

Briefing

Resource Management Act (Enabling Housing Supply and Other Matters) Amendment Act: information on housing need in tier 2 council areas and request from Rotorua Lakes Council for an Order in Council			
Date:	3 February 2022	Security level:	In Confidence
Priority:	Medium	Report number:	HUD: BRF21/22101140 MfE: BRF-1025

Action sought		
	Action sought	Deadline
To: Hon Dr Megan Woods Minister of Housing	Respond to the recommendations.	10 February 2022
To: Hon David Parker Minister for the Environment		
CC: Hon Kelvin Davis Minister for Māori Crown Relations: Te Arawhiti	No action	

Contact for discussion			
Name	Position	Telephone	1 st contact
Lesley Baddon	Director, MfE	021 738 357	
Rebecca Lloyd	Manager, MfE	022 013 6139	✓
Fiona McCarthy	Acting Manager, HUD	s 9(2)(a)	✓

Other agencies consulted
Te Arawhiti

Minister's office to complete

- Noted
- Seen
- Approved
- Needs change
- Not seen by Minister
- Overtaken by events
- Declined
- Referred to (specify)

Comments

Date returned to MfE/HUD:

Residential Standards, following consultation with the Minister of Māori-Crown Relations: Te Arawhiti.

- d) **Note** that we do not recommend directing further tier 2 councils to implement the MDRS at this stage. Agree/Disagree

Ministers Woods and Parker:

- e) **Agree** to meet to with officials to discuss tier 2 councils, the MDRS and NPS-UD implementation. Agree/Disagree
- f) **Agree** to proactively release this paper. Agree/Disagree
- g) **Agree** to officials sending this briefing to interested tier 2 councils. Agree/Disagree



Fiona McCarthy
**Acting Manager, Te Tūāpapa Kura
 Kāinga – Ministry of Housing and
 Urban Development**

..... / /

Hon Dr Megan Woods
Minister of Housing

..... / /

Rebecca Scannell
Manager, Ministry for the Environment

..... / /

Hon David Parker
Minister for the Environment

..... / /

Released under the Official Information Act 1982

Background

3. On 20 December 2021 the Resource Management (Enabling Housing Supply and Other Matters) Amendment Act (the Act) was enacted. The Act brings forward and strengthens the National Policy Statement on Urban Development 2020 (NPS-UD) by introducing the Medium Density Residential Standards (MDRS) and the Intensification Streamlined Planning Process (ISPP). Together these measures will help to increase the supply of housing where demand is high. Amongst other benefits, it will make housing more affordable for New Zealanders.
4. The Act requires tier 1 councils¹ to notify draft plan changes by 20 August 2022 and use the ISPP to prepare and notify an Intensification Planning Instrument (IPI). These processes will implement the MDRS and the NPS-UD's intensification policies. In most circumstances the MDRS will have immediate legal effect at notification and the NPS-UD intensification policies should be in place by mid-2023 (at least a year earlier than they would otherwise).

Inclusion of tier 2 councils

5. The Act allows for the Minister for the Environment, in consultation with the Minister of Housing and the Minister of Māori-Crown Relations – Te Arawhiti, to direct a tier 2 council to adopt the MDRS and implement policy 5² of the NPS-UD through the ISPP. This is done through an Order in Council (OIC). The criterion for directing a council is if Ministers determine the district is experiencing acute housing need (considering the median multiple and other information).
6. The following are tier 2 councils:
 - Whangārei District Council
 - Rotorua Lakes Council
 - Napier City Council
 - Hastings District Council
 - New Plymouth District Council
 - Palmerston North City Council
 - Nelson City Council
 - Tasman District Council
 - Queenstown Lakes District Council
 - Dunedin City Council.
7. An OIC must be in place by 21 March 2022 to direct a tier 2 council to notify an IPI to implement the MDRS and NPS-UD through the ISPP by 20 August 2022. An OIC made after 21 March 2022 must specify the notification date of a plan change. An OIC before 21 March 2022 should be put in place swiftly to give councils as much time as possible to develop and notify draft plan changes.

¹ Auckland Council, Hamilton City Council, Waikato District Council, Waipā District Council, Tauranga City Council, Western Bay of Plenty District Council, Wellington City Council, Porirua City Council, Hutt City Council, Upper Hutt City Council, Kāpiti Coast District Council, Christchurch City Council, Selwyn District Council and Waimakariri District Council.

² Policy 5 requires tier 2 and 3 councils to enable heights and density of urban form commensurate with the greater of; the level of accessibility by existing or planned active or public transport to a range of commercial activities and community services, or relative demand for housing and business use in that location. Tier 2 councils must notify plan changes to give effect to policy 5 by August 2022, there is no deadline for plan changes from tier 3 councils.


Inclusion of tier 3 councils

8. The drafting of the Act was amended during the Select Committee process to allow tier 3 councils³ to request the Minister for the Environment's approval to prepare and notify an IPI. The Minister may approve or decline the request. Before approving the request, the Minister must consult with the Minister of Housing and the Minister of Māori-Crown Relations – Te Arawhiti and be satisfied that the district of the relevant tier 3 council is experiencing an acute housing need. No requests have been received or are expected.

Measures of Acute Housing Need

9. Officials consider that appropriate additional evidence of acute housing need includes:
 - a. data for Emergency Housing Special Needs Grants (EHSNG)
 - b. the Public Housing Register
 - c. the price-cost ratio (the ratio between the cost of infrastructure-serviced land and the cost to build a home on it)
 - d. consents issued per 1000 population.
10. It is also appropriate to consider the impact of local planning constraints on delivery of Government policies, such as the Public Housing Plan (PHP).
11. More detailed guidance on interpretation and caveats for these measures is provided in **Annex C**.

Rotorua

12. Rotorua Lakes Council's (RLC) submission on the Act to the Environment Committee stated that its elected members had unanimously resolved to request that the district be included within the provisions of the Act. The council is enthusiastic to adopt the MDRS, and views this as a key tool to enabling enough housing supply to address the district's need.
13. Rotorua is experiencing a high level of acute housing need and is performing poorly across all measures. This is evident in the data and analysis in **Annexes A and B** (which summarise evidence of acute housing need and provide graphs showing changes over time), as well as in the Government's efforts to respond to the high demand for emergency and transitional motel use in the district.
14. The Government has a partnership with RLC to address the district's housing needs. Planning barriers are limiting the Government's ability to increase supply, particularly in public and transitional housing, and the MDRS would better enable this work to progress at pace and scale.
15. s 9(2)(f)(iv) 
16. A joint letter from RLC, Te Arawa Lakes Trust and Te Tatau o Te Arawa (**Annex D**) was sent to Ministers on 16 December 2021. This outlined their joint view that the district is experiencing an acute housing need that is disproportionately impacting Māori and requested that the Council be directed to implement the MDRS as soon as possible to help remedy this situation.

³ Tier 3 council means a council that has all or part of an urban environment within its district but is not a tier 1 or tier 2 council.

17. A separate letter (**Annex E**) from the Rotorua Business Chamber was sent to Minister Woods and Mayor Chadwick on December 10 2021, expressing the organisation's support for implementation of the MDRS in Rotorua. Given this local support and the acute housing need, we consider it appropriate to direct RLC to implement the MDRS.
18. **Minister Parker**, the earliest an OIC could be issued to direct RLC to implement the MDRS and give effect to the NPS-UD through the ISPP is after the first meeting of Cabinet this year. We are seeking your agreement to take a paper to Cabinet at the earliest opportunity to get approval to recommend the Governor General issues the OIC. Ahead of taking a paper to Cabinet, you are also required to consult with the Minister of Housing and Māori-Crown relations: Te Arawhiti.

Analysis of housing need in each tier 2 Council area

19. Officials have undertaken analysis to determine evidence of housing need in each tier 2 councils:
 - a. **Annex A** provides data for the median multiple and other measures listed in paragraph 9,
 - b. **Annex B** provides graphs that show the change in these measures over time,
 - c. **Annex C** provides descriptions of the data sets analysed, including guidance on interpretation and criteria for ratings.
20. **Annex A** shows that there are signs of housing need across all tier 2 councils. All have experienced much higher than expected population growth in recent years and the local housing markets have struggled to respond to these demand increases, fuelling rising prices for renters and home buyers.
21. Planning barriers and constrained land supplies have also contributed to the prevention of sufficient construction of new homes to meet the increased demand. As district plans typically restrict density, and new greenfield developments take time to be approved, housing supply has not been able to efficiently increase with population growth. While NPS-UD implementation will be sufficient to address this issue in some councils (i.e. in Whangārei, discussed in **Annex A**), additional future plan changes to increase density may be needed in other areas.
22. Data suggests development economics differ across tier 2 councils. In some places introducing the MDRS would lead to a strong market response, with the private sector driving intensification. In others there will be less market demand for intensification. In these places the MDRS will benefit public, community and iwi housing providers to build more homes with less land. This would ensure housing need can be better addressed, while futureproofing the planning settings in these places when market demand increases.
23. Below is a high-level summary of the analysis in **Annex A** and tier 2 council submissions on Amendment Bill.

Summary of housing need in tier 2 councils

Council	Submission summary	Officials' summary of housing need
Whangārei	<ul style="list-style-type: none"> • Suggested less intense standards with targeted application would be more appropriate in tier 2 council areas. 	<ul style="list-style-type: none"> • Is experiencing a level of high housing need, however the district has implemented policy 5 of the NPS-UD in recent plan changes that are now operative. • A very large portion of the city has been zoned for medium density, which allows for two units and up to three stories per section. This should be sufficient to enable more homes to meet the district's need, as well as enabling Kāinga Ora to deliver the PHP. • The Council's HBA identified the city has insufficient development capacity in the long term.
Napier and Hastings	<ul style="list-style-type: none"> • Both did not submit. 	<ul style="list-style-type: none"> • Napier is experiencing high housing need and needs much more enabling zoning in its district plan.

		<ul style="list-style-type: none"> Hastings also has high housing need and needs a more enabling district plan. Current settings are creating significant barriers to Public Housing Plan delivery, particularly for much-needed 1-2 bedroom typologies. Hastings District Council sent Minister Woods a letter on 16 November 2021 advising that their Housing Capacity Assessment identified the district has insufficient capacity to meet housing demand in the long term (10-30 years). Hastings has not yet progressed a plan change to implement the NPS-UD. Napier has produced a draft spatial plan to inform their plan change to implement the NPS-UD. The chair of Ngāti Kahungunu has publicly called for both Napier and Hastings to be included in the MDRS to address high housing need which particularly affects Māori. s 9(2)(g)(i)
New Plymouth	<ul style="list-style-type: none"> Does not believe it has acute housing need and does not expect to be directed. Opposed ability to direct tier 2 councils. Considers blanket application of the MDRS in the district is inappropriate. 	<ul style="list-style-type: none"> Is experiencing housing need, however this is comparatively less severe than in other tier 2 councils. The council has notified draft plan changes to implement the NPS-UD with moderate rezoning for medium density. This should help alleviate the district's housing need, as well as enabling Kāinga Ora to deliver the PHP.
Palmerston North	<ul style="list-style-type: none"> Does not expect to be directed to adopt the MDRS. Suggested that targeted application is more appropriate than district-wide application. 	<ul style="list-style-type: none"> There are concerning trends in the city, identified in Annex B's timeseries graphs. The price-cost ratio suggests an increasingly constrained land supply, and there is increasing unaffordability and a fast rise in the housing register. The council is actively looking to increase density in the city and is developing plan changes to implement the NPS-UD. The Council's HBA identified the city has insufficient development capacity in the long term.
Nelson	<ul style="list-style-type: none"> Considers that targeted application is more appropriate than district-wide application. 	<ul style="list-style-type: none"> Data shows Nelson has high land constraints and unaffordable prices. Nelson's HBA identified a development capacity deficit in the long term. The council notified Minister Parker of this and stated its intention to address this through plan changes to enable more medium density housing. Nelson City Council have indicated that they will be seeking council agreement on a planning pathway in April 2022 to progress an intensification plan change. The planning pathway options are to opt in to the ISPP, a bespoke SPP or the regular (Schedule 1) RMA process. Their Maitahi Bayview private plan change which will have hearings in May is proposed to provide a mixture of densities and result in approximately 700 homes. We understand there is a shortage of land for residential development (largely due to geographic constraints) and most new development is occurring in Tasman, particularly in Richmond. Tasman District Council is also progressing housing intensification plan changes in five of its main towns including looking at the planning rules in Richmond.
Tasman	<ul style="list-style-type: none"> Requested the ability to direct tier 2 councils be removed, or at least modified to require the impacted council's consent. Considers that targeted application is more appropriate than district-wide application. 	

		<ul style="list-style-type: none"> Planning barriers are limiting the Government's ability to deliver the PHP and application of the MDRS would better ensure the targets can be met. Nelson's HBA identified the city has insufficient development capacity in the long term. s 9(2)(g)(i)
Queenstown	<ul style="list-style-type: none"> Opposed application of the MDRS in Queenstown and requested the ability to direct tier 2 councils be removed. Considers district-wide application is inappropriate. 	<ul style="list-style-type: none"> Has high house prices, relatively high need, and constrained land supply. Draft plan changes to implement the NPS-UD represent a moderate increase in medium density zoning, but could go further to enable more housing capacity. The MDRS would increase feasible development capacity and result in more modest priced homes to be built.
Dunedin	<ul style="list-style-type: none"> Sought clarity on the criteria for directing a tier 2 council. Raised concerns about the impacts of district wide application. 	<ul style="list-style-type: none"> Dunedin is comparatively performing better than most other tier 2 councils but is still experiencing poor outcomes. Some medium density upzoning has been proposed by the council to implement the NPS-UD, however the MDRS would provide significantly more housing capacity. The council intends to produce additional plan changes following their next spatial plan with the Otago Regional Council. The Council's HBA identified the city has insufficient development capacity in the short, medium and long terms. The council sent a letter to the Minister Parker about this, which has received a response.

Directing Tier 2 councils to implement the MDRS

24. The evidence outlined in this briefing demonstrates there are councils with comparable acute housing need to Rotorua, however at this stage we are not recommending you direct councils other than RLC to implement the MDRS.
25. RLC is prepared to produce a plan change to implement the MDRS by August 2022. Other tier 2 councils are unlikely prepared to do this work. Given the tight timeframes and current work to produce plan changes to implement policy 5 of the NPS-UD, we do not recommend requiring any additional tier 2 councils to implement the MDRS now.
26. We recommend reconsidering directing further councils to implement the MDRS after all tier 2 councils notify their policy 5 plan changes. This will allow you to assess the scale and ambition of plan changes against the level of acute housing need to determine if further implementation of the MDRS is necessary.
27. **Minister Parker**, as Minister for the Environment you are the decision maker on whether to direct a council implement the MDRS and NPS-UD via an ISPP. If you agree to consider directing RLC via an OIC you must consult with the Ministers of Housing and Māori-Crown Relations: Te Arawhiti. We recommend writing to the Ministers for this consultation.
28. The Ministers of Housing and Māori-Crown Relations: Te Arawhiti will need to respond to you in writing to indicate whether or not they agree that RLC be directed to implement the MDRS.

Next steps

29. **Minister Parker**, should you agree to directing RLC to implement the MDRS a consultation letter should be sent to the Ministers of Housing and Māori-Crown Relations: Te Arawhiti as soon as possible. This briefing is being sent to them both for their information.

30. A letter should also be sent to RLC and its partners as soon as possible informing them of your decision, the next steps and your expected timeframes.
31. If you choose to direct RLC, and the Ministers of Housing and Māori-Crown Relations: Te Arawhiti agree, a paper should be taken to Cabinet as soon as possible.

Released under the Official Information Act 1982

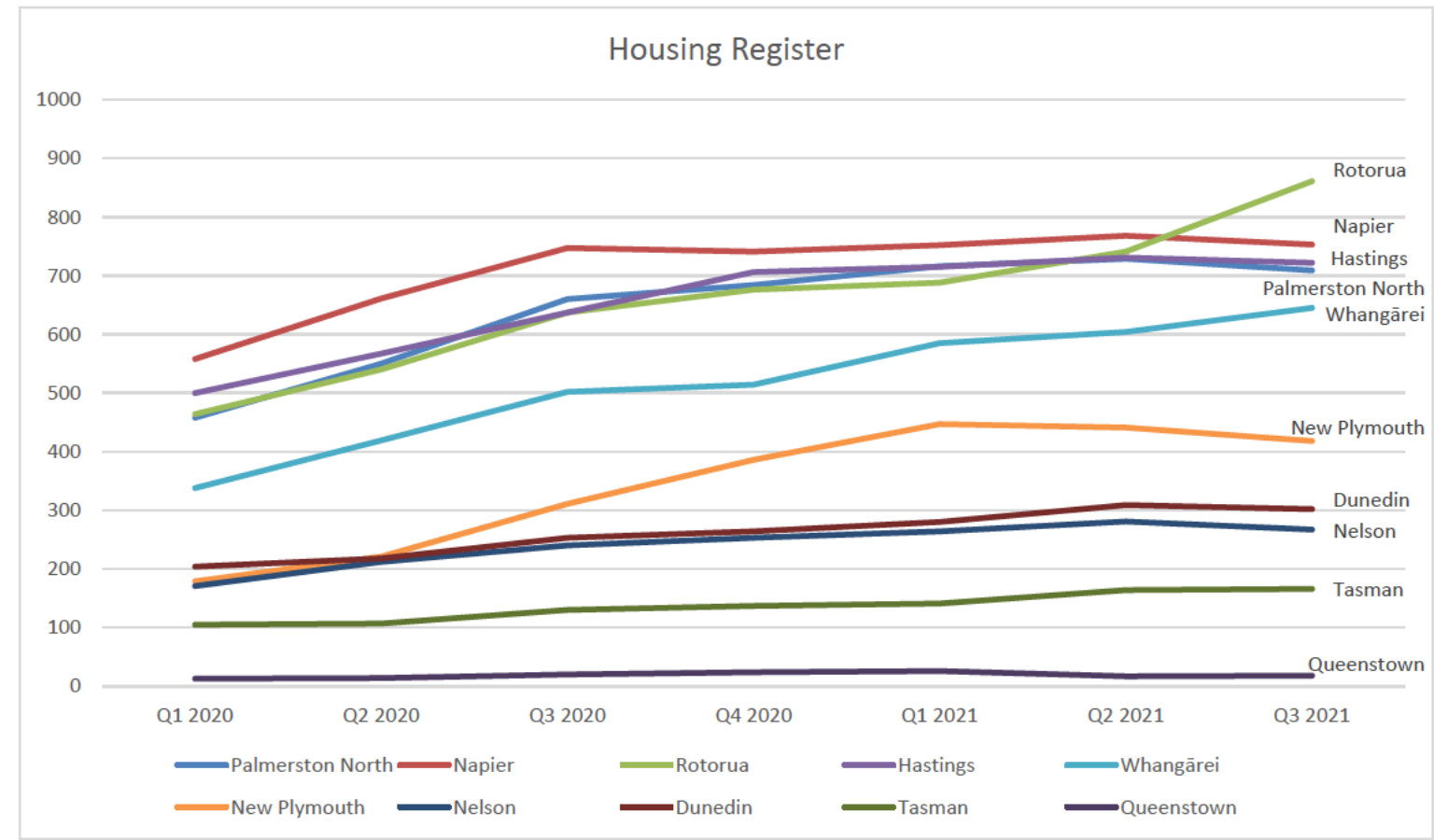
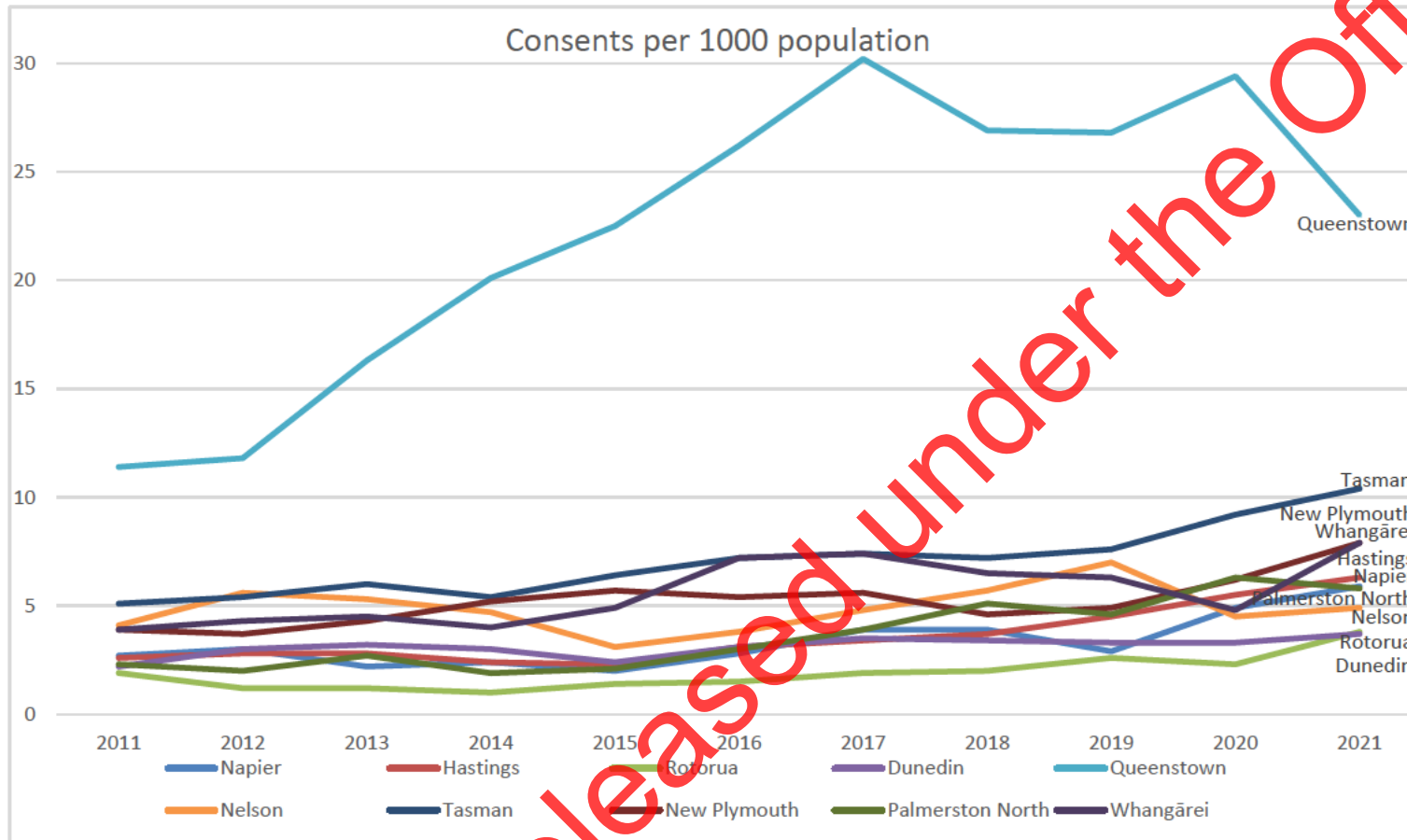
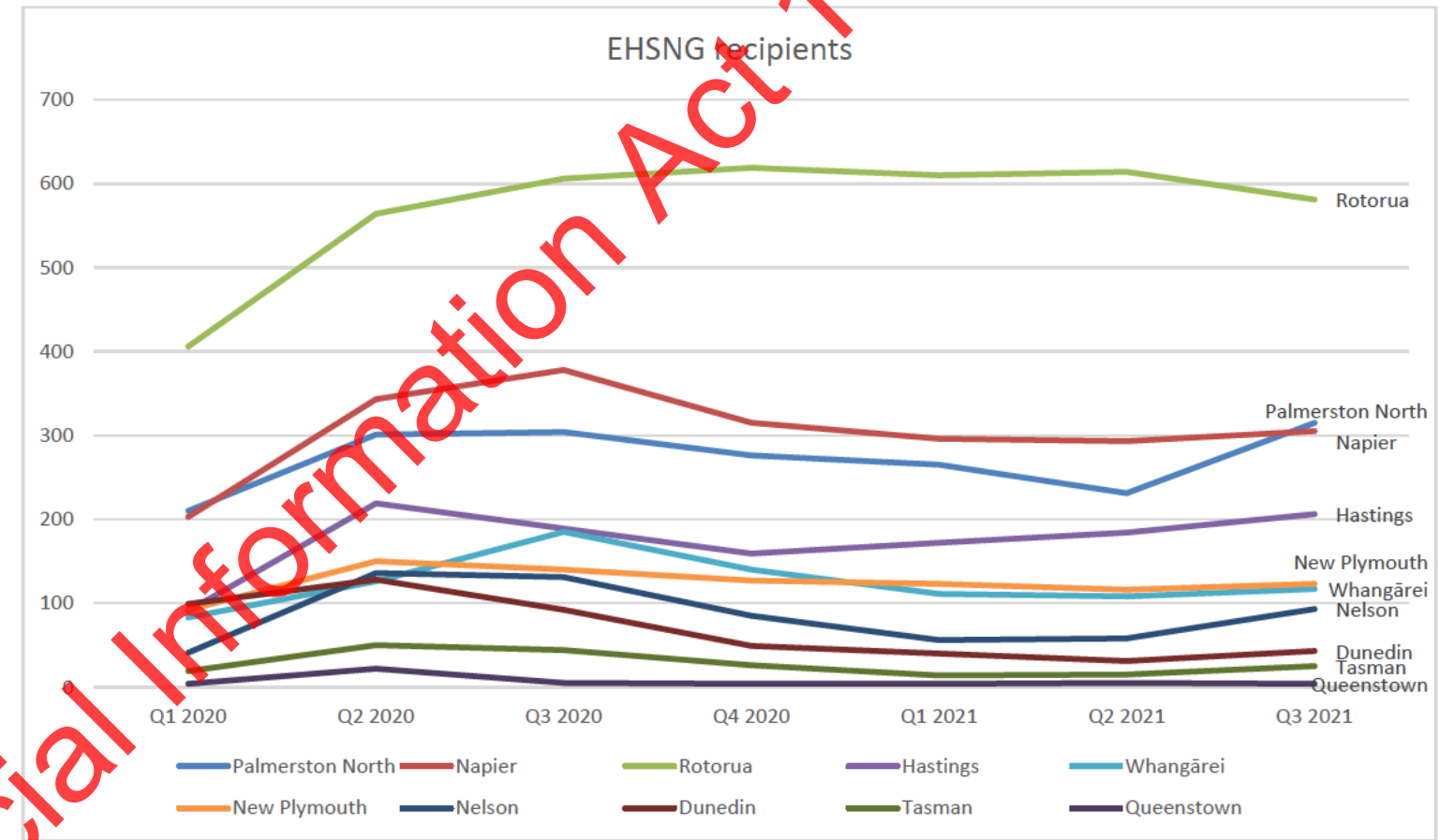
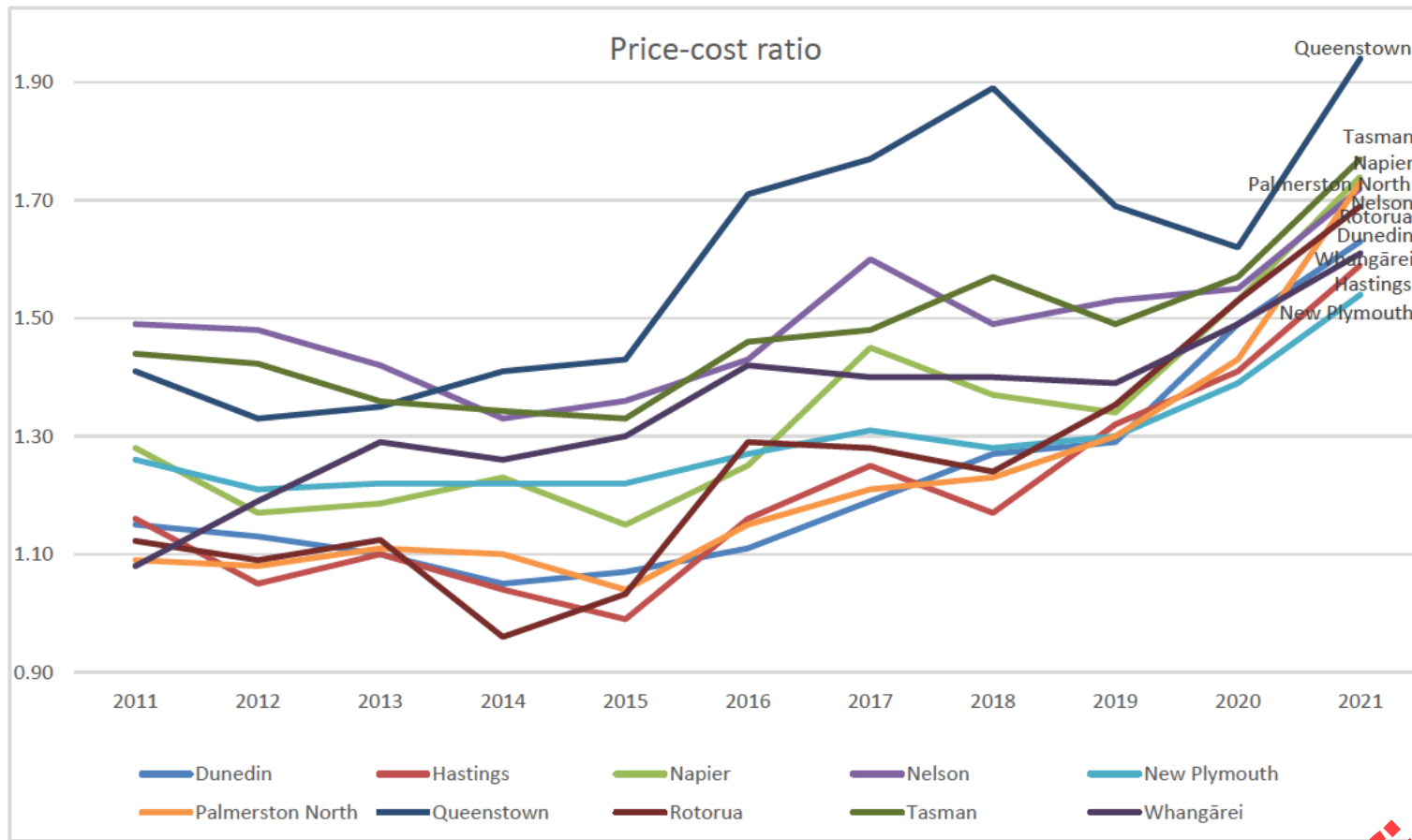
Annex A: Measures of housing need

	Median Multiple (2020)	Housing stress		Land supply constraints		PHP delivery	Comment
		EHSNG recipients (Q3 2021)	Public Housing Register (Q3 2021)	Price-cost ratio (2021)	Consents per 1000 population (year to October 2021)		
Whangārei	9.47	117	645	1.61	7.9	Kāinga Ora views the council's plan changes to implement the NPS-UD (parts of which are being appealed) as more than sufficient to enable delivery of the PHP. This will allow a significant amount of medium-density development (including market and sub-market developments) and the MDRS is not required.	New medium density zoning in operative plan changes to implement the NPS-UD is similar to the MDRS (enables 3 story developments and two units per site). Implementation of the MDRS would cover more properties and enable more development capacity.
Rotorua	8.27	581	861	1.69	3.8	Planning restrictions in Rotorua are limiting the ability of Kāinga Ora to deliver the PHP. It has had difficulty gaining consents for two story buildings where the underlying zoning supposedly permits this. The MDRS would enable greater yield from development/redevelopment to address the district's severe housing stress.	The growth pressures in Rotorua have resulted in significant levels of housing stress. Average minimum lots sizes of 450m2 limits scope for infill development. While medium density redevelopment may not be taken up by the market in the near term the MDRS would quickly remove limits to residential infill and enable more private construction, as well as supporting community and public housing delivery by iwi, Community Housing Providers and Kāinga Ora.
Napier	10.77	305	753	1.74	5.9	Restrictions on density are strong in both cities and are constraining Kāinga Ora as it tries to meet the PHP targets.	s 9(2)(g)(i)
Hastings	9.58	206	722	1.59	6.3	In Hastings this severely reduces the feasibility of any future suburban regeneration project (Kāinga Ora are currently investigating potential opportunities. Density restrictions also limit yield from smaller scale developments. In Napier this has prevented Kāinga Ora from getting optimal yield from developments, delaying delivery as the agency spent time trying to get council buy-in to enable greater density in these developments. It has had to settle for lower yield developments due to demand pressures to get new PH supply built.	Napier is making faster progress and has developed a draft spatial plan to guide its district plan changes, expected to be complete by mid-2022. Acute housing need is very high in the district and the MDRS would remove a significant barrier to addressing this.
New Plymouth	8.17	123	418	1.54	7.9	Kāinga Ora is engaged with the council on their work to produce plan changes to implement the NPS-UD and is satisfied that this will be sufficiently enabling. Further upzoning through the MDRS is not required to deliver the PHP.	The council's draft plan changes to implement the NPS-UD are moderate and could be more enabling. The MDRS would enable significantly more housing capacity, however the district has comparatively low housing need to the other tier 2 councils and NPS-UD implementation may be sufficient to address this.
Palmerston North	8.83	315	709	1.73	5.8	The MDRS would unlock new opportunities for Kāinga Ora to deliver more homes, however the agency is uncertain if the MDRS is required to better enable delivery of the PHP.	Palmerston North is experiencing some poor housing outcomes. Enhanced transport connections (transmission gully) and increased prices in Wellington may incentivise buyers to purchase in Palmerston North and commute to Wellington, this would likely increase prices and need in the city. Enabling district plan rules, such as the MDRS, will be important to ensure supply can meet future demand increases as well as existing need.
Nelson	10.34	93	267	1.72	4.9	Nelson City Council recently transferred its housing portfolio to Kāinga Ora. There is great potential to redevelop these sites however planning barriers currently limit feasibility due to restrictions on medium density. Kāinga Ora	Nelson is constrained by geography (surrounded by sea and hills). Either the city intensifies to meet housing demand or this will continue to be met through greenfield development in Tasman, particularly Richmond, that encroach on highly-productive soils in Tasman. MDRS implementation would address

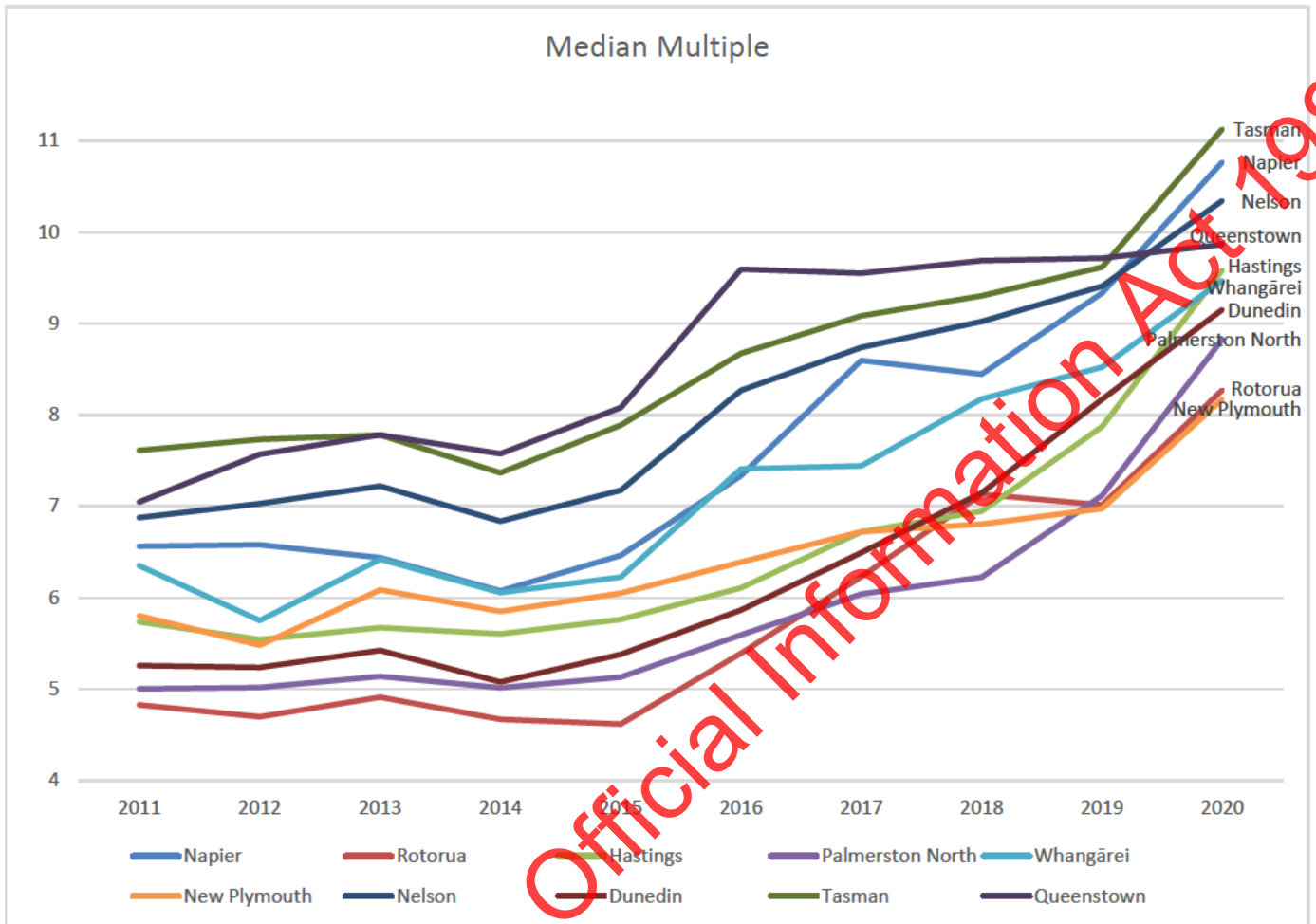
						considers that application of the MDRS in Nelson would reduce its biggest barrier to delivering the PHP targets in the city.	both Nelson’s geographic constraints and the need for high levels of greenfield development in Tasman (as well as land banking constraints), which would help reduce development costs from overpriced land.
Tasman	11.13	25	166	1.77	10.4	Tasman is less of an issue for Kāinga Ora, land supply is available to meet the PHP but land banking and market focus on higher end new builds is artificially raising prices and makes meeting the PHP more expensive.	
Dunedin	9.15	43	302	1.63	3.7	Kāinga Ora would benefit from the MDRS in Dunedin which would better enable delivery of the PHP, but caution that qualifying matters for flooding and sea level rise would need careful consideration by the council due to the high risk in areas like South Dunedin. Increasing housing supply in areas subject to high natural hazard risks should be avoided.	The Council’s HBA identified the city has insufficient development capacity in the short, medium and long terms. Draft NPS-UD plan changes show moderate upzoning for medium-density. The MDRS would significantly expand development capacity and address unaffordability and supply constraints. The city also has the lowest rates of construction across all tier 2 councils. Some medium density upzoning has been proposed by the council to implement the NPS-UD, however the MDRS would provide significantly more housing capacity. The council intends to produce additional plan changes following their next spatial plan with the Otago Regional Council.
Queenstown	9.86	4	740 ⁴	1.94	23	Queenstown is not a PHP focus area and Kāinga Ora has little presence/activity in the district therefore the MDRS not needed for PHP delivery.	Queenstown is constrained by geography and has very expensive housing. Draft plan changes to implement the NPS-UD could be more enabling, the MDRS would decrease development costs by reducing land requirements per dwelling and would also limit the need for greenfield development.

⁴ This figure is from the Queenstown Lakes Community Housing Trust (QLCHT) Waitlist for 2021. The public housing register is very low for the district as there are few public and transitional houses operated Kāinga Ora. The timeseries graph in Annex B for the Housing Register does not capture QLCHT data and therefore does not capture a full picture of Queenstown’s need.

Annex B: Measures of acute housing need time-series graphs



Released under the Official Information Act 1982



Released under the Official Information Act 1982

Annex C: Guidance on dataset interpretation

Measure	Components	Explanation
The median multiple ⁵		This measures housing affordability with the ratio between the median annual household income to median house prices in a particular place. A ratio of three is internationally viewed as affordable. The data timeseries used is from 2011-20. Ratings criteria for Annex A are 8-9 (yellow), 9-10 (orange) 10+ (red).
Housing stress ⁶	Emergency Housing Special Needs Grants (EHSNG) recipients	EHSNG are given to individuals/households in emergency need for housing (i.e about to become homeless) and cannot access Transitional Housing (TH) contracted by HUD. Recipients typically live in motels until more permanent accommodation is arranged (typically TH or PH). The data timeseries used is from Q1 2020 to Q3 2021. Ratings criteria for Annex A are 0-100 (yellow), 101-300 (orange) 301+ (red).
	The Public Housing Register ⁷	This is the waitlist for those seeking Public Housing (PH) accommodation in a city/district. The data timeseries used is from Q2 2018-21. Ratings criteria for Annex A are 0-400 (yellow), 400-700 (orange) 700+ (red).
Constrained land supply	The price-cost ratio (PCR)	This measures the gap between the cost to build a house and the cost of the infrastructure-serviced section the house is constructed on. A ratio below 1 indicates no growth with existing houses selling below the cost of new builds. A ratio between 1-1.5 indicates supply of land and development opportunities are relatively responsive to demand. Ratios above 1.5 signal that supply of sections and development opportunities are constrained and not keeping pace with demand and land prices are materially increasing house prices. The data timeseries used is from 2011-21. Ratings criteria for Annex A are 1.5-1.6 (yellow), 1.61-1.7 (orange) 1.71+ (red).
	Consents per 1000 population	This shows the number of new homes consented by council area (per 1000 population) for the year ended October 2021. While there can be a gap between consenting and construction, this measure indicates the level of house construction activity in a given district/city. The data timeseries used is from 2011-21. Ratings criteria for Annex A are 10+ (yellow), 5-10 (orange) 0-5 (red).

⁵ The median multiples use HUD's experimental modelled income series to provide the most up to date estimate of income possible. The modelled income series is useful for analysing the trends in each council over time; or comparing councils at any point in time. However, extra caution should be taken when using each point estimate (level) by itself. This series is not currently published and differs from publicly available income data, as may the median multiples derived from it. Potential enhancements to the series may alter the estimates.

⁶ Both the PH and EHSNG numbers do not capture the full extent of households that would qualify for assistance. Anecdotal evidence from Kāinga Ora suggests a proportion of eligible individuals/households do not seek assistance when there is little/no chance of gaining a TH/PH place locally due to high demand and low availability.

⁷ The housing register figure in Annex A is from the Queenstown Lakes Community Housing Trust (QLCHT) Waitlist. The public housing register is very low for the district as there are few public and transitional houses operated Kāinga Ora. The timeseries graph in Annex B for the Housing Register does not capture QLCHT data and therefore does not capture a full picture of Queenstown's need.

[IN-CONFIDENCE]

Annex D: Letter from Rotorua Lakes Council, Te Tatau o Te Arawa and Te Arawa Lakes Trust

Released under the Official Information Act 1982

[IN-CONFIDENCE]



THE OFFICE OF THE MAYOR

**ROTORUA
LAKES COUNCIL**
Te kaupapa o ngā-ūto o Rotorua

Civic Centre
1061 Haupapa Street
Private Bag 3029
Rotorua Mail Centre
Rotorua 3046
New Zealand

Please Quote: 01-28-021\03
Doc No: RDC-1210933

16 December 2021

Hon David Parker
Minister for the Environment
Parliament Office
Private Bag 18888
Parliament Buildings
Wellington 6160

Email to: d.parker@ministers.govt.nz
Copy to: Minister of Housing m.woods@ministers.govt.nz
Minister for Māori Crown Relations k.davis@ministers.govt.nz

Tēnā koe Minister

Resource Management (Enabling Housing Supply and Other Matters) Amendment Bill

As representatives of Rotorua Lakes Council, Te Tatau o Te Arawa and the Te Arawa Lakes Trust we are following the progress of the Resource Management (Enabling Housing Supply and Other Matters) Amendment Bill with great interest. Our organisations made the decision to present as one when we made our submissions at the recent hearings because we collectively share the view that our city is suffering acute housing needs.

We can confirm that we are continuing with our individual and collective efforts to address our District's acute housing needs, working in partnership with Government agencies and other local stakeholders.

In line with this kaupapa, we would like to extend again our request that Rotorua Lakes Council, as a Tier 2 council, be included through an Order of Council for inclusion under the Resource Management (Enabling Housing Supply and Other Matters) Amendment, to implement the MDRS intensification plan changes in line with our NPS-UD requirements as soon as practicably possible.

As required under the NPS-UD, Council's Housing and Business Development Capacity Assessment (HBA) has now been completed and we will be seeking to amend our District Plan, with the Housing Bottom Lines, which include having sufficient zoned, infrastructure-served, feasible development capacity to meet:

- in the short term (2020-2023) an additional 3560 dwellings
- in the medium term (2020-2030) an additional 6,240 dwellings, and
- in the long term (2020-2050) an additional 9,740 dwellings

The significant number of new homes required, in the short term, highlights the necessity for us to collectively support all initiatives and opportunities to boost the supply of homes in our community immediately.

P +64 7 348 4199 | F +64 7 346 3143 | E info@rotorualakescouncil.nz | W rotorualakescouncil.nz

Rotorua Lakes Council is the operating name of Rotorua District Council

SISTER CITIES: Hamath Falls, Oregon, U.S.A. | Suva City, Fiji, Japan | Lake Macquarie, NSW, Australia | Wuohong District, Suzhou, China

Council recognises that decades of limited to zero growth has meant that many planning provisions have been rolled over in successive District Plan reviews. Planning provisions are now too restrictive and outdated, preventing affordable housing and limiting housing typologies needed into the future e.g. smaller (1 or 2 bedroom) dwellings. This planning deficit has led to an inadequate supply response to the recent major shift in demand. In addition to worsening purchase affordability there is limited availability and affordability of rentals in our community, due to the lack of supply.

While subdivision and housing development has begun to respond, it is recognised by us all that the significant deficit that currently exists has resulted in the high numbers of people being housed in motels as emergency accommodation. We agree that the fast track provisions and medium density residential standards are necessary to provide a rapid step change in development opportunities.

We are also very aware that Rotorua's challenges extend beyond simply housing, and are supportive of the views shared in a recent letter sent by the Rotorua Chamber of Commerce to Minister Woods in support of Rotorua's involvement with the Bill. We acknowledge the opportunities for sustainable business development and growth that will accrue from the building of homes and of how the improved adequacy of housing for new employees across a range of businesses, will support the growth of our local economy.

Attached is a brief annex providing further information on the scale of Rotorua's acute housing needs. Given this evidence, we strongly believe the MDRS provides the rapid step change required and that it will support other measures underway and planned.

The partnership approach that underpins the kaupapa of all working in and for Rotorua will now need to be focused on developing a new 50 year direction for the development of the city and more specifically intensification plan changes and renewed efforts to create a thriving inner city.

As a valued partner, we thank you for considering this request for Rotorua's inclusion in the provisions of the Amendment.

Nāku noa, nā



Hon Steve Chadwick JP
Mayor



Te Taru White
Chair
Te Tatau o Te Arawa Board



Sir Toby Curtis
Chair
Te Arawa Lakes Trust

Annex 1 - Rotorua acute housing needs evidence

Evidence of acute housing needs – comparing Rotorua Lakes Council to other Territorial Authorities with data supplied by the Ministry of Housing and Urban Development:

- Top quartile – 96 people on housing register per 10k pop, June '21
- Top quartile – 132 people per 10k as number severely housing deprived, Census 2018
- Top quartile – 31% of households spending over 40% on rent, Census 2018
- Top quartile – 25% of Maori in crowded households, Census 2018
- Top quartile – 32% Maori homeowners, Census 2018
- Second quartile - House sale price to income ratio, June 2021 – 8.6 – almost double the ratio of 4.4 from March 2015

In addition, fewer than 30% of Te Arawa iwi members own their home which is less than half the rate for the for the population as a whole. ¹

In addition to worsening purchase affordability the key challenge for Rotorua is the availability and affordability of rentals. This is due to the lack of supply which the outdated and restrictive planning rules have contributed to:

- Population has increased by 8,850 (12.9%) since 2013 (2013-2020), but the supply of dwellings has not responded.
- Consents per 1,000 population is one of the lowest in the country at 3.8 per 1,000 (second lowest of all Tier 2's – Dunedin 3.7).
- The shortfall of housing has contributed to the high number of applicants on the public housing register and those unable to find accommodation and living in motels (ENSNGs and Contracted).

Rotorua housing register in the last six years



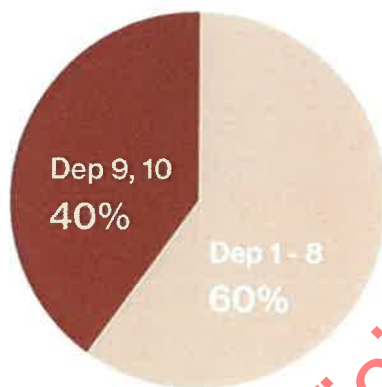
Source: MSD Housing Register 2021

¹ <https://tewhata.io/te-arawa-collective/>

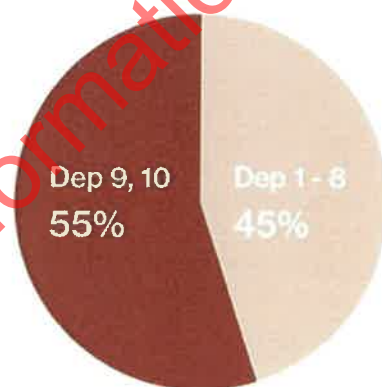
- A significant shortfall of smaller homes is increasing rental stress for single adults and retired renters. There are few one bed homes available for rent meaning single adults and retired renters need to share accommodation or compete with families for larger homes.
- MSD data on accommodation supplement shows there are more than 650 renting superannuitants receiving the supplement who are paying unaffordable (>30% income) rents. The number of households reaching retirement and still renting is likely to rise over time, further increasing demand for smaller affordable rentals.
- Significant deprivation and benefit levels:

Rotorua

Deprivation levels by total population



Maori deprivation levels

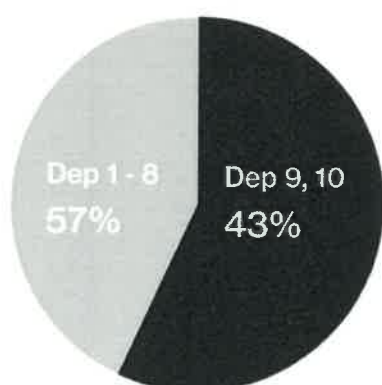


Aotearoa

Deprivation levels by total population



Maori deprivation levels



Source: Atkinson, J., Crampton, P. & Salmon, C. (2021, March 30). NZDep2018: Analysis of census 2018 variables - Overall (New Zealand). New Zealand Deprivation Index 2018. University of Otago.

Annex E: Letter from Rotorua Chamber of Commerce

Released under the Official Information Act 1982



Phone 07 346 3657
Email ceo@rotorua-chamber.co.nz
Address 1192 Hinemoa Street, Rotorua 3010
PO Box 385, Rotorua 3010

10th November 2021

Hon Dr Megan Woods
Minister of Housing

Hon Steve Chadwick JP
Mayor
Rotorua Lakes Council

Tena Korua Minister and Steve

Chamber Support for Major Rotorua Recovery Plan

Our Rotorua Chamber of Commerce Board met yesterday morning (Tuesday 9 November) for our monthly board meeting.

I have been asked to convey our board's unanimous and unequivocal support for the actions which are currently under discussion and development in Rotorua.

The Chamber board supports and endorses the following proactive actions to help Rotorua re-establish itself at the forefront of the NZ Tourism industry for the next fifty years:

1. The proposal to apply the proposed Tier One city medium density housing rules right across the Rotorua Urban areas, allowing three units per section.
2. The planned and controlled conversion of much of the Rotorua CBD to high density residential usage and building of new five-star hotels.
3. The establishment of Priority Development Areas (PDA's) with detailed development plans for each PDA.
4. The application by Rotorua Lakes Council to Central Government's Infrastructure Acceleration Fund for \$90 million of additional funding to underpin the infrastructure necessary to support items 1-3 above.
5. The need to proceed with all the above with speed and precision, to avoid further damage to Rotorua's image as a prime tourism destination and to start rebuilding our brand on a national and international stage

We are committed to supporting the moves underway to implement positive and proactive solutions and to be an active co-leader for the recovery of our beautiful city.

Whakawhetai ki a koe mo to whakaaro



Bryce Heard
Chief Executive

Released under the Official Information Act 1982

