



**Greater East Tamaki
Business Association Inc.**

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Better urban planning inquiry
New Zealand Productivity Commission
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SUBMISSION TO THE BETTER URBAN PLANNING INQUIRY COMMERCIAL AND INDUSTRIAL LAND

The Greater East Tamaki Business Association Inc. ('Association') welcomes the opportunity to make this submission to the Productivity Commission: 'Better Urban Planning Issues Paper'.

The Association is one of several industrial business associations that have collectively participated in the Auckland Proposed Unitary Plan ('PAUP') process to highlight issues relevant to industrial areas across Auckland.

In this regard, the Association welcomes the Commission's focus on urban planning issues and especially that section of its Paper on commercial and industrial land. In its Paper, the Commission had this to say about commercial and industrial land (pages 64-65).

Commercial and industrial land

In recent years, public and official attention has been focused on the ability of the planning system to deliver sufficient development capacity for residential housing. Relatively less attention has been paid to the effectiveness of planning system in providing enough land for commercial and industrial uses, although media coverage has suggested that there are significant shortfalls of such land in Auckland.

A report prepared by Urbis in 2011 for the Southern Gateway Consortium¹⁰ reported that industrial land "in Auckland is some of the most expensive in Australasia even after the 30% decline in value since March 2008" (Urbis, 2011, p. 1). Similarly, research on the impacts of the Proposed Auckland Unitary Plan commissioned by the Property Council New Zealand concluded that the plan provides a roughly 50% "shortfall of the amount that is required to enable an 'efficient market' in which land and property prices are not artificially inflated through supply shortages. Under this shortfall of 'zoned capacity' commercial land prices will be artificially increased and this will reduce the economic productivity and efficiency of the City" (Urban Economics, 2014, p. 6).

Research into American planning strategies which seek to constrain urban sprawl has noted that such approaches can underestimate the importance of providing sufficient industrial land. Leigh and Hoelzel (2012) report that "smart growth" policies in some US cities promoted "nonindustrial activities over industrial activities", placed little priority on providing sufficient industrial development capacity and allowed existing industrial land to be converted to other uses. In New Zealand, the Property Council has questioned whether shortfalls of commercial land may be exacerbated by "residential building activity [being] encouraged on land where business activities should logically have been allowed to grow to support the demand generated by residential growth" (Property Council New Zealand, 2014).

These concerns of the Commission echo those made by the Industrial Business Associations during the Unitary Plan process:

General Observations

- There are only nine small areas of heavy industry zoned land in the entire Auckland region (Silverdale, The Concourse (Waitakere), Rosebank, Span Farm (Waitakere), Onehunga/Penrose, James Fletcher Drive, East Tamaki, Wiri and Hunua Road (Papakura)). The Unitary Plan does not zone any more heavy industry land (apart from a small site east of Carbine Road, Mt Wellington) within the Rural Urban Boundary ('RUB').
- As noted in the legacy Manukau City District Plan, "[t]hese areas are a scarce resource of major importance because they are areas where potentially noxious activities can be established with separation from sensitive activities. Therefore, it is important that the use of this resource be maximised for potentially noxious activities and not other business activities which can be established in a wide range of other areas. (Manukau City District Plan, 14.9.6).
- Directive 6.3 of the Auckland Plan directs Auckland to "*protect, enhance and improve business-zoned areas and business improvement districts*".
- Population growth means an additional 276,700 jobs will be needed in Auckland by 2041. As the Auckland Plan noted "*Better planning is needed to connect where people live, where they work and how they get there.*"¹
- There is significant concern over the scarcity of industrial land to meet forecast demands. Nearly one third of industrial land has been used for non-industrial purposes over the past decade, principally for retail, office and residential use. The Auckland Plan states that Auckland's restricted store of industrial land must be actively managed to ensure that industrial activity – critical to Auckland's economic performance – is not impeded. This requires the safeguarding of existing industrial-zoned sites, effective reuse of brownfield sites, and the provision of new industrial-zoned land in suitable locations in the Unitary Plan.²
- Of equal concern is the increasing impact on the permitted use of industrial land from nearby sensitive activities (such as residential development). Reverse sensitivity, particularly associated with permitted noise effects from industrial activities, is undermining use of industrial land. So too is the layer-upon-layer of regulation in the Unitary Plan that cumulatively restricts the uses that can be made of industrial land. Intensive residential development (which in many cases is being planned close to industrial land) has the potential to exacerbate these problems.
- In the view of the Industrial Business Associations, these concerns need to be emphasised a lot more strongly in the Unitary Plan. It is critical that the use of the industrial land (in particular heavy industrial land) be maximised for use by industrial activities and not for other business, or community activities - which can be established in a wide range of other areas – or that activities in these areas are impeded by nearby land uses sensitive to industrial activities (such as residential uses).

¹ Auckland Plan, paras 386 and 387

² Auckland Plan, paras 390 and 391.

- The Industrial Business Associations believe some of the problem lies with the current planning framework not placing a priority on industrial land use, land prices favouring residential land use over industrial land use, and the voice of industry generally not being heard receptively by Council decision-makers (especially as compared with the voice (and vote) of residential land holders).

Example - Air quality

- While the Industrial Business Associations accepted that clean air is fundamental to health, well-being and the environment they noted that emissions in Auckland regularly do not meet all of the environmental standards for air quality. However, they pointed out that the main contributors to air pollution were domestic fires and transport (predominantly motor vehicle emissions), with industry making up less than 10 per cent of emissions.
- However, because the Unitary Plan could not address emissions from transport (e.g. motor vehicle emissions) because of national legislation and the Council chose not to address emissions from domestic fires through the Unitary Plan (putting this off instead to a 'future' bylaw), the emphasis in the Unitary Plan became one of curtailing industrial emissions.
- The Industrial Business Associations argued successfully that this approach unfairly penalised industrial emitters and would have further reduced the availability of industrial land for industrial use, when the major causes of poor air quality in Auckland remained unconstrained. This became a useful example of where commercial and industrial land use could have been unnecessarily constrained because of a lack of environmental regulation nationally or regionally on other activities (ie motor vehicle emissions and domestic fires).

Example - Transpower's National Grid

- Although the Industrial Business Associations recognised that the electricity transmission network was important to Auckland's industrial areas, they did not believe the right balance was struck in the Unitary Plan between managing the adverse effects of the network and the adverse effects of other activities on the network. Indeed, they submitted that the Unitary Plan was skewed almost entirely to managing the adverse effects of other activities on Transpower's National Grid. They submitted that the excessive regulation proposed by Transpower and supported by the Council to protect the National Grid would have had a further stifling effect on industrial land use.
- In their view, the scarcity and value of industrial land – but also more broadly – the value of Auckland's urban environment generally - meant the time had come, or indeed, we were well past the time when Transpower had to better manage the adverse effects of its network (there are 9000 properties in Auckland impacted by the Transpower network – many of which are industrial properties) rather than reduce the viability of land held by others.
- The Associations argued that other major infrastructure in Auckland, such as parts of the Waterview Motorway connection, had been undergrounded to avoid adverse effects on Auckland's urban environment. Equally, Transpower had (and still has) plenty of opportunities to underground its transmission lines (such as in rail and road corridors) to avoid the negative effects of its lines on urban amenity and best utilize scarce land, including a lot of industrial land. It simply chooses not to and thereby keeps its costs low, but imposes that cost on other land users (e.g. industrial activities).

As noted at the outset of this Submission, the Association welcomes the Commission's focus on commercial and industrial land use as part of urban planning issues.

Should the Commission have any question or would like any further information, please let us know.

Yours sincerely,

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