



Recommended package of national direction on quality intensification

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	Action sought:	Response by:
To Hon David Parker, Minister for the Environment	Decision	1 November

Actions for Minister's Office Staff	<p>Forward this report to other Urban Growth Agenda Ministers: Hon Phil Twyford, Minister of Housing and Urban Development, Hon Nanaia Mahuta, Minister of Local Government, Hon Shane Jones, Minister for Infrastructure, and Hon James Shaw, Associate Minister of Transport (Acting)</p> <p>Return the signed report to MfE.</p>
Number of Attachments 1	<p>Titles of attachments:</p> <ol style="list-style-type: none"> Options and analysis
Note any feedback on the quality of the report	

Ministry for the Environment contacts

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Recommended package of national direction on quality intensification

Key Messages

1. This briefing seeks your agreement to a package of national direction tools under the Resource Management Act 1991 (RMA) to achieve quality intensification. The proposed package has been designed to shift system settings in the medium to long term (three to five years) through a National Policy Statement (NPS) while also delivering change immediately and in the short term (two to three years) through a National Environmental Standard (NES) and supporting non-statutory interventions. Immediate gains can be made by leveraging off other parts of the Urban Growth Agenda, in Auckland in particular.
2. The content of this briefing is scheduled for discussion with Urban Growth Agenda (UGA) Ministers on the Urban Planning pillar on 1 November.

Achieving quality intensification will provide people with more choice and variety of housing options for living affordably within well integrated urban areas

3. You have asked officials to develop national direction under the RMA to achieve quality intensification. This work is part of the Urban Growth Agenda (UGA) and supports Government's broader goals around housing affordability and thriving communities.
4. We have defined quality intensification in terms of how well our urban areas work for people: *"better using urban space now and in the future to ensure our cities and towns function well to support a growing number of people to have good choices about where and how they live, work, play and learn"*. Well-functioning urban environments support thriving communities by enabling them to improve a wide range of outcomes, such as those for air quality, urban water and transport infrastructure, as well as improving access to jobs, housing and recreational activities.
5. You were briefed in August on the problems and opportunities for achieving quality intensification and on initial options [2018-B-04763]. Further work and targeted stakeholder engagement since August has helped us to refine these to three main challenges:
 - a. the urban planning system favours existing property owners over others (including future generations) that are affected by planning decisions
 - b. planning processes, plans, investment, and decision making, which make up the urban planning system, do not work together in a consistent way to enable opportunities for quality intensification
 - c. the high costs and risks relative to returns deters developers, and potential developers, from building medium- and high-density development, resulting in lost opportunity now and in the future.

We propose a package of changes to achieve quality intensification

6. We are requesting your agreement to a proposed package so that we can begin developing draft national direction content to test with UGA Ministers in December. This package has been developed with officials from the Ministry of Housing and Urban Development (HUD).
7. The key components of the package are set out below and centre on system wide change to be delivered through a National Policy Statement (NPS). Further detail including options not progressed is in Appendix 1.

Proposed actions and interventions	Impact
<p><i>Partnership with Auckland Council on the Auckland Development Programme.</i></p> <p>This is an immediate opportunity to confirm priority areas for growth and deliver targeted planning interventions (such as streamlined plan changes or area specific NES/s).</p>	<p>More quality intensification in Auckland and better outcomes for the Auckland Unitary Plan.</p> <p>Addresses challenges (a), (b) and (c) by delivering quality intensification on the ground, aligning decision making and providing good examples to communities and developers.</p>
<p><i>A National Environmental Standard (NES) to incentivise quality intensification.</i></p> <p>A NES directly inputs into local plans, with immediate effect. The proposed NES would allow qualifying developments to be processed as a controlled activity, providing flexibility in applying constraining rules (eg, car-parking or height controls) in the consent process to achieve quality outcomes. Public notification would also be precluded.</p> <p>Controlled activities must be granted consent.</p>	<p>The NES would take effect from the date of enactment (likely early 2020). This would deliver change from the short term (two – three years).</p> <p>Addresses challenge (b) by aligning rules with outcomes sought through objectives and policies in plans.</p>
<p><i>A National Policy Statement (NPS) to provide direction on achieving quality intensification in urban areas.</i></p> <p>It would provide direction on:</p> <ul style="list-style-type: none"> • urban amenity values by directing greater consideration to wider and future community needs • quality intensification by describing outcomes to be achieved (eg, intensification in locations that allow communities to live affordably and thrive) • responsive planning including how to achieve quality intensification in plans, and support strategic direction to be implemented. <p>Objectives and policies would be targeted to geographic areas and greatest need (eg, high growth levels).</p> <p>NB: This NPS could be delivered by amending the current NPS on Urban Development Capacity or by developing a new instrument. We consider that a combined tool would be more aligned, consistent, and user-friendly. We propose both options be identified in consultation documents.</p>	<p>A NPS supports system-wide, long-term change as it impacts on all RMA decision-makers and has the most influence on council plans and decision-making frameworks.</p> <p>It would begin to take effect from the date of enactment (likely late 2019) through some consents, with benefits increasing over the medium to long term (3 – 5+ years) through plan changes.</p> <p>Addresses challenge (b) through direction which supports alignment and, parts of challenge (a) through greater weight on wider and future community needs.</p>
<p><i>In the long term, develop zone content for residential zones in the National Planning Standards.</i></p> <p>This would enable a nationally consistent approach to manage the cumulative impact of rules within zones that constrain urban development. For example, rules around car-parking or density for medium and high density zones.</p>	<p>This will deliver change over the longer-term, in line with the current timeframes for the planning standards (7 – 10 years).</p> <p>Addresses challenge (b) through providing a set of objectives, policies and rules that work together to achieve desired outcomes.</p>

8. Part of this package includes guidance and implementation support for decision-makers and the development community.
9. This package of national direction will address the key challenges for increasing quality intensification *within the RMA framework*, focussing particularly around challenge (b) and some aspects of challenge (a). It will support longer-term system-wide change through plans and across levels of decision-making while also introducing immediate interventions that

address on-the-ground challenges to development resulting from inconsistency between high-level policy objectives and the constraining effect of cumulative rules.

10. The recommended package will be further tested and refined with key targeted stakeholders and agencies, and on-the-ground experience with the Auckland Development Programme.

More will need to be done

11. More substantive behavioural shifts will require change beyond national direction under the RMA. We have identified a series of non-statutory options to work on alongside the proposed package, as set out in Appendix 1. These include leveraging existing work programmes outside of the Urban Planning pillar such as KiwiBuild, and reviewing existing programmes to support changes in decision-making culture and capability, such as the Making Good Decisions programme.
12. Longer-term thinking about the broader system changes is needed to more comprehensively respond to challenges (a) and (c). We are:
 - a. working with the Legislative Reform pillar of the UGA and the comprehensive review of the resource management system to identify what changes may be needed to address deeper issues with inconsistencies between some current community preferences and the ability to meet wider and future needs
 - b. working with HUD officials to better understand issues constraining the development sector on intensification (challenge (c)). HUD will progress this work in parallel with the quality intensification package, and will brief Ministers in early 2019 on progress.

Recommended package delivery and consultation options

13. We will develop more detailed proposals for a NPS and NES for discussion at the December UGA Ministers' meeting. We will then develop a consultation package for the Urban Planning pillar (including options to strengthen spatial planning in New Zealand) based on Ministers' feedback, for Cabinet consideration in March 2019, and public and iwi authority consultation in April 2019. This timing could deliver a NPS in late 2019 and a NES in early- to mid-2020 (dependent on Parliamentary Counsel Office drafting).
14. Public and iwi authority consultation on this package will be important to understand the impact and consequences of the proposals, particularly the development of any NES options as we consider there are high chances of unintended consequences with such directive interventions unless well worked through.
15. The above timeline assumes an alternative consultation process under s46A but we will provide you with advice on this when we have sufficiently detailed proposals to assess against the requirements of the RMA.
16. The proposed package is ambitious in terms of scope and resource required to deliver in the timeframe sought by Ministers. The timeframe for delivering the package is based on sufficient resources through a successful a budget bid. We will continue to work with you through the budget process and on prioritising the work programme.

Recommendations

17. We recommend that you:
 - a. **Note** that we will seek quality intensification outcomes through on-the-ground development opportunities in the Auckland Development Programme
 - b. **Agree** that the Ministry for the Environment will develop a package of national

direction intended for consultation with the public and iwi authorities in April 2019 comprising a National Environmental Standard, a National Policy Statement and non-statutory guidance and implementation support

Yes/No

- c. **Note** that over the long term we recommend developing residential zone content under the National Planning Standards
- d. **Note** that we will continue to develop and test these policy options through targeted engagement with stakeholders and will report back to Urban Growth Agenda Ministers in December
- e. **Note** that the proposed package is not currently budgeted for, and that we will work with you to seek additional funding to enable delivery through Budget 2019
- f. **Note** that further work outside the Urban Planning pillar is likely needed to fully support quality intensification. We are:
 - i. working with the Legislative Reform pillar and the comprehensive review of the resource management system to address inconsistencies between current community preferences and wider and future community needs
 - ii. working with Housing and Urban Development officials to better understand constraints on development sector action on quality intensification
- g. **Agree** to forward this briefing to Urban Growth Agenda Ministers before your meeting of 1 November: Hon Phil Twyford, Minister of Housing and Urban Development, Hon Nanaia Mahuta, Minister of Local Government, Hon Shane Jones, Minister for Infrastructure, and Hon James Shaw, Associate Minister of Transport (Acting).

Yes/No

Signature



26/10/2018

Lesley Baddon
Director
Urban and Infrastructure

Hon David Parker
Minister for the Environment

Date

Recommended package of national direction on quality intensification

Supporting material

Purpose

1. This briefing seeks your agreement to a package of national direction tools under the Resource Management Act 1991 (RMA) to achieve quality intensification of New Zealand's urban areas. The proposed package has been designed to shift system settings in the medium to long-term (three to five years) through a National Policy Statement (NPS) while also delivering change immediately and in the short term (two to three years) through a National Environmental Standard (NES) and supporting non-statutory interventions.
2. The content of this briefing is scheduled for discussion with Urban Growth Agenda (UGA) Ministers on the Urban Planning pillar on 1 November.

Context

3. You have asked officials to develop national direction under the RMA to achieve quality intensification.
4. You have asked officials to develop national direction under the RMA to achieve quality intensification. This work is part of the Urban Growth Agenda (UGA) and supports Government's broader goals around housing affordability and thriving communities.
5. You were briefed in August on the problems and opportunities for achieving quality intensification and initial options for addressing them [2018-B-04763]. Alongside officials from HUD we have engaged with targeted stakeholders and other agencies to refine the problem statement, develop a greater understanding of quality and options to achieve the outcomes desired.

Achieving quality intensification will provide people with more choice and variety of housing options for living affordably within well integrated urban areas

6. We have defined quality intensification in terms of how well our urban areas work for people: "*better using urban space now and in the future to ensure our cities and towns function well to support a growing number of people to have good choices about where and how they live, work, play and learn*". Well-functioning urban environments support thriving communities by enabling them to improve a wide range of outcomes, such as those for air quality, urban water and transport infrastructure, as well as improving access to jobs, housing and recreational activities.
7. Quality intensification supports people and communities to have greater choice and variety in housing options to live affordably within urban areas. Affordable living, as a concept, relates to the overall affordability of living in a particular place, including how easy it is to access employment, education and services, as well as price points for houses.

8. Quality intensification brings together two concepts:
 - a. intensification – greater density in housing and development, providing for more people to co-exist in the same amount of space
 - b. quality urban environments – having cities and towns that are well-functioning to meet the needs of people and communities, including objectives such as the three waters.
9. It is important that this work unifies these concepts. This is because quality is essential to doing intensification well and gaining community buy-in to change. Quality intensification is both a process of change and an end outcome of more intensified housing in well-connected and serviced areas.

Analysis and Advice

There are three main challenges to achieving quality intensification

10. Through our engagement with targeted stakeholders we have identified and refined the problem statement into three main challenges to achieving quality intensification:
 - a. ***the urban planning system favours existing property owners over others (including future generations) that are affected by planning decisions.*** This often results in planning decisions that ultimately do not meet communities' future needs. The Productivity Commission called this the 'democratic deficit' where the voices participating in planning processes were not reflective of the wider community or responsive to future needs. These expectations and preferences of existing property owners tend toward the status quo in terms of housing typology and location. This is reinforced by existing communities' stake in maintaining their current level and type of amenity.
 - b. ***planning processes, plans, investment, and decision-making which make up the urban planning system, do not work together in a consistent way to enable opportunities for quality intensification.*** This occurs at all levels of decision-making. For example, at a local government level, this results in high-level strategic plans which focus on achieving change over time but which are not supported through lower-level decisions and practice around consenting and infrastructure investment. At a central government level, this includes a lack of coordination in providing amenities (schools, hospitals, etc) as communities grow, and limited support for growth through investment in national infrastructure
 - c. ***the high costs and risk relative to returns may deter developers, and potential developers, from building medium and high-density development*** resulting in lost opportunity now and in the future. In particular, this reflects the higher risk involved in delivering higher-density housing due to non-standard building practices requiring more time to develop and consent, with the greater time commitment affecting cashflow, return, and viability. Medium- to higher-density builds are, by comparison to standalone homes, higher risk for similar rates of return
11. These challenges are underpinned by a range of drivers, many of which are within the influence of the resource management system and amenable to national direction. However some of these drivers, in particular related to challenge (a) will likely require change beyond national direction, and challenge (c) beyond the resource management system.

We have developed a proposed package that will deliver both short-term impacts and system improvements over the medium to long term

12. Delivering improvements will require a mix of interventions targeted at the core planning issues which prevent increased quality intensification from occurring. We propose a package of interventions below that will start change happening soon, while ensuring that immediate change is supported and reinforced by longer-term system improvements that embed the necessary practice over time.
13. Further detail on the options, including on options considered but not recommended, is set out in Appendix 1.
14. Alongside our recommended package of national direction, we propose that further work is progressed as part of the UGA or through the broader work of agencies over a longer timeframe to address some of the outstanding systemic issues raised. In particular:
 - a. whether legislative change is required to address system tensions between local government's accountabilities to current ratepayers and the future community. This issue is cross-cutting and has impacts beyond the work of the UGA. It may be appropriate that this issue is considered through the comprehensive resource management system review
 - b. whether additional incentives (or removals of disincentives) are necessary to stimulate development sector action on quality intensification. The Ministry of Housing and Urban Development is starting to progress some work on issues related to challenge (c), with the aim of briefing UGA Ministers on the work in early 2019. This will help to inform Ministers' future decisions about the next stages of work for the Urban Planning pillar.

The Auckland Development Programme will likely deliver on-the-ground quality intensification

15. The Auckland Development Programme will identify the top ten priorities for growth and development in Auckland, based on Auckland Council's new Auckland Plan. The aim is to prioritise the areas that Council will work with central Government on to deliver more housing (including KiwiBuild). We will work through this programme to deliver targeted planning interventions in Auckland for quality intensification. For example, use of the Streamlined Planning Process or a geographically targeted NES to replace rules for the particular location/s identified through the programme.
16. This work will respond to challenges (a) (b) and (c) through aligning decision-making across central and local government and providing good examples of quality intensification which will serve to both mitigate some community concerns about quality and amenity, and provide examples of profitable medium and high-density development for the sector.
17. We intend to use this process to also inform development of the rest of the package and will provide you with further advice on any other necessary intervention, or suggest amendments to the recommended package as it arises.

A National Environmental Standard (NES) will begin to have impact in the short term by incentivising quality intensification

18. We propose to develop a NES that will incentivise quality intensification by providing an option for developments that meet specified criteria to be processed as controlled activities. This would begin having an impact in the next one to two years (as soon as it comes into effect).
19. This NES would allow development proposals that meet criteria (likely to be around size and location) to be processed as a controlled activity provided that the development meets a prescribed set of outcomes within the NES, and the objectives and policies of the relevant

zone in the underlying plan. Public notification would also be precluded and controlled activities have to be granted consent. The council's discretion (in assessing the resource consent application) is then limited to whether the activity is in accordance with the outcomes.

20. This NES responds to challenge (b), particularly the misalignment between objectives and policies in plans and their supporting rules. The proposed NES would support delivery of quality intensification, create less reliance on rules in plans where the combination of rules is constraining, while also providing more certainty of outcomes for developers.
21. NESs are very technical tools. We will continue to develop and refine this proposal through targeted stakeholder and expert engagement and test the proposal through public consultation to better understand the impacts and consequences of such an intervention.
22. This option would work alongside current interventions such as the Urban Development Authority Legislation proposals and any proposed extension of the Housing Accords and Special Housing Areas Act 2013 (HASHAA). The recommended NES is likely to be used for small to medium-sized development projects that are not of the size or scale to warrant urban development authority powers.
23. This proposal will help to address immediate on-the-ground barriers to development by intervening at the point at which developments are being planned. The proposed NES is intended to shift the balance in decision-making from meeting the requirements of all rules to one where achieving the objectives and policies of councils' plans is prioritised.

Why not use an NES to replace constraining rules now?

Our analysis suggests that it is the cumulative impact of multiple rules within zones that can constrain quality intensification as envisioned by the objectives and policies in council plans. We therefore recommend a NES that supports quality intensification by providing flexibility in how rules are applied rather than replacing particular rules from plans. This would be complemented by the potential longer-term work to develop residential zone content through the National Planning Standards.

However, if evidence through the Auckland Development Programme suggests that this is necessary for the delivery of that programme we can re-visit an option for a geographically targeted NES as part of the current package.

To effect medium to long-term change a National Policy Statement (NPS) can deliver the system improvements necessary to achieve more quality intensification

24. We consider that a NPS has the greatest potential to effect the long-term system change needed to increase quality intensification. Councils must give NPSs some weight when making resource consent decisions as soon as they come into effect, and depending on how directive or specific policies in a NPS are, they can begin to impact the system as soon as they are enacted. However, the greatest impact would begin from the next three to five years once councils begin to make changes to their plans to implement the policy direction in the NPS.
25. We recommend developing a NPS to provide direction on achieving quality intensification in urban areas based on three key elements:
 - a. urban amenity values – responding to challenge (a) by ensuring future generations and wider community needs have sufficient weight in decision-making
 - b. quality intensification – responding to challenge (a) and (b) to direct intensified development in locations that allow communities to live affordably and thrive (for

example by providing intensification in locations that provide access and connectivity to jobs, education, amenities and services, including through multi-modal transport connections)

- c. responsive planning – responding to challenge (b) by providing direction on how to achieve quality intensification in council plans, including providing for processes that allow for strategic vision to be implemented.

Develop a new NPS or amend the NPS-UDC?

A NPS could be delivered through the existing NPS on Urban Development Capacity (the NPS-UDC) or by developing a new instrument.

At this stage, our preference would be to develop a combined urban development NPS, leveraging the NPS-UDC's existing content (eg, directing councils to provide for choice in housing, location, and typology). This would make it easier for councils to understand and implement the instrument, and would manage potential risks with increasing amounts of top-down direction to councils. However, there are some risks for existing implementation and council buy-in, and amending the NPS-UDC could open up the conversation for a wide range of other changes.

We propose to seek feedback on whether the direction should be included as a stand-alone NPS or through a combined urban development NPS through public consultation.

The development of the National Planning Standards can over time help to address the impact of constraining rules within zones

26. We recommend that consideration is given to developing more comprehensive zoning content for residential zones under the National Planning Standards in the longer-term. This would allow consideration of the range of rules and their cumulative impact on development in a holistic way. This responds to challenge (b), particularly the misalignment between objectives, policies and rules.
27. We consider that this is a longer term option because the first set of standards will not address the content of plans (only the structure, format and definitions) and while they are to be enacted in 2019, they will not be fully implemented for five to seven years.
28. Developing objectives, policies and rules within zones is also dependent on other National Planning Standards work, such as how to best write provisions in plans and decisions on what regulations are appropriate under the RMA.
29. Note that due to resourcing and the dependencies above, we do not propose progressing this over 2018-2019.

Related work on spatial planning under the UGA and section 360 regulations will complement this package

30. Work under the UGA on spatial planning and spatial planning frameworks will support the delivery of quality intensification. For example, spatial planning can help to identify the overall future shape of an urban area or region, and opportunities for growth over time. This includes what growth will look like for existing urban communities and aligning the investment in infrastructure and services across the public and private sector.
31. We are not currently recommending a section 360 regulation under the RMA as part of this package, however we are developing options on the merits of a more narrowly scoped regulation making power under section 360 and will provide you with advice in early 2019.

Successfully achieving quality intensification outcomes will also require complementary, non-statutory interventions

32. Lessons from previous national direction have illustrated the importance of supporting councils to implement national direction tools. We recommend as part of this package that national direction is supported with guidance and implementation tools, and capacity and capability-building.
33. Leveraging existing programmes will also be important for achieving desired outcomes. For example, as part of KiwiBuild there will be a range of development opportunities identified and progressed. We propose to leverage this investment by using KiwiBuild projects which demonstrate good quality intensification to help to build public acceptance and interest in more intensive housing options, and provide the development sector with exemplars (responding to challenges (a) and (c)).

There are choices for consultation with the public and iwi authorities

34. Subject to your approval, and in order to meet the consultation timeframe sought, we propose to bring detailed policy proposals to the UGA Ministers meeting in December for discussion. After feedback we will then work to develop a consultation package for the Urban Planning pillar (including a draft NPS, policy content for a NES and supporting non-statutory direction) for Cabinet consideration in March 2019.
35. This timing will enable public consultation to occur in April to May 2019, which, depending on your preferences for consultation, could deliver a NPS from late 2019 and a NES in early to mid-2020. Timing for a NES is less certain as it would be subject to Parliamentary Council Office drafting.
36. Your key consultation choice is whether to use a Board of Inquiry (BOI) process under s47-52 of the RMA, or an alternative process under s46A to undertake public consultation.
37. We expect to recommend using the alternative process as we consider that on balance it could deliver national direction at least three months earlier and be more cost effective. The timetable above assumes an alternative process. However, once more detailed policy direction has been confirmed we will advise you in December on which process is most appropriate as assessed against the matters in the RMA.

Consultation and Collaboration

38. This briefing was developed with officials at HUD, and an early version was consulted with wider UGA agencies (the Treasury, Ministry of Transport, and the Department of Internal Affairs), agencies with wider interest (Ministries of Social Development and Health, Department of Conservation) as well as the New Zealand Transport Agency, Land Information New Zealand, and Housing New Zealand Corporation. Te Puni Kōkiri was informed of the advice.
39. In general, agencies were supportive of the policy direction in the proposed national direction package, and many indicated a desire to work with the Ministry and HUD to further develop the proposals. Agencies' questions about the detail of policies are yet to be worked through with them.
40. The Urban Planning pillar's expert group and engagement with Auckland Council provided input into the problem statement and options which informed the package.

Risks and mitigations

41. We will continue to test and refine the recommended package of national direction to ensure quality regulation that minimises unintended consequences.
42. There is a significant package of national direction currently being developed with consultation planned to occur during April to June 2019 (freshwater management, versatile soils and the Urban Planning pillar). This is likely to have resourcing implications for councils and may require additional time for consultation to mitigate the impacts. We will advise you further on this in December.

Legal issues

43. Legal review of proposals will be undertaken as the policy is developed prior to Cabinet consideration to ensure they are in accordance with the RMA.

Financial, regulatory and legislative implications

44. As outlined in the August briefing, we have a fully committed work programme. Delivery of the recommended package assumes a successful a budget bid. We will continue to work with you through the budget process and on prioritising the work programme.

Next Steps

45. The below table, subject to your approval and appropriate resourcing, sets out next steps for the development of policy content for the proposed package.

Date	Step	
	NPS	NES
December	UGA Ministers receive detailed policy proposals for national direction tools and advice on potential supporting national direction instruments	
March 2019	Cabinet approval to consult on national direction proposals and the wider Urban Planning pillar (eg, spatial planning options). Package to include draft discussion document, Regulatory Impact Statement, preliminary cost benefit analysis	
April-May 2019	Statutory consultation with the public and iwi authorities (6 weeks minimum, assumes alternative process under s46A)	
July 2019	Recommendations to you on revised draft NPS and policy proposals for a NES after consideration of submissions	
August – September 2019	Refinement of proposed NPS	Refinement of policy proposals

November 2019	Cabinet approval of final NPS, NPS listed in the NZ Gazette. Tabled in the House of Representatives	Cabinet agreement to final policy proposals and instructs PCO to draft the NES
December 2019 - on	NPS comes into force, guidance and engagement with councils to support implementation	PCO draft the NES
Mid 2020 (subject to PCO drafting)		Exposure draft process (likely 4-6 weeks)
		Cabinet approves NES
		NES comes into force, guidance and engagement with councils to support implementation

Appendix 1: Options and analysis

	Option	Expected changes delivered	Overall impact	Recommendation
<p>National Policy Statement (preferred option)</p>	<p>A NPS to provide direction on achieving quality intensification in urban areas.</p> <p>This would include objectives and policies on:</p> <p>Urban Amenity: to give greater weight in decision-making to consideration of the quality built environment future generation and wider communities will need by:</p> <ul style="list-style-type: none"> • recognising that amenity changes over time <ul style="list-style-type: none"> ○ zoning in plans should provide clear outcome statements for what is intended to change over time ○ enabling assessment of the potential effects of a development against the desired future state <i>NB: this could be explicitly supported by content in planning standards in the future</i> <p>Quality Intensification: to support intensified development in locations that allow communities to live affordably and thrive</p> <ul style="list-style-type: none"> • outcomes that quality urban/built environments should achieve (eg, choice in housing; access and connectivity to homes, jobs, amenities and services; resilient to the impacts of climate change; urban water quality) • improve the integration between infrastructure and land use planning <p>Responsive planning: provides direction on how to achieve quality intensification in council plans.</p> <ul style="list-style-type: none"> • provide for intensification in areas that have features of quality (eg, access to public transport and key services) and develop new areas in a way that doesn't preclude intensity in the future. <ul style="list-style-type: none"> ○ principles for where to zone for intensity • direct councils to not use particular rules (eg, car parking minima) in locations that are well-supported by public transit options • prescribe a process and supporting evidence base to support wide community engagement in public consultation processes, and ensure future needs are represented in planning decisions. 	<p>Urban amenity: <i>plans will be written with a clear focus on future needs.</i> For example instead of focusing zone descriptions on the present state and built form amenity, zones could be required to describe the desired future state.</p> <p>Rules and assessment criteria will be better connected with the outcomes desired.</p> <p>Quality intensification: <i>provides councils with direction on where intensified development should be going.</i></p> <p>For example, Housing New Zealand Corporation's (HNZC) submission and evidence on the Proposed Auckland Unitary Plan (PAUP) set out strong rationale for locations that should be zoned for more intensive development than provided for. The Independent Hearings Panel relied heavily on this evidence to upzone areas across Auckland and provide for the necessary development capacity to support growth. If national direction had been in place, the Council would have had stronger direction to talk to their communities about intensification – the PAUP would have better reflected the strategic direction in the Auckland Plan, and HNZC would not have had to play such a pivotal role.</p> <p>Responsive planning: <i>Ensures that planning decisions align with quality intensification outcomes sought.</i></p> <p>Impact will depend on how directive and/or prescriptive these policies are.</p> <p>For example, a policy might direct councils to provide for medium or high density development in areas that meet particular criteria (such as, proximity to public transport and local centres). This could for example require upzoning of locations that have typically avoided it by virtue of residents having access to resources to fight decisions eg, 'spot zoning' of low density in city fringe suburbs.</p>	<p>Overall impact: changes the nature of discussions that councils have with their communities from one that is focused on how to protect the status quo, to one that is focused on how to provide for change in a way that supports communities to thrive. It does this by:</p> <ul style="list-style-type: none"> • impacts the system at the plan-making level and flows down through to other processes • provides national expectations about how plans should be providing for quality intensification • provides direction to Councils for how to give effect to Part 2 of the RMA, in particular section 7(c) on amenity and potentially 7(f) on quality environments • improves understanding of how to develop better quality, more consistent and less regulation of environmental effects on amenity, and how that can reduce time and costs of development in urban areas and increase development capacity • councils must give effect to the NPS, but still go through consultation processes with their communities. Local democracy is retained. <p>Limitations:</p> <ul style="list-style-type: none"> • takes time to work through the system through council plan changes to give effect (although some weight is immediately given to consenting decisions) • cannot influence decisions made outside of the RMA (for example, investment in hard and community/social infrastructure). <div style="border: 1px solid black; padding: 5px;"> <p>Challenges addressed</p> <p>Challenge (a) lack of alignment between current community expectations and preferences and future needs – <i>in particular rebalancing towards future needs;</i></p> <p>Challenge (b) issues with coordination and alignment of planning processes, plans, investment and decision-making – <i>in particular how to align RM plans with strategic direction.</i></p> </div>	<p>This is a preferred option given the overall systemic impacts that it would deliver over time.</p>
<p>National Environmental Standard: incentivising quality</p>	<p>Develop a NES that incentivises quality intensification by enabling qualifying developments to be processed as a Controlled Activity.</p>	<p><i>Development proposals for quality intensification will be incentivised through providing an alternative consent approval option.</i></p> <p>We expect this will be of most use for small to medium sized developments for medium-density housing</p>	<p>Overall impact: Increased intensification of a high quality in areas that support affordable living and thriving communities through:</p> <ul style="list-style-type: none"> • allowing greater flexibility to depart from certain development rules (eg, height, density, private open space, or balconies) 	<p>This is a preferred option. It supports greater flexibility and reduces the combined impact of restrictive</p>

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intensification (preferred option)	<p>This NES would allow particular development proposals that met criteria to be processed as controlled activities. It would:</p> <ul style="list-style-type: none"> enable any new buildings, or conversion of existing buildings for certain residential typologies or mixed use developments (that include residential apartments) of a particular scale to be processed as a controlled activity, where, for example, the Christchurch District Plan provides for development to be certified by a suitably qualified expert. the NES would likely have a spatial application to ensure that the residential typologies or mixed use developments are located in areas suitable for residential intensification (eg, the development is within 800metres rapid and frequent transport networks or proximity to local retail/shopping amenities). the NES would include a prescribed set of outcomes for the application to be assessed against. <p>Controlled activities must be granted consent. The council would retain control over the development progressing as approved. Public notification would not occur for these developments.</p>	<p>typologies that are deterred from this type of development because of uncertainties in the consenting process and the inflexible application of multiple rules.</p> <p>For example: There is a proposal to construct a new residential apartment building comprising nine dwellings and a ground floor retail tenancy in a local centre zone with good access to town centre and public transport. The zone anticipates a mix of residential and commercial development in the future).</p> <p>The proposal infringes standards related to private open space, height and outlook space – the application is therefore considered a Restricted Discretionary Activity (where the council has discretion over a range of considerations as listed in their plan, and can turn down the application).</p> <p>The recommended NES would impact this application by:</p> <ul style="list-style-type: none"> development still must comply with the outcomes sought through the zone, however the overall outcome that the development achieves is more important than each individual rule. Eg, good design can mitigate the effects that breaching private open space, height or outlook space providing certainty that the application would be approved (and non-notified status), but may still be subject to conditions. 	<p>provided that the outcomes sought by objectives and policies are still met.</p> <ul style="list-style-type: none"> approval allows for collaboration with a suitably qualified expert over the life of the project, ensuring that their input will result in meaningful outcomes, as opposed to urban design being open to subjective debate at the consenting stage removes some risk for developers through the consenting process the activity status and associated standards provide certainty over the suitability of certain activities in certain areas, including precluding public notification a developer would still have the option of reverting to existing consenting pathways provided for under existing district plans <p>Limitations:</p> <ul style="list-style-type: none"> a NES can be considered a customer-unfriendly approach, requiring a developer in preparing a resource consent application to look at both RMA plans (eg, Regional Plan and District Plan) and separate NESs rather than a one-stop-shop and certainty over which objectives, policies and rules are applicable. <p>Challenges addressed</p> <p>Challenge (b) issues with coordination and alignment of planning processes, plans, investment and decision-making – <i>in particular misalignment between the policy framework and supporting rules</i>).</p>	<p>rules, while enabling Councils to deliver the high-level policies and objectives in their plans.</p>
National Planning Standards	<p>Develop content for National Planning Standards zones that councils would be required to use in their district plans.</p> <ul style="list-style-type: none"> this would include content for residential and mixed use zones, in particular the zones designed to achieve greater intensification this could include standard: <ul style="list-style-type: none"> objectives policies rules assessment criteria 	<p><i>All councils would be required to use a standardised set of 'common core content' for residential zones</i></p> <ul style="list-style-type: none"> zones would be enabling of higher density development across the country. medium density zones would likely look the same as in Tauranga and Hamilton 	<p>Overall impact:</p> <p>Standardised set of provisions for residential zones that enable higher density development. It would do this by:</p> <ul style="list-style-type: none"> having a comprehensive set of objectives, policies and rules working together to deliver higher density outcomes all councils must give effect to a standard within the date specified in the standard <p>Limitations:</p> <ul style="list-style-type: none"> the current implementation programme for the Planning Standards means that content developed would not take effect for between five to seven years the development of 'common core content' would require significantly more resources and time developing the objectives, policies and rules for zoning frameworks is dependent on fundamental decisions for the National Planning Standards, such as deciding how to best write provisions in plans. <p><i>NB, content for higher density zones could be developed as a non-statutory option as model provisions that councils could pick up if they wanted to.</i></p>	<p>This is a preferred option as it will help to set national direction on zones and how enabling they are of development. However, work is dependent on decisions about how to use the standards, and due to resourcing constraints will not begin in 2018 - 2019</p>

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			<p>Challenges addressed</p> <p>Challenge (b) issues with coordination and alignment of planning processes, plans, investment and decision-making – <i>in particular misalignment between the policy framework and supporting rules.</i></p>	
<p>Good practice guidance and implementation support (preferred option)</p>	<p>Develop guidance to support councils to implement the national direction package, and potentially other forms of implementation support</p> <p>for example, resource to work with councils as they start to change their practices</p> <p>It could include providing or updating good practice guidance on:</p> <ul style="list-style-type: none"> • section 32 reports, this could include how to assess the incremental and cumulative impact of individual objectives, policies and rules • community consultation • examples of successful partnerships, and collaborative ways of working between councils and developers • the development process, including the costs associated with time delays • writing good plans, including addressing the relationship between objectives, policies and rules • develop model provisions for key residential zones eg, medium density, high density, mixed-use zones that could be used for national planning standards in the future. 	<p>This implementation support will influence on-the-ground decisions made through the plan-making and resource consents processes.</p> <p>Decision-makers will be supported to understand the importance of quality intensification, how consideration of it should fit as part of their planning and consenting processes, and how to weigh up the costs and benefits of decisions that will affect quality intensification opportunities.</p> <p>This will help to ensure that decision-makers are aligned, potentially reducing current inconsistencies at different levels of decision-making.</p>	<p>Overall impact: The level of detail that you can put into regulatory tools is necessarily less than might be required to fully implement it. Guidance and implementation support provides the necessary resources to support councils to achieve the intent of the instruments.</p> <p>It will:</p> <ul style="list-style-type: none"> • demonstrate good planning practice to councils • target planning practice and capability • enable rigorous testing of potential content for the national planning standards • enable regional and local contextualisation of provisions • respond to criticism of previous national direction (eg from the Productivity Commission and OECD) about lack of support and guidance from central government leading to sub-optimal compliance and implementation by councils. <p>Challenges addressed</p> <p>Challenge (a) lack of alignment between current community expectations and preferences and future needs – <i>in particular rebalancing towards future needs</i></p> <p>Challenge (b) issues with coordination and alignment of planning processes, plans, investment and decision-making – <i>in particular how to align RM plans with strategic direction.</i></p>	<p>Proposed to be progressed as part of the national direction package.</p>
<p>Support on-the-ground development opportunities through the Auckland Development Programme</p>	<p>Work through the Auckland Development Programme to deliver targeted planning interventions in Auckland</p> <p>The Auckland Development Programme will identify the top 10 priorities for growth and development in Auckland, based on Auckland Council’s new Auckland Plan, to work with central Government to deliver more housing (including Kiwibuild).</p> <p>We will identify targeted planning interventions in Auckland. This could include use of the Streamlined Planning Process or a geographically targeted NES to replace rules for the particular location/s identified. This work will also help us to understand the issues and challenges facing intensification in an Auckland context and inform development of statutory national direction and future advice.</p>	<p>This will ensure that intensification options are well thought through and aligned with developing positions on quality and what urban amenity should deliver.</p> <p>This will also ensure that any national direction developed is well-grounded and responds effectively to the challenges facing more intensive development.</p>	<p>Overall impact: support coordination and alignment of central and local government in dealing with planning challenges in Auckland and the consideration of quality intensification as an opportunity to respond to these challenges. It will:</p> <ul style="list-style-type: none"> • promote good relationships with Auckland Council • help to meet the needs of Auckland’s growing urban population • ensure that development opportunities underway now are informed by an emerging view of quality intensification and what it should deliver • help to shape ongoing advice and development of national direction instruments. <p>Challenges addressed</p> <p>Challenge (a) lack of alignment between current community expectations and preferences and future needs – <i>in particular providing good examples of quality intensification to change influence negative perceptions</i></p> <p>Challenge (b) issues with coordination and alignment of planning processes, plans, investment and decision-making</p>	<p>Proposed to be progressed as part of the national direction package.</p>

	Option	Expected changes delivered	Overall impact	Recommendation
National Environmental Standard: replacing restrictive regulation	<p>NES (or a suite of NES) that replace particular rules in council plans with more enabling rules.</p> <p>For example, an NES could:</p> <p>replace particular existing district plan rules and assessment criteria for example:</p> <ul style="list-style-type: none"> • carparking minima • density • bulk and location • internal provisions) <p>Or, retain existing district plan rules but replace the associated assessment criteria</p> <p>Both options would need to be geographically applied (eg, remove car parking minima within 800 metres of a public transit hub) in order to respond to locational issues.</p>	<p>Particular rules would be replaced with more enabling rules in district plans</p> <p>Would replace constraining rules in plans with more enabling rules. Standardising assessment criteria would create certainty on matters where council has discretion.</p> <p>However, may not achieve more quality intensification as it is the cumulative impact of rules rather than a single rule in isolation that impacts on development feasibility and quality.</p> <p>For example, an NES that replaced car parking minima with more enabling rules within 800 meters of a public transport hub would have minimal impact in Auckland (where this is already predominantly the case), but may have value in Hamilton where parking rules are based purely on activity type.</p>	<p>Overall impact: Difficult to assess as it will differ for each rule and for geographic application.</p> <p>Would have immediate impact – applies immediately as it replaces rules in council plans (don't have to wait for plan changes to give effect to it).</p> <p>Limitations:</p> <ul style="list-style-type: none"> • high probability for unintended consequences – there might be locationally specific issues that cannot be dealt with • if new rules through NES is not supported by the policy framework (eg, council plan objectives and policies) it may not impact as intended • likely to have limited impact on delivery of quality intensification (eg, it is the cumulative impact of rules that is problematic rather than a single rule) • difficult to write in a way that can apply in multiple areas • increased risk of negatively impacting the vertical and horizontal integration of provisions in RMA Plans <p>Challenges addressed</p> <p>Challenge (b) issues with coordination and alignment of planning processes, plans, investment and decision-making – <i>particularly regarding constraining rules</i></p>	<p>This is not proposed for immediate work.</p>
Section 360 Regulations	<p>Sections 360D and 360H are being repealed as part of the narrowly focused bill to amend the RMA.</p> <p>The Minister for the Environment has directed officials to explore the merits of more narrowly scoped regulation-making power and will be provided with advice in early 2019.</p>		<p>Further analysis of these options will be progressed as part of this work and further analysis is not provided in this appendix.</p>	<p>This is not proposed as part of the package. We will provide you with further advice in early 2019.</p>
Review the “Making Good Decisions” programme	<p>This option would involve reviewing the “Making Good Decisions” programme to integrate the new national direction.</p> <p>“Making Good Decisions” helps councillors, community board members, and independent commissioners to make better decisions under the RMA. Decision-makers can be accredited under this programme, enabling them to sit on RMA hearings panels.</p> <p>Reviewing and adapting this programme could help to reinforce the guidance and implementation support option identified above.</p>	<p>This option would integrate quality intensification into the existing RMA decision-making accreditation programme.</p> <p>This would ensure that all accredited decision-makers over time have received training in incorporating quality intensification into their decision-making, improving the quality of decisions and building good practice and implementation support.</p>	<p>Decision makers understand the importance of quality intensification and can integrate this into RMA decisions. It will:</p> <ul style="list-style-type: none"> • demonstrate good decision-making practice • target practice and capability • align MfE training with national direction guidance, ensuring clear information and advice is provided to decision-makers. <p>Challenges addressed</p> <p>Challenge (b) issues with coordination and alignment of planning processes, plans, investment and decision-making – <i>supporting decision making that aligns with national direction</i></p>	<p>We do not propose to progress this work immediately due to resource constraints, but recommend that this take place as resource becomes available.</p>
Modelling good quality intensification through KiwiBuild	<p>As part KiwiBuild there will be a range of development opportunities identified and progressed. We propose to leverage this investment by using the good quality intensification projects to help build public acceptance of and interest in more intensive housing options.</p>	<p>This will help to build interest in and acceptance of denser housing typologies.</p> <p>Over time, this could help to shift community expectations and preferences for housing, supporting local government to more effectively provide for growth through their planning processes.</p>	<p>This option will support a change in the perception of more intensive housing and its quality. It will:</p> <ul style="list-style-type: none"> • support communities to understand the value and benefit of denser housing • assist councils as they respond to community preference and provide for the future 	<p>This work is already underway through KiwiBuild. We will identify opportunities to leverage from it through our ongoing</p>

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			<ul style="list-style-type: none"> not require significant extra resource, as work is already underway. <div data-bbox="1724 327 2466 558" style="border: 1px solid black; padding: 5px;"> <p>Challenges addressed</p> <p>Challenge (a) lack of alignment between current community expectations and preferences and future needs</p> <p>Challenge (c) developers deterred from building medium and high density – <i>particularly through demonstrating projects that provide good returns</i></p> </div>	<p>engagements with RMA decision-makers and further research / findings / publicity over time.</p>
<p>Support quality intensification through the proposed Urban Development Authority</p>	<p>The Government is currently working to introduce an Urban Development Authority with more enabling development powers. The UDA will undertake urban development with a wide range of development outcomes, including KiwiBuild homes, non-housing outcomes, and large-scale complex development projects.</p> <p>The projects that the UDA progresses will include projects that look to provide more intensive housing options. Where needed, the UDA will have more enabling development powers to progress these; in other cases projects will be able to take place using standard development and planning processes.</p>	<p>UDA projects will include more dense development opportunities. Doing these well will help to build public interest in and acceptance of denser housing typologies.</p> <p>The UDA's more enabling powers will mean that, where necessary, these projects can be progressed faster and more efficiently than standard processes will allow.</p>	<p>The UDA will support Government to undertake projects needed to respond to urban growth needs, and to access enabling development powers to support these where necessary. This will help to:</p> <ul style="list-style-type: none"> undertake and model good quality intensification at pace and scale support communities to understand the value and benefit of denser housing not require significant extra resource, as work is already underway. <div data-bbox="1724 915 2466 1215" style="border: 1px solid black; padding: 5px;"> <p>Challenges addressed</p> <p>Challenge (a) lack of alignment between current community expectations and preferences and future needs</p> <p>Challenge (b) issues with coordination and alignment of planning processes, plans, investment and decision-making</p> <p>Challenge (c) developers deterred from building medium and high density – <i>particularly through demonstrating projects that provide good returns</i></p> </div>	<p>Cabinet is currently making decisions on the proposed UDA. When it is in place it will have an important role in modelling quality intensification projects.</p>