

National Policy Statement Urban Development 2020 - Well-functioning Urban Environment, Responsiveness and Significant Development Capacity

File No.: CP2021/08596

Te take mō te pūrongo Purpose of the report

1. To seek endorsement of the policy approach to implementing the well-functioning urban environment, responsiveness and significant development capacity parts of the National Policy Statement on Urban Development 2020 (NPS-UD).

Whakarāpopototanga matua Executive summary

2. The Planning Committee received an introductory memorandum on the NPS UD on 10 August 2020 and a report on the proposed work programme on 4 February 2021. A series of Planning Committee workshops have provided advice to elected members on the complex issues in the NPS UD where there is discretion.
3. This report specifically deals with well-functioning urban environment, responsiveness and significant development capacity. A separate report deals with other aspects of council's policy decisions associated with implementing the NPS-UD.
4. The NPS-UD states that planning decisions contribute to "well-functioning urban environments" and that those urban environments:
 - (a) *have or enable a variety of homes that:*
 - (i) *meet the needs, in terms of type, price, and location, of different households; and*
 - (ii) *enable Māori to express their cultural traditions and norms; and*
 - (b) *have or enable a variety of sites that are suitable for different business sectors in terms of location and site size; and*
 - (c) *have good accessibility for all people between housing, jobs, community services, natural spaces, and open spaces, including by way of public or active transport; and*
 - (d) *support, and limit as much as possible adverse impacts on, the competitive operation of land and development markets; and support reductions in greenhouse gas emissions; and*
 - (e) *are resilient to the likely current and future effects of climate change.*Matters beyond this set of minimum requirements can be added to by the council.
5. A review of the Auckland Unitary Plan Regional Policy Statement (RPS) has concluded that it already addresses most of the minimums identified in the NPS-UD as contributing to a "well-functioning urban environment". The exception to this is in relation to reducing greenhouse gas emissions. It is recommended that new policy options be investigated in relation to this and a change to the RPS prepared.
6. Under the NPS-UD the Council is also required to be "responsive" to private plan changes that would supply "significant development capacity". The council must include criteria in its RPS that states what "significant" is. The intention of this is to enable more development to occur more quickly where it has not previously been contemplated by council.

7. The policy applies to proposed development that may be:
 - unanticipated in existing plans or strategies
 - out of sequence with planned land release.
8. A list of matters has been identified to determine what constitutes significant development capacity and this will be further developed for the change that is to be included in the RPS.

Ngā tūtohunga Recommendation/s

That the Planning Committee:

- a) note that the Auckland Unitary Plan Regional Policy Statement already includes appropriate policies to enable “well-functioning urban environments”.
- b) approve the development of a plan change to the Auckland Unitary Plan Regional Policy Statement that includes:
 - i) a new policy (or policies) on reducing green-house gas emissions
 - ii) criteria that private plan change requests will be required to meet to be considered as adding ‘significant development capacity’ under the National Policy Statement on Urban Development, using the following as a basis:
 - A) Strategic alignment
 - B) Scale of proposed development
 - C) Location of proposed development
 - D) Timing of proposed development
 - E) Bulk and local infrastructure funding and financing
 - F) Connectivity to transport networks and three waters infrastructure
 - G) Supports a well-functioning urban environment
 - H) Identify limited exceptions where the proposed development provides one or more of the following:
 - 1) housing for Māori – papakāinga or other forms of housing
 - 2) affordable housing
 - 3) social housing.
- c) request staff to seek feedback from local boards, Mana Whenua and central government agencies on the draft plan change prior to bringing it to the Planning Committee for endorsement.

Horopaki Context

9. This report follows an introductory memorandum on the NPS UD to the Planning Committee (10 August 2020) and [a report on the proposed work programme](#) to respond to the NPS UD (4 February 2021). In February 2021, this Committee endorsed the work programme and a series of workshops and meetings to establish the council’s approach to the NPS UD (Resolution PLA/2021/18). Seven workshops for the Committee and local board chairs have been held between February and June 2021.
10. National Policy Statements are issued under the Resource Management Act 1991 (the RMA). They provide national direction for matters of national significance relevant to sustainable management and allow government to prescribe objectives and policies for matters of national significance.

11. The NPS-UD has its origins in the National Policy Statement on Urban Development Capacity 2016 (NPS-UDC) which required councils to improve planning processes to enable more development. The NPS-UDC has been replaced by the NPS-UD, which gives further policy direction in certain planning areas, such as where development capacity should be provided and how councils can be more responsive to development opportunities.
12. The NPS-UD is part of the Government's Urban Growth Agenda. This Agenda states that to support productive and well-functioning cities it is important that regional policy statements and regional and district plans provide adequate opportunity for land development for business and housing to meet community needs. The stated potential benefits of flexible urban policy include higher productivity and wages, shorter commute times, lower housing costs, social inclusion, and more competitive urban land markets.
13. The NPS-UD seeks to improve the responsiveness and competitiveness of land and development markets. In particular, it requires local authorities to enable more development capacity, so that more homes can be built in response to demand. The NPS-UD provides policy direction to make sure capacity is provided in accessible places, helping homes to be built in the places that are close to jobs, community services, public transport and other public amenities.

Tātaritanga me ngā tohutohu Analysis and advice

Well-Functioning Urban Environment

14. The NPS-UD introduces the concept of “well-functioning urban environment”. The meaning of this term is set out in NPS-UD Policy 1 (see <https://environment.govt.nz/assets/Publications/Files/AA-Gazetted-NPSUD-17.07.2020-pdf.pdf>) and sets out minimum requirements that have to be provided for in the Auckland Unitary Plan. These requirements can be added to if appropriate. These requirements relate to:
 - enabling a variety of homes and land for business
 - ensuring accessibility
 - supporting and not limiting the competitive operation of the land and development markets
 - reducing greenhouse gas emissions
 - resilience to the effects of climate change.
15. There are several circumstances in the NPS-UD where the contribution to a “well-functioning urban environment” must be considered:
 - when making planning decisions (includes plan changes and resource consent decisions)
 - when being responsive and making planning decisions on plan changes that add significant development capacity
 - when preparing Future Development Strategies (the first of which is required in 2024 and is not addressed in this report).
16. A review of the RPS has concluded that it already adequately addresses most of the matters identified in the NPS-UD that are considered to contribute to a “well-functioning urban environment”. The RPS provides significantly more guidance on the matters that provide a “well-functioning urban environment” than the NPS-UD does. The RPS section B2.2 (urban growth and form), in particular, provides for “a quality compact urban form”, and B2.3 (a quality-built environment), gives substantial guidance. Several other sections of the RPS (such as those on infrastructure, natural heritage, natural resources and environmental risk) are all relevant and contain policies that contribute to providing a “well-functioning urban environment”.

17. The exception is the issue of reducing greenhouse gas emissions, which is not explicitly addressed in the RPS. However, there are several policies (for example those relating to transport mode shifts) that already contribute to reducing green-house gas emissions.
18. Staff have completed a comprehensive literature review using a systematic review technique. It looked at articles drawn from the fields of architecture, planning, sociology, urban design, urban economics, politics, governance, agriculture, forestry, construction, landscape architecture, ecology, hazard management, climate change, transport, health, psychology, and cultural studies.
19. The evidence gathered concludes that a well-functioning urban environment is the sum of its parts. No one element creates a well-functioning urban environment, nor is there a measurable standard to demonstrate how or when such an environment is achieved. Instead, there are common elements across the built, social, environmental and cultural domains that contribute to experience and outcomes for all urban citizens.
20. A well-functioning urban environment reflects the context and purpose of its development, meeting the practical, economic, physical, social and cultural needs of all the citizens it serves today and into future generations. Well-functioning urban environments reflect the diversity in society and aim to address social justice and inequity through engagement, accessibility, rebalancing of power, ownership and informed transformation or protection of land and services.
21. The findings of the literature review were assessed against the RPS to highlight any gaps in the existing document. The findings show that overall the RPS covers many of the key aspects that make up a well-functioning urban environment.
22. However, public participation, health impact assessments, gender, age and disability equality, social equity improvements, opportunities for urban agriculture, water sensitive design, valuing of ecosystem services, and categorising green and social infrastructure as critical infrastructure on which development is contingent and climate resilience are not so thoroughly addressed. Further work is needed on these aspects to understand how they may already be, or could be, addressed through other council plans and strategies.
23. It is therefore considered that in most respects the RPS already contains policies that deliver “well-functioning urban environments”. Therefore, no changes are recommended to the RPS at this stage, except for the addition of a new policy (or policies) to explicitly address the issue of reducing green-house gas emissions.

Responsive Planning

24. Under the NPS-UD (Policy 8 and Subpart 2) the council is required to be “responsive” to private plan changes that would supply “significant development capacity”. The council must include criteria in its RPS that state what “significant” is. This is required to enable more clarity and certainty for development and therefore enable it to potentially occur more quickly where it has not previously been contemplated by Council. Policy 8 applies to private plan changes that may be:
 - unanticipated in existing plans or strategies; or
 - out of sequence with planned land release.
25. The intention of the responsiveness requirements of the NPS-UD are to:
 - enable transparency and responsiveness in planning decisions
 - improve competition in land markets
 - accelerate land supply
 - discourage land banking.
26. It is important to note that the criteria developed by the council to be included in the RPS cannot be so restrictive as to undermine the overall intent of Policy 8 of the NPS-UD.

Significant Development Capacity Criteria

27. To meet this NPS-UD requirement the following matters have been identified as the basis for significant development capacity criteria:
- Strategic
 - The development is consistent with the council's strategic directions
 - Scale
 - The development delivers a large number of dwellings, in the order of thousands, and/or a large area of business floor space
 - The development is large enough to create a well-functioning urban environment
 - Location
 - The development is in an area of demand (e.g. as identified by the Housing and Business Development Capacity Assessment (HBA))
 - The development is in a location that is consistent with other requirements of the NPS-UD (e.g. a walkable catchment to a Rapid Transit Network station)
 - The proposal is adjacent to an existing urban area
 - Timing
 - The development will be delivered quickly, and the developer has the capacity to deliver the development earlier than what may have been planned by the council
 - Infrastructure
 - Bulk infrastructure must exist, or the developer demonstrates viable options for providing new and upgraded infrastructure
 - Local infrastructure must exist, or the developer demonstrates viable options for providing new and upgraded infrastructure
 - Funding, financing and maintaining the bulk and local infrastructure required for the development, if existing infrastructure is not available
 - Well connected
 - The development must be well connected along transport corridors by a range of modes to a range of destinations
 - Well-functioning urban environment
 - The development capacity must contribute to a well-functioning urban environment
 - The development provides a range of dwelling typologies
 - Limited exceptions where the development provides one or more of the following:
 - housing for Māori – papakāinga or other forms of housing
 - affordable housing
 - social housing.

Tauākī whakaaweawe āhuarangi Climate impact statement

28. Objective 8 and policy 1 of the NPS UD set out a policy framework that signals the need for decisions to reduce emissions and improve climate resilience.
29. This framework is in line with the 'built environment' priority of Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan, which has a goal of achieving "A low carbon, resilient built environment that promotes healthy, low impact lifestyles". The plan recognises that:

"To move to a low carbon and resilient region, climate change and hazard risks need to be integral to the planning system that shapes Auckland. Integrating land-use and transport planning is vital to reduce the need for private vehicle travel and to ensure housing and employment growth areas are connected to efficient, low carbon transport systems."

30. The Planning Committee also passed unanimously an expectation that Auckland Council would fully utilise "the levers available to it to reduce transport emissions, including [...] increasing the focus on intensification within brownfield areas, in particular along the rapid transit corridors" (Resolution PLA/2021/15).
31. The urban form of cities directly affects the level of emissions they generate. It also affects the level of exposure it's residents and businesses have to the effects of climate change.
32. Policy 1 of the NPS UD seeks that planning decisions contribute to well-functioning urban environments. This includes a variety of homes that are resilient to the likely current and future effects of climate change. The Auckland Plan outlines the impacts and risks the region is facing from climate change, including flooding, heatwaves, drought and coastal storms. This is likely to assist the creation of a well-functioning urban environment, which has resilience to the effects of climate change by, for example, ensuring less people live in areas likely to be adversely affected by these effects in the future.
33. Although climate change is both an objective and policy of the NPS-UD, these aims may conflict with other aspects of the NPS-UD, such as requiring councils to allow for development moving 'out' as well as 'up'. The NPS-UD requires local authorities to be 'responsive' to private plan changes for development in locations, or at times, not previously anticipated. This affects the council's ability to plan for future growth, align land use and infrastructure funding and provision, and achieve a quality compact urban form.
34. Unplanned and out of sequence greenfield expansion is more likely to result in higher emissions than intensification in existing urban locations where there is comparatively better access to a range of employment and other destinations and a range of transport choices. Additional utilities required to service growth in greenfield areas (such as roads, water supply and wastewater services) will also result in higher infrastructure and operational emissions. Conversely, there may be locations where out of sequence greenfield expansion does not lead to greater emissions but does expose development to greater risks from climate change effects (such as coastal inundation and or erosion).
35. Misalignment in policy direction and the enablement of out-of-sequence and unplanned growth challenges the quality compact urban form approach and may result in a more fragmented development pattern. It has potential to enable low-density land use patterns supported by roads and motorways, increasing private vehicle dependency, and limiting potential to integrate high quality and frequent public transport, walking and cycling. It also makes infrastructure planning more uncertain, with higher holding costs and greater risk of under utilised assets.
36. For these reasons, it is essential that the criteria introduced to the RPS support development that reduces emissions (relative to planned development) and help prevent development that increases emissions (relative to planned development).

Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera Council group impacts and views

37. All relevant council departments and Auckland Transport (AT) and Watercare have been involved in the development of the policy approach contained in this report. They will have an ongoing role as the proposed plan change is prepared. AT have an interest in well-functioning urban environment and the significant development capacity criteria where they relate to the transport network. Watercare have an interest in the three waters infrastructure that well-functioning urban environment and the significant development capacity criteria require.

Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe Local impacts and local board views

38. Local board members have been briefed on the implications of the NPS UD and chairs have been invited to the series of Planning Committee workshops run this year. Board members have voiced a keen interest in the development of the plan change following the resolution of the policy approach contained in this report. Staff are preparing an engagement plan that will include engagement with local boards. The engagement plan will be reported to the August 2021 meeting of this Committee.

Tauākī whakaaweawe Māori Māori impact statement

39. Policy 9 of the NPS sets out the requirements for local authorities as follows:

Local authorities, in taking account of the principles of the Treaty of Waitangi (Te Tiriti o Waitangi) in relation to urban environments, must:

- a) *involve hapū and iwi in the preparation of RMA planning documents and any FDSs by undertaking effective consultation that is early, meaningful and, as far as practicable, in accordance with tikanga Māori; and*
 - b) *when preparing RMA planning documents and FDSs, take into account the values and aspirations of hapū and iwi for urban development; and*
 - c) *provide opportunities in appropriate circumstances for Māori involvement in decision-making on resource consents, designations, heritage orders, and water conservation orders, including in relation to sites of significance to Māori and issues of cultural significance; and*
 - d) *operate in a way that is consistent with iwi participation legislation.*
40. This policy directs council to particularly involve iwi and hapū in the NPS-UD during the preparation of planning documents. The recommended exception to the significant development capacity criteria for housing for Māori (including papakāinga) reflects previous clear direction from Māori about the importance of housing, including papakāinga. The intention of the exception is to avoid any further policy barriers to that provision. Once the policy approach to implementing the well-functioning urban environment, responsive planning and significant development capacity criteria provisions has been approved, Council will begin to meet the requirements of Policy 9. The next stage in the process, being to prepare a proposed plan change, will involve engagement with iwi and hapū. More details of this will be provided in a report to this Committee at its August 2021 meeting.

Ngā ritenga ā-pūtea Financial implications

41. While implementing the NPS UD is a large programme of work, it is expected to be resourced through existing budgets. The budget to appoint new staff (and if necessary, consultants) to support this programme has been approved through council's Long Term Plan.

42. There is a significant risk that unplanned and out of sequence private plan changes will result in council having to divert funding from existing planned/sequenced locations. It is therefore essential that the criteria introduced to the RPS are clear and help to prevent this outcome.

Ngā raru tūpono me ngā whakamaurutanga Risks and mitigations

43. The key risk associated with the development of criteria relating to unplanned or out of sequence development is that the criteria may support, rather than prevent, development that is contrary to the Council's overall strategic goals. Consequential impacts include adverse social, environmental, cultural and economic outcomes. The matters recommended in this report as the basis for the required plan change to the AUP provide a framework to mitigate this risk.

Ngā koringa ā-muri

Next steps

44. Staff will seek feedback from local boards, Mana Whenua and central government agencies on the matters to be addressed in the plan change discussed in this report. Plan change preparation will then commence, using the guidance provided by the committee's resolutions and taking any feedback into account. Once prepared, the draft plan change will be reported to the committee for endorsement. Under the Resource Management Act, the council is required to provide iwi authorities with a copy of the draft plan change for further feedback prior to public notification. After completing this step, a final version of the plan change will be presented to the Planning Committee for approval to notify.

Ngā tāpirihanga Attachments

There are no attachments for this report.

Ngā kaihaina Signatories

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