

Talking Points for DEV and Cabinet

We are recommending an Order in Council is made for Rotorua District Council

- Together with Minister Woods, I am recommending that an Order in Council is made, which will enable Rotorua District Council (a tier 2 council¹) under the Resource Management (Enabling Housing Supply and Other Matters) Amendment Act 2021 to implement:
 - the medium density residential standards and
 - the National Policy Statement on Urban Development (NPS-UD)
- This Act requires tier 1 councils (in Auckland and greater Tauranga, Hamilton, Wellington and Christchurch) to implement these policies and enables me to develop Order in Council regulations to require tier 2 or 3 councils to also implement them if there is an acute housing need.
- Today, we are recommending the inclusion of Rotorua District Council for two reasons;
 - firstly, Rotorua District Council with their partners Te Arawa Lakes Trust and Te Tatau o Te Arawa have requested it. This request was supported by the Rotorua Chamber of Commerce; and
 - secondly the Rotorua district is experiencing acute housing need.

Acute housing need

- Key data demonstrates this acute housing need including:
 - The median multiple (which is the ratio between the median income to median house prices) is 8.27. Internationally a median multiple of 3 is viewed as affordable
 - Emergency housing and public housing register numbers are concerningly high
 - A low building consent rate of 3.8 per 1000 residents
 - Rotorua District Council estimate they immediately need 3,560 additional dwellings and nearly 10,000 dwellings in the next 30 years to meet demand
- Acute housing need is disproportionately affecting Māori in the district. Many people are locked out of owning or renting homes and providing for their whānau's well-being.

The Order in Council will help to address acute housing need

- One of the drivers of the housing shortage and high house prices is overly restrictive planning rules that restrict height and density and stop people from building houses that meet a wide range of needs.
- Rotorua District Council said in their request for the Order in Council that their planning provisions are *"too restrictive and outdated, preventing affordable housing and limiting housing typologies needed into the future... this planning deficit has led to an inadequate supply response to the recent major shift in demand"*.
- The Order in Council will mean Rotorua District Council will implement the medium density residential standards and the NPS-UD through a plan change to their district plan. This plan change will go through the intensification streamlined planning process. Work on this will start immediately, with the plan change being notified in August 2022.
- The medium density residential standards will enable three dwellings up to three storeys to occur as of right on most residential sites. Exemptions will apply for certain circumstances where there are, for example, natural hazards or the sites that have heritage value.

¹ Tier 2 councils include: Rotorua District Council, Whangārei District 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.

- The plan change may also include or amend papakāinga provisions. Minister Woods and I will be encouraging Rotorua Lakes Council to take into account the values and aspirations of hapū and iwi for Rotorua's urban environment to include provisions to enable papakāinga and additional opportunities for development where appropriate.
- The intensification streamlined planning process will provide a process with opportunities for iwi, community, and expert involvement. There will be no appeal rights at the end of the process, meaning that the plan change will be operative years earlier than they would have under the standard Resource Management Act process.

We are only recommending the Order in Council for Rotorua District Council at this stage

- We are not recommending the Order in Council apply to any other tier 2 or 3 council at this stage.
- Tier 2 councils are required to notify plan changes to implement the intensification policy in the NPS-UD by August 2022. In our correspondence with tier 2 and 3 councils we are also encouraging that they look to the medium density residential standards as a guide for how to enable quality intensification.

Outcomes of this policy intervention

- Implementing these proposals will mean that housing intensification can occur faster in Rotorua, and more people will be able to live affordably in the areas closer to their work, community facilities and services. It will also allow a more efficient use of infrastructure and better connections to transport.
- The policy changes will benefit Māori and Pacific families and whānau and anyone wanting extended family living, by providing opportunities to build additional units on current residential properties. It could also reduce overcrowding and improve health outcomes.
- We are confident that we will see a strong supply response to this policy. The buildings enabled by the medium density residential standards are cost-effective and easy to build for the majority of New Zealand's building industry.
- The new rules will ease restrictive council planning processes and speed up housing development capacity and growth. Far fewer resource consents will be required, and where they are required, resource consenting processes will be faster, simpler, and more consistent.