamlined approach to development and less duplication of process.
- If spatial plans were formalised then developments which were consistent with these plans could be fast-tracked if changes were made to allow this.

Q10.3 Would alternative funding systems for local authorities (such as local taxes) improve the ability to provide infrastructure to accommodate growth? Which funding systems are worth considering? Why?

SmartGrowth is of the view that alternative funding systems would significantly improve the ability of councils to provide the necessary infrastructure to support growth. A much greater mix of funding tools is required than what currently exists.

The following tools could be considered for local authorities:

- A Funding Guarantee: A Central Government funding guarantee for core infrastructure debt which would provide interest rate savings.
- A Funding Facility: The Reserve Bank to provide an agreed sum funding facility equivalent to a Committed Bank Line or a stand-by facility. This would enable growth Councils to secure a defined level of funding at a cheaper rate and by-pass the increasing line fees being charged by the banking sector.
- Zero Interest Loans: Make available zero interest loans to growth Councils for investment in growth-related projects. This will reduce the cost of capital charges to development and helps lower the cost to ratepayers through a reduced debt profile.

- Grants, Subsidies and Suspensory Loans: Provide grants to Councils that have growth strategies / spatial plans in place. Provide infrastructure grants to growth Councils to ensure that major projects can go ahead. Suspensory loans could be made where it is possible for the Government to clearly define future expectations which would need to be met before the need to repay the loan was revoked, eg x sites available for residential development.
- Local taxes
- Value uplift / value capture / betterment
- Allowing local authorities access to capital gains taxes collected on residential properties
- Regional / local fuel tax or similar
- Greater direct or indirect government funding through bonds or incentives within the tax system or a refund of GST on rates
- Business Improvement Districts

We acknowledge the Government's recently announced \$1 billion fund to accelerate housing infrastructure - this is a good initiative. However, councils are still awaiting further detail on how this fund will operate, how it can be accessed given there will be significant pressure on this fund given the number of high growth areas and how the debt will be repaid.

The benefits of these funding tools outlined above would be that it allows important infrastructure projects to go ahead, provides stimulus to the local and national economy, reduces the debt burden on councils, reduces the cost of borrowing and reduces the impact on ratepayers. It will allow development to go ahead by allowing infrastructure to be funded.

Q13.1 What are the strengths and weaknesses of these two approaches to land use legislation?

Specifically:

- **What are the strengths and weaknesses in keeping a single resource management law, with clearly-separated built and natural environment sections?**
- **What are the strengths and weaknesses in establishing two laws, which regulate the built and natural environment separately?**

As indicated earlier in our submission, SmartGrowth prefers keeping a single resource management law with clearly separated built and natural environment sections. Establishing two separate laws will add to the complexity of the planning system. There are also a number of situations where the built and natural environment overlap and one affects the other. Keeping the two together in a single statute would help to ensure more streamlined processes.