

15 August 2025

Going for Housing Growth Consultation
Ministry of Housing and Urban Development
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Submission from the Manawātū District Council on ‘Going for Housing Growth’

The Manawātū District Council (MDC) thanks the Ministry of Housing and Urban Development and the Ministry for the Environment for the opportunity to make a submission on the ‘Going for Housing Growth’ discussion document.

Answers to the 37 questions asked in the discussion document are provided in the attached table, but MDC also wishes to make the following general comments.

Context: The Manawātū District

The Manawātū District has a population of approximately 33,700 people and covers nearly 2,600 square kilometres. Our largest town, Feilding, has population of 17,500, with a compact, central, business area containing around 600 businesses.

It is estimated the Manawātū District will require capacity for an additional 4,345 houses over the next 30 years to meet housing capacity targets under the National Policy Statement on Urban Development (NPS-UD). The Manawātū District has zoned land, and deferred zoning (i.e. ‘future residential’ zoning), capacity for more than 7,500 houses in our urban areas alone.

New commercial premises construction within the District follows no predictable pattern in respect to timing, scale or demands on infrastructure. However, Manawātū District retains sizeable areas of vacant business land to the south and east of Feilding and our recently adopted Growth Framework makes provision for more land to be rezoned for business use.

MDC does not consider the Manawātū District to have a shortage of zoned and developable land, but we remain mindful of the ongoing need to ensure the District continues to have sufficient developable land available to meet future growth.

The need for better local government funding and financing tools

A significant portion of MDC annual expenditure is spent on infrastructure. Of the of \$83.74 million of expenditure proposed for the 2025/2026 year, 77% will be spent on infrastructure (roading, wastewater, water supply, solid waste management, stormwater, and community facilities).

MDC agrees the availability of infrastructure is key to making land ‘development ready.’ However, funding additional new infrastructure continues to be a significant challenge for most New Zealand councils under existing local government funding and financing settings. MDC is therefore concerned councils are being required to fund and provide more infrastructure than is needed. This usually means councils must take on more debt.

Government attempts to create a ‘well functioning land market’ by creating a surplus of development-ready land seem overly reliant on expensive and inefficient deployment of council debt-funded infrastructure. With very few means to recover the costs of surplus infrastructure capacity, the costs of inefficiently deploying infrastructure falls on ratepayers.

In 2019 the New Zealand Productivity Commission noted a number of councils across New Zealand were close to their debt limits while local government debt (and servicing costs) as a whole had increased steadily and significantly since 2005. A Q4 2024 PWC ‘Treasury Advisory’ showed local government debt has grown even more significantly since 2019.

Work conducted on local government infrastructure settings in 2024 by the Department of Internal Affairs highlighted the growing gap between the costs to local government of providing growth infrastructure and what councils can recover from developers. That work noted councils proposed to undertake \$19.5 billion in planned capital expenditure to serve growth, but the amount anticipated to be recovered from developers was \$8.5 billion (leaving a \$11 billion shortfall to be funded from other sources).

Funding and financial tools which are not so reliant on up-front debt funding, or which significantly lower the cost of debt, are required. MDC therefore requests the following proposals be deferred until better, more financially sustainable, local government infrastructure funding and financing tools are in place:

- Proposals which entail councils having to spend more to create a sizeable surplus of infrastructure capacity which exceeds that required to meet growth demands.
- Proposals which prohibit councils’ from managing the risks and costs of infrastructure overspend, and inefficient infrastructure use, though restricting unplanned, ‘leapfrog,’ developments.

Support for continued use of the NPS-UD tiered approach

MDC supports a continuation of the NPS-UD three-tier approach to determining which requirements apply to which councils.

Many of the issues ‘Going for Housing Growth’ seeks to address are specific to Tier 1 councils, or past behaviours of one of two large high-growth councils. Most of these issues (and the solutions proposed) are not present or relevant to smaller local authorities such as the Manawātū District.

Support for 30-year spatial plans

MDC supports the concept of spatial planning. Giving such plans more statutory influence should lead to better urban outcomes, including better coordination of strategic infrastructure with land development.

However, MDC considers requiring spatial plans to look ahead more than 30 years to be unrealistic for the following reasons:

- The longer the timeframe, the greater the inaccuracy of assumptions and the more errors compound.
- It is exceedingly difficult to bind future councils, governments, or the private sector to vaguely specified and costed projects that may not be built for decades into the future.
- A 50-year time horizon is inconsistent with the 30-year infrastructure planning horizon already incorporated into infrastructure strategies prepared under the Local Government Act 2002.

MDC requests:

- The maximum time horizon for spatial plans be set at 30 years.
- A mechanism be incorporated into spatial planning processes to reduce the risk of central government agencies pulling out of commitments to infrastructure which is key to unlocking the development potential of an area.

MDC also requests careful and detailed consideration be given to the process for developing spatial plans, governance arrangements, community consultation requirements, iwi participation, objection rights, and cost-sharing arrangements. A failure to address these matters with efficient solutions risks undermining the effectiveness of spatial planning.

Although MDC supports regional-level spatial planning, we consider robust, workable, and enduring spatial plans must be prepared through a process which provides district councils with formal representation and meaningful participation. Such representation and participation should be at both elected member and officer levels. This recognises the bulk of the knowledge and expertise about each districts' community needs, local land use issues (and opportunities), settlement patterns and infrastructure lie with the relevant district council.

Housing Targets

MDC requests that the 'Housing Targets' be renamed as 'Housing *Capacity* Targets' to accurately reflect what councils can control. Councils have no ability to force other parties to build homes, only ensure sufficient land is zoned.

Until better local government funding and financing tools are in place, MDC does not support:

- Actual or implied requirements for councils to provide 20 percent more infrastructure than is required to meet growth. For MDC, such a requirement would be the equivalent of having infrastructure sufficient to support our largest growth area sitting unused. This imposes significant costs on ratepayers.
- Proposals to limit councils' ability to restrict 'out-of-sequence' developments. Such developments risk the creation of inefficient urban forms which frustrate more optimal future land use patterns. Unless developers are prepared to pay the actual costs of infrastructure, such development also places an additional burden on councils and distorts price signals necessary to ensure developers make economically efficient locational choices.

Support for a streamlined rezoning process

MDC supports a streamlined, agile rezoning process being available to all councils. Such a process would enable all councils to be more responsive to unanticipated demand for

additional housing or business capacity. However, the use of such a process should only be enabled where:

- land has previously been identified for growth as part of a process which included an opportunity for public input, and
- natural hazards have been identified and suitably avoided (or mitigated) before construction begins, and
- sufficient infrastructure capacity is available (or funding for it is available).

30 year business land capacity assessment requirements

MDC supports the objective of councils planning sufficient capacity for 30 years of business growth but would not support a mandatory requirement for Tier 3 councils having to model whether sufficient business land capacity exists. For smaller local authorities, commercial developments are both infrequent and variable in type and size. This makes accurate modelling difficult.

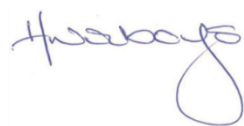
The costs of building and running a model, or bringing in expertise to model business capacity, are also proportionately much larger for small Tier 3 councils than for large Tier 1 councils.

Support for mixed-use zoning

MDC supports the concept of mixed-use zoning around town centres, public transport hubs and key urban transport spines. MDC already has mixed-use zoning in place around the Feilding town centre and has, through submissions on a recently notified plan change, noted local support for this approach.

Thank you again for the opportunity to provide feedback on the Going for Housing Growth discussion document.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'H. Worboys', with a large loop at the end.

Helen Worboys, JP
Mayor

MDC Comments on Discussion Document Package 1: Infrastructure and Development

2.1 Proposed National Policy Statement – Infrastructure		
Question raised in the discussion document		MDC View / Decision Requested
1	What does the new resource management system need to do to enable good housing and urban development outcomes?	<u>Councils are not all the same, the broader environment matters, efficiency is key to responsiveness.</u> The new resource management system needs to recognise: 1. Councils are not all the same in terms of scale, resources, and the issues they face in their cities or districts. Some communities are of large scale and are growing rapidly, some are static, and others are faced with managing issues associated with a loss of population. 2. Housing and urban development outcomes do not sit in isolation but within a complex web of interacting systems including those associated with the natural environment (and this can present both opportunities and risks). 3. Good housing outcomes are not solely about the affordability of housing but also housing of sufficient quality to maintain or improve human physical and mental health. 4. The need for integrated, efficient, and cohesive approaches to infrastructure planning and provision. This must consider infrastructure capital and operating costs over the long term and who ultimately pays (i.e. we should be adopting approaches which encourage the provision of quality infrastructure for best possible ‘whole-of-life’ price). 5. The need to enable a diversity of housing types which meet the changing needs and characteristics of an increasingly diverse and aging population. 6. There will be justifiable occasions where a local authority needs to depart from, or create a different zone to, one or more of the proposed ‘standardised’ zones.

		The new resource management system also needs to have a more efficient mechanism to enable swift rezoning of land when required. Current rezoning processes can be time consuming and litigious, meaning that a housing market may already be through the boom part of a market cycle before additional land is rezoned.
2	How should spatial planning requirements be designed to promote good housing and urban outcomes in the new resource management system?	<u>Regional and sub-regional spatial plans (as appropriate)</u> MDC agrees with the concept of spatial plans being able to be developed at a regional-level, or a sub-regional-level (where urban development and housing demand is limited to parts of a region). Sub-regional plans should show (and provide for) specified strategic infrastructure where it links to other centres in a region, or links one region to another. No town sits in total isolation of others. Key infrastructure to be included in spatial plans must include community / social infrastructure such as schools, hospitals, and key council-provided infrastructure which have (or will have) a significant spatial footprint or play a key community-building role. <u>Links to other local government plans & plans of government agencies</u> To be effective, spatial plans need to influence and link to both RMA regional plans and district plans, and local authority plans prepared under other legislation. Key linkages include those to regional land transport plans (under the Land Transport Management Act 2003) and the infrastructure and funding and financing policies prepared under the Local Government 2002. The former is important in terms of identifying funding priorities for future land transport and public transport (and getting government commitment to them) at the regional level, while the latter are important to guiding the provision (and funding) of local government infrastructure. There also needs to be a stronger mechanism to obtain buy-in and commitment from non-local-government parties who contribute projects or infrastructure critical to shaping thriving communities. Such parties should include central government agencies (e.g. Ministry of Education, Kainga Ora, Ministry of Health, NZTA). A strong or binding commitment is necessary to build investor and developer confidence in building new urban areas, and to ensure quality urban growth is not frustrated by parties pulling out of projects after council-led work has already commenced. <u>Minimum requirements for spatial plans, which should not be onerous</u> Requirements for spatial plans should set out certain minimum content. However, to ensure spatial plans do not become overly burdensome for smaller councils with limited resources and to avoid creating ‘paralysis by analysis,’ the list of mandatory content should be short. This suggested list of minimum content should include: 1. Describing the level of demand for housing and business land that is required out to 30 years.

		2. Identifying where growth is appropriate or anticipated, at which densities to meet identified demand (for larger centres only), and how growth may be staged. 3. Identifying areas where growth is not appropriate (e.g. due to the presence of hazards or sensitive areas) 4. Identifying and protecting key infrastructure corridors and sites (including for social and community infrastructure such as schools) and who will provide the infrastructure. This list of mandatory content could be designed to complement the requirements for infrastructure strategy content already set out in the Local Government Act 2002. If desired, a slightly longer or more detailed list of requirements could be set for Tier 1 and 2 councils. This could include showing rapid / mass transport routes and areas for higher density housing defined by the 'walkable catchment' approach. <u>MDC does not support the inclusion of detailed financial information such as infrastructure costings</u> MDC does not support the inclusion of highly detailed infrastructure costings beyond describing which party is associated with the infrastructure shown in the spatial plan. Our reasons are as follows: 1. Technology and the cost of infrastructure can change significantly over time. 2. The plans of private infrastructure providers may be commercially sensitive. 3. Most private and government infrastructure providers are unlikely to have plans spanning 50 years. 4. Council infrastructure costings and assumptions are already contained in the long-term plans; infrastructure strategies and development contributions policies prepared under the Local Government Act 2002 (which should give effect to the spatial plan).
3	Do you support the proposed high-level design of the housing growth targets? Why or why not?	<u>Manawātū District Council suggests changes to housing <i>capacity</i> target proposals</u> MDC generally supports the concept of having 30-year targets as to how much land should be available for housing development. MDC also supports the growth targets not being mandatory for Tier 3 Councils. However, MDC also suggests the following changes be made to the concept of housing capacity targets: 1. The targets be referred to as housing <i>capacity</i> targets (least it be misconstrued that councils have more control over private investment decisions and how many houses builders build than they have). 2. Councils have (subject to appropriate justification) the freedom to select the growth scenario which best matches the circumstances of their district or city. Many local authorities do not experience high levels of

		growth. The mandatory use of a high growth scenario only imposes unnecessary infrastructure costs on communities which are not fast growing. 3. Similar to point 2 above, and for the same reasons, the 20% infrastructure contingency requirement should be omitted (or reduced) for slower growing councils which have a lower demand for new land to be opened up for development. MDC also has concerns about the use of the terms '<i>feasible</i>' and '<i>realistic</i>' which do not appear to be defined. Without objective measurement, interpretations will vary according to opinion and individual circumstances. What is feasible for one developer will not necessarily be feasible for another. Given the huge number of variables that go into assessing housing capacity already (e.g. area of zoned land; how much is vacant; how much is too steep to enable economic development; how much is set aside for reserve; how much is set aside for infrastructure; allowable density and lots sizes; how much land is subdivided but not yet built on; how much will infrastructure cost; what type of housing typology is being assumed) it is exceedingly difficult to see how anything than a rudimentary assessment of what <u>may</u> be feasible can undertaken.
4	How can the new resource management system better enable a streamlined release of land previously identified as suitable for urban development or a greater intensity of development?	<u>A streamlined rezoning process where rezoning is to standardised zone once conditions are met</u> A streamlined rezoning process could be enabled where land suitable for housing development is first identified in the spatial plan and given a 'future urban development' classification. If the spatial plan process included consultation and shows the subject land as 'future urban,' then the land could be rezoned without the need for 'RMA Schedule 1' type process once a Council is able to confirm: 1. Trigger criteria demonstrating necessity for rezoning has been met (e.g. a set percentage of available land has been taken up, or available development capacity has fallen below NPS-UD targets). 2. Land subject to Treaty Settlements or Treaty Claims is identified and the relevant entities consulted on their preferences regarding its zoning. 3. Suitable natural hazard risk avoidance or mitigation measures have either been put in place, or a binding commitment as to any works required to manage risks has been agreed. 4. 'Enabling infrastructure' has been completed by the council (or a developer, where carried out part of a development agreement) and infrastructure providers have confirmed there is sufficient network and headworks capacity to serve the new development. 5. Sites of ecological or cultural significance have been identified and appropriate protection mechanisms (e.g. setting them aside as reserves) agreed. 6. Non-council infrastructure providers have confirmed they have capacity and are able to service the new development areas.

		A public notice of the rezoning would be sent out once it is confirmed. An RMA Schedule 1 type process could still be used where one or more of the above conditions are not able to be met (to provide an opportunity for further design and public input).
5	Do you agree with the proposed methodology for how housing growth targets are calculated and applied across councils? Are there other methods that might be more appropriate for determining Housing Growth Targets?	<u>MDC concerns over proposed methodology for housing growth targets</u> MDC supports the concept of planning to ensure there is sufficient land capacity to meet expected demand for housing out to 30 years based on household growth projections. MDC would not support a single standardised methodology applying to all councils. Councils should be able to choose growth projections which best match their actual circumstances. Greater recognition also needs to be given to circumstances where a sizeable proportion of a local authority's growth occurs in rural areas (e.g. for Manawātū, 45% of new housing is in rural areas). MDC also has concerns that a 20% contingency for growth or capacity targets could lead to expectations that the Council must provide infrastructure immediately for a larger area (or higher density) than may actually be developed. It is noted that for smaller councils, a 20% contingency will not necessarily be effective in reducing land prices as assumed, particularly in circumstances where the number of local developers operating is small and available land is land-banked by only one, or only a few owners, who are then in a position control the supply of land onto the market.
6	Are there other methods that might be more appropriate for determining housing growth targets.	<u>Slower growing Tier 2 and 3 councils should be allowed to use a lower growth scenario & smaller contingency</u> The housing targets proposed are generally appropriate for Tier 1 and faster growing Tier 2 and 3 Councils, although MDC has concerns regarding the 20% contingency or over-supply requirement when it comes to funding and financing infrastructure. A different approach could be taken to slower growing Tier 2 and 3 councils (e.g. those below a 1% annual population growth rate) which better recognises lower pressures to supply additional land. Slower growth Tier 2 and 3 councils could be allowed to use a methodology based on: • Applying what experience has found to be the most realistic household growth projection for the local authority. • Subtracting the proportion that the local authority typically sees as being built in rural or lifestyle locations from the total amount of housing required to be provided. • Applying a 10% 'top up' to the urban figure to provide a margin for error, to account for housing built on speculation and ensure a modest over-supply for competitive market purposes.

		To limit the potential for land banking, there could be standard requirement for multiple greenfield development areas, in different locations, to be zoned for development at any one time.
7	How should feasibility be defined in the new system?	<u>MDC considers a ‘feasibility test’ to be impractical for anything but short-term planning.</u> MDC first requests that clarity be given as to which tiers of councils are expected to model feasibility.
8	If the design of feasibility is based on profitability, should feasibility modelling be able to allow for changing costs or prices or both?	Assuming the metric proposed is related to economic feasibility, then feasibility could be defined with reference to the projected sale price achieved on a per unit (lot or house basis) matching or exceeding the sum of all input costs plus a profit margin (set a reasonable rate of return). However, MDC considers use of a ‘feasibility’ test to be impractical to use across the longer time periods envisaged in the NPS-UD because: • Market dynamics and cycles are constantly changing – such that it becomes increasingly difficult to accurately predict what developments will be feasible for much more than a few years at a time. • Changes to legislation and national direction aimed at enabling more diverse developments have made predicting what types of development may be proposed for a given site, and at which density, more difficult (e.g. what type or density of development is a council supposed to test development feasibility against in a mixed-use zone?). Feasibility modelling across all possible scenarios and in all likely development areas will be complex, slow, expensive, and become out-of-date relatively quickly. • As previously outlined, given the huge number of variables that already go into assessing existing housing capacity already it is exceedingly difficult to see how anything than a rudimentary assessment of what <u>may</u> be feasible can undertaken. If feasibility modelling is going to be mandatory then councils will need to consider changing houses prices and costs as housing market, as markets for labour and materials are rarely static. However, the fact that costs and prices constantly change makes anything but short-term feasibility assessments of very limited usefulness.
9	Do you agree with the proposal to replace the current ‘reasonably expected to be realised’ test with a higher-level requirement for capacity to be ‘realistic’?	<u>Changing the wording is unlikely to make much difference without an objective measurement</u> Changing the wording is unlikely to have a significant effect as, without definitions which incorporate objective measures. Both ‘<i>reasonably expected to be realised</i>’ and ‘<i>realistic</i>’ have a significant degree of subjectivity. Whichever term is adopted, there needs to be some sort of objective measure. Such measures could include reference to 10 years of trends, such as those looking at the number and type of units built, their location and how many new residential lots on created over the same timeframe. However, it is impractical for councils to use anything but a rudimentary model (or assessment) of what is likely to be realistic given the large number of variables that would need to be considered for a robust assessment.

10	What aspects of capacity assessments would benefit from greater prescription and consistency?	<u>MDC does not support increased levels of prescription for housing capacity modelling.</u> MDC considers attempts add to additional prescription would increase the risk of capacity modelling assumptions becoming inaccurate as there is a greater chance they will not reflect the reality of local development patterns and local market demand. As previously stated, given the huge number of variables that would need to go into building accurate housing capacity assessments already (e.g. area of zoned land; how much is vacant; how much is too steep to enable economic development; how much land is to set aside for reserves; how much will need to be set aside for infrastructure; allowable density and lots sizes; how much land is subdivided but not yet built on; what type of housing typology is being assumed; what apartment sizes are to be assumed and over how many floors) it is exceedingly difficult to see how anything than a rudimentary assessment can be undertaken. Increased levels of prescription also raise questions such as: • What housing yield per hectare should be assumed to be 'standard' in a residential zone (when consents may allow more than a permitted activity), or for areas intended to have multi-level apartments? • What is the assumed residential unit yield for areas with a mixed-use zoning? (and what proportion of non-residential floor space is to be assumed)? • What assumptions are to be made about the demolition of the existing housing stock, or the conversion of existing large buildings, to create multiple residential units? A one-size-fits-all approach to answering these questions is unlikely to reflect local market conditions. Greater prescription may also lead to councils taking a myopic view of compliance with the prescriptive criteria rather than come up with innovative solutions better suited to local circumstances.
11	Should councils be able to use the growth projection they consider to be most likely for assessing whether there is sufficient infrastructure-ready capacity?	<u>MDC supports councils being able to use a reputable projection which best reflects their community</u> Councils should be able to choose the growth projection that best matches their circumstances and most probable future growth rate. Some councils consistently undershoot high (or even medium) Statistics New Zealand projections, while others find it more useful to have projections provided by reputable company other than Statistics New Zealand.
12	How can we balance the need to set minimum levels of quality for demonstrating infrastructure capacity with the flexibility required to ensure they are implementable by all applicable councils?	<u>MDC supports taking an evidence-based approach</u> MDC considers having good information about the capacity and state of infrastructure is important to good asset management planning and stewardship.

		MDC supports retention of an evidence-based, but flexible, approach to assessing the quality and capacity of infrastructure for Tier 3 councils. Balance could be achieved by setting more sophisticated requirements for Tier 1 and 2 Councils (to reflect their greater in-house expertise and financial capacity) than for Tier 3 councils. Evidence for Tier 3 councils could consist of comparing known design capacity specifications for key assets with measurements of capacity uptake (e.g. number of household equivalents connected to a water network or the number of traffic movements on arterial roads). Information taken from infrastructure strategies, long-term plans, and annual plans could be used as means of tracking council actions (e.g. upgrade programmes) to meet current and projected capacity needs.
13	What level of detail should be required when assessing whether capacity is infrastructure-ready? For instance, should this be limited to plant equipment (e.g. treatment plants, pumping stations) and trunk mains/key roads, or should it also include local pipes and roads?	<u>MDC's preference is to assess the capacity of headworks and trunk infrastructure / key roads</u> MDC considers that the appropriate level of assessment for infrastructure capacity assessments should be a combination of headworks, trunk mains and roads above collector road status. In our experience, these are the facilities that most often require upgrades to capacity to be made when large new developments start to be built out. It should also be noted that developers have tended to be responsible for providing the 'in-subdivision' infrastructure for their developments - such that these assets are not part of council's asset management registers until they are vested. MDCs general approach to ensuring sufficient infrastructure capacity exists for new developments usually involves commissioning reports to understand what the current infrastructure constraints are, how development may impact on those constraints, and what infrastructure is needed to overcome the constraints. The infrastructure provided must then comply with MDCs engineering standards (which are based on recognised and professional best practice standards).
14	Do you agree with the proposed requirement for council planning decisions to be responsive to price efficiency indicators?	<u>Price efficiency indicators could be a consideration, but should not be a primary driver of planning decisions</u> Price efficiency indicators could be one of the matters a Tier 1 or Tier 2 council considers when considering the rezoning or release of land for development, but it should not be a principal driver. Scarcity of zoned land (and therefore development opportunities) has been demonstrated to be one the factors which influences land prices (or house prices) on the urban fringe. However, it is not the only factor. Market demand, interest rates (which effects willingness and ability to pay) the total supply of houses on the market at a given point, land banking behaviours, migration patterns, availability of infrastructure, construction costs, location relative to beaches or high-profile school zones, and proximity to amenities are also factors which impact on house prices. Past government work on price-efficiency indicators has tended to under-estimate the role of these matters in price setting and over-emphasise the role of zoning. The assumption is often made that developers set the market price using a 'cost-plus' approach, starting with land prices, whereas the reality is that the price is set by the market and developers work backwards to see if the market price makes development worthwhile.

		Making councils ensure there is a constant, sufficiently-sized, pool of zoned land to meet foreseeable growth needs will be a simpler and more realistic means of deciding when land needs to be released than trying to tie the release of land to price-signals (which are likely to fluctuate faster than councils can rezone land).
15	Do you agree that councils should be required to provide enough development capacity for business land to meet 30 years of demand?	<u>30 Years of business land capacity should be an objective, but not subject to standardised modelling.</u> MDC considers that the requirement to plan for 30 years of business land capacity should be an objective, but the detail on how this is to be assessed should be left to individual councils to determine. Planning for 30 years of growth as part of each plan update should ensure there will be sufficient land for business growth, including unexpected developments. However, how that growth plays out is different from council to council. As such, a 'one-size-fits-all' capacity model is unlikely to be helpful. Smaller councils in particular find business uptake of land to be sporadic, and the size of new buildings to be unpredictable. The increased use of mixed-use zoning will also pose questions for mid-to-large sized councils as to how that zoning should be counted in residential capacity assessments or business capacity assessments (or both).
16	Are mechanisms needed in the new resource management system to ensure councils are responsive to unanticipated or out-of-sequence developments? If so, how should these be designed?	<u>Out-of-sequence developments should only be enabled where the costs of infrastructure are met</u> The solution to accommodating unanticipated but significant growth lies less in the ability for councils to plan for all possible growth eventualities (which is inefficient and would increase uncertainty), but in how infrastructure availability and other issues can be resolved when unanticipated growth proposals arise. Out-of-sequence developments should be made to comply with the framework set out in the relevant spatial plan (otherwise there is no point in having such a plan), but this may still not resolve issues of infrastructure provision. Where growth is outside of an area already planned for growth, the onus needs to be on the developer to pay for or provide the infrastructure. Developers paying for the infrastructure reflects the true costs of their locational decisions and should incentivise development in locations where infrastructure provision will be more cost-effective and efficient.
17	How should any responsiveness requirements in the new system incorporate the direction for 'growth to pay for growth'?	<u>Enabling private plan changes where infrastructure is available or funded</u> MDC would support provisions which enable private plan changes that could significantly increase housing capacity if: • The necessary infrastructure was already in place, or • The relevant council has sufficient debt headroom to debt-fund the infrastructure and recover 100% of the capital costs of growth, or

		• The developer has committed to providing or funding the necessary infrastructure (including having ring-fenced money for the purpose), or • A SPV under the infrastructure Funding and Financing Act 2020 has committed to funding the provision of the necessary infrastructure. Appropriate additional protections may also be required to cover higher-risk developments where there is a greater possibility of developers going into liquidation or defaulting on loans (leaving councils and communities to pick up the costs). Such protections could include things such as providing first-ranked security over, or a charge over, land which could then be sold to recover costs if needed.
18	Do you agree with the proposal that the new resource management system is clear that councils are not able to include a policy, objective or rule that sets an urban limit or a rural-urban boundary line in their planning documents for the purposes of urban containment? If not, how should the system best give effect to Cabinet direction to not have rural-urban boundary lines in plans?	<u>MDC supports limitation on ‘hard’ rural-urban boundaries, but with exceptions</u> MDC supports provisions to limit the ability for councils to have urban containment provisions, but only on the proviso that the provisions do not prohibit the ability of councils to restrict development: • On land subject to significant natural hazard risks • In areas of high ecological and/or cultural value or significance • In outstanding natural landscapes It is noted that most councils do not have a specific set of provisions that specify a hard rural-urban boundary line which explicitly prohibits urban rezoning outside the urban area. However, for some local authorities, restrictions on land uses under the provisions of the NPS-HPL result in a similar effect.
19	Do you agree that the future resource management system should prohibit any provisions in spatial or regulatory plans that would prevent leapfrogging? If not, why not?	<u>MDC does not support a blanket ban on council’s ability to restrict leapfrog developments.</u> MDC does not support a blanket prohibition on controls to prevent leapfrogging. Leapfrogging has the potential to result in the inefficient use of infrastructure and additional costs which may be beyond the capacity of infrastructure providers. Poorly designed leapfrog development can also undermine the efficiency and yield of future urban developments between the existing urban area and the proposed leapfrog development area. Leapfrogging should only be enabled where: • The developer is prepared to meet the full cost of the infrastructure required to service a development or a SPV (under the Infrastructure Funding and Financing Act 2020) is confirmed as being committed to funding the necessary infrastructure, and • The new development is designed in such as to not preclude other developments in the area or undermine the provision of horizontal infrastructure required to facilitate future development between the existing urban fringe and the leapfrog development.

20	What role could spatial planning play in better enabling urban expansion?	<u>Spatial planning could identify strategic opportunities and as act an integrator and protector of key land uses</u> MDC considers spatial planning could: • Better manage and integrate urban and environmental issues and opportunities which cross local authority boundaries. • Help identify areas which are suitable for urban expansion, and those areas where urban expansion should not take place (because of the presence of natural hazards, unsuitable terrain for building, sensitive ecological areas, or areas which are of high cultural significance). • Identify key growth areas (greenfield and intensification) where infrastructure corridors or sites need to be reserved or protected, or where additional / upgraded infrastructure will need to be provided. • Serve as a communication tool for the community, developers, and infrastructure providers to help manage expectations (e.g. as to growth paths and densities), provide confidence for investment, and inform developer and infrastructure providers' own plans. • Serve as a central input for council Long-term plans, infrastructure strategies, and other plans, strategies, and policies to guide decisions on what infrastructure may need to be provided, to what level of service, where and when.
21	Do you agree with the proposed definitions for the two categories of 'key public transport corridors'? If not, why not?	<u>MDC supports the two definitions proposed</u> MDC supports the concept of having two categories of 'key public transport corridors' as this better reflects the situation in New Zealand where most cities and large towns do not have the benefit of commuter rail networks. Alignment to the <i>One Network Framework</i> appears logical as it is widely used to help identify and classify roading hierarchies. Guidance associated with that framework also provides details of matters such as design of, and the frequency of public transport services (which can help clarify which transport modes and routes qualify as 'spine corridors' and 'primary corridors').
22	Do you agree with the intensification provisions applying to each category? If not, what should the requirements be?	<u>Intensification provisions for Tier 1 councils should be a default, but with flexibility for departures</u> MDC supports the categories proposed applying to Tier 1 Councils as a default setting. However, Tier 1 councils should retain the ability to depart from such a default setting where justified (such as where terrain, natural hazards or some other practical limitation makes higher density housing impractical or undesirable in a given location).
23	Do you agree with councils being responsible for determining which corridors	<u>MDC supports councils determining the corridors</u>

	meet the definition of each of these categories?	MDC supports Tier 1 councils being responsible for determining which corridors meet the definitions. Local councils have a better ability to understand local circumstances and are more accountable and responsive to local needs, issues, and aspirations.
24	Do you support Option 1, Option 2 or something else? Why?	<u>MDC supports Option 1 but with modifications to better recognise barriers to movement</u> MDC supports on the concept of walkable catchments. Option 1 is the more realistic of the two, based on research conducted in Western Australia in 2003 which found 85% of people walking to stations did so from within a 1200m radius. However, balanced against that, consideration needs to be given to New Zealand's smaller city sizes, more limited public transport options outside Auckland and Wellington, topography, climate, and aging population. In respect to the last of these, decision-makers need to be conscious that a higher proportion of the population will not be as physically active as they are today. Whichever option the government selects, it needs to make allowance for walking catchments being restricted by barriers to movement. These include things such as steep or unsuitable topography, rivers, wetlands, motorways, and railways which prohibit people from taking a direct walking route to city centres, stations, and public transport transit corridors.
25	What are the key barriers to the delivery of four-to-six storey developments at present?	<u>Limited market demand, topography, building costs and lack of a skilled workforce are barriers</u> MDC does not have any developments of this scale. This demonstrates the key barrier, a lack of sufficient market demand in most areas of local authorities outside of Auckland and Wellington. District plan zoning rules are rarely the main or only barrier to developments of this scale. Other barriers MDC is aware of include: • Topography – which has geotechnical, earthworks and engineering implications which can make costs prohibitive relative to sale prices. • The cost of building relative to sale price once buildings get above 'walk-up' heights (e.g. having to incorporate lifts and more expensive structural elements). • Size and availability of a construction workforce with the necessary skills for more complex builds. The lack of a sizeable skilled workforce can have cost and time implications (i.e. delays in construction may mean a developer misses the window to achieve optimal sale prices and/or incurs additional holding costs). • In some instances, older three-waters infrastructure not being built with the capacity to accommodate the residential density that 4-6 stories would enable.

26	For areas where councils are currently required to enable at least six storeys, should this be increased to more than six storeys? If so, what should it be increased to? Would this have a material impact on what is built?	<u>MDC has no view on this question</u> MDC is of the view that this question is best answered by Tier 1 councils who will have more experience as to the practicable implications of taller buildings.
27	For areas where councils are currently required to enable at least six storeys, what would be the costs and risks (if any) of requiring councils to enable more than six storeys?	<u>MDC considers this question is best answered by Tier 1 Councils</u> MDC is of the view that this question is best answered by Tier 1 councils who will have more experience as to the practicable implications of taller buildings. However, it is noted that higher densities could impact on the infrastructure capacity required to serve higher density developments. These may result in councils having to replace or upgrade existing infrastructure.
28	Is offsetting for the loss of capacity in directed intensification areas required in the new resource management system?	<u>Offsetting will ne necessary where capacity targets cannot otherwise be met</u> Offsetting a loss of development capacity should only be required where a council would not otherwise have fallen short of its housing capacity targets were it not for the loss of capacity associated with local planning controls (such as those intended to protect character areas or heritage sites).
29	If offsetting is required, how should an equivalent area be determined?	<u>Offsetting should be determined by reference to capacity in the same general area, not by land area</u> Offsetting need not be the substitute of one land area by another but should concentrate on creating the equivalent development <i>capacity</i>. Residential land is not fungible in many New Zealand Teir 1 and 2 cities. Although this is not an issue for Manawatū District, MDC is aware that some councils have physical constraints (e.g. steep terrain or being situated on the coast or on an isthmus) which mean an equivalently sized area of land cannot be located within the same market catchment. Instead, upzoning of smaller area of existing (but lower capacity) land may be necessary.
30	Is an equivalent to the NPS-UD's policy 3(d) (as originally scoped) needed in the new resource management system? If so, are any changes needed to the policy to make it easier to implement?	<u>MDC has no view on the necessity to retain NPC-UD Policy 3(d)</u> MDC notes that that policy 3(d) only relates to Tier 1 councils and therefore will leave detailed comment to those councils. However, the words '<i>adjacent</i>' and '<i>commensurate</i>' appear to imply a degree of subjectivity that is hard to measure and prove compliance against in an objective way.
31	What controls need to be put in place to allow residential, commercial and community activities to take place in	<u>Management of effects which impact on peoples' physical or mental health.</u>

	proximity to each other without significant negative externalities?	The controls which are needed are those which manage adverse effects on people's physical and mental health. In respect to the latter, this should include controlling effects which impact people's enjoyment of space and their urban living environment (i.e. help manage the 'pleasantness' of an area). MDC considers the following subject matter for controls to be appropriate: • Noise and vibration (which could include hours of operation) • Glare and light spill • Dust, odour and fumes • Access to daylight • Accessibility • Waste management and disposal • Screening of blank walls and storage areas. • Controls on the disposal of wastewater, stormwater, and runoff (the latter being to prevent properties flooding their neighbours).
32	What areas should be required to use zones that enable a wide mix of uses?	<u>Areas surrounding town centres, suburban centres, public transport hubs and mass transit routes.</u> MDC considers the Mixed-Use Zone (as described in the National Planning Standards) to be a useful zone which enables a wide range of uses. The locations where MDC considers mixed-use zoning to be of benefit are: • Around the fringes of city centres, town centres and industrial zones (as a form of transitional zone or buffer). • Around key public transport hubs or mass transit routes which have/ are intended to have regular stops. • Small town centres or suburban centres which are not large enough to support (or be able to distinguish) a clear dominance of commercial activities over residential development.
33	Which rules under the current system do you consider would either not meet the definition of an externality or have a disproportionate impact on development feasibility?	<u>Rules relating to Interior layouts, on-section planting, and colours not visible from outside a property</u> MDC notes that definition of an externality is not provided in the discussion document. MDC therefore assumes the definition relates to a cost or disbenefit that is caused by one party but incurred or received by another (typically without compensation). MDC considers that matters <u>which would not</u> constitute a negative externality could include: • The interior layout and décor of buildings

		• The colours of walls, structures or buildings which are not visible at ground level from outside of a property. • Rules which dictate the placement of doors or windows in residential developments, and the size of these. • The placement of sleepouts or sheds where not visible to a neighbour or causing shading effects. • The location and nature of planting on a section or site where this is not necessary for the screening of blank walls, mitigating stormwater runoff or contributing to streetscape.
34	Do you consider changes should be made to the current approach on how requirements are targeted? If so, what changes do you consider should be made?	<u>MDC supports the continued use of the 3-Tier council approach</u> MDC supports the proposed retention of the 3-Tier system, with most the modelling and intensification requirements applying to Tier 1 cities where housing supply, capacity and prices have issues have the greatest impact on New Zealand. Although MDC sees merit in Tier 3 councils being strongly encouraged to plan sufficient housing and business land for 30 years, we would not support a mandatory, one-size-fits-all, modelling of capacity for the reasons set out in answers we have provided to other questions.
35	Do you have any feedback on how the Going for Housing Growth proposals could impact on Māori?	<u>A reduction in opportunities for Māori input and missed opportunities for Papakāinga</u> Taken in combination with other changes to national direction, the proposals in Going for Housing Growth seem likely to reduce opportunities for Māori to participate in planning and resource consenting processes though the proposed increased use of: • Permitted activities (where no person or group would get to have a say on new developments). • Standardised zones and provisions (with more provisions set at national level, there will be fewer opportunities for iwi or hapu input at the local level). MDC also notes that reference to papakāinga is absent from the discussion document. Although we understand papakāinga housing is being promoted through a proposed National Policy Statement on Papakāinga, some of the proposals in Going for Housing Growth discussion document could also have recognised and better facilitated urban and rural papakāinga developments. For example, provisions more enabling of papakāinga could have been incorporated into proposals for mixed-use zonings, different housing densities, and alternative infrastructure provision arrangements (where council infrastructure is not otherwise available).
36	Do you have any other feedback on Going for Housing Growth proposals and how they	<u>Further work on value-capture approaches to pay for infrastructure is encouraged</u> MDC encourages the government to look further into value-capture mechanisms which can help pay for infrastructure earlier in the development process. Possibilities could include (but are not limited to):

	should be reflected in the new resource management system?	• Councils being able to capture a portion of the increased land value when rural land is first rezoned to an urban use, or • Better enabling infrastructure providers to buy and upzone land around key transport hubs (or other major infrastructure assets which are projected to experience high foot traffic count) which can then be sold or leased to help pay for the infrastructure in the area.
37	Should Tier 1 and 2 councils be required to prepare or review their HBA and FDS in accordance with current NPS-UD requirements ahead of 2027 long-term plans? Why or why not?	<u>Preparation of HBAs and FDSs are still useful to feed into 2027 LTPs.</u> Tier 1 and 2 Councils should still prepare their HBA and FDS ahead of their 2027 LTP plans. These documents will still serve as a useful input into the next LTPs, the next round of infrastructure strategies, and spatial plans prepared under RMA-replacement legislation. Delaying the HBA and FDS until after the 2027 means it may be 2030 before the next iteration of HBAs and FDSs are able have an influence on long-term infrastructure planning.