

Better urban planning



When it comes to planning reform **Murray Sherwin**, Chair of the New Zealand Productivity Commission, asks whether it's time for another new valve or a complete re-plumb?

More than 70 percent of Kiwis choose to live in cities. When they function well, cities provide us with vibrant places to live, work and play, greater choices of housing and jobs, higher incomes and a healthy natural environment.

But as cities grow, so does the potential for conflict over access to views, sunlight, infrastructure and natural resources such as rivers, harbours and clean air. Urban plans attempt to deal with those conflicts. They are also key to getting high-quality transport and water infrastructure and attractive public amenities. But most of us have never read our local district plan, despite the wide impact it has on the way we live.

The Productivity Commission's recent report, *Better Urban Planning*, sets out what a high-performing urban planning system should look like. In doing so, the Commission looked long and hard at the current system.

At the core of our planning system is the Resource Management Act (RMA). Introduced to better protect our natural environment, the Act has been amended 18 times over its 25-year history. Over that period, the quality of our lakes and rivers deteriorated, air quality in some smaller regions worsened, while development failed to keep up with demand in our high-growth cities, leading to skyrocketing land and house prices. Clearly, the system is not delivering for our built environment, nor has it protected our natural environment.

So why is it not working? In part, it fails by not dealing well with change. The RMA is biased toward the status quo and under-recognises the benefits of development. Ambiguous and broad language in the RMA allows councils to impose overly restrictive rules, ranging from arbitrary urban boundaries to sometimes bizarre requirements on developers under the guise of urban design.

Such rules and long-winded processes for getting plans in place mean cities are too slow to respond to growth pressures. Added to these barriers, is the intense political pressure from local home owners. They strongly lean to preservation of the status quo and not paying for new infrastructure.

The Commission recommends a future system that distinguishes between the built and natural environments, with clear objectives and principles for each specified in a single statute – a complete re-plumbing of the RMA.

Planning for enough development capacity to meet demand, within clear environmental limits, must be a priority. The Commission recommends a one-step merits review of notified plans in each region by an Independent Hearings Panel. The panel will check that plans meet the new high-level principles and objectives set out in legislation, while listening carefully to all voices within communities. Such a system will be speedier and less costly while supporting development and enhancing protection of the natural environment.

Spatial planning across regions should be mandatory. Regional spatial strategies will provide platforms for better integrating land use with infrastructure needs, and laying out the bones for each region's future development.

The Commission found that it is often council failures to supply sufficient infrastructure that stalls development. Councils, under ratepayer pressure, are often reluctant to add to debt, even though debt sensibly spreads the cost burden over asset lifetimes. Yet Auckland, even if it were willing to borrow more, is right up against its debt limits. Councils need to make more use of "user pays" and targeted rates. The Commission also proposes giving councils more funding tools and putting more debt onto others' balance sheets as ways to unblock much-needed investment.

Other key recommendations in the report include allowing developers to create new communities on the outskirts of growing cities, and measures to enhance participation of Maori in planning matters across all councils.

While a rewrite of the RMA is necessary, legislative change on its own won't be enough to make a future system work well. Central Government needs to provide greater stewardship and oversight of the system. And both central and local government must build their capabilities in policy analysis and technical knowledge relevant to planning.

Few participants in our inquiry were happy with the current system, and many were strongly critical, believing the RMA had not worked as intended and is in need of a fundamental rewrite. The potential gains from making the changes recommended by the Commission are large. The prize is dynamic, distinctive and highly functional cities providing access to affordable housing and well-paying jobs within a natural environment that we cherish and protect.

The Commission's *Better Urban Planning* report is available on our website, www.productivity.govt.nz. **WNZ**