



National Policy Statement on Urban Development

Hon Dr Nick Smith

**Minister for the Environment
Minister for Building and Housing**

What is a National Policy Statement?

A directive policy that Councils must comply with when making decisions on:

- Regional Plans
- District Plans
- Resource Consent decisions

Section 55 of RMA states:

- Council must amend any plan to comply with an NPS
- Council must take any action specified in the NPS

If Councils do not comply, then Government, developers or any other party can challenge plan or consent decisions in the Environment Court

Minister for the Environment under section 25A can also direct a plan change be done and by when



Why land supply matters?

Cost of section in Auckland:

- \$100,000 (1990) to \$450,000 (2016) +350%
- Build cost per square metre +78%
- CPI 1990 to 2016 +71%

High section price skews new home construction to high value homes

The long-term average ratio over many decades is for sections to make up 40% of house prices

Unless we address the fundamental issues making average Auckland sections \$450,000 average house prices will top \$1 million



What we can learn from Christchurch?

Average section price in Christchurch is \$220,000. Hundreds of 3 bedroom new home packages available for under \$450,000

Govt has used special powers from 2011/12 to free up large tracts of new land for housing

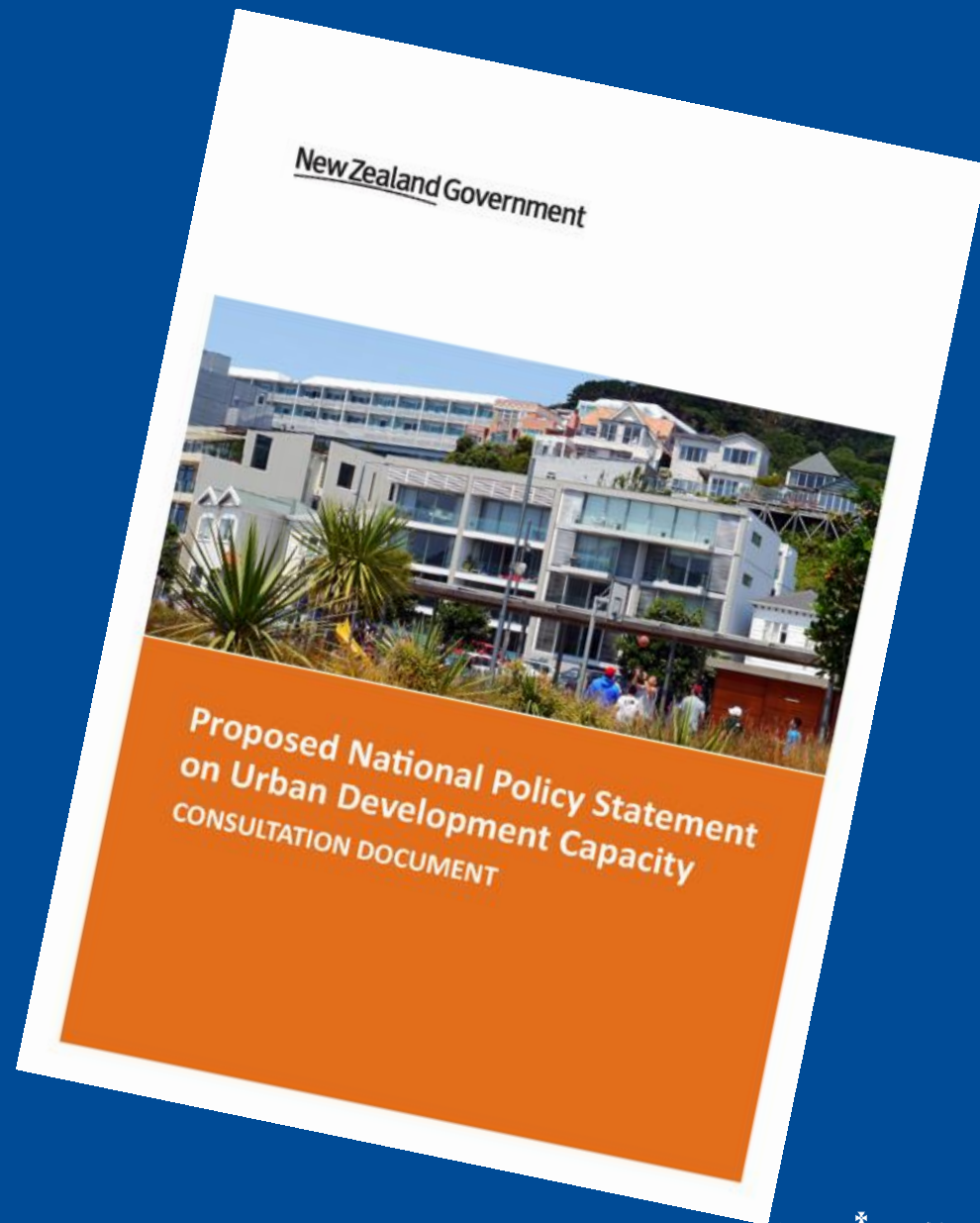
Crown land programme to increase supply 4 years old

	QV year increase
Whangarei	15.6%
Auckland	15.4%
Hamilton	26.2%
Tauranga	23.1%
Rotorua	15%
Hawkes Bay	11.2%
Wellington	10.2%
Nelson	10.2%
<u>CHRISTCHURCH</u>	<u>3.3%</u>
Queenstown	22%
Dunedin	10.3%

Complements new sections 30 and 31 in RMA reform bill that require enough development capacity to meet demand

Classifies New Zealand urban areas (>30,000 pop) into high growth, medium growth, and other areas

Requirements for reporting and increasing capacity of supply depends on classification

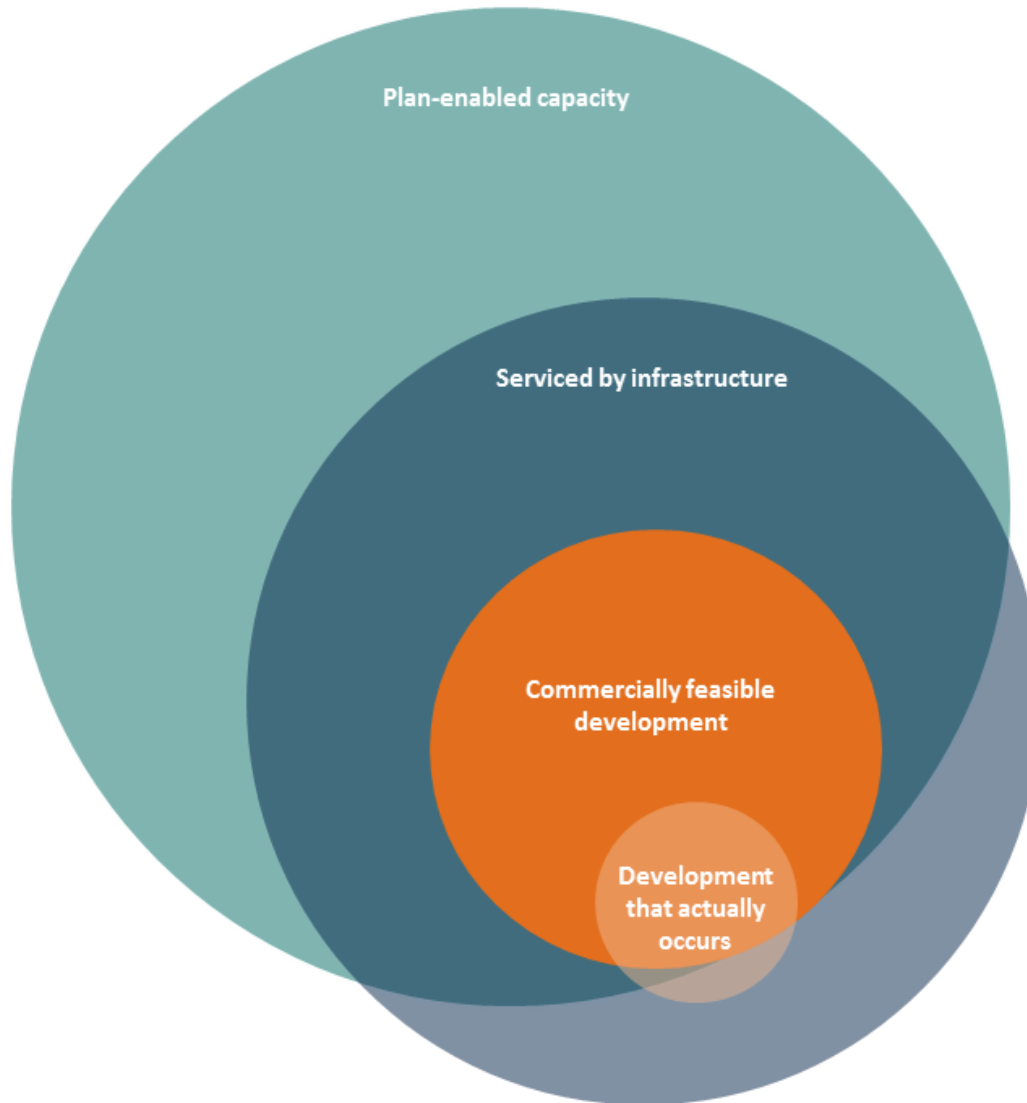


1. Connects planning decisions with economics

Price signals, commercial feasibility and ensuring sufficient competition in supply will become required legal considerations in land use planning decisions



Difference between planned and actual development



2. Policy requires more responsive planning

Will require short, medium and long-term policies to manage growth and regular reviews for ensuring plans are up-to-date and relevant



3. Rebalances the national and local interests

Housing affordability is a national issue but the key regulatory levers to address supply rest with Councils whose focus is very local

Requires councils and the Environment Court to recognise national importance of sufficient land supply for housing and business growth



Classification under proposed NPS

Other Main Urban Areas	Medium growth	High growth
Napier/Hastings (4.9%)	New Plymouth (9.3%)	Auckland (18.1%)
Blenheim (4.7%)	Nelson (8.5%)	Tauranga (15.1%)
Whangarei (4.5%)	Kapiti (6.9%)	Hamilton (14.8%)
Gisborne (4.3%)	Palmerston North (6.7%)	Queenstown (14.0%)
Invercargill (3.7%)	Wellington (6.4%)	Christchurch (11.1%)
Dunedin (3.6%)	<i>(Ten year population projection from Statistics New Zealand)</i>	
Rotorua (0.7%)		
Whanganui (−1.5%)		



How does NPS fit with Unitary Plan Process?

22 Jul	Independent Hearing Panel (IHP) reports to Council
19 Aug	Council required to make decision on new plan
16 Sept	Special Housing Areas Act expires
Oct	NPS Urban Development final decisions

If Council changes IHP recommendations, decisions subject to Environment Court appeal

Minister can use Section 25A powers to direct Councils to change plan

NPS requirements effect

- Appeals on new plan
- Resource consents for new development
- Plan changes from Oct 2016

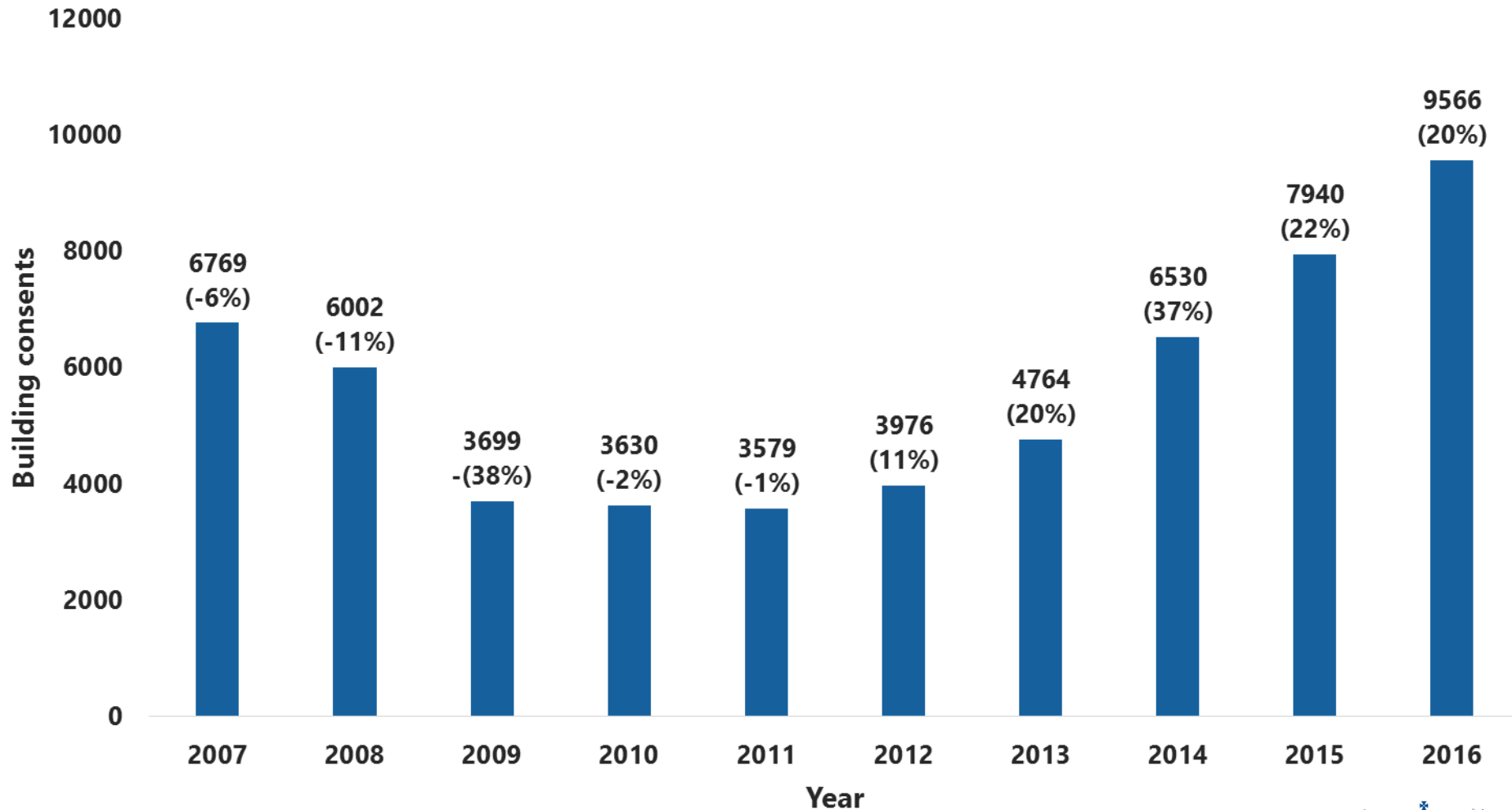


How does infrastructure fit with NPS?

- NPS requires coordination between councils and infrastructure providers (including Govt agencies), integrated land use and infrastructure planning and efficient use of infrastructure
- Councils have the legal right to require developers pay the fair cost of the infrastructure needed to service a subdivision
- It would be a tort if landowners are able to reap the financial gains from developing bare land into sections but not have to fund any of the work. Our new laws ensure councils cannot overcharge but nor should developers get a free ride
- Local Government reforms on development contributions enable more flexible 'infrastructure agreements' between Councils and developers including bonds
- Wider infrastructure like transport to support growth requires both local and central Govt investment. Councils should contribute – each 10,000 additional homes provides councils with rates increase of \$25 million per year. The Govt is contributing with billions in investment in roads, rail and schools and will remain engaged with Councils to ensure infrastructure keeps pace with growth



Auckland building consents (year to March)



Housing reform programme

1. Special Housing Areas
2. Removal of Tariffs on Building products
3. Fast track process for new Auckland Unitary Plan
4. Crown land programme
5. KiwiSaver HomeStart
6. Tax changes – building dep, tax no's, brightline test, withholding tax
7. RMA reform bill
 - No appeals on residential resource consents
 - Faster planning processes
 - Reverses presumption on subdivision
 - Planning templates
8. NPS Urban Development

Next Steps

9. Urban Development Authority
10. Unit Titles Review
11. Building Act reforms

