



## Proposed National Policy Statement on Urban Development – Draft Cabinet paper and discussion document

Date Submitted:	18 April 2019	MfE Tracking #: 2019-B-05354	HUD Tracking #: BRF18/19030194
Security Level	In-Confidence	MfE Priority:	Non-urgent

	Action sought:	Response by:
To Hon Phil Twyford, Minister of Housing and Urban Development	Feedback on draft Cabinet paper and discussion document in order to prepare documents for Ministerial and cross-party consultation	29 April 2019
To Hon David Parker, Minister for the Environment		
CC Hon Nanaia Mahuta, Minister of Local Government		
CC Hon Shane Jones, Minister for Infrastructure		
CC Hon Julie Anne Genter, Associate Minister of Transport		

Actions for Minister's Office Staff	<p><b>Forward</b> this report to Hon Nanaia Mahuta, Minister of Local Government, Hon Shane Jones, Minister for Infrastructure and Hon Julie Anne Genter, Associate Minister of Transport</p> <p><b>Return</b> the signed report to MfE and MHUD</p>
Number of appendices and attachments 4	<p>Titles of appendices and attachments (ie separate attached documents):</p> <ol style="list-style-type: none"> <li>Draft Cabinet paper</li> <li>Draft discussion document</li> <li>A3 summary of the NPS-UD</li> </ol> <p>s 9(2)(h)</p> <p style="color: red;">Appendices 1 and 2 have not been released because their final versions are available on the Ministry for the Environment website</p>
Note any feedback on the quality of the report	

### Key contacts

Position	Name	Cell phone	1 <sup>st</sup> contact
MfE Principal Author	Rereata Hardman-Miller/Stephanie Gard'ner	-	
MfE Responsible Manager	David Chittenden	0223187756	
MfE Director	Lesley Baddon	021738357	✓
HUD Responsible Manager	Caroline Reid	021872440	✓

# **Proposed National Policy Statement on Urban Development – Draft Cabinet paper and discussion document**

## **Purpose**

1. This briefing provides you with a draft Cabinet paper (appendix 1) and discussion document (appendix 2) for your feedback in order to publicly consult from 1 July 2019 on a new National Policy Statement on Urban Development (NPS-UD). This advice follows the Urban Growth Agenda (UGA) Ministers' meeting on 4 April and reflects direction to:
  - describe how the proposed NPS-UD 'makes room for growth'
  - include in the discussion document a policy option to not allow major urban centre councils to regulate car parking minima
  - include in the discussion document timeframes for implementing intensification policies within 18 months alongside a table on implementation of the National Planning Standards
  - engage a legal drafter to work on the wording of NPS proposals and include the revised drafting in the discussion document.
2. We advise that you consult on options for the requirements for councils to gather evidence about the demand, supply and prices of housing and business land to inform planning decisions (rather than only the proposed approach in the discussion document). This includes both the currently proposed prescriptive approach and an outcomes-oriented approach.
3. We also advise that the best option for removing or adding urban areas to and from the group of councils subject to the directive provisions in the policy is to name councils that are 'major urban centres' in the NPS-UD and change these via the ordinary statutory process.

## **Advice**

4. The proposed policies for public consultation of the NPS-UD were discussed at the 4 April UGA Ministers' meeting. The attached draft Cabinet paper and discussion document (appendices 1 and 2) reflect the direction you gave at that meeting and are attached for your review and feedback.
5. We engaged a legal drafter to work on the wording of NPS-UD proposals. This drafting is included in the discussion document. The attached A3 (appendix 3) represents a summarised version of the objectives and policies to illustrate how the proposed direction would fit together.
6. We are seeking your feedback by Monday 29 April to allow time for us to update documents and the Regulatory Impact Statement for Ministerial and cross-party consultation from 9 May.
7. The attached discussion document is still in draft form. This will be proofread, formatted and edited for public consultation. Likewise, the NPS proposals in the document will undergo Crown Law review concurrently with Ministerial and cross-party consultation. These processes may result in slight changes to wording in the discussion document and policy proposals.
8. Outlined below is our advice following the issues raised at the UGA Ministers meeting on 4 April.

### *How the proposed NPS-UD makes room for growth*

9. Minister Twyford raised the need for the NPS-UD to embed the 'making room for growth' paradigm in its proposed objectives and policies. There are limitations to what an NPS can do in the current system. However, we consider that the proposed NPS-UD clearly signals and goes some way to ingrain this paradigm and advance the UGA objectives by directing councils to:
  - enable commercially feasible opportunities that are likely to be taken up for development in existing and future urban environments (both 'up and out') to provide for demand, plus additional capacity to recognise that not all development opportunities will be taken up
  - produce a future development strategy to ensure that there is no scarcity of development opportunities (both 'up and out') over the next 30 years.
10. Councils must enable at least a minimum amount of development capacity to provide for the total demand for housing, and the demand for different locations, types and price points. This requires councils to go further than considering only total demand, to enable development capacity for a range of housing types. This development capacity must be commercially feasible and likely to be taken up. Councils will be held accountable for enabling minimum development capacity through setting bottom lines in their plans.
11. It is important to note that the NPS-UD does not direct how this development capacity should be provided – it does not prescribe a particular urban form, or prioritise intensification over outward expansion (or vice versa).

### *Approach to intensification*

12. The NPS-UD specifically directs local authorities to enable opportunities for higher density development in and around centres and public transport corridors in existing urban environments. This is to support 'quality intensification' to occur. Plans must enable greater capacity in existing urban environments than in newly planned and zoned areas. This does not imply that intensification is more important. Rather, it recognises that it is much more difficult to develop at density in existing urban environments than in greenfields, where almost all opportunities for development are taken up.
13. The discussion document (on page 52) includes commentary on urban expansion following the proposed intensification policies. This reiterates that development capacity should not only be enabled through intensification, and seeks feedback on whether the NPS-UD should include additional direction for enabling quality urban environments in greenfield areas.

### *Preparing evidence about demand, supply and prices for housing and business land*

14. The NPS-UD (like the existing NPS-UDC) requires councils to prepare evidence about demand, supply and prices for housing and business land to inform planning decisions. The NPS-UD proposes several new and amended policies to address some current weaknesses. These policies are designed to improve both the evidence base and councils' understanding of their housing markets, so that better decisions are made within the current planning system.
15. The discussion document (on page 62) proposes two options for policies that require housing and business development capacity assessments:
  - **outcome-oriented policies:** The policies would specify what the assessments should include but not how to develop the evidence
  - **policies that prescribe some methods:** The policies would both specify what the assessments should include and prescribe some methods – such as how to estimate 'development take up' in different locations. We will work with councils prior to and during the consultation process to develop these new methods.

16. Irrespective of the option decided upon it will be essential to prepare new non-statutory guidance supporting these policies and to engage with councils to ensure that they prepare and use evidence as intended.

*Proposed timing to give effect to intensification policies*

17. The discussion document includes a section (from page 70) on timeframes to implement various policies. We propose that the plan changes that respond to the intensification policies are notified within 18 months to accord with Ministers' desire for the NPS-UD to have impact as soon as possible. As a comparison, we have included the National Planning Standards implementation timeframes as requested (on page 71 of the discussion document).
18. The councils of the Hamilton, Tauranga and Wellington major urban centres have five years from April 2019 to implement the National Planning Standards. Wellington and Tauranga are likely to be able to undertake intensification plan changes alongside their National Planning Standards implementation, as they are currently preparing full district plan reviews. We are yet to gauge how an 18 month timeframe aligns with planning processes in Hamilton, including projects resulting from the Auckland to Hamilton corridor work.
19. For councils in the Christchurch, Queenstown and Auckland urban centres intensification plan changes would be required well before their implementation of the National Planning Standards<sup>1</sup>. We expect robust feedback from councils in major urban centres through consultation.

*Removing car parking requirements across major urban centres*

20. Minister Genter asked for an option that would require councils to not regulate minimum car parking requirements across major urban centres, in addition to the option to remove car parking minima from only medium and high density zones. This option, and the text in the discussion document (on pages 52 to 55) have been developed with input from the Ministry of Transport and the New Zealand Transport Agency. We will continue to work with these agencies on the implementation support that would be needed to support the proposed policy, such as traffic management plans.

*Mechanism to change the geographic scope of the more directive NPS-UD policies*

21. Minister Parker asked officials to investigate all options available to flexibly apply the directive provisions in the policy by adding (or removing) urban areas to the 'major urban centre' category. We have sought legal advice and we recommend that the best way to do this is to name the councils that are 'major urban centres' in the NPS-UD and change these via the ordinary statutory amendment process, should this be required. We consider that this could take between four to six months. s 9(2)(h)

s 9(2)(h)

## **Legal, Financial and Regulatory implications**

22. As noted previously, delivery of the NPS-UD assumes a successful budget bid. We will continue to work with you through the Budget 2019 process and on prioritising work.

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<sup>1</sup> Christchurch and Queenstown have seven years and Auckland has ten years to implement the National Planning Standards, although they may choose to bring this forward.

## Next Steps

23. The following table outlines the key next steps before commencing public consultation

Date	Key milestone
Week beginning 6 May	Briefing note, final draft Cabinet paper, discussion document, and Regulatory Impact Statement provided for Ministerial consultation
9 – 31 May	Ministerial and cross-party consultation, and incorporating feedback
6 June	Lodge Cabinet paper with Cabinet Office
12 June	Cabinet Economic Development Committee meeting
17 June	Cabinet meeting
1 July	Public consultation commences 1 July for 12 weeks (closing 20 September)

## Recommendations

24. We recommend that you:

- a. **Note** that we seek your feedback on the draft Cabinet paper and discussion document by 29 April to enable us to meet timeframes for Ministerial and cross-party consultation, and Cabinet processes
- b. **Note** how the proposed NPS-UD reflects the 'making room for growth' paradigm
- c. **Note** that following the UGA Ministers' meeting on 4 April we:
  - included in the discussion document the timeframes for implementing intensification policies within 18 months alongside a table on implementation of the National Planning Standards
  - included in the discussion document a policy option to not allow major urban centre councils to regulate car parking minima
  - engaged a legal drafter to work on the wording of NPS proposals and have included the revised drafting in the discussion document
- d. **Note** that the discussion document will seek feedback through consultation on two options to improve councils' evidence base and understanding of their housing markets
- e. **Agree** to name the councils that are 'major urban centres' in the NPS and use the ordinary statutory amendment process to move urban areas between policy categories

Yes/No

- f. **Note** that the discussion document is still to undergo an editing process prior to public consultation
- g. **Note** that the policy proposals still need to undergo Crown Law review
- h. **Note** the timeframes and next steps to publicly consult on the proposed NPS-UD from 1 July.

**Signature**

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Lesley Baddon  
**Director - Natural and Built Systems, Urban and Infrastructure  
Ministry for the Environment**



Caroline Reid  
**Acting Manager – Urban Development, Policy and Performance  
Ministry for Housing and Urban Development**

Hon Phil Twyford  
**Minister of Housing and Urban Development**

**Date**

Hon David Parker  
**Minister for the Environment**

**Date**

## Appendix 3: A3 Summary of proposed NPS-Urban Development