



Ministry for the
Environment
Manatū Mo Te Taiao



**MINISTRY OF HOUSING
AND URBAN DEVELOPMENT**

Recommendations and decisions report on the National Policy Statement on Urban Development

This document may be cited as: Ministry for the Environment and Ministry of Housing and Urban Development. 2020. *Recommendations and decisions report on the National Policy Statement on Urban Development*. Wellington: Ministry for the Environment and the Ministry of Housing and Urban Development.

Published in July 2020 by the
Ministry for the Environment
Manatū Mō Te Taiao
PO Box 10362, Wellington 6143, New Zealand

ISBN: 978-1-98-857996-2 (online)

Publication number: ME 1493

© Crown copyright New Zealand 2020

This document is available on the Ministry for the Environment website: www.mfe.govt.nz.



*Making Aotearoa New Zealand
the most liveable place in the world*

Contents

Abbreviations	7
Executive summary	8
Introduction	14
Part A: Context and role of the National Policy Statement on Urban Development	15
1 Context and role of the National Policy Statement on Urban Development	16
Why an national policy statement is appropriate	16
Role of the National Policy Statement on Urban Development	16
2 Process for developing the National Policy Statement on Urban Development	18
3 Role of the technical advisory panel	19
4 Overview of submissions	22
5 Summary of recommended amendments and decisions to the proposed NPS-UD	23
Part B: Application of the National Policy Statement on Urban Development	24
6 Application of the National Policy Statement on Urban Development	25
Intent	25
What did we consult on?	25
Feedback from submissions	26
Findings from 2018 Census	26
Key issues	27
Analysis	27
Timeframes	31
Recommendation and decision	32
7 Future development strategies	33
Intent	33
What did we consult on?	33
Feedback from submissions	34
Key issues	34
Analysis	35
Recommendations and decision	39
8 Describing well-functioning urban environments	40
Intent	40
What did we consult on?	40
Feedback from submissions	40
Key issues	41

	Analysis	41
	Recommendations and decision	43
9	Amenity values in urban environments	44
	Intent	44
	What did we consult on?	44
	Feedback from submissions	44
	Analysis	45
	Recommendations and decision	46
10	Ensuring plan content provides for expected levels of development	47
	Intent	47
	What did we consult on?	47
	Feedback through submissions	48
	Key issues	48
	Analysis	49
	Recommendations and decision	51
11	Providing for intensification	52
	Intent	52
	What did we consult on?	52
	Feedback from submissions	53
	Key issues	53
	Analysis	53
	Timeframes for implementation	57
	Recommendations and decision	58
12	Responsive planning	59
	Intent	59
	What did we consult on?	59
	Feedback from submissions	59
	Key issues	60
	Analysis	60
	Conclusion	61
	Recommendations and decision	62
13	Car parking	63
	Intent	63
	What did we consult on?	63
	Feedback from submissions	63
	Key issues	63
	Analysis	64
	Timeframes	66
	Recommendations and decision	66

14	Providing development capacity, based on evidence and monitoring	67
	Intent	67
	What did we consult on?	68
	Feedback through submissions	69
	Ministers' feedback	69
	Key issues	69
	Analysis	70
	Recommendations and decision	74
15	Values and aspirations of Māori in urban planning	75
	Intent	75
	What did we consult on?	75
	Feedback from submissions	75
	Key issues	76
	Analysis	76
	Recommendations and decision	78
16	Treaty of Waitangi (Te Tiriti o Waitangi) settlement commitments	79
	Effect of the National Policy Statement on Urban Development proposals on Treaty of Waitangi (Te Tiriti o Waitangi) settlement Acts	79
	Commitment to have regard for certain matters in policy development	80
	Other Acts and provisions	83
	Conclusion	83
	Recommendation and decision	84
17	Other matters to be included in the NPS-UD	85
	Climate change	85
	Housing affordability	85
	Recommendations and decision	86
18	Relationship to other national direction	87
	Proposed National Policy Statement for Highly Productive Land (NPS-HPL)	87
	Proposed National Policy Statement for Freshwater Management (NPS-FM) and National Environmental Standards for Freshwater (Freshwater NES)	87
	Proposed National Policy Statement for Indigenous Biodiversity (NPS-IB)	88
	National Environmental Standards for Air Quality (NES-AQ)	89
	New Zealand Coastal Policy Statement (NZCPS)	89
	National planning standards (planning standards)	90
	Recommendation and decision	90
	Reference list	91

Tables

Table 1:	Summary of policies in need of refinement	9
Table 2:	Summary of significant recommended changes to proposed National Policy Statement on Urban Development (NPS-UD)	10
Table 3:	Major urban centres as proposed in the National Policy Statement on Urban Development discussion document	26
Table 4:	Framework to support the allocation of national policy statement (NPS) policies	29
Table 5:	Application of policies to urban centres	29

Abbreviations

FDS	future development strategy
Freshwater NES	National Environmental Standards for Freshwater
HBA	housing and business development capacity assessment
JMA	Joint Management Agreement
LGA	Local Government Act 2002
LTPs	long-term plans
MUC	major urban centre
NES-AQ	National Environmental Standards for Air Quality
NPS	National policy statement
NPS-FM	National Policy Statement for Freshwater Management
NPS-HPL	National Policy Statement for Highly Productive Land
NPS-IB	National Policy Statement for Indigenous Biodiversity
NPS-UD	National Policy Statement on Urban Development
NPS-UDC	National Policy Statement on Urban Development Capacity 2016
NZCPS	New Zealand Coastal Policy Statement
RIS	regulatory impact statement
RPS	regional policy statement
RMA	Resource Management Act 1991
SCP	special consultative procedure
TA	territorial authority
UGA	Urban Growth Agenda

Executive summary

Purpose

This report outlines the policy recommendations and decisions for the National Policy Statement on Urban Development (NPS-UD) and records the final decisions made by the Minister for the Environment and the Minister for Urban Development (the Ministers). It is published under section 52(3)(b) of the Resource Management Act 1991 (RMA).

The report outlines amendments to the NPS-UD following an initial recommendations report. These amendments address both technical and policy issues and help achieve the intent of the NPS-UD within the current resource management legislative framework.

Background

The NPS-UD will provide national direction under the RMA and replace the National Policy Statement on Urban Development Capacity 2016 (NPS-UDC). The NPS-UD is part of the Urban Growth Agenda, which aims to create conditions where the market can respond to growth, bringing down the high costs of urban land by addressing the fundamentals of:

- land supply
- development capacity
- infrastructure provision.

The Ministry of Housing and Urban Development and Ministry for the Environment consulted publicly on the NPS-UD from 21 August to 10 October 2019. The report *Planning for successful cities: A discussion document on a proposed National Policy Statement on Urban Development* (NPS-UD discussion document) (Ministry for the Environment, 2019) consulted on proposed objectives and policies in four main areas:

- future development strategies
- making room for growth
- evidence for decision-making
- processes for engaging on planning.

Submissions were broadly supportive of the intent of the NPS-UD, although submitters raised a wide range of potential issues and improvements to policy content.

Following submissions, a technical advisory panel (the panel) helped officials with further policy analysis. Officials met with the panel in early December 2019 and January 2020 to discuss and test proposed policy approaches. While officials and the panel agreed on many of the policy outcomes, officials have not accepted all of the advice given. Those areas not agreed have been clearly set out in this report. The panel has separately provided a letter (published alongside this report) to the Ministers setting out its role, and how that changed during the process, as well as an overview of its position on the NPS-UD process and content.

Officials' recommendations

The recommended amendments fall into two broad categories:

- refinement of policies, for greater clarity or to address technical issues
- more substantive changes to better achieve the intent of both the proposed policy and the broader NPS-UD.

Policies in need of refinement

Formal consultation, engagement with the panel and further analysis identified several policies needing only minor changes to achieve their intent. These refinements were limited to technical changes or changes to clarify policy wording. Officials recommend refining the policies set out in table 1.

Table 1: Summary of policies in need of refinement

Policies	Officials' recommendations	Ministers' decision
Future development strategy (FDS)	Refine these policies for clarity and alignment with the urban growth partnerships between central government, local government and other stakeholders. Require the use of the special consultative procedure set out in section 83 of the Local Government Act 2002 when preparing an FDS.	Agree
Housing and business assessments and margins	Better articulate what is required to complete a housing and business capacity development assessment.	Agree
Amenity values in urban environments	Draw on existing NPS-UDC language to allow urban environments as a whole to change in response to changing needs, while retaining explicit reference to amenity values.	Agree
Ensure plan content enables expected levels of development	Refine for greater clarity.	Agree
Enable opportunities for development (development capacity)	Refine to provide greater clarity on the term 'uptake'.	Agree
Engage and coordinate across local authority boundaries	Refine for greater clarity.	Agree

Summary of substantive changes

Officials consider the following policy areas should be strengthened to better achieve the NPS-UD's intent:

- defining the geographical application of NPS-UD policies
- changing the description of 'quality' urban environments to 'well-functioning' urban environments
- providing for intensification
- changing the wording of enabling greenfield development to responsive planning

- revising the car parking requirements
- providing development capacity based on evidence and monitoring
- incorporating the values and aspirations of Māori for urban environments
- explicitly addressing climate change and housing affordability.

The most substantive recommendations made in this report are summarised in table 2, along with the Ministers’ decisions on those recommendations.

Table 2: Summary of significant recommended changes to proposed National Policy Statement on Urban Development (NPS-UD)

Proposed approach	Submission points and other considerations	Recommended change	Ministers’ decision
Application of the NPS-UD			
<p>The proposal defined six ‘major urban centres’ (MUCs), to which the most directive policies were applied (Auckland, Hamilton, Tauranga, Wellington, Christchurch and Queenstown).</p> <p>Less prescriptive policies would apply to urban environments of more than 10,000 inhabitants.</p>	<p>The NPS-UD should expand the list of MUCs to include other cities that are also experiencing population growth and housing pressures. This is backed up by latest census datasets, which suggest many other territorial authorities are facing significant increases in population and may face similar housing pressures to those faced by MUCs.</p>	<p>A three-tiered static approach should be applied, with specific policies targeted to tiers 1 and 2, and general policies applying to all urban environments:</p> <ol style="list-style-type: none"> 1. tier 1 will include local authorities in Auckland, Hamilton, Tauranga, Wellington and Christchurch 2. tier 2 will include local authorities in Napier–Hastings, Nelson–Tasman, Whangarei, Palmerston North, New Plymouth, Rotorua, Dunedin, Queenstown¹ 3. tier 3 will include all other urban environments with populations greater than 10,000. 	Agree
Describing well-functioning urban environments			
<p>Direction provided on the importance of quality urban environments and its link to wellbeing.</p>	<p>Lack of clarity on what quality urban environment meant, its scale or what it sought to achieve.</p>	<ol style="list-style-type: none"> a) Replace references to ‘quality urban environments’ with ‘well-functioning’ urban environments. b) Include a policy outlining a non-exclusive list of functions that a well-functioning urban environment is expected to deliver. c) Redraft policies for clarity and integrate with other aspects of NPS-UD. 	Agree

¹ The discussion document originally identified Queenstown as a major urban centre because of its high population growth. We now recommend Queenstown be included in tier 2. For details on this recommendation, see the discussion on page 21 on *Approach to applying National Policy Statement on Urban Development policies to urban centres*.

Proposed approach	Submission points and other considerations	Recommended change	Ministers' decision
-------------------	--	--------------------	---------------------

Providing for intensification

Options presented on policy to ensure councils enable intensification where there is demand.	Difficulty in setting and prescribing precise intensification metrics broadly at a national level, without unintended consequences.	<ul style="list-style-type: none"> a) Retain general intensification policy. b) Adopt 'scaled' approach to most directive policies, with greater specificity in prescription provided to the areas with clear evidence of benefit – city and metro centres, and rapid transport. c) Allow exceptions to enabling intensification where local constraints are incompatible – but require clear and demonstrable evidential basis for this exception. d) Require tier 1 and tier 2 councils to notify plan changes giving effect to the intensification policies within 2 years of the NPS-UD gazettal, and tier 3 councils to notify plan changes as soon as practicable. e) Emphasise the role regional policy statements play in enabling levels of urban development to occur, and remove the direct insertion consenting policies. 	Agree
--	---	--	--------------

Responsive planning

An example policy was presented that would require local authorities to enable urban development out of sequence or in unanticipated areas, if certain conditions are met.	May not have achieved intent that plans are responsive to development beyond areas planned for, both up and out.	<ul style="list-style-type: none"> a) Include policy direction for local authorities to have particular regard to out-of-sequence and unanticipated development, if they significantly add to development capacity, support well-functioning urban environments and are well-connected along transport corridors. b) Integrate requirements for responsiveness into the NPS-UD future development strategy and engagement requirements, by requiring engagement with the development sector on development opportunities. 	Agree
--	--	---	--------------

Car parking

Proposed approach	Submission points and other considerations	Recommended change	Ministers' decision
A range of options, including removal of minimum requirements in all zones, or medium- and high-density zones.	Cost-benefit analysis shows the benefits of decoupling the cost of car parking from housing and other developments is high.	<ul style="list-style-type: none"> a) Policy requiring tier 1 local authorities to remove minimum parking requirements from their district plans. b) Policy encouraging all local authorities to manage the supply and demand of car parking through comprehensive parking management plans. 	<p>Agree in part</p> <p>Agree: b)</p> <p>Disagree: a)</p> <p><i>Reason for disagreement:</i> All councils (that is, tiers 1–3) with urban environments should be required to remove minimum car parking requirements from their district plans.</p>
Providing development capacity, based on evidence and monitoring			
<p>Requirement for councils to provide enough development capacity to meet demand for housing and business land that is feasible and likely to be taken up and set bottom lines in plans.</p> <p>Demand is estimated through housing and business development capacity assessment (HBA).</p>	<p>Concern that demand margins did not adequately impact on housing affordability.</p> <p>Submitters were critical of take up and long-term commercial feasibility requirements, arguing this is hard to estimate over the long term and subject to non-planning-related constraints.</p>	<ul style="list-style-type: none"> a) Extend the requirement to prepare a three-yearly HBA in time to inform long-term plans under the Local Government Act 2002 to tier 2 councils, but with simpler requirements for evidence. b) Clarify meaning of 'take up', replacing the term with "reasonably expected to be realised", and support with guidance and examples. 	Agree
Values and aspirations of Māori in urban planning			
Requirements to engage iwi and hapū in planning.	Limited scope of NPS-UD in relation to values and aspirations of Māori in urban planning, and lack of direction on taking into account Treaty of Waitangi (Te Tiriti o Waitangi or the Treaty) in planning for urban environments.	<ul style="list-style-type: none"> a) Provide specific direction to local authorities on taking into account the principles of the Treaty in urban planning. b) Increase the scope of the matters to be taken into account by local authorities to enable Māori to identify a desired future state for the urban environment instead of just providing for a reaction to current state. c) Require local authorities, in carrying out the HBA, to assess how Māori housing demand is being met. 	Agree

Final decisions from Ministers

The Ministers have agreed to all the recommendations presented in this report, with the exception of the targeting of the car parking policy. The Ministers were interested in the

strength of the benefits in removing councils' ability to set minimum car parking rates in their district plans. Officials had recommended limiting the policy extent to tier 1 councils. The rationale for this was to maintain a policy approach that largely resembled the NPS-UD discussion document version on which the public had been consulted.

The Ministers noted that cost-benefit analysis undertaken to support the advice showed that no city is too small to benefit from removing minimum parking rates. They requested that the car parking policy be extended from tier 1 territorial authorities to tiers 2 and 3 as well. Policy costs associated with removing minimum parking rates decrease in proportion to the benefits, so the Ministers considered extending the policy to all measured and appropriate urban areas. This view was also supported by some submitters on the NPS-UD discussion document.

A separate further evaluation report has been prepared under section 32AA of the RMA. This discusses the policy options and rationale in more detail. The report draws on the conclusions of the economic cost-benefit analysis prepared by PwC, which estimated removing minimum parking requirements across six centres² would result in indicative benefits of \$670 million, compared with indicative costs of around \$78 million; a cost-benefit ratio of 8.6. The further evaluation report can be found on our [website](#).

² Auckland, Hamilton, Tauranga, Wellington, Christchurch and Queenstown.

Introduction

This report is an update of the original recommendations report provided to the Minister for the Environment and the Minister for Urban Development on the National Policy Statement on Urban Development (NPS-UD) in accordance with section 46A(4)(c) of the Resource Management Act 1991 (RMA). It has been updated to include the Ministers' final decisions and is being published in accordance with section 52(3)(b) of the RMA. This report is in two parts.

Part A provides:

- context and background to the proposal
- a summary of the process for developing the NPS-UD
- an outline of the role of the technical advisory panel (the panel)
- an overview of the submissions process
- a summary of recommended changes and decisions.

Part B outlines the policy analysis and rationale for each aspect of the proposal. For each, it provides:

- an explanation of what was consulted on and an overview of feedback received through submissions
- the key issues identified relating to that section of the proposal
- an analysis, including a summary of the panel's views, relating to that section of the proposal
- recommendations to the Minister for the Environment and the Minister for Urban Development.

Part A: Context and role of the National Policy Statement on Urban Development

1 Context and role of the National Policy Statement on Urban Development

The success of our cities affects New Zealand's overall economic, social, cultural and environmental performance. As New Zealand moves to a more sustainable, productive and inclusive economy, cities will play an increasingly important role by hosting a large share of the nation's labour market activity, business growth and connections with other countries.

The Government is looking at ways to make our urban markets perform better by making room for growth, making sure growth pays for itself, investing in transport to drive more efficient and liveable urban forms, and ensuring healthy and active travel is more attractive.

Why an national policy statement is appropriate

Under the Resource Management Act 1991 (RMA), the Minister for the Environment can prepare national policy statements (NPSs) outlining objectives and policies for matters of national significance relevant to achieving the purpose of the RMA. The Government considers that urban development is such a matter, because:

- planning decisions have significant impacts (some with national implications) on the wellbeing of people and the environment in urban areas
- the costs and benefits of planning decisions are compounded in bigger cities.

An NPS has two main effects:

- local authorities must amend their regional policy statements (RPSs), and regional and district plans, to give effect to the NPS
- decision-makers on plans, policy statements, resource consents and other matters must consider the NPS as part of their process.

Role of the National Policy Statement on Urban Development

The proposed National Policy Statement on Urban Development (NPS-UD) forms part of the Government's Urban Growth Agenda (UGA), which aims to address the fundamentals of land supply, development capacity and infrastructure provision, to create conditions for the market to respond to growth and bring down the high costs of urban land. The proposed NPS-UD focuses on the role of the planning system in enabling growth and regulating land use in urban areas.

The NPS-UD will replace the National Policy Statement on Urban Development Capacity 2016 (NPS-UDC). Although the NPS-UDC has been an important first step towards better urban planning, officials consider it is insufficient to achieve the outcomes sought. The proposed NPS-UD builds on many of the existing requirements for greater development capacity, but has a wider focus and adds significant new and directive content.

The NPS-UD will enable growth by requiring councils to provide development capacity to meet the diverse demands of communities, address overly restrictive rules and encourage well-functioning urban environments. It will help ensure planning that is strategic and responsive to demand and enables well-connected growth, in turn leading to improved mobility and more dynamic land use.

The aim is to encourage more effective growth, particularly close to frequent public transport, and walking and cycling facilities. It is also intended to help local authorities make decisions that work for all communities, offering choices for diverse groups and listening to a wider range of voices in the urban planning system.

The NPS-UD will be supported through the wider UGA work by:

- new tools for infrastructure funding and financing
- investment in modern transport systems
- a stronger partnership between central and local government and iwi, hapū and communities.

2 Process for developing the National Policy Statement on Urban Development

The statutory requirements for developing a national policy statement (NPS) are set out in the Resource Management Act 1991 (RMA). For the development of the proposed National Policy Statement on Urban Development (NPS-UD), the Minister for the Environment chose to establish an officials-led process, in keeping with section 46A (3)(b) of the RMA. This process includes:

- consulting with the public
- receiving written submissions
- establishing an independent technical advisory panel (the panel) as a check and balance on the officials-led process (see section 3 Role of the technical advisory panel)
- providing a report and recommendations to the Minister for the Environment and the Minister for Urban Development (the Ministers) on the submissions and subject matter of the NPS-UD (this report, and the appended *Summary of Submissions to the Proposed National Policy Statement on Urban Development*).

This report is informed by (and should be read alongside) the NPS-UD section 32 report, which includes the results of the cost-benefit analysis prepared by external consultants. The section 32 report is available on the Ministry for the Environment's [website](#). The Ministers have considered this report and made decisions as they saw fit. The Ministers' decisions are outlined in this report.

Further evaluation was carried out under section 32AA of the RMA. The Ministers have had particular regard to this further evaluation when deciding to recommend the NPS-UD to the Governor-General. If approved by the Governor-General, the NPS-UD will be issued by notice in the *New Zealand Gazette*, provided to the House of Representatives and publicly notified.

Submitters have been provided with this report summarising the recommendations and the Ministers' decisions on those recommendations (including reasons for not adopting any recommendations) under section 52(3)(c) of the RMA.

3 Role of the technical advisory panel

As part of the officials-led process under section 46 of the Resource Management Act 1991 (RMA), the Minister for the Environment and the Minister for Urban Development agreed that the technical advisory panel (the panel) be established as a check and balance on the officials-led process.

The panel comprised four members, who brought varied expertise to help test the appropriateness of the policy outcomes sought by the Ministers. That expertise included senior practitioners across resource management law, planning, tikanga Māori, and the development sector, with each member having had a considerable number of years' experience working in their area of expertise. The panel chair was Greg Hill, supported by Claire Kirman, Antoine Coffin and Craig Stewart.

Initial terms of reference were agreed that set out the panel's roles and expectations in reviewing documents and workshop attendance. Officials would prepare a package of reports, which would be submitted to the panel for review, including:

- submissions analysis
- observations on main themes and required shifts
- the National Policy Statement on Urban Development policy document
- the section 32 report
- the regulatory impact statement (RIS).

The panel would peer review officials' recommendations on the draft NPS-UD, and any proposed changes. The panel's comments and recommendations were to be incorporated into the officials' report. On receiving the final set of documents for review, the panel was required to peer review those documents for adequacy and accuracy of how their feedback was incorporated into the draft report, and identify any areas requiring further work.

The panel's main focus for the assessment was to ensure the:

- development process, including public consultation and the engagement process, was robust and transparent
- content of the NPS-UD meets the requirements of the RMA.

The main meetings and workshops held with the panel included:

- 26 September 2019 – meeting with three panel members, Greg Hill, Claire Kirman and Antoine Coffin; a later meeting was held with Craig Stewart once his role on the panel was confirmed
- 4–6 December 2019 – workshop with all panel members to provide feedback on initial officials' advice
- 16–17 January 2020 – to provide advice on preferred policy recommendations and how well these were incorporated into the first draft of the NPS-UD
- 20 January 2020 – follow-up meeting with officials, Greg Hill and Claire Kirman.

During December 2019, the panel was advised of a change in the process of drafting the NPS-UD, which was being applied to all proposed NPSs under development. This change involved the use of a professional legal drafter to draft the NPS, in close collaboration with government officials.

At the workshop on 16 and 17 January 2020, the panel confirmed it was satisfied that the process to date, as led by officials was robust, and the provision of the policy papers and an initial draft of the NPS-UD supported a productive workshop. However, the panel expressed concern that it could not give effect to the original terms of reference. This was due to:

- not having the final documents (and in some cases not having any documents) at the workshops on 16–17 January 2020, as set out in the initial terms of reference
- significant work still being required to meet the terms of reference; namely, for the panel to confirm “that the content the NPS-UD meets the requirement of the RMA”
- there being insufficient time (between 10 and 14 February) to undertake the work necessary to meet the terms of reference, given the amount of work still needing to be done.

The original terms of reference provided for the possibility that they may need to be amended, and the panel and officials agreed this should be done to reflect the change in circumstances. The main changes were to:

- the primary role of the panel, the scope of the role was limited to reviewing and commenting on policy intent and recommendations by the Ministry for the Environment and the Ministry of Housing and Urban Development. This included reviewing and commenting on how the policy intent and recommendations were reflected in the initial draft of the NPS-UD discussed at the workshops on 16–17 January 2020
- state that the panel had no further role in:
 - reviewing and commenting on the final NPS-UD to be submitted to the Ministers for consideration, or to Cabinet for final approval
 - reviewing or commenting on the section 32 report, other than giving initial feedback on early drafts provided in January 2020
 - reviewing or commenting on proposals to be delivered to Ministers at a later date.

The panel, having completed its main role, has prepared a letter outlining its role and how that changed during this process. The panel has also prepared an overview of its position on the NPS-UD process and content. While the full letter accompanies this report, the following two paragraphs provide a summary of the panel’s position:

The panel acknowledges the importance of urban development to New Zealand and consequentially the importance of national guidance on this matter and this NPS. Overall, the panel supported many of the policy outcomes being sought through the NPS-UD. However, this support can only be expressed in general terms given what we have actually seen and been asked to provide technical advice on, rather than ‘holding the pen’ and drafting the NPS.

It is our overall view that given the ‘public participation’ presumption in the RMA, the significance of national policy direction in an NPS (in this case – the impact on urban growth and form), and the role and function of the panel, the public may well have expected to be able to consider, and provide feedback on, an actual draft NPS. While we accept process and time constraints have meant any further consultation was not possible, we nonetheless consider that there could be significant benefits of the drafted NPS being published for further public comment.

Officials consider that working with the panel during the policy development process provided valuable critique of initial policy recommendations, road-testing the proposals against real-world scenarios and highlighting any potential legal implications. Officials also consider it provides valuable lessons for establishing future external advisory groups. Specifically, the terms of reference should clarify whether their role extends to drafting, or whether their role is focused on providing feedback on policy intent.

As noted, the panel considers there would be value in releasing a draft NPS-UD for public comment, rather than using a single-stage process to prepare the NPS (section 46A of the RMA). Officials note the panel's feedback on the use of section 46A, and will draw on this in future when advising Ministers on processes to follow for preparing an NPS. While there is no legal requirement to consult on a draft NPS-UD, officials carried out further targeted consultation in February and March with councils, specifically on elements of the draft NPS-UD provisions that have changed in substance from the proposals in *Planning for successful cities: A discussion document on a proposed National Policy Statement on Urban Development* (NPS-UD discussion document) (Ministry for the Environment, 2019).

4 Overview of submissions

The Ministry of Housing and Urban Development and the Ministry for the Environment consulted publicly on the National Policy Statement on Urban Development (NPS-UD) from 21 August to 10 October 2019. This included seeking written submissions and holding public and stakeholder meetings. In total, 256 submissions were received from a variety of submitters, including local authorities, industry and professional groups, and individuals. Following the official consultation period, officials also accepted subsequent submissions from the SmartGrowth Combined Tangata Whenua Forum and the Taranaki Whānui ki Te Upoko o Te Ika/Port Nicholson Block Settlement Trust.

Submissions were broadly supportive of the intent of the NPS-UD, although submitters raised a wide range of potential issues and improvements to policy content. Submissions were generally supportive of policies because:

- the national policy statement (NPS) is an appropriate tool to help provide for quality urban environments
- intensification should occur close to public transport and other amenities
- it makes sense to target policies where the housing challenges are greatest
- it will minimise the compliance costs for smaller local authorities
- evidence-based strategic decision-making will help ensure development meets demands.

A number of common themes have been identified across both supporting and opposing submissions. In particular, there was significant concern about the success of the NPS-UD depending on infrastructure funding, and the risks of directive policies unduly limiting local autonomy. More detail can be found in the summary of submissions available online at: www.mfe.govt.nz/publications/towns-and-cities/proposed-nps-urban-development-summary-of-submissions.

5 Summary of recommended amendments and decisions to the proposed NPS-UD

After analysing the submissions, officials recommend the scope and content of the National Policy Statement on Urban Development (NPS-UD), as proposed in the NPS-UD discussion document, is largely retained.

Amendments to the proposal are recommended in response to many of the submission points and to ensure the NPS-UD can be implemented effectively.

The most significant recommendations made in this report, and the Ministers' decisions on those recommendations, are summarised in [table 1](#). The recommendations and supporting analysis are discussed in more detail in Part B. Minor and technical drafting changes to clarify the intent of the proposed NPS-UD are not included in this report.

Advice has been provided separately to Ministers on an implementation programme for the NPS-UD.

Part B: Application of the National Policy Statement on Urban Development

6 Application of the National Policy Statement on Urban Development

Intent

The National Policy Statement on Urban Development (NPS-UD) policies are intended to be applied in targeted geographical areas. This will ensure the NPS-UD captures those urban environments where meeting the proposed NPS provisions will have the greatest impact.

The National Policy Statement on Urban Development Capacity 2016 (NPS-UDC) targeted its provisions by establishing different tiers: high-growth and medium-growth councils, and all other urban environments. Councils were assigned to these tiers on a dynamic basis as modelled growth rates and other factors changed, with different tiers having different requirements.

Although flexible, this system had disadvantages, in particular, a lack of certainty for councils about what is required of them when population projections change, and the costs and risks associated with this. To address this issue, the NPS-UD discussion document proposed focusing the most directive policies on the faster growing areas with the largest urban pressures.

What did we consult on?

The proposed targeting of policies shifted focus to capture larger cities and urban centres where the national impact of housing challenges is the greatest. The proposal defined six major urban centres (MUCs), to which the most directive policies were applied (Auckland, Hamilton, Tauranga, Wellington, Christchurch and Queenstown). Less prescriptive policies would apply to all urban environments of more than 10,000 inhabitants.

The MUCs were chosen because:

- they account for over 60 per cent of the country's population
- they are generally faster growing, housing pressures in these areas have national impacts
- they have a bigger market for different housing types, including intensified housing.

The structures of the local authorities included in the MUCs were based on:

- (a) core large territorial authorities (TAs): TAs with populations of 100,000 or more, according to the most recent Stats NZ population projections (2013) **OR**
core fast-growing TAs: Any other TA with a faster growth rate of 20 per cent or more over a 10-year period, according to the most recent Stats NZ population projections (2013)
- (b) satellite TAs: Any adjacent TAs that are part of the wider urban market, or could reasonably be expected to have future growth, for any of the core TAs identified above
- (c) regional councils whose jurisdiction includes these TAs.

Table 3: Major urban centres as proposed in the National Policy Statement on Urban Development discussion document

Discussion document – major urban centres	
Urban area	Territorial authorities and regional councils
Auckland	Auckland Council
Hamilton	Hamilton City Council, Waikato District Council, Waipā District Council, Waikato Regional Council
Tauranga	Tauranga City, Western Bay of Plenty District Council, Bay of Plenty Regional Council
Wellington	Wellington City Council, Kāpiti Coast District Council, Porirua City Council, Upper Hutt City Council, Hutt City Council, Greater Wellington Regional Council
Christchurch	Christchurch City Council, Selwyn District Council, Waimakariri District Council, Environment Canterbury Regional Council
Queenstown	Queenstown Lakes District Council, Otago Regional Council

Feedback from submissions

Submissions largely supported targeting the most directive policies, where the greatest housing challenges are, and minimising the resource strains on small local authorities. Some submitters opposed targeting, because they considered the policies should apply to all councils and cities, not just MUCs. Other submissions considered the NPS-UD should avoid ‘one-size-fits-all’ solutions, highlighting vast variances even within MUCs.

Local authorities were generally supportive, with some submissions noting that the NPS-UD would need to clarify how the policies applied to smaller councils within MUCs. Others considered that some policies should also apply to medium-growth authorities, or advocated retaining a tiered approach similar to that in place under the NPS-UDC.

Findings from 2018 Census

When the discussion document was released and public consultation was undertaken, the 2018 Census data was not available. Therefore, targeting of the NPS-UD was based on Census 2013 data.

The Stats NZ population size and growth rates for 2018 became available in December 2019. In general, they show a significant increase in population size and growth rates for most TAs in New Zealand. Because of this, it is anticipated that more TAs could now be facing growth-related pressures, such as housing deprivation and supply and affordability issues. Notable findings included the following.

- Selwyn District has a high 10-year growth rate of 66 per cent (2006–18). It meets the threshold for an MUC core TA on its own (in addition to Christchurch City already being a core TA).
- Whangarei District, New Plymouth District and Hastings District are all close to a population size of 100,000 and have a 10-year growth rate of over 10 per cent (2006–18), while Palmerston North City is close to a population size of 100,000 and has a 10-year growth rate of 5–18 per cent. Although these centres do not yet meet the requirement to be core TAs, they are on the cusp.

Key issues

Based on the analysis of the submissions, and new information available through the Census 2018 data, three main issues were identified.

- **Which councils should be considered a major urban centre:** The latest census datasets suggest that many other TAs are facing significant increases in population, and may face similar housing pressures as MUCs. Many submitters suggested the NPS-UD should expand the list of MUCs to include other cities that are also experiencing population growth and housing pressures.
- **Implications of expanding MUCs:** The implications of expanding the list of MUCs must be considered. The NPS-UD still needs to ensure that the most directive policies focus on urban areas that most benefit from the detailed requirements, while keeping the costs down for councils that would see relatively fewer benefits.
- **Targeting within urban areas:** Many urban areas have localised patterns of housing pressures. For example, in urban areas like Christchurch, Christchurch City has the largest population size, but Selwyn District has the fastest 10-year growth rate. This means targeting of directive policies needs to be considered, even within urban areas. This supports the submissions highlighting that a ‘one-size-fits-all’ approach may not be suitable. This issue has been addressed in the individual policies rather than through the overall targeting.

Analysis

In light of submissions, the findings from the 2018 Census, subsequent analysis and further discussions with affected councils, officials now consider it would be beneficial for some of the directive policies to be targeted at more urban environments than just the six MUCs outlined in the discussion document. As a result, officials consider the NPS-UD should retain a three-tiered approach more in line with that in place under the NPS-UDC, subject to some reallocation of which policies apply where.

Having a three-tier approach allows targeting of the most directive policies (such as the intensification policies) to those TAs with the largest population and impact on NPS-UD outcomes. But a three-tier approach also allows other smaller councils in the second tier to implement only those directive policies (like future development strategies (FDS) and housing and business development capacity assessments (HBAs)) that would benefit them the most. This would ensure councils that are not MUCs, but have larger population sizes and growth rates, adopt good monitoring practice. This will provide greater understanding of their housing markets and allow planning for future growth through the FDS before housing issues become as acute as they are for MUCs.

A static approach is proposed for listing urban centres affected by the National Policy Statement on Urban Development policies

The main change is a shift from a **dynamic approach**, where membership of tiers automatically responds to a change in growth rate, to a **static approach** where membership is set at a fixed point in time considering indicators that signal demand for more intensive development. This addresses the disadvantages of the NPS-UDC ‘flexible approach’, particularly the lack of certainty about what compliance is required when population projections change, and the limited ability to consider specific characteristics of some areas that may affect the benefits of the policies.

Defining the geographical area

The NPS-UDC uses the Stats NZ classification of 'urban areas'. Stats NZ has replaced this with a new classification called 'urban rural' (UR2018). The new classification creates numerous small discrete urban units that are no longer a proxy for the wider urban housing and employment market. This is because they no longer include a commuting zone and, in some cases, smaller urban areas have been separated from the 'main urban area'. It is more appropriate to target dense urban areas, rather than widely dispersed regional areas, so the classification used for membership is at a TA level.

Approach to applying National Policy Statement on Urban Development policies to urban centres

The approach is consistent with the targeting principles that were consulted on. The application of **directive intensification** policies and **planning for capacity** policies (FDS and HBA) differentiates between tiers as follows.

- **Tier 1 urban environments (all NPS policies):** High-demand urban environments – large urban centres with a bigger development market and higher demand for different housing types, including intensified housing, but binding constraints mean greater benefits from the directive intensification policies.
- **Tier 2 urban environments (all general NPS policies and FDS and HBA planning for capacity policies):** Medium-demand urban environments – intermediate-sized urban centres where the development market for intensified housing is emerging and where population growth will create housing pressure. These environments benefit from NPS-UD **planning for capacity** policies. While directive intensification policies could also benefit, these benefits are less likely and less certain.
- **Tier 3 urban environments:** Low-demand urban environments – small cities where the benefits from policies other than **general** NPS-UD policies are fewer or less certain relative to the costs to implement them.

Population size of the urban centre is used as the main indicator to allocate urban areas into tiers. This approach is supported by an assessment of other demand and supply side factors, including population growth. It is informed by the cost-benefit analysis, which observes that cities fall along what can be described as a 'frontier' between cities with existing populations large enough that even low rates of growth add large numbers of households, and cities growing fast enough that severe constraints could arise in the medium to long term if investment does not keep up. Table 4 sets out the framework used to support the allocation of the NPS-UD policies. Table 5 details how the NPS-UD policies have been applied to New Zealand's urban centres.

Table 4: Framework to support the allocation of the policies in the National Policy Statement on Urban Development

	Tier 1:	Tier 2:	Tier 3:
	<ul style="list-style-type: none"> large cities: 100,000 and above all policies 	<ul style="list-style-type: none"> intermediate cities: 50,000 and above all general policies plus FDS and HBA 	<ul style="list-style-type: none"> small cities: 10,000 and above general NPS policies only
Above 5% population growth (over 10 years)	Directive intensification	Planning for capacity	Planning for capacity
Below 5% population growth (over 10 years)	Planning for capacity	General NPS-UD only	General NPS-UD only
Housing price cost ratio above 1.2	Directive intensification	Planning for capacity	Planning for capacity
Housing price cost ratio below 1.2	Planning for capacity	General NPS-UD only	General NPS-UD only

Other considerations when applying policies to regions:

- nature of growth: check if growth is driven by residential growth or tourism
- capability and capacity to implement policies
- plans for, or the existence of, rapid transport present or absent
- land value multiples (where known).

Note: NPS-UD = National Policy Statement on Urban Development.

Table 5: Application of policies to urban centres

Urban grouping (urban area)		
Tier 1: High demand		
The composition of the local authorities is based on:		
<ul style="list-style-type: none"> core large territorial authorities (TAs): TAs with large populations of 100,000 or more, according to the most recent Stats NZ population projections satellite TAs: any adjacent TAs that are part of the wider urban market or could reasonably be expected to have future growth affecting any of the core TAs regional councils that share jurisdiction with these TAs other factors that affect responsiveness to expected demand. 		
Policies		
All policies apply.		
Urban area	Local councils	Comment
Auckland	Core TA: Auckland Council	Has above-average housing growth with housing price cost ratios above 1.2. Cost-benefit analysis observes positive benefits from application of all National Policy Statement on Urban Development policies.
Christchurch	Core TAs: Christchurch City Council, Selwyn District Council Satellite TA: Waimakariri District Council Regional council: Environment Canterbury Regional Council	As above.
Wellington	Core TAs: Wellington City Council, Lower Hutt City Council	As above.

Urban grouping (urban area)		
	Satellite TAs: Kāpiti Coast District Council, Porirua City Council, Upper Hutt City Council Regional council: Greater Wellington Regional Council	Cost-benefit analysis indicates positive benefits, but notes that these are more marginal compared to other tier 1 areas.
Hamilton	Core TA: Hamilton City Council Satellite TAs: Waikato District Council, Waipā District Council Regional council: Waikato Regional Council	Cost-benefit analysis indicates positive benefits from application of policies.
Tauranga	Core TA: Tauranga City Satellite TAs: Western Bay of Plenty District Council Regional council: Bay of Plenty Regional Council	Cost-benefit analysis indicates positive benefits from application of policies. While population size is lower, it is experiencing very high growth.

Tier 2: Medium demand

The composition of the local authorities is based on:

- core TAs: TA with intermediate population size of 50,000 or more, according to the most recent Stats NZ population projections.
- satellite TAs: any adjacent TAs that are part of the wider urban market or could reasonably be expected to have future growth affecting any of the core TAs.
- regional councils who share jurisdiction with these TAs.
- other factors that impact the need to plan for future capacity.

Policies

The following policies are applicable:

- all general NPS-UD policies
- future development strategy
- housing and business development capacity assessments (light version).

Urban area	Local councils	Comment
Napier–Hastings	Core TA: Hastings District Satellite TA: Napier City Regional council: Hawke’s Bay Regional Council	Intermediate-sized and growing TA where cost-benefit analysis indicates benefits from intensification policies are lower and less certain. Size and strong population growth warrants planning for future capacity.
Nelson–Tasman	Core TAs: Nelson City, Tasman District	As above.
Whangarei	Core TA: Whangarei District Regional council: Northland Regional Council	As above.
Palmerston North	Core TA: Palmerston North City Regional council: Horizons Regional Council	As above.
New Plymouth	Core TA: New Plymouth District Regional council: Taranaki Regional Council	As above.
Rotorua	Core TA: Rotorua District Council Regional council: Bay of Plenty Regional Council	As above.

Urban grouping (urban area)		
Queenstown	<p>Core TA: Queenstown Lakes District Council</p> <p>Regional council: Otago Regional Council</p>	<p>Queenstown’s population is 39,153, but it was identified as a major urban centre in the discussion document option because of high population growth.</p> <p>While experiencing growth, the nature and spatial extent of Queenstown’s urban environment is different from most tier 1 councils, particularly because it has no large metropolitan centre. Housing pressures, while significant, are highly influenced by other factors such as Airbnb and a mobile temporary workforce. The role of the surrounding natural landscape in supporting the tourism economy also affects the council’s options for managing growth. Queenstown may benefit from a directive intensification policy, particularly in association with key transport investment. However, officials consider the general intensification policy, combined with Queenstown’s housing pressure and other growth constraints, will still lead to intensification to manage housing demand.</p>
Dunedin	<p>Core TA: Dunedin City</p> <p>Regional council: Otago Regional Council</p>	<p>Cost-benefit analysis indicates benefits of applying policies are lower and less certain.</p> <p>While the Dunedin City TA area has a population of over 100,000, its relatively low growth rate suggests it does not warrant being included in the high-demand tier.</p>
Other areas considered, but not recommended, for tier 2		
Invercargill	<p>Core TA: Invercargill City Council</p>	<p>With a population of just over 50,000 across the entire Invercargill City TA area, and a relatively low 10-year growth rate of 6.42%, the costs of applying the policies may outweigh the benefits. Invercargill City Council will be encouraged to apply the policies where it benefits the council.</p>
Far North	<p>Core TA: Far North District Council</p>	<p>Far North District had a population of 65,000 people in 2018 and a growth rate of just over 14%. However, it is not recommended for inclusion in tier 2 because it is primarily a rural, provincial district and its population is dispersed across a number of smaller towns.</p>

Timeframes

All objectives in the NPS-UD apply immediately from date of gazettal, with various deadlines for policies such as HBA, FDS, intensification and car parking.

Recommendation and decision

Recommendation

A three-tiered static approach be applied, with specific policies being targeted to tiers 1 and 2, and general policies applying to all urban environments:

- a. tier 1 will include local authorities in Auckland, Hamilton, Tauranga, Wellington and Christchurch
- b. tier 2 will include local authorities in Napier–Hastings, Nelson–Tasman, Whangarei, Palmerston North, New Plymouth, Rotorua, Dunedin, Queenstown
- c. tier 3 will include all other urban environments with populations greater than 10,000.

Ministers' decision:

Agree

7 Future development strategies

Intent

The National Policy Statement on Urban Development Capacity 2016 (NPS-UDC) introduced a process and product called a future development strategy (FDS), which sought to deliver a strategic planning process to ensure planning documents provide sufficient development capacity to meet future growth needs.

The National Policy Statement on Urban Development (NPS-UD) will strengthen and broaden the existing requirements of the NPS-UDC to:

- move towards better spatial planning in the current system (including by better aligning infrastructure planning and land use)
- strengthen the role of the FDS to inform Resource Management Act 1991 (RMA) plans and strategies prepared under other legislation
- ensure that urban development promotes a well-functioning urban environment and is informed by the values and aspirations of iwi and hapū
- improve ongoing practice and implementation of FDSs.

What did we consult on?

To achieve this, the NPS-UD discussion document proposed FDS policies that would require:

- local authorities within major urban centres (MUCs) to produce or update an FDS every three years, in time to inform long-term plans (LTPs)
- the FDS to outline how quality urban environments would be achieved in the medium and long term, as well as how residential development capacity bottom lines would be met, and how development capacity would be spatially allocated
- the FDS to show:
 - where urban development must be avoided
 - the broad locations for urban development (including for future residential intensification)
 - infrastructure required and future infrastructure corridors and locations
 - how business land would be provided for
 - how hapū and whānau aspirations for urban development on their whenua Māori would be taken into account
- the FDS to include how the strategy would be implemented, including local authority contributions to infrastructure funding, and identification of potential financing gaps
- the FDS to be informed by the latest housing and business development capacity assessment (HBA), scenarios for accommodating growth and different growth rates, LTPs and infrastructure strategies, iwi and hapū issues of concern, and other national direction (for example, the National Policy Statement for Highly Productive Land (NPS-HPL))

- new engagement requirements with neighbouring local authorities, central government, and iwi and hapū
- local authorities to have particular regard to the FDS when preparing changes to RMA planning documents, and strongly encourage them to use their FDS to inform plans and strategies under other legislation.

Officials proposed that the new FDS provisions would apply to the six MUCs identified in the discussion document (Auckland, Hamilton, Tauranga, Wellington, Christchurch and Queenstown). The practical effect of the proposal as consulted on would have been that the Wellington councils would be required to prepare an FDS, and the Whangarei and New Plymouth councils would no longer need to prepare one.

Feedback from submissions

Feedback was broadly supportive of the proposal's policy intent, with many submitters expressing strong support for spatial planning and strategic long-term planning for land patterns and infrastructure provision. Local authorities were concerned, however, that the proposed requirement to prepare or update an FDS every three years would be onerous, resource intensive, and not provide the planning certainty sought from a strategic process. They also indicated it wasn't clear what the intended difference was between preparing and updating an FDS.

Several submitters suggested extending the FDS provisions to a broader range of councils beyond the six MUCs. For example, they suggested extending them to other high-growth urban areas targeted under the NPS-UDC or to the local authorities in larger urban centres or local authorities with known coordination issues. Some submissions also proposed that all areas would benefit from preparing an FDS. Many submitters felt the benefits of spatial planning should reach more broadly, such as:

- extending the future planning horizon
- responding to future development constraints such as natural hazards and climate change
- coordinating decision-making.

Submitters also noted the need for clear definitions of the parties with whom they would be encouraged to engage, and the importance of coordinating with providers of both existing and planned infrastructure.

Key issues

Following consultation, submissions and subsequent analysis, it was clear the FDS provisions needed to promote a process and product that was strategic, while also encouraging councils to be responsive to change. The following key issues were identified:

- the proposed timeframes and requirements for undertaking and updating FDSs could be better set and articulated so they promote both the strategic and responsive intent of an FDS
- the consideration and reporting of implementation steps for an FDS have a different level of detail, and are developed and reported on in different timescales to the FDS itself; they also do not require a full consultation process

- the FDS process needs to provide for engagement with the development sector; there must be certainty about the rigour and robustness of the consultation process
- the weight that an FDS carries for subsequent RMA processes needs to reflect the strategic nature of the FDS decisions, without unduly constraining or limiting the decisions that need to occur when implementing the FDS direction
- the need to clarify what FDSs must be informed by and demonstrate, to ensure that the FDS process remains strategic in nature and is not bogged down in detail.

Analysis

Timeframes

Submissions showed that greater clarity was needed around the timeframes and requirements for undertaking and updating FDSs. Taking this feedback into account, along with the broad objectives for long-term planning, officials consider that tier 1 and 2 councils should be required to review and (if necessary) update an FDS every three years, and prepare a new FDS every six years. Officials also consider that the policies should provide certainty about the practical difference between reviewing and updating FDSs, enable integration with LTPs and regional land transport plans, and minimise implementation costs for councils.

Difference between ‘preparing’ and ‘reviewing and updating’ a future development strategy

Many submitters commented on the lack of clarity about the intended difference between updating and preparing an FDS. Officials consider that the policies should be amended to clarify the intended difference between ‘reviewing and updating the FDS’ and ‘preparing an FDS’.

Preparing a future development strategy

Officials consider the process for preparing an FDS should occur every six years. During this process, local authorities should:

- review the information that informs an FDS (outlined below) (note that officials recommend the analysis of different spatial scenarios would only inform the preparation of an FDS and not the review)
- engage with land owners and the development sector as outlined in the suggested approach for providing for responsive planning
- spatially identify where development capacity will be provided to demonstrate sufficient development capacity for housing and business land
- before preparing a draft of the FDS, develop and undertake an approach for engaging with neighbouring local authorities, central government agencies, infrastructure providers, iwi and hapū, and the development sector, to identify significant future development opportunities and infrastructure requirements
- consult with the public on the things that an FDS must identify, in a way that complies with FDS consultation policy
- confirm that the FDS is complete and make it available for the public.

Officials consider it important that the policies directing what is involved in preparing an FDS are clear. If steps and processes are not clear local authorities may interpret the requirements differently.

Reviewing a future development strategy

Officials consider that local authorities should review their FDS every three years, to check it continues to demonstrate how the local authority will achieve the FDS's overarching purpose. The review should be informed principally by the HBA, as well as ongoing engagement with the development sector about development opportunities.

If, following the review, local authorities determine that the FDS does not need updating, they must publicly notify that decision and the reasons for it.

If local authorities determine that the FDS needs updating then they must follow the same consultation process that applies to the preparation of an FDS (discussed below), but only in relation to the aspects being updated.

Deadlines for preparing a future development strategy

The proposal as consulted did not specify a deadline for when the next FDS would be required under the NPS-UD. Experience from the NPS-UDC has shown that getting strategic decisions right takes time and most local authorities did not meet their obligations in the timeframes set by the NPS-UDC. For all but one local authority, more than two years' notice was needed to prepare an FDS.

In addition, the NPS-UD will require councils to implement a number of things in the one-to-two years after it comes into effect, including intensification plan and car parking plan changes, improved zone and market indicator monitoring, and updated HBA requirements. It is important that FDS timeframes are reasonable and do not impede councils' abilities to deliver on other requirements under the NPS.

It is also important that timeframes allow other requirements under the NPS-UD to complement FDSs. For example, giving effect to the intensification policies (outlined in [chapter 11](#)) is likely to substantially increase development capacity, especially where the intensification policies are most directive. Because this increase in development capacity will have implications for an FDS, officials consider it more efficient to require councils to prepare the FDS after they have prepared the intensification plan changes. Otherwise, the FDS would quickly become out of date.

Officials recommend the deadline for preparing or reviewing an FDS should be linked to informing the 2024 LTP. The processes for preparing an LTP and FDS both have long lead-in times (two years or more). Local authorities will not have certainty about what is expected under the new NPS-UD until it is gazetted in July 2020, and this does not allow sufficient time for local authorities to develop the FDS so it informs the 2021 LTP.

A deadline aligned with the 2024 LTP would give local authorities the flexibility to continue to work through spatial planning processes over the next couple of years, and provide sufficient lead-in time to prepare or review an FDS to inform the 2024 LTP.

Future development strategy policy should be flexible enough to incorporate existing spatial planning strategies

A number of 'urban growth partnerships' exist between central government, local government and mana whenua in tier 1 urban environments. These partnerships are at varying stages, but they all reflect a strategic spatial planning process. It is therefore important incentives are in place for the outputs (for example, spatial plans) of the growth partnerships to meet the requirements in the NPS-UD for an FDS, to ensure alignment rather than duplication of work. As submissions highlighted, it is also important for FDS provisions to have a degree of transitional flexibility to incorporate spatial planning work already under way; officials recommend including policy wording that clarifies how the transitional arrangements will be accommodated.

Consultation requirements

The consultation process for an FDS should be fit for purpose and fair, while balancing local authorities' need for certainty and flexibility when implementing the FDS. Officials received feedback that highlighted a lack of clarity around consultation requirements, creating a risk that consultation undertaken would not be adequately rigorous.

Officials consider the lack of clarity around consultation expectations was largely due to the proposal in the discussion document (carried over from the NPS-UDC) offering local authorities two options: local authorities could undertake a consultation process that complies with either Part 6 of the Local Government Act 2002 (LGA) or Schedule 1 of the RMA.

Both Schedule 1 of the RMA and Part 6 of the LGA refer to assessment and decision-making processes required by local authorities. The existing wording is unclear about whether all parts of those processes are expected to apply or just those parts that relate to consultation. The rationale for including the Schedule 1 process was to allow councils to prepare FDSs alongside or as part of the preparation of RMA plans. It became clear through discussions with local government that this approach was unlikely to ever be used, due to the fundamental differences in purpose, scope and level of detail between RMA plans and an FDS. Similar concerns were also raised for Part 6 of the LGA. Therefore, officials no longer consider that the FDS process should require compliance with Schedule 1 of the RMA or Part 6 of the LGA generally.

Part 6 of the LGA does, however, include a number of sections that specifically relate to consultation and are written to apply to local authority decisions generally, rather than for specific local authority documents. Section 83 of the LGA sets out a special consultative procedure (SCP) that requires local authorities to adopt and publicly notify a statement of proposal, and provide opportunities for people to make and present submissions. Officials consider that the level of consultation required by the SCP would be sufficient to inform preparation of an FDS and provide statutory legitimacy to the process. Therefore, officials recommend that local authorities should be required to follow the SCP as set out in section 83 of the LGA when preparing or updating their FDS.

The technical advisory panel (the panel) agreed with this approach. It did not consider local authorities should be required to comply with the consultation principles in section 82 of LGA. The panel noted that the SCP would set minimum expectations for consultation, with nothing preventing local authorities from undertaking more if they saw fit.

Officials recommend clarifying the policy wording on which local authorities must work together to implement the NPS-UD. Officials do not recommend changes to the definitions of

development and other infrastructure, because they believe the definition already includes providers of existing and planned infrastructure, and requires engagement with providers of social infrastructure, such as healthcare facilities.

Legal weighting of a future development strategy in subsequent Resource Management Act 1991 processes

The intent of this policy is that the FDS flows through into decision-making under the RMA. Officials consulted on a version of the policy that would require councils to have particular regard to the FDS. The panel raised concerns that ‘particular regard’ has strong legal weighting under the RMA. It would likely mean significant weight was placed on an FDS, which will not have been prepared under a Schedule 1 or equivalent process that would have ‘tested’ it through an evidential process. It was the panel’s view that this would be contrary to the principles of natural justice. Officials agree with this analysis and recommend amending policy to require that council decision-making is ‘informed’ by the FDS. This will maintain the strategic intent of the policy while still allowing contestable application through RMA processes.

Clarify what future development strategies must be informed by and demonstrate

Submissions, consultation and subsequent analysis highlighted that the wording of what must inform an FDS and what an FDS must demonstrate could be clarified. The following comments and recommendations are made in relation to these sections.

What must inform a future development strategy

Officials recommend clarifying that an FDS needs to be informed by considering different spatial scenarios, rather than a detailed cost-benefit analysis. This will ensure a rigorous but strategic discussion of advantages and disadvantages of the options to accommodate growth, rather than a detailed cost-benefit analysis process that may duplicate the section 32 evaluations in RMA planning documents.

What a future development strategy must demonstrate

Some submitters commented that the draft policies did not make it clear that environmental constraints need to be carefully considered when identifying growth and infrastructure locations spatially. To address this, officials considered whether the NPS-UD should articulate in greater detail the sort of evidence that might lead to an area being avoided. The panel considered it would be difficult to spatially identify these matters to the level of detail required in an NPS. The panel advised that an appropriate level of direction would require councils to identify potential constraints to appropriate development in their urban area, rather than having the NPS prescribe that level of detail. Examples of potential constraints council be areas where development would not be compatible with RMA Part 2 matters, including areas of high natural character, landscape and biological diversity, cultural, character and heritage values and natural hazards.

Officials consider the proposed broad wording should be retained, with further detail potentially provided in guidance.

Implementation of a future development strategy

The proposal as consulted on required an FDS to demonstrate how the strategy will be implemented. Some submitters raised concerns that this would require much greater detail than should be necessary at the strategic level. Some submitters were also concerned that this would duplicate the information required for the preparation of other LGA documents. In light of these concerns, officials now consider that local authorities should be required to prepare, and update annually, an implementation plan that sits outside of the FDS, rather than include detailed implementation actions in the FDS itself.

Recommendations and decision

Recommendations

- a. That a future development strategy (FDS) must be produced every six years.
- b. That an FDS must be reviewed, and if necessary updated, every three years.
- c. Clarify that the FDS needs to be informed by an analysis of the advantages and disadvantages of different spatial scenarios, rather than costs and benefits.
- d. That it is made explicit that local authorities consider (that is, 'have regard to') the FDS in Resource Management Act 1991 decisions.
- e. That when updating and preparing an FDS, local authorities must also engage with the development community and providers of infrastructure.
- f. That it is clarified that local authorities must follow the special consultative procedures of section 83 of the Local Government Act 2002 when preparing or updating their FDS.
- g. That, to support an FDS, local authorities are required to prepare an implementation plan that sits outside the FDS and is updated annually.

Ministers' decision:

Agree

8 Describing well-functioning urban environments

Intent

This section of the National Policy Statement on Urban Development (NPS-UD) clarifies the link between urban environments and people’s wellbeing. It outlines important and nationally consistent factors that contribute to good urban outcomes (including sufficient housing capacity). By articulating a central government perspective and supporting positive urban development approaches that may otherwise receive resistance, it aims to help decision-makers prioritise improving urban development outcomes over retaining the status quo.

What did we consult on?

The proposal built on provisions in the National Policy Statement on Urban Development Capacity 2016 (NPS-UDC) that focused on “well-functioning urban environments”. It was proposed to replace these provisions with two objectives and two policies that referred to “quality urban environments”.

- One proposed objective highlighted the importance of quality urban environments in supporting wellbeing and provided a non-exhaustive list of features that would contribute to that (see O2 on page 27 in the NPS-UD discussion document). This list of features was to be complemented in the preamble by a broader recognition of the wider functions that contribute to the quality of an urban environment.
- A second proposed objective noted that development should occur in locations that maximised its contribution to quality urban environments (see O3 in the NPS-UD discussion document).
- One proposed policy directed decision-makers to have particular regard to enabling a range of dwelling and business typologies at a range of locations, and to limiting adverse impacts on the competitive operation of land markets (see P2A in the NPS-UD discussion document).
- A second proposed policy directed councils to consider the costs and benefits of urban development at local, regional and national scales (see P2B in the NPS-UD discussion document).

Feedback from submissions

Submitters were generally supportive of the intent of the policy, although many suggested including a comprehensive description of a quality urban environment (particularly referring to the functions and features that were proposed to be referenced in the preamble) in the objective itself. This was because many of the submitters did not think the discussion document had made clear what a “quality urban environment” was. Many also suggested the inclusion of references to urban design.

An issue identified through submissions, as well as subsequent analysis and engagement, was that the proposed policy resulted in varying interpretations of the scale it applied to (often interpreted as site-specific direction) and a lack of clarity on what it sought to achieve.

This is because the policy as consulted on used the term 'quality'. Understanding of quality varies and is typically associated with site-specific and aesthetic features. What makes a quality urban environment under this interpretation differs with local circumstances and the interests of different communities.

This lack of clarity could undermine the policy's intent, which is to ensure that decision-makers consider the critical features and functionality of a quality urban environment when making choices about development that occurs in the city.

Key issues

The key issues identified through submissions and subsequent analysis included whether:

- there is still value in articulating the role of urban development and environments in the provision of wellbeing
- the scope of the policy should reflect the broader concept of 'quality', including both functions and features that are important in urban environments
- the policy should provide a shortlist that emphasises key functions (or features), or aim to provide a more comprehensive list.

Analysis

Officials still consider it is important to emphasise the ways in which urban environments and development contribute to the wellbeing of their inhabitants. To do that, the policy should set out the factors that councils need to work towards, so the contribution of urban areas to the wellbeing of their inhabitants and others is maximised.

Focus on the functions of urban environments, not 'quality'

Following submissions, discussions with the technical advisory panel (the panel) and subsequent analysis, officials consider that the terminology should more closely mirror that of the NPS-UDC. In particular, references to 'quality' should be replaced with references to 'well-functioning' urban environments. The panel broadly agreed with this approach, considering that the change better reflected the policy and retained positive aspects of the NPS-UDC. Officials consider the NPS-UD should continue to set expectations that local authorities work to achieve well-functioning urban areas that (among other things) are well-connected and offer a range of housing choices to improve wellbeing.

The panel was concerned that a sole focus on functionality may be too narrow and utilitarian, and suggested including reference to the 'liveability' of urban environments in addition to function. The panel considered that 'liveability' was a well-understood concept and, along with 'well-functioning', provided the appropriate policy approach for local authorities when undertaking their plan-making functions.

On further reflection, officials consider that 'liveability' is a subjective term and, although commonly used in relation to urban environments, it does not appear to have any universally applied definition. As such, officials consider that use of the term 'liveable' in relation to these policies would likely run into the same definition issues as the term 'quality'.

Officials do not consider the scope of the NPS-UD should be expanded to include direction on site-level features. This approach would be inherently more prescriptive, with the potential to restrict local decision-making and increase compliance costs. Officials also do not consider this approach would be appropriate for a national-level instrument, such as the NPS-UD, due to the challenges of providing direction on site-level features applicable across all of New Zealand's urban environments.

Emphasis on a shortlist of what makes a well-functioning urban environment

While officials still consider the NPS-UD should provide a shortlist of functions, officials recommend changes to those proposed in the discussion document. Officials consider that a well-functioning urban environment should:

- have or enable a variety of housing that meets the needs (in terms of type, location and price) of different households, and enables Māori to express cultural traditions and norms
- have or enable a variety of sites that meet the needs of different business sectors in terms of location and size
- have good accessibility by public or active transport between housing, jobs, opportunities for social interaction, services and public open spaces
- support, and limit possible adverse impacts on, the competitive operation of land and development markets through the provision of development capacity that meets or exceeds demand
- support reductions in greenhouse gas emissions
- be resilient to the likely current and future effects of climate change.

The panel supported the inclusion of functions relating to housing and business and was also comfortable with the inclusion of accessibility as a function. The panel did not support including a 'price' requirement in these functions, because it could be interpreted to be a directive requirement to include affordability – something councils are unable to directly influence. Officials consider that well-functioning environments should, however, meet the needs of people in terms of price, and that planning decisions can contribute to this. Because the proposed approach only describes what a well-functioning urban environment does, officials do not consider it would put the onus to achieve different price points entirely on planning decisions.

Officials consider there is value in including a reference to providing for the relationship between tangata whenua and the land in an urban environment. While the panel supported the intent, they felt this provision was pitched at a different level from the other functions and therefore belonged in a separate policy.

However, officials consider that, while the other functions listed outline what it means to be a well-functioning urban environment generally, this function states what it means to be a well-functioning urban environment in an Aotearoa New Zealand context. As such, officials consider it should be included alongside the other listed functions.

The other function officials consider should be added is competitive land markets, which are an important factor in enabling opportunities to develop and help create labour market interactions. The panel broadly agreed with this approach.

Officials consider these functions will collectively help maximise labour markets and opportunities for social and economic exchanges and generate prosperity and wellbeing by facilitating face-to-face transactions between people, and between people and firms.

Provisions require more clarity to create a change

The discussion document built on the approach in the NPS-UDC, and although its structure improved the emphasis of the approach, its wording is less clear. Officials propose clarifying wording in the drafting, including by drawing on the wording of the NPS-UDC and integrating other provisions in the NPS-UD where appropriate.

Recommendations and decision

Recommendations

- a. Replace references to 'quality urban environments' with 'well-functioning urban environments'.
- b. Include a policy outlining a non-exclusive list of functions that a well-functioning urban environment is expected to deliver.

Ministers' decision

Agree

9 Amenity values in urban environments

Intent

The intent of the amenity provisions of the National Policy Statement on Urban Development (NPS-UD) is to allow urban environments to change in response to changing needs. The provisions also intend to ensure local authorities do not unduly prioritise maintaining and enhancing existing amenity values enjoyed by individuals at the expense of future positive urban outcomes for wider communities. The objectives and policies as proposed sought to:

- emphasise that amenity values can change over time, with changes in communities and their values, and through the opportunities urban development offers
- shift the current perception that urban development has only negative effects on amenity for individuals to recognise it can enhance amenity for other people and communities
- emphasise that local authorities should consider amenity values for both current and future communities.

What did we consult on?

The amenity proposal consulted on contained:

- a draft objective seeking to ensure that urban environments provide for the diverse and changing amenity values of individuals and communities (see O4 on page 29 of the NPS-UD discussion document)
- a draft policy requiring plan-makers and decision-makers to recognise that individuals' and communities' appreciation of amenity values vary and are subject to change over time (see P3A of the discussion document).

These proposals were new and were not carried through from the National Policy Statement on Urban Development Capacity 2016 (NPS-UDC). They were proposed to apply immediately and to all urban environments.

Feedback from submissions

The feedback received was broadly supportive of the proposal's intent, with general agreement among submitters that an approach to amenity that considers the needs of the wider community and future residents is both important and desirable.

Some concerns were raised around a lack of detail in the proposal, and the possible implementation difficulties involved in weighing the needs of wider communities and future residents against those of existing land owners. The main issues identified through submissions and subsequent analysis included that:

- the positive effect urban development could have on amenity values was not clearly articulated
- the provisions may not have been directive enough to achieve the desired intent

- the interdependencies with other aspects of the proposed NPS-UD were not clearly articulated
- there was risk in attempting to adopt a national level ‘one-size-fits-all’ approach to an inherently subjective and highly localised issue.

Analysis

Amenity objective

The technical advisory panel (the panel) considered that O4 should focus on allowing for urban environments as a whole to change, rather than just on changing amenity values of individuals and communities. Officials agree that broadening the scope of the objective to focus on urban environments (of which amenity values are one component) is consistent with the overall goal of allowing for change in response to the changing needs of people, communities and future generations.

This is also consistent with the approach currently taken in OA3 of the NPS-UDC, which discusses change in urban environments as a whole rather than just in amenity values. Evidence shows that the NPS-UDC is having a positive effect on decisions involving amenity considerations. In *Summerset Villages (St Johns) Ltd v Auckland Council* [2019] NZEnvC 173, the Environment Court drew particular attention to the wording of OA3 in the NPS-UDC to find that the NPS-UDC gave clear:

direction to decision-makers to have regard to urban growth outcomes which have previously been under-emphasised in favour of local environmental or amenity considerations.

The Court found that “a more future-orientated, outcome-focused” approach to planning decisions is required, compared with the status quo before the NPS-UDC. There is a risk that limiting the objective to apply only to amenity values could send a message to decision-makers to prioritise allowing for change in amenity values (rather than the urban environment as a whole) and undermine the positive effects of the NPS-UDC.

The panel considered it unnecessary to explicitly address amenity values at the objective level, because the inherently subjective nature of the term could prove problematic, and the term ‘urban environments’ was broad enough to capture amenity values in any case. Officials consider that including a specific reference to amenity values will reinforce the objective by giving clear direction that allowing for change in an urban environment also allows for change in the amenity values associated with that urban environment.

Amenity policy

Officials consider strengthening and clarifying the amenity policy would address the point raised through submissions that a more prescriptive and detailed approach was needed to ensure the provisions have the desired effect. It would provide direction and clarity to decision-makers to recognise that amenity values extend beyond the generally considered built form and built character of an existing environment, can vary between individuals and communities (including different groups within communities) and change over time.

This is consistent with the panel’s view that the main problems with amenity were practice issues resulting from a narrow interpretation of the ‘maintain and enhance’ requirement in

section 7(c) of the Resource Management Act 1991 (RMA), which had led to a disproportionate emphasis on existing amenity values. The panel considered the NPS-UD could provide useful direction to decision-makers to take a wider or more holistic interpretation of section 7(c). Decision-makers should be given clear direction that intensification is good for well-functioning urban environments and that existing urban environments will necessarily change as a result of intensification.

Officials consider that requiring decision-makers to have regard to anticipated urban form outcomes would help deliver decisions on amenity that were aligned with the overall intended vision for a zone. To do so, decision-makers should draw from the relevant zone descriptions, objectives, policies and rules contained in council plans. This avoids adopting a national 'one-size-fits-all' approach to amenity but, due to the public consultation involved in RMA plan-making, allows decisions on amenity values to reflect the views and needs of the wider community rather than just those of selected individuals. This recommendation is consistent with feedback received from Kāinga Ora and discussions with the panel that decisions on amenity should be aligned with the overall anticipated urban form outcomes of an area.

Recommendations and decision

Recommendations

- a. Broaden the scope of the amenity objective to focus on allowing for urban environments as a whole to change, but include explicit reference to amenity values.
- b. Strengthen the amenity policy to require decision-makers to have regard to anticipated urban form outcomes, that appreciation of amenity values can differ across individuals and communities, and that change to existing amenity values is not necessarily negative.

Ministers' decision:

Agree

10 Ensuring plan content provides for expected levels of development

Intent

Most zones in major urban centres (MUCs) do not enable sufficient development, even when their intent is to provide new capacity. The provision of development capacity can often be undermined by the individual and cumulative impact of rules inconsistent with the intent of the zones to which they apply.

The intent of the policy proposal is to ensure consistency in district plan zone objectives, policies, rules and assessment criteria (collectively referred to as zone provisions). Zone rules should be carefully considered to ensure they do not undermine the intent of a zone and inhibit urban development. This work supports the housing and business development capacity assessment (HBA), which quantifies the overall development capacity of the urban centre. The effect of different spatial layers is also quantified through the HBA, as well as individual plan-making decisions, which form part of the group of policies in the National Policy Statement on Urban Development (NPS-UD).

What did we consult on?

The group of policies consulted on was divided into three main categories:

- avoiding unnecessary or unintentional restrictions on development through the cumulative impact of rules, objectives and policies (see policies P5A and P5B on page 34 in the NPS-UD discussion document)
- monitoring and evaluating zones to ensure appropriate uptake, and amending provisions when uptake is not occurring (see policy P5C in the discussion document)
- ensuring all plan-making decisions consider their impact on development capacity (see policy P5D in the discussion document).

These policies would apply to MUCs. They were generally new and not directly carried through from the NPS-Urban Development Capacity 2016 (NPS-UDC).

Cumulative impact of rules (policies P5A–B)

The proposed policies on the cumulative impact of rules required local authorities in MUCs to:

- include zone descriptions that outline the expected types and nature of development in each zone, to maintain consistent plan- and decision-making
- ensure zone provisions are cumulatively consistent with the zone description, so that one or more of the provisions do not unintentionally restrict development.

Monitoring and evaluation (policy P5C)

The policy on monitoring and evaluation sought to:

- require local authorities in MUCs to undertake ongoing monitoring of all urban zones, measuring the extent of development uptake
- when evidence showed low uptake, require local authorities in MUCs to:
 - change the zone provisions to achieve greater uptake, and/or
 - identify any constraints outside their resource management plans that would prevent the expected development for the zone.

Development capacity (policy P5D)

The policy on development capacity sought to have plan-making decisions supported by comprehensive analysis by requiring MUC local authorities to:

- clearly articulate the resource management matters being managed
- analyse decisions for consistency with the relevant FDS
- test all the benefits and costs of various options, including their ability to achieve a quality urban environment
- inform the above with relevant evidence and monitoring.

Feedback through submissions

Overall support for the proposal was high. Most submitters saw the proposal as a positive step to ensure that zones delivered their intended outcomes. Those submitters opposed to, or with qualified support for, the proposal were concerned the group of policies stipulated only what zones were already required to do. They considered that little or no change will occur, because the assessment requirements mirrored what was already required under section 32 of the Resource Management Act 1991 (RMA).

Key issues

The key issues identified through submissions, consultation and subsequent analysis were generally technical in nature. They included:

- the need to clarify what a zone description is, including whether it can be afforded statutory weighting in all decisions, and its relationship with the national planning standards zone descriptions
- whether the policy proposal applies to all zones in an urban environment, including the zone monitoring and assessment regimes. Councils were concerned about the high level of resourcing required for these
- how the results of zone evaluations (especially to understand the reasons for low development uptake) should be used when making changes to a zone, while taking into account matters (other than development capacity) addressed by the zone provisions.

Analysis

Officials recommend keeping the overall intent of the proposed group of policies, but making changes to the way they are achieved and how they align with other policies in the proposed NPS-UD. Officials also recommend a number of technical changes to better achieve the intent of the policies.

Cumulative impacts

Zone descriptions

The discussion document proposed requiring district plans to include descriptions for each zone, articulating both the overall intent of a zone and the anticipated future environment. Zone descriptions could be used to assess the cumulative impact of rules and assessment criteria on achieving new development.

Support for the zone descriptions was mixed. While some submitters saw merit, others were sceptical of their ability to change outcomes. Other submitters pointed out they were a widespread feature of zones, with all six major urban centres cited already including some form of zone descriptions in their plans.

The purpose of zone descriptions appears to overlap with either the purpose of zone objectives or anticipated environmental results if used. Officials agree with submitters that good planning practice should emphasise objectives that clearly articulate the anticipated zone outcomes. For residential zones in particular, the zone outcomes should include the anticipated density, built form (inclusive of housing typology) and the spatial application. Officials consider that zone objectives, rather than zone descriptions, are the best way of articulating measurable outcomes for zones, given their statutory function. Including a requirement to include zone descriptions may divert required detail and attention away from the zone objectives.

Overall, officials agree with the issues raised by submitters regarding zone descriptions, and consider the proposed zone description should be replaced with directions to plan-makers to describe in the zone objectives the:

- intent of the zone outcomes, including the anticipated built form (future anticipated environment)
- spatial distribution of the zone in terms of the location principles and spread (area) to achieve the development capacity sought.

Zone monitoring and evaluation

Monitoring

The proposed policy wording did not identify when zone uptake monitoring, or the corresponding evaluation and required changes to the zone, should occur. While this was not an issue raised by submitters, officials consider that more clarity is required, along with better alignment with the housing and business development capacity monitoring policies. Officials consider the following changes should be made to introduce timing requirements:

- zone monitoring should be coordinated so it feeds into the housing and business development capacity assessments (HBA); this will ensure capacity issues are addressed holistically from the overall capacity of the urban centre through to the uptake of zones
- if monitoring shows low uptake, an evaluation should be done as soon as possible so any necessary changes to the zone can be notified within 12 months of the monitoring report being released.

Evaluation and amendment of a zone

The overall aim of the policy is to ensure that zones can accommodate new development. When monitoring identifies low uptake in a particular zone, the proposed policy required evaluating that zone for its ability to provide development capacity. This evaluation should identify the barriers contributing to the low uptake and recommend amendments to the zone provisions to address or remove the barriers.

Application of policy

The proposed policy supports undertaking plan effectiveness monitoring to complement section 35 of the RMA. Council submitters were concerned that the proposed policy to monitor all urban zones in their districts would have unreasonable resourcing implications. They particularly questioned the benefit of examining zones with limited growth prospects, compared to the resourcing costs. Officials appreciate these concerns and recommend limiting the number of zones to which the policy applies, to focus the resources of local authorities. The zones listed below are selected because of their likelihood to provide housing capacity.

The zones (or their nearest equivalent for plans not yet updated to reflect the national planning standards) for which detailed monitoring and assessments would be required will align with the zones identified for intensification in the intensification provisions, and include:

- general residential zone
- medium-density residential zone
- high-density residential zone
- mixed-use zone
- town centre zone
- metropolitan centre zone
- city centre zone.

Submitters also raised a number of technical matters on:

- how to evaluate zones
- the degree to which non-RMA plan-related factors also influence take-up of development capacity envisaged for a zone
- the relationship with other national direction tools
- reverse sensitivity impacts
- urban design provisions.

Guidance will be prepared to provide more information on these technical issues.

Ensuring all plan-making decisions consider their impact on development capacity

The proposal as consulted required sufficient development capacity be considered in plan-making decisions. The feedback received on this policy suggested this is good practice and should also apply to other locations, such as medium-growth urban environments.

Officials consider that this policy should be read alongside the development capacity requirements of the NPS-UD, to ensure capacity matters associated with plan-making are considered in the content of the wider capacity targets.

Recommendations and decision

Recommendations

- a. Replace the zone description requirement with directions to plan-makers to describe the development outcomes anticipated in the zone objectives.
- b. Include a list of zones where monitoring and evaluation must be undertaken, rather than all zones in a tier 1 centre.

Ministers' decision:

Agree

11 Providing for intensification

Intent

The intensification policies are intended to ensure council plans provide for greater numbers of people, homes, jobs and activities to be accommodated in areas with high levels of accessibility to jobs, amenities and services – for development both in existing urban environments and greenfield areas. These policies have been designed to address bias towards the status quo, because this often results in rigid controls that increase prices and reduce the supply of higher density developments in locations of high demand. This is a particular issue around public transport and in centres that provide good access to jobs, services and facilities – locations where the benefits of greater levels of urban development can best be realised. This trend has led to limited housing choice and access to well-integrated, higher density housing, contributing to the current constrained supply of housing and continued unaffordability.

What did we consult on?

Some aspects of the proposal that officials consulted on would apply to all urban environments, while others would apply only to major urban centres (MUCs).

The aspects that would apply to all urban environments were:

- an objective for councils to provide for the benefits of urban intensification by allowing increased density in areas where those benefits are best realised (see O7 on page 36 in the NPS-UD discussion document)
- a general policy directing councils to enable higher density development, especially in areas with enabling factors, such as proximity to employment, amenities and services, high demand for housing, or where best use can be made of existing or planned infrastructure. Plan changes giving effect to this policy would need to be notified within 18 months of gazetting the National Policy Statement on Urban Development (NPS-UD) (see P6A on page 36 in the NPS-UD discussion document).

The aspects (P6B, P6C, P6D) that would apply to MUCs only were:

- a policy requiring regional councils in MUCs to directly insert an objective into their regional policy statements (RPSs) to ensure they support intensification (see P6B on page 36 in the NPS-UD discussion document)
- two options for more directive intensification policies – both a descriptive and prescriptive approach (see P6C on page 37 in the NPS-UD discussion document); the descriptive approach (option 1) would give local authorities more scope to determine locations for intensification and described the housing types to be enabled (terraced houses and apartments), while the prescriptive approach (option 2) was much clearer around locations where intensification must be enabled and required a minimum overall density of 60 dwellings per hectare
- a requirement for territorial authorities (TAs) in MUCs to directly insert a policy into their district plans (see P6D on page 37 in the NPS-UD discussion document); this policy would support the intent of the directive policies while waiting for the plan changes to give effect to P6C to be operative.

Feedback from submissions

General feedback

Submitters broadly supported the intent of the intensification policies, but many opposed to the idea of ad hoc urban sprawl. Specific concerns were raised about the concept of intensification in relation to things such as the quality of life in intensified housing, the choice of housing in intensified developments and the potential for poor design.

Several individual submitters also raised doubts over whether a 'one-size-fits-all' policy would work in all cities, and cited different locations where the prescriptive approach in particular would be unlikely to work. A strong desire was expressed for local councils to retain decision-making power and the ability to tailor responses to local areas. Infrastructure providers also raised concerns about the supply and maintenance of infrastructure, in particular the need to avoid hindering gas and electricity services.

Submitters also requested clarification around the use of terms such as 'centres', 'frequent public transport', 'density' and 'proximity'.

Specific feedback on the directive policy options for major urban centres

Submitters who indicated a preferred directive policy option favoured the 'descriptive' approach. Individuals and councils considered this approach to be adaptable, allowing councils to respond appropriately in areas where intensification is clearly not suitable.

Key issues

The following key policy issues were identified:

- how to balance local circumstances with achieving the overall policy intent, in particular a perception that the proposed approach would not allow for exceptions to enabling intensification; for example, enabling intensification should not be required in situations where it may hinder local authorities' ability to manage natural hazards
- the challenge of defining different public transport levels, determining which centres the provisions apply to, and defining required levels of density
- a need for realistic timeframes to implement policies
- the workability of the direct insertion policies to ensure they achieve the policy intent.

Analysis

Officials consider that a suite of intensification policies is needed to achieve the intent of the NPS-UD to provide for growth both up and out. Submitters and the technical advisory panel (the panel) clearly supported the intent of these policies. Cost-benefit analysis also demonstrates that greater intensification will better enable well-functioning urban environments and more competitive development markets, especially in locations where there is high demand (for example, around public transit stops and centres). The panel supported the need for the intensification provisions and considered these could be directive, to make clear what was expected in RPSs and plans when 'giving effect' to those provisions. The panel noted, however, that the drafting of these policies would be important for ensuring they delivered on the intent while facilitating appropriate intensification outcomes.

General intensification policy

Officials consider that a general intensification policy applying to all urban environments should be retained. Submitters raised concerns on whether the discussion document provided for circumstances where intensification wasn't appropriate (especially, for example, in coastal locations where demand may be high but there are natural hazard issues).

The panel's view was that officials could address this by specifically referencing the exceptions policy used for the direction provided to councils. However, officials consider the wording at a policy level provides enough flexibility for these cases without needing to do this. The panel recommended that officials remove reference to 'best use' being made of existing or planned infrastructure, because this had particular meaning under legislation and could be used to undermine the intent of the policy more generally. Officials agree and recommend drafting is amended to remove reference to making best use of existing or planned infrastructure, and instead focuses on locations of high demand for housing and business use, locations in and around centres and employment opportunities and areas well serviced by public transport. Through subsequent analysis, officials have reworded the policy so it is clearer that the density of urban form enabled should be linked to both the current and planned levels of accessibility (via public transport), to a range of commercial, community and recreational activities, as well as levels of demand. This policy and subsequent policies below will be supported with guidance on how to best determine the suitable urban density for different levels of public transport accessibility and demand.

Directive policies

The directive policy options consulted on through the discussion document received mixed feedback. Submitters raised concerns that neither option recognised the variety of local centres in tier 1 urban environments. For example, the level of density appropriate in and around the 'core' of a tier 1 urban environment is not likely to be appropriate in a 'feeder' town within the boundaries of a tier 1 urban environment (which are often service towns for rural communities). Strong feedback was also received that levels of density should be more explicitly tied to the level of public transport service available, or the size of the 'centre' that would support it. Questions were also asked about whether it was appropriate for central government to be directing this level of change in local authority plans.

While the prescriptive option would provide more certainty to local authorities, officials consider a scaled approach would have value that directs tier 1 urban environments to provide for higher density development, linked to access to key centres and public transport. The panel also supported a scaled approach, recognising that some centres further away from the core did not have the infrastructure capability or commercial feasibility to support development, or local authority capacity to enable and then manage 'high density' developments in these locations. This is supported by the cost-benefit analysis. This suggests the benefit of lifting constraints on levels of development is not equal across urban areas, and the biggest benefits – where a resulting increase in actual development is likely – come from removing constraints around high demand locations with good accessibility to a range of jobs, services, facilities and recreation opportunities.

Officials recommend the 'scaled' policy should have a prescriptive and descriptive element, as explained below. The directive policies contain a location component and how to describe the level of urban form and density required. For the location component, officials recommend taking a descriptive approach that provides local authorities with flexibility to determine what a 'walkable' catchment is. This would be supported by guidance providing a methodology for

determining suitable walkable catchments. Officials are currently working with Waka Kotahi New Zealand Transport Agency to develop this guidance.

This approach would be coupled with a prescriptive component. This would direct tier 1 councils to enable building heights and density of urban form to realise as much development capacity as possible around rapid public transport stops, and in and around city and metropolitan centre zones (or the equivalent, if national planning standards zones have not yet been implemented), to maximise the benefits of intensification. These locations currently provide the best proxy for locations of highest accessibility and demand, and the evidence strongly demonstrates that constraints on development in these locations will have the biggest impact. Officials also recommend combining this prescriptive approach in these particular locations with a descriptive component to provide height and density proportionate to the level of current and planned public transport accessibility and demand. This policy would target those areas that have high accessibility (such as through frequent public transport) and should be enabling higher density development but are not captured by the prescriptive locations.

For the urban form and density component, officials recommend prescribing a hierarchy based on differing heights and density of urban form by location (rather than a fixed number of dwellings per hectare). This would be supported by guidance to help councils determine both what levels of public transport accessibility and demand are, and the appropriate urban form and levels of density. This would direct tier 1 councils to enable:

- building heights and density of urban form to realise as much development capacity as possible within city centre zones (the most 'productive' land where constraints on development have the largest impact)
- building heights and density of urban form to meet demand for housing and business use in metropolitan centre zones, and in all cases heights of at least six storeys (even if demand could be met through lower heights)
- an urban form of:
 - at least six storeys in areas of high accessibility and demand (around rapid transit stops, in and around metropolitan centre zones and around city centre zones)
 - a height and density proportionate to the level of public transport accessibility to a range of commercial, community and recreational activities, as well as levels of demand.

The deliberate use of 'storeys' rather than 'metres' to prescribe height would allow the development sector more flexibility in implementation. When coupled with policies that direct plan content to be consistent with development outcomes (in this case, a particular number of storeys), officials consider it is the most effective way to allow more people, homes, jobs and activities to be accommodated at these locations. 'At least six storeys' was chosen following discussions with the panel and feedback from Kāinga Ora – Homes and Communities, because this is the likely minimum height to make apartment developments with lifts economical. Officials acknowledge that typical storey height differs for commercial and residential buildings uses. Officials expect zone provisions will identify a building height that gives effect to the policy intent in the context of the relevant zone outcomes.

All other locations across a tier 1 urban environment would be subject to the general intensification policy, which sets out the types of locations based on public transport accessibility and demand that best support higher densities.

Officials and the panel agree that higher density development will not be appropriate in all of the locations identified at a national level for higher density development. This could be due to issues such as those addressed in Part 2 of the Resource Management Act 1991 (RMA), particularly those of national importance in section 6, including natural hazards risks. The panel considered it important to allow RPSs and plans to provide for higher density development where appropriate, but to also avoid or limit development in areas with particular identified values or characteristics that make intensification inappropriate.

Officials and the panel both consider it should be presumed that higher densities will be provided in these locations unless an evidence-based reason is given that makes the location incompatible with higher densities. An exceptions policy should be included that caters for certain exceptions to the directive policies, where a local matter exists (such as identified value or characteristic) that is incompatible with the level of development prescribed through the policy. This is not intended to provide an 'out' for councils to implementing the intensification policies.

A clear and well-evidenced rationale must be given for each exception, and the costs and benefits of not providing for high-density development must be clearly understood. As part of any evidential basis, officials would expect to see these areas spatially identified, and the panel agreed. If it is determined an appropriate exception exists, then the next greatest level of urban development compatible with the matter must be enabled.

Officials consider this approach would strike a balance between enabling urban intensification in the locations where its benefits can best be realised, while also clearly recognising that, in some circumstances, local constraints may mean that enabling intensification would be inappropriate in particular areas. The section 32 analysis demonstrates that this approach better enables councils to give effect to Part 2 of the RMA, while still providing strong direction that greater levels of urban development must be enabled.

Direct insertion policies

Regional policy statement policy

Some submissions on the RPS policy were concerned that the direct insertion of the policy would not align with the direction of the rest of the RPS, or that it would reduce the effectiveness of existing policies that provide greater clarity and direction around intensification than in that proposed.

The panel considered that a policy directing the RPS to be consistent with the direction in the NPS is unnecessary. This is because, under section 61(1)(da) of the RMA, RPSs must be "in accordance with" an NPS, while regional and district plans must "give effect to" an NPS (sections 67(3) and 75(3) respectively). Officials still consider, however, that emphasising that the RPS must be consistent with the NPS is worthwhile. Officials agree with submitters and the panel that a direct insertion policy is not necessary to do this, and the intent could be achieved by emphasising through the objective that RPSs also play a role in enabling the levels of urban development required. This would still emphasise that an RPS must be consistent with the direction in the NPS-UD without compromising existing policies.

Consenting policy

Concerns were raised that the consenting policy could result in development not supported by adequate infrastructure. Concerns also noted that councils would have limited ability to

manage the effects of the proposed development through the resource consent process, resulting in developments that would ultimately undermine the plan change process to provide for intensification through the directive policies. However, officials consider the existing controls in district plans should enable enough discretion to adequately manage the effects of the development proposal.

The panel also considered that this policy is not necessary because the NPS-UD has weight in consenting decisions as soon as it is notified; that is, the intent of the policy must occur regardless of it being included. Officials agree with the panel's view and recommend this policy is not included. Officials could issue guidance that emphasises how officials would expect consenting decisions to consider the direction in this NPS.

Timeframes for implementation

The implementation timeframes proposed in the discussion document gave councils 18 months to notify plan changes that give effect to the intensification policies. The requirements of the intensification policy will have time and resourcing implications for councils, and it was apparent through submissions that more realistic and achievable timeframes were required to implement the intensification policies. Officials agree with submitters that unrealistic timeframes risk undermining the intensification policies' intent and implementation and, in turn, the wider objectives of the NPS-UD.

Officials now recommend a staggered implementation approach to the intensification policy, instead of 18 months. Officials recommend that the staggered implementation timeframes should require tier 1 and 2 councils to notify plan changes to give effect to the intensification policies within two years of the NPS-UD gazettal, and tier 3 councils to notify plan changes as soon as practicable.

Officials consider that extending the timeframes for tier 1 and 2 councils to two years is appropriate because:

- the resourcing and capacity of councils, resource management professionals and the courts across New Zealand will be stretched. At the same time as intensifying, local authorities will need to give effect to new national direction on freshwater, indigenous biodiversity and highly productive land. A slight extension will give councils and communities more time to ensure the plan provisions in cities meet the new requirements, especially in relation to water quality and urban biodiversity
- the more descriptive intensification policy requirements will require significant groundwork from councils to determine and test 'walkability' and 'walkable catchments' relative to existing topography and other constraints
- councils will require resources and time to apply the exceptions policy and provide robust evidence base to justify the use of this policy
- the need for intensification can be a challenging conversation within many low-density communities. Councils may need time to first have strategic 'planning for growth' conversations with the community before notifying plan changes, particularly those councils that have not initiated intensification proposals previously.

On further analysis, officials do not consider a justifiable need exists for tier 3 councils to comply with the two-year implementation timeframes. Tier 3 councils are low-density environments to begin with, and do not have the same housing pressures. It is unlikely these areas will be market-attractive for significant intensification, and considering the baseline

environment, any change in intensification would likely be significant. Given this, any intensification may need to be considered through a more comprehensive review process. It is unlikely this would be achieved within a two-year timeframe, particularly given resourcing and capacity constraints in the tier 3 councils.

Having staggered timeframes for tier 1, 2 and 3 councils to notify plan changes will ensure councils have sufficient time to implement the intensification policies in a robust manner, while allowing for the benefits of providing for urban intensification to be realised in the short-to-medium term.

Recommendations and decision

Recommendations

- a. Retain the general intensification policy.
- b. Adopt a 'scaled' approach to most directive policies, with greater specificity in prescription provided to the areas with clear evidence of benefit – city and metropolitan centres and rapid transport.
- c. Allow exceptions to enabling intensification where local constraints are incompatible, but require clear and demonstrable evidential basis for this exception.
- d. Require tier 1 and 2 councils to notify plan changes to give effect to the intensification policies within two years of the National Policy Statement on Urban Development gazettal, and tier 3 councils to notify plan changes as soon as practicable.
- e. Emphasise the role of the regional policy statement, to enable the levels urban development required, and remove the direct insertion consenting policies because the NPS-UD has weight in consenting decisions as soon as it takes effect.

Ministers' decision:

Agree

12 Responsive planning

Intent

Urban areas are dynamic and complex, continually changing in response to wider economic and social change. The current planning system can be slow to respond to these changing circumstances and opportunities, which can lead to a mismatch between what is enabled by planning and where development opportunity (or demand) exists. This can lead to delays in supply, or incentivise land banking. The intent of the responsive planning provisions in the National Policy Statement on Urban Development (NPS-UD) is to:

- enable the planning system to work responsively towards more competitive development markets, through developments at scale
- ensure that plan change requests are considered on their own merits, irrespective of infrastructure funding constraints, and to ensure that decision-making supports developments that are of scale and contribute to well-functioning urban environments.

What did we consult on?

The NPS-UD discussion document put forward an example ‘further greenfield’ policy that would expand on the status quo under the National Policy Statement on Urban Development Capacity 2016 (NPS-UDC) (see page 39 of the discussion document). This policy included directive provisions that required local authorities in major urban centres (MUCs) to be more responsive to plan change requests for urban development that were out of sequence or unidentified in plans, provided certain conditions were met. This requirement would be triggered where:

- development enabled by the plan change would:
 - contribute to a quality urban environment, including access to transport choice
 - not have adverse effects on protected areas or areas identified for restoration
 - occur in a way that is appropriate, safe, and resilient in the long term in respect of natural hazards and their effects
- reverse sensitivities are appropriately managed within and adjacent to the location or locations enabled by the plan change
- infrastructure to allow the long-term development of the land can be enabled.

Feedback from submissions

Public submissions revealed broad opposition to the policy, with most submitters opposing or strongly opposing the policy. Broad concern was expressed that the ‘greenfield’ policy would undermine the intent of the rest of the NPS-UD, especially the future development strategy (FDS) process and policies for evidence-based decision-making. Many expressed a view that greenfield development should be ‘strategic’ or otherwise align with FDSs prepared under the NPS-UD. A small number of submitters (mostly developers) expressed support for the policy, which they considered would increase opportunities for out-of-sequence developments.

Key issues

Following submissions, discussion with the technical advisory panel (the panel) and subsequent analysis of the policy, the key issues identified with the example policy in the discussion document were:

- the conditions risked imposing a more stringent test than for private plan changes under the status quo; following section 32 of the Resource Management Act 1991 (RMA), analysis of the proposed approach found ensuring 'infrastructure to enable the long-term development of the land can be provided' could result in private plan change requests being rejected more readily than they are now
- the policy could increase pressure on local authority resources to respond to ad hoc requests, which could undermine the intent of other requirements under the NPS-UD (for example, FDS and housing and business development capacity assessments (HBA))
- in response to policies seeking to enhance responsiveness in the private plan change process, local authorities may instead entrench hard urban growth boundaries in their regional policy statements (RPSs) that are not subject to private plan changes
- that the NPS-UD (as an RMA document) is unable to direct infrastructure funding governed by other statutes or central government infrastructure plans and processes, and therefore cannot address a key constraint to responsiveness in the current system.

Analysis

Officials consider a valuable approach is one that looks to enhance planning responsiveness to unanticipated development opportunities. However, officials no longer recommend the specific example policy outlined in the discussion document, due to concerns raised through submissions, discussions with the panel and subsequent analysis. Officials recommend an approach that includes a general responsiveness policy, integration with other aspects of the NPS-UD, and a policy aimed at ensuring RPSs are consistent with the direction of the NPS-UD. The panel disagreed with this latter direction because they felt high-order objectives and policy around responsiveness would require RPSs to meet this anyway.

Responsiveness policy

The panel broadly supported the intent of improving planning responsiveness and agreed there would be value in retaining specific policy direction for local authorities to actively consider out-of-sequence and/or unanticipated development. Officials recommend introducing a policy to ensure planning decisions affecting urban environments are responsive to proposals that would add significant development capacity. This policy would apply both to RPSs and decisions on plan changes to district and regional plans. In particular, this policy should provide for opportunities to be considered on their own merits and not rejected simply because they do not align with current plans.

The policy would recognise the benefits of plan changes that would add significantly to development capacity and contribute to well-functioning urban environments. Because the intent is responsiveness in the planning system, this would apply to both greenfield and brownfield developments. Significance would be determined by councils and could include development capacity significant to Māori that contributes to a well-functioning urban environment and has the necessary transport connections.

This approach will also address the possibility raised by submitters and the panel for local authorities to entrench hard urban growth boundaries in their RPSs. This could undermine the intent of the NPS-UD, because RPSs are not subject to private plan changes under the RMA.

Officials also consider that guidance should be developed to support this policy. Central government is working to improve and provide guidance on the suite of tools available for funding and financing infrastructure through the Urban Growth Agenda. Further guidance could build on similar processes to bring forward out-of-sequence development, such as the New South Wales Precinct Acceleration Protocol,³ which allows precinct releases within growth centres to be accelerated earlier than proposed.

Integration with other National Policy Statement on Urban Development policies

Along with the panel, officials consider integrating responsiveness directions into other NPS-UD policies (that is, the FDS and engagement policies) would help improve the transparency of decision-making. This integration would also facilitate a culture change in planning that should contribute to greater responsiveness in the planning system.

Officials consider that requiring ongoing and transparent engagement with the development sector through the process of preparing an FDS will help facilitate a systematic approach where councils consider overall growth opportunities, and then funding. The intent is that developers would be incentivised to participate, knowing that the NPS-UD requires the FDS to be considered in planning decisions. Officials consider this approach would reassure the development sector that opportunities are considered consistently, which may facilitate competitiveness within the system, because developers would know there are viable threats of market entry by others through this process. Officials consider the three-yearly FDS update cycle regular enough to ensure opportunities in the development cycle are not missed.

It will also be important to ensure that opportunities are of sufficient scale to enable well-functioning urban environments and avoid piecemeal developments that undermine future opportunities. Developments of scale are also likely to be more amenable to alternative financing and funding arrangements. Local authorities should also be encouraged, through guidance, to consider alternative funding and financing options in this process and work with central government on other funding required. This approach could therefore be supported through alternative funding and financing models, such as the Special Purpose Vehicle model being proposed through the Infrastructure Funding and Financing Bill.

Identifying ‘appropriate scale’ would best be addressed through guidance, to avoid setting hard definitions at national level that may not be suitable for every urban environment.

Conclusion

Overall, officials consider this combined approach would limit the ability of councils to refuse private plan change requests outright, and instead require a more considered and substantive assessment of unanticipated development opportunities. This would, in turn, provide for a

³ New South Wales Department of Planning, Industry and Environment. 2006. *North West and South West Growth Centres Precinct Acceleration Protocol*. Retrieved from <https://www.planning.nsw.gov.au/-/media/Files/DPE/Plans-and-policies/north-west-and-southwest-growth-centres-precinct-acceleration-protocol-2006-07-05.pdf?la=en> (15 July 2020).

more responsive system while avoiding the potential negative effects identified and associated with the more directive policy wording in the discussion document. It would continue to provide councils with an appropriate level of local discretion in their substantive assessment of proposals, and could be implemented to complement existing strategic planning initiatives and spatial plans.

Recommendations and decision

Recommendations

- a. Include policy direction for local authorities to have particular regard to out-of-sequence and unanticipated development, if they significantly add to development capacity, support well-functioning urban environments and are well-connected along transport corridors.
- b. Integrate responsiveness directions into the National Policy Statement on Urban Development future development strategy and engagement requirements, by requiring engagement with the development sector on development opportunities.

Ministers' decision:

Agree

13 Car parking

Intent

The car parking provisions of the National Policy Statement on Urban Development (NPS-UD) are intended to create more efficient land use, provide more space for housing and reduce development costs. Currently, car parking is over supplied as a result of parking regulations in district plans. The NPS-UD seeks to shift the provision of car parking from minimum car parking requirements to a market-based approach, to ensure parking supply matches actual demand.

What did we consult on?

Three policy options were consulted on, to limit the regulation of car parking through the district plans of major urban centres. The options proposed to remove the ability to set either:

1. minimum and maximum standards in all zones
2. minimum standards in all zones
3. minimum standards in medium- and high-density zones.

These were new policies, rather than ones carried over from the National Policy Statement on Urban Development Capacity 2016 (NPS-UDC).

Feedback from submissions

The majority of consultation feedback supported the policy intent. Most submitters supported either option 2 or 3, because option 1 was seen to unduly limit local authorities' ability to manage oversupply by preventing standalone parking uses or setting maximum parking limits.

Support was often cautious, however, and cited a need for further funding and support for alternative modes of transport over private cars, and better on-street parking management. Some submitters indicated a preference that the policy go further.

Key issues

From the submissions, consultation and subsequent analysis, the following policy issues were identified:

- the need to retain local authorities' ability to manage oversupply
- the options do not address the ability of councils to consider parking spill-over as an adverse effect on the environment when making decisions on resource consents; this ability could limit the effectiveness of the policy.

Several submitters considered the success of these policies would depend on support from central government, which could include guidance on parking strategies and appropriate street design, and supplying greater funding for public transport. Submitters considered this support was important, because:

- high demand for on-site car parking has led to the expectation that it is councils' responsibility to provide for car parking, either on- or off-street
- parking management plans are necessary for the policy approach to be successful.

Analysis

Following submissions, discussions with the technical advisory panel (the panel) and further analysis, officials consider option 2 the best policy option. It should be coupled with the use of parking area management plans as a tool for on- and off-street parking management. Officials also consider that forthcoming central government guidance will help local authorities with parking management.

Removal of minimum parking requirements

This approach would explicitly prevent tier 1 councils in major urban centres from setting minimum car parking requirements, but it would allow them to manage oversupply of car parking for certain activities (and associated environmental and social impacts) through maximum limits. The cost-benefit analysis shows substantial benefits in decoupling the cost of car parking from housing and other developments. It would no longer be compulsory for car parking to be provided in housing and other new developments, as is required in many district plans. Those who want to retain the choice of having a car park may continue to purchase or rent spaces, but they will bear the direct cost of delivery of these car parks rather than spreading the costs across those who do not need or want them. This approach to car parking is already in place in some cities, including Wellington, and has been shown to decrease parking supply over a long period until it matches actual demand.

Officials consider that a co-benefit of this approach will be greater neutrality between private cars and other transport options, because the proposed policy would limit the effective subsidy on car parking. The current approach of many district plans favours private car ownership by requiring the delivery of parking with housing and other land uses. The proposed policy will make public transport more financially competitive (particularly when compared with driving), helping to improve public transport reach and frequency in major urban centres. Officials consider that environmental co-benefits will also be experienced. A shift toward greater transport mode neutrality will support public transport options; decreasing emissions, which will improve air quality, associated public health and our response to climate change.

This approach provides simplicity through having one standard application across tier 1 councils, rather than expecting councils to apply tailored approaches to the higher and lower density areas of their urban environments. Officials consider the benefits of removing minimums are applicable to all intensities of developments, including lower densities. Cost-benefit analysis shows that while the benefits will be mostly realised in higher density developments, they will also occur in lower density developments. The cost of supply in low-density locations should remain low enough to allow ongoing new car parking delivery.

While the cost-benefit analysis suggests benefits would be gained from extending this policy to also apply to tier 2 and 3 urban environments, the benefits would be less pronounced than for tier 1 urban environments. Extending the scope of this policy would also be a significant change from the proposal consulted on. As such, officials recommend retaining the application that was consulted on – that this policy only apply to tier 1 urban environments.

Lack of parking as an adverse environmental effect

Officials had considered including explicit direction to prevent consenting authorities from considering a lack of car parking as an adverse effect on the environment when making decisions on resource consent applications. This would remove the ability of consenting authorities to require car parking as a condition of consent, or from declining consent solely because of a lack of car parking spaces.

The panel, while supportive of removing minimum standards, considered it was a 'step too far' that the effects of a development of either providing limited or no car parking could not be considered. This could include effects on the surrounding car parking supply, on- and off-street and amenity effects. The panel considered councils and the community should still be able to consider any positive or adverse effects, and ensure any adverse effects can be avoided, remedied and mitigated.

Officials agree with the panel that circumstances may occur where it is appropriate for a council to consider the effects of a lack of car parking and maintain its ability to impose consent conditions for the level of car parking to be provided if necessary. This would likely be most appropriate for large development applications with a significant under-provision of parking for the type and location of the activity. It could also be necessary to use a condition of consent to tie a development application to preparing or updating a comprehensive parking management plan.

Therefore, officials do not recommend preventing consenting authorities from considering a lack of car parking as an adverse effect. Officials note that, when considering an application and forming an opinion on the actual and potential effects of the activity on the environment, a consenting authority has discretion under section 104(2) of the Resource Management Act 1991 (RMA) to disregard an adverse effect, if a plan permits an activity with that effect, or consider the effect as it deems necessary.

Parking area management plans and central government guidance

Submitters opposing the policy focused on the possible effects of losing an abundant supply of car parking on neighbouring streets and adjacent off-street parking. Other submitters, mostly representing large-format retail operators, were concerned about car parking over-spill into parking they operate.

Officials consider these effects are best managed through parking management plans, and recommend including a policy that encourages local authorities to use those plans as the primary tool for on- and off-street parking management. These plans can provide guidance on managing parking in centres and other locations with parking demand pressures over the short, medium and long term, based on analysis of local circumstances. The plans can include recommendations and supporting evidence, to enable councils or their agencies to implement measures to manage parking, including introduction of restrictions or pricing. They will also help with decisions on divesting, retaining or providing additional parking supply to meet future demand.

Officials consider local authorities could benefit from central government guidance on how best to prepare and implement parking area management plans. This guidance could set out principles for parking management, parking prioritisation, means of establishing area-wide plans and methods such as pricing, resident parking schemes and data collection.

Equity considerations

A small number of submitters raised potential equity impacts on vulnerable populations who rely on car use but are less able to absorb additional costs of parking caused by reduced parking supply. Given the gradual transition to new development, the implications of the policy will take decades to produce notable changes in the supply of car parking in existing urban areas. Equity impacts may generally improve for lower income people, because car ownership is lowest in low-income households. Households without a car are most likely to be earning under \$30,000 combined. Presently, these households are paying for parking because it is usually bundled into the costs of their housing and the goods they purchase.

Timeframes

The discussion document proposed an 18-month timeframe for implementation of the car parking policies, and officials received limited feedback on this aspect of the proposal. Because car parking rules are to be removed from plans without using the process in Schedule 1 of the RMA, officials do not consider the reasons for extending timeframes for implementing intensification policies apply to car parking policies. Therefore, officials recommend that tier 1 councils have 18 months to remove minimum car parking rules, as proposed in the discussion document. The 18-month timeframe is to ensure councils and communities have sufficient time to develop comprehensive parking management plans, to manage effects with the supply and demand of car parking in other ways.

Recommendations and decision

Recommendations

- a. Require tier 1 local authorities to remove minimum parking requirements from their district plans.
- b. Encourage all local authorities to manage the supply and demand of car parking through comprehensive parking management plans.

Ministers' decision:

Agree in part.

Agree to b.

Disagree: a

All local authorities with urban environments should be required to remove minimum parking requirements from their district plans.

The rationale for this decision is the strong evidence that shows the benefits of the car parking policy are likely to be experienced in all urban environments, regardless of size. Costs related to removing car parking minimums are found to generally decline in proportion with the benefits. This means the policy change will most likely either be neutral or net positive in small urban areas.

A separate Further Evaluation report has been prepared in accordance with section 32AA of the Resource Management Act 1991. This report discusses the policy options and rationale in more detail. The report draws on the conclusions of the economic cost-benefit analysis prepared by PwC, which stated that no city is too small to benefit from removing minimum parking rates.

14 Providing development capacity, based on evidence and monitoring

Intent

It is intended that this package of policies will work together to ensure council plans and planning decisions are well informed and provide enough opportunities for development, supported by infrastructure that can respond to demands for housing and business land at all times.

The policies carry forward some “responsive planning” and “evidence and monitoring” policies in the current National Policy Statement on Urban Development Capacity (NPS-UDC) and amend others. The NPS-UDC requires councils with growing urban areas to enable, in their plans and with infrastructure, sufficient commercially feasible capacity for development to meet demand for housing and business land. High- and medium-growth councils must also provide an additional margin of development capacity of 20 per cent in the short and medium term, and 15 per cent in the long term, to factor in the proportion of development capacity that may not be developed. To support these planning requirements, high- and medium-growth councils must prepare three-yearly housing and business development capacity assessments (HBAs) that assess demand and development capacity, and monitor demand, supply and prices for housing and business land on a quarterly basis.

This recommendations report focuses on the NPS-UDC policies or amendments that were proposed in the discussion document and either received submissions or Ministers’ requests for further work.

These were the NPS-UDC requirements (with any proposed amendments in italics) that:

- councils provide sufficient development capacity, *including that likely to be taken up*
- major urban centres (MUCs) provide sufficient development capacity to meet demand plus a *margin to provide for choice and competitiveness* of 20 per cent in the short and medium term and 15 per cent in the long term
- *only MUCs need to prepare and publish a three-yearly HBA, while all other councils should assess demand and development capacity to inform planning decisions*
- HBAs assess both the commercial feasibility of development capacity (*with some flexibility about how to do this for the long term*) and the likelihood that it will be taken up in the short, medium and long term.

The intent of the above proposals was to:

- ensure all urban local authorities enable the development of sufficient housing and business land to meet demand and provide for choice and competition
- reduce the costs for smaller and/or slower growing local authorities of preparing evidence
- improve councils’ information about the commercial feasibility and take up of development capacity and the impact of planning on the competitiveness of their housing markets.

What did we consult on?

The proposals sought to strengthen and clarify the current NPS-UDC policies by providing enough development opportunities through the following requirements.

- All urban councils would be required to provide sufficient development capacity *that is likely to be taken up* in the short, medium and long term. This would better ensure councils provide enough capacity for the development of housing and business land to meet demand.
- Councils would be required to notify the Minister for the Environment if they cannot provide the required development capacity. This is designed to initiate discussions about potential planning or infrastructure funding constraints.
- For MUCs, the development capacity to meet demand (with competitive margins) would appear as a minimum bottom line in council plans and regional policy statements (RPSs), rather than a maximum target.

The proposals sought evidence-based decision-making through the following requirements.

- All local authorities (not just high- and medium-growth urban areas as under the NPS-UDC) would need to monitor a range of market indicators quarterly and publish the results of their monitoring annually.
- Section 32 reports would need to reflect evidence about markets for housing and business land. Assessments of planning decisions would thus be informed by market conditions.
- A requirement for MUCs to monitor price efficiency indicators (when available) to understand the competitiveness of their land and development markets and how planning decisions affect competition.

The proposals sought changes to HBAs, such as those that follow.

- Only MUCs would be required to prepare and publish an HBA (not high- and medium-growth urban areas as under the NPS-UDC). Other councils would be required to assess demand and development capacity and use this to inform planning decisions.
- MUCs would need to update their HBAs at least every three years to inform future development strategies (FDSs), long-term plans (LTPs), and infrastructure strategies prepared under the Local Government Act 2002 (LGA).
- Demand margins (20 per cent and 15 per cent) would be repurposed to help competitive markets, instead of acting as a buffer for development capacity not taken up.
- HBAs would use various demand scenarios to assess development capacity shortfalls.
- HBAs would need to demonstrate segmented demand and supply analysis across greenfield and existing urban areas, and by type and location. This would help ensure there is enough supply both up and out, and for different housing and business needs.
- HBAs would be changed so they have more flexibility to model long-term commercial feasibility.

These policies would build on the NPS-UDC and endeavour to maintain a robust HBA without undue complexity or prescription.

Feedback through submissions

Submitters, including MUCs, were largely supportive of the proposals.

Some non-MUC councils asked that the requirement to prepare and publish HBAs be extended to them (continuing the NPS-UDC requirement of medium-growth urban areas). These councils said they had found the HBA process and information extremely useful for a range of planning. Having made the initial investment they want to continue to maintain the evidence base.

However, the requirement that HBAs calculate likely take-up of development capacity attracted criticism, with many noting this is hard to estimate over the long term and subject to non-planning constraints. Some concerns were also expressed about the difficulty of forecasting long-term (commercial) feasibility.

In addition, support was mixed for MUCs having to provide sufficient development capacity including competitiveness margins of 20 per cent (short and medium term) and 15 per cent (long term). Although not proposed as an MUC, Dunedin City Council believed the margins were appropriate. Hamilton, Wellington and Auckland City councils gave conditional support but want more research on the appropriate margin size. Concerns about how the margins affect council infrastructure costs and the impact on external audits of LTPs was expressed by Christchurch and Queenstown councils.

Most submitters supported the proposals to monitor market indicators, because robust and up-to-date information supports more effective engagement with stakeholders and planning decisions. However, submitters noted that quarterly monitoring might be too onerous for some urban environments to undertake and suggested monitoring twice a year (Christchurch and Queenstown) or annually.

MUCs are also reluctant to produce reports analysing price efficiency, mostly on the basis they reflect market constraints other than planning. Availability of up-to-date data was also an issue.

Ministers' feedback

Following consultation, the Ministers questioned whether the proposed margins were high enough to ensure enough development capacity to provide for more competitive markets.

Key issues

From the consultation, submissions and subsequent analysis, the following issues with the proposed policies were identified.

- Should HBAs assess take up and long-term feasibility of development capacity, and, if so, how?
- Are the competitiveness margins and the basis for them appropriate?
- What is the relevance of analysing price efficiency indicators?
- Should the requirements that MUCs provide enough development capacity to cover competitiveness margins, produce HBAs and analyse price efficiency indicators also be extended to smaller, lower growth councils?

Analysis

Assessing development capacity ‘take up’ and long-term feasibility

Officials recommend maintaining the proposal that HBAs estimate the likelihood and long-term feasibility of housing development capacity being taken up. This information is essential for supporting the provision of sufficient development capacity.

Despite the challenges of accurately estimating these things, officials believe councils should aim for the most realistic and conservative supply side assessments possible, to avoid an undersupply of development capacity. For example, a couple of councils have already assessed the likelihood that development capacity is taken up in the short and medium term, and found it would require the provision of almost 40 per cent more development capacity in the next 10 years. Assessing long-term feasibility is relevant when infrastructure has lengthy implementation timeframes, often over 10 years.

Officials recommend more accurately wording the requirement that councils assess “the likelihood that development capacity will be taken up” as “development capacity that can be reasonably expected to be realised”. Officials also recommend providing examples in the policy and guidance of how councils could do this assessment.

To help councils assess the feasibility of development capacity over the long term (which is uncertain), officials recommend defining long-term feasibility as “commercially viable to a developer based on the current relationship between costs and revenue, or on any reasonable adjustment to that relationship”. This new flexibility would allow councils to do ‘what if’ analysis of marginal policy changes. For instance, councils could modestly increase house prices by 5 per cent to 10 per cent relative to development costs by investing in parks, community facilities, good urban design or transport.

Competitiveness margins

The proposal that tier 1 councils are required to provide sufficient development capacity to meet demand, plus a margin of 20 per cent in the short and medium term and 15 per cent in the long term, would have maintained margins already required by the NPS-UDC.

However, the purpose of the margins has been changed to “promote competitive markets” rather than “to account for the development capacity that would not be taken up” as stated in the NPS-UDC. As outlined above, the discussion document also proposed that sufficient development capacity would need to be likely to be taken up.

The margins are consistent with, but exceed, international precedent. For example, in England, local authorities must add a 5 per cent margin to the identification of “specific deliverable sites” to ensure choice and competitiveness, and must increase this to 20 per cent if there has been persistent under-delivery of housing against projected demand. In Scotland, local authorities must add a margin of 10 per cent to 20 per cent (depending on local circumstances) to ensure a generous supply of land is provided. Both jurisdictions only require these margins to be added to the first five years of capacity.

Ministers asked officials to test options for increasing the margins in response to available indicators that planning is constraining the competitiveness of local land markets for housing. The housing price-cost ratio is the best indicator of this, being relatively simple and up to date.⁴ In most parts of New Zealand, most of the time, the housing price-cost ratio is between 1 and 1.5. When it exceeds 1.5, land values are over one-third of the price of a home, signalling development capacity constraints that are inflating the value of land. This is currently the situation in Auckland, Hamilton City, Tauranga City, Western Bay of Plenty district, Wellington City and Queenstown.

Officials have reservations, however, about using this indicator to trigger an increase in the competitiveness margin:

- no connection exists between the 1.5 trigger and any particular percentage increase in the competitiveness margin
- because the ratio only measures the costs and prices of standalone homes, it is biased upward in places with a high proportion of attached dwellings, such as Auckland
- in other places the ratio tends to exceed 1.5 for a few years at the height of a housing boom; by the time councils have provided additional development capacity to cover a higher competitiveness margin the problem may have gone away.

Requiring an increase in the competitiveness margin using this mechanism could result in additional infrastructure expenditure that councils might consider unjustified and that would be difficult to recover from development contributions.

Officials note that several proposed new NPS-UD policies could more effectively increase development capacity and support competitiveness. These include the requirements that councils:

- provide sufficient development capacity that can reasonably be expected to be realised
- enable more intensification
- enable out-of-sequence and unplanned but beneficial development.

Accordingly, officials recommend maintaining the competitiveness margin of 20 per cent in the short and medium term, and 15 per cent in the long term.

The result of the combined policy proposals is that tier 1 councils would have to provide more development capacity for housing than under the NPS-UDC. This should ensure capacity for developing housing that meets demand and allows choice and competition. It would require councils to make plan changes and potentially also finance additional infrastructure (putting pressure on those facing debt constraints).

HBAs will quantify the additional development capacity councils would need to provide, while LTPs should quantify the impact on infrastructure funding. Monitoring the price efficiency indicators should provide information about the competitiveness of the market.

⁴ Officials also tested the housing affordability measure for potential first-home buyers, and the building consents to household growth measures. These do not directly measure the impact of constraints on development capacity. Rural–urban differentials provide a more complex alternative to the housing price-cost ratio; these are currently being updated using the latest valuation data for New Zealand cities.

The cost-benefit analysis identifies that while the costs of infrastructure are variable and hard to estimate, these should be exceeded by the benefits of lower house prices and allowing more people and businesses to access our major cities.

Analysis of price efficiency indicators

Officials consider the price efficiency indicators are part of aiding market-led development for tier 1 councils. Up-to-date indicators would help councils, through their HBAs, craft a narrative of why more developed capacity is required to meet demand, and provide for competitiveness for well-functioning cities. For instance, high house price-cost ratios indicate where constraints on development capacity are distorting land prices and driving house price increases.

It would be useful to link this information to an analysis of housing affordability and include it as context in councils' HBAs. Accordingly, officials recommend that HBAs use price efficiency indicators as part of the information to analyse the affordability and competitiveness of housing markets.

Extending development capacity and housing and business development capacity assessment requirements to smaller, lower growth councils

The NPS-UDC required both high- and medium-growth urban areas to:

- provide sufficient development that covers margins of 20 per cent in the short and medium term, and 15 per cent in the long term
- publish HBAs every three years
- include price efficiency indicators in these HBAs.

The discussion document proposed removing these requirements from medium-growth urban areas and applying them to MUCs only. Officials thought that the costs of these policy requirements for smaller, lower growth areas might not be justified by the benefits.

Feedback from submissions and the cost-benefit analysis identified, however, that the policy requirements would have (smaller) net benefits for smaller, lower growth areas.

Officials subsequently reviewed the costs and quality of HBAs more closely. The cost of preparing an HBA was similar for both large and small, less well-resourced councils. This was driven by the need to get outside technical assistance to assess:

- the feasibility of housing development capacity
- business land demand.

Most medium-growth councils found it challenging to assess the feasibility of housing development capacity, but mitigated this by doing a good job of assessing the likelihood that it would be taken up. Officials think this would be sufficient for them to calculate how much development capacity they need to provide.

Business land demands are likely to be more predictable in smaller, lower growth areas, and officials think a simpler demand assessment would be sufficient to inform their planning decisions.

On this basis, officials recommend that both tier 1 and 2 councils be required to:

- provide sufficient development to cover margins of 20 per cent in the short and medium term and 15 per cent in the long term
- publish HBAs every three years, but allow tier 2 HBAs to assess the likelihood that housing development capacity will be realised, instead of its commercial feasibility, and to present only one projection of demand for business land
- analyse price efficiency indicators.

Transitional provisions for housing and business development capacity assessments

Under the NPS-UDC requirements, high-growth urban areas would have had to prepare an HBA by December 2020, and medium-growth urban areas by December 2021. Officials recommend a staged approach to transitioning from the HBA requirements under the NPS-UDC to the new requirements under the NPS-UD. This approach would require tier 1 and 2 councils to complete the housing assessment aspect of HBAs by July 2021 and the full HBA (housing and business development capacity assessments) in time to inform councils' 2024 LTPs.

By July 2021, tier 1 and 2 councils should have completed HBAs that:

- present an analysis of the affordability and competitiveness of their housing market and the impact of planning and infrastructure on this
- present the latest range of projections for housing demand for the short, medium and long term, and identify the most likely projections, reasons and assumptions
- quantify the level of plan-enabled and infrastructure-supported housing development capacity that is feasible and/or likely to be realised in the short, medium and long term (note that tier 2 councils would only need to assess EITHER feasibility OR take up, not both)
- present the updated bottom lines that will need to be set in plans
- quantify any shortfall in development capacity
- identify whether plan changes or additional infrastructure or both would address the shortfall.

This approach recognises the short timeframe to update HBAs following gazettal of the NPS-UD and the pressing issues with housing development capacity. It will ensure up-to-date information is available to give effect to the development capacity requirements of the NPS-UD; councils may also be able to use this housing information to inform their 2021 LTPs. This approach also allows councils more time to develop internal capability to carry out robust business land assessments (under the NPS-UDC, all councils engaged external consultants to carry out this aspect of the first round of HBAs, with varying results).

Recommendations and decision

Recommendations

- a. Maintain the requirement that tier 1 councils provide sufficient development capacity to meet demand plus a competitiveness margin of 20 per cent in the short and medium term and 15 per cent in the long term, and extend this requirement to tier 2 councils.
- b. Maintain the requirement that sufficient development capacity for housing must be “likely to be taken up” (reworded as “reasonably expected to be realised”). Maintain the requirement that councils’ housing and business development capacity assessments (HBAs) must assess this, and provide examples of how in the policy and guidance document.
- c. Extend the requirement that tier 1 councils prepare a three-yearly HBA in time to inform long term plans under the Local Government Act 2002, to tier 2 councils also. Allow tier 2 HBAs to assess the likelihood that housing development capacity will be realised instead of its commercial feasibility, and to present only one projection of demand for business land.
- d. Maintain the requirement that tier 1 HBAs assess long-term commercial feasibility of housing development capacity.
- e. Require HBAs to use price efficiency indicators as part of the information to analyse the affordability and competitiveness of housing markets.

Ministers’ decision:

Agree

15 Values and aspirations of Māori in urban planning

Intent

The degree to which Māori history and culture is valued and recognised by urban decision-makers varies throughout New Zealand (Ryks et al, 2014). The National Policy Statement on Urban Development (NPS-UD) presents an opportunity to see greater expression of the values and aspirations of Māori communities in the documents that shape our urban environments and in these environments themselves.

Officials aimed to take these elements into account by emphasising the existing obligations on local authorities under the Resource Management Act 1991 (RMA) to consult iwi and hapū, and by extending these consultation requirements to apply to future development strategies (FDSs).

What did we consult on?

The proposal in the discussion document included objectives and policies to ensure local authorities take into account issues of concern to iwi and hapū by:

- requiring councils to engage with Māori communities during the preparation of their future development strategy (see P1C, P1D, P1E on pages 22 and 24 in the NPS-UD discussion document)
- reinforcing that councils must engage with Māori communities when developing policy statements, plans and strategies that affect how development capacity is provided for in urban environments (see O9 and P9A on page 51 in the NPS-UD discussion document)
- requiring councils to understand and take into account whānau and hapū aspirations for urban development on whenua Māori in their rohe (see O9 and P9B on page 51 in the NPS-UD discussion document).

These policies (except those relating to future development strategies) would apply to all urban environments. All the policies are new and have not been carried over from the National Policy Statement on Urban Development Capacity 2016 (NPS-UDC).

Feedback from submissions

Most submissions supported the intent of the proposal and stressed the importance of expressing Māori values in urban planning documents and urban environments. Submitters also highlighted the opportunities that could come from urban planning that aligns with te ao Māori.

This support was generally qualified, however, by concerns about the capacity for Māori to participate in additional engagement and consultation processes, and a request for either central government or ratepayer funding to support engagement. Several comments were made during consultation around the need to resource Māori participation in current resource management processes; the system being under resourced; and Māori being called on to provide expert knowledge but not being compensated for these services. Submitters cautioned

that without appropriate resourcing, the proposed additional engagement requirements could stifle development.

Submissions also discussed involving groups other than iwi authorities (such as hapū and Māori who do not whakapapa to the area where they now live) in urban planning processes. This would help with reflecting Māori heritage in urban spaces, reflecting the Treaty of Waitangi (Te Tiriti o Waitangi) in the preamble to the NPS-UD, and allow the possibility of regarding the whenua as a living entity. Concerns were also raised around iwi environmental management plans being overlooked in councils' long-term planning and plan-making.

Key issues

The following key policy issues were identified following submissions, consultation and subsequent analysis.

- There is a need for greater recognition of Te Tiriti.
- The provisions need to be broadened to anchor Māori values in decision-making about urban planning and development.
- There are challenges in appropriately reflecting the values of urban Māori.
- There is a need for urban development to respond sensitively to places of cultural significance.
- There is potential for unintended consequences (increased pressure on Māori communities and potential delays in urban development) if Māori communities and councils are not supported (financially and with clear guidance) to engage.

Analysis

Recognising and providing for the principles of the Treaty of Waitangi (Te Tiriti o Waitangi)

While the intent of the NPS-UD was to give direction to local authorities on how to take into account the principles of Te Tiriti in urban planning and development, the proposal did not contain explicit reference to take into account the principles of Te Tiriti.

Officials consider that an objective and policy should be included, and amendments to other policies be made, to provide specific direction to local authorities to take into account the principles of Te Tiriti when making decisions on regional policy statements (RPSs) and regional and district plans and strategies (including FDS) that affect urban environments. Officials consider this direction could require local authorities to:

- ensure urban planning reflects the principles of Te Tiriti
- involve hapū and iwi in preparing RMA planning documents and FDSs by undertaking effective consultation that is early, meaningful and, as far as practicable, in accordance with tikanga Māori
- provide opportunities in appropriate circumstances for involving Māori in decisions that shape the urban environment
- enable Māori land owners to take up opportunities to develop their lands in culturally appropriate ways

- ensure requirements for intensive development will not affect the ability to implement or be consistent with Te Tiriti o Waitangi settlement legislation.

Anchoring Māori values in decision-making (O9, P9A, P9B)

These provisions were intended to ensure that Māori values are anchored in decisions made on RPSs, regional and district plans and strategies (including FDSs) that affect the urban environment.

Following submissions and subsequent analysis, officials consider the proposed provisions too narrow to achieve the policy intent (O9 and P9 focus on identifying and then taking into account issues of concern; P9B limits the consideration of aspirations to whenua Māori). Officials consider this is likely to exclude councils from considering the values and aspirations that hapū and iwi have for the urban environment and their land.

To address this, officials consider the matters to be taken into account by local authorities (see O9 and P9A on page 51 in the NPS-UD discussion document) should be amended to include a phrase such as “values and aspirations”. Officials consider this change would enable hapū and iwi to identify a desired future state for the urban environment instead of just a reaction to the current state. The technical advisory panel (the panel) agreed with this approach, noting it is consistent with the language used in the Kāinga Ora–Homes and Communities Act 2019.

Because considering aspirations for urban development is no longer limited to whenua Māori, officials regard that the proposed policies relating specifically to the consideration of whānau and hapū aspirations for whenua Māori can be deleted. While the panel agrees that the concept of ‘aspiration’ needs to be broader, it considers some policy recognition is needed of Māori land specifically, given the barriers that exist in relation to developing Māori land.

Officials recommend amendments to the FDS policies to ensure consistency with amendments to the engagement policies, and to ensure the FDS itself is a document that reflects the values and aspirations (or similar) of Māori communities.

Additional clarity in these policies about how sites of significance to Māori should be recognised would also respond to issues raised by submitters and the panel.

As discussed earlier in this report, the concept of a well-functioning urban environment in an Aotearoa New Zealand context is central to the NPS-UD. To recognise and provide for the principles of Te Tiriti in the NPS-UD it is appropriate that the concept of a well-functioning urban environment is one that incorporates te ao Māori.

Appropriately taking into account the values of Māori

The policy intent is to enable all Māori to be Māori in their own places and spaces, with Māori communities able to shape ideas of what constitutes good housing and good urban planning. The panel stressed the importance of provisions pertaining to urban Māori applying to both tangata whenua and Māori who do not hold mana whenua over the urban environment in which they now live.

While officials received a number of submissions on how they could provide direction to local authorities to engage with different Māori communities, the feedback did not provide clear direction. The panel’s view is that some urban environments, such as Auckland, have a significant Māori population who are not tangata whenua, and these populations should still

have involvement in ‘place-making’. Officials propose responding to this by including an objective that requires planning decisions and FDSs to take into account the principles of Te Tiriti. Accompanying policies will ensure well-functioning urban environments provide for all Māori, and FDSs are informed by the values and aspirations of all Māori.

Officials consider that the NPS-UD should encourage local authorities carrying out their housing and business development capacity assessments (HBAs) to understand Māori housing demand, including demand for particular types of housing. Encouraging local authorities to understand the demand from Māori for housing (including housing typology) would help ensure supply is appropriate to demand. This information would not need to focus solely on the needs of tangata whenua, and could help to provide for the needs of urban Māori more generally.

Recommendations and decision

Recommendations

- a. Provide specific direction to local authorities on how to take into account the principles of the Treaty of Waitangi (Te Tiriti o Waitangi) in urban planning.
- b. Increase the scope of the matters to be taken into account by local authorities to enable Māori to identify a desired future state for the urban environment instead of just providing for a reaction to the current state.
- c. Require local authorities, in carrying out the housing and business development capacity assessment, to assess how Māori housing demand is being met.

Ministers’ decision:

Agree

16 Treaty of Waitangi (Te Tiriti o Waitangi) settlement commitments

In addition to its obligations under the Treaty of Waitangi (Te Tiriti o Waitangi), the Crown has made a number of commitments to individual iwi through post-Treaty settlement redress.

Officials have considered these relevant settlements when preparing the National Policy Statement on Urban Development (NPS-UD). When deciding on the proposals in this report, decision-makers for this national policy statement (NPS) will also need to have particular regard to certain settlement Act matters, as highlighted further in this section.

Effect of the National Policy Statement on Urban Development proposals on Treaty of Waitangi (Te Tiriti o Waitangi) settlement Acts

The objectives, policies and implementation provisions in the NPS-UD set direction for what local authorities must achieve or enable in their urban environments. However, with the exception of the directive intensification policy, the NPS leaves flexibility for local authorities and communities to determine how and where those matters are achieved in the context of locally relevant settlement commitments.

Strengthening Māori values and upholding settlement commitments

In developing the NPS-UD, officials have considered how the proposals best uphold the principles of Te Tiriti and redress settlements. The proposed NPS-UD sets direction that applies nationally, and each local authority will need to implement this along with other requirements on them from locally relevant settlements. Therefore, officials have been mindful that recommendations need to uphold and strengthen Te Tiriti in urban planning, while allowing local authorities flexibility in managing their local arrangements (including future arrangements) and working with iwi and hapū to determine appropriate implementation.

The NPS-UD proposals aim to strengthen and raise Māori values and interests, and elevate the principles of Te Tiriti (including as expressed through specific Te Tiriti settlements) in urban planning.

- The NPS-UD makes it clear through an objective that urban planning is to take into account the principles of Te Tiriti o Waitangi, the intent for this objective is that planning decisions demonstrate the principles of Te Tiriti both in substance (the outcome of planning decisions) and process (the way decisions are made). This objective therefore reinforces the relevant Te Tiriti settlement obligations at a local level, to the extent that they relate to planning decisions
- Policy 1 (a)(ii) ensures that ‘well-functioning urban environments’ have or enable a variety of dwellings that enable Māori to express their cultural traditions and norms, which officials anticipate will help improve outcomes for Māori living in urban areas.
 - This wording fuses these matters to other references to ‘well-functioning urban environments’, because that cascades through other parts of the NPS, such as

Objective 1, the purpose of future development strategies (FDSs), and Subpart 2 (Responsive planning).

- This subclause will apply to both tangata whenua and mataawaka, because urban Māori includes both Māori who hold mana whenua over the land where they live and Māori who do not.
- This policy will support councils in implementing Te Tiriti settlement obligations in an urban context, where those obligations relate to tangata whenua expressing their cultural traditions and norms.
- The NPS-UD ensures that Te Tiriti settlement Acts are a qualifying matter (exempt from) for the directive intensification policy. Unlike the other provisions of the NPS, this policy (Policy 3, the directive intensification policy) requires specific intensification outcomes in specific areas in tier 1 centres
 - Officials acknowledge that these directive intensification outcomes could potentially conflict with certain settlement obligations, in specific areas. To remove this potential conflict, the NPS provides a mechanism for councils and communities to identify where a directive intensification outcome is incompatible with a settlement obligation, in which case regional policy statements (RPSs) and district plans only need to enable the highest level development compatible with that obligation.
- Proposed Policy 9 gives further direction to councils on what ‘taking into account’ the principles of Te Tiriti (as required by section 8 of the Resource Management Act 1991 (RMA)) looks like in an urban environment, which includes operating consistent with relevant settlement acts.
 - Although the need to implement settlement obligations exists independently of the NPS-UD, including this direction in Policy 9 is intended to signal that operating consistently with Te Tiriti settlement obligations is an important way of implementing section 8 of the RMA in urban planning.
- The NPS-UD highlights local authority engagement requirements with iwi and hapū. This requirement does not replace or affect any arrangements that exist under a settlement Act.
- The NPS-UD establishes that part of the purpose of strategic planning, through an FDS, is to describe hapū and iwi values and aspirations for the urban environment.
- FDSs are to be informed by Māori, in particular tangata whenua, values and aspirations for the urban environment.
- HBAs are required to include an ‘analysis of housing market’, which assesses how well the housing demands of Māori are being met.

These components of the NPS-UD are to be read as a sum of all of the objectives and policies proposed.

Commitment to have regard for certain matters in policy development

Some commitments require the Crown to have particular regard to certain matters when developing policy proposals. The Crown has committed, through Te Tiriti settlement legislation, to ‘have particular regard to’ certain post-settlement legal frameworks when

exercising a function, power or duty under the RMA, of which the following are applicable to the NPS-UD proposal:

- Te Ture Whaimana o Te Awa o Waikato – Vision and Strategy for the Waikato River⁵
- Te Awa Tupua status and the four Tupua te Kawa intrinsic values for the Whanganui River⁶
- Te Mana Tupua and the four Ngā Toka Tupua intrinsic values of Te Waiū-o-Te-Ika (Whangaehu River).⁷

Te Ture Whaimana o Te Awa o Waikato

Officials have had particular regard to Te Ture Whaimana – Vision and Strategy for the Waikato River, which sits as part of the Waikato Regional Policy Statement, and has a vision of:

“a healthy Waikato River that sustains abundant life and prosperous communities who, in turn, are all responsible for restoring and protecting the health and wellbeing of the Waikato River, and all it embraces, for generations to come (Waikato River Authority, 2008, p 4.).”

Te Ture Whaimana prevails over any NPSs that affect the Waikato River, including the NPS-UD where its policies affect the Waikato River, its tributaries and its catchment.

The Waikato River Authority and the joint management agreements signed with various regional and district councils provide the five river iwi with a much higher level of involvement in governance and decision-making relating to the river and its catchment than do the proposals to strengthen Māori values and interests in urban planning. At present, the proposals only direct councils to work collaboratively with tangata whenua to identify their values and aspirations for the urban environment. Te Ture Whaimana already provides the values and aspirations for the awa through its objectives. These objectives should be reflected in the FDS, to ensure the vision for the awa is also reflected in appropriately planned urban growth and strategic planning for the urban area.

National Policy Statement on Urban Development will not affect any of the existing arrangements

Given the level at which the policies in the NPS-UD operate, officials consider that the NPS-UD will not restrict local authorities, iwi and hapū from implementing Te Ture Whaimana in their regions, district and rohe. In many cases, the provisions in the proposed NPS-UD will support this implementation, such as:

- the ‘qualifying exemption’ in the intensification proposal, which recognises that these directive intensification outcomes could potentially conflict with objectives for the Waikato River as identified in Te Ture Whaimana. In this case, the Objectives for the river take precedence and play an important role in determining the level of intensification that is compatible around the river catchment
- the FDS policy will require local authorities to engage with Te Ture Whaimana iwi and hapū, describe their resource management issues of concern, and values and aspirations for the urban environment. The intent is that the FDS will incorporate these into the strategy. The existing Future Proof Growth Strategy for the Hamilton, Waipa and Waikato

⁵ Waikato-Tainui Raupatu Claims (Waikato River) Settlement Act 2010, section 17.

⁶ Te Awa Tupua (Whanganui River) River Claims Settlement Act 2017, section 15(3).

⁷ Ngāti Rangi Claims Settlement Act 2019, section 109(3).

sub-region is informed by and gives effect to Te Ture Whaimana. The FDS component is currently being developed and is expected to become part of the Future Proof Strategy this year.

Te Awa Tupua and Tupua te Kawa intrinsic values for the Whanganui River

When making decisions on proposals in this NPS that relate to the Whanganui River, or an activity in its catchment that affects the Whanganui River, the decision-makers must have particular regard for the status of Te Awa Tupua⁸ and Tupua te Kawa (its intrinsic values), in addition to Te Pā Auroa, the new legal framework for the Whanganui River.⁹

Reflecting the view of the river as a living and integrated whole, any activity that is captured by the NPS-UD in the Whanganui River and catchment area will require that decision-makers recognise and provide for the above legal personhood status and values when preparing or changing an RPS, regional plan or district plan. The urban area of Whanganui would be captured by the general NPS-UD proposals for urban areas but would not currently be affected by proposals targeting tier 1 or 2 urban areas. When giving effect to the non-targeted NPS-UD provisions, Whanganui District Council and the Horizons Regional Council would continue to recognise and provide for Te Awa Tupua and Tupua te Kawa intrinsic values for the Whanganui River, which hold precedence over provisions in this NPS.

Te Mana Tupua and the Ngā Toka Tupua intrinsic values of Te Waiū-o-Te-Ika (Whangaehu River)

When making decisions on proposals in this NPS that relate to the Whangaehu River, or to an activity in Te Waiū-o-Te-Ika catchment that affects the Whangaehu River, decision-makers need to have particular regard¹⁰ to the recognition statement that is Te Mana Tupua¹¹ and the intrinsic values of Ngā Toka Tupua.¹² Te Tāhoratanga o Te Waiū is the catchment strategy that councils must recognise and provide for when preparing, varying, amending or approving an RPS, regional plan or district plan.¹³ Councils also must give particular regard to Te Tāhoratanga o Te Waiū when deciding on a resource consent that relates to the Whangaehu River or to an activity in the Te Waiū-o-Te-Ika catchment that affects the Whangaehu River.¹⁴

The area of interest for the Ngāti Rangi Claims Settlement Act 2019 is based around the western and southern foot of Mount Ruapehu – including Ohakune and Waiouru – and borders Raetihi. However, the entire Whangaehu River and catchment is captured in the Act. This area is largely rural in character. The rohe has small towns only; Ohakune is the largest

⁸ Te Awa Tupua is an indivisible and living whole, comprising the Whanganui River from the mountains to the sea, incorporating all its physical and metaphysical elements (section 12). Te Awa Tupua is a legal person and has all the rights, powers, duties and liabilities of a legal person (section 14(1)).

⁹ Section 15, Te Awa Tupua (Whanganui River Claims Settlement) Act 2017.

¹⁰ Section 109, Ngāti Rangi Claims Settlement Act 2019.

¹¹ Te Mana Tupua includes the statement “Te Waiū-o-Te-Ika is a living and indivisible whole from Te Wai ā-moe to the sea, comprising physical (including mineral) and metaphysical elements, giving life and healing to its surroundings and communities” (section 107(2), Ngāti Rangi Claims Settlement Act 2019).

¹² Section 108, Ngāti Rangi Claims Settlement Act 2019.

¹³ Section 124(1), Ngāti Rangi Claims Settlement Act 2019.

¹⁴ Section 124(3), Ngāti Rangi Claims Settlement Act 2019.

town and Taumarunui is nearby. Both towns are well under the 10,000 threshold, meaning that this area is not directly targeted by the NPS-UD provisions. Ruapehu District Council is not targeted at all and Horizons Regional Council (Manawatu–Wanganui) and Whanganui District Council are only targeted for the other larger town centres in their jurisdictions.

Reflecting the view of the river as a living and indivisible whole, any activity that is captured by the NPS-UD in the Te Waiū-o-Te-Ika – the Whangaehu River (including its tributaries and beds) and catchment area – will require that decision-makers recognise and provide for the above values and status when preparing or changing an RPS, regional plan or district plan.

Other Acts and provisions

Fiordland (Te Moana o Atawhenua) Marine Management Act 2005 imposes obligations when people are exercising functions or powers “in” the Fiordland (Te Moana o Atawhenua) Marine Area, which does not capture the NPS-UD. The proposed NPS-UD will not apply “in” the Marine Area, because none of these areas qualify as an “urban environment” as defined by the proposed NPS.

Under the Ngā Rohe Moana o Ngā Hapū o Ngāti Porou Act 2019, the Ministry for the Environment would be required to have particular regard to the “environmental covenant” that Ngāti Porou may prepare under that Act. At the time of this assessment, no covenant is in place. If Ngāti Porou choose to develop a covenant, then the Gisborne District Council would need to review its RMA plans and policy statements, and the covenant should also inform updates to Gisborne District Council’s FDS, should it develop one.

The Ngāti Manawa Claims Settlement Act 2012 and Ngāti Whare Claims Settlement Act 2012 both require that officials have particular regard to the habitat of tuna (*Anguilla dieffenbachia* and *Anguilla australis*, long-fin and short-fin eel) in the Rangitāiki River (Bay of Plenty).

- Fewer than 10,000 people live in the Rangitāiki River catchment, meaning no part of the catchment is targeted by the NPS-UD proposals; therefore, the NPS-UD will not affect decisions made by the Joint Management Agreement (JMA) required under the settlement Acts, because the JMA relates to matters affecting the Rangitāiki River.
- Officials consider the NPS-UD will not affect the habitat of tuna in the Rangitāiki River and will not conflict with the Bay of Plenty’s requirement to recognise, provide for and have particular regard to the ‘Rangitāiki River Document’.

Conclusion

Officials have had particular regard to these Te Tiriti o Waitangi settlement Acts. Officials consider the proposals to strengthen Māori values and interests in urban development are not inconsistent with the Crown’s settlement commitments to specific iwi, and may contribute to upholding the intrinsic values, objectives and/or strategies associated with each commitment.

Officials do not consider that the NPS-UD will restrict local authorities, iwi and hapū from implementing relevant Te Tiriti settlement Act obligations in their regions, district and rohe. The NPS-UD may provide a mechanism by which these obligations could be provided for through regional and district plans, policies and FDSs.

Recommendation and decision

Recommendation

When considering the policy recommendations in this report, have particular regard to matters in the Treaty of Waitangi (Te Tiriti o Waitangi) settlement Acts as assessed above.

Ministers' decision:

Agree

Ministers confirm they have had particular regard to this part of the report in making their decisions on the recommendations.

17 Other matters to be included in the NPS-UD

Climate change

Several submitters sought that the National Policy Statement on Urban Development (NPS-UD) provide more explicit direction on the role of cities in reducing greenhouse gas emissions. The technical advisory panel (the panel) also noted the absence of any explicit climate change-focused provisions and supported additional provisions being included, as well as suggesting this also be addressed, in part, through the ‘exceptions provisions’ (addressed in [chapter 11](#)).

While the proposed policies in the NPS-UD relating to car parking and intensification near centres and public transport routes will support reductions in transport-related greenhouse gas emissions, officials agree the NPS-UD could be more explicit on climate change mitigation. Therefore, officials propose including an objective that urban environments support reductions in greenhouse gas emissions. The proposed policy direction will more clearly signal that climate considerations are relevant to Resource Management Act 1991 (RMA) decision-making, while giving flexibility to local authorities on how to give effect to it.

Similarly, a number of submissions considered that the discussion document wording did not provide sufficient guidance on the importance of urban environments being resilient to the effects of climate change. Officials consider that the NPS-UD should include policy direction that decision-makers have particular regard to the current and future effects of climate change when making decisions relating to urban environments. This direction is consistent with section 7(i) of the RMA and will help ensure our cities are resilient into the future. Collectively, these policies will support the wider objective of the Urban Growth Agenda (UGA) to help achieve emissions reductions and build climate resilience.

Housing affordability

The cumulative impact of NPS-UD policies is intended to help improve housing affordability by removing unnecessary restrictions to development and improving responsiveness to growth in the planning system. However, while this is mentioned in the context of the discussion document, it was not outlined clearly through a proposed objective. This omission was raised by some submitters and through agency consultation. As a result, officials now consider that a clear objective on housing affordability would support the intent of the NPS-UD.

Because a definition of the term ‘affordable housing’ has not been consistently agreed upon, it is important its use does not create unintended consequences. For example, a local authority may interpret a housing affordability objective to mean it must only be interested in the provision of low-cost homes rather than enabling a competitive land market that will improve affordability in the aggregate. Therefore, officials recommend an objective that clearly states the intent of the NPS-UD is to support housing affordability as delivered through planning decisions that support competitive land markets.

Recommendations and decision

Recommendations

- a. Include an objective that urban environments support reductions in greenhouse gas emissions.
- b. Include policy direction that decision-makers have particular regard to the current and future effects of climate change when making decisions relating to urban environments.
- c. Include an objective that the National Policy Statement on Urban Development supports housing affordability as delivered through planning decisions that support competitive land markets.

Ministers' decision:

Agree

18 Relationship to other national direction

This section summarises the key interactions between the National Policy Statement on Urban Development (NPS-UD) and other national direction instruments. More detailed analysis on these interactions can be found in the accompanying [section 32 report](#).

A number of Resource Management Act 1991 (RMA) national direction instruments (proposed and existing) are expected to interact with the NPS-UD. Officials recognise that any areas of tension between these instruments and the NPS-UD will need to be appropriately managed. In particular, objectives aimed at ‘protecting’ certain aspects of the environment and natural resources may compete with the NPS-UD objectives that seek to facilitate urban development.

Proposed National Policy Statement for Highly Productive Land (NPS-HPL)

The proposed National Policy Statement for Highly Productive Land (NPS-HPL) is aimed at improving the way highly productive land is managed under the Resource Management Act 1991 (RMA), to:

- recognise the full range of values and benefits associated with the use of that land for primary production
- maintain the availability of highly productive land for primary production for future generations
- protect highly productive land from inappropriate subdivision, use and development.

Significant interactions between the NPS-HPL and the NPS-UD include:

- how the NPS-HPL will interact with future development strategies (FDSs) prepared under the NPS-UD and growth partnerships occurring under the wider Urban Growth Agenda (UGA), in particular, whether the NPS-HPL will apply to land identified for urban growth through these processes
- how the NPS-HPL will relate to land released for development under the NPS-UD responsiveness policies, and what further tests may be required under the NPS-HPL for this land to be released.

Officials are still working to provide further advice to Ministers on managing these interactions.

Proposed National Policy Statement for Freshwater Management (NPS-FM) and National Environmental Standards for Freshwater (Freshwater NES)

The Government has consulted on updated national direction for freshwater management, including a proposed full replacement of the National Policy Statement for Freshwater Management (NPS-FM) and new National Environmental Standards for Freshwater

(Freshwater NES) to broaden the focus to all aspects of freshwater ecosystem health in urban and rural environments.

The proposed NPS-FM, the Freshwater NES and the drafting of the NPS-UD are to align to give clarity to local authorities on how to appropriately consider protecting urban freshwater ecosystems and provide for urban development. The following points are of relevance.

- Future development strategies (FDSs) provide a mechanism for local authorities to identify areas with environmental constraints, such as freshwater environments, where development may not be appropriate. Direction in the updated NPS-FM and proposed Freshwater NES is expected to recognise the importance of protecting rivers and streams from inappropriate development and require development to avoid net loss of rivers and streams, while also recognising that in some cases piping and reclamation may be unavoidable when providing for urban growth and the infrastructure to support it. In these cases, development must be proposed in accordance with a specified effects management hierarchy.
- Water-sensitive design must be incorporated into district plan objectives, policies and rules, to coordinate with regional plans' management of streams and other freshwater bodies.
- Manage land and water use to achieve identified suspended sediment limits for catchments and/or freshwater management units, and avoid sediment discharge to enclosed coastal water bodies.
- Direction in the updated NPS-FM is expected to help ensure decisions about managing the freshwater environment can be integrated as part of wider decisions about urban form.
- Loss of natural wetlands is expected to be avoided by urban development unless to support the development of nationally significant infrastructure.
- Recognising that, as well as their ecological function, wetlands and freshwater bodies provide a range of functions including stormwater, recreational and amenity value, and may support well-functioning urban environments in the form of public open space, in the same way that other water bodies can.
- Constructed wetlands (or known as naturalised stormwater ponds) designed to provide a hydrological function to support urban development are not expected to be protected so that they can continue to be maintained and reconfigured to support urban development.

Proposed National Policy Statement for Indigenous Biodiversity (NPS-IB)

The Government has requested feedback on a proposed National Policy Statement for Indigenous Biodiversity (NPS-IB), which seeks to identify, protect, manage and restore indigenous biodiversity.

It is recognised that tension could occur between the NPS-IB and NPS-UD at a site level when the priorities of urban development (in particular, moving existing urban areas to higher density developments or urbanising non-urban areas) and indigenous biodiversity are challenged. However, it is anticipated the proposed NPS-IB and NPS-UD will encourage biodiversity in public open spaces in urban environments and identify no-go areas with high biodiversity.

- The NPS-UD describes access to public open space as one of the features of a well-functioning urban environment that local authorities must provide for. The proposed

NPS-IB encourages restoration of indigenous vegetation in urban areas, and provision of indigenous vegetation in public open spaces is likely to be a large part of meeting these targets.

- The NPS-UD aims to ensure urban development can enhance and provide for changing amenity to meet changing demands and preferences, and helps local authorities give greater weight to the types of amenity that benefit the whole community and future generations. Encouraging increased indigenous biodiversity in urban areas with too little indigenous biodiversity is one way to achieve this.
- The proposed NPS-IB identifies areas where development should not occur because of effects on biodiversity; the NPS-IB requires local authorities to identify significant natural areas (SNAs) that should be protected due to their high biodiversity. The future development strategy (FDS) proposal in the NPS-UD is a way for local authorities to identify areas where urban development may not be appropriate, through listed or mapped 'environmental constraints'.
- The NPS-UD provides a mechanism to exempt councils from rezoning for intensification so that RMA section 6 matters (including indigenous biodiversity) are protected from inappropriate development, where this can be justified.

National Environmental Standards for Air Quality (NES-AQ)

The National Environmental Standards for Air Quality (NESAQ) aim to set a guaranteed minimum level of health protection for all New Zealanders. The NESAQ requires both regional councils and unitary authorities to identify areas where air quality is likely, or known, to exceed the standards.

Urban development is closely linked with managing air quality, because most discharges to air occur in urban environments where most New Zealanders live.¹⁵ The NPS-UD will provide clear direction to local government on delivering quality urban environments for people, now and in the future. Strategic planning that considers current use and future development can influence:

- a community's level of exposure to air pollution, particularly for vulnerable groups (for example, children and the elderly)
- the type of contaminants communities are exposed to because of land-use decisions in urban environments (for example, zoning decisions).

New Zealand Coastal Policy Statement (NZCPS)

The New Zealand Coastal Policy Statement (NZCPS) provides direction to local authorities in managing the coastal environment to achieve the purpose of the RMA in relation to the coastal environment of New Zealand. When providing for urban development in coastal areas, local authorities will need to balance this with the need to address coastal hazards. The NZCPS will help local authorities identify areas where development should be avoided (as required by

¹⁵ Ministry for the Environment. 2019. *Planning for Successful Cities: A discussion document on a proposed National Policy Statement on Urban Development*. Wellington: Ministry for the Environment.

the FDS proposals in the NPS-UD) while allowing for new urban areas in appropriate circumstances.

National planning standards (planning standards)

The purpose of the national planning standards is to require national consistency across resource management plans and support the implementation of national policy statements, national environmental standards or other regulations made under the RMA. It is important to note that none of the current national planning standards include content that will have a material effect on environmental outcomes.

The first set of national planning standards, gazetted in April 2019, focused on the core elements of a plan's structure and format, along with standardising common definitions and improving the electronic accessibility of plans. Officials consider these foundation standards will help support the consistent implementation of the NPS-UD in local authority plans.

Recommendation and decision

Recommendation

Reserve the right for Ministers to revisit decisions on the National Policy Statement on Urban Development before its gazettal, in light of any decisions made on other national direction instruments currently under development.

Ministers' decision:

Agree

Reference list

Ministry for the Environment. 2019. *Planning for successful cities: A discussion document on a proposed National Policy Statement on Urban Development*. Wellington: Ministry for the Environment.

Ryks J, Howden-Chapman P, Robson B, Stuart K, Waa A. 2014. Maori participation in urban development: challenges and opportunities for indigenous people in Aotearoa New Zealand. *Lincoln Planning Review* 6(1–2): 4–17.

Waikato River Authority. 2008. *Te Ture Whaimana o Te Awa Waikato – Vision and Strategy for the Waikato River*. Hamilton: Waikato River Authority.