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Tēnā koutou

SUBMISSION ON THE RMA NATIONAL DIRECTION CHANGE FOR GOING FOR HOUSING GROWTH (DRAFT)

Introductory comments

The Dunedin City Council (DCC) welcomes the opportunity provided by the Ministry for the Environment (MfE) and the Ministry for Housing and Urban Development (HUD) to submit on the Resource Management Act (RMA) 1991 National Direction Change for Going for Housing Growth (GfHG) package. Comments are for consideration as part of this interim state and for future national direction.

The submission reflects staff's experience, and councillors' experience as hearing commissioners, alongside the views of council members. Staff from a range of departments in the DCC have prepared responses to questions that reflect their experiences with managing growth through the Second Generation District Plan (2GP), Variation 2 and other processes. Broader submission points are included at the start of the document under themes, followed by more detailed feedback on the questions asked in the discussion document.

Theme 1 – Understand the real problem and target solutions that work across New Zealand

The DCC considers that the reform process is being driven by incorrect assumptions about the nature and scale of the problem, e.g., that land availability is a current problem in large parts of New Zealand that will continue to drive up house prices. Secondly, we consider that, across the board, the reforms' direction of travel is an over-reaction to that perceived problem, that swings the pendulum too far and often adopts an overly blunt approach to nuanced issues.

We consider that the fundamental problem with the RMA is that, while it was designed to be 'effects-based' (to support a similar political direction focused on 'externalities'), it has evolved to focus almost exclusively on adverse effects. This is because the system was not designed to proactively seek positive outcomes for social, cultural, economic, and environmental well-being, which is the standard for modern planning systems globally. Ironically, the current reform direction risks perpetuating the same foundational misunderstanding of planning that created the problems it seeks to solve.

The critical change needed is to reorient the system to be outcomes-focused (rather than effects-based). This would then support the robust assessment of a project's benefits alongside its costs and effects, rebalancing the system away from a singular focus on potential negatives.

The new national direction should give guidance on the outcomes the system should seek to achieve. The outcomes should be appropriately balanced (and based on bipartisan support to the degree possible) and reflect the need for development, which will contribute economic prosperity, as well as the need to protect the life-supporting capacity of the environment amongst other outcomes.

National direction should require the costs and benefits of proposals to be assessed against all relevant outcomes, weighted to their relative importance at the national, regional and local scale. For matters of national importance, the direction should specify how these must be weighed.

This ensures that the significant positive outcomes of development—economic, social, and environmental—are properly valued and weighed against negative impacts, leading to better decisions.

Provisions also need to work for cities and towns that may be experiencing only modest growth and for those that are affected by non-typical demographics (e.g. Dunedin's student population and areas with disproportionately high needs for community and social housing). Therefore, the provisions need to have built in flexibility for cities, like Dunedin, to plan sensibly for our unique circumstances.

Dunedin's 2024 FDS projected that the city would grow by 13,500 people, a 10.2% increase, over the next 30 years. That population growth was expected to require 6,550 new homes, with most of these required in the medium term. However, the most recent (2023) population estimate for Dunedin provided by StatNZ suggests population growth has slowed in recent years. It is currently estimated that Dunedin added only 150 residents between 2018 and 2023, a rate of growth below previous projections. Over the same time period, the number of households in Dunedin grew by 852, from 48,336 in 2018 to 49,188 in 2023.

Building consent numbers indicate construction of new dwellings over the past five years has exceeded the growth in households, meaning the supply shortage has been eroded. As a sign of the health of the land supply situation in Dunedin, the DCC building consent records show that a net 1,700 new housing units were added between July 2018 and June 2023.

Dunedin's most recent housing capacity assessment shows that Dunedin will have a surplus of capacity over the short, medium, and long term – even for what is likely a high estimate of growth. The majority of this capacity is expected to be provided via infill and comprehensive redevelopment, however there are several greenfield areas provided for through a number of recent rezonings, some of which are currently being developed. As a result of this surplus capacity, further urban expansion is unlikely to be needed until the very long term (unless there are growth levels beyond the current high projection).

Applying a one-size-fits-all approach across New Zealand that is driven by an incorrect assumption about a widespread shortage of land supply, and high growth rates risks undermining effective and context-sensitive planning. It also fundamentally undermines the ability of councils to meet its purpose as being pursued through the System Improvement legislation, which is "local government being focused on the cost-effective provision of good-quality local infrastructure and public services".

The DCC requests that national direction be designed to be fit for purpose across a range of urban and rural contexts, including cities like Dunedin with modest growth rates or unique housing needs driven by demographic factors such as large student populations or high demand for social housing.

Theme 2 – Infrastructure delivery and financing challenges under a more responsive planning system

Dunedin faces significant infrastructure challenges, particularly in its 3 Waters network. Many of these constraints stem from the age of the city's infrastructure—some areas have pipes over a century old, with much of the network exceeding 50 years in age.

Significant constraints exist across the city's wastewater network, primarily due to stormwater and groundwater entering the system during rainfall events ('inflow and infiltration') through damaged pipes and connections. This overloads the system and can lead to contaminated discharges into water bodies or overflows onto streets. These issues are catchment-wide and cannot be resolved by isolated upgrades; full catchment programmes are required. A number of upgrades are required to service development that is already provided for under existing Plan rules. We are prioritising these upgrades to maintain or restore minimum levels of service and performance and provide for the development capacity that is enabled by current Plan rules. Planned works over the next 10 years include: a number of significant upgrades and replacement of water, wastewater pipes, new and upgraded pumping stations, and upgrades to treatment plants.

Providing 3 Waters infrastructure to new greenfield areas is often more complex than simply extending existing pipes. Stormwater infrastructure presents particular challenges, as Dunedin's network comprises a mix of private and public overland flow paths and piped systems.

In hilly areas, additional stormwater flow can increase the risk of flooding to downhill properties. In low-lying areas like Mosgiel and the Taieri, stormwater discharges can compromise the ORC's flood protection and drainage schemes unless on-site storage is provided and systems are carefully designed and maintained. Overall, increases in stormwater generated by development will decrease the available capacity for flood water storage and conveyance and can create higher costs and challenges for flood protection.

Privately delivered infrastructure is typically designed to meet the needs of a specific development and often lacks integration with broader network planning. In many instances urban expansion, unlike intensification and infill, results in fragmented and inefficient infrastructure systems (subdivision level schemes for stormwater management, wastewater detention and/or pumping and for higher ground water supply pumping) which have higher long term operational and maintenance costs that cannot be funded through developer contributions.

We are concerned that a planning system focused on enabling responsiveness will likely result in urban expansion in locations where infrastructure cannot be efficiently provided. Such an approach risks undermines efficient use of public investment. Further, if this policy drives up the cost of infrastructure provision, by limiting council's ability to strategically plan for growth in a way that considers infrastructure affordability, then housing costs will ultimately increase.

For example, in the case of 3 Waters responsive planning is likely to result in pressure to establish small-scale, stand-alone water and wastewater treatment, reticulation and disposal systems that are disconnected from larger metropolitan systems. Or alternatively require long network extensions for 3 waters servicing of rural areas that have been rezoned, distant from the urban boundary. Both of these approaches are less cost-effective or "infrastructure efficient" when compared to intensification of existing urban areas, rezoning within urban limits or at urban rural boundaries. The net effect of this change from a 3 waters perspective would be high levels of infrastructure capital costs relative to the

number of services properties, and disjointed and fragmented infrastructure with higher costs to operate and maintain.

DCC operating cost data shows that:

- Producing water for small-scale rural schemes is typically 4.5 times more expensive than for metropolitan systems.
- Treating and disposing of wastewater is approximately 7.5 times more expensive for rural schemes than urban equivalents.

The higher costs of infrastructure for servicing areas that are located on the fringes of, or external to, the existing urban boundary is also reflected in the higher development contributions that are charged to greenfield developments versus brownfield development.

Leapfrogging can significantly increase the cost, inefficiency, and complexity of infrastructure delivery. It should be avoided unless part of a planned growth area and necessary to address land banking. A more effective solution would be to provide councils with financial tools to discourage land banking.

At a minimum, policy settings which encourage responsiveness should be limited to urban areas that already have water supply and reticulated wastewater services and should not include un-serviced or semi-serviced settlements and townships, whose growth and future reticulation must be managed strategically, including with priority consideration to giving effect to Treaty obligations or where there are existing significant effects on the environment that must be addressed.

Given Dunedin's already substantial programme of required 3 waters upgrades, and the city's relatively modest growth—all of which can be accommodated within existing zoned areas—it is essential that development is directed towards locations that represent the most cost-effective long term infrastructure outcomes (considering both capital costs for new infrastructure and long term operating and maintenance costs).

Providing for unanticipated or out-of-sequence development proposals can significantly affect the funding and delivery of public infrastructure. If Councils have limited discretion to decline such proposals, there is a heightened risk of inefficient and costly infrastructure solutions that may have an impact on rates for decades.

Another fallacy with the simple just have 'growth pay for growth' paradigm is that the private provision of infrastructure is not always simple. Some of the practical challenges DCC has faced with greenfield areas that have been added through submissions, include:

- Greenfield area where roading infrastructure requirements have both a public and private benefit, which leads to requests for DCC to cover the public benefit but where there is no money in the programme for the project and the costs of the infrastructure may not be seen as worth the (public) benefits. In such cases, developments may be delayed until public funding becomes available. Alternatively, the need to service the proposed development may result in other planned public infrastructure projects (that may have higher benefits) being deferred or deprioritised.
- Areas with multiple landowners that have differing development goals and timeframes, and where they cannot agree cost-sharing arrangements which has forced DCC to step in (incurring significant staff time and legal costs) to facilitate private development agreements with some

landowners and add other costs or projects to the infrastructure programme, displacing projects in that programme; and
- The failure to appropriately design or maintain private infrastructure leading to DCC needing to take over the maintenance responsibilities.

We recommend that national direction should strongly focus on the cost effective long term delivery of infrastructure. This is absent from the proposed NPS for infrastructure and is not given adequate consideration in this document. We note that ironically this is being proposed as the purpose of local government in the systems improvement legislation.

It is also critical that the system appropriately support growth sequencing and coordination to ensure efficient infrastructure delivery. This sequencing should be guided by clear principles for prioritisation. DCC suggests that consideration is given to the principles and policies developed for the Dunedin Future Development Strategy.

Theme 3 – Transportation planning challenges with shift to promotion of urban expansion

DCC considers that, if urban expansion is to be encouraged, it must be tied to central government funding that proportionally increases funding for public transportation to extend and improve services into new growth areas and a dedicated NZTA funding stream for growth related infrastructure to cover the public benefit component.

While key arterial roads are often the major constraint, local roads and the availability of public transport, footpaths and cycle infrastructure all impact on how growth can be serviced. High quality, frequent public transport can reduce demand on the roading network. In areas of high density, wider footpaths may be required. Local roads also need to be considered. While traffic volumes are typically lower, cumulative growth impacts can compromise safety and reduce network efficiency.

The discussion document identifies the key role spatial planning plays in creating stronger links with transport planning, including the identification of minimum infrastructure requirements, a stronger evidence base and the use of implementation plans over a 30-50 year time horizon.

The DCC agrees that stronger linkages between spatial planning and transportation planning are critical to delivery of housing growth and good urban outcomes. However, it is unclear how this will be achieved. Under the Land Transport Management Act 2003 (LTMA), regional land transport plans must consider relevant national and regional policy statements or plans under the RMA. However, the key network constraints limiting growth are often on the state highway network. In Dunedin, for example, the main transport constraint to growth in Mosgiel is SH87, and the connection onto SH1. In developing the regional land transport plan, NZTA national direction takes precedence over local concerns. If spatial plans are to be the key statutory document to identify transport infrastructure constraints to growth, there needs to be an explicit requirement in the LTMA that regional spatial plans are considered when developing other key documents, like the Government Policy Statement on Land Transport, the National Land Transport Programme and regional land transport plans. Without this explicit link, it can be challenging to fund infrastructure that is required to support regional growth that is not recognised nationally as a priority.

It is not clear what criteria should be used in determining infrastructure capacity. Assessing capacity is not something that transport models do well, and there are not currently clear thresholds to identify when capacity is reached.

With respect to the implementation of 'growth pays for growth' and a reduced capacity to say no to urban expansion, it is unclear how the financing proposals will be able to effectively account for some locations being much more challenging and costly to serve with increased transport capacity due to factors such as topography, land stability, and existing urban form, and therefore how to pass those increased costs onto those growth areas rather than raise the cost of development levies across the board. It would be an unfortunate consequence if all developments would be required to subsidise the increased costs that arise due to poorly located developments.

Better evidence about the demand, cost and supply of infrastructure is important to decision making. But with a long-term time horizon, there is considerable uncertainty. Social, economic and technological changes can cause significant shifts in a relatively short time frame. For example, high inflation in the last five years has had a significant impact on the previous assumption about infrastructure costs, while increased working from home has impacted travel patterns. The approach to infrastructure capacity assessments needs to balance the need to identify and plan for future infrastructure needs, with the ability to be flexible when significant shifts happen.

Theme 4 – impact on Dunedin's Zero Carbon Commitments

The DCC has been progressing work on climate change mitigation and adaptation since 2009. Dunedin is acutely aware of the consequences of failing to reduce emissions, given its high exposure to sea level rise. As a city with a large rural hinterland and productive rural sector, the DCC is also aware of the risks associated with over-reliance on carbon removals—particularly carbon forestry—to meet emissions targets.

In June 2019, the DCC declared a climate emergency, and brought forward the DCC's city-wide net carbon neutrality target by 20 years, adopting a two-part emissions reduction target for 'Zero Carbon 2030' as follows:

- net zero emissions of all greenhouse gases other than biogenic methane by 2030; and
- 24% to 47% reduction below 2017 biogenic methane emissions by 2050, including 10% reduction below 2017 biogenic methane emissions by 2030.

In September 2023, the DCC adopted the Zero Carbon Plan, outlining the key shifts required to achieve their Zero Carbon 2030 targets, and the actions the DCC need to take to support achievement of the targets.

The modelling that underpinned the Zero Carbon Plan built in emissions reduction targets and commitments made by government and other entities, as well as DCC actions. It found that achieving the city's targets would require all stakeholders—across government, community, and business—to maximise every credible emissions reduction lever.

In line with Zero Carbon Plan direction, and in response to community feedback, the DCC has recently confirmed significant 9 year plan funding for initiatives that will help reduce the city's emissions, with a particular emphasis on reducing emissions from transport. As at the national level, reducing emissions from transport is key to achieving the Dunedin's targets.

In August 2024, the DCC submitted on the discussion document for New Zealand's *Second Emissions Reduction Plan for 2026-2030* (ERP2) and proposed changes to the *First Emissions Reduction Plan for 2022-2025*. The DCC urged Government leadership to meet international obligations by 2030 outlined in the Nationally Determined Contributions as ratified by the Government in 2016 and 2021, including by reducing gross emissions. This is the DCC's approach, as set out in DCC policy, and aligns with the advice of He Pou a Rangi New Zealand Climate Change Commission.

Instead, ERP2 leans heavily on carbon removals to achieve targets, rolling back initiatives to reduce gross emissions. Government modelling that underpinned ERP2 suggested that the Government would just meet its emissions budgets over the period, and developments since then have called into question the feasibility of some keystone ERP2 projects. This leaves little tolerance for policies or investments that increase emissions—of which Going for Housing Growth appears to be a clear example.

It is well established that urban form is a key determinant of cities' emissions profiles, and that providing for growth needs prudent planning in this context. The closer people live to their work or education and core services, the shorter their commute. Shorter commutes allow people to have more options for travel, particularly active modes. In addition, careful financial stewardship—such as encouraging growth within existing infrastructure networks— ensures there is more funding available to advance other strategic priorities, including addressing climate change.

To achieve and maintain emissions reduction goals Dunedin (as with most major centres) needs more mixed-use urban development at medium and high densities close to centres. Compact, accessible urban environments are essential for shifting travel behaviour. Dunedin's Future Development Strategy (FDS) and the Second Generation District Plan (2GP) are broadly aligned with this, supporting further densification around existing centres and in areas with access to public transport. Commute-related emissions were considered when prioritising greenfield areas. The greenfield areas that were identified or supported by DCC located in areas where public transportation services could be extended (if funding was available) and with relatively shorter distances to centres and community services, meaning emissions from travel would be relatively lower.

Going for Housing Growth is silent on the emissions implications of its proposals, including their impact on achieving national targets. This seems at best a material oversight, given the predominance of proposals that incentivise fringe growth—despite its likely increase in greenhouse gas emissions. The DCC requests that due consideration be given to the impact this will have on achievement of both national and local emissions reduction goals. Of particular concern to the DCC, in the context of local emissions reduction goals, is the requirement for councils to be more responsive to unanticipated or out-of-sequence development, the emphasis on urban expansion, and the undermining of provisions that encourage and support commercial development in centres.

Promoting compact urban form is critical not only for reducing emissions, but also for improving public health, strengthening social cohesion, enabling a just transition, and supporting a resilient economy. Deloitte estimates that inadequate climate action could cost the New Zealand economy $4.4 billion by 2050, with losses becoming exponentially worse after that. On the other hand, decisive climate action could deliver $64 billion to New Zealand's economy by 2050.

Theme 5 – Effectiveness of New Financing Tools to Fund Infrastructure in a Responsive System

The DCC supports managed growth and endorses the principle that growth should pay for growth. However, this support is conditional on two key matters:

1. the ability to decline proposals that are inappropriate or inefficient to service; and
2. the availability of effective and flexible financing mechanisms to fund the infrastructure required to support growth.

On the first point, it is essential that growth occurs in appropriate locations. Not all areas are suitable for development – particularly those that would require extensive infrastructure upgrades or extension of services. Given the high cost of infrastructure, growth should be prioritised in areas where servicing is most efficient and cost-effective. Councils should retain the discretion to reject growth proposals where the infrastructure costs are disproportionate, inefficient, or unsustainable.

On the second point, many infrastructure projects deliver both private and public benefits, which creates funding challenges. Councils have limited mechanisms to fund the public share of infrastructure costs. For example, infrastructure must be included in the Long Term Plan (LTP)—updated every three years—to be eligible for Development Contributions. If not included in the LTP, projects must be added through the annual plan process—an administratively complex approach, particularly for smaller projects. The system must provide Councils the ability to fund upgrades in a timely manner.

A recent example in Dunedin illustrates the funding challenges associated with infrastructure delivery in submitter-proposed growth areas (i.e. responsive planning). Four landowners sought a relatively large expansion to the urban boundary that was likely to require infrastructure upgrades. A transition zone was applied, subject to several technical studies to be completed (particularly related to stormwater management and discharge to a flood prone waterway). The integrated transport assessment showed the need for an intersection upgrade outside the site which would have both public and private benefits. Funding for that project was included in the LTP. However, at the point of requesting the transition zone uplift, the landowner identified that the internal roading also had public benefits and requested a Council funding contribution. Because this public component of internal roading was identified too late for inclusion in the LTP, determining a funding mechanism for the public share presents a challenge.

If the proposed reforms result in a more permissive planning system as anticipated, it is crucial that Councils are equipped with appropriate funding tools to deliver infrastructure. The costs of servicing growth will vary by location, and there must be an ability to recover higher costs from growth areas which have higher infrastructure costs. While targeted rates are one option, in our experience they are often administratively complex and burdensome. Any new funding mechanisms introduced should be simple to implement, adaptable to different situations, and capable of providing timely and reliable funding.

We also consider it essential that Councils have an ability to discount (or cap) development charges in certain areas. In our experience, smaller rural townships located outside the main urban area often incur significantly higher infrastructure servicing costs compared to growth areas within or near the city. If full infrastructure costs were passed on, charges in these townships would likely be prohibitively high—effectively preventing development. To ensure growth remains viable in these smaller communities, Councils must retain the discretion to limit the infrastructure costs charged in such circumstances.

Theme 6 – other aspects of growth that need to be considered – waste collection and minimisation

In developing the new standardised provisions, the Ministry must ensure there are effective rules—particularly for medium-density areas—that require housing to incorporate appropriate space for waste collection systems and infrastructure. This includes design requirements to ensure appropriate storage areas and easy kerbside access for wheelie bins, particularly for housing that uses existing kerbside collection services. In developments where collection trucks need to enter the site, there must be sufficient space for vehicles to safely and efficiently access bin storage areas, and to enter and exit the site without risk.

Collection and storage areas should be adaptable to future waste stream collection opportunities. Structure plans should also include neighbourhood drop-off points that serve as collection hubs for materials not collected at kerbside—such as e-waste—to better support communities.

Part B. Urban development in the new resource management system

What does the new resource management system need to do to enable good housing and urban development outcomes?

The DCC has concerns about changes being proposed through the future resource management system that it believes will not enable good housing and urban development outcomes, including:

- The removal of broader amenity considerations as an aspect of resource management and the re-focus solely on 'externalities'; and
- Shifting the focus of policy setting to a national level.

Focus on externalities

While we are aware of and have witnessed the problems caused by NIMBY attitudes to change, it is important to not to over adjust the resource management settings so that genuine public good matters related to amenity are also removed.

Focusing a planning system solely on the economic concept of 'externalities' is problematic because it fails to capture the full spectrum of factors that drive economic prosperity in successful cities and runs counter to established principles of successful urban development.

Removing the concept of amenity from the planning system entirely risks creating, at best, sterile and, at worst, inhospitable and unhealthy environments that deter people from living in or visiting our cities. The outcomes of such deregulation are well-understood: roads lined with advertising signs; town centres that are barren and dangerous; urban edges with shopping malls that are only accessible by car; suburbs that are seas of asphalt and concrete; and roading networks filled with traffic congestion.

This type of development is unpleasant and can contribute to poor health and economic outcomes. While this approach might appear to lower short-term development costs, it ultimately imposes significant long-term costs on both local and central government. It results in inefficient, under-utilised infrastructure and requires future spending to remediate the resulting social and environmental deficits, with the burden falling on all taxpayers.

Conversely, appropriately managing for public good amenity outcomes is a more fiscally responsible approach. High-quality, liveable cities are essential for attracting and retaining the skilled talent and

mobile capital New Zealand needs to compete globally and boost productivity. Ultimately, a city that is a desirable place to live, work, and play generates stronger economic growth and a better return on both public and private investment. This is achieved by actively managing amenity, not by reducing planning to the management of 'externalities'.

The goal should be to strike a balance. Managing amenity must not be an obstacle to enabling housing and other necessary development. We agree that the current system can be used to protect the status quo and private interests, frustrating appropriate development. However, the risk of the proposed reforms is that the pendulum swings too far.

Instead, the DCC encourages the Government to work with the local government sector to determine more targeted changes that could address the real issue, which is the ability for amenity considerations to be used to protect the status quo and private interests through resisting appropriate development and change of character.

Shifting the focus of policy setting to a national level

The DCC acknowledge the intent of the proposed national direction to establish greater national consistency and responsiveness in relation to housing and infrastructure delivery. However, we hold concerns regarding the proposed shift of key policy settings from local to national government. While national direction can be useful in providing overarching frameworks and standards particular around matters of national importance, local authorities have a detailed understanding of their unique communities, constraints, and infrastructure contexts.

Policy set at a national level risks diminishing the ability of local authorities to respond to the local context and may undermine community trust in planning processes. In Dunedin, where growth pressures are moderate and infrastructure capacity is constrained, local policy discretion is essential to ensure integrated, affordable, and sustainable urban development. We urge caution in centralising policy setting, and recommend that any national policy shift be balanced with strong mechanisms for local input, partnership, and flexibility.

The DCC is concerned that the focus of much of the resource management system design is addressing problems in fast growing parts of the North Island will mean that less time and attention will be given to addressing issues that are important for towns and cities in the South Island. For example, even a detailed matter such as appropriate building height planes should account for the different sun angles, shorter winter days, and colder temperatures in the lower South Island.

The new system must enable councils to modify nationally standardised zone rules where bespoke provisions are considered necessary. The requirement to justify that deviation is appropriate provided:

1. Clear and detailed guidance is prepared to help councils understand the requirements for these reports, and the reports do not create unnecessary central government bureaucracy or hurdles to pragmatic and appropriate local approaches;
2. That the settings for appeals (and compensation claims) over bespoke provisions does not deter or create increased legal costs related to necessary regulation for matters related to health and safety, protection of environmental bottom lines, or the ability of Councils to cost-effectively deliver services.

Part C. Design Detail of Going for Housing Growth

Current problem with how submitters introduce growth areas that needs to be addressed

The RM reform needs to be designed to address a current problem with the RMA, which is where rezoning areas are suggested with no supporting evidence being provided. This can happen through submissions on full plan reviews and sometimes via submissions on scope-limited plan changes, where submitters attempt to expand the scope of the plan change through 'rezone me too' submissions, where landowners seek similar rezoning without providing any evidence to support the request.

In Dunedin, it has been commonplace for submissions seeking greenfield rezoning, even across large tracts of land, to be a few sentences long.

This phenomenon has been a major issue for DCC that has cost ratepayers six figure sums. These submissions have led to unreasonable costs for the DCC as they shift the primary burden of providing evidence on land suitability to local authorities. The submitter can then choose whether or not to respond to that evidence at the initial hearing, and even when there has been no reasonable attempt to make a case at the hearing, they can appeal to the Environment Court and force continued investment by the DCC to identify solutions to issues through mediations. In cases where solutions to all issues cannot be found, often the first-time substantive evidence is provided by landowners is at the stage of an Environment Court hearing.

This is not only costly for councils (and ratepayers), it diverts staff time away from progressing Council-identified growth areas.

The new RM system must introduce minimum evidence requirements for submissions seeking rezoning through plan changes and identification of new growth areas in Spatial Plans. This must include, at a minimum, considerations related to stormwater management, biodiversity values identification, infrastructure servicing, and natural hazards.

Submissions seeking rezoning of larger greenfield sites should also include structure plans. If that evidence is not produced the system should allow for submissions to be rejected.

Future development strategies and spatial planning

The DCC agrees with the option that each local authority can focus on specific parts of the Spatial Plan that are relevant to their district. In Otago we consider it would be inappropriate for Dunedin to be involved in Queenstown's spatial planning or vice versa. Clarity is needed about how districts and regional councils are to work on the Spatial Plan, i.e. where responsibilities fall. Given the strong focus on integrating land use and infrastructure planning, district councils must take the lead role in spatial planning for their districts and only those districts who are part of any urban area should be involved in planning for that urban area. Having said that, we support working together, including across districts, on matters that extend beyond urban areas or cross local authority boundaries.

We also agree that Spatial Plans should have strong weight. Decisions made through the Spatial Plan process should not need to be re-litigated when undertaking more detailed zoning decisions.

We agree that there are benefits to identifying the location of strategic infrastructure corridors over a longer period than 30 years, to ensure these are protected. However, requiring Spatial Plans to identify

growth areas (including their timing) out longer than 30 years would be challenging due to the large number of assumptions required. Given the need to regularly review Spatial Plan's this requirement may have limited value, at least outside of areas with very high levels of growth.

Where growth areas beyond 30 years are included, local authorities need to retain control over sequencing, to ensure that infrastructure provision remains efficient.

Identification of priority development areas in Spatial Plan implementation plans is supported, to provide certainty for the development community.

Spatial planning should play a central role in guiding urban expansion by identifying and prioritising future growth areas. We consider that areas closely aligned with the spatial plan should be prioritised for development over those that are not. This approach supports cost-effective and efficient infrastructure provision and promotes a more compact and logically structured urban form.

Housing growth targets

Clarifying the meaning of 'operative plans'

In practice the NPS-UD requirements related to capacity in "operative plans" has been interpreted to mean capacity in operative provisions, as this is more logical and appropriate. This is because full plan reviews and large plan changes can take several years to finalise and some matters become operative (deemed operative) immediately due to the absence of appeals, or earlier as appeals are resolved.

It is illogical to tie the operative status of zoning provisions to the status of an entire process that may involve unrelated changes.

Requirement to have 30 years of demand based on high growth projections in Plans

Requiring all councils to use the 30-year high growth target will lead to resource misallocation. There are only a small number of fast-growing urban areas around the country and more areas experiencing low growth. Overestimating growth is just as problematic as underestimating it, particularly in relation to infrastructure planning, design and financing, and creates pressure to allow poorly sequenced and 'leapfrog' development and associated legal costs. This is fundamentally contrary to the principle of encouraging cost-effective Council service delivery.

Councils should have the option of choosing from the low, medium or high projections provided by StatsNZ based on a robust justification that considers local economic trends and the community's demographic profile.

Providing for agile land release mechanisms

How agile land release mechanisms can work

Dunedin is one of a small number of councils to have fully operative Transition Overlay Zones (RTZs) provisions in its district plan.

Residential Transition Overlay Zones (RTZs) are used where a future residential zoning has been identified but the land is held in a current (typically rural) zoning until infrastructure is available generally due to a wider network capacity issue. RTZs provisions have also had to be used to address

issues of insufficient information about what infrastructure might be required for the development (see issue above re submissions with no supporting evidence).

The transition rules allow for land to be released into the new identified zoning when infrastructure is available, upgrades will be completed in time (based on LTP funding status), or a private development agreement is in place to ensure the infrastructure is delivered.

The RTZ also manages activities on the land in the meantime to ensure areas remain suitable for future residential use by restricting activities that may make it harder to develop in the future.

Similarly, the Industrial Transition Overlay Zone (IndTZ) is used to provide for future industrial zoning where land has been identified as appropriate but where an agreement between the Council and developer on the provision of any necessary public infrastructure is not yet in place. The IndTZ also manages subdivision in the meantime to ensure future industrial development is not adversely impacted.

The transition of land is managed through a certification process, where land is released by the Chief Executive Officer or their delegate, once the identified conditions are met. Release of land does not require a plan change process as the future zoning has already been through a Schedule 1 process and is indicated in the plan.

In addition to transition zones, Dunedin also utilises a Wastewater Constraint Mapped Area (WCMA). For sites that are zoned General Residential 2 and that are within a WCMA, the maximum development potential per site is 1 habitable room per 100m^2, as opposed to 1 habitable room per 45m^2 that applies to the zoning where the overlay is not present. The reduced density provision under this mapped area reflects existing and known constraints in the wastewater networks that limit the network's capacity to support higher-density development. The intent is that once infrastructure constraints are addressed the WCMA overlay can be lifted through a simple plan change which, while requiring a Schedule 1 process, would be narrowly scoped and avoid relitigation of matters beyond wastewater capacity.

Paragraph 61 of the Going for Housing Growth discussion document outlines a number of questions about how an agile land release mechanism might work in practice. We have provided feedback on each of these matters below.

What should be enabled on the land prior to comprehensive development?

It is important to ensure that enabled land uses do not constrain or negatively impact the land use(s) that are anticipated under the proposed future zoning. The consenting process should recognise this by including the future intended land use / zoning as a matter for consideration, until such a time that the land is released to its future zone. In particular, it is important that land is not first subdivided as part of a rural residential subdivision in a way that shifts the cost of retrofitting appropriate roading and 3 waters network infrastructure onto councils.

What criteria could be used to determine when land can be released?

Provision of infrastructure should be the primary consideration in determining when land is released for development. This may involve direct delivery by the Council, or alternatively a formal legally binding agreement between the developer and the Council outlining the method, timing, and funding of all necessary infrastructure (including transportation, 3 waters and recreation infrastructure) and

agreement on what infrastructure must be public infrastructure and what infrastructure may be appropriate to be private infrastructure that carries low maintenance risk and is not critical to wider network connectivity.

In recognition that each site is unique, the framework should also allow for additional site-specific requirements to be met prior to release—such as the completion of satisfactory technical assessments, like stormwater or integrated transport assessments, in addition to purely infrastructure considerations.

What process could be used for the release of land?

We support the approach of allowing land to be released without a formal plan change process once the relevant release criteria have been met.

The release process should be clearly defined and transparent and should rely on objective pass/fail criteria. It should also provide for both full and partial land release, recognising that larger areas of land are likely to have multiple landowners who may have differing development timeframes and aspirations. The DCC currently utilises a certification process, under which land is released (either in full or in part) by the Chief Executive Officer or their delegate once the applicable release requirements have been satisfied. This avoids the need for a plan change process to release land.

When should decisions on appropriate zoning patterns (and other factors currently commonly undertaken in structure planning) take place?

Future growth areas and their intended future zoning should be broadly assessed as part of spatial planning and subject to public engagement on overall suitability at that stage. This stage of engagement is useful for identifying key issues that may need to be addressed in detailed planning but in some cases can reveal that areas are not suitable due to issues being prohibitively costly or technically infeasible. This can be because the public portion of costs would be unacceptable.

Submissions seeking new growth areas to be added at this stage should be required to provide a high-level assessment of infrastructure requirements and feasibility including, for example, a high-level integrated transport assessment, geotechnical constraints, and indicative stormwater management proposals so that if approved infrastructure can be included in the Spatial Plan implementation plan. This should be the responsibility of the landowner and if this information is not provided the submission should be liable for rejection.

If approved for inclusion in the Spatial Plan, this should give adequate certainty for landowners to invest in detailed engineering and infrastructure investigation and structure planning (where necessary) that should be required prior to progressing through a plan change process. The plan change process should not only confirm what infrastructure is required but ideally confirm the public and private benefit components of infrastructure expressed as percentage shares so that councils can effectively plan and budget for the infrastructure required. Where infrastructure will not be available in the short term, a form of transition zone overlay (such as is used in the Dunedin 2GP) should be used to enable certification process to release the land and transition to the identified future zoning without a further plan change.

While the use of transition zones is supported, identification of future transitional zoning should occur only through a formal plan change process. This allows a robust and comprehensive assessment, such as a section 32 assessment, of the suitability of the land for future residential (or business) use to be undertaken. It is not appropriate to impose the evidentiary requirements of district plan zoning changes on Spatial Plans, as doing so would undermine their intended role. Spatial Plan 'future intent' land use

will always need to be subject to more detailed assessment as part of a plan change, but it can give a 'leg up' so that the analysis does not need to reconsider whether the overall location is appropriate.

As the public will have already submitted on those future (transition zone) plan rules during the initial plan change process, using a non-public process for the subsequent release of such land (e.g., a certification process by the Council CEO as outlined earlier) is appropriate.

Public involvement through the submission and hearing process at the plan change stage (where an area has already been included as suitable for growth through a spatial planning process) should be limited to the appropriate plan rules for the development rather than relitigating the overall suitability of the location for growth.

What status of land-use should be necessary for capacity to count towards a council's housing growth target.

Currently, land that is subject to a transition zone overlay (which means there is both a current and future zone) is included in Dunedin's housing capacity calculations, but only within the timeframe in which the necessary infrastructure upgrades are expected to be completed. This is considered appropriate, as this approach reflects the expected availability of the land for development within a reasonable timeframe.

How the infrastructure constraint (and the impact on the ability to develop land) is communicated to plan users.

Details of the infrastructure constraint(s), plus anticipated timeframes for resolving the constraint(s) should be clearly communicated to all Plan users. DCC currently publishes a 'Statement of infrastructure capacity', which outlines whether the infrastructure capacity in each of its current transition zones meets the criteria for release, and the timeframe in which the infrastructure constraint is anticipated to be resolved. The timeframes in this document are regularly reviewed and updated by DCC infrastructure teams. This is an important feature, as anticipated delivery timeframes can change regularly as a result of new funding decisions or other infrastructure projects being undertaken that may also affect the land in question. Public submissions on infrastructure timing can be made via the LTP process.

Whether the same mechanism should be used for both brownfield and greenfield areas.

We consider infrastructure capacity to be the key criterion for land release in both brownfield and greenfield areas. However, in brownfield areas infrastructure upgrades are often required for both renewal and capacity upgrade (growth) reasons, and there are a large number of beneficiaries. Therefore, these scenarios are highly unlikely to be resolvable through private investment by an individual landowner and are reliant on the DCC's infrastructure programme. The upgrades required are also often more complex and systemic, especially where they are reliant on addressing issues with stormwater ingress.

Determining housing growth targets

Support for targets only apply in urban environments

We agree with applying housing growth targets to the urban environment and note this is consistent with the current NPS-UD. Approximately 95% of existing housing in Dunedin is located within the urban environment.

Understanding social and community housing needs

In considering housing demand, it is essential to distinguish between general housing demand and the specific needs of those requiring subsidised accommodation, including social and community housing. Numbers of those in supported, social or community housing is difficult to confirm due to the contracts being held over a number of agencies (e.g., Corrections, Health) but the waitlists identify the need for affordable housing options for both service providers and individuals. There continues to be increased numbers of homeless in the Dunedin area and the social housing register remains at an average of over 400 individuals/groups over 2024 (MSD figures). The DCC hold a portfolio of 940 homes primarily for those over 55 within the city, and currently have a waitlist of 202.

It must not be ignored that a proportion of Dunedin's population will not be able to access suitable housing through market supply alone, regardless of the level of development capacity enabled in the district plan. Expecting the market to deliver housing at the affordability levels required by these households is unrealistic and economically unviable. The community housing providers (CHP) in Dunedin tend to be smaller, and are not eligible for the CHP funding that has recently been released to the five preferred. Addressing this segment of demand requires direct government investment and support for all community housing providers, rather than relying solely on market mechanisms.

Calculating development capacity

With regard to feasibility modelling, it is important to acknowledge that development costs cannot be predicted over a 30-year period within any reasonable level of certainty. Councils should not be required to model whether development is feasible or reasonably expected to be realised. The focus should be on plan enabled and infrastructure ready capacity. Feasibility should be limited to assessing the physical feasibility of developing a site such as buildable area, access, slope, hazards, etc. These are factors that can be measured accurately and are known to affect feasibility.

If feasibility will continue to be based on profitability, then the modelling must consider both changing costs and prices. Development costs have increased significantly over the past 10 years, primarily driven by the cost of materials and labour. It is not reasonable to assume that costs and prices will be static for the next 30 years.

There should be a common methodology for assessing housing demand and capacity. The most resource efficient approach to support councils to undertake capacity assessments would be for the government to provide a model to be used by councils. This would ensure comparability across councils and consistency in assumptions.

Infrastructure requirements

We support enabling councils to use the growth projections they consider most likely for forward infrastructure planning, rather than being required to adopt a high-growth scenario.

We also agree that it is important to provide greater clarity on the definition of 'infrastructure-ready', and how this should be assessed. Further guidance should be provided on the level of modelling required to support a determination of infrastructure readiness, what parameters should be applied, and how these vary across different infrastructure types. To facilitate use of a common methodology for assessing infrastructure capacity, the focus of the assessment should be narrowed to major system components with known capacity ratings. The common methodology should consider external factors

that affect system performance like storm events, drought or climate change. Councils should retain discretion to consider additional scales of infrastructure where relevant and where data is available.

However, there should also be a recognition that councils may not be able to fully meet requirements for infrastructure capacity assessments. Councils that cannot meet one or more of these requirements should be able to demonstrate why they cannot and the steps they propose to take to be able to meet the requirements for infrastructure capacity assessments in the future. Government should provide support for councils to undertake work needed to meet the requirements for infrastructure capacity assessments such as installing meters or traffic counters.

With respect to assessing whether capacity is infrastructure-ready, we recommend a flexible approach. In some contexts, it may be sufficient to assess only large-scale infrastructure (such as treatment plants, pumping stations, trunk or distribution mains or major roads), whereas in other areas, a more detailed assessment (such as local pipes and roads) may be necessary.

With respect to transportation, the proposed national direction requires infrastructure capacity assessments to use modelling where possible, or an evidence-based approach where not. While transport models are currently used to assess network capacity, they have limitations. High-level strategic models provide coarse trip allocations, and in Otago, only central Dunedin, Mosgiel, and part of Queenstown are covered by detailed models capable of route-level analysis. These models typically focus on arterial roads and may overlook capacity issues in local networks.

It can be difficult to determine assumptions for models about how interventions such as better public transport, active modes, or changes in people's behavior might affect transport behaviour. DCC encourages more funding for research to enable improved model inputs for these interventions.

Emerging Artificial Intelligence (AI) technologies may change how transport modelling and optimisation are undertaken. Current models focus primarily on travel time and vehicle efficiency, which can underrepresent opportunities to improve safety and accessibility. Given the high cost of transport modelling, DCC recommends clearer direction on how modelling requirements will be funded. Due to these limitations, DCC supports allowing other forms of evidence in infrastructure constraint assessments.

The DCC also supports aligning with the NZTAs One Network Framework (ONF) for the identification of key public transport corridors and enabling higher densities along these, where 3 waters infrastructure is available or can be provided. However, clarity on whether the ONF current state or ONF future classification is intended.

Lastly, in response establishing standard intensification catchment sizes, the DCC considers that option one is better aligned with NZTA's guidance on walking catchments for public transport of 400m or less for low frequency public transport stops, 800m or less for high frequency public transport stops and 800-1200m for rapid public transport. Ensuring a consistent approach between NZTA guidance and the RMA would simplify planning. DCC also recommends that walking catchments be assessed based on street environment and pedestrian infrastructure, including the availability of safe crossing points.

Responding to price efficiency indicators

Indicators are only useful if they accurately measure what they are meant to indicate. It would be better if the monitoring of indicators triggered the need to investigate and report on the findings instead of assuming specific causes or outcomes.

Overall, it is considered that the requirement to zone for 30 years of capacity should address the concern about councils not enabling enough development capacity to support competitive land markets. There are many reasons that local land markets may not meet price efficiency indicators that are outside council control.

For example, Dunedin's market provides housing for approximately 18,000 university students. Much of this is private rentals clustered in the neighbourhoods immediately surrounding the campus. This cluster of student rental housing comprised about 14% of the total occupied, private rental housing in Dunedin according to the 2023 Census. Student households have low incomes and pay high rents due to household size, which skews affordability and other housing indicators for the entire city. For example, analysing median household income relative to rent suggests that within those concentrated student neighbourhoods the average household is spending nearly 70% of their income on rent. It is critical that if planning decisions are required to be responsive to a suite of price efficiency indicators that councils are able to provide justification for any results that do not meet national targets due to circumstances intrinsic to the local market.

Business land requirements

DCC agrees that Councils need to retain discretion over the business land projections we use. In respect of enabling enough business capacity to meet 30 years of demand, it is not clear what is changing. The NPS-UD currently requires that Councils provide sufficient development capacity to meet the expected demand over the long-term (30 years).

Councils should be required to enable neighbourhood-serving commercial or mixed use areas associated with areas zoned for future residential growth. Councils should not be required to zone land for 30 years of large-scale commercial or industrial development capacity.

Responsive planning

See comments earlier under Theme 2.

Rural-urban boundaries

While the Dunedin 2GP does not contain mapped urban limits, we do not support the proposal to restrict councils from establishing urban limits or rural-urban boundaries within the new resource management system.

Unnecessary, unplanned and/or poorly chosen urban expansion would significantly undermine councils' ability to efficiently deliver and maintain infrastructure services.

While it is appropriate to require councils to ensure there is adequate future land capacity, councils should be able to reject areas where servicing the area would take up limited capacity that is set aside for other, more appropriate, growth areas that are expected to be developed, or where servicing the area would not be cost effective.

Enabling a mix of uses across urban environments

The DCC supports providing for a wide range of uses in central business districts and suburban centres.

While the DCC agrees that in some situations providing for mixed use outside these areas can be beneficial, we caution about limiting councils' ability to support the economic health and vibrancy of our main commercial centres by preventing 'centres hierarchies' type policies. Dunedin has worked hard to maintain the vibrancy and economic productivity of the CBD through both significant investment in creating a high-quality people-focused place, and through plan provisions that manage the location of commercial activities across the city. This has successfully retained the CBD as the retail heart of the city, maintaining accessibility and liveability, allowing efficient provision of public transport infrastructure, reducing car dependency (and managing traffic congestion), and supporting tourism.

Where mixed use is provided for, the following controls should be considered in order to avoid negative externalities between residential, community and commercial activities in mixed use zones:

- Noise limits
- Light spill restrictions, including from signage
- Appropriate acoustic insulation in buildings housing noise-sensitive activities
- Limits on hours of operation for commercial activities in primarily residential environments

Consideration also needs to be given to how infrastructure and services should be funding, as mixed use areas can be difficult to apply targeted rates to. They are also difficult to provide appropriate waste services to and increase the costs of waste management. If more mixed-use areas are going to be enabled, how targeted rates can be applied needs to be accommodated to fund services.

Minimum floor area and balcony requirements

The DCC is not strongly opposed to reducing the regulation of matters where the effects are borne by the party undertaking the activity. However, it notes that in reality a large portion of housing development is undertaken by people that ultimately are not the ones that will live in the housing being developed and seeks that this reduction is not applied to multi-unit housing.

There is an evidence base that indicates that poor housing design can lead to health issues and increase the risk of anti-social and criminal behaviour, both on the site and in neighbouring public areas. Ultimately there is a public cost to these issues that is being missed in the analysis and the DCC encourages more thought around these design aspects before this regulation is cast aside.

For example, not requiring suitable on-site bike parking will not be a future cost borne by the developer, it will be a cost borne by the occupant who may be put at greater risk of theft or it may create a future cost for rate-payers to provide a public alternative.

Likewise, the lack of on-site electric car charging facilities may reduce the ability for occupiers to access a more economic and environmentally friendly car option, causing them to be tied to more expensive commercial charging stations.

Finally, the discussion document does not mention outdoor living space rules, and it is unclear whether effects relating to the provision of outdoor living space are considered to be borne solely by residents or whether there is some aspect of externality that is recognised. The DCC contends that, while the

provision of outdoor living space may be seen as mostly for the benefit of residents, it can also be of importance for providing green space in urban areas, which has wider environmental and social benefits, including:

- providing shade and reducing temperatures in urban areas in summer
- improving health outcomes
- lowering air pollution with benefits to health and wellbeing
- benefits for city liveability and attractiveness for migration and investment
- reducing stormwater effects
- supporting indigenous biodiversity by provide habitat for native species including insects and birds, and corridors or stepping-stones for their dispersal, which is important for indigenous biodiversity.

As noted in the Government's *Our Environment 2025*[1] report, urban green space (including private green space) is in decline. While the effects of outdoor living space may not be considered to meet the definition of an externality, the DCC submits that there should be provision made for green space requirements within housing developments.

Targeting of proposals

The DCC agrees that it is appropriate that the new system targets requirements to different areas. Requirements that are appropriate for Auckland, for example, will often not be appropriate for a small provincial district centre.

Impacts of proposals on Māori

The DCC submits that further engagement with takata whenua is necessary. Engagement with takata whenua is essential to provide continuous protection of areas such as wāhi tūpuna, wāhi taoka, and māhika kai.

The DCC also supports the kōrero on the approach taken to engage with different communities and organisations as part of the preparation of a FDS. The DCC suggests engaging with takata whenua to ensure housing and urban outcomes align with their principles and values.

Takata whenua also need to be engaged to ensure any identified land deemed suitable for urban development is not an area of wāhi tūpuna, wāhi taoka, etc. or for caution to be exercised at the boundaries of these areas. What this cautionary process would look like would need to be determined between local government and mana whenua.

The DCC submits that, while there are positive impacts for Māori through the Going for Housing Growth discussion paper by making land easier to develop, this must be balanced with the health of the whenua and wider taiao. Engagement with mana whenua of each rohe throughout the country will help uncover the extent of future developments - in terms of appropriate areas (away from wāhi tūpuna/wāhi taoka) but also in a way that is sustainable for our taiao.

[1] Ministry for the Environment & Stats NZ (2025). New Zealand's Environmental Reporting Series: Our environment 2025 | Tō tātou taiao

Transitioning to Phase Three

The DCC thinks the requirement to review HBAs and FDSs under the current NPS-UD should be suspended. Instead, more detail around the expectations for Spatial Plans should be released and councils should be encouraged to start preparation for these documents. Given the proposed changes to the HBAs, it also risks wasting time and effort to ask council to undertake these, especially if councils need to procure new models. It may be worthwhile to require councils to continue demand assessments, but given the moving goals posts with capacity assessments, it would be wasted effort to undertake that part of the assessment.

Conclusion

The DCC thanks MfE for the opportunity to submit on these significant national direction proposals.

We strongly encourage continued engagement with local government and experienced practitioners, particularly through the release of full exposure drafts for consultation. Given the inherent complexity of planning, careful consideration and thorough testing of the detail is crucial. Insufficient scrutiny significantly heightens risks of litigation and unnecessary costs for councils and communities.

Kā mihi

MAYOR OF DUNEDIN