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Ministry for Primary Industries
Manatū Ahu Matua



Aide-memoire:

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To: Hon Damien O'Connor
Minister of Agriculture

Date: 16 July 2020

Update on the National Policy Statement on Urban Development 2020

Key Messages

- You requested an update on the National Policy Statement for Urban Development 2020 (NPS-UD).
- On 3 June 2020 the Cabinet Economic Development Committee approved the NPS-UD, and confirmed by Cabinet on 8 June 2020. The NPS-UD will be gazetted on 23 July and is intended to be publicly announced by the Minister for Urban Development on 25 July. The NPS-UD will come into force 28 days after gazettal.
- The NPS-UD will require a minimum number of homes to be provided for in local authority RMA plans and prohibit the minimum car park requirements that are preventing houses from being built.
- The impact the NPS-UD will have on highly productive land will depend on the urban expansion restrictions under the proposed National Policy Statement for Highly Productive Land (NPS-HPL).
- Officials are considering a number of options for protecting highly productive land from urban expansion under the NPS-HPL and will report back to you and the Minister for the Environment on this later in the year. While the NPS-UD has now been finalised, this further policy work provides an opportunity ensure the two instruments are genuinely complementary.
- As discussed at your meeting with Hon Parker on 25 June 2020, we will provide you and the Minister for the Environment with the Summary of Submissions Report for the NPS-HPL next week. This can be released in the coming weeks, subject to your approval.

About the NPS-UD

1. On 3 June 2020 Cabinet Economic Development Committee agreed to implement the NPS-UD (attached at Appendix 1). The NPS-UD will replace the National Policy Statement on Urban Development Capacity 2016.
2. The NPS-UD was developed under the urban planning pillar of the Government's Urban Growth Agenda, a programme that aims to remove barriers to the supply of land and infrastructure and make room for cities to grow up and out.
3. The NPS-UD will require councils to:
 - plan well for growth, and ensure a well-functioning urban environment for all people, communities and future generations;
 - ensure urban development occurs in a way that takes into account the principles of Te Tiriti o Waitangi (emphasising existing requirements under the RMA);
 - ensure that plans make room for growth both 'up' (intensification) and 'out' (urban expansion), and that rules do not unnecessarily constrain growth. This will require councils to provide for a greater amount of development capacity in their plans than required under the current NPS on Urban Development Capacity;
 - develop, monitor and maintain an evidence base about demand, supply and prices for housing and land, to inform planning decisions; and
 - align and coordinate planning across urban areas.
4. The NPS-UD takes a three-tiered targeting approach¹ that targets the most directive policies to the largest and fastest growing urban centres, and minimises constraints on smaller councils.
5. Key policies under the NPS-UD include:
 - providing for intensification policies;
 - enabling a more responsive planning system; and
 - removing car parking minimum requirements.
6. Major urban centres need to plan for 15 to 20 percent more development capacity than is forecast to provide choice and competitiveness. Under the NPS-UD, this development capacity will need to encourage 'well-functioning urban environments' such as focusing on urban development around transport hubs. Initial work by two local authorities indicates they would have to increase development capacity by up to 40 percent to meet new requirements under the NPS-UD.

¹ Under the NPS-UD, tier 1 councils include: Auckland, Hamilton, Tauranga, Wellington and Christchurch. Tier 2 councils include: Whangarei; Napier/Hastings; Nelson/Tasman; Palmerston North; New Plymouth; Rotorua; and Dunedin. There are also implications for the relevant regional councils.

Security Level – In Confidence

7. The NPS-UD also allows private plan change requests from developers who may wish to build outside of these planned growth areas, in order to achieve 'competitive land markets'. Councils must consider significant development opportunities that are well-connected along transport corridors and contribute to well-functioning urban environments, even when these options are not included in existing plans. The impact of the unplanned urban expansion on highly productive land needs to be managed under the NPS-HPL.

Officials will provide advice on options to protect highly productive land later in the year

8. On 25 June 2020, you and Minister Parker agreed that officials would consider a range of options for restricting urban expansion under the NPS-HPL. This would include options to restrict the area of highly productive land that is subject to urban expansion restrictions, as well as options to amend the policy for managing when urban expansion can occur on highly productive land.
9. Officials are undertaking further analysis of options, and their cost and benefits, and will report back to Ministers later in the year.

Next steps for NPS-UD and NPS-HPL

10. The Ministers for Urban Development and the Environment intend to announce the implementation of the NPS-UD on 23 July 2020. The NPS-UD will then be published in the New Zealand Gazette and will come into force 28 days later.
11. Officials are due to provide you and Minister Parker with the draft Summary of Submissions report for the NPS-HPL on 23 July 2020. Should you agree, we will release the Summary of Submissions report on 30 July 2020, and update stakeholders on the new timeframe for delivery - implementing the NPS-HPL in the first half of 2021.
12. Later in the year, officials will provide ministers with further analysis on the options for restricting urban expansion on highly productive land under the NPS-HPL.

Minister / Minister's Office

Seen / Referred

/ / 2020

Appendix One: National Policy Statement on Urban Development 2020

Proactively released under the Official Information Act