

GREENFIELD dreams

A CRITICAL POLICY BATTLE IS BEING PLAYED OUT ACROSS NEW ZEALAND'S URBAN FRINGES, WITH UPCOMING CHANGES DIRECTED BY THE INCOMING NATIONAL-LED GOVERNMENT LIKELY TO HAVE IMPLICATIONS FOR LIFESTYLE PROPERTY OWNERS.

BILLED AS LEGISLATION TO SUPPORT the sustainable growth of New Zealand's cities upwards and outwards, the incoming government's policy stance on greenfield development is not all that different from its predecessor. However, some small yet meaningful changes could be important for lifestyle property owners.

Strongly supporting more significant development of greenfield land on city-fringe borders, the National-Act-NZ First government's policy stance on housing intensification could see further rural land unlocked for housing development.

In its manifesto 'Going for Housing Growth,' the National Party says the previous government went too far with its National Policy Statement on Highly

Productive Land (NPS-HPL) – which sought to protect some of New Zealand's most productive growing soil for primary production.

Whilst it still supports the legislation in principle, the NPS-HPL under a National-Act-NZ First coalition is poised for change, striking a different balance between rural protections and densification that enables cities to grow.

GREENFIELD OR BUST

When a region experiences rapid population growth – a la New Zealand, which has just ticked up a net annual gain of 110,000 new entrants – greenfield development can provide the necessary space for new housing and amenities.

Referring to the process of building on previously undeveloped or open land, typically located on the outskirts of urban areas or rural settings, greenfield development has taken place at compass points across our biggest cities.

It is typically a preferred mode of development in the current climate, given comparatively lower land costs, and a more straightforward development scope, requiring less investment for clearing existing structures and remediating contaminated land – which can be expected in brownfield areas.

However, central public service the New Zealand Treasury, which advises the government on economic policy, has noted that constraining ready-available

Classes 1 and 2 represent the highest-quality and most productive land suitable for various uses, including intensive agriculture, horticulture and other high-value farming activities. Class 3, on the other hand, may have limitations for intensive agricultural activities, and therefore, may be more appropriate for activities like forestry, grazing, lifestyle blocks and residential use.

Unlocking greenfield land for housing development will typically occur in areas beyond urban limits in our biggest growth centres, which for Auckland will be the northwest and southern growth nodes.

In Hamilton, the western area of Rotokauri is being prepared for development now, and in Tauranga, high residential growth is occurring across the Tauriko area, where its strategic location on the western edge of the city offers accessibility and the scope to create substantial new housing supply and a thriving commercial precinct to service it.

THE UPSHOT

The policies that encourage densification have a variety of flow-on-effects for local landowners, and for lifestyle property owners on urban limits, have potential to underpin a rise in land values.

We've seen it before, following the upzoning of swathes of Auckland under the Unitary Plan, as greater density controls created heightened competition for development-viable land sites.

Whilst providing potential for increased land values, lifestyle property owners may also benefit from the construction of new infrastructure and increased amenities like schooling through the provision of town centres, which could enhance the desirability of fringe areas.

At the same time, greenfield development often includes urban planning and design that emphasises sustainability and environmental considerations.

This can deliver a better quality of life for property owners as they stand to benefit from masterplanned community settings rather than piecemeal development tacked on over successive projects.

THE PROBLEM

Despite best intentions, New Zealand is fighting a well-publicised battle against successive underinvestment in our ageing infrastructure. Kiwis saw it as the rain heaved over their cities during Cyclone Gabrielle, and we see it with potholes, leaky pipes and sinkholes emerging with greater frequency, particularly during extreme weather events.

This is important because infrastructure funding mechanisms are the sticking point between local and central government, and the private sector.

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Local councils say they're grappling with the ability to fund vital infrastructure, including roads and streets, sewer systems and water supply, because borrowing capacity is at a maximum, and existing revenue tools have been exhausted.

The incoming government has proposed an overhaul of the Infrastructure Funding and Financing Act (IFF) to reduce red tape for developers, simplifying the process of funding vital infrastructure projects.

At the same time, the party says the introduction of more financing tools, including Private Public Partnerships (PPPs), combined with targeted rates, would alleviate the requirement for councils to fund greenfield infrastructure solely from their balance sheets, thus impacting existing ratepayers like lifestyle property owners in developing areas.

Additionally, the incoming government is set to incentivise councils to deliver more housing – whether dwellings come from greenfield development or additional density in existing urban areas – through a \$1 billion Build for Growth fund that would see councils earn \$25,000 for every dwelling consented above the average of new consents in that region over the previous five years.

In the case of Auckland, National's housing manifesto says, the council would have been eligible for a payment of \$152 million last year – which would have made a meaningful contribution to its balance sheets and go some way to repairing or providing for population growth and working infrastructure.

For lifestyle property owners, it will be interesting to watch this space, paying particular attention to the fast-tracking process for infrastructure consents in your area. However, as land remains a valuable commodity and supply-demand dynamics are mismatched amid rapid population growth, landowners stand to benefit from future development opportunities and growing scarcity of large land sites on our urban fringes.

“STRONGLY SUPPORTING MORE SIGNIFICANT DEVELOPMENT OF GREENFIELD LAND ON CITY-FRinge BORDERS, THE NATIONAL-Act GOVERNMENT'S POLICY Stance ON HOUSING INTENSIFICATION COULD SEE FURTHER RURAL LAND UNLOCKED FOR HOUSING DEVELOPMENT.”

land for development could negatively impact housing affordability, making it more challenging to deliver the necessary residential supply to support a growing population.

The incoming government's answer to this is to tweak the NPS-HPL to maintain protections and Land Use Capabilities (LUC) for existing Classes 1 and 2, while excluding Class 3.