

National Policy Statement on Urban Development Capacity Q&As

1: What is a National Policy Statement?

A National Policy Statement (NPS) is a legal document under the Resource Management Act (RMA). It directs councils on matters of national importance.

2: When will this NPS apply?

The Government opened consultation on the proposed NPS on Thursday 2 June. The last day for submissions is Friday 15 July 2016. Submissions will be reviewed and the Government will consider any suggested changes. Following that, it will take effect from October.

3: How will this NPS change what councils do?

Under Section 55 of the RMA, councils must implement the NPS by making amendments to their regional and district plans. Councils must also consider the NPS when they make resource consent decisions.

4: What will the NPS do?

The NPS will ensure council plans provide sufficient capacity for housing and business development in rapidly growing areas. This will allow our cities to grow outwards and upwards. The increased development opportunities will ensure greater supply of houses, slower price increases and more affordable housing.

The NPS will also require councils to base their decisions on far more robust analysis.

5: Which councils are affected by the NPS?

Councils experiencing the most growth will be most affected, including Auckland. About 27 councils nationwide will be most affected, although the principles apply for every council.

6: What happens if councils ignore the NPS?

If a council does not implement the NPS, the Minister for the Environment has powers under the RMA to direct a council to change its plans. The Minister can also set a date councils must implement these changes by.

7: Why are you consulting a second time?

The RMA requires the Minister to consult twice. The first time was on the case for an NPS, and the second time on the draft NPS itself. The first consultation phase was carried out between December 2015 and February 2016 following the recommendations of the Productivity Commission in its 2015 report *Using Land for Housing*.

8: Who can make a submission?

Anyone may make a submission on the proposed NPS, and information on how to do so is available on the Ministry for the Environment website. Submissions can be made online or in writing.

9: Why is this NPS needed, if RMA law changes will be made later this year?

The amendments to the current RMA legislation introduce a function for regional and territorial councils to provide sufficient development capacity to meet demand, for both housing and for business land.

The NPS will support this new function through more detailed requirements. But it also stands alone and can be applied to the legislation as is.

10: Is the Government determining where councils need to free up land?

No. The NPS is not specific on where the development capacity is provided. The Government wants councils to ensure that sufficient capacity is provided for long-term demand. Local authorities will be able to decide the extent to which they go up or out, but they must provide sufficient capacity.

11: What is the point of freeing up land if there is insufficient infrastructure?

The major funders of infrastructure to support development should be the developers, who gain huge uplift in value from converting bare land into sections or lower density housing into higher density housing.

The reformed Local Government Act makes plain that councils can charge for the cost of infrastructure to support developments and also provides increased flexibility with infrastructure agreements on how these are funded, such as infrastructure bonds.

Some developments will not proceed because the infrastructure costs make the development uneconomic. For instance, if a development can only occur with a major upgrade of arterial stormwater, it may be more appropriate and economic for development to occur elsewhere.

There will be infrastructure beyond the immediate development area which also requires investment to keep up with growth that will need local and central government investment, such as major roads and rail. Councils receive an increased flow of rates from new developments, with current residential growth in Auckland equating to an extra \$25 million per year in rates. The Government is also contributing, with investments in road, rail and schools, and is engaged in an ongoing discussion with councils on infrastructure provision.

12: How does the NPS sit with the development of Auckland's Unitary Plan?

The NPS has no immediate effect on the special process the Government legislated for with Auckland's new Unitary Plan. The Independent Hearings Panel (IHP) reports to the council on 22 July and it then has until 19 August to make its decisions.

If the Auckland Council changes any of the IHP recommendations, they become subject to appeal to the Environment Court. The NPS will be important to any appeal in ensuring the Unitary Plan provides sufficient development capacity.

Any private plan changes, council plan changes or resource consents after October 2016 must also comply with the NPS.