



Draft Cabinet paper: National Policy Statement on Urban Development

Date Submitted:	7 May 2020	Tracking #: 2020-B-06683 Other Agency #: BRF19/20040635.	
Security Level	In Confidence	MfE Priority:	Medium

	Action sought:	Response by:
Hon David Parker, Minister for the Environment	Agree to send the draft Cabinet paper: National Policy Statement on Urban Development and its appendices to Ministers for their feedback Agree to the recommendations in this report	11 May 2020
Hon Phil Twyford, Minister for Urban Development		

Actions for Minister's Office Staff	Return the signed report to MfE.
Number of appendices and attachments #4	Titles of appendices and attachments: 1. Draft Cabinet paper: National Policy Statement on Urban Development 2. Draft National Policy Statement on Urban Development 3. Regulatory Impact Analysis 4. Draft Ministers' foreword for the National Policy Statement on Urban Development

Ministry contacts

Position	Name	Cell phone	1 st contact
Principal Author (MfE)	Daisy Till-Carty	021 082 599 68	
Manager, Natural and Built Systems (MfE)	Liz Moncrieff	022 048 2314	✓
Manager, Market and Supply Responses (HUD)	Caleb Johnstone	021 843 262	✓

Draft Cabinet paper: National Policy Statement on Urban Development

Key Messages

1. This briefing provides a draft of the Cabinet paper: *National Policy Statement on Urban Development* for Ministerial consultation.
2. The draft Cabinet paper is attached. It presents final recommendations and seeks Cabinet's agreement to proceed with gazettal of the National Policy Statement on Urban Development (NPS-UD). Appendices of the Cabinet paper include a summary of proposed technical changes, the NPS-UD and Regulatory Impact Analysis. A final section 32 analysis will also be lodged with the Cabinet paper.
3. In order to meet your gazettal deadline of July 2020, we recommend you take this paper to the Cabinet Economic Development Committee on 3 June 2020. We have also provided two alternate timelines for your consideration.

Recommendations

4. We recommend that you:
 - a. **Agree** to consult with your ministerial colleagues on the draft Cabinet paper: *National Policy Statement on Urban Development*, sharing any feedback with officials by 22 May in order to lodge a paper to take to the Cabinet Economic Development Committee on 3 June

Yes/No
 - b. **Agree** that the Minister for Urban Development and his office will lead Ministerial consultation and lodgement of the Cabinet paper

Yes/No
 - c. **Note** the changes to the NPS-UD, following public consultation and further analysis, to reflect your feedback on our recommendations [briefing BRF19/20020558 refers]

Note
 - d. **Note** that Queenstown's status as a tier 2 area is still to be confirmed as we continue to engage with the relevant local authorities

Note
 - e. **Note** that the Cabinet paper recommends that Cabinet agrees for you to make minor and technical changes to the NPS-UD

Note

- f. **Note** that the NPS-UD draft Cabinet paper attached will be an agenda item for discussion at the next Urban Growth Agenda Ministers' meeting that you are attending on 13 May 2020

Note

- g. **Agree** that this briefing, Cabinet paper and its appendices will be released proactively on the Ministry for the Environment's website when the NPS-UD is gazetted

Yes/No

Signature

This briefing has been electronically approved by Liz Moncrieff
Manager
Urban and Infrastructure Policy (Ministry for the Environment)

07/05/2020



This briefing has been electronically approved by Caleb Johnstone
Manager
Market and Supply Responses (Ministry for Housing and Urban Development)

07/05/2020

Hon David Parker
Minister for the Environment

Date

Hon Phil Twyford
Minister for Urban Development

Date

Draft Cabinet paper: National Policy Statement on Urban Development

Purpose

1. This briefing seeks your agreement to consult with your ministerial colleagues on the draft Cabinet paper: *National Policy Statement on Urban Development*.

Context

2. The Ministry of Housing and Urban Development (HUD) and the Ministry for the Environment (MfE) consulted publicly on the NPS-UD from 21 August until 10 October 2019, and in light of submitter feedback and further analysis, we provided you with advice on changes to NPS-UD policies on 25 March 2020 [briefing BRF19/20020558 refers].
3. Minister Twyford agreed to the recommendations, but sought to extend the car parking policy¹ to all tiers of local authorities, rather than have it apply to Tier 1 only. Minister Parker has approved the NPS-UD work to progress, and has agreed with Minister Twyford's change to the car parking policy, though we have not received formal feedback from Minister Parker and further decisions may be made.
4. We have made changes to the NPS-UD to reflect the recommendations in the 25 March briefing, and we have updated the car parking policy as per Ministers' request.

The draft Cabinet paper seeks Cabinet's agreement to proceed with the NPS-UD

5. The attached Cabinet paper seeks Cabinet's agreement to proceed with the NPS-UD prepared under the Resource Management Act 1991 (RMA), replacing the National Policy Statement on Urban Development Capacity 2016 (NPS-UDC). The paper outlines the general structure of the NPS-UD, its objectives and policies, and provides the rationale for substantive changes made following public consultation.
6. The NPS-UD will help meet the aims of the Urban Growth Agenda (UGA), by enabling more growth through a responsive system and well-functioning urban environments. It will make room for growth by freeing up unnecessary rules to allow more opportunities for development both up and out.
7. We note that in the 25 March briefing, we asked you to agree that Tier 2 would include local authorities in a number of areas, including Queenstown. We have been engaging with officials from the relevant local authorities. Queenstown's status as a Tier 2 area has been noted as 'to be confirmed' in the Cabinet paper, to enable ongoing engagement.

Consultation and Collaboration

8. We have received feedback from a number of agencies on the draft Cabinet paper.
9. The Ministry of Transport has been closely involved in the development of the NPS-UD, and supports its implementation.
10. The Office for Disability Issues has noted the importance of the NPS-UD in relation to people with disabilities and their ability to access well-functioning urban environments. We

¹ All local authorities with jurisdiction over urban environments will be required to remove minimum car parking requirements from their plans

will be working on guidance and implementation to ensure these issues are considered by local authorities when implementing the NPS-UD. We will work with the Office to determine the appropriate forum to undertake the development of this guidance.

11. The Department of Conservation (DOC) has raised concern regarding the NPS-UD not recognising biodiversity in well-functioning urban environments, and consider this misses an opportunity for the NPS on Indigenous Biodiversity to be better linked to the NPS-UD. MfE and HUD consider that the listed properties of well-functioning urban environments are not intended to be exhaustive, and that we risk undermining the integrity of the policy by emphasising certain aspects of an environment and not others. We will continue to engage with DOC on how we can best address their concerns through guidance.
12. Other agencies including the Ministry of Education, Office for Seniors and Ministry for Culture and Heritage have provided valuable feedback in the development of the Cabinet paper.
13. The MfE legal team and National Direction Hub have also reviewed the Cabinet paper and their feedback has been incorporated to ensure good practice has been followed in the development of the NPS-UD.

Next Steps

14. We recommend that you send all the attachments to this briefing out for Ministerial consultation by Monday 11 May. While we do not recommend submitting the NPS-UD Ministers' foreword to Cabinet, it provides useful context and may assist with consultation. Upon receiving feedback from your Ministerial colleagues, we will make any necessary changes to the Cabinet paper and associated documents and provide you with a final version for your approval to lodge.
15. The NPS-UD draft Cabinet paper attached will be an agenda item for discussion at the next Urban Growth Agenda Ministers' meeting that you are attending on 13 May 2020. You can use this opportunity to seek Ministers' initial feedback.
16. We are continuing to review the NPS-UD to ensure it meets its policy intent. This may require minor and technical changes – therefore, the Cabinet paper recommends Cabinet agrees for you to make minor and technical changes to the NPS-UD.
17. We also seek both of your offices' guidance as to whether you intend to make an announcement at the point of gazettal. We can reflect your communications plan in the relevant section in the Cabinet paper.
18. Three possible Cabinet committee timelines are set out below. While the late June options provide more time for Ministerial consultation, the benefit of going to an earlier Cabinet committee is that there may be a bottleneck of Cabinet papers in June, so it would provide fall-back options later in the month if required.

DEV 3 June/ENV 4 June	DEV 17 June	ENV 25 June
Ministerial consultation 11 May – 22 May (less than 2 weeks)	Ministerial consultation 11 May – 25 May (2 weeks)	Ministerial consultation 18 May – 8 June (3 weeks)
Final Cabinet paper pack for approval 26 May	Final Cabinet paper pack for approval 5 June	Final Cabinet paper pack for approval 12 June
Lodge Cabinet paper 28 May	Lodge Cabinet paper 11 June	Lodge Cabinet paper 18 June
DEV 3 June/ENV 4 June	DEV 17 June	ENV 25 June
Cabinet 8 June	Cabinet 22 June	Cabinet 29 June
Gazettal July	Gazettal July	Gazettal July
NPS-UD comes into effect 28 days after Gazettal	NPS-UD comes into effect 28 days after Gazettal	NPS-UD comes into effect 28 days after Gazettal

Appendix One: Draft Cabinet paper *National Policy Statement on Urban Development*

Appendix Two: Draft National Policy Statement on Urban Development

Appendix Three: Regulatory Impact Statement

Appendix Four: Ministers' foreword for National Policy Statement on Urban Development

Aotearoa New Zealand is highly urbanised. Three quarters of our population live in urban areas of at least 30,000 people, and 99% of all population growth is occurring in urban areas. As we move toward 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 success of our cities and urban environments is therefore critical to our overall economic, social, cultural and environmental wellbeing.

Cities need to enable the effective mobility of residents as well as provide responsive development capacity through functional urban land markets. This will support our cities to provide affordability, access and quality, while reflecting the principles of the Treaty of Waitangi and functioning within environmental limits.

Cities need to be able to grow, adapt and respond to the diverse and changing needs of all people, inclusive of different ages, abilities, cultures and incomes, their communities, and future generations. They therefore need to provide access to housing people can afford, in the places they want to live, close to the best jobs, services and community facilities for them.

This requires a planning system that not just manages urban growth, but actively responds to it in a way that maximises prosperity and wellbeing, to support thriving communities. To achieve this, our planning needs to be grounded in urban spatial economics, and planning decisions need to recognise that urban environments develop and change over time. This national policy statement is designed to ensure that the planning system makes room for growth through well-functioning urban environments that significantly expand the number of development opportunities in the market, particularly in locations with good accessibility and connectivity to the transport network, in order to allow the market to actively respond to demand.

Providing for growth through well-functioning urban environments will provide a range of benefits for communities, the wider economy and the environment. Well-functioning and vibrant cities provide opportunities for people to interact, both socially, culturally and economically. They support a more diverse and productive economy by bringing together people with varied and complementary knowledge and skills, and contribute to the health and well-being of residents, raising living standards for all. They can deliver highly liveable places that can allow us to age in place, reduce our carbon footprint, increase our resilience to the effects of climate change and protect ecosystems. They can also recognise and protect historic and cultural heritage, both specifically by reflecting connections to place for tangata whenua.

This NPS requires councils to understand how their plans have an impact on land and development markets, as well as the development outcomes on the ground. It requires that provisions in plans work together to enable the market to deliver the housing and business development that is needed, so that rules do not add unnecessary costs to development. Councils must be responsive to proposals for urban development that will add significantly to housing supply, even if it is either unanticipated by or out-of-sequence to, council plans or strategies. This is necessary to add pace to the delivery of development, and overcome constraints on growth.

Alternative models to fund and finance necessary infrastructure (e.g. through private investment) to support development should be actively utilised. This allows developments that would otherwise struggle to go ahead due to constraints on council balance sheets, to be accelerated and deliver much needed housing.

In the medium to long term, this NPS requires councils to provide for growth through a strategic and coordinated approach to land use and infrastructure integration (a Future Development Strategy) to support development and competitive urban land markets. This includes identifying locations suitable for future development, managing a range of land uses (such as highly productive land), setting aside areas of special value, (such as native bush, coastal strips, wetlands and open spaces for future generations), and securing land for new transport links, schools and hospitals. Coordination and cooperation between central and local government is crucial so that infrastructure needed to support development allows for communities to thrive.