

SUBMISSION ON BUILDING SUSTAINABLE URBAN COMMUNITIES

1. Purpose of Report

This report presents a draft submission on the Government discussion document *Building Sustainable Urban Communities* for approval.

2. Executive Summary

The successful development and redevelopment of our urban areas is an important issue for Wellington City and the rest of New Zealand. The Council's Urban Development Strategy outlines an ambitious approach to re-directing growth towards more intensive development in and around our key centres and transport corridors. To achieve this change over the longer-term, additional tools and approaches will be necessary.

The Government has prepared a discussion document '*Building Sustainable Urban Communities*'¹, which outlines the barriers to achieving large-scale urban development and a range of proposals for how to address these, based around place-based projects, similar to those already proposed by Council in Adelaide Road and Johnsonville's town centre. It aims to improve the delivery of the right kind of development, in the right areas, at the right time.

The issues and approaches discussed in the document are of significant relevance to Wellington City and its long-term future. The draft submission is very supportive of the discussion document and the majority of ideas and options it presents, as these would be of significant assistance to Council. However, the submission also outlines some areas of concern, where additional tools or approaches may be necessary. These include the issues of: up-front funding for land assembly and demonstration schemes; the need for greater coordination of Government investment in urban infrastructure with local government LTCCP's; the removal of legislative barriers; and the creation of suitable agencies to drive skills development and the development of best practice approaches.

¹ The discussion document is available online from the Department of Internal Affairs website www.dia.govt.nz (under 'What's New')

3. Recommendations

Officers recommend that the Committee:

1. *Receive the information.*
2. *Agree that the attached submission on the Building Sustainable Urban Communities discussion document (Appendix 1) be forwarded to the Sustainable Urban Development Unit in the Department of Internal Affairs for their consideration.*
3. *Authorise the Chief Executive and the Urban Development and Transport Portfolio Leader to make any minor editorial changes to the submission before it is finalised.*

4. Background

4.1 Key elements of the discussion document

The Sustainable Urban Development Unit – an inter-agency unit hosted by the Department of Internal Affairs – is seeking comments on the discussion document '*Building Sustainable Urban Communities – A discussion document exploring place-based approaches to sustainable urban development in New Zealand*'. This discussion document was released in September 2008.

The discussion document emphasises that most New Zealanders live in urban areas, so the way our urban areas operate has a huge influence on the economic performance of our cities, how our society works, the health of our environment and our quality of life. Equipping New Zealand's cities to face challenges such as housing affordability, changing demographics, and climate change will become even more important as our population grows. Planning and building our cities to meet these challenges is termed 'sustainable urban development' in this document.

The document identifies a number of barriers and implementation difficulties, based on the experiences of local government and developers, which can prevent the delivery of large-scale sustainable urban development projects. These include for example:

- capacity and capability issues in all levels of government and the private sector
- limited co-ordination of national, regional and local planning and infrastructure delivery
- ineffective integration between land use and transport planning, and transport, utility and other service providers
- difficulties in funding large-scale urban redevelopment projects
- difficulties assembling useful parcels of land from fragmented groups of properties (particularly for redeveloping existing neighbourhoods and town centres)

- the length and complexity of regulatory planning and development control processes
- limits to achieving social outcomes and public benefits (such as affordable housing) through market mechanisms.

Taking these barriers into consideration, the discussion document sets out ideas for improved or new ways to help deliver sustainable urban development in New Zealand. The document discusses:

- what central and local government could do to support sustainable urban development, as policy makers, developers, investors or capability builders
- possible improvements to co-ordination between national, regional and local government, and mechanisms to better integrate land use and transport planning with the provision of utilities, transport and other services
- potential ways to fund sustainable urban development
- how to assemble parcels of land in strategic locations to support sustainable urban development
- whether planning processes and development control can be streamlined to encourage sustainable urban development
- ways to improve housing supply, choice and affordability in sustainable urban development.

A new enabling 'place-based' approach to sustainable urban development is proposed. This approach aims to improve the delivery of the right kind of development, in the right areas, at the right time. The proposed approach would create new enabling legislation to allow ministers to declare that special tools or powers could be applied in identified strategic sustainable urban development areas. These tools or powers could be used by an organisation such as a council-controlled organisation, a crown entity, or a joint venture company with public sector involvement, to implement sustainable development in accordance with a community developed masterplan. These organisations would have carefully prescribed objectives, boundaries and lifetimes. The enabling legislation could be supported by improvements in the use of existing urban development processes, as well as a range of non-regulatory or legislative tools.

4.2 Relevance to Wellington City

The issues and ideas discussed in the document are of significant relevance to Wellington City and its future development. The Council's Urban Development Strategy (UDS) sets out a long-term approach for managing the city's future growth. The UDS seeks to concentrate additional growth in housing and employment along the 'Growth Spine' from Johnsonville through the CBD to the Airport. More intensive mixed use development is encouraged in key growth areas - the central city, Johnsonville, Adelaide Road and Kilbirnie - supported by high quality transport systems.

The Johnsonville town centre and Adelaide Road growth areas have both been the subject of 'place-based' planning processes. These processes have involved developing a vision for future growth and development in consultation with the

community and key stakeholders. A key implementation action identified for each of these projects is for the Council to play a more active role in development facilitation. Relying solely on development control is unlikely to deliver the objectives of a major urban change initiative, and would not enable Council to effectively leverage other public and private sector investment.

Many of the ideas and proposals outlined in the discussion paper would be of significant assistance in implementing these place-based visions and the Council's other urban development objectives. To take advantage of these opportunities, officers are establishing a cross-Council project team to investigate the most appropriate structural options to deliver a new focus on development facilitation processes. This team will work closely with the Department of Internal Affairs in developing up options and analysing approaches.

5. Discussion

The submission outlined in Appendix 1 is supportive of the development of the discussion document and the majority of ideas and options it presents. The document is an important step for Government in acknowledging these substantial issues and barriers, but it needs to be followed up by actions to deliver on the many and varied proposals it outlines.

The submission accepts that changes are required to legislation, governance structures and funding mechanisms in order to achieve the community's goals around sustainable urban development. If implemented, the proposals in the discussion document would be of significant assistance in implementing the long-term strategic urban development objectives the Wellington Regional Strategy and Council's Urban Development Strategy.

The submission does however identify some concerns in relation to the options presented for achieving sustainable urban development. Some of the key points include:

1. **Funding** – difficulties with accessing adequate up-front funding; problems with the suggested potential funding mechanisms (ie value uplift levy²); and the need for a competitive funding pool to provide interest-free loans to kick-start major urban redevelopment projects.
2. **Improving co-ordination and integration** – the need to ensure better coordination of urban infrastructure investment programmes across all government levels and the establishment of a dedicated team to coordinate Government activities.

² 'Value uplift' or 'value capture' refers to a process designed to reserve, for community use, part of the increase in land value created when the scope for, or intensity of, development on a site is increased by a zoning change, development approval, or the provision of infrastructure and or other public amenities. A levy to capture value uplift on privately owned properties could be applied on consent applications, i.e. where an existing owner seeks approval for developments (refer page 22 of the discussion document).

3. **The role of government in urban development** – the lack of capacity and capability in all levels of government and the private sector to deliver sustainable urban development, and the need for central government resources and initiatives to build capability and skills.
4. **Land assembly and legislative obstacles** – significant difficulties for local government in assembling the land necessary to achieve sustainable urban development objectives and the barriers presented by current legislation to achieving land assembly and urban redevelopment.
5. **The delivery vehicle** – including the need for establishing special-purpose companies for urban redevelopment purposes, as joint ventures between central and local government, rather than relying on Council Controlled Organisations as the key delivery mechanism for the proposed new approach.

The submission recommends that further work is undertaken on these various issues as part of the next stage of the Building Sustainable Urban Communities work programme. The submission also signals that Council would welcome the opportunity to work with the Sustainable Urban Development Unit in furthering this work, particularly in relation to the solutions for achieving sustainable urban development in areas the Council has already identified through its Urban Development Strategy.

6. Conclusion

The *Building Sustainable Urban Communities* discussion document is an important starting point in addressing the significant challenges of implementing sustainable urban development in New Zealand. The draft submission is supportive of the ideas and proposals put forward in the discussion document and commends the detailed analysis of the issues and barriers. Many of the proposals could significantly assist the achievement of Council's strategic urban development objectives.

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Supporting Information

1) Strategic Fit / Strategic Outcome

This submission is consistent with the Council's strategic outcomes for the city, particularly the Urban Development Strategy.

2) LTCCP/Annual Plan reference and long term financial impact

No implications.

3) Treaty of Waitangi considerations

No implications.

4) Decision-Making

This is not a significant decision.

5) Consultation

Consultation is not required.

6) Legal Implications

There are no legal implications.

7) Consistency with existing policy

There are no implications for Council policy – the submission is consistent with Council policy.