



# Cabinet

## Minute of Decision

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### Bringing Forward and Strengthening the National Policy Statement on Urban Development

Portfolios                      Housing / Environment

On 31 May 2021, following reference from the Cabinet Business Committee, Cabinet:

#### Background

- 1        **noted** that according to the OECD, New Zealand now has one of the most expensive housing markets relative to income in the OECD;
- 2        **noted** that since the Auckland Unitary Plan and its Mixed Housing Urban Zone was adopted in 2016, the proportion of multi-unit dwellings consented (apartments, flats, townhouses, units) compared to standalone dwellings has increased;
- 3        **noted** that the proposals below support the government's objective to create a housing and urban land market that credibly responds to population growth and changing housing preferences, that is competitive and affordable for renters and homeowners, and is well-planned and well regulated;
- 4        **noted** that the proposals below complement the \$3.8 billion Housing Acceleration Fund, the \$4.5 billion per year investment in the land transport system, and the \$710 million investment in the three waters reform;

#### Bringing forward the NPS-UD outcomes

- 5        **noted** that in June 2020, the Cabinet Economic Development Committee agreed to the National Policy Statement on Urban Development 2020 (NPS-UD) and authorised its submission to the Governor-General in Council for approval [DEV-20-MIN-0096];
- 6        **noted** that the NPS-UD is a powerful tool for improving housing supply;
- 7        **noted** that the NPS-UD requires plan changes to enable intensification for Tier 1 councils to be notified by August 2022;
- 8        **agreed** to amend the Resource Management Act 1991 (RMA) to provide for the existing streamlined planning process (SPP) to be modified to create an Intensification Streamlined Planning Process (ISPP), which Tier 1 councils will be required to use to implement Policies 3 and 4 (intensification requirements) of the NPS-UD;
- 9        **authorised** the Minister of Housing and the Minister for the Environment to make decisions on the process steps of the ISPP;

- 10 **noted** that the ISPP will include:
- 10.1 early consultation with iwi/Māori;
  - 10.2 public consultation;
  - 10.3 an independent hearing panel to consider plan changes and public submissions;
  - 10.4 a decision-making process that sets out:
    - 10.4.1 if the independent hearings panel and council agree, then the plan changes become operative;
    - 10.4.2 an ability for the Minister for the Environment to make the final decision where there is disagreement between the independent hearing panel and the relevant council;
- 11 **agreed** that, similar to the existing SPP, there will be no right of appeal with the ISPP but that judicial review will be available;

**Strengthening the National Policy Statement on Urban Development 2020  
outcomes: introducing a medium density residential zone**

- 12 **agreed** to amend the RMA and the NPS-UD to provide for the establishment of a default medium-density residential zone (MDRZ) that must be incorporated into local authority RMA plans in Tier 1 urban environments (as defined in the NPS-UD);
- 13 **agreed** that the Minister for the Environment be provided with the power to apply the MDRZ in Tier 2 urban areas via an Order in Council, subject to consideration of criteria to be outlined in legislation;
- 14 **agreed** that Tier 1 local authorities be required, at time of notification of intensification plan changes, to replace all relevant residential zone rules in their RMA plan with the MDRZ by amending their existing RMA plans;
- 15 **agreed** that the MDRZ allow three storeys and three units as of right per site, and enable:
- 15.1 more flexible height in relation to boundary and site coverage standards to enable three storeys on average sized sites;
  - 15.2 smaller private outlook spaces (i.e. space between windows and other buildings) and private outdoor spaces (e.g. balconies);
  - 15.3 development closer to side boundaries;
  - 15.4 more resource consents (when they are needed) to proceed on a non-notified basis without neighbour approvals;
- 16 **authorised** the Minister of Housing and the Minister for the Environment to make detailed decisions on the content of the MDRZ;
- 17 **agreed** that the requirements in paragraphs 14 and 15 above will apply to all existing and future residential zones unless the zones are already more enabling;
- 18 **agreed** that areas could be exempted from the MDRZ if they meet the qualifying matters set out in 3.32 of the NPS-UD, including Treaty settlement commitments;

**MDRZ legal effect from time of plan change notification**

19 **agreed** to progress amendments to the RMA to provide that the MDRZ has immediate legal effect to enable development from notification of intensification plan changes;

**Consequential changes to the National Policy Statement on Urban Development 2020**

20 **agreed** to amend the RMA to empower the Minister of Housing and Minister for the Environment to make consequential changes to the NPS-UD, if necessary, to align with the intensification requirements of the MDRZ without using the usual process to amend national policy statements

**Delegations for further decisions and instructing the Parliamentary Counsel Office**

21 **agreed** that the Minister of Housing and the Minister for the Environment can further clarify and develop policy and process matters relating to the above proposals in a manner not inconsistent with the above decisions;

22 **invited** the Minister of Housing and the Minister for the Environment to issue drafting instructions to the Parliamentary Counsel Office to give effect to the above proposals;

23 **authorised** the Minister of Housing and the Minister for the Environment to develop commencement, transitional and any other provisions with the Parliamentary Counsel Office, through the drafting process;

**Financial recommendations**

24 **noted** that there will be financial implications arising from the costs of introducing a MDRZ across New Zealand’s five largest cities;

25 **noted** that additional funding of \$1.25 million in Vote Environment is needed to implement the new MDRZ alongside the existing NPS-UD, which should work in tandem with one another, with the funding being used to support council hearings processes and to produce guidance material for councils;

26 **noted** that the funding is needed urgently so it can be in place for implementation expected to begin around September 2021;

27 **noted** that this is a new initiative not considered for Budget 2021 because it had not been contemplated at that time;

28 **noted** that the Vote Environment baseline funding is already fully committed to high priority workstreams, including the resource management reform programme;

29 **approved** the following changes to appropriations to provide for the additional funding noted in paragraph 25 above, with a corresponding impact on the operating balance:

	\$m – increase/(decrease)			
Vote Environment Minister for the Environment	2021/22	2022/23	2023/24	2024/25 & outyears
Departmental Output Expenses Improving New Zealand's Environment	1.250	-	-	-
Total Operating	1.250	-	-	-

30 **agreed** that the changes to appropriations above be included in the 2021/22 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;

- 31 **agreed** that the operating expenses incurred under paragraph 29 above be a charge against the between-Budget operating contingency, established as part of Budget 2021.

Michael Webster  
Secretary of the Cabinet

Proactively released