

New Zealand Government

National Policy Statement on Urban Development 2020

July 2020

This National Policy Statement was approved by the Governor-General under section 52(2) of the Resource Management Act 1991 on 20 July 2020, and is published by the Minister for the Environment under section 54 of that Act.

This National Policy Statement replaces the National Policy Statement on Urban Development Capacity 2016.

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Part 1: Preliminary provisions

1.1 Title

- (1) This is the National Policy Statement on Urban Development 2020.

1.2 Commencement

- (1) This National Policy Statement comes into force on 20 August 2020.
- (2) See Part 4, which sets out timeframes for complying with different parts of this National Policy Statement.

1.3 Application

- (1) This National Policy Statement applies to:
 - (a) all local authorities that have all or part of an urban environment within their district or region (ie, tier 1, 2 and 3 local authorities); and
 - (b) planning decisions by any local authority that affect an urban environment.
- (2) However, some objectives, policies, and provisions in Parts 3 and 4 apply only to tier 1, 2, or 3 local authorities.

1.4 Interpretation

- (1) In this National Policy Statement:

accessible car park means a car park designed and marked (for instance, in accordance with the mobility car parking scheme) for use by persons with a disability or with limited mobility

Act means the Resource Management Act 1991

active transport means forms of transport that involve physical exercise, such as walking or cycling, and includes transport that may use a mobility aid such as a wheelchair

additional infrastructure means:

- (a) public open space
- (b) community infrastructure as defined in section 197 of the Local Government Act 2002
- (c) land transport (as defined in the Land Transport Management Act 2003) that is not controlled by local authorities
- (d) social infrastructure, such as schools and healthcare facilities
- (e) a network operated for the purpose of telecommunications (as defined in section 5 of the Telecommunications Act 2001)
- (f) a network operated for the purpose of transmitting or distributing electricity or gas

business land means land that is zoned, or identified in an FDS or similar strategy or plan, for business uses in urban environments, including but not limited to land in the following:

- (a) any industrial zone
- (b) the commercial zone
- (c) the large format retail zone
- (d) any centre zone, to the extent it allows business uses
- (e) the mixed use zone, to the extent it allows business uses
- (f) any special purpose zone, to the extent it allows business uses

centre zone means any of the following zones:

- (a) city centre zone
- (b) metropolitan centre zone
- (c) town centre zone
- (d) local centre zone
- (e) neighbourhood centre zone

commencement date means the date on which this National Policy Statement comes into force (see clause 1.2)

community services means the following:

- (a) community facilities
- (b) educational facilities
- (c) those commercial activities that serve the needs of the community

competitiveness margin means the margin referred to in clause 3.22

decision-maker means any person exercising functions or powers under the Act

development capacity means the capacity of land to be developed for housing or for business use, based on:

- (a) the zoning, objectives, policies, rules, and overlays that apply in the relevant proposed and operative RMA planning documents; and
- (b) the provision of adequate development infrastructure to support the development of land for housing or business use

development infrastructure means the following, to the extent they are controlled by a local authority or council controlled organisation (as defined in section 6 of the Local Government Act 2002):

- (a) network infrastructure for water supply, wastewater, or stormwater
- (b) land transport (as defined in section 5 of the Land Transport Management Act 2003)

FDS means the Future Development Strategy required by subpart 4 of Part 3

feasible means:

- (a) for the short term or medium term, commercially viable to a developer based on the current relationship between costs and revenue

- (b) for the long term, commercially viable to a developer based on the current relationship between costs and revenue, or on any reasonable adjustment to that relationship

HBA means the Housing and Business Development Capacity Assessment required by subpart 5 of Part 3

infrastructure-ready has the meaning in clause 3.4(3)

long term means between 10 and 30 years

long-term plan means a long-term plan (including the infrastructure strategy required to be included in it) adopted by a local authority under section 93 of the Local Government Act 2002

medium term means between 3 and 10 years

nationally significant infrastructure means all of the following:

- (a) State highways
- (b) the national grid electricity transmission network
- (c) renewable electricity generation facilities that connect with the national grid
- (d) the high-pressure gas transmission pipeline network operating in the North Island
- (e) the refinery pipeline between Marsden Point and Wiri
- (f) the New Zealand rail network (including light rail)
- (g) rapid transit services (as defined in this clause)
- (h) any airport (but not its ancillary commercial activities) used for regular air transport services by aeroplanes capable of carrying more than 30 passengers
- (i) the port facilities (but not the facilities of any ancillary commercial activities) of each port company referred to in item 6 of Part A of Schedule 1 of the Civil Defence Emergency Management Act 2002

planned in relation to forms or features of transport, means planned in a regional land transport plan prepared and approved under the Land Transport Management Act 2003

plan-enabled has the meaning in clause 3.4(1)

planning decision means a decision on any of the following:

- (a) a regional policy statement or proposed regional policy statement
- (b) a regional plan or proposed regional plan
- (c) a district plan or proposed district plan
- (d) a resource consent
- (e) a designation
- (f) a heritage order
- (g) a water conservation order

public transport means any existing or planned service for the carriage of passengers (other than an aeroplane) that is available to the public generally by means of:

- (a) a vehicle designed or adapted to carry more than 12 persons (including the driver); or
- (b) a rail vehicle; or
- (c) a ferry

qualifying matter has the meaning in clause 3.32

rapid transit service means any existing or planned frequent, quick, reliable and high-capacity public transport service that operates on a permanent route (road or rail) that is largely separated from other traffic

rapid transit stop means a place where people can enter or exit a rapid transit service, whether existing or planned

RMA planning document means all or any of the following:

- (a) a regional policy statement
- (b) a regional plan
- (c) a district plan

short-medium term means within the next 10 years

short term means within the next 3 years

tier 1 local authority means each local authority listed in column 2 of table 1 in the Appendix, and **tier 1 regional council** and **tier 1 territorial authority** have corresponding meanings

tier 2 local authority means each local authority listed in column 2 of table 2 in the Appendix, and **tier 2 regional council** and **tier 2 territorial authority** have corresponding meanings

tier 3 local authority means a local authority that has all or part of an urban environment within its region or district, but is not a tier 1 or 2 local authority, and **tier 3 regional council** and **tier 3 territorial authority** have corresponding meanings

tier 1 urban environment means an urban environment listed in column 1 of table 1 in the Appendix

tier 2 urban environment means an urban environment listed in column 1 of table 2 in the Appendix

tier 3 urban environment means an urban environment that is not listed in the Appendix

urban environment means any area of land (regardless of size, and irrespective of local authority or statistical boundaries) that:

- (a) is, or is intended to be, predominantly urban in character; and
- (b) is, or is intended to be, part of a housing and labour market of at least 10,000 people

well-functioning urban environment has the meaning in Policy 1.

- (2) Terms defined in the Act and used in this National Policy Statement have the meanings in the Act, unless otherwise specified.
- (3) Terms defined in the National Planning Standard issued under section 58E of the Act and used in this National Policy Statement have the meanings in that Standard, unless otherwise specified.
- (4) A reference in this National Policy Statement to a **zone** is:
 - (a) a reference to that zone as described in Standard 8 (Zone Framework Standard) of the National Planning Standard; or
 - (b) a reference to the nearest equivalent zone, in relation to local authorities that have not yet implemented the Zone Framework in the National Planning Standard.

1.5 Implementation by tier 3 local authorities

- (1) Tier 3 local authorities are strongly encouraged to do the things that tier 1 or 2 local authorities are obliged to do under Parts 2 and 3 of this National Policy Statement, adopting whatever modifications to the National Policy Statement are necessary or helpful to enable them to do so.

1.6 Incorporation by reference

- (1) Clause 2(1) of Schedule 1AA of the Act does not apply to any material incorporated by reference in this National Policy Statement.

Part 2: Objectives and policies

2.1 Objectives

Objective 1: New Zealand has well-functioning urban environments that enable all people and communities to provide for their social, economic, and cultural wellbeing, and for their health and safety, now and into the future.

Objective 2: Planning decisions improve housing affordability by supporting competitive land and development markets.

Objective 3: Regional policy statements and district plans enable more people to live in, and more businesses and community services to be located in, areas of an urban environment in which one or more of the following apply:

- (a) the area is in or near a centre zone or other area with many employment opportunities
- (b) the area is well-serviced by existing or planned public transport
- (c) there is high demand for housing or for business land in the area, relative to other areas within the urban environment.

Objective 4: New Zealand's urban environments, including their amenity values, develop and change over time in response to the diverse and changing needs of people, communities, and future generations.

Objective 5: Planning decisions relating to urban environments, and FDSs, take into account the principles of the Treaty of Waitangi (Te Tiriti o Waitangi).

Objective 6: Local authority decisions on urban development that affect urban environments are:

- (a) integrated with infrastructure planning and funding decisions; and
- (b) strategic over the medium term and long term; and
- (c) responsive, particularly in relation to proposals that would supply significant development capacity.

Objective 7: Local authorities have robust and frequently updated information about their urban environments and use it to inform planning decisions.

Objective 8: New Zealand's urban environments:

- (a) support reductions in greenhouse gas emissions; and
- (b) are resilient to the current and future effects of climate change.

2.2 Policies

Policy 1: Planning decisions contribute to well-functioning urban environments, which are urban environments that, as a minimum:

- (a) have or enable a variety of homes that:
 - (i) meet the needs, in terms of type, price, and location, of different households; and
 - (ii) enable Māori to express their cultural traditions and norms; and

- (b) have or enable a variety of sites that are suitable for different business sectors in terms of location and site size; and
- (c) have good accessibility for all people between housing, jobs, community services, natural spaces, and open spaces, including by way of public or active transport; and
- (d) support, and limit as much as possible adverse impacts on, the competitive operation of land and development markets; and
- (e) support reductions in greenhouse gas emissions; and
- (f) are resilient to the likely current and future effects of climate change.

Policy 2: Tier 1, 2, and 3 local authorities, at all times, provide at least sufficient development capacity to meet expected demand for housing and for business land over the short term, medium term, and long term.

Policy 3: In relation to tier 1 urban environments, regional policy statements and district plans enable:

- (a) in city centre zones, building heights and density of urban form to realise as much development capacity as possible, to maximise benefits of intensification; and
- (b) in metropolitan centre zones, building heights and density of urban form to reflect demand for housing and business use in those locations, and in all cases building heights of at least 6 storeys; and
- (c) building heights of least 6 storeys within at least a walkable catchment of the following:
 - (i) existing and planned rapid transit stops
 - (ii) the edge of city centre zones
 - (iii) the edge of metropolitan centre zones; and
- (d) in all other locations in the tier 1 urban environment, building heights and density of urban form commensurate with the greater of:
 - (i) the level of accessibility by existing or planned active or public transport to a range of commercial activities and community services; or
 - (ii) relative demand for housing and business use in that location.

Policy 4: Regional policy statements and district plans applying to tier 1 urban environments modify the relevant building height or density requirements under Policy 3 only to the extent necessary (as specified in subpart 6) to accommodate a qualifying matter in that area.

Policy 5: Regional policy statements and district plans applying to tier 2 and 3 urban environments enable heights and density of urban form commensurate with the greater of:

- (a) the level of accessibility by existing or planned active or public transport to a range of commercial activities and community services; or
- (b) relative demand for housing and business use in that location.

Policy 6: When making planning decisions that affect urban environments, decision-makers have particular regard to the following matters:

- (a) the planned urban built form anticipated by those RMA planning documents that have given effect to this National Policy Statement
- (b) that the planned urban built form in those RMA planning documents may involve significant changes to an area, and those changes:
 - (i) may detract from amenity values appreciated by some people but improve amenity values appreciated by other people, communities, and future generations, including by providing increased and varied housing densities and types; and
 - (ii) are not, of themselves, an adverse effect
- (c) the benefits of urban development that are consistent with well-functioning urban environments (as described in Policy 1)
- (d) any relevant contribution that will be made to meeting the requirements of this National Policy Statement to provide or realise development capacity
- (e) the likely current and future effects of climate change.

Policy 7: Tier 1 and 2 local authorities set housing bottom lines for the short-medium term and the long term in their regional policy statements and district plans.

Policy 8: Local authority decisions affecting urban environments are responsive to plan changes that would add significantly to development capacity and contribute to well-functioning urban environments, even if the development capacity is:

- (a) unanticipated by RMA planning documents; or
- (b) out-of-sequence with planned land release.

Policy 9: Local authorities, in taking account of the principles of the Treaty of Waitangi (Te Tiriti o Waitangi) in relation to urban environments, must:

- (a) involve hapū and iwi in the preparation of RMA planning documents and any FDSs by undertaking effective consultation that is early, meaningful and, as far as practicable, in accordance with tikanga Māori; and
- (b) when preparing RMA planning documents and FDSs, take into account the values and aspirations of hapū and iwi for urban development; and
- (c) provide opportunities in appropriate circumstances for Māori involvement in decision-making on resource consents, designations, heritage orders, and water conservation orders, including in relation to sites of significance to Māori and issues of cultural significance; and
- (d) operate in a way that is consistent with iwi participation legislation.

Policy 10: Tier 1, 2, and 3 local authorities:

- (a) that share jurisdiction over urban environments work together when implementing this National Policy Statement; and
- (b) engage with providers of development infrastructure and additional infrastructure to achieve integrated land use and infrastructure planning; and
- (c) engage with the development sector to identify significant opportunities for urban development.

Policy 11: In relation to car parking:

- (a) the district plans of tier 1, 2, and 3 territorial authorities do not set minimum car parking rate requirements, other than for accessible car parks; and
- (b) tier 1, 2, and 3 local authorities are strongly encouraged to manage effects associated with the supply and demand of car parking through comprehensive parking management plans.

Part 3: Implementation

3.1 Outline of part

- (1) This part sets out a non-exhaustive list of things that local authorities must do to give effect to the objectives and policies of this National Policy Statement, but nothing in this part limits the general obligation under the Act to give effect to those objectives and policies.

Subpart 1 – Providing development capacity

3.2 Sufficient development capacity for housing

- (1) Every tier 1, 2, and 3 local authority must provide at least sufficient development capacity in its region or district to meet expected demand for housing:
 - (a) in existing and new urban areas; and
 - (b) for both standalone dwellings and attached dwellings; and
 - (c) in the short term, medium term, and long term.
- (2) In order to be **sufficient** to meet expected demand for housing, the development capacity must be:
 - (a) plan-enabled (*see* clause 3.4(1)); and
 - (b) infrastructure-ready (*see* clause 3.4(3)); and
 - (c) feasible and reasonably expected to be realised (*see* clause 3.26); and
 - (d) for tier 1 and 2 local authorities only, meet the expected demand plus the appropriate competitiveness margin (*see* clause 3.22).

3.3 Sufficient development capacity for business land

- (1) Every tier 1, 2, and 3 local authority must provide at least sufficient development capacity in its region or district to meet the expected demand for business land:
 - (a) from different business sectors; and
 - (b) in the short term, medium term, and long term.
- (2) In order to be **sufficient** to meet expected demand for business land, the development capacity provided must be:
 - (a) plan-enabled (*see* clause 3.4(1)); and
 - (b) infrastructure-ready (*see* clause 3.4(3)); and
 - (c) suitable (as described in clause 3.29(2)) to meet the demands of different business sectors (as described in clause 3.28(3)); and
 - (d) for tier 1 and 2 local authorities only, meet the expected demand plus the appropriate competitiveness margin (*see* clause 3.22).

3.4 Meaning of plan-enabled and infrastructure-ready

- (1) Development capacity is **plan-enabled** for housing or for business land if:
 - (a) in relation to the short term, it is on land that is zoned for housing or for business use (as applicable) in an operative district plan
 - (b) in relation to the medium term, either paragraph (a) applies, or it is on land that is zoned for housing or for business use (as applicable) in a proposed district plan
 - (c) in relation to the long term, either paragraph (b) applies, or it is on land identified by the local authority for future urban use or urban intensification in an FDS or, if the local authority is not required to have an FDS, any other relevant plan or strategy.
- (2) For the purpose of subclause (1), land is **zoned** for housing or for business use (as applicable) only if the housing or business use is a permitted, controlled, or restricted discretionary activity on that land.
- (3) Development capacity is **infrastructure-ready** if:
 - (a) in relation to the short term, there is adequate existing development infrastructure to support the development of the land
 - (b) in relation to the medium term, either paragraph (a) applies, or funding for adequate infrastructure to support development of the land is identified in a long-term plan
 - (c) in relation to the long term, either paragraph (b) applies, or the development infrastructure to support the development capacity is identified in the local authority's infrastructure strategy (as required as part of its long-term plan).

3.5 Availability of additional infrastructure

- (1) Local authorities must be satisfied that the additional infrastructure to service the development capacity is likely to be available.

3.6 Housing bottom lines for tier 1 and 2 urban environments

- (1) The purpose of the housing bottom lines required by this clause is to clearly state the amount of development capacity that is sufficient to meet expected housing demand plus the appropriate competitiveness margin in the region and each constituent district of a tier 1 or tier 2 urban environment.
- (2) For each tier 1 or tier 2 urban environment, as soon as practicable after an HBA is made publicly available (see clause 3.19(1)):
 - (a) the relevant regional council must insert into its regional policy statement:
 - (i) a housing bottom line for the short-medium term; and
 - (ii) a housing bottom line for the long term; and
 - (b) every relevant territorial authority must insert into its district plan:
 - (i) a housing bottom line for the short-medium term that is the proportion of the housing bottom line for the short-medium term (as set out in the relevant regional policy statement) that is attributable to the district of the territorial authority; and

- (ii) a housing bottom line for the long term that is the proportion of the housing bottom line for the long term (as set out in the relevant regional policy statement) that is attributable to the district of the territorial authority.
- (3) The housing bottom lines must be based on information in the most recent publicly available HBA for the urban environment and are:
 - (a) for the short-medium term, the sum of:
 - (i) the amount of feasible, reasonably expected to be realised development capacity that must be enabled to meet demand, along with the competitiveness margin, for the short term; and
 - (ii) the amount of feasible, reasonably expected to be realised development capacity that must be enabled to meet demand, along with the competitiveness margin, for the medium term; and
 - (b) for the long term, the amount of feasible, reasonably expected to be realised development capacity that must be enabled to meet demand, along with the competitiveness margin, for the long term.
- (4) The insertion of bottom lines must be done without using a process in Schedule 1 of the Act, but any changes to RMA planning documents required to give effect to the bottom lines must be made using a Schedule 1 process.

3.7 When there is insufficient development capacity

- (1) If a local authority determines that there is insufficient development capacity (as described in clauses 3.2 and 3.3) over the short term, medium term, or long term, it must:
 - (a) immediately notify the Minister for the Environment; and
 - (b) if the insufficiency is wholly or partly a result of RMA planning documents, change those documents to increase development capacity for housing or business land (as applicable) as soon as practicable, and update any other relevant plan or strategy (including any FDS, as required by subpart 4); and
 - (c) consider other options for:
 - (i) increasing development capacity; and
 - (ii) otherwise enabling development.

Subpart 2 – Responsive planning

3.8 Unanticipated or out-of-sequence developments

- (1) This clause applies to a plan change that provides significant development capacity that is not otherwise enabled in a plan or is not in sequence with planned land release.
- (2) Every local authority must have particular regard to the development capacity provided by the plan change if that development capacity:
 - (a) would contribute to a well-functioning urban environment; and
 - (b) is well-connected along transport corridors; and
 - (c) meets the criteria set under subclause (3); and

- (3) Every regional council must include criteria in its regional policy statement for determining what plan changes will be treated, for the purpose of implementing Policy 8, as adding significantly to development capacity.

Subpart 3 – Evidence-based decision-making

3.9 Monitoring requirements

- (1) Every tier 1, 2, and 3 local authority must monitor, quarterly, the following in relation to each urban environment in their region or district:
 - (a) the demand for dwellings
 - (b) the supply of dwellings
 - (c) prices of, and rents for, dwellings
 - (d) housing affordability
 - (e) the proportion of housing development capacity that has been realised:
 - (i) in previously urbanised areas (such as through infill housing or redevelopment); and
 - (ii) in previously undeveloped (ie, greenfield) areas
 - (f) available data on business land.
- (2) In relation to tier 1 urban environments, tier 1 local authorities must monitor the proportion of development capacity that has been realised in each zone identified in clause 3.37(1) (ie, each zone with development outcomes that are monitored).
- (3) Every tier 1, 2, and 3 local authority must publish the results of its monitoring at least annually.
- (4) The monitoring required by this clause must relate to the relevant urban environments, but may apply more widely (such as, for example, where the relevant data is available only on a region or district-wide basis).
- (5) If more than one tier 1 or tier 2 local authority has jurisdiction over a tier 1 or tier 2 urban environment, those local authorities are jointly responsible for doing the monitoring required by this subpart.

3.10 Assessing demand and development capacity

- (1) Every local authority must assess the demand for housing and for business land in urban environments, and the development capacity that is sufficient (as described in clauses 3.2 and 3.3) to meet that demand in its region or district in the short term, medium term, and long term.
- (2) Tier 1 and tier 2 local authorities comply with subclause (1) in relation to tier 1 and tier 2 urban environments by preparing and publishing an HBA as required by subpart 5.

3.11 Using evidence and analysis

- (1) When making plans, or when changing plans in ways that affect the development of urban environments, local authorities must:
 - (a) clearly identify the resource management issues being managed; and
 - (b) use evidence, particularly any relevant HBAs, about land and development markets, and the results of the monitoring required by this National Policy Statement, to assess the impact of different regulatory and non-regulatory options for urban development and their contribution to:
 - (i) achieving well-functioning urban environments; and
 - (ii) meeting the requirements to provide at least sufficient development capacity.
- (2) Local authorities must include the matters referred to in subclause (1)(a) and (b) in relevant evaluation reports and further evaluation reports prepared under sections 32 and 32AA of the Act.

Subpart 4 – Future Development Strategy (FDS)

3.12 Preparation of FDS

- (1) Every tier 1 and tier 2 local authority must prepare, and must make publicly available as required under the Local Government Act 2002, an FDS for the tier 1 or 2 urban environment:
 - (a) every 6 years; and
 - (b) in time to inform, or at the same time as, preparation of the next long-term plan of each relevant local authority.
- (2) The FDS must apply, at a minimum, to the relevant tier 1 and 2 urban environments of the local authority, but may apply to any wider area.
- (3) If more than one tier 1 or tier 2 local authority has jurisdiction over a tier 1 or tier 2 urban environment, those local authorities are jointly responsible for preparing an FDS as required by this subpart.
- (4) If a local authority that is not a tier 1 or 2 local authority chooses to prepare an FDS, either alone or with any other local authority, this subpart applies as if it were a tier 1 or 2 local authority, except that any reference to an HBA may be read as a reference to any other document that contains broadly equivalent information.
- (5) An FDS may be prepared and published as a stand-alone document, or be treated as part of any other document (such as a spatial plan).

3.13 Purpose and content of FDS

- (1) The purpose of an FDS is:
 - (a) to promote long-term strategic planning by setting out how a local authority intends to:

- (i) achieve well-functioning urban environments in its existing and future urban areas; and
 - (ii) provide at least sufficient development capacity, as required by clauses 3.2 and 3.3, over the next 30 years to meet expected demand; and
 - (b) assist the integration of planning decisions under the Act with infrastructure planning and funding decisions.
- (2) Every FDS must spatially identify:
- (a) the broad locations in which development capacity will be provided over the long term, in both existing and future urban areas, to meet the requirements of clauses 3.2 and 3.3; and
 - (b) the development infrastructure and additional infrastructure required to support or service that development capacity, along with the general location of the corridors and other sites required to provide it; and
 - (c) any constraints on development.
- (3) Every FDS must include a clear statement of hapū and iwi values and aspirations for urban development.

3.14 What FDSs are informed by

- (1) Every FDS must be informed by the following:
- (a) the most recent applicable HBA
 - (b) a consideration of the advantages and disadvantages of different spatial scenarios for achieving the purpose of the FDS
 - (c) the relevant long-term plan and its infrastructure strategy, and any other relevant strategies and plans
 - (d) Māori, and in particular tangata whenua, values and aspirations for urban development
 - (e) feedback received through the consultation and engagement required by clause 3.15
 - (f) every other National Policy Statement under the Act, including the New Zealand Coastal Policy Statement
 - (g) any other relevant national policy required by, or issued under, legislation.

3.15 Consultation and engagement

- (1) When preparing or updating an FDS local authorities must use the special consultative procedure in section 83 of the Local Government Act 2002.
- (2) In order to prepare the draft required by that procedure, local authorities must engage with the following:
- (a) other local authorities with whom there are significant connections relating to infrastructure or community
 - (b) relevant central government agencies

- (c) relevant hapū and iwi
- (d) providers of additional infrastructure
- (e) relevant providers of nationally significant infrastructure
- (f) the development sector (to identify significant future development opportunities and infrastructure requirements).

3.16 Review of FDS

- (1) Every tier 1 and tier 2 local authority must regularly review its FDS to determine whether it needs updating, and the review must be done in time to inform the next long-term plan (ie, every 3 years).
- (2) The review must:
 - (a) engage with the development sector and landowners to identify significant future development opportunities and associated infrastructure requirements; and
 - (b) consider the most recent HBA.
- (3) If, following the review, the local authority decides that the FDS does not need updating, that decision and the reasons for it must be publicly notified.
- (4) If, following the review, the local authority decides that the FDS is to be updated, the local authority must follow the same processes for consultation as apply to the preparation of an FDS, but only in relation to the aspects proposed to be updated.

3.17 Effect of FDS

- (1) Every tier 1 and tier 2 local authority:
 - (a) must have regard to the relevant FDS when preparing or changing RMA planning documents; and
 - (b) is strongly encouraged to use the relevant FDS to inform:
 - (i) long-term plans, and particularly infrastructure strategies; and
 - (ii) regional land transport plans prepared by a local authority under Part 2 of the Land Transport Management Act 2003; and
 - (iii) any other relevant strategies and plans.

3.18 FDS implementation plan

- (1) Every tier 1 and tier 2 local authority must prepare and implement an implementation plan for its FDS.
- (2) If a tier 1 or tier 2 local authority consists of more than one local authority, the implementation plan must be prepared as a single document by all the local authorities that jointly prepared the FDS.
- (3) Every implementation plan, or part of an implementation plan, must be updated annually.

- (4) An implementation plan or part of an implementation plan:
 - (a) is not part of the FDS to which it relates; and
 - (b) does not need to be prepared using the consultation and engagement requirements set out in clause 3.15; and
 - (c) does not have the effect of an FDS as described in clause 3.17.

Subpart 5 – Housing and Business Development Capacity Assessment (HBA)

3.19 Obligation to prepare HBA

- (1) Every tier 1 and tier 2 local authority must prepare, and must make publicly available as required under the Local Government Act 2002, an HBA for its tier 1 or tier 2 urban environments every 3 years, in time to inform the relevant authority's next long-term plan.
- (2) The HBA must apply, at a minimum, to the relevant tier 1 or tier 2 urban environments of the local authority (ie, must assess demand and capacity within the boundaries of those urban environments), but may apply to any wider area.
- (3) If more than one tier 1 or tier 2 local authority has jurisdiction over a tier 1 or tier 2 urban environment, those local authorities are jointly responsible for preparing an HBA as required by this subpart.

3.20 Purpose of HBA

- (1) The purpose of an HBA is to:
 - (a) provide information on the demand and supply of housing and of business land in the relevant tier 1 or tier 2 urban environment, and the impact of planning and infrastructure decisions of the relevant local authorities on that demand and supply; and
 - (b) inform RMA planning documents, FDSs, and long-term plans; and
 - (c) quantify the development capacity that is sufficient to meet expected demand for housing and for business land in the short term, medium term, and long term.

3.21 Involving development sector and others

- (1) In preparing an HBA, every tier 1 and tier 2 local authority must seek information and comment from:
 - (a) expert or experienced people in the development sector; and
 - (b) providers of development infrastructure and additional infrastructure; and
 - (c) anyone else who has information that may materially affect the calculation of the development capacity.

3.22 Competitiveness margin

- (1) A competitiveness margin is a margin of development capacity, over and above the expected demand that tier 1 and tier 2 local authorities are required to provide, that is required in order to support choice and competitiveness in housing and business land markets.
- (2) The competitiveness margins for both housing and business land are:
 - (a) for the short term, 20%
 - (b) for the medium term, 20%
 - (c) for the long term, 15%.

Housing

3.23 Analysis of housing market and impact of planning

- (1) Every HBA must include analysis of how the relevant local authority's planning decisions and provision of infrastructure affects the affordability and competitiveness of the local housing market.
- (2) The analysis must include an assessment of how well the current and likely future demands for housing by Māori and different groups in the community (such as older people, renters, homeowners, low-income households, visitors, and seasonal workers) are met, including the demand for different types and forms of housing (such as for lower-cost housing, papakāinga, and seasonal worker or student accommodation).
- (3) The analysis must be informed by:
 - (a) market indicators, including:
 - (i) indicators of housing affordability, housing demand, and housing supply; and
 - (ii) information about household incomes, housing prices, and rents; and
 - (b) price efficiency indicators.

3.24 Housing demand assessment

- (1) Every HBA must estimate, for the short term, medium term, and long term, the demand for additional housing in the region and each constituent district of the tier 1 or tier 2 urban environment:
 - (a) in different locations; and
 - (b) in terms of dwelling types.
- (2) Local authorities may identify locations in any way they choose.
- (3) Local authorities may identify the types of dwellings in any way they chose but must, at a minimum, distinguish between standalone dwellings and attached dwellings.
- (4) The demand for housing must be expressed in terms of numbers of dwellings.

- (5) Every HBA must:
 - (a) set out a range of projections of demand for housing in the short term, medium term, and long term; and
 - (b) identify which of the projections are the most likely in each of the short term, medium term, and long term; and
 - (c) set out the assumptions underpinning the different projections and the reason for selecting the most likely; and
 - (d) if those assumptions involve a high level of uncertainty, the nature and potential effects of that uncertainty.

3.25 Housing development capacity assessment

- (1) Every HBA must quantify, for the short term, medium term, and long term, the housing development capacity for housing in the region and each constituent district of the tier 1 or tier 2 urban environment that is:
 - (a) plan-enabled; and
 - (b) plan-enabled and infrastructure-ready; and
 - (c) plan-enabled, infrastructure-ready, and feasible and reasonably expected to be realised.
- (2) The development capacity must be quantified as numbers of dwellings:
 - (a) in different locations, including in existing and new urban areas; and
 - (b) of different types, including standalone dwellings and attached dwellings.

3.26 Estimating what is feasible and reasonably expected to be realised

- (1) For the purpose of estimating the amount of development capacity that is reasonably expected to be realised, or that is both feasible and reasonably expected to be realised, local authorities:
 - (a) may use any appropriate method; but
 - (b) must outline and justify the methods, inputs, and assumptions used to arrive at the estimates.
- (2) The following are examples of the kind of methods that a tier 1 local authority could use to assess the amount of development capacity that is feasible and reasonably expected to be realised:
 - (a) separately estimate the number of feasible dwellings (using a feasibility model) and the number of dwellings that can reasonably be expected to be realised (using building consents data on the number of sites and extent of allowed capacity that has been previously developed), for the short, medium and long term; compare the numbers of dwellings estimated by each method; then pick the lower of the numbers in each time period, to represent the amount of development capacity that is feasible and reasonably expected to be realised

- (b) estimate the number of feasible dwellings or sites, and then assess the proportion of these that can reasonably be expected to be developed in the short, medium and long term, using information about landowner and developer intentions
 - (c) integrate information about past development trends and future landowner and developer intentions into the feasibility model, which could mean modifying assumptions about densities, heights, and timing of development.
- (3) The following is an example of the kind of methods that a tier 2 local authority could use to assess the amount of development capacity that is feasible and reasonably expected to be realised:
- (a) assess the number of dwellings that can reasonably be expected to be developed (using building consents data on the number of sites and extent of allowed capacity that has been developed previously), for the short, medium and long term; and
 - (b) then seek advice from the development sector about what factors affect the feasibility of development.
- (4) Different methods may be appropriate when assessing the development capacity that is reasonably expected to be realised in different circumstances, such as:
- (a) in existing, as opposed to new, urban areas; and
 - (b) for stand-alone, as opposed to attached, dwellings.

3.27 Assessment of sufficient development capacity for housing

- (1) Every HBA must clearly identify, for the short term, medium term, and long term, where there is sufficient development capacity to meet demand for housing in the region and each constituent district of the tier 1 or tier 2 urban environment.
- (2) The requirements of subclause (1) must be based on a comparison of:
 - (a) the demand for housing referred to in clause 3.24 plus the appropriate competitiveness margin; and
 - (b) the development capacity identified under clause 3.25.
- (3) If there is any insufficiency, the HBA must identify where and when this will occur and analyse the extent to which RMA planning documents, a lack of development infrastructure, or both, cause or contribute to the insufficiency.

Business land

3.28 Business land demand assessment

- (1) Every HBA must estimate, for the short term, medium term, and long term, the demand from each business sector for additional business land in the region and each constituent district of the tier 1 or tier 2 urban environment.
- (2) The demand must be expressed in hectares or floor areas.

- (3) For the purpose of this clause, a local authority may identify business sectors in any way it chooses but must, as a minimum, distinguish between sectors that would use land zoned for commercial, retail, or industrial uses.
- (4) The HBA for a tier 1 urban environment must:
 - (a) set out a range of projections of demand for business land by business sector, for the short term, medium term, and long term; and
 - (b) identify which of the projections is the most likely in each of the short term, medium term, and long term; and
 - (c) set out the assumptions underpinning the different projections and the reason for selecting which is the most likely; and
 - (d) if those assumptions involve a high level of uncertainty, the nature and potential effects of that uncertainty.
- (5) The HBA for a tier 2 urban environment must:
 - (a) set out the most likely projection of demand for business land by business sector in the short term, medium term, and long term; and
 - (b) set out the assumptions underpinning that projection; and
 - (c) if those assumptions involve a high level of uncertainty, the nature and potential effects of that uncertainty.

3.29 Business land development capacity assessment

- (1) Every HBA must estimate the following, for the short term, medium term, and long term, for the region and each constituent district of the tier 1 or tier 2 urban environment:
 - (a) the development capacity (in terms of hectares or floor areas) to meet expected demand for business land for each business sector, plus the appropriate competitiveness margin; and
 - (b) of that development capacity, the development capacity that is:
 - (i) plan-enabled; and
 - (ii) plan-enabled and infrastructure-ready; and
 - (iii) plan-enabled, infrastructure-ready, and suitable for each business sector.
- (2) A local authority may define what it means for development capacity to be “suitable” in any way it chooses, but suitability must, at a minimum, include suitability in terms of location and site size.

3.30 Assessment of sufficient development capacity for business land

- (1) Every HBA must clearly identify, for the short term, medium term, and long term, whether there is sufficient development capacity to meet demand for business land in the region and each constituent district of the tier 1 or tier 2 urban environment.

- (2) The requirements of subclause (1) must be based on a comparison of:
 - (a) the demand for business land referred to in clause 3.28 plus the appropriate competitiveness margin; and
 - (b) the development capacity identified under clause 3.29.
- (3) If there is any insufficiency, the HBA must identify where and when this will occur and analyse the extent to which RMA planning documents, a lack of development infrastructure, or both, cause or contribute to the insufficiency.

Subpart 6 – Intensification in tier 1 urban environments

3.31 Tier 1 territorial authorities implementing intensification policies

- (1) Every tier 1 territorial authority must identify, by location, the building heights and densities required by Policy 3.
- (2) If the territorial authority considers that it is necessary to modify the building height or densities in order to provide for a qualifying matter (as permitted under Policy 4), it must:
 - (a) identify, by location, where the qualifying matter applies; and
 - (b) specify the alternate building heights and densities proposed for those areas.
- (3) The territorial authority must make the information required by subclauses (1) and (2) publicly available at the same time as it notifies any plan change or proposed plan change to give effect to Policy 3.

3.32 Qualifying matters

- (1) In this National Policy Statement, **qualifying matter** means any of the following:
 - (a) a matter of national importance that decision-makers are required to recognise and provide for under section 6 of the Act
 - (b) a matter required in order to give effect to any other National Policy Statement
 - (c) any matter required for the purpose of ensuring the safe or efficient operation of nationally significant infrastructure
 - (d) open space provided for public use, but only in relation to the land that is open space
 - (e) an area subject to a designation or heritage order, but only in relation to the land that is subject to the designation or heritage order
 - (f) a matter necessary to implement, or ensure consistency with, iwi participation legislation
 - (g) the requirement to provide sufficient business land suitable for low density uses to meet expected demand under this National Policy Statement
 - (h) any other matter that makes high density development as directed by Policy 3 inappropriate in an area, but only if the requirements of clause 3.33(3) are met.

3.33 Requirements if qualifying matter applies

- (1) This clause applies if a territorial authority is amending its district plan and intends to rely on Policy 4 to justify a modification to the direction in Policy 3 in relation to a specific area.
- (2) The evaluation report prepared under section 32 of the Act in relation to the proposed amendment must
 - (a) demonstrate why the territorial authority considers that:
 - (i) the area is subject to a qualifying matter; and
 - (ii) the qualifying matter is incompatible with the level of development directed by Policy 3 for that area; and
 - (b) assess the impact that limiting development capacity, building height or density (as relevant) will have on the provision of development capacity; and
 - (c) assess the costs and broader impacts of imposing those limits.
- (3) A matter is not a qualifying matter under clause 3.32(1)(h) in relation to an area unless the evaluation report also:
 - (a) identifies the specific characteristic that makes the level of development directed by Policy 3 inappropriate in the area, and justifies why that is inappropriate in light of the national significance of urban development and the objectives of this National Policy Statement; and
 - (b) includes a site-specific analysis that:
 - (i) identifies the site to which the matter relates; and
 - (ii) evaluates the specific characteristics on a site-specific basis to determine the spatial extent where intensification needs to be compatible with the specific matter; and
 - (iii) evaluates an appropriate range of options to achieve the greatest heights and densities directed by Policy 3, while managing the specific characteristics.

3.34 Effects on consideration of resource consents

- (1) Nothing in Policies 3 or 4 or this subpart precludes the consideration (under section 104 of the Act) of any actual or potential effects on the environment associated with building heights.

Subpart 7 – Development outcomes for zones

3.35 Development outcomes for zones

- (1) Every tier 1, 2 or 3 territorial authority must ensure that:
 - (a) the objectives for every zone in an urban environment in its district describe the development outcomes intended for the zone over the life of the plan and beyond; and

- (b) the policies and rules in its district plan are individually and cumulatively consistent with the development outcomes described in the objectives for each zone.

3.36 Development outcomes consistent with intensification policies

- (1) Every tier 1 territorial authority must ensure that the development outcomes for zones in its tier 1 urban environments are consistent with the outcomes required by Policy 3.

3.37 Monitoring development outcomes

- (1) Every tier 1 territorial authority must monitor the extent to which development is occurring in each of the following zones as anticipated by the development outcomes included in the objectives for the zone:
 - (a) city centre zones
 - (b) metropolitan centre zones
 - (c) town centre zones
 - (d) mixed use zones
 - (e) high density residential zones
 - (f) medium density residential zones
 - (g) general residential zones.
- (2) If monitoring under this clause indicates that development outcomes are not being realised, the territorial authority must, as soon as practicable:
 - (a) undertake an assessment to identify whether provisions of the district plan (individually and cumulatively), or any other factors (and if so, what factors), or both, are contributing to the failure to realise development outcomes; and
 - (b) give public notice (as defined in the Act) of the results of the assessment.
- (3) If the assessment indicates that provisions of a district plan are contributing to the failure to realise development outcomes, the territorial authority must change its district plan to address the deficiency.
- (4) If the assessment indicates that other factors are contributing to the failure to realise development outcomes, the territorial authority must consider alternative methods to improve the rate of realisation (such as the use of incentives for site amalgamation).
- (5) Any plan change required under subclause (3) must be notified as soon as practicable, and no later than 12 months after the assessment is publicly notified.

Subpart 8 – Car parking

3.38 Car parking

- (1) If the district plan of a tier 1, 2, or 3 territorial authority contains objectives, policies, rules, or assessment criteria that have the effect of requiring a minimum number of car parks to be provided for a particular development, land use, or activity, the territorial authority must change its district plan to remove that effect, other than in respect of accessible car parks.

- (2) Territorial authorities must make any changes required by subclause (1) without using a process in Schedule 1 of the Act.
- (3) Nothing in this National Policy Statement prevents a district plan including objectives, policies, rules, or assessment criteria:
 - (a) requiring a minimum number of accessible car parks to be provided for any activity; or
 - (b) relating to parking dimensions or manoeuvring standards to apply if:
 - (i) a developer chooses to supply car parks; or
 - (ii) when accessible car parks are required.

Part 4: Timing

4.1 Timeframes for implementation

- (1) Every tier 1, 2, and 3 local authority must amend its regional policy statement or district plan to give effect to the provisions of this National Policy Statement as soon as practicable
- (2) In addition, local authorities must comply with specific policies of this National Policy Statement in accordance with the following table:

Local authority	Subject	National Policy Statement provisions	By when
Tier 1 only	Intensification	Policies 3 and 4 (see Part 3 subpart 6)	Not later than 2 years after commencement date
Tier 2 only	Intensification	Policy 5	Not later than 2 years after commencement date
Tiers 1 and 2	First FDS made publicly available after commencement date	Policy 2 (see Part 3 subpart 4)	In time to inform the 2024 long-term plan
Tiers 1 and 2	HBA so far as it relates to housing	Policy 2 (see Part 3 subpart 5)	By 31 July 2021
Tiers 1 and 2	HBA relating to both housing and business land	Policy 2 (see Part 3 subpart 5)	In time to inform the 2024 long-term plan
Tiers 1, 2, and 3	Car parking	Policy 11(a) (see clause 3.38)	Not later than 18 months after commencement date

Appendix: Tier 1 and tier 2 urban environments and local authorities

Table 1

Tier 1 urban environment	Tier 1 local authorities
Auckland	Auckland Council
Hamilton	Waikato Regional Council, Hamilton City Council, Waikato District Council, Waipā District Council
Tauranga	Bay of Plenty Regional Council, Tauranga City Council, Western Bay of Plenty District Council
Wellington	Wellington Regional Council, Wellington City Council, Porirua City Council, Hutt City Council, Upper Hutt City Council, Kāpiti Coast District Council
Christchurch	Canterbury Regional Council, Christchurch City Council, Selwyn District Council, Waimakariri District Council

Table 2

Tier 2 urban environment	Tier 2 local authorities
Whangārei	Northland Regional Council, Whangarei District Council
Rotorua	Bay of Plenty Regional Council, Rotorua District Council
New Plymouth	Taranaki Regional Council, New Plymouth District Council
Napier Hastings	Hawke's Bay Regional Council, Napier City Council, Hastings District Council
Palmerston North	Manawatū-Whanganui Regional Council, Palmerston North City Council
Nelson Tasman	Nelson City Council, Tasman District Council
Queenstown	Otago Regional Council, Queenstown Lakes District Council
Dunedin	Otago Regional Council, Dunedin City Council