



Aide-memoire

Cabinet oral item: Update on the work to bring forward and strengthen the National Policy Statement on Urban Development			
Date:	13 August 2021	Security level:	In Confidence
Priority:	High	Report number:	HUD - AMI21/22080616 MfE - BRF-485

Information for Minister(s)	
Hon Dr Megan Woods Minister of Housing	Note these talking points to support your discussion at Cabinet on 16 August 2021
Hon David Parker Minister for the Environment	Note these talking points to support your discussion at Cabinet on 16 August 2021

Contact for discussion			
Name	Position	Telephone	1 st contact
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Other agencies consulted

Minister's office to complete

- Noted
- Seen
- See Minister's notes
- Needs change
- Overtaken by events
- Declined
- Referred to (specify)

Comments

Date returned to HUD:

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Cabinet oral item: Update on the work to bring forward and strengthen the National Policy Statement on Urban Development

For: Hon Dr Megan Woods, Minister of Housing
Hon David Parker, Minister for the Environment

Date: 13 August 2021 **Security level:** In Confidence

Priority: High **Report number:** HUD - AMI21/22080616
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Purpose

1. This aide-memoire provides talking points to support an update to Cabinet on a package of measures to bring forward and strengthen the National Policy Statement on Urban Development (NPS-UD) at Cabinet on 16 August.

Background

2. Cabinet has agreed several measures to address housing supply and affordability this year. The Government has communicated its intention to make a series of housing announcements throughout 2021.
3. In relation to bringing forward and strengthening the NPS-UD, you took an oral item to Cabinet on 22 March 2021, outlining your proposed package of measures which would:
 - a. enable the intensification outcomes from the NPS-UD to be achieved earlier
 - b. open up more development capacity by requiring councils to implement a medium density residential zone as a default residential zone within major urban areas. In essence this enables more three storey housing instead of the current two.
4. Cabinet agreed to the package of measures on 31 May 2021. You were also given delegated authority to further clarify and develop the policy, and approval to instruct Parliamentary Counsel Office to draft a Resource Management Act 1991 (RMA) Amendment Bill.
5. Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development and the Ministry for the Environment recommend referring to the medium density residential zone as the 'medium density residential standards'. This term more accurately represents the outcome of the policy, which is a set of standards councils apply within zones. We consider this term will be much clearer for councils and others in the housing and urban development sector.

Annexes

Talking Points for Cabinet oral item 16 August 2021

Annex A: Talking Points for Cabinet oral item 16 August 2021

Update on policy work

- Cabinet has agreed several measures to address housing supply and affordability this year. Our Government has communicated its intention to make a series of housing announcements throughout 2021. As the housing crisis escalates, we need to make changes to the current RMA, as work on the resource management reform will not have an impact for a few years.
- In May, we sought your agreement on two proposals designed to bring forward and strengthen the National Policy Statement on Urban Development (NPS-UD). These proposals will:
 - introduce a new planning process, called the Intensification Streamlined Planning Process, which will enable councils to have intensification policies and rules in their plans quicker
 - require a set of medium density residential standards as default minimums in our biggest cities.
- We intend to have an RMA Amendment Bill passed by the end of 2021, with introduction in September and a shorter select committee process. Drafting is well underway.
- Officials have also developed material to support an announcement. Key messages focus on:
 - the need to address the housing crisis
 - the environmental, social, and economic benefits of intensification.
- Councils are continuing to progress implementation of the NPS-UD, with Auckland Council and Wellington City Council recently signalling through spatial plans and draft planning documents how they intend to intensify their cities.
- A key NPS-UD implementation milestone was reached recently, with councils required to complete and make available the housing components of their Housing and Business Capacity Assessments (HBAs) by 31 July.
- Councils have provided their HBAs or will do so by October 2021, at the latest.
- Based on an initial review of the HBAs that are available, they show there is a need to open up more development capacity, particularly in ways that can improve housing choice and affordability.
- It is important the Government takes immediate action to improve housing supply by addressing land use regulations that are restricting growth.

The National Policy Statement on Urban Development – enabling intensification

- One of the drivers of the housing shortage and high house prices is overly restrictive planning rules that restrict height and density and stop people from building houses that meet a wide range of needs.
- The NPS-UD currently directs councils to enable higher density zoning in urban areas. This includes enabling as much density as possible in city centres, at least six storeys in metropolitan centres, and around rapid transport stops.
- Increasing the density of our urban areas will give people more choices about where they can live affordably in a wider variety of housing types in areas closer to work, community facilities and services.
- The further policy proposals we are progressing will speed up and strengthen the direction in the NPS-UD.
- The public and councils will have a high level of interest in these initiatives and there will likely be a broad range of views. Some will see the benefits in removing barriers to more intensive development. Others will be concerned about the potential for change in their neighbourhoods and are likely to want to protect the status quo.

- Intensification is important because enabling more homes to be built within major urban areas is one of the key things our Government can do to help with the housing crisis.
- The proposed changes will directly benefit Māori and Pacific families and whānau, by providing opportunities to build additional units on current residential properties and support extended family living. It could reduce overcrowding and improve health outcomes.

Intensification Streamlined Planning Process (ISPP)

- The Intensification Streamlined Planning Process (ISPP) is a new streamlined process for the high growth (Tier 1) councils to use to implement intensification policies under the NPS-UD. It is based on the Streamlined Planning Process available under the RMA.
- Using the ISPP will make this process faster, easier, and less costly for councils. They will be able to achieve the intensification outcomes of the NPS-UD at least a year earlier than they would using standard RMA processes.
- The ISPP will provide a process with opportunities for iwi, community, and expert involvement. There will be a set of standardised process steps for relevant councils to progress. There will be no appeal rights at the end of the process.
- Current processes for plan changes can be lengthy. The standard Schedule 1 process can take at least two years, and longer if a plan change is appealed, which is common and could be anticipated for this type of plan change. This would delay the impact of these policies and the housing supply they will enable.

Medium Density Residential Standards (MDRS)

- The new Medium Density Residential Standards (MDRS) will apply to 14 (Tier 1) council urban areas, including the greater urban areas around Auckland, Hamilton, Tauranga, Wellington, and Christchurch.
- There will be a process in the legislation to require Tier 2 local authorities to introduce the MDRS if evidence demonstrates acute housing need. Tier 2 authorities are Whangārei, Rotorua, Napier, Hastings, New Plymouth, Palmerston North, Nelson, Tasman, Dunedin, Queenstown.
- The MDRS will require local authorities to implement medium density residential zones as a default unless exemptions apply.
- Most residential zones across New Zealand currently enable two storey development and the MDRS will enable three storey developments and three units per site across much more of our urban areas.
- This will enable development to occur as soon as plan changes are notified through the ISPP. This means the MDRS will bring significant new development capacity online from August 2022, with the NPS-UD intensification policies fully implemented by mid-2023.
- Implementing these proposals will mean that housing intensification can occur faster, and more people will be able to live affordably in the areas closer to their work, community facilities and services. It will also allow a more efficient use of infrastructure and better connections to transport.
- We are confident that we will see a strong supply response to this policy. The buildings enabled by the MDRS are relatively cost-effective and easy to build for the majority of New Zealand's building industry. This means that we are less likely to run into the limits of the building sector than we do for more complex intensification, such as multi-storey apartments.
- It will be important to ensure that exemptions will apply for certain circumstances where there are, for example, natural hazards or the sites that have heritage value.
- The new rules will ease restrictive council planning processes and speed up housing development capacity and growth. Far fewer resource consents will be required, and where they are required, resource consenting processes will be faster, simpler, and more consistent.