



Cabinet Economic Development Committee

Minute of Decision

McGuinness Institute title:
[DEV-20-MIN-0096] National
Policy Statement on Urban
Development

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

National Policy Statement on Urban Development

Portfolios **Urban Development / Environment**

On 3 June 2020, the Cabinet Economic Development Committee (DEV):

Background

1 **noted** that on 31 July 2019, DEV:

1.1 agreed to the release of a discussion document on a proposed National Policy Statement on Urban Development (NPS-UD);

1.2 invited the Minister for Urban Development and the Minister for the Environment (the Ministers) to report back following the consultation, seeking agreement to a final NPS-UD to be brought into force in early to mid-2020;

[DEV-19-MIN-0204]

2 **noted** that the Ministers have considered the summary of submissions and recommendations provided to them under section 51 of the Resource Management Act 1991 and the section 32AA analysis;

Proposed changes to NPS-UD

3 **authorised** the Ministers to make minor and technical amendments to the NPS-UD to ensure it gives effect to its policy intent, including giving further consideration to the description of a well-functioning urban environment;

4 **agreed** to policy changes to the draft NPS-UD, including:

Providing for intensification policies

4.1 adopt a 'scaled' approach to most directive policies, with greater specificity in prescription provided to the areas with clear evidence of benefit – city and metro centres, and rapid transport stops;

4.2 allow exceptions to enabling intensification where local constraints are incompatible, but require clear and demonstrable evidential basis for this exception,

Enabling a more responsive planning system

- 4.3 include policy direction for local authorities to have particular regard to out-of-sequence and unanticipated development, if they significantly add to development capacity, support well-functioning urban environments, and are well-connected along transport corridors;
- 4.4 integrate responsiveness directions into the NPS-UD Future Development Strategy and engagement requirements by requiring engagement with the development sector on development opportunities;

Removing car parking minimum requirements in all tiers

- 4.5 require local authorities in all tiers to remove minimum car park requirements, in all zones;
- 4.6 encourage all local authorities to manage the supply and demand of car parking through comprehensive parking management plans;

Describing well-functioning urban environments

- 4.7 replace references to 'quality urban environments' with 'well-functioning' urban environments;
- 4.8 include a policy outlining a non-exclusive list of functions that a well-functioning urban environment is expected to deliver;

Addressing housing affordability

- 4.9 include an objective to recognise the role of planning decisions in improving housing affordability through supporting competitive land and development markets;

Addressing climate change

- 4.10 include an objective that the urban environments support reductions in greenhouse gas emissions;
- 4.11 include policy that decision-makers must have particular regard to the current and future effects of climate change when making decisions relating to urban environments;

The values and aspirations of Māori in urban planning

- 4.12 provide direction to local authorities about taking into account the principles of the Treaty of Waitangi (te Tiriti o Waitangi) in urban planning;
- 4.13 increase the scope of the matters to be taken into account by local authorities to enable Māori to identify a desired future state for the urban environment instead of just providing for a reaction to current state;
- 4.14 require local authorities, in carrying out the Housing and Business Development Capacity Assessment (HBA), to assess how the housing market is providing for Māori housing demand;

HBAs will apply to tiers 1 and 2 (rather than tier 1 only)

- 4.15 maintain competitiveness margins of 20 percent in the short and medium term, and 15 percent in the long term;

- 4.16 extend the requirement to prepare a three-yearly HBA in time to inform long term plans under the Local Government Act to tier 2 councils but with simpler requirements for evidence;
- 4.17 clarify meaning of ‘take-up’, replacing the term with reasonably expected to be realised, and support with guidance and examples;

Application of NPS-UD policies

- 4.18 retain the three-tiered approach with specific policies being targeted to tier 1 and 2 and general policies applying to all urban environments, but change the expectations about what policies each tier must follow;
- 4.19 confirm that tier 1 will include local authorities in Auckland, Hamilton, Wellington, Tauranga, and Christchurch;
- 4.20 confirm that tier 2 will include local authorities in Napier-Hastings, Nelson-Tasman, Whangarei, Palmerston North, New Plymouth, Rotorua, Dunedin, and Queenstown;

Implementation

- 5 **agreed** to the following timeframes for local authorities to implement the NPS-UD:
 - 5.1 tier 1 and 2 councils have two years from the NPS-UD gazettal to notify plan changes to implement all intensification policies;
 - 5.2 tier 1 councils have 18 months from the NPS-UD gazettal to notify plan changes to implement car parking policy;
 - 5.3 tier 3 councils be required to notify plan changes to implement the relevant intensification policies as soon as practicable, and HBAs must be updated every three years;
 - 5.4 tier 1 and 2 councils be required to complete the housing assessment aspect of the Housing and Business assessments by July 2021 and the full Housing and Business assessment (including business assessment) in time to inform council’s 2024 long-term plans;
 - 5.5 Future Development Strategies (FDS) should be prepared or reviewed in time to inform councils’ 2024 long-term plans;
 - 5.6 local authorities should review their FDS every three years, informed principally by the latest HBA, and ongoing with development sector engagement about development opportunities. Local authorities must follow a Special Consultative Process in relation to aspects that are deemed necessary to update;
- 6 **noted** that the policies in the NPS-UD will not directly impact Treaty settlement arrangements;
- 7 **noted** that officials will provide guidance to ensure that Treaty Settlement Act obligations are not adversely impacted;
- 8 **authorised** the Ministers to:
 - 8.1 recommend the NPS-UD to the Governor-General in Council for approval;
 - 8.2 notify the NPS-UD in the *New Zealand Gazette*;

- 9 **noted** that when the NPS-UD takes legal effect, it will replace the National Policy Statement on Urban Development Capacity 2016;
- 10 **noted** that the NPS-UD will come into effect 28 days after its notification in the *New Zealand Gazette*;
- 11 **invited** the Ministers to further discuss the NPS-UD implementation programme and associated costs with Housing Ministers.

Janine Harvey
Committee Secretary

Present:

Rt Hon Winston Peters
Hon Kelvin Davis
Hon Grant Robertson (Chair)
Hon Phil Twyford
Hon Andrew Little
Hon David Parker (part of item)
Hon Nanaia Mahuta
Hon Stuart Nash
Hon Iain Lees-Galloway
Hon Jenny Salesa
Hon Damien O'Connor
Hon Kris Faafoi
Hon Shane Jones
Hon James Shaw
Hon Eugenie Sage

Officials present from:

Office of the Prime Minister
Officials Committee for DEV