



## Aide-memoire

Implementing the National Policy Statement on Urban Development			
<b>Date:</b>	3 December 2020	<b>Security level:</b>	In Confidence
<b>Priority:</b>	Medium	<b>Report number:</b>	AMI20/21120413

Information for Minister(s)	
Hon Dr Megan Woods <b>Minister of Housing</b>	This aide memoire provides information on the implementation of the National Policy Statement on Urban Development (NPS-UD).

Contact for discussion				
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Other agencies consulted
Ministry for the Environment

### Minister's office to complete

<input type="checkbox"/> Noted <input type="checkbox"/> Seen <input type="checkbox"/> See Minister's notes <input type="checkbox"/> Needs change <input type="checkbox"/> Overtaken by events <input type="checkbox"/> Declined <input type="checkbox"/> Referred to (specify)  _____
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Comments

**Date returned to HUD:**

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## Heading

**For:** Hon Dr Megan Woods, Minister of Housing  
**Date:** 3 December 2020 **Security level:** In Confidence  
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## Purpose

1. This paper provides you with information on implementing the *National Policy Statement on Urban Development 2020* (NPS-UD).
2. We suggest that you forward a copy of this aide-memoire to the Minister for the Environment, Hon David Parker, and the Associate Minister for the Environment, Hon Phil Twyford, for their information.

## The NPS-UD is designed to ensure planning is more responsive

*National policy statements are one tool under the RMA*

3. In New Zealand, most decisions on how resources are managed are made locally by councils. In some cases, it is appropriate to have a nationally consistent approach. National policy statements are one type of regulation under the Resource Management Act 1991 (RMA) that does this.
4. The NPS-UD came into effect in August 2020. It sets out the Government's objectives and policies for urban development that councils must give effect to under the RMA. It replaces the National Policy Statement on Urban Development Capacity that was introduced in 2016.

*The NPS-UD addresses restrictive planning rules*

5. Restrictive planning rules have made it harder for people to build and live in the homes they want, where they want. This has led to high land prices and unaffordable housing and has incentivised land banking and speculation.
6. The NPS-UD directs councils to ensure that their planning is responsive to changes in demand and enables a greater supply of housing. Councils will need to change their RMA plans to allow New Zealanders to build homes in the places they want to live – close to jobs, community services, public transport, and other amenities.
7. The NPS-UD was developed as part of the Government's Urban Growth Agenda – a programme of work to deliver the medium to long-term changes needed to create the conditions for housing and urban development markets to respond to growth.

*The NPS-UD promotes well-functioning urban environments*

8. The NPS-UD has key policies that change the way councils plan their urban environments. These include:
  - a. directing councils to enable intensification (greater building heights and density) – particularly in areas that are well-connected to jobs and transport (the **intensification** policies)

- b. requiring councils to consider private plan changes where they would add significantly to development capacity, provide good outcomes, and are well-connected to transport (the **responsiveness** policy)
  - c. removing the requirement in district plans for developers to provide car parks<sup>1</sup> in developments (the **car parking** policy)
  - d. requiring councils to better plan for growth by developing:
    - i. Housing and Business Assessments (HBAs), which assess current housing demand and supply, and likely future demand
    - ii. Future Development Strategies (FDS), which identify how housing capacity will be provided in the medium to longer term.
9. Together, these policies will enable more affordable housing by allowing greater intensification in city centres, encouraging more land to be made available for development, and removing unnecessary requirements that increase the cost of new buildings.

*The NPS-UD was jointly developed*

- 10. The Minister for the Environment is responsible for issuing and administering national direction under the RMA. However, the NPS-UD was jointly developed by the Minister for the Environment and the then Minister for Urban Development, in recognition of its ability to significantly contribute to the Government's housing and urban development objectives.
- 11. The Minister for the Environment has delegated his Ministerial responsibility for administering the NPS-UD to the Associate Minister for the Environment, Hon Phil Twyford.
- 12. The Ministry for the Environment (MfE) and Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development (HUD) are jointly responsible for implementing the NPS-UD.

*Relationship to RMA reform*

- 13. Reform of the resource management system intends to cement some of the changes enabled through the NPS-UD, as well as deliver on aspects of the Government's Urban Growth Agenda.
- 14. The draft Cabinet paper *Reforming the resource management system*, recently out for Ministerial consultation, recommends adopting an 'implementation principle' that existing national direction be carried over to the new regime. Although HUD strongly supports this proposal, this will require the new legislation to broadly enable the objectives and policies of NPS-UD. We are working closely with MfE to ensure the purpose and principles of the proposed National and Built Environments Act (NBEA) do this.

*Relationship to the Auckland Rural-Urban Boundary*

- 15. The Auckland Rural Urban Boundary (RUB) indicates the outer boundary of where Auckland Council expects future urban growth to occur over the next 30 years. It has been used as a tool to indicate where future growth and infrastructure provision will occur.
- 16. The NPS-UD's responsiveness policy requires councils to consider plan changes that would provide significant development capacity regardless of whether this is within current plans or not. This means there will be more flexibility for developers when planning developments beyond the RUB.

**A tiered, staged approach is being taken to implementation**

*The NPS-UD is not one size fits all*

- 17. The NPS-UD takes a tiered rather than one size fits all approach. This means the policies are targeted differently to councils, based on expected levels of growth and demand. It enables the most directive policies to be targeted towards the urban areas where the greatest benefits will be realised.

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<sup>1</sup> Excludes mobility and accessibility car parking

18. Councils are organised into three tiers.

Tier 1 centres	Tier 2 centres	Tier 3 centres
Auckland Hamilton Tauranga Wellington Christchurch	Whangārei Rotorua New Plymouth Napier Hastings Palmerston North Nelson Tasman Queenstown Dunedin	All other urban environments part of a housing and labour market of at least 10,000 people

*Implementation is staged over the next four years*

19. The policies in the NPS-UD do not come into effect at the same time. This approach was taken because councils need to change their RMA plans to implement most policies. In doing so, they will need to consider local concerns and consult with Māori and communities.

20. Policies come into effect as outlined in the following table:

Key policy	Deadline	Applies to
Responsiveness policy	Immediately	Tiers 1, 2 and 3
Housing and Business Assessments (HBAs)	No later than 31 July 2021 (Housing aspect)	Tiers 1 and 2
Car parking policy	18 months from commencement – February 2022	Tiers 1, 2 and 3
Intensification policies	Two years from commencement – August 2022	Tier 1 and 2
Future Development Strategies (FDS)	To inform 2024 long term plan	Tiers 1 and 2

21. HUD and MfE are currently supporting councils to implement the policies through a combination of:

- a. producing publicly available guidance and factsheets
- b. hosting webinars and workshops with council staff
- c. attending meetings with regional groupings of council staff, and more targeted meetings with individual councils
- d. supporting and attending public events organised by independent organisations, such as the Urban Design Forum.

22. HUD and MfE plan to supplement this education with a monitoring programme to assess whether councils have complied with the policies.

*Proposals to speed up implementation of intensification policies*

23. Recent media coverage and oral questions in Parliament have raised the possibility of bringing forward the deadlines for implementing the NPS-UD, particularly those of the intensification policies.
24. HUD does not support reducing the timeframes for councils to implement the NPS-UD's policies for two key reasons:
  - a. The deadline for the intensification policies is already ambitious. It aims to balance the need to allow councils to appropriately consider local matters as part of the required RMA plan change process, while also delivering this change quickly. The process and evidence requirements for RMA plan changes are complex and require considerable time and capacity. Shortening this deadline risks lengthy legal challenges to the plan changes and could undermine delivering the intensification outcomes sought.
  - b. The process for changing a national policy statement under the RMA requires notification of the proposed policy and the consideration of submissions. This would take at least several months and utilise resource that could be better used to support councils to implement the NPS-UD policies.
25. However, there may be additional options available for encouraging councils to implement the intensification policies in a way that maximises outcomes for housing and urban development. These measures would be beyond the current support delivered by HUD and MfE.
26. Potential measures could include:
  - a. providing incentives to councils – for example, tying infrastructure funding to progress on implementing NPS-UD requirements
  - b. providing additional targeted capability support to councils.
27. A combination of measures is most likely to be successful in speeding up implementation and ensuring housing supply outcomes are met. We can come back with further advice if you wish.