



## MP for Wigram

Minister of Energy and Resources

Minister for Greater Christchurch Regeneration

Minister of Housing

Minister of Research, Science and Innovation

Dear Hon David Parker, Minister for the Environment

This letter responds to your request for all ministers to write with *“any specific issues relevant to their portfolios that fall within the scope of Option B, to enable them to be considered as part of the review process”*.

This letter is a joint response on behalf of all Housing and Urban Development Ministers – Hon Phil Twyford, Hon Megan Woods, Hon Nanaia Mahuta and Hon Kris Faafoi.

The comprehensive review of the resource management system (the review) aims to improve environmental outcomes and enable better and more timely urban development outcomes within environmental limits.

This letter proposes issues to be considered in the review that are particularly relevant for achieving our Government’s housing and urban development outcomes and covers:

- why a successful resource management system is critical if we want to achieve our housing and urban development outcomes
- why the current resource management system is not delivering for all New Zealanders
- what we need from the resource management system to achieve our housing and urban development outcomes; and crucially,
- a range of specific issues relevant to our portfolios that should be considered as part of the review (see appendices for a detailed description of issues).

### **A successful resource management system is critical if we want to achieve our housing and urban development outcomes<sup>1</sup>**

Our Government has made housing and urban development a priority. Everyone in Aotearoa, New Zealand, deserves a healthy, secure and affordable home that provides good access to jobs, education, amenities, and services.

We consider your resource management review programme to be one of the most important opportunities to support this priority by promoting a more efficient, flexible

<sup>1</sup> This letter distinguishes between ‘urban growth and change’ and ‘urban development’. We use urban growth to refer to population growth and related activities over time (e.g. business growth). Urban development refers to the process of making room for this ‘growth’ by enabling the development sector (including government) to efficiently respond to demand).

and responsive planning system<sup>2</sup>. It is also an opportunity to better recognise Māori environmental and sustainable management interests, support Māori to more actively participate in managing resources in New Zealand, and progress many of the Government's priorities under the Urban Growth Agenda (UGA), including more affordable housing.

*Our urban areas must work for people, including our most vulnerable communities*

When performing well, our urban areas can support the foundations for thriving communities by providing people with a range of diverse and affordable housing options with good access to a wide range of jobs, services, amenities and recreational opportunities. They provide space for businesses to grow and access deep labour markets and other critical inputs (e.g. supply chains and logistics services), creating employment and helping raise living standards for all. Successful cities can also help New Zealand develop a cleaner and less resource intensive economy by supporting more knowledge-intensive industries and less carbon-intensive lifestyles (e.g. greater use of public transport).

*To achieve this, our urban areas must be able to grow, develop and change*

A successful and efficient resource management system must allow our urban areas and communities to continue to develop and change so that people are able to meet their social, cultural and economic needs, while protecting our environment and important cultural values for current and future generations to enjoy.

The system must also support positive housing outcomes in our towns and regions where development and housing costs (relative to incomes) are a significant barrier and housing quality is often poor.

A well-functioning resource management system (through the RMA) needs to support the Government's housing affordability objectives by:

- making it easier to build a range of housing typologies to meet the diverse housing needs of New Zealanders (including apartments and town houses)
- better enabling emergency and temporary housing to meet peoples' immediate housing needs
- helping increase competition in the land and housing markets to place downward pressure on land prices (reducing the overall cost of development); and,
- reducing the impact that land costs have on the price of homes by enabling more intensive development in centrally located areas.

### **The current resource management system is not delivering for all New Zealanders**

Our urban areas and regions are under pressure and are not delivering the outcomes we want. This is manifesting in range of negative ways, including:

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<sup>2</sup> We acknowledge that the resource management system is not the only factor affecting land prices, housing affordability, and quality on the supply side. Other factors are also preventing land and development markets from operating efficiently, including: infrastructure funding constraints, industry capacity constraints, and building regulation and processes.

- persistently high urban land prices
- declining housing affordability and quality (associated with poor health, social and educational outcomes)
- increasing homelessness and need for emergency housing
- increasing rental stress and insecure rental arrangements
- worsening traffic congestion, poor mobility and access to jobs, services and amenities, and a lack of transport choice
- low productivity and fragmented labour markets; and,
- significant fiscal impacts for the Crown (e.g. public housing and accommodation supplements, and transport, health and education expenditure).

*Our urban land and development markets are inefficient*

A key driver of these poor social and economic outcomes, is that our urban land and development markets are not operating efficiently. This is due, in part, to the individual and cumulative impact of many land use and resource management regulations, and the limited availability of infrastructure funding and financing<sup>3</sup>.

Collectively, these constraints have prevented the market (and government – see appendix three) from effectively responding to population pressures and demand. This has driven-up land prices, increased housing costs (exacerbating wealth inequalities), reduced housing choice and quality, and created substantial fiscal costs to the Crown.

The Resource Management Act 1991 (RMA) has had a large role to play in this, as it has helped contribute to a planning system that:

- is inefficient, inflexible and inconsistent, and that places more weight on the negative (and often subjective) effects of urban development, rather than the positive effects of development and change for society as a whole
- is overly reliant on rules, zoning and overlays to manage effects on the natural environment and existing communities
- does not integrate well with the wider planning systems (Local Government Act 2002 (LGA) and Land Transport Management Act 2003 (LTMA) and does not adequately deal with long-term cumulative impacts on the environment and long-term strategic interests and wellbeing
- prevents land markets from operating efficiently (i.e. allocating scarce land resources), by preventing land from changing in its use and intensity in

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<sup>3</sup> We note that many land use regulations are necessary and efficient to protect the community and the environment from a range of effects; however, the RMA has tended to rely on a narrow set of tools (rules/zoning) where other tools, such as pricing, may offer less costly and more effective methods for addressing problems.

response to demand (constraining the development of well-located affordable housing options, including flats, terraces, town houses and apartments); and,

- limits the Crown's ability to respond to people and communities with immediate housing needs through the timely provision of public and emergency housing options.

*We recognise that development must not come at the expense of environmental bottom lines*

Our resource management system must continue to protect natural resources, in order to meet the needs of society as a whole, including future generations. However, while we agree that the protection of ecosystems is important, we do not believe that it is the first obligation of the resource management system.

There needs to be a clear understanding of the difference between resource management and environmental management, with resource management being about the 'use' of available resources within the carrying capacity of the environment (or above environmental bottom lines). This is an inherent and necessary tension between resource use and allocation and maintaining a well-functioning environment. The core of a resource management system is to understand and manage this tension in a way that contributes to positive outcomes for both the built and natural environment, and the wellbeing of all New Zealanders.

The system should also recognise that the built environment differs from the natural environment in important ways. For example, the system should recognise that our cities and towns are complex and dynamic systems that must be able to develop and adapt over time to the changing needs and preferences of New Zealanders, and effectively respond to external pressures (e.g. economic trends, technological change, climate change etc).

### **We need a resource management system that better aligns with the Government's housing and urban development objectives**

Our resource management system needs to contribute to the overall wellbeing of our society and recognise that access to housing (particularly a safe, warm and affordable home) is a precondition for people to live healthy, prosperous lives.

Therefore, our resource management system (supported by strategic integrated planning e.g. spatial planning) must enable our cities and regions to make room for growth by:

- taking a more permissive approach to land use regulation (e.g. freeing up unnecessary restrictions to allow more opportunities for development on appropriate land, both 'up' and 'out')
- using a wider mix of tools and instruments (e.g. economic instruments and design-guidelines) to manage urban growth and development, rather than rely on specific rules and controls to manage environment effects
- supporting opportunities for the community to work with councils, government and iwi to identify significant resource management issues in their area, balance tensions between the use and protection of these resources, and

plan strategically for the long term (e.g. protecting future infrastructure corridors); and,

- wherever possible, look to better understand and allocate the true costs of development to beneficiaries.

We also need to:

- shift the culture and practice of land use planning from one that is focused on the narrow interests of private property owners, to one that takes into account the positive contribution that development and change has for the wider community (including the national interest and future generations)
- design our institutions (and respective roles and functions) so that decision-makers face the right incentives to proactively enable development and change (e.g. decisions are made where the costs and benefits lie and institutions are resourced to undertake their role); and,
- complement the resource management system with improved tools and processes to plan, fund and finance infrastructure (including co-funding arrangements between private and public bodies options) to unlock and progress housing urban development (such as transport, schools, parks, libraries, public spaces and community centres).

*The RMA should also retain, build-on and improve decision-making processes for iwi and Māori*

The RMA is one of the most significant Acts for iwi and Māori. Its principles within Part 2 resonate strongly with Māori, and it contains enabling provisions for:

- iwi to make their own plans for the future, have these recognised by local authorities and the larger communities they are situated in; and
- for Māori to participate in decision-making over resources outside of the Treaty of Waitangi negotiations framework more generally.

We acknowledge, however, that these provisions have seldom been used by local authorities. The review should explore a range of mechanisms that better support iwi and Māori to more actively participate in managing resources in New Zealand. The review should also identify improved efficiencies and interdependencies with the Te Ture Whenua Māori Act 1993.

### **Summary of specific issues relevant to our portfolios that should be considered as part of the review**

To achieve our housing and urban outcomes, and build thriving and inclusive communities, we propose that the review:

- explicitly recognises housing and urban outcomes (particularly the need for affordable housing) and their contribution to wellbeing, as a key objective for the resource management system, and that these be given due regard in statute

- explicitly recognise that the built environment is distinct from the natural environment (i.e. the pressures, uses and change processes are inherently different and therefore require different solutions and approaches)
- ensure the management of our urban and built environment is responsive to demand and informed by robust evidence, including price signals
- ensure that provisions for the effective participation, inclusion and decision-making of iwi and Māori are maintained and enhanced
- ensure that decision-makers (particularly regional and local councils) are incentivised to dynamically make room for growth and respond to the needs of all communities (both current and future); and,
- ensure that integrated strategic planning (e.g. spatial planning) practices make room for growth in and around our urban areas, and are supported by a suite of comprehensive funding options.

Further detail on these specific issues is included in the appendices.

We acknowledge that while the review is underway, multiple programmes are being progressed that may go some way in addressing a number of these points. Where this is so, it may be more efficient to include additional considerations within the programmes, such as the national planning standards or the suite of National Policy Statements (NPSs) under development.

We also note that the upcoming introduction of the Urban Development Bill and subsequent select committee process will provide useful insight that could be incorporated into any reform of the RMA. Of particular relevance is the proposed shortened planning and consenting processes for Kāinga Ora – Homes and Communities. However, it is important to note that any reform of the RMA will require consequential amendments to the Kāinga Ora - Homes and Communities legislation.

On behalf of all Housing Ministers, we look forward to discussing and working through our feedback with you.

Yours sincerely,



Hon Dr Megan Woods  
Minister of Housing

10/9/2019

## **Attachments**

Appendix one – specific issues we recommend be considered as part of the review process

Appendix two – the Ministry of Housing and Urban Development’s priorities for strategic spatial planning

Appendix three – issues recommended by Housing New Zealand and the Urban Development Group to be considered as part of the resource management review process.

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## **Appendix one – specific issues recommended to be considered as part of the review process**

There are a range of specific issues that we recommend be considered as part of the review. Some of these issues are currently included in scope, others are new issues that we recommend be added to the review.

The use of the term ‘urban development system’ below refers to the resource management system and other supporting legislation. While the focus of the review is the RMA, we note that the review will also include spatial planning, and intersects with the LGA and the LTMA, as well as considering its relationship to the Climate Change Response Act 2002 (CCRA).

We have broken down our recommended issues for inclusion based on the framework set out in the *Comprehensive review of the resource management system: scope and process* Cabinet paper.

### **Objectives and alignment**

1. *Issue: The current system does not sufficiently recognise housing and urban development objectives*

The urban development system needs to manage inherent tensions between the use and protection of resources (often between the built and natural environment). Currently the system is unable to do so effectively. We need to establish a coherent set of urban objectives that recognise the built environment’s role in supporting inclusive, sustainable and productive cities, and thriving communities to help decision-makers better manage and resolve these tensions.

To do this, the reform should consider the best methods for central government to direct, guide (e.g. national policy statements) and influence the planning system (e.g. via regional policy statements, district plans or any equivalent future regional or land use plans). The proposed Government Policy Statement on Housing and Urban Development (HUD GPS) could play an important role here. The review should consider how the resource management system (and spatial planning) can help give effect to the HUD GPS.

2. *Issue: The current system is not sufficiently focused on creating overall value/wellbeing for the wider community*

The current urban development system takes a cost-centric approach that does not adequately consider the positive effects of urban development and change, including the interests and needs of future generations. The current formulation of “amenity” in the RMA (and emergent case law around this concept) does not adequately recognise urban areas as complex and dynamic systems and, consequently, unduly favours the status quo (particularly the rights and interest of existing property owners).

To overcome this bias, we need:

- stronger and clearer national direction that emphasises the importance of housing and urban development (as described above), and;
- appropriate consultation and decision-making processes that better reflect the needs and interests of the wider community, including the national interest and future generations.

3. *Issue: The current system is neither responsive enough nor self-correcting*

Our resource management system needs to be able to adapt and respond to future challenges (e.g. climate change, population pressures, and technological advances), as well as the critical and immediate needs of New Zealanders (e.g. being able to respond quickly to housing shortages – including emergency and temporary housing, ‘pop-up’ villages and ‘tiny’ homes, and bespoke housing solutions such as papakāinga housing).

Our system also needs to be informed by, and responsive to, market forces (e.g. price signals from land, infrastructure, development and construction markets). Price signals are key to a well-functioning housing market and urban development system because they help reveal the true cost of development (including externalities), helping the market to put scarce resources to their highest and best use.

To do this, our system needs to distinguish between the role of planning in laying the *foundations* for urban growth and development, and the role of markets and government in *responding* to growth and demand at pace and scale. For example, more strategic spatial planning should help decision-makers better identify key strategic corridors and ‘no go/go areas’ and those areas where the market is likely to deliver development outcomes. It should also help identify and prioritise those areas where the government may wish to actively shape urban outcomes (e.g. through major public transport investment, urban regeneration, and public housing investment).

4. *Issue: Current urban planning practices do not make room for growth up or out*

Planning and land use regulation needs to provide for building up and out. Currently, there is a reliance on restrictive land-use regulations under the RMA (as opposed to prices / market) to try and manage urban growth and its effects. This is not always the most effective way to manage these effects and can have unintended consequences that constrain development, for example:

- In existing urban centres, rapid recycling of land use needs to be enabled by relying less on planning rules and controls so that urban land is able to be re-purposed and used more intensively over time (e.g. from business to housing or housing to mixed-use etc). This will help improve housing choices by type (e.g. apartments, units), location (e.g. in highly desired and centrally located urban areas) and at different price points (including affordable housing options).
- In greenfield areas, well-functioning and competitive urban land markets are needed to help place downward pressure on land prices, disincentivise land banking, and enable the development sector to supply affordable housing options. This requires an abundance of potential development opportunities at

the urban periphery to lower barriers to entry in the land market and support a competitive tension between landowners. It also requires a shift from urban containment policies (e.g. rural-urban boundaries) to policies that consider the overall merits of development, in recognition that not all appropriate development will be explicitly anticipated by an existing plan or strategic document.

Planning should also, wherever possible, provide opportunities for more flexible, design-led and outcomes-based approaches, rather than a rule-reliant approach. This will, where appropriate, enable design to overcome the constraints that rules are often put in place to manage and encourage more innovative design.

The resource management system also needs to be complemented by a wider range of funding solutions (including co-funding arrangements) that enable central government, local government, and the private sector to individually or collectively fund and coordinate infrastructure to give effect to future focused spatial plans.

*5. Issue: Part 2 of the RMA resonates with iwi and Māori, and should be built on and improved*

It is important to maintain Māori concepts that hold the Crown to account and retain the “mana” of the RMA principles in relation to the environment. The enabling provisions for, and benefits to, iwi and Māori also need to be improved on.

While the current RMA enables, in principle, for Māori to participate in resource management decisions and negotiations outside of the Treaty of Waitangi negotiations framework, iwi and Māori are often not empowered to do so in practice. Additional provisions are needed that confer iwi and Māori greater decision-making autonomy over their own land and resources. This will mean improved operability between the RMA and Te Ture Whenua Māori Act 1993.

**Functions and processes**

*6. Issue: The current system creates unnecessary complexity, uncertainty and delays*

Our planning processes need to be streamlined and provide certainty to the development market. The current processes for resource consents and plan changes are slow, expensive and inconsistent. The law is often interpreted and applied in an inconsistent manner.

For example, there are instances where good development proposals are opposed and declined by councils largely because they are not enabled by the plan in the location (on the grounds that the integrity of the plan must be maintained), rather than considering the merits of the proposal (even where the development is similar to others approved elsewhere).

We need a planning system that considers the overall merit of a proposal regardless of its inclusion in a plan or strategic document (as proposed under the National Policy Statement on Urban development). We also need streamlined processes for plan-making and resource consenting that enable a level of public participation that is proportionate to the type of problems being addressed, do not reinforce the status-quo, and do not unduly frustrate the pace or commercial viability of development.

*7. Issue: Current consultation processes are outdated and favour certain groups*

Participatory decision-making processes need to be updated and make better use of technology (e.g. social media) when engaging with the community. Where possible, these should be given formal weight to make consultation more inclusive and representative. Ideally, consultation processes should include some flexibility that enables them to reflect the specific needs of affected communities (e.g. hui on marae or targeted consultation to encourage responses from younger age groups).

*8. Issue: National direction is inconsistent and is often used to compensate for wider system problems*

In recent years, a proliferation of national direction has led to increasing requirements on local government. s 9(2)(f)(iv)

The review should consider the role of the NPSs in the system, including how they are developed, how well councils are supported to implement NPSs, and how monitoring and enforcement can be improved.

***Institutions***

*9. Issue: Our planning institutions have problems with incentives*

The Productivity Commission's draft report on local government funding and financing found that our existing planning institutions are not sufficiently incentivised to pro-actively make room for growth through urban development 'up' or 'out'. Their analysis showed that key decision-makers are neither incentivised to invest in growth infrastructure, nor make use of already available funding and financing tools to enable growth to pay for itself.

A key issue is that local authority revenues do not closely track growth. Costs and risks are direct, concentrated and paid up-front by the local authority and existing community, whereas the returns from well-managed growth (e.g. increased productivity, more affordable housing) are often diffuse, long-term and may not fully accrue to the region.

We need sound institutions with the right incentives that meet the standards and principles of good regulatory design. For example, ideally, decision-makers should be: closest to the issues at hand; best informed about them; motivated to maximise the overall net benefit for the entire community; and be capable of effectively and efficiently minimising costs. If these conditions cannot be met, decision-making may need to be placed at a higher (or lower) level in the system.

Decision-makers must also have well-designed processes that enable fast and sound decision-making and the financial means and tools (including co-funding and financing arrangements) to invest in the public (e.g. roads, parks and public transport) and social infrastructure (e.g. schools and libraries) necessary to drive or unlock urban development.

*10. Issue: The appropriate use/role of Independent Hearing Panels needs to be considered to improve decision-making quality, speed and consistency*

Currently, many of the most significant and controversial planning decision (e.g. major plan changes and projects) are overseen and decided upon through a local political process which tends to favour existing land owners and reinforce the status quo. This creates uncertainty and can lead to inconsistent decision-making for otherwise similar projects.

Our resource management system needs to consider where and at what stage in the planning process public consultation is most appropriate, as well as the correct form of consultation. s 9(2)(f)(iv)

The review should also consider whether independent bodies and processes might, in some instances, be a better and fairer way to represent the wider communities' interests (including national interests and future generations).

*11. Issue: The role of central government needs to be clarified.*

The role of central government needs to be made clear and strengthened where appropriate because local authorities are not always in the best position to manage the, often competing, interests and emerging issues (e.g. climate change) that regions are facing. That said, there are limitations on how much central government can or should steer local government planning processes.

As much as possible, the system should be designed in a way that aligns the incentives of decision-makers with the interests of the wider community (particularly the worst off who typically have the least influence). Joint central and local government spatial planning has the potential to better align planning, interests and investment to support growth and change. National Planning Standards and National Environmental Standards are also a useful tool for encouraging consistency across multiple RMA plans (e.g. same structure and definitions used).

*12. Issue: Capability, capacity and culture needs to be improved and actively supported*

Any new or significant changes to the system must be complemented with appropriate resources to help planners and decision-makers (including central government) utilise new planning tools (e.g. pricing) and transition to a new way of working/planning.

## Appendix two – HUD’s priorities for strategic integrated planning (spatial planning)

To achieve our housing and urban outcomes, we need more strategic long-term spatial planning to help make room for growth, while protecting important social, economic, cultural and environmental values.

Spatial planning has the potential to be a key vehicle for giving effect to the Government’s priorities expressed through the Government Policy Statements (e.g. the Land Transport GPS and the proposed Housing and Urban Development GPS). Central government has a key role in developing spatial plans, although more work is required to clarify the extent of this role (NB: the role of central government will be considered as part of the issues and options paper being co-developed by the Ministry for the Environment and Ministry of Housing and Urban Development to support the review panel’s discussions in October).

<b>Spatial planning</b>	
<b>Definition</b>	Spatial planning is a strategic, evidence-based and long-term planning process that seeks to coordinate practices and policies across land use planning, and infrastructure planning and investment.
<b>Outcomes</b>	<p><i>Spatial planning can (in addition to other changes and interventions in the urban development system) help deliver higher wellbeing/thriving communities by supporting:</i></p> <ul style="list-style-type: none"> <li>• more affordable <b>housing</b> options and choice</li> <li>• good <b>access</b> to employment, services and amenities</li> <li>• <b>quality</b> urban environments</li> <li>• <b>inclusive</b> and <b>resilient</b> neighbourhoods; and,</li> <li>• <b>productive</b> and <b>sustainable</b> regions and urban areas.</li> </ul>
<b>Objectives</b>	<p><i>Spatial planning will help deliver these outcomes by:</i></p> <ul style="list-style-type: none"> <li>• <b>supporting more strategic, future-focused and proactive planning</b></li> <li>• <b>integrating decision-making</b> for land use; environmental management; and infrastructure planning and funding across different sectors (e.g. transport, health, education)</li> <li>• <b>coordinating activities and investment</b> between central government, local government, iwi, developers, and other infrastructure providers</li> <li>• <b>supporting more robust decision-making</b>, using relevant evidence that considers both the costs and benefits of decisions and trade-offs</li> <li>• <b>recognising Māori rights and interests</b> and the principles of the Treaty of Waitangi</li> <li>• <b>considering the needs of the current and future communities.</b></li> <li>• Through spatial plans that:</li> </ul>

	<ul style="list-style-type: none"> <li>• <b>provide enduring, long-term strategic direction</b> for the use, development and protection of land and resources, and strong guidance to other planning documents</li> <li>• <b>promote responsive and dynamic planning</b> that enables growth and change in response to demand (including housing price points, typologies and locations) and other trends (e.g. firm location patterns, congestion, and resilience to natural hazards and climate change)</li> <li>• <b>protect areas of special value</b> (e.g. environmental, economic (versatile soils) or cultural)</li> <li>• <b>protect strategic land</b> (e.g. public spaces and sites) and future infrastructure corridors.</li> </ul> <p><i>We note that spatial planning and spatial plans are not:</i></p> <ul style="list-style-type: none"> <li>• a prescriptive land use planning process or plan (spatial planning will not set out zoning, rules or designations)</li> <li>• an explicit implementation plan (but do need to demonstrate how lower order mechanisms, formal or otherwise, will help implement the plan over time)</li> <li>• structure or area plans (these identify land use at a more detailed level)</li> <li>• funding and financing tools (though spatial plans could be embedded in the system in way that requires lower-order plans to give effect to the plan. Spatial plans should also be cognisant of the likely costs of different planning scenarios).</li> </ul>
<p>Functions and processes</p>	<p><i>To meet these objectives, we need spatial planning to:</i></p> <ul style="list-style-type: none"> <li>• be evidence-based (taking into account the wider costs and benefits of development, market signals, and other evidence)</li> <li>• assess current development capacity (supply) against demand</li> <li>• take a long-term view of urban growth and demand (for people, housing, and business growth)</li> <li>• consider a range of potential alternate growth scenarios (and their implications)</li> <li>• consider implications for transport connectivity and access (to jobs, services and amenities)</li> <li>• identify areas to protect and/or enhance (i.e. environmental, cultural, economic values, and avoid hazards)</li> <li>• identify and protect strategic land for key infrastructure investment (schools and hospitals), corridors (transport and water etc), and amenities (waterways, parks and reserves)</li> <li>• identify major priority areas/projects for investment to support urban development (central and local)</li> </ul>

	<ul style="list-style-type: none"> <li>• provide high-level costing and timing/sequencing for these major projects</li> <li>• identify consistent and transparent “investment triggers” for the provision of major public infrastructure, including schools (e.g. population growth, uptake, prices)</li> <li>• have flexible processes to enable plans to quickly respond to changing demand/circumstances as they arise.</li> </ul>
Institutions	<p><i>Meeting these objectives will require the right legal and institutional settings. Therefore, Government will need to:</i></p> <ul style="list-style-type: none"> <li>• clarify the legal status/weight of spatial planning within the New Zealand planning system (e.g. how and where should spatial planning be embedded within New Zealand’s legislative framework - is it mandatory, its own Act, or within existing legislation)</li> <li>• clarify the roles, responsibilities and accountability mechanisms for central and local government parties to follow. For example, who will be responsible for which parts of the planning process from overall strategy/outcomes, through to objectives, evidence gathering, plan-making, funding, delivery, monitoring</li> <li>• ensure institutions (particularly local authorities) have the right incentives, tools, processes, and capabilities/resources to develop and deliver on the objectives of spatial plans</li> <li>• develop robust processes to reach agreement and/or resolve disagreements between different parties</li> <li>• clarify the role of Māori and Iwi, the courts, independent hearings panels, and the public in both developing and consulting on spatial plans (e.g. public participation and consultation processes).</li> </ul>
Interactions with other government reform work / programmes	<p><i>It should also be clear how spatial planning will relate to other areas of reform and change to deliver a coherent and effective system as a whole. Other areas of reform include:</i></p> <ul style="list-style-type: none"> <li>• Review of the resource management system</li> <li>• Local Governance for Community Well-being work programme</li> <li>• Three Waters Review</li> <li>• Te Waihanga</li> <li>• Other Urban Growth Agenda projects (e.g. National Policy Statements); and,</li> <li>• The Government Policy Statement for Land Transport</li> <li>• The proposed Government Policy Statement on Housing and Urban Development</li> <li>• Te Ture Whenua Māori Act 1993 reforms.</li> </ul>

<p>Land-use planning and decision-making subsequent to spatial planning</p>	<p><i>To influence urban outcomes on the ground, spatial plans must be supported by lower order land use and financial planning. Therefore, the review of the resource management system should also:</i></p> <ul style="list-style-type: none"> <li>• identify what subsequent changes may need to be made to land use and decision-making frameworks and incentives to give proper effect to spatial planning (e.g. LGA, RMA, LTMA, Public Works Act 1981, Public Finance Act 1989, Building Act 2004)</li> <li>• consider to what extent lower-order land use plans (e.g. district plans), financial plans (Long Term Plans and National Land Transport Fund) and strategies (e.g. infrastructure strategies) should be required to give effect to high-level spatial planning</li> <li>• consider the need for national-level guidance, to guide spatial planning and help decision-makers make trade-offs; and,</li> <li>• consider how spatial plans will be monitored over time to ensure lower order planning documents are delivering on the objectives and intent of spatial plans.</li> </ul>
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### **Appendix 3 – Issues recommended by Housing New Zealand and the Urban Development Group (part of soon to be established Kāinga Ora – Homes and Communities) to be considered as part of the resource management review process**

Getting a planning and resource management system that is fit-for-purpose has the potential to deliver access to affordable housing, quality urban environments and thriving communities in a country where the natural environment is cherished and protected.

However, current planning processes under our resource management system have sometimes led to sub-optimal practices and outcomes. These sub-optimal effects include:

- excessive restrictions on the volume of development
- exacerbating the time/risk of development processes, and
- constraining innovative forms of housing and urban development.

The RMA also impacts on the behaviour of land banking by developers and the price of land (reducing affordability and reducing construction productivity).

#### ***Inconsistencies and constraints***

Under the RMA, council district plans specify, among other things, minimum section sizes and building height restrictions. The experience of Housing New Zealand and the Urban Development Group is that standard development under established zoning rules is usually straightforward. However, development proposals with design elements that do not meet district plan specifications may incur considerable costs and delays.

District plans vary considerably across the country. For example, district plan requirements for minimum section sizes across Housing New Zealand's eleven Regional Housing Programme locations are varied, and all are larger than the Auckland Mixed Housing Suburban zone under the Auckland Unitary Plan. In some locations, Housing New Zealand has found that district plan rules around minimum section sizes and heights impede the ability to build at higher density.

In 2016, Housing New Zealand commissioned work on the impact of planning regulations on supply across the Regional Housing Programme locations, for nine different housing types. The analysis was based on where the replacement of a single house with three new homes resulted in sections over 200m<sup>2</sup>. This development would optimise the use of the land, rather than meeting the district plan requirements. On this basis, Housing New Zealand could go from 13,700 to 41,100 homes across the eleven locations.

In some locations it was found that planning rules significantly constrained the ability and investment return of building small homes, where minimum section sizes were the highest, such as the Far North, with a minimum section size of 600m<sup>2</sup>.

Planning restrictions make increasing supply more financially challenging due to inefficient land use for smaller homes as planning rules seem to assume, or were developed with, larger family homes as the norm. Despite the district plan restrictions, the analysis showed that for much of New Zealand obtaining the required financial returns is the primary constraint to achieving further density through redevelopment.

### ***Improving national consistency***

Housing New Zealand supports the Ministry for the Environment's work to develop a set of consistent national planning standards in NZ. For example, a national definition of a mixed housing suburban zone could be created, based on the definition used in the Auckland Unitary Plan, but not specify where any council opted to apply that zone. This would help with consistency across New Zealand, simplify planning for councils, and support much more objective application of planning rules. This could also be used to improve the consistency for enabling papakāinga housing.

Cabinet has approved the development of legislation to enable the Kāinga Ora – Homes and Communities to take over councils' existing planning functions in specified development project areas, and zoning issues would be considered within these areas.

### ***Improving alignment***

While the comprehensive review will focus on the RMA, it also intersects with the LGA and the LTMA. The differing purposes of these three Acts can create internal tensions, duplication, complexity and costs.

Housing New Zealand often experiences inconsistent practices between councils in how they manage the tensions between these three Acts. These inconsistencies exacerbate the risks and uncertainties for developers such as Housing New Zealand who operate on a national scale (as well as for any developer that operates across multiple council jurisdictions).

For Housing New Zealand (and for Kāinga Ora – Homes and Communities) the review is a key opportunity to:

- improve legislative alignment between the RMA, LGA and LTMA
- identify how national guidance (through NPSs under the RMA and through other forms of national guidance) can better align practices under these Acts
- ensure that aligned funding processes and current work underway on spatial planning is integrated with any proposals for legislative alignment.

In addition to considering opportunities to improve alignment between the RMA, LGA and LTMA, we note that the relevance of the Climate Change Response Act and the Kāinga Ora- Homes and Communities legislation. It will be important that the review of the Resource Management system considers all the key linkages between these Acts.