

Literature Review – Urban Growth and Land Use

Summary of Literature produced since 2010 which has implications for urban growth and land use – to inform a review of the 2010 Heretaunga Plains Urban Development Strategy.

March 2016
HBRC Plan No. 4785
HBRC Report No. SD 16-01

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Policy

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Prepared By:

Belinda Riley - Senior Planner

Reviewed By:

Gavin Ide – Manager Strategy and Policy

Signed:

Strategic Development Group

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EXECUTIVE SUMMARY

1. This report contains a review of the key documents which have emerged since 2010 that may have a strong influence on the 2015/2016 HPUDS review.
2. Since 2010, the Government has amended existing legislation which directly influences decisions around urban growth and commissioned a number of inquiries to facilitate a better planning system for New Zealand, and understand how land can be better used for housing while making it more affordable for New Zealanders. There are also a number local strategies and policy documents which influence growth within the Hawke's Bay region.
3. The literature review firstly discusses the legislative changes which directly affects local government activities around how they plan for infrastructure and manage land which is being re-developed for urban purposes. These changes come in the form of amendments to the Local Government Act and a national environmental standard for Assessing and Managing Contaminants in Soil to Protect Human Health (NESCS). In addition, the Government is progressing phase 2 of the RMA reforms which has passed its first reading in parliament and will further influence urban growth if passed into legislation.
4. Paragraphs 26 to 40 the literature review, under the title 'National Research', discusses the inquiries the Government has commissioned since 2010 which delve into a number of urban growth issues, such as housing affordability, using land for housing, how to improve New Zealand urban planning system and a review of New Zealand's 'loopy rules' with a view to reducing the red tape and bureaucracy around urban development.
5. While the inquiries discussed in Paragraphs 26 to 40 are relevant to growth management and therefore HPUDS, it is important to note that none of the reports have an official status or statutory weight that is legally binding. They simply make recommendations to the Government who may, or may not, agree with the findings. Until such time as the recommendations are adopted as part of an appropriate policy package by the Government (i.e. enacted through the RMA reforms), none of the reports result in any statutory obligations for the HPUDS partner councils around urban growth.
6. Paragraphs 41 to 56 of the literature review under the title 'Regional and Local Policy Documents' discusses a number of regional and local plans and strategies that will influence growth within the region and therefore are relevant to the HPUDS review. However, because HPUDS provides the overall framework for aligning the plans and strategies that deal with growth, most of those local policy documents and strategies already align closely with the HPUDS document.
7. The key finding from the literature review is that while there is a significant amount of literature out there on urban growth, there are only several documents which have any statutory weight, being the NESCS, the infrastructure strategies and potentially the RMA reforms (but not until enacted). While all the other reports are interesting and relevant, there is no obligation for the HPUDS partner's to implement their findings in HPUDS.

PURPOSE

8. The purpose of this report is to carry out a review of all the relevant documents, released post 2010, which relate to urban growth, and provide a summary of the key outcomes of these documents. The literature reviewed has been selected on the basis of the HPUDS TAG recommendations set out in in the project brief titled 'Literature Review – Urban Growth and Land Use'.

9. The literature review will enable a better understanding around what relevant national and local research has taken place around urban growth, the key outcomes and results of this research, and ultimately whether it is relevant to the 2015/2016 HPUDS review.

DOCUMENTS REVIEWED

10. For the purposes of this literature review, the key documents reviewed include:
- *Hawkes Bay Regional Council, Napier City Council, Hastings District Council. 2011. Regional Economic and Development Strategy.*
 - *Hawke's Bay Regional Council. November 2011. Hawke's Bay Land and Water Management Strategy.*
 - *The New Zealand Productivity Commission. March 2012, Housing Affordability – Final Report.*
 - *Ministry for Environment. April 2012. National Environmental Standard for Assessing and Managing Contaminants in Soil to Protect Human Health.*
 - *Local Government Efficiency Expert Advisory Group. March 2013. Report of the Local Government Infrastructure Efficiency Expert Advisory Group.*
 - *Hawke's Bay Regional Council. March 2013. Regional Policy Statement Change 4 Managing the Built Environment.*
 - *MWH Global. December 2013. Hastings Medium Density Housing Strategy.*
 - *New Zealand Planning Institute. March 2014. National Position Paper on Managing Urban Growth.*
 - *Hawke's Bay Regional Council. July 2015, Hawke's Bay Biodiversity Strategy.*
 - *Rules Reduction. Taskforce Report to the Minister of Local Government. August 2015. The Loopy Rule Report: New Zealanders tell their stories.*
 - *The New Zealand Productivity Commission. October 2015. Using Land for Housing – Final Report.*
 - *The New Zealand Productivity Commission. December 2015. Better Urban Planning, Issues Paper.*

COMMON ABBREVIATIONS in this report

| | |
|-----------|---|
| HBRC | Hawke's Bay Regional Council |
| HPUDS | Heretaunga Plains Urban Development Strategy |
| HPUDS TAG | Heretaunga Plains Urban Development Strategy Technical Advisory Group |
| HDC | Hastings District Council |
| LGA | Local Government Act 2002 |
| NESCS | National Environment Standard for Assessing and Managing Contaminated in Soil to protect Human Health (NESCS) |
| NCC | Napier City Council |

| | |
|------|--|
| NZPI | New Zealand Planning Institute |
| REDS | Regional Economic Development Strategy |
| RMA | Resource Management Act |
| RPS | Regional Policy Statement |

SUMMARY OF LITERATURE

New Zealand Legislation

How do the NESCS and LGA amendments influence urban growth?

National Environmental Standard for Contaminated Soil (NESCS)

11. The NESCS is a nationally consistent set of planning controls and soil contaminant values, ensuring that land affected by contaminants in soil is appropriately identified and assessed, or remediated, before it is developed so it is safe for human use. It cross references to the HAIL (hazardous activities and industries list) and where the subject land has an activity or industry described in the HAIL the NESCS provisions will apply.
12. Ideally, when growth management strategies such as HPUDS are planning new urban areas, any land which has previously had an activity or industry on the HAIL will be assessed for compliance with the NESCS, prior to being included in the growth management strategy. Early identification will allow local authorities to ascertain whether an area is appropriate for a potential change of use, and will enable an estimation around costs where remediation may need to occur. In some cases remediation costs may be prohibitive to urban development.
13. However, in some cases urban growth strategies may not necessarily examine to this level of detail and at a high level identify an area as appropriate for new urban growth despite being previously used for a HAIL activity. In such cases, the growth strategy could simply note the existence of the NESCS informing readers that it must be complied with before any subdivision or change of use can take place (i.e. a 'flag' for future investigations).

Local Government Act 2014 amendments

14. In 2014, the LGA was amended to introduce new requirements around infrastructure strategies and asset management planning. Specifically, local authorities are required to prepare an infrastructure strategy over a 30 year timeframe. Infrastructure strategies are particularly relevant to urban development and provide information on the expected level of infrastructure investment needed to provide for community growth; the timing of investment for growth so to avoid constraints on growth from limited infrastructure capacity; and how to balance service-level expectations with affordability in the context of anticipated demographic changes such as depopulation and ageing.
15. These infrastructure strategies can have a powerful influence on urban form and will help local authorities map out where new businesses and industries should be located, and identify where new greenfield growth can be accommodated. HPUDS and the Napier City Council and Hastings District Council infrastructure strategies should closely align with HPUDS.

What are the key amendments proposed in the RMA reforms that relate to urban growth?

16. The second phase of the RMA reforms contain around 40 key amendments aimed at improving RMA processes around a range of issues. In December 2015, The Resource Legislation Amendment Bill passed its first reading in Parliament and is open for submission until March 2016.
17. A key feature of the reform is stronger national direction which aims to get better environmental results at less cost. The Bill includes provisions that will require councils to use standard planning templates, facilitating better plan making, while elevating natural hazards to a matter of national importance.
18. The Bill responds to the Productivity Commissions findings, that tight land regulation under the RMA was one of the biggest factors driving up housing process. The Bill proposes putting new requirements on councils, through sections 30 and 31 of the RMA to ensure there is sufficient residential and business development capacity to meet long-term demand. This means councils will have to be forward thinking, and proactively plan to have enough residential and business land for development.
19. The Productivity Commission also raised concerns around the RMA constraining land supply and pushing up section prices, and the planning system not being responsive enough for a rapidly growing population, or increased demand for housing. Parliament addresses these issues in the Bill's proposals by including new requirements around consenting which will make suitable development easier and more affordable.
20. The reforms further change the presumption in favour of land being available for subdivision, from being restricted from subdivision unless expressly allowed by a rule, resource consent or national environmental standard, and limits appeals on residential resource consents on land already zoned for housing.

Is there any case law which has implications for urban growth?

21. While there is a significant amount of case law around urban growth matters the cases are more relevant at the district plan implementation level (i.e. change of use, urban design, stormwater disposal etc.), as opposed to at the strategic level. This will likely occur after the RMA reforms have taken place.
22. It should also be noted that there are currently two appeals lodged with the Environment Court which could have direct implications for urban growth strategies around the country.
23. The first appeal is lodged by the Evans Family Trust against zoning decisions issued by the Hastings District Council on their proposed district plan. The appellant had requested via submissions on the proposed Hastings District Plan for a change in zoning for their land from rural to residential to allow for future residential development. The subject land is located in an area identified as inappropriate for further residential development in HPUDS and the Regional Policy Statement (RPS) and Hastings District Council refused their re-zoning request.
24. The second appeal is lodged by Hawke's Bay Regional Council against a consent decision issued by Hastings District Council allowing a subdivision for residential lots to occur on rural land identified as inappropriate for residential growth in HPUDS and the RPS.
25. The appeals will also resolve some interesting questions around the weight and importance given to a settlement pattern once identified in a RPS, ad hoc residential development, and how areas which have been deemed inappropriate for further residential growth in an RPS should be dealt with by local authorities.

National Research

What were the key findings from the Productivity Commission's inquiries?

Housing affordability

26. The first inquiry on housing was undertaken by the Productivity Commission in 2011 and investigated the factors influencing housing affordability and potential opportunities to increase housing affordability. The aim of report was to suggest policy improvements that could enhance the performance of the housing market and the effectiveness with which it meets the needs of New Zealanders.
27. There were a number of key findings in this report, in particular the Commission found that containment policies such as 'Smart Growth'¹ and Urban Limits, and the supply of infrastructure enabled land, were key constraints to housing affordability. The Commission further noted the slow pace at which land for housing is planned and zoned, and the disconnect between council objectives, for intensification of existing urban areas, and planning making it difficult for developers to get infill and medium density housing underway, which further adds to housing costs.
28. The Commission also recognised that housing needs are more pronounced for many Maori noting that housing solutions for Maori will sometimes need to be different, particularly in areas of traditional settlement.
29. The Commission made a number of recommendations to promote greater affordability of land and houses while providing for diverse demand, suggesting that instead of using binding urban limits, councils could signal where development will not be allowed, and use their infrastructure planning to signal where development will take place. The Commission also suggested new housing supply include moderate density close to existing centres which provides for a range of lifestyles, and that strategies be developed which promote adequate competition between developers for the right to develop land.

Using land for housing

30. In September 2014 the Productivity Commission undertook a new inquiry called 'using land for housing' which focused on the supply and development capacity of land for housing in New Zealand cities, especially in areas of high population growth. Given that population is expected to increase by around 8000 by 2045, the Heretaunga Plains sub-region is not considered to be a 'high population growth' area.
31. The inquiry found that the planning system is constraining and is not responsive to changes in demand for housing in our fastest growing cities, noting a disconnect between the demand for housing and the supply response of the planning system, which can restrict the housing supply and inflate the value of existing homes. It also found that successive planning frameworks have included more formal rights for the public to be consulted and/or object to proposals.
32. The Commission made a number of recommendations to the Government and councils so they can more effectively provide for housing. Those of particular interest for Councils were ensuring that

¹ Smart Growth is based on principles of urban design which span regional development for settlement and growth, neighbourhood and street planning, and building design (Duany, Speck and Lydon, 2010). It is characterised by the view that desirable social, economic, fiscal and environmental outcomes can be brought about by physical land use arrangements, design and transportation investment. It favours mixed land uses, compact development, walkable neighbourhoods, a range of housing styles, and design elements and amenities that create a strong sense of place. Smart Growth has evolved largely as a reaction against what are seen as the excesses of low-density urban sprawl.

urban limits can be promptly reviewed in light of market developments, and that high growth councils should review minimum lot size rules and density controls in the rural zones. Other recommendations related to a move towards residential activities being included into permitted or restricted discretionary status, and a more streamlined approach to consultation.

33. In order to promote a greater supply of lost cost housing, the Commission recommended removing planning controls which limit the supply of development capacity and supporting institutions that lower the barrier to the supply of lower cost housing.

Better urban planning inquiry

34. In November 2015, the Government asked the Productivity Commission to look at ways of improving New Zealand's urban planning system, in particular to identify the most appropriate system for allocating land use in cities. The draft report is due for release in July 2016, the final report is due 30 November 2016.
35. The terms of reference for this inquiry includes the processes that are currently undertaken through the various legislation² that affect the ability to use land in urban areas. The inquiry will look beyond the current resource management and planning system to consider fundamentally different ways of delivering urban planning and development.
36. The Commission has released an issues paper which the general public can submit on. It asks a number of questions around urban planning.

What were the key findings by the rules reduction task force and the NZPI position paper on managing urban growth?

Rules Reduction Taskforce

37. In August 2014, the Government set up a rules reduction task force to identify 'loopy property rules' which are not fit-for-purpose and which impose unnecessary bureaucratic burdens on property owners and businesses.
38. Findings from the Rules Reduction Taskforce indicate that there are too many frustrating rules and regulations, and too many are being applied inconsistently, and it is holding our communities back. The report highlights a number of individual rules that don't make sense and identifies many opportunities for local government to consider to improve the level of customer service they offer.

New Zealand Planning Institute

39. The NZPI's "Managing Urban Growth" position paper was released in March 2014 and addresses the many challenges posed by New Zealand's rapid urban growth by presenting a series of planning principles which it believes will lead to more successful, functional and desirable urban areas.
40. The position paper emphasises that well planned growth is essential to future-proof communities and recommends eight planning principles that are essential to successful urban growth: 1) promote urban intensification, 2) plan for quality and amenity in urban environments, 3) plan for a mixture of compatible uses, 4) encourage urban growth through redevelopment and greenfield development, 5) provide for housing choice and diversity, 6) provide a variety of transportation choices, 7) encourage community collaboration in urban growth decisions and 8) assess and manage environmental risk.

² Resource Management Act, the Local Government Act and the Land Transport Management Act. It also includes elements of the Building Act, Reserves Act and Conservation Act

Regional and Local Policy Documents

How does the Land and Water Management Strategy and Biodiversity Strategy influence urban growth?

41. The Hawke's Bay Land and Water Management Strategy (LAWMS) outlines the region's vision and strategic direction for the future management of land and freshwater, while the Regional Biodiversity Strategy outlines a clear vision for the region on how best to improve habitats and support native species in Hawke's Bay.
42. Both strategies discuss important issues that need to be recognised when considering growth management due to the link between urban activities and poor biodiversity and water quality. There is also an important link between water quantity and urban growth because without adequate water supply urban growth cannot occur or conflicts between activities vying for water will happen.
43. One of the key issues identified in both the land and water strategy and the biodiversity strategy is urban runoff, where rainwater collects contaminants from vehicles, roads and other urban activities and flow through the drain systems into rivers and estuaries. The amount of water available for irrigation, industrial and municipal water supplies is a finite resource and is also an important consideration when planning future urban growth.
44. The LAWMS contains a number of policies around water efficiency, stormwater management, and water quality, which are relevant to all urban activities whether existing or new and as such are best addressed together through other mechanisms (i.e. structure planning, RPS, Regional and District Plans, than high level growth strategies). Issues relating to water quantity should be addressed when strategically planning urban growth if possible to prevent future conflicts.
45. The biodiversity strategy recognises that around $\frac{3}{4}$ of acutely threatened land environments are represented within 20 km of urban centres, meaning that urban ecosystems have an important part to play in protecting and enhancing biodiversity. It identifies several basic activities which can be undertaken in urban environments to improve biodiversity such as maintaining parks and reserves and undertaking pest management and planting more shrubs and trees.

How does the Regional Land Transport Strategy influence urban growth?

46. The Hawke's Bay Regional Land Transport Strategy (RLTS) outlines the direction for the transport network for the next 30 years. The strategy sets out a framework for the Hawke's Bay transport network, outlining the context both now and over the next 30 years, to which the Hawke's Bay strategic direction and investments are designed to respond.
47. HPUDS and the Regional Policy Statement were used as a key driver for the RLTS and provided recommendations on transportation projects for inclusion into the RLTS. This process has ensured close alignment between the policies for urban development and infrastructure contained in the RPS and the RLTS.
48. The top projects identified in the strategy for Hawke's Bay are: the Whakatu Arterial Link, the Hawke's Bay Expressway, Pakowhai and Links Road intersection improvement, SH2 Napier Road intersection, the Ford Road extension, Prebensen Drive four-laning and the Prebensen Road /Hyderabad Road intersection upgrade.

49. A key strategic aim is to achieve HPMV capability for key freight and feeder routes to and from the Port, Whakatu, Onekawa, Omaha Road, Awatoto industrial areas and major forestry blocks (and any other high volume generators), no later than 2045 and in some cases by 2016.

How does the Hastings Medium Density Housing Strategy influence urban growth?

50. The Hastings District Council's Medium Density Housing Strategy was finalised in December 2013 and aims to provide guidance to the community, developers and other agencies to assist in the achievement of the intensification targets of HPUDS.
51. The strategy seeks to achieve the intensification targets whilst ensuring appropriate residential amenity is provided. This has resulted in a change in development methods towards a more comprehensive design approach to intensification, rather than traditional infill. As such, the strategy encourages medium density housing development within identified areas of Hastings District, through multi-site redevelopment of older housing stock.
52. The following areas (or part of) have been identified as appropriate for medium density housing development:
- Heretaunga Street East
 - Raureka
 - Havelock North
 - Parkvale
 - Mahora.
53. It is anticipated that this strategy will be utilised to inform future district plans, long term plans and asset management plans reviews and will provide guidance to the Hastings development community. The strategy does not focus on residential intensification in the CBD as these are covered by other planning approaches.

How do changes to the RPS around Managing the Built Environment influence urban growth?

54. In 2013, the Regional Policy Statement (RPS) was amended to assist with the implementation of the HPUDS. The RPS provisions have a significant influence on urban growth within the region as district plans must give effect to the RPS.
55. New provisions were included in the RPS to support the 'compact design' settlement pattern for the Heretaunga Plains, in particular the concept of urban limits was introduced, and a number of areas were listed as appropriate or inappropriate for future residential and industrial growth.
56. Density provisions seeking to achieve an average yield of 15 lots and 20 per hectare for greenfield growth areas and intensification areas, respectively, by 2045 were included to promote the intensification of residential areas as per the HPUDS document.
57. New provisions were also included around sequencing and structure plans aiming to achieve the strategic integration of infrastructure with land use and the prevention of ad hoc urban development.

How does the Regional Economic Development Strategy influence urban growth?

58. In 2011, a Regional Development Strategy (REDS) was released for Hawke's Bay aiming for a unified approach to regional economic development that assists with collaboration and alignment of work programmes. The strategy focuses on economic development, the key agencies recognise the importance of a strong underlying social, infrastructural and sustainable environment.

59. The Regional Economic Development Strategy is currently under review, with a final document due in March 2016. While it is expected that REDS will closely align with HPUDS, when released it is suggested this document be reviewed in light of the HPUDS review, in particular any findings around business and industrial land.

CONCLUSION

60. This report provides a summary of the existing literature produced since 2010 that has implications for urban growth. Its purpose is to enable a better understanding around what relevant national and local research has taken place around urban growth, the key outcomes and results of this research, and ultimately whether it is relevant to the HPUDS review.