



Guidance for councils preparing housing and business development capacity assessments

Best-practice examples

Background

Under the National Policy Statement on Urban Development, local authorities are required to prepare housing and business development capacity assessments (HBAs). These inform council decisions on how and where housing growth will occur.

A review of the previous round of HBAs¹ collated many best-practice examples of HBAs. These have been reviewed by Te Tūāpapa Kura Kāinga | Ministry for Housing and Urban Development (HUD) and the Ministry for the Environment and are available to help councils prepare future HBAs.

Demand analysis

Many HBAs provided an appropriate breakdown of demand. The HBAs of Auckland Council, Future Proof Partners (FPP)², Greater Christchurch Partnership³, Nelson City Council, Tasman District Council, Palmerston North City Council, and SmartGrowth⁴ provided information about all factors required by the National Policy Statement on Urban Development.

The HBAs of Auckland Council, Dunedin City Council, FPP, Greater Christchurch Partnership, Nelson City Council, Tasman District Council, and Queenstown Lakes District Council provided comprehensive and rigorous methods for exploring the demands by type, location, and price points.

¹ This is an unpublished review completed by Principal Economics.

² Ngā Karu Atua o te Waka, Waikato-Tainui, Tainui Waka Alliance, Waikato Regional Council, Waipa District Council, Waikato District Council, Waikato District Council, Hamilton City Council, Matamata Piako District Council, Waikato Kotahi and Waikato District Health Board. For Hamilton–Auckland corridor matters, the partnership includes central government, Mana Whenua Kaitiaki Forum, and Auckland Council.

³ Environment Canterbury, Mana whenua, Christchurch City Council, Selwyn District Council, Waimakariri District Council, Te Whatu Ora – Waitaha, NZ Transport Agency Waka Kotahi.

⁴ Bay of Plenty Regional Council, Tauranga City Council, Western Bay of Plenty District Council, tāngata whenua, and central government.

We recommend councils consider different demand scenarios for different population projections. This will reduce the inevitable uncertainty of using mid- and long-term projections.

Housing affordability

Auckland Council's HBA had the most comprehensive technical assessment of housing affordability, broken down by a range of household incomes.

The HUD website reviews different definitions of affordability and measurement approaches as part of the [Change in Housing Affordability Indicators \(CHAI\)](#). Through CHAI, HUD gives three indicators of change in housing affordability for people entering the house purchase or rental market, available at a regional and territorial local authority level.

Impacts of planning and infrastructure on affordability

FPP, SmartGrowth and Auckland Council used comprehensive methodologies to assess the impacts of planning and infrastructure on housing affordability. Their methodologies incorporated qualitative insights from surveys with developers into their discussion of the impact of planning and infrastructure, and the assessment of existing infrastructure shortages.

The Resource Management (Enabling Housing Supply and Other Matters) Amendment Act (RMA-EHA) 2021 clarified that regional councils and territorial authorities can make rules about financial contributions for any class of activity other than a prohibited activity' (see [section 77E](#)).

Housing capacity

Councils that used the [National Policy Statement on Urban Development Capacity development feasibility tool](#) model (or any tool derived from this model) presented a high overall standard of HBA.

For the HBAs to be verifiable, councils should include a brief summary of the data that they enter into the model.

Housing sufficiency

FPP, Queenstown Lakes District Council, and Tauranga City Council's HBAs provided comprehensive housing sufficiency assessments, broken down by different urban areas.

Māori housing demand

Palmerston North and Whangārei provided the most detailed discussions of Māori housing demand.

[Read more guidance on Māori housing demand.](#)